



Brussels, 10.12.2013
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COMMISSION DECISION

of 10.12.2013

authorising the use of reimbursement on the basis of unit costs for the personnel costs of the owners of small and medium-sized enterprises and beneficiaries that are natural persons not receiving a salary under the Horizon 2020 Framework Programme for Research and Innovation and under the Research and Training Programme of the European Atomic Energy Community (2014-2018)

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Treaty establishing the European Atomic Energy Community,

Having regard to the Regulation of the European Parliament and of the Council establishing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020), and in particular Articles 5(2) and 18(3) thereof,

Having regard to the Regulation of the European Parliament and of the Council laying down the rules for participation and dissemination in Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020), and in particular Articles 21, 26 and 27 thereof,

Having regard to the Council Regulation on the Research and Training Programme of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 – The Framework Programme for Research and Innovation, and in particular Article 6(1) thereof,

Having regard to Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union, and in particular Article 124 thereof,

Whereas:

- (1) Article 182 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union¹ contains detailed rules regarding unit costs,
- (2) Simplification as a central aim of the Horizon 2020 Framework Programme and of the Euratom Programme complementing Horizon 2020 needs to be reflected in its design, rules, financial management and implementation,
- (3) Simpler funding rules should also serve the objective of an adequate participation of small and medium-sized enterprises (SME) in Horizon 2020 and in the Euratom Programme complementing Horizon 2020,

¹ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

- (4) The use of unit costs should therefore be authorised for personnel costs of SME owners and other natural persons not receiving a salary under the Horizon 2020 Framework Programme and under the Euratom Programme complementing Horizon 2020,

HAS DECIDED AS FOLLOWS:

Article 1

The use of grants reimbursing eligible personnel costs declared by beneficiaries on the basis of unit costs is authorised for the reimbursement of the direct personnel costs of owners of small and medium-sized enterprises who are working on the action and who do not receive a salary, and for beneficiaries that are natural persons not receiving a salary, in actions under the Horizon 2020 Framework Programme for Research and Innovation and under the Euratom Research and Training Programme (2014-2018), for the reasons and under the conditions set out in the Annex.

Article 2

This Decision is subject to the final adoption of the Regulation of the European Parliament and the Council establishing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020), the Regulation of the European Parliament and of the Council laying down the rules for the participation and dissemination in Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020), the Council Decision establishing the Specific Programme implementing Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020) and the Council Decision establishing the Research and Training Programme of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 – The Framework Programme for Research and Innovation by the legislative authority without significant modifications.

Done at Brussels, 10.12.2013

For the Commission
Máire GEOGHEGAN-QUINN
Member of the Commission

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ANNEX

1. Forms of grants and categories of costs covered

In accordance with Article 26 of the Regulation laying down the rules for participation and dissemination in Horizon 2020; *‘owners of small and medium-sized enterprises who do not receive a salary and other natural persons who do not receive a salary may charge personnel costs on the basis of a unit cost.’*

Consequently, the grants under the Horizon 2020 Framework Programme and under the Euratom Programme complementing Horizon 2020 shall take the form of reimbursement on the basis of a unit cost declared by beneficiaries for either of the following categories of eligible costs:

- (a) the eligible direct personnel costs of their owners, if the beneficiaries are small and medium-sized enterprises and their owners do not receive a salary;
- (b) Their eligible direct personnel costs, if the beneficiaries are natural persons and they do not receive a salary.

Other eligible personnel costs for SMEs and other categories of eligible costs shall be reimbursed on the basis of eligible costs actually incurred or on the basis of unit costs, lump sums or flat-rate financing, or on the basis of a combination of those forms.

The unit cost to be declared by the beneficiaries shall be calculated in accordance with the method described in Section 3.

Personnel costs of SME owners of beneficiaries and personnel costs of beneficiaries that are natural persons not receiving a salary shall be eligible if they correspond to the amount per unit set out in in the estimated budget of the action (Annex 2 to the grant agreement) multiplied by the number of actual hours worked on the action.

2. Justification

2.1. Nature of the supported actions

Based on the simplification plan released by the European Commission in April 2010, the Commission is committed to put into place simplification measures to make the EU Research and Innovation Framework Programmes more attractive and more accessible to the best researchers and the most innovative companies, especially small and medium-sized enterprises (hereinafter referred to as SMEs).

Where SMEs and natural persons participate as beneficiaries in EU or Euratom research or innovation actions and perform tasks in accordance with the grant agreement, they – or for SMEs – their owners should be receive support for the work carried out, even if the value of the work is not registered as a cost in their accounts.

The funding on the basis of a unit cost is justified due to the difficulty to support SME owners who do not receive a salary and other natural persons who do not receive a salary for their personal involvement in the implementation of the actions. This difficulty is due to the fact that, in the absence of a salary, there is no actual cost recorded in the accounts of the beneficiary related to the work of these persons.

Therefore, in its Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 29 April 2010 entitled "Simplifying the implementation of the research framework programmes"¹, the Commission put forward simplification measures concerning, in particular, the use of scale-of-unit costs to determine the value of the work carried out in the Seventh Framework Programmes (FP7) by SME owners and other natural persons not receiving a salary.

Following this Communication the Commission adopted its Decision C(2011) 174 on three measures for simplifying the implementation of Decision No 1982/2006/EC of the European Parliament and of the Council and Council Decision No 970/2006/Euratom and amending Decisions C(2007) 1509 and C(2007) 1625, which establishes that under FP7 the European Union (hereinafter referred to as EU) financial contribution related to the own personal work of owners of SMEs who do not receive a salary and other natural persons who do not receive a salary shall be based on unit costs.

In line with Article 124(5) of Regulation (EC, Euratom) No 966/2012, and as part of the simplification measures proposed for Horizon 2020, its rules for participation and dissemination provide for the possibility of using a unit cost for the financing of the work of SME owners who do not receive a salary and other natural persons who do not receive a salary carried out in EU- and Euratom-funded research and innovation actions.

The EU and Euratom contribution related to the work of SME owners who do not receive a salary and other natural persons who do not receive a salary shall take the form of a unit cost in all grants for actions awarded under the Horizon 2020 Framework Programme, and the Euratom Research and Training Programme (2014-2018), in which direct personnel costs may be reimbursed as actual costs.

By doing so, the Commission aims at making more attractive and more accessible to the most innovative SMEs the EU and Euratom Research and Innovation Programmes.

2.2. Risks of irregularities and fraud and costs of control

The use of a unit cost to calculate the direct personnel costs for SME owners and other natural persons who do not receive a salary shall reduce the risk of irregularities, overstatements and fraud since they will be calculated in accordance with an established formula based on the Marie Skłodowska-Curie rates which has been proved very resistant to irregularities and fraud.

¹ COM(2010) 187 final.

The Commission will verify at the time of preparation of the grant, during the implementation of the action or afterwards (through checks, reviews or audits), compliance with the conditions to charge the unit cost, as well as the correct application of the formula.

3. Method to determine and update the amounts and amounts

Under FP7, the model grant agreements were modified to allow for the declaration of direct personnel costs for SME owners who do not receive a salary and other natural persons who do not receive a salary on the basis of unit costs corresponding to those applicable under the Marie Curie actions.

The use of Marie Curie unit costs (living allowances) has proved appropriate to achieve the policy objective of ensuring proper participation of SMEs in EU and Euratom research and innovation programmes and to guarantee the principle of equal treatment of beneficiaries.

This system shall thus be maintained under Horizon 2020 and the Euratom programme complementing Horizon 2020. To further simplify it, the unit cost for a reference category of researcher shall be used, i.e. experienced researchers under the Individual Fellowship (IF) actions, as calculated according to and specified in Commission Decision C(2013)8194 authorising the reimbursement on the basis of unit costs under Marie Skłodowska-Curie actions within the Horizon 2020 Framework Programme (2014-2020). The Commission decision provides for the application of a country-specific correction coefficient.

The unit cost for SME owners and other natural persons not receiving a salary shall be updated in accordance with the method specified in Commission Decision C(2013)8194.

The eligible direct personnel costs declared by beneficiaries that are SMEs for their owners not receiving a salary and by beneficiaries that are natural persons not receiving a salary shall be based on a unit cost per hour worked on the action to be calculated as follows:

{Monthly living allowance for experienced researchers under the IF actions calculated according to Commission Decision C(2013)8194 (including the country-specific correction coefficient) / 143 hours}

The value of the work of the SME owners and natural persons not receiving a salary shall be determined by multiplying the unit cost by the number of actual hours worked on the action.

The standard number of annual productive hours per SME owner and natural person is equal to 1 720 hours. The total number of hours declared, in a year, in EU and Euratom grants for one SME owner or natural person not receiving a salary may not be higher than the standard number of annual productive hours (1 720 hours).

4. No-profit and co-financing principles and absence of double financing

The methodology described in Section 3 complies with the principles of no-profit, co-financing and absence of double funding as required by the Financial Regulation.

Verification of compliance with those principles for the funding on the basis of unit costs of the work carried out by SME owners and other natural persons not receiving a salary is limited, since the value of their work are not personnel costs borne by the beneficiaries.

This exception is foreseen by Article 124(5) of Regulation (EC, Euratom) No 966/2012 and Article 26 of the Regulation laying down the rules for participation and dissemination in Horizon 2020.

However, the usual conditions for ensuring that the no-profit, co-financing and absence of double funding principles are complied with also apply to the unit costs to be declared for the work of SME owners and other natural personnel not receiving a salary:

- The number of units (researchers hours worked in the project) are identifiable and verifiable, and should be in particular supported by records and documentation;
- The unit cost covers only part of the eligible costs;
- The reimbursement rates mentioned in Article 22 of the Regulation laying down the rules for participation and dissemination in Horizon 2020 shall apply to the unit costs;
- Double funding is avoided by the specification/identification of the eligible costs.