Interreg

NEXT MED

Co-funded by
the European Union

ELIGIBLE COSTS

Focus on Staff Costs

#everythingMEDpossible

REGIONE AUTÒNOMA DE SARDIGNA
REGIONE AUTONOMA DELLA SARDEGNA

GENERALITAT VALENCIANA
Presidencia

سلطة منطقة العقبة الإقتصادية الخاصة
AQABA SPECIAL ECONOMIC ZONE AUTHORITY

ELIGIBLE COSTS – GENERAL CONDITIONS (1)

THEY ARE **ACTUAL COSTS** INCURRED AND PAID BY THE LEAD PARTNER AND THE PARTNERS, WHICH ARE **COMPLIANT WITH THE PROGRAMME RULES** AND MEET **ALL** THE FOLLOWING CRITERIA:

a) they are **related to the implementation** of the Project according to the latest approved version of the Application Form;

b) they are **necessary for the implementation** of the Project and would not have been incurred if the Project was not implemented;

c) they are **indicated in the estimated overall budget** for the Project;

ELIGIBLE COSTS - GENERAL CONDITIONS (2)

d) they are **reasonable, justified and comply with the requirements of sound financial management**, in particular regarding *economy and efficiency*;

e) they **are incurred and paid directly by the Partners** of the Project;

f) they are **supported by expenditure and payment documents** (e.g., contracts, invoices, proofs of payment documents etc.);

g) they **are incurred during the implementation period** of the Project (see art.2 of the GC);

h) they are **recorded in the accounts** of the Project **partner through a separate accounting system, or an appropriate accounting code** set up specifically for the Project;

i) they **respect the eligibility rules of the EU, the Programme and the national rules** of the country in which the LP/partner is located;

ELIGIBLE COSTS - GENERAL CONDITIONS (3)

j) they **respect the applicable rules on procurement**;

k) they are related to costs that are **not financed by other European funds,** as this would constitute double financing;

l) they **respect the rules of branding and communication** established by the European regulations;

m) they are **not in contradiction with any specific eligibility criteria** applicable to the respective cost category.



- *Expenditures which **do not comply** with the applicable eligibility rules **cannot be claimed**, even if it included in the approved budget.*
- *The cut-off date for the eligibility of expenditure is **31 December 2029.***
- *To minimise the risk of double funding, it is highly important to **stamp** original invoices and other documentary evidence **with the relevant project and programme information**.*

ELIGIBLE COSTS - GENERAL CONDITIONS (4)

Value Added Tax

- *VAT is always eligible, for operations with total cost below EUR 5,000,0002, unless is found in State Aid relevant activities, or reported by MPC countries that have a VAT exemption mechanism and do not want their beneficiaries to report VAT.*

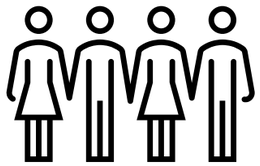
- *In this way, eligibility of VAT is not to be assessed in regard to the right for the beneficiary (or final recipient) to recover the VAT under national legislation.*

- *Consequently, eligibility is not conditioned to the recoverability of the VAT under the VAT legislation.*

ELIGIBLE COSTS - STAFF COSTS (LIMITED TO 40% OF TOTAL BUDGET)

GROSS EMPLOYMENT COSTS OF STAFF EMPLOYED BY THE LEAD PARTNER OR PARTNERS FOR IMPLEMENTING THE PROJECT

INTERNAL STAFF (already employed by the LP/PP)



AD HOC STAFF (specifically contracted for the project)

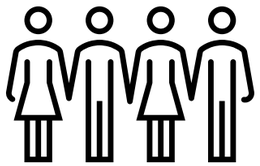
To be considered eligible, staff not contracted specifically for the project should be formally assigned

To be selected according to recruitment procedure compliant with the Programme

ELIGIBLE COSTS - STAFF COSTS

ELIGIBLE STAFF COSTS:

Salary payments related to the activities which the organisation would not carry out without the project, provided for in an employment document



Any other costs directly linked to salary payments incurred and paid by the employer (e.g. employment taxes and social security)

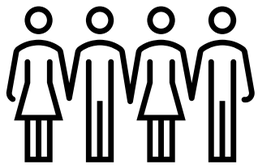
Payments to natural persons working under a contract other than an employment or work contract may be assimilated to salary payments

To be considered eligible, such costs must be compliant with the national legislation and not recoverable by the employer.

ELIGIBLE COSTS - STAFF COSTS

NOT ELIGIBLE STAFF COSTS:

Unpaid **voluntary** work



Costs for personnel provided by a **temporary work agency**

Costs for **consultancy** services

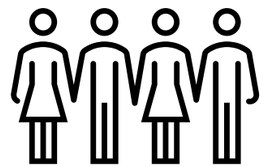
Service contracts including staff costs with **in-house** bodies



To be reported under “External expertise and services” cost category

ELIGIBLE COSTS - STAFF COSTS

HOW TO RECRUIT *AD HOC* STAFF?



General principles

Recruitment procedure

- compliant with **national legislation/internal rules** of the LP/PPs
- ensuring **publicity, transparency and impartiality** in the selection of candidates



Publication of vacancies on the project webpage hosted on the Programme website (Guidelines for Communication and Visibility)

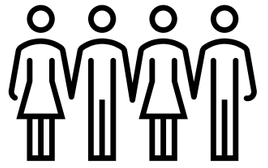
Labour contract

Selected candidates must have a **working (labour) contract** with the LP/PPs based on specific national or organizational rules regarding **remuneration**, **timetable**, **holidays**, and **roles** within the LP/PP working organization.

ELIGIBLE COSTS - STAFF COSTS

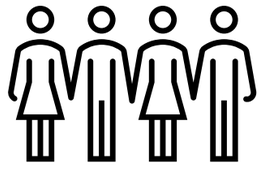


Natural persons holding a VAT number may be considered 'staff' and therefore budgeted in the Staff cost category, regardless of their tax status, provided that:



1. they work - on the basis of a **contract** similar to a working contract - on an **ongoing basis activity** in support of the implementation of the project;
2. they **provide their activities** as indicated in the letter of appointment/contract in a manner similar to that of an employee (in compliance with national legislation);
3. the **results of the work** carried out **belong to the LP/PP**;
4. the **remuneration** is **not substantially different**, in principle, from the cost of the LP/PP's employees who carry out similar project activities

ELIGIBLE COSTS - STAFF COSTS



Typology of Staff:

- **Employees** in line with an employment contract (and contracts assimilated by the respective national laws)
- **Natural persons** working under a direct contract other than an employment contract
- **Personnel seconded** by a third party against payment
- **Owners or other natural person with a specific role but without an existing employment contract** in the of LP/PP organization
- **Scholarships, PhD scholarships, research grants, etc**.

ELIGIBLE COSTS - STAFF COSTS

HOW TO CALCULATE STAFF COSTS?

Staff costs shall be calculated taking into consideration **the kind of effort/time devoted to the project:**

1° category

1) **Full time***

2) **Part-time (fixed %/month)**

actual monthly gross salary (or wage) plus the **mandatory** social charges, insurance and any other **statutory costs** included in the remuneration (and deriving from national rules)

NO TIMESHEESTS REQUIRED

2° category

3) **Part-time (flexible no. of hours/month)**

4) Contracted on an **hourly basis**

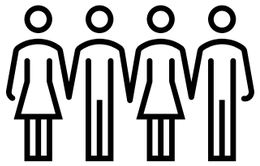
actual yearly/monthly gross salary (or wage) plus the **mandatory** social charges, insurance and any other **statutory costs** included in the remuneration (and deriving from national rules).

TIMESHEESTS REQUIRED

Additional remuneration (such as performance bonus, incentives, etc.) cannot be included under the eligible staff costs. Overtime can be charged to the project only if the total job time of the concerned staff is devoted to the project.

ELIGIBLE COSTS - STAFF COSTS

HOW TO CALCULATE STAFF COSTS?





Regardless of the type of contract, **full-time** refers to <u>staff who devote 100% of their time to the project.</u>
Consequently, an employee with a part-time contract for 20 hours per week who works all 20 hours on the project is considered full-time and therefore falls into the first category:

1° category

1) **Full time***

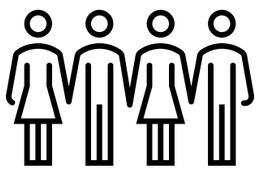
2) **Part-time**
(fixed %/month)

actual monthly gross salary (or wage) plus the **mandatory** social charges, insurance and any other **statutory costs** included in the remuneration (and deriving from national rules)

ELIGIBLE COSTS - STAFF COSTS

HOW TO CALCULATE STAFF COSTS?

ONLY *for* ***Part-time (flexible no. of hours/month)*** *and* ***contracted*** *on an* ***hourly basis:***



1° step Get a copy of the **working contract** and any other relevant rules concerning (working hours per day, timetable, etc.)

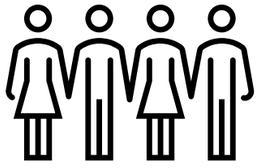
2° step Calculate the **gross salary*** and the **costs per unit rate** (daily, or hourly costs)

3° step Fill in the monthly **Time Sheet**, reporting the hours actually worked per day



**The Annual Gross Salary must be calculated at least once a year and every time that there is a change in the costs (increases in salary, etc.).*
TEMPLATES ARE PROVIDED BY THE PROGRAMME

ELIGIBLE COSTS - STAFF COSTS



TAXES AND SOCIAL CHARGES can be reported provided that :

- ✓they are fixed in an employment document or by law;
- ✓they are in accordance with the legislation referred to in the employment document and with standard practices in the country and/or institution where the individual staff member is working;
- ✓they are not recoverable by the employer;
- ✓they are incurred and paid by the employer and/or the employee during the reporting period or accrued during the reporting period and paid before the conclusion of the auditor verifications, provided that the latter declares that the proof of payment of the taxes and social charges is available.

ELIGIBLE COSTS - STAFF COSTS

	100% on Project	Fixed % of time dedicated to the project	Variable % of time dedicated to project	Dedication to the Project on hourly basis
TIMESHEETS	NO	NO	YES	YES
Appointment Act	NO if recruited Ad-hoc for the Project only YES in other cases	YES	YES	YES
Calculation of the Cost (the actual total cost for the Employer)	Actual gross salary * number of months reported	Actual gross salary * Number of months reported * % of time as indicated in the appointement letter	Gross Salary / Total number of Hours-Days * Dedicated number of hours-days	Gross Salary / Number of Hours-Days * Dedicated number of hours-days

ELIGIBLE COSTS - STAFF COSTS

How to distinguish Employees and Service suppliers?

Employees or assimilated (to be reported under Staff)	Service Providers (to be reported under External expertise and Services)
Natural persons having a **working employment or assimilated to employment contracts** with the LP/PP, usually based on specific national or organizational rules regarding remuneration, timetable, holidays, and roles to be carried out within the LP/PP working organization	Have a **service contract** specifying the conditions for the delivery of the service (timing, modalities) and the fees to be paid for the activities carried out
The staff recruited ad hoc is **selected by the LP/ PPs** through specific procedures according to the relevant legislation / internal rules, ensuring publicity, transparency, and impartiality in the selection of candidates	The service contract is awarded in accordance with the applicable **procurement rules**
Receive **monthly salary payments or any other equivalent remuneration** form, that are not significantly different from those for permanent staff performing similar tasks under an employment contract with the LP/PPs	Receiving **fees after submitting invoices**, in accordance with the payment conditions in their contract
Their social charges are **usually paid by the employer**, with exceptions regulated by the national legislation and the contracts in force	They pay their own social charges
The **result of the work carried out belongs to the LP/PPs**. I.E.: the financial manager working under the coordination of the project manager and producing reports and guidelines that are owned by the LP/PP organization is considered a staff member	External consultants are professionals hired to deliver a specific service/output working independently and **retaining responsibility of the service/output produced** (i.e.: a marketing expert hired specifically to conduct a study and write a report is an external consultant)
They **usually work in the premises of the employer** and **use its facilities** (telephone, computers, etc.).	They usually **work in their own premises**, or on-site where the services are delivered; **use their own resources** (computers, etc.) which are included in the fee rate and cannot be included as incidental costs in the contract
If the situation is unclear, the National Controller will assess each case individually, based on a review of the supporting documentation relating to the reported staff or external services.	

ELIGIBLE COSTS - STAFF COSTS

SUPPORTING DOCUMENTS TO BE PROVIDED THROUGH JEMS

- List of Staff (Annex 4 to the PIM)
- Copy of the contracts (working or equivalents)
- Appointments Acts
- Documents related to the selection procedure (for ad hoc recuited staff)
- Any other relevant document identifying the yearly/monthly working time and number of holidays
- Any other relevant document identifying te real monthly/daily/hourly costs (gross salary and employer's social charges) for the employee, or other accounting documents where the employment costs are clearly detectable.
- Gross Salary Sheet (GSS - only for staff working partly on the project or on a flexible percentage and for staff contracted on hourly basis.)
- Timesheet (only for staff working part-time on flexible percentage, or on hourly basis)
- Pay slips
- Proof of payments
- Copy of the General Journal records from the LP/PP accounting system
- Other documentation if relevant to assess the eligibility of the cost

Interreg

NEXT MED

Co-funded by
the European Union

Thank you

Interreg NEXT MED Programme
Managing Authority
Autonomous Region of Sardinia
next.med@regione.sardegna.it