

Cost Guidelines

**for the accounting of project costs
in funding applications and reports**

for projects based on
funding agreements according to the
“FTE-Richtlinien” and
“FFG-Richtlinien”

Version 1.3



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1 Preamble

These general Cost Guidelines are designed to assist FFG funding applicants and recipients in accounting and reporting their costs in funding applications and reports (status, interim and final reports) for funding programmes carried out in accordance with FTE- and FFG-Richtlinien. Application of the Cost Guidelines is obligatory for all calls according to FTE- and FFG-Richtlinien starting as from 1/1/2012 and for all projects according to FFG-Richtlinien recommended in meetings of the FFG Advisory Board.

Please note! Specific programme guidelines may contain deviating and complementary regulations, which are expressly referred to in the respective guideline. The present Cost Guidelines shall then apply on a subsidiary basis.

All specific forms and templates for funding applications, reports etc. can be downloaded from the respective programme page on the FFG website

<http://www.ffg.at>

Projects co-funded by the EU, e.g. the European Regional Development Fund (ERDF) shall be governed by separate provisions. For further details see the relevant programme page on the FFG website.

2 General

The following provisions must be observed in preparing funding applications and reports for the FFG. We recommend that you read and observe all relevant provisions carefully prior to drawing up the funding application or report in order to avoid corrections and cutbacks. Use of the FFG forms and templates is obligatory.

Funding application: The funding applicant must submit the funding application in electronic form via the eCall system (<https://ecall.ffg.at>) either within the specified period or on a continuous basis. Use of the form provided for the purpose is mandatory.

Report: By signing the funding agreement the funding recipient undertakes to submit reports on the work carried out in the course of the funding period, to allow FFG staff to inspect any documents relevant to the project as well as to provide them with any information required. As a rule, the submission of a report is a prerequisite for the payment of subsequent funding instalments. Reports consist of a technical report and a cost account. The reporting periods are specified in the respective guidelines or funding agreements.

Accounting: The interim and final accounts form part of the interim and final report. The account must contain a breakdown of all expenses/costs and income (e.g. from the sale of prototypes) related to the funded work. The application of lump-sum costs is only permitted under certain conditions and to a defined extent. Accounts must be prepared using the forms provided by the FFG. The costs according to the costing system must correspond at least to the actual costs. The account must also show that the charged costs do not exceed the applicable maximum limit.

Evidence of actual costs: All costs shown in the account must be evidenced by the corresponding invoices/receipts (see respective cost categories). Evidence may also be provided by electronically archived invoices/receipts. The project to which the costs are allocated must be indicated on the invoices/receipts. Exceptions to this are the fixed hourly rate for shareholders actively involved in a project and the 20% overhead allowance.

The performance, invoicing and payment dates must be within the funding period. In justified exceptions – for instance where the invoice is submitted late without the funding recipient being at fault – a payment date of up to three months after the end of the funding period can be accepted.

In the case of in-kind contributions provided by affiliated enterprises (personnel and material), only the manufacturing costs are eligible for funding. Inclusion in the accounting records must be evidenced as a minimum requirement.

The following procedure applies in the event of **cost reallocations**:

A description and substantiation of the planned cost reallocations must be sent to the FFG via eCall together with the Excel template provided by the FFG for this purpose (“cost reallocation table”). Such cost reallocations require the consent of the FFG.

In the event of **cost reallocations between consortium partners** exceeding in total 10% of the overall project costs or an amount of EUR 100,000, the consortium leader must obtain the written consent of the partners concerned and attach scans of the duly signed letters to the eCall message.

Cost reallocations by a single partner (between cost categories) exceeding in total 15% of the overall costs of the partner and an amount of EUR 15,000 require an application.

Storage period: All project-related documents (accounts and receipts as well as any other documents serving to verify the performance of the work) must be stored securely and orderly at least for a period of **ten years from the conclusion of the project** (verification of proper application of funds by FFG). The FFG is entitled to extend the storage period in justified cases (e.g. until complete repayment of any loan granted).

3 Principles concerning chargeable costs

Chargeable costs: Chargeable costs comprise all expenditure allocable to the project or expenses arising directly, actually and additionally (to the usual business expenditure) for the duration of the funded research activity.

Eligible costs: Chargeable costs may be restricted by the programme or by the jury (eligible costs). The specified regulations on chargeable costs thus apply in general, but are not necessarily valid for all programmes without restriction.

Funding is on no account available for:

costs (both direct and indirect) that are not deemed to be eligible for funding by virtue of EU competition law provisions (e.g. for the field of R&D: marketing and distribution costs);

costs that are not deemed to be eligible for funding under the FTE- and/or FFG-Richtlinien;

costs that are excluded from funding by the guidelines;

costs that are not directly related to the funded project or cannot be clearly allocated to the project;

costs incurred before the funding application is received by the FFG (= cut-off date);

costs that are excluded from funding by special provisions in the funding contract;
expenditure charged to third parties and hence not borne by the funding recipient;
expenditure that has already been funded in other projects (double or multiple funding);
discounts, rebates, claims for damages, warranty payments;
financing costs (interest, charges on money transactions);
imputed costs, such as imputed risk, imputed depreciation, imputed interest etc.;
costs for the acquisition of real estate and immovables;
allocation to provisions and reserves (not relevant to the project);
entertainment expenses;
advertising and marketing costs;
hospitality costs;
bad debt losses;
taxes;

value-added tax: value added tax payable on the costs of chargeable deliveries/services is in principle not eligible for funding. If, however, this value added tax can be proven to be actually and finally borne by the funding recipient, hence if the latter is not entitled to deduct input tax, value added tax can be taken into account as an eligible cost item.

fees and charges;
liability cases;
patent maintenance costs.

Special cases:

Foreign currency invoices: Foreign currency invoices must be converted to Euros at the exchange rate at the date of payment and can be charged exclusive of transaction fees.

Costs of **foreign project partners** must be evidenced in the same way as costs charged by Austrian project partners. The same applies to project partners that do not receive funding.

Project costs and services charged between project partners are in principle not eligible for funding.

4 Special accounting regulations according to cost type

4.1 Personnel costs

4.1.1 Calculation of personnel costs

Personnel costs are to be determined on the basis of the gross wages and salaries (exclusive of overtime allowance) including related charges (ancillary wage costs) for project staff actually deployed for the funded project. Personnel costs for freelancers shall be calculated according to the same principles as for employed project staff (maximum hourly rates, work time records, overhead allowance, lower ancillary wage costs).

Other payments or payments in kind for personnel can only be charged if these are generally prescribed by law, collective agreement, a company agreement or the employment contract with legally binding effect. Payments in kind or individual gratuities, for example, are not eligible for funding.

All project staff are obliged to keep **time records**. These must contain an informative description of the activities attributable to the individual funded projects and must be kept **on an hourly and daily basis**.

Project staff working exclusively (100%) for the funded project may be charged at full cost (i.e. actual personnel costs minus non-eligible salary components).

The **actual hourly rate** for each member of the project staff is calculated by dividing the respective total personnel costs (gross salary including ancillary wage costs) by an hour-based denominator (see cost plan/accounting form).

For full-time employees (40 hrs/wk) this denominator shall be a fixed annual rate of 1,680 hours. For project staff employed under all-in-contracts (all-in overtime allowance) this denominator must be increased to 1,860 hours. The denominator must be reduced accordingly for project staff working fewer hours. Alternatively, hours of attendance can be used as a denominator provided that the hours of attendance are properly documented. The annual amount of project hours charged must not exceed the annual working hours used as the denominator.

Hours per week	Annual working hours for the calculation of hourly rates
Normal working hours 40h/week; 38.5h/week (with the exception of all-in contracts)	1,680h/1,617h
All-in employment contracts (all-in overtime allowance) 40h/week; 38.5h/week	1,860h/1,790.25h
Overtime allowance (only gross salary can be taken into account) 40h/week; 38.5h/week	1,680h/1,617h

Research institutions as per EU definition, which do not receive basic subsidies from public funds, may use 1,500 hours per year as a denominator for calculating the hourly rate for full-time employment (40 h/week). This is **only possible**, however, if the difference to the FFG's usual minimum denominator of 1,680 can be proven to relate to activities in support of the Institute's research activities (e.g. dissemination of research know-how, scientific training, etc). For project staff working fewer hours the denominator must be reduced accordingly.

Costs must be evidenced based on the annual payroll accounts.

4.1.2 Personnel cost limits (maximum hourly rates)

Funding according to the **FTE-Richtlinien**: Personnel costs are eligible for funding up to the amount of the reference values laid down from time to time in accordance with Section 8 of the “Regulation of the Federal Minister of Finance concerning the guidelines for determining and setting out the financial effects of new legislative measures” (Federal Law Gazette, BGBl II No. 50/1999, Annex 3, as amended).

Funding according to the **FFG-Richtlinien**: Personnel costs are only eligible for funding if they are within the limits usual in the trade and can be verified on the basis of the company’s in-house accounting system. If the total expenditure for the funded project is predominantly financed by federal funds – i.e. the amount of cash funding exceeds 50% of the recognised total project costs – personnel costs are likewise only eligible for funding up to the amount that corresponds to the salary structure of the Federal Government for comparable federal employees. This case is also subject to Section 8 of the “Regulation of the Federal Minister of Finance concerning the guidelines for determining and setting out the financial effects of new legislative measures”.

The comparative table below refers to the FTE-Richtlinien (in general) and the FFG-Richtlinien (if the amount of cash funding exceeds 50% of the recognised total project costs) and provides an overview of possible functions:

		According to Federal Law Gazette II No. 50/1999, Annex 3		Valorised Values						
Employees According to Function	Examples of Attribution to Function	Group	2005 Annual Personnel Costs (gross, incl. ancillary wage costs)	2014 Annual Personnel Costs (gross, including ancillary wage costs) 40 hrd/week	Hours per Year (40 hrs/week)	2014 Valorised Hourly Rate	2013 Valorised Hourly Rate	2012 Valorised Hourly Rate	2011 Valorised Hourly Rate	2010 Valorised Hourly Rate
Scientific Staff										
1st Management Level	CTO, COO, CIO, Scientific Head, Key Researcher, Head R&D, University Professor, etc.	1	104.277	124.579	1680	74,15	72,69	72,69	70,60	70,01
2nd Management Level	Deputy Scientific Head, Area Manager, Senior Reseracher, Senior Expert, Lecturer, Team Leader, etc.	2	90.235	107.803	1680	64,17	62,90	62,90	61,10	60,58
Junior Scientist	Developer, Junior Researcher, University Assistant, Graduand, PhD Student, etc.	3	76.192	91.026	1680	54,18	53,11	53,11	51,59	51,15
Administrative Staff										
1st Management Level	Executive Board, Controlling, CEO, CFO, COO, CIO, Senior Management, etc.	1	104.277	124.579	1680	74,15	72,69	72,69	70,60	70,01
2nd Management level	Assistant to the Board, Department Head, Team Leader, etc.	2	90.235	107.803	1680	64,17	62,90	62,90	61,10	60,58
Administration	Assistants, Secretariat, etc.	4	40.207	48.035	1680	28,59	28,03	28,03	27,22	26,99
Technicians/Skilled Workers	Technician, etc.	4	40.207	48.035	1680	28,59	28,03	28,03	27,22	26,99

For planning purposes, an annual adjustment of the hourly rates is possible as follows: The basis for the hourly rate shall be the figures for 2005 (according to Federal Law Gazette, BGBl. 2006). For subsequent years, an increase to the amount of the indexation of public sector salaries has been applied. This figure was 2.7% for 2006, 2.35% for 2007, 2.7% for 2008, 3.55% for 2009, 0.9% for 2010, 0.85% for 2011 2.95% for 2012, 0.0% for 2013 and 2.02% for 2014.

For subsequent years, a cautious indexation can be applied.

The maximum hourly rates do not include overhead costs.

4.1.3 Public sector employees

If public sector employees (federal employees) contribute to a funded project, the respective personnel costs will only be eligible for funding if double invoicing at the expense of public budgets can be excluded. This means that personnel costs of persons whose salaries are already paid from public funds must not be charged as part of a funded project.

University employees are not considered public sector employees (such employees are subject to the provisions of 4.1.2.).

The above restrictions shall not apply if personnel costs charged for public sector employees arise under a contract (third-party services).

4.1.4 Shareholders

Shareholders actively involved in a project (sole proprietorship, self-employed persons, participations in partnerships and over 25% in companies limited by shares , honorary association officials) shall be charged at a **fixed hourly rate** of a maximum of EUR 35 (incl. overheads). If this option is used, a maximum of EUR 58,800 per year (incl. overheads) can be charged per person.

Employed minority shareholders (up to 25% interest in limited liability companies) actively involved in a project can be charged at the hourly rates calculated in accordance with 4.1.1.

In the case of **small enterprises** (according to EU definition: max. 50 employees, turnover: max. EUR 10 million, annual balance-sheet total: max. EUR 10 million) shareholders actively involved in a project may alternatively be charged at the actual hourly rate of the most expensive project staff member (plus overheads) with corresponding qualifications. If this option is used, a maximum of EUR 58,800 per year (incl. overheads) can be charged per person. If a qualified comparison is not possible, then the fixed maximum rate of EUR 35 (incl. overheads) shall be applied.

In the case of **micro-enterprises** (according to EU definition: < 10 employees, turnover: max. EUR 2 million, annual balance-sheet total: max. EUR 2 million) the personnel categories specified in Table 4.1.2 can be used for calculating the maximum rates. If this option is used, a maximum of EUR 58,800 per year (incl. overheads) can be charged per person.

Large and medium-sized enterprises	Small enterprises	Micro-enterprises
EUR 35 (incl. overhead)		
	most expensive project staff member (plus overheads)	
		Maximum limit acc. to Table 4.1
max. annual amount chargeable EUR 58,800		

4.1.5 Overheads

Overheads resulting from the funded (research) project can be claimed as a **surcharge on the personnel costs** in the funding application and the project accounts.

Overhead costs can be charged at a fixed rate of 20% of personnel cost.

The funding applicant may alternatively apply a higher overhead surcharge if it discloses a corresponding overhead cost calculation based on the most recent financial statements (profit and loss account or cost unit level). If it fails to submit such financial statements or a cost calculation in compliance with the regulations, then the fixed-rate overhead surcharge of 20% shall be applied.

Overhead costs must be determined at company level (or at cost unit level) and allocated to the personnel costs of the company (or the cost unit), i.e. the overhead cost surcharge is calculated by dividing the sum of **R&D relevant chargeable overhead costs** by the sum of **personnel costs**. The resulting percentage (overhead cost surcharge) is then added to the personnel costs charged directly.

Overhead costs of **universities and universities of applied sciences** are limited to 20%. The same applies to private universities.

R&D relevant overhead costs include all costs accruing to the company/cost unit that are indirectly related to the R&D project, but cannot be directly allocated to it.

The overhead surcharge covers all indirect costs (e.g. rent, operating costs, maintenance, office material), which must not be additionally charged as direct costs. The actual costs of the management/board can be included in the overhead costs to a maximum of EUR 58.800.

Overhead costs not relevant to R&D include:

costs excluded from funding as a matter of principle (see Section 3 “Principles concerning chargeable costs”);

shareholder costs;

legal expenses;

business consulting fees;

patent registration costs;

membership fees;

transport costs through third parties;

losses from disposal of assets;

printing costs;

travel costs;

vehicle expenses.

Personnel costs include wages and salaries and the corresponding ancillary costs of the entire staff of the company/cost unit in the financial year (in accordance with the financial statements). Voluntary social expenses, pensions (if any) and the internal personnel costs of management assistants as well as accounting and payroll department staff (if included in the overhead costs) must be deducted from the personnel costs.

4.2 Other direct costs

4.2.1 Use of R&D infrastructure

Costs for instruments and equipment are eligible for funding if and as far as these are used for the project (use of R&D infrastructure).

If a fixed asset has been financed in whole or in part by public funds, the corresponding proportional depreciation is not eligible for funding (to prevent double funding).

Calculation in months (depreciation)

The proportional depreciation of the asset for the duration of the project is considered as eligible costs.

Depreciation must in principle be calculated based on the useful life specified in the fixed-asset schedule (monthly allocation, proportional use in the project). If the fixed asset is capitalised on or after the 16th of the month, that month cannot be taken into account for calculating the useful life in the reporting period.

For **prototypes** which continue to be used after expiry of the funding period, the proportional depreciation (normally useful life according to the fixed-asset schedule) shall be applied as R&D infrastructure costs. The manufacturing costs of the prototype (personnel, materials, third party and R&D infrastructure costs) are charged as acquisition costs in a single item and evidenced by a detailed calculation (separate accounting sheet). The useful life relevant for the accounting period shall in principle commence at the beginning of the funding period. If the prototype is exploited commercially after completion, the respective revenue obtained shall be deducted from the prototype costs charged.

The costs of low value assets are to be reported at total acquisition costs in the costs of materials.

Calculation in hours (machine hours)

Costs of R&D infrastructure use can be calculated by multiplying the hours of machine/facility utilisation by the corresponding machine hour rates. The project relevant machine hours and rates must be documented properly (e.g. machine log book).

The calculation of machine hour rates is based, among others, on depreciation, cost of energy, rooms, tools, maintenance, consumables and supplies. Application of imputed interest and depreciation on the basis of replacement values is not permitted.

Leasing costs

Funding is available for the leasing instalments paid to the leasing company by the funding recipient in the funding period, less interest and charges contained therein. For leasing transactions without transfer of ownership the leasing costs must be entered as costs of materials.

Other R&D infrastructure costs

These include for instance licence or maintenance costs for software and equipment. These costs can only be charged if they are allocable to the project and limited to the funding period. These costs must be reported as costs of materials.

4.2.2 Costs of materials

This cost category includes costs for project-related consumables, low value assets, inventory withdrawals and proportional licence fees.

Inventory withdrawals must be assessed and accounted for using a legally recognised inventory accounting method (e.g. LIFO, FIFO, moving average).

Prototypes which are no longer used after expiry of the funding period (e.g. disposal certificate or similar) are to be reported as costs of materials. The manufacturing costs of the prototype (personnel, materials, third party and R&D infrastructure costs) shall be charged as acquisition costs in a single item and evidenced by a detailed calculation (separate accounting sheet).

4.2.3 Third-party costs

This cost category includes costs for contract research, technical knowledge, costs for technical consulting and equivalent services that exclusively serve the research activity, etc.

Funding recipients that satisfy the criteria of a contracting authority pursuant to the Federal Public Procurement Act (BvergG) shall comply with the provisions of public procurement law when awarding contracts to third parties.

More detailed regulations concerning eligibility and amount of third-party costs and the defrayal of patent registration costs are included in the respective guidelines, if applicable.

Persons sporadically contributing to the project (contracts for work and services) must be reported under third-party services. Project staff continuously contributing to the project based on a contract for work and services may not exceed the maximum limits specified in Section 4.1.2 and must provide information about total project hours including a description of their activities.

4.2.4 Travel costs

Evidence must be provided that the travel costs charged are clearly related to the project.

Travel costs (daily allowances, accommodation costs, travel costs, conference fees) are eligible for funding if they can be claimed as business expenditure pursuant to the fiscal law provisions.

Cost refunds paid instead of daily allowances shall be limited to the respective amount of the daily allowance. Reimbursement for the use of a private car shall be in accordance with the statutory mileage allowance. The mileage allowance is taken to cover parking fees, toll fees (including vignette) and fuel. The funding recipient must choose the most economical means of transport.