

Costs and Funding Levels in Horizon Europe

Eligible direct costs

Direct costs are all financial expenses (as defined in Article 6.2 of the Grant Agreement (https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwiMha6Gj-DxAhVHhv0HHSjiA_wQFnoECAMQAA&url=https%3A%2F%2Fec.europa.eu%2Finfo%2Ffunding-tenders%2Fopportunities%2Fdocs%2F2021-2027%2Fcommon%2Fagr-contr%2Fgeneral-mga_horizon-euratom_en.pdf&usg=AOvVaw0cRchAeNjRwe-O5zXvXHcr)) that can be attributed to the project, such as personnel costs, travel costs, consumables, equipment depreciation, subcontracting and audit costs.

As **personnel costs**, all beneficiaries in Horizon Europe can charge both staff employed for the project and permanent staff as direct costs. For this, the following conditions must be met:

- ▶ all project personnel is directly employed by the beneficiary according to national law,
- ▶ the project personnel works under the sole supervision and responsibility of the beneficiary, and
- ▶ the remuneration of project personnel is in line with the usual practices of the beneficiary.

New rules for personnel costs in Horizon Europe:

- ▶ Personnel costs are calculated on a daily basis and no longer on an hourly basis
- ▶ No longer a choice between monthly or annual calculation of costs
- ▶ Obligation to use costs from the last completed financial year for calculation on yearly basis no longer applies

Subcontracts

Subcontracts are smaller project parts that cannot be performed by the partners involved in the project. When awarding them, the respective national procurement law must be observed. In addition, the following must be considered for subcontracts:

- ▶ They must be specified in Annex 1 of the Grant Agreement
- ▶ Prices may include profit margins
- ▶ Indirect costs cannot be charged
- ▶ Subcontracts between project partners are not permitted
- ▶ Additional subcontracts can only be added by an amendment

Travel costs

Travel from EU funds is generally subject to the same regulations as travel from other budget funds (e.g. "Bundesreisekostengesetz" and "Auslandsreisekostenverordnung"). Travel must be associated with the project and must occur during the project period. The travel expense law applied at the institution applies.

Equipment

For equipment, only depreciation costs during use in the project can be accounted for. The EU Commission specifies that equipment must be depreciated in accordance with standard housekeeping rules. A device is assigned a useful life based on the in-house depreciation table. The equipment is depreciated on a straight-line basis over its useful life from the month of acquisition (invoice date). Depreciation of equipment costs through an EU project can only occur during the life of the project. For example, a project runs for four years, a piece of equipment with a life of eight years can be paid for at half its gross value from EU funds. In Horizon Europe, equipment existing at the institution prior to the start of the project and that has not yet been fully depreciated can also be further depreciated in EU projects.

Consumables

Costs for consumables can be charged if they are necessary and required for the project implementation and the purchase is made during the project duration.

Internal Invoices

The beneficiaries unit cost rates may be included. For this purpose, the calculation method must be documented in writing and the number of units consumed must be proven. The calculation and the costs used as a basis must not deviate from the usual procedure. In Horizon Europe, the 25% flat rate for indirect costs is no longer granted on internal activity allocation. However, actual indirect costs can be charged directly instead.

Audit

An audit (Certificate on the Financial Statements, CFS) will only be carried out if the grant exceeds 430,000 Euros (new in Horizon Europe: including indirect costs) per partner and only at the end of the project. The costs for this can be settled via the project and should already be planned for when submitting the application. An audit can additionally be carried out in Horizon Europe by the EU Commission up to two years after the final payment.

Value added tax

VAT is eligible in Horizon Europe, as it was in Horizon 2020, unless it is reimbursed from another source (e.g., in the case of input tax deduction entitlement).

Reimbursable indirect costs

A flat rate of 25% of direct eligible costs applies. However, subcontracting expenses and internal cost allocations are not included.

Not reimbursable are costs such as provisions for potential future losses or liabilities, exchange rate losses, costs related to return on investment, costs reimbursed under other EU actions or EU programs, debt and debt service liabilities, and excessive imprudent expenses et cetera.

Funding levels

Research and innovation activities (RIA): 100% for all

Coordination and support actions (CSA): 100% for all

Innovation measures (IA): basic 70%, for non-profit organizations (e.g. universities): 100%

Co-financing measures: minimum 30% and maximum 70%.

Useful Tips

> Work Group Project Management of the BundesArbeitsKreis (BAK) of EU officers at German universities

Project Management Tools

- ▶ Currency Converter ECB
- ▶ DFN Scheduler