

## **Simplified method for the calculation of the hourly rate for Dutch partners within the Interreg-programme's V/B North West Europe, North Sea Region and V/C Interreg Europe**

Dutch partners may either use

1. The standard programme system for calculating staff costs as laid out in the Programme Manual *or*
2. The option set out in the Regulation European Economic Affairs Subsidies article 1:4, first paragraph under a (published in Staatscourant [Gazette] 18,094 dated 30 June 2015).

All Dutch beneficiaries must decide on one of the two methods at the time of application and must use the same method for the whole project period.

### **Calculation of Staff Costs according to the Regulation European Economic Affairs Subsidies article 1:4, first paragraph under a**

Labour costs are calculated by multiplying the number of hours spent on the project by a rate calculated according to the following methodology:

- For each employee the hourly rate is calculated individually using the gross annual salary plus a surcharge of 32% for employer's costs
- This amount is then divided by 1,720 hours based on a 40-hour working week.

### **Background**

The first paragraph of Article 1:4 of the Dutch Regulation European Economic Affairs Subsidies ('REES') provides four different ways to calculate labour costs. The simplified options as described in Regulation 1303/2013 are taken into account. In the Interreg Europe programme only the first of the four options can be used. Indirect costs (overhead) are included in a separate budget line in the IR-E programme and should not therefore form part of the calculation of the hourly rate.

#### Detailed approach

The option taken from the 'REES' to calculate labour costs covers how to calculate an individual hourly rate derived from the actual labour costs per employee. This hourly rate is calculated through a number of steps:

1. Determine the annual gross salary (including non-performance-related annual bonus and exclusive holiday allowance) of the person concerned. This should be based on a recent payroll record or annual salary statement.
2. Add a flat rate of 32% to this amount for employer costs. This rate has also been used by the European Social Fund (ESF) since 2010 and, after examination, also for the ERDF since 2013. This percentage covers the holiday allowance, pension contributions and social security contributions.
3. Divide the amount (2) by 1,720 hours in a 40-hr contract (Article 68, second paragraph, of Regulation 1303/2013) to determine the individual hourly rate. In this calculation, a full-time employment contract of 40 hours is assumed. If the

contract is for less than 40 hours per week, then a part-time factor should be taken into account in step 3. This is the number of hours according to the employment contract divided by 40 and then multiplied by 1,720.

In general, it is noted that labour costs should always be based on a system of time registration. This (full) time registration must be verifiable and must specify at least on individual level the actual number of hours spent on the subsidized project. The timesheet can be physical or digital. In order not to complicate connection to the beneficiaries' own systems of time registration, there are no programme-specific rules for these systems though they must comply with the standards and security minimums laid out in Common Provisions Regulation 1303/2013 §140. Registration of hours by the employee and the approval thereof by the supervisor or the responsible person must be kept up-to-date and should be completed shortly after the work has been done.

### **Fixed hourly rate for Dutch partners, in case the above simplified calculation can not be made**

If the calculation as described above is not possible, the costs for a beneficiary's own labour for the project are calculated based on the number of hours that the person concerned has worked on the project multiplied by a fixed hourly rate of € 34.

### **Background**

This option creates a provision for cases where there is no employment contract and therefore also no compensation according to a contract, while work is being performed. There is, in that case, their own labour. The scheme provides for a flat rate of € 34. This option is primarily intended for the so-called "IB" (income tax) entrepreneurs, but not for volunteering and interns (the placement fee is part of the indirect costs, unless there is an employment contract). This rate is based on the usual wage, as the Dutch IRS has determined at € 44,000 for 2014. Subsequently, the same calculation is applied as described above. The difference with the rate in the Dutch ERDF-programmes ('REES', art. 1:4, second paragraph) is that in those programmes the 15% flat rate for indirect costs is part of the hourly rate, where in this programme indirect costs is a separate budget line ("office and administrative expenditure").

Before, reference was made to the Dutch Implementing Order ERDF 2014-2020. This Implementing Order has been integrated into the Regulation European Economic Affairs Subsidies. No changes have been made to the content.

In case of doubt, the Dutch text will be leading.