

Ineligible costs include, among others:

1. costs incurred outside the eligibility period specified in the grant agreement;
2. costs that do not meet the eligibility criteria specified in the Guide, *Guidelines on the eligibility of expenditures under the European Regional Development Fund, the European Social Fund and the Cohesion Fund for the years 2014–2020 and the Guidelines on the eligibility of expenditures under the Smart Growth Operational Programme 2014–2020*;
3. undocumented or inappropriately documented costs;
4. Goods and services tax (VAT) that may be recovered pursuant to the VAT Act of March 11, 2004 and regulations under the act;
5. Commissions collected as part of foreign exchange transactions;
6. Costs of maintaining bank accounts;
7. Costs incurred in connection with the establishment of security for proper performance of the obligations resulting from the grant agreement, with the exception of expenditures on the establishment of security if the beneficiary realising the proposed project receives funding in the form of an advance payment, which have been provided for in the aid programme or in the terms and conditions of the call for proposals (if the security is required under the grant agreement);
8. Costs incurred in connection with the purchase of consulting services, including tax consulting, legal consulting, advertising or promotion, which constitute a part of the permanent or temporary operations of the business or are connected with ongoing operational expenses of the beneficiary;
9. Expenditures incurred pursuant to the *cross-financing* principle that exceed the limit specified for the given project;
10. Interest charged on debt;
11. Costs of loans or credit incurred for the pre-financing of the grant;
12. Fines and penalties;
13. Settlement of the purchase of items owned by the beneficiary or rights to which the beneficiary is entitled by means of a debit note;
14. Expenditures connected with the functioning of a disputes committee, expenditures related to court proceedings (including expenditures on the preparation and legal handling of court proceedings) and the costs of realisation of any decisions that may be issued by a court or by a disputes committee;
15. Expenditures on the purchase of a second-hand fixed tangible asset that had been financed from EU funds or national subsidies for the preceding 7 years (10 years in case of real property)¹;
16. Expenditures incurred on the purchase of developed or undeveloped real property, perpetual usufruct right or the acquisition of other legal title to real property (e.g. limited property rights: lease, tenancy, usufruct) exceeding 10% of the total eligible costs of the project;
17. Expenditures connected with filling out the project application for all projects and the application for confirmation of financial contribution – for large projects;

¹ The 7 or 10 year periods are calculated in calendar months, starting from the purchase date (e.g. 7 years from the November 9, 2007 is the period from that date to November 9, 2014).

Appendix No. 2. Catalogue of ineligible costs for units not being beneficiaries of state aid.

18. Success fee for the co-author of the application who prepares, for example, the feasibility study, calculated as a percentage of the amount of co-financing obtained or applied for, paid by the beneficiary;
19. Cost of external audits of expenditures on science if the audit started before realisation of 50% or after realisation of 80% of the planned project expenditures;
20. Expenditures connected with leasing agreements other than the principal amount of the leasing instalment – tax except for VAT, which is not deductible or recoverable pursuant to the VAT Act of March 11, 2004 and represents an eligible expenditure, and the beneficiary has made a statement on the eligibility of VAT, profit margin of the financing entity, interest on cost refinancing, insurance fees, overall costs, costs of assembly and adaptation of tangible fixed assets for use and costs of replacement parts connected with the leased equipment;
21. Transactions of a value exceeding PLN 15 000 settled in cash (regardless of the number of payments pursuant to the given transaction), in connection with the obligation specified in Art. 22 of the Business Freedom Act of July 2, 2004;
22. The following payroll and non-payroll elements of remuneration:
 - a) anniversary bonus;
 - b) equivalent for unused holiday leave;
 - c) group life insurance contribution (treated as taxable income of the employee);
 - d) additional health subsidy;
 - e) cash equivalent (e.g.: reduced payment for electricity);
 - f) electricity subsidy (treated as taxable income of the employee);
 - g) use of company car – commuting to/from work and home;
 - h) deductions for the Company Social Benefit Fund;
 - i) benefits realised from the Company Social Benefit Fund;
 - j) allowances financed from the state budget (e.g. nursing benefit, family benefit) or from the funds of the Social Insurance Institution (e.g. maternity, rehabilitation, paternity, attendance, compensation benefit);
 - k) benefit for the period of inability to work, pursuant to the applicable social security regulations;
 - l) remuneration for overtime work;
 - m) costs of initial and periodic medical examinations;
 - n) glasses subsidy;
 - o) benefits for foreign languages, for non-smoking, and other benefits of this type introduced by the employer, compensation under a non-competition clause, or other compensation that the employer is obliged to pay;
 - p) food vouchers for employees;
 - q) contributions for the State Fund for Rehabilitation of Disabled Persons (PFRON);
 - r) redundancy pay for employees of the project;
 - s) retirement/pension severance pay;
 - t) holiday leave subsidies.

Costs incurred in a manner non-compliant with the Public Procurement Law or the principle of competitiveness or the principle of performing and documenting market research may be deemed ineligible in part or in whole.