

EUROPEAN DEFENCE FUND

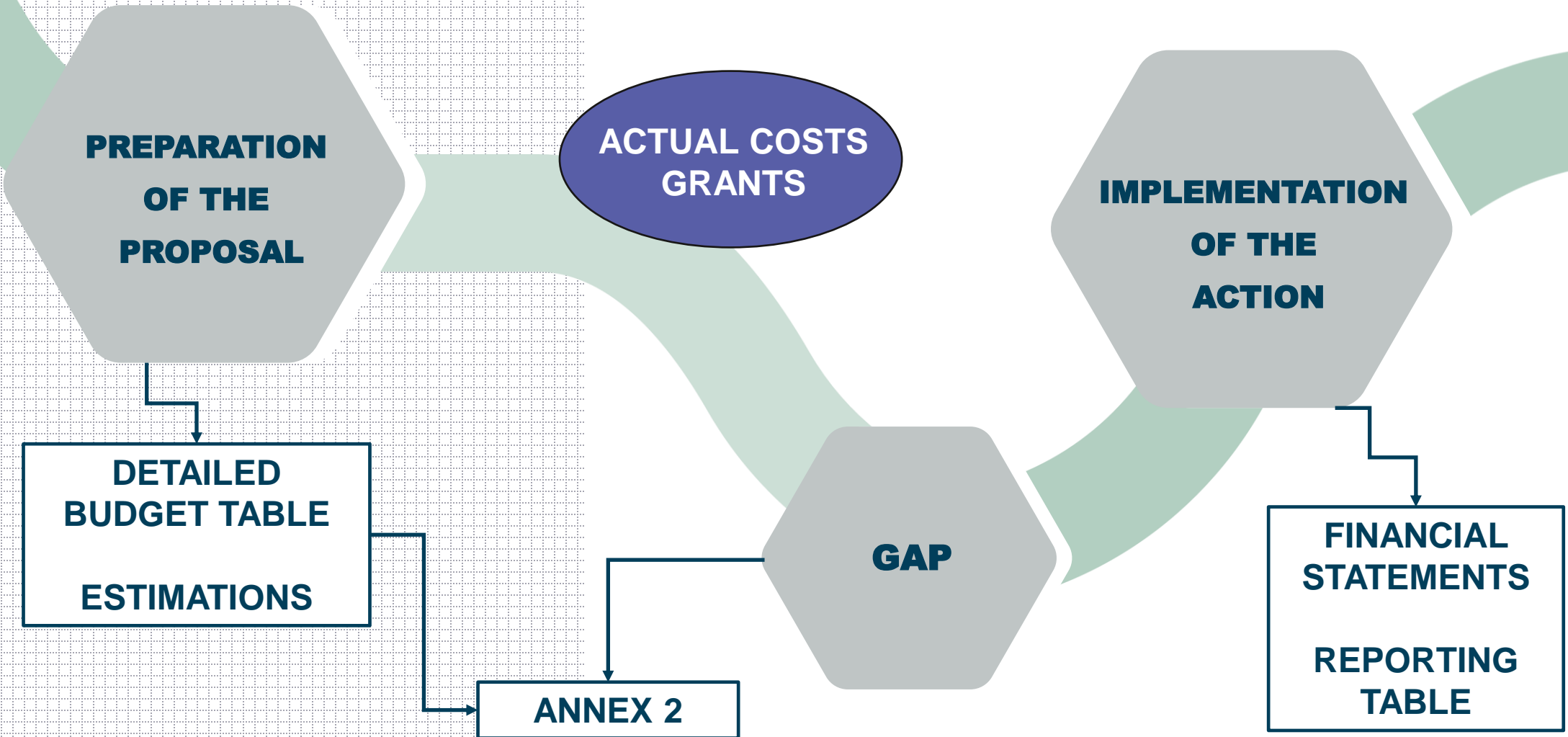
The tutorial video relating to these slides is accessible from the [EDF webpage](#)

Cost categories and eligible costs

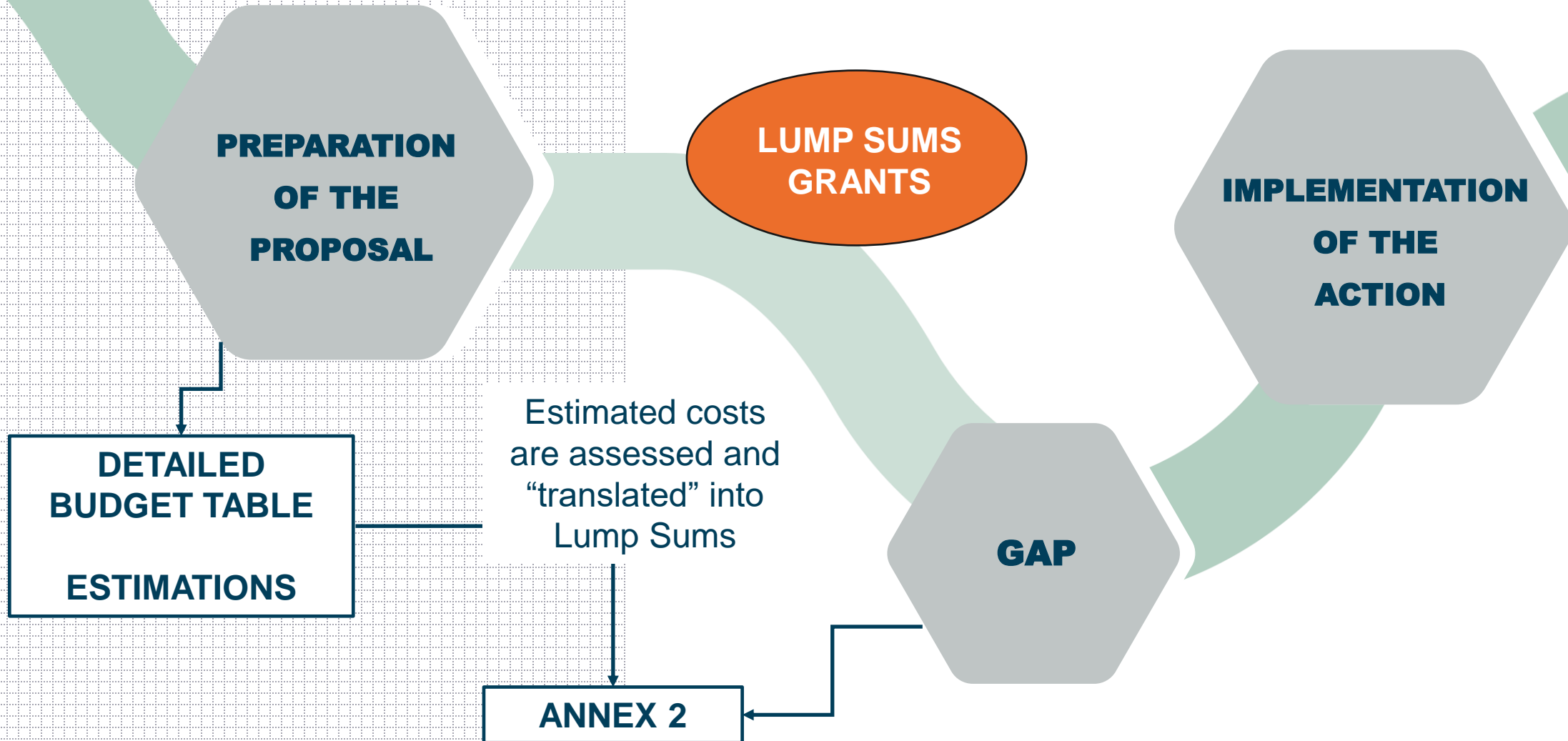
Tutorial

DG DEFIS Unit R2 – Financial
management & internal control

When this tutorial may be useful



When this tutorial may be useful



Eligibility conditions

GENERAL ELIGIBILITY CONDITIONS

In the **duration of the action**

Estimated in the budget

Necessary for the implementation

Identifiable and **verifiable**

Comply with the applicable tax and
social legislation

Sound financial management
(economy and efficiency)

Indirect costs (25% or AIC)

TOTAL
COSTS



NON-ELIGIBLE
COST



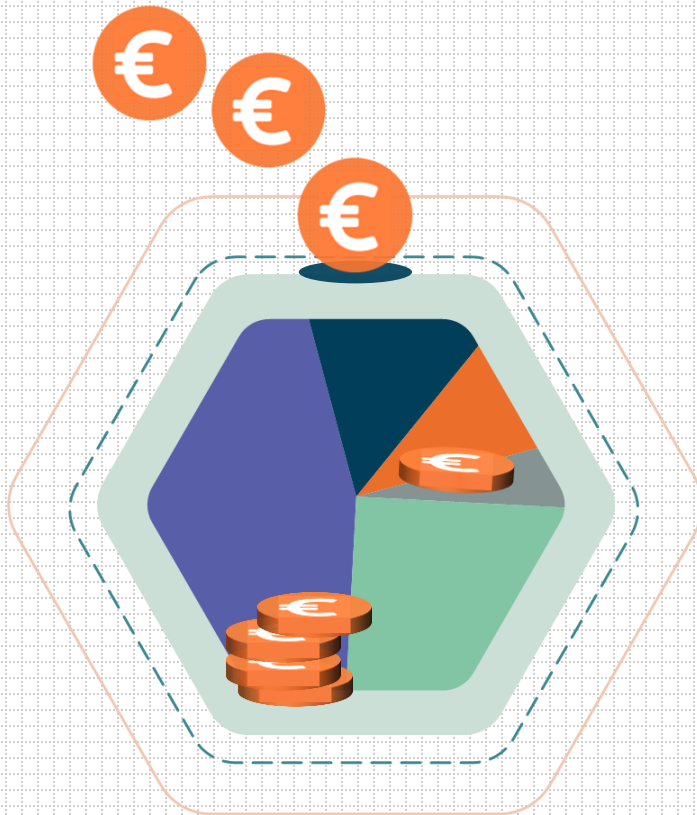
SPECIFIC ELIGIBILITY CONDITIONS

Costs categories,
calculation methods and
reporting



ELIGIBLE
COSTS

Costs categories in EDF



A . PERSONNEL COSTS

- A.1 Employees
- A.2 Natural persons under direct contract
- A.3 Seconded persons by a third party against payment
- A.4 SME owners and natural persons

B. Subcontracting costs

C. Purchase costs

- C.1 Travel and subsistence
- C.2 Equipment
- C.3 Other goods, works and services

D. Other costs

- D.1 Financial support to third parties*
- D.2 Internally invoiced goods and services

E. INDIRECT costs

Home > Guidance & documents > Reference documents

Reference documents

Filters

2021 - 2027

European Defence Fund (EDF)

Programme

Grants

This page includes reference documents of the programmes managed on the EU Funding & Tenders portal starting v
Please select the programme to see the reference documents.

Procurement

Reference Documents related to tendering opportunities are published on [TED eTendering](#) in the calls for tenders.

- > Legislation
- > Work programme & call documents
- > Grant agreements and contracts
- > Simplified cost decisions
- Guidance

[Online Manual](#)

[Rules for Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment](#)

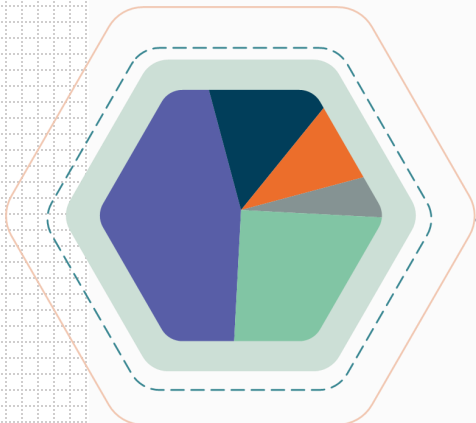
[Amendment Guide](#)

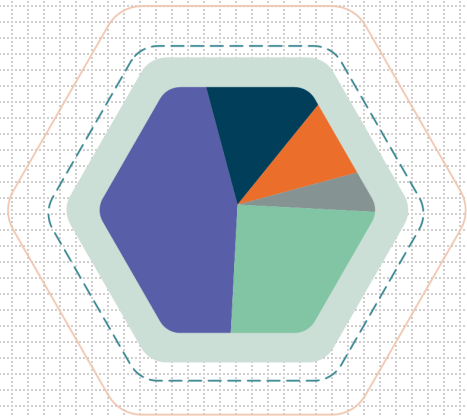
[AGA- Annotated Grant Agreement](#)

[Indicative Audit Programme \(IAP\)](#)

[Rules for Arbitration](#)

- > Templates & forms
- > Funding & Tenders Portal





SUBCATEGORY

COST CATEGORY

Costs covered by the subcategory



CALCULATION METHOD

Calculation description and steps

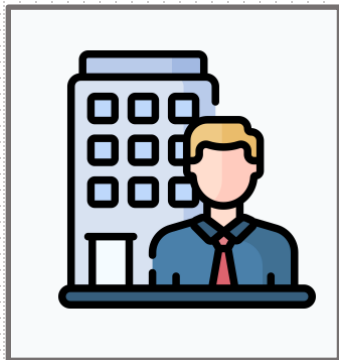
Subcategory
name

SUBCATEGORY COSTS result

A . PERSONNEL COSTS

Salaries, social security contributions, **taxes** and **other costs** linked to the remuneration if they arise from national law or the employment contract.

A.1 EMPLOYEES



Personnel with employment contract

ACTUAL COSTS

1. Calculate the Maximum declarable day-equivalents for the period reported (limited to **215** days per year):

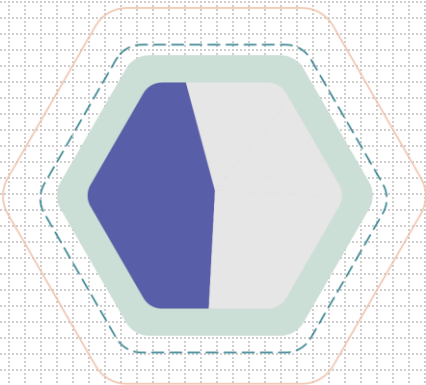
$$\text{Maximum declarable day-equivalents} = \mathbf{215} / \mathbf{12} \times \text{number of months of the period}$$

2. Obtain the daily rate:

$$\text{Daily rate} = \frac{\text{Actual personnel costs during the months within the reporting period}}{\text{Maximum declarable day-equivalents}}$$

3. Calculate and declare the costs for the period:

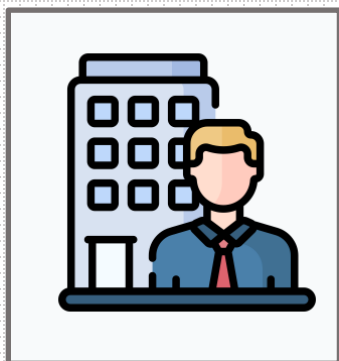
$$\mathbf{A.1 COSTS} = \text{Day equivalents worked in the action} \times \text{Daily rate}$$



A . PERSONNEL COSTS

Salaries, social security contributions, **taxes** and **other costs** linked to the remuneration if they arise from national law or the employment contract.

A.1 EMPLOYEES



Personnel with
employment
contract

UNIT COSTS

1. Calculate the daily rate using the actual personnel costs recorded in your accounts* excluding:
 - any ineligible cost
 - costs already included in other budget categories (no double funding of the same costs)
2. Calculate and declare the costs for the period:

$$\text{A.1 COSTS} = \text{Day equivalents worked in the action} \times \text{Daily rate}$$

*The cost accounting practices are applied in a consistent manner, based on objective criteria that must be verifiable if there is a check, review, audit or investigation and regardless of the source of funding.

A . PERSONNEL COSTS

Remuneration and taxes for persons:

- Direct contract or secondment agreement with the person's employer.
- Work conditions similar to employees (presence, supervision and remuneration based on working time).
- Result of the work belongs to the beneficiary.
- Cost comparable to employees.

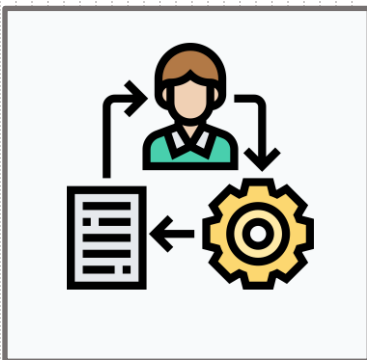
ACTUAL COSTS

1. Obtain the daily rate **according to the contract/agreement** provisions.
2. Calculate and declare the costs for the period:

$$\text{A.2 or A.3 COSTS} = \text{Day equivalents worked in the action} \times \text{Daily rate}$$

A.2 Natural persons under direct contract

A.3 Seconded persons by a third party against payment



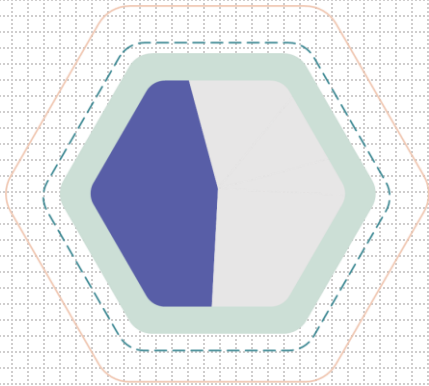
Contract ≠ employment

A . PERSONNEL COSTS

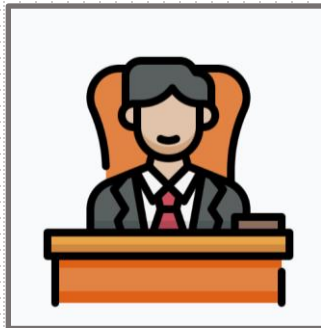
UNIT COSTS

Calculate and declare the costs in accordance with the methodology set out in Decision C(2020) 7115* and set out in Annex 2a:

$$\text{A.4 COSTS} = \text{Country-specific coefficient of the country where the beneficiary is established} \times \text{EUR 5 080 / 18 days} \times \text{Day equivalents worked in the action}$$



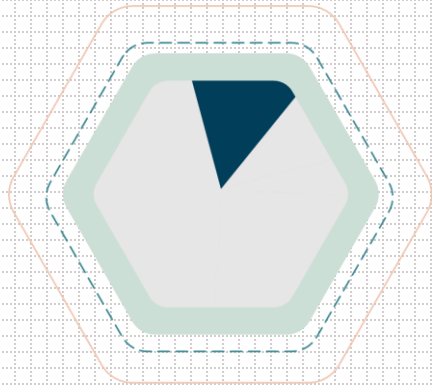
A.4 SME owners and natural persons



NOT receiving a salary

* Commission Decision of 20 October 2020 authorising the use 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 for the work carried out by themselves under an action or work programme (C(2020)7115).

B . SUBCONTRACTING COSTS



B. SUBCONTRACTING



Costs of subcontracted tasks:

- Work performed in the EU countries or Norway.
- < 30% of the total costs per beneficiary (strict limit for SME calls).
- Subcontracting to other beneficiaries or AEs not allowed.



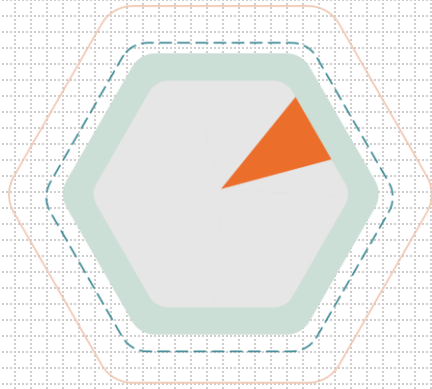
Attention to tasks that cannot be delegated (obligations of the coordinator or beneficiaries according to the GA)

ACTUAL COSTS

Obtain the costs according to the contract provisions and invoices paid to the subcontractor.

B. COSTS = Amounts paid to the subcontractor

C. PURCHASE COSTS



Purchase costs for the action:

- including related duties, taxes and charges, such as nondeductible or **non-refundable VAT**
- are bought using the beneficiary's usual purchasing practices — provided these ensure **best value for money** (or if appropriate the lowest price)
- there is **no conflict of interests**.



ACTUAL COSTS

Best
value for
money

No
conflict of
interest

C. PURCHASE COSTS

Costs for travel and subsistence:

- Foreseen in the action or authorized by the Commission.

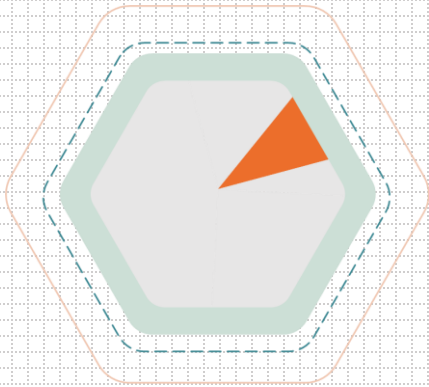


Do not include in this subcategory other costs non-related to the travel or subsistence (such as conference registration fees).

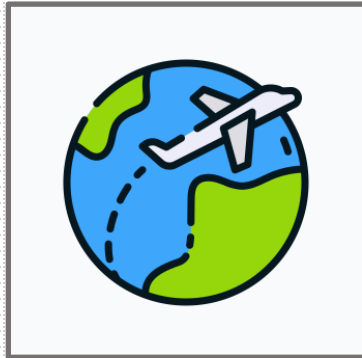
ACTUAL COSTS

Obtain the costs according to travel tickets and hotel invoices, subsistence allowance practices.

C.1. COSTS = Amounts paid against invoices for travel and accommodation + travel allowance (if applicable)



C.1 TRAVEL and SUBSISTENCE



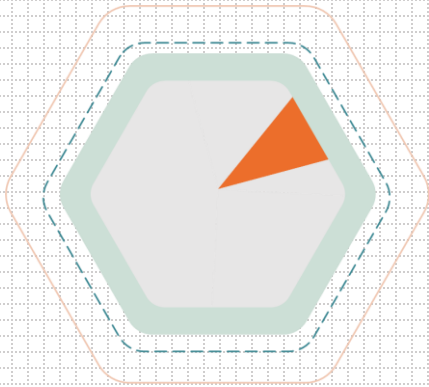
C. PURCHASE COSTS

- **Depreciation costs:**
 - Usual accounting practices (international standards).
 - Rate of actual use in the action.
- **Renting or leasing** are eligible, if they do not exceed the depreciation costs of similar equipment and do not include any financing fees.
- **Full cost** for listed equipment in the GA allowed for **development actions** subject to justification and acceptance* by the EC during GAP.

ACTUAL COSTS

$$\text{C.2. COSTS} = \text{Depreciation during the period of use in the action} \times \text{Rate of actual use in the action}$$

* Only full cost for equipment in relation to system prototyping activities will be considered.



C.2 EQUIPMENT



C. PURCHASE COSTS

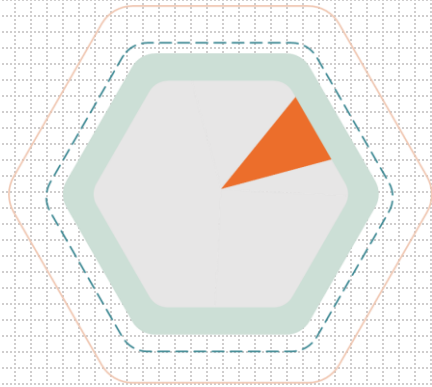
- Consumables and supplies (e.g. raw materials, office supplies, software licenses, low-value assets...)
- Communication and dissemination costs (e.g. printing leaflets, conference fees...)
- Intellectual property rights (IPR) (e.g. costs related to protecting the results such as consulting fees or fees paid to patent offices)
- Certificates on financial statements (**CFS**) for beneficiaries/AEs which total requested EU contribution \geq EUR 325 000
- Financial guarantees **if required** by the granting authority.



New website for the project is not eligible

ACTUAL COSTS

C.3. COSTS = Amounts paid against invoices



C.3 Other goods, works and services

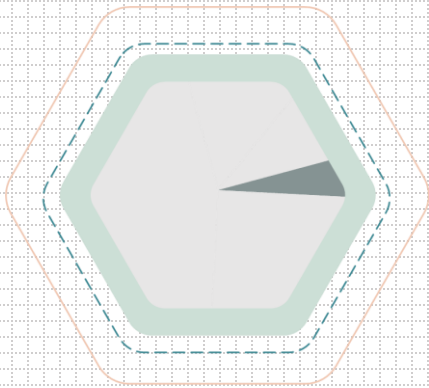


D. OTHER COSTS

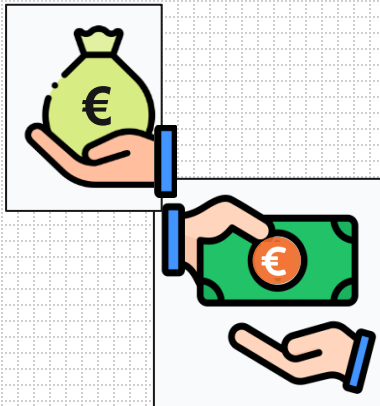
- The beneficiaries of the EU grant provide themselves in turn a financial contribution to third parties.
- **Only for the topics for which FSTP is allowed.** The specific conditions such as maximum amount per third party or overall ceiling are specified in the call document).
- Conditions for the contributions must ensure objective and transparent selection procedures

ACTUAL COSTS

$$\text{D.1. COSTS} = \text{Number of FSTP} \times \text{Amount of FSTP}$$



D.1 Financial support to third parties (FSTP)



Financial support is part of the action activities “cascading”

D. OTHER COSTS

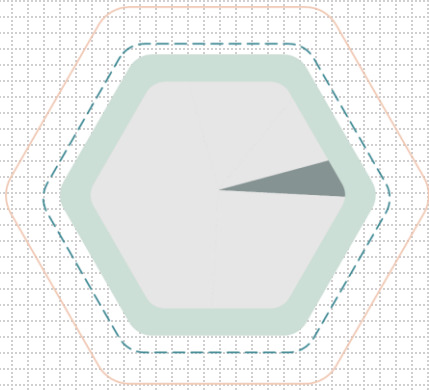
Goods or services which are provided within the beneficiary's organisation (usual case for big research organisations).

UNIT COSTS

Calculation of unit price:

- actual costs recorded in the beneficiary's accounts
- attributed either by direct measurement or on the basis of cost drivers
- excluding ineligible costs or costs declared under other category
- according to usual cost accounting practices applied in a consistent manner, based on objective criteria, regardless of the source of funding

$$\text{D.2. COSTS} = \text{Number of units} \times \text{Unit price invoiced}$$



D.2 Internally invoiced goods and services



Provided within the organisation

E . INDIRECT COSTS

Two options to declare Indirect Costs



Option per beneficiary and project

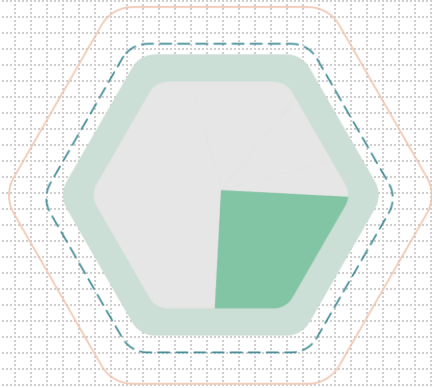
1) FLAT RATE

25 % of the total direct eligible costs of the action, excluding:

- Subcontracting
- Financial support to third parties
- Internally invoiced goods and services

FLAT RATE

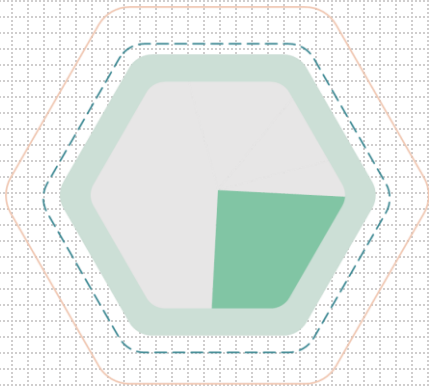
$$\text{E. COSTS} = 25 \% \times \text{Total eligible direct costs (excluding subcontracting and internally invoiced goods and services)}$$



E. INDIRECT COSTS



Not directly linked to the action (overheads)



E . INDIRECT COSTS

Two options to declare Indirect Costs



2) ACTUAL INDIRECT COSTS

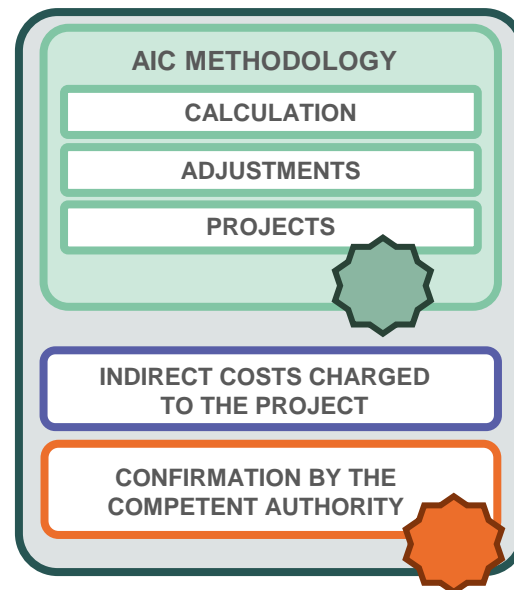
As alternative to the 25 % flat rate, and **limited to** beneficiaries:

- Submit the **Actual Indirect Cost methodology** declaration with the proposal.
- Their cost accounting practices are **accepted by their national authorities** for comparable activities in the defence domain.

E. INDIRECT COSTS



Not directly linked to the action (overheads)



No change of option (25%-actual) during the project

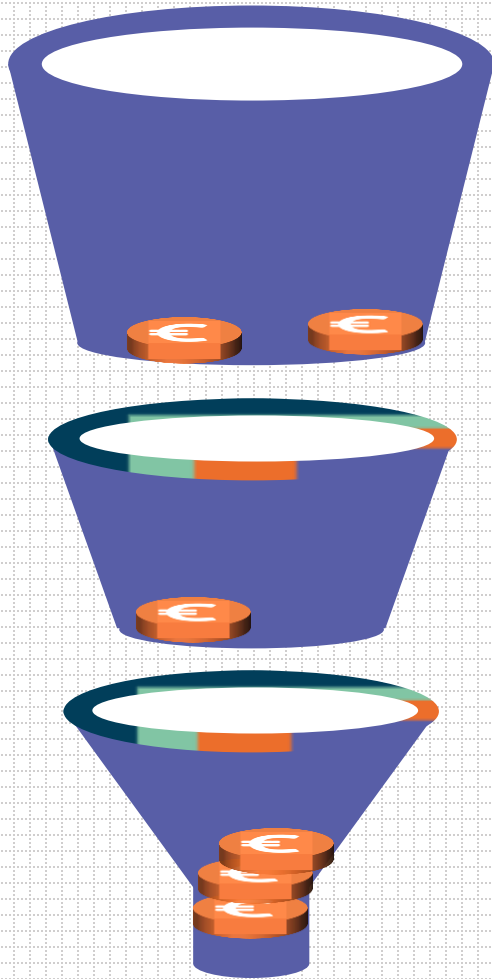
Assessment of the methodology -> corrections or even 25% flat rate

Ineligible costs

All costs not complying with general and specific eligibility rules.

Examples:

- costs of associated partners
- average costs (units) declared as actual costs
- currency exchange losses
- deductible or refundable VAT
- costs of tasks carried out using infrastructure, facilities, assets and resources located outside the EU/Norway
- in-kind contributions by third parties





**EUROPEAN
DEFENCE
FUND**

**MANY
THANKS
FOR YOUR
ATTENTION**

