

## EUCAR position on proposed accounting changes for Horizon Europe

In relation with the proposed accounting changes for Horizon Europe, EUCAR welcomes the efforts towards further simplification in the Model Grant Agreement. In this regard, EUCAR would like to point out:

### 1. On *Personal costs*

- **Daily rate:** The exclusive determination of personnel costs by means of a daily rate is **not compatible with common personal cost calculation methods in industry**. It must remain possible to use hourly rates. The exclusive use of daily rates together with the application of conversion methods is an additional administrative burden and may lead to new calculation errors.
- On the three **proposed conversion methods** for reporting hours recorded for the action into 'days-equivalent':
  - **Method 1:** In addition to the conversion factor for part-time workers, the first method should also **include the 90%-approach**, which takes into account the fact that a 100% productivity does not reflect reality.
  - **Method 2:** It should be clearly formulated that the grantee does not necessarily have to calculate 1720 hours as the 'standard annual workable hours' but shall be entitled to **use the number of hours which the grantee calculates from the employee's weekly working time** (e.g., 7.5 hours/day \* 215 = 1612.5 hours). The **90%-rule must be applied** to this annual number of 'standard annual workable hours' of the beneficiary (1612,5 \* 90% = 1451,25 < Standard annual productive hours of the beneficiary).
  - **Method 3** with 8 hours = 1 day-equivalent is impractical, because the 8 hours working time is a maximum which is often not reached.
- The grant agreement should clearly state that the **personnel costs can also be calculated** on the basis of **average operating costs** with a clear indication how these average rates can be determined.
- The fixing of productivity at 215 workdays does not reflect sufficiently country/company-specific conditions. The flexibility to use alternative options on other number of workdays must remain if justified by national/company specific conditions.
- **Calculating only on the basis of calendar years** and no longer on fiscal years, differing from calendar years is not aligned with common business practice and represents an administrative burden for a large number of beneficiaries.

### 2. On *Internal invoices unit costs*

The recognition of internal cost accounting practices of the beneficiaries leads to simplification. To further improve this, internally invoiced cost items, eligible according to standard business practice, should be applicable.

### 3. On *Equipment costs*

EUCAR welcomes that the possibility of accounting prototypes at full (customary) costs is already anchored in the MGA.