



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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Federal Department of Economic Affairs,
Education and Research EAER

**State Secretariat for Education,
Research and Innovation SERI**

Horizon 2020 – Guidelines for financial reporting

for project-by-project participation of Swiss partners in EU research framework programmes

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1 General information

The costs incurred in Switzerland by the participation of Swiss partners in actions of the EU research framework programme Horizon 2020, in which Switzerland is participating as a third country, are covered by the State Secretariat for Education, Research and Innovation (SERI). The legal frameworks for this are the [Federal Act of 14 December 2012 on the Promotion of Research and Innovation](#) (RIPA, SR 420.1) and the [Subsidies Act](#) of 5 October 1990 (SubA, SR 616.1).

The [Ordinance of 12 September 2014 on Measures for Swiss Participation in the European Union Framework Programme for Research and Innovation](#) (RIPPO, SR 420.126) elaborates on the provisions set out in the RIPA. The national legal frameworks and the contract concluded between the Swiss partner and SERI are binding for Swiss partners.

At European Union level, the details on project implementation including the funding principles are explained in the [Annotated Model Grant Agreement \(AGA\)](#) published by the European Commission (EC). Unless otherwise provided for in the national legal frameworks, SERI complies with the EC's funding and accounting principles.

These guidelines highlight areas that Swiss project partners who receive funding from SERI should particularly be aware of in order to comply with the national legal frameworks. They serve as an aid for drawing up financial reports for SERI.

Individual programme areas (MSCA ITN, ERA-NET Cofund Actions and JTIs) are further expounded in Chapter 4 as they have special features to consider when calculating contributions, reimbursement rates, etc.

1.1 Contract and budget

Projects are undertaken within the framework of a legal contract between SERI and the Swiss partner (Art. 10 RIPPO). Details regarding the submission of project applications via the online form can be found in the document 'Project-by-project funding in Horizon 2020 – Guideline for Swiss participants'.

The budgeted total costs are submitted in the online form split into the cost items A-E:

- A. Personnel costs
- B. Sub-contracting costs
- C. Direct costs for financial support
- D. Other direct costs
- E. Indirect costs

The cost items correlate with those in the grant agreement (GA). In accordance with Art. 11 para. 3 RIPPO, costs may only be submitted up to the value of the budget in the grant agreement.

The contract stipulates the maximum federal contribution and the percentage reimbursement rate. If several Swiss partners are participating in the same project, each partner must submit an application for their part and will receive their own contract with SERI.

1.2 Eligible costs

SERI stipulates the maximum approved costs in the contract with the Swiss project partner. Eligible costs are those that are related to the project, are necessary for implementation of the project and are reasonable, identifiable and verifiable. Costs are only deemed to be project-related if they are incurred **during the project period** (the date the services are performed, not the invoice or booking date, is the deciding factor). The project period is stipulated in the contract with SERI. Costs associated with compiling final documentation, final reports and audits may be claimed, even if they are incurred after the project period. Double funding is not permitted. The special conditions under Chapter 4 apply for individual programme areas.

The eligible project-related expenses should be booked to a separate **project account or cost centre** so they are clearly assigned to the project and separated for accounting purposes from the costs covered by basic funding (separate accounts).

1.3 Exchange rate

Applicants' submissions should be made in euros. SERI will then convert the requested sum into Swiss francs. The conversion is based on the average exchange rate of the Swiss National Bank (www.snb.ch) for the month when the project is submitted. For single-stage evaluation procedures, the submission deadline for project applications stipulated by the European Commission for the relevant call is deemed to be the reference date. For projects that are evaluated in a two-stage procedure, the final submission date for the second stage is considered the reference date, and for open calls the date when the project proposal was submitted to the European Commission.

Project costs incurred in a currency other than Swiss Francs should be converted into Swiss Francs. SERI will accept any of the following exchange rates:

- Daily exchange rate of the Swiss National Bank at the time of the accounting entry.
- Monthly average exchange rate of the the Swiss National Bank at the time of the accounting entry.
- Exchange rate charged by the credit card company.
- Exchange rate applied by your institution, provided it does not deviate more than three percent from the daily exchange rate or the monthly average exchange rate of the Swiss National Bank at the time of the accounting entry.

1.4 Cuts by SERI

Cuts made by the EC to the requested amount for all project partners are usually also adopted for the Swiss component. In such cases, SERI will approve a proportionally reduced amount and in doing so will be guided by the EC's reduction rate for participants with a similar role on the project.

1.5 Project extension and early termination

Any project extensions require written approval and should therefore be reported to SERI immediately. In principle the SERI contract can only be extended if the EC officially approves an extension of the overall project.

If the success of the project is called into question, SERI must be notified immediately. If the overall project is terminated early by the EC or the Swiss partner terminates their part of the project early, the corresponding SERI contract is also terminated on the same date. Only costs incurred up to this date may be reimbursed, as well as costs associated with compiling final documentation, final reports and audits in accordance with Section 1.2.

1.6 Level of federal contribution

The level of the federal contribution is calculated based on the overall costs approved by SERI, which are multiplied by the percentage reimbursement rate as stipulated in the contract between SERI and the Swiss project partner. If the approved overall costs are not substantiated during the course of the project, this will result in the funds due being cut. If the approved overall costs are exceeded, the additional costs must be borne by the beneficiary.

2 Clarification of cost items

In accordance with Art. 11 para. 2 RIPPO, personnel costs, other costs and indirect costs may be claimed. The other costs referred to in the Ordinance correspond to the cost items B-D referred to in the grant agreement and in the contract between SERI and the Swiss project partner.

2.1 Direct personnel costs (cost item A)

Proof of working hours - recording time

Working hours should be documented using timesheets showing the actual number of hours worked on the project. The timesheets should be signed by the supervisor and the collaborator. SERI recommends using the timesheet template on the Participant Portal.

Staff employed to work exclusively on the project at a fixed work-time percentage may, instead of submitting timesheets, submit a confirmation signed by their superior saying that they were employed to work exclusively on the project ('Declaration on Exclusive Work for the Action' according to the AGA).

- **Wage rates and calculation of personnel costs for non-commercial research facilities and institutions**

In accordance with Art. 11 para. 2 let. a RIPPO, universities, non-commercial research facilities outside of the higher education system and non-commercial institutions may claim their actual personnel costs. The remuneration must be in line with the usual rates of pay at the institution in question.

Personnel costs are calculated as follows:

Hourly rate multiplied by the number of hours actually worked on the project.

The hourly rate equates to:

Annual labour costs including employer social security contributions divided by annual productive working hours

According to the Annotated Model Grant Agreement (AGA), the annual productive working hours can be calculated as follows:

- a) as a fixed total of 1720 hours per person per year (full-time)*
- b) based on the standard annual working hours of the institution*
- c) based on individual annual working hours*

The chosen method must be applied consistently.

The following rule set out in Art. 6 para. 2 of the Grant Agreement "if a financial year is not closed at the end of the reporting period, the beneficiaries must use the hourly rate of the last closed financial year available" **is not applied by SERI.**

- **Salary rates and personnel categories for companies**

The actual personnel costs incurred (gross salary and employer social security contributions) may be claimed. Under Art. 11 para. 2 let. a RIPPO, the usual salary rates apply for companies up to the maximum rates set by the Commission for Technology and Innovation (CTI). These hourly rates can be found in the [Annex to the Ordinance on the Promotion of Research and Innovation RIPO](#) of 10 June 1985 (version dated 1 September 2013) (SR 420.11).

Since overhead costs are reimbursed separately (see Section 2.5), tariff B applies for the relevant personnel category, i.e. including employer social security contributions but excluding overhead costs.

For every management role in the project, one person in the personnel category project manager and one person in the category deputy project manager will be accepted:

- to manage the project for the Swiss partner (even if the Swiss partner does not hold a project coordination role or work package lead);
- to lead a work package;
- to coordinate the overall project if this is the responsibility of the Swiss partner.

SME owners who do not pay themselves a regular salary may bill their working hours based on the CTI rate for the personnel category that corresponds to their role on the project.

2.2 Sub-contracting costs (cost item B)

Under Art. 10 para. 4 RIPPO, actual research costs, including sub-contracting costs, must be incurred in Switzerland. Costs for the use of research infrastructures outside Switzerland may be eligible if the relevant infrastructures are not available in Switzerland. The same applies to costs in the framework of subcontracts for work that cannot be carried out in Switzerland.

Lower costs abroad are not usually a sufficient justification for sub-contracting work to a service provider outside Switzerland.

The financial report should include justification and substantiation as to why a Swiss service provider was not considered.

In case of doubt we would advise Swiss project partners to contact SERI before the subcontract is awarded.

2.3 Direct costs for financial support (cost item C)

The cost item 'direct costs for financial support' refers to a specific form of funding, where the project partner provides financial support to third parties, e.g. scholarships or prize money. This type of cost is only provided for in a small number of programme areas and the details are set out in Art. 15 of the GA. For project-by-project funding purposes, they are deemed to be costs in accordance with Art. 11 para. 2 let. b RIPPO (other costs that are verifiably incurred by carrying out research and innovation).

2.4 Other direct costs (cost item D)

These include: (1) Travel/conferences, (2) Investment/equipment, (3) Other direct costs/consumables, (4) Costs for research infrastructures. They comply with the categories set out in the GA. Regarding supporting documents, SERI follows the EC's guidelines, which are explained in the GA and its annexes.

• Travel costs

SERI reimburses travel costs that fulfil the general cost eligibility conditions (cf. 1.2) and that are proportionate (number of persons, number of journeys). The costs must comply with the expense regulations of the institution in question and should be within the following limits:

- Accommodation: mid-range hotels
- Transport costs: In principle, the cheapest option should be chosen; as a guide flight costs should be in economy class, costs for car/taxi journeys only if a journey cannot reasonably be made on public transport, etc.

- Additional reimbursement of expenses (e.g. meals) according to the regulations of the institution in question

As explained in Annex 5 of the GA, relevant supporting documents must be presented that show that the journey was related to the project, e.g. minutes from meetings, workshops and conferences, correct booking of costs in the project and consistent timesheets.

- **VAT on SERI subsidies**

As it is a subsidy, SERI funding is not subject to value added tax, in accordance with Art. 18 para. 2 let. a of the Federal Act of 12 June 2009 on Value Added Tax (VATA, SR 641.20). It does not qualify as a consideration.

No VAT should be added to approved amounts on accounts submitted to SERI to initiate the payment of tranches.

- **VAT on research costs**

The AGA on Horizon 2020 stipulates that value added tax paid on services purchased is eligible for reimbursement if it cannot be claimed back under the legislation of the relevant country.

In principle, federal contributions as subsidies are exempt from value added tax in accordance with Art. 18 para. 2 let. a Federal Act of 12 June 2009 on Value Added Tax (VATA, SR 641.20).

Swiss project partners may bill SERI the actual costs incurred including any VAT paid by them (prepaid tax). It should be noted that any input tax deduction should be reduced in proportion (see Art. 33 para. 2 VATA).

- **Depreciation of investments**

Regarding the eligibility of investments for funding, SERI follows the practice described in the AGA: Swiss partners should depreciate the purchase price for equipment in accordance with their usual depreciation practice and national accounting laws.

2.5 Flat-rate indirect research costs (overhead costs) (cost item E)

Funding for Swiss partners to cover overhead costs complies with Art. 11 para. 2 let. c and para. 4 let. b RIPPO. In Horizon 2020, overhead costs are calculated on a flat-rate basis. The flat rate equates to a maximum of 25% of the direct costs, in line with the rules set out in RIPPO. As described in the AGA, costs for sub-contracting and costs for benefits in kind from third parties, which are performed outside of the facility premises, may not be charged as overhead costs.

2.6 Shifting costs or tasks and transferring projects

As a general rule, it is not permitted for Swiss partners to transfer funding granted to them by SERI to partners in other countries. Transferring budget from one project partner in a member state or associated country to a project partner in a third country is in principle not permitted, in accordance with the AGA. This may only be done between project partners receiving funding from the EC. The following section describes how Swiss partners should go about shifting costs and tasks and transferring projects.

- **Shifting costs between cost items within the budget of a Swiss project partner**

Costs and funding may be shifted between cost items without a contract amendment, provided they are used to fulfil the contractually agreed tasks. If new subcontracts are planned, however, a contract amendment is necessary in any case.

- **Shifting costs between two project partners funded by SERI**

Costs may be shifted between two Swiss partners on the same project who receive funding from SERI. For such cost shifting, SERI requires the contract between SERI and the Swiss partner concerned to be amended (contract amendment in accordance with Art. 4.9 of the contract).

- **Shifting work packages**

The shifting of work packages requires a contract amendment or an amendment to the grant agreement in accordance with the grant agreement with the EC and the contract between SERI and the Swiss project partner.

- a. Assumption of work packages from foreign project partners*

If Swiss project partners wish to assume the work packages of non-Swiss project partners, they must contact SERI. SERI reviews whether it is possible to finance the additional project part and draws up a contract amendment in accordance with Art. 4.9 of the contract if necessary. Funding by SERI requires the EC to have approved an amendment to the grant agreement. The same process applies if a Swiss institution wishes to join an existing consortium and assume project parts.

- b. Transfer of work packages abroad*

If Swiss partners transfer tasks (e.g. entire work packages or individual tasks) to project partners abroad, they must notify SERI and the approved contribution is then reduced accordingly. No SERI subsidies may be transferred abroad. The EC's funding guidelines also exclude the possibility of applying for additional EU funding once a project is under way. If foreign partners assume tasks from Swiss partners, they cannot therefore apply for additional funding from the EC.

- **Transfer of projects**

- a. Transfer of projects to Switzerland*

If researchers move to a Swiss institution and carry out the part of a joint project for which they are responsible in Switzerland, they may apply for funding from SERI on condition that Switzerland is a third country in the relevant call and the Swiss institution is recorded as the new project partner in an amendment to the grant agreement with the EC. The application for funding may only comprise the costs arising from continuation of the project in Switzerland.

- b. Transfer of projects abroad*

The contractual parties in a grant agreement with the EC and in a subsidy agreement with SERI are the participating institutions, not the individual researchers. If a Swiss partner terminates its participation in a joint project, e.g. because leading researchers are moving abroad and the relevant research activities are to be completely transferred abroad, the subsidy agreement between SERI and the Swiss institution also expires. In accordance with the provisions of the SubA and the RIPPO, SERI may not conclude subsidy agreements with research facilities abroad.

In order to allow continued funding from SERI, a project would have to be continued in Switzerland even if it was led from abroad. In such cases, costs may only be claimed for project management if project leads can prove they still have a link to the Swiss institution. Whether and how this is possible should be agreed between the institution and the person concerned.

The EC's funding guidelines also exclude the possibility of applying for additional EU funding once a project is under way. Therefore, if a project is transferred during the project period from Switzerland to another EU member state or associated country, this country will not receive any funding from the EC even if the new institution would in principle be eligible for funding.

3 Financial reporting and checks

The actual project costs incurred should be presented and substantiated in the final report. An interim financial report must be submitted within 60 days after the end of the first 12 months of the project for projects lasting less than 36 months, or after the end of the first 24 months of the project for projects lasting 36 months or more. The final financial report should be submitted at the latest **60 days** after the end of the contract term.

3.1 Interim financial report

The interim report may also serve to request payment of the second tranche.

The Swiss project partner's interim financial report for the attention of SERI should include:

- A list of all project costs incurred in the billing period, split by cost item;
- Copies of the original supporting documents in electronic form, arranged in the order they are listed in the report;
- Balance confirmation or account statement from the accountant or credit institution;
- Details of purchase costs, depreciation periods and percentage utilisation of equipment (investments).

Indirect costs (overhead costs) do not need to be substantiated. The federal contribution is calculated on the basis of the reimbursement rate and the declared overall project costs.

3.2 Final report

The following information or documents should be submitted along with the final financial report:

- Project-related revenue (e.g. resale of equipment that was specifically purchased for the project; contributions from third parties; in-kind contributions provided free of charge by third parties);
- Certificate on financial statements; audit certificate in accordance with Section 3.4;
- In the event of subcontracts for research activities abroad or the use of research infrastructures abroad, justification or proof that the activities could not have been performed in Switzerland or that the research infrastructures are not available in Switzerland.

3.3 On-site assessments

SERI reserves the right to inspect evidence of use on the beneficiary's premises or to have it inspected by an auditor provided no audit is requested. For this purpose, original supporting documents should be retained for 10 years after project completion in accordance with the contract.

3.4 Audits

Under Article 4.1 of the subsidy agreement concluded between SERI and the beneficiary, all beneficiaries that request a total financial contribution of EUR 325,000 or more (exchange rate in accordance with the contract, as a reimbursement of actual costs and unit costs calculated on the basis of its usual cost accounting practices excl. indirect costs and other unit costs), must submit an audit certificate covering the entire project period together with the final financial report. The audit must be carried out by an external auditor or – in the case of public institutions – the competent financial control unit (hereinafter referred to as auditor).

3.5 Subsequent cuts to funding granted

If federal contributions are used contrary to the terms of the contract or in the event of other breaches of contractual obligations, SERI is entitled, under SubA, to reduce further payments and to claim back payments already made including default interest.

In addition, further payments may be suspended and payments already made may be claimed back including default interest if contractual duties are not fulfilled.

3.6 Review of final report and final financial audit by SERI

Following examination of the final report and final financial audit, SERI will inform beneficiaries of the outcome by email. Objections against the final financial audit may be raised with SERI in writing citing reasons within 6 weeks of receipt.

3.7 Reimbursement of unclaimed funds

Under no circumstances can unclaimed federal contributions be transferred to another project. Funds already paid by SERI and not claimed must be reimbursed to SERI. After examination of the final financial report, SERI will invoice the beneficiary for such funds.

4 Special features of individual programme areas

The following is a – non-exhaustive – list of some programme areas for which the rules differ from those set out above. These actions are subject to special financial criteria stipulated by the European Commission and differ from the general grant agreement. In such cases, SERI adopts the type of funding chosen by the EC and provides support to Swiss project partners at the same percentage rate as the EC for project partners to whom it provides funding, provided this complies with the Swiss legal framework. The criteria for submitting financial reports to SERI also follow the EC's guidelines.

4.1 MSCA Innovative Training Networks

For MSCA Innovative Training Networks (ITN), the grant agreement budget plan with the European Commission does not mention the partner organisations in third countries, but only details the planned activities of the partner within the scope of the project. Projects are still eligible for project-by-project funding provided the submission deadline was before 15 September 2014. Costs are calculated according to the relevant specific EU guidelines. A flat rate is paid for every month of employment of an early stage researcher (ESR). This amounts to CHF 8,676.83 for ESRs without family responsibilities and CHF 9,286.38 for ESRs with family responsibilities. Calculation and reporting should be carried out using the reporting form [Innovative Training Network 2014 – Budget Planning/Reporting](#).

Within the scope of ITN projects, Swiss partners may pay a contribution from the project funding awarded to them by SERI to cover the management costs of the project coordinator, even if the coordinator is based in an EU member state or associated country. This cost contribution funds joint events, initiatives, projects, websites etc. that particularly benefit the ESRs employed on the project. In this respect, ITNs are a special case in that flat-rate funding is based on researcher-months and project coordinators cannot claim any additional costs for coordination.

Swiss project partners should declare the costs paid to coordinators in the financial reports they submit to SERI, together with evidence of how this has benefitted the ESRs employed on the project.

Financial reporting:

For the interim and final financial reports, the relevant reporting form should be completed in full, signed and submitted to SERI. A confirmation should also be submitted to SERI with the final financial report stating that the early stage researcher has been paid the MSCA minimum rates in accordance with field A of the reporting form (i.e. flat-rate living allowance, mobility costs and family allowance if applicable). If contributions are paid to the coordinator, evidence must be supplied demonstrating to what extent such contributions have benefited ESRs employed on the project.

Audits may be carried out in accordance with Article 22.1.3 of the GA for MSCA.

4.2 ERA-NET Cofund Actions (ERA-NET CFA)

In the scope of an ERA-NET CFA, the participating research funding organisations must carry out at least one co-financed call for projects, in accordance with ERA-Net Cofund rules. The EC covers a maximum of 33% of the call budget and the funding organisations must cover at least 67%. Budget contributions paid to funding organisations participating in the project from third countries, such as Switzerland, are not taken into account when calculating the EU financial contribution.

To replace the shortfall in funding from the EC, the Confederation can grant Swiss funding organisations involved in the project financial support of up to 33% of the call budget to cover Swiss participation in the research project. For example: if the funding budgeted by the Swiss ERA-NET CFA partner for Swiss researchers amounts to CHF 1 million according to the grant agreement, the Swiss funding organisation's share amounts to at least CHF 670,000 (67%) and the federal contribution amounts to a maximum of CHF 330,000 (33%).

In addition to the contribution to the call budget, the funding organisations participating in the ERA-NET CFA can claim unit costs of EUR 29,000 from the EC per year and per funding organisation for other activities, plus a maximum of 25% overhead costs. Here, too, the reimbursement rate amounts to a maximum of 33% and Swiss project partners can also apply for this funding from SERI.

Financial reporting: When submitting financial reports, the Swiss funding organisations participating in the project should include the ranking and project selection lists approved by the EC in addition to the documents listed under Section 3, as well as copies of project contracts between the Swiss funding organisations involved in the ERA-NET CFA and the Swiss research project partners to whom it has granted funding.

4.3 Joint Technology Initiatives (JTI, in accordance with Art. 187 TFEU)

JTIs are joint undertakings (JU) with their own legal personality. They implement and promote major research and innovation projects with a strong connection to industry and in so doing, help maintain and enhance the global competitiveness of European industry in fields that are a priority for Europe. JTIs are co-financed by the European Union from the Horizon 2020 budget and by the participating JTI members (usually major industrial partners).

All JTI calls are published on the Horizon 2020 Participant Portal and largely follow the usual Horizon 2020 funding and financing rules. The rules applying to individual JTIs may differ from Horizon 2020 rules, for example different funding rates may apply, such as with ECSEL, or different minimum numbers of participants, as with Clean Sky. SERI awards funding in accordance with Art. 14 para. 1 let. a RIPPO, in other words, it funds the portion that would be funded by the EU if Switzerland was an associated country. Applications for replacement funding should also be submitted using the online form.

Financial reporting and deadlines: same approach as for Horizon 2020 joint projects.

5 Appendix

5.1 Glossary

Abbreviation	Meaning
AGA	Annotated Model Grant Agreement
CTI	Commission for Technology and Innovation
EC	European Commission
GA	Grant Agreement
RIPA	Federal Act on the Promotion of Research and Innovation, SR 420.1
RIPPO	Ordinance on Measures for Swiss Participation in the European Union Framework Programme for Research and Innovation, SR 420.126
SERI	State Secretariat for Education, Research and Innovation
SubA	Subsidies Act, SR 616.1
VATA	Federal Act on Value Added Tax, SR 641.20

5.2 Personnel categories and CTI hourly rates

CTI maximum rates in accordance with the [Annex to the Ordinance on the Promotion of Research and Innovation RIPO](#) of 10 June 1985 (version dated 1 September 2013) (SR 420.11):

Category	Tariff B
Project manager	CHF 105.-/h max.
Deputy project manager	CHF 87.-/h max.
Experienced researcher	CHF 71.-/h max.
Research assistant	CHF 60.-/h max.
Technician/programmer	CHF 54.-/h max.

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