



Q&A catalogue  
following the live webinar

## "Create your Horizon Europe project budget in 6 steps"

March 16, 2021

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#	ORIGINAL PARTICIPANT QUESTION	ANSWER BY MELANIE BÜSCHER
1	Does it depend in accounting practices of beneficiary & corresponding national law?	You should always follow your usual accounting practices unless they are contradictory to the Grant Agreement.
2	What is the difference between Purchase costs for services and Subcontracting costs?	Subcontractors implement action tasks that are described in the proposal. The cost category of "Purchases of goods, works and services" covers costs of contractors that help the beneficiaries implementing the action tasks that are described in the proposal. In other words, it is the proposal that defines which costs are to be budgeted and reported under subcontracting or purchase costs.
3	What do you mean for internally invoiced goods and services?	These are goods and services that are produced or provided for by the beneficiary, and that are calculated on the basis of usual accounting practices. Examples could be self-produced chemicals, greenhouses or animal houses, standardized testing processes, or use of specific research facilities that have an internal price.
4	Is there a common definition for a person month? In our experience not all partners use the same definition/calculation...	You could use one of the three conversion rules described <a href="#">here</a> . Or you could just leave it with the differences, since you are operating with estimates and during reporting, each partner has to follow their own rules anyway.
5	In the part A of the template R1a/IA published by the EC part 3 Budget for the proposal in participant name are mentioned also Affiliated Entity and Associated Partners. This type of participants has a budget limitation?	In principle, no. Note, however, that it is expected that the beneficiaries can implement the project by themselves. They can, however, get the help of third parties. This can, amongst others, be done by linked third parties (called Affiliated Entities in Horizon Europe) or associated partners. Associated partners can work on the project, but they cannot receive funding by the project. So, they will be named specifically in the proposal and the budget table, but with no budget assigned to them. In principle, there is no budget limitation for linked third parties, but with a very high budget, you should justify why they do not participate as beneficiary.
6	For budget transfers, is there a % of the budget above which an amendment is necessary?	In principle, no. The important thing is the reason behind the transfer. When the % is high, however, it might be an indication that a significant change in the work plan has occurred.
7	Can we change the person/month during the project's implementation? Let's say we plan 5 person/month but it turns out that the wage is higher than planned and therefore you have to lower the number of person/months. Is this allowed?	The person months of the application are estimates. During the project implementation, some project work will take longer and other will take shorter time. I know that many coordinators and consultants advise to do exactly what you suggest. This means that the reported costs then fit the budget - but they do not fit reality, when the higher-paid person still needs the planned 5 months to do the project work. My recommendation would be to report the number of person months it took and that are documented by your time registration as well as the costs that you have actually incurred and can document. Explain it in the technical report and either reshuffle the budget or co-finance in the difference yourself.
8	For affiliated entities do their direct cost count for the calculation of the indirect costs?	Affiliated entities have their own budget line, including indirect costs.

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9	How do I know if some service should be inserted under “Subcontracting” or “Other goods and services”?	Subcontractors implement action tasks that are described in the proposal. The cost category of "Purchases of goods, works and services" covers costs of contractors that help the project partners implement the action tasks that are described in the proposal. In other words, it is the proposal that defines which costs are to be budgeted and reported under subcontracting or purchase costs.
10	Does Horizon refund only the depreciation of goods or the whole amount?	In the Grant Agreement, it will specify this. As a general rule, purchases of equipment, infrastructure or other assets used for the project must be declared as depreciation costs, calculated on the basis of the costs actually incurred and written off in accordance with international accounting standards and the beneficiary's usual accounting practices. Only the portion of the costs that corresponds to the rate of actual use for the project during the project duration can be taken into account.
11	Is the affiliated entity the same as linked third party?	Yes, it is the same. Only the wording changes in Horizon Europe.
12	Affiliated entity = third party?	Affiliated entity = LINKED third party
13	Is a budget margin allowed by the EC?	The budget is based on estimates. You may include a reasonable buffer if that is what you mean. The EU grant, however, will be paid on the basis of the costs actually incurred and claimed to the EU.
14	Could be the budget of an organization and its affiliated entity the same? I mean when the affiliated entity is performing all the tasks allocated to the organization.	If the affiliated entity is performing all the tasks, I am wondering why would they not be a beneficiary themselves? To answer your question, if the affiliated entity is performing all the tasks, the budget of the participating organization would be 0 - I would consider this a theoretical case, though.
15	Does it mean an affiliated entity's budget must be included as affiliated entity as opposed to a "normal partner"?	Yes, exactly.
16	How are the affiliated entities “seen” by evaluators? For an association with 20 associates having 3 or 4 affiliated companies performing specific task is that well seen or not?	I suppose it really depends on their role and contribution.
17	Will the AE’s budget be requested for the project proposal or only during the GAP’s phase? Requested by the EC that is (I do understand that the coordinator could ask for the budget during the project preparation phase). Thank you!	It is part of the project proposal for Horizon Europe.
18	What if there is an affiliated entity with person month effort and a large infrastructure with related, high costs... Would it be better for this affiliated entity to be a beneficiary of its own?	Yes, this is very often, what Project Officers have asked for in previous framework programmes.

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19	If I report 1man/month, does it mean that one person can work 2 half months?	If you budget 1 person month, it means one person estimates to be working fx 2 half months. Or 4 weeks. Or ... When you report one person month, it means that you can document that a person has, for example, worked two half months.
20	When you talk about affiliated parties, you refer to Linked Third Parties, right?	Yes. The wording changes for HE, but the meaning is the same.
21	Is an annual audit of project costs a compulsory cost in Horizon Europe? Coordinator contracts auditor for reported costs of all project partners? Or individual?	In Horizon Europe, each project partner is responsible for only claiming eligible costs to the EU. The coordinator may help in understanding the rules, but it is up to everybody to follow them. If a beneficiary asks for more than 430,000 EUR in EU contribution of all costs, they have to provide a Certificate on the Financial Statement by an auditor at the end of the project period. It is that beneficiary, that contracts the auditor. The coordinator does not have a role in it. In other words, it is one audit for the entire project period that is eligible for EU funding for the beneficiary that request EU funding beyond the threshold. If you want to do more audits, you can always do that, but you cannot claim more costs to the EU than one audit for the entire period would cost.
22	Does exist also in Horizon Europe the possibility to involve third party in the projects (linked third party of in-kind contribution against payment) as in the previous programme?	Yes
23	What is the unit cost (daily/monthly)? Some recommendations from the EC? Are these figures the same for all countries?	The unit costs to be used by very specific categories of personnel can be found <a href="#">here</a> . It is 282,22 EUR multiplied by the country coefficient code described in the grant agreement.
24	Personal eligible costs are all costs, correct? Not only the gross salary, correct? In pt the employer has extra tax	Yes, all costs, including social security costs, etc.
25	And how to deal with the difference in salaries in EU countries?	You do not deal with it. As a general rule, Horizon Europe contributes to the actual costs incurred by the project participants. There is a difference in salary in different countries, and this means that since their costs are higher, some beneficiaries will get a larger budget than others.
26	What is the best method for personnel: full name and their expertise or just senior/junior researcher with the abilities?	My personnel recommendation would be to describe the most important people and their project-related expertise clearly, incl. the name.
27	Can you please provide an example for project-based remuneration?	In some countries, employees (mainly researchers) are paid according to the projects they participate in. It is a usual remuneration practice of a legal entity, where personnel receive supplementary payments for work in projects. It is not a bonus, but part of their normal salary and employment. "Project-based remuneration" is an adaption of the "additional remuneration", if you are familiar with it.
28	Please can you clarify the definition of SME owner.	These are owners of small or medium-sized enterprises not receiving a salary.

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29	Concerning eligibility costs, if a beneficiary is a university, can be claimed a cost for a fellowship under budget line "personnel costs"?	Yes, but please note that only project-related time can be claimed to the EU. If the fellow has teaching obligations, this time will usually not be covered.
30	Are personnel costs of permanently employed persons (e.g. professors) eligible for funding (of course only the amount of time they would work on the project)?	Yes
31	The concept of project-based remuneration is not clear...	In some countries, employees (mainly researchers) are paid according to the projects they participate in. It is a usual remuneration practice of a legal entity, where personnel receive supplementary payments for work in projects. It is not a bonus, but part of their normal salary and employment. "Project-based remuneration" is an adaption of the "additional remuneration", if you are familiar with it.
32	Which is the difference between considering the unit cost of the SME owner "per day" instead of "per hour"?	At the time of the webinar, the Grant Agreement was not yet published. It is now clear that SME owners budget and report a daily rate of 282,22 EUR multiplied by a country-correction coefficient.
33	Web page creation and maintenance would be subcontracting or other direct goods?	It depends on the way you describe it in your application and what exactly is to be covered by the contract with the web designer and other consultants.
34	Is it right to say you should never name a subcontractor on the proposal?	It is totally up to you. You have to be able to document best value for money/ lowest price, no matter if you mention them specifically or not. Personally, I would mention them as a possibility if it is a strong name and if I am quite sure they will work as subcontractors once the project starts.
35	Is the market survey required for subcontracting supposed to be included in the proposal?	You have to be able to document best value for money/ lowest price when an EU auditor asks for it, but you do not have to send in that information neither during proposal stage nor when reporting the costs.
36	Subcontractors cost less than 5k, do we have to prove market research?	This is a tricky question. In principle yes since the Grant Agreement does not mention specific minimum thresholds. On the other hand, it is not financially reasonable to ask for offers on very small amounts. What do your internal rules say? What is your usual practice?
37	How to deal with the different rates for different countries - e.g., 2 researchers are doing one and the same tasks with equal effort (person/h.) but the remuneration will differ greatly? How to make partners at least "ok happy" :)	Salaries and price levels are different from country to country and from organization to organization. Two researchers might indeed have the same person months, but at very different rates. You make them "ok happy" by giving them the budget that corresponds to their actual costs of the effort, unless of course they are willing to work on the project partly for free.
38	Is subcontracting always complete tasks or can it be also parts of tasks?	It can also be parts of tasks. If uncertain, I would recommend discussing that with your Project Officer during grant preparation phase.

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39	What is project-based remuneration?	In some countries, employees (mainly researchers) are paid according to the projects they participate in. It is a usual remuneration practice of a legal entity, where personnel receive supplementary payments for work in projects. It is not a bonus, but part of their normal salary and employment. "Project-based remuneration" is an adaption of the "additional remuneration", if you are familiar with it.
40	Is it possible to identify and justify the choice of the subcontractor already at the project proposal level?	Yes, but with very few exceptions, you still have to be able to document your choice even though you have mentioned a subcontractor and a price in the proposal. Depending on the offers, they might still be valid when the subcontracting work can start so you do not have to do it again. But then again, some markets change rapidly.
41	Is the Certificate on the methodology for unit cost (CoMUC) known in H2020 still possible in Horizon Europe?	<a href="#">The Grant Agreement</a> describes the certificates applicable in Horizon Europe.
42	Depreciation for computers is understood, but pumps, piping, other mechanical equipment - it is impossible to use upon the Projected ended?	You follow your usual accounting and depreciation practices (following international accounting standards).
43	Should Conference fee go to budget line "Other goods, works and services" as it used to be in H2020?	Yes. Very important, if they want to work on the project.
44	Is there any datasheet for depreciation of equipment depending on its category for reporting in H2020 projects?	No, you follow your usual accounting and depreciation practices (following international accounting standards).
45	Regarding ODC, imagine you hire a service for 2 different projects. Would it be feasible to report half of this invoice in each of the projects? (ZOOM platform for instance)	If you can document you use the services 50/50 then yes. I am a bit uncertain, though, whether zoom platform really is a project-related direct cost or whether it should be covered by the 25% flat rate on indirect costs. My assumption would be that it is so standard nowadays that it falls under the same category as internet, heating, and light... You might want to ask your project officer what they think.
46	How about technical equipment? When is it eligible?	The costs for the use of technical equipment are an eligible cost if it is necessary to implement the project tasks. You can claim depreciation costs or unit costs based on the (documented) use of the equipment. In very rare cases, you can claim the purchase price, but this has to be in line with both the call specifications as well as international accounting standards.
47	In which category would the in-house consultant budget be included?	Personnel costs.
48	Could you please explain further the difference between subcontracting and purchase costs? Thank you!	Subcontractors implement action tasks that are described in the proposal. The cost category of "Purchases of goods, works and services" covers costs of contractors that help the beneficiaries implementing the action tasks that are described in the proposal. In other words, it is the proposal that defines which costs are to be budgeted and reported under subcontracting or purchase costs.

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49	In the end what is more important, the number of estimated PersonMonths or the amount of personnel costs.	During the proposal phase, the number of estimated person months, since the personnel costs will sometimes vary greatly between countries and organizations.
50	Will there be more detailed information about the HEU models for personal costs hourly rate calculations?	In Horizon Europe, personnel costs are calculated by the day, not by the hour anymore. Check out article 6.2.A.1 in <a href="#">the Grant Agreement</a> .
51	Does internally invoiced cost include depreciation cost?	Yes, they may if that is your usual cost accounting practices to include them.
52	Do you see an improvement in internally invoiced goods and services in HE versus H2020?	Yes, for those who include indirect costs in their usual calculations of unit costs, and who have a higher rate than 25% for their indirect costs.
53	What about indirect costs, are they above the suggested budget of 1.5-2.5 M?	The suggestion refers to the EU contribution, so, yes, it includes the indirect costs.
54	Is financial support for third parties the same as cascade funding?	Yes
55	What about Large Research Infrastructure cost (LRI)? Should it be claimed as internally invoiced goods and services?	Check out <a href="#">the GA</a> , there are different possibilities.
56	Is advisable to budget also for Gold Open Access publication costs?	If the costs fulfill the criteria for eligibility of costs, then yes. See article 6 of <a href="#">the Grant Agreement</a> .
57	Are the logbooks mandatory or recommendable? It is not a usual practice of my company.	You have to be able to document the use of the equipment for the project or the use of the consumables/ material for the project. This can be done in many ways. If you have a different usual practice documenting the link to the project, this will most likely be perfectly acceptable.
58	For the infrastructures only unit costs?	Check out <a href="#">the GA</a> , there are different possibilities.
59	Could you please share with us the budget form link?	You find it as part of your proposal and under reference documents on the Funding and Tender portal
60	Is it possible to use actual costs for all categories and then unit costs for internally invoices goods and services in the same budget proposal?	Yes, absolutely.
61	What about also the part to the budget dedicated to the income, in what cases will we fill in this part of the table?	Revenues are defined as income generated by the project, during its duration, for project participants that are profit legal entities, and with the exception of income generated by the exploitation of results. If you know already at proposal stage, that your project will generate income, you should include it here. In any case, you have to include the amounts in the financial statement, if your project generates revenues, since the project cannot generate profit.
62	Is there any template for a third party (against payment) agreement?	Not that I am aware of.

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63	Could you please again explain the difference between a subcontract and a service contract which is considered as purchase cost? Thanks!	Subcontractors implement action tasks that are described in the proposal. The cost category of "Purchases of goods, works and services" covers costs of contractors that help the beneficiaries implement the action tasks that are described in the proposal. In other words, it is the proposal that defines which costs are to be budgeted and reported under subcontracting or purchase costs.
64	Some partners need to put proposals with budgets through ethics committees and some partners send me letters of agreement that are signed by senior leadership teams and others do not. Is it necessary to get such a letter from every partner, if it is, where can it be uploaded on the submission site, or is the partner's registration on the project on the submission site enough and then if the award is given, the focus is on the signing of the contracts?	When submitting the proposal, the EU assumes that you have the commitment by each partner to participate in the project. So normally, you don't need a letter of support at proposal stage unless the calls specifies otherwise.
65	Can you tell more about social impact, with regarding to effort and resources?	This really depends on your project idea and implementation.
66	What are the main changes between Horizon 2020 and Horizon Europe with regards to budgets/finance aspects?	No substantial changes. The categories are presented in slightly different ways now, the wording is a bit different. They cover the same costs, though. Also note that the budget form is applicable to a vast number of EU programmes now, so not all categories will be entirely relevant to Horizon Europe projects.
67	Are there indications for person month rates per countries?	As a general rule, Horizon Europe contributes to the actual costs incurred by the project participants. There is a difference in salary in different countries, and this means that since their costs are higher, some partners will get a larger budget than others.
68	Is it okay to mention about in-kind contribution which is free of charge for the Project in the proposal (i.e. PI's contribution, access to large research facilities etc.)?	Yes
69	Have you any suggestions of how to explain Person Months per Work package to inexperienced partners?	Yes, ask: "how much time do you estimate performing your tasks in this work package will take?"
70	What about indirect costs? Should these also be planned? How do we need to justify them?	The indirect costs are automatically calculated by the template as 25% of the sum of personnel costs and purchase costs (and some other cost categories, if applicable). You don't need to justify them.
71	When will the first HEU call be published and the AMGA?	The first calls have already been published. Ask your National Contact Point - they will have solid drafts on most of the work programmes. The Model Grant Agreement (GA) is also published, and I am sure they are already working intensely on the Annotated Model Grant Agreement (AMGA).
72	Are actual costs still within the "Other direct costs" category?	They are now under "Other cost categories"



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73	Where in the proposal would you provide the necessary justification for imbalances?	You would do that under the "Quality and efficiency of the implementation" - section of the proposal
74	Do external consultants for project management/reporting can be considered as subcontractors?	Most project management tasks cannot be subcontracted at all. If you need help to do the project reporting, it would be considered „purchase costs", since the external consultant can only help you do your work, but not do the work for you.
75	Is there a percentage limit on subcontractor expenditure?	No. Please note, however, that the project partners are expected to have the appropriate resources to implement the project. They can rely on others to do some of the work for them, but my recommendation would be to justify this clearly. You will probably have good reasons to include subcontractors, so make that decision as well as the price very transparent for the reviewers.
76	If I understood well, in the personnel cost, the cost of the SME owner is included. Right?	Yes
77	Due to the change to daily rates, does giving the personnel costs in person MONTH per WP also change?	Both Horizon 2020 and Horizon Europe work with person months in the proposal. This has not changed.
78	Can you explain better Art 5.5 - budget transfers among cost categories are easier now in Horizon Europe? e.g., move personnel costs to ODC or vice versa?	It is the same as in Horizon 2020.
79	What if equipment costs are the main cost of the project and thus the main block to realize the project without support? Is there any possibility to include the purchase price instead of depreciation - with the necessary justification?	Depreciation costs is the default. If you are in doubt with regards to a specific call for proposals, please contact your National Contact Point. They will be able to help you.
80	Please, clarify costs for consultants and where to report it.	Depending on their tasks, the costs will be declared under "subcontracting" or "purchase costs"
81	How should the coordinator do, to have a balanced budget in terms of number of person-months if sometimes we have institutions with a high PM rate and others with low PM rate. An institution with a low PM rate, when compared with other beneficiaries, should have a higher number of PMs to obtain the personnel budget sufficient for the project, but sometimes coordinators do not accept that the beneficiary asks for a higher number of PMs in some WPs, when compared with other beneficiaries (only because the PM rate is lower). Thank you!	The distribution of Person Months (table 3.1f, summary of staff effort) is only about the number of person months per project partner, not the personnel costs per person months. This way, it gives a good overview on who is working on which work package for how long. So, it should not be the PM rate, but the effort that should be reflected in the scheme. For the budget table, the personnel costs should reflect the realistic rates. They are naturally different from country to country and institution to institution. In my view, it is a misunderstanding - and even a mistake - when the coordinator decides on your budget for personnel costs. It should be the partners estimating both duration and PM rates. Having said that, partners should not ask for a high number of PMs because of low PM rates, but because this is how they estimate their work.
82	Personnel days only in reporting? What about the personnel costs in the proposal? Days or person months?	Totally up to you.

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83	Can/Should linked third parties be considered as Affiliated Entities?	Yes, it is the same. Only the wording changes in Horizon Europe.
84	During an on-going project, an SME could change the way it budgets costs, for example, switching from actual personnel costs (A.1) to SME owner (A.4)? Does it require an amendment?	Yes, it looks like you can switch the way of calculating personnel costs without an amendment. However, please note that the SME owner unit cost only is available to SME owners who do not receive a salary, whereas you need to be able to document your personnel costs as SME owner if you don't want to use the unit costs.
85	Is there a limit for audit costs? H2020 was if claimed more than €325k, is Horizon the same?	In Horizon Europe, the threshold will be when a beneficiary asks for 430,000 EUR of EU contribution of all costs, including indirect costs and unit costs. So a little bit different than Horizon 2020.
86	Equipment costs: is there any exemption that allows us to claim the full cost?	Depreciation is the default rule. You might want to ask your National Contact Point with regards to the specific call you are interested in.
87	Are there restrictions (maximum percentage?) on budget transfers between categories / partners during project implementation?	<a href="#">The Grant Agreement</a> does not mention any specific percentages. Check article 5.5 on budget flexibility.
88	If I plan to use in the project the EU funding for H2020/Horizon Europe and other funding, like e.g., structural funds, do I have to include the budget considering other funding source in the proposal? Or the Commission is interested only in H2020 funding?	Only Horizon Europe funding in the budget table. I would mention the other funding in the text - and at the same time describe a good Plan B if you don't get the other funding.
89	Any changes about in house consultancy?	No. Same as Horizon 2020.
90	When using internal invoicing? What is the exact change from H2020 to Horizon Europe please?	These are goods and services that are produced or provided for by the project participant, and that are calculated on the basis of usual accounting practices. Examples could be self-produced chemicals, greenhouses or animal houses, standardized testing processes, use of specific research facilities that have an internal price. The only change is that you can now include your indirect costs in the unit costs if this is your standard procedure. You can no longer add the 25% flat rate.
91	Could we allocate the cost of Certificate on the Financial Statements (CFS) in the last reporter?	Yes. It is an eligible cost under "purchase costs", if you are passing the threshold for a compulsory CFS.
92	In subcontracting, do we need to name the subcontractor in the project proposal? What about if we do not know yet the best organization that could perform that specific activity? Would it be possible to open a call during the project to identify a subcontractor?	You do not have to mention the name of the subcontractor in the proposal. You have to describe the task to be subcontracted, though, and justify why you need a subcontractor to perform that work. You have to be able to document best value for money or lowest price when engaging with a subcontractor, so getting a useful number of offers is highly recommended.
93	Are give aways or a Price Award be eligible? e.g. for a better consumer participation	If it is a cost necessary for the implementation of the project, and also fulfills the other eligibility criteria described in article 6 of the Grant Agreement, then yes.

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94	When we subcontract an entity for the project, and identify the entity in the proposal, how do we prove the best value for money, what documentation do we have to collect?	Comparable offers from other companies. Also I would recommend to write down by which criteria you have chosen the subcontractor in order to have full transparency in case of an audit.
95	Daily rates for personnel costs but time sheets are usually based on hourly documentation: How to recalculate costs for project reporting? Can persons also work half a day for the project, one quarter etc.?	<a href="#">This presentation</a> explains it in detail.
96	What is the difference (financially) between an affiliated entity and a third party?	An affiliated entity is a what was called linked third party in Horizon 2020.
97	What is the treatment of the equipment built as a prototype by one partner and sent to other partner to perform for example validation of the technology developed in the project?	This is a very specific question and I would recommend you to discuss it with your National Contact Point or your Project Officer. As a general rule, it is the beneficiary that incurs the costs that will declare them to the EU. In your example, it seems to be likely that the beneficiary building the prototype will declare these costs to the EU, whereas the other beneficiary will declare their costs for validating the technology to the EU.
98	What about third parties contributing to the project and having to be reimbursed?	In-kind contributions by third parties against payment can still be declared as seconded persons under personnel costs as well as purchase of goods, works or services
99	The flat rate of 25 per cent is no longer applicable for Horizon Europe. What are the possibilities to accept actual indirect costs?	It is still 25%
100	Are there timesheets requirements in Horizon Europe?	No. Article 20.1 of the GA allows for monthly declarations signed by the person and the supervisor, unless another reliable time-record system is in place.
101	What about Third parties giving in-kind contributions. Are they eligible in Horizon Europe? If so, how should you include them in the budget?	Yes. In-kind contributions against payment can still be declared as seconded persons under personnel costs or as purchase of goods, works or services. In-kind contributions free of charge are declared under the relevant cost categories as if they were costs incurred by the beneficiary if they fulfil the requirements for eligibility of costs.
102	What do you think of co-management structures, so having a thematic lead partner and a management lead partner?	I believe this is quite a common way of organizing the project management.
103	Will 3rd party purchases only be covered by 70% of total cost?	It depends on the funding scheme and the legal entity purchasing
104	Any changes in the way of judging internal invoices?	You still follow your usual accounting practices when calculating the unit costs. However, in Horizon Europe, you also include your indirect costs, if that is your usual practice. If not, you cannot claim indirect costs since the 25% flatrate no longer applies to this cost category.
105	How many percent are usually good for Communication and Dissemination?	Some say around 5%. I would say: whatever makes sense for your project and the impact you want to achieve with the project.

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106	What is exactly purchase costs?	The cost category of "Purchases of goods, works and services" covers costs of contractors that help the beneficiaries implement the action tasks that are described in the proposal.
107	Are reporting activities sub-contractable? If so, would it be needed to provide list of offers to justify the choice of a specific provider?	Your reporting obligations cannot be subcontracted. However, you can purchase consultancy services helping you with your reporting obligations. And yes, always justify the choice of your consultant (best value for money or lowest price)
108	Can you tell a little bit on Social Impact with regarding of costs, effort and resources? Thank you	I would recommend you to take a look at the Horizon Europe work programmes soon to be published, as well as the Strategic Programme for the first rounds of work programmes. In short, Horizon Europe really wants you to make a difference in society with your project and its results. How you do that - and at what project costs - is up to the consortium to define.
109	What is the percentage for overheads?	25% on personnel costs and purchase costs, and depending on the call conditions, also some other costs.
110	What are the main differences in cost reporting between H2020 and Horizon EU?	We don't know the details yet, but it looks like there are some simplifications.
111	A very specific question - are laptops consumables or equipment?	Usually, they would be neither nor. Normally, they have to be covered by the indirect cost flat rate, unless they are really special
112	The start-up costs that can be requested in the additional 1million for ERC starting grants, is there any guidance on what the start-up costs can include?	The additional € 1 million can be made available to cover eligible "start-up" costs for researchers moving from a third country to the EU or an associated country and/or the purchase of major equipment and/or access to large facilities and/or other major experimental and field work costs. All funding requested is assessed during evaluation.
113	Affiliated entities. Any difference with LTP?	No, it is the same.
114	According to General MGA, „seconded persons by a third party against payment are also eligible as personnel costs...They must not be significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary. How should we solve the problem if the personnel costs rate at the third party and beneficiary is very different? Salaries in different countries varies a lot.	As a general rule, Horizon Europe contributes to the actual costs incurred by the beneficiaries. There is a difference in salary in different countries, or in different organizations, and this means that since their costs are higher, some partners will get a larger budget than others even though their effort might be the same.
115	Should the costs that are covered by in-kind contributions be included in the budget of the proposal?	In-kind contributions against payment can still be declared as seconded persons under personnel costs or as purchase of goods, works or services. In-kind contributions free of charge are declared under the relevant cost categories as if they were costs incurred by the beneficiary if they fulfil the requirements for eligibility of costs.
116	Any changes regarding the VAT (travel in abroad)?	No. Same as Horizon 2020.

#	ORIGINAL PARTICIPANT QUESTION	ANSWER BY MELANIE BÜSCHER
117	Which is the maximum % of financing to the municipal entities?	Non-profit legal entities are eligible for EU reimbursement of 100% of their eligible costs plus 25% flat rate on personnel costs as well as purchase costs.
118	Can you transfer between subcontracting and direct costs without amendment?	You might be able to do it via a simplified procedure. I would advise you to talk to the Project Officer, though, since you are changing the project plan. Transferring costs from subcontracting to purchase costs indicates that you are performing project tasks yourself now, instead of getting them done by a subcontractor. Or it means that there was a misunderstanding of the definition of subcontracting.
119	Is it right to say the internal invoicing category is a new addition in HE budget template?	It is presented in a different way, yes. The main change is, however, that internal invoicing now includes the beneficiary's indirect costs if they are included in the usual calculations, and no more the 25% flatrate for indirect costs.
120	How detailed must the justification for Person month category be? Very often there is not a clear-cut line for this.	During the proposal phase, applicants do not have to provide very many details on person months and personnel costs in the budget table.
121	What about tax for small purchases (Taxi etc.) Do you have to subtract that from the bill?	Identifiable VAT is not an eligible cost under Horizon Europe. Same rule from Horizon 2020 continues.
122	Any changes from H2020 to HEU for hourly rate calculation in staff cost?	Yes, in HEU we will have to do daily rate calculation instead. And those who previously have used the so-called "additional remuneration" will now have to get to the know the rules about "project-based remuneration"
123	The minimum amount of 325,000 euros is maintained to present a CFS Audit?	No. It will be 430,000 EUR requested EU contribution of all costs, including indirect costs and unit costs. So, a bit different.
124	If it an inhouse consultant hired via a consultant firm. In what category can we claim that cost?	A consultant hired via a consultant firm will probably not qualify as an in-house consultant but as subcontract or "normal contract" and has to be claimed under another cost category. It is expected that the definition from Horizon 2020 will continue: here, in-house consultants were natural persons working under employer-like conditions. They do not send an invoice in order to get paid.
125	Are vacation days and sick leave days for employees considered as eligible costs?	In Horizon Europe, the daily rate must be calculated as annual personnel costs for the person divided by 215. It looks like only the actual time spent on parental leave may be deducted.
126	For the budget transfer - can we do it without asking the Project Officer or do we need the POs approval before the transfer? Is there a threshold that we need to notify the PO i.e., a budget transfer of more than 10% of allocated budget needs to be approved or are we totally flexible?	It is not the %, but the reason behind the budget transfer, that is important. As long as the budget transfer is not caused by a significant or important change in the project implementation, you can even make the changes without an amendment. If in doubt, I would always recommend contacting the Project Officer. Remember to always make the changes transparent and provide thorough justifications in your technical reporting.
127	How to deal with the different rates for different countries - e.g., 2 researchers are doing the same tasks with equal effort (p/h) but the remuneration will differ greatly? How to make partners at least "ok happy" :)	As a general rule, Horizon EU contributes to the actual costs incurred by the beneficiaries, so it really depends on their role. When putting together the consortium, you'd want the best people to solve the task at hand. You make them "ok happy" by giving them the budget they need to do the work as promised.

#	ORIGINAL PARTICIPANT QUESTION	ANSWER BY MELANIE BÜSCHER
128	Is any % budget restriction which can be transferred between the categories?	It is not the %, but the reason behind the budget transfer, that is important. As long as the budget transfer is not caused by a significant or important change in the project implementation, you can even make the changes without an amendment. If in doubt, I would always recommend contacting the Project Officer. Remember to always make the changes transparent and provide thorough justifications in your technical reporting.
129	What is the difference between subcontracting and ODC?	Subcontractors implement action tasks that are described in the proposal. The cost category of "Purchases of goods, works and services" covers costs of contractors that help the beneficiaries implement the action tasks that are described in the proposal. In other words, it is the proposal that defines which costs are to be budgeted and reported under subcontracting or purchase costs.
130	Regarding affiliated entities are we talking about entities with the same PIC or different within the same organization?	It is different legal entities that are linked to the participating legal entity either through a capital link or a legal link. So, they will each have their own PIC.
131	What is project-based remuneration?	In some countries, employees (mainly researchers) are paid according to the projects they participate in. "Project-based remuneration" is an adaption of the "additional remuneration", if you are familiar with it.
132	Can I include in the costs the annual subscription to scientific journal libraries-online such as IEEE for example?	Only costs that are necessary for the implementation of project tasks can be claimed to the EU. It depends on the more specific case, but I would believe that these costs are not eligible for EU funding, but they can be covered by the indirect costs.
133	Can you tell a little bit more on social impact with regard to efforts, costs, and resources?	I would recommend you to take a look at the Horizon Europe work programmes soon to be published, as well as the Strategic Programme for the first rounds of work programmes. In short, Horizon Europe really wants you to make a difference in society with your project and its results. How you do that - and at what project costs - is up to the consortium to define.
134	Costs for seconded persons by a third party against payment are eligible as personnel costs, but they must be calculated on the basis of a rate which corresponds to the costs actually incurred for the direct contract or secondment and must not be significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary. But the costs differ so much in diff Europe countries? Could you comment on that?	As a general rule, Horizon Europe contributes to the actual costs incurred by the beneficiaries. There is a difference in salary in different countries, or in different organizations, and this means that since their costs are higher, some partners will get a larger budget than others even though their effort might be the same.
135	When calculating daily rate over the fiscal year, should we take into account the bonuses (variable salary part) that are paid into the FY (often related to last year activities) or the ones related to the current FY (often accrued in the books at year end and paid the year after)	In Horizon Europe, we calculate the daily rate per calendar year. You multiply the actual personnel costs for the person of a calendar year with the numbers of days worked on the project during that year.

#	ORIGINAL PARTICIPANT QUESTION	ANSWER BY MELANIE BÜSCHER
136	How to deal with the different rates for different countries - e.g., 2 researchers are doing the same tasks with equal effort (p/h) but the remuneration will differ greatly? How to make partners at least "ok happy" :)	As a general rule, Horizon Europe contributes to the actual costs incurred by the beneficiaries. There is a difference in salary in different countries, and this means that since their costs are higher, some partners will get a larger budget than others even though their effort might be the same.
137	Are there different regulations (e.g., a certain % of the possible budget, certain role) for micro, SME, and Large companies?	As a general rule, Horizon Europe contributes to the actual costs incurred by the beneficiaries, so it really depends on their role. When putting together the consortium, you would want the best people to solve the task at hand. This could be a small company or a large one. Unless stated explicitly in the call for proposals, it really depends on their role in the project.
138	Does the new name of 3rd parties will be affiliated entities in HEU?	Yes. The wording changes for HE, but the meaning is the same.
139	Which percentage of the company do you have to own to be considered a SME owner	You have to be the owner or co-owner of the SME, but cannot receive a salary. We do not have the Annotated Model Grant Agreement for Horizon Europe yet, but I assume that the specifications for Horizon 2020 continue to apply (see page 76 of the H2020 AGA).
140	Within a topic, after the evaluation process, will a proposal with a lower budget request be favored?	The evaluation criteria are already published, and requested EU contribution is not one of them.
141	Considering hiring a researcher who will dedicate 100% of her/his time to the project, would a cost of laptop for this person be eligible and could be included in the budget?	Most likely, this will have to be covered under the 25% indirect costs, unless you can argue it is really a very special laptop needed for this particular project.
142	Is the affiliated entity the same as linked third party?	Yes. The wording changes for HE, but the meaning is the same.
143	Do affiliated parties have to be declared upon submission?	Yes. Very important, if they want to work on the project.
144	Social impact, could you please explain a little bit? Thank you!	I would recommend you to take a look at the Horizon Europe work programmes soon to be published, as well as the Strategic Programme for the first rounds of work programmes. In short, Horizon Europe really wants you to make a difference in society with your project and its results.
145	Third parties will work in the same way that H2020?	Yes
146	How the HE financial guidelines define personnel cost? Must be employment based, or there are other alternatives as well? Not referring to subcontracting	Check out article 6 of <a href="#">the HE Grant Agreement</a> .
147	In general, what percentage (%) is the personal income for project coordinator? 25% up to 40%?	As a general rule, HEU contributes to the actual costs incurred by the beneficiaries, so it really depends on your calculations. There is no rule as to how much project management should take up. Different consultants recommend different numbers, and you can find them by searching the internet.