The PRIMA programme is supported under Horizon 2020, the European Union’s Framework Programme for Research and Innovation.
Summary

1. Eligible costs
2. Ineligible costs
3. Third Parties
4. Report and payment requests
1. Eligible Costs

A) Direct Personnel Costs

B) Direct costs of subcontracting

C) Direct costs of providing financial support to third parties

D) Other direct costs

E) Indirect costs

**DIRECT COSTS**: Costs directly linked to the action implementation and can be attributed directly to it.

**INDIRECT COSTS**: Costs NOT directly linked to the action implementation and cannot be attributed directly to it.
### 1. Eligible Costs: General Conditions

**FOR ACTUAL COSTS**

- ✓ Incurred by the beneficiaries
- ✓ According to the Annex 1
- ✓ During the Period set out in Article 3
- ✓ Indicated in the reports
- ✓ National law on taxes, labour and social security
- ✓ Reasonable, justified

**FOR UNIT COSTS**

- ✓ The number of actual units must comply with the following conditions:
  - units must be actually used or produced in the period set out in Article 3;
  - Necessary, identified and verifiable
- ✓ be calculated as follows: 
  Number of actual units x Amounts per unit

**FOR FLAT RATE**

- Calculated by applying the flat rate to eligible costs (25% Eligible direct costs will be indirect costs)
1. Eligible Costs:

A) Direct Personnel Costs

*Standard case:* persons hired by the beneficiary via an employment contract

(qualified as such under national law; and for whom the hiring entity pays social security contributions)

*Other cases:*

→ Natural persons hired directly via a contract other than an employment contract if:
  
  o They work under hierarchical dependence within the beneficiary structure and (in general) work at the beneficiary's premises
  
  o The result of the work belongs to the beneficiary
  
  o The costs are similar than those of an employee of the beneficiary with similar tasks

→ Employees of a third party seconded to the beneficiary (must be set in Annex 1!)
1. Eligible Costs:

A) Direct Personnel Costs

- **Time records**

- **Formula for actual costs & specific unit costs**

- **Additional remuneration**

  Only eligible for non-profit legal entities
1. Eligible Costs:

A) Direct Personnel Costs

How to determine the Hourly Rate

A: general case
- Hourly rate calculated as defined in the model GA

B: if you use average personnel costs:
- Hourly rate calculated by the beneficiary in accordance to its usual accounting practices

C: if you are a SME owner without a salary or a natural person without a salary
- Hourly rate formula fixed by the Commission

ACTUAL COSTS

UNIT COSTS
1. Eligible Costs:

A) Direct Personnel Costs

Hourly rate = \frac{Personnel costs}{Productive hours}

- **Personnel Costs**
  - Salaries (basic remuneration)
  - Social security contributions (employers' and employees')
  - Taxes and other costs included in the remuneration if they arise from national law or the employment contract

- **Productive hours**
  1. **1720 hours**
     - you must use this option if the employment contract does not specify the working time conditions or if the "annual workable hours" cannot be determined
  2. **Individual annual productive hours**
     - Formula: annual workable hours + overtime - absences
  3. **Standard annual productive hours**
     - According to the beneficiary's usual accounting practices.
1. Eligible Costs:

A) Direct Personnel Costs

⚠️ The annual hourly rate is to be calculated per full financial year.

If the financial year is not closed at the time of reporting, the beneficiary must use the hourly rate of the last closed financial year available.

<table>
<thead>
<tr>
<th>Date</th>
<th>Reporting period (example)</th>
<th>Hourly rate of 2019</th>
<th>Hourly rate of 2020</th>
<th>Hourly rate of 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/10/2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31/03/2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
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<td>2020</td>
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<td></td>
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</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. Eligible Costs:

B) Direct Costs of subcontracting

Covers the price paid for subcontracts and related taxes.
- Must be declared as actual costs
- Be incurred for the subcontracting of action tasks described in Annex 1.

C) Other Direct Costs
- Travel costs
- Equipment
  - Depreciation costs of equipment, infrastructure or other assets
    - Acquisition Cost \( \times \) % Annually Depreciation \( \times \) % Use for the action \( \times \) Days used/365
  - Costs of renting or leasing equipment
- Other goods
  Goods and services purchased for the action. It is not necessary to detail in Annex 1
1. Eligible Costs:

D) Indirect Costs
Indirect costs are eligible if they are declared on the basis of the **flat-rate of 25%** of the eligible DIRECT costs from which are **EXCLUDED:**
- Costs of subcontracting

**EXAMPLE:**
A public university is a beneficiary under a GA and has incurred the following costs:
- 100.000 € personnel costs
- 20.000 € subcontracting costs
- 10.000 € Other direct costs

Eligible DIRECT costs: 100.000 + 20.000 + 10.000 = 130.000 €
Eligible INDIRECT costs: (100.000+10.000) x 25% = 27.500 €

**Total Eligible costs: 157.500 €**

Examples INDIRECT COSTS: Office rent, light, security cost...
2. Ineligible Costs:

Costs that **do not comply with the conditions** set out in the eligible costs:

a) Doubtful debts
b) Currency Exchange losses
c) Excessive or reckless expenditure
d) Deductible VAT

All the costs incurred before the start of the action are **NOT eligible**!
### Budget Category Transfer:

#### SECTION 1

**RULES!!**

<table>
<thead>
<tr>
<th>Form of costs****</th>
<th>Actual</th>
<th>Unit</th>
<th>Unit XX EUR/hour</th>
<th>Actual</th>
<th>Actual</th>
<th>Actual</th>
<th>Actual</th>
<th>Hat-rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
<td>(e)</td>
<td>(f)</td>
<td>(g)</td>
<td></td>
<td></td>
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<tr>
<td>Beneficiary 1</td>
<td>500.000</td>
<td>0</td>
<td>100</td>
<td>3.213</td>
<td>150.000</td>
<td>0</td>
<td>325.000</td>
<td>207.053</td>
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<tr>
<td>Beneficiary 2</td>
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<td>300.000</td>
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<td>0</td>
<td>0</td>
<td>125.000</td>
<td>106.250</td>
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</tbody>
</table>
Example Budget IA-Linked Third parties

<table>
<thead>
<tr>
<th>Partner number</th>
<th>Partner acronym</th>
<th>Form of costs</th>
<th>A. Direct personnel costs</th>
<th>B. Direct costs of subcontracting</th>
<th>C. Direct costs of financial support</th>
<th>D. Other direct costs</th>
<th>E. Indirect costs</th>
<th>Total costs</th>
<th>Reimbursement</th>
<th>Maximum PRIMA contribution</th>
<th>Maximum grant amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A</td>
<td>Actual</td>
<td>€ 339.719,00</td>
<td>€ 60.000,00</td>
<td>€ 67.750,00</td>
<td>€ 101.867,25</td>
<td>€ 569.336,25</td>
<td>100,00%</td>
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<tr>
<td>2</td>
<td>B</td>
<td>Actual</td>
<td>€ 36.000,00</td>
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<td>€ 21.544,00</td>
<td>€ 14.386,00</td>
<td>€ 71.930,00</td>
<td>70,00%</td>
<td>€ 50.351,00</td>
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<tr>
<td>7</td>
<td>G</td>
<td>Actual</td>
<td>€ 12.002,50</td>
<td></td>
<td>€ 3.500,00</td>
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<td></td>
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<tr>
<td>Third party</td>
<td></td>
<td>Actual</td>
<td>€ 21.475,00</td>
<td></td>
<td>€ 2.000,00</td>
<td>€ 5.868,75</td>
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<td>€ 20.540,63</td>
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<tr>
<td>Third party</td>
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<td>Actual</td>
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<td>€ 4.900,00</td>
<td>€ 14.225,00</td>
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<td>€ 49.787,50</td>
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<tr>
<td>9</td>
<td>I</td>
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<tr>
<td>10</td>
<td>J</td>
<td>Actual</td>
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<td>€ 14.600,00</td>
<td>€ 28.400,00</td>
<td>€ 142.000,00</td>
<td>70,00%</td>
<td>€ 99.400,00</td>
<td>€ 99.400,00</td>
<td></td>
</tr>
</tbody>
</table>

Each Linked Third Party: 1 row

IMPORTANT: Profit entities max 70%!
3. Third parties:

⇒ What is a third party?

A legal entity which carries out work of the action, supplies goods or provides services for the action, but which did not sign the grant agreement.

⇒ What types of third parties?

1. Third parties directly carrying out part of the work described in Annex 1

2. Other third parties: providing resources, goods or services to the beneficiaries for them to carry out the work described in Annex 1
3. Third parties:

THIRD PARTIES IN H2020

Carrying out part of the work
- Subcontractors Art. 13
- Linked third parties Art. 14

Providing resources
- Contracts Art. 10
- Use of in kind contributions Art. 11 & 12

SECTION 1 RULES!!
### 3. Third parties:

#### Types of third parties

<table>
<thead>
<tr>
<th>Types of third parties</th>
<th>CHARACTERISTICS</th>
<th>Articles</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Does work of the action</td>
<td>Provides resources or services</td>
</tr>
<tr>
<td>Linked third party</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Third party providing in-kind contributions</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Contractors</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Financial support to third parties</td>
<td>Only if allowed in the call</td>
<td>The beneficiaries’ activity consists in providing financial support to the target population</td>
</tr>
</tbody>
</table>
4. Report and payment requests

- Continuous Reporting
  - Periodic Report
    - Technical Report
    - Financial Report (60% Pre-financing payment)
  - Interim payment (30%)
  - Final Report
    - Technical Report
    - Financial Report (10% Payment of the balance)

30 Days
90 Days
90 Days

GA Signature

SECTION 1 RULES!!
KEEP CALM AND FOLLOW THE RULES
Thank you!