

Accounting for Costs - Financial Settlement Guide

EKÖP-KDP

Doctoral Student Scholarship

Application code: KDP-2024

I.

Eligible costs for financial settlement

1. Eligible costs

Costs related to the eligible activities of the EKÖP-KDP program and which comply with the conditions set out in the Sponsorship Document /Deed of Support and the Call for Grant Applications of the Cooperative Doctoral Program (hereinafter referred to as: Call for Grant Applications) may be planned and accounted for from the Program.

The grant - with the exception of the 10% flat-rate costs of the amount of support provided to the host doctoral school for KDP scholarship holders - **can only be used to cover expenses directly related to the research of the KDP doctoral program scholarship holder**, which the institution is obliged to record separately for each student during the financial settlement.

Eligible costs for financial settlement:	Cost composition
Operating costs	<u>Personal expenses:</u> 54. Wage Cost, Salary/Salary 55. Other payments of a personal nature 56. Social security contribution of the wage
	<u>Cost of services:</u> 52. Costs of services used 53. Other services
	51. Material costs
Accumulation costs	13. Technical equipment, machinery, vehicles 14. Other equipment, equipment, vehicles
	11. Acquisition of intangible assets

1.1. Personal expenses

Only the scholarship of the KDP student, the remuneration of the supervisor and the corporate expert as defined in the Call for Grant Applications and their social security contributions can be accounted for. The remuneration of the supervisor and the corporate expert specified in the Call for Grant Applications (and the payment of the related social security contributions) is provided within the framework of an employment relationship or other legal relationship aimed at performing work – exclusively for private individuals. The host higher education institution is entitled to pass on the remuneration of the corporate expert specified in the Call for Grant Applications and its social security contributions to the Employer of the PhD student receiving the EKÖP-KDP scholarship, the conditions of which are set out in the Cooperation Agreement concluded with the Employer.

The personal salary and its all-type contributions specified in the contract/agreement concluded with the supervisor or corporate expert (in the case of a public servant legal relationship, in the appointment or in the agreement on supplementing the earnings of the public servant for additional tasks not included in the employee's position) may be accounted for if their activity is directly related to the implementation of the scholarship research and this is the basis of the job description/contract/agreement/appointment/other employment relationship. document.

At least 80% of the budget available for RDI (KFI) and related activities of the amount of budget provided to the host doctoral school (i.e. HUF 600,000/KDP scholarship student per semester, HUF 1,200,000/KDP scholarship student for 12 months) cannot be used to pay personal payments and related all-type (e.g. social security) contributions.

The acquisition of a PhD-degree-fee may be paid to a public servant in the form of an agreement on supplementing the earnings for additional tasks not included in his or her job, and in the case of an entrust-agency relationship, in the form of an entrust-agency contract concluded with a private individual.

54. Wage costs – Scholarship holder: *The scholarship of a KDP PhD student can be eligible.*

54. Wage /Salary costs – Supervisor: *the salary costs of the Supervisor assisting the PhD student receiving a KDP scholarship can be accounted for.*

54. Wage costs – corporate expert: *the salary costs of the corporate expert assisting the PhD student receiving the KDP scholarship can be accounted for.*

55. Other payments of a personal nature: *only the successful PhD defense of the KDP scholarship student and, as a consequence, the amount of the one-off gross remuneration after obtaining the PhD degree may be accounted for to the corporate expert and the supervisor.*

56. Wage contributions: *Employer's all-type financial costs related to the salary costs of the supervisor and the corporate expert may be accounted for.*

1.2. Cost of services

52. Within the costs of **the services used**:

- a) the fee of the consultancy and services required directly for the research of the KDP scholarship holder, in relation to the professional content and purpose of the KDP program, including the costs related to the introduction and certification of quality, environmental and other controls, management, verification and authentication systems and regulation standards, and getting certifications which can be accounted for if they were used exclusively for the research activities carried out within the framework of the project;
- b) equipment rental, laboratory rental, sequencing costs, proofreading fees;
- c) questionnaire survey, data collection, data processing costs, publication costs, Open Access costs; study preparation fees, other costs incurred in connection with the dissemination of the project results and informing the public;
- d) travel costs related to the implementation of the project;
- e) costs related to the protection of industrial property rights;
- f) professional services related to research

53. Within the costs of **other services,** the official authority fee required for the research activities of the KDP scholarship is directly applicable, costs related to the conduct of public procurement procedures, including the expert's fee related to the conduct of public procurement procedures.

1.3. Material costs

51. Within the cost of **materials, equipment, consumable assets and current assets** necessary for the research activities of the KDP scholarship recipient can be accounted for directly.

1.4. Equipment acquisition

13. In the category of Technical equipment, machinery, vehicles and 14. Other equipment, device, equipage, vehicles can only be accounted for the purchase of equipment that is essential for the research of the KDP scholarship student. In the case of the purchase of equipment, it is mandatory to attach a price offer in accordance with Section II./2.2 of this present informing /briefing document /prospectus and the document related to the activation and commissioning of the device/equipment, as well as the general ledger card.

In the case of financial support for the non-economic activities of a research and knowledge dissemination organization, the cost of new equipage /tools and equipment can be accounted for.

The device must comply with the applicable regulation standards and norms.

The costs of new (first commissioned), acquired commercially or from the manufacturer under market conditions, related to the purpose of the project and necessary for the achievement of

the project objectives, are eligible for the costs of technical equipment, machinery (IT and office technical equipment) and other equipment/installation (furniture).

The adjective "new" is only applied to products of an investment nature, for which the beneficiary has the authentic documents issued by the manufacturer and distributor necessary for the enforcement of the product liability, warranty and guarantee rights starting at the time of purchase (date of invoice issue).

A further condition of accounting for costs is that the acquired asset is included in the beneficiary's inventory. The use of the device purchased at the expense of the grant at an external location is acceptable if the use of the device at another location is essential for the research activity of the supported PhD student, but at the end of the program (no later than the date of obtaining the PhD title) it must be transported back to the site of the beneficiary university.

1.5. Acquisition of intangible assets

Only the acquisition of intangible assets that are essential for the research of the KDP scholarship student can be accounted for. In the case of the acquisition of intangible assets, it is mandatory to attach the price offer in accordance with Section II./2.2 of this informing /briefing document /prospectus, as well as the general ledger card for the intangible assets.

In the case of support for the non-economic activities of a research and knowledge dissemination organization, the cost of new tools / equipage and equipment can be accounted for. A further condition of accounting for costs is that the purchased software is included in the beneficiary's inventory. The use of the software purchased at the expense of the grant at an external location is acceptable if the use of the software at another location is essential for the research activity of the supported PhD student, but at the end of the program (no later than the date of obtaining the PhD title) it must be transported back to the site of the beneficiary university.

The purchase of non-production licenses and know-how can only be accounted for if the KDP scholarship student uses it directly for the purpose of further developing his/her research activity, for the fulfilment of the project.

2. Flat rate-based payment defined in percentages:

Chargeable to the central budget allocation support, RDI (FKI) support may be accounted for the host doctoral school for each PhD student with a KDP (KFI) scholarship.

A maximum of 10% of the funding provided to the host doctoral school may be spent on operating costs, and at least 90% shall be spent on the research, development, innovation and related activities of the host doctoral school.

The above maximum 10% operating costs can be accounted for according to a flat rate-lump sum basis pay out.

The Beneficiary does not have to certify the costs accounted for in the project on a flat-rate basis at the level of receipts, the settlement documents related to the costs and the subsidies received as income compensation, the receipts certifying their payment and other related records do not have to be attached to the payment request. The receipts supporting the costs incurred are not examined in the framework of an on-site inspection either.

In the event of termination of the scholarship status of a PhD student with an EKÖP-KDP scholarship, the amount of the flat rate lump sum will be reduced on a pro-rata basis.

II.

Eligibility Criteria of Accounting for Costs

1. General rules:

1.1. If the Beneficiary is not entitled to deduct VAT, the total cost applicable to the Beneficiary is calculated on the basis of the gross cost plus VAT, that is, the gross value of the invoices must be indicated on each cost line in the invoice summary for the use of the grant. If the Beneficiary is entitled to deduct VAT, the total cost for the Beneficiary is calculated on the basis of the net cost excluding VAT.

1.2. During the program, the costs of equipment and services that were purchased in accordance with market conditions and transactions were carried out between independent parties can be accounted for. The party providing the service or the invested fixed asset/ tool and the Beneficiary shall not be considered independent of each other if, at the time of selection, within 3 (three) years prior to the selection or during the existence of the contractual relationship,

a) there was an ownership or membership relationship between the Beneficiary and the party providing the service or the invested fixed asset/ tool;

b) the member, owner, executive officer or member of the supervisory board of the Beneficiary is (was) a member, owner, executive officer or member of the supervisory board of the party providing the service or the fixed asset/ tool;

c) the member, owner, executive officer or member of the supervisory board of the party providing the service or the fixed asset is (was) a member, owner, executive officer or member of the supervisory board of the Beneficiary;

d) a close relative of a member, owner, executive officer or member of the supervisory board of the Beneficiary is a member, owner, executive officer, member of the supervisory board of the party providing the service or the fixed asset/ tool or a close relative of a member, owner, executive officer or member of the supervisory board of the party providing the service or the fixed asset is a member, owner or executive officer of the Beneficiary (was) a member of the supervisory board, or

e) the person carrying out the sale or providing the service was in an employment relationship, public servant, government service, public service or other legal relationship aimed at performing work with the Beneficiary, or exercised decision-making, supervision or management powers in

the Beneficiary's company, and if the Beneficiary qualifies as a close relative of the person exercising supervisory and directing powers in the Beneficiary's business as defined in Section 8:1 (1) Point 1 of the Civil Code.

The above (and Section 9.3 of the Sponsorship Document /Deed of Support) requirement regarding independence shall not be applied to the acquisition of operational or organizational activities in the course of which the transaction was concluded between the Beneficiary and the organization established by it¹. In the case of this procurement, compliance with the market price must be verified by 3 valid quotations/ price offers received from an organization capable of performing the activity subject to the procurement.

If the same material/tool/service is procured from the same company several times within a work phase, a framework contract must be concluded, which allows the quantity to be procured within the work phase to be drawn down at the desired time. (prohibition of dismantling)

1.3. The Beneficiary may acquire equipment or services from the organization employing the PhD student on the scholarship in accordance with the Call for Grant Applications for the doctoral school with regard to the PhD student up to an amount equal to a maximum of 20% of the RDI (KFI) and related support provided for the given PhD student with a scholarship for each calendar half year (each semester, Ft/doctoral school/ KDP PhD student).

1.4. The amount of a given procurement that is accounted for under this program cannot be accounted for in other supported projects (including those co-financed by the EU) (no double funding).

1.5. Only the costs incurred during the period of the supported activity can be deducted from the program. The duration of the supported activity is the period specified in the Sponsorship Document/Deed of Support, during which the costs incurred related to the implementation of the supported activity can be eligible. Only invoices issued with a performance date during this period (by which the payment deadline is not meant) can be settled within the framework of the subsidy legal relationship.

1.6. **The minimum (gross) amount of eligible costs per invoice is HUF 5,000 below which costs cannot be accounted for.**

1.7. In the case of invoices or accounting documents issued in a currency other than HUF, the total amount thereof and the amount of the costs eligible therefore² shall be converted into HUF at the central exchange rate published by the National Bank of Hungary valid at the time of performance indicated on the invoice or accounting document, and in the case of invoices or accounting documents issued in a currency not subscribed to by the National Bank of Hungary, they shall be converted into euros at the central exchange rate published by the European Central Bank. If the actual amount paid is less than the amount planned based on the above exchange rate, then the smaller amount can be accounted for and deducted from the program.

¹ Including the organization in which the Beneficiary has acquired a stake.

² If the invoice does not indicate the date of performance, the date of issue of the invoice must be taken into account when determining the exchange rate.

1.8. In the case of invoices not in Hungarian, a Hungarian translation of the entire invoice must also be attached, and in the case of intra-EU product purchases, the VTSZ code and the net weight of the product must be indicated in the comment section of the order.

1.9. The following text shall be entered on the original copy of the invoice, account replacement document or other document (hereinafter referred to as the invoice) settled against the Doctoral Student Scholarship Program of the Cooperative Doctoral Program, which shall remain with the Beneficiary:

"Within the framework of the sponsorship document/deed of support No.
..... HUF (i.e.
Forint) was accounted for."

The verifier/clause individual of the invoices may be the person authorized to represent the Beneficiary. Deviations from this may only be made with a power of attorney in accordance with the rules of civil law.

2. Procurement regulations

If the Beneficiary procures any raw materials or services within its own institution, it must account for the costs incurred within the institution at cost price (based on the cost calculation policy, internal regulations and other statements), the support of which must be attached to the financial statements/reports/accounts.

2.1 Public procurement obligation

If the conditions are met in accordance with Act CXLI of 2015 on Public Procurement (hereinafter: PPA(Kbt.)), the Beneficiary is obliged to conduct a public procurement procedure in accordance with the relevant legislation in order to ensure the rational and efficient use of the grant.

2.2. Regulation related to quotations (price offers)

To support each cost item, the Beneficiaries are obliged to obtain quotation(s) in accordance with their internal regulations. The regularity of the price offers related to the project and the related selection procedure may be checked by the representatives of the Sponsor, the Managing Body and the bodies otherwise entitled to audit during the audit of the financial statements and on the spot.

In the case of a purchase of less than HUF 200,000 net, 1 quotation is required, and in the case of a purchase above HUF 200,000 net, 3 quotations are required to support the market price. The quotations must come from at least three bidders independent of each other and the beneficiary, and a comparable, valid written quotation of the same subject must exist. In the case of equipment and services available in open trade, a written offer can be replaced by the presentation of official price offers (e.g. websites of distribution companies, accommodation search portals, price comparison sites). In this case, the procurement is documented electronically (e.g. 3 screenshots of online interfaces with a date). If 3 price offers cannot be obtained due to exclusive distribution, an exclusivity declaration must be requested with the price offer.

The compliance of direct orders conducted through the centralized public procurement portal with the arm's length price /usual market price/ can be verified by presenting the supplier basket (document containing time data saved by print screen or excel export) for the given order.

When procuring products subject to public procurement on your own, it is necessary to obtain the 3 price offers /quotations regardless of the value limit. If the amount of the quotation is not determined in HUF, it is necessary to convert it into HUF at the official exchange rate published by the MNB (Hungarian Central Bank) on the date of the quotation. In the case of a non-Hungarian quote, a Hungarian translation of the entire offer must also be attached.

3. THE FOLLOWING COSTS ARE NOT ELIGIBLE/ CANNOT BE ACCOUNTED FOR:

General restrictions

- warranty costs,
- fines, penalties and litigation costs,
- the cost of relocating the beneficiary's existing production capacities within and to other sites;
- interest expenses, interest debt settlement,
- membership fees,
- deductible VAT,
- costs of preparatory activities (e.g. preparation of a grant application, notary fee),
- banking services, exchange rate losses,
- COVID test costs, vaccination costs, health service costs,
- vouchers, gift vouchers, shopping vouchers, cinema tickets, entrance tickets, etc.

Employment

- non-regular wages and contributions (e.g. 13th month's salary, bonus, normative bonus, severance pay, jubilee bonus, premium),
- performance-based incentives, bonuses established for employees, bonuses, target allowances, and all other similar personal incentive-type payments, regardless of their name,
- social benefits,
- other payments of a personal nature (regular payments, salary-like benefits, e.g. cafeteria³) that are not received by all employees of the beneficiary (but only by the participants in the project),
- taxes paid on benefits for which no subsidy has been paid,
- the part of the vocational training contribution for which the Beneficiary has claimed for tax relief, so it has not been paid to the tax authority.

³ Fringe benefits specified in Section 71 (1) of the Personal Income Tax Act.

Procurement, use of services

- renovation, repair and maintenance costs of technical equipment,
- the cost of converting existing machines, even if the performance and parameters of the machine change after the conversion,
- the cost of dismantling the equipment,
- the cost of transport insurance and customs clearance,
- the cost of a tangible asset acquired by the beneficiary from a company under bankruptcy or liquidation or from a private individual under enforcement proceedings,
- devices and equipment that were already in use at any of the beneficiary's premises before the submission of the grant application in the framework of a lease or other similar construction, as well as for testing and trial operation purposes,
- acquisition and rental of vehicles (road vehicles, watercraft, aircraft, fixed-track vehicles), trailers, semi-trailers,
- equipment and equipment acquired under an operational lease or open-end financial leasing scheme,
- equipment and equipment acquired under compensation and assignment/ concession,
- the value of the contributed asset,
- purchase of business shares and shares,
- costs incurred in connection with a contract with intermediaries or consultants which stipulates payment as a percentage of the total cost of the activity, unless the possibility of partial performance is provided for in the contract or its effective amendment and such partial costs actually incurred and paid are substantiated by the beneficiary by reference to the content and actual value of the work or service, with a detailed certificate of completion,

Production license related to the acquisition of equipment, manufacturing know-how

- purchase of non-production licenses, non-production know-how, with the exception of software

Information technology developments

- extension of the lease fee of web hosting related to general operation, maintenance fee of a domain name, fee for the operation of a server, website or homepage, if the beneficiary has it at the time of submitting the grant application,
- the cost of refurbishment, repair and maintenance of IT equipment.

Getting advice

- tax consultancy,
- mapping of funding opportunities and writing tenders/ grant applications,
- the implementation and certification of standards, the costs of follow-up audits, supervisory audits and renewal audits,
- the cost of issuing additional copies of the certificate of standards,
 - call-out fee related to consulting