

DEP4ALL Legal and Financial Infosheet

COST ELIGIBILITY IN THE DIGITAL EUROPE PROGRAMME (DEP)

OBJECTIVE AND CONTENT OF THE INFOSHEET

The infosheet aims to summarise the existing regulations concerning the eligibility of costs in DEP and to provide applicants and beneficiaries with “must know” information to avoid mistakes and irregularities.

LEGAL BASIS AND OTHER DOCUMENTS TAKEN INTO ACCOUNT

- Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 - [DEP Regulation](#)
- Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 Sep 2024 on the financial rules applicable to the general budget of the Union (recast) - [Financial Regulation](#)
- General Model [Grant Agreement](#) for the Digital Europe Programme, V1.0, 1.11.2024
- Annotated Grant Agreement, Version 2.0, 1.04.2025, [AGA](#)
- Other relevant documents such as Work Programmes, Calls for proposals, Decisions on unit costs published on the EU Funding & Tenders Portal in section [Reference Documents](#)

ELIGIBILITY IN DEP

In relation to EU funded projects, you most often encounter the following terms besides eligible costs: eligible actions, eligible entities, eligibility criteria/conditions.

Eligible actions are those that respond to the call conditions and contribute to fulfilment of the call objectives and thus are eligible for funding.

Eligible entities – these are the entities that fulfil the conditions for participating in the call - read about them in the [DEP4ALL Legal and Financial Infosheet on Eligible Applicants](#).

Eligibility criteria/conditions are set in the call documentation – you always need to refer to the concrete call topic of interest, as there could be special eligibility criteria for the topic.

The eligibility of the project is checked at the stage of proposal evaluation. The eligibility of costs is checked at the stage of project reviews, checks, controls and audits. Costs found to be ineligible are rejected for funding.

Calls for proposals specify:

- the categories of costs considered as eligible for Union funding
- the applicable forms of financial support
- other specific cost eligibility conditions.

Grants shall never exceed the value stated in the Grant Agreement (GA), but they could be lower if the declared and approved eligible costs are of a lower value.

GENERAL AND SPECIFIC COST ELIGIBILITY CONDITIONS

In order to be eligible, costs must fulfil all of the general eligibility conditions and the relevant specific eligibility conditions set out in Article 6 of the GA.

General eligibility conditions

- costs must be actually incurred by the beneficiary
- they are incurred during the duration of the project, except for costs relating to final reports and audit certificates
- they are indicated under one of the cost categories in the estimated project budget in the GA
- they are necessary for the implementation of the project
- they are identifiable and verifiable, being recorded in the beneficiary's accounts consistently with the beneficiary's usual accounting practices and its country accounting standards
- they comply with the applicable tax, labour and social legislation
- they are reasonable, justified, and resulting from sound financial management.

More information on costs eligibility in relation to project duration

The project starting date and duration are fixed in the GA. The starting date is usually set after grant signature. A retroactive starting date can be granted exceptionally for duly justified reasons - but never earlier than the proposal submission date.

Costs related to proposal preparation as incurred before the start of the project are ineligible. The same refers to the preparation of the consortium agreement if it is requested before the start of the project.

Travel costs for the kick-off/closing meeting must take place during project duration, but it is acceptable that the journey for these meetings could start and end respectively the day before the kick-off meeting and the day after the closing meeting.

If costs are invoiced or paid later than the end project date, they are eligible only if the cost was done already during the action duration and the final cost is known at the moment of the final report.

Apart from reimbursement of actual costs, also the following forms of EU financing could be applied in DEP projects: unit costs, lump sum costs (both are identified in advance) and flat rate (a percentage of identified eligible costs). For these forms of costs, you need to remember:

- they must include only eligible costs
- they must fulfil the general eligibility conditions
- reporting unit costs in DEP is possible for the following cost categories: personnel costs, SME owner/natural person cost, internally invoiced goods and services. For all other cost categories you must claim actual costs, unless the project is a lump-sum.

Specific eligibility conditions for each budget category

You can claim direct and indirect costs in DEP. Direct costs are directly linked to the project implementation; they must not include any indirect costs. The budget categories A-D are determined as direct costs; however, when assigning cost as direct or indirect one, you need to consider how usually this kind of cost is marked in your accounts. You shouldn't define the same kind of cost as direct and indirect one in different projects.

A. Personnel cost

Find out more about eligibility and calculation of personnel costs in the dedicated *DEP4ALL Legal and Financial Infosheet*.

B. Subcontracting costs

- used for activities not implemented by the beneficiary itself, but by a subcontractor
- subcontracting may cover only a limited part of the action if not defined otherwise in the call
- awarded according to the beneficiary's usual subcontracting practices and national law on public procurement
- the beneficiary needs to ensure best value for money and that there is no conflict of interests; a competitive selection of subcontractors ensures no conflict of interest and best value for money/lowest price through direct comparisons between offers
- subcontracting must be set out in the project description and budget in the GA
- subcontracting to other beneficiaries of the same project is not allowed

C. Purchase costs

- must comply with the beneficiary's usual purchasing practices and the applicable national law on public procurement
- the beneficiary needs to ensure purchases with best value for money and that there is no conflict of interests
- more limited in scope than subcontracting (purchase of individual items)

C.1 Travel and subsistence

- the actual costs of travel, accommodation and subsistence are eligible
- the costs must be incurred in line with the beneficiary's usual practices on travel
- if the beneficiary reimburses travel and/or subsistence allowances as a per diem payment, the per diem amount is the eligible cost, and not the actual expenditure of the person receiving the per diem
- the beneficiary must keep evidence that the travel is necessary for the project

C.2 Equipment

There are 3 options that could be applied in DEP projects according to what is defined in the relevant call:

- depreciation only: purchases of equipment, infrastructure or other assets used for the action (could be purchased before the project start date) must be declared as depreciation costs, written off in accordance with international accounting standards and the beneficiary's usual accounting practices; only the portion of the costs that corresponds to the rate of actual use for the project and only during project duration can be taken into account; costs for renting or leasing are also eligible
- full cost only: purchases of equipment, infrastructure or other assets specifically for the project may be declared as full capitalised costs; costs for renting or leasing are also eligible
- depreciation and full cost for listed equipment - used exceptionally; in these projects some equipment will be declared as depreciation cost and some pre-defined items will be declared as full-cost

C.3 Other goods, works and services

- refers to other goods, works and services than the ones defined in C.1 and C.2 (e.g. consumables, translations, publications)
- the costs of pre-financing guarantee and certificates on the financial statements, if required in the GA, could be reported under this category

- the beneficiary may consider some of these costs or all of them as indirect costs if this is how usually it defines them

D. Other cost categories

D.1 Financial support to third parties

- eligible, if declared as such in the call conditions
- distributed through objective and transparent selection procedures and in accordance with the minimum set of requirements defined in the GA
- may be given to natural persons or legal persons

D.2 Internally invoiced goods and services

- goods or services provided within the beneficiary's organisation directly for the project and valued based on the beneficiary's usual cost accounting practices

E. Indirect costs

- reimbursed at the flat rate of 7% of the eligible direct costs
- automatically calculated by the IT system
- no need for reporting and keeping evidence of actual indirect costs.

INELIGIBLE COSTS

A list of ineligible costs is stated in article 6.3 of the Grant Agreement.

In addition to the identified ineligible costs, pay attention to the following general rules:

- funding of the same cost twice is ineligible – regardless of the fact if it is included in the same project or in different projects funded by the EU budget
- costs declared specifically ineligible in the call cannot be claimed as eligible during project implementation
- calls with restriction due to security or other reasons usually limit the implementation of the project only to the territory of the eligible countries – check this in the call
- VAT is ineligible when it is deductible or refundable, and when paid by public bodies acting as public authority; more information on VAT: *Financial Regulation* and [Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax](#).

TO PROVE cost eligibility:

- keep adequate records and supporting documents
- keep the original documents
- your usual accounting practice must enable direct reconciliation between the amounts declared, the amounts recorded in the accounts and the amounts stated in the supporting documents.

TIP for cost eligibility reassurance: check the procedures and the standard findings that refer to cost categories stated in the template for the CERTIFICATE ON THE FINANCIAL STATEMENT (CFS), available in the [Reference Documents](#).

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