

Cost eligibility guide under Measure 4.4 of The Smart Growth Operational Programme for state aid beneficiaries.

This Guide regulates the basic issues

related to cost eligibility
in research and development projects,
under the SG OP, Measure 4.4.

It contains sections/appendices defining:

- The time frames and principles for cost eligibility
 - Catalogue of eligible costs
 - Catalogue of non-eligible costs
- Documenting incurred expenditures
- VAT as eligible cost
- Manner of incurring expenditures in compliance with the fair competition

COST ELIGIBILITY GUIDE *under Measure 4.4 OF THE SMART GROWTH OPERATIONAL PROGRAMME for state aid beneficiaries*

Foundation for Polish Science

The Cost Eligibility Guide under Measure 4.4 of the Smart Growth Operational Programme for state aid beneficiaries (hereinafter referred to as the *Guide*) has been developed on the basis of existing legal regulations.

The main aim of the Guide is to support grantees in calculating the intensity of state aid (level of co-financing of eligible costs) and in meeting the conditions of state aid as well as to facilitate the classification of expenditures for grantees, both on the stage of project planning and during the subsequent project settlement.

The main aim of the *Guide* is to facilitate the classification of expenditures for beneficiaries, both on the stage of project planning and during the subsequent project settlement.

At the same time we reserve that the above specifications shall not cancel or limit the possibility of the occurrence of different arrangements and results of inspections carried out by competent authorities.

Definitions:

Beneficiary – recipient of the grant in the extra-stipendiary grant project of the Foundation for Polish Science – an entity specified in Art. 2 item 10 and in Art. 63 of the Regulation of the European Parliament and of the Council 1303/2013 of 17th December 2013; whenever the term "beneficiary" is used in this Guide it should be also understood as a consortium member and the entity authorised to incur expenditures specified in the project proposal, unless the Guide expressly states that it refers to the beneficiary as a party to the co-financing agreement.

1. Aim of the development of the Guide

The aim of the Guide was to develop, clarify and illustrate the issue of cost eligibility, to facilitate the beneficiaries development of a cost schedule within the prepared projects and the settlement of received funds as well as to improve the monitoring of projects on various stages of evaluation, by providing effective and effective public finance management and equal opportunities with respect to the access to funding by creating uniform, transparent principles of cost eligibility.

2. Legal grounds

The present *Guide* has been developed taking into account the existing legislation regulating finance management in projects subject to financing from the ERDF and the principles of project realisation under the Smart Growth OP.

State aid is granted pursuant to the terms and conditions of the Ordinance of the Minister of Science and Higher Education of October 25, 2015, on the terms and conditions and manner of granting state aid and *de minimis* aid through the National Centre for Research and Development (Journal of Laws No. 299).

3. Scope of the Guide

3.1 *The Guide* determines the principles of cost eligibility for projects realised under Measure 4.4 Increasing the human potential in R&D sector, of the *Smart Growth Operational Programme*. It contains a catalogue of eligible costs and a catalogue of non-eligible costs.

3.2 The eligibility of the given cost depends on the compliance with general principles of eligibility, in particular those stipulated in the *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 *Guidelines on the eligibility of expenditures under the Smart Growth Operational Programme 2014-2020* as well as on the specificity of the realised project and the inclusion of the given expenditure in the substantial scope of the project included in the project proposal, constituting an appendix to the concluded co-financing agreement.

3.3 The principles refer to all eligible expenditures incurred by the beneficiary (also by potential partners, consortium members and entities authorised to incur expenditures) – both within own funds of the beneficiary and the received funding.

3.4 Depending on the type of realised projects, additional eligibility criteria may be specified in the relevant binding legislation or call for proposals documentation.

4. Principles for cost eligibility

§1 Time frame of eligibility

4.1 The term "cost eligibility period" refers to the period during which eligible expenditures may be incurred and settled within the project. Expenditures incurred and settled outside the eligibility period shall be non-eligible costs. The cost eligibility period for each project is specified in the co-financing agreement.

Due to the existence of state aid, it is necessary to ensure that the aid meets the encouragement requirement as specified in Article 6 of the Regulation of the Commission (EU) No. 651/2014 of June 17, 2014, declaring certain categories of aid compatible with the internal market in the application of Article 107 and 108 of the Treaty (Official Journal of the EU L 187 of the 26.6.2014, page 1). This means that the grantee's application for granting aid must be filed before starting works under the project that will be subject to funding. If the grantee incurs even only part of the expenditures prior to the date of filing the application for funding, all expenditures under the project shall become ineligible.

The incurred expenditures have to be listed in the report submitted by the beneficiary, on cash basis, i.e. only actually incurred expenditures (cash payments or money transfers from bank account of the beneficiary) may constitute eligible costs. The following are exceptions from this rule:

- expenditures settled in form of a lump-sum, i.e. expenditures settled at lump-sum rates;
- depreciation costs; and
- deductions specified in Art. 498 of the *Polish Civil Code*.

All expenditures listed in the report have to be actually incurred and paid during the cost eligibility period and prior to the submission of the report (in which they are listed).

In case of invoices or other accounting documents issued in foreign currency, the amount of the eligible expenditure should be converted into PLN at the foreign currency sales rate determined by the bank realising the payment on the date of the payment, i.e. the principle of reimbursement of actually incurred expenditures should be applied, at the exchange rate of the day on which the

beneficiary settled the invoice/other accounting document (not of the date of listing of the invoice/another accounting document). If it is impossible to apply the sales exchange rate of the given bank, the expenditures eligible for funding incurred in foreign currency should be converted at a different rate, compliant with the binding legal regulations and with the accounting policy adopted by the beneficiary. If the payment for the invoice/other accounting document issued in foreign currency is made in instalments, then the amounts of individual instalments of the eligible cost should be converted into PLN pursuant to the principles described hereinabove.

§2 Verification of cost eligibility

4.2 During the evaluation of the project proposal, the initial assessment of cost eligibility consists in the analysis of compliance with existing regulations (in particular the *Guidelines of the Minister of Infrastructure and Development 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 of the Minister of Infrastructure and Development on the eligibility of expenditures under the Smart Growth Operational Programme 2014-2020*) as well as with the call for proposals documents that are binding for the given edition of the call and the binding version of the *Guide* as of the date of announcing the call for proposals. Verification shall be conducted basing on information contained in the project proposal.

During the evaluation of the report, the verification of cost eligibility consists in the analysis of its compliance with existing regulations (in particular the *Guidelines of the Minister of Infrastructure and Development 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 of the Minister of Infrastructure and Development on the eligibility of expenditures under the Smart Growth Operational Programme 2014-2020* binding as of the date of incurring the cost) as well as with the call for proposals documents for the given edition of the call, the provisions of the co-financing agreement and the *Guide*. Verification shall be conducted basing on the project proposal, the report and the verification (at the premises of the beneficiary) of documents confirming the incurred expenditures.

In order to verify the correctness of agreements concluded as part of the realisation of the project as a result of conducted proceedings *The Guidelines of the Minister of Infrastructure and Development 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 of the Minister of Infrastructure and Development on the eligibility of expenditures under the Smart Growth Operational Programme 2014-2020* in the version binding as of the date of initiation of the proceedings leading to the conclusion of the give agreement shall apply. Initiation of the proceedings means the publication of an announcement about the initiation of proceedings or about the intention to grant a public procurement, as specified in sub-section 6.5 of the *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*, or about the recruitment of employees pursuant to employment relationship, provided that the beneficiary proves the publication of the announcement about the initiation of proceedings.

Projects with the funding value exceeding PLN 3 million shall be subject to mandatory external audit pursuant to Art. 34 of the Act on the Principles of Financing Science. The cost of the conducted audit constitutes eligible cost if the audit started after incurring at least 50% but not later than before 80% of the planned project expenditures.

§3 Eligible costs

4.3.1 The expenditure may be deemed as eligible, if all of the following conditions are met:

- the expenditure was actually incurred during the period specified in the co-financing agreement, pursuant to the conditions defined in sub-section 6.1 of the *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*;
- it is compliant with the binding European Union and national legislation;
- it is compliant with the *Smart Growth Operational Programme 2014-2020* and the *Detailed Description of the Priority Axes of the Smart Growth Operational Programme 2014-2020*;
- it has been incurred in compliance with the provisions of the co-financing agreement;
- it was included in the substantial scope of the project contained in the project proposal;
- it is necessary for the realisation of the project and it was incurred in connection with the realisation of the project;
- it has been incurred in a transparent, rational and effective way, in compliance with the principle of achieving the best effects from the given expenditures;
- it has been appropriately documented;
- it has been listed in the report;
- it refers to delivered goods, provided services or performed works;
- it has been incurred in compliance with the Public Procurement Law (if applicable), or in compliance with the principle of competitiveness specified in Appendix No. 3 – *The manner of incurring expenditures in compliance with the fair competition principle*;
- it does not constitute non-eligible expenditure pursuant to European Union and national legislation;
- it is compliant with the conditions for deeming it as eligible expenditure specified in the call for proposals documentation.

4.3.2 Eligible costs are costs calculated pursuant to currently binding accounting principles, the principles of proper finance management and the practices of the beneficiary (accounting policy). For the purposes of settlement of the project costs, each of the beneficiaries shall apply the practices (guidelines) adopted by its organisation. The possibility to settle the incurred expenditures pursuant to the accounting principles applied by the given organisation does not mean that the beneficiaries may create new principles especially for the purposes of the project.

4.3.3 The beneficiary of the project is obliged to incur expenditures in compliance with Art. 44, item 3 and Art. 162 item 3 of the Public Finance Act.

§4 Documenting the incurred expenditures^{§§§§§}

4.4.1 The costs should be documented in a manner that enables the evaluation of the realisation of the project from the financial and content-based points of view.

4.4.2 Beneficiaries and consortium members realising the project are obliged to keep separate bookkeeping records for the project in a manner that enables the identification of individual accounting and banking operations.

4.4.3 Beneficiaries who are not obliged to maintain any bookkeeping records pursuant to the existing regulations (the Act on Accounting, taxation laws) are obliged to maintain a register of documents

^{§§§§§} Does not apply to simplified methods of expenditure settlement.

related to operations connected with the realisation of the project (respectively: accounting books and tax books).

4.4.4 The evidence of incurring expenditure is an issued invoice or another accounting document of equivalent probative value along with the confirmation of payment. Each original accounting document (invoice, receipt, etc.) has to be annotated specifying the following information:

- name (title) of the project as specified in the co-financing agreement;
- date of conclusion and number of the co-financing agreement;
- amount of the eligible cost;
- description of the connection between the cost and the co-financing agreement – the description of the invoice should provide information about the category of expenditures approved in the co-financing agreement to which the expenditure documented by the given invoice refers;
- information about the financing of the project from ERDF funds – i.e. *The project is co-financed from the funds of the European Regional Development Fund*;
- assignment and item number of the document;
- information about formal and substantial correctness;
- annotation about the method of payment (if it is not stated in the document);
- if the given accounting document is only partly connected with the project, the description should unanimously state the part of the expenditure, divided into eligible and non-eligible costs, is connected with the project, by means of specifying certain elements or the percentage share of the expenditure in the project pursuant to the accounting document.

Invoices/other accounting documents issued in foreign currency should additionally contain the exchange rate used for the conversion of the foreign currency into PLN pursuant to the principles specified in section 4.1 of the *Guide*. If the payment for the invoice/other accounting document issued in foreign currency is made in instalments, then the annotation should also contain the exchange rates for specific instalments.

4.4.5 Documents confirming the costs connected with depreciation incurred as part of the realised project are, in particular, accounting documents or excerpts from accounting records that reflect the amount of the incurred costs, certified for compliance with the original document by authorised persons, or, in the case of entities that are not obliged to revalue fixed assets, an appraisal study prepared by an authorised entity.

4.4.6 If expenditures are documented by means of electronic invoice, accounting document recorded on a digital carrier should be presented, constituting the equivalent of a traditional accounting document along with the description in electronic version, in compliance with the requirements of the institution being party to the co-financing agreement.

§5 Prohibition of double financing

4.5.1 Total or partial double financing of a given cost is prohibited.

4.5.2 Double financing refers, in particular, to:

- listing the same cost as a part of several different projects co-financed from national or European funds;
- financing the costs of goods and services tax from the funds of the co-financed project and then recovering this tax from state budget means pursuant to the Act of March 11, 2004 on the Goods and Services Tax and regulations implementing the Act;
- purchasing a fixed asset with use of funds from national grant or EU co-financing and then listing the costs of depreciation of such asset under the co-financed project;

- listing a cost as part of settlement of a subsidy and then listing the same cost under the co-financed project;
- settlement of an expenditure incurred by the lessor for the purchase of the subject of leasing pursuant to financial leasing and then the settlement of the instalments paid in connection with leasing of such object as part of the project;
- financing, pursuant to a civil law contract, of the tasks performed by a project staff member that fall into the scope of their normal duties resulting from the employment relationship;
- purchase of a used fixed asset that was co-financed from the national subsidies or EU co-financing^{*****} during the previous 7 years (10 years for real property);
- situations when the funds for pre-financing of the EU contribution had been obtained in form of a loan which was later written off;
- having received for the eligible costs of the given project or part of the project non-refundable financial support from several sources (national, European or others) in a total amount exceeding the maximum permitted amount of co-financing for the given project or part of the project;
- covering the eligible costs of the project both by loan and guarantee support;
- settlement of the same expenditure as part of indirect and direct project costs.

Listing an incurred cost as part of the project shall not be deemed as double financing if it was financed from own funds of the beneficiary (revenues obtained from business activity, other sources), even if they constitute public funds pursuant to the Public Finance Act.

5. VAT (Goods and services tax)

5.1 VAT constitutes eligible cost only if it was incurred by the beneficiary in connection with eligible costs and the beneficiary has no legal possibility to recover the VAT paid (VAT subject to recovery pursuant to the Act on the Goods and Services Tax shall not be deemed as eligible, even if it was not actually recovered by the beneficiary but there was a possibility to do so foreseen in legal regulations – in such case the VAT is always a non-eligible cost).

5.2 The possibility to recover the VAT shall be considered in compliance with the provisions of the Act of the 11th of March, 2004 on the Goods and Services Tax.

5.3 The beneficiary is obliged to submit a statement concerning the eligibility of the VAT.

5.4 Lack of legal possibility to recover VAT occurs, if the beneficiaries are not entitled to lower the amount of tax due (connected with the taxed operations within the project) by the amount of input tax (connected with the costs of the purchased goods and services and fixed assets).

Such situations may occur in the following cases:

5.4.1 the project does not/will not bring any revenues – the purchased goods, services or fixed assets are not used for taxed sale – or there is no direct, undisputable connection between the purchased goods, services or fixed assets and taxable operations.

5.4.2 the beneficiary is legally exempt from VAT taxation,

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

5.4.3 the beneficiary performs only such actions that are legally exempt from VAT taxation.

5.5 If, as part of the proposed project, the beneficiary uses the purchased goods/services/fixed assets for the performance of actions that entitle them to lower the due VAT amount by the input tax amount as well as actions that do not entail such right, and if the beneficiary is able to determine the input tax amount connected with activities which do not entitle them to lower the due tax amount – the eligible cost may be only the part of the VAT that is connected to these activities, that do not entitle the beneficiary to lower the amount of tax due by the amount of input tax.

5.6 If the beneficiary is unable to separate the total or partial amounts specified in item 5.5 and thus if it settles the VAT by lowering the amount of tax due by such part of the input tax amount that can be proportionally assigned to activities that entitle them to lower the amount of tax due (so-called sale coefficient as defined in Art. 90, item 2 of the Act of the 11th of March, 2004 on the Goods and Services Tax), then the VAT in such project constitutes non-eligible expenditure as a whole.

6. Co-financing level

As far as projects discussed herein are concerned, the co-financing level is determined by taking into account the principles concerning the intensity of state aid.

6.1 The intensity of state aid is calculated as the ratio of the subsidy to eligible costs and it must not exceed:

- a) 50% of eligible costs – for industrial research,
- b) 25% of eligible costs – for experimental development,

In cases when the given project involves more than one category of the research and experimental development listed hereinabove, then the beneficiary is obliged to allocate the incurred eligible costs to the given type of works, in order to enable the determination of the correct co-financing level of eligible costs.

6.2 The aid intensities for industrial research and experimental development may be increased up to a maximum aid intensity of 80 % of the eligible costs as follows:

- a) by 10 percentage points for medium-sized enterprises
- b) by 20 percentage points for micro- and small enterprises;
- c) by 15 percentage points if one of the following conditions is fulfilled:
 - i. the project involves effective collaboration:
 - between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70 % of the eligible costs, or
 - between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10 % of the eligible costs and have the right to publish their own research results;
 - ii. the results of the project are widely disseminated through:
 - conferences,
 - publication,
 - open access repositories, or
 - free or open source software.

- up to a maximum of 80% of eligible costs.

Appendix no. 9.2 Cost eligibility guide under Measure 4.4 of The Smart Growth Operational Programme for state aid beneficiaries

Maximum aid intensity				
Status of the undertaking	Maximum aid for industrial research	Maximum aid for industrial research, including the said bonus	Maximum aid for experimental development	Maximum aid for experimental development, including the said bonus
micro- and small enterprises	70 %	80 %	45 %	60 %
medium enterprises	60 %	75 %	35 %	50%
large enterprises	50 %	65 %	25 %	40 %

* Large enterprises are enterprises that do not meet the criteria for classifying them as SME (see the clarification in Section 7 below).

In order to determine the appropriate co-financing level, it is assumed that "effective collaboration" means collaboration between at least two independent parties to exchange knowledge or technology, or to achieve a common objective based on the division of labour where the parties jointly define the scope of the collaborative project, contribute to its implementation and share its risks, as well as its results. One or several parties may bear the full costs of the project and thus relieve other parties of its financial risks.

Contract research and provision of research services are not considered forms of collaboration.

If the applicant applies for a bonus due to wide dissemination of product outcomes, it is necessary to provide evidence in project documentation that, within 3 years from completion of the project, the results of the project will:

- be presented at not fewer than 3 scientific or technical seminars, including at least 1 national conference; or
- that they will be published in at least 2 scientific or technical journals included in the list of journals prepared by the Ministry of Science and Higher Education (section A of the List) or in publicly available databases ensuring free access to the obtained research results (raw data); or
- that they will be disseminated as a whole through free or open source software.

If the applicant declares in the project documentation that the results of the project will be widely disseminated, which will involve an increase in the intensity of granted state aid, then the actual performance of the said dissemination activities will be subject to monitoring or inspection.

The co-financing level (resulting from aid intensity) should be determined with respect to the total eligible costs incurred on specific tasks (types of works), listed in the given accounting period (if the project involves more than one undertaking, then the co-financing level shall be determined for each of them separately).

6.3 The Applicant is obliged to declare that the tasks specified in the application are not financed from other sources and that the Applicant has not applied for financing them from other sources.

However, the Applicant may apply for co-financing from other sources.

7. Status of the entrepreneur and limitations with respect to granting aid

7.1 Grantees shall not receive state aid (state aid shall not be granted):

- a) to the extent to which it constitutes aid to facilitate the closure of uncompetitive coal mines pursuant to the Decision of the Council 2010/787/EU of December 10, 2010 on State aid to facilitate the closure of uncompetitive coal mines (Official Journal of the EU L 336 of 21.12.2010, page 24);
- b) to 'undertakings in difficulty' as defined in Article 2 item 18 of the Regulation of the Commission (EU) No. 651/2014 of June 17, 2014, declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (Official Journal of the EU L 187 of 26.6.2014, page 1) i.e. undertakings in respect of which at least one of the following circumstances occurs:
 - i. In the case of a limited liability company (other than an SME that has been in existence for less than three years or), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC. (Official Journal of the EU L 182 of 29.6.2013, page 19) and 'share capital' includes, where relevant, any share premium;
 - ii. In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU;
 - iii. Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors;
 - iv. Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan;
 - v. In the case of an undertaking that is not an SME, where, for the past two years:
 - the undertaking's book debt to equity ratio has been greater than 7.5 and
 - the undertaking's EBITDA interest coverage ratio has been below 1.0.
- c) for undertakings encumbered with the obligation to reimburse state aid, resulting from a preceding decision of the Commission that declared such aid as non-compliant with the law and with internal market.

7.2 The proper status of the Applicant is the size of the enterprise as of the day of filing the application for funding, determined pursuant to Annex I to the Regulation of the Commission (EU) No. 651/2014 of June 17, 2014, *declaring certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty*). The status of the Applicant shall be subject to re-verification prior to the date of signing the financing agreement. If there are any discrepancies between the status as of the date of filing the application and the status prior to the date of signing the financing agreement, the latter shall be considered valid. The explanations below

Appendix no. 9.2 Cost eligibility guide under Measure 4.4 of The Smart Growth Operational Programme for state aid beneficiaries

are of a purely auxiliary nature and they should not be treated as an exhaustive source of knowledge about determining the status of applicants.

Criteria that allow to qualify entrepreneurs to specific categories			
	Employment indicator	Financial indicator	
	and		
Type of enterprise	Number of employees (z)	Annual turnover (o)	Total annual balance sheet (b)
		or	
micro-enterprise	$z < 10$	$o \leq \text{EUR } 2 \text{ million}$	$b \leq \text{EUR } 2 \text{ million}$
small enterprises	$10 \leq z < 50$	$\text{EUR } 2 \text{ million} < o \leq \text{EUR } 10 \text{ million}$	$\text{EUR } 2 \text{ million} < b \leq \text{EUR } 10 \text{ million}$
medium enterprises	$50 \leq z < 250$	$\text{EUR } 10 \text{ million} < o \leq \text{EUR } 50 \text{ million}$	$\text{EUR } 10 \text{ million} < b \leq \text{EUR } 43 \text{ million}$
large enterprises	Enterprises that do not meet the criteria for being considered SMEs as defined hereinabove. An enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.(e.g. a territorial self-government unit).		

7.3 In order to determine the status of the enterprise, it is necessary to consider the following rules of procedure in the event if data or status qualification is changed.

Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial thresholds stated herein, this will not result in the loss or acquisition of the status of medium-sized, small or micro-enterprise unless those thresholds are exceeded over two consecutive accounting periods.

The above principle shall not apply to situations resulting from changes in the ownership structure of the enterprise:

- a) if the enterprise with an SME status is taken over by a large enterprise and thus can be defined as a linked or partner enterprise,
- b) the enterprise may also lose its micro- or small enterprise status if a micro-enterprise is taken over by a small or medium enterprise, and a small enterprise is taken over by a medium enterprise.

In situations described in items a) and b) hereinabove, the loss or acquisition of status takes place on the date of takeover. This mechanism shall also apply in reverse situations, e.g. if the upstream enterprise disposes of the shares, terminating the links between enterprises. In such event the enterprise may acquire/lose its SME status provided that its indicators fall into the headcounts or financial thresholds specified for the given type of enterprise.

7.4 While determining the status of the enterprise the Applicant is obliged to determine correctly whether it is a partner or linked enterprise as defined in Annex I to the Regulation of the Commission (EU) No. 651/2014 of June 17, 2014, *declaring certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty*. Detailed explanations concerning the principles for determining the SME status have been outlined by the European Commission in the document entitled: "User Guide to the SME definition", which is available online at:

<http://ec.europa.eu/DocsRoom/documents/10109/attachments/1/translations/en/renditions/native>
(currently available only in English).

8. Own contribution

8.1 The beneficiary is obliged to make their own contribution in the declared amount to cover part of the eligible costs in the realised project.

8.2 Own contribution may be made in cash (cash disbursements/money transfers from the bank account during the project) or in the form specified in Appendix 1 (i.e. depreciation).

9. Appendices

Appendix No. 1. Catalogue of eligible costs under Measure 4.4 Increasing the human potential in R&D sector for state aid beneficiaries

Appendix No. 2. Catalogue of non-eligible costs

Appendix No. 3. Manner of incurring expenditures in compliance with the fair competition principle.