



REPUBLIC OF SLOVENIA

GOVERNMENT OFFICE
FOR LOCAL SELF-GOVERNMENT AND
REGIONAL POLICY

Kotnikova 28, SI-1000 Ljubljana,
Phone: + 386 1 308-31-78 Fax: + 386 1 478-36-19



MANUAL ON ELIGIBILITY OF EXPENDITURE

Operational Programme Slovenia-Austria 2007-2013

Version 1.0

Valid from 18 September 2009



Investing in your future

Operation part financed by the European Union
European Regional Development Fund

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1. GENERAL

The present paper shall provide guidance for Lead beneficiaries / Project partners (LB/PP) and for national controllers as regards the funding conditions in the Operational Programme Slovenia-Austria 2007-2013 (OP SI-AT).

Should there be a question related to the eligibility of expenditures that is not addressed by this paper, it should be discussed with the designated national controllers or the Joint Technical Secretariat (JTS).

The expenditures claimed must not be financed out of any other Community or public funds.

Furthermore, all expenditures – independent from the respective cost category – have to be in line with national/regional and EU rules and shall have a legal basis (contract etc.).

All expenditures claimed have to be:

- Traceable from the approved Application form, all submitted supplements to the Application form and all approved changes;
- Arisen during the operation duration (as determined in the Subsidy contract);
- Occurred on the level of and paid by the respective project partner (as defined in the Subsidy contract)¹;
- Directly linked to the operation, necessary for operation implementation and in line with the operation objectives;
- In compliance with the principles of efficiency, economy and expediency of all allocations;
- Actually paid² (proof of payment) and definite (entered into book of accounts without the possibility of countermand and/or recovery);
- Entered into operation accounting records for the claimed period by each project partner;
- Proven by the original invoices or other accounting documents of equivalent probative value³ in line with regulations in force;
- Placed under the determined cost category⁴ as described in this document and planned in the financial plan of the approved operation.

A sufficient audit trail must be secured.

The preconditions for eligibility defined in the EU regulations and the OP SI-AT as well as any national/regional eligibility rules stricter than those defined in the following remain unaffected.

Commission rules on eligibility of expenditure can be found in:

- Regulation (EC) No 1080/2006, Art. 7 and 13,
- Regulation (EC) No 1083/2006, Art. 56,
- Regulation (EC) No 1828/2006, Art. 48-53.

¹ Expenditures based on invoices (or accounting documents having a probative value equivalent to invoices) that are not addressed to the relevant project partner, respectively expenditures based on payments that have not been initiated by the respected project partner itself and costs that are not finally borne by the respected project partner itself are not eligible.

² The execution of payment has to be verified by the designated national controller without any exceptions.

³ In Slovenia the accounting documents have to be marked with the note that the relevant document relates to the operation, where possible. In Austria the accounting documents do not have to be marked specifically.

⁴ Each expenditure has to be placed under one of the determined cost category in ISARR.

- Regulation (EC) No 846/2009 amending Regulation (EC) No 1828/2006, člen 1 (16, 17)

Other Commission rules applicable:

- Regulation (EC) No 1083/2006, Art. 2(5) and Directive 2004/18/EC, amended by Directive 1422/2007 (Public procurement),
- Regulation (EC) No 1083/2006, Art. 54 (State Aid),
- Regulation (EC) No 1828/2006, Art. 9 (Publicity),
- Regulation (EC) No 846/2009 amending Regulation (EC) No 1828/2006, Art. 1 (2)
- Regulation (EC, Euratom) No 1605/2002, Art. 48(2) (Sound financial management),
- Regulation (EC) No 1083/2006, Art. 16 (Equality between men and women and non-discrimination),
- Regulation (EC) No 1083/2006, Art. 17 (Sustainable development),
- Regulation (EC) No 1083/2006, Art. 54 (Double financing),
- Regulation (EC) No 1083/2006, Art. 55 (Generation of revenue),
- Regulation (EC) No 1083/2006, Art. 24(d) (Legality and regularity of expenditure paid outside the Community).

Please note that this list may not be exhaustive.

Other important documents:

- Operational Programme Slovenia-Austria 200-2013 and
- Guide for Applicants.

2. ELIGIBLE EXPENDITURES PER COST CATEGORIES

The following cost categories have been established for the OP SI-AT:

1. **Personnel costs**
2. **External costs**
3. **Investments**
4. **Administrative costs**

2.1 PERSONNEL COSTS

Personnel costs are expenditure for:

- Labour costs (salaries) of personnel employed by the Lead Beneficiary (LB)/Project Partner (PP) and assigned to the operation,
- Travel and accommodation costs of personnel employed by the Lead Beneficiary (LB)/Project Partner (PP) and assigned to the operation.

Personnel are understood as project team members who have concluded a contract on regular working relation with the LB/PP. This cost category therefore can only refer to employees within the LB/PP organisations who are engaged in the operation (full-time/part time).

Personnel costs of public employees are not eligible, if they arise from the statutory responsibilities of the public authority or the authority's day-to-day management, monitoring and control tasks (e.g. operation generation as a task of a unit in public administration according to the statuses of the organisation).

2.1.1 General principles

Operation related personnel costs including social contributions incurred in LB/PP organisations are eligible under the following provisions:

- They are traceable from the approved Application form, all submitted supplements to the Application form and all approved changes ;
- They are based on and supported by legal contracts/employment agreements. Payments or services with monetary value, which are given or paid to the employee without a legal commitment (e.g. ad hoc allowances, bonuses), are not eligible;
- They are documented.

Eligible are therefore gross salaries (including social contributions, related taxes, labour contributions that are actually chargeable) and other remunerations⁵ for the employees if they have a formal legal basis as well as costs arising from operation related travels.

Only real costs (i.e. actually paid out) can be taken into consideration – based on payslips or other documentation of similar status.

⁵ The remuneration of personnel is eligible in case it is related to the operation activities and not related to their usual day-to-day management tasks and statutory responsibilities.

Furthermore, it has to be highlighted that the total amount of personnel costs has to be proportional to the qualification of the human resources involved and the amount of work dedicated to the operation.

2.1.2 Specific rules

Expenditure for salaries of public employees working on a project, who are employed at organisations which are financed from the national, regional or municipal budget, is in some cases⁶ eligible provided that the following is evident in their employment contract or other relevant document:

- The role and tasks as well as the extent of work on the project,
- The period of the engagement,
- The amount of the payment for the project engagement including a clause that the project work is not financed from any other public funds (no double funding).

Expenditure for daily meals and travel to work is eligible in accordance with provisions of the relevant national/regional legislation.

Labour costs (salaries)

a) Personnel costs related to full-time contracted personnel

If a person is full-time employed on the operation, the total share of expenditure is eligible. In such cases a monthly time sheet on the work accomplished shall be prepared by each person (see Annex 1).

In cases of sick leave or any other absence from work of a person, employed on the operation, the costs are eligible only in case they are covered by the employer. If covered by any other means, they are ineligible.

b) Personnel costs related to part-time employment/assignment

In case of a part-time assignment of the employed personnel to the operation, work performed should be reported in detail by the use of the daily time sheets stating name, operation concerned, date/time and activity (see Annex 2). The time sheets must be signed by the responsible person. By signing the time sheet, the responsible person certifies that the data reflect real and correct scope of performed work on the operation and herewith related expenditure, and also that the activities specified on the time sheet are not being double financed.

A clear assignment including information on the extent of involvement (part/full-time) in the operation is mandatory (eligibility starts with the assignment).

⁶ Please contact your designated national controller/regional body.

Hourly rates should be calculated according to the following model:

Gross salary for the relevant year in Euro
Yearly hourly rate = -----

2160 hrs for AT / for SI see the official working hours on www.racunovodja.com

or

Gross salary for the relevant month in Euro
Monthly hourly rate = -----

180 hrs for AT/for SI see the official working hours on www.racunovodja.com.

The calculation is based on a weekly 40-hour engagement. In case a person is engaged for less than 40 hours a week, the calculation has to be adapted accordingly.

It is also allowed to calculate the salary based on actual expenditure. Please check beforehand with the designated national controller, which calculation model has to be used.

Whereas:

Gross salary = Net salary of employee + related taxes of employee and employer + related contributions of an employee and employer.

It needs to be emphasised that working hours cannot exceed the limit defined in national/regional legislation.

c) In-kind contribution

Co-funding of in-kind contribution (unpaid voluntary work) is not eligible.

Documentation

The labour costs are eligible only in case they are properly documented and evidenced:

- Copy of the employment contract/Addendum to the employment contract/Decision on Project engagement (only with the first Partner Progress Report or when relevant) and a job assignment if not already included in the contract (showing that the employee is working on the operation);
- Daily/Monthly time sheet on performed activities (signed by the responsible person);
- Proof of payment for the salary and pay-slip (monthly/yearly);
- Proof of paid taxes and contributions from which it is evident that it relates to the person working on the operation;
- Explanation of the hourly rate calculation.

Travel and accommodation costs

Reimbursement of travel and daily allowance can be claimed from the operation only for the personnel employed by the LB/PP and in line with regulations in force. Generally, public employees shall follow the regulation of their organisation, whereas private LB/PP shall follow the regulation of the public organisation providing the national public co-financing or the relevant tax law (Austria).

Unless this is regulated in the above mentioned organisations, the following specific rules shall be applied. All deviations have to be well justified:

- The most economic way of transport has to be used. Exceptions from this principle must be duly justified.
- Accommodation costs can be accepted without reservation if they are in the middle price range. Higher price ranges must be duly justified.
- Operation meetings shall take place in the programme area. Travel expenses **outside** the programme area⁷ are considered as eligible only if they are traceable from the approved application form or otherwise approved in advance by the JTS/MA (a form for this request is available at the JTS).
- Daily allowances⁸ are eligible if they are in line with the conditions set for public authorities of the respective member state. The travel time claimed for the per diem payment must be grounded in facts (e.g. duration of event) and must match the travel documentation (e.g. flight times).
- Airfare is eligible from a distance of 400 km and under the condition of an economy class ticket. Below a distance of 400 km it is eligible if it is the cheapest means of transport.
- The use of private cars⁹ or company¹⁰ cars is only allowed if it is the most economic means of transport or if it is considerably saving time. Only the statutory mileage allowance can be accepted.

Documentation

The travel and accommodation costs are eligible only if they are properly documented and evidenced:

- The travel and accommodation costs have to be proved by the invoice documenting each individual person and each travel;
- Each travel has to be supported by a correctly filled-in travel warrant, including all attached invoices, i.e. evidence for incurred expenses (hotel invoice, travelling ticket, boarding pass, etc.);
- Purpose of each travel has to be justified and evidence of participation in the activity provided (e.g. invitation, registration form, list of participants, attendance certificate, photographs, etc.); The justification has to be clearly stated in the individual's time sheets;
- Proof of payment.

Travel and accommodation costs for external experts

Travel and accommodation costs for external experts have to be included in their contract. Expenditure for transportation of external experts is to be included under "*external costs*".

7 For travel outside the programme area to be regarded as eligible, it must be shown that the travel is of benefit to the operation concerned and approved in advance by stating it in the Application form or by the approval of the JTS/MA.

8 Daily allowances for travel and accommodation are eligible as long as the allowance is actually paid by the LP/PP to the employee.

9 In case of using private car, the expenditure can amount up to the official national/regional kilometre rate.

10 For details on eligibility and how to properly report these costs please turn to your designated national controller.

2.2 EXTERNAL COSTS

This cost category includes the costs of services that are performed by the external personnel within the operation and are related to the operation.

The external costs are eligible in case LB/PP does not have adequate capacity and/or qualification to perform the tasks related to the project management (e.g. financial management, coordination, administration, etc.) and to the following activities:

- Expenditure for organising events (e.g. meetings, conferences, trainings, workshops and seminars) directly related to the operation objective; expenditure may include rent of premises and equipment, translation and interpretation - if necessary, material/handouts, and catering expenses to a reasonable extent;
- Expenditure for studies, research, plans, training, etc.;
- Expenditure for publicity and information, dissemination and promotion of project results (e.g. publications, brochures, press releases, advertisements, newsletter, websites, etc.);
- Expenditure for transport of goods or participants;
- Expenditure for translation of documents/material;
- Rent of equipment is eligible if it is directly related to objectives of the co-financed project; the amount should not exceed the equipment purchase price.

Eligible financial and audit services:

- legal consultancy fees, notarial fees, tax counselling if directly related to the project implementation;
- control and audit services if they relate to requirement of the MA or RBs;
- fee for financial guarantees to the extent as required by national or Community legislation

2.2.1 General principles

Expenditure for external services (experts/consultants, supply of goods and services in general) listed below is eligible under the following provisions:

- Public procurement rules according to the valid national legislation have to be respected; full documentation of the procurement is obligatory (in case no documentation is provided, expenses shall not be considered as eligible).
- The work of the external service is essential for the operation.
- Comparison of costs and economic efficiency are central objectives, meaning that rates charged by the external services are reasonable.
- Rates are in relation to level of experience and expertise (this has to be provable).
- LB/PP cannot be contracted as a supplier (contractor or sub-contractor that provides services and products against payment).
- Neither the LB/PP employees nor the LB/PP organisations can act or get paid as external experts for the work done in the operation.
- If external experts are hired, a legal basis is mandatory (a clear contract/documentation based on the specification of services and related to the operation has to be set up).
- Contracts between affiliated institutions (i.e. contracts between organisations that are formally divided, but personally, financially or functionally connected) are eligible only if verified actual and eligible costs without any additional fees are charged.

For “catering” the following rules shall apply:

- The related events have to be traceable from the approved application form, all submitted supplements to the Application form and all approved changes;
- Documentation of the participants shall be provided (attendance list);
- Catering expenses for internal working meetings among project partners are not eligible;
- Dinner receptions are allowed only in exceptional cases for external events (event shall be traceable from the Application form, all submitted supplements to the Application form and all approved changes);
- Specific detailed rules on national/regional level have to be respected.

Expenditure for sub-contracted service is not eligible if payment is defined as a percentage of total project costs or individual activities unless such payment is justified by the LB/PP in terms of actual value of completed work or services.

The following has to be observed for the expenditure to be eligible:

Expenditure for external services comprises labour expenditure of individuals engaged in a project on the basis of any other contract but the contract on regular employment concluded with the LB/PP. All taxes and contributions, which in conformity with legislation on individual types of work are actually chargeable to the LB/PP (with the exception of recoverable VAT, if applicable), are eligible for reimbursement.

Documentation

In order to meet the conditions of truthfulness, correctness, efficiency and effectiveness, the LB/PP will submit the following evidence for externally engaged individuals or organisations:

- evidence in relation to procedure for selection of an individual or organisation (public procurement or received comparison offers) - only required once at the time of the relevant application for reimbursement,
- copy of the contract concluded in line with provisions of the national legislation (only required once at the time of the relevant application for reimbursement),
- records of completed work, if applicable,
- invoice or other accounting document of equivalent probative value,
- proof of payment.

The LB/PP must keep and on request submit all supporting documents and/or outputs proving the implementation and the scope of service delivered according to the contract. For example an invitation, a programme, an attendance list, material samples given to participants, photographs, brochures, publications, newsletters, studies, analyses, etc.

2.3 INVESTMENTS

This category includes expenditure for:

- Investment in equipment;
- Construction works;
- Purchase of land;

- Purchase of real estate;
- Purchase of supporting equipment.

Investments are only eligible if they are listed in the Application form and are therefore explicitly approved by the Monitoring Committee of the programme.

The national controllers are responsible for performing the on-the-spot checks of investments of the project partners.

2.3.1 Investment in Equipment

It is to be distinguished between different kinds of equipment:

1. **Mobile equipment** (movable – e.g. PC, furniture);
2. **Immobile equipment** (installed, fixed at a place)

Ordering, selection of the best tenderer and the purchase itself has to be carried out by the LB/PP according to the procedure defined by the relevant national/regional public procurement law or rules¹¹.

Eligible expenditure for equipment includes payments for all costs necessary to bring the asset to working condition for the intended use:

- Purchase of equipment;
- Costs for site preparation;
- Extra costs, related to the purchase of equipment (i.e. delivery, handling or installation)¹².

The purchased equipment has to be clearly marked with the stickers/plate and the wording as described in the Information and Publicity Guidelines for Beneficiaries (point 1.4)".

Furthermore, different rules apply for:

- a) "Administrative" equipment (mostly related to project management tasks);
- b) "Technical, content related" equipment (mostly related to the content part of the operation implementation).

Generally, all equipment has to be strictly operation related.

Furthermore, the equipment must be essential for the delivery of the operation, used solely for that purpose and purchased within the eligible operation period.

Please find below some special rules for the different kinds of equipment:

a) Administrative (supporting) equipment¹³:

This category includes the purchase of equipment, which is not directly connected with the operation objectives and is not used only for the purpose of the operation. Example of such expenditure would be the purchase of a PC. In this case the cost of depreciation for the time of the project duration is

¹¹ See also chapter 3.3 on public procurement.

¹² Cost for extended guarantees and guarantees which are not needed for the operation are ineligible in Slovenia.

¹³ Equipment related to the pre-defined activities/work packages, project management and information & publicity.

eligible. The entire depreciation costs are eligible if the project duration is the same or longer than the duration of depreciation¹⁴.

PCs and costs related to line phones as well as laptops and mobile phones are only eligible in justified cases (necessity and efficiency).

b) Technical equipment:

This category includes expenditure for investment directly relating to the operation objectives. In this case the expenditure for the whole purchase price could be eligible.

Specific “technical” equipment software, technical instruments, PC, mobile phones, laptops, office furniture, printers, etc. are considered as eligible if they are content-related and essential for achieving the operation results.

c) Used equipment (second hand equipment)¹⁵:

The purchase costs or respectively depreciation costs of second-hand equipment are eligible under the following conditions:

- The seller must provide a notification which certifies that the equipment had not been co-financed with any public national or European funds in the past seven years;
- The price of the equipment shall not exceed its market value and shall be less than the purchase costs of similar new equipment;
- The equipment shall have the technical characteristics necessary for the operation and comply with applicable norms and standards.

Documentation

The investment in equipment is eligible only in case it is properly documented and evidenced:

- Original invoices or other documents of equivalent probative value;
- Proof of payment (bank statement);
- Documentation related to the public procurement procedures¹⁶;
- Evidence of delivery and installation of equipment;
- Equipment has to be recorded in the fixed assets register.

Low-value assets or investments which are directly related to the operation (e.g. coffee china or cutlery in tourist projects) can be included in this cost category, if relevant for the project, but not internally used by the staff.

2.3.1.1 Depreciation

Depreciation costs are only eligible if the purchase itself has not already been co-financed by any other EU or national/regional funds. The depreciation costs of depreciable assets shall be directly used for the operation concerned and incurred during the period of operation duration.

¹⁴ See also chapter 2.3.1.1 on depreciation.

¹⁵ Not eligible for Priority 1 in Carinthia.

¹⁶ See chapter 3.3 on public procurement.

Depreciation (instead of the full purchase price) has to be applied if the economic life-time of the equipment is longer than the operation duration (which does not refer to the co-financing period).

The cost of depreciation of equipment is eligible, provided that:

- The depreciation cost is calculated in accordance with the relevant accountancy rules;
- The cost is mentioned in the balance sheet or in the list of fixed assets;
- Depreciation cost of equipment does not exceed the purchase price of the equipment;
- The proportionate sum of the depreciation costs according to the use of equipment is reported.
- Depreciation is charged proportionally in each Partner Progress Report. The full value of depreciated costs on equipment in relation to the total operation duration cannot be charged as total amount in one particular period;
- The amount (percentage used and duration) is auditable.

For the calculation of depreciation, the following information is required:

- The cost and description of the purchased item;
- The purchasing date;
- The number of years over which the item is being depreciated;¹⁷
- The % of the item use devoted solely to the operation over the life of the item.

The invoice shall be submitted to and checked by the designated national controller and shall be validated appropriately to ensure that the depreciation costs are refunded only once.

2.3.1.2 Leasing

Leasing defined, as the lease amount paid to the lessor by the lessee, is eligible. The expenditure of the lessor is not eligible.

Expenditures for leasing are eligible under the following conditions:

- Leasing instalments, that are paid by the lessee to the lessor have to be proven with the proof of payment (invoice or an accounting document of equivalent probative value);
- In case the contract on leasing offers the possibility of purchasing or envisages the minimum duration of leasing (which is equal to the lifetime of the contract subject), the maximum eligible amount must not exceed the market value of the leased subject¹⁸.
- In case the contract on leasing does not offer the possibility of purchasing and envisages the minimum duration of leasing (which is shorter than the lifetime of the contract subject), the leasing instalments in comparison to the operation duration are eligible for co-financing. In this case, the lessee must demonstrate that leasing was the most cost-effective method for obtaining the use of the equipment. In case the costs would have been lower by using an alternative method (for example hiring of the equipment), the additional costs have to be deducted from the eligible expenditure.

In case the duration of contract on leasing is longer than the end date of operation implementation (i.e. deadline for payments), only expenditures that have been actually paid are eligible.

¹⁷ In line with the national accounting legislation.

¹⁸ Other expenditures in connection to the contract on leasing (taxes, general costs, costs of insurance etc.) are not eligible.

2.3.2 Construction works

Expenditure for construction works is eligible if it is directly related to the objectives of a co-financed project. It can include payments of all activities related to the preparation and implementation of construction works, including investment in technical documentation.

Documentation related to procurement, contracts for construction works, invoice(s) with specification(s) of performed activities and used material, final report and official receipt/final statement (if foreseen by the contract), operation permit or take-over certificate as well as proof of actual payment will have to be provided.

Documentation

The construction works are eligible only in case they are properly documented and evidenced:

- Valid building permit;
- Confirmed bill of quantities;
- Other relevant documentation in line with the national/regional legislation¹⁹.

2.3.3 Purchase of land²⁰

The purchase of land has to prove a direct relation to the operation objective. The purchase of land is eligible under the following conditions:

- a) A certificate of an independent qualified auditor or authorised body is acquired stating the purchase price does not exceed the market value;
- b) The purchase of land shall not exceed 10% of the total eligible expenditure of the operation co-financed by this programme²¹.

Documentation

The purchase of land is eligible only in case it is properly documented and evidenced:

- Purchase and sales agreement written in notary form (submitted with the Partner Application for Reimbursement);
- Invoice (if applicable);
- Proof of payment (bank statement);
- Approved land-register proposal
- A certificate of an independent qualified auditor or authorised body is acquired stating that the purchase price does not exceed the market value;

¹⁹ For further information contact your designated national controller.

²⁰ Not eligible for Priority 1 in Carinthia.

²¹ In exceptional and duly justified cases, a higher percentage may be approved by the MA/JMC for operations concerning environmental conservation.

Primer: Calculation of eligible costs for land purchase

Beneficiary would like to claim following expenditure:

| | |
|--------------------------------|-----------|
| Total land costs | 125.000 € |
| Other eligible operation costs | 200.000 € |
| Total costs | 325.000 € |

Presumption:

The beneficiary would like to claim maximum eligible costs of the purchased land, which is 10% of the total eligible operation costs.

Calculation example:

$$a=(b/c)*d$$

$$\text{Or: } a=(200.000/0,9)*0,1=22.222,22$$

Whereby :

a = eligible costs of the land purchase

b = other eligible operation costs

c = share of the other eligible costs from the total eligible costs (90% which makes 0,9)

d = share of the eligible costs of the land purchase (10% which makes 0,1)

Difference amounting to 102.778 € (125.000 € - 22.222 € = 102.778 €) is amount of the ineligible costs of the land purchase.

2.3.4 Purchase of real estate²²

In case there is a direct relation between the purchase of real estate and objective of the co-financed project, the payment of real estate is eligible expenditure under the following conditions:

- a) a certificate of an independent qualified auditor or an authorised official body is acquired stating the purchase price does not exceed the market price;
- b) an operation permit for planned activity is acquired from a competent authority, or obstacles preventing the issue of a permit and for which the final beneficiary assumes the responsibility to overcome within a determined time period;
- c) within the last 10 years the real estate did not receive grants or Community subsidy/grants, with which - in case of co-financing the purchase from the Structural Funds - double assistance would occur;
- d) the real estate is used for purpose and within the period, determined or approved by the managing authority;
- e) the building can be used only in accordance with the objectives of co-financing the project; it especially applies that the building can be used for locating public administration services only if this use is in conformity with eligible activities of the ERDF;
- f) the purpose and ownership of the real estate has to be maintained at least for 5 years after the end of the project.

²² Not eligible for Priority 1 in Carinthia

Documentation

The purchase of real estate is eligible only in case it is properly documented and evidenced:

- Copy of purchase and sales agreement written in notary form;
- Invoice (if applicable);
- An evidence of actual payment;
- Approved land-register proposal.

2.4 ADMINISTRATIVE COSTS

This category distinguishes between two kinds of expenditures:

- **Direct administrative costs:** costs that can be attributed specifically (and in its full amount) to the operation;
- **Indirect administrative costs («overheads»):** costs that cannot be identified and charged directly to the operation without an extensive amount of tracking and accounting (e.g. electricity, rent and heating for offices that have not been installed for the operation only and that are prorated to the operation according to the hours of work dedicated to the operation).

The maximum limit for the administrative expenditure is 25% of total direct eligible expenditure of the operation.

For calculation and presenting the administrative costs, two options are possible:

- If the PP claims reimbursement of administrative expenditure in the total amount not exceeding 7% of total direct eligible costs, the **flat rate** method can be applied. Documents proving the administrative expenditure are kept by the PP concerned and not forwarded with Partner Progress Reports. The expenditure will be checked on the spot by the national controllers. However, applicants from Austria have to check with their national controller whether flat rate method can be applied.
- In case the share of administrative expenditure of a PP is higher than 7% of its total direct eligible costs, all expenditures will have to be fully documented in each Partner Progress Report.

2.4.1 Direct administrative costs

Direct administrative costs are eligible if they are in line with the following general principles:

- They are direct costs (attributed specifically to the operation);
- They have actually occurred and have been paid;
- They are justified by receipted invoices or accounting documents having a probative equivalent value;

Examples of eligible direct administrative costs:

- Premises costs related solely to the operation concerned and corresponding to the square meter space used for operation activities.
- Costs such as phone calls, postage, copying and office supplies related solely to the operation concerned.

Documentation for direct administrative costs:

The direct administrative costs are eligible only in case they are properly documented and evidenced:

- Documentation on the selection of the Contractor (on request all documentation related to the awarding procedure showing adherence to the public procurement rules has to be submitted);
- Service order or contract;
- Original invoices;
- Proof of payment.

2.4.2 Indirect administrative costs

Indirect administrative costs are eligible if they are in line with the following general principles:

- It must be impossible to allocate the costs directly to the operation concerned;
- Proportionally distributed indirect administrative costs must be attributable to the implementation of the operation concerned;
- The costs must be properly documented through accounting material and periodically reviewed;
- Keys for dividing the costs have to be presented and justified. Examples of keys:
 - The key “number of people working for the operation / number of people working in the partner's organisation or department”;
 - The key “number of hours performed on the operation / number of hours performed in total in the organisation or department”;
 - The key “square meter/surface used by the personnel working for the operation / square meter/surface of the organisation's building or department”.

Examples of eligible indirect administrative costs:

- Accounting costs – if external (e.g. book-keeping, salary administration);
- Office material and services (e.g. photocopying, mailing, telephone, fax, internet);
- Rent of premises, maintenance, heat, water, electricity;

Documentation for indirect administrative costs:

The indirect administrative costs are eligible only if they are properly documented and evidenced:

- The calculation should be done on pro-rata basis of the actual costs according to a duly justified, fair and equitable key of division that should remain the same during the whole operation implementation.
- Original invoices;
- Proof of payment.

2.4.3 Other costs eligible under administrative costs

Other costs, which are eligible according to the general principles and regulations and necessary for the implementation of the operation, should be placed under the category administrative costs:

1. Charges for **transnational financial transactions** between PP;

2. **Bank charges** for opening and administering an account or accounts where the implementation of an operation requires a separate account or accounts to be opened;
3. **Guarantee costs:** the costs of guarantees provided by a bank or other financial institution is eligible to the extent that the guarantees are required by national or Community legislation;

Any other costs under financial charges that are not listed above (e.g. fines, financial penalties, interests) are not eligible.

Costs directly attributed to the project which are already included in any other cost category cannot be included in this category.

3. OTHER REQUIREMENTS REGARDING THE ELIGIBLE EXPENDITURES

3.1 REVENUES

Revenues include all fees, rentals, incomes and in general any services against payment.²³

According to the Community regulation the eligible expenditure of revenue-generating operations shall not exceed the costs reduced by the revenues. It is therefore to be ensured that all revenues generated by the operations during operation implementation but also those revenues that are generated within **five years after the operation implementation** are deducted from the operation costs and therefore reducing the funding accordingly.

Eligible expenditure shall be reduced with revenues generated by the operation. The following is to be regarded as revenue:

- Revenues generated by attendance fees (e.g. for workshops), advertisements, sale revenues of books and brochures, lease, rentals, incomes, services and fees or other similar activities;
- Revenues in other form than money.

There are two options for taking revenues into account:

- **Revenues calculated in advance:** In this case, the operation has to indicate a first estimation of possible revenues within the application form and will have to report them steadily through Partner Progress Reports. Furthermore, the amount of generated revenues has to be monitored and validated by the national controllers.

Within the Partner Final Report the Project Partner has to provide a further estimation of revenues occurring within the following five years. These will be considered in the calculation of the final balance.

- **Revenues not calculated in advance:** In this case, all revenues generated within 5 years from operation completion shall be deducted from total expenditures. The revenue has to be monitored only during this period.

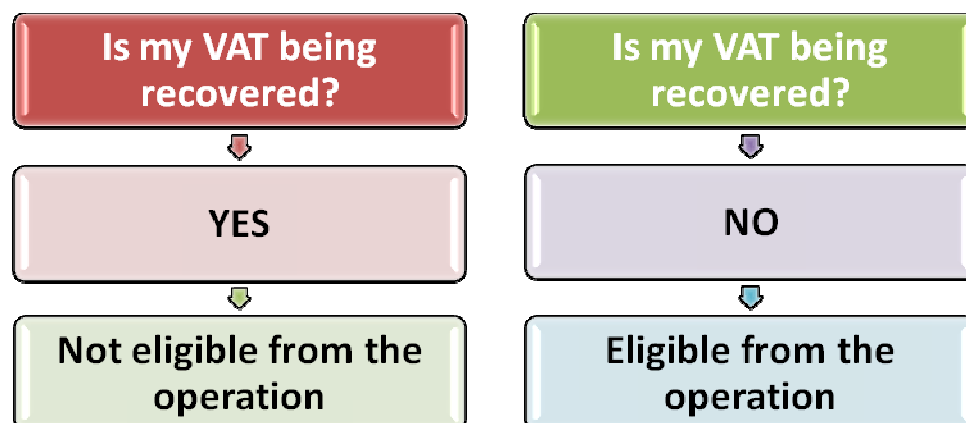
Rules governing revenues stated above do not apply to the projects subject to the State aid rules.

²³ Please note, that revenue should not be mistaken for profit.

3.2 VAT

For this type of expenditure please be aware that VAT is:

- **NOT ELIGIBLE FROM THE OPERATION** (recovered). In this case the beneficiary is identified as a taxable person and engages in activities for which he is entitled to VAT recovery in whole.
- **ELIGIBLE FROM THE OPERATION** (not recovered in whole or recovered partly). In this case VAT is actually covered by the project partner. VAT as eligible expenditure has to be planned within the operation and has to be taken into account in every request for reimbursement.



a) VAT is eligible in whole:

- If the beneficiary is NOT identified as a taxable person.
- If the beneficiary is identified as a taxable person and engages in operation or part of an operation as a non-taxable or/and tax exempted activity for which he is not entitled to VAT deduction.

b) VAT is eligible in part:

- If the beneficiary is identified as a taxable person and engages in operation or part of an operation as a non-taxable or/and tax exempted activity for which he is not entitled to VAT deduction and as a taxable activity for which he is entitled to VAT deduction

In case the VAT is eligible (in whole or in part), the signed and stamped Statement on VAT status has to be presented with the first Partner Progress Report. In case VAT status changes during the operation implementation, the new Statement on VAT status has to be presented with the first following Partner Progress Report.

3.3 PUBLIC PROCUREMENT

Public procurement rules have to be observed and full documentation of the procurement is obligatory for expenditure to be regarded as eligible.

As the national rules result from a transposition of the EU directives on public procurement into national law, the rules vary between both countries.

In Slovenia, all project partners are obliged to implement public procurement procedures in accordance with the Act on Public Procurement valid in Slovenia. These rules apply also to entities established by private law acting as beneficiaries in the project since they have been granted public funds.

In Austria, Public procurement law has to be respected also by those private bodies who are receiving more than 50% of public funding for specific operation.

Documentation for public procurement procedures:

The Documentation for Public procurement procedures has to be in line with the national/regional rules and internal guidelines of the beneficiaries.

National Controllers and MA/JTS can at any time check all documentation connected with the public procurement procedure while performing on-the-spot checks.

3.4 INFORMATION AND PUBLICITY RULES

The costs for information and publicity are eligible. Detailed programme rules regarding this topic are covered in the Information and publicity guidelines for beneficiaries (available on www.si-at.eu).

Expenditure under this heading may include the following costs:

- a) Costs related to all aspects of promotion and publications specific to the operation
- b) Costs related to organising and participating in seminars/conferences and meetings

a) Costs related to all aspects of promotion and publications specific to the operation

Examples of these costs:

- Costs for producing or upgrading the web page;
- Costs related to design and production of marketing materials, brochures and publications;
- Costs related to targeted advertising campaigns (e.g. adds, media announcements)

b) Costs related to organising and participating in seminars/conferences and meetings

Examples of these costs:

- Organisation costs (e.g. rent for meeting premises);
- Meals/catering²⁴;
- General transportation,
- Conference fees.

Documentation:

- Documents related to public procurement procedures (national/regional rules have to be respected);
- Contract or purchase order;
- Invoice or other document of equivalent probative value;
- Proof of payment (bank statement);

²⁴ Please note that meals/catering should be of a moderate nature and according to normal standards in each partner country. Excessive entertainment is not to be regarded as eligible expenditure. All meals/catering must be supported by a list of participants and a statement outlining the purpose of the occasion.

- Other documentation justifying the eligibility, such as printed material, brochure, book, media article etc.

3.5 STATE AID

If the support to project or its parts could mean State aid, beneficiaries have to respect relevant legislation in force (national/regional/EU) and instructions of the resource ministries when preparing reports.

4. INDICATIVE LIST OF INELIGIBLE EXPENDITURE

The following list provides an overview on some ineligible expenses. Please keep in mind that this list is not exhaustive. Expenses not listed are therefore NOT automatically to be considered as eligible:

- Any expenditure paid before or after the eligible period of the operation, as defined in the subsidy contract;
- Expenditure for activities implemented outside the programme area unless they are necessary for the project and approved by the JTS/MA or JMC;
- Expenditure not directly associated with the LB or its partners (except the small project fund);
- Expenditure invoiced further to third parties and thus not born by the LB or its partners;
- In kind contributions²⁵;
- Items such as gifts (flowers, greeting cards);
- Subcontracts in which payment is defined as a percentage of the total cost of the operation unless such payment is justified with reference to the actual value of the work or services provided;
- Expenditure on housing;
- Tax on purchase of real estate;
- The purchase of land for an amount exceeding 10% of the project total eligible expenditure for the project; in exceptional and duly justified cases, a higher percentage may be permitted by the JMC for operations concerning environmental conservation²⁶;
- Purchase of artist works;
- Personnel salaries (including civil servants) financed from the national/regional or municipal budgets for the implementation of regular activities (usual day-to-day management tasks and statutory responsibilities of an employee);
- Special awards and bonuses to employees;
- For the products which are considered as author works, the LB or its PP cannot claim for reimbursement deriving from copyrights;
- Unpaid partial amounts of invoices²⁷;
- Commissions and dividends, profit payment;
- Purchase of business share and stock exchange shares;
- Fines, financial penalties and expenditure on legal disputes;
- Interest on debt or late payment;
- Currency exchange commissions and losses in currency exchange rates;

²⁵ e.g. Free use of room, equipment or other facilities, unpaid voluntary work, generally any contribution without money flow.

²⁶ Purchase of land is not eligible for project partners in Austria - Carinthia for Priority 1

²⁷ E.g. compensation for damages, guarantee payments, cash discounts, rebates, etc.

- Charges for financial transactions within one country (national);
- Guarantee costs with the exception of guarantees from banks or other financial institutions in the amount demanded under the national or Community legislation;
- Legal consultancy and notarial services, unless directly linked to the project outputs and necessary for the preparation or implementation of activities;
- Membership fees and meeting honoraria;
- Tax counselling;
- Recoverable VAT;
- Sponsorships;
- Individual scholarships or expenditure for formal studies or vocational education;
- Financial awards.

5. ANNEXES

Annex 1: Monthly Time sheet

Annex 2: Daily Time sheet

**Mesečna časovnica projektne sodelavca-ke /
Monatliche Stundenliste des Mitarbeiters, der Mitarbeiterin**

| | |
|---|--|
| Akronim operacije / der Kurztitel des Vorhabens: | |
|---|--|

| |
|--|
| Naziv organizacije (vodilni partner / projektni partner) / Titel der Institution (Lead Partner / Projektpartner): |
|--|

| |
|--|
| Ime in priimek sodelavca-ke ter vloga v projektu / Vorname und Nachname des Projektmitarbeiters, der Projektmitarbeiterin, die Rolle im Vorhaben: |
|--|

| | | | |
|---------------------|--|-------------------|--|
| | | | |
| Mesec/Monat: | | Leto/Jahr: | |

| |
|---|
| Jedrnato opišite dejavnosti v okviru operacije za navedeni mesec (po kronološkem zaporedju). / Beschreiben Sie die Aktivitäten geleistet im Rahmen des Vorhabens für den angegebenen Monat (in chronologischen Reihenfolge) . |
|---|

| |
|--|
| Opis dejavnosti /die Beschreibung der Aktivitäten |
| |

Izdatki za celotno delo (projektno in neprojektno) v obdobju/Ausgaben für die gesamte Arbeit (Projektarbeit und nicht Projektarbeit)

Prepišite podatke iz mesečnega plačilnega lista/
Schreiben Sie die Daten von der monatlichen Gehaltsliste ab.

Številka dokumenta /
Nummer des
Dokuments

Leto/Jahr

Mesec/Monat

Datum plačila/
Datum der Zahlung

Bruto plačilo (BTO1)/
Bruttolohn

Prispevki in davki
delodajalca/Abgaben
und Steuern des
Arbeitgebers

Povračilo prevoza/
Rückerstattung der
Fahrtkosten

Povračilo malice/
Rückerstattung der
Kosten für die
Nahrung

Drugo* / Sonstiges*

Skupaj/Gesamt

0

* Drugi stroški dela, ki so v skladu z nacionalno zakonodajo in pogodbo o zaposlitvi. Obvezno ločeno navedite vrsto stroška./Sonstige Personalkosten, gemäß der nationalen Gesetzgebung und dem Arbeitsvertrag. Die Art der Ausgaben soll separate angeführt sein.

**Izjava in podpis odgovorne osebe/
Erklärung und Unterschrift der
Verantwortlichen Person**

Izjavljam, da podatki v časovnici odražajo resnično in pravilno količino opravljenega projektne dela v mesecu./ Ich bestätige die Richtigkeit der Zeitangaben und die richtige Anzahl der geleisteten Projektstunden im Monat.

Izjavljam tudi, da podatki o izdatkih za celotno mesečno delo odražajo resnično in pravilno višino vseh izdatkov za delo osebe, zaposlene pri prijavitelju izdatkov./ Ich bestätige dass die Angaben bezüglich der Ausgaben für den betreffenden Monat den tatsächlichen Ausgaben der Personalkosten der Angestellten entsprechen.

Ime, priimek in funkcija odgovorne osebe /
Vorname, Nachname und Funktion der Verantwortlichen Person

Podpis odgovorne osebe in žig organizacije / Unterschrift der Verantwortlichen Person und Stempel der Institution (wenn vorhanden)

Datum/Datum:

Obrazec je oblikovno in vsebinsko zavezujoč za vodilne oziroma projektne partnerje iz Slovenije. Za partnerje iz Avstrije služi kot možen vzorec. / Die Vorlage ist obligatorisch für slowenische Lead- bzw. Projektpartner. Für Partner aus Österreich dient es als mögliche Vorlage.

**Dnevna časovnica projektnega sodelavca-ke /
Tagesstundenliste des Mitarbeiters, der Mitarbeiterin**

| | |
|---|--|
| Akronim operacije / der Kurztitel des Vorhabens: | |
|---|--|

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|--|
| Naziv organizacije (vodilni partner / projektni partner) / Titel der Institution (Lead Partner / Projektpartner): |
|--|

| |
|--|
| Ime in priimek sodelavca-ke ter vloga v projektu / Vorname und Nachname des Projektmitarbeiters, der Projektmitarbeiterin, die Rolle im Vorhaben: |
|--|

| | | | |
|---------------------|--|-------------------|--|
| Mesec/Monat: | | Leto/Jahr: | |
|---------------------|--|-------------------|--|

Vpišite dneve (datume), jedrnato opišite dejavnosti in opravljene ure namenjene delu v okviru operacije po posameznih dnevih./
Geben Sie die Tage (das Datum) ein, beschreiben Sie die Aktivitäten und für das Vorhaben tatsächlich geleistete Stunden pro Tag.

| | Datum / Datum | Dan / Tag | Opis dejavnosti /die Beschreibung der Aktivitäten | Število ur/ die Arbeitsstunden |
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| 31 | | | |
| Skupno mesečno število projektnih ur / Gesamtprojektstunden pro Monat | | | 0 |

Upravičeni mesečni izdatki za delo / die monatlichen zuschussfähigen Ausgaben für die Arbeit

| | | | | |
|-----------------------------------|---|---|---|---|
| Urna postavka/ der Stundensatz | | Skupno mesečno število projektnih ur / Gesamtzahl der im Monat im Projekt geleisteten Stunden | | Upravičeni izdatki za delo / zuschussfähige Ausgaben |
| #DEL/0! | x | 0 | = | #DEL/0! |

Izdatki za celotno delo (projektno in neprojektno) v obdobju/Ausgaben für die gesamte Arbeit (Projektarbeit und nicht Projektarbeit)

**Izjava in podpis odgovorne osebe/
Erklärung und Unterschrift der Verantwortlichen Person**

Prepišite podatke iz mesečnega plačilnega lista/
Schreiben Sie die Daten von der monatlichen Gehaltliste ab.

Številka dokumenta /
Nummer des Dokuments

Leto/Jahr

Mesec/Monat

Datum plačila/
Datum der Zahlung

Bruto plačilo (BTO1)/
Bruttolohn

Prispevki in davki delodajalca/
Abgaben und Steuern des Arbeitgebers

Izjavljam, da podatki v časovnici odražajo resnično in pravilno količino opravljenega projektnega dela v mesecu./ Ich bestätige die Richtigkeit der Zeitangaben und die richtige Anzahl der geleisteten Projektstunden im Monat.

Izjavljam tudi, da podatki o izdatkih za celotno mesečno delo odražajo resnično in pravilno višino vseh izdatkov za delo osebe, zaposlene pri prijavitelju izdatkov./ Ich bestätige dass die Angaben bezüglich der Ausgaben für den betreffenden Monat den tatsächlichen Ausgaben der Personalkosten der Angestellten entsprechen.

Ime, priimek in funkcija odgovorne osebe /

| | | |
|---|---------|---|
| | | Vorname, Nachname und Funktion der Verantwortlichen Person |
| Povračilo prevoza/ Rückerstattung der Fahrkosten | | |
| Povračilo malice/ Rückerstattung der Kosten für die Nahrung | | |
| Drugo* / Sonstiges* | | Podpis odgovorne osebe in žig organizacije / Unterschrift der Verantwortlichen Person und Stempel der Institution (wenn vorhanden) |
| Drugo* / Sonstiges* | | |
| | | |
| Skupaj/Gesamt | 0,00 | |
| Opravljen ure/ Geleistete Arbeitsstunden | | |
| Ura postavka/ der Stundensatz | #DEL/0! | |
| <p>* Drugi stroški dela, ki so v skladu z nacionalno zakonodajo in pogodbo o zaposlitvi. Obvezno ločeno navedite vrsto stroška./Sonstige Personalkosten, gemäß der nationalen Gesetzgebung und dem Arbeitsvertrag. Die Art der Ausgaben soll separate angeführt sein.</p> | | |
| | | Datum/Datum: |
| <p>Obrazec je oblikovno in vsebinsko zavezujoč za vodilne oziroma projektne partnerje iz Slovenije. Za partnerje iz Avstrije služi kot možen vzorec. / Die Vorlage ist obligatorisch für slowenische Lead- bzw. Projektpartner. Für Partner aus Österreich dient es als mögliche Vorlage.</p> | | |