

Interreg



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Meuse – Rhine (NL – BE – DE)

Cost Catalogue

Interreg Meuse-Rhine (NL-BE-DE)

2021-2027

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1. Introduction

This cost catalogue contains the specific rules and requirements regarding eligible costs in the cross-border cooperation programme **Interreg Meuse-Rhine (NL-BE-DE)** for the **2021-2027** programming period. The main driver in drafting this document has been to establish clear rules for determining eligible costs for operations, which reduce the administrative burden for beneficiaries, as well as the management verification burden for the Managing Authority, in comparison to previous Interreg programming periods.

The English text of the cost catalogue is to be regarded as the main text of the catalogue of eligible costs, which has been approved by the Monitoring Committee on 8 February 2023. In the event of any differences of interpretation arising from translation of this text into Dutch, German or French, the English text prevails and is binding.

The cost catalogue may be updated or supplemented during the course of the programme.

Is signed,

Provincie Limburg (NL) as the Managing Authority of the Interreg Meuse-Rhine (NL-BE-DE)

2. Regulatory framework

The regulatory framework for this cost catalogue consists of:

- Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund, more specifically Articles 5 and 7,
- Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments, more specifically Articles 37 to 44,
- Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy, more specifically Articles 53 to 56, as well as 63 to 68.

3. General principles

To qualify as eligible costs, costs must be directly linked to the project and have to be necessary and adequate for the implementation of the relevant eligible activity.

Only costs that have been incurred and paid between the start date and end date of the project can be eligible. The end date cannot be later than 31 December 2029. Costs incurred before submission of the application by the beneficiary are not eligible.

Costs falling under one or more of the categories below can be eligible:

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- Staff costs,
- Office and administrative costs,
- Travel and accommodation costs,
- External expertise and services costs,
- Equipment costs,
- Costs for infrastructure and works.

There are four options to calculate the costs:

1. The first option is a combination of simplified cost options for the cost categories Staff costs, Office and administrative costs and Travel and accommodation costs, and real costs for the remaining budget lines. *Legal basis: Articles 39 (3)(b), 40 (2), 41 (5) and 42 to 44 of Regulation (EU) 2021/1059.*
2. The second option is a combination of simplified cost options for the cost categories Staff costs, Office and administrative costs and Travel and accommodation costs, and real costs for the remaining budget lines. In this case, indirect costs of an operation (Office and administrative costs) can be covered by making use of a flat rate of 7% of the eligible direct costs. *Legal basis: Article 54 (a) of Regulation (EU) 2021/1060.*
3. The third option only makes use of simplified cost calculations, consisting of a standard scale of unit costs for staff costs and a flat rate of 40% on the staff costs to cover all other costs. *Legal basis: Article 56 of Regulation (EU) 2021/1060.*
4. The fourth option is a simplified cost option for the calculation of direct staff costs of an operation at a rate of 20% of the direct costs other than the direct staff costs of that operation. The direct costs other than staff costs are real cost-based. *Legal basis: Article 39 (3)(c) of Regulation (EU) 2021/1059.*

Represented in a summary table this looks as:

Cost category	Option 1: Combination of simplified cost calculation and real costs	Option 2: Simplified cost calculation	Option 3: Simplified cost calculation to cover other direct costs as a flat rate of staff costs	Option 4: Simplified cost calculation to cover direct staff costs as a flat rate of direct costs other than direct staff costs
Staff	Standard scale of unit	Standard scale of unit	Standard scale of unit	20% of direct costs other than direct staff costs
Office and administrative	15% of staff costs	7% of direct costs	40% of staff costs	Not eligible
Travel and accommodation	1.5% of staff costs	1.5% of staff costs		Not eligible
External expertise and services	Real costs	Real costs		Real costs
Equipment	Real costs	Real costs		Real costs
Infrastructure and works	Real costs	Real costs		Real costs

Table 1: Four options to calculate eligible costs in Interreg Meuse-Rhine (NL-BE-DE)

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The choice between the four cost calculation options has to be made at project level. It is not possible for partners to combine more than one option. Also, the cost calculation option initially chosen, stays valid throughout the project implementation.

Special attention points:

- VAT
VAT in relation to external costs is eligible for operations the total cost of which is below € 5 million (including VAT) and for operations the total cost of which is at least € 5 million (including VAT) where it is non-recoverable under national VAT legislation.

Legal basis: Article 64 (1c) of Regulation (EU) 2021/1060.

- Non-eligible costs
At any time, the costs mentioned below are not eligible:
 - Fines,
 - Financial penalties,
 - Expenditure on legal disputes and litigation,
 - Costs of gifts,
 - Costs related to fluctuation of foreign exchange rate,

Legal basis for non-eligible costs: Article 38 (3) of Regulation (EU) 2021/1059.

- Internal invoicing
Internal invoicing between project partners is not allowed.

4. Staff costs (option 1, 2 and 3 calculation)

Staff costs have to be calculated based on a scale of fixed hourly rates. The applicable hourly rate is based on the gross salary range of the staff member concerned. The rates differ between the countries, due to differences in the social security and tax systems. Tables 2 and 3 show the applicable monthly gross salary ranges and hourly rates.

	Monthly gross salary ranges	Applicable hourly rate
1	Under € 2.900	€ 22
2	Between € 2.900 and € 3.749	€ 35
3	Between € 3.750 and € 4.649	€ 45
4	Between € 4.650 and € 5.499	€ 56
5	Between € 5.500 and € 6.349	€ 66
6	Above € 6.350	€ 76

Table 2: Monthly gross salary ranges and applicable hourly rates for Belgium and The Netherlands

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	Monthly gross salary ranges	Applicable hourly rate
1	Under € 3.900	€ 22
2	Between € 3.900 and € 5.049	€ 35
3	Between € 5.050 and € 6.249	€ 45
4	Between € 6.250 and € 7.399	€ 56
5	Between € 7.400 and € 8.449	€ 66
6	Above € 8.500	€ 76

Table 3: Monthly gross salary ranges and applicable hourly rates for Germany

Key points:

- The applicable hourly rate is determined in the **month of the project start date** and applies throughout the duration of the project. For staff joining the project at a later date, the first full month after the employee started the activities in the project should be taken in order to determine the applicable hourly rate.
- Only the amount referred to under the header “monthly gross salary” of the employment contract related to the individual’s work for the project defines the hourly rate to be applied. No other salary cost components are to be included in the calculation.
- Any part-time factor in the employment contract has to be taken into account in the calculation, i.e. the number of contractual working hours (the part-time employment) divided by the number of contractual hours in the case of full-time employment. Normally, this is automatically reflected in the monthly gross salary.

Special attention points:

- **Partners located outside the programme area**
Beneficiaries located outside the programme area, but based in Belgium, the Netherlands or Germany have to apply the hourly rate for their country. For beneficiaries originating from outside these three Member States, the monthly gross salary of an employee is multiplied by 1% in order to determine the closest applicable hourly rate as mentioned in tables 2 and 3.
- **Subsidised employment contracts**
Subsidised employment contracts are not eligible in Interreg Meuse-Rhine (NL-BE-DE), with regard to the subsidised part thereof.
- **Temporary/interim employment**
Temporary or interim employment, i.e. staff that is hired through a temp/interim agency, has to be reported under the cost category ‘external expertise and services costs’.
- **Seconded staff**
The salary costs for staff seconded by a third party to a beneficiary to carry out project activities are eligible in the same way as the salary costs of regular staff, provided that the beneficiary pays the salary costs itself. Costs are calculated on the basis of the standard scale of salary costs method and not on the actual secondment costs. Please be aware that secondment procedures need to be in line with public procurement rules (when applicable).

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- Staff costs for owners of SMEs
For directors and major shareholders of SMEs two different situations may apply:
 - For whom receives a regular monthly salary of his or her own company participating in the project, this gross salary is the basis for the staff costs calculation. However, it cannot exceed the highest amount of € 76 in the standard scale of applicable hourly rates as indicated in tables 2 and 3.
 - For whom no gross salary applies or may be established, staff costs are eligible at a fixed rate of € 45 per hour. This equals the third salary category in the standard scale of applicable hourly rates as indicated in tables 2 and 3. Being director or major shareholder needs to be clarified by sharing the statutes of the company.

Reporting under fixed percentage method:

At the start of the project, beneficiaries have to provide a document indicating per employee the number of hours dedicated to the project as part of the total amount of contract hours (expressed as a percentage of hours). This document needs to be signed by the project's (financial) responsible person. With this, the amount of time dedicated to the project during its duration will be determined and **no time registration** is needed.

The percentage of hours to be allocated to the project times the amount of workable hours for a certain period times the salary costs based on the applicable hourly rate determines the salary costs for an employee for a certain period.

Example of fixed percentage method:

- *Number of project hours expected to work effectively on an annual basis: 774*
- *Number of hours annually in full time contract in organisation: 1,720*
- *Part-time factor: 0.9 fte*
- *Percentage of hours to be allocated to project: $774 / (0.9 * 1,720) = 50\%$*
- *Period: 6 months*
- *Applicable hourly rate: € 45*
- *Salary costs to be reported: $774 * 6/12 * € 45 = € 17,415$*

Special attention points:

- The maximum annual number of working hours for a full-time contract is 1.720 hours.
- Any changes in the percentage of hours to be allocated to the project have to be reported to MA/JS and can also imply that a new statement for the employee(s) concerned needs to be provided.

Legal basis: Article 39 of Regulation (EU) 2021/1059 and article 55 of Regulation (EU) 2021/1060.

5. Office and administrative costs (option 1 or 2 calculation)

Office and administrative costs can either be calculated as a fixed percentage of 15% of eligible direct staff costs (option 1 calculation), or as a fixed percentage of 7% of the eligible direct costs (option 2 calculation).

Regardless which cost calculation option is chosen (1 or 2), the following cost items are included in the flat rate:

- Office rent,
- Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (such as fire or theft insurance),
- Utilities (such as electricity, heating and water),
- Office supplies,
- Accounting,
- Archives,
- Maintenance, cleaning and repairs,
- Security,
- IT systems,
- Communication (such as telephone, fax, internet, postal services, business cards),
- Bank charges for opening and administering the account or account where the implementation of an operation requires a separate account to be opened,
- Charges for transnational financial transactions.

These costs cannot be introduced under another cost category.

Legal basis: Article 40 (1) of Regulation (EU) 2021/1059.

6. Travel and accommodation costs (option 1 and 2 calculation)

Travel and accommodation costs are calculated as a flat rate of 1.5% of eligible direct staff costs.

The following cost items are included in the flat rate:

- Travel costs (such as tickets, travel and car insurance, fuel, car mileage, toll and parking fees),
- Cost of meals,
- Visa costs,
- Daily allowances,
- Accommodation costs.

These costs cannot be introduced under another cost category. Travel costs of external experts and service providers fall under the cost category External expertise and services costs (section 7).

Legal basis: Article 41 of Regulation (EU) 2021/1059.

7. External expertise and services costs (option 1, 2 and 4 calculation)

Hereunder, the principles are explained for reporting external expertise and services costs if you are choosing the real cost option. If you prefer to make use of the 40% flat rate option, please see section 10.

External expertise and service costs are limited to the following services and expertise provided by a public or private body, or a natural person, other than the beneficiary, and all partners of the organisation:

- Studies or surveys (such as evaluations, strategies, concept notes, design plans, handbooks),
- Training,
- Translations,
- Development, modifications and updates to IT systems and website,
- Promotion, communication, publicity, promotional items and activities or information linked to an operation or to a programme as such,
- Financial management,
- Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation),
- Participation in events (such as registration fees),
- Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services,
- Intellectual property rights,
- Provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the monitoring committee,
- Travel and accommodation of external experts, speakers, chairpersons of meetings and service providers,
- Other specific expertise and services needed for operations.

Supporting documents:

- Invoice,
- Proof of payment,
- Contract between purchasing body and supplier
- Information on procurement procedure followed for authorities subject to their national procurement rules. For organisations not subject to procurement law, the principles of sound financial management apply.

Legal basis: Article 42 of Regulation (EU) 2021/1059.

8. Equipment costs (option 1, 2 and 4 calculation)

Hereunder, the principles are explained for reporting equipment costs if you are choosing the real cost option. If you prefer to make use of the 40% flat rate option (option 3), please see section 10.

Equipment costs include expenditure to finance the purchase, rent or lease of equipment by a beneficiary, necessary to achieve the objectives of the project.

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Equipment costs are limited to the following items:

- Office equipment,
- IT hardware and software,
- Furniture and fittings,
- Laboratory equipment,
- Machines and instruments,
- Tools or devices,
- Vehicles,
- Other specific equipment needed for operations.

For all equipment purchases it has to be specified whether the equipment is to be regarded as a **consumable**, or a **non-consumable product**. See below for additional explanation on these two categories of equipment.

Consumables

The definition of a consumable is that it can only be used once in a production process. Consumable equipment may be charged in full to the project as eligible costs.

Non-consumables – No depreciation needed

Non-consumable equipment can be used several times. For these products it should be determined whether it is purchased or used specifically for the purpose of the project, or has to be seen as direct output of the project (like prototypes). If so, the costs for these non-consumables may be charged in full to the programme as eligible project costs (without the need to depreciate). Also, non-consumable equipment with a purchase value of € 10,000 (excluding VAT) and lower, or with an economic lifetime of up to three years do not have to be depreciated.

Non-consumables – Depreciation required

If the non-consumable equipment can also be used for other purposes (outside the project) and also has an economic value after or outside the project, then only the use during the lifetime of the project can be reported as eligible costs to the programme on the basis of depreciation costs. Depreciation costs have to be calculated on a straight-line basis. As described above, in this category it is only about non-consumable equipment with an economic lifetime of more than three years, or a purchase value of more than € 10,000 (excluding VAT). In case of non-consumable equipment which has to be depreciated, the economic lifetime has to be determined based on the standard list of equipment items (see table 4) drawn up by the programme.

This is Interreg Meuse-Rhine's (NL-BE-DE) table with standard economic lifetimes of non-consumable equipment items for calculation of the depreciation costs:

- Office equipment: 5 years
- ICT software: 3 years, thus not to be depreciated
- ICT hardware: 4 years
- Furniture and fittings: 10 years
- Laboratory equipment: for consumables < 3 years (thus not to be depreciated), for non-consumable equipment 5 years
- Machines and instruments: 5 years
- Tools or devices: 5 years

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- *Vehicles: 6 years*
- *Other specific equipment needed for operations: to be determined in consultation with the Managing Authority*

Table 4: Standard economic lifetime of non-consumable equipment goods for calculation of depreciation costs

The basic formula for calculating the depreciation costs is:

$$\text{Depreciation costs} = (\text{Purchase value minus residual value (if any)}) / \text{economic lifetime}$$

In case the non-consumable equipment is only partially used for the project and still has an economic value after the project, only the effective depreciation costs relating to the use of the equipment for the project can be eligible. These can be calculated by determining the ratio between the time used in the project divided by the total running time.

Example: a machine with a purchase value of € 30,000 and an expected residual value of € 5,000 has an economic lifetime of 5 years. The machine will be used for 30% for the project for a period of 3 years and also has an economic value after the project. The depreciation costs for the first 6 months to be reported are:

$$(\text{€ } 30,000 - \text{€ } 5,000) * 0.3 * 0.6 * 6/12 = \text{€ } 2,250.00$$

*The 0.3 in the calculation are about the effective use of the equipment during the project (30%).
The 0.6 in the calculation are about the part of the economic lifetime of the equipment which can be depreciated in the project (3 years out of 5 years).*

Supporting documents:

- Invoice,
- Proof of payment,
- Contract between purchasing body and supplier
- Information on procurement procedure followed for authorities subject to their national procurement rules. For organisations not subject to procurement law, the principles of sound financial management apply.

These supporting documents are needed to determine the actual purchase value of the equipment.

Special cases of equipment:

- **Second-hand equipment**
Second-hand equipment is only eligible when meeting the following conditions:
 - It needs to have the technical characteristics necessary for the operation and has to comply with the applicable norms and standards,
 - Its price does not exceed the costs generally accepted on the market,

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- It has not received any other assistance from the European funds or any other public finance.
- Renting or leasing equipment
Equipment renting or leasing is eligible for support. Distinction is made between operational lease and financial lease.
 - In case of operational lease, it is about using an equipment item for a certain period of time for the project (in fact renting). As the risk regarding maintenance is borne by the lease company (lessor), the assets are not included in the own organisation's balance sheet. The periodic costs are accounted for as costs in the annual financial statements. These operational lease costs share the characteristics of costs for external expertise and services and need as such to be reported to the programme.
 - In case of financial lease, the risks are borne by the lessee. Then, the assets are part of the balance sheet and need to be depreciated. The rules described in section 8 apply. Repayments and interest are not eligible, depreciation costs of the financial lease are eligible.
- Non-consumable equipment already in place / purchased before the project
For non-consumable equipment already in place / purchased before the project, only the depreciation costs based on the standard economic lifetimes as displayed in table 4 can be reported to the programme. The amount of the expenditure has to be duly justified by supporting documents having equivalent probative value to invoices.

Legal basis: Article 43 (1) of Regulation (EU) 2021/1059 and article 67 (2) of Regulation (EU) 2021/1060.

9. Costs for infrastructure and works (option 1, 2 and 4 calculation)

Hereunder, the principles are explained for reporting costs for infrastructure and works if you are choosing the real cost option. If you prefer to make use of the 40% flat rate option (option 3), please see section 10.

Costs for infrastructure and works are limited to the following items:

- Purchase of land in accordance with point (b) of Article 64, sub 1, of Regulation (EU 2021/1060,
- Building permits,
- Building material,
- Labour, and
- Specialised interventions (such as soil remediation, mine-clearing).

Costs for infrastructure and works are only eligible when they are directly linked to the project's goal. Or stated differently, the infrastructure and works have to be specific output(s) of the project. Only items that have been included in the application form and have been part of the assessment can be accepted as eligible investment in infrastructure and works. The maximum amount for investments in infrastructure and works is € 5 million (excluding VAT) per project.

The purchase of land (built on or not built on) is eligible up to a maximum of 10% of the total eligible expenditure for the project concerned. In the case of derelict sites and for those formerly in industrial use which comprise buildings, that limit is 15%. These restrictions to the purchase of land do not apply to operations concerning environmental conservation.

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Supporting documents:

- Invoice,
- Proof of payment,
- Contract between purchasing body and supplier
- Information on procurement procedure followed for authorities subject to their national procurement rules. For organisations not subject to procurement law, the principles of sound financial management apply.

Legal basis: Article 44 of Regulation (EU) 2021/1059 and article 64 (1) of Regulation (EU) 2021/1060.

10. Calculation of other direct costs at a flat rate of 40% of staff costs (option 3 calculation)

Projects may choose to apply a 40% flat rate on direct staff costs to cover the remaining eligible costs of an operation:

- Office and administrative costs,
- Travel and accommodation costs,
- External expertise and services costs,
- Equipment costs,
- Costs for infrastructure and works.

Special attention points:

- This option may only be chosen if all project partners use this option. It is not possible for partners to combine more than one cost calculation option.
- Without prejudice to the use of this simplified cost option, external contracts must comply with the applicable European, national and internal provisions regarding public procurement. Documents substantiating compliance with applicable public procurement rules should be kept by beneficiaries in their own administration.

Legal basis: Article 56 (1) of Regulation (EU) 2021/1060.

11. Calculation of direct staff costs at a flat rate of 20% of the direct costs other than direct staff costs of an operation (option 4 calculation)

Projects may choose to apply a 20% flat rate on the direct costs other than the direct staff costs of an operation to calculate the direct staff costs. This implies that under this cost calculation option there is no requirement to perform or refer to any calculation for the direct staff costs.

The direct costs other than staff costs are real cost-based, meaning that the calculation rules and attention points apply as described in sections 7, 8 and 9 of this document.

As the flat rate is only about direct staff costs, costs for Office and administration and Travel and accommodation are excluded from the flat rate and thus not eligible under this cost calculation option.

Legal basis: Article 39 (3)(c) of Regulation (EU) 2021/1059.

12. Miscellaneous

- **Management costs**
Management costs are part of the content work packages to be distinguished in the full application form and can be budgeted by each partner in charge of a work package. Management costs can be reimbursed in line with the cost categories described in sections 4 to 9.
- **Communication costs**
Communication costs are part of the content work packages to be distinguished in the full application form and have to be budgeted per work package. Setting-up a website sharing general project information, or the development of logos are not eligible, as these will be provided by the programme. Communication costs can be reimbursed in line with the cost categories described in sections 4 to 9.
- **Availability of documents**
All documents related to or supporting the eligibility of costs, need to be kept for a 5-year period from 31 December of the year in which the last payment by the Managing Authority to the beneficiary is made.

Legal basis: Article 82 (1) of Regulation (EU) 2021/1060.

- **Durability**
Investments in infrastructure or productive investment developed during the project have to keep their nature, objectives or implementation conditions for five years after project closure. In case of maintenance of investments or jobs created by SMEs this time limit is shortened to three years.

Legal basis: Article 65 of Regulation (EU) 2021/1060.