

*Please note that this is a translation of the instructions from Swedish.
If there are differences between the English and Swedish versions,
the Swedish version applies.*

Instruction to eligible costs

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1 Introduction

Our general terms and conditions and this instruction are based on the rules on state aid and on the General Block Exemption Regulation, "GBER"¹. In case of ambiguity, guidance can therefore be found in the relevant provisions of GBER. However, where the terms and conditions or this instruction deviate from GBER, or contain additional limitations or requirements for costs to be eligible, the terms and conditions and this instruction always take precedence, except in cases where the scope of permitted exemptions according to GBER would thereby be exceeded.

In Vinnovas general terms and conditions for grants (§ 6.1), we specify the costs that may be eligible for project participants. In this instruction we clarify what these costs are, what the general limitations and exceptions are, and how you as a participant should calculate and report these costs.

Eligible costs mean the costs that you incur to complete your part of the project and which can be covered in whole or in part by our grant. Also, a participant who is not a beneficiary is subject to the general terms and should calculate and report its costs in the same way as a beneficiary.

In Section 2, we list the general requirements that apply for a cost to be eligible and some general exceptions. These requirements and exceptions apply to **all** project participants and all types of costs.

In Section 3, we describe the types of costs (cost categories) that are eligible in different kinds of actions. The types of costs that are eligible depend on the category of aid granted. The category of aid is set out in the decision. For non-beneficiaries, there is no category of aid. All types of costs in the general terms and conditions are applicable for non-beneficiaries, see section 4.

In Section 4, we give a more detailed description of the different types of costs. Eligible costs may, in some cases, deviate from what is stated in section 4. It is e.g. when our grant does not constitute state aid² or when it is granted as *de minimis* aid³. When this is the case, this will be specified in the call for proposals and in the decision. If nothing is stated there, all cost categories in the general conditions may apply (if they are in accordance with the application) - see sections 4.1–4.5 below).

2 General conditions for a cost to be eligible

For a cost to be eligible for funding, it must be eligible according to a relevant category of aid and not subject to any limitations or exceptions. It must also be in accordance with the application and the project description including budget (or with approved revisions thereof). Furthermore, it must meet the general conditions listed in this section, regardless of cost category.

For a cost to be eligible, the following must be met:

- The cost must be actual and be supported by documentary evidence, which means that it must be real and be registered in the accounting records of the participant. Such records and verifications shall be made available if so requested. The cost cannot be an estimation. This

¹ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, GBER.

² State aid is aid provided by a Member State or by public funds, of whatever kind, which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods, insofar as it affects trade between the EU Member States. See Article 107 of the Treaty on the Functioning of the European Union.

³ Commission Regulation (EU) No 2831/2023 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid

means, for example, that a participant who does not pay himself a salary, e.g. an SME-owner who does not take out a salary, cannot report and receive a grant by estimating a salary based on time spent on the project. Such an estimation is not an actual wage cost that can be found in the project participant's accounting.

- It must be incurred by the project participant, which means that the participant may only include and report its own costs.
- It must be incurred during the project period, set out in the decision. Costs incurred before or after the project time are not eligible. Personnel costs incurred in connection with the completion of the final report shall be considered to have been incurred during the project period and may therefore be included as an eligible cost in the final report.
- It must be recorded and determined in accordance with the project partner's usual accounting practices and generally accepted accounting principles.
- It must be reasonable and incurred solely for the implementation of the project, which means that the cost must be reasonable, proportionate and necessary for the implementation of the activities in the project. Only the part of the costs attributable to the project is eligible.
- It must be in accordance with the project participant's own internal policies, guidelines and other governing documents, especially regarding environmental and climate impact. This refers primarily to travel policy, but also other relevant governing documents for the project participant.
- It must be deductible according to the regulations of the Swedish Tax Agency.

For the costs to be eligible, they must also be reported to Vinnova in the final report, at the latest.

Costs incurred during the period when a participant is insolvent are not eligible, which is also clarified in § 6.1.3, of the general terms and conditions. Note that there is an obligation to inform Vinnova as soon as such a situation arises.

In your accounting, the project costs must be registered under a project-specific code or equivalent.

Direct costs must be distinguished from indirect costs. Direct costs are those that arise as an immediate consequence of the project, such as personnel costs and travel expenses for employees. Indirect costs (overhead or OH) are general costs that do not arise as a direct consequence of the project, but which can be related to the direct costs of carrying out the project, such as costs for ordinary office space and cleaning, see section 4.5 below.

General exceptions

Some costs are specifically exempted in the general terms and conditions as not eligible. These are:

(a) costs incurred in connection with the conclusion of the project agreement. This means that neither the costs for consultants nor the project participant's own personnel costs for the conclusion of the project agreement are eligible.

(b) costs for the sale and purchase of goods or services, or licensing costs or similar, between project participants.

(c) costs incurred by a participant during the period of its insolvency.

(d) costs for work carried out by employees at a university or higher education establishment which is non-compliant with rules on such employee's outside activities.

3 Eligible costs for different categories of aid

What types of costs that may be eligible depends on the category of aid. In this section, we specify the types of costs that may be eligible for different categories of aid and activities. Note that the general conditions in section 2 always apply and that certain limitations apply for special types of costs according to the more detailed instructions in section 4.

3.1 Aid for consultancy in favour of SMEs, GBER art. 18

- Costs of consultancy services provided by external consultants.

3.2 Research and development, GBER art. 25

Included in research and development is fundamental research, industrial research, experimental development and feasibility studies.

For research and development, the following costs are eligible:

- All types of costs stated in the general terms and conditions - see section 4.1–4.5 below.

3.3 Investment aid for research infrastructure, GBER art 26

For investment aid for research infrastructure, the following costs are eligible:

- Only costs for investments in intangible and tangible assets - see definitions below.
Tangible assets - assets in the form of land, buildings and plants, machinery and equipment
Intangible assets - assets that lack physical or financial form, e.g. patents, licenses, know-how or other intellectual property rights.

3.4 Innovation Clusters, GBER art 27

For innovation clusters, the following costs are eligible:

Investment aid:

- Only costs for investments in intangible and tangible assets – see definitions above under 3.3

Operating aid:

- Personnel and administrative costs including indirect costs relating to:
 - (a) animation of the cluster to facilitate collaboration, information sharing and the provision or channeling of specialised and customised business support services.
 - (b) marketing of the cluster to increase participation of new undertakings or organizations and to increase visibility.
 - (c) management of the cluster's facilities and equipment.
 - (d) Organisation of training programs, workshops and conferences to support knowledge sharing and networking and transnational cooperation.

For calculation of personnel costs and indirect costs, sections 4.1 and 4.5 apply.

3.5 Process and organisational innovation, GBER art 29

For process and organisational innovation, the following costs are eligible:

- All types of costs stated in the general terms and conditions - see sections 4.1–4.5 below.

Note, however, that some costs for "consultants and licenses etc." in section 4.3 below are excluded. Only costs for contractual research, knowledge and patents bought or licensed are eligible.

3.6 Innovation aid for SMEs, GBER art 28

For innovation aid for SMEs, the following costs are eligible:

- costs for obtaining, validating and defending patents and other intangible assets.

Eligible costs include all costs prior to the granting of intellectual property protection, including translation and other costs for validating rights in different countries, as well as costs for objections. However, costs incurred **after** protection has been granted, such as annual fees, costs of defending rights, or the like, are not eligible.

- costs for secondment of highly qualified personnel from a research and knowledge dissemination organisation or a large enterprise, working on research, development and innovation activities in a newly created function within the beneficiary and not replacing other personnel.
- costs for innovation advisory and support services

3.7 Aid for small start-up companies, GBER art 22

Eligible costs are the types of costs shown in the call text or decision. Unless otherwise stated, the types of costs stated in the general terms and conditions apply and for calculation of the cost sections 4.1 – 4.5 apply.

3.8 Non-state aid and de minimis aid

Eligible costs may in some cases deviate from what is stated in section 4. This is, for example, when Vinnova's grant does not by definition constitute state aid or when it is granted as de minimis aid. Eligible types of cost will be stated in the call text and in the decision. If nothing is stated there, the types of costs stated in the general terms and conditions are eligible - see sections 4.1–4.5 below.

4 More detailed instructions for the different cost categories

This section gives more detailed instructions for the different cost categories in our general terms and conditions, and the calculation and reporting of such costs. Note! For projects granted funding before January 1, 2023, for section 4.1, the personnel costs must not exceed SEK 800 per hour. For further information see section 4.1 in the previous Instruction to eligible costs⁴ (dnr 2018-05237).

4.1 Personnel costs

For personnel costs to be eligible, they must be actual and only refer to the time spent on the project. It must not be an estimate or a flat rate. The cost must have been incurred, which means that the **salary must have been paid and be registered as salary costs in the accounts.**

Personnel costs incurred in connection with the completion of the final report shall be considered to have been incurred during the project period and may therefore be included as an eligible cost.

By personnel cost is meant **gross salary and actual additional costs**, such as social security contributions, contractual pension provisions, contractual insurance and fees. Taxable benefits should not be included. Scholarships as an alternative to salary are not eligible costs.

Since only actual personnel costs are eligible, situations where no salary has been paid, or similar situations where no actual cost has been incurred, are not covered. If, on the other hand, salary

⁴ [Microsoft Word - Instruction on eligible costs -1 Jan 2019.docx update for 2020 200206 \(002\) \(vinnova.se\)](#)

waivers are made in favor of compulsory pension provisions which are normally included in personnel costs, this is considered as personnel costs and is therefore an eligible cost.

A salary increase without acceptable justification before or during the project is not an eligible cost.

Since the costs also must be revisable to be considered eligible, you need to be able to show the time spent on the project. This means that you need to keep some sort of time record. The time records do not need to be attached to the report other than at our request, but it must be available on request or during a review visit. Universities and higher education establishments may use the time accounting routines that they normally apply.

When reporting actual eligible costs, personnel costs and indirect costs must be reported separately. For indirect costs, please see section 4.5.

Example: Calculation of eligible personnel costs (Please note that this is an example only. Eligible personnel costs must be calculated according to the organisation's actual numbers)

Person	Monthly salary (SEK)	Social contributions (SEK)	Pension and other contractual insurance (SEK)	Monthly salary including additional personnel costs (SEK)
A	50 000	15 710	3 000	68 710
B	35 000	10 997	2 100	48 097
C	30 000	9 426	1 800	41 226
B	25 000	7 855	1 500	34 355

Allocation model

Calculation of the personnel costs incurred in the project can either be based on time records or the degree of employment in the project. Calculation based on time records is recommended when time spent on the project varies greatly over time and cannot be predicted in advance. The degree of employment in the project can be used when the allocation is more constant and can be planned. When applying the employment rate, the organisation must regularly check that it is correct and adjust if it changes.

Time recording

To calculate personnel costs based on time records, an hourly rate needs to be calculated. The hourly rate is calculated by eligible personnel costs (salary including additional personnel costs) divided by the working hours.

Example: Calculation of hourly rate. (Please note that this is only a calculation example).

Person	Monthly salary including additional personnel costs (SEK)	Working hours per month (hours)	Hourly rate (SEK/hour)
A	68 710	160	429
B	48 097	160	301
C	41 226	160	258
B	34 355	160	215

Example: Personnel costs based on time records. (Please note that this is only a calculation example).

Person	Hourly rate (SEK/hour)	Time spent on the project (hours)	Personnel costs per person (SEK)
A	429	80	34 355
B	301	160	48 097
C	258	40	10 307
D	3215	160	34 355
Total personnel costs (SEK)		127 114	

Degree of employment in the project

Calculation of personnel costs based on the degree of employment in the project is performed by multiplying the total personnel costs by the employment rate.

Example: Personnel costs based on degree of employment in the project. (Please note that this is an example only).

Person	Monthly salary including additional personnel costs (SEK)	Employment rate in the project (%)	Personnel costs per person (SEK)
A	68 710	50 %	34 355
B	48 097	100 %	48 097
C	41 226	25 %	10 307
D	34 355	100 %	34 355
Total personnel costs (SEK)		127 114	

4.2 Equipment, land and buildings

Costs for instruments, equipment or buildings acquired or rented/leased specifically for the project are only eligible to the extent and during the time the assets are used in the project. This means that if the assets are only used partly for the project and for a certain period of time, only the cost that is attributed to the project is eligible.

Example

Project time	3 years
Depreciation period	5 years, ie 20% per year
Purchase cost equipment	SEK 100,000
Time for use in the project	2 years
Proportion of use in the project	30% (used 70% in other activities)
Eligible cost	$100\ 000 \times 20\% \times 30\% \times 2 = \text{SEK } 12\ 000$

Costs for land or premises leased or rented specifically for the project are eligible to the extent and during the time the land is used in the project.

Cost of, for example, ordinary premises, land or other buildings that do not arise immediately as a result of the project is not an eligible direct cost but can be included in indirect costs (see section 4.5).

4.3 Costs for consultants and licenses etc.

This refers to costs for the **purchase of research services, knowledge and patents**, and to costs for **other consultancy services and similar services** used exclusively for the project. Patent costs do not mean costs for applying for patents, but for buying patents or patent licenses.

Must be included in application

For costs to be eligible, the application must include information as to the activity and scope, including a cost estimate in the budget.

Services must be on arm's length

For the costs to be eligible, services must be purchased or licensed from external sources on market conditions. Organisations within the same company group (*Sw. koncern*) are not external, neither are companies owned by the same natural persons as the project participant (*Sw. oäkta koncern*). Also, companies owned or controlled by a senior executive (such as a board member or managing director) or other employee of the participant, or by a person affiliated to such executive or employee, are not considered external.

Vinnova does not consider project participants as external in relation to each other. Costs for the purchase and sale of goods or services in general between project participants are not eligible.

Exceptional cases

In some instances, Vinnova may allow an exception from the requirement that services shall be acquired on arm's length. This may be the case where a large group of companies have placed the ownership of research and development in a specific legal entity, while actual project work is carried out in other group entities.⁵ The specific legal entity may also be a foundation (*Sw. stiftelse*) managed by a group company, or by a board appointed within the group. If a participant intends to acquire services from such affiliate, this must be clearly stated and motivated in the application.

The cost that may be eligible in such exceptional cases is **the actual gross salary** and actual additional costs at the consultant's employer, i.e., the employer's personnel cost (see section 4.1 above). Market-price for such consultants is not allowed as an eligible cost. When reporting to Vinnova, such costs are reported under consulting costs.

Note that

- costs for **other consulting services and similar services** are only eligible if used **exclusively** for the project.
- in projects relating to the **implementation of process and organisational innovation** (see section 3.5), only costs for research services, knowledge and patents are eligible. Costs for other consultancy services and similar services are therefore not eligible under that aid category.

Cost of **audit certificate** is an eligible consulting cost **up to SEK 30 000**. For municipalities, county councils, government agencies, universities and other higher education establishments that provide certificates issued by an internal auditor, the corresponding costs are eligible, but must then be reported as personnel costs, unless they are included as part of the organisation's indirect costs. In the latter case, they should not be reported separately.

As stated in section 2 above, costs must be actual to be eligible. However, if the actual cost of the audit certificate exceeds SEK 30 000, only SEK 30 000 may be included as an eligible cost. This

⁵Company group means a Swedish "koncern" or corresponding foreign collection of corporations; the parent in a Swedish "koncern" can be a limited liability company (*aktiebolag*), a foundation (*stiftelse*) or an economic association (*ekonomisk förening*).

also means that if the actual cost is lower than SEK 30 000, you should report the lower actual cost.

Costs incurred in connection with the conclusion of a **project agreement** are not an eligible cost. This means that neither the costs for consultants nor the project participant's own personnel costs for the conclusion of the project agreement are eligible.

4.4 Other direct costs

Other direct costs incurred as a direct result of the project are eligible, like for example materials, supplies and similar. Costs for publishing scientific articles open access can be an eligible cost and shall be recorded and reported under other direct costs. Costs for publishing in hybrid journals are not eligible costs. Travel costs related to a project shall also be recorded and reported under other direct costs. Travels should be limited to those necessary to carry out the project and, where possible, travel-free (digital) meetings should be given priority. Meetings should be planned in a climate-smart way and, as far as possible, travels should be made with environmentally friendly means of transport. Project participants shall follow their own organisation's meeting and travel policies. Other policies and guidelines must also be followed and as a general rule, environmental and climate impact of activities should be taken into account.

4.5 Indirect costs

Indirect costs (overhead) are general costs that do not arise as an immediate consequence of the project, but which can be related to the direct costs of implementing the project. This includes, for example, costs for ordinary office space and office cleaning.

Cost cap at 30 %

The main rule is that participants may add actual indirect costs up to a maximum of 30% of their eligible personnel costs. This means that if the actual indirect costs are lower, real indirect costs should be used. The basis for calculating indirect costs must be available.

Exceptions from the general rule

Universities may calculate indirect costs according to the full cost principle they apply.

Certain organisations may add actual indirect costs up to a maximum of 45 % of their eligible personnel costs. These are research organisations which are either limited liability companies (*Sw. aktiebolag*) or partnerships (*Sw. handelsbolag*) directly or indirectly controlled by the state, or foundations (*Sw. stiftelser*) where one or more members of the board are appointed by the state. In addition, this applies to other state agencies which according to their instructions shall conduct own research. The 45 % rule requires that the organisation receives funds for independent research as per the official instruction document from the Swedish Government. If the organisation also carries out economic activities such as for example contract research, then the two operations shall have separate accounting. If the organisation participates in the project with economic activities, the general cost cap at 30 % described above applies.

5 Value Added Tax

Value Added Tax (VAT) is an eligible cost if you, as the beneficiary, do not have the right to deduct input VAT on the project activities. In that case, the costs must be reported including VAT.

However, if you have the right to deduct input VAT on your project activities, you may not include VAT as an eligible cost in the project. This means that costs must be reported excluding VAT.

Please contact the tax authorities to find out which VAT rules apply to the project. The rules that apply to your regular activities do not necessarily apply to the project.

PLEASE NOTE!

Transfer of grant from coordinator to other beneficiaries is not a commercial transaction but is only a transfer in accordance with the grant decision. Since there is no transaction, VAT should not be added to the grant. The transfer can be made after requisition or otherwise as agreed between the participants in the project.
