



REGIONAL WEBINER: Reporting on the implementation of grant contracts 3 – 4 November 2022

Questions and answers

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	Question	Answer
1	<p>In the event that some prices go up in the meantime, which no one can influence, and the procurement has been carried out and the contract concluded, what is done in those situations?</p> <p>Since it is a multi-year contract, the supplier is no longer able to deliver the product at the agreed price, is it possible to make an annex to the contract or terminate the contract and look for a new supplier? The problem is that since the latest cost planning there have been unforeseen developments that no one could have predicted as risks, such as the pandemic and the war in Ukraine</p> <p>Or you can see the market prices for the translation in time when prices and service rise and if they are really higher than I guess it will be reasonable to continue with the same translator and do annex of the contract?</p>	<p>Firstly, when procurement procedure is implemented and contract is concluded, contractor is committed to deliver service/supply/works on the bases of their technical and financial offer. Additional alteration of financial offer may lead to changes of the award criteria/conditions which may lead to non-eligible costs. Therefore, it should be extremely cautious when deciding about any cost extensions.</p> <p>Secondly, any change must be justified, especially when it comes to contract value changes even though it is matter of unforeseen circumstances. In this event, context must be assessed and examined prior to any decisions. If contract modification is allowed without clear justification, this may lead to ineligibility of cost.</p> <p>Third, please note that grant project budget (nor EU nor the grant beneficiary contribution) cannot be increased. Therefore, any increase of budget line (which would be the case if you increase value of the contract) must be followed by decrease of some other budget line. Prior to any introduction of modification, it is <u>strongly advised to consult CA to avoid non eligible costs.</u></p> <p>If such circumstance where increased market prices and conditions may endanger project implementation, clear justification and market research must be ensured and provided to CA for further consideration.</p>
2	<p>Are taxes on office rent, renting of parking space or similar accepted? We had situations where in 2 countries different approach was used.</p> <p>What about VAT in the bus tickets (of participants in events)? Is VAT eligible in this situation, because you can not intervene in advance to deduct it?</p>	<p>As a general rule beneficiaries have to apply for tax (including VAT) exemption whenever possible. This refers to indirect taxes such as VAT and customs/import duties, other fiscal charges and duties and not to direct taxes such as the income tax of staff working on the project, which are part of the gross salary. <u>The rules on taxes apply to affiliated entities as well as to the beneficiaries.</u> Particular attention has to be paid to understand the correct treatment of taxes for charging of VAT or taxes is often reason of cost ineligibility.</p> <p>For further detail explanation please see eCompanion related to 14.2 Eligible direct costs point h) on the following link: 19. The</p>



		implementation of grant contracts – A users’ guide - EXACT External Wiki - EN - EC Public Wiki (europa.eu)
3	<p>What if savings are made on per diems during implementation? Can they be reallocated to any other budget line and/or heading?</p>	<p>Yes, savings on one budget line may be reallocated to the other if it is needed for the action and it is justifiable. <u>In this case CA must be notified with justification in advance to ensure eligibility of costs.</u></p> <p>Please consult Article 9 of General conditions related to amendment of the contract and for further explanation eCompanion on the following link: 19. The implementation of grant contracts – A users’ guide - EXACT External Wiki - EN - EC Public Wiki (europa.eu)</p>
4	<p>How the VAT incurred in EU countries is treated? We have a regional project where one of the partners comes from Slovenia which is an EU country. According to local legislation there is no option for them to recover the VAT so the question is what they should submit as a proof that the VAT cannot be reclaimed. Is any such proof necessary for the beneficiaries from EU countries?</p> <p>Another case is when the beneficiary incurs the costs in some other countries (for example cost for accomodation, during the travel). Will that VAT be eligible cost, as there is no option to recover that VAT? Is any proof that the VAT cannot be reclaimed necessary in this case?</p>	<p>Please see detail explanation in PRAG Annex J - e3a1 “Information on the tax regime applicable to grant contracts” for guidelines on the evidence that the beneficiaries and affiliated entities are not tax-exempt and cannot recover taxes. Annex J also sets out clearly situations in which beneficiaries may report taxes as project expenditure but do not need to prove that they cannot get tax exemption or recover the taxes. Nevertheless, it is advisable to seek the advice of the CA if unsure whether a particular situation of exemption applies to a specific action. Annex J you can find on the follow the link: e3a1 guidelines annexJ en.doc (live.com)</p> <p>Also, you can consult eCompanion regarding VAT issue on the following link: eCompanion-en-14.0.pdf</p>
5	<p>A question regarding the time sheet for the project staff: if I am engaged for 50% of time, what should I write in the time sheet? Do I put 4 work hours per day, which is already 50% of time and then get paid based on that, or do I put 8 hours per day which then will be calculated (and paid) at 50%? Because there was a case where the CA revision stated that the time sheet prepared with 4 hours per day shall be accepted only at 50% rate - she basically cut in half the time stated in the time sheet (which we already did when writing 4 hours per day). Any advice? There are no specific instructions on this,</p>	<p>Timesheet should be filled in with the time spend on project activities in line with the percentage indicated in the Decision on project team establishment and/or budget. Namely, if it is 50% of working time, you are filling in working hours in a timesheet in line with that percentage.</p> <p>However, please note that sometimes your working time may differ from month to month depending on workflow and project dynamics, but what is important is that until the end of project implementation (final report) budgeted funds for the salaries are not increased under relevant budget line.</p>



	and it would be very useful to have a precise template.	
6	Do all the rules for financial reporting also apply to the sub grants given to third parties? For example do sub grantees need to provide the supporting documentation for the indirect costs they have incurred (budgeted in sub grant budget under 8.indirect costs at a flat rate of 7%) .	In principle, general conditions are applied to all involved parties and costs necessary for the implementation of the Action. Therefore, same rules might be applied for FSTP. In addition, please consult instructions in the GfA for FSTP and contracts concluded with third party to draw final conclusion on the eligibility of costs.
7	If you conduct baseline research in the beginning of the project, can you modify the baseline indicator values? This only for the indicators where baseline was unavailable in the process of application?	Yes, you can modify baseline indicators in this case as this is envisaged in the project.
8	In the final report package, do we need to include the verification documents already submitted with the interim 1 and 2 or we just send the documents related to the last year of the project?	You should just send supporting documents related to the last reporting year of project implementation. However, please check with the CA instructions for report submission for it may differ between different CAs. For example, it may be that supporting documentation is provided to CA only upon request due to their sample-based verification. In other cases, electronic versions of all supporting documentation from the last reporting year need to be provided.
9	Airplane tickets have been purchased after Contract conclusion but before start of the implementation period in order to ensure cheapest price and availability of tickets for the travel. Is this eligible cost?	<p>Costs have to be related to and generated by activities carried out within the implementation period of the action (as defined in Article 2 of the special conditions) and in accordance with the contract.</p> <p>Airplane tickets were paid prior to start of implementation period (advance payment) but the cost (travel) is not incurred because the flight will take place in implementation period. Therefore, these costs may be considered as eligible to the extent that are reasonable and necessary for the action. Nevertheless, it <u>is strongly advisable to consult CA before taking any further actions</u> to ensure eligibility of costs.</p>