

Horizon 2020 – How to Budget My Project Costs

1) What costs can I include in my budget for a Horizon 2020 project?

As a project participant, you can budget all your estimated project costs as long as they are eligible. In order to be eligible the project costs must be:

- ✓ incurred by the beneficiary
- ✓ incurred in connection with the action
- ✓ incurred during the project duration
- ✓ identifiable & verifiable in the beneficiary's accounts
- ✓ compliant with national law
- ✓ reasonable, justified, in accordance with sound financial management (economy & efficiency)
- ✓ indicated in the budget

A Horizon2020 budget distinguishes between **4 basic categories of costs**:

- direct personnel costs
- subcontracting costs
- other direct costs

- indirect costs

Depending on the specific nature of a project, other cost categories may be applicable.

Most **direct project costs** should be calculated as **actual** costs (default case). In certain cases, unit costs or lump sums can also be used.

Indirect costs in relation to your project (overhead) will be covered by a uniform **25% flat-rate** of your eligible direct costs.

Please note that **non-deductible VAT** is part of your eligible direct project costs under Horizon 2020.

Costs for external support are also eligible under certain conditions (see our separate factsheet “H2020 Subcontractors & Other Third Parties”).

If you have further questions regarding the eligibility or nature of certain project costs, please have a look at the [H2020 Annotated Model Grant Agreement](#) (Art. 6.2 and respective explanations) or contact the [Euresearch Regional Office](#) near you.

2) How do I distinguish direct from indirect costs or overhead?

Direct costs are specific costs directly linked to the work done in the project and which can therefore be directly booked to it.

Any cost declared by a beneficiary as a direct cost of a project must be justified by supporting evidence (showing the link to the action).

Typical direct costs are

- personnel costs
- travel costs
- equipment **bought for the project**, etc.
- subcontracting

Indirect costs (also known as ‘**overhead**’) are costs that cannot be identified as specific costs directly linked to the work done in the project. In practice, they are costs whose attribution to the specific action cannot be or has not been measured directly, but only be distributed among the different activities by means of cost drivers or similar.

Typical indirect costs are

- telephone charges & photocopies
- rent
- heating, electricity etc.

3) Reimbursement Rates

If you participate in a research project, the EC reimburses 100% of your eligible direct costs. In an innovation project, you get 70% if you belong to a “for-profit” organisation (e.g. a company of any size), and 100% of your eligible direct costs if you belong to a “not-for-profit” organisation (e.g. one of the Swiss universities).

See also our separate factsheet “Horizon 2020 Project Types”.

The EC reimburses your indirect costs in the form of a 25% flat rate of your eligible direct costs.

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