



H2020 Financial Management

Personnel costs

Additional remuneration

Final Meeting of the WG 2 Finance
COST Targeted Network TN1302: BESTPRAC

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New definition of additional remuneration

WHAT IT MEANS?

- ✓ New definition of basic remuneration - basic remuneration (i.e. the payments for the employee's normal work and participation in projects — up to what is the beneficiary's usual remuneration practice for **national projects***)

***National projects** are to be understood in the large sense, meaning all types of projects funded under any type of national (public or private) funding scheme (including projects co-financed by EU funds that are managed by the Member States, *e.g. regional funds, agricultural and fisheries funds*).

Projects from EU programmes directly managed by the Commission/Agencies or their funding bodies (*e.g. LIFE, ERASMUS, Health, etc.*) do not, however, qualify as national projects (but as EU/international projects).

New definition of additional remuneration WHAT IT MEANS?

- ✓ New definition of additional remuneration - for non-profit legal entities: **additional remuneration** (i.e. extra payments made for the participation in projects — above the beneficiary's usual remuneration practice **for national projects***).

Additional remuneration is in practice an issue ONLY for case 1B beneficiaries. All other beneficiaries will automatically fall under 'basic remuneration only' and therefore are not concerned by the provisions on additional remuneration.

New definition of additional remuneration

WHAT IT MEANS?

- ✓ New method of calculating hourly rate - The calculation of the hourly rate will differ (*per type of beneficiary/employee*) depending on the remuneration practices of the beneficiary:
 - Case 1: beneficiaries declaring personnel costs as actual costs
 - Case 1A: employee whose remuneration is not project-based (i.e. same remuneration, regardless if they are involved or not in specific projects)
 - Case 1B: employee whose remuneration is project-based (i.e. different remuneration levels, depending on whether they work in specific projects or not)
 - Case 2: beneficiaries declaring personnel costs as unit costs in accordance with the usual cost accounting practices (average personnel costs)
- ✓ *Additional remuneration is in practice an issue ONLY for case 1B beneficiaries. All other beneficiaries will automatically fall under 'basic remuneration only' and therefore are not concerned by the provisions on additional remuneration.*



How to calculate direct personnel costs for employees (or equivalent):

- **For case 1A beneficiaries (actual costs, not project-based remuneration): 2 steps**
 - ✓ Step 1 — Calculation of the hourly rate (for each employee)
 - ✓ Step 2 — Multiplying the hourly rates by the hours worked on the action

How to calculate direct personnel costs for employees (or equivalent):

- **For case 1B beneficiaries (actual costs, project-based remuneration): 4 steps *NEW***
 - ✓ Step 1a — Calculation of the reference hourly rates
 - 1) Action reference
 - 2) National project reference
 - ✓ Step 1b — Comparing the action reference with the national project reference
 - ✓ Step 2 — Calculation of the hourly rate (for each employee; on the basis of basic remuneration)
 - ✓ Step 3 — Multiplying the hourly rate by the hours worked on the action
 - ✓ Step 4 — For non-profit legal entities: addition of the additional remuneration (if any)

New definiton of Supplementary contracts

Supplementary contracts for participation in projects (whatever their form) are acceptable if it is the beneficiary's usual practice and compatible with national law. The remuneration will be qualified as basic or additional remuneration, depending on the scope (national OR EU/international) and amount (above, equal or below usual remuneration practices for national projects).



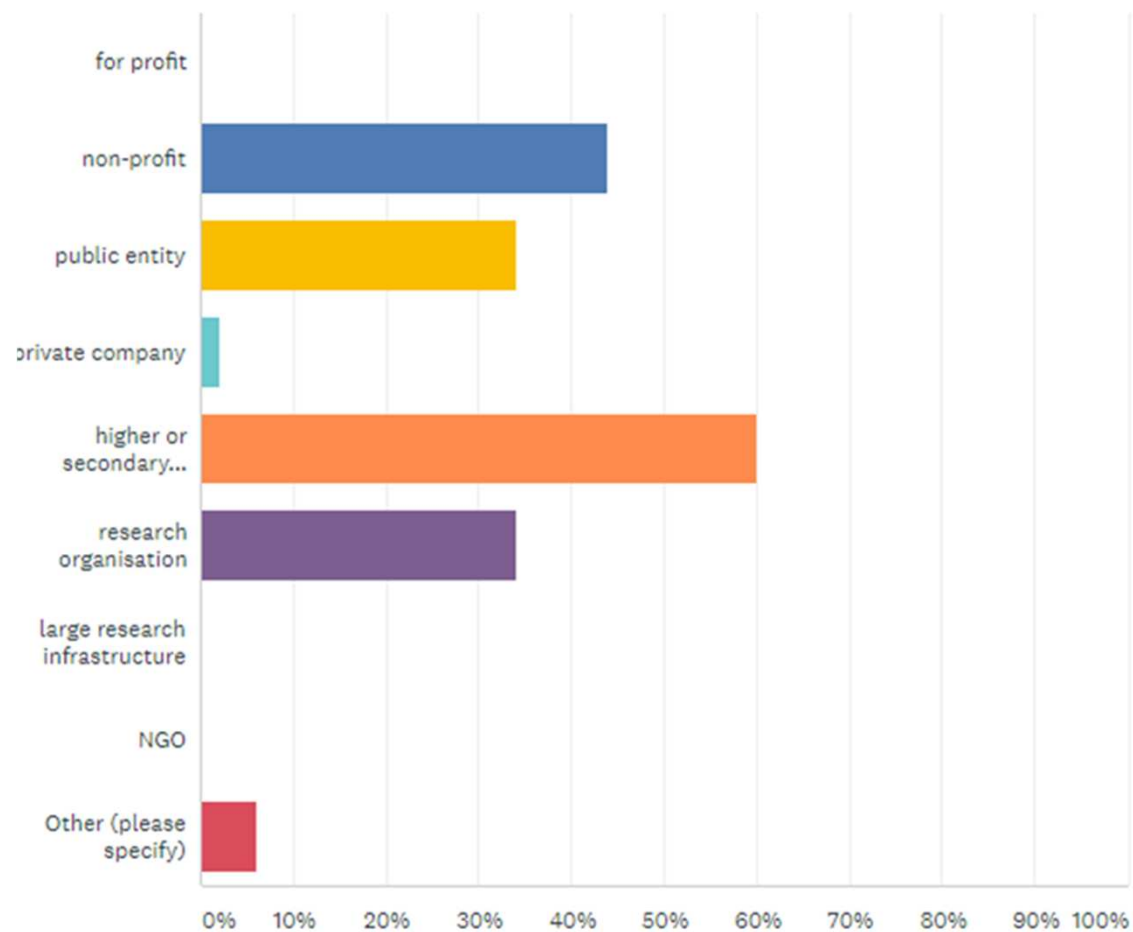
Results of survey

“Remuneration of researchers in H2020”



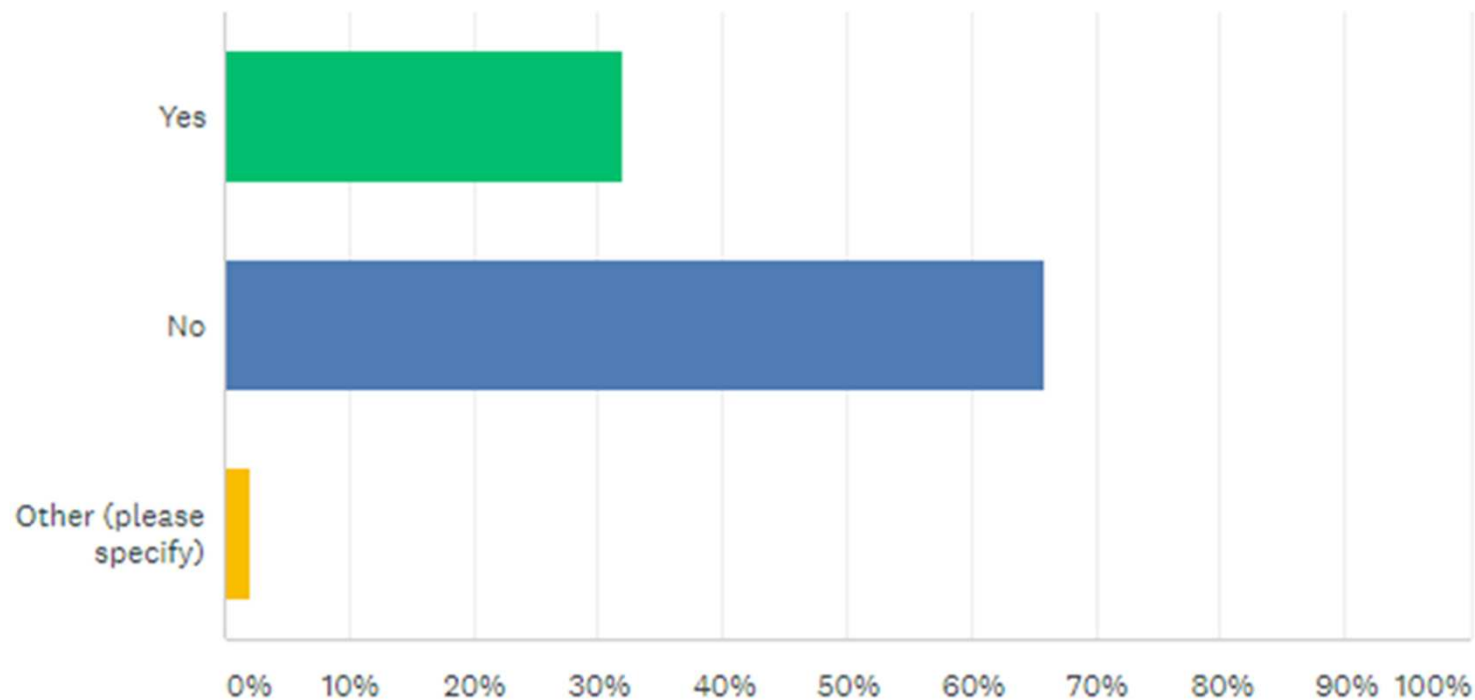
Countries of respondents	
Country	Frequency
Romania	2
Spain	2
Malta	2
Iceland	1
Turkey	1
Austria	3
Albania	1
Moldavia	1
Croatia	1
Republic of Serbia	4
Finland	2
Luxembourg	1
Switzerland	6
Latvia	2
Ireland	4
Poland	3
Macedonia	1
Germany	3
Israel	1
United Kingdom	1
France	3
Netherlands	2
Portugal	1
Slovenia	3
Belgium	1
Joint Meeting of WG1/WG2/WG3, Brussels, Belgium SUM: 25 countries	52

Type of institution



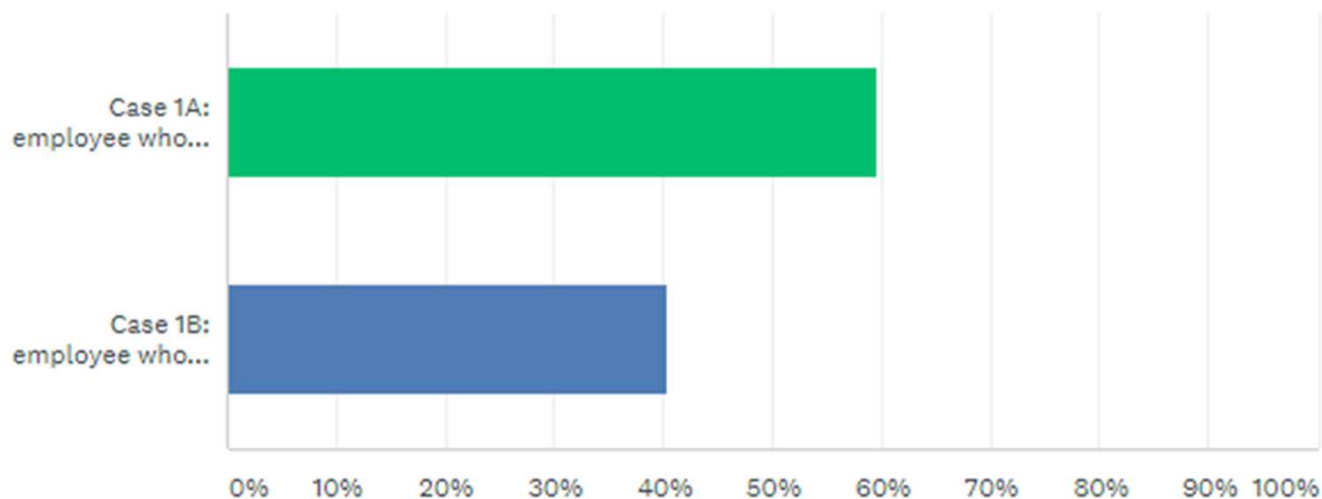


Use of additional remuneration as an option for paying researchers





Category of beneficiary (Case 1 - in reference to annotated model grant agreement: V4.0 - 21.04.2017)



Case 1A: employee whose remuneration is not project-based - 59.57%

Case 1B: employee whose remuneration is project-based - 40.43%



CONCLUSIONS

- After the analysis of the survey
 1. The majority of respondents do not use additional remuneration although, for some of them, this is acceptable under EC regulations (23 percent)
 2. A significant number of respondents are using additional remuneration, although, in accordance with new rules, they are not allowed to (15 percent).
- After analysis of the survey, the conclusion is that a significant number of beneficiaries did not read the new rules in detail, believing they do not apply to them. This can results in potential serious problems for these beneficiaries



CONCLUSIONS

Problems have been noted when new rules are introduced during project implementation

According to the European Commission Memo from February 27, 2017:

Which grants can benefit from the new provisions?

*Following the modification of the Model Grant Agreements, **the new definition of additional remuneration** is automatically applicable to all on-going and future Horizon 2020 grants. It also applies, therefore, retroactively to all grants that are ongoing at the time of adoption. There is no need for amendments of the individual grants to benefit from the new definition. It is directly applicable.*

Is this only a new definition of the notion “additional remuneration”?



CONCLUSIONS

- Big changes have been introduced while only announcing the amendments to the definition of Additional remuneration.
- Changes to the GA have been finalized in February, while the clarification have been issued in April. What is the starting date for implementing new rules, February or April? ***What in the case of an audit?***

Thank you!

