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# Eligibility of expenditures

## for the Interreg Hungary – Slovakia Programme

#husk2127

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This document is not applicable for final recipients under the Small Project Fund.

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## History of changes

Version	Publication date	Changes
1.00	15/05/2023	Initial version
2.00	10/09//2024	Revision before project implementation
3.00	27/06/2025	Improving clarity and efficiency of the rules (11/2025 WP)

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## 1. General rules

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### 1.1. General requirements

Expenditure is eligible for funding when it is in accordance with the regulatory framework mentioned in the Subsidy Contract template and fulfils the following requirements:

- it relates to costs of implementing a project approved by the Monitoring Committee and activities listed in the Annex II of the Subsidy Contract;
- it is incurred during the preparation and implementation of a project that contributes to the objectives of the Programme;
- it is compliant with EU, Programme and national rules, in particular with regard to the provisions of public procurement law;
- it is essential for the achievement of the project objectives/outputs and it would not be incurred if the project is not carried out;
- it is included in the approved project budget (to be annexed to the Subsidy Contract for EU Contribution);
- it is not financed by other EU funds or other financial contributions from third parties, except national contributions to the Programme co-financing; i.e. no double-financing is allowed (Article 63(9) of EU Regulation 1060/2021)
- it complies with the principle of real costs except for costs calculated as flat rates, unit costs and lump sums (hereinafter together as Simplified Cost Options, SCOs);
- it complies with the principle of sound financial management as set out in Regulation (EU) 1059/2021 and Regulation (EU) 1060/2021 of the European Parliament and of the Council;
- it has been incurred and paid by the Lead Partner or its Partner(s) within the eligibility period of the project, and it can be verified via INTERREG+ system on the basis of original invoices or other accounting documents with equivalent probative value (except for SCOs, where specific verification rules apply);
- expenditure has to be verified via INTERREG+ system by an authorised national control body).
- separate accounting is ensured.

### 1.2. Separate accounting

All partners have to maintain either a separate accounting system or an adequate accounting code for transactions related to the project part with the following requirements:

The separate accounting has to contain:

- all expenditures, which were reported on real cost basis and the relevant reimbursement of these expenditures from the Programme (income);
- as income all payments from the Programme based on simplified cost option (e.g.: flat rates).

It is important to mention that the actual costs, which were reimbursed by the Programme based on simplified cost option, is not necessary to include in the separate accounting.

The proof of the separate accounting has to be submitted to the controllers in every project partner report.

Additional national requirements (if any) shall be taken into account.

### 1.3. Documentation policy

Supporting documents for reimbursement shall be kept in the form of originals or certified copies of the originals or on commonly accepted data carriers, including electronic versions of original documents or documents available only in electronic form.

If the original documents were created on paper, the paper form shall be retained. In the case of electronic documents, the electronic version shall be archived. As a main rule, the scanned original invoices or accounting documents with equivalent probative value and the corresponding supporting documents shall be submitted for control via INTERREG+ system to the national control body. The partner must indicate on the invoice the followings:

- 'The total amount of the invoice is reported in <Project ID>,' or
- 'Reported eligible amount<sup>1</sup>, in <Project ID>' (in case the invoice is reported in more than one project).

Electronic and electronically generated invoices are also acceptable for control if the invoice contains the same information as above. In this case the information mentioned above must be indicated on the invoice by the invoice issuer. If an invoice is reported to several programmes, each project ID and the reported amount<sup>2</sup> must be indicated on the invoice.

Please, note that avoidance of double financing is key requirement. The controllers can send back the Project Partner Report if the information is missing from the invoice, with the need of completion decision in Interreg+ system. In the completion round in case of electronic and electronically generated invoices, the partner has to ask to invoice issuer to modify or to cancel and reissue a new invoice with the necessary information. Then the partner has to modify the relevant invoice data in the Interreg+ system. In order to avoid the above mentioned situation, it is recommended to write an additional obligation in the contract concluded by partners with the provider setting out the necessary information to be mentioned on the invoice. In case of paper-based (hand-written) invoices, the clause on the invoices can be written by the partners. If the invoice (after completion) does not contain the necessary information, then the controllers have to reduce the eligible amount to zero.

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<sup>1</sup> The reported amount has to be indicated in the currency of the invoice.

<sup>2</sup> The reported amount has to be indicated in the currency of the invoice

All files, documents and data relating to the project must be retained for audit purposes. The documents, the ownership and maintenance must be kept for at least 5 years, starting from 31 December of the year in which the last payment was made by MA to the project. The retention period is 10 years if state aid rules are applied.

## 1.4. Time-wise eligibility of expenditure

As a general rule, expenditure is eligible if it has been incurred for the preparation and implementation of the project. The eligibility period starts on 1 January 2021. The latest possible date for payment of expenditure is 30 calendar days after the end date of the project, but not later than 31 December 2029. In duly justified cases, JS is entitled to extend the above-mentioned period upon official request of the respective partner. However, no payment is allowed after the end date of the eligibility period, i.e. 31 December 2029.

## 1.5. Non-eligible expenditure

The following costs are not eligible:

- a) fines, financial penalties and expenditure on legal disputes and litigation;
- b) costs of gifts;
- c) costs related to fluctuation of foreign exchange rate;
- d) interest on debt;
- e) value added tax (VAT);
  - if the total budget of the project (including VAT) is at least EUR 5 000 000 and it is recoverable under national VAT legislation;
  - in case the total budget of the project (including VAT) is below EUR 5 000 000 if it is recoverable under national legislation and is not eligible based on national legislation/rules.
  - Value added tax (VAT) of a state aid relevant activity, based on Article 7(1) of Regulation (EU) 651/2014;
- f) bank charges, unless a separate bank account is opened for the project;
- g) conversion costs, charges and exchange losses, as well as other purely financial expenses, except for charges for transnational financial transactions;
- h) fees between partners of the same project for services and work carried out or equipment purchased within the project;
- i) the purchase of land for an amount exceeding 10 % of the total planned budget for the partner;
- j) tips;
- k) costs of guarantees and similar charges, unless that the guarantees are required by national or Community legislation;
- l) contributions in kind (e.g. free use of room, equipment or other facilities, unpaid voluntary work, generally any contribution without money flow);

m) benefits apart from salary (cafeteria) which do not appear on payslips.

Furthermore, the following expenditures are not eligible:

- Any costs incurred after the implementation period of the project, as defined in the Subsidy Contract for EU Contribution;
- Commissions and dividend, profit payment;
- Purchase of business share and stock exchange share;
- Expenses of private consumption;
- Cost of subcontracted activities increasing the cost of the project without adding proportionate value to it;
- Cost of activities subcontracted by partners to other partners of the same project;
- Unpaid invoice amounts or undrawn reduction of the price (cash discount, discount);
- Services provided by contractors with whom there is conflict of interest in the meaning of Commission Notice Guidance 2021/C121/01;
- Cost of subcontracts in which the payment is defined as a percentage of the total cost of the project (e.g. success fee);
- Cost of any services, purchase of goods, construction works or movable assets, not directly related to the project;
- Any expenditures not directly associated with the Lead Partner/Partner;
- Any form of double financing: expenditure, which is already supported by an EU or other international or national grant.

Expenses not included in the list above are not automatically eligible. The national or regional funds or subvention, which do not relate directly to the project or to its approved activities, do not influence the amount of the verified eligible expenditures. This project or its parts does not have to be classified as subject to this normative financing and is not to be declared in the relevant reports.

## 2. Cost categories

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### 2.1. Preparation costs

#### **Type of expenditures**

The lump sum for the preparation costs include the following type of expenditures:

- preparation costs of the mandatory annexes to the application form,
- cost of translation,
- costs for partner meetings and
- travel costs.



The amount of the lump sum is EUR 1,300 for each partner receiving financial support, and is automatically transferred to the partner submitting the first application for payment. The partners do not have to prove that the expenditure has been incurred and paid.

Other costs that are precondition of the project implementation not included in lump sum (*e.g.: costs of procurement expert, technical documentation, marketing plan, feasibility plan, permits etc.*) and has been incurred and paid between 1/1/2021 and the end date of the project are also eligible. These costs have to be included in the budget as per the subject of the given expenditure (*e.g.: External expertise and services or Infrastructure and works*).

## 2.2. Staff costs

### Type of expenditures

Expenditure on staff costs consists of the gross employment costs of staff employed by or engaged by the partner institution for implementing the project administratively and professionally (*e.g. internal experts*).

**As a general rule, staff costs will be planned and reimbursed on a flat rate basis. In special cases, detailed in Chapter 3, the staff costs may be planned as real costs.** Please note that the reimbursement method chosen in the application form cannot be changed during the implementation period. The applicable flat rate is defined as the percentage of direct costs that includes the costs of external expertise and services, equipment, infrastructure and works. This means that all costs other than office and administrative costs, travel expenses and preparation costs covered by the applicable lump sum are direct costs. The applicable rates at partner level are as follows:

- a) if the Partners direct costs are less than EUR 1,000,000, 20% of the direct costs, but not more than EUR 100,000;
- b) if the Partners direct costs are EUR 1,000,000 or more, 10% of the direct costs, but not more than EUR 150,000.<sup>3</sup>

In the framework of territorial action plans, where the management duties are shared between the applicant and the coordination and communication project, the applicable flat rate is defined as the percentage of direct costs that includes the costs of external services, equipment, and cost of infrastructure and works. This means that all costs other than office and administrative costs and travel expenses are direct costs. The applicable rates at partner level are as follows:

- c) if the Partners direct costs are less than EUR 1,000,000, 10% of the direct costs, but not more than EUR 50,000;
- d) if the Partners direct costs are EUR 1,000,000 or more, 5% of the direct costs, but not more than EUR 75,000.

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<sup>3</sup> Due to the set ceilings, some partners will not receive exactly 20 or 10% flat rate; however, as a general rule, the % fixed as the ratio of the ceiling amount and the planned direct costs also remains unchanged during the implementation period of the project parts. *E.g. if direct cost is EUR 600 000, the flat rate will be 16,66% exactly during the implementation period.*

**Specific eligibility requirements**

- If any direct cost is found to be ineligible, staff costs must be re-calculated and reduced accordingly.
- If flat rate is applied, it is not possible to introduce external project management staff in the budget.
- In case of budget amendment during the project implementation, the applicable rate originally set based on the approved application form shall remain in force.

**Audit trail**

The Lead Partner/Partner does not have to document that the expenditure has been incurred and paid. Nevertheless, the Lead Partner/Partner shall attach a declaration to each Project Partner Report stating that at least one employee is working for the partner. If the declaration is not available (after completion), then only zero amount will be verified as eligible staff cost.

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In the case of Lead Partner/Partner implementing staff-driven activities within the project, staff costs are planned and reimbursed on real cost basis, and all remaining costs will be covered by applying 40% flat rate on direct staff costs, based on Article 56 of 1060/2021 EC Regulation. Details of real cost eligibility of staff cost is detailed in Chapter 3.

## 2.3. Office and administration costs

**Type of expenditures**

Office and administration expenditure cover operating and administrative expenses of the Lead Partner/Partner. Office and administrative expenditure shall be limited to the following elements:

- a) office rent;
- b) insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire safety, theft insurances);
- c) utilities (such as electricity, heating, water);
- d) office supplies;
- e) accounting;
- f) archives;
- g) maintenance, cleaning and repairs;
- h) security;
- i) IT systems;
- j) communication (e.g. telephone, fax, internet, postal services, business cards);
- k) costs of opening and administering of the separate bank account;
- l) charges for transnational financial transactions;

The list is exhaustive. Cost items listed above cannot be reimbursed under any other cost category.

**Simplified cost option**

Office and administration expenditure incurred by the Lead Partner/Partner shall be reimbursed according to a flat rate of 15% of the staff costs.

**Specific eligibility requirements**

- Taking into account that staff costs used as calculation basis for determining office and administration costs, if staff expenditure is found to be ineligible, the determined office and administration costs must be re-calculated and reduced accordingly.

**Audit trail**

Lead Partner/Partner does not have to document that the expenditure has been incurred and paid.

## 2.4. Travel and accommodation

**Type of expenditures**

Expenditure on travel and accommodation costs of the project management staff and internal experts for missions necessary for the project implementation (e.g. participation in project meetings, project site visits, meetings with the Programme bodies, seminars, conferences, etc.). Expenditure on travel and accommodation costs shall be limited to the following elements:

- a) travel costs (such as tickets, travel and car insurance, fuel, car mileage, toll, and parking fees),
- b) the cost of meals,
- c) accommodation costs,
- d) visa costs and other documents required for the international travel,
- e) daily allowances.

The list is exhaustive. Cost items listed above cannot be reimbursed under any other cost category.

**Simplified cost option**

Travel and accommodation costs of a project shall be reimbursed according to a flat rate of 15% of the staff costs.

**Specific eligibility requirements**

- Expenditures may incurred and paid in or outside the programme area, as long as they relate with the project's delivery and are essential for the project activities.
- Any element listed in points a) to d) which is covered by a daily allowance cannot be reimbursed in addition to the daily allowance.
- The travel and accommodation expenses of external experts and service providers fall under external expertise and services costs.
- The partners shall respect the national legislation regarding the ceilings applicable for travel, accommodation and daily allowance.
- Taking into account that staff cost used as calculation basis for determining travel and accommodation, if staff expenditure is found to be ineligible, the determined travel and accommodation must be re-calculated and reduced accordingly.

**Audit trail**

Management verifications will examine project partner reports, referring to travel and accommodation as part of the project's activities. If travel and accommodation is not explicitly mentioned in a project partner reports, any proof documents of activities which only relate to travel and accommodation is to be considered sufficient evidence. It is sufficient to provide such evidence of only a single occurrence of travel and accommodation, during the entire implementation period of the project.

## 2.5. External expertise and services

### Type of expenditures

External expertise and service costs shall be limited to the following services and expertise provided by a public or private body or a natural person, other than the Lead Partner/Partners of the project:

- a) studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- b) trainings;
- c) translations;
- d) development, modifications and updates to IT systems and website;
- e) promotion, communication, publicity or information;
- f) services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- g) participation in events (e.g. registration fees);
- h) legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- i) intellectual property rights;
- j) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- k) technical plans, studies and permits (excluding building permits);
- l) other specific expertise and services needed for the project.

The above list is exhaustive and projects cannot add additional types of costs to this list.

### Specific eligibility requirements

- External expertise and services must be clearly linked to the project and be essential for its effective implementation.
- Selection procedure must be in line with latest EU, Programme or national public procurement rules, depending on the type of entities and the estimated value of the contract.
- For expenditures where **no public procurement procedure is required<sup>4</sup>**:

Above EUR 10 000 (excl. VAT): partners must perform and document the execution of adequate market researches (e.g. through collecting bids – at least three valid independent and comparable offers requested, or using centralised e-procurement services, etc.)

- This is meant to provide a sound knowledge and sufficient information on the relevant market allowing for a sound comparison of offers in terms of price and/or quality and a profound assessment of the adequacy of the price to be paid.
- Consequently, the value and the complexity of the service should be reflected in the specification and breakdown of the terms of reference, as well as in the respective offer.
- Partners shall also avoid conflict of interest when performing the proof of market prices.

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<sup>4</sup> In case of the threshold regarding public procurements according to national legislation is lower than 10 000 EUR, national level legislation shall prevail. Furthermore, Slovak Partners have to follow the rules of 'The Guide on Public Procurement for Slovak Partners' for all kinds of procurement.

Below 10 000 € (excl. VAT): the principles of sound financial management must be applied, but no specific proof of the market price is required to be submitted by the partners. Nevertheless, please note that the FLC has the right to check the compliance with market price during the verification of expenditures. Note that procurement must not be split artificially to circumvent the 10 000 € threshold.

- Beyond the above mentioned rules, the controllers check the compliance with the market prices according to the national legislation/national rules/national practice in line with sound financial management principle. In case, the compliance is not ensured, the relevant amount will be deducted.
- The procurement must comply with the basic principles of transparency, non-discrimination and equal treatment.
- In case of services related to the organisation and implementation of events or meetings (including rent, catering or interpretation, the costs of services can not contain any cost relating to the project staff (catering, accommodation and transportation as well), because these costs are covered by travel and accommodation flat rate;
- Sub-contracting among Partners within the same project is not allowed.
- Additional national requirements (if any. e.g. 'The Guide on Public Procurement for Slovak Partners') shall be taken into account.
- For experts paid on the basis of a daily/hourly fee, the daily/hourly rate together with the number of days/hours contracted and the total amount of the contract must be provided. The invoice must include a clear quantification of the days/hours charged, price per unit and total price.
- Where applicable, deliverables and outputs produced by experts/service providers must respect the relevant publicity requirements in line with visibility manual.

#### **Audit trail**

Expenditures can be reimbursed if the following documents are attached to the Project Partner report:

- 1) Evidence of the selection procedure;
- 2) Contract or written agreement laying down the services to be provided with a clear reference to the project and the Programme;
- 3) Invoice or request for reimbursement providing all relevant information in line with the applicable accountancy rules as well as references to the project and the Programme and a detailed description of the services provided in line with the contents of the contract.
- 4) Deliverables produced (e.g. studies, promotional materials) or, where applicable, documentation of the delivery (e.g. in case of events: agenda, list of participants, photo-documentation, etc.).
- 5) Document proving the completion of the service (proof of fulfilment).
- 6) In case of studies a declaration by the author that the study (as a whole or any part of it) was not financed by other Programme;
- 7) Proof of payment (e.g. bank statement, extract from a reliable accounting system of the Lead Partner/Partner).
- 8) Any other document based on the requirements of the national rules (if any).

**Other important rules for External services<sup>5</sup>****Cost of the public procurement expert**

The cost of the public procurement expert shall be limited to 1 % of net estimated value of the public procurement.

**Cost of the technical supervisor**

The cost of technical supervisor shall be limited to 1,5 % of the gross contracted infrastructure and work costs that are subject to technical supervising.

**Translation costs**

The costs for a Hungarian-Slovakian translation are calculated according to a standard scale of unit cost. The unit cost is EUR 0.010 gross per character. The eligible amount is calculated according to the volume (number of characters without spaces) of the source document. The costs can be reimbursed if the source document is attached to the project partner report in digital form (in word format), and a copy of the final document (translated version).

**Cost of events**

Costs of mandatory, optional and other events is set according to the standard scale of unit cost. Expenditures shall be limited to the following:

- rental of accessible premises;
- technical equipment;
- preparation of cold snacks and beverages and/or
- warm dinner menu.

The amount of the unit cost for a half-day event (4 hours) (e.g. press conference) is EUR 17 in gross per person. The amount of the unit cost for a whole-day event (8 hours) (e.g. conference, handover ceremony) is EUR 47 in gross per person. The cost can be reimbursed if the presence of the participants is proven with the following documents attached to the Project Partner report:

- agenda;
- attendance sheet;
- photo documentation.

The amount to be reimbursed is calculated according to the number of participants signed the attendance sheet multiplied by the relevant unit cost.

Cost of project team meetings with participation of project management staff and/or internal experts are eligible under budget line Travel and accommodation (flat rate)<sup>6</sup>.

In case the main part of the project is the organisation of event(s), then these costs are eligible based on real cost method.

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<sup>5</sup> In case staff cost is reimbursed as real cost (chapter 3), the 40% flat rate covers also the costs listed here (i.e. public procurement expert, technical supervisor, events, translation, interpretation).

<sup>6</sup> In case of budget structure according to chapter 2.

**Cost of interpretation**

Cost of a consecutive or simultaneous interpretation on events is set according to the standard scale of unit cost. The amount of the unit cost is EUR 365 in gross per interpreter per event. The cost can be reimbursed if the presence of the interpreter is proven with the following documents attached to the Project Partner report:

- attendance list including the indication of the interpreter;
- photo documentation.

## 2.6. Equipment

**Type of expenditures**

Equipment expenditure refers to equipment purchased or rented by the Lead Partner/Partner other than those covered by the cost category 'office and administration expenditure' and necessary for the implementation of the project. Expenditure for the financing of equipment purchased or rented by the Lead Partner/Partner shall be limited to the following:

- a) office equipment;
- b) IT hardware and software;
- c) furniture and fittings;
- d) laboratory equipment;
- e) machines and instruments;
- f) tools or devices;
- g) vehicles; and
- h) other specific equipment needed for the project.

The list is exhaustive and the above mentioned items cannot be reimbursed under any other cost category.

**Specific eligibility requirements**

- Equipment must be clearly linked to the project and be essential for its effective implementation.
- Full cost for realising equipment within the project is eligible, i.e. no depreciation is necessary.
- Selection procedure must be in line with EU, Programme or national (including institutional) public procurement rules, depending on the type of entities and the estimated value of the contract.
- For expenditures where no public procurement procedure is required<sup>7</sup>:

Above EUR 10 000 (excl. VAT): partners must perform and document the execution of adequate market researches (e.g. through collecting bids – at least three valid independent and comparable offers requested, or using centralised e-procurement services, etc.)

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<sup>7</sup> In case of the threshold regarding public procurements according to national legislation is lower than 10 000 EUR, national level legislation shall prevail. Furthermore, Slovak Partners have to follow the rules of 'The Guide on Public Procurement for Slovak Partners' for all kinds of procurement.

- This is meant to provide a sound knowledge and sufficient information on the relevant market allowing for a sound comparison of offers in terms of price and/or quality and a profound assessment of the adequacy of the price to be paid.
- Consequently, the value and the complexity of the service should be reflected in the specification and breakdown of the terms of reference, as well as in the respective offer.
- Partners shall also avoid conflict of interest when performing the proof of market prices.

Below 10 000 € (excl. VAT): the principles of sound financial management must be applied, but no specific proof of the market price is required to be submitted by the partners. Nevertheless, please note that the FLC has the right to check the compliance with market price during the verification of expenditures. Note that procurement must not be split artificially to circumvent the 10 000 € threshold.

- Beyond the above mentioned rules, the controllers check the compliance with the market prices according to the national legislation/national rules/national practice in line with sound financial management principle. In case, the compliance is not ensured, the relevant amount is deducted.
- The procurement must comply with the basic principles of transparency, non-discrimination and equal treatment.
- Equipment cannot be purchased or rented from another Partner within the project.
- Equipment cannot be leased.
- All equipment items have to be clearly described in the application form or if not the case, must be agreed by the MA/JS according to the modification rules.
- Where applicable, if the equipment purchased forms a deliverable or an output of the project, the relevant publicity requirements must be respected in line with the visibility manual.
- Costs for the purchase of second-hand equipment may be eligible subject to the following conditions:
  - no other assistance has been received for it from the Interreg funds or from the funds listed in point (a) of Article 1(1) of Regulation (EU) 2021/1060;
  - its price does not exceed the generally accepted price on the market in question; and
  - it has the technical characteristics necessary for the operation and complies with applicable norms and standards.
- Contractual advances in accordance with normal commercial law and practice, stipulated in a contract between the Lead Partner/Partner and the supplier, supported by receipted invoices (e.g. advance payment for the purchase of a piece of equipment) are eligible but depend on later confirmation that the equipment has been properly and timely delivered.
- Additional national requirements (if any. e.g. ‘The Guide on Public Procurement for Slovak Partners’) shall be taken into account.

### **Audit trail**

Expenditures can be reimbursed if the following documents are attached to the Partner report:

- 1) Evidence of the selection procedure;
- 2) Contract or written agreement including adequate technical specifications and sufficiently detailed financial information about the purchase of equipment, with a clear reference to the project and the Programme;
- 3) Invoice (or a supporting document having equivalent probative value to invoices) providing all relevant information in line with the applicable accountancy rules, documentation of inventory and, where applicable, references to the project and the Programme;



- 4) Proof of payment (e.g. bank statement, extract from a reliable accounting system of the Partner);
- 5) Other supporting documents (e.g. documents of book-keeping, proof of receipt, documents of guarantees, photo documentation, proof of fulfilment);
- 6) Any other supporting documents based on the requirements of national rules (if any).

## 2.7. Infrastructure and works

### Type of expenditures

Expenditure for the financing of works refers to costs incurred by the Lead Partner/Partner for the execution of an infrastructure. Works expenditure may refer either to an object (e.g. building) that will be set up ex-novo or to the adaptation of an already existing infrastructure. Costs for infrastructure and works shall be limited to the following:

- a) purchase of land not exceeding the 10% of total planned budget of the partner;
- b) building permits;
- c) building material;
- d) labour; and
- e) specialised interventions (such as soil remediation, mine-clearing)

The above list is exhaustive.

### Specific eligibility requirements

- Works must clearly link to the project and be essential for its effective implementation.
- Works have to be duly described in the application form or, if not the case, must have been agreed by the MA/JS or MC beforehand in order to be considered as eligible.
- Full cost for realising infrastructure and works within the project is eligible, i.e. no depreciation is necessary.
- Selection procedure must be in line with EU, Programme or national (including institutional) public procurement rules, depending on the net amount contracted.
- The procurement must comply with the basic principles of transparency, non-discrimination and equal treatment.
- The procurement rules for expenditures where no public procurement procedure is required<sup>8</sup>:

Above EUR 10 000 (excl. VAT): partners must perform and document the execution of adequate market researches (through collecting bids – at least three valid independent and comparable offers requested, or using centralised e-procurement services)

- This is meant to provide a sound knowledge and sufficient information on the relevant market allowing for a sound comparison of offers in terms of price and/or quality and a profound assessment of the adequacy of the price to be paid.

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<sup>8</sup> In case of the threshold regarding public procurements according to national legislation is lower than 10 000 EUR, national level legislation shall prevail. Furthermore, Slovak Partners have to follow the rules of 'The Guide on Public Procurement for Slovak Partners' for all kinds of procurement.

- Consequently, the value and the complexity of the service should be reflected in the specification and breakdown of the terms of reference, as well as in the respective offer.
- Partners shall also avoid conflict of interest when performing the proof of market prices.

Below 10 000 € (excl. VAT): the principles of sound financial management must be applied, but no specific proof of the market price is required. Nevertheless, please note that the Controllers will check the compliance with market prices during the verification of expenditures. Note that procurement must not be split artificially to circumvent the 10 000 € threshold.

Beyond the above mentioned rules, the controllers check the compliance with the market prices according to the national legislation/national rules/national practice in line with sound financial management principle. In case, the compliance is not ensured, the relevant amount is deducted.

- Depending on the nature of the intervention linked to the works to be carried out, all compulsory requirements set by Community and national legislation on environmental policies or other relevant policies released by national/regional/local authorities (e.g. building permit), must be fulfilled. In particular, any requirement deriving from the different Directives in force must be strictly observed.
- The land and/or buildings where the works will be carried out must be in the ownership or long term use of the Lead Partner/Partner for at least 10 years from the end of project implementation.
- Infrastructure and works expenditure cannot refer to items financed by other subsidies (e.g. EU, national or regional) and must not be already depreciated.
- In the case of works being part of a larger infrastructural investment, the part financed by the Programme must be clearly and unequivocally identifiable.
- The relevant publicity requirements must be respected in line with the visibility manual.
- The existence of infrastructure and works realised by the project and their clear identification to the project must be verified on-the-spot by controllers during the implementation period.
- Sub-contracting for the implementation of infrastructure and works among Partners within the same project is not allowed.
- Contractual advances in accordance with normal commercial law and practice, stipulated in a contract between the Partner and the provider, supported by received invoices (e.g. advance payment for the company selected for construction works) are eligible but depend on later confirmation that infrastructure and works have been properly and timely executed.
- Additional national requirements (if any) shall be taken into account (e.g. proof of fulfilment).

#### **Audit trail**

Expenditures can be reimbursed if the following documents are attached to the Application form at latest by contracting for EU contribution:

- 1) Legal documents specifying the ownership or permission to use of land and/or buildings where the works will be carried out;
- 2) Supporting documents for land purchase (e.g. pre-contract or decision of the relevant government office)
- 3) Plans that enable a proper cost calculation (available draft plans if applicable, if not, a sufficient description of the works, in case of renovations a short technical specification of the works).

- 4) Where applicable, necessary permits for the execution of the works, issued by the national/regional/local relevant authorities.

Expenditures can be reimbursed if the following documents are attached to the Project Partner Report:

- 1) Evidence of the appropriate selection procedure;
- 2) Contract or written agreement laying down the supplies and/or services to be provided with a clear reference to the project and the Programme;
- 3) Invoice providing all relevant information in line with the applicable accountancy rules as well as references to the project and the Programme and a detailed description of the works carried out in line with the content of the contract;
- 4) Proof of payment (e.g. bank statement, extract from a reliable accounting system of the Partner);
- 5) Construction log;
- 6) Photo documentation of the works;
- 7) Documents of registration if applicable;
- 8) Any other document based on the requirements of the national rules (if any).

Expenditures can be reimbursed if the following documents are attached to the Final Project Partner Report:

- 1) Supporting documents for land purchase (contract, land registration sheets, proof of fulfilment);
- 2) If applicable, after the finalisation of the works but at latest with the final Project Partner Report the usage permit<sup>9</sup> issued by the relevant authority.

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<sup>9</sup> In duly justified cases, if national legislation stipulates, the national authority after consultation with the managing authority may give derogation and the controller may accept the expenditures with conditions.

### 3. Staff costs as real cost

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In the case of a Lead Partner/Partner, where staff costs represent the majority of expenditure (e.g. where a significant number of internal experts work on the project), staff costs are planned and reimbursed on real cost basis. In the case, the applicable flat rate is defined as a percentage of the staff costs. This means that all other expenses related to project implementation (except staff costs) are reimbursed as a single cost category on a flat rate basis. The applicable flat rate at partner level is 40% based on Article 56 of 1060/2021 EC Regulation. (In this case neither flat rate for office and administration and for travel and accommodation, nor unit cost for interpretation, translation, events is applicable, since the 40% shall cover those costs.)

Staff costs shall consist of gross employment costs of staff employed by the Lead Partner/Partner in one of the following ways:

- **Full-time employee**  
Employees who works 100% of the working time on a project, regardless of the number of hours they were hired for, the total gross employment costs incurred by the employer are to be considered as eligible.
- **Part-time employment with fixed percentage of time per month dedicated to the project**  
Individuals employed by the Lead Partner/Partner to work part of their time on the project according to a fixed percentage of time per month. Reimbursement of staff costs shall be calculated by applying the percentage stipulated in the employment contract (and/or an official assignment of the employee to the project) to the monthly gross employment cost.

The expenditure is limited to:

- **salary payments** related to the activities which the entity would not carry out if the project concerned was not undertaken;  
  
Payments have to be based on an employment document (employment contract or any other equivalent legal agreement/appointment decision that permit the identification of the employment relationship with the Lead Partner/Partner's organisation) or by legislation, and relating to responsibilities specified in the job description of the staff member concerned.
- **any other costs directly linked to salary payments** incurred and paid by the employer (such as employment taxes and social security including pensions) on condition that they are:
  - fixed in an employment document or by legislation;
  - 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; and
  - not recoverable by the employer.

## Specific eligibility requirements

- Staff costs must be calculated individually for each staff member assigned to the project.
- The chosen option for the reporting of costs related to the individual employees shall be maintained during the whole project implementation. Justified changes are possible in the following cases:
  - between full time employment and part time employment with a fixed percentage
  - different percentage in the option part time employment with fixed percentage
  - replacement of an employee
- Salaries, other payments are only eligible if foreseen in the legislation, company's internal regulation, collective wage agreements or in a Works Council agreement and they are in line with the employment policy of the Lead Partner/Partner organisation (ad hoc regulations applicable only to the project are not allowed).
- Unjustified ad-hoc salary increases or bonuses for project purposes are not eligible.
- Where foreseen by the employment document, overtime is eligible, provided in compliance with the national eligibility rules and the standard practice of the Lead Partner/Partner.
- The remuneration of civil servants is an eligible cost, only if it is related to the project activities and not related to their usual day-to-day management tasks and statutory responsibilities.

Correctness of the applied 40% needs to be checked by controllers as well (mathematic check). Moreover, the deliverable outputs defined during the application (included in the Subsidy Contract) will be checked to ensure that they were implemented accordingly. (In case of no or insufficient results, cost cuts may be applicable.)

## Audit trail

### Full-time employee

The Lead Partner/Partner shall attach the following documents to all Partner Reports for each employee:

- 1) employment contract or an appointment decision/contract;
- 2) job description providing information on responsibilities related to the project (if not included in the employment document);
- 3) documentation of the monthly gross staff costs;
- 4) proofs of payments;
- 5) salary contributions (social contributions, personal income tax advance, etc.): declaration that there are no outstanding debts related to ancillary wage costs or proof that salary contributions are paid;
- 6) payslips;
- 7) periodic staff report (the applicable template will be available on the webpage of the programme);
- 8) other additional documents based on national requirements (if any).

### Part-time employment with fixed percentage of time per month dedicated to the project

The Lead Partner/Partner shall attach the following documents to all Partner Reports for each employee:

- 1) employment contract or an appointment decision/contract;
- 2) job description providing information on responsibilities related to the project (if not included in the employment document);

- 3) the employment document and/or the official assignment to the project, signed by both the employer (delegated person) and the employee at the beginning of the assignment, containing the following information (if not incl. in the employment document and/or job description):
  - a. the percentage of the employee's working time on the project;
  - b. in the case that the employee is involved in other EU and/or national co-funded projects, name and funding reference of the concerned project(s) as well as the percentage of the employee's working time on each co-funded project;
  - c. description of the main tasks to be performed by the employee within the duration of the assignment to the project, making reference to the outputs and deliverables as foreseen in the application form.
- 4) documentation of the monthly gross staff costs;
- 5) proofs of payments;
- 6) salary contributions (social contributions, personal income tax advance, etc.): declaration that there are no outstanding debts related to ancillary wage costs or proof that salary contributions are paid;
- 7) payslips;
- 8) periodic staff report (the applicable template will be available on the webpage of the programme);
- 9) other additional documents based on national requirements (if any).