

Annex B)

Rules for expense eligibility for call 6.3 – Support for pre-seed activities

Eligibility limitations:

Eligible expenses (EE) must fulfil general principle of expense eligibility regarding **time, location and purpose**, and must be incurred in line with the principles of **economy, efficiency and purposefulness**.

Time – expenses occurring during the project implementation but not after 30 June 2015. Expenses for the project preparation are eligible if they were incurred after 1 January 2011.

Location – project implementation in the territory of the Czech Republic and outside the territory of the Capital City of Prague. Activities co-financed from the OP RDI, priority axis 3 must have a direct link to the region to which the support applies.

Purpose – every eligible expense must be demonstrably necessary for the project implementation and have a direct link to the purpose of the programme or the supported activities. Construction expenses and purchase of devices and equipment are not eligible expenses.¹

Economy – using the funds to secure determined tasks with adequate expenses while maintaining the corresponding quality of executed tasks. This principle is fulfilled either by a transparent procedure in choosing suppliers (pursuant to Act 137/2006 Coll., on Public Procurement, as amended, or Rules for the selection of suppliers within the OP RDI) or by opinions of sworn experts specialized in the relevant areas.

Efficiency – using funds to achieve the maximum possible extent, quality and usefulness of the executed tasks compared to the expenses (i.e. maximizing the ratio of outputs and inputs). This principle is fulfilled either by a transparent procedure in choosing suppliers (pursuant to Act 137/2006 Coll., on Public Procurement, as amended, or Rules for the selection of suppliers within the OP RDI) or by opinions of sworn experts specialized in the relevant areas.

Purposefulness – using funds in a way that guarantees the optimum fulfilment of goals while executing determined tasks. This principle is maintained if the project fulfils the acceptability criteria of the programme and leads to the fulfilment of programme indicators and achievement of objectives defined for the project implementation.

Double financing of an expense from another public resource (national or EU) is inadmissible.

¹ Building Act No. 183/2006 Coll., Section 2

Value added tax can be an eligible expense as long as the product or service to which it relates is eligible as well. If the product or service is just partly eligible, only the proportional part of the VAT is eligible. The VAT or its part (proportional within the meaning of the previous sentence and/or an unclaimed part – after reducing the tax deduction using a coefficient – which is not claimed using the advance payment coefficient pursuant to the VAT Act) is an eligible expense only if the beneficiary is not entitled to claim its deduction or partial deduction. The whole VAT is an eligible expense for entities that are not VAT payers. Entities that can claim partial VAT deduction using a coefficient use the advance payment coefficient in the request for payment (i.e. when determining the sum of eligible expenses). At the same time, no later than in the first phase in the subsequent year when the tax administrator determines the settlement coefficient for the previous year pursuant to the VAT Act, beneficiaries will perform a settlement of VAT claimed this way using the settlement coefficient determined by the tax administrator. The VAT or its part cannot be an eligible expense if they can be claimed in accordance with the law.

List of eligible expenses for call 6.3 – Pre-seed activities

| Name of chapter / item | % of total eligible project expenses | Characteristics (indicative list) | Legend |
|--|--------------------------------------|---|---|
| 1. Project preparation | Maximum volume: up to 8% of the EE | Services of experts and consultants during preparation of the project, costs of tenders for activities related to project preparation. Contribution to payroll expenses of the preparation team before the issuance of the Decision (see the table below). | Eligible expenses can include expenses for services provided by experts and consultants related not only to the completion of the project application but also to the preparation of the material content of the project (e.g. preliminary market research, analysis of marketability conditions, preparation of the commercialization plan). |
| 2. Intangible assets | | | |
| 2.1 Purchase of intangible assets | | Industrial property rights (know-how, licence); software. | Purchase of long-term intangible assets needed for the project implementation. |
| 2.2 Intangible assets created by the project implementation | | Expenses unequivocally related to the results of applied research created in the project. | Unfinished/finished intangible assets |
| 3. Tangible assets created by the project implementation | | Expenses unequivocally related to the results of applied research created in the project. | Unfinished/finished tangible assets |

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|--|--|--|--|
| 4. Operational costs | | | |
| 4.1 Consumables | | Expenses for consumables needed for project implementation (e.g. development of the prototype, functional design, implementation of proof of concept) | Consumables and working material directly related to the project implementation, considering the current state/progress of implementation of activities. |
| 4.2 Energy consumption | | Energy consumption. | Expenses that can be directly associated with the project. |
| 4.3 Rental of premises and facilities | | Rental of premises and facilities demonstrably necessary for project implementation. | Rental of premises and facilities directly related to the projected; a proportional part in case of sharing. |
| 5. Externally purchased services, fees | | Expenses for externally purchased services indispensable for the project implementation or required by the MA. | |
| 5.1 Expert services related to project activities | | Expert services directly related to the verification of technical feasibility and commercial aspects, and expenses directly related to commercialization. | Patent applications and fees, submission of utility designs, etc. Access to databases, license fees and others. Expenses related to the start of commercialization (e.g. looking for a commercial partner, licensing, preparation of a start-up company) |
| 5.2 Other externally purchased services | | Consulting, legal and financial services | Coaching, training, studies, market research or other services necessary for the implementation of the supported project activities. |
| 5.3 Services required by the MA | | Expenses on externally purchased services of auditors - members of the CR Chamber of Auditors or accountants (only if the requirement was specified by the support provider or by law), insurance expenses, expenses related to keeping a special project account. | |

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|------------------------------------|----------------------------|--|--|
| 6. Contribution to salaries | | Contribution to salaries for employees directly involved in project implementation. | Salaries of the members of the implementation team must be typical of the time and location. Salaries for days demonstrably worked on the project including a proportional share of the annual vacations are an eligible expense. The limitation of the contribution to salaries is governed by the table at the end of the text. For the purpose of this document, salary means: salaries, wages or remunerations based on an agreement, including obligatory payments. |
| 7. Obligatory publicity | Up to 0.5% of the EE | Publicity expenses according to the request of the grant provider. | Marking a building or property co-financed from EU funds – shields, plaques, stickers etc. |
| 8 Publicity | Maximum up to 2% of the EE | Promotional activities and materials beyond the scope of obligatory publicity. Business trips, conferences and seminars related to the product presentation necessary for publicity and commercialization. | Expenses for promotional material. Expenses for business trips, accommodation, participation at exhibitions and fairs, participation fees. |

All eligible expenses are subject to approval by the MA. Preliminary approval does not guarantee that the expense will be reimbursed.

Contribution to the monthly payroll expenses from the OP RDI

| “Supergross” monthly wage per FTE employee | Contribution paid from the OP RDI |
|--|-----------------------------------|
| CZK 0 - 75,000 | 100% |
| CZK 75,001 - 150,000 | 90% |

* “Supergross” salary exceeding CZK 150,000 is an ineligible expense – covered by the beneficiary.

For “supergross” salaries exceeding CZK 75,000, the MA will require justification of the amount. “Supergross” salaries over CZK 75,000 should be co-financed by the beneficiary from external resources (e.g. revenue from contractual research and provision of services).