**BONUS PAYMENTS**

**6.2.A: Personnel costs**

**A.1. (a) General cost eligibility conditions: basic salary and complements**

Personnel costs are eligible if they are related to personnel working for the beneficiary under an employment contract (or equivalent appointing act) and assigned to the action. Personnel assigned to the action are simply those who work for the action; the term does not imply any formal assignment procedure.

Personnel costs are limited to those that must be paid under national law or the employment contract (or equivalent appointing act) and include:

* salaries, including salaries paid during parental leave;
* social security contributions;
* taxes and other costs included in the remuneration.

Any component of an employee’s remuneration (whether the employee works part time or full time, with a temporary or permanent contract) is an eligible personnel cost **if**:

1. It fulfils the general cost eligibility criteria set out in Article 6.1 (a) of the GA (i.e. it was incurred during the course of the action, was necessary, etc.); AND
2. It must be paid under the applicable national law, collective labour agreement or specific employment contract, i.e. its payment is mandatory and not at the discretion of the employer; AND
3. It is payable to the employee for his/her usual work as per his/her employment contract, i.e. its payment is not linked to tasks other than those covered by the fixed remuneration, or to participation in a specific action (whether EU or non-EU).

These remuneration components may include *general* complements to the basic salary, for example: a 13th month payment, complement for hazardous work or night shifts, transportation allowance, etc.

For personnel assigned to the action, parental leave covers both maternity leave and parental leave. Only costs related to personnel who worked for the action before their parental leave are eligible. They are charged in proportion to time dedicated to the action and only eligible if:

* they are mandatory under national law (*e.g. statutory maternity pay*);
* the beneficiary has actually incurred them; and
* they are not reimbursed by national or regional authorities.

In other words, only the net amount paid by the beneficiary can be charged to the action.

**A.1.(b) Specific cost eligibility conditions: additional remuneration (bonus payments)**

Additional remuneration refers to payments higher than the employee’s usual remuneration (e.g. a “bonus” resulting in an hourly rate higher than the normal one). It does not refer to additional salary paid to the employee due to an increase in the number of hours worked (e.g. via an additional contract) when this additional hours are remunerated according to the standard salary conditions of the employee.

Note that under H2020 additional remuneration is not an eligible cost of the action.

However, in the specific case of non-profit legal entities, a remuneration component that meets the cost eligibility criteria of Article 6.1(a) of the GA, but does not fulfil any of the conditions listed in section A.1 of the GA may still be eligible if:

⮱ **a) *it is part of the beneficiary’s usual remuneration practices and is consistently paid whenever the same kind of work or expertise is required*.**

* Additional remuneration is only justified if the work to be carried out or expertise to be called upon is different from the standard work or expertise defined in the employment contract and covered by the standard remuneration package. This difference must be relevant and verifiable.

***Positive examples*** *(acceptable):*

*A normal salary is paid for teaching 🢣 additional remuneration is paid for doing research.*

*A normal salary is paid for research 🢣 additional remuneration is paid for taking on the role of ‘principal investigator’.*

*A normal salary is paid for laboratory research 🢣 additional remuneration is paid for field research.*

***Negative example*** *(not acceptable):*

*Additional remuneration for using English, or participating in international actions or multi-partner actions.*

⮱ **b) *the criteria used to calculate the extra payments are objective and generally applied by the beneficiary, regardless of the source of funding used*.**

* The system for making additional payments should be established in the beneficiary’s internal rules or at least documented and clear to the employees. When a supplementary contract is used, the remuneration scheme should be described in it. The additional remuneration must be dependent on the fulfilment of objective conditions related to the additional work or expertise referred to under criterion a). Additional remuneration cannot be paid to a specific employee at the discretion of the management.

***Positive example*** *(acceptable): All professors carrying out research get an extra payment equal to 10 % of their salary.*

***Negative example*** *(not acceptable): The Director decides to pay an extra 10 % to one professor carrying out research.*

* The rules for additional remuneration may not depend on the fund provider. In particular, they cannot be set up for actions funded by a specific donor if these actions do not require a clearly identifiable different kind of work or expertise.

**Positive examples** (acceptable): All professors carrying out research will be paid 10 % more.

**Negative examples** (not acceptable): All professors carrying out research will be paid 10 % more *when they work on externally-funded actions*.

**Eligibility ceiling for additional remuneration** **declared by non-profit beneficiaries**

Only the additional remuneration components that fulfil the above conditions are **subject to the eligibility ceiling.** In particular, any remuneration component that results in a higher hourly rate for the employee and is linked[[1]](#footnote-1) to participation in a specific action is subject to the ceiling (if it is eligible).

However, the ceiling also applies to the standard salary whenever misconduct aimed at artificially increasing the salary charged to the EU action is suspected.

 Examples:

* A researcher worked for the beneficiary, resigned, and subsequently signed a new contract with the same entity to work on the EU action for a higher salary.
* A researcher worked for a beneficiary of the grant, resigned, and subsequently signed a new contract with another beneficiary (or a third party) to work on the same EU action for a higher salary.

Some beneficiaries sign supplementary contracts (whatever its form) with their employees for carrying out tasks for specific actions (e.g. an EU action). These supplementary contracts may include remuneration different from the standard remuneration. This is acceptable for EU actions if it is the beneficiary’s usual practice and is authorised under national law. However, the difference between the remuneration paid in the additional contract and the standard remuneration package in the first non-action-related contract is considered ‘additional remuneration’ and is subject to the specific cost eligibility conditions mentioned above and, if eligible, to the eligibility ceiling.

Any specific additional remuneration paid to a researcher and not directly linked to participation in the EU action is not eligible and must be removed when calculating the hourly rate. The reason is that such additional remuneration has no relation with the work in the particular EU project and it is not part of the standard remuneration of the employee.

***Example: A nuclear researcher in a public research centre (non-profit) worked for 1 600 productive hours***

*Remuneration components:*

1. *Annual salary EUR 50000*
2. *Salary complement for holding a post involving radioactive hazards: EUR 5000*
3. *Additional remuneration for being Head of Action: EUR 2000*
4. *Additional remuneration for being First Assistant on an internal action: EUR 1000*

***a) and b)*** *would be used to calculate the researcher’s hourly rate:*

*Hourly rate for the EU action = [ (50000 + 5000)/1600] = EUR 34 375*

***c)*** *would be subject to the specific eligibility conditions described in section 1.2 above. If the additional remuneration fulfilled the conditions, it would be subject to the eligibility ceiling.*

***d)*** *would not be eligible and would not be taken into account when calculating the hourly rate for the EU action.*

**Applying the ceiling**

|  |
| --- |
| **Eligibility ceiling for additional remuneration (per year)** |
| **Employee contract 🢣**  | Employee hired full time during the full year  | NOT hired full time during the full year  |
| **Employee occupation ⮯** |
| Employee working exclusively for the EU action | **EUR 8000** | Corresponding pro-rata amount of EUR 8000 |
| NOT working exclusively for the EU action | [8000 / annual productive hours FTE] \* | Hours worked for the action over the year |

The eligibility ceiling is fixed at EUR 8000 per year for each full time equivalent (**FTE**), i.e. EUR 8000 for a full-time employee working exclusively for the action during the entire year.

For an employee working exclusively for the action but not full time or not during the whole year, the ceiling is reduced pro-rata. For example, a researcher employed part time by the beneficiary to work four days a week would correspond to 0.8 FTE. In this case, the ceiling would be fixed at EUR 8000\* 0.8 = EUR 6400 per year. Similarly, a researcher employed full time to work for the action from January to March (i.e. for three months) would correspond to 0.25 FTE (3 out of 12 months) and the ceiling would be fixed at EUR 8000 \* 0.25 = EUR 2000. If this latter researcher were employed part time (e.g. 80 %), the ceiling would be adjusted as follows: 8000 \* 0.25 \* 0.80 = EUR 1600.

For an employee not working exclusively for the action, the ceiling is calculated pro-rata based on the hours worked for the action. Therefore, specific additional remuneration paid on top of the standard hourly rate is eligible up to a maximum of:

|  |  |  |
| --- | --- | --- |
|  **EUR 8000** | **\*** | **Hours worked by the employee for the action over the year** |
| **Annual productive hours of an FTE** |

***Example:***

*An employee received a EUR 2000 bonus for being Head of Project for the EU action.*

*S/he worked 1 600 annual productive hours, 800 of them for the EU action.*

*Maximum additional remuneration eligible for the EU action (eligibility ceiling):*

***( EUR 8000 / 1600 ) \* 800 🢣 5 \* 800 = EUR 4000***

 *The additional remuneration paid for the EU action is eligible in full because it is lower than the eligibility ceiling (2000 < 4000).*

 *If the additional remuneration paid for being Head of Action had been EUR 7000 instead of EUR 2000, the eligibility ceiling would apply, and only EUR 4000 could be charged to the action (even if the actual payment was EUR 7000).*

*However, if the researcher had worked 200 instead of 800 hours for the EU action, the eligibility ceiling would have been:*

***( EUR 8000 / 1600 ) \* 200 🢣 5 \* 200 = EUR 1000***

*In this case, the ceiling would also apply, since EUR 2000 (additional remuneration paid) > EUR 1000 (ceiling). Only EUR 1000 could be charged to the action even if the actual payment was EUR 2000.*

1. Would the researcher have received the salary component that resulted in a higher hourly rate if s/he had not participated in the action? [↑](#footnote-ref-1)