CZECH FAQS CONCERNING THE CALCULATION OF ELIGIBLE PERSONNEL COSTS

(HORIZON EUROPE)

November 2026

This document is a comprehensive collection of frequently asked questions regarding financial issues in Horizon Europe (HE), compiled from inquiries submitted to the Research Enquiry Service of the European Commission by Czech National Contact Points on behalf of Czech beneficiaries from 2021 to November 2026. Additionally, it incorporates a selection of FAQs provided by our NCP colleagues from across the European Union.

The purpose of this document is to clarify areas of confusion and uncertainty; however, it does not hold any legal authority. This compilation includes the questions related to personnel costs in HE projects. For other FAQs (general, MSCA and ERC), please refer to the separate documents prepared by the Technology Centre Prague.

FAQs appended after November 2026 are distinguished with exclamation mark ⚠

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Day-equivalent - compulsory template of time declaration

The **template** of the Time declaration provided on the FTOP is a **compulsory** template (it is not possible to create own layout of monthly declaration). Correct?

E-mail communication – COM, DG RTD – H1, March 7, 2022

The template accessible via a link in the pre-draft AGA and on the portal's reference document page is **indeed the template** to be used to declare the number of days spent for the action. If the use of this template raises an issue, please let us know the reason.

However, beneficiaries who have a **reliable time recording** system as part of their usual management practices may use it to support the number of days charged to Horizon Europe grants. In that case, they would not fill in the Time declaration.

Day-equivalents - possibility to modify the time declaration

I have an additional question. In terms of documenting personnel costs in Horizon Europe projects - would it be acceptable if the monthly declaration on days spent for the action were kept for the entire reporting periods (rather than per calendar year)? The provided template is per calendar year, nonetheless, I understand that the **beneficiaries can modify the template** to fit their needs as well.

Case 101000462695, May 10, 2022

According to Article 20.1 (e) of the Horizon Europe Model Grant Agreement (HE MGA), for the recording of personnel costs, time worked for the beneficiary under the action must be supported by declarations signed monthly by the person and their supervisor, unless another reliable time-record system is in place.

Therefore, in cases that the reporting period is different than the calendar year, **the Beneficiaries can adapt the monthly declaration template in order to include all the months of the same reporting period**.

Day-equivalents - reliable time recording

I have an additional question concerning Horizon Europe and day equivalents. Beneficiaries who have reliable time recording system may use it to support the number of days charged to HE grants (i.e. they do not need to fill in the Time declaration). **What is meant by the "reliable time recording"?**

- Are there any minimum requirements for timesheets (see H2020) or is it enough that timesheets are "dated and signed at least monthly by the person working for the action and their supervisor"?
- The usual practice of many Czech beneficiaries is to use different timesheets for different grant providers (depending on their minimal requirements). Can specific timesheets used only for HE/H2020 be considered "reliable" (i.e. in other projects different/ no timesheets are used) or Time declaration has to be used in such case? In other words, does the same template of the timesheet have to be used consistently both in H2020/HE projects and non-EU projects or not?

Case 160627, May 13, 2022

We understand that your question relates to the requirements that needs to be fulfilled for time rules (i.e. applying to different EU programmes using the corporate MGA). In that respect, current draft annotations related to record-keeping as set out in Article 20 of the pre-draft AGA (page 119) are still subject to a review and clarification process from Commission services. Therefore, the below explanations reflect the current state-of-play.

Based on this, we would like to recall that, under Horizon Europe rules, the time worked under the action must be supported by a monthly declaration on days worked on the project (corporate template provided in the AGA, please see below), unless another reliable time-record system is in place. It is expected that the beneficiary applies the same choice at least per group of personnel employed under similar conditions.

In reply to your first question, the annotations to Article 20 clarify that **reliable time records need to include 1) the hours worked on the action, and at least monthly, 2) the date and the signature by the person working for the action and 3) the date and the signature of their supervisor**. If the time recording system is computer-based, the signatures may be electronic.

Although no specific template for time-sheets is provided by Horizon Europe programme (unlike under H2020), in order to provide a proper link between the hours worked and to the person working for the action and their supervisor, **it is expected that time records should indicate the information that are required in the template for the monthly declaration of time (e.g. project number, acronym, etc.).**

In reply to your second question, **there is no requirement to use the same template of timesheet consistently in H2020/HE projects and non-EU projects**.

Day-equivalents – separate time declaration for separate projects

Is it expected that in Horizon Europe each personnel will have a separate Time declaration for work in each Horizon Europe project? If one personnel has two Horizon Europe projects, two Time declarations have to be filled in by the personnel (considering different months/duration of the reporting period) or one is sufficient (it is up to the decision of the beneficiary)?

E-mail communication – COM, DG RTD – H1, January 13, 2023

The template made available on the Funding and Tender Opportunities Portal is **designed to be filled in per project**. If a beneficiary adapts it to cover different EU projects, this would be under its responsibility.

Day-equivalents – time records or declaration – option chosen applied consistently

For persons who work for the action the beneficiary may either use reliable time records (i.e. time-sheets) or sign a monthly declaration. The **option chosen must be applied consistently** (using the same option at least per group of personnel employed under similar conditions -e.g. same type of contract, same cost-centre). Consistently mean "at the level of the project" not "at the level of the beneficiary", i.e. employees in one HE project of the beneficiary can use timesheets and employees of the same beneficiary in different HE project can use declarations. Logically the relevant period for which the consistency is checked is the reporting period of relevant HE project (not the calendar year). Correct?

E-mail communication – COM, DG RTD – H1, March 7, 2022

Article 20 GA provides that the time worked under the action must be supported by declarations, unless another reliable time-record system is in place.

If the beneficiary does not have a reliable time-record system, it will have to systematically use declarations. Differently, if the beneficiary has a reliable time-record system, it does not need to fill in the time declarations. ***If it decides****, nonetheless,* ***to run both systems in parallel*** *(keeping its usual time-records - i.e. timesheets - and time declarations), please keep in mind that in case of* ***discrepancy*** *only the set of documents recording the lower amount of days will be accepted.*

The Commission services are working on updated annotations in the Annotated Model Grant Agreement (including for Article 20). Therefore, the below explanations reflect preliminary views and do not prejudge any final position of the Commission and thus may be subject to change.

It is expected that the beneficiary applies the same choice at least per group of personnel employed under similar conditions (e.g. same staff category, same type of contract, etc.). ***Mixed use of different records, if not sufficiently justified, as well as significant discrepancies may be seen as affecting the reliability of the records.***

Maximum declarable day-equivalents – period of the employment at the beneficiary

(215/12) is multiplied by the number of months during which the person is employed. **"Employed" is meant as "period of the employment of the personnel at the beneficiary"** during the reporting period, not "period of working at the action" (example 1: reporting period 01/06/2022 – 31/05/2023, existing employee of the beneficiary, Mr. XY working on the project in 01/01/2023 – 31/05/2023 → maximum declarable day-equivalents = 215/12 x 12; example 2: the same reporting period, but Mr. XY is hired by the beneficiary on 01/01/2023 to work on the project → maximum declarable day-equivalents = 215/12 x 5). Correct?

E-mail communication – COM, DG RTD – H1, March 7, 2022

The number of maximum declarable day-equivalents takes into consideration **the length of employment of the person during the reporting period**; if the period of employment of the person by the beneficiary is only 5 months during the reporting period, (215/12) is multiplied by 5 for the calculation of the maximum declarable day-equivalents. This ensures proportion with the actual personnel costs recorded in the accounts.

Besides, the time worked on the action is reflected via the number of recorded day-equivalents actually worked on the action (the declared number of day-equivalents is in any case capped at the maximum declarable day-equivalents). Moreover, the number of day-equivalents declared, for example in the monthly time declarations, must be compatible with national labour law and the employment contract.

Rounding to the nearest half-day - rounding

Number of 5,25 should be rounded as 5,5. Correct?

E-mail communication – COM, DG RTD – H1, March 7, 2022

If it happens that the number of days is **xx,25 or xx,75**, the number could be rounded to the nearest **half day above** (5,5 in your example).

I have an additional question. Number xx,747 should be rounded as xx,5. Correct?

E-mail communication – COM, DG RTD – H1, January 13, 2023

Yes, that is correct.

Rounding to the nearest half-day - only the sum of the day-equivalents

Days recorded in the monthly declaration (template of the Time declaration) do not need to be rounded to the nearest half day (it can be e.g. two decimal places), **only the sum of the day-equivalents for the whole reporting period** used to calculate the personnel costs have to be rounded to the nearest half-day.

E-mail communication – COM, DG RTD – H1, March 7, 2022

Correct, **only the overall number for the whole reporting period must be rounded** to the nearest half day.

I have an additional question. Days recorded in the monthly declaration do not need to be rounded to the nearest half day, only the overall number for the whole reporting period must be rounded. What about the s**um of the day-equivalents for the whole calendar year used to calculate the Horizontal ceiling**? We assume this sum has to be rounded to the nearest half day, too. Correct?

E-mail communication – COM, DG RTD – H1, January 13, 2023

Neither the number of days recorded in the monthly declaration **nor the sum of the day-equivalents for the whole calendar year** must be rounded to the nearest half day.

Rounding to the nearest half-day - only for final figure of maximum declarable day-equivalents

Rounding is necessary to be performed **only for final figure of maximum declarable day-equivalents**, not for identifying pro-rata figures for different parts of the reporting period, i.e. correct calculation is (((215/12) x 10) x 1)) + (((215/12) x 8) x 0,5))) = **179,167 + 71,667** = 250,834 = 251 (not rounding of both additions: 179,0 + 71,5 = 250,5).

E-mail communication – COM, DG RTD – H1, March 7, 2022

Similarly to the above answer, the **rounding of day-equivalents concerns only the overall number for the whole reporting period**. The beneficiary should not round numbers covering shorter time spans than the reporting period or add up figures already rounded to obtain the number per reporting period.

Horizontal ceiling – calculation and difference from reporting period ceiling

Horizontal ceiling has to be calculated separately **per each calendar year** (not per reporting period). Correct?

E-mail communication – COM, DG RTD – H1, March 7, 2022

Correct, to avoid double-funding of personnel cost, the actual number of day-equivalents declared across EU and Euratom grants cannot be higher than 215 per calendar year (horizontal ceiling).

In addition, the number of days-equivalents to be declared is capped at the maximum declarable day-equivalents per reporting period.

I have an additional question concerning Horizon Europe and "Horizontal ceiling" and "Reporting period ceiling".

1. Is our understanding of these two terms described below correct?

The **Horizontal ceiling** has to be considered per each personnel per each calendar year and all EU and Euratom grants have to be taken into account (i.e. the actual number of day-equivalents declared across EU and Euratom grants cannot be higher than 215 per calendar year)

The **Reporting period ceiling** has to be considered per each personnel per reporting period and only the relevant Horizon Europe grant is taken into account (i.e. the number of days-equivalents to be declared in certain Horizon Europe project is capped at the maximum declarable day-equivalents per reporting period).

2. Considering the Reporting period ceiling, are the two examples described below correct?

Horizon Europe project with 2 reporting periods (RP): 1RP (1/1/2022 – 30/6/2023), 2RP (1/7/2023 – 31/12/2024). Employee working full time on the Horizon Europe project for the whole duration of the action.

- Example 1: Day-equivalents worked in the action according to the Time declaration:
  - 1/1/2022 – 31/12/2022: 215
  - 1/1/2023 – 30/6/2023: 107,5
  - maximum declarable day-equivalents for RP1 = 215/12 * 18 = 322,5 (which equals 215 + 107,5 and is therefore correct)
  - 1/7/2023 – 31/12/2023: 107,5
  - 1/1/2024 – 31/12/2024: 215
- Example 2: Day-equivalents worked in the action according to the Time declaration:
  - 1/1/2022 – 31/12/2022: 215
  - 1/1/2023 – 30/6/2023: 115

- maximum declarable day-equivalents for RP~~12~~ = 215/12 * 18 = 322,5 (215 + ~~12~~15 equals 3~~0~~0 which is higher than maximum, therefore for the calculation of eligible personnel costs, only 322,5 can be used)
- 1/7/2023 – 31/12/2023: 100
- 1/1/2024 – 31/12/2024: 215

3. If it was H2020 in example 2, it would be possible to use number 3~~0~~0 (resp. relevant number of hours) to calculate eligible personnel costs, correct?

Case 160867, May 23, 2022

On your **first question**, under Horizon Europe rules, the definition of 'horizontal ceiling' given in your inquiry is correct. Indeed, this capping is aimed at avoiding double funding of personnel costs and is to be complied with across EU and Euratom grants of a given calendar year.

As regards, the second 'reporting period ceiling', this represents the maximum declarable day-equivalents for a given individual for a given reporting period (i.e. with a corresponding start date and end date). In that respect, compliance with this ceiling is to be applied intrinsically for each given Horizon Europe grant concerned.

Regarding your **second question**, we would like to recall that the Research Enquiry Service provides general guidance only but cannot comment or validate the specificities of a particular case.

Based on the information that you provided in your **Example 1**, for both the 18-months reporting periods (RP1 and RP2), for a person working full-time during the action, the maximum declarable day equivalents must be calculated as follows: ((215 / 12) x 18) x 1) = 322,5

Therefore, the calculations applied to this Example are **correct** and, in your case, the value of 322,5 maximum declarable day equivalents must be applied to both RP1 and RP2.

However, the calculations presented in your **Example 2** are not very clear to us.

More particularly, we do not understand what you refer to when you state that '215 + 215 equals 300'. We think there must some errors/typos there.

In your **RP1**, the sum of declarable day equivalents are actually 215+115= 330, which is higher than 322,5, which represents the maximum declarable day equivalents within this particular reporting period. Therefore, **the total number of declarable day equivalents worked in the action must be capped at 322,5 for RP1** (as described in the Example 1 above) and all the day equivalents over this value must be excluded from the personnel costs calculation.

In your **RP2**, the sum of declarable day equivalents (100 + 215 = 315) within this reporting period is lower than 322,5. In this case, **315 day equivalents may be used to calculate the personnel costs in the action for the RP2**.

Regarding your **third question**, please note that the two formulas under H2020 and under Horizon Europe are not really comparable as they are based on different methodologies with different time basis, i.e.:

Under Horizon Europe, and based on the two examples that you provided, **215 represents the "horizontal ceiling"**: the total number of day-equivalents declared in all EU grants, for a person and for a full financial year (please see page 33 of the pre-draft AGA). **322,5 represents the "reporting period ceiling"**: this value corresponds to the maximum of declarable day-equivalents for the whole

duration of both RP1 and RP2 (18 months each with the employee working full time in the HE action, in the case you describe) and must be used to determine the daily rate per person and per action.

Under H2020, where the calculation of personnel costs is based in hours worked on the action (and not in day equivalents), the ceiling corresponds to the **total number of hours declared in EU or Euratom grants, for a person for a full financial year**, which cannot be higher than the annual productive hours used to determine the hourly rate.

Horizontal ceiling – pro-rata calculation of 215

The number of **215 has to be calculated-pro rata** only in case of part-time employment of the personnel at the beneficiary and in case of employment of the personnel at the beneficiary for only part of the calendar year (neither the duration of the reporting period in the relevant calendar year is relevant, nor the period of work of the personnel in the action during the relevant year is relevant; full-time or part time work of the personnel on the action is not relevant, either).

E-mail communication – COM, DG RTD – H1, March 7, 2022

The horizontal ceiling for the number of day-equivalents that can be declared across EU and Euratom grants per calendar year is 215, or the corresponding pro-rata by multiplying 215 by the working time factor. The pro-rata takes into consideration:

- **the length of the employment** when the employee has not worked the full year for the beneficiary; and

- **part time work**, i.e. if the employee's contract precisely states (or allows to determine) a precise percentage of a full time equivalent (FTE) covered by such contract.

I have an additional question concerning Horizon Europe and personnel costs - horizontal ceiling of 215 and pro-rata calculation. Pro-rata calculation takes into the consideration part time work (e.g. 0,5 FTE). **Is pro rata-rata calculation relevant also for e.g. 1,2 FTE** (if allowed by national legislation)?

Case 242842, July 1, 2022

In the specific case where an employee would represent **more than 1 Full-Time Equivalent** (FTE), and provided this is in compliance with the applicable national labour legislation, **this can be reflected** in the corresponding pro-rata calculation for both:

1. the maximum declarable day-equivalent in the daily rate calculation and

2. the horizontal capping of 215 per calendar year.

Horizontal ceiling and reporting period ceiling – project-based remuneration

In Horizon Europe for calculation of eligible personnel costs **double capping has to be reflected**:

- Horizontal ceiling: the actual number of day-equivalents declared across EU and Euratom grants cannot be higher than 215 per calendar year
- Reporting period ceiling: the number of days-equivalents to be declared is capped at the maximum declarable day-equivalents per reporting period

Are both of these ceilings **applicable also to the project-based remuneration or not**? In case of positive reply, which way (please explain more how action daily rate and national project daily rate and affected)?

Case 199587, July 1, 2022

The horizontal ceiling does not apply to project-based remuneration, due to the very specific nature of it, i.e.: here, the whole calculation exercise is to actually isolate the project-based remuneration paid for the time spent on a given HE project, but not considering the whole working time of a given individual.

For the second **ceiling over the reporting period**: As per the action daily rate formula for project-based remuneration, this ceiling is logically **set at the number of 'day-equivalents worked by the person on the action during the months within the reporting period'**. Otherwise, you would declare more project-based remuneration costs than actually incurred. For the national project daily rate, this is irrelevant as this rate is to be solely determined for comparative purpose with the action daily rate.

Horizontal ceiling and reporting period ceiling – two Horizon Europe Projects

A full-time employee worked in 2022 on the implementation of two Horizon Europe projects. According to his monthly declarations, he devoted 205,3 day-equivalents to the implementation of Project 1 and 15,5 day-equivalents to Project 2.

The total day-equivalents of the specific employee for 2022 is 220,8 which exceeds the Horizontal Ceiling (215 day-equivalents) by 5,8 Days. The question raised is how the horizontal ceiling – in this case, the reduction of the 5,8 days - will be applied?

Is it OK the 5,8 days be taken off from one project. i.e to claim:

- 199,5 day-equivalents in Project 1 and 15.5 day-equivalents in Project 2

OR

- 205.3≈205,5 day-equivalents in Project 1 and 9,7≈9,5 day-equivalents in Project 2

OR the reduction should be proportional to the day-equivalent of each project i.e. [205,3 - (5,8/220.8) * 205,3=199,9≈200] for project 1 and [15,5 - (5,8/220.8)*15,5=15,1≈15Days] for project 2?

Similarly, how the horizontal ceiling is applied if the employee works during a calendar year in 3 or more projects? Finally, when the rounding to the closest 0,5 days is applied?

Case 3041691, November 10, 2023

Thank you for consulting the legal and financial helpdesk.

The "*horizontal ceiling*" definition is provided in Article 6.2.A.1 of the Horizon Europe Model Grant Agreement ('HE MGA'), namely that beneficiary must ensure that the total number of day-equivalents declared across EU and Euratom grants for a researcher does not exceed 215 days per calendar year.

In practice, the element to be taken into account is **the chronological aspect** of the EU and Euratom projects in which the person is involved and for which project you have already reported personnel costs.

In this respect, as it would be unlikely that projects have the same reporting period end date, **the beneficiary should declare all the day-equivalents in the project with the reporting period that comes first**. Then, for the second project, the beneficiary can adjust the number of day-equivalents to respect the horizontal ceiling rule for the year at stake covered by the reporting period.

In any case, the number of projects a person works on in a year is not relevant; you must still adhere to the horizontal ceiling, even for employees dedicated to only one project or several. The logic explained above, for complying with the horizontal ceiling rule, would also apply where more than two EU/Euratom projects are running in parallel.

The rounding should be done only for the calculation of the total maximum declarable day equivalents and total number of day-equivalents worked on the action while calculating the total personnel cost of a person during reporting. **You should not make the rounding for calculation of horizontal ceiling.**

For more details please consult Annotated Model Grant Agreement, notably annotations to Article 6.2.A.1 and Article 20 ('AGA' v 1.0 of 1 April 2023, available here: aga_en.pdf (europa.eu))

⚠ **Horizontal ceiling – application to persons working on a single EU project**

There have been two contradictory answers in the past from the RES:

- Enquiry #4484451 explained that "Consequently, the horizontal ceiling does not apply in the case of a person working in only one EU grant in a given year."

- Enquiry #4087126 explained that "However, please note that the 215-days ceiling applies equally to employees who work in a single EU action per year."

We wish to obtail clarification on the application of the horizontal ceiling in Horizon Europe (i.e. 215 days).

Example:

1.) A works full-time on several EU projects; the number of day-equivalents in all EU projects is 230 days.

--> It is clear from the AGA that **in this case the 215-day ceiling applies** and the Beneficiary cannot declare more than 215 day-equivalents for the person for all EU grants in one calendar year.

2.) A works full-time on one single EU project; the number of day-equivalents in this EU project is 230 days.

--> It is not clear, neither from the AGA nor from the two contradictory RES answers, **whether in this case the 215-day ceiling applies or not**. Though, we assume it would be logic if it would apply here as well.

In case that the 215-day ceiling also applies in example 2 (i.e. that also for a person working only on one single EU project in a given calendar year only a maximum of 215 day-equivalents can be declared), we suggest to adapt the AGA on page 51 ("In case of work on multiple actions per year (...)") accordingly and to describe clearly that it applies in any case, whether the person is working on one single or several EU projects.

Case 5310516, February 10, 2025

The primary purpose of the horizontal ceiling is to prevent the double funding of personnel costs. As explained in the Annotated Grant Agreement ('AGA' v1 of 1 May 2024, available at: aga_en.pdf, page 51), the horizontal ceiling applies only in case of work on multiple actions per year, where the total number of day-equivalents declared across EU grants for the person cannot be higher than 215 per calendar year (or the corresponding pro-rata by multiplying 215 with the working time factor).Therefore we can confirm that **this check is relevant only for personnel working on multiple projects within a given year**. Additionally, the limit on maximum declarable day equivalents during the reporting period ensures that beneficiaries cannot declare more day equivalents than allowed. This prevents beneficiaries from receiving more reimbursement than the costs actually incurred.

Based on the information you have provided, it appears that the situation you describe involves a **person working on only one EU project**. Therefore, in principle, **the horizontal ceiling would not apply**.

⚠ **Horizontal ceiling – calculation for beneficiaries acceding after the action start**

Question refers to the calculation of personnel costs under Horizon Europe for beneficiaries who accede to the grant agreement after the start of the action. The calculation of the maximum declarable day-equivalents takes into consideration the length of employment of the person during the reporting period but, it is not clear for me what would be the case for personnel already employed by the beneficiary before acceding to the GA.

In the example given:

- Reporting Period running from 01/09/2022 to 29/02/2024 (18 MONTHS).
- The beneficiary accedes to the GA after the start of the action: 01/12/2022 (15 MONTHS).
- A fulltime employee starts working on the action on 01/12/2022 but was already employed by the beneficiary (let's say from 01/01/2022). Consequently, the beneficiary has incurred in personnel costs from the whole reporting period (01/09/2022 to 29/02/2024 (18 MONTHS).

The question is, **what is the reporting period to be used** considering that the beneficiary has incurred in personnel costs from the beginning of the GA (01/09/2022)?

a) **from 01/09/2022 to 29/02/2024** (i.e., from the whole reporting period of the action)

b) **from 01/12/2022 to 29/02/2024** (i.e., from the accession date until the end of the reporting period of the action).

c) both

d) another

Case 3863496, April 25, 2024

We understand that you would like to know what are the points of reference, time-wise, to be taken into account when calculating the daily rate for a personnel already employed when its employer/beneficiary joined the grant agreement.
As explained in the AGA, the daily rate is to be calculated over a reporting period as follows:

(actual personnel costs during the months within the reporting period} divided by (maximum declarable day-equivalents)
And where the maximum declarable day-equivalents over a reporting period are calculated as follows:

{((215 / 12) multiplied by the number of months [during which the person is employed] within the reporting period) multiplied by the working time factor

For both the actual personnel costs and the maximum declarable day-equivalents in the context of a daily rate calculation over a given reporting period, the points of references are thus **the start and end dates of that reporting period during which the person is employed**.
Against that background, and in your example, we understand that the person would be employed already since 1 January 2022, while the start date of the reporting period would be 1 September 2022 and the end date 29 February 2024. In that context, **the points of reference during which the person is employed, time-wise, would be the 1 September 2022 and 29 February 2024** for calculating a daily rate for that person over this reporting period.

Please bear in mind, that there might be another parameter to take into account which is the working time factor of the personnel (e.g. for instance a full-time or part-time employee over the reporting period).

Eventually, it should also be reminded that **only the day-equivalents spent on the action can be considered** (and to be multiplied by the daily rate) to calculate the personnel costs over a given reporting period. In the example you describe, if the beneficiary to which the person is the employee has acceded to the grant agreement with no retroactive date but the date of 1 December 2022, it is understood that this person employed by this beneficiary has started working on the action as from 1 December 2022 and thus can only declared the day-equivalents spent on the action as from 1 December 2022 (and multiplied them by the daily rate calculated as explained above).

Horizontal ceiling - reference period for exchange rates and personnel cost calculations after accession

One of our client acceded to a running Horizon Europe project in month 15 of the project duration. The first reporting period lasts 18 months. I have two questions, the first related to the calculation of the applicable exchange rate and the other related to the calculation of personnel costs.

Q1: What exchange rate should be used by the client – **one calculated over the whole reporting period or one calculated over the months 15-18?**

Q2: What is the base for the personnel cost's calculation of the client? Should it be calculated **over the whole reporting period or over the months 15-18?**

Case 5197596, January 7, 2025

Regarding Q1, the average daily exchange rates under Article 21.3 of the HE MGA should be calculated **over the period from the date which the beneficiary accedes to the GA (provided that there is no retroactive effect) until the end of the reporting period**.

In reply to your Q2, please note that the HE Annotated Model Grant Agreement (p. 51) clarifies that, to calculate the daily rate, the number of months used for the calculation either equates the length of the reporting period or **the length of employment of the person during this reporting period, if the latter is shorter** (e.g. the person is newly hired or no longer employed at any point during the reporting period). From the information provided in your query, **the number of months during which the person is employed within the reporting period would be the months 15-18.**

⚠ Horizontal ceiling – guidance on conflicting daily rate calculation replies

I would like to revisit a previous response you provided, in which you advised my client to **contact their project officer** (see reply 5197596). Our Spanish NCP colleague has shared with us a response they received from you in a similar matter (see reply 3863496), which appears to indicate a consistent rule should apply.

Given this, I would appreciate your clarification, as **such guidance should not vary on a case-by-case basis depending on the individual project officer's discretion**. I would be grateful if you could review this and provide your feedback.

Case 5334891,February 17, 2025

Our reply below also concerns your previous query no. 5197596.

Regarding Q1, the average daily exchange rates under Article 21.3 of the HE MGA should be **calculated over the period from the date which the beneficiary accedes to the GA** (provided that there is no retroactive effect) until the end of the reporting period.

In reply to your Q2, please note that the HE Annotated Model Grant Agreement (p. 51) clarifies that, to calculate the daily rate, the number of months used for the calculation either equates the length of the reporting period or **the length of employment of the person during this reporting period, if the latter is shorter** (e.g. the person is newly hired or no longer employed at any point during the reporting period). From the information provided in your query, **the number of months during which the person is employed within the reporting period would be the months 15-18**. We hope that this clarifies your question.

Two Horizon Europe Projects with two different hourly rates

I have a follow up question to 101000488105 (see FAQ H2020) according to which the new employee hired to work exclusively on the H2020 action would qualify as not project-based for that financial year (even if a bonus for work in H2020 was paid).

We assume that this approach is relevant even in cases when this researcher worked in the relevant year exclusively on two different H2020 projects with different hourly rates (higher hourly rate in one

project is e.g. due to the work package leading). This situation would qualify as not project-based remuneration. Correct?

Based on the question 199832, it seems that it can be treated the same way for Horizon Europe. Correct?

Case 2641666, February 21, 2023

We understand from your question that you wish to know if it qualifies as project-based remuneration a case when a new employee is working exclusively in two different Horizon Europe projects with different hourly rates.

As stated in our previous reply to case 199832, please be reminded that project-based remuneration regards the persons for which the cumulative conditions are met:

• employees whose level of remuneration increases depending on whether they work in projects and;

• as a general rule, if a new employee is hired to work exclusively in a HE action, it is not expected that the person receives different remuneration levels depending on whether s/he works in specific projects or not, as it will presumably receive a fixed remuneration for its tasks solely in the HE project. Therefore, in principle it would not qualify for project-based remuneration.

This being said, in a case when the newly appointed employee is:

• working in one (HE) project at a given hourly rate

• and also working on another (HE) project with a higher hourly rate.

These above elements would actually point to the fact that this employee is receiving a project-based remuneration as per the cumulative conditions explained above. However, **if the higher salary in the other Horizon project is based on objective conditions and it would be paid irrespectively if the work would be done within a specific project or not, then the remuneration would be considered as non-project-based**. This may be the case, for example, if the beneficiary pays bonuses for working in nuclear research and the second Horizon project is in that domain, or if there is a generic bonus for acting as research team leader and the person has that role in the second project but not in the first one.

The same logic would apply to the participation in two Horizon 2020 projects.

Standard/corporate case (Case 1A) - half-year bonus

Variable complements (bonuses) can be included if "paid based on objective conditions (see footnote 3) set out at least in the internal rules of the beneficiary and paid in a consistent manner". Many Czech beneficiaries pay to the employees **a half-year bonus and a bonus at the end of the year**. The entitlement to these bonuses is based on an internal payroll regulation of the beneficiary (even if there is no explicit amount) and mostly paid in a consistent way with a reference to the evaluation form of the employee that specifies the particular amount (who got it, when, how much and for what). These bonuses are charged proportionally to all sources (EU, national, structural, internal) based on the activities of the employee. These bonuses have been fully accepted as eligible part of personnel costs when calculating eligible personnel costs (not project based remuneration) under

H2020. Considering above mentioned, these bonuses can be considered as fulfilling the objective conditions under Horizon Europe Rules (see footnote 3). Correct?

E-mail communication – COM, DG RTD – H1, March 7, 2022

We cannot establish the eligibility of specific bonuses on the basis of the information provided in your question. The requirement for objective conditions set out at least in the beneficiary's internal rules refer to criteria of **attribution that are not subject to arbitrary / discretionary decisions** and which allow to determine the allocation of the bonus. The internal payroll regulation can be considered as internal rules. However, the beneficiary must be able to demonstrate that these rules establish conditions that enable to **determine how the bonus will be allocated**. Moreover the bonus must be paid **in a consistent manner**.

Standard/corporate case (Case 1A) – bonus for publication and bonus for seniority

In Horizon Europe, can eligible personnel cost of an employee (i.e. the numerator of the daily rate) include following bonuses (we assume the case of an employment contract and standard case, not project-based remuneration)?

1) bonus for the time worked in the organization (e.g. bonus for 10 years in the organization paid in a consistent manner and based on objective conditions set out in the internal rules of the beneficiary)
2) bonus for a publication paid in connection with a project other than the HE project in question (paid in a consistent manner and based on objective conditions set out in the internal rules of the beneficiary)

Let's imagine a researcher working 50 % of his/her capacity on Horizon Europe (and 50 % capacity on national project) who received in the reporting period a salary of 72 000 euro, 4 000 bonus for 10 years in the organization and 1 000 euro for a finalization of a publication delivered for a national project. Daily rate eligible in Horizon Europe equals:

A. (72 000 + 4 000 + 1 000)/ maximum declarable day-equivalents or

B. (72 000 + 4 000)/ maximum declarable day-equivalents or

C. 72 000/ maximum declarable day-equivalents?

Case 2736816, March 7, 2023

Costs for employees under Article 6.2.A.1 of the Horizon Europe Model Grant Agreement ('HE MGA' available here: general-mga_horizon-euratom_en.pdf (europa.eu)) may include variable complements for personnel assigned to the action if that is the beneficiary's usual remuneration practice and the following conditions are complied with:

- they fulfil the general conditions for costs to be eligible (i.e. incurred by the beneficiary in connection with the action, necessary, etc; see Article 6.1(a) of the Horizon Europe Model Grant Agreement)

- they are paid in accordance with national law, collective labour agreement and the employment contract/equivalent appointing act, and

- the following specific conditions for variable complements are also fulfilled: they are paid based on objectives conditions set out, at least, in the internal rules of the beneficiary and they are paid in a consistent manner, i.e. not just for action supported by EU grants.

Against that background and based on the information you provided, **the bonus for the time spent in the organisation (that seems to be some sort of bonus for seniority) could be eligible** provided it complies with all the general and specific conditions set out in the HE MGA.

Regarding the **bonus for publication**, **if it is paid based on objective conditions in the framework of the employment relationship and it would be paid irrespectively if the publication is done in a specific project or not, then this bonus could be included in the daily rate** calculation under the general case, provided that the general and specific conditions set out in the HE MGA are complied with.

Standard/corporate case (Case 1A) – more contracts

All personnel costs and days relevant for the employee in the reporting period should be taken into account **regardless of the type of the contract and activities** (i.e. in case the employee has at the same time an employment contract for work in the HE action and an Agreement to perform work for teaching, both have to be taken into account to calculate the daily rate). Correct?

E-mail communication – COM, DG RTD – H1, March 7, 2022

We understand that you are referring to cases where the person **does not receive different remuneration** for work in specific projects compared with the remuneration s/he receives for other activities, and that the contract covering work for the HE action is NOT triggered by the participation in the HE action.

The below explanations reflect preliminary views and the envisaged approach for Horizon Europe as well as other EU programmes:

If a person is **employed with more than one employment contract** with the beneficiary (parallel or consecutive) during the reporting period, the beneficiary calculates a **single daily rate**. The actual personnel costs are the sum of the costs of all these contracts during the months within the reporting period. The maximum declarable day-equivalents is the sum of the maximum declarable day-equivalents calculated individually for each of these contracts during the months within the reporting period.

If the person works **under several direct contracts falling under Article 6.2.A.2 MGA** (costs for natural persons with a direct contract with the beneficiary) **or works under different types of contracts with the beneficiary** (for instance one employment contract and another contract falling under Article 6.2.A.2 MGA), **only the contract(s)** under which the person is working on the action will be taken into consideration for the calculation of the personnel costs, and there will be **no calculation of a single daily rate**.

I have an additional question. In your reply above you refer to the situation where the person **does not receive different** remuneration. However, in our question we are referring to the situation when the person **do receive different** remuneration. What will the situation in this situation look like?

See Case Case ID: 224807, June 14, 2022

COM REMARK: In our reply to Case ID 224807, please note that we addressed the cases where 1) the remuneration received under the direct contract is higher than that under the employment contract or 2) where the remuneration received under the direct contract is lower than that under the employment contract.

Project-based remuneration (Case 1B) – period for assessment

Assessment whether to apply 1B or not must be done over the whole reporting period (e.g. an employee gets a bonus anytime in the relevant reporting period), not separately for each calendar year. Correct?

E-mail communication – COM, DG RTD – H1, March 7, 2022

As the basis for calculating and reporting personnel costs would be the reporting period duration, **logically the 'classification'** of the remuneration type of a given individual (i.e. non project-based or project-based) would have to be assessed **over a whole reporting period**.

Project-based remuneration (Case 1B) – situations considered 1B

Following **situations are considered 1B case**:

- Employee is paid **extra bonus/merit pay** for participating in a specific project (EU, structural or national) charged only to specific provider's resources (e.g. only to HE),

E-mail communication – COM, DG RTD – H1, March 7, 2022

Project-based remuneration refers to cases where level of remuneration (daily rate, hourly rate) of a given individual increases when and because this individual **works in projects** (i.e. **any kind of project e.g. EU, national or other**).

Yet, project-based remuneration (**unless fall-back option**) must be paid in a consistent manner, i.e. not just for actions supported by EU grants. So, if employees receive only project-based remuneration for Horizon Europe actions, this will not be an eligible project-based remuneration scheme and the corresponding project-based remuneration received by the employee could not be charged to a Horizon Europe action.

E-mail communication – COM, DG RTD – H1, January 13, 2023

The reference in the parenthesis to '**unless fall-back option'** may be misleading. In all cases (including when using the so-called 'fall-back' option), a beneficiary must demonstrate that its **usual practice is to pay bonuses for work in national projects**.

- Researcher has an employment contract and an Agreement to perform work (at the same time) - s/he works in a **HE action under the Agreement to perform work at a higher** hourly rate than in the employment contract

E-mail communication – COM, DG RTD – H1, March 7, 2022

Correct, if the issuance of the '**Agreement to perform work' is triggered** by the researcher's participation in a given HE action and he/she gets a **higher** (hourly or daily) rate than in his/her employment contract.

- Employee has a salary statement where **the hourly rate of a specific project (EU, structural or national) is higher** than hourly rate of other activities of the employee under the same employment contract

E-mail communication – COM, DG RTD – H1, March 7, 2022

Correct, but in any case the daily rate to be used for the HE grant financial statements cannot be higher than the so-called 'national project daily rate'.

Project-based remuneration (Case 1B) – situations NOT/YES considered 1B

Is it correct that following **situations are considered 1A case**?

- Employee is paid **half-year bonus/merit pay charged proportionally** to all sources

E-mail communication – COM, DG RTD – H1, March 7, 2022

Correct, if the bonus/merit pay is not triggered by the participation to projects and if by 'charged proportionally to all sources' you actually refer to the fact that the personnel costs (including this bonus/merit pay) will be charged according to the actual time spent on a given action (at least for what regards Horizon Europe for actual costs-based grants). **Please note that the bonus must be paid based on objective condition as explained in an answer above.**

- Researcher has an employment contract and an Agreement to perform work with different hourly rate (at the same time) - s/he works in an HE action under the employment contract and the **Agreement to perform work is used to other not-project related activities** (e.g. review, translations, teaching – the hourly rate under the Agreement to perform work is irrelevant).

E-mail communication – COM, DG RTD – H1, March 7, 2022

We understand that the person has an employment contract that has not been specifically triggered by his/her participation in projects. Please see the reply above on calculations under 1A when there are several contracts.

See also Case replying to the additional question - ID: 224807, June 14, 2022

- Researcher has an employment contract and an Agreement to perform work with different hourly rate (they are not at the same time, they are **consecutive**)

E-mail communication – COM, DG RTD – H1, March 7, 2022

We understand that you are referring to cases where the person does not receive different remuneration for work in specific projects compared with the remuneration s/he receives for other activities, and that the contract covering work for the HE action is NOT triggered by the participation

in the HE action. Please see the reply above on calculations under 1A when there are several contracts.

I have additional questions. Below are more situations that can occur at our beneficiaries. Please, confirm to us that our understandings below are correct:

- If the person works **at the same time** (i.e. parallel) under **EMPLOYMENT CONTRACT** (national projects and teaching) and under **DIRECT CONTRACT** (Article 6.2.A.2 MGA; direct contract is **triggered** by the researcher's participation in a given HE action and he/she gets a **HIGHER** (hourly or daily) rate than in his/her employment contract), the beneficiary calculates project-based remuneration (1B) and the project reference rate equals the rate defined (resulting from) the direct contract. National reference rate is calculated based on the HE rules and formulas.
- If the person works **at the same time** (i.e. parallel) under **EMPLOYMENT CONTRACT** (national projects and teaching) and under **DIRECT CONTRACT** (Article 6.2.A.2 MGA; direct contract is **triggered** by the researcher's participation in a given HE action and he/she gets a **LOWER** (hourly or daily) rate than in his/her employment contract), the beneficiary calculates standard case (1A) and only the direct contract under which the person is working on the HE action will be taken into consideration for the calculation of the personnel costs, i.e. the daily rate equals the rate defined (resulting from) the direct contract (there will be no calculation of a single daily rate summing up costs of both the employment contract and direct contract).
- If the person is employed **at the same time** (i.e. parallel) with **two EMPLOYMENT CONTRACTS** (EC1: research activities including HE action and EC2: other activities, e.g. **teaching with LOWER** (hourly or daily) rate), the beneficiary calculates standard case (1A) and calculates a single daily rate. The actual personnel costs are the sum of the costs of all these contracts during the months within the reporting period. The maximum declarable day-equivalents is the sum of the maximum declarable day-equivalents calculated individually for each of these contracts during the months within the reporting period.
- If the person works **at the same time** (i.e. parallel) under **two DIRECT CONTRACTS with DIFFERENT** (hourly or daily) rate (Article 6.2.A.2 MGA; DC1 is triggered by the researcher's participation in a given HE action and DC2 is for other researcher's activities than HE action), the beneficiary calculates standard case (1A) and only the direct contract 1 under which the person is working on the HE action will be taken into consideration for the calculation of the personnel costs (there will be no calculation of a single daily rate summing up costs of both the contracts).
- If the person is employed with **two EMPLOYMENT CONTRACTS** with the beneficiary with **DIFFERENT** (hourly or daily) rate (but **consecutive**, not parallel) during the reporting period (none of the employment contracts is triggered by the researcher's participation in a given HE action), the beneficiary calculates standard case (1A) a single daily rate.
- If the person works under **two DIRECT CONTRACTS with DIFFERENT** (hourly or daily) rate (but **consecutive**, not parallel) (Article 6.2.A.2 MGA; DC1 is triggered by the researcher's participation in a given HE action and DC2 is for other researcher's activities than HE action), the beneficiary calculates standard case (1A) and only the direct contract 1 under which the person is working on the HE action will be taken into consideration for the calculation of the personnel costs (there will be no calculation of a single daily rate summing up costs of both the contracts).
- If the person works **consecutive** (not parallel) under **EMPLOYMENT CONTRACT** (HE action and other activities) and under **DIRECT CONTRACT** (Article 6.2.A.2 MGA; **other** researcher's

activities than HE action and he/she gets a **DIFFERENT** (hourly or daily) rate (higher or lower) than in his/her employment contract), the beneficiary calculates standard case (1A) and only the employment contract under which the person is working on the HE action will be taken into consideration for the calculation of the personnel costs (there will be no calculation of a single daily rate summing up costs of both the employment contract and direct contract).

- If the person works **consecutive** (not parallel) under **EMPLOYMENT CONTRACT** (HE action and other activities) and later on only under **DIRECT CONTRACT** (Article 6.2.A.2 MGA; direct contract is only for the researcher's participation in a given **HE action** and he/she gets a DIFFERENT (hourly or daily) rate (higher or lower) than in his/her employment contract), the beneficiary calculates standard case (1A) and both contracts under which the person is working on the HE action will be taken into consideration and single daily rate will be calculated.
- If the person works **at the same time** (i.e. parallel) under **EMPLOYMENT CONTRACT** (HE action and other activities) and under **DIRECT CONTRACT** (Article 6.2.A.2 MGA; other researcher's activities **than HE action** and he/she gets a **DIFFERENT** (hourly or daily) rate (higher or lower) than in his/her employment contract), the beneficiary calculates standard case (1A) and only the employment contract under which the person is working on the HE action will be taken into consideration for the calculation of the personnel costs (there will be no calculation of a single daily rate summing up costs of both the employment contract and direct contract). We have three concrete examples here
    - A professor with employment contract (HE action and other activities, full time, 550,- CZK/hr), direct contract 1 (teaching, 4hours a week, 300,- CZK/hr) and direct contract 2 (leadership, 4 hours a week, 700,- CZK/hr) at the same time → the beneficiary calculates standard case (1A) and only the employment contract will be taken into consideration
    - A postdoc with employment contract (HE action and other activities, full time, 400,- CZK/hr), direct contract 1 (review of thesis, 20 hours in total, 500,- CZK/hr), direct contract 2 (translations, 240 hours in total, 250,- CZK/hr) at the same time → the beneficiary calculates standard case (1A) and only the employment contract under which the person is working on the HE action will be taken into consideration
    - A postdoc with employment contract (HE action and other activities, full time, 400,- CZK/hr) and direct contract (national project, 4 hours a week, 300,- CZK/hr) at the same time → the beneficiary calculates standard case (1A) and only the employment contract will be taken into consideration

Case 224807, June 14, 2022

The below explanations reflect preliminary views and envisaged approach for Horizon Europe. However, rules regarding declaration of personnel costs for individuals hired through several contracts over the reporting periods stem from so-called 'corporate rules', i.e. rules that will be used across different EU programmes and must be applied consistently. In that respect, the below explanations do not prejudge any final position of the Commission and thus **may be subject to changes**.

As a preliminary remark, we wish to underline that in order to be considered eligible, the costs must fulfil all the general and specific eligibility conditions set out in Articles 6.1(a) and 6.2.A.1 or 6.2.A.2 of the Horizon Europe Model Grant Agreement (HE MGA). In particular, they must **comply with the applicable national labour law as regards the possibility of issuing several (types of) contracts**.

Moreover, project-based remuneration regards employees (i.e. persons working for the beneficiary on the basis of an employment contract or equivalent appointing act) whose remuneration increases for working in projects. Therefore, these elements must be taken altogether in consideration when assessing specific cases of individual with several (parallel or consecutive) contracts. In that respect:

1. If an individual has **an employment contract** falling under Article 6.2.A.1 of the HE MGA and, **in parallel, a direct contract** falling under Article 6.2.A.2 of the HE MGA under which the given individual is actually **performing the work under HE**, one of the two following possibilities will apply:

a. The remuneration received under the direct contract is **higher** than that under the employment contract, the way the daily rate will have to be calculated will follow the **project-based remuneration** rules laid down in Article 6.2.A.1 of the HE MGA, i.e. the daily rate determined based on Article 6.2.A.2 of the HE MGA will be compared to the national project daily rate as defined under Article 6.2.A.1 of the HE MGA;

b. The remuneration received under the direct contract is **lower** than that under the employment contract, the daily rate will have to be calculated on the basis of the **direct contract only** and following standard rules detailed under Article 6.2.A.2. of the HE MGA.

2. If an individual is employed with **two (or more) employment contracts** with the beneficiary **during the reporting period**, but **none of them is triggered by his/her participation in the HE action with an increased salary:** the beneficiary will calculate a **single** daily rate. The actual personnel costs will be the sum of the costs of all these employment contracts during the months within the reporting period. The maximum declarable day-equivalents will be the sum of the maximum declarable day-equivalents calculated individually for each of these employment contracts during the months within the reporting period.

3. If an individual has **two (or more) direct contracts** with a beneficiary falling under Article 6.2.A.2 of the HE MGA, **whether parallel or consecutive**, and no employment contract, the beneficiary will take into account only the costs stemming from the **relevant contract** under which the given individual is actually performing the work in the HE project. This will not be considered as project-based remuneration and the daily-rate will have to be calculated following the standard rules detailed under Article 6.2.A.2. of the HE MGA.

Eventually, to avoid circumventing the above rules with artificially increased remuneration, please note that **if an individual worked for the beneficiary, resigned, and subsequently signed a new (employment or direct) contract with the beneficiary to work on the EU action for a higher salary, the rules for project-based** remuneration will still apply.

Thank you for this clear reply. This reply covers most situations mentioned in our question, but not all. Could you please also provide additional reply to the following situations:

- See RES no 224807: If the person works at the same time (i.e. parallel) under EMPLOYMENT CONTRACT (HE action and other activities) and under DIRECT CONTRACT (Article 6.2.A.2 MGA; **other researcher's activities than HE action** and he/she gets a DIFFERENT (hourly or daily) rate (higher or lower) than in his/her employment contract), the beneficiary calculates standard case (1A) and only the employment contract under which the person is working on the HE action will be taken into consideration for the calculation of the personnel costs (there will be no calculation of a single daily rate summing up costs of both the employment contract and direct contract).

E-mail communication – COM, DG RTD – H1, January 13, 2023

If the work on the HE action is performed under the existing employment contract without any increase in the remuneration of the person, the beneficiary will calculate the personnel costs according to the so-called '**standard case 1A**' described in the AGA, **only based on the employment contract**.

- See RES no 225002 (3): If the person works **consecutive (not parallel)** under EMPLOYMENT CONTRACT (HE action and other activities) and under DIRECT CONTRACT (Article 6.2.A.2 MGA; other researcher's activities than HE action and he/she gets a DIFFERENT (hourly or daily) rate (higher or lower) than in his/her employment contract), the beneficiary calculates standard case (1A) and only the employment contract under which the person is working on the HE action will be taken into consideration for the calculation of the personnel costs (there will be no calculation of a single daily rate summing up costs of both the employment contract and direct contract).

E-mail communication – COM, DG RTD – H1, January 13, 2023

If the work on the HE action was performed under the previous employment contract without any increase in the remuneration of the person, the beneficiary will calculate the personnel costs according to the so-called '**standard case 1A**' described in the AGA, **only based on the previous employment contract**.

- See RES no 225002 (4): If the person works **consecutive (not parallel)** under EMPLOYMENT CONTRACT (HE action and other activities) and later on only under DIRECT CONTRACT (Article 6.2.A.2 MGA; direct contract is only for the researcher's participation in a given HE action and he/she gets a DIFFERENT (hourly or daily) rate (higher or lower) than in his/her employment contract), the beneficiary calculates standard case (1A) and both contracts under which the person is working on the HE action will be taken into consideration and single daily rate will be calculated.

E-mail communication – COM, DG RTD – H1, January 13, 2023

It would have to be clarified if, in such situation, the end of the employment contract and the issuance of the direct contract have been done **in view of getting a higher salary to work on the HE project**:

- If it is the case, and as explained in our previous helpdesk reply (for the case 224807, June 14, 2022), **the project-based remuneration** rules will apply.

- If not the case, or if the persons gets a lower remuneration as compared to the one under his/her previous employment contract, this will not fall under the project-based remuneration rules. There will be **no calculation of a single daily rate** for both contracts. The way the daily rate will have to be calculated following the '**standard**' rules for 6.2.A.1 or 6.2.A.2 respectively.

- Follow-up question: If a person working on a HE action **works consecutive (not parallel)** under two direct contracts with different hourly rate - first DIRECT CONTRACT 1 (article 6.2.A.2; HE action; lower hourly rate) and later under DIRECT CONTRACT 2 (article 6.2.A.2; the same HE action; higher hourly rate due to the objective conditions such as seniority) – there will be no calculation of a single daily rate for both contracts. The beneficiary will take into account separately costs stemming from the first contract (article 6.2.A.2) and from the second contract (article 6.2.A.2). To calculate the total amount of eligible personnel costs of the HE action the two amounts are added together. Correct?

Case 3561441, February 23, 2023

We understand that you refer to a situation where after the end of a first direct contract, on the basis of which the person was recruited to work on a Horizon Europe action, the same person signs a new direct contract to continue working on the same action but with a higher hourly rate based on objective condition, due to seniority for instance. In any case, please also keep in mind that one of the conditions for the eligibility of costs under Article 6.2.A.2 of the Horizon Europe Model Grant Agreement is that the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

In that situation, **the beneficiary will calculate a daily rate for each direct contract**. Each daily rate will be respectively multiplied by the days spent on the action falling under the respective direct contract duration. **The actual personnel costs for the person will be the sum of the costs of these two direct contracts** calculated accordingly within the reporting period.

Project-based remuneration (Case 1B) – national daily rate (fall-back option) – objective condition

When calculating national daily rate (fall-back option) total personnel costs of the person can be included (i.e. all bonuses/personnel costs, **even if not based on objective conditions**)

E-mail communication – COM, DG RTD – H1, March 7, 2022

Correct, the 'fall-back option' formula encompasses the total personnel costs, including possibly bonuses not based on objective conditions but removing any remuneration paid for work in EU actions.

Project-based remuneration (Case 1B) – national daily rate (fall-back option) – all costs

When calculating national daily rate (fall-back option) - "**Total personnel costs**" have to include all personnel costs of the relevant employee in the relevant year (regardless of the type of activities and type of contracts, i.e. all employment contracts and Agreements to perform work have to be taken into account)

E-mail communication – COM, DG RTD – H1, March 7, 2022

Correct.

Project-based remuneration (Case 1B) – national daily rate (fall-back option) – last complete year

When calculating national daily rate (fall-back option) "**last complete year**" is taken into account (last complete year before the end of the reporting period, e.g. calendar, financial or fiscal year depending on the beneficiary´s usual cost accounting practice) – in case the financial year of the beneficiary equals the calendar year, the calendar year is taken (e.g. for reporting period 01/06/2022 – 31/05/2023, the period of 01/01/2022 – 31/12/2022) ; in case the financial year of the beneficiary does not equal the calendar year, the period of financial year has to be taken into account.

E-mail communication – COM, DG RTD – H1, March 7, 2022

The reference to 'last complete year' without further precision was made on purpose, so as to **offer the possibility to beneficiaries to follow their usual accounting practices** (e.g. use of calendar year; or financial year; or fiscal year data). If, in your example, the beneficiary's usual practices is to rely on full complete financial year data, then indeed the example would be correct (i.e. the 2022 year will be the period of reference for the calculation).

Project-based remuneration (Case 1B) – national daily rate (fall-back option) – new employee

When calculating national daily rate (fall-back option) - If the person is a **new employee** hired in the reporting period, their national project daily rate is the "one applicable to the employee whose base salary is the most similar to the person´s" - this seems impossible to implement consistently and with legal certainty. **The approach from H2020 should be used**, i.e. if the new employee is not exclusively working on the action, the national daily rate will be calculated from the actual year and in case the new employee is working exclusively on the action the situation will not be considered project-based (see Case ID: 101000488105).

E-mail communication – COM, DG RTD – H1, March 7, 2022

Should you become aware of real-life examples for which the HE approach would not be suitable at all, and/or if this particular issue would actually raise wider concerns amongst the NCPs within their network exchanges and discussions, please let us know.

I have an additional question concerning eligible personnel costs in Horizon Europe, project-based remuneration and calculation of national project daily rate (fall back option) for NEW EMPLOYEE hired in the reporting period. The necessity to "calculate the national project daily rate according to the formula applicable to the employee whose base salary (salary without bonuses) is the most similar to the person´s " is mandatory **only for the new employee working EXCLUSIVELY on the HE project or even for a new employee not working exclusively** on the HE project in the reporting period?

Could you provide us an explanation/calculation for the following two real life examples, please?

- 1st example: an employee hired on the 01/12/2022, reporting period 01/01/2022 – 30/6/2023, monthly salary 3 000 EUR, employee gets a project bonus of 1 000 EUR in June 2023.
    - Situation A: Full-time employment at the beneficiary, exclusively on HE project
    - Situation B: Full-time employment at the beneficiary, 30 % dedication to the HE project
- 2nd example: an employee hired on the 01/12/2022, reporting period 01/01/2022 – 30/6/2023, monthly salary 3 000 EUR (employment contract) + parallel direct contract for work on the HE project (Article 6.2.A.2 MGA) with hourly rate of 30 EUR/hr (01/12/2022 – 30/6/2023).

Thank you for the clarification of this issue in HE.

In H2020 we use the following approach: if the new employee is not exclusively working on the action, the national daily rate will be calculated from the actual year and in case the new employee is

working exclusively on the action the situation will not be considered project-based (see Case ID: 101000488105).

Case 199832, June 3, 2022

As a preliminary remark, project-based remuneration can be used only for employees whose level of remuneration increases when the person works in (EU, national or other) projects. Therefore, the key element is that the remuneration of an individual increases for working in projects. **If a new employee is hired to work exclusively in a HE action, it is not expected that the person has different remuneration** levels depending on whether s/he works in specific projects or not, as it will presumably receive a fixed remuneration for its tasks solely in the HE project. Therefore, **in principle it would not qualify for project-based remuneration**.

Secondly, with regard to use of the so-called 'fall-back' option, please be reminded that it can be used only if there are no regulatory requirements and the beneficiary does not have internal rules defining objective conditions on which the national project daily rate can be determined, but it can demonstrate that its usual practice is to pay bonuses for work in national projects. In that case, the national project daily rate results from the average of the remuneration that the person received in the last complete year for work in national projects. However **if the person is a new employee hired in the reporting period and therefore, there is no remuneration for the previous year to make such average, their national project daily rate is the one applicable to the employee whose base salary** (salary without bonuses) is **the most similar to that person's** and it must be calculated according to the following formula:

{(total personnel costs of the similar employee in the last complete year) minus (remuneration paid to that similar employee for EU actions during that complete year)}

Divided by

{215 minus (days the similar employee worked in EU actions during that complete year)}

Thirdly, concerning the examples in your query, as the figures relate to the new employee and not to the employee whose base salary is the most similar to that person, we cannot elaborate further on them. In this regard, please kindly note that the Research Enquiry Service is not in a position to assess (series) of specific cases and/or (real-life) examples and make all corresponding calculation validations but can only provide general guidance regarding the correctness and appropriateness of the methodology, based on the information provided (which may be numerical if this is a helpful illustration of a general issue).

Finally, please be reminded that if an entity actually has internal remuneration rules for setting the level/amount of project-based bonuses (for instance, written internal rules defining that an employee will receive a project bonus of 1 000 EUR in June 2023 for his/her time spent on the HE project over his/her working time that month) this entity must follow its internal rules and cannot make use of the so-called 'fall-back' option.

I have three additional questions:

1. To make if fully clear, the calculation of national reference rate (fall-back option) of new employee not exclusively working on the action is being **differently handled in H2020 and in HE**. In H2020 the national reference rate is calculated from the actual year and in HE it is the one applicable to the employee whose base salary is the most similar to the person´s. Correct?

E-mail communication – COM, DG RTD – H1, January 13, 2023

Yes, this is correct.

2. The **choice of the most similar person is up to the beneficiary**. In case it is properly documented and explained by the beneficiary, neither the EC nor the auditors will dispute the choice. Correct?

E-mail communication – COM, DG RTD – H1, January 13, 2023

The choice would have to be indeed properly documented and explained in case of audit. Audit procedures for Horizon Europe are still work-in-progress, so we cannot provide more information at this stage. But, as general preliminary remark, the choice would have not only to be **documented and explained** but foremost **appropriate and justified** (i.e. the employee chosen is indeed the one whose base salary (salary without bonuses) is the most similar to the concerned individual).

3. How to proceed **when beneficiary finds it difficult to find a similar person**? We have just encountered a case of one Czech small institute of the Academy of Sciences, which currently has one H2020 ERC grant, one HE ERC grant, one HE ERA Chair and submitting 3 more HE ERC proposals. With respect to these EU grants, they want to recruit a large number of postdocs from abroad. To attract their attention, they have to offer to them competitive salary which is higher than the salary of existing Czech postdocs. How to proceed in such cases?

E-mail communication – COM, DG RTD – H1, January 13, 2023

As first remark, it is certainly recommended, as best practices, to develop internal written rules based on objective criteria for issuing project-based remuneration. This allows for more transparency and awareness raising amongst the staff (or future staff to be recruited). In this respect, the recourse to the so-called 'fall-back option' should be seen as rather the exception.

As you pointed out in one of your previous questions above, the choice of an employee whose base salary is maybe be not similar but could still be considered as the '**most similar**' would have to be documented, explained and justified. This is a case-by-case assessment depending on the factual situation of the beneficiary in terms of staff.

Case 2166766, November 15, 2022

I have a follow up question to the case 199832 concerning Horizon Europe, project-based remuneration (fall-back option) and a new employee hired in the reporting period. In case there are already data available for the last complete year for such personnel, these data can be used (not the similar employee). Correct? To make it fully clear, let's use an example of reporting period 01/06/2022 – 31/12/2023:

- Personnel A hired on 01/08/2022 – data of the personnel A from the year 2023 must be used
- Personnel B hired on 1/2/2023 – data of similar employee from the year 2023 must be used

Case 2166766, November 25, 2022

We understand from your question that you wish to know whether, when making use of the so-called 'fall-back option' for project-based remuneration of a new employee, if there is available data

on the remuneration that such person received in the last complete year, this data can be used to calculate their national project daily rate.

As stated in our previous reply to case 199832, please be reminded that:

- project-based remuneration can be used only for employees whose level of remuneration increases depending on whether they work in projects and ;

- as a general rule, if a new employee is hired to work exclusively in a HE action, it is not expected that the person receives different remuneration levels depending on whether s/he works in specific projects or not, as it will presumably receive a fixed remuneration for its tasks solely in the HE project. Therefore, in principle it would not qualify for project-based remuneration.

That being said, our reply here below is based on the assumption that the remuneration is project-based.

In this regard, if the person is a new employee hired during the reporting period, in many cases there is no data on the remuneration the person received in the previous year, and their national project daily rate would be the one applicable to the employee whose base salary (salary without bonuses) is the most similar to that person's.

Nevertheless, in the situation where there is indeed financial data available allowing to calculate the average of the remuneration that the person received in the last complete year, that data could be used to calculate their national project daily rate.

Taking this into account, **the examples provided in your query would seem to be correct**.

Finally, we would like to insist that the 'fall-back option' can be used only if there are no regulatory requirements and the beneficiary does not have internal rules defining objective conditions on which the national project daily rate can be determined, but it can demonstrate that its usual practice is to pay bonuses for work in national projects.

In view of the recurrent questions of similar nature, developing regulatory requirements or written internal rules setting out the level of project-based remuneration could facilitate the calculation of project-based remuneration, and generally contribute to legal certainty and transparency.

Project-based remuneration (Case 1B) – national daily rate (fall-back option) – EU actions

When calculating national daily rate (fall-back option) - "**EU actions**" (EU grants) are meant all directly managed programmes, not grants funded by the EU budget but received through the national institutions (e.g. the European Structural and Investment Funds should not be considered as an EU action).

E-mail communication – COM, DG RTD – H1, March 7, 2022

As clarified in the AGA V0.2 published on 30 November 2021 (page 40), 'EU actions' are: 'EU grants' as defined in the Grant Agreement (i.e. awarded by EU institutions, bodies, offices or agencies, including EU executive agencies, EU regulatory agencies, EDA, joint undertakings). Hence, they may cover EU programmes (or parts of them) under both direct and indirect management but they exclude those under shared management.

I have a question concerning explanation of the term „**EU actions/grants**" in Horizon Europe for the purpose of the calculation of Horizontal Ceiling and National Reference Rate (project-based remuneration fall back option). Is the definition for these two purposes different or the same? **Does it include ESIF or not?**

1. **In H2020** according to the RES 101000305977 (see the text below) it seems that for the purpose of the double ceiling **ESIF projects are considered**. We assume that the same principle/definition is being used in Horizon Europe for **Horizontal ceiling** and for this purpose ESIF projects **must be included**. Correct?

"*EU and Euratom grants" means all EU and Euratom grants, including all H2020 actions, all FP7 projects and any other EU and Euratom grants. Please note also that certain grants awarded by the Member States are in fact financed by the EU budget, for instance via the European Structural and Investment Funds. Therefore, even if the funding is received through the national institutions, the grant is funded by the EU budget. Therefore,* ***they are also taken into consideration into the calculation of the total number of hours****."*

2. According to our communication with the COM (see the text below) it seems that for the purpose of the calculation of **National Reference Rate** (project-based remuneration fall back option) **ESIF projects are not considered**. Correct?

"*As clarified in the AGA V0.2 published on 30 November 2021 (page 40), 'EU actions' are: 'EU grants' as defined in the Grant Agreement (i.e. awarded by EU institutions, bodies, offices or agencies, including EU executive agencies, EU regulatory agencies, EDA, joint undertakings). Hence, they may cover EU programmes (or parts of them) under both direct and indirect management* ***but they exclude those under shared management****."*

E-mail communication – COM, DG RTD – H1, January 13, 2023

As explained in the AGA (see page 40 of the version 0.2 of 30 November 2021), 'EU actions' are 'EU grants' as defined in the Grant Agreement (i.e. awarded by EU institutions, bodies, offices or agencies, including EU executive agencies, EU regulatory agencies, EDA, joint undertakings).

In that respect, **ESIF** (i.e. structural funds under shared-management and awarded by national/regional authorities) **are excluded from this 'EU actions/EU grants' definition**, for both purposes under Horizon Europe, i.e.:

- compliance with the so-called '**horizontal ceiling**' and

- use of the so-called '**fall-back option**' formula for calculating the national project reference.

Please note that in practice **the same line is now applied to check the double ceiling under H2020**, i.e. national projects co-financed by the EU budget are not taken into consideration.

Project-based remuneration (Case 1B) – national daily rate (fall-back option) – representativity

The **representativity** issue known from H2020 is still valid in HE (see Case ID: 101000462869 and Case ID: 101000773129) - the national project reference should only be based on the average remuneration of the employee in the previous year if the available remuneration to calculate an average can be representative; representativity is assessed on a case-by-case basis; the remuneration in the previous year has to be considered as "package; when assessing the

representativity, arguments of the duration, tasks and working time of contracts are advised to be used".

E-mail communication – COM, DG RTD – H1, March 7, 2022

The issue of 'representativity', especially for very particular or even extreme case so to say, would entail a case-by-case approach. Should you become aware of real-life case(s) for which the notion of 'representativity' might be at stake, you could send them to the CLSS Head of Unit, with relevant supporting documents, for seeking possible advice.

Project-based remuneration (Case 1B) – national daily rate (fall-back option), co-funded EU proj.

I have a question concerning Horizon Europe – personnel costs and calculation of national project daily rate (fall-back option). According to the formula in AGA "remuneration paid for EU actions" and "days worked in EU actions" must be deducted. How to deal with EU projects that are co-funded (from institutional or national sources)? Is it necessary to deduct 100% of the costs/days related to these EU projects or only e.g., 70% funded by EU sources?

Case no 3076991, November 20, 2023

From your question we understand that you refer to the specific case of calculation of the (theoretical) national daily rate, where there are no regulatory requirements and you do not have internal rules defining objective conditions on which the national project daily rate can be determined (but the beneficiary can demonstrate that its usual practice is to pay bonuses for work in national projects).

In this case, indeed the national project daily rate is the average of the remuneration that the person received in the last complete year (calendar, financial or fiscal year, see above) before the end of the reporting period for work in national projects calculated as follows:

{(total personnel costs of the person in the last complete year) minus (remuneration paid for EU actions during that complete year)} divided by {215 minus (days worked in EU actions during that complete year)}

As long as we refer to an EU action, beneficiaries should deduct **100% of both remuneration and days even in the context a co-funded EU action regardless of the funding rate (i.e., 70%)**.

This being said, we would like to recall that as stated in the AGA (Version 1.0, 1 April 2023 p. 55), 'EU actions' are 'EU grants' as defined in the Grant Agreement (i.e. awarded by EU institutions, bodies, offices or agencies, including EU executive agencies, EU regulatory agencies, EDA, joint undertakings).

Project-based remuneration (Case 1B) – two different Horizon Europe projects

Is it possible for one person to have a different daily rate in different Horizon Europe projects?

E-mail communication – COM, DG RTD – H1, January 13, 2023

Yes, this could happen, for instance if the project-based remuneration is calculated based on several objective criteria (like the leading role of the individual in a project, its seniority at the moment of the start of project etc.).

Project-based remuneration (Case 1B) – Rounding

I have a question concerning Horizon Europe and rounding concerning project-based remuneration.

Are we correct in understanding that the number of days worked on the EU project(s) must be rounded to the nearest half day when calculating the project reference rate (in the denominator the number of „day-equivalents worked by the person on the action during the months within the reporting Period“) and when calculating the national reference rate (fall back option, in the denominator the number of „days worked in EU actions during that complete year“).

Case: 1313137, October 10, 2023

In the case of project-based remuneration, for the purpose of calculating the action daily rate per person, indeed **the number of day-equivalents** worked by the person on the action during the months within the reporting period **will have to be rounded** up or down to the nearest half-day (denominator of the action daily rate formula).

In the case of the so-called “fall-back option” (i.e. when there are no regulatory requirements and the beneficiary does not have internal rules defining objective conditions to determine the national project daily rate), the **beneficiary will also need to round up or down to the nearest half the days worked in EU actions**, in order to calculate the average of the remuneration that the person received in the last complete year.

Reported costs vs costs recorded in the accounts of the beneficiary

The mandatory formula may lead to minor/temporary differences in the personnel costs recorded in the accounts. Those differences have no impact on the eligibility of the costs, provided that the formula has been correctly applied. However, **at the time of closing the reporting period** an internal accounting transfer needs to be done, so **the amount of personnel costs reported (declared) to the EC is in accordance with the amount of personnel costs recorded in the accounts of the beneficiary**.

E-mail communication – COM, DG RTD – H1, March 7, 2022

With a calculation basis aligned on the reporting period duration and use of the personnel costs as recorded in the beneficiary’s statutory accounts in accordance with its usual cost accounting practice to calculate the daily rates, this should reduce the cases of temporary differences with the personnel costs recorded in the accounts. But, there should be no issue if the formulas for personnel costs are applied correctly and that both the maximum declarable day-equivalents ceiling in a given HE action reporting period and the ‘horizontal’ ceiling of 215 day-equivalents (as maximum to be declared in EU grants, for a person for a year) are complied with.

⚠ Accumulation Period for Eligible End-of-Contract Indemnities

I want to request clarification regarding the eligibility of end-of-contract indemnities under Horizon Europe, in particular, the interpretation of the **"accumulation period"** referred to in the Annotated Grant Agreement.

According to the AGA (under End-of-contract indemnities during the action), only the portion of the indemnity corresponding to the time worked on the action may be charged. The example provided refers to an employee entitled to an indemnity accumulated over 5 years.

My question concerns the interpretation of the "accumulation period":

In the case of a legally mandated severance payment in the Czech Republic (e.g. 3 months' salary after 2+ years of employment), the amount of the indemnity is fixed by law and does not increase further with more years worked beyond this threshold.

In such cases, should the accumulation period be interpreted as:

a) the minimum period required by national law to become entitled to the severance (e.g., 2+ years of employment)

b) the full period of employment with the organisation (e.g., 6 years), even if the indemnity amount does not increase further?

This has a significant impact on how the pro-rata portion chargeable to the grant is calculated, especially when the employee has worked on the action only during the last part of their total employment.

We would appreciate your guidance on how to apply the pro-rata methodology in such cases, to ensure compliance with eligibility rules.

Case 5697941, May 14, 2025
From your question, we understand that you would like to have clarifications regarding the eligibility of end-of-contract indemnities under Horizon Europe, in particular, the interpretation of the "accumulation period" referred to in the Annotated Grant Agreement.

As a general rule, the beneficiary may declare cost for end-of-contract indemnities, if in line with the general and specific eligibility conditions, and in particular that it is their usual remuneration practices (e.g. required by national law, not just applied for EU actions, etc) and that these cost have not been included already in the calculation of the daily rate (e.g. as accrual for unconditional severance payments mandatory under national law).

Therefore, the beneficiary may charge the eligible part of the end-of-contract indemnities in the reporting period in which the employee's contract ends. The eligible part of the indemnity must be calculated and charged to the action as **personnel costs added separately on top of daily rate** (i.e. separately and on top of the personnel costs declared on the basis of the daily rate) and only for the part that corresponds to the time worked by the person on the action (in proportion to the time spent on the action).

Since the entitlement to such indemnities is most often generated over a period of time longer than the reporting period (or the action), **only the part of the indemnity that corresponds to the time worked by the person on the action can be charged** (i.e. a pro-rata of the indemnity amount in proportion to the time spent on the action). This pro-rata amount should be added separately on top of the personnel costs calculated on the basis of the daily rate.

Having said that in the case that you have described in your query, **the "accumulation period" should be understood as the full period of employment with the organisation (e.g., 6 years), even if the indemnity amount does not increase further.**

Natural persons with direct contract (A.2) - definition

Even thought there are some small changes in the wording of AGA in HE compared to H2020 (See AGA *H2020: „What? This budget category covers typically the costs of in-house consultants and similar persons (i.e. self-employed natural persons)…" vs AGA HE: What? These budget category covers the costs of: self-employed natural persons (e.g. some types of in-house consultants)… What not? Cost of persons who are employees of the beneficiary"*), **the understanding of A.2 is still the same and Czech Agreements to Complete a Job and Agreements to Perform Work are considered A.2 not A.1** - even though according the Cech legislation these in-house consultants are employees, not self-employed natural persons, and do not sigh employment contract but Agreement (See our email communication also attached - From: Reinhard.SCHULTE@ec.europa.eu, Sent: Thursday, January 24, 2019 5:31 PM, To: Chvojkova Lenka TC chvojkova@tc.cz, Subject: RE: Ares(2019)157996 - Reply : Czech personnel costs – Agreements)

E-mail communication – COM, DG RTD – H1, March 7, 2022

As in H2020, the specific conditions of Article 6.2.A.2 HE MGA to be complied with are, by nature, to be assessed on a case-by-case basis.

Natural persons with direct contract (A.2) – rounding of half-days

To calculate the eligible personnel costs the "number of day equivalents worked on the action" **do not need to be rounded to the nearest half-day** (e.g. contract specifies a daily rate of 380 CZK/hr and 25 number of hours to be worked, 9500 CZK was paid to the personnel; eligible personnel costs = 380 x 8 x (25/8) = 380 x 8 x 3,125 = 9500 CZK, not 380 x 8 x 3,0 = 9 120 CZK)

E-mail communication – COM, DG RTD – H1, March 7, 2022

As for the case of employees, the actual time spent on the action by the person hired under a direct contract will have to be properly recorded. In this respect, and where relevant, the same **rounding rules will have to be applied**. In that respect, the second calculation in your example would be the correct one.

Parallel question asked by Slovak NCP: I have a question about the A.2 Costs of natural persons (NP) working under a direct contract calculation. NP has a contract stating (s)he can work 10 hours per week, and the contract defines an hourly rate of 30 EUR. NP worked 75 weeks within the reporting

period of 18 months which equals 750 hours worked. According to AGA (page 44), the daily rate for cases where no daily rate is defined equals 30 * 8 = 240 EUR. Day equivalents = 750/8 = 93.75, rounded up to 94 days. **Costs declared to project in financial statement= 94 * 240 = 22 560 EUR. Real costs are 22 500 EUR (750*30). Which amount is correct**, 22 560 or 22 500? And why?

Case 1800086, March 17, 2022

The contribution of the Horizon Europe grant to the personnel costs is determined by applying the eligibility conditions and mandatory formulas as defined in the Horizon Europe General Grant Agreement.

As explained in the Annotated Grant Agreement (AGA) under the Article 6.2.A.2 (see p. 43-44, available at https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/aga_en.pdf), costs of natural persons working under a direct contract must be calculated as follows:

{amount per unit (daily rate)}

Multiplied by

{number of day-equivalents worked on the action}

According to the information you provided, the contract of the natural person defines an hourly rate. On this aspect, the AGA precises (p.44) that if the contract fixes an hourly rate instead of a daily rate, the hourly rate must be converted into a daily rate (i.e. daily rate = hourly rate x8), which would indeed be in the situation you describe 30x8 = 240.

Concerning the denominator of the formula above, please note that it refers to the number of days-equivalents worked on the action. We understand that the time worked on the action by the natural person, supported by timesheets according to Article 20 of the HE MGA, would be 750 hours over the reporting period (18 months). The total hours worked on the action must be converted into 'days-equivalents'. The number of day-equivalent could be obtained by dividing the total number of hours worked on the action by 8 (i.e. 8 hours), which would give 750/8= 93.75. Please kindly note that the current draft AGA annotations under Article 20 are still work-in-progress, therefore the latter indication reflects the current state-of-play and may be subject to further clarifications and changes following the on-going review process amongst Commission Services.

Please note besides that you must also pay attention to the maximum declarable day-equivalents for the person per reporting period. On the basis of 93.75 day-equivalents rounded up to 94, **the costs to be declared for this person would be 94*240=22560**.

The difference between the amounts, i.e. between the amount obtained according to the formula and the actual personnel costs recorded in the accounting system is attributable to the rounding.

I have a follow-up question to the RES 1800086. According to the Commission reply, the costs to be declared is 22 560 EUR. However, it seems to us not possible. Costs to be eligible have to fulfill also general eligibility criteria, e.g. "actually incurred by the beneficiary" and "recorded in the beneficiary's accounts". In the situation described above only the amount of 22 500 EUR is actually incurred and recorded in the accounts. Therefore, could you please confirm again what is the correct amount to be declared in financial statement?

E-mail communication – COM, DG RTD – H1, January 13, 2023

We are still discussing this specific issue with other Commission services responsible for the corporate provisions interpretation and cannot unfortunately be yet conclusive.

⚠ Natural persons with direct contract (A.2) – rounding of declarable costs

On January 13, 2023, we sent you an e-mail with a following question:

„I have a follow-up question to the RES 1800086. According to the Commission reply, the costs to be declared is 22 560 EUR. However, it seems to us not possible. Costs to be eligible have to fulfill also general eligibility criteria, e.g**. "actually incurred by the beneficiary" and "recorded in the beneficiary's accounts"**. In the situation described above **only the amount of 22 500 EUR is actually incurred and recorded in the accounts**. Therefore, could you please confirm again what is the correct amount to be declared in financial statement."

Your reply by then was as follows: „We are still discussing this specific issue with other Commission services responsible for the corporate provisions interpretation and cannot, unfortunately, be yet conclusive."

With the recent publication of the new official version of the Annotated Grant Agreement, I am curious to know whether there have been **any updates/conclusions on this matter or changes to the rounding rules applicable to A.2 contracts**.

Case 4051351, June 04, 2024

From your question, we understand that you're asking about the rounding rules for costs for natural persons working under a direct contract (A.2).
Please note that **the rounding rules for day-equivalents worked for the action for natural persons working under a direct contract do not differ from the rules for costs for employees**. The sum of the day-equivalents worked for the action **must be rounded to the nearest half-day**. Therefore, it may happen that the recorded costs may differ from the costs actually incurred and recorded in the accounts of the beneficiary. Beneficiaries must follow the rules regarding rounding and report the costs according to the formula described in the AGA. For some persons, the difference would result in higher reported costs than actually incurred, and for others, in a lower amount of reported costs than actually incurred by the beneficiary. **Discrepancies between accounts and reported amounts due to the application of the imposed method, including rounding, should be minimal**, and overall sound financial management and protection of the financial interest of the Union are ensured by the balance of cases of upward and downward rounding.

Natural persons with direct contract (A.2) - taxes and insurance

If the contract specifies the hourly rate which does not include all taxes and insurance actually paid by the beneficiary, those compulsory cost of the beneficiary can be included in the amount of eligible personnel costs, too (e.g. 380 x 1,338).

E-mail communication – COM, DG RTD – H1, March 7, 2022

It is not clear to us from which element the '1,338' factor stems, in your example. As a general rule, all mandatory contributions (such as social security) which are mandatory under national law may be included in the calculation of the daily rate.

Natural persons with direct contract (A.2) - Horizontal ceiling

Horizontal ceiling is relevant only in case the contract states a fixed amount for the work but does not specify the number of days (3rd case). In the first two cases it is impossible to calculate it (limitation for hours worked results directly from the contract).

E-mail communication – COM, DG RTD – H1, March 7, 2022

No horizontal ceiling rules apply to the case of persons hired under a direct contract.

Natural persons with direct contract (A.2) – Holiday Allowance

I have a question concerning Horizon Europe/H2020 and the eligibility of costs for Natural persons with a direct contract (A.2). Based on our previous discussion, all mandatory contributions that are obligatory under national law and actually paid out by the beneficiary can be included in the calculation of the daily rate (even if the contract specifies only an hourly rate which does not encompass all these contributions). As an example, taxes and insurance paid by the beneficiary were mentioned.

Starting from 2024, there is also a mandatory holiday allowance in the Czech Republic for these situations (due to the new legislation). We assume that the corresponding holiday allowance paid out by the beneficiary can also be included in the eligible amount of personnel costs.

To illustrate, here is an example:

Hourly rate according to the contract: 480 CZK/hour

Number of hours worked according to the contract and timesheet/Declaration: 130

Mandatory holiday allowance (13 days): 6 240 CZK

Mandatory insurance (33.8%): 23 200 CZK

Eligible amount of personnel costs = (480 x 130) + 6 249 + 23 200 = 91 840 CZK

Is this correct?

Case no 3561196, February 23, 2024

Your understanding based on our communication of 7 March 2022 is correct. As we indicated previously, as a general rule, **all mandatory contributions which are mandatory under national law may be included in the calculation of the daily rate for personnel working under a direct contract** (Article 6.2.A.2 of the Horizon Europe Model Grant Agreement). Therefore, if the payment of a holiday allowance to natural person working under a direct contract is now mandatory as per a new national legislation, it can be included in the calculation of the daily rate. This apply for both H2020 and Horizon Europe framework programmes.

Natural persons with direct contract (A.2) – Bonus

I have a question concerning Horizon Europe and the eligibility of personnel costs – follow up question to Case 3561196.

For Natural persons with a direct contract (A.2) all mandatory contributions that are obligatory under national law and actually paid out by the beneficiary can be included in the calculation of the daily rate (even if the contract specifies only an hourly rate which does not encompass all these contributions).

Bonuses that are not mandatory by law but are paid in connection with a beneficiary's salary statement (which, however, only defines the possibility of paying such bonuses, not the specific amount, which is determined by the decision of the supervisor) may also be included in the eligible personnel costs or not?

Case 3562996, February 23, 2023

As explained in the Annotated Grant Agreement under Article 6.2.A.2 (see version 1.0 of 01 April 2023 available at https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/aga_en.pdf page 59), the costs of natural persons working under a direct contract "*must correspond exclusively to the remuneration of the person and related eligible taxes*". In that respect, **it is indeed possible to declare the costs for variable complements, e.g. bonuses**, if the beneficiary can justify that the variable complements are linked to the remuneration of the person under a direct contract. However, these variable complements must not be paid to the person at the sole discretion of the manager/supervisor. In order to be eligible, **they must be based on objective conditions, paid in a consistent manner** (e.g. not just for actions supported by EU grants) and according to the usual remuneration practices of the beneficiary.

⚠ **Natural persons with direct contract (A.2) – calculation when switching from a direct contract to an employment contract**

How should personnel costs be calculated when, during the reporting period, a person worked on the Horizon Europe project consecutively under a direct contract (other than an employment contract) and later under an employment contract? The hourly rate is higher in employment contract. Should the beneficiary:
a. **Calculate a single daily rate** (provided the direct contract contains the necessary information to do so),
or
b. **Make two separate calculations and then sum the results,**
or
c. **Make two separate calculations and distribute the costs under cost cateegories A.1 and A.2 accordingly**?

Case 5788701, May 06, 2025

In response to your query regarding the appropriate method for calculating personnel costs when a person worked consecutively under two different types of contracts during the same reporting period — first under a direct contract (not equivalent to an employment contract) and later under an employment contract.

According to the provisions of the Horizon Europe Annotated Model Grant Agreement (AGA), and in line with Article 6.2.A.2 of the MGA, **the correct approach is to make two separate calculations and distribute the costs under cost categories A.1 and A.2 accordingly**. Combining both periods into a single daily rate would not be compliant with Horizon Europe cost reporting rules, as it would fail to reflect the different nature and legal basis of the contracts. In that situation, the beneficiary will calculate a daily rate for each contract, in accordance with the respective and applicable rules set out under article 6.2.A.1 and 6.2.A.2. Each daily rate will be respectively multiplied by the days spent on the action falling under the respective contract duration. The actual personnel costs for the person to be reported for the reporting period will be the sum of the costs of these two contracts calculated accordingly.

In any case, please also keep in mind that **one of the conditions for the eligibility of costs under Article 6.2.A.2 of the Horizon Europe Model Grant Agreement is that the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary**.

Please ensure that **adequate supporting documentation (e.g., contracts, time records, payroll or invoicing details) is retained for both periods** in case of audit or review.

Seconded persons (A.3) – H2020 and HE differences

Are there any differences concerning the calculation of eligible costs of seconded persons in H2020 and HE?

According to the H2020 AGA: "*Costs for persons seconded by a third party may be **declared ONLY as actual costs**. There is no specific calculation method; the costs must correspond to the price paid by the beneficiary — up to the costs actually incurred by the third party (see Article 11.1). For the calculation of the upper limit (i.e. the third party's actual costs), the same calculation rules apply as in point 1.1.4.*".

According to the HE AGA: "*Costs of seconded persons against payment must be calculated as follows: {amount per unit (daily rate)} Multiplied by {number of day-equivalents worked on the action}. The daily rate must be calculated as follows: – if the **contract specifies a daily rate: this daily rate must be used** … For seconded persons, if the resulting daily rate is higher than the daily rate actually paid by the third party to the seconded person (applying the calculation rules of the Grant Agreement) the cost could NOT be declared as personnel costs. They may be eligible instead as purchase of services (see Article 6.2.C.3) or subcontracting (see Article 6.2.B). The reason is that the payment made by the beneficiary to the third party would be higher than the actual remuneration of the person, which implies that a commercial margin or other non-personnel costs are charged by the third party to the beneficiary*."

According to our understanding, in H2020 to identify eligible amount of cost, actual personnel costs of seconded personnel must be calculated (the same formulas as for employees). Is it the same for Horizon Europe or not? Are there any differences? Is it sufficient in Horizon Europe to take the rate specified in the contract (a secondment agreement with the employer of the natural person) without doing any calculations of real costs? Or is it necessary to do to calculations of actual personnel costs (the same formulas as for the employees) to identify eligible amount of personnel costs plus include extra cost in the secondment agreement which will be considered as eligible in other cost categories?

E-mail communication – COM, DG RTD – H1, January 13, 2023

In Horizon Europe, as explained in the AGA (see yellow box page 44 of the version 0.2 of 30 November 2021): **if the resulting daily rate is higher than the daily rate actually paid** by the third party to the seconded person (applying the calculation rules of the Grant Agreement) the cost could **NOT be declared as personnel costs**.

They may be eligible instead as purchase of services (see Article 6.2.C.3) or subcontracting (see Article 6.2.B). The reason is that the payment made by the beneficiary to the third party would be higher than the actual remuneration of the person, which implies that a commercial margin or other non personnel costs are charged by the third party to the beneficiary.

In this respect, **it is not sufficient to take into account only the daily rate specified in the secondment contract (if any)**.

Salary of SME owner

I have a question concerning H2020/HE and SME owner. Persons who do receive a salary (no matter how low) registered as such in its accounts cannot use this unit cost. However, considering that the unit cost correspond to research activities, it might be possible to use the flat rates where the SME owner can show evidence that his/her salary corresponds exclusively to the **management of the SME and not to research work**. An employment contract unequivocally establishing that the salary paid remunerates exclusively the management or administration activities of the SME owner may be sufficient evidence, depending on the particularities of each specific case. What about employment contract and salary corresponding to other activity than research and SME management (e**.g., sales, manufacturing, events organization**)? Can in these (or similar) cases the unit cost of SME owner be used or not?

Case 776712, July 25, 2023

Please kindly note that we cannot validate individual cases, but only provide general guidance and that the answer provided is only based on the information you have given within your query. We understand that your query relates to SME owners in H2020 and Horizon Europe (HE).

Concerning your question, indeed, SME owners who receive a salary (registered as such in the accounts of the SME) cannot declare personnel costs under the budget category of Article 6.2.A.4 of the H2020 and HE MGA, unless they can show that this salary corresponds exclusively to the management of the SME, and is therefore not linked to the action (see relevant annotations of the respective H2020 and HE Annotated Model Grant Agreements: H2020 Version 5.2 26 June 2019 p. 26 and HE AGA Version 1.0 April 2023 p. 61).

In your example, **"employment contract and salary corresponding to other activity than research and SME management (e.g. sales, manufacturing, events organization)" would be considered as a salary paid** under an employment contract (if defined as such by national legislation and recorded as such in the accounts of the SME, according to the SME's usual accounting practices). Therefore, provided that all the eligibility criteria are met, those costs would have to be declared under the category in Article 6.2.A.1. of the H2020 and HE MGA.

SME Owner Unit Cost – application to direct contracts under Horizon Europe

*Regarding the application of the SME owner unit cost under Horizon 2020 you explained that **where an SME owner is remunerated under a contract other than an employment contract (including a direct contract with the SME), the SME owner unit cost must be used** and that such persons cannot be declared as "natural persons working under a direct contract".*

*I would like to ask whether **the same interpretation also applies under Horizon Europe**. In other words, can we understand that if an SME owner is remunerated under a direct contract (rather than an employment contract), the **beneficiary must always declare the corresponding personnel costs using the SME owner unit cost, and not as costs for a natural person working under a direct contract?***

Case 8211501, July 17, 2026

From your enquiry, we understand that you are inquiring whether the interpretation regarding the application of the SME owner unit cost under Horizon 2020 also applies under Horizon Europe. Specifically, you ask if an SME owner remunerated under a direct contract (rather than an employment contract) must always declare the corresponding personnel costs using the SME owner unit cost, and not as costs for a natural person working under a direct contract.

Generally speaking, please note that under Horizon Europe, the treatment of SME owner personnel costs is outlined in Article 6.2.A.4 of the Horizon Europe Model Grant Agreement (MGA) and further explained in the Annotated Model Grant (see page 65 Version 2.0 of 1 April 2025 of the Annotated Grant Agreement). In that respect**, if an SME owner is remunerated via any type of non-employment contract (including a direct contract with the SME), via profit distribution, or by any remuneration method other than a salary resulting from an employment contract, the costs must be declared using the SME owner unit cost** (daily rate) fixed by Commission Decision C(2020) 7115 and set out in Annex 2a of the MGA.

Against that background, **if an SME owner is remunerated under a direct contract (rather than an employment contract), the beneficiary must declare the corresponding personnel costs using the SME owner unit cost and not as costs for a natural person working under a direct contract.**

SME Owner Unit Costs and Eligibility Where the Owner Receives a Salary

According to the MGA, SME owners who do not receive a salary can claim unit costs set by the authorising decision C(2020) 7115 for their work on the action. We understand that these unit costs should be recorded in the beneficiaries' accounts according to their usual practices and in compliance with national legislation.

Q1: Is it entirely up to the beneficiary's discretion how these unit costs are used? For example, can SME owners treat the unit costs as income from dependent activities (similar to a salary, which would then be subject to mandatory deductions and taxation) or in any other way?

Q2: An SME owner is currently receiving a salary for SME management and consultation activities. From January 2025, the SME owner plans to: a) Continue paying himself a salary for SME management activities exclusively, and b) Participate in a Horizon Europe project (CSA). Under these

circumstances, **would the SME owner still be eligible for unit costs?** Specifically, if the SME owner has received a salary for other than SME management activities immediately before the start of the project, **would this impact their eligibility for unit costs? If so, how far back does this eligibility limitation apply?**

Case 4609766, October 02, 2024

Concerning your first question, please be informed that **it is up to the discretion to the beneficiary how to use the reimbursement of costs declared as unit costs for SME owners not receiving a salary**.

Concerning your second question, in line with Article 6.2.A.4 of the Horizon Europe Model Grant Agreement ('HE MGA' available at: general-mga_horizon-euratom_en.pdf (europa.eu)) and according to the explanations provided in the Annotated Grant Agreement ('AGA' version 1.0 of 1 May 2024, available here: aga_en.pdf (europa.eu), page 63), we wish to recall that there are two possible scenarios for the SME owner personnel cost:

- If the SME owner receives a salary from the SME resulting from an employment contract, defined as such by national legislation, and recorded in the accounts of the SME according to the SME's usual accounting practices, **that salary must be used to calculate the personnel costs (actual costs)** that can be charged to the Horizon Europe project (see Article 6.2.A.1 of the HE MGA).

- In all other cases, i.e.: if the SME owner receives a remuneration resulting from a contract that is not an employment contract (in the sense of national legislation), or the SME owner can demonstrate that he/she receives a salary that corresponds exclusively to the management of the SME and is therefore not linked to the action, **then his/her personnel costs must be declared on the basis of the SME owner unit cost**, in accordance with the method set out in Annex 2a of the grant agreement.

The evidence that can be used to demonstrate that the salary received by the SME owner corresponds exclusively to the management of the SME and is not linked to the action should be a conclusive and formal proof of such as a signed contract, an official document from the Human Resources department, a decision of the general assembly, or any other approved internal document which states that the salary of the SME owner corresponds to the management of the entity.

On a final note, please note that the remuneration of the SME owner should be in line with the beneficiary's usual practices and therefore not created specifically to declare costs under HE or circumvent HE rules.

Having said that, please kindly be reminded that we cannot validate individual cases, but only provide general guidance and that the answer provided is only based on the information you have provided within your query.

Audits

Only remark/advice: It is very difficult to fill in Annex III to the Letter of Announcement for the purposes of project-based remuneration (changes to the Excel sheet have to be made to include the calculation

of national reference rate and project reference rate). We hope this will not be the case for Horizont Europe audits.

E-mail communication – COM, DG RTD – H1, January 13, 2023

Thank you for your feedback. We will draw the attention of the relevant Commission services involved in the preparation of future audit-related documents.

⚠ Clarifications on Annex III Personnel Cost Calculations and Reporting Period Differences

We kindly ask clarifications regarding the fulfilment of the audit template detailed-cost-breakdown_he_en (HE - LoA_Annex III) in the sheet P1 Actual Personnel costs, namely the following calculations in the provided examples:

- In cell S4, **shouldn't this be rounded to 179?**
- Cell U2, **shouldn't this be T2/S2 and not T2/215** since the max declarable days are 107,5 and not 215?
- In Cell U3 shouldn´t this be T2/179 since we must round the max-declarable days? If so, the value would be 13 011,17 and not 12 999,07.
- The name of cell Q1 shouldn't be called Total Days-equivalents worked in the action? The nomenclature used is not in line with AGA formula.
- Same rational for the cell name S1, should it be called Maximum declarable day-equivalents?

If the Commission recommendation is to use the personnel calculation by reporting period, **how can we implement that if Annex III personnel costs require to present the calculations by calendar year?** This will cause a difference to the financial statement submitted by reporting period. How should this issue be tackled?

Case 7194876, February 2, 2026

From the outset we would like to clarify that the **objective of the Annex III to the Letter of Announcement is to provide the auditors with a detailed breakdown of the costs claimed** by the audited beneficiary in its periodic Financial Statements. It is therefore **not a tool designed to provide beneficiaries with detailed guidance of what should have been reported**. It is indeed their responsibility to follow the rules for calculation and reporting eligible costs on the financed projects, as provided in the EU Model Grant Agreements for the EU funding programs 2021-2027 and its annotations.

In this respect, and to avoid any potential confusion between the calculations/reporting made by the beneficiary when claiming costs and the illustrative examples in the template Annex III, **we are considering removing the formulas in the sheet P1 Actual Personnel costs** and will correct the clerical mistake that you have spotted.

⚠ **Positive Cost Adjustments without Additional Person-Months in the Funding & Tenders Portal**

In Horizon Europe Project, we have a case involving a **positive cost adjustment where no additional Person Months need to be declared** during the Reporting Period.

From our experience with the portal:

• For a negative cost adjustment, the system allows leaving the PM value at 0.

• However, for a positive cost adjustment, **the portal generates a blocking error** that prevents submitting the Financial Report unless a PM value of at least 0.01 is entered.

Since declaring 0.01 PM when no actual effort was worked is procedurally not entirely accurate, we would like to ask:

• Have you encountered similar cases, or do you have any clarification/guidance from the European Commission or the IT Helpdesk on this matter?

• **Is entering 0.01 PM considered the standard accepted workaround**, or is there another recommended procedure to submit a positive cost adjustment without altering PMs?

Case 8363371, July 30, 2026

If a beneficiary is prevented from submitting their reporting by the system and encounters the error mentioned below when declaring a positive adjustment to their personnel costs, **encoding 0.01 Person Months (PM) is not considered the standard accepted workaround**.

Instead, a Helpdesk ticket should be raised. This can be done directly by the beneficiary. The Helpdesk will request from the beneficiary **the approval of the Project Officer on the cost-only adjustment (an email is acceptable for this)**. Following the Helpdesk intervention, the **system will allow the beneficiary to validate and submit their reporting**.