Fact Sheet 6 - Equipment and infrastructure

	Valid from	Valid to	Main changes
Version 2	03.05.17		Added specific reference to land purchase from Fact Sheet 1 for easier reference
Version 1	27.04.15		

Core message: Both specialist equipment and infrastructure can be funded provided that they are necessary to the project and that the transnational benefit is clear. Projects need to be aware of whether they can claim full purchase value or only depreciation value.

Background

The starting point for both the Equipment and Infrastructure budget lines is that expenditure budgeted there must be essential for the delivery of the approved project. Expenditure under these budget lines therefore needs to be itemised in the approved project application so that the relevance of each item can be assessed. Investments that are (i) not covered in the application or (ii) approved subsequently as part of a change are ineligible.

Cost items

Equipment can include items like laboratory equipment, machinery and instruments, tools and other devices, vehicles or any other item essential for delivery of the project. If the equipment is necessary for successful implementation and is included in the approved application, then it is eligible for reimbursement.

Standard office equipment (e.g. a copy machine), standard IT hardware and software (e.g. laptops and word processing software), and office furniture and fittings cannot be claimed under the Equipment budget line and should instead be considered to form part of the costs covered by the flat rate overhead payment (see Fact Sheet 3).

Infrastructure investments are eligible for reimbursement provided that they are itemised and described in the approved application.

Land purchases may not as a general rule exceed 10% of the total eligible expenditure for the project. For derelict sites and sites containing former industrial buildings, the limit is increased to 15%. If projects work with environmental conservation, it is possible to increase the limits subject to prior approval by the programme. All land purchases must be included under the list of investments in the application.

Full purchase cost vs. depreciation

In general, investments in infrastructure and specialist equipment can be reported at the full purchase price. However, when the accounting rules applying to a beneficiary require that the value of equipment is depreciated over a number of years and the item has not been fully depreciated by project end, only the depreciated value will be considered eligible. You must consult your national and/or other relevant accounting rules on this.

Similarly, when a project makes use of equipment which was purchased by a beneficiary before project start but which is still being depreciated in the beneficiary's accounts according to the relevant rules, the programme may fund the amount depreciated on the equipment for each year of the project.

The amount charged to the project should correspond to the amount of time the equipment is used by the project i.e. it would only be possible to charge 100% of the annual depreciation value to the project if the item was used exclusively by the project in that year. It is important to note that it is not possible to charge any depreciation to the programme in this way when the original purchase was made with European Union funds.

Rules for purchasing second-hand equipment

It is possible to buy second-hand equipment for the implementation of the project. The second-hand cost for the item can be reported under either of the options explained above (full purchase value or depreciation value). It is essential for second-hand purchases that:

- No other assistance has been received for it from the ESI Funds
- Its price does not exceed the generally accepted price on the market in question
- It has the technical characteristics necessary for the operation and complies with applicable norms and standards.

This must be verified in the project's records.

Durability of project results and transfers of ownership

Investments made by the project whether in equipment or infrastructure should remain in place after the end of the project and continue to benefit the programme area. The formal limit is five years from the date of the final payment to the project. During this period investments should:

- Remain in use and inside the programme area
- Not change ownership in a way that gives a firm or public body an undue advantage
- Undergo no major change in nature, objectives or implementation conditions, which would undermine the original objectives of the investment[1]

Any changes after the end of the project which do not comply with these conditions may result in a request for repayment of part of the grant.

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References

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (the CPR Regulation)
    - Art. 65(11) (double funding)
    - Art. 68(b) (applied flat-rate)
    - Art. 69(2) (depreciation)
- Commission Delegated Regulation (EU) no 481/2014 Article 7

[1] Common Provisions Regulation 1303/2013 §71.1