

# Eligibility of expenditure in 2021-2027

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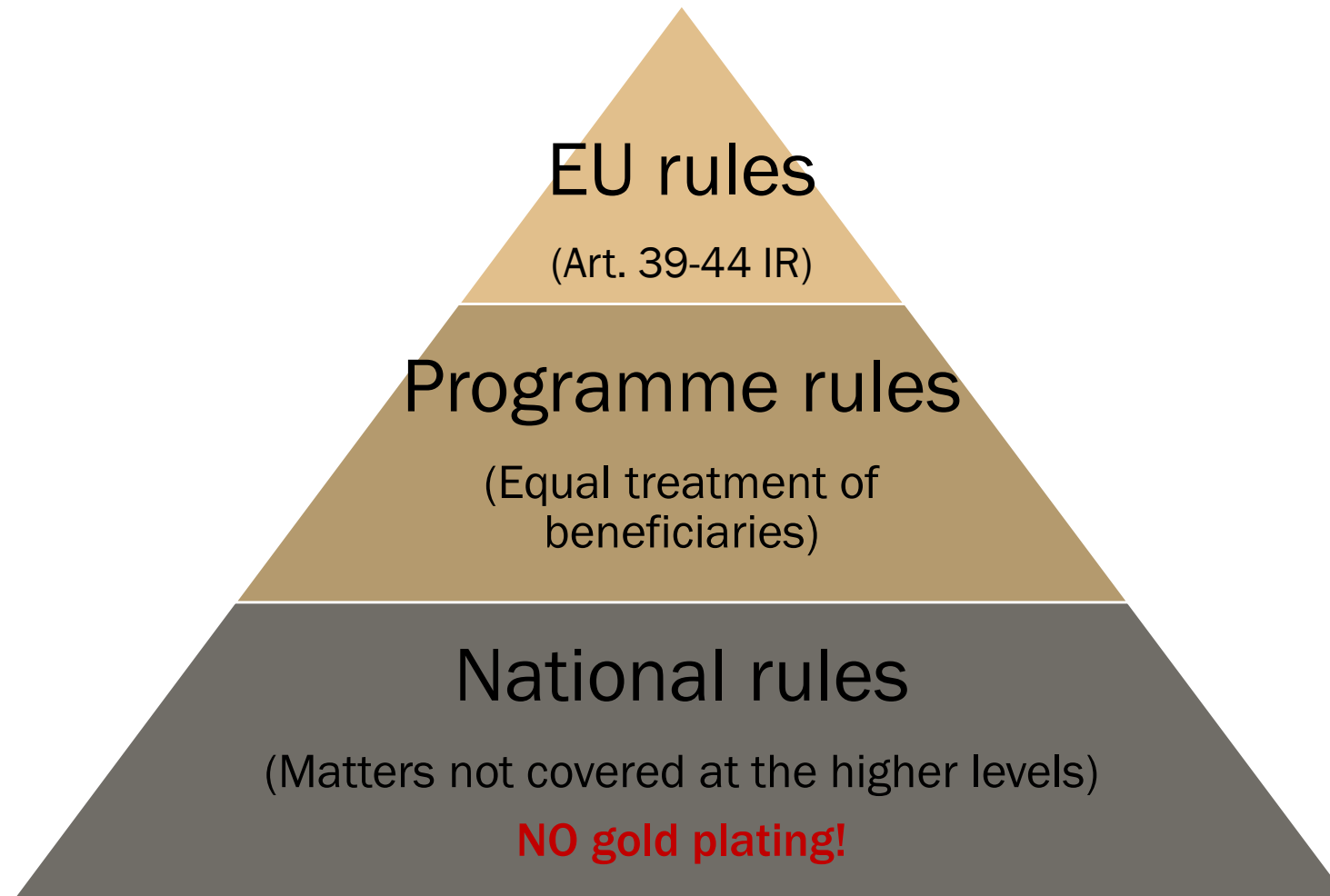
Controllers' workshop

20 October 2022 | Malmö, Sweden

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# Hierarchy of rules for eligibility of expenditure



# Eligibility of expenditure in Regulations

## Article 63 & 64 CPR

- Hierarchy of rules
- Eligibility period – 1 January 2021 – 31 December 2029 (incurred by beneficiaries)
- No more monitoring of expenditure spent outside the programme area:
  - projects have to contribute to the programme’s objectives (programme area vs ~~programme eligible area~~);

### Non-eligible costs:

- Interest on debt (except for FI interest rate subsidy/ guarantee fee subsidy);
- VAT if recoverable for projects > EUR 5m total costs (incl. VAT);
  - VAT eligible for projects where total costs do not exceed EUR 5M:
    - irrespective if it is recoverable or not!



# Eligibility of expenditure in Regulations

## Article 37 & 38 IR + cost category-specific Articles (Article 39-44 IR)

- MA can “overrule” the AA in cases where the AA finds a *project* as such not eligible;

Non-eligible costs:

- Fines, financial penalties, expenditure on legal disputes and litigation;
  - Costs of gifts;
  - Costs related to the fluctuation of foreign exchange rate;
  - Staff costs cannot be flat rates if a 40% flat rate is used.
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- Simplified approach to exchange rates:
    - limited to beneficiaries coming from non-Euro countries;
    - single method for conversion: month during which the expenditure was submitted for verification (EC website, InforEuro).



# HIT Eligibility fact sheets

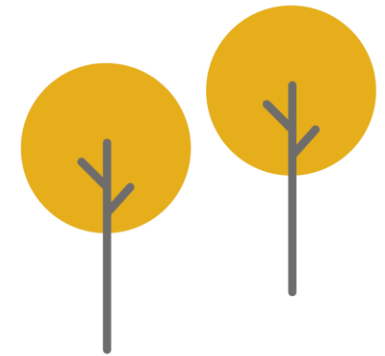
Based on Articles 39 – 44 Interreg Regulation (exhaustive/ non-exhaustive lists)

- 6 fact sheets
- Finalised and available on our [programme website](#) and in the HIT community
- Common structure of fact sheets:
  - legal references;
  - cost category general principles;
  - specific rules;
  - reimbursement forms – real costs and SCOs;
  - audit trail – real costs and SCOs;
  - HIT agreements;
  - programme-specific information.



# HIT agreements - eligibility

- In-kind contributions are not part of HIT templates;
- Staff costs – factsheet covers all options available in regulations
- HIT templates cover real costs, [fixed percentage method](#), and SCOs;
- Office and administrative costs – all off-the-shelf options are implemented in Jems (incl. up to 25% flat rate).



# Eligibility of expenditure – some clarifications

- Infrastructure and works: purchase of the land (*built on or not built on*) eligible.
- Revenues:
  - No rules regulating the handling of revenues (apart from investments in large infrastructure and productive investments and State aid relevant projects):
    - De minimis is not State aid!
    - GBER Article 20 and 20a – Interreg-specific.

Article 44 IR:

- (a) purchase of land in accordance with point (b) of Article 64(1) of Regulation (EU) 2021/1060;
- (b) building permits;
- (c) building material;
- (d) labour; and
- (e) specialised interventions (such as soil remediation, mine-clearing).



# Off-the-shelf SCOs – flat rates

- Staff costs:
  - 1720h method – unit cost;
  - hourly rate (dividing latest documented monthly gross employment costs by the average monthly working time) – unit cost;
  - up to 20% flat rate – Interreg-specific! (IR flat rate  $\neq$  CPR flat rate)
- Office and administration – 2 real off-the-shelf options + 1 (1 described in IR):
  - up to 7% of the eligible direct costs;
  - up to 15% of the eligible direct staff costs;
  - up to 25% of eligible direct costs (methodology required!!).
- Travel and accommodation: up to 15% of the direct staff costs of an operation.



# Eligibility questions from our mailboxes

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Real cases



# Eligibility cases



The hotel invoice shows room cost + 'supplement'. Is it eligible?  
Normally, it is something like city tax, breakfast, etc.

- Total price in the reservation is the same as the price for the accommodation + 'supplement'.
- Conclusion: eligible.

# Eligibility cases



Fixed %: when changing the % (in duly justified cases), should we fix the validation of the change from the next reporting period or from the next month (this means it could be inside the reporting period)?

- The fixed percentage could cover the whole project duration and it should at least cover one reporting period, it cannot change every month.
- Provided it is justified due to changes in tasks or responsibilities of the employee, the percentage of working time on the project may change.
- The employer must issue an amendment to the document setting out the fixed percentage of time working on the project (or amend the employment contract directly if the percentage is indicated there).
- For more details, please have a look at our [factsheet](#).

# Eligibility cases

## Annex 1 – Task assignment template

For information for the project partner:

- This template can be used for the task assignment and is an example of the minimum requirements which should be covered if the fixed percentage method is used (if not part of an employment document/contract or another document). It has to be submitted for verification of staff cost expenditure to the relevant control body.
- In case of changes to the tasks and responsibilities of an employee, the task assignment document can be reviewed and amended (the percentage cannot change every month and should apply as a minimum for one full reporting period).

### Project Information

**Project name** *Please indicate*  
**Project acronym/ ID** *Please indicate*  
**Name of project partner** *Please indicate*

**Name of employee** *Please indicate*  
**Applicable from** *Please indicate*  
**Version N°:** *Please indicate*

With this task assignment, I confirm that [Name employee] works on the above-mentioned project.

In case I am involved in other EU funded projects, I [Name employee] confirm that there is no double financing, as not more than 100% of my working time will be reported.

[Name employee] carries out the following tasks in the frame of the implementation of the project:

- [specify task]
- [specify task]
- [...]

[Name employee] will dedicate [%] of his/her working time per month to carry out the tasks as described above.

[name of employer]

[name of employee]



# Eligibility cases



External costs, point (i) *legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services*; in IR (Article 42).

What accountancy services could this be? We understand that internal or external accounting is already part of the office and administrative costs.

- Standard accountancy falls under office and administrative costs. Anything beyond that provided by the external entity - external expertise and services (point i), e.g., any advisory concerning accountancy.

# Eligibility cases



For land or buildings where the works will be done must be in ownership of the partner: would long-term legally binding arrangement between the partner and the owner be enough as well?

- The regulations (Article 65 CPR) refers to 5 years (or within the period set out in State aid rules) after the final payment to the beneficiary during which the ownership of any piece of infrastructure cannot change.
- If the legally binding arrangement between the partner and owner of the land or building where the works will be done is at least 5 years, it should be acceptable. + In the legal agreement, there should be clearly stated that any amendments regarding the time and the scope of rent cannot be done by either the current or any other future owner by the end of the sustainability period (from programmes' experience).

# Eligibility cases



Public procurement: do we have to distinguish between public and private bodies when describing the public procurement procedures?

- Public procurement largely depends on the national rules. However, a programme can also establish programme-specific rules which according to the hierarchy of eligibility rules are at a higher level than national rules (EU level, programme rules, for matter not covered at the higher levels national rules).
- There are programmes which establish that private partners have to follow same public procurement rules as public partners describing procedures both for public and private partners in the programme manual (see, for example, North-West Europe Programme Manual, section 5.6, page 73).

# Eligibility cases



Art. 42 - External expertise and services costs:

- is it possible under the different points (a – p) to be more restrictive and/or give more definition to the different points than what is proposed in this regulation?
- under point (o) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers - is it possible to include a limit per expert?
  - o under point (p) other specific expertise and services needed for operations - is it possible to include catering costs (business meals) for the experts up to a maximum amount?

- Yes, it is possible. MC agreement on that is needed.
- Programme rules can always be established, provided that they do not contradict or redefine rules established in Regulations. But setting up a more restrictive approach in line with regulation rules is possible.
- *Article 38(1) IR: The participating Member States and, where applicable, third countries, partner countries and OCTs, may agree in the monitoring committee of an Interreg programme that expenditure falling under one or more of the categories referred to in Articles 39 to 44 shall not be eligible under one or more priorities of an Interreg programme.*

# Eligibility cases



## Art 44 - Costs for infrastructure and works

This article is very particular about what can be financed, however, it is very broad as to the context within which this is done. As the article is written, it is our understanding that only new infrastructure can be financed. Are renovations of old infrastructure also possible or is that not possible?

- Provisions for infrastructure and works are very broad but there are no provisions that limit interventions only to new infrastructure.
- One can obtain building permits, purchase building material, specialized interventions, finally pay for necessary labour for both building a new infrastructure but also renovating, modernizing old one.

### Article 44 IR:

- (a) purchase of land in accordance with point (b) of Article 64(1) of Regulation (EU) 2021/1060;
- (b) building permits;
- (c) building material;
- (d) labour; and
- (e) specialised interventions (such as soil remediation, mine-clearing).

# Eligibility cases



We would like to support projects with investments that are ready to go which means that PPs would have already obtained building permits. That would also be the assessment criteria. In 2014-2020 building permits were not considered as eligible costs in our Programme. Is it obligatory to include b) Building Permits (Art. 44) or can we eliminate it from the list of elements for eligible costs for 2021-2027?

- Yes, you can MC decision on that is needed (Art. 38(1) IR):
  - You can exclude point (b) from Article 44 IR from the eligible expenditure for infrastructure and costs in your programme.

# Eligibility cases



Are Zoom subscriptions costs eligible? If yes, under which cost category to include it?  
Costs of mobile phone subscriptions?

- Zoom costs – eligible, under external expertise and services or equipment cost category (different practices from different programmes);
- Mobile phones and mobile phone subscriptions:
  - when we talk about the monthly fee one pays for the mobile phone operator or about the mobile phone itself used for admin purposes of the project (communication), these costs will go under office and administrative cost category;
  - where a mobile phone is linked to the content activities of the project (and could be where maintenance/ repair service is provided by external parties outside the partner organisation), it could fall under equipment cost category (e.g., development of some mobile app/ software where a mobile phone is needed for testing or something similar).

# Group discussion in Miro



- 30 minutes
- Notes in Miro board tables – per your group number
- 2 things:
  - Interesting eligibility cases (or not so interesting);
  - Eligibility questions you have.

Outcome: Matrix of costs 2021-2027 (with examples)

# Cooperation works

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All materials will be available on:

[www.interact-eu.net](http://www.interact-eu.net)

