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I have 2 questions concerning subcontracting/minor services.

1) Are minor services considered as a part of subcontracting or are they „other costs“.? Can overheads be calculated on the amount of minor services? For example – invoice for renting a conference room is according to the Financial Guide a minor service. Can be overheads calculated on this amount?

2) Talking about subcontracting – sometimes it is confusing to say if something is subcontracting or other cost – especially for CSA projects, where usually a lot of work is done „on invoice“ – renting a conference room, catering, setting a web page, printing brochures. Do I understand it correct that all these activities are subcontracting/minor service (because everything what has cost based on invoice is subcontracting/minor service) even though it is a core task of the project? Which of them are subcontracting (that has to be planned in Annex I) and which of them are minor services in this case of CSA project? What is the basis for calculating overheads (amount including or excluding minor services)? Are the same rules for subcontracting applied for CP projects as well or are there any differences?

EC Answer:

The key question is if the cost is a subcontract. If the services in question are a subcontract then the subcontract can not be taken into account when calculating overheads.

The classification of the services depends on their character.

They could be RTD activities, demonstration, management, etc. For example expenses relating to organisation of meetings are charged as costs of management activities.

Some costs incurred in relation to organisation of the meeting may be considered as subcontracting (e.g. catering services provided by an external company), whereas others (renting the rooms directly in a hotel) would not fall within this category. In this sense remember that subcontracting is a business transaction by which the subcontractor performs some work for a beneficiary.

Subcontracting costs are direct costs. Whether mayor or minor costs, they have to be identified by beneficiaries in the financial statement form (Form C, Annex VI to GA). In any case, they should be reported as subcontracting (if you are paying for a service); The difference is that the GA allows that these minor subcontracts do not previously appear in the Description of work of the project. As subcontracts, they are a cost to a beneficiary for a work/service which is performed by a third party and not by the beneficiary, and therefore indirect costs can not be charged by the beneficiary on them; in this cases, the indirect costs are already covered by the price paid by the beneficiary to the subcontractor. The same rules for subcontracting apply to all projects, including CSA.

For more details please check the Guide on Financial Issues for FP7 Projects:

[ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide\\_en.pdf](ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf)