



**Programme
Johannes Amos Comenius**

**RULES FOR APPLICANTS AND BENEFICIARIES
GENERAL PART**

Programming period 2021–2027

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1. CHAPTER – INTRODUCTION

Rules for applicants and beneficiaries – the general part is issued by the Managing authority of the Programme Johannes Amos Comenius. RfAB – general part are intended for applicants applying for support from P JAC and beneficiaries implementing projects financed from P JAC (with the exception of applicants for simplified projects).

For specific types / focus of projects, RfAB – specific part are issued as a part of the call documentation, which modify/supplement RfAB - general part.

For applicants and beneficiaries of simplified projects, the MA issues a separate RfAB of simplified projects.

The purpose of the Rules for Applicants and Beneficiaries is to provide the applicants with information about how to proceed with the grant application preparation, about obligatory formal requirements of the application and about the main risks that might affect its due and timely submission of the grant application. They provide RfAB beneficiaries with information on mandatory and recommended procedures for project implementation.

In the RfAB, both men and women are understood by the designation of the status of persons such as employee, worker, assistant, manager, student, etc.

Versions of RfAB are numbered ascending from 1. The MA can issue methodological letters between individual versions of the RfAB, which modify/supplement the RfAB in a specific chapter/subchapter. The applicant shall follow these Methodical letters as of date of their validity and effect. RfAB come into force on the day of their publication on www.opjak.cz and take effect on the date specified in the RfAB, but on the date of validity at the earliest.

The version of the RfAB that the applicant or beneficiary follows may differ depending on whether it is about the preparation of a grant application or the implementation of a project.

When **preparing a grant application**, the applicant is obliged to follow the version of the RfAB effective on the date of the announcement of the call. If in the course of preparing the grant application / approval process, the next version of the RfAB is released, the applicant shall follow:

- in the case of a round call for the version of RfAB effective on the date of submission of the grant application in IS KP21+. The approval process is carried out with respect to maintaining equal conditions for all grant applications within one call according to a single version of the RfAB, namely the version effective on the day of the start of each partial phase of the approval process;
- in the case of an ongoing call for the version of RfAB effective on the day of submission of the grant application in IS KP21+, during the preparation of the application for support and at each partial stage of the approval process. In the event of the release of an updated version of the RfAB, the MA can start the administration of processes that have not yet been started according to the new version of the RfAB, provided that this does not result in discrimination or deterioration of the applicants' position.

When **implementing the project**, the beneficiary is obliged to follow the valid and effective version of the RfAB – general and specific part, methodical letters to the RfAB and other conditions specified in the legal act on grant award / transfer. The beneficiary is informed about the release of newer versions of RfAB and the issue of methodical letters at www.opjak.cz. In case of interest in accepting the conditions of project implementation according to newer versions of the RfAB and new methodological letters to the RfAB, the beneficiary can apply for their acceptance in the form of a significant amendment constituting a change of the legal act on grant award / transfer (see ch. 7.4.2).

The legal act on grant award / transfer lays down the main conditions for the project implementation. In addition to the above-mentioned documents, the beneficiary is obliged to comply with the effective legislation of the Czech Republic and the European Union during the implementation of the project.

1.1. OVERVIEW OF PRIORITIES AND SPECIFIC OBJECTIVES OF THE P JAC

The aim of the Programme Johannes Amos Comenius is to support the development of an open and educated society built on knowledge, skills and equal opportunities and developing the potential of each individual which will in turn lead to a rise in competitiveness of the Czech Republic and to improved living standards of its residents.

Overview of priorities and specific objectives of the P JAC

Priority	Fund	Specific objectives
1. Research and development	ERDF	1.1 Developing and enhancing research and innovation capacities and the uptake of advanced technologies 1.2 Skills development for smart specialization, industrial transformation and entrepreneurship
2. Education	ERDF	2.1 Improving equal access to inclusive and quality services in education, training and lifelong learning through developing infrastructure, including by fostering resilience for distance and on-line education and training
	ESF+	2.2 Improving the quality, inclusiveness, effectiveness and labour market relevance of education and training systems including through validation of non-formal and informal learning, to support acquisition of key competences including entrepreneurial and digital skills, and by promoting the introduction of dual training systems and apprenticeships 2.3 Promoting equal access to and completion of, quality and inclusive education and training, in particular for disadvantaged groups, from early childhood education and care through general and vocational education and training, to tertiary level, as well as adult education and learning, including facilitating learning mobility for all and accessibility for persons with disabilities 2.4 Promoting the socio- economic integration of marginalised communities such as Roma people 2.5 Promoting lifelong learning, in particular flexible upskilling and reskilling opportunities for all taking into account entrepreneurial and digital skills, better anticipating change and new skills requirements based on labour market needs, facilitating career transitions and promoting professional mobility.
3. Technical assistance	ERDF	3.1 Ensuring quality management and implementation of the programme (relevant only for P JAC technical assistance projects)
4. Technical assistance	ESF+	4.1 Ensuring quality management and implementation of the programme (relevant only for P JAC technical assistance projects)

2. CHAPTER – DEFINITIONS OF TERMS USED

Action of Deputy

The deputy's action is a legal act on grant award / transfer issued by the MEYS, which sets the conditions for the use of funds for the implementation of the project according to Section 26 (2) of the budgetary rules. This legal act is issued for technical assistance projects and to beneficiary material sections of the MEYS and state organization unit falling within the MEYS (such as the Czech School Inspection), (see ch. 6.2).

Administrative team

This term covers all staff responsible for the project administration, for example performing its monitoring, preparing accounting and ensuring its publicity. The aim of their activities is not the work with the target group. In most cases, this concerns the project and financial manager, assistant, PR manager, etc.

Administrative verification

Administrative verification is a form of verification carried out administratively at the inspector's workplace. The course of administrative verification is not regulated by the inspection regulations. A record is made of the administrative verification.

Applicant

An entity submitting a grant application. This term is used for the entity in the course of the application processing, submission to the granting authority and approval process until an issuance of the legal act on grant award / transfer by the granting authority. By issuing a legal act on grant award / transfer, or upon acquisition of legal power in the case of a Grant Award Decision, the applicant becomes the beneficiary.

If the applicant is a state organizational unit, it becomes the beneficiary of the funds by implementing a budgetary measure in the budget system/including the funds in the state budget.

Audit authority Audit authority means the authority responsible for ensuring the implementation of audits in order to verify the effective functioning of the management and control system of the programme and for carrying out activities in accordance with Article 77 of the General Regulation¹. The role of the audit authority is performed by the Ministry of Finance.

Basic project parameters

The document Basic project parameters represent Annex No. 1 of the legal act instead of the grant application. This annex contains an overview of the facts and obligations of the applicant, according to which the project was evaluated and which are essential for the implementation of the project. It replaces the entire grant application and all previous attachments of the grant application. Changes to the obligations listed in this document have the character of significant changes with an impact on the legal act.

Beneficiary

A public or private entity (a church school is also considered a private entity) responsible for starting, implementing or maintaining an operation co-financed from EU funds, which, on the basis of a legal act on grant award / transfer and upon fulfilment of the conditions set out therein, submits

¹ For general regulations, see ch. 3.1.1.

a Payment Application to the Managing authority and receives claimed funds from public budgets. For the purposes of RfAB, the designation Beneficiary also applies to SOU, taking into account the terminology in the methodological instructions of the Unified National Framework (see ch. 3.3.4.). In the legal act on grant award / transfer or in the partnership contract, SOU is referred to as the project implementer in the position of the beneficiary. In relation to state aid and de minimis aid the "beneficiary" means the entity receiving the state aid / de minimis aid. In the MS2021+ monitoring system, the term "final beneficiary" is also used to designate the beneficiary.

Block exemption

A block exception is an exception (or legal title) from the general prohibition of state aid according to Commission Regulation (EU) No. 651/2014 of 17. 06. 2014, which, in accordance with Articles 107 and 108 of the Treaty on Functioning of the EU, declares certain categories of aid as compatible with the internal market, establishes the types or categories of aid (exceptions) which are compatible with the internal market if the specified conditions are met without the obligation to notify the Commission before the aid is provided.

Category of interventions

Intervention categories are predefined areas on which the implementation of the project will have an impact, e.g. research and innovation activities in public research centres, higher education and expert centres, including networking (industrial research, experimental development, feasibility studies), further e.g. tertiary education aid (excluding infrastructure) or measures to support equal opportunities.

The MA specifies these areas for each project before issuing the PA, it also indicates the percentage ratio of the distribution of funds between the individual areas of intervention in relation to the total eligible expenditure. If necessary, the MA consults the percentage ratio with the applicant. Intervention categories and intervention types are set at the level of a specific objective.

Call

A call is an activity of the Managing authority or another authorised entity within the programme requesting submission of grant applications by the applicants/future beneficiaries pursuant to predefined conditions. See also "Round Call" and "Ongoing Call". The call for submission of simplified projects is usually announced as a so-called ongoing call.

Check

Control is the set of activities carried out to compare the actual situation with the desired situation in order to provide reasonable assurance of the effectiveness, efficiency and economy of operations, the reliability of reporting, the safeguarding of assets and information, the prevention, detection and correction of fraud and irregularities and the follow-up actions of such fraud and irregularities, as well as the proper management of the risks related to the legality and regularity of the underlying transactions, taking into account the multiannual nature of the programmes and the nature of the payments concerned. Controls may include various verifications as well as the implementation of any strategies and procedures to achieve the objectives stated in the first sentence.

Central de minimis Aid Register (RDM)

The Central de minimis register was established as of 1 January 2010. The purpose of the register is central evidence of de minimis aid. The Central de minimis register is administered by the Office for the Protection of Competition and the Ministry of Agriculture who is also its keeper. The Central de minimis register is available on <http://eagri.cz/public/app/RDM/Portal>.

Summary information on the RDM application is available at:
<http://eagri.cz/public/web/mze/farmar/registr-podpor-de-minimis>.

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Co-financing

The level of involvement of the individual implementation parties to the project financing. This is the summary term for specification of EU share, maximum national budget share and minimum financial participation of the beneficiaries in the project financing. The specific shares (rates) of co-financing are determined as a percentage of the total eligible expenditure of the project, depending on the type of beneficiary, the nature of the activity and the category of the region in which the beneficiary implements the given project.

Collaborative research

The collaborative research means such research that is implemented through effective cooperation if at least two independent parties, of which at least one is a research organization or research infrastructure, have a common objective based on the division of work will jointly determine the scope of the project, participate in its drafting, contribute to its implementation and share the financial, technological, scientific and other risks of the project and its results. The conditions of the project cooperation, particularly with regard to contributions to its costs, sharing of risks and results, result dissemination, access to the intellectual property rights and rules for the allocation of these rights should be determined before starting the project. Collaborative research is not considered as a form of the provision of research services.

Comment on budget

The annex Comment on the Budget is used for a objective evaluation of the grant application. The evaluators use this Annex to evaluate the adequacy and consistency of the budget in relation to the content of the project. According to the annex, it is possible to objectively assess compliance of the rule 3E (economy, efficiency and effectiveness) of the project costs. The applicant is required to submit this annex if the annex is required as part of the grant application.

Complementarity

Complementarity means functionally interconnected and complementary interventions and links of these interventions that require mutual coordination, or such coordination is effective in terms of impact on the beneficiary/society or, for example, an increase in the absorption capacity.

Conditions for entering appropriations in the expenditure budget

A legal act issued by the MEYS setting out the conditions for the implementation of a project by another organizational unit of the State or a contributory organization established by it if another organizational unit of the State issues a grant award decision (see ch. 6.2).

Contractor

A natural person or legal entity supplying goods, providing services or implementing construction works.

Contract research²

Contracted research can be characterised as research activity implemented by a research organization and connected with services with high added value, i.e. generally with services ordered and paid by another party including coverage of the expenditure and adequate profit of the research party by the ordering party. The services mainly cover research and development including related consultations (such as sample processing, measurements and testing to order etc.).

² The definition is based on the material Transfer of data on contractual research in 2015 published on the website www.vyzkum.cz on 27. 08. 2015.

The contracted research project outcomes usually include some of the following types of results (according to RIV15) – a patent, a semi-operation, a tested technology, a variety, a race, an industrial design, a prototype, a functional sample, results reflected in legislative acts and standards, results reflected in guidelines and regulations of non-legislative nature binding for the respective provider, results reflected in approved strategic and conceptual documents of RDI and innovation issued by state administrative or self-governing bodies, a certified method, a therapeutic procedure, a conservation procedure, a specialised map with professional content, a software, a research report, or a summary research report and others.

Cost

Cost means the consumption of an economic resource expressed in monetary units, which is usually associated with a current or future expenditure of money. In financial terminology, it is a decrease in the value of assets or an increase in liabilities that affects the profit or loss.

Database of products co-financed from EU funds

An online web repository containing, with the support of P JAC, newly created or innovated products that can be used by other entities and serves users from the general and professional public, who can view and download available materials in electronic form. The results of the research carried out in P JAC projects are published in the product database in accordance with the applicable legislation. The database of products co-financed from EU funds can be accessed from the P JAC website.

Day of granting of the aid

The date of grant of support is the date of issue (dispatch) of the legal act on grant award / transfer.

Deadlines

In the case of time limits calculated in days, unless otherwise specified, the time limit shall begin on the day following the day which is the determining day for the beginning of the time limit (e.g. the day of delivery of the document). If the end of the period falls on a Saturday, Sunday or public holiday, the last day of the period shall be the next business day.

If the time limit does not run for a certain period of time and then starts from the beginning, it is an interruption of the time limit. If the time limit does not run for a certain period of time and then continues where it stopped, this is a suspension of the time limit.

Economic activities

An economic activity is any activity consisting in offering goods or services on the market. From the point of view of state aid, an entity that carries out both economic and non-economic activities is considered to be an undertaking only in connection with economic activities.

An ancillary economic activity is an economic activity that is directly related to the operation of a research organization or research/educational infrastructure and is necessary for its operation or is intrinsically linked to its main non-economic use and is limited in scope.

Effective Collaboration

Effective collaboration means collaboration of at least two independent parties for the purpose of knowledge or technology exchange or achievement of a common objective on the basis of division of labour where the parties jointly specify the scope of the collaboration project, contribute to its implementation and share risks and results. The project expenditure can be borne in any extent by one or more parties and thus rid other parties of their financial risks. Contractual research and provision of research services are not considered as forms of collaboration.

Electronic signature

Electronic signature, for the purposes of signing documents within the P JAC subsidy procedure,

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means a guaranteed electronic signature based on a qualified certificate for an electronic signature or a qualified electronic signature. Both signatures are based on the use of a certificate from a state-recognized certification authority. Signing documents with a qualified electronic signature is regulated in Section 5 et seq. of Act No. 297/2016 Coll., on trust-creating services for electronic transactions.

Eligible expenditure

Expenditure incurred for a specified purpose and within the period specified in the legal act on grant award / transfer, which are in accordance with the relevant regulations of the EU and the Czech Republic, the relevant methodological instruction of the MoRD–NCA (Methodical instruction for the eligibility of expenditure and their reporting in the programming period 2021–2027) and other rules established by the MA for the given programme.

EU Contribution

EU contribution means part of the total eligible expenditure incurred in the context of programmes/projects co-financed by EU. In the case of P JAC the EU contribution is financed from the ERDF and ESF+ in the amount of up to 85% of the total eligible expenditure of the projects/programmes.

EU funds

EU funds include the European Regional Development Fund, the European Social Fund Plus, the Just Transition Fund, the Cohesion Fund, the European Maritime, Fisheries and Aquaculture Fund, the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support of Border Management and visa policy. The Recovery and Resilience Instrument was also established to revive the economies of EU member states after the Covid-19 pandemic.

European Anti-fraud Office (OLAF)

The European Anti-Fraud Office (OLAF) is the authority for the protection of the financial and economic interests of the EU. It is an independent office operating within the European Commission, whose mission is to investigate fraudulent activities related to the EU budget, cases of corruption in EU bodies and institutions and serious misconduct on the part of their staff. OLAF prepares anti-fraud policy for the European Commission. The main task of the office is to conduct administrative investigations in Member States concerning financial interests of EU (external investigations) and investigations of EU bodies and their staff (internal investigations). The legal basis for combating fraudulent activity in the EU is Article 325 TFEU (which replaced Article 280 EC Treaty).

Evaluation/Rating

A process based on profound information collection and professional evaluation with the aim to obtain reliable ground for implementation management and strategic decision-making. Evaluation thus contributed to economic public fund management and allocation.

In the case of evaluations in the areas of ERDF / ESF+ the evaluated aspects include strategic, policy, programme and project setting, design, implementation and effects. The purpose is to evaluate objective fulfilment (purposefulness) and effectiveness, economy and sustainability achievement. The evaluations are performed before the programming period or programme implementation start (ex-ante), in the course of the programming period (ad-hoc, ongoing or mid-term) and after its end (ex-post).

The aim of the implementation of the evaluation activities of the programme is, in particular, to evaluate the success of the interventions implemented at the level of the programme.

Applicants and beneficiaries provide the necessary cooperation in the evaluation of the programme and projects. The project beneficiary is obliged to provide cooperation in the implementation of

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evaluation activities within the framework of the programme for the entire duration of the project's implementation, for the duration of the project's sustainability, and whenever it is necessary in connection with the solution of the project. On the basis of addressing the MA, they participate in evaluation activities, e.g. in the form of participation in guided interviews, questionnaire surveys, etc. The beneficiary's obligation to provide cooperation in evaluating the success of programme interventions is an integral part of the legal act on grant award / transfer.

Excellence Centre

A clearly thematically profiled site of research and development (such as higher education institution, research institute or its clearly defined part or a similar detached part shared by more research institutions). Excellence Centre is an active research site, often of multidisciplinary nature, interconnecting R&D, education (especially of doctoral students and young research staff) and innovation activity. Excellence Centre reaches critical sizes of personnel and technical equipment to be able to achieve top quality research results internationally. Through long-term strategic partnerships the Excellence Centre cooperates with prestigious international R&D centres as well as with partners from the application sphere and other major sites active in the field on the national level. Revenues from foreign resources (with respect for professional specifics) substantially contribute to the total R&D budget of the Centre and its total operation expenditure.

Expenditure

An expenditure is an outflow of cash or cash equivalents, irrespective of the purpose for which it is used.

Expenditure Eligibility Date

It represents a possible date for the occurrence of eligible expenditure (see ch. 8.1.5).

Experimental development

Acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills to develop new or improved products, processes or services. For example, it can also be activities aimed at defining the concept, planning and documentation of new products, procedures or services. Experimental development may include the development of prototypes, demonstration activities, pilot projects, testing and verification of new or improved products, processes or services in an environment representative of real operating conditions, if the main objective is to further improve the technicality of products, processes or services that are not largely determined. Also included is the development of a commercially viable prototype or pilot project that is necessarily the final commercial product and is too expensive to manufacture to be used for demonstration and validation purposes only.

Financial analysis

Financial analysis means an analysis carried out from the point of view of the project operator, which makes it possible to verify and ensure the cash balance (verify financial sustainability), as well as to calculate indicators of the financial return of the project based on net discounted financial flows, which relate exclusively to the economic unit that will implement the project.

Financial flows

Financial flows represent the transfer of funds between the beneficiary and the authorities involved in the implementation of the programme.

Financial plan

The financial plan of the project is a mandatory data area of the grant application. It can be entered automatically on the grant application (if the financial plan template is filled in on the request) or manually by the applicant. For ex-ante type payments, the financial plan includes both the expected

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amount of the advance required and the expected amount of the bill. In addition to the required amounts, the applicant also provides the PIR schedule and the ŽOP schedule in the financial plan.

Fundamental research

The basic research means an experimental or theoretical work carried out principally to acquire new knowledge of the fundamental principles of phenomena and observable facts, not focused on direct commercial application or use.

Grant application

An application filled out by the applicant and submitted with the aim of obtaining financial support for the submitted operation/project within the programme. The application must be prepared in compliance with the terms and conditions of the programme.

Additional terms are available to applicants and beneficiaries in the Glossary of terms used in EU funds in the 2021-2027 programming period.³

Grant award decision

Unilateral legal act on grant award by the MEYS as a granting authority in cases where the beneficiary is not the organizational units of the state. In the case of a subsidy of a contribution organization of a state organizational component, the founder of which is not the MEYS, the MEYS can be the provider of the subsidy only if the support is provided in accordance with the Act on Research and Development Support, otherwise it is the founder of the given contribution organization of the organizational component of the state.

Higher power

Temporary or permanent extraordinary, unpredictable and insurmountable obstacle arising independently of the beneficiary's will, e.g. natural disaster or epidemic.

Implementation of the project, or physical implementation of the project

Project implementation represents substantive activities related to the fulfilment of project activities in the period between the start of (physical) implementation and the end of (physical) project implementation, i.e. during the duration of the project.

Implementation team

Includes all project roles including the back-office team and the professional project team.

Indicator

Indicators are the basic bearers of information about the substantive implementation of programmes co-financed from EU funds. At the programme level, indicators are used to measure the achievement of project goals. An indicator is precisely defined as an output or result of a project and a programme. It consists of a code, name, definition, measurement unit, including a description of the measurement method, data source, default, achieved and target value.

Individual project

A complete set of activities financed from the P JAC heading towards achievement of predefined measurable objectives. The project is implemented within the specified time horizon and with the given budget.

³ Available here:

<https://www.dotaceeu.cz/cs/evropske-fondy-v-cr/kohezni-politika-po-roce-2020/metodicke-dokumenty/slovnicek-pojmu-uzivanych-v-prostredi-fondu-eu-v-p>

Industrial research

The planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or in a substantial improvement in existing products, processes or services. It includes the creation of components of complex systems and may include manufacturing of prototypes in a laboratory environment or simulated interfaces with existing systems as well as manufacturing pilot lines, if it is necessary for the industrial research, notably for generic technology validation.

Ineligible expenditure

An ineligible expenditure is an expense that cannot be reimbursed from the project because it is not in accordance with the relevant regulations of the EU or the Czech Republic, national rules or other rules set by the granting authority or the conditions of the legal act on grant award / transfer.

Inspection authority

The controlling authority is a public administration body authorised to carry out public administration control at the controlled person. The controlling authority checks whether the controlled entity fulfils its liabilities following from the issued legislation or required by the executed legal act on grant award / transfer. In the case of audits at applicants and beneficiaries of support from P JAC, the control body is the MEYS (MA), MF (AA), EC, ECA, OLAF, SAO, the bodies of the Financial Administration of the Czech Republic within the meaning of the Act on the Financial Administration of the Czech Republic, or other control bodies according to the regulations of the Czech Republic and EU regulations.

Key activity / activity of the call

The key activity or activity of the call represents a set of activities aimed at fulfilling the objectives and purpose of the project. The key activity is defined by the applicant in the grant application on the basis of the supported/eligible activities set out in the call. The activities of the call are divided into supported activities - compulsory, mandatory optional, optional and excluded.

Legal act on grant award / transfer

The legal act confirming grant award / transfer by the granting authority to the beneficiary. The act includes detailed specification of the conditions for the grant award / transfer. The act form may differ according to the nature of the granting authority and beneficiary and the relationship between them.

Lifelong learning

Lifelong learning is the sum of all educational activities of an individual from early childhood to the retirement age with the aim to obtain corresponding knowledge and skills in the areas of personal, civic, social and professional development. Lifelong learning includes formal education, informal education and informal learning.

Linked undertaking

See the definition of the term Single undertaking.

Managing authority

The authority responsible for purposeful, effective and economic management and implementation of the programme in compliance with the principles of sound financial management. The Managing authority of a programme co-financed from the ERDF, ESF+, CF and EMFF may be national, regional or local public administrative authority or a public or private entity. MA performs activities in

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accordance with Article 72 of the General Regulation⁴. Ministry of Education, Youth and Sport is the Managing authority of P JAC.

Monitoring Committee

A committee whose task is to assess the implementation of the programme. The Monitoring Committee performs functions in accordance with Article 40 of the General Regulation⁵. Members of the monitoring committee include representatives of the relevant management and coordination bodies and partners (such as ministerial departments, partner ministries, regions, municipalities, non-governmental non-profit organizations, etc.).

Monitoring System (MS2021+)

Information system for monitoring, management, evaluation, data storage and reporting on the implementation of EFRD and ESF+ in the Czech Republic in the programming period 2021-2027, at all levels of implementation (project, programme, Partnership Agreement).

National Coordination Authority and Partnership Agreement

Central methodological and coordinating body for the implementation of programmes co-financed from EU funds in the Czech Republic in the 2021–2027 programming period. In the mentioned area, it is a partner for the European Commission for the Czech Republic, ensures the management of the Partnership Agreement at the national level, is the administrator of the MS2021+ monitoring system, and is a methodological body in the field of implementation.

Non-compliance

Irregularities in accordance with Article 2, point 31 of the General Regulation⁶ means any violation of the applicable law that results from the actions or omissions of the economic entity⁷ and as a result of which the EU budget is or could be damaged by paying an unauthorized expenditure from the said budget and at the same time it is valid that this unauthorized expenditure was approved by the Paying Authority in the summary request.

Ongoing call

It is a non-competitive type of call, projects do not compete with each other for support.

Operation

An operation is a project, a contract, a measure or a group of projects selected by the MA or on the basis of MA authorisation in compliance with the criteria defined by the monitoring committee and contributing to the objectives of a priority or priorities to which they relate. P JAC implements projects that are further divided into individual, system and simplified projects - see also the terms Individual Project, System Project and Simplified Project.

Organization for Research and Dissemination of Knowledge

"Organization for research and dissemination of knowledge" or "research organization" is an entity (for example a university or a research institute, a technology transfer agency, an innovation mediator, a physical or virtual cooperating entity focused on research) regardless its legal status (pursuant to public or private law) or financing method, whose main aim is to perform independent fundamental research, industrial research or experimental development or public dissemination of

⁴ For general regulations, see ch. 3.1.1.

⁵ For general regulations, see ch. 3.1.1.

⁶ For general regulations, see ch. 3.1.1.

⁷ Economic entity means any natural or legal person or other entity that participates in the implementation of funds, with the exception of a member state in the exercise of public authority pursuant to Article 2 point 30 of the General Regulation (General Regulation, see ch. 3.1.1.).

results of these activities by means of teaching, publication or knowledge transfer. If this entity also carries out economic activities, separate accounting must be kept for the financing of these economic activities. Entities with decisive influence on such an entity, such as shareholders or members, must not have the right to priority access to the result achieved by the entity.

Oriented research

The oriented research means the research directed to the field of general interest, in order to create a wide range of applications in the future. The oriented research, as opposed to the basic research, is carried out with the expectation that it will create a broad knowledge base, which will probably be the basis for a solution of already recognized or expected (current or future) problems or emerging possibility of using⁸.

Output

The output of the project is proof of the implementation of a key activity or a part thereof. Typically, it can be an invitation, attendance list, presentation, background materials, photo documentation or output documents from a seminar, conference, working group meeting, etc. The output of the project can also be a new or modernized educational system or a research workplace. A special type of output is a product that can be used by other interested parties (see the term Product).

Partner

A partner is an entity that has concluded a partnership contract with the applicant/beneficiary for the purpose of achieving the goals of the project. Partnership is not a business relationship and cannot be used to circumvent the rules of public competition.

Paying authority

The body responsible for the overall financial management of funds granted to the Czech Republic from the budget of the EU and preparing and submitting the Payment Applications to the Commission in accordance with Article 76 of the General Regulation⁹. It is the body responsible for the methodological set-up of the financial management of the funds granted to the Czech Republic from the EU budget, the preparation and submission of the Payment Applications and invoices, and the conversion of amounts into euros.

P JAC

The Programme Johannes Amos Comenius (P JAC) is a multi-year thematic programme managed by the Ministry of Education, Youth and Sports, through which it is possible to draw funds from the ERDF and ESF+ in the programming period 2021-2027. The aim of P JAC is to support the development of an open and educated society based on knowledge and skills, equal opportunities and developing the potential of each individual.

Priority

A priority is a basic unit of a programme that is fulfilled by one or more specific objectives, fulfils one or more political goals and is co-financed from one or more funds.

Procurement Procedure

The contracting authority's procedure set out in the document Rules for the awarding and control of public procurements, the purpose of which is the awarding of the contract, until the conclusion of the contract or the cancellation of the tender.

⁸ The definition is based on the definition in the Frascati Manual (2002).

⁹ For general regulations, see ch. 3.1.1.

Popularisation Centre

A centre of knowledge and entertainment offering spontaneous popular forms of education in and understanding of the essence of physical and natural phenomena using interactive elements/exhibits/aids.

Product

Teaching material, analysis, study, digital educational resource, methodology, audio-visual work, educational game, test, etc., which is created or innovated with the support of P JAC and subsequently made available in the Database of products co-financed by EU funds. In general, this is material that can be used by other entities from among the public in accordance with their purpose, valid legislation and RfAB. Products intended exclusively for MA use are not published in the Database of products co-financed from EU funds.

Programme

The basic strategic document of thematic, financial and technical nature for a particular thematic area or territory with a description of particular objectives and priorities for drawing from ERDF and ESF+ in the programming period 2021–2027, which the Member State wants to achieve in the thematic area/priority and how they are to be achieved, with regard to the Partnership Agreement and EU strategy. This is a binding document for the MA of the given programme towards the European Commission.

Professional team

Project employees performing the professional aspects of the project, such as research, lecturing, professional guarantee and other key professional and factual project activities.

Provider of (financial) aid/subsidy

The (financial) granting authority is the central state administrative authority or another entity authorised by act to award grants or refundable financial assistance from the national budget. The granting authority in the P JAC is usually the Ministry of Education, Youth and Sports, when in the documents of the P JAC it is in accordance with the General Regulation¹⁰ the term Managing authority is also used (see the definition of the term Managing authority).

Publicity tool and Manual of uniform visual style of EU funds in the programming period 2021-2027

The publicity tool means measures/instruments/activities for assurance of general public awareness of the grants provided from the European Structural and Investment Funds. Obligatory instruments are laid down by the Regulation of the European Parliament and of the Council (EU) No. 2021/1060 and are binding for the National Coordination Authority, Managing authority, intermediate bodies and beneficiaries.

The EU Funds Uniform Visual Style Manual (UVS Manual) sets out the rules for the use of graphic elements and defines a uniform visual style for the 2021-2027 programming period. The Manual defines minimum requirements for preparation of the obligatory publicity instruments. The manual is available at www.opjak.cz.

Research infrastructure

Research infrastructure means facilities, resources and related services used by the scientific community to carry out research in relevant fields, including scientific equipment and research material, knowledge-based resources such as collections, archives and structured scientific information, information and communication technology infrastructures, e.g. GRID networks,

¹⁰ For general regulations, see ch. 3.1.1.

computer and software equipment, communication facilities, as well as any other elements of a unique nature that are necessary to conduct research. These infrastructures may be "concentrated" in one place or "dispersed" across various sites.

Research organization

See the definition of Organizations for research and dissemination of knowledge.

Round call

It is a competitive type of call where projects are compared with each other. Support will be granted to projects that meet the conditions for granting support, in the order from the best one according to the result of the evaluation until the full allocation of the call is granted.

Schedule of calls

A publicly available document containing information on the dates for announcing new calls, their focus and the amount of funds allocated by the MA for calls.

Simplified reporting of expenditure¹¹

The method of reporting project expenditure, when the requirements for financial reporting (documents) and supporting expenditure by the beneficiary with related accounting documents are limited, or these requirements are replaced by the condition of achieving defined milestones and outputs or by a predetermined procedure for calculating eligible expenditure; variants are flat rate, unit costs, lump sums.

Single undertaking (linked undertaking)

The term "single undertaking" ("linked undertaking") corresponds to the economic situation of undertakings that form a group of enterprises through the direct or indirect control of the majority of the voting rights of an undertaking by another undertaking or the possibility of exercising decisive influence over another undertaking. These are undertakings that have at least one of the relationships listed in Article 2 (2) (a) - (d) in Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid. The link of undertakings must be monitored across all states.

Small and Medium-Sized Enterprises

An undertaking fulfilling the conditions set out in Annex I to the GBER.

Number of employees and financial thresholds determining enterprise categories:

1. The micro and small and medium-sized enterprises (SME) category is composed of enterprises that employ less than 250 people and whose annual turnover does not exceed EUR 50 million or whose annual balance sheet total does not exceed EUR 43 million.
2. Within the category of small- and medium-sized enterprises, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed 10 MEUR.
3. Within the SME category, a micro enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed 2 MEUR.

In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the financial statements of the company. The data, including the number

¹¹ EU legislation also uses the term "simplified cost reporting", the difference between these concepts is essential for the purposes of the RfAB.

of employees in the enterprise having partner enterprises or linked enterprises are determined on the basis of the financial statements and other data of the enterprise or on the basis of the consolidated financial statements of the company, if it is compiled or consolidated financial statements in which the enterprise is included within consolidation¹².

SMVS

It is an information system for programme financing – State-Owned Property Management.

Specific Data Items (SDIs)

Specific data items are a tool for additional information collection in MS2021+, through which the MA obtains more detailed information about the nature of the support provided. The SDI records and their values are entered by the applicant/beneficiary in the IS KP21+ according to the instructions set out in the call / in the follow-up documentation for the call, during the preparation of the grant application and/or subsequently during the implementation of the project.

Specific objective

The intended change to be achieved through the activities within the priority.

State aid

State aid meeting the requirements of Article 107 (1) of the TFEU means any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring a certain undertaking or the production of certain goods shall, in so far as it affects trade between the EU Member States, be incompatible with the internal market.

If funds received from a public entity are provided by a private entity together with the obligation to provide these funds to another entity, this is public expenditure.

Sustainability of the project

The period during which the beneficiary must maintain the activities or the use of the products of the project. The conditions and the duration of the project's sustainability are set out in the announced call / follow-up documentation for the call and in the legal act on grant award / transfer. Compliance with the project's sustainability commitment may be subject to review by relevant institutions.

System project

A system project is a project that sets up a system in a certain area, where the applicant/beneficiary is usually a public administration body or an organization established/founded by it. The PJAC Monitoring Committee is involved in the process of preparation and monitoring of the system project. When implementing a system project, emphasis is placed on their management, monitoring and continuous evaluation.

Target group

A group of entities or individuals which the programme/project is focused on who take benefits from the programme in the course of its implementation, including the project sustainability period (e.g. staff of research organizations and universities, university students, children and pupils, teaching staff).

Technical assistance

Funds for use by the MA in the areas of preparation, monitoring, administrative and technical support (programme implementation, studies, analyses, programme promotion, information

¹² For a more detailed explanation of the terms independent enterprise and partner enterprise, see Annex 1 of Commission Regulation (EU) No. 651/2014.

systems, experience exchange with partners, professional staff training etc.), evaluation, audit and inspections necessary for effective implementation of the P JAC.

Total expenditure

The total expenditure of the project represent all expenditure that are used for the implementation of the given project (whether they are paid from resources intended for the project or from other sources). To determine the total expenditure in EUR, the amount of eligible project expenditure listed in the legal act on grant award / transfer and other expenditure not reported as eligible in the project is decisive, while the monthly exchange rate of the Commission valid on the date of issuance (drafting) of this legal act is used for conversion. If a change in total project costs occurs during project implementation, the Commission's exchange rate valid on the effective date of the change in total costs will be used for conversion to EUR.¹³

Experimental development is not routine or regular changes to existing products, production lines, production processes, services and other unfinished operations, even though such changes may represent improvements.

Undertaking

The definition of the applicant/beneficiary as an undertaking within the meaning of Article 107(1) of the TFEU does not depend on its legal status, the method of its financing or its economic nature. Decisive for the beneficiary to be considered an undertaking is the fact that it carries out an economic activity, which is an activity consisting in the offer of goods and/or services on a certain market.

Undertaking in difficulty

An undertaking is considered to be in difficulty and therefore cannot be granted aid if at least one of the following circumstances occurs:¹⁴

- a) in the case of a limited liability company (which is not an SME which has been in existence for less than 3 years) where more than half of the subscribed share capital has been lost due to the accumulation of losses. This situation occurs when the result after deducting the accumulated losses from reserves (and all other elements that are generally considered as the company equity) is negative and its amount exceeds half the subscribed capital.
- b) in the case of a company in which at least some of the partners are fully liable for the company's obligations (which is not an SME that has been in existence for less than 3 years), where more than half of its equity recorded in the accounts of that company has been lost as a result of the accumulation of losses;
- c) If collective insolvency proceedings were initiated against the company or the company meets the criteria of the national law for initiation of collective insolvency proceedings at the request of its creditors;
- d) If the company has received support for rescuing and has not yet repaid a loan or terminated a guarantee or if the company has received support for restructuring and still applies the restructuring plan;
- e) in the case of an undertaking that is not an SME, where in the past two years:

¹³ This recalculation must be done manually, in MS2021+ the recalculation occurs only in case of significant changes constituting a change in the legal act on grant award / transfer.

¹⁴ The criteria for an undertaking in difficulty are defined in Article 2 (18) of the GBER. The definition of an undertaking in difficulty contained in the GBER differs slightly from the definition contained in the Communication from the Commission - Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (2014/C 249/01) in point 20, which other secondary regulations refer to. The information in this document works with the GBER definition as it is the most used legal title. However, the principles are the same for both definitions.

- i) The financial ratio of debt to equity is greater than 7.5 and
- ii) The interest coverage ratio of profit before interest, tax, depreciation and amortization (EBITDA) is less than 1.0.

Unit / unit cost

Reporting in the form of units and unit costs represents one of the forms of simplified reporting of expenditure in a project, when the amount of expenditure needed to achieve the output/product of a unit activity is determined in advance by the MA. By demonstrating the fulfilment of the output/product by the beneficiary, this amount is eligible in the submitted Payment Application. A unit is the smallest output to be achieved by implementing a unit activity. Unit cost is the financial valuation of the unit, i.e. the sum of expenditure established by MA needed to fulfil the output of the unit activity.

Waiting Projects

Grant applications that met the conditions for obtaining aid from P JAC, but which cannot be financed due to limited financial allocation within the given call, are included in the pool of waiting projects. These projects can be approved for financing in the event of an additional increase in the allocation of the call or a reduction in the request of applicants within the projects approved for financing.

ZED

Simplified registration of grants, which is managed by the Ministry of Finance and where basic data on P JAC projects from MS2021+ is transferred. It is a budget system module for recording national non-investment grants and returnable financial assistance provided from the state budget or subsidies (investment and non-investment) co-financed from the EU budget, other expenditure co-financed from the EU budget or financial mechanisms.

3. CHAPTER – LEGAL BASIS AND OTHER INITIAL DOCUMENTATION

3.1. LEGISLATIVE ACTS AND IMPLEMENTING REGULATIONS OF THE EU

European legislation is available on the website <http://eur-lex.europa.eu>.

3.1.1. EUROPEAN FUNDS

Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border and Visa Policy (hereinafter referred as of “General Regulation”);

Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (hereinafter referred to as the "ERDF Regulation");

Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No. 1296/2013 (hereinafter referred to as the "ESF+ Regulation");

Regulation (EC) No. 1059/2003 of the European Parliament and of the Council of 26 May 2013 on the introduction of a common classification of territorial statistical units (NUTS);

Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment;

Commission Delegated Regulation (EU) No. 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds;

Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information.

3.1.2. PUBLIC PROCUREMENT PROCEDURE

Directive of the European Parliament and of the Council 2014/24/EU of 26 February 2014 on procurement and repealing Directive 2004/18/EC;

Directive of the European Parliament and of the Council 2014/25/EU of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC;

Commission Implementing Regulation (EU) 2015/1986 of 11 November 2015 establishing standard forms for the publication of notices in the field of public procurement and repealing Implementing Regulation (EU) No 842/2011;

Commission Regulation (EC) No 213/2008 of 28 November 2007 amending Regulation (EC) No 2195/2002 of the European Parliament and of the Council on the Common Procurement Vocabulary (CPV) and Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council on public procurement procedures, as regards the revision of the CPV

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Commission Regulation No. 1336/2013 of 13 December 2013 amending Directives 2004/17/EC, 2004/18/EC and 2009/81/EC of the European Parliament and of the Council in respect of the application thresholds for the procedures for the awards of contract.

3.1.3. STATE AID

The Treaty on the Functioning of the European Union (TFEU), Art. 107, 108 and 109;

Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation, GBER);

Council Regulation (EU) No. 2015/1588 of 13 July 2015 on application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of horizontal state aid;

Communication of the Commission Framework for State aid for research and development and innovation **No. 2014/C 198/01** (R&D Framework);

Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union **No. 2016/C 262/01**;

Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on application of Articles 107 and 108 of the Treaty on the Functioning of the European Union for de minimis aid;

Council Regulation (EU) No. 2015/1589 of 13 July 2015, laying down implementation rules to Article 108 of the Treaty on the Functioning of the European Union;

Commission Regulation (EC) No. 794/2004 of 21 April 2004 implementing Council Regulation (EC) No. 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty;

Commission Regulation (EU) 2015/2282 of 27 November 2015 amending Regulation (EC) No. 794/2004 regarding the forms for notification of state aid and information sheets;

Commission Regulation (EU) No. 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (SGEI Regulation);

Communication from the Commission on the application of the European Union State aid rules to compensation granted for the provision of SGEI (Services of General Economic Interest) **No. 2012/C 8/02** (SGEI Communication);

Commission Decision of 20 December 2011 on the application of Article 106(2) of the TFEU to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest **No. 2012/21/EU** (SGEI decision);

Commission Communication European Union Framework for State Aid in the form of public service compensation **No. 2012/C 8/03**;

Commission Communication – Criteria for analysis of compatibility of state aid for employment of disadvantaged and physically handicapped staff subject to individual reporting liability **No. 2009/C 188/02**;

Commission Communication – Criteria for analysis of compatibility of state aid for education subject to individual reporting liability **No. 2009/C 188/01**;

Communication from the Commission - Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty **No 2014/C 249/01**;

Instructions for regional state aid **No. 2021/C 153/01**, valid from 29. 04. 2021;

Map of regional support for the period 2022–2027.

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3.1.4. R&D REGULATIONS

Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No. 1290/2013 and (EU) No. 1291/2013;

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "A new ERA for Research and Innovation" **COM(2020) 628**;

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Regions Committee in the final wording of "Partnership of the Public and the Private Sector in the programme Horizon 2020: effective instrument for achievement of innovation and growth in Europe"; **No. COM(2013) 494**;

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Regional Committee in the final wording of "Strengthened Partnership of the European Research Area for excellence and growth" **No. COM (2012) 392**;

Resolution of the Council of 27 November 2009 on the renewed Framework of European Collaboration in the Youth area (2010–2018) **No. 2009/C 311/01**.

3.1.5. PERSONAL DATA PROTECTION

Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (hereinafter referred to as "General Data Protection Regulation").

3.2. RELATED LEGISLATION OF THE CZECH REPUBLIC

Statutory provisions of the Czech Republic are available on <http://aplikace.mvcr.cz/sbirka-zakonu/>.

With respect to the scope, only a demonstrative list of legal norms is listed in the current version.

3.2.1. LEGISLATIVE ACTS

Act No. 134/2016 Coll., on awarding public contracts, as amended, (hereinafter referred to as "PPA");

Act No. 183/2006 Coll., on spatial planning and building regulations (Building Act), as amended, and **Act No. 283/2021 Coll.**, the Building Act, as amended (hereinafter referred to as the "Building Act");

Act No. 500/2004 Coll., the Administrative Code, as amended, (hereinafter referred to as the "Administrative Code");

Act No. 215/2004 Coll., on the adjustment of certain relations in the field of state aid and on the amendment of the Act on Research and Development Aid, as amended, (hereinafter referred to as the "Act on the Adjustment of Certain Relations in the Area of State Aid");

Act No. 235/2004 Coll., on value added tax, as amended, (hereinafter referred to as the "VAT Act");

Act No. 420/2004 Coll., on examination of asset management of territorial self-governing units and voluntary unions of municipalities, as amended (hereinafter "Act on Examination of Asset Management of Territorial Self-governing Units and voluntary unions of municipalities");

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Act No. 499/2004 Coll., on archives and record management and on amendment to certain other acts, as amended (hereinafter "Archives and Record Management Act");

Act No. 47/2002 Coll., on SME support and on amendment to Act No. 2/1969 Coll., on establishment of ministries and other central state administrative bodies of the Czech Republic, as amended in latter regulations (hereinafter "SME Support Act");

Act No. 320/2001 Coll., on financial supervision in public administration and on amendment to certain other acts (Act on Financial Supervision), as amended (hereinafter "the Act on Financial Supervision");

Act No. 248/2000 Coll., on regional development support, as amended, (hereinafter referred to as the "Regional Development Support Act");

Act No. 131/2000 Coll., on the capital city of Prague, as amended, (hereinafter referred to as the "Act on the Capital City of Prague");

Act No. 219/2000 Coll., on the property of the Czech Republic and its conduct in legal relations, as amended, (hereinafter referred to as the "Act on Property of the Czech Republic");

The Act no. 218/2000 Coll., on budgetary rules and amending of certain related laws (budgetary rules), as amended, (hereinafter the "budgetary rules");

Act No. 166/1993 Coll., on the Supreme Audit Office, as amended, (hereinafter referred to as the "Act on the SAO");

Act No. 586/1992 Coll., on income taxes, as amended, (hereinafter referred to as the "Income Tax Act");

Act No. 280/2009 Coll., the tax code, as amended, (hereinafter referred to as the "tax code");

Act No. 563/1991 Coll., on accounting, as amended, (hereinafter referred to as the "Accounting Act");

Act No. 255/2012 Coll., on inspection (inspection regulations), as amended, (hereinafter referred to as "inspection regulations");

Act No. 456/2011 Coll., on the Financial Administration of the Czech Republic, as amended, (hereinafter referred to as the "Act on the Financial Administration of the Czech Republic");

Act No. 120/2001 Coll., on bailiffs and execution activities (execution code) and on the amendment of other laws, as amended, (hereinafter referred to as "execution code");

Act No. 99/1963 Coll., the Code of Civil Procedure, as amended, (hereinafter referred to as the "Code of Civil Procedure");

Act No. 2/1969 Coll., on the establishment of ministries and other central bodies of the state administration of the Czech Republic, as amended, (hereinafter referred to as the "Competence Act");

Act No. 40/2009 Coll., the Criminal Code, as amended, (hereinafter referred to as the "Criminal Code");

Act No. 141/1961 Coll., on criminal court proceedings (Criminal Code), as amended, (hereinafter referred to as "Criminal Code");

Act No. 418/2011 Coll., on criminal liability of legal entities and proceedings against them, as amended (hereinafter "Legal Entity Criminal Liability Act");

Act No. 125/2008 Coll., on conversions of commercial companies and cooperatives, as amended, (hereinafter referred to as the "Act on Conversions of Commercial Companies and Cooperatives");

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Act No. 130/2002 Coll., on the support of research and development from public funds and on the amendment of some related laws (the Act on the Support of Research and Development), as amended, (hereinafter referred to as the "Act on the Support of Research and Development");

Act No. 111/1998 Coll., on universities and the amendment and addition of other laws (the Act on Universities), as amended, (hereinafter referred to as the "Act on Universities");

Act no. 561/2004 Coll., on pre-school, primary, secondary, higher professional and other education (Education Act), as amended, (hereinafter "Education Act");.

Act No. 89/2012 Coll., the Civil Code, as amended, (hereinafter referred to as the "Civil Code");

Act No. 90/2012 Coll., on business corporations and cooperatives (Business Corporations Act) and on amendment to certain other acts, as amended (hereinafter "Business Corporations Act");

Act No. 262/2006 Coll., the Labour Code, as amended, (hereinafter referred to as the "Labour Code");

Act No. 110/2019 Coll., on the processing of personal data, as amended, (hereinafter referred to as the "Act on the Processing of Personal Data");

Act No. 106/1999 Coll., on free access to information, as amended, (hereinafter referred to as the "Free Access to Information Act");

Act No. 234/2014 Coll., on civil service, as amended, (hereinafter referred to as the "Civil Service Act");

Act No. 563/2004 Coll., on teachers and on amendment to certain other acts, as amended (hereinafter "Teachers Act");

Act No. 256/2013 Coll., on the cadastre of real estate (cadastral law), as amended, (hereinafter referred to as the "cadastral law");

Act No. 250/2000 Coll., on budgetary rules for regional budgets as amended (hereinafter the "Act on Municipal Budgetary Rules");

Act No. 341/2005 Coll., on public research institutions as amended (hereinafter "Public Research Institution Act");

Act No. 283/1992 Coll., on the Academy of Sciences of the Czech Republic, as amended (hereinafter "Academy of Science Act");

Act No. 128/2000 Coll., on municipalities (municipal order), as amended (hereinafter "Municipalities Act");

Act No. 129/2000 Coll., on regions (regional organization), as amended, (hereinafter referred to as the "Regions Act");

Act No. 300/2008 Coll., on electronic acts and authorised conversion of documents, as amended (hereinafter "Act on electronic actions and authorised conversion of documents");

Act No. 182/2006 Coll., on bankruptcy and methods of its settlement (Bankruptcy Act) as amended (hereinafter "Bankruptcy Act");

Act No. 589/1992 Coll., on social security insurance and state employment policy contribution and as amended (hereinafter "Social Security Act");

Act No. 151/1997 Coll., on property valuation and on amendment to certain other acts, as amended (hereinafter "Property Valuation Act");

Act No. 198/2002 Coll., on volunteer service and on amendment to certain other acts (Volunteer Service Act), as amended (hereinafter "Volunteer Service Act");

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Act No. 373/2011 Coll., on specific health services, as amended (hereinafter "Special Healthcare Service Act");

Act No. 253/2008 Coll., on some measures against the legalisation of yields proceeding from crime and financing of terrorism, as amended (hereinafter the "AML Act").

Act No. 340/2015 Coll., on the special conditions for the effectiveness of certain contracts, the publication of these contracts and the register of contracts (Act on the Register of Contracts), as amended, (hereinafter referred to as the "Act on the Register of Contracts");

Act No. 37/2021 Coll., on the registration of beneficial owners, as amended, (hereinafter referred to as the "Act on the Registration of Beneficial Owners");

Act No. 159/2006 Coll., on conflict of interests, as amended, (hereinafter referred to as the "Conflict of Interest Act");

Act No. 121/2000 Coll., on copyright, on rights related to copyright and on the amendment of certain laws (the Copyright Act), (hereinafter referred to as the "Copyright Act");

Act No. 17/2012 Coll., on the customs administration of the Czech Republic, as amended, (hereinafter referred to as the "Act on Customs Administration");

Act No. 297/2016 Coll., on trust-creating services for electronic transactions (hereinafter referred to as the "Act on trust-creating services for electronic transactions").

3.2.2. GOVERNMENT RESOLUTIONS

Resolutions of the Government of the Czech Republic are available at <http://vlada.cz>.

Resolution of the Government of the Czech Republic No. 284 of 29 April 2019 on the Uniform National Framework of Rules and Procedures within the framework of the European Regional Development Fund, the European Social Fund+, the Cohesion Fund and the European Maritime and Fisheries Fund in the 2021-2027 programming period;

Resolution of the Government of the Czech Republic No. 94 of 4 February 2019 on the National Concept for the Implementation of Cohesion Policy in the Czech Republic after 2020 - basis for the Partnership Agreement for the period 2021–2027, on the preparation of the Partnership Agreement and programmes of the Czech Republic for EU funds in the field of politics cohesion policy for the period 2021-2027.

3.3. OTHER BINDING DOCUMENTS

Binding documents are available at:

<https://www.dotaceeu.cz/cs/evropske-fondy-v-cr/kohezni-politika-po-roce-2020>.

3.3.1. STRATEGIC EU DOCUMENTS

EU Charter of Fundamental Rights;

United Nations Convention on the Rights of Persons with Disabilities;

European Pillar of Social Rights - 20 principles;

Strategic Plan 2020-2024 of the Directorate General for Education, Youth, Sport, and Culture (Strategic Plan 2020-2024 Directorate General for Education, Youth, Sport, and Culture 2020);

Green Deal for Europe;

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Horizon Europe Framework Programme;

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "European skills agenda for sustainable competitiveness, social fairness and resilience" No **COM(2020) 274**;

Recommendation of the Council on the national reform programme of the Czech Republic for 2020 and the Position of the Council on the convergence programme of the Czech Republic from 2020;

Council Recommendation of 22 May 2018 on key competences for lifelong learning (2018/C 189/01);

Maastricht Economic and Social Research Institute on Innovation and Technology – MERIT for European Commission: European Innovation Scoreboard 2020.

3.3.2. STRATEGIC DOCUMENTS OF THE CZECH REPUBLIC

Partnership Agreement for the 2021–2027 programming period;

Programmes (Programme Technology and applications for competitiveness, Programme Johannes Amos Comenius , Programme Transport, Programme Environment, Programme Employment plus, Integrated regional programme P, Programme Just transformation, Programme Technical assistance, Programme Fisheries);

The Strategic Framework Czech Republic 2030;

National programme of reforms of the Czech Republic for the years 2021–2027;

Strategy of educational policy of the Czech Republic before 2030+;

TJTP (Territorial Just Transition Plan)

National concept for the implementation of cohesion policy in the Czech Republic after 2020 (NCR);

Regional Development Strategy of the Czech Republic 2021+;

Digital Czech Republic;

National Policy for Research, Development and Innovation of the Czech Republic 2021+;

Gender Equality Strategy 2020-2025;

Plan for supporting gender equality of the MEYS for the years 2021–2024;

Government concept of the fight against corruption for the years 2018 to 2022;

The Long-term Plan for Education and the Development of the Educational System (2019-2023);

State programme of environmental education, upbringing and awareness in the Czech Republic;

The strategic plan of the Ministry for the area of higher education institutions for the period from 2021 (issued in June 2020);

Innovation Strategy of the Czech Republic 2019–2030 (Resolution of the Government of the Czech Republic No. 104 of 4 February 2019);

National Research and Innovation Strategy for Smart Specialisation of the Czech Republic 2021–2027;

Economic Strategy 2030;

Strategy of support for small and medium-sized undertakings in the Czech Republic for the period 2021-2027.

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3.3.3. OTHER DOCUMENTS

Documents relating to the preparation of the 2021–2027 programming period are available at:
<https://www.dotaceeu.cz/cs/evropske-fondy-v-cr/kohezni-politika-po-roce-2020>.

3.3.4. METHODOLOGICAL GUIDELINES OF THE MINISTRY FOR REGIONAL DEVELOPMENT AND THE MINISTRY OF FINANCE

Uniform national framework of rules and procedures within EU funds for the 2021–2027 programming period (UNF)¹⁵:

MS2021+ methodological instruction;

Methodological instruction for financial flows of programs co-financed by the European Regional Development Fund, the European Social Fund+, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund 2021–2027;

Methodological instruction for the performance of the accounting function 2021–2027;

Methodological instruction Control of funds provided from EU funds;

Methodological Guideline for the area of contract awards for the programming period 2021–2027;

Rules for the co-financing of the European Regional Development Fund, the European Social Fund+, the Cohesion Fund, the Just Transition Fund, the European Maritime, Fisheries and Aquaculture Fund, the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for the financial support of border management and visas for the program period 2021–2027;

Methodological instruction for the eligibility of expenditure and their reporting in the program period 2021–2027;

Methodological instruction for the use of integrated tools and regional action plans in the programming period 2021–2027;

Methodological instruction for the area of indicators, evaluations and publicity in the programming period 2021–2027;

Methodological instruction on the verification of an undertaking in difficulty during the implementation of EU funds in the 2021–2027 programming period;

Methodological instruction for common processes of implementation of EU funds in the programming period 2021–2027;

Methodological instruction for calls, evaluation and selection of projects in the period 2021–2027;

Handbook for the implementation of financial instruments in the 2021–2027 programming period.

3.3.5. OTHER METHODOLOGICAL DOCUMENTS

Manual of the uniform visual style of EU funds in the programming period 2021–2027;

Methodological instruction governing the reporting of irregularities to the European Anti-Fraud Office (OLAF);

¹⁵ All attachments available at <https://www.dotaceeu.cz/cs/evropske-fondy-v-cr/kohezni-politika-po-roce-2020/metodicke-dokumenty>.

Methodical instruction of the OPC (Office for Protection of Competition) on the Central Register of small-scale aids and de minimis aids;

OPC methodological guide to the application of the term "one undertaking" from the point of view of the de minimis rules;

MS2021+ Monitoring System User Manuals.

4. CHAPTER – COMMUNICATION BETWEEN THE MA AND THE APPLICANT/BENEFICIARY

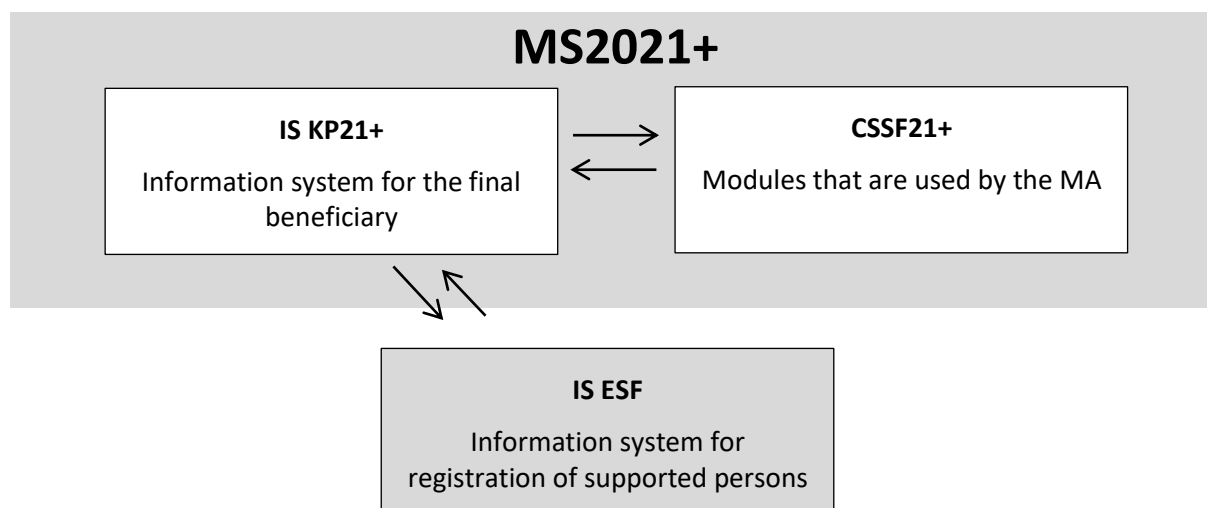
Communication between the MA and the applicant/beneficiary is used to send documents or inform the applicant/beneficiary/MA, for discussion or clarification of ambiguities. Timely communication with the MA helps the successful implementation of the project, allows to prevent problematic situations that may lead to the beneficiary's violation of conditions, rules and non-payment or withdrawal of the grant¹⁶.

The form of communication from the applicant/beneficiary differs depending on the stage of preparation of the grant application. An applicant not registered in IS KP21+ communicates with the MA through the contacts listed in the announced call, see ch. 4.3. After establishing a grant application in IS KP21+, the applicant/beneficiary mainly uses the monitoring system to communicate with the MA. Individual options for communication between the applicant/beneficiary and the MA are described in the chapters below.

4.1. COMMUNICATION IN MS2021+

Communication between the applicant/beneficiary and the MA in MS2021+ takes place both in connection with the preparation of the grant application and with the implementation of the project, e.g. during consultations on documentation for the call, when returning the grant application for additions, possible comments, modification of the application before the conclusion of the legal act on grant award / transfer, during the project implementation, changes in the project and its termination.

Simplified diagram of the monitoring system (MS2021+)



The term MS2021+ refers to the entire monitoring system. The IS KP21+ portal is an integral part of it, which the applicant/beneficiary enters.

¹⁶ See Section 14e and section 15 of the budgetary rules.

Information is sent from the MA to the applicant/beneficiary through the address OPJAK_Žadatel/Příjemce_Informace_ŘO. This is a one-way information channel that cannot be used for technical or methodological questions. Submitted answers or questions will not be considered.

Questions from the applicant/beneficiary to the MA regarding IS KP21+ are sent through the following communication options with the MA or the system administrator:

- user not registered in IS KP21+:
 - for questions, use the form on the FAQ tab on the IS KP21+ portal;
 - if you have problems with registration, use the option to send a message to user support under the registration form;
- user registered in IS KP21+ (with established grant application):
 - in case of technical problems or questions, contact user support by entering a request in the Service Desk21+ application at the URL address <https://sd21.mssf.cz> (username and password are the same as for the IS KP21+ application), or send a question to the e-mail address podpora_ms21@ms21.mssf.cz, or use the tel. number of the support +420 800 203 207. User support is available on business days from 08:00 to 18:00.

IS ESF

The IS ESF system is used to register supported persons according to Annex I of the ESF+ regulation. The achieved value of the indicator is transferred to the KP21+ IS (to the PIR / FPIR).

IS ESF allows in particular:

- monitoring of persons supported by P JAC projects with maximum use of existing data recorded in the agenda systems of the Ministry of Internal Affairs and Communications, which are supplemented by the collection of data from the implementers of individual projects;
- automatized calculation of indicators related to participants of national individual projects are transfer of achieved values of indicators IS KP21+.

The participant's identification data and set of characteristics are recorded in the so-called **participant card** within IS ESF. More detailed information on the reporting of project participants is provided in ch. 7.8.6 and to the participant's card in ch. 7.8.6.1.

Possible questions and requests for IS ESF can be sent via the communication channel listed on the opening page of the ESF CR / IS ESF portal.

Internal dispatches¹⁷

One of the main forms of communication between the MA and the applicant/beneficiary is the use of **internal dispatches**, both **user dispatches** and **system (automatic) dispatches**.

The majority of communication between MS2021+ users takes place within the internal dispatch tool by means of user dispatches, with no restrictions on the type of user. Both external (user of IS KP21+ / applicant / beneficiary) and internal (user of CSSF21+ / implementation structure of MA) users will receive an address on their registration and both types of users will be able to communicate by user messages from the very beginning. User messages will be created by the applicant/beneficiary, received and sent by it to the MA. He always creates a new dispatch from an open grant application. This creates a connection of the dispatch to the object, which is the relevant grant application. The messages will be kept with the project and the beneficiaries will thus be preserved even if the relevant employee communicating via dispatches changes.

¹⁷ Dispatches may be sent in accordance with Section 17e (2) (d) and (e) of the Regional Development Support Act.

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System (automatic) dispatches are sent by the MA to all users based on an event in the system. These will include for example notifications of approaching deadlines of obligatory activities, information from the MA or information about changes of status of individual processes. System messages will be only received by the applicant / beneficiary without replying to them and will be automatically generated by the system or the MA.

A detailed description of working with the Dispatch functionality is described in the IS KP21+ User Guide - Instructions for filling out the grant application form.

4.2. PROGRAMME WEB SITE

P JAC website (also "P JAC website") available at www.opjak.cz is a basic information portal intended especially for applicants and beneficiaries of P JAC projects. Documents are regularly updated on the website, including Rules for applicants and beneficiaries of the P JAC, contact details for the programme staff (e.g. for individual calls), logos intended for publicity and current information from the MA on the course of the programme.

4.3. OTHER FORMS OF COMMUNICATION

Applicants/beneficiaries can choose in some cases one of the following forms of communication with the MA with most of them taking place within the IS MS2021+. E-mail and telephone communication is stored only in the case of user support in the form of so-called Tickets in Service Desk21+.

In the event that the method of communication is not directly specified in the RfAB or MS2021+ for a specific situation, the applicant/beneficiary will choose the most appropriate method of communication in agreement with the assigned project administrator.

Written Correspondence

If there is a need for written communication beyond the scope of internal dispatches, the applicant/beneficiary communicates with the MA, as well as the MA with the applicant/beneficiary, using the Data Box Information System. ISDS is recommended for this type of communication by the MA. Communication via ISDS complies with the Act on Electronic Acts and Authorised Conversion of Documents. Communication via ISDS is based on data message sending and receiving.

Data message must be sent to the data box of the MEYS with the following identifier: "vidaawt".

The MA employee, usually the project administrator, is listed as the beneficiary of the data message. The "Subject" field must include the project registration number.

The Beneficiary, like the MA, can also use written forms of communication. In those cases the communication is implemented by sending a letter to the MA by post or by courier (or by personal delivery to the registry of the MEYS) with specification of the allocated administrator of the respective project to the following address:

Ministry of Education, Youth and Sports

Department (fill in the name of the department) of the Johannes Amos Comenius Programme

Title, name and surname (replace the name of the MA employee)

project No.: (fill in the registration number of the project)

Karmelitská 529/5, 118 12 Prague 1 – Malá Strana

Telephone and e-mail communication

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With regard to the non-existence of the audit trail when using phone communication and insufficient justification of use of electronic communication in relation to internal messages these methods of communication with the applicants / beneficiaries are not recommended by the MA. Telephone and email communication can be fully replaced by the possibility of using internal dispatches or written correspondence.

The contact e-mail for general questions about P JAC is opjak@msmt.cz.

The contact e-mail in case of complaints is stiznosti@opjak.cz¹⁸.

Personal Consultations

The beneficiary can ask the project administrator for a personal consultation. Personal consultation is possible only after prior written/telephone agreement with the project administrator. For the reason of audit trail preservation the consultation is recommended to be agreed through an internal message.

Contact persons

For communication with applicants, a collecting e-mail is indicated in the text of the specific call, or a designated contact person for communication regarding the call.

For the beneficiary, during the project implementation period, the main contact person is the administrator assigned to the given project through MS2021+. The main part of the communication between the beneficiary and the MA takes place between the contact person of the beneficiary or the representative of the beneficiary's statutory body and the project administrator as the representative of the MA. Communication takes place at regular intervals in connection with regular project implementation activities (e.g. submission of project implementation report, submission of the Payment Application), at irregular intervals (e.g. change request) and during extraordinary events.

The contact person of the beneficiary is fully responsible for communication between the beneficiary and the MA. That is why the appointed contact person of the beneficiary must possess the required competencies (project knowledge, P JAC condition knowledge etc.). The contact person of the beneficiary must be readily available all the time and must be able to actively and flexibly communicate and react to potential requirements of the MA or be temporarily substituted by another person able to take over such a role, if necessary. The contact person of the beneficiary is obliged to arrange for a substitute at the time of its absence to preserve the required fluency of communication between the beneficiary and MA.

MA recommends to appoint the contact person of the beneficiary with regard to the project period length in order to minimise the need for replacement of the contact person and to create such communication system for the contact person to have up-to-date project information or to be able to obtain and provide up-to-date information in time as needed.

¹⁸ Contact address also intended for sending suggestions on violations of the EU Charter of Fundamental Rights and the UN Convention on the Rights of Persons with Disabilities.

5. CHAPTER – PREPARATION, SUBMISSION AND APPROVAL OF GRANT APPLICATIONS

5.1. ANNOUNCEMENT OF THE CALL

Announcement of calls for proposals in P JAC takes place on the basis of the schedule of calls, which is published at www.opjak.cz. The schedule of calls contains information on the planned calls for each year, as well as data on the date of the call announcement, the expected allocation, a brief focus of the supported activities and an overview of eligible applicants.

The following calls are announced in the P JAC:

- **ongoing**, i.e. non-competitive calls where projects do not compete with each other (e.g. calls for simplified projects). Applicants whose projects meet the conditions of the call are granted support in the order in which they submitted the grant application, taking into account the allocation of the call.
- **round calls**, i.e. competitive calls, where projects are compared with each other. Projects that meet the conditions of the call will receive grant, in order from the best according to the point result of the objective evaluation.

Calls are issued for a minimum of 30 calendar days. As a rule, calls are announced for a longer period of time (e.g. six months or more). By announcing the call, the MA will publish the text of the call and related documentation on www.opjak.cz and simultaneously make the call available in the IS KP21+.

In the event of an expected excess of submitted grant applications, the MA may limit the receipt of applications for support by setting a certain share of the allocation (e.g. 150%) in the call / follow-up documentation for the call while observing the minimum deadlines resulting from the budgetary rules. In the case of ongoing calls, the MA may decide to terminate the call earlier and for other reasons stated in the call / follow-up documentation for the call.

Every call includes basic information about the grant provision conditions - content focus, time setting, form of aid information (financial allocation, the eligibility of expenditure, etc.), territorial focus, obligatory formal requirements of the grant application etc.

In relation to the approval process, the evaluation model, the enumeration of various phases of the approval process including deadlines, a list of entities involved in each phase, a list of criteria for evaluating projects, including the evaluation and selection for all phases of the approval process are established within each call - see ch. 5.14.

Modifications in the call

It is possible to change the announced call and the related documentation for the call, especially in cases forced by a change in legal regulations or a change in the methodological environment. The modification of the call may not cause discrimination against applicants or worsening of their position.

Changes to the call will always be published on www.opjak.cz with the announced call. Applicants who already have the grant application filed in the IS KP21+ will be informed about the publication of the call change also via an internal dispatch.

In the case of round calls, the following changes to the conditions for obtaining support are inadmissible (unless they are forced by legal regulations or a change in the single methodological environment):

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- cancel the announced call;
- reduce the call allocation;
- change the minimum and maximum amount of total eligible project expenditure;
- change the co-financing amount;
- change the objective focus of the call (it is possible to detail the text so that the essence of the objective focus is not changed);
- change the list of eligible applicants;
- move the deadline for the completion of the physical implementation of the project to an earlier date;
- move the end date of receiving grant application to an earlier date¹⁹;
- change the criteria for evaluation and selection of projects.

In the case of ongoing calls, it is not permissible to make the above-mentioned changes for grant applications that have already been submitted to the applicant. If the above-mentioned changes are required by the legislation of the Czech Republic or the EU, they can also be made for ongoing grant applications, if no decision has yet been made on them.

5.2. PREPARING THE GRANT APPLICATION

The grant application is submitted by the applicant only electronically via IS KP21+ (see <https://iskp21.mssf.cz>). The applicant first registers in IS KP21+²⁰, subsequently processes and finalizes the grant application. After signing the grant application (the applicant is required to have an electronic signature in accordance with Section 5 et seq. of the Act on trust-creating services for electronic transactions), the grant application can be submitted. Submission of the grant application will take place after it has been sent (submitted) by the applicant. The grant application is submitted in the Czech language, unless the call or the follow-up documentation for the call stipulates otherwise.

The procedure for filling out the grant application web form is described in the IS KP21+ User Guide - Instructions for filling out the grant application form, relevant to the given call and available on the web www.opjak.cz. This user guide serves as a supporting document when filling out the grant application form. It contains, for example, information that can help applicants when filling in individual fields in the grant application. The grant application, including attachments, is the source of data on the basis of which the application will be evaluated and subsequently not/recommended for funding, and therefore must be processed in a high-quality manner.

In the event that the text field in IS KP21+ (see IS KP21+ User Guide – Instructions for filling out the grant application form) set for this activity is not enough for the applicants, they refer to the grant application attachment and the information is provided in this attachment (if it is not otherwise stated in the call / follow-up documentation for the call).

The grant application includes information for the creation of the document Basic project parameters, which is a brief overview of the applicant's obligations and according to which the project will be implemented. The basic project parameters are subsequently attached to the legal act on grant award / transfer. The emphasis in this document is on project goals, which must be SMART²¹

¹⁹ If it is stated in the call, the end date for receiving grant applications can be shortened in the case of both round and ongoing calls, in the case of reaching a pre-determined share of the allocation and meeting the minimum deadlines.

²⁰ The applicant (specific user) registration is carried out only once, when submitting the first grant application.

²¹ SMART is an English word used as a mnemonic used in goal setting. It is an acronym made up of the initial letters of English words that

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(specific, measurable, achievable, realistic, time-bound), whereby they will be measurable mainly using indicators or specific data items and will be timed for the end of project implementation, unless otherwise specified in the grant application. The goals are more specific than the purpose of the grant, which is stated directly in the legal act on grant award / transfer. Failure to meet the goals by the end of the project implementation will be subject to administrative discretion regarding the determination of possible levies.

The sample of the document Basic project parameters is published together with the sample of the legal act on grant award / transfer for individual calls at www.opjak.cz. The basic project parameters document is created by the MA after the approval process has been completed by transferring the text from specific fields of the grant application or feasibility study into individual points of the document. When filling in the fields of the grant application, it is therefore necessary to formulate the text as specifically as possible and at the same time briefly, in accordance with the instructions that are given in the model Basic project parameters at www.opjak.cz and also in the IS KP21+ User Guide - Instructions for filling out the grant application form. Any more detailed information (the text in the individual fields of the application is limited to 2000 characters and must contain all future obligations) can be provided by the applicant in a special attachment to the grant application.

Before starting the processing of the grant application in IS KP21+, the MA recommends applicants to:

- study the call and the follow-up documentation;
- check the dates of seminars for applicants;
- learn about possible consultations with the MA;
- learn about the method and deadlines for the grant application submission and evaluation.

This information is primarily available at www.opjak.cz.

The MA recommends applicants to continuously monitor the current information at www.opjak.cz in the case of an announced call, where the MA publishes changes to the call, updates to grant application attachment templates, methodological explanations, frequently asked questions (FAQ), etc.

Project proposal

The MA recommends that applicants, before processing the grant application in IS KP21+, first develop a project plan, in which they assess their plan primarily with regard to all the conditions and rules established by the relevant call and the follow-up documentation for the call.

These include but are not limited to:

- Eligibility of the applicant = who can apply for grant;
- The place where the project can be implemented;
- Target groups = who can be the target group(s) of the project;
- Activities = what activities can be implemented within the given call;
- Project partner and the concept of partnership = who can be a project partner, what conditions must be met;
- Eligibility of funds = what the funds can be used for, what can be the minimum and maximum amount of support per project;

describe individual characteristics of the target: Specific, Mesurable, Achievable, Realistic, Time-bound.

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- Time conditions of the call = what can be the maximum duration of the project and taking into account the latest deadline for the completion of the project implementation.

The project proposal is not part of the grant application in IS KP21+ or the subject of evaluation by the MA, it serves only for the needs of the applicant, possibly for consultation with the MA. Applicants can consult questions about the project proposals via the seductive e-mail that is specified in the call, or with the person designated for communication, if it is specified in the call, well in advance of the deadline for submitting the grant application.

Grant application in IS KP21+

Only if the project proposal matches the rules and conditions defined by the call is it expedient to continue the preparation of the project, i.e. development of a grant application in IS KP21+. When processing a grant application in IS KP21+, the applicant is obliged to pay particular attention to the following principles with regard to the type of project:

- The grant application must be in harmony with the relevant call for proposals;
- The grant application must clearly define the problem and its particular solution. The preparation for the grant application should be preceded with a profound analysis of the need for the project in relation to the planned project activities and in relation to the activities already implemented in the area (outputs/products and results of similar projects – for prevention of double financing of identical activities);
- Goals must be specific, measurable, achievable, time-bound and realistic ("SMART" method);
- Indicator values must be realistically achievable and clearly determined;
- The key activities implemented in the context of the project must be detailed and must clearly show the links to the defined needs and objectives (the detailed activity description can be submitted as a separate annex to the application); and all planned activities must be necessary for achievement of the defined goals;
- The project schedule must have a logical structure;
- The budget must be drawn up in accordance with the rule of economy, expediency and effectiveness of planned expenditure and in accordance with the general principles stated in ch. 5.9.1;
- The sustainability of the project must be described in detail if the sustainability of the project is required by the call;
- Specific data items defined by the call / follow-up documentation for the call must be filled in (if required by the call).

In the grant application, the applicant does not provide any personal data within the meaning of Section 66 (6) of the Act on the Processing of Personal Data²² / special category of personal data²³, any facts constituting a trade secret, or information protected by copyright. Before the issuance of a legal act on grant award / transfer, the applicant is obliged, in the case of relevant calls, to document to MA the birth number of the principal solver, in accordance with the Act on R&D Support, primarily for the purpose of registering the given project in the Central Register of Projects.

²² According to section 66 (6) of the Act on the Processing of Personal Data, personal data means personal data indicating racial or ethnic origin, political opinions, religious or philosophical beliefs or membership in a trade union, genetic data, biometric data processed for the purpose of unique identification of natural persons, data on health status, sexual behaviour, sexual orientation and data related to judgments in criminal cases and criminal offenses or related security measures.

²³ Art. 9 of the General Data Protection Regulation.

Specific data items

SDIs are a tool for additional information collection in MS2021+, through which the MA obtains more detailed information about the nature of the grant provided. The applicant will encounter the SDI as grant application form items in IS KP21+. This is predetermined information related to the project, described in more detail in the relevant RFAB of the given call. SDIs do not replace indicators, but they can be linked to a specific indicator.

Thus, the MA can use the SDI to obtain, for example, more detailed characteristics of supported persons / pupils / students / workers or more detailed characteristics of the supported products / equipment / education, or the MA can use the SDI to obtain cross-sectional data related to gender issues or the Green Deal area. The data obtained in this way will be used by the MA for the programme monitoring or evaluation.

The values that SDI can take are in the following formats:

- Answer YES/NO
- Price/Rate
- Text
- Number
- Date
- Code list

SDIs may be mandatory or optional. They can be reported through PIR or CR - the data will always be determined in advance in RFAB.

Annexes to grant application

The form of grant application may include obligatory, obligatory-optional and optional annexes.

- The obligatory annexes shall be attached by all applicants.
- Appendices are optional, which are documented only under certain conditions (e.g. in the case of a partner in the project, when selecting specific activities or if the applicant/partner is not a legal entity to which an exception applies, if it is granted for the documentation of the given attachment).
- Optional annexes are such annexes that the applicant submits in addition to the obligatory / compulsory optional annexes.

The list of basic attachments is given in ch. 13, Annex No. 7. For each call, the required attachments are specified in the call, or follow-up documentation for the call (usually RfAB – specific part).

The form of documenting attachments to the grant application and further for the needs of monitoring the project

Original (or electronic original)

An electronic document filled in or processed according to the template or an electronic document processed by the applicant/partner (if the template is not available), which must be documented with an attached electronic signature of the applicant/partner²⁴. The original data message with the electronic signature and time stamp. The document need not contain an autograph signature. If a

²⁴ In the case of a document submitted on behalf of the applicant, a document that was provided with an electronic signature only after it was uploaded to IS KP21+ is also accepted.

sample includes a signature field this serves as the reminder of the necessity of the electronic signature.

Officially certified copy (in electronic form)

The original document (e.g. statements, confirmation) converted from paper to electronic form (so-called authorized conversion), i.e. it must contain a clause on authentication. In the case of a power of attorney according to Section 33 (2) (c) of the Administrative Code, the principal's signature must be officially verified before the conversion, i.e. it must contain a legalization clause.

Plain copy

Scan of analog document, electronic document.

(The original analog or electronic document, or the signed original of the document, if a signature is required, or an officially certified copy, the applicant/partner is obliged to submit at the request of the MA or during inspection.)

5.3. ELIGIBILITY OF APPLICANTS/PARTNERS

Entities that belong to the authorized applicants listed in the call can apply for support from P JAC. Authorized applicants/partners and their definitions, method of documentation and verification of eligibility, or additional information is always provided in the specific call/follow-up documentation for the call. The applicant/partner is obliged to fulfil all the eligibility conditions stated by the call.

The basic conditions for eligibility of the applicant/partner in P JAC include the following requirements, which are verified during the approval process:

A) The applicant/partner meets the definition of eligible applicants/partners in the call, based on the type and legal form;

- Method of evidence: Attachment to the grant application Evidence of eligibility.
- Exceptions: They are not documented by SOU, territorial self-governing units, public universities, RDI and other entities (e.g. schools and educational facilities) whose eligibility can be verified from public registers managed by the state²⁵). The applicant may be asked by the MA to provide a reference to its organization in the relevant register.

B) The applicant/partner is not in insolvency proceedings under the Insolvency Act.

- Method of evidence: It is controlled by the MA through publicly accessible registers.
- Exceptions: Control does not take place at SOU, territorial self-governing units, COs of territorial self-governing units, public universities.

C) The applicant/partner is not in liquidation in the sense of the relevant provisions of the Civil Code.

- Method of evidence: It is controlled by the MA through publicly accessible registers.
- Exceptions: Control does not take place at SOU, CO of SOU, schools and educational facilities established by ministries, territorial self-governing units, COs of territorial self-governing units, public universities and RDI.

²⁵ In particular, this concerns the Public Register and the Collection of Documents: <https://or.justice.cz/ias/ui/rejstrik>. All public registers managed by the state can be found here: <https://www.statnisprava.cz/rstsp/redakce.nsf/i/rejstrik>.

D) No enforcement proceedings are conducted against the applicant / partner with a financial contribution according to the Enforcement Code, tax enforcement according to the Tax Code, or enforcement proceedings according to the Code of Civil Procedure.

- Method of evidence: Attachment to the grant application Statement on the eligibility of the applicant/partner.
- Exceptions: No exceptions.

E) The applicant / partner with a financial contribution fulfils the conditions of debtlessness towards public administration bodies, the tax office and health insurance companies (the applicant/partner has no tax arrears recorded in the tax records, no arrears of insurance premiums and penalties for public health insurance or social security and contribution to state employment policy, levies for breach of budgetary discipline, etc. or other outstanding financial obligations from other projects co-financed from the EU budget towards the authorities that provide funds from these funds).

- Method of evidence: Attachment to the grant application Statement on the eligibility of the applicant/partner.
- Exceptions: Not documented by SOU, CO of SOU.
- The conditions for debtlessness are considered to be fulfilled if the payer (taxpayer) was allowed to withhold tax or pay tax in instalments in accordance with Section 156 of the Tax Code, or pay insurance premiums and penalties in instalments in accordance with Section 20a of the Social Security Insurance and State Employment Policy Allowance Act.

F) The applicant/partner has no criminal record

- Method of evidence: Attachment to the grant application Statement on the eligibility of the applicant/partner.
- Exceptions: The integrity of natural persons (statutory body of the applicant/partner) is not proven by the SOU; the integrity of legal entities is not proven by SOU and territorial self-governing units.
- The integrity of legal entities and natural persons – the statutory body is assessed.
- The conditions of integrity are considered fulfilled if:
 - the applicant/partner has not been legally convicted of a criminal offense, the substance of which is related to the subject of undertaking (activity) or for an economic offense or a criminal offense against property or is viewed as such under the law;
 - the person who performs the function of a statutory body has not been disciplined in the last three years according to special legal regulations governing the performance of expert activity, if this activity is related to the subject of the project.

G) The applicant/partner with a financial contribution is not an undertaking in difficulty.²⁶

- Method of evidence: For the applicant / partner with a financial contribution, this fact is evidenced by means of an attachment to the grant application, the Declaration on the eligibility of the applicant/partner. To evaluate the criteria determining whether or not an

²⁶ The prohibition on aid to undertakings in difficulty does not apply to undertakings which were not in difficulty on 31 December 2019 but became undertakings in difficulty during the period from 1 January 2020 to 31 December 2021 (as a result of the COVID-19 pandemic).

undertaking is in difficulty, the applicant can perform a self-test using Attachment No. 6 *Test of criteria for an undertaking in difficulty*.²⁷

For an applicant / partner with a financial contribution who belongs to a **group of undertakings**²⁸, it is necessary to monitor the criteria of an undertaking in difficulty also at the level of the entire group (the applicant / partner with a financial contribution also fills in the "group of undertakings" sheet in Attachment No. 6 *Test of criteria for an undertaking in difficulty* based on the consolidated financial data of the entire group, or the sum of relevant financial data of individual group members if the group is not subject to the obligation of consolidation). Information for a group of undertakings is not filled out in the case of applicants/partners accounting in accordance with Decree No. 410/2009 Coll., which implements some provisions of Act No. 563/1991 Coll., Accounting Act, as amended, for some selected accounting units (e.g. SOU, territorial self-governing unit, CO, state funds).

- **Exceptions:** It is not documented by the applicant / partner with a financial contribution in the case of projects financed from the ESF+ that are in a different regime than GBER.

H) The applicant / partner with a financial contribution, who is a legal entity, identifies his **structure of ownership relationships**, in accordance with Section 14 (3) (e) of the budgetary rules.

- **Method of evidence:** Annex to the grant application Proof of the ownership structure and a complete list of valid data and data that have been deleted without replacement or with replacement by new data from the register of real owners²⁹ according to the act on the registration of real owners.
- **Exceptions:** Not documented by SOU and entities whose ownership structure can be verified from public registers managed by the state. In the case of point 2 below, applicants/partners who do not have a real owner in accordance with Section 7 of the Act on the Registration of Real Owners do not provide data.
- The applicant/partner with a financial contribution documents:
 1. *identification of persons acting on behalf of the applicant/partner*, indicating whether they act as its statutory body or act on the basis of a granted power of attorney. In the case of these persons, the applicant/partner is obliged to document, at the request of the MA:
 - a) whether it is the statutory body that acts on behalf of the applicant – e.g. an abstract of the commercial register, statutes, founding charter of a charitable trust;
 - b) whether it is a person with a granted power of attorney that acts on behalf of the applicant – the power of attorney.

2. *data on the beneficial owner of the legal entity of the applicant/partner* according to the Act on the Registration of Beneficial Owners in the form of a complete list of valid data and

²⁷ For more information on the verification of the criteria for an undertaking in difficulty, see the [Methodological Instruction for the verification of an undertaking in difficulty during the implementation of EU funds in the 2021-2027 programming period](#).

²⁸ An entire group of linked undertakings between which there are controlling relationships (property, financial, legal or other) that allow one source to influence in a dominant way all the undertakings in the given group of undertakings. A group of undertakings with a common source of control is monitored not only through the relationships between legal entities, but also through the relationships of a natural person or a group of natural persons acting together (connectedness of undertakings through natural persons). The scope of the group of undertakings overlaps with the definition of "linked undertakings" (see ch. 5.3 of the *Methodological instruction for the verification of an undertaking in difficulty*), however, the real control relationships between the entities of the group are decisive.

²⁹ See website <https://esm.justice.cz/>. If the applicant / partner with a financial contribution is a foreign legal entity, it shall provide evidence of its beneficial owner either by means of an extract from a foreign register similar to the register of beneficial owners or, if no such foreign register exists, by providing the identification data of all persons who are the beneficial owner of the foreign legal entity, and shall provide documents showing the relationship of all the persons to the foreign legal entity, in particular an extract from a foreign register similar to the commercial register, a list of shareholders, a decision of the statutory body on the payment of a share of profits, the memorandum of association, the articles of association or the statutes.

data that have been deleted without replacement or with replacement by new data, if it is a registering person. In the case of these persons, the applicant/partner is obliged to document, at the request of the MA:

- a) list of persons together with the amount of interest/shares (in the case of shares the nominal value and the number of pieces are provided) – necessary information on the natural persons (name and surname, date of birth / birth certificate number, address, possibly ID);
- b) persons with a share in a legal entity of the applicant – identification by an abstract of the commercial register or by a list of shareholders pursuant to Section 264 of the Act on Business Corporations;
- c) If the applicant for a grant is a foreign legal entity, it shall provide evidence of its beneficial owner either by means of an extract from a foreign register similar to the register of beneficial owners or, if no such foreign register exists, by providing the identification data of all persons who are the beneficial owner of the foreign legal entity, and shall provide documents showing the relationship of all the persons to the foreign legal entity, in particular an extract from a foreign register similar to the commercial register, a list of shareholders, a decision of the statutory body on the payment of a share of profits, the memorandum of association, the articles of association or the statutes.

3. identification of the entities in which the applicant/partner has a share, and the amount of this share. In the case of these persons, the applicant/partner is obliged to document, at the request of the MA:

- a) list of the legal entities in which the applicant has an ownership interest (apart from the person of the applicant) together with the amount of interest/shares (in the case of shares the nominal value and the number of pieces are provided) – necessary information on the natural persons (name, address, registered office and ID).
- b) legal entities in which the applicant has a share and the amount of this share - identification by an extract from the commercial register or a list of shareholders of these persons according to Section 264 of the Act on Business Corporations.

Pursuant to the restrictions arising from Section 4c of the Act on Conflicts of Interest, the MA verifies whether the applicant / partner with a financial contribution, which is a business company, or a person controlled by it, does not have an own share representing at least 25% of the partner's participation in the business company among the owners (natural persons) of a public functionary, including commercial companies placed in a trust fund.

- The applicant/partner is also obliged to provide information or documents at the request of the MA and possibly other entities (Paying Authority, AA, EC or ECA) for the purpose of identifying and verifying ownership relationships up to the level of real owners (natural persons) or public entities;
 - When inspecting a grant application, potential existence of facts indicating possible conflict of interest is assessed. A conflict of interest is considered to be a situation where the interests of persons participating in or influencing the results of the approval process threaten their impartiality or independence. The aforementioned interest of persons is understood as the interest to gain personal advantage or reduce the property or other benefit of the stakeholders;
 - An applicant / partner with a financial contribution who does not submit the required data or documents, or an applicant/partner with a conflict of interest identified, does not meet the conditions of an authorized applicant/partner. If the MA comes to a

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conclusion that the subsidy is inadmissible according to Section 4c of the Act on Conflict of Interest, the application is excluded from the approval process.

I) **The applicant / partner with a financial contribution** is not an entity registered, established or at least 25% controlled by persons registered or established in countries included in the list of jurisdictions which are considered high risk third countries under Article 9(2) of Directive (EE) 2015/849 (AML Directive) or which are not effectively governed by EU or internationally agreed tax standards (so-called tax havens)³⁰.

- Method of evidence: MA verifies on the basis of data from available registers managed by the state.
- Exceptions: Persons who do not have a real owner in accordance with Section 7 of the Act on the Registration of Beneficial Owners.

J) **The applicant** meets the minimum threshold of **annual turnover** given by the call.

- Method of evidence: The applicant documents this fact by means of an attachment to the grant application Proof of turnover – profit and loss statement or annual or other management report³¹.
- Exceptions: Not documented by the entities whose annual turnover can be verified from publicly accessible registers managed by the state.³² At the request of the MA, the applicant shall provide a link to their organization in the relevant register.
 - The applicant is obliged to prove that the turnover of the applicant's organization/company reaches at least min. boundaries set by the call / follow-up documentation³³ in relation to the estimated total eligible expenditure indicated in the grant application. In the case of projects where a partner/partners with a financial contribution participate in the implementation, the part corresponding to the share of the partner/partners with a financial contribution from the total eligible expenditure can be demonstrated by the applicant through the annual turnover of the partner/partners with a financial contribution.
 - The condition of achievement of the desired turnover must be met for the past two consecutive closed accounting periods ³⁴ lasting 12 months (that exist) for which the applicant / partner with a financial contribution had to submit the tax returns and which precede the date of submission of the grant application.
 - The definition of annual turnover is specified in Section 1d (2) of the Accounting Act: "For the purposes of this Act, the annual total of net turnover is understood as the amount of revenue reduced by sales discounts, divided by the number of months in which the accounting period lasted, and multiplied by twelve."

³⁰ The list of tax havens is published here: https://ec.europa.eu/taxation_customs/tax-common-eu-list_en#heading_0.

³¹ In the event that at the time of filing the grant application, the last accounting period of the applicant / partner is not closed, the applicant / partner shall provide, as a mandatory annex to the grant application, a statutory declaration that the turnover for the last closed period will be demonstrated before issuing the legal act on grant award / transfer. Documenting a sufficient amount of annual turnover (i.e. the limit set by the given call, but most often 30% of the estimated total eligible expenditure of the project) is a mandatory condition for the issuance of a legal act on grant award / transfer of support. If the applicant / partner with a fin. contribution does not demonstrate a sufficient level of the turnover at the latest when submitting the documentation needed for the issuance of the legal act on grant award / transfer, its grant application will be excluded from the approval process, i.e. will not be supported.

³² The list of all public registers managed by the state can be found at the following link: <https://www.statnispava.cz/rstsp/redakce.nsf/i/rejstriky>.

³³ In the Rules for applicants and beneficiaries - specific part, a specific minimum threshold will always be set, which the applicant's turnover must reach, e.g. 30% of the expected total eligible expenditure of the project stated in the grant application reduced by the expected expenditure of the budget chapter Expenditure on direct activities - investment.

³⁴ That means that the applicant demonstrates compliance with the conditions for turnover for each of the preceding two consecutive closed accounting periods separately.

- Public benefit taxpayers³⁵ defined in Section 17a of the Income Tax Act, shall state the annual total of net turnover from the total activity, i.e. from the main and economic activity. Taxpayers who keep tax records shall indicate the total of all revenues in the taxable period, or the period for which they filed the last income tax return.”

K) The applicant / partner with a financial contribution has its own funds ensured for co-financing the implementation of the project and for financing the sustainability of the project's outputs/products for the duration of the project's sustainability (if sustainability is relevant).

- **Method of evidence:** Attachment to the grant application Statement on the eligibility of the applicant/partner.
- **Exceptions:** Not declared by SOU, CO of SOU, schools and school facilities established by ministries and entities for which the co-financing of the project is 0%.

L) The applicant/partner has secured the **founder's approval** to implement the project and will inform the founder of the project approval, the conditions for project implementation set by the MA and the amount of funds (total and in individual years). If the applicant/partner has not yet secured the consent of the founder, he/she undertakes to secure this consent at the latest before the issuance of the legal act.

- **Method of evidence:** Attachment to the grant application Statement on the eligibility of the applicant/partner.
- **Presented by:** Documented by CO of SOU, SOU established by another SOU, CO of territorial self-governing units and CO of voluntary associations of municipalities, school legal entities.

In connection with the eligibility of the applicant/partner, additional conditions may be set in the call / follow-up documentation for the call.

5.4. PARTNERSHIP

The call defines whether it is possible to enter into a partnership. If the partnership is allowed, the conditions stated in the call / follow-up documentation for the call apply.

A partnership is a relationship between an applicant/beneficiary and an entity entitled to partnership, in which the applicant/beneficiary cooperates with a partner to achieve project goals. The eligibility of partners is defined in the call / follow-up documentation for the call. The partner usually participates with the applicant/beneficiary in the creation of the project and, after the approval of the grant application, in its implementation, or sustainability of the project.

Partnership can take two forms:

- **partner with a financial contribution** – partner gets part of a grant for implementation of project activities via the beneficiary³⁶;
- **partner without financial contribution** – the partner participates in the implementation of project activities, but is not provided with any financial contribution.

³⁵ A taxpayer who in accordance with its founding legal acts, statutes, Articles of Association, law or a decision of a public authority body performs as its main activity the activity that is not business. A public benefit taxpayer is not a) business corporation, b) Czech Television, Czech Radio and Czech News Agency, c) professional chamber or a taxpayer founded for the purpose of protecting and defending business interests of its members whose membership fees are not exempt from tax payment with the exception of an organization of employers, d) health insurance companies, e) association of unit owners f) foundation, 1. which according to its founding actions serves to support persons close to the founder or 2. whose activity inclines to support people close to the founder.

³⁶ With the exception of when the beneficiary and the partner are the state organizational unit, which has funds budgeted in its own chapter.

When submitting an grant application, the applicant attaches the Declaration of Partnership to the grant application, or, if it is defined by the call or related documentation to the call, the partnership contract. At the same time, the applicant includes the partner in the grant application, including their roles, share in project activities and financial share, if it is planned. The eligibility and method of involvement of the partner in the implementation of the project is the subject of the evaluation of the grant application.

The terms of the partnership are set out in the partnership contract concluded between the applicant/beneficiary and a partner or partners. The recommended model of the partnership contract is available on the website www.opjak.cz. If several partners are involved in the project, the applicant/beneficiary can conclude a multilateral partnership contract with several or all partners.

The MA is not responsible for the content of the partnership contract concluded between the applicant/beneficiary and the partners, but before issuing a legal act on the provision/transfer of support, it checks whether the partnership contract is not a commercial agreement. It must not contain the designation of the contracting parties "customer" and "supplier" or the words "delivery", "service", "performance", "invoice", etc. If the law on the register of contracts applies to the partnership contract, the beneficiary shall ensure its publication in accordance with this law. A supplier-customer relationship based on the provision of supplies, services or construction work on an invoice must not arise between the beneficiary and the partner. In the event of a conflict with this principle, the contracting parties will conclude a written amendment to the partnership contract, where the beneficiary will bring the relationship with the partner into compliance with these rules. The beneficiary shall attach a copy of the addendum to the first PIR.

In the partnership contract, the applicant/beneficiary obligates the partner so that the beneficiary can fulfil all the obligations stipulated in the legal act on grant award / transfer. The beneficiary is responsible to the MA for the implementation of the entire project, including the parts implemented by its partners. If the project does not meet the set goals, the beneficiary will be required to return up to the entire support provided, even if the goals are not met, or target values of the indicators will be caused by the partner.

The beneficiary implements the main part of the project's activities, unless the call for proposals or the follow-up documentation stipulates otherwise.³⁷ The activity of the partner and the amount of support for expenditure realized by the partner must be described in the submitted reports on the implementation/sustainability of the project. The beneficiary acts as the entity responsible for managing the project in relation to the partners and is also responsible for the distribution of the funds received between the partners based on the approved project budget and documented expenditure/outputs.

The partner's participation in the project must not be based on a commercial relationship to the subject of the project and to the beneficiary for the entire duration of implementation of the project, or the sustainability of the project. During the implementation and sustainability of the project, the beneficiary is not entitled to enter into contractual relations with the partners listed in the approved grant application, the subject of which would be delivery, services or construction work for the project provided for a fee.

The partnership must not conflict with the legal regulations of the Czech Republic and the EU. The principle of partnership must not be abused to circumvent the PPA. The involvement of the partner must be implemented in accordance with the rules for state aid.

³⁷ This can be assessed in particular by comparing the amount of grant received by the partners with the amount of grant not planned to be distributed among the partners.

5.5. TERRITORIAL ELIGIBILITY OF PROJECTS

In the P JAC, it is possible to implement projects in 3 categories of regions. On the territory of **less developed regions** (Karlovy Vary Region, Ústí Region, Liberec Region, Hradec Králové Region, Pardubice Region, Olomouc Region, Zlín Region and Moravian-Silesian Region), on **the territory of transition regions**³⁸, (the regions of Plzeň, South Bohemia, Central Bohemia, South Moravia and the Vysočina region), and on the territory of a **more developed region**, which in the Czech Republic is the capital city of Prague.

Every call defines the place of implementation or the acceptable region of project implementation. The call can define the focus of projects across the entire territory of the Czech Republic, including the capital city of Prague, or it can be more specific, e.g. by defining a region, a municipality with extended scope. The specific definition of the legitimacy of the place of project implementation is always stated in the call / follow-up documentation for the call, taking into account the focus of the call, the target group and the applicant.

The place of implementation is the place where the activities of the project take place.

In connection with the legality of the location of the project implementation, it is assessed whether the delimitation of the project territory is demonstrably not in conflict with the conditions set by the call. The place of implementation is decisive for deciding whether the project and its expenditure are locally eligible (see ch. 8.1.5). Throughout the implementation period, the projects must comply with the local eligibility defined in the call on the basis of which they received support.

Partial project activities (not the project as a whole) may, in justified cases, take place outside the territory defined in the call for proposals (including implementation outside the territory of the Czech Republic), but they must always be for the benefit of the given territory, in accordance with the call, and the given activities must contribute to achieving specific objectives of the programme. For operations that will relate to more than one category of region, a predetermined pro-rata (i.e. ratio of allocations to individual regions) will apply.

The specific breakdown ratios between categories of regions are always given in the call / follow-up documentation for the call.

5.6. ELIGIBILITY OF TARGET GROUPS

Eligible target groups, or additional information on target groups and a specific way of checking target groups are always given in a specific call for proposals / follow-up documentation for the call. When checking the legitimacy of the target groups, it is verified whether the target groups specified in the application are not demonstrably in conflict with the conditions of the call.

5.7. ELIGIBILITY OF PROJECT ACTIVITIES

Eligible activities lead to the fulfilment of the established objectives of P JAC, individual priorities and specific objectives relevant to a specific call. The particular method of review and eligibility evaluation of activities is always specified in the call / follow-up documentation to the call. In connection with the legitimacy of the activities, it is checked whether all the activities of the grant

³⁸ These regions were classified as less developed regions in the period 2014-2020.

application are in accordance with the objective of the call, whether the grant application contains all the mandatory activities defined by the call, or whether it contains any of the excluded activities.

The mandatory activity of a project that does not consist only of unit costs is Project Management, unless otherwise specified in the call / follow-up documentation for the call. The goal of the **Project Management** activity is to set project management procedures in advance so that they ensure ongoing management and control of project implementation. A well-defined management system allows for timely identification of potential risks and elimination of their impact on project implementation.

The applicant is obliged to list this activity in the grant application as a separate key activity named, for example: Project control / Project management / Project managing, etc. The content of the key activity description must be:

- description of the implementation team consisting of administrative and expert staff;
- a description of potential support systems (such as a SharePoint) for effective project management;
- other information on project management (such as implementation team meetings etc.).

In relation to the Project Management activity, the applicant documents through a mandatory attachment entitled Implementation Team:

- descriptions of activities of the individual team member positions with identification of their team allocation (one individual may perform both professional and administrative activities on condition that their activities are identifiable as administrative/professional);
- amount of FTE ("full-time-equivalent")³⁹ on the project for each job position. In the case of workers employed on non-employment contracts (CoS, CfW), the monthly hourly fund is indicated instead of the amount of employment (for example: 80 hours/month).

Additional mandatory activities may be specified in the call/follow-up documentation for the call. In addition to the mandatory activities the call may define **activities which are restrictively elective / optional and excluded**.

Composition of Applicant's/Partner's Implementation Team

The grant application must include a definition of the size and composition of the project implementation team. The team composition must correspond to the assumed demand of the project management and implementation from the content and financial points of view. Quality of the implementation team significantly affects quality of project management and overall success of implementation.

The project implementation team can be divided into:

A) according to the nature of the activities performed to:

Administrative Team

The administrative team is particularly responsible for:

- coordination of project activities;
- organization and operational side of the project;
- achievement of planned project goals, including fulfilment of planned outputs/products and project results;

³⁹ That is equivalent to a full-time employee.

- assurance of effective communication on all levels of project implementation (towards the MA, the beneficiary organization management, project partners and individual project team members);
- processing of implementation reports and the Payment Applications.

A group of workers should be entrusted with project management, i.e. project management, which will ensure all levels of project management and activities related to project administration. They can be members of the applicant/beneficiary organization or members of partner organizations (if the call permits partnerships). In the optimum case the team should be composed of individuals with sufficient experience in project management.

Definitions of unit costs / lump sums for selected positions of the administrative team will be given in the follow-up documentation for the call.

Professional Team

The expert team is mainly responsible for:

- material implementation of project activities;
- creation of project outputs/products;
- active work with the target group.

The composition of the expert team must correspond to the project goals and specific requirements defined by the call / follow-up documentation for the call. They can be members of the applicant/beneficiary possibly organization or members of partner organizations (if the call permits partnerships) and external experts.

Examples of professional team position types

Methodologist, teacher or educator, lecturer, expert, psychologist, social worker, scientific and expert worker, expert opponent, expert solver, coordinator/manager of a key activity, head of a research programme, expert in the field of technology transfer.

Selected employees of the expert team can be designated as key employees or excellent employees, if this is allowed by the invitation or follow-up documentation.

A key worker – is a worker possessing the key knowledge and skills, which are needed for the implementation of the project and which are used actively by this worker to achieve the purpose of the project. This employee is exclusively a member of the expert team.

An excellent worker – is an expert possessing exceptional expertise and competence in the field in which he/she operates, which is needed for the implementation of the project and which is used actively to achieve the purpose of the project. Such a worker is exclusively a member of the professional team.

As part of the call / follow-up documentation for the call, a requirement to document professional CVs may be stated⁴⁰ for the employees of the project implementation team, who will hold important positions in the management of the project, as well as employees with key expertise and skills needed for the implementation of the project. These CVs serve as proof that the applicant and its potential partners will dispose with sufficient personnel capacity for management and professional implementation of the proposed project activities. Through CVs, the applicant demonstrates, for example, the experience of members of the implementation team in managing similar projects,

⁴⁰ The professional CV includes at least the level of the achieved qualification, work experience, completed education, professional preparation and training as well as other skills, knowledge and abilities including language skills, especially in the positions where these abilities are needed.

experience in working with the target group, experience and expertise in the topics that the project deals with. If qualification prerequisites and requirements for expertise are specified in the call / follow-up documentation for the call and/or the grant application, they must be met by the expert / key / excellent worker.

B) for the purposes of applying simplified methods of reporting expenditure (flat-rate costs) to:

Main project team

The main project team consists of:

- all the staff of the Expert Team;
- selected employees of the Administrative Team (only the Chief Project Manager, Project Manager, Financial Manager, Administrative Officer can be selected/included from the administrative positions in the main project team).

Support project team

The supporting project team consists of:

- administrative staff not included in the Main Project Team (e.g. accountant, HR, cleaning staff, etc.).

5.8. HORIZONTAL PRINCIPLES

In order to achieve a balanced development of the regions supported by ESI funds, horizontal principles are included in the implementation of the policy of economic, social and territorial cohesion. According to Article 9 of the General Regulation, the beneficiaries of the projects will ensure support and compliance with horizontal principles in the area of **equal opportunities**, which are:

- gender equality;
- eliminating discrimination based on gender, race, ethnic origin, religion, worldview, disability, age or sexual orientation.

According to the level of the project's contribution to a specific horizontal principle, the applicant chooses in the grant application whether the project is **neutral**, **positive** or **targeted** on the given horizontal principle, or if the compliance of the project with horizontal principles is already determined by the MA in the announced call / follow-up documentation for the call. The project must not conflict with any of the horizontal principles.

The extent of the project's contribution to the horizontal principles is monitored:

- **in the grant application**, either:
 - by describing the impact and justification of the impact of the project on specific horizontal principles from the side of the beneficiary, or by describing the implementation of activities to support them; compliance of the project with the horizontal principles is checked in the process of the eligibility check of the project; or
 - automatic contribution of the project to specific horizontal principles of the implementation of selected activities, which is based on the settings in the call / follow-up documentation for the call;
- **in the implementation report**, or in **the sustainability report** - in the event that the impact and justification of the project's impact on horizontal principles was described by the beneficiary in the grant application, the beneficiary will describe the fulfilment of those horizontal principles

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that occurred in the reporting period. Internal documents of the organization in which these horizontal principles are anchored, e.g. career code, code of ethics, guidelines or regulations dealing with gender policy, etc., can be used to prove the fulfilment of the horizontal principles reported in the reports on the implementation and sustainability of the project.

Levels of project contribution to a specific horizontal principle

Horizontal principle	Level of project contribution to HP	Description of the project's contribution to HP
Equal opportunities for men and women	<p>Targeted – the project is targeted at equal opportunities between men and women, if its main goal is to eliminate inequalities in opportunities between men and women.</p> <p>Positive - the project is positive for equal opportunities between men and women, if equal opportunities are not the main content of the project, but the project activities contribute to the elimination of inequality between men and women.</p> <p>Neutral - the project is neutral on equal opportunities between men and women, if it does not have a direct or indirect effect on equal opportunities between men and women.</p>	<p>A description of the project's contribution to the horizontal principle and the measures taken to ensure it are filled in the case of:</p> <ul style="list-style-type: none"> • targeted focus, • positive focus.
Equal opportunities and non-discrimination	<p>Targeted – the project is targeted at equal opportunities and non-discrimination, if its main goal is to remove obstacles to the participation of disadvantaged groups in education, the labour market, economic, social or family life.</p> <p>Positive – the project is positive for equal opportunities and non-discrimination, if equal opportunities are not the main content of the project, but the project activities contribute to the elimination of discrimination or the accompanying activities of the project enable the participation of disadvantaged groups.</p> <p>Neutral - the project is neutral to equal opportunities and non-discrimination, as long as it has no direct or indirect impact on disadvantaged groups.</p>	

5.9. PROJECT BUDGET AND FINANCIAL PLAN

5.9.1. PROJECT BUDGET

In the grant application, the applicant compiles the project budget. Following the approval process (see ch. 5.14) the applicant may be invited to carry out the proposed modifications (see ch.6.3). During the implementation of the project, funds are withdrawn at the level of specific budget items. Any changes to the budget are made by the beneficiary, if necessary, in accordance with ch. 7.4.

The project budget usually contains a combination of expenditure that are reported in the mode of **direct reporting of expenditure** (see ch. 8.1) and expenditure to which **simplified methods of reporting expenditure** are applied (see ch. 8.2). The specific structure of the budget is determined by the MA in the follow-up documentation for the call.

Compilation of the project budget - direct expenditure:

When drawing up the project budget, it is necessary to plan only those expenditure that can be financed from P JAC funds, so-called eligible expenditure. The rules for the eligibility of expenditure are described in more detail in ch. 8.1.5.

When drawing up the budget, the applicant is guided by the following general principles:

- the individual budget items must be linked to the planned project activities and the related expenditure;
- project expenditure must be itemised in the summary budget in the grant application (the budget structure is defined by the MA);
- The total budget and the individual budget items must be adequate and justified especially with regard to the project objectives and content, the target group size, the project length and key activity content and the target value of the outcome and output indicators;
- The planned project expenditure must serve the project purpose, must be effective and economical.

The specific method of control and evaluation of the budget is always specified in the call / follow-up documentation for the call.

The applicant divides the project expenditure into individual items in the project budget. A budget item is usually characterized by the number of units and the unit price. The number of units is chosen by the applicant in relation to the implementation of project activities. The unit price is set by the applicant according to the procedures below.

The applicant justifies the number of units and the amount of the unit prices in the Comment on Budget attachment to the grant application, if this attachment is required by the given call or subsequent documentation. This attachment is used for the objective evaluation of the budget in the grant application. When creating this attachment, the applicant proceeds in accordance with the User's Guide for IS KP21+.

The evaluators use this Annex to evaluate the adequacy and consistency of the budget in relation to the content of the project. According to the comment, it must be possible to objectively assess the respect of the 3E rule (economy, expediency and effectiveness) of project costs. Individual items of the budget must be duly justified and substantiated. Not only their need in the project (reason for procurement, necessity for project implementation), but also their proposed price must be justified (this can also be justified by referring to the rules set out in this chapter below or in ch. 8.1.5⁴¹). Expenditure planned in individual items/sub-chapters in the budget, which do not have a justified and demonstrable link to the project and its objectives, may be reduced based on assessment in the approval process by the evaluator or the evaluation/selection committee.

Determining the amount of prices/rates in the project budget and their justification

When determining the prices of **tangible and intangible assets**, it is necessary to plan prices in the usual place and time. For the most common devices, equipment and software, the MA sets the usual prices in the document **List of usual prices for equipment, accommodation and catering** published

⁴¹ E.g. List of usual prices for equipment, accommodation and meals, attachment to the call "Results of the ISPV survey for the wage and salary sphere".

at www.opjak.cz. In the Comment on Budget attachment, the applicant describes in detail and justifies the need for the acquisition of assets for each item, including the link to the project activities, the number of pieces (for personal equipment of the members of the implementation team, he also provides the justification of the number in relation to the members of the implementation team). In the case of exceeding the usual price set by the MA in the above-mentioned document, the applicant provides justification for the need for the acquisition of property in connection with the project activity, including a proper justification of the own price proposal containing the basis on which the price proposal was made (a market survey involving at least 3 suppliers⁴²). **In the Comment on Budget attachment, the applicant further states what is the limit for the inclusion of assets in long-term tangible and long-term intangible assets valid for the applicant's accounting unit (or also for the partner's accounting unit) according to the relevant decree on the Accounting Act or the beneficiary's (partner's) accounting guidelines. This information is crucial for the correct classification of expenditure between investment and non-investment** (see ch. 8.1.5).

When determining the prices of property that is not included in the list of usual prices, it is necessary to carry out market research, especially in cases where it is a specific property, the price of which cannot be easily verified, e.g. by simply searching on the Internet. The applicant provides the justification for the necessity of the property in connection with the activities of the project and the justification of the price and number of units in the Comment on Budget attachment. If he set the price on the basis of a market survey, he submits this survey as part of the Comment on Budget attachment.

In the event that the price of the property is determined on the basis **of depreciation of the property**, the applicant justifies the method of determining the amount of these depreciations in the Commentary to the Budget attachment, or their proportional part, which is to be financed from the P JAC project, further states the justification of the need for the property in connection with the project's activities.

When setting prices for **services**, it is necessary to conduct market research (including at least 3 suppliers⁴³) especially for specific services, the price of which cannot be easily verified, e.g. by simply searching on the Internet. The applicant provides the justification for the necessity of the service in connection with the project activities and the justification for the price of the service and the number of units in the Comment on Budget attachment. If he determined the price of the service on the basis of a market survey, he submits this survey as part of the Comment on Budget attachment.

When setting prices for items for **foreign trips** of members of the implementation team, it is advisable to base them on the normal prices for transport, meals, accommodation, etc. The applicant describes to the Comment on Budget attachment the direct connection of expenditure to the involvement of members of the implementation project in the activities of the project, including the justification of the number of units and the price.

When setting prices for individual items **of direct support**, it is appropriate to base them on normal prices for transport, catering, accommodation, etc. The applicant describes to the Comment on Budget attachment the direct connection of the expenditure to the involvement of the target group in the project, including the justification of the number of units and the price of the units. In particular, foreign trips of the target group must be properly justified and specified.

If a positive difference between the costs of the original and the newly chosen activity is created during the change of the activity, the costs of which are determined through the standard scale of

⁴² If it's possible. If the market survey does not include at least 3 suppliers, the applicant will justify this (e.g. by the fact that more suppliers do not exist).

⁴³ If it's possible. If the market survey does not include at least 3 suppliers, the applicant will justify this (e.g. by the fact that more suppliers do not exist).

unit costs within one specific project objective, the beneficiary proceeds in one of two ways: either according to ch. 7.4. Changes to the project will transfer the resulting savings to the budget item "**Unused funds**", for each specific objective separately, or according to ch. 7.4.2.1. Significant changes constituting a change of the legal act on grant award / transfer will reduce the project budget by this difference. In the case of transferring the savings to the "Unused funds" item, the amount on this item can be a source for selecting additional activities leading to the fulfilment of the purpose of the grant.

When determining the rates of **wage contributions**, it is possible to base, for example, on the statistical data of the ISPV - the system of regular monitoring of the earnings level and working hours of employees in the Czech Republic in the form of a statistical survey, the result of which is the Information System on Average Earnings. The results of the statistical survey are available on the website: www.ispv.cz, while the results for the 1st half of the year or the whole year are relevant for the entire Czech Republic. The most up-to-date survey results are usually directly attached to the announced calls.

In the Comment on Budget attachment, it is necessary to state the justification of the rate of wage contributions and their scope. Furthermore, it is necessary to describe the wage contributions in such a way that it is clear that they are not funds for a worker who, during the absence of a worker participating in project activities, performs his work as a substitute/representative.

In the event that the project expenditure will be implemented through a **public procurement**, it is necessary to clearly identify the public procurement in the grant application.

When setting **the author's contribution** rates, the applicant provides the justification of the author's contributions in connection with the project's activities and the justification of their rate and the number of units in the Comment on Budget attachment. It is advisable to link the rate of author contributions to a clearly defined scope of performance.

When determining wage rates **/salaries/remunerations from agreements**, the applicant proceeds as follows:

If the Implementation Team is a mandatory attachment to the grant application, the applicant includes only a link to this attachment in the Comment on Budget attachment for all items in the Personnel expenditure chapter. In the event that the Implementation Team annex is not attached to the grant application, the applicant includes in the Comment on Budget attachment the justification for all items in the Personnel expenditure chapter, in particular the justification for the amount of the determination of the unit rate, working time, etc.

In the event that one position is occupied by several persons with different amounts of employment, it is recommended to indicate the total cumulative employment for the given position.

The applicant adds the **unit rate** during the preparation of the grant application to the Implementation Team attachment in the column "Rate for 1.0 FTE at employment contract / 1 hour at CfW / CoS" and also in the project budget in the "Unit price" column, if not determined otherwise. FTE ("full-time-equivalent") represents the equivalent of a full-time employee. The unit rate is usually given for 1.0 FTE (monthly rate) or for 1 hour (hourly rate), the number of units is usually determined as the FTE value multiplied by the number of months in the case of an employment contract or as the total planned number of hours for the entire project implementation period in the case of CoS / CfW. The total eligible labour costs are given by the product of the unit rate and the number of units.

In connection with personnel expenditure, the applicant plans the number of units and the unit rate for wages/salary/remuneration from the agreement, contributions to social and health insurance paid by the employer and possibly still other mandatory expenditure – statutory employer's liability insurance, CSNF, etc. On the contrary, **the applicant does not plan separately for the compensation of wages in the project budget**, as they are already part of the unit rate and levies.

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In the case of multi-year projects with an implementation period of more than 24 months, the applicant has the option of allocating funds in the project budget to the item "Reserve for personnel expenditure". The funds in this item are used exclusively for increasing the unit rate for personnel expenditure during the implementation of the project, while it is possible to use the funds to increase the unit rates / one-off amounts of personnel expenditure only from the 25th of the month of implementation (inclusive), and **only in accordance with ch. 7.4.2 Significant changes in the project**. The maximum amount of reserve that can be planned in the project budget depends on the duration of the project implementation and is calculated according to the following formula⁴⁴:

$$\text{Reserve for personnel expenditure (CZK)} = \frac{(NMI - 24)}{12} * 0,05 * \text{personnel expenditure (without reserve)} * \frac{(NMI - 24)}{NMI}$$

where:

"NMI" = number of months of implementation,

"Personnel expenditure (without reserve)" - may also include personnel expenditure, reported through the standard scale of unit costs, or lump sums. The chapters/items of the budget making up "Personnel expenditure (without reserve)" will always be clearly defined by the MA in the call / follow-up documentation for the call.

Example:

*The project with a duration of 48 months has planned personnel expenditure (without reserve) in the amount of CZK 40,000,000. In addition to this expenditure, it can also plan a "Reserve for personnel expenditure" item in the budget chapter "Personnel expenditure" in the amount of: $\frac{(48-24)}{12} * 0,05 * 40\,000\,000 * \frac{(48-24)}{48} = 2\,000\,000$ CZK.*

The amount of funds allocated in the budget item "Reserve for personnel expenditure" in accordance with the above formula does not need to be justified by the applicant. In the event that personnel expenditure are reduced during the approval process of the grant application, the "Reserve for personnel expenditure" item will also be reduced at the same time, if after the reduction of personnel expenditure this item would exceed the permitted maximum calculated according to the above formula.

Wages, salaries, rewards from agreements must be customary in the place and time. The applicant/beneficiary is obliged to proceed when determining **the unit rates of** wages/salaries/remunerations from the agreements for individual employees in accordance with Section 16 (1) and Section 110 of the Labour Code.

Applicants/beneficiaries who are employers according to Section 109 (3) of the Labour Code, determine the salary of the project employees in accordance with the relevant government regulation on salary conditions for employees in public services and administration.

The applicant/beneficiary can determine the **unit rate** in the project budget in one of the following ways (information on which of the listed methods of determining the wage/salary/remuneration rate from the agreement is relevant for the applicant/beneficiary is always provided in the text of the specific call or in the subsequent documentation for the call):

⁴⁴ The formula takes into account the average growth of wages and salaries over the past 10 years (5% per year).

a) **Direct reporting of personnel expenditure**⁴⁵

- a1) Setting the unit rate using the Information System on Average Earnings
- a2) Setting the unit rate individually

b) **Simplified reporting of personnel expenditure**⁴⁶

- b1) Lump sums - administrative team
- b2) Unit costs - expert team

a1) Setting the unit rate using the Information System on Average Earnings

This procedure can only be used for **expert team** positions (see ch. 5.7).

This method of determining the unit wage/salary/remuneration rate from the agreement is based on a system of regular monitoring of the earnings level and time of employees in the Czech Republic in the form of a statistical survey, the result of which is the Information System on Average Earnings. The results of the statistical survey are available on the website: www.ispv.cz, while the results for the 1st half of the year or the whole year are relevant for the entire Czech Republic. The most up-to-date survey results are usually directly attached to the announced calls.

ISPV lists earnings for individual jobs (positions) divided into wage and salary spheres.

When determining the unit rate using ISPV, the applicant/beneficiary for direct project expenditure posts:

- a) Creates a list of jobs⁴⁷, which are paid from the direct expenditure of the project and will distribute them according to the entities involved in the implementation of the project (applicant/beneficiary, project partners with a financial contribution).
- b) It establishes the method of remuneration for each entity (i.e. for the job positions of the given entity) - i.e. remuneration according to the wage/salary sphere.
- c) Defines the scope of work for each job position of the project (e.g. defines the work of "researcher", "lecturer", etc.).
- d) When compiling the project budget (before submitting the grant application), the applicant uses the attachment "Results of the ISPV survey for the wage and salary sphere". **Warning: given that the published data can be changed in the archives on the ISPV website, it is really necessary to rely exclusively on the call attachment.** In the relevant field, the applicant will search according to the method of remuneration of the entity involved in the implementation of the project (wage/salary) for job positions (employment) that correspond to the job positions defined under point a), and assign a job position (employment) code to each position defined under point a) listed in ISPV. If the job position in the project covers several ISPV positions, the most appropriate ISPV code must be assigned to the project position.

In view of the regular updates of the ISPV statistical surveys, the MA will also update the annex to the call "Results of the ISPV survey for the wage and salary sphere". The MA will update the attachment to the call in the event that <https://www.ispv.cz/> statistics are regularly updated for the 1st half of the previous year or for the previous year⁴⁸ and at the same time, the deadline for receiving grant applications from P JAC is the 15th day of the month following the publication of the statistics update or later.

⁴⁵ Rules of eligibility and documentation see ch. 8.1.5., B.4.

⁴⁶ I.e. reporting of personnel expenditure using simplified reporting methods, see ch. 8.2.1 and 8.2.2.

⁴⁷ The list of job positions is only an auxiliary document, the applicant compiles it for the purpose of correctly determining the unit rates of wages / salaries / rewards from the agreements.

⁴⁸ These updates usually occur in the 3rd week of March, or in the 3rd week of September.

- e) It will use the call annex valid at the time of submission of the grant application from P JAC (the date of submission specified in IS KP21+ is decisive).⁴⁹ If the beneficiary changes/sets unit rates for new positions during the implementation of the project, it will use the most current ISPV rates published at www.ispv.cz (results for the entire Czech Republic for the 1st half of the year or the entire year). It verifies that the job descriptions of the job positions listed in point a) broadly correspond to the job descriptions of the positions assigned from the ISPV. Job descriptions for the positions (jobs) listed in the ISPV can be found, for example, in the National System of Occupations, which is available at www.nsp.cz. If the assignment of the ISPV job code to the job position of the project is not sufficient based on the comparison of the job contents, it is necessary to find another suitable position in the ISPV. In the event that it is not possible to find a job position (occupation) in the NOS for an existing code in the ISPV, it is possible for the applicant/beneficiary to determine the wage rate only on the basis of assigning the job position in the project to the most suitable position (employment) listed in the ISPV. In this case, the MA recommends in the grant application, or in the project change request, state the justification and sufficiently describe the job content of the given job position of the project.
- f) It determines the amount of the unit wage/salary/remuneration rate from the agreement for each job position defined under point a), taking into account the other rules set forth below.
- g) In the event that a corresponding position (job) in the ISPV salary range cannot be found for the project job position, which is paid within the salary range, and it is possible to assign a position (job) in the ISPV salary range, the applicant/beneficiary can assign to the job position project position code from the ISPV from the payroll area (or vice versa in the event that a corresponding position in the payroll area cannot be found in the ISPV).
- h) Fills out the mandatory attachment to the grant application "Implementation team" - in this attachment all job positions of the project are listed, at this point the applicant/beneficiary fills in data related to the job positions for which the rate of wage / salary / remuneration from the agreement is determined according to the ISPV. The applicant/beneficiary specifies the CZ-ISCO employment code (four or five digits), including the job title according to the ISPV, information on whether it is a wage/salary sector, the rate in CZK converted to 1.0 FTE or hourly rate and other information required in the grant application appendix Implementation team.

Determination of unit rate using ISPV for wage/salary

The unit wage/salary rate for employees/workers paid from the project's direct expenditure who **do not meet** the definition of a key or excellent employee/worker is determined on the basis of the wage/salary values listed in the annex to the call "Results of the ISPV survey for the wage and salary sphere" for the given work position, valid at the time of preparation of the grant application, in an interval whose lower limit is the median and upper limit is the 3rd quartile⁵⁰.

The maximum eligible contribution from P JAC, which can be planned into the project budget for the gross monthly wage/salary of the project employee at a full-time 1.0, is equal to the amount of the **3rd quartile** of the given job position in ISPV.

In the event of the existence of an internal regulation of the applicant/beneficiary, which lays down the rules for determining the wage/salary, the procedure established by this regulation must be followed and at the same time the upper limits established by this procedure must not be exceeded.

Determination of the unit rate for remuneration from the agreement (CoS, CfW)

⁴⁹ When evaluating projects, the evaluators proceed according to the attachment of the call valid on the deadline for receiving grant applications.

⁵⁰ The lower limit is only indicative, the applicant/beneficiary is entitled to set a wage/salary rate even lower than the value of the median wage/salary for the given position according to the ISPV. The upper limit, which is given by the value of the 3rd quartile, represents the maximum rate that can be planned in the project budget within the rate determination using ISPV.

The unit rate of remuneration from the agreement (CoS, CfW) is determined as follows for employees/workers of the implementation team who **do not meet** the definition of a key or excellent employee/worker:

$$\text{unit rate (CZK/hour)} = \frac{\text{monthly rate of the position in ISPV for the 3rd quartile (in CZK)}}{\text{value in ISPV, column "paid time hour/month"}}$$

The monthly rate of the given position according to the ISPV is used for the calculation in the salary and wage sphere. The denominator represents the average monthly pool of working time (this is a statistical figure).

For a worker on **CoS, CfW**, the **maximum** eligible contribution from P JAC, which can be planned into the project budget for the gross hourly remuneration from the agreement, is the unit rate calculated according to the above formula.

In the event of the existence of an internal regulation of the applicant/beneficiary, which lays down the rules for determining the remuneration from the agreement, the procedure established by this regulation must be followed, and at the same time, the above-mentioned limit must not be exceeded.

Determination of unit rate for key and excellent positions and key and excellent employees/workers

The following limits can only be applied if this is expressly permitted by the given call or follow-up documentation for the call, under the conditions set forth therein.

The applicant describes the **importance** of the employee / worker / job position in the grant application or in its attachment Implementation team, if required by the call. When rates are changed or when a new position is created at the time of project implementation, the beneficiary describes the key feature in the project change request.

The rate of wages/salary/remuneration from the agreement of the **key** employee/worker/job position must be customary in the place and time, and at the same time the maximum eligible contribution from P JAC, which can be planned into the project budget, for the gross monthly wage/salary **for full-time employment is 1.0 at most equal to the amount of the 9th decile of the given job position in the ISPV.**

The applicant describes the **excellence** of the employee / worker / job position in the grant application. When changing the unit rate or when creating a new position during the implementation of the project, the beneficiary will describe the excellence in the project change request.

For the job position marked in this way, the applicant in the grant application/beneficiary in PIR / PA, or state/justify in the project change request that the involvement of this position is beneficial and absolutely crucial, without its participation it would be difficult to achieve the project's goals. These are mainly leading experts in the given field, and due to their importance for the implementation of the project, it is necessary to take this importance into account in the wage / salary / remuneration limit from the agreement.

The unit rate of wages/salary/remuneration from the **excellent** employee/worker/job position agreement must be customary in the place and time, and at the same time the maximum eligible contribution from P JAC that can be planned into the project budget, for the gross monthly wage/salary **at full-time 1.0 is at most equal to the amount of the 9th decile of the given job position in the ISPV.** In the event that the amount of the 9th decile of the given job position in the

ISPV for the given excellent employee / worker / job position is unsatisfactory, the unit rate can be determined by the procedure according to point a2), if the given call allows it.

An employee in a key/excellent position is considered key/excellent.

a2) Individual determination of the unit wage/salary/remuneration rate from the agreement

This procedure can only be used for **expert team** positions (see ch. 5.7).

The individual determination of the unit wage/salary/remuneration rate is the determination of the unit rate outside the scope of the limit established in point a1). The established unit rate must be substantiated with proper justification, including supporting documents in the grant application, or at the time of implementation in the change request. Proof of wages/salary/remuneration from the agreement, which was paid to the given person for similar work in the previous period, is considered a proper justification.

The documents used to determine the unit wage/salary/remuneration rate from the agreement submitted in the grant application will be assessed during the approval process. In addition, the MA may be required to provide documentation as part of the administrative verification of PIR / PA, or they can be requested by the MA in order to carry out an ex-ante check before the related expenditure are made or to check them as part of a change request.

b1) Lump sums - administrative team

Determination of unit rate through lump sums / unit costs⁵¹ will be used for **administrative team positions that are part of the "core project team"**⁵², in accordance with the conditions of the lump sums specified in the call / follow-up documentation for the call.

b2) Unit costs⁵³ - expert team

Unit rate determination through unit costs can only be used for **expert team** members.

If the applicant/beneficiary is unable to determine the unit cost for a member of the expert team by any of the methods described below, he/she is forced to determine the wage/salary/remuneration rate from the agreement using the method for direct reporting of expenditure (i.e. according to point a1) or if it is also possible according to point a2)).

The unit cost of an expert team member can only be set as an "hourly rate".

In accordance with Article 55 (2) of the General Regulation, the hourly rate of personnel expenditure of an employee (member of the expert team) employed on a full-time basis of 1.0 is determined as follows:

$$\text{employee's hourly personnel expenditure} = \frac{\text{employee's annual personnel expenditure}}{1720}$$

whereby the following applies:

- **annual personnel expenditure of the employee** - are the sum of personnel expenditure for a period of 12 consecutive calendar months paid on the basis of the contract between the employer and the employee (gross salary / salary / remuneration from the applicant's employee CfW / project partner, compensation of wages / salary / remuneration from the DP, levies on SI

⁵¹ Standard scale of unit costs = unit cost.

⁵² Main project team, see ch. 5.7.

⁵³ I.e. standard scale of unit costs, see also ch. 8.2.2.

and HI for the employer, statutory employer's liability insurance, or contributions to the cultural and social needs fund, social fund),

- **1720** – is the sum of the employee's annual productive hours attributable to a full-time employee⁵⁴ (in the case of persons working part-time, a proportional part of the value of 1720 is used),
- **the employee's hourly rate of personnel expenditure** - is the unit cost per 1 productive hour,
- **productive hour** – is the hour actually worked for which the employee is entitled to a wage/salary or remuneration from the agreement, or an hour for which the employee is entitled to a wage/salary compensation⁵⁵, e.g. wage compensation for incapacity for work paid by the employer, except for hours on public holidays, holidays.

The calculation of the hourly rate of the employee's personnel expenditure and its documentation depends on the method of determining the employee's annual personnel expenditure.

The amount of the employee's annual personnel expenditure is determined on the basis of:

- b2.1) the funds actually spent on the employee's personnel expenditure** for the period of the past 12 consecutive calendar months; if data for the employee's personnel expenditure for the past 12 consecutive calendar months are not available, data for a shorter period can be used, but at least for the past 4 calendar months - in this case, the annual personnel expenditure will be added based on the employee's documented personnel expenditure employees,
- b2.2) the average annual costs of a wider group of workers in the organization** who perform the same or similar activity as the employee is supposed to perform in the project.

Determination of the hourly rate of the employee's personnel expenditure based on the employee's annual personnel expenditure determined according to b2.1)

The hourly rate is set according to this method for each expert team worker separately.

The hourly rate of personnel expenditure of an P JAC project employee is determined on the basis of the employee's annual personnel expenditure at the beneficiary settled in the past period and belonging to the same or a similar type of activity as the type of activity to be performed by the employee in the P JAC project.

The following conditions/limitations must be met when setting the hourly rate:

The hourly rate of the employee 's personnel expenditure can only be determined if the outputs from payroll accounting, which are used to determine the employee's annual personnel expenditure, belong to the employment contract or CfW⁵⁶ :

- with the same or similar type of activity as the type of activity of the position that the employee is to hold in the P JAC project,
- whose average amount of time, corresponding to the type of activity to be performed by the employee in the project, is at least 0.2 (i.e. 8 hours per week⁵⁷) in the period for which the applicant/beneficiary documents the outputs from payroll accounting.

The hourly rate of the employee 's personnel expenditure can only be determined if the applicant/beneficiary for this employee documents the outputs from the payroll accounting documenting the amount of the employee's personnel expenditure and the related amount of time, namely:

⁵⁴ Set out in the General Regulation, Article 55 (2) (a).

⁵⁵ It also applies in the same way if compensation is paid to the employee within the framework of the CfW.

⁵⁶ It is not possible to use the work performance agreement (CoS) to determine the hourly rate of the employee's personnel expenditure.

⁵⁷ In the case of an uneven distribution of working hours, the amount of time can be related to a longer period of time than one week.

- for the period of 12 consecutive calendar months preceding the submission of the grant application or the submission of the application for change,
- for a period of less than 12 consecutive calendar months preceding the submission of the grant application or the submission of the application for change (but at least for the period of 4 calendar months preceding the submission of the grant application or the submission of the application for change).

Example no. 1: The applicant employs a worker from 01. 04. 2021, in a type of activity corresponding to the activity that the worker should perform in the project. In the event that the grant application is submitted by 31. 10. 2022, the applicant shall document the outputs from the payroll accounting for the wages of this worker paid for the period 10/2021–9/2022 (the last wage was paid in 10/2022 for the period 9/2022). If the project application should be submitted, for example, on 10/10/2022 and it would not be possible to use the outputs from the payroll accounting for the month of 9/2022, the applicant shall document the outputs from the payroll accounting for wages paid for the period 9/2021–8/2022.

Example no. 2: The applicant employs a worker from 01. 03. 2022, in a type of activity corresponding to the activity that the worker should perform in the project. In the event that the grant application is submitted by 31. 10. 2022, the applicant shall document the outputs from the payroll accounting for the wages of this worker paid for the period 3/2022–9/2022, i.e. only for 7 months (the last wage was paid on 10/2022 for the period 9/2022). If the project application should be submitted, for example, on 10/10/2022 and it would not be possible to use the wages for the month of 9/2022, the applicant shall document the outputs from the payroll accounting for the wages paid for the period 3/2021–8/2022 (i.e. only for 6 months). The amount of the employee's annual personnel expenditure will be added.

It is not possible to determine the hourly rate of an employee's personnel expenditure on the basis of the employee's personnel expenditure, which include the remuneration for performing an elected function in accordance with Government Regulation No. 318/2017 Coll., on the amount of remuneration of members of councils of territorial self-governing units, as amended.

Documenting the calculation of the employee's hourly rate of personnel expenditure (according to b2.1)

The applicant/beneficiary must:

- document scans of outputs from the payroll system for each employee for whom the hourly employee cost rate is set, which contain information on annual employee costs for a period of 12 consecutive calendar months, or for a period of at least 4 past calendar months, if the applicant/beneficiary does not have data for the past 12 calendar months available. A suitable output can be, for example, payslips containing data for documented calendar months, a set of pay slips, etc.

These output scans must include data on:

- the employee for whom the hourly cost rate is to be determined (name, surname, date of birth / social security number / or other identification data);
- employer (name) – this is the employer who is in the role of applicant/beneficiary in the project, or a partner with a financial contribution;
- the period for which employee costs are accounted for (data must be provided on a monthly basis);
- the amount of the employee's fixed monthly salary (can be evidenced by the employee's wage/salary assessment, employment contract/CfW);

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- the employee's personnel expenditure (gross salary, SI, HI, or employer's statutory liability insurance, contributions to the fund for cultural and social needs, social fund, or other costs resulting from the collective agreement) for the period of time, which is used to determine the hourly rate of personnel expenditure employees (data must be provided on a monthly basis);
- the amount of the employee's employment (data must be provided on a monthly basis).

If the employee had a part-time job with the employer during the period of 12 consecutive calendar months for which the payroll accounting outputs were documented, the hourly rate will be calculated taking this part-time job into account, i.e. the annual cost per employee for this part-time will be divided by the number of productive hours corresponding to the part-time - i.e. the aliquot part of 1720. However, in the project, the employee can have the same, lower or higher working hours - always while complying with the obligations arising from the Labour Code, the internal guidelines of the applicant and other rules of P JAC,

- b) document scans of employment contracts, or CfW for the purpose of proving the type of activity. This is an employment contract, or CfW, which belongs to the employee's annual personnel expenditure, which are used to calculate the hourly rate of the employee's personnel expenditure.
- c) document scans of wage/salary estimates, or CfW or other documents proving the amount of the specified wage/salary, or scans of the employer's internal guidelines proving the awarding of rewards beyond the set wage/salary (providing documents according to this point is relevant only when calculating the employee's annual personnel expenditure).

The applicant/beneficiary always completes the calculation:

- for the calendar months for which he did not document the outputs from the payroll accounting for the employee (e.g. because he did not employ the employee, or employed him for another activity, etc.).

The applicant/beneficiary can perform additional calculation and replacement of personnel expenditure actually incurred:

- for calendar months in which the employer paid the employee a reduced wage / salary / remuneration from the agreement, e.g. due to the employee's illness, treatment of a family member, unpaid leave of the employee, etc., and these reduced monthly personnel expenditure of the employee would reduce the annual personnel expenditure of the employee, which are used to calculate the employee's hourly personnel cost rate.

The applicant/beneficiary is always obliged to state the justification for the addition of costs in the attachment Unit cost calculator - personnel costs per employee (b2) - see point d) below.

The added personnel costs may include: the amount of the specified monthly salary + social security and health insurance contributions by the employer, the average amount of remuneration(s), which corresponds to the principles stated in the employer's internal guidelines, and it is also possible to add an estimate of the employer's statutory liability insurance, or contributions to the Cultural and Social Needs Fund.

The amount of remuneration beyond the set amount of wages/salary can also be added to the employee's personnel expenditure, but only on the basis of the amount of remuneration (remuneration) of the employee in the calendar month for which the outputs from the payroll accounting are documented (see point a) above).

- d) document the completed attachment "Calculator of unit costs - personnel expenditure per employee (b2)". A separate sheet must be filled out for each employee for whom the hourly rate of employee costs is to be determined (the attachment is created in MS Excel). The calculation of

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the hourly rate per employee takes place automatically, based on the entry of input data by the applicant/beneficiary – these data are drawn from the documents defined in points a), b) and c) above.

The input data are in particular:

- employer identification,
- employee identification,
- identification of the project and the job position of the employee in the project,
- overview of employee costs at the employer. The source of this data is the output from the payroll system (see above).

To calculate the hourly rate of employee costs, only data on personnel costs per employee for one employment-legal relationship are always used.

In each line of the overview of employee costs, employee costs for one calendar month and one employment contract, or CfW, are filled in.

In the event that the employee has several employment relationships with the employer, e.g. an employment contract and a CfW at the same time, the hourly rate of the employee's personnel costs is determined separately from the personnel expenditure of the employee belonging to the employment contract, or from the employee costs belonging to the CfW. (That is, it is not possible to simultaneously include the employee's personnel expenditure belonging to the employment contract and the CfW in the calculation of one hourly rate of costs per employee). In order to calculate the hourly rate of the employee's personnel expenditure for the position in the project, the applicant should choose the labour-legal relationship whose type of activity is the same or similar to the type of activity of the employee's job position in the project.

- e) add to the project budget the calculated unit cost - the hourly rate of the employee's personnel expenditure according to the appendix "Unit cost calculator – employee's expenditure (b2)" and the number of units. The maximum number of units for an employee who is assigned a unit cost - hourly cost rate per employee is determined according to the following formula:

$$\text{Max. number of units (productive hours) of the employee} = \frac{\text{number of calendar months of the employee's project involvement}}{12} * \text{FTE value} * 1720$$

where

"full-time" – is the full-time employee in the P JAC project, it must be inserted into the formula as an FTE value (i.e., e.g. 1.0 full-time, 0.5 full-time, etc.).

The result of the calculation is rounded down to a whole number. The applicant manually enters the number of units into the project budget, which is part of the grant application (it is always a whole number without decimal places).

Example:

The implementation of the project takes 26 months. The applicant plans to employ an employee in the position of Researcher for a period of 19 months on a full-time basis of 0.5. The number of units (productive hours) that can be planned into the project budget is calculated according to the above formula as follows:

$$\text{number of units (productive hours) of the employee} = 19/12 * 0.5 * 1720 = 1361.66 = \underline{1361}$$

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- f) add data on employees for whom the unit cost - hourly cost rate per employee has been determined - to the attachment to the grant application Implementation team.

Determination of the hourly rate of personnel expenditure of the employee based on the average annual personnel expenditure of a wider group of workers in the organization determined according to b2.2):

The hourly rate is determined according to this method for a group of workers of the expert project team performing the same or similar type of activity or for a specific worker of the expert team of the project, if only one worker is employed in the P JAC project for the same or similar type of activity.

The hourly rate of personnel expenditure of an P JAC project employee is determined by using the average annual personnel expenditure of a wider group of beneficiary employees who perform the same or a similar type of activity in the organization as the type of activity to be performed by the P JAC project employee.

A wider group of employees – is a group of employees who are employed in the organization for the same or similar type of activity as the type of activity that the employees are to perform in the P JAC project. A wider group of employees reaches at least 10 FTE.

The following conditions/restrictions must also be met when setting the hourly rate:

The hourly rate of personnel expenditure for employees can only be determined if the data on the personnel expenditure of a wider group of employees, which are used to determine the average annual personnel expenditure, belong to employment contracts or CfW⁵⁸ :

- with the same or similar type of activity as the type of activity of the position that the employee/employees are to hold in the P JAC project, and
- whose cumulative amount of employment is at least 10 FTE (i.e., summary of data on annual personnel expenditure for employees in the scope of at least 10 FTE, performing the same or similar activity).

The hourly rate of personnel expenditure for employees can only be established if the applicant/beneficiary provides data from payroll accounting documenting the amount of personnel expenditure of a wider group of employees (at least 10 FTE), namely:

- for the period of 12 consecutive calendar months preceding the submission of the grant application or the submission of the application for change⁵⁹.

It is not possible to determine the hourly rate of personnel expenditure for employees on the basis of the annual personnel expenditure of a wider group of employees, which includes the remuneration for performing an elected function according to Government Regulation No. 318/2017 Coll., on the amount of remuneration of members of councils of territorial self-governing units, as amended regulations.

The determined hourly rate of personnel expenditure for employees can be used for all the workers of the expert team of the P JAC project who perform the same type of activity in the project as the type of activity of the wider group of employees of the employer, whose personnel expenditure were used to calculate the hourly rate of the employee's personnel expenditure.

Documenting the calculation of the hourly rate of personnel expenditure for employees (according to b2.2)

⁵⁸ It is not possible to use the work performance agreement (CoS) to determine the hourly rate of the employee's personnel expenditure.

⁵⁹ It can be documented for a calendar year or for 12 consecutive calendar months.

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The applicant/beneficiary must:

- a) document scans of outputs from the payroll system proving the annual personnel expenditure of a wider group of workers (at least 10 FTE) in the organization, separately for each type of activity to be performed by the staff of the expert team in the PJAC project and for which the applicant/beneficiary sets the hourly rate of the employee's personnel expenditure. The annual personnel expenditure of the wider group are the sum of the annual personnel expenditure of individual employees of the organization. A suitable output from payroll accounting is, for example, an employee's annual payroll, etc.).

These output scans must include data on:

- employees - type of activities or also the name of the job positions to which the annual personnel expenditure belong,
- employer (name) – this is the employer who is in the role of applicant/beneficiary in the project, or in the role of a partner with a financial contribution.,
- the period for which the costs for employees (broader groups of employees) are accounted for (i.e., define a period of 12 months for which annual personnel expenditure for employees are documented ⁶⁰),
- annual personnel expenditure for employees (broader groups of employees) for a period of at least 10 FTE (gross salary, social security, health insurance, or statutory employer's liability insurance, contributions to the Cultural and Social Needs Fund, social fund, or other costs arising from the collective agreement) , which will be used to determine the employee's hourly personnel expenditure rate (data must be provided on a monthly basis);
- the amount of working time of employees belonging to a wider group of employees (for each employee, the average working time for a period of 12 months, for which the annual personnel expenditure of the employee are calculated).

- b) document an internal directive or other document that regulates the method of remuneration of employees in the organization (e.g. internal directives, salary/wage tables, collective agreement).

The amount of personnel expenditure of employees, for which outputs from payroll accounting according to point a) are documented and which is used to calculate the hourly rate of personnel expenditure, must be in accordance with the rules for remuneration of employees applied in the organization of the applicant/beneficiary, or project partner with a financial contribution.

- c) document the completed attachment "Calculator of unit costs - personnel expenditure per employee (b2)". For each employee / group of employees with the same type of activity / job position, for which the hourly rate of employee costs is to be determined, a separate sheet must be filled out (the attachment is created in MS Excel). The calculation of the hourly rate per employee takes place automatically, based on the entry of input data by the applicant/beneficiary - these data are drawn from the documents defined in point a) or b) above.

The input data are in particular:

- employer identification,
- identification of the type of work activity of a wider group of employees of the organization,
- identification of the project and the type of work activity/job position of the employee(s) in the project,

⁶⁰ To determine the unit cost - hourly personnel cost rate per employee (at least 10 FTE), annual personnel expenditure for the same time period must be used.

- data on the amount of personnel expenditure of a wider group of workers at the employer (the source is output from payroll accounting, see point a) above).

Annual personnel expenditure for 1 employee for a period of 12 consecutive calendar months are filled in each line of the cost overview for employees who are part of a wider group of employees.

In the event that the employee has several employment relationships with the employer, e.g. an employment contract and a CfW at the same time, only data on personnel expenditure belonging to the employment contract or CfW can be used to calculate one hourly rate. For the calculation of the hourly rate of the employee's personnel expenditure, the applicant/beneficiary should choose the labour-legal relationship whose type of activity is the same or similar to the type of activity of the employee's job position in the project for which the hourly rate is determined.

- d) add to the project budget the calculated unit cost - the hourly rate of personnel expenditure for employees according to the appendix "Unit cost calculator - personnel expenditure per employee (b2)" and the number of units. The maximum number of units for an employee to whom the unit cost - hourly cost rate per employee is determined is determined according to the following formula:

$$\begin{array}{l} \text{Max. number} \\ \text{of units} \\ \text{(productive} \\ \text{hours) for} \\ \text{employee} \end{array} = \left(\frac{\text{NME}}{12} * \text{FTE value} * 1720 \right)_{\text{employee1}} + \left(\frac{\text{NME}}{12} * \text{FTE value} * 1720 \right)_{\text{employee.2}} + \left(\frac{\text{NME}}{12} * \text{FTE value} * 1720 \right)_{\text{employee.n}}$$

where

"NME" - is the number of calendar months of the employee's involvement in the implementation of the project

"full-time" – is the full-time employee in the P JAC project, it must be inserted into the formula as an FTE value (i.e., e.g. 1.0 full-time, 0.5 full-time, etc.). The working time is calculated for each employee separately, always in relation to the number of months of his involvement in the implementation of the project.

At the same time, the formula makes it possible to calculate the maximum number of units (productive hours) for a group of project employees who are to perform the same or similar activity).

The result of the calculation is rounded down to a whole number. The applicant manually enters the number of units into the project budget, which is part of the grant application (it is always a whole number without decimal places).

Example:

The implementation of the project takes 26 months. The applicant plans to employ 5 employees in the position of Researcher (senior) in the P JAC project. Since all these employees will perform the same activity in the project, the applicant decides to determine the unit cost for these employees, based on the annual personnel expenditure of a wider group of employees of the organization, performing the same or similar activity as the employees in the P JAC project. Employees will be involved in the project as follows:

employee 1 – involved in the project on a full-time basis 1.0 for 18 months

employee 2 – involved in the project on a full-time basis of 0.5 for 18 months

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employee 3 – involved in the project on a full-time basis of 0.2 for 18 months
employee 4 – involved in the project on a full-time basis of 0.2 for a period of 12 months
employee 5 – involved in the project on a full-time basis of 0.1 for a period of 12 months

The total number of units (productive hours) that can be planned for these employees in the project budget is calculated according to the above formula as follows:

number of units (productive hours) per employee = $(18/12 \cdot 1.0 \cdot 1720) + (18/12 \cdot 0.5 \cdot 1720) + (18/12 \cdot 0.2 \cdot 1720) + (12/12 \cdot 0.2 \cdot 1720) + (12/12 \cdot 0.1 \cdot 1720) = 2580 + 1290 + 516 + 344 + 172 = 4902$.

The applicant will enter the number of units 4902 in the project budget for the item Researcher (senior) (in this case, he will draw units for all 5 employees from one budget item).

- e) add data on employees for whom the unit cost - hourly cost rate per employee has been determined - to the attachment to the grant application Implementation team.

The proposed amount of the unit cost (hourly rate) in the grant application or in the request for change cannot be approved if the conditions necessary for determining the unit cost are not met. In such a case, the MA may allow the applicant/beneficiary to determine the wage/salary/remuneration from the agreement for the worker/workers of the project using ISPV (see method a), in accordance with the Rules for applicants and beneficiaries - general and specific part).

5.9.2. PROJECT FINANCING PLAN

The applicant creates a project financial plan in IS KP21+ (proceeds according to the IS KP21+ User Guide). The financial plan is created by the applicant following the planned schedule of project activities. The form of the financial plan is based on the method of financing the project (see ch. 5.10). In the case of ex-ante financing, the financial plan contains information on the expected amount of billed expenditure and required advance payments in ŽOP (the applicant will draw up a financial plan in accordance with ch. 5.10.2); in the case of ex-post financing, then information on the expected amount of billed expenditure, which correspond to the required payments in PA.

The amounts in the financial plan are shown broken down into investment and non-investment expenditure as defined in ch. 8.1.5. The total investment and total non-investment expenditure listed in the financial plan of the project must correspond to the total eligible expenditure listed in the project budget (for an already approved project, also the currently valid legal act on grant award / transfer). Possible changes to the total investment and total non-investment expenditure in the financial plan can therefore only be made in accordance with the rules stated in ch. 7.4.2.

The setting of financial milestones is based on the financial plan drawn up by the applicant⁶¹, see ch. 6.6.

It is advisable for the beneficiary to continuously evaluate the financial plan during the implementation of the project and, if necessary, change it as necessary in accordance with the rules stated in ch. 7.4.2. If, during the implementation of the project, the beneficiary identifies a reduction in the amount of the invoice or an excess of advance payments in the division into investment/non-investment expenditure, which he will not use, he should, in the interests of proper financial planning, request the MA to reduce the amounts of advance payments. Beneficiaries are

⁶¹ Relevant only for some projects - see ch. 6.6.

recommended to check the financial plan especially before the end of the calendar year and also before the payment of the last advance payment for investment/non-investment expenditure, taking into account the restrictions on the implementation of changes mentioned in ch. 7.4.2.

5.10. METHODS OF PROJECT FINANCING

The financing of the project is performed in ex-ante or ex-post payments and in specific cases in combined method. The method of financing is determined according to the legal form of the beneficiary and is defined in a specific call / follow-up documentation for the call.

The combination of ex-ante and ex-post payments at the project level is possible only in exceptional cases, and only in a situation where, in a project financed in the ex-ante regime, the beneficiary reports an amount in the PA that exceeds the maximum amount of advances provided.

5.10.1. EX-POST FINANCING

With ex-post financing, eligible expenditure spent on project implementation are reimbursed to the beneficiaries. For these projects the beneficiary pays expenditure for the implementation of the project from own sources and during the implementation of the project the beneficiary submits with the legal act on grant award / transfer of the PA in which he asks for the payment retroactively. From the point of view of reporting on the forms in MS2021+, ex-post financing is always considered to be the financial relationship between the MA and the beneficiary, which is the SOU or CO of SOU in the event that the MEYS is not the granting authority (see ch. 5.10.4).

5.10.2. EX-ANTE FINANCING

In the case of ex-ante financing, the beneficiaries are provided with advance payments during the implementation of the project on the basis of the submitted PA. The purpose of the spent funds is retroactively documented by the beneficiary in the form of source materials for settlement, which are part of each following PA.

The maximum amount of the first advance payment is defined by the call, whereas the specific amount of the first advance payment is provided in the amount calculated as sum of expenditure planned usually for the first two monitoring periods mentioned in the proposed financial plan, unless the call / follow-up documentation states otherwise. The amount of the first advance may not exceed 30% of the total eligible expenditure of the project. The legal act on grant award / transfer states the amount and the deadline by which the granting authority pays the first advance payment.

The first advance payment is reimbursed to the beneficiary by the provider, as a rule, within 30 calendar days from the date of issuance of the legal act on grant award/transfer, but no earlier than 60 calendar days before the start of project implementation.

Additional advance payments are provided to the beneficiary on the basis of submitted PA. Their amount depends on the expected need of the beneficiary resulting from the financial plan of the project. The total sum of advances provided beyond the framework of the approved settlement must not exceed 30 % of the total eligible expenditure of the project.⁶².

In the case of projects financed from the ESF+, the following beneficiaries are ex-ante financed:

⁶² For projects co-financed from the ESF+, it is possible to provide an advance of up to 100% of eligible project expenditure, if the project budget does not exceed CZK 5 million.

- legal entities performing the activities of schools and school facilities registered in the register of schools and school facilities⁶³ (with the exception of entities that are SOU or whose founder is an SOU other than the MEYS);
- public universities⁶⁴ and research organizations⁶⁵ (with the exception of entities that are SOU or whose founder is an SOU other than the MEYS);
- Private entities carrying out activities in the general interest⁶⁶;
- territorial self-governing units, their organizational components, contribution organizations established by them and voluntary associations of municipalities;
- under the conditions set out in ch. 5.10.4. also contributory organizations established by the state organizational unit.

In the case of projects financed by the ERDF, these beneficiaries are financed ex-ante⁶⁷ :

- legal entities carrying out the activities of schools and school facilities registered in the register of schools and school facilities (with the exception of entities that are SOU or whose founder is an SOU other than the MEYS and at the same time the MA does not provide them with a subsidy based on the Research and Development Support Act);
- public universities and research organizations (with the exception of entities that are SOU or whose founder is an SOU other than the MEYS and at the same time the MA does not provide them with a subsidy based on the Act on Research and Development Support);
- Private entities carrying out activities in the general interest;

under the conditions set out in ch. 5.10.4. also contributory organizations established by the state organizational unit.

If the beneficiary is a **contribution organization established by the region**, it is provided with funds from the Slovak Republic for pre-financing and national co-financing through a so-called flow grant, i.e. the subsidy from the Slovak Republic is provided to the beneficiary's budget through the region.

If the beneficiary is a **contribution organization established by a municipality or an educational legal entity established by a municipality**, these beneficiaries are provided with funds from the Slovak Republic for pre-financing and national co-financing as well as a so-called flow grant, i.e. the subsidy from the Slovak Republic is provided to the beneficiary's budget through the region in whose district it is located the relevant municipality, which is the founder of the given beneficiary of support. Subsequently, these funds based on Section 28 paragraph 15 of the Act on budgetary rules of territorial budgets, or Section 133 paragraph 3 of the Education Act (in the case of school legal

⁶³ Pursuant to Act No. 561/2004 Coll., on preschool, elementary, secondary, higher vocational and other education (Education Act), as amended.

⁶⁴ Pursuant to Act No. 111/1998 Coll., on universities and on the amendment and addition of other laws (the Act on Universities), as amended.

⁶⁵ As defined in the Community Framework for State Support of Research, Development and Innovation, in the General Block Exemption Regulation (GBER) and in the Research and Development Support Act.

⁶⁶ These are private entities, whose main purpose is not to make a profit and at the same time carry out publicly beneficial activities in the area: a) community and local development, b) the elimination of discrimination based on racial differences, ethnicity, gender, religion, or other discrimination prohibited by law, c) the protection of children and young people, d) the protection and care of cultural heritage, e) the protection of civil and human rights, f) consumer protection, g) protection of health, h) protection of the environment, i) support or protection of persons with disabilities and disadvantaged persons, j) assistance in the event of natural and other disasters and similar incidents, k) assistance to refugees and other foreigners, l) work with children and young people, m) development of democracy and the strengthening of the rule of law, n) social, cultural and economic development and social dialogue, o) social services and social inclusion activities, including the inclusion of disadvantaged people in the labour market, p) efforts to eradicate poverty, q) development and research, r) education, training and awareness-raising, s) support for people at risk in the labour market.

⁶⁷ The same definitions given in note apply to the entities named below. below the line as for the subjects mentioned in the paragraph above.

entities established by municipalities), the beneficiary of support is sent by its founder, i.e. respective municipality.

If the beneficiary is a **part of the capital city of Prague**, or **contribution organization established by this city district**, funds are provided to the capital city of Prague, while the further procedure is determined by the Statute of the capital city of Praha.

If the beneficiary is a **municipality**, it is provided with funds from the Slovak Republic for pre-financing and national co-financing in accordance with Section 19, paragraph 2 of the Act on Budgetary Rules through the regions in whose district the relevant municipality is located.

If the beneficiary is a **voluntary association of municipalities**, the subsidy is provided from the Slovak Republic directly to the budget of the association of municipalities.

If the beneficiary is a **contribution organization established by a union of municipalities**, these beneficiaries are provided with funds from the Slovak Republic for pre-financing and national co-financing through a voluntary union of municipalities.

5.10.3. FINANCING BY COMBINED PAYMENTS

The beneficiary submits the PA⁶⁸, which may include documents both paid and unpaid by the beneficiary (e.g. contractor invoices), including all the supporting materials. Bank statements, finding protocols, lists of work carried out and other required documents are submitted as paid documents. The PA is submitted within the deadlines stated in the respective legal act on grant award / transfer.

The following conditions apply to the realization of combined payments and the submission of PA:

1. in cases where the beneficiary submits outstanding documents for interim payment by the MA before the due date for submission of the PA, the MA performs a double control of expenditure, namely when presenting unpaid documents for interim payment by the MA before the regular deadline for submitting the PA and also when including the data expenditure on PA;
2. the beneficiary must include all submitted and unpaid documents according to point 1., whose payment by the MA and proof of payment by the beneficiary took place no later than the date of processing of the PA.

The MA will check the PA and check the legitimacy of invoicing, or other checks. After the checks and approval of the PA, the MA forwards the PA for payment. The MA transfers the funds intended for pre-financing to the beneficiary's account within 10 business days, if the documents included in the given PA have not already been paid (see point 1. above).

The beneficiary of the transferred funds shall pay the approved eligible expenditure from the still outstanding submitted documents to its suppliers within 10 business days from the date of the transfer of funds at the latest.

5.10.4. FINANCING OF STATE ORGANIZATIONAL UNITS AND THEIR CONTRIBUTORY ORGANIZATIONS

The applicant/beneficiary is SOU (ex-post funding)

Financial relations between the MA and the beneficiary, which is the SOU, are recorded ex-post on the relevant forms in MS2021+. **However, this is ex-post financing from the point of view of reporting on the forms, but it may not always be typical ex-post financing in all related aspects.** The reason for this is the fact that SOU finance their project from their budgetary resources

⁶⁸ In case of combined payment, the payment applications are recorded on forms for ex-post.

approved in the state budget for the given year. Consequently, funds are released for these sources for financing the project.

The indication of the ex-post cash flow is only used from the viewpoint of European reporting and is not relevant from the viewpoint of the dictation of Budgetary Rules with the interpretation of the term of unauthorized use of financial funds or breaching of the budgetary discipline.

During the preparation of the national budget, state organization unit must consider income and expenditure for the stated project in the respective chapter of the national budget. In the case than income and expenditure for the stated project were not considered in the budget of the SOU, then SOU acting in the role of the beneficiary, may request in accordance with the respective provision, a correlative increase in income and expenditure. A correlative increase of income and expenditure can only be claimed after funds were ensured in the state organization unit budget for national co-financing of the project. State organization unit consequently releases funds from these sources for financing the project.

The applicant/beneficiary is the CO of MEYS (ex-post funding)

A CO of MEYS obtains project funding in the form of a grant, which is or is to be covered by EU budget funds. **However, this is ex-post financing from the point of view of reporting on the forms, but it may not always be typical ex-post financing in all related aspects.** The reason for this is the fact that CO of SOU obtains funds for financing the project in the form of a subsidy from its founder, i.e. from SOU, or from the funds of its own activities.

The applicant/beneficiary is the CO of MEYS (ex-ante funding)

Applicants/beneficiaries who are **a subsidy organization established by the MEYS and at the same time a legal entity carrying out the activities of schools and school facilities** registered in the register of schools and school facilities⁶⁹, are financed **ex-ante**.

The applicant/beneficiary is a CO of SOU other than the MEYS

a) Operating contribution from its founder (ex-post funding)

The SOU, which is the founder of the given CO of SOU, usually finances the project from its budgetary resources approved in the state budget (SB) for the given year. In such a case, its founder (i.e. SOU) must budget the income and expenditure for the project of their PA in the relevant chapter of the CO when preparing the SB. For this reason, it is important that state-funded institution, state organization unit informs the founder about the intention to submit a project co-financed from funds from the EU budget, about the approval of the project and the level of funds (in total in individual years) a sufficient time in advance so that the founder can ensure the necessary budgetary funds⁷⁰.

In the case than income and expenditure for the stated project were not considered in the budget of the SOU acting in the role of beneficiary, the state organization unit in the role of the beneficiary may request in accordance with the respective provision for a correlative increase in income and expenditure. It is possible to request a correlative increase in income and expenditure after ensuring funds in the state organization unit budget in the role of the founder for national co-financing of the project. Contributory organization state organization unit consequently releases funds for financing the project from these sources.

Financial relations between the MA and the beneficiary, which is CO of SOU, for which the MEYS is not the granting authority, are recorded as ex-post on the relevant forms in MS2021+. **However, this**

⁶⁹ In terms of the Education Act.

⁷⁰ Before the issuance of the legal act, the beneficiary, which is CO of SOU, documents a declaration of securing the founder's approval opinion with the implementation of the project and a further declaration that he will inform the founder of the approval of the project and the amount of funds (in total and in individual years) - see ch. 6.4.

is ex-post financing from the point of view of reporting on the forms, but it may not always be typical ex-post financing in all related aspects. The reason for this is the fact that CO of SOU obtains funds for financing the project in the form of a subsidy from its founder, i.e. from SOU, or from the funds of its own activities. Applied expenditure is reported by the beneficiary to the MA, which consequently checks submitted documentation of the applied expenditure.

The indication of the ex-post cash flow is only used from the viewpoint of European reporting and is not relevant from the viewpoint of the diction of Budgetary Rules with the interpretation of the term of unauthorized use of financial funds or breaching of the budgetary discipline.

b) Subsidy from the MEYS according to the Act on Research and Development Support (ex-ante financing)

In the case when the grant is provided according to the Act on the Support of Research and Development, the grant is provided to the CO of SOU directly by the MEYS (although the MEYS is not the founder of this CO of SOU). It is therefore ex-ante financing.

5.10.5. CO-FINANCING RULES

P JAC ranks among the multi-categorical programme covering three programme areas:

- less developed regions;
- transition regions;
- and more developed regions (the capital city of Prague).

The programme area means in the case of a programme related to more than one category in the region, the geographic area corresponding to the individual category of the region.

The aid is provided in the form of non-returnable direct assistance (grant) up to the level of 100% of the total eligible expenditure of the project. The co-financing rate of P JAC from EU Funds (ERDF / ESF+) will reach a maximum of 85% and the remaining minimum 15% will be paid from national resources, either directly from the state budget or from the beneficiary's own resources.

The level of co-financing required for the implementation of the project will always be declared in terms during the announcement of the specific call.

The specific co-financing rate for projects depends on the following factors:

1. the category of the region where the project will be implemented;
2. whether the supported activity is subject to the state aid regime in the sense of Article 107 of the TFEU;
3. type of beneficiary and the specialisation of the project activities.

Ad 1. Category of the region in which the project will be implemented

P JAC covers the programme areas of less developed, transitional and more developed regions. Permissible combinations of programme areas and the place of project implementation are determined within each individual call or its subsequent documentation (usually RfAB – specific part). These allowed combinations are binding for applicants.

The ratio of the distribution of funds between the programme areas of P JAC, as a rule⁷¹ is entered by the applicant in the IS KP21+ in the grant application (within the Category of the region, see chapter

⁷¹ Cases where only one combination of the place of execution and the programme area is allowed, may be the exception. Then, the ratios of categories of region could be entered by default on the call.

Specific objectives in the IS KP21+ User Manual – Instructions for filling out the support application form), from which the monitoring system then calculates the breakdown of funding sources between the EU, SR and own resources applicant/beneficiary. **This ratio does not represent co-financing within the project from resources of EU, SR and resources of the applicant/beneficiary.** Entering incorrect proportions of funds between programme areas or the amount of co-financing of the applicant/beneficiary corresponding to a given programme area (if the applicant is obliged to adjust this proportion) leads to the calculation of incorrect proportions of funding sources for the project.

Ad 2. The supported activity is subject to the state aid regime in the sense of Article 107 of the TFEU

In such a case, the mandatory level of support is specified in the follow-up documentation for the call, usually RfAB – specific part.

Ad 3. Type of beneficiary and focus of its activities

The mandatory rate of co-financing according to the type of beneficiary and the focus of its activities is determined by the Rules of co-financing of the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transformation Fund, the European Maritime, Fisheries and Aquaculture Fund, the Asylum, Migration and Integration Fund, the Internal Security Fund and Tools for financial support of border management and visas for the programming period 2021–2027, issued by the Ministry of Finance (the full text can be found on the website <https://www.mfcr.cz/cs/legislativa/metodiky/2021/pravidla-spolufinancovani-efrr-esf-fs-fo-41530>).

The compulsory co-financing rate of the applicant/beneficiary according to the legal form of the applicant/beneficiary in the monitoring system will be auto-completed but it can be adjusted by the applicant/beneficiary (in some cases it is a must). However, this value must never be lower than what is set in the call, or follow-up documentation for the call.

Co-financing rate by the type of beneficiary:

The resulting ratios of funds are calculated in the monitoring system on the basis of specified inputs (ratios of category of regions for each specific objective and the rate of financing in less/more developed regions).

Based on the resulting ratios of funds according to the grant application, a fixed ratio is set, by which during the project implementation any payments are distributed among the share of EU, state budget and own share of applicant/beneficiary. It follows from this fact that if the project contains investment and non-investment expenditure, the beneficiary is obliged to co-finance them in an equal way⁷², i.e. to co-finance investment and non-investment expenditure in the amount of % attributable to own co-financing of the project.

Example: A project with a total eligible expenditure of CZK 100 million, of which CZK 30 million is investment expenditure and CZK 70 million is non-investment expenditure. The project is implemented in the less developed region. Ratios of funding sources: 85% EU, 10% SR, 5% own resources.

Example of funding sources

Sources of funding:			
Source type	Ratio (in %)	Investments (in MCZK)	Non-investments (MCZK)
EU	85	25.5	59.5

⁷² For a specific call, an uneven method of co-financing investment and non-investment expenditure may be possible, especially in connection with the use of in-kind contributions. This fact must be allowed in the call / follow-up documentation for the call.

SB	10	3.0	7
Own share	5	1.5	3.5
TOTAL	100	30	70

Conclusion: the beneficiary will receive CZK 28.5 million in investment funds and CZK 66.5 million in non-investment funds from public sources (the sum of the EU and SR shares) from the MA. From its own resources, it must cover 1.5 million CZK of investment expenditure and 3.5 million CZK of non-investment expenditure.

If the applicant/beneficiary is a public university, the income of public universities is considered own funds of the applicant/beneficiary for co-financing of projects under the P JAC according to Act on Universities in Section 18, Par. 2, Letter a), e), g), h) as well as funds mentioned Section 18, Par. 6, Letter a), b), d) and g). For this purpose, own resources may be considered to also include grants for long-term strategic development of a research organization in accordance with the Act on the Support of Research and Development. However, own resources from the above list can be considered to exclude resources the use of which for the co-financing of projects in P JAC would be contrary to the purpose provided in the decision based on which they were granted. The use of the mentioned funds for the co-financing of projects in P JAC must not be in conflict with the school's internal regulations.

5.11. CONSTRUCTION WORK

With a grant application, which includes construction work, the applicant must provide the documents listed below. All the documents listed here are submitted by the applicant at the same time as the grant application, at the latest before the issuance of the legal act on grant award / transfer.

Documents under the Building Act

The applicant submits the required documents for the plan according to the Building Act included in the project, according to the overview table below and the detailed description of documentation in this appendix, while for each plan the applicant always chooses the highest applicable option.

Documents according to the Building Act are documented in electronic form via an attachment in IS KP21+.

Table no. 4: Overview of required documents for the construction part of the project

Variants	The required documents resulting from the construction law with regard to the progress of preparations for implementation	The following documents are required	
		I. when submitting grant application	II. at the latest before the issuance of the legal act on grant award / transfer
A	The intention does not require permission	<ul style="list-style-type: none"> valid permit for the project (location of the building), if required by the Building Act; affidavit and any supporting documents (primarily a 	x

		statement from the building authority); and then always: graphic and verbal description of the building.	
B	Planning permission was issued before the grant application was submitted	– valid permission for the project (realization of the construction)	x
C	Planning permission was not issued before the grant application was submitted	– valid permission for the project (location of the building); – a copy of the application for planning permission (building construction).	– valid permission for the project (realization of the construction)

Variant A

For a project that does not require planning permission according to the Building Act, the applicant with the grant application is obliged to document:

- Authoritative permission for the plan (location of the building), if required by the Building Act.
- In the event that, according to the Building Act, the plan does not require a permit, the applicant shall submit an **affidavit** (a document created by the applicant – a sample is not available) indicating a specific provision of the Building Act, on the basis of which the above is not required by the Building Act; if possible, the applicant shall submit **additional supporting documents** to the affidavit, in particular the statement of the building authority.
- Furthermore, the applicant must provide a graphic and verbal description of the building with clear information about the project in question.

Variant B

In the case of a plan for which a planning permit (building construction) has already been issued according to the Construction Act before submitting the grant application, the applicant is required to provide evidence when submitting the grant application:

- **valid planning permit** issued in accordance with the Building Act; or

Variant C

In the case of a project that has not yet been approved on the basis of a project permit (building construction) according to the Construction Act at the date of submission of the grant application, the applicant with the grant application is required to document:

- valid permission for the project (location of the building); or
- in the event that planning permission (location of the building) is not required under the Building Act, the applicant shall submit an affidavit (a document created by the applicant – a sample is not available) indicating a specific provision of the Building Act, on the basis of which the above is not required by the Building Act; if possible, the applicant submits additional supporting documents to the affidavit, in particular the statement of the building authority;

and further:

- **an application for planning permission** with an imprint of the submission stamp of the relevant authority, possibly in a verified electronic form, confirming when the application was delivered to the building authority.

At the latest before the issuance of the legal act on grant award / transfer, the applicant shall provide proof of a valid planning permit (realization of construction) issued in accordance with the Construction Act.

Construction documentation and budget

Documenting the construction documentation and budget is not relevant for projects that do not include a construction part, i.e. the construction part budget is 0. Documentation is relevant for projects that include a construction part in eligible expenditure.

The applicant submits **the documentation** required by the Building Act, at least to the extent of submitting an application for planning permission (location of the building)⁷³ or for submitting an application for planning permission (construction). This documentation must be processed in accordance with the relevant provisions of construction and related legal regulations.

The documentation and budget of the building are documented in electronic form through an appendix in IS KP21+, to the extent corresponding to the documents submitted as part of the appendix "Documents according to the Construction Act", i.e. according to the selected variant for each building.

In the case of adaptations and other changes to the building, the submitted project documentation must clearly define (graphically and by description) the original state, which is not the subject of the project (and therefore not the budget) and the new state, which is the subject of both the project and the budget.

The itemized budget will be presented in detail corresponding to the stage of the processed project documentation, at least to the extent of the construction calculation.

Documents proving ownership relationships - real estate

The applicant submits all documents necessary to assess the possibility of implementing the project in the proposed location, in electronic form via an attachment in IS KP21+.

Part of this appendix is an overview of the properties affected by the project (sample on the website of the MEYS).

For each of the properties listed in the Annex Overview of properties affected by the project, the applicant shall attach at least one of the documents relating to the proof of ownership relationships (it varies depending on the relationship of the applicant to the given property).

Table no. 5: Overview of required documents

Situation	Type of documents required
Real estate owned by the applicant registered in the real estate cadastre	– Information from the real estate cadastre* and a section of the cadastral map with colour markings of all properties.
Real estate owned by the applicant not registered in the real estate cadastre	– Proof of acquisition of ownership; – Information from the real estate register* and a section from the cadastral map with colour markings of all plots of land on which the

⁷³ Only in the case of construction for which planning permission (realization of construction) is not required according to the Building Act.

	small building is located.
Properties not owned by the applicant	<ul style="list-style-type: none"> – Document proving other rights to real estate (e.g. contract on future purchase contract, lease contract, easement contract, etc.); – Information from the real estate cadastre* and a cut-out from the cadastral map with colour markings of all properties; – Written consent of the owner of the relevant property to the implementation of the project (may also be part of the relevant contract)⁷⁴.

**A plain copy (printout) from the website www.cuzk.cz will suffice as information from the land register.*

If the real estate is not owned by the applicant, the submitted documents must confirm the applicant's relationship with the relevant real estate for at least 10 years from the issuance of the legal act on grant award / transfer, if it concerns real estate that will be permanently used by the project (typically the land under the building, driveway communication, etc.). For real estate affected on a one-off or short-term basis, especially during construction (e.g. with regard to the re-routing of networks, the use of land of another owner for a necessary period of time for the adaptation of one's own building, etc.), a relevant document will be provided (e.g. consent to the location of the building, short-term rent contract) including the corresponding explanation/justification.

For each property, if it is relevant for it (see above), at the date of submission of the grant application, a binding document corresponding to at least the contract on the future contract must be documented. Before issuing a legal act on grant award / transfer, all binding contracts for these properties should already be concluded and submitted. Within 1 year from the date of issuance of the legal act on grant award / transfer, the applicant must provide evidence that all purchased properties are registered in the land register in his name.

Note: In the cut-out from the cadastral map, not only the current ownership relationship to individual properties will be shown in colour, but also the plan cross-section of planned and existing buildings that are to be affected by construction or, for example, adaptation within the project, so that it is possible to easily assess the completeness of the documented documents (cut-out from the cadastral map should therefore also have adequate detail - however, it does not have to reflect "non-significant" structures - e.g. fences, billboards).

Other permits necessary for the implementation of the project⁷⁵

All other permits that are necessary for the implementation of the project, but do not fall into the category "Documents according to the Building Act", "Project documentation and construction budget", or "Documents proving ownership relations - real estate", the applicant documents in the form of a separate attachment "List of submitted documents - other permits necessary for the implementation of the project" in electronic form in IS KP21+.

The annex is submitted no later than before the issuance of a legal act on grant award / transfer, however, when submitting a grant application, the applicant is obliged to include information about which permits are necessary and the fact that their issuance has already been, or until when, requested. It can be, for example, a permit for work with hazardous substances, the placement of

⁷⁴ The written consent of the property owner does not need to be documented in this appendix, if it is already documented in another appendix to the grant application. In such a case, the applicant shall provide a link to the relevant document in the table.

⁷⁵ For the avoidance of doubt, it is stated that permits that are only necessary in the project phase following the issuance of the legal act will be submitted in accordance with the conditions of the legal act after its issuance (e.g. consent to the commissioning of a certain technology).

radiation sources, deep wells, etc. (if these permits are not part of the permit for the plan for the location of the building, or the permit for the plan for the implementation of the building - in that case, they would already be submitted in the appendices "Documents according to of the Building Act" and "Project documentation and construction budget").

5.12. FINANCIAL ANALYSIS (FINANCIAL GAP CALCULATION)

The financial analysis is a basic prerequisite for verifying whether and to what extent it is necessary to co-finance the project from the funds of the P JAC, and it is also a starting point for assessing the sustainability of the project, i.e. whether sufficient financial resources are secured for the project. The applicant prepares the financial analysis in the CBA MS2021+ module.

The obligation to prepare a financial analysis applies to projects financed from the ERDF, for which the value of investment expenditure is CZK 25 million and above, and at the same time the investment expenditure of the project make up more than 50% of the total eligible expenditure.

The obligation to submit an updated financial analysis at the time of project implementation and project sustainability is regulated in ch. 8.3.1.

5.13. RECEIVING OF GRANT APPLICATIONS

The grant application is accepted by the MA only electronically after its finalization, (electronic) signature by the applicant and subsequent submission via IS KP21+. The applicant is obliged to submit the application in IS KP21+ by the deadline specified in the call (this is the date and time of the end of receiving grant applications). Grant applications submitted after the deadline stated in the call will not be accepted into the approval process in accordance with Section 14j of the budgetary rules. The decisive date of acceptance is the date and time of submission of the grant application in IS KP21+.

5.14. PROJECT APPROVAL PROCESS

The chapter describes a complete overview of the stages of the project approval process, which the MA/provider can use in the announced calls. The specific stages of the approval process are always indicated in the call / follow-up documentation for the call.

The approval process means the process from the end of receiving grant application, or from the submission of a grant application in the case of ongoing calls, until the issuance of a legal act on grant award / transfer or the issuance of a resolution to stop the proceedings/a decision to reject the grant application.

The length of the approval process is always set with regard to the focus of the call/type of supported activities/type and expected number of projects.

Following receipt of the grant application on the basis of the published call for proposals every grant application undergoes the individual stages of the approval process with observed principles of transparency, equal approach and non-discrimination. The grant application approval process may include the following stages:

- Evaluation Process

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- eligibility check and formal check (usually 30 business days⁷⁶);
 - objective evaluation (usually 40 business days);
 - ex-ante check.
- Project Selection Process
- meeting of the selection committee (usually 20 business days);
 - compiling a list of recommended / not recommended projects, possibly also waiting projects;
 - modification of the application⁷⁷;
 - completion of documentation for the issuance of a legal act on grant award / transfer (usually 15 business days);
 - issuance of a legal act on grant award / transfer (usually 40 business days).

The evaluation model depends on the call focus:

- In single round evaluation – all data required for the evaluation are submitted by the applicant at once in a single grant application and a single approval process is held.
- For the double round evaluation – in the first round the applicant submits a preliminary grant application with only part of project information in compliance with the call and the related documentation (with simplified forms of the obligatory annexes). If the preliminary grant application is evaluated by the MA as satisfactory, the applicant is invited in the second round to submit a full grant application, i.e. supplementing the preliminary application with complete documents for assessing the grant application. The second round is only designed for projects meeting the requirements of the first round.

A grant application can proceed to the following stage of the approval process only if it has fulfilled the requirements of the previous stage.

All submitted grant applications will at least be checked for eligibility criteria and formal requirements. Individual parts/stages of the approval process are ensured by the MA / provider through evaluators / arbitrators / experts / evaluation committee / selection committee.

5.14.1. ELIGIBILITY CHECK AND FORMAL CHECK

The purpose of the eligibility check and formal check is especially evaluation of the basic factual and administrative requirements for the grant applications in the respective call.

Eligibility check and formal check can be performed as one step or divided into multiple steps.

The criteria of eligibility and formal check have an exclusive function, i.e. the grant application either meets or does not meet the criteria (or the criteria are not applicable to it).

The criteria for eligibility and formal check are rectifiable (i.e. the applicant can supplement the data during the approval process upon an invitation of the MA / provider to rectify the deficiencies) and non-rectifiable (i.e. the non-compliance always means exclusion from the approval process without the possibility of remedy by the applicant).

⁷⁶ The stated deadlines are indicative and do not take into account the number of submitted grant applications in a given call or any requests for review.

⁷⁷ See Sec. 14k par. 4 of the budgetary rules.

If one of the rectifiable criteria is not met, and at the same time under the condition that all non-rectifiable criteria are met, the applicant is invited by IS KP21+ by the MA / provider to eliminate defects in the grant application⁷⁸ (e.g. completion of data or missing information/documents), within a period of min. 5 business days from the date of delivery of this call⁷⁹. The deadline for the rectification of defects may be extended upon request of the applicant sent to the MA / provider via IS KP21+ before the original deadline expires. The request for extending the period for rectification of defects shall include a justification and a deadline till which the period for rectification of defects is to be extended. Modifications to the application made by the applicant beyond the invited removal of defects are not admissible. In the event that the applicant does not remove the defect within the specified period of time based on the request to remove the defects of the application, the grant application is excluded from the approval process and the provider stops the procedure⁸⁰.

If any non-rectifiable criterion is not met, the grant application is excluded from further approval process and the provider stops the proceedings.

The criteria for eligibility check and formal check are always specified in more detail in the follow-up documentation for the given call, including the evaluation method.

5.14.2. OBJECTIVE EVALUATION

The purpose of the objective evaluation is to evaluate quality of the project with regard to fulfilment of the material objectives of the programme and in the case of round calls comparison of the project on the basis of their quality.

Within the objective evaluation it is the evaluator / evaluation committee that assesses the grant application. Evaluators of objective evaluation are experts in the given field according to the focus of the call, who have met the conditions for inclusion in the Database of P JAC evaluators.

The objective assessment criteria are always specified in more detail in the follow-up documentation for the call, including the minimum number of points required to complete the objective evaluation stage, the maximum number of points and the method of evaluating individual criteria. The criteria can be distinguished according to their function as follows:

- Exclusion criteria – if the criterion is not met the grant application is excluded from the approval process;
- Evaluation criteria – point evaluation is assigned for fulfilment/non-fulfilment of the criterion;
- Combined criteria – fulfilment/non-fulfilment is scored, in the case of a point evaluation below the minimum limit the grant application is excluded from the approval process.

Objective evaluation can be implemented in one of the two ways listed below or a combination of both:

- by a pair of evaluators with potential involvement of an arbiter;
- by an evaluation committee.

The objective evaluation stage can be divided to more steps, i.e. the evaluation table of the grant application can be divided to more parts. Every part of the evaluation table is populated either by a pair of Evaluators with potential arbiter involvement or by an evaluation committee.

⁷⁸ See Sec. 14k par. 1 of the budgetary rules.

⁷⁹ Exact deadlines for removing defects in the application are specified in the call / follow-up documentation for the call, specifying the exact deadline for removing defects is always also part of the call for removing defects.

⁸⁰ See Sec. 14k par. 2 of the budgetary rules.

Grant applications meeting the conditions of the objective evaluation defined in the call will proceed to the next evaluation stage.

Evaluators with potential arbiter Involvement

Evaluation of grant applications in the stated step is performed by two evaluators independently of each other.

If at least one of the following conditions is fulfilled by the evaluation by two independent evaluators another independent evaluator, the arbiter, is involved in the evaluation in the evaluation of the stated step⁸¹:

- The point evaluation of the two independent evaluators differ significantly in at least one of the criteria⁸²;
- the total point evaluation of the two evaluators differ significantly ⁸³;
- the result of the assessment met/not met for at least one exclusion or combined criterion differs for individual evaluators;
- The two evaluators differ in the final conclusion of the evaluation, i.e. one of them recommends the grant application for approval while the other recommends its rejection.

The arbiter performs overall evaluation of the grant application in the given evaluation step. In his/her evaluation, he/she has both previous evaluations of the individual evaluators. His point evaluation for the individual evaluation criteria for the given evaluation in the grant application step must be within the range of the point evaluation of the two original evaluators. In the case of two evaluators having assigned the same number of points in some of the criteria, the arbiter may not change this result, he/she only assumes this number of points to the evaluation that he/she processes and he/she processes general comments for the given criterion.

In the case of involvement of just the pair of evaluators the total evaluation of the grant application of the objective evaluation in the stated step is calculated as the average of the point evaluation of both the evaluators and the evaluation table of both the evaluators.

In the case of involvement of the pair of evaluators and the arbiter the total evaluation of the grant application in the stated step is the score allocated to the application by the arbiter and the evaluation table of the arbiter.

Evaluation committee

The evaluation committee consists of at least three evaluators who evaluate in the stated step the submitted grant applications together according to the criteria defined in the call.

In its deliberations, the evaluation committee is governed by the Statute and the Rules of Procedure, samples of which are available at www.opjak.cz.

The evaluation committee always justifies its opinions in such a way that it is clear on what basis the relevant opinion was formulated.

The result of the evaluation committee work in the stated step is an evaluation table of the participating projects. Minutes are taken of the meeting of the evaluation committee and must include at least the following information: date and time of the meeting start, the list of the

⁸¹ In the event that the sum of the possible maximums achieved in the individual evaluation (combined) criteria does not reach the minimum point threshold for promotion to the next stage, even though the evaluators differ on the exclusion criteria, an arbitrator does not have to be deployed.

⁸² The minimum score difference of the evaluators for arbiter involvement will be specified in the call text or the follow-up documentation.

⁸³ The minimum total score difference of the evaluators for arbiter involvement will be specified in the call text or the follow-up documentation.

evaluated projects and their point evaluation including the relevant justification for every project. The minutes of the evaluation committee meeting are published in 15 business days from the date of the meeting on the programme website (without names of the evaluation committee members)⁸⁴.

Presentation of the project / applicant's participation in the meeting of the evaluation committee

If it is stated in the call / in the follow-up documentation for the call, the participation of the applicant in order to explain or clarify information on the evaluated grant application may be part of the meeting of the evaluation committee. The specific procedure, conditions and form of the applicant's participation/involvement in the material evaluation phase are described in the call/in the follow-up documentation for the call.

The applicant's participation in the meeting of the evaluation committee takes place in the form of presentation of the project by the applicant (e.g. on the basis of a presentation) and/or by answering questions of the evaluation committee. The applicant's participation can take the form of face-to-face, online (through a video call) or in writing. The information provided by the applicant during the meeting is taken into account by the evaluation committee when evaluating the application, provided that it is in accordance with the call/rules. The admissible content and scope of the information communicated to the application for the meeting of the evaluation committee is determined in the call / in the follow-up documentation for the call. In the case of face-to-face or online participation of the applicant, a time limit is set in the invitation / in the rules.

The procedure can be used in ongoing and round calls. By involving the applicant in the evaluation process at the meeting of the evaluation commission, there must be no unequal access and discrimination of applicants in the given call.

The applicant's participation in the meeting of the evaluation committee is recorded in the minutes of the evaluation committee.

5.14.3. EX-ANTE CHECK

The subject of the ex-ante check is primarily to check the declared status in the grant application with the actual status. The MA is authorized to carry out an ex-ante inspection if he deems it necessary, e.g. based on the initiative of the evaluator/evaluation/selection committee. Ex-ante control can take place in the form of an on-the-spot check or in the form of an administrative verification.

5.14.4. PROJECT SELECTION

The purpose of project selection is to perform a transparent selection based on the objective evaluation of the grant applications contributing to fulfilment of the material and financial objectives of the programme.

The selection of projects can be implemented in one of the following ways:

- by a selection committee that can be established for each relevant call / group of calls / priority / group of projects and by compiling a list of recommended / not recommended / waiting projects, if the call allows.
- by compiling a list of recommended and not recommended, possibly also of waiting projects, if the call allows.

⁸⁴ In the case of multi-day meetings, the deadline for publication starts from the last day of the committee meeting.

Proceedings of the selection committee

The selection committee is governed by the Statute and Rules of Procedure of the selection committee, samples of which are available at www.opjak.cz.

The selection committee recommends/does not recommend the project for financing, or recommends with a reservation (the project will receive support only after meeting the conditions set by the selection committee) or a recommendation, on the basis of the processed evaluations in the material evaluation phase carried out by the evaluators / arbitrator / evaluation commission, and in relation to the amount of the allocation, based on the evaluation results projects (and the order of projects according to point evaluation in the case of round calls).

The selection committee always justifies its opinions in such a way that it is clear on what basis the relevant opinion was formulated. Every justification must be transparent, convincing and unambiguous. At the same time the justification must not contradict the criteria on the basis of which the project was evaluated. Selection criteria and possible reasons for not recommending a grant application by the selection committee are always stated in the call / in the follow-up documentation for the call / in the Statute and Rules of Procedure of the selection committee.

Minutes are taken of the meeting of the selection committee, which must contain at least the following information: the date and time of the start of the meeting, an overview of projects recommended and not recommended for funding, including a description of the rationale for each project, a name list of participants. The minutes of the meeting of the selection committee are published no later than 15 business days from the date of the meeting at www.opjak.cz⁸⁵.

The selection committee can propose the creation of a pool of waiting projects, if the call for the creation of a pool is enabled.

The result of the project selection phase is a list of recommended and non-recommended projects for financing, or a list of waiting projects. In the event that the project selection phase includes only the compilation of a list of recommended/non-recommended/waiting projects (if enabled by the call), the MA compiles the lists according to the results of the previous stage of the approval process, taking into account the available allocation of the call.

5.14.5. ANNOUNCING THE RESULTS OF THE APPROVAL PROCESS

The applicant is notified of the outcome of the given stage within 10 business days of the completion of each stage of the approval process⁸⁶.

After the final stage of the approval process, successful applicants are notified of the recommendation of their grant application by internal dispatch. At the same time, they are invited by MA to document additional documents or data necessary for the issuance of the legal act on grant award / transfer⁸⁷ – more see ch. 6.

The procedure for unsuccessful applicants is described in ch. 5.15 and 5.16.

5.15. STATEMENT ON THE SUPPORT DOCUMENTS FOR ISSUING THE DECISION - REQUEST FOR REVIEW

An unsuccessful applicant is entitled to comment on the documents for issuing a resolution/decision,

⁸⁵ In the case of multi-day meetings, the deadline for publication starts from the last day of the committee meeting.

⁸⁶ The change in the status of the grant application in MS2021+ is usually the final phase of the approval process.

⁸⁷ See Sec. 14k par. 3 of the budgetary rules.

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i.e. in MS2021+ terminology, submit a request for review⁸⁸ always in connection with familiarization with the documents for issuing a resolution on the suspension of the proceedings/decision to reject the application, within a period of 15 calendar days from the date of delivery of the documents for issuing a resolution on the suspension of the proceedings/decision on the rejection of the application via IS KP21+. This period starts from the day when the applicant or a person authorized by him logs into IS KP21+, or after 10 calendar days from the day when the document with the notification of the possibility to get acquainted with the documents for issuing a decision or resolution was entered into MS2021+.

An unsuccessful applicant is one whose grant application did not meet the conditions for advancing to the next stage of the approval process. Applicants whose grant application was included in the pool of waiting projects are also considered unsuccessful. Applicants who rejected the modifications to the application proposed by the MA (i.e. refused to include the reservations of the evaluation/selection committee) are also entitled to comment on the basis for issuing the decision to reject the application by means of a request for review before the decision to reject the application is issued.

The applicant submits a request for review via IS KP21+ (see attachment no. 1), or in exceptional and justified cases (e.g. non-functionality of IS KP21+) via a data box. The date on which the request for review is submitted by the applicant is considered to be the date of delivery of the review request to the MA / provider. If a resolution to stop the proceedings/a decision to reject the application has been issued, the request for a review submitted after the above-mentioned period has expired in vain will not be taken into account by the MA.

The request for a review will be assessed by the MA in the event that there has been a violation of the rules or methodological procedures of P JAC by the MA, i.e. especially in the following cases:

- objective contradiction of the comment/justification of the evaluator's opinion, or evaluation or selection commissions, with applicable legal and similar standards or methodological regulations (i.e. with the call or follow-up documentation for the call, e.g. with these Rules for applicants and beneficiaries, etc.);
- comment/justification of the evaluator's opinion, or the evaluation or selection committee does not comply with the rules for evaluation and selection of projects;
- an obvious error in the evaluator's reasoning/opinion, or evaluation or selection committee (e.g. the evaluator comments critically on the missing, not insufficient, description of some part of the Justification and the applicant proves in the review application that the description is included in the grant application);
- failure to comply with any procedural step in the approval process;
- bias / conflict of interest / breach of confidentiality and impartiality of the evaluator.

Comments in the request for review will not be complied with by the MA:

- which do not meet any of the above conditions;
- appealing against the evaluator's expert opinion without providing evidence of a violation of a specific rule of P JAC;
- which are confusing (it is not clear what the applicant is demanding, against which of the evaluators he is making his comment, they contain factual errors, etc.);
- appealing against the non-recommendation for funding due to insufficient financial allocation of the call;

⁸⁸ This is not a procedure according to Section 94 et seq. of the Administrative Code.

- appealing against rejection of funding due to granting the previously submitted grant applications (relevant in the case of ongoing calls);
- appealing against rejection of funding due to granting the grant applications, which were rated higher number of points in the objective evaluation (relevant in the case of round calls)
- in the event of a repeated request for a review of the outcome of one stage of the approval process.

In his submission, the applicant is obliged to:

- establish/justify why he/she is submitting a request for review (with the assessment of which specific criteria or procedures he/she does not agree);
- clearly justify your position and substantiate it with unambiguous and objective evidence contained in the grant application, this evidence must be supported by specific references to the relevant parts of the grant application or its annexes, to the relevant part of the call / follow-up documentation for the call (for additional information/documents, which were not mentioned in the grant application or its annexes, will not be taken into account);
- set out what result he is seeking from the review application⁸⁹.

The applicant is required to submit a complete application for review. Additional documents sent after the application for review will not be taken into account by the MA / provider if a resolution/decision to reject the application has already been issued.

A review request is dealt with in one of the ways below:

- granting the request for review as reasonable;
- granting the request for review as partially justified;
- failure to comply with a review request for formal reasons⁹⁰;
- failure to grant a request for review for lack of merit.

The deadline for processing a request for review is set at 30 calendar days from the date of submission by the applicant. In more complex cases, the deadline can be extended to 60 calendar days. The applicant is informed about the extension of the deadline via IS KP21+.

If the review request is found to be justified or partially justified, the MA will take the necessary corrective measures. The re-evaluation of the grant application is ensured by the corrective evaluator/commission/MA. The re-evaluation will only take place in cases where, taking into account the possible maximum points in the re-evaluated criteria, it is possible to reverse the evaluation result, i.e. to recommend an initially not-recommended grant application for financing.

If the request for review is found to be unfounded, the procedure is according to ch. 5.16.

It is no longer possible for the applicant to submit any further statements against the processing of the request for review.

5.16. DECISION REJECTING THE APPLICATION / RESOLUTION TO DISCONTINUE PROCEEDINGS

⁸⁹ In the case of ongoing calls, when formulating the desired result, it is necessary to take into account that the date and time of the submission of the application in IS KP21+ decides the final order of the grant application.

⁹⁰ Among the formal reasons for not complying with a request for review are the submission of a request for review after the deadline has expired in vain, in a way other than the prescribed one, or the submission of a repeated request for review of the result of one stage of the approval process.

In the case of unsuccessful applicants who, within 15 calendar days from the date of delivery of the invitation to familiarize themselves with the documents for the issuance of the resolution on the suspension of the proceedings/decision on the rejection of the application, did not use the opportunity to comment on the documents for the issuance of the resolution on the suspension of the proceedings/decision on the rejection of the application (i.e. did not submit a request for review), or waived the right to comment on the basis for issuing a decision/resolution, or in cases where the grant application was not returned to the approval process after processing the request for review (for more see ch. 5.14), the MA / provider issues a resolution to stop the proceedings/a decision to reject the application.

The resolution to stop the proceedings/decision to reject the application contains at least:

- The result of the evaluation and selection of projects;
- justification for rejecting the grant application or not recommending the project for financing, which will state the reasons and documents for the decision, and how the MA / provider dealt with any comments of the applicant on the basis of the decision;
- advice that:
 - (a) the decision to reject the application cannot be appealed or challenged;
 - (b) the decision to stop the proceedings cannot be appealed or challenged.

In the case of an ongoing call the failing applicants may submit a reprocessed grant application repeatedly within the same call unless otherwise specified in the call.

6. CHAPTER – ISSUING THE LEGAL ACT ON GRANT AWARD / TRANSFER.

6.1. PROVIDING FINANCIAL SUPPORT TO THE APPLICANT

The allocation of financial resources is governed by the terms of P JAC and is further based on the binding methodological instructions of the MoRD and MF listed in ch. 3.3.

The applicant is familiar with some of the basic terms that apply to the assignment of the grant during the preparation process and the submission of the grant application.

These are:

- P JAC document;
- the current wording of the announced call and follow-up documentation for the call, which includes a **sample legal act on grant award / transfer**.

If the project is approved for financing, it is essential that the successful applicant (and thus the future beneficiary) become familiar with the wording of the legal act on grant award / transfer adapted for the given project. This document contains the main terms for the grant award and the primary obligations of the beneficiary. An integral part of the legal act on grant award / transfer are the documents containing the conditions and rules, which he will be obliged to follow during the implementation of the project. These are **annexes to the legal act on grant award / transfer**:

- Basic project parameters;
- Rules for Applicants and Beneficiaries;
- or other documents listed in the legal act on grant award / transfer.

All versions of the follow-up documentation for the call, including samples of the basic project parameters, are published in a way that allows remote access at www.opjak.cz. The rules for applicants and beneficiaries and other follow-up documentation for the call are continuously updated on the P JAC website for the relevant call, but the version of the document specified in the legal act on grant award / transfer is always binding for the beneficiary. During the implementation of the project, the beneficiary may request the adoption of newer versions of the Rules for applicants and beneficiaries, other binding documents and changes to the Basic project parameters in the form of a significant change constituting a change of the legal act on grant award / transfer (see ch. 7.4.2.1.).

6.2. FORMS OF ALLOCATING THE FUNDING

Financial support will be provided to the beneficiary following the recommendation of the submitted grant application for funding and based on the issuance of a legal act on grant award / transfer. The granting authority is the Ministry of Education, Youth and Sport (P JAC Managing authority), with the exception of projects where the beneficiary is CO of SOU, the founder of which is not the MEYS and for which support is not provided according to the Act on Research and Development Support (see below).

Individual types of legal acts on grant award / transfer regulate the relationship between the granting authority and the beneficiary. Legal Acts on grant award / transfer are processed on the basis of binding documents of P JAC and valid legislation of the EU and the Czech Republic.

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P JAC Managing authority issues the following types of legal acts on grant award / transfer according to the type of beneficiary.

- a) **The grant award decision** in accordance with Section 14(4) of the budgetary rules in the case of most projects; the beneficiary is, for example, a CO established by the MEYS, a CO for which the subsidy is provided on the basis of the Research and Development Support Act⁹¹, territorial self-governing unit, CO of territorial self-governing unit, public HEI, research organization, etc.
- b) **Measures of the deputy** in the case of projects where the beneficiary is the SOU - MEYS, or CSI (SOU directly managed by MEYS), with specified specific conditions for the use of funds according to Section 26 (2) of the budgetary rules.
- c) **Conditions for the inclusion of funds in the expenditure budget** (hereinafter referred to as "Conditions"), in the case of projects whose implementers are non-departmental SOU⁹² and state subsidy organizations established by them, i.e. SOU and CO of SOU, whose founder is not the MEYS Ministry of Education, Youth and Sport and which are not supported according to the Act on Research and Development Support. In the event that the CO of SOU is the beneficiary of an extra-departmental SOU, it subsequently issues an extra-departmental SOU, or the founder of CO of SOU, his own Grant Award Decision according to budgetary rules, in which the conditions and requirements sent by the MEYS are respected.

In the event that the beneficiary of a project containing investment expenditure is MEYS⁹³ / CSI / CO of MEYS or CO established by another SOU, to which the grant is provided according to the Act on the Support of Research and Development by the MEYS, the so-called registration of the action in the SMVS⁹⁴ is further carried out. Its compulsory annex is always the determination of the conditions for the implementation of the project.

Applicants whose project has been recommended for financing will be provided with support funds based on these legal acts on grant award / transfer, always depending on the type of beneficiary. A separate bank account/sub-account for the given project is not a condition for support from the P JAC, unless otherwise specified in the call and subsequent documentation for the call.

The requirements for legal acts on grant award / transfer (depending on the type of legal act and relevant legislation) are:

- the name and address of the granting authority;
- designation of the Beneficiary, or project implementer;
- project specifications;
- the purpose for which the aid is granted;
- the period within which the purpose is to be achieved;
- amount of the granted aid;
- date of issue (dispatching) of the legal act on grant award / transfer;
- allocation of funds;

⁹¹ The Grant Award Decision according to budgetary rules and at the same time according to the Act on R&D Support is issued in calls announced in specific objectives 1.1 and 1.2 of P JAC.

⁹² In the administration of the grant application / SOU project, the provider proceeds in a similar way as for the applicants/beneficiaries of subsidies in accordance with the applicable legislation. If the term "subsidy" is used in these rules, it is considered that for applicants/beneficiaries who are SOU, we are talking about earmarked funds from the state budget.

⁹³ Except for technical assistance projects.

⁹⁴ In the event that the beneficiary of a project containing investment expenditure is a SOU other than the MEYS or the CSI, or a CO established by a SOU other than the MEYS (and the MEYS is not a granting authority), the relevant SOU performs the registration of the action in the SMVS.

- method of providing funds for the project;
- the implementation period of the supported project;
- obligations of the Beneficiary, or project implementer;
- conditions of the grant use;
- possible determination of reduced levies for breach of budgetary discipline and cases where this is not the case in the event of non-fulfilment of obligations stipulated by the legal act on grant award / transfer for breach of budgetary discipline in accordance with budgetary rules.

6.3. NOTIFYING THE APPLICANT OF THE APPROVAL OF THEIR APPLICATION FOR P JAC AID

Successful applicants are notified of the recommendation of the grant application in the form of an internal dispatch. This dispatch is sent to successful applicants via IS KP21+ usually within 10 business days from the end of the last stage of the approval process before the issuance of a legal act on grant award / transfer.

If the grant application is **recommended for financing (without reservations)**, the applicant is invited in the form of an internal dispatch to complete the documents for the issuance of a legal act on grant award / transfer, if the call allows (including the deadline for their delivery).

In the event that the grant application is **recommended for financing with a reservation**, the applicant is invited in the form of an internal dispatch to modify the grant application in IS KP21+⁹⁵ and completion of documents for the issuance of a legal act on grant award / transfer (including the deadline for their delivery). On the part of the applicant, the grant application is adjusted in accordance with the wording of the reservations of the evaluation/selection committee. The applicant can only consult with the MA regarding the amendment of the application regarding the method of incorporating the evaluation/selection committee's reservations, i.e. the way in which the applicant fulfils the conditions set by the evaluation/selection committee. The subject of the consultation regarding the amendment of the application cannot be a change in the results of the evaluation and selection of projects, i.e. change in the wording of the evaluation/selection committee's reservations. Addressing of all reservations by the applicant is a necessary condition for the project support. If the reservations are not included, the grant application is excluded from the approval process.

In addition to reservations, the evaluation/selection committee can also formulate recommendations for successful applicants in the minutes of the meeting. The decision as to whether they will be taken into account in the grant application in whole/in part or not is within the authority of the applicant, who may modify or supplement the application and informs the provider of his/her decision to accept/partially accept/not accept the recommendation by internal dispatch.

6.4. DOCUMENTS REQUIRED TO ISSUE A LEGAL ACT ON GRANT AWARD / TRANSFER

Successful applicants must send to the Managing authority all documents required in the call / follow-up documentation for the call, or in the call for supporting documents sent by internal dispatch, before the legal act on grant award / transfer is issued⁹⁶. Applicants are required to send

⁹⁵ See Sec. 14k par. 4 of the budgetary rules.

⁹⁶ See Sec. 14(k)(3) of the budgetary rules.

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these documents in the form and within the deadline set by the provider (usually 15 business days). If the required documents for issuing a decision are not supplied, the MA will reject the request.

The required documents include in particular:

1) Power of attorney / authorisation for representation

For whom it is documented: applicant/partner.

When it is documented: if the statutory body wants to be represented during the administration of the project and the presidential power of attorney or authorization was not documented when the application was submitted.⁹⁷

Form of submission: original or certified copy.

Information on the power of attorney / authorization to represent is given in Appendix No. 7.

2) Consent of the applicant's funding institution to implementing the project

On whose behalf: the applicant.

When it is documented: if the applicant is a CO or a school legal entity established by the state, region, municipality or voluntary union of municipalities. It is not documented if the founder's consent was already submitted when the grant application was submitted.

Form of proof: plain copy.

3) Declaration on the connection with other undertakings

For whom it is documented: applicant / partner with a financial contribution.

When is it documented: in the case of a project financed from the ERDF (with the exception of entities accounting according to Decree No. 410/2009 Coll. (e.g. SOU, territorial self-governing unit, CO)) and/or in the case of a GBER application,⁹⁸ and/or application of Commission Regulation No. 1407/2013 (de minimis aid)⁹⁹.

Form of proof: plain copy. A sample declaration is available at www.opjak.cz.

4) Partnership contract

On whose behalf documented: the applicant.

When it is documented: if the "Principles of partnership and declaration of partnership" annex was documented when submitting the grant application.

Form of proof: plain copy. A sample partnership contract is available at www.opjak.cz.

5) Clause certifying the funding institution's consent to the legal entity entering into a partnership contract

On whose behalf documented: the applicant.

When is documented: if the contracting party is a legal entity established by the state, region, municipality or union of municipalities and at the same time the law establishes as a condition for the validity of the partnership contract with a financial contribution a clause certifying the consent of the founder of the legal entity to the legal entity entering into the partnership contract.

⁹⁷ Types of power of attorney/authorisation, see Appendix No. 7, letter A.

⁹⁸ In the sense of Article 3, Paragraph 3 of Annex No. I of Regulation No. 651/2014 (GBER).

⁹⁹ For definitions, see the Methodological guide to the application of the term "one undertaking" from the point of view of de minimis aid rules, available at www.uohs.cz.

Form of proof: plain copy.

6) Proof of debtlessness¹⁰⁰ - proof of debtlessness to the tax office and the Czech Social Security Administration.

Document proving that the applicant / partner with a financial contribution does not have recoverable tax arrears recorded in the tax records, both in the Czech Republic and in the country of residence; has no arrears of social security and contribution to the state employment policy, both in the Czech Republic and in the country of residence.

The applicant only declares the debtlessness towards health insurance companies (part of the Declaration of eligibility).

The condition of debtlessness is considered to be fulfilled if the payer (taxpayer) was allowed to withhold tax or pay tax in instalments in accordance with Section 156 of the Tax Code, or pay insurance premiums and penalties in instalments in accordance with Section 20a of the Social Security Insurance and State Employment Policy Allowance Act.

After the expiration of the date of the postponement to pay tax (deferred maturity) or the date of payment of tax in the form of instalments in the certificate of debtlessness, the applicant and the partner must repeatedly and without undue delay submit the document regarding the indebtedness that proves the non-existence of enforceable tax arrears.

For whom it is documented: applicant / partner with a financial contribution, with the exception of SOU and CO of SOU, territorial self-governing units, CO territorial self-governing units, voluntary associations of municipalities and CO, voluntary associations of municipalities.

When is the submission made: if the affidavit only was submitted during the submission of grant application (see ch. 5.3).

Form of proof: original or certified copy.

7) Proof of a minimum annual turnover

For whom it is documented: the applicant, or partner with a financial contribution¹⁰¹, if requested to provide evidence.

When it is documented: if an affidavit was submitted when submitting the grant application to document the minimum annual turnover and at the same time it was not possible to find the annual turnover in a publicly available register administered by the state.

Form of submission: plain copy of the profit and loss statement for the previous closed accounting period.

8) Declaration on the size of enterprise

For whom it is documented: applicant who is an SME / partner with a financial contribution who is an SME.

When it is documented: in the case of a project financed by the ERDF and/or in the case of a GBER application¹⁰² (User manual for the definition of small and medium-sized undertakings available at <https://www.uohs.cz/cs/verejna-podpora/manualy-metodiky-a-dalsi-dokumenty.html>).

¹⁰⁰ Not older than 90 calendar days.

¹⁰¹ In the case of projects where the implementation involves partner / partners with a fin. contribution, a relevant portion corresponding to the share of the partner / partners with a fin. contribution can be demonstrated by the applicant through the partner / partners with a fin. contribution.

¹⁰² Definition of small, medium see GBER, Annex I.

It is not documented if the applicant / partner with the financial contribution is a large undertaking.

Form of proof: plain copy. A sample declaration is available at www.opjak.cz.

- 9) **Document on bank account/sub-account¹⁰³** – information about the bank account or sub-account designated for financial transactions related to the approved project.

A document issued by the bank containing all relevant information is accepted, e.g. account agreement, confirmation of account management, account statement without financial data. The confirmation and statement (except for a concluded contract on account keeping) may not be older than 90 calendar days from the date of sending the notification for the approval of the grant by the granting authority. The bank account may be opened at any bank authorized to act in the Czech Republic and must be maintained exclusively in CZK. Payment to the beneficiary may be only be made to the account specified in the legal act on grant award / transfer. Entities listed in Section 3 (h) of the budgetary rules, those who have accounts with the Czech National Bank (CNB) are required to indicate only those accounts established with the CNB for the purposes of providing/transferring support - these applicants do not provide evidence of the establishment of a bank account. The beneficiary must retain their bank account after termination of the project up to the time of final settlement, see ch. 7.9.2.

On whose behalf documented: the applicant.

Form of proof: plain copy.

- 10) **Document on the bank account of the founder¹⁰⁴**

On whose behalf documented: the applicant.

When is it documented: in the case of the so-called "flow grant", namely in the case of COs established by a voluntary association of municipalities.

Form of proof: plain copy. A document issued by the bank containing all relevant information is accepted, e.g. account agreement, confirmation of account management, account statement without financial data. The confirmation (except for a concluded contract on account keeping) may not be older than 90 calendar days from the date of sending the notification for the approval of the grant by the granting authority.

- 11) **Evidence that all entities involved in the implementation of the project that will receive aid (applicants/partners with a financial contribution) are not undertakings in difficulty¹⁰⁵**

The verification is based on the [Methodological Instruction for verifying an undertaking in difficulty during the implementation of EU funds in the 2021–2027 programming period](#).

It is documented through Attachment No. 6 *Test of criteria for an undertaking in difficulty*. In addition, the annual financial statements for the last two closed accounting periods of the applicant/partner with a financial contribution are documented, i.e. in particular the balance sheet, profit and loss statement, appendix to the financial statements, overview of assets and liabilities, overview of income and expenditure, or cash flow statement and overview of equity.

Applicant / partner with a financial contribution who belongs to a **group of undertakings¹⁰⁶**, must prove that the criteria for an undertaking in difficulty are not met even at the level of

¹⁰³ It does not apply to individual system projects.

¹⁰⁴ Optional if the founder is also the granting authority.

¹⁰⁵ The prohibition on aid to undertakings in difficulty does not apply to undertakings which were not in difficulty on 31 December 2019 but became undertakings in difficulty during the period from 1 January 2020 to 31 December 2021 (as a result of the COVID-19 pandemic).

the entire group (the applicant / partner with a financial contribution also fills in the "group of undertakings" sheet in the Attachment No. 6 *Test of criteria for an undertaking in difficulty* based on the consolidated financial data of the entire group, or the sum of the relevant financial data of individual group members in the event that the group is not subject to the obligation of consolidation). Information for the group of undertakings is not to be filled in the case of applicants/partners accounting according to Decree No 410/2009 Coll. (e.g. SOU, local self-government unit, PO, state funds).

The grant provider reserves the right to request additional documents that testify to the data from the sworn statement that the applicant / partner with the financial contribution is not an undertaking in difficulties.

For whom it is documented: applicant / partner with a financial contribution.

When it is documented: relevant only for calls from the ERDF and/or for projects financed under the GBER.

Form of proof: plain copy.

12) Internal accounting guidelines of the beneficiary

For whom it is documented: applicant / partner with a financial contribution.

When it is documented: relevant for applicants / partners with a financial contribution, whose accounting is governed by Decree No. 500/2002 Coll., which implements some provisions of Act No. 563/1991 Coll., on accounting, as amended, for accounting units that are entrepreneurs accounting in the double-entry accounting system, or Decree No. 504/2002 Coll., which implements some provisions of Act No. 563/1991 Coll., on accounting, as amended, for accounting units whose main subject of the activity is not a business, if they account in the double-entry accounting system, for the reason of documenting the limit for long-term tangible and intangible assets valid in the given organization.

Form of proof: plain copy.

The applicant is obliged to document **the modified grant application with attachments in IS KP21+** according to the instructions of the MA / provider, including:

- of the updated financial plan of advance payments and billing (if not automatically generated in MS2021+ and in case of budget cuts based on evaluation/selection), which will be used to set the binding financial indicators of the project and to determine the amount of the first advance payment, which will be specified in the legal act on grant award / transfer;
- of the updated date of the start of the physical implementation of the project (this date will subsequently be indicated in the legal act on grant award / transfer): in the event that the date of the start of the physical implementation of the project occurs on / after the date of issuance of the legal act on grant award / transfer, this is the updated Estimated date starting the physical implementation of the project. In the event that the date of the start of the physical implementation of the project occurred before the issuance of the legal act on grant award / transfer, the applicant fills in the IS KP21+ Actual date of the start of the physical implementation of the project;

¹⁰⁶ A whole **group of connected undertakings**, between which there are controlling relationships (property, financial, legal or other) that allow one source to influence in a dominant way all the undertakings in the given group of undertakings. A group of undertakings with a common source of control is monitored not only through the relationships between legal entities, but also through the relationships of a natural person or a group of natural persons acting together (connectedness of undertakings through natural persons). The scope of the group of undertakings overlaps with the definition of "connected undertakings" (see ch. 5.3 of the *Methodological instruction for the verification of an undertaking in difficulty*), however, the real control relationships between the entities of the group are decisive.

- the updated Expected end date of the physical implementation of the project, without the possibility of adjusting the total length of the project;
- of updated or completed records and values of specific data items (SDI) determined by the call / follow-up documentation for the call¹⁰⁷,
- providing cooperation in setting the categories of interventions on the project according to the instructions of the MA / provider, if requested.

A complete overview of the required documents is given in the follow-up documentation for the call. Beyond the scope of these documents, the MA may request additional information from the applicant if it is necessary for the issuance of a legal act on grant award / transfer. If the requested information is not provided by the applicant within the specified period, the MA may reject the request.

Individual forms of documenting attachments are described in detail in chap. 5.2.

6.5. ALLOCATION OF FINANCIAL SUPPORT

By issuing a legal act on grant award / transfer, or upon acquisition of legal power (on the date of delivery) in the case of a Grant Award Decision, the applicant becomes the beneficiary and is obliged to follow the binding conditions specified in the legal act on grant award / transfer, including annexes, when implementing the project.

The beneficiary is entitled to request a change in the legal act on grant award / transfer, in the form of a change proceedings in IS KP21+. The change can only be made in accordance with the budgetary rules (Section 14(o)) and the rules set out in the RfAB (see ch. 7.4).

In case of approval of the request for change, the granting authority shall, **based on the request of the beneficiary, issue a so-called decision on the amendment of the legal act on grant award / transfer**, in which it determines what elements of the original legal act on grant award / transfer are changed, or replace, while the original legal act on grant award / transfer remains in force. In case of rejection of the change request, the provider will issue a Decision on the rejection of the change request.

The granting authority issues a so-called correcting decision / resolution¹⁰⁸ even without the beneficiary's request to correct obvious inaccuracies, which are mainly typing errors and numbers. The conditions of the legal act on grant award / transfer (Section 14 (4) (g) of the budgetary rules) can only be changed until the moment when their violation results in a breach of budgetary discipline.

6.6. FINANCIAL MILESTONES

The financial milestone expresses the minimum amount of project expenditure that the beneficiary is obliged to submit to the MA in total for the reporting periods for which the financial milestone is set ¹⁰⁹. The financial milestones are set by the MA on the basis of the submitted financial plan of advances and invoicing, drawn up by the applicant in the grant application and possibly modified on the basis of reductions or adjustments to the budget before the issuance of a legal act on grant

¹⁰⁷ Detailed instructions for filling in specific data items are given in the IS KP21+ User Manual.

¹⁰⁸ Or will make the corrections resulting from these obvious inaccuracies in the projects registered in SMVS (if relevant), which do not change the binding parameters.

¹⁰⁹ The project expenditure, which are included in the financial milestone, are submitted by the beneficiary within the PIR / PA.

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award / transfer. The amount of financial milestones is specified in the legal act on grant award / transfer. After the issuance of a legal act on grant award / transfer, the set financial milestones may be modified or a new financial milestone may be set, through the change proceedings.

Financial milestones will be monitored only for projects whose duration from the date of start of implementation to the expected date of completion of implementation is longer than 30 months. The financial milestone will not be set for a period after which less than 4 months remain until the end of the project implementation. A financial milestone will also not be set in the event that the implementation of the project is extended and the period for which a new financial milestone should be set is already underway.

Determination of the amount of the financial milestone

The financial milestone of the project is set at the amount of 80% of the cumulative amount of the bill stated in the financial plan for the period for which the financial milestone is set¹¹⁰. The first financial milestone is usually set for the first two following reporting periods in the event that each reporting period lasts six months (or the first reporting period lasts four months and the second six months) or for the three following reporting periods in the event that each reporting period lasts four months¹¹¹. Financial milestones are cumulative indicators. That is the period for which each subsequent financial milestone is determined always includes the period of previous financial milestones, and in addition another period, usually in the range specified for determining the first financial milestone. Similarly, the amount of each subsequent financial milestone always includes the amounts of previous financial milestones, plus the amount due for the next period (see example below).

In the event that the beneficiary needs to adjust the amount of the financial milestone during the implementation of the project, he can request a change through the change proceedings, see chap. 7.4.2.1. The financial milestones do not need to be adjusted if the beneficiary is certain that they will be met up to the minimum stated above in the legal act on grant award / transfer.

Evaluating the fulfilment of financial milestones

The evaluation of financial milestones will be carried out at the date of approval of the PA for the last reporting period for which the financial milestone is set. When evaluating the fulfilment of the financial milestone, all the amounts of the submitted invoices, which are included in the lists of documents of the relevant PA (after removing the expenditure that the beneficiary removes from the list of documents during the approval process, i.e. the final version of the list before approval by the MA) are added up and compared with the amount of the financial milestone (the MA will also add to the amount billed to MA the expenditure that were not billed compared to the plan in the given period due to the handover of the contract to the OPC, however on the condition that the OPC has not yet made a decision on the matter - this fact must be documented by the beneficiary to the provider; in the event that the OPC decides that there was a mistake in the administration of the order, the value of the order will be retroactively deducted from the fulfilment of the financial milestone).

In the event that the beneficiary does not meet the financial milestone amount specified in the legal act on grant award / transfer, a levy is set for them - it applies to the first failure to meet the financial milestone. For each subsequent failure to meet a financial milestone, a levy is only determined if the

¹¹⁰ The amount of the financial milestone is calculated from the amounts of the planned expenditure statement, while this expenditure are usually co-financed by the beneficiary, in accordance with the rules of co-financing of P JAC projects. That is, if the beneficiary has an obligation to co-finance project expenditure, then the amount of the financial milestone includes the part of the expenditure that is co-financed by the beneficiary, unless the call setting states otherwise.

¹¹¹ The length of the period for which the financial milestone is set can be adjusted during the implementation of the project, e.g. in connection with the submission of an extraordinary PIR, etc.

amount by which the financial milestone was not currently met is higher than the highest amount for which a levy has already been granted (see example below).

Example of setting and evaluating financial milestones

The project with an implementation period of 48 months has an estimated eligible expenditure of CZK 62,000,000. Before issuing the legal act on grant award / transfer, the beneficiary established a financial plan:

Example of a financial plan

Reporting period	Billing schedule (in CZK)
1.	5 000,000
2.	5 000,000
3.	10 000 000
4.	10 000 000
5.	10 000 000
6.	10 000 000
7.	5 000,000
8.	5 000,000
9.	2 000 000

The observed periods last 6 months except for the first period which lasts 4 months and the last period which lasts only 2 months. This financial plan was used by the MA staff to establish financial milestones:

Example of setting financial milestones

Financial milestones		
Financial milestone ranking	The period for which the financial milestone is set	Amount in CZK (this is the minimum amount of expenditure that the beneficiary must account for)
1.	1st - 2nd reporting period	8 000 000
2.	1st - 4th reporting period	24 000 000
3.	1st - 6th reporting period	40 000 000

Example of evaluating the fulfilment of financial milestones

Financial milestones			
Financial milestone ranking	The period for which the financial milestone is set	Amount in CZK (this is the minimum amount of expenditure that the beneficiary must account for)	Amount in CZK (funds actually billed by the beneficiary)
1.	1st - 2nd reporting period	8 000,000	4 000 000
2.	1st - 4th reporting period	24 000 000	20 000 000
3.	1st - 6th reporting period	40 000 000	35 000 000

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The beneficiary did not meet the 1st financial milestone because he cumulatively invoiced CZK 4 million less than the amount of the 1st financial milestone. The beneficiary is assessed a levy for this failure to meet the financial milestone. Furthermore, the beneficiary did not even meet the 2nd financial milestone, as he cumulatively invoiced CZK 4 million less than the amount of the 2nd financial milestone. The amount by which the 2nd financial milestone was not met is not higher than the amount for which the levy has already been assessed in connection with the 1st financial milestone. Therefore, the beneficiary is not assessed a levy for failure to meet the 2nd financial milestone. Furthermore, the beneficiary did not even meet the 3rd financial milestone, because he cumulatively billed CZK 5 million less than the amount of the 3rd financial milestone. The amount by which the 3rd financial milestone was not met is higher than the highest amount for which the levy has so far been levied on the beneficiary in connection with the previous financial milestones (the levy was levied for the 1st financial milestone, as the beneficiary cumulatively billed CZK 4 million less, in the case of the 3rd financial milestone, however, the beneficiary cumulatively billed CZK 5 million less). Therefore, a levy is assessed to the beneficiary for failure to meet the 3rd financial milestone.

7. CHAPTER – PROJECT MONITORING AND ADMINISTRATION

7.1. TIMEFRAME FOR PROJECT IMPLEMENTATION

The beneficiary implements the project during **the duration of the project**, i.e. in the period from the start date of the physical implementation of the project to the end date of the physical implementation of the project. We then distinguish between **the expected** and **the actual date of the start and end of the physical implementation of the project**. The moment of their filling in IS KP21+ by the applicant/beneficiary is as follows:

Date	Description	The moment of completion by the applicant/beneficiary in IS KP21+
Expected start date of the physical implementation of the project	This is the date when the applicant/beneficiary plans to start implementing the project.	It is filled in when processing a grant application.
Expected date of completion of the physical implementation of the project	This is the date when the applicant/beneficiary plans to end the implementation of the project.	It is filled in when processing a grant application.
The actual start date of the physical implementation of the project	This is the date when the applicant/beneficiary started implementing the project.	It is stated on the project either when the grant application is submitted, if the call / follow-up documentation for the call allows for the start of project implementation on the date of submission of the grant application, or in the first interim report on implementation ¹¹² . The date must be older than or equal to the date when it is reported, i.e. it is filled in only at the moment it occurred.
The actual date of completion of the physical implementation of the project	This is the date when the project implementation ¹¹³ was terminated by the beneficiary.	It is presented on the project in FPIR ¹¹⁴ . The date must be older than or equal to the date when it is reported, i.e. it is filled in only at the moment it occurred.

The time range for the duration of the project in which the project can be implemented, i.e. the date from which it is possible to start the implementation and the latest date of completion of the project

¹¹² In the period between the submission of the grant application and the submission of the first interim PIR, it is possible to supplement the actual date of the start of physical implementation through a change request.

¹¹³ This is a material completion, not an administrative one, i.e. some administrative tasks related to the project can only be carried out after this date, e.g. processing of FPIR, settlement of subsidy with the state budget, etc.

¹¹⁴ Before submitting the FPIR, it is possible to add the actual end date of the physical implementation through a change request.

implementation, is specified in the call. The specific duration of the project is then specified in the legal act on grant award / transfer.

7.2. PROJECT REPORTS

In order to inform the MA about the status and progress of the implementation, or the sustainability of the project, the beneficiary submits regular reports on the implementation and sustainability of the project or, upon request, information about the project. These project reports allow the granting authority to check the fulfilment of the goals and the purpose of the provision of financial resources according to the approved grant application, control of the fulfilment of bindingly set indicators and indicators, compliance with the conditions of the legal act on grant award / transfer and compliance with the legal regulations of the EU and the Czech Republic and can help early detection of possible risks and potential irregularities.

The following project reports are submitted by the beneficiary:

Project Implementation Report – interim (PIR) / final (FPIR), together with a Payment Application (PA),

Information on the Project (IoP),

Project Sustainability Report - interim (PSR) / final (FPSR).

Project reports are always submitted for a specified period of time, the so-called **reporting period**. The length of the reporting period is determined in the announced call / follow-up documentation for the call.

A detailed description of the project reports, the length of the reporting periods and the deadlines are given in the following chapters. The specific length of the reporting periods for submitting individual reports is stated in the announced call, or in the follow-up documentation for the call, or in the PA.

An overview of project reports relevant to the project is given in the report schedule in IS KP21+.

Project report attachments

Project reports may also include attachments, with which the beneficiary documents the implementation of a key/unit activity or its part, the creation of an output/product, or the payment of eligible expenditure.

Enumeration, possibly form¹¹⁵ of the required attachments to the project reports, are listed in the call / follow-up documentation for the call.

Possible samples of attachments to project reports are located at www.opjak.cz.

Administration of project reports

Method of submission of the report	Project reports including all their attachments (taking into account the maximum size of uploaded files) are submitted in electronic form via IS KP21+. Individual phases of the report or information administration are displayed using workflow statuses.
Content of the report	The content of the project report is determined by the MA following the announced call for proposals. Instructions for filling in the individual fields

¹¹⁵ A description of individual forms of documenting attachments (original, officially certified copy, plain copy) is given in ch. 5.2.

	of the form are given in the IS KP21+ User Manual - Implementation Reports. The beneficiary attaches documents proving the facts stated in the project report.
Administration procedure of the report	<p>During the inspection, the formal requirements and substantive content of the report, its annexes and documented outputs/products are verified. In case of detection of deficiencies, it is returned to the beneficiary for additions (in case of detection of serious formal deficiencies or deficiencies that prevent checking the content of the report, the beneficiary is first asked to remove them, then the content of the report is checked).</p> <p>Information on the return of PIR / PA is sent to the beneficiary via automatic dispatch in IS KP21+. At the same time, a dispatch is sent to the beneficiary with information about the screens available for editing. The beneficiary is informed about the reasons for the return and instructions for completion either via the "Reasons for return" screen on the PIR form, any details are then provided in the file inserted by the MA on the "Report documents" screen on the PIR form; or through an internal dispatch with an attached file calling for the elimination of deficiencies; or a combination of the above options.</p> <p>If the report is returned to the beneficiary for revision, correction or addition, the MA always defines a full list of deficiencies in the report, unless the MA agrees otherwise with the beneficiary (for example, in the case of extensive reports, comments can be phased for the sake of smooth settlement). The beneficiary is obliged to settle comments on the report or information within the deadline set by the MA. As a rule, the MA sets a deadline of 10 business days, but depending on the nature and scope of the deficiencies, it may set a shorter or longer deadline.</p>
Report administration time	<p>The total administration time of the report from submission by the beneficiary to approval, in the event that no deficiencies leading to the return of the report or information to the beneficiary are identified, will not exceed 40 business days¹¹⁶.</p> <p>For the period during which any of the above-mentioned reports is returned to the beneficiary for further processing, or it is necessary to request the opinion of other authorities when checking the documents for the report, the period of 40 business days is interrupted. Once the deficiency is rectified and the report is returned to the MA, the 40 business day period starts running from the beginning.</p>
Method of checking the report	<p>The project report is checked in the form of administrative verification by the MA.</p> <p>The beneficiary is informed about its approval/rejection (and reimbursement/non-reimbursement of any PA) via an internal dispatch. Rejection of the report means disagreement with the sent form or content (e.g. it contains false or dubious data that the beneficiary could not defend by providing additional documentation). Rejection occurs on the part of</p>

¹¹⁶ In the case of IoP, the deadline will be limited according to the established frequency of IoP submission so that approval occurs before the beneficiary submits another PIR.

	<p>the MA only if all submitted expenditure are rejected.</p> <p>If findings were found as part of the administrative verification, Conclusions of the administrative verification are drawn up, which are inserted into the administrative verification record in MS2021+, and at the same time sent to the beneficiary of the internal dispatch after the inspection is completed.</p>
Beneficiary's options after the approval of the report	The beneficiary can submit comments on the conclusions of the administrative verification within the period specified in ch. 11.

Differences in project reporting

A. Obstacle on the side of the beneficiary

- 1) **Extension of the deadline for submitting the project report** – if the beneficiary is unable to meet the deadline for submitting the project report due to special considerations, he can request an extension of this deadline at least 1 business day before its expiration via an internal dispatch. The MA assesses the relevance of the justification and informs the beneficiary through an internal dispatch about whether or not his request has been granted. In the case of compliance, the beneficiary is given an extended period of a maximum of 10 business days from the day following the day when the project report should have been submitted on time. An extension of the deadline can be requested a maximum of three times and the smooth implementation and administration of the project must continue to be ensured. Failure to comply with the replacement deadline will be considered a suspected breach of budgetary discipline in accordance with ch. 10.

Applies to: PIR, FPIR, IoP, PSR, FPSR.

- 2) **Extension of the deadline for the elimination of deficiencies in the project report** - if the beneficiary cannot meet the deadline for the elimination of deficiencies due to special consideration, he can request an extension of this deadline, at least 1 business day before its expiration, via an internal dispatch. The MA assesses the relevance of the justification and informs the beneficiary through an internal dispatch about whether or not his request has been granted. In the case of compliance, the beneficiary is given an extended period of a maximum of 10 business days from the day following the day when the deficiencies should have been eliminated in the original deadline. An extension of the deadline can be requested a maximum of three times and the smooth implementation and administration of the project must continue to be ensured. Failure to comply with the replacement deadline will be considered a suspected breach of budgetary discipline in accordance with ch. 10.

Applies to: PIR, FPIR, IoP, PSR, FPSR.

- 3) **Shortening or extending the reporting period for submitting PIR / PA** (see ch. 7.4 .2.2) – this is not a shortening or extension of the total project implementation time; part of this change is the modification of the financial plan.

Applies to: PIR.

- 4) **Not submitting of the last interim PIR** (see ch. 7.4.1.1) – if the reporting period for the FPIR would last less than 3 months, the beneficiary can merge the reporting period for the last interim PIR with the reporting period for the FPIR and submit only the FPIR through the change proceedings. Part of the change is the adjustment of the deadlines for submitting PIR in the financial plan.

Applies to: last interim PIR.

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B. Obstacle from the MA¹¹⁷

- 1) **Extension of the deadline for submitting the report** - if there is an obstacle on the part of the MA will not allow the beneficiary to submit the PIR / PA in due time according to the financial plan of the project, failure to meet the deadline will not be considered a breach of obligations under the PA. After the obstacle is removed, the MA sends an internal dispatch to the beneficiary with an extended deadline for submission of PIR, which is usually 10 business days from the date of sending this internal dispatch. If an obstacle on the part of the MA does not allow the previous PIR to be approved, the extended period is calculated from the date of approval of the previous PIR. In case of impossibility of submitting several consecutive PIRs, the beneficiary will be allowed to submit them one after the other or merging of reporting periods (see below).

Applies to: PIR, FPIR, IoP, PSR, FPSR.

- 2) **Merger of two reporting periods for submission of PIR / PA** (see ch. 7.4.1.1) – if an obstacle on the part of the MA does not allow the beneficiary to submit several consecutive PIR / PA within the due date according to the project's financial plan, the beneficiary has the option of merging two reporting periods for submission of PIR / PA in one. Part of this change is the modification of the financial plan.

Applies to: PIR, FPIR.

7.2.1. PROJECT IMPLEMENTATION REPORT (INCLUDING PAYMENT APPLICATION)

7.2.1.1. Project Implementation Report

The report on the implementation of the project is used to monitor and evaluate the progress of work on the approved project, inform about outputs/products, results and the fulfilment of project activities and goals, including an evaluation of the success of the entire project. Its content is mainly a description of progress over the reporting period, communication of information about the project that is not a material or non-material change to the project, information on the fulfilment of the conditions, indicators and outputs/products of the project listed in the PA.

The project implementation reports submitted during implementation are designated as **interim project implementation reports** (PIR), the last implementation report is designated as **the final project implementation report** (FPIR).

The beneficiary submits a project implementation report together with a **Payment Application and all necessary attachments**.

The length of the reporting period for the submission of a report on the implementation of the project, unless the call / follow-up documentation for the call stipulates otherwise, is as follows:

- The first reporting period (1st PIR):
 - The implementation of the project starts before the date of PA issuance – the period from the actual start date of the project implementation for a period of 4 months from the date of PA issuance, while the last day of the reporting period falls on the last calendar day of the last month of the reporting period.
 - Project implementation is initiated after the date of issue (dispatching) of the PA (including this date) - the period from the expected date of commencement of project implementation for a period of 4 months, with the last day of the reporting period falling on the last calendar day of the last month of the reporting period.

¹¹⁷ E.g. technical issue in MS2021+.

- The next reporting period (2nd to nth PIR) – the period from the end of the previous reporting period for a period of 4 or 6 months.
- Last reporting period (FPIR) – the period from the end of the penultimate reporting period to the end date of project implementation.

Deadline for submission¹¹⁸ of project implementation reports, unless the call / follow-up documentation for the call stipulates otherwise, is as follows:

- PIR – 20 business days after the end of the reporting period¹¹⁹.
- FPIR - 40 business days from the date of completion of the physical implementation of the project¹²⁰

Examples of setting deadlines for submission of project implementation reports and requests for payment

Example 1: The implementation of the project is started before the date of issuance of the PA

Date of Physical Project Implementation Start	17. 1. 2022
Date of physical Project Implementation Completion	28. 2. 2025
Date of issue (dispatch) of the legal act	20. 2. 2022

Schedule for submission of PIR / PA

PIR serial number	Reference period from:	Reference period until	PIR / PA	Expected date of submission
1	17. 1. 2022	30. 6. 2022 ¹²¹	Ongoing PIR / PA	1. 8. 2022 ¹²²
2	1. 7. 2022	31. 12. 2022 ¹²³	Ongoing PIR / PA	27. 1. 2023
3	1. 1. 2023	30. 6. 2023	Ongoing PIR / PA	1. 8. 2023
4	1. 7. 2023	31. 12. 2023	Ongoing PIR / PA	29. 1. 2024
5	1. 1. 2024	30. 6. 2024	Ongoing PIR / PA	29. 7. 2024
6	1. 7. 2024	31. 12. 2024	Ongoing PIR / PA	29. 1. 2025
7	1. 1. 2025	28. 2. 2025	Final PIR / PA	29. 4. 2025 ¹²⁴

Example 2: The implementation of the project starts after the date of issuance of the PA

¹¹⁸ Submission of the next implementation report in order is possible only after the approval of the previous report.

¹¹⁹ The period begins to run from the first business day following the last day of the reporting period.

¹²⁰ The period begins to run from the first business day following the last day of project implementation.

¹²¹ The period from the actual start date of project implementation for a period of 4 months from the date of PA issuance, with the last day of the reporting period falling on the last calendar day of the last month of the reporting period.

¹²² A period of 20 business days after the end of the reporting period (the period begins to run from the first business day following the last day of the reporting period).

¹²³ The period from the end of the previous reporting period for a period of 6 months.

¹²⁴ A period of 40 business days from the date of completion of project implementation (the period starts from the first business day following the last day of project implementation).

<i>Date of Physical Project Implementation Start</i>	<i>17. 1. 2022</i>
<i>Date of physical Project Implementation Completion</i>	<i>28. 2. 2025</i>
<i>Date of issue (dispatch) of the legal act</i>	<i>10. 12. 2021</i>

Schedule for submission of PIR / PA

<i>PIR serial number</i>	<i>Reference period from:</i>	<i>Reference period until:</i>	<i>PIR / PA</i>	<i>Expected date of submission</i>
<i>1</i>	<i>17. 1. 2022</i>	<i>31. 5. 2022¹²⁵</i>	<i>Ongoing PIR / PA</i>	<i>28. 6. 2022¹²⁶</i>
<i>2</i>	<i>1. 6. 2022</i>	<i>30. 11. 2022¹²⁷</i>	<i>Ongoing PIR / PA</i>	<i>29. 12. 2022</i>
<i>3</i>	<i>1. 12. 2022</i>	<i>31. 5. 2023</i>	<i>Ongoing PIR / PA</i>	<i>28. 6. 2023</i>
<i>4</i>	<i>1. 6. 2023</i>	<i>30. 11. 2023</i>	<i>Ongoing PIR / PA</i>	<i>2. 1. 2024</i>
<i>5</i>	<i>1. 12. 2023</i>	<i>31. 5. 2024</i>	<i>Ongoing PIR / PA</i>	<i>28. 6. 2024</i>
<i>6</i>	<i>1. 6. 2024</i>	<i>30. 11. 2024</i>	<i>Ongoing PIR / PA</i>	<i>2. 1. 2025</i>
<i>7</i>	<i>1. 12. 2024</i>	<i>28. 2. 2025</i>	<i>Final PIR / PA</i>	<i>29. 4. 2025¹²⁸</i>

Additional information to the project implementation report

Project information provided in the PIR / Final PIR outside the project change procedure

Information about the project are facts that do not change the legal act on grant award / transfer, including its annexes (especially the basic project parameters) or the data in MS2021+. These are facts that do not affect the indicators, the financial plan, the project budget, do not change the project partners, project activities, project goals and outputs/products, the start date of the physical implementation of the project or the end date of the physical implementation of the project. Such information is provided by the beneficiary directly in the PIR or FPIR. In case of doubt as to whether it is a change to the project or information about the project, it is considered to be a change to the project and the procedure is followed according to ch. 7.4.

Facts about which the beneficiary informs in the project implementation report:

- **a change of the project implementation schedule regarding individual activities** – if the change will not affect the indicators, the project financial plan, the start date of the physical implementation of the project or the end date of the physical implementation of the project,

¹²⁵ The period from the expected start date of the project implementation for a period of 4 months, with the last day of the reporting period falling on the last calendar day of the last month of the reporting period.

¹²⁶ A period of 20 business days after the end of the reporting period (the period begins to run from the first business day following the last day of the reporting period).

¹²⁷ The period from the end of the previous reporting period for a period of 6 months.

¹²⁸ A period of 40 business days from the date of completion of project implementation (the period starts from the first business day following the last day of project implementation).

- **a change in the way activities are carried out**, which does not change the basic project parameters and does not have a negative impact on the fulfilment of the objectives of the project;
- **earlier start/end of a key activity** (changing the schedule of key activities);
- **amendments to partnership contract** that do not mean a significant/non-significant change in the project;
- **reduction of the unit rate** (if the reduction does not affect the total amount of expenditure of the budget item in question);
- Other changes that do not affect the achievement of indicators and the fulfilment of the project objectives.

Indicative overview of information in the Personnel expenditure chapter for personnel expenditure determined according to ISPV, which, if they do not have an impact on the project budget, are not implemented in the form of change proceedings, but are handed over to the MA in PIR:

- changing a worker for another worker, if both workers are assigned a unit rate using the ISPV method
- a change in the form of the employment relationship (e.g. from CoS to CfW, provided that there is no change in the budget and no increase in the unit rate),
- division or merger of already approved workloads (e.g. workload for one worker of 1.0 will continue to be performed by two workers, each for 0.5 workload); however, the combined employment must respect the lowest approved unit wage from the combined employment (at the same time, the limitation of 1.0 times or 1.2 times the working time fund must be respected, see ch. 8.1.5 and the budget chapter "Personnel expenditure");
- change of duties (change of duties of persons employed in a given position, which do not affect the number of units and the amount of the unit rate of the budget item).

Indicative overview of information in the Personnel expenditure chapter for personnel expenditure determined in the form of unit costs - expert team, which, if they do not have an impact on the project budget, are not implemented in the form of change proceedings, but are handed over to the MA in PIR:

- **change of duties** (change of duties of persons employed in a given position, which do not affect the number of units and the amount of the unit rate of the budget item).

Ownership structure of the beneficiary/partner with a financial contribution

Together with PIR, the **ownership structure of the beneficiary / partner with a financial contribution** at the time of project implementation is checked. In the event that there has been a change in the ownership structure or a change in the real owner, the beneficiary shall document together with the PIR the attachment **Proof of ownership structure of the applicant/beneficiary, or full statement from the register of real owners in an updated version**¹²⁹. If there have been no changes in the ownership structure / real owner, the beneficiary may be asked to document this fact by means of an affidavit (unless otherwise stated in the invitation / follow-up documentation to the invitation).

During the implementation period, the beneficiary is obliged to immediately inform the granting authority about a change in the ownership structure of the beneficiary/partner with a financial

¹²⁹ It is not relevant for SOU and other entities that do not have a beneficial owner according to the act on the registration of beneficial owners or budgetary rules. See chap. 5.3.

contribution, which is a business company, if it would lead to a violation of Section 4c of the Act on Conflict of Interest, see eligibility conditions in ch. 5.3.

Specific data items

In the implementation report, the beneficiary states the values of specific data items determined by the call, or follow-up documentation for the call so that the listed records are current for the reporting period and the numerical data are cumulative¹³⁰.

Project activity plan

A source of information on the implementation of the project can also be the so-called project activity plan containing an overview of the planned activities (including the date, time and place of the event and the expected number of participants) for projects with an issued legal act on grant award / transfer, the submission of which the beneficiary may be requested from by the MA. The project activity plan can be the basis for the implementation of an unannounced/unplanned inspection (see ch. 9).

Overview of the economic use of the supported capacities

In the case of a project supported outside the state aid regime, and if the call / follow-up documentation for the call stipulates the obligation to prove the purely ancillary nature of the economic use of the supported infrastructure, the beneficiary/partner submits the financial contribution annually (with PIR or separately, but always by 31 July at the latest of the year following the reporting year) a form - *Overview of the economic use of supported capacities according to the Methodology of reporting economic activities in terms of State aid under PJAC* (available at www.opjak.cz), see also ch. 7.6.3 State aid of infrastructure in the field of R&D and education.

Financial settlement of compensation (SGEI)

In the case of a project supported under the SGEI regime, the Managing authority is entitled to continuously monitor that there is no excessive compensation. For projects with an implementation period of more than 30 months, the beneficiary is obliged to submit to the Managing authority together with the interim PIR the *Financial settlement of the compensation payment (FSCP)* for the purposes of controlling overcompensation pursuant to Article 6 of Commission Decision No. 2012/21/EU of 20 December 2011 on the application of Article 106 (2) of the Treaty on the Functioning of the European Union to state aid in the form of compensation for public liability services granted to certain undertakings entrusted with the provision of SGEI, this no later than 2 years from the date of acquisition of legal force legal act on grant award / transfer. The beneficiary submits the FSCP (sample form at www.opjak.cz) together with the PIR, the date of submission of which precedes the end of the two-year period for submitting the FSCP so as to ensure that the FSCP is submitted no later than 2 years from the date of entry into force of the legal act on grant award / transfer. The length of the relevant period is calculated as the sum of the length of the individual completed reporting periods.

The amount of excess compensation is calculated as the sum of the following items:

- (+) Amount of advances actually paid for the implementation of public service activities in the relevant period (EU+SR share)
- (+) Other funds received for the implementation of public service activities from other sources
- (+) Revenues accruing to eligible expenditure for public service activities in the relevant period (EU+SR share)
- (-) Refunds of paid advances (EU+SR share)

¹³⁰ Detailed instructions for filling in specific data items are given in the IS KP21+ User Manual.

(-) Amount of billed expenditure for the implementation of public service activities in the relevant period (EU+SR share)

If the result is a positive number, an overcompensation has occurred. The average annual compensatory payment is calculated as the ratio of "the amount of advances actually paid for the implementation of public service activities in the relevant period (EU+SR share)" and "the number of months of implementation of public service activities in the relevant period" multiplied by the number 12.

In the case that the beneficiary was provided with an excessive compensation payment for expenditure for the implementation of public service activities in the relevant period, which is higher than 10% of the average annual compensation payment, the beneficiary is obliged to return the amount of the excessive compensation payment back to the provider.

In the case that the beneficiary was provided with an excess compensation payment for public service expenditure in the relevant period, which is less than or equal to 10% of the average annual compensation payment, the beneficiary is entitled to use this amount of excess compensation payment for the payment of expenditure for the implementation of public service activities in the following relevant period. In the event that the Beneficiary does not use the amount of the excessive compensation payment to cover expenditure for the implementation of public service activities, they are obliged to return it to the Managing authority.

Internal audit¹³¹

The beneficiary submits the result of the internal audit always with the PIR immediately following the preparation of the report from the internal audit/report on the result from the internal audit. This obligation applies to beneficiaries who are a public administration body according to the Financial Control Act, i.e. to beneficiaries who are:

- state organizational unit (SOU);
- contribution organization of the organizational component of the state (CO of SOU);
- territorial self-governing unit;
- contribution organization of the territorial self-governing unit;
- a legal entity carrying out the activities of schools and school facilities established by a territorial self-governing unit or SOU;
- public or state university;
- public research organization (RDI).

7.2.1.2. Payment Application

Along with the implementation report, the beneficiary also submits a PA, which contains an accounting of the expenditure associated with the implementation of the activities described in the PIR. The extension of the deadline for submitting a PA is governed by the same procedures as for PIR.

Requests for payment submitted with an interim implementation report are marked as **interim payment applications** (PA), a payment request submitted with the last implementation report is marked as a **final payment application** (FPA).

Submission of PA according to the method of financing the project

¹³¹ Not relevant for beneficiaries of simplified projects.

For ex-ante financing, the beneficiary submits a statement of funds pre-financed as part of advance payments in PA. Part of the PA in the case of ex-ante financing is also the requirement to reimburse another advance payment. In the case that all funds from the **national budget designated for the implementation of the project were transferred to the beneficiary** the beneficiary will submit the PA, which must only contain the settlement of advance payments.

In the case of ex-post financing, the beneficiary submits in the PA the expenditure connected with the implementation of the project and paid from his own resources, supported by accounting, tax and other documents, together with a request for their reimbursement.

For the combined payments the beneficiary submits paid expenditure, both the paid and unpaid costs in the PA (see ch. 5.10.3).

PA administration

After the approval of PA from the MA side, the payment (or in the case of ex-ante financing, the payment of the further advance payment) is made no later than within **10 business days**¹³² from approval by the MA.

If the beneficiary is not able to prove the expenditure that he submits in the PA (i.e. for individual and system projects, to document all tax, accounting and other documents for direct expenditure or expenditure reported using one of the simplified reporting methods), this expenditure can be excluded from the ŽOP by the beneficiary. The beneficiary informs the MA about the expenditure excluded in this way as part of the settlement of the call for adjustment of PIR / PA. This exempt expenditure are not ineligible and are not marked as ineligible. In such a case, the beneficiary may submit these additionally documented expenditure within the following PA. If the beneficiary does not submit this exempted expenditure to FPA at the latest, the beneficiary can no longer request reimbursement.

If the MA discovers that the beneficiary has committed a violation of the conditions under which the grant was granted, the MA will evaluate the expenditure in question as ineligible (see ch. 10 for details).

If it is necessary to request the opinion of other authorities during the review of documents for PIR / PA (and it is not possible to exclude expenditure from the submitted PA), the period of 40 business days for the administration of the given PIR / PA is suspended for the necessary time. Similarly, deadlines are paused in the case of the application of the following paragraph.

If the MA, within the framework of the PA administration, suspects that there has been a breach of budgetary discipline according to the budgetary rules, which was not resolved by the application of Section 14e or 14f of the budgetary rules, a criminal offense related to an operation co-financed from the EU budget, or an administrative offense by the contracting authority or supplier in the sense of the PPA, the MA will forward the case to the competent authority for further investigation, i.e. the financial administration authority, the Police of the Czech Republic or the public prosecutor, OPC.

During the project implementation, the granting authority may propose an adjustment of the amount of advances for projects financed ex-ante. This occurs in the case:

where the MA during the administration of the PA identifies a significant difference between the amounts paid by the granting authority for the stated project and the amounts that were settled by the beneficiary from these advance payments; The total sum of advances provided beyond the framework of the approved settlement must not exceed 30 % of the total eligible expenditure of the project.

¹³² With the exception of the beginning of the calendar year.

- when, at the same time, the beneficiary does not submit the financial plan for the settlement of further monitoring periods that correspond to the demand to pay the requested amount of the advance payment within the stated PA;
- The MA, in cooperation with the beneficiary, will prepare a proposal for adjusting the amount of advances, taking into account the billing plan and the schedule of planned project activities in the next reporting periods.

The beneficiary is subsequently informed about the approval of the adjustment of the amount of advances via an internal dispatch in IS KP21+. At the same time, the beneficiary must notify the granting authority no later than by the deadline for the submission of the further PA of the change to the financial plan through the change proceedings in the IS KP21+.

The return of unused financial funds during the implementation of the project

During the implementation of the project, the beneficiary can **return unused funds that were sent to him in the form of advance payments within one calendar year**. Due to this reason the MA through the internal dispatch in the IS KP21+ calls the beneficiary, as a rule by the 15 February, in the given calendar year to return any unused financial funds, which were pre-financed to the beneficiary in the stated year. At the same time, it must be valid that it concerns financial funds that the beneficiary will not use up to the end of the respective calendar year. If the funds are provided in the SGEI regime, it is further checked whether there has been an excessive compensatory payment and, if so, the beneficiary **is obliged** to return such funds (see ch. 7.6.4 for more details).

Note: It is essential that the beneficiary returns the funds in the calendar year in which they were received. As a rule, funds returned in the following calendar year cannot be paid out to the beneficiary again (this applies in particular to beneficiaries subject to wage regulation limits).

In the event of a refund of unused funds, the beneficiary shall send the provider an internal dispatch **notifying of the refund preferably 5 business days in advance, but at least 1 business day before the funds are sent to the granting authority account**. For easier registration, the beneficiary shall state the variable symbol project registration number in the notice as a mandatory item (the last ten digits of the project registration number shall be specified as the variable symbol). Funds must be credited to the granting authority account no later than the deadline set by the granting authority.

PA issued from the MA level

In the cases listed below, it is possible to establish a PA not from the level of the beneficiary, but from the level of the MA. These are cases where:

- PA is formally issued upon payment **of the first advance payment** in the case of ex-ante payments, or
- a so-called **additional PA** is formally issued - as part of control and management activities, the MA reduces the amount of expenditure presented in the PA and thus approves it. The beneficiary submits comments, and the MA after assessing the comments (on the basis of which the circumstances that led to the reduction of this expenditure will change) does not consider this previously reduced expenditure to be ineligible. The project administrator issues the **so-called additional PA** in CSSF21+, or
- PA is formally issued as part of the administration of the **return of unused funds in a given year**, which were pre-financed in the same year; PA is issued in CSSF21+ by the project administrator.

In addition to the above-mentioned cases, the MA is allowed to issue PA from its level only if a specific range of cases has been consulted in advance and approved by the Paying Authority.

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7.2.2. INFORMATION ON THE PROJECT

Information about the project is used to monitor and evaluate the progress of work on the approved project, in the period from the issuance of the PA to the submission of the first PIR and in the period between the submission of other interim and final PIR.

IoP is not a standard part of the report schedule. This is an additional tool to PIR, which the MA can use in the framework of managing and coordinating the implementation of the programme and individual projects. The MA may request the beneficiary to submit an IoP at any time during the implementation of the project, from the moment it identifies any fundamental deficiencies in the project or threats preventing the smooth implementation of the project's activities. Part of the invitation to submit the IoP by the MA must include a specific **frequency/period**, and the **deadline by which the IoP is to be submitted**, including preliminary information on the period for which this report will be required from the beneficiary, and on the basis of which facts the submission of this report is required.

The beneficiary submits information about the project **with all necessary attachments**. The IoP **does not include a PA**.

7.2.3. PROJECT SUSTAINABILITY REPORT

The project sustainability report is used for monitoring and evaluation of the fulfilment of the conditions for ensuring the sustainability of the project set out in the legal act. The obligation to submit a report on the sustainability of the project may be set out in the announced call / documentation related to the call and in the legal act on grant award / transfer.

The project sustainability reports submitted during the sustainability period are designated as **interim project sustainability reports (PSR)**, the last sustainability report is designated as **the final project sustainability report (FPSR)**.

The beneficiary submits a project sustainability report with all necessary attachments. The PSR / FPSR does not include a PA.

The sustainability period for the project is set by the MA in the announced call, or in the follow-up documentation for the call and subsequently in the legal act.

The length of the reporting period for the submission of the sustainability report, unless the call / follow-up documentation for the call stipulates otherwise, is as follows:

- The first reporting period (1st PSR) – from the day of the beginning¹³³ of the sustainability period for 12 months.
- The next reporting period (2nd to nth PSR) – the period from the day following the end of the previous reporting period for a period of 12 months.
- Last reporting period (FPSR) – the period from the day following the end of the penultimate reporting period to the end of sustainability.

Deadline for submission¹³⁴ of the sustainability report, unless the call / follow-up documentation for the call states otherwise, is as follows:

- PSR – 10 business days after the end of the reporting period¹³⁵.

¹³³ The start of the sustainability period is stated in the Rules for applicants and beneficiaries – specific part, in ch. 7.10.

¹³⁴ Submission of the next project sustainability report is only possible after the approval of the previous report.

¹³⁵ The period begins to run from the first business day following the last day of the reporting period.

- FPSR – 10 business days after the end of the last reporting period, i.e. after the end of the sustainability period of the project¹³⁶.

Additional information to project sustainability reports

Project information provided in the PSR / FPSR outside the project change procedure

Information about the project are facts that do not change the legal act on grant award / transfer, including its annexes (especially the Basic project parameters) or the data in MS2021+. These are facts that do not affect the indicators, do not change the project partners, the activities implemented in the sustainability of the project, the outputs/products of the project. Such information is provided by the beneficiary directly in the PSR or FPSR. In case of doubt as to whether it is a change to the project or information about the project, it is considered to be a change to the project and the procedure is followed according to ch. 7.4.

Facts reported by the beneficiary in the project sustainability report:

- a change in the partnership contract of the beneficiary with the partner having the character of a non-significant change;
- changes in external circumstances when it is not possible to fulfil the original commitment (for example, during the development of new technologies, the beneficiary will not train using outdated technological procedures, but innovated procedures or in the case of a change of legislation where it will be necessary to modify the content and the manner of training, etc.);

Overview of the economic use of supported capacities

In the case of a project supported outside the public support regime, and if the call / follow-up documentation for the call stipulates the obligation to prove the purely ancillary nature of the economic use of the supported infrastructure, the beneficiary/partner submits the financial contribution annually (with PSR or separately, but always by 31 July at the latest of the year following the reporting year) the form - *Overview of the economic use of supported capacities according to the Methodology of reporting economic activities in terms of State aid under PJAC* (available at www.opjak.cz), see also ch. 7.6.3 State aid of infrastructure in the field of R&D and education.

Recalculation of the financial gap

If the beneficiary was obliged to submit a calculation of the financial gap when submitting the grant application, he is obliged to recalculate the amount of the financial gap according to the actually achieved values of income and expenditure according to ch. 8.3.1 together with the submission of FPIR and FPSR.

Specific data items

In the sustainability report, the beneficiary states the values of specific data items determined by the call, or follow-up documentation for the call so that the listed records are current for the reporting period and the numerical data are cumulative¹³⁷.

7.3. MONITORING VISIT

A monitoring visit is a tool that can prevent mistakes in the project. The meaning of MV is usually a visit to the place of project implementation, when it is necessary to verify a certain fact that can

¹³⁶ The period begins to run from the first business day following the last day of the last reporting period, or after the last day of project sustainability.

¹³⁷ Detailed instructions for filling in specific data items are given in the IS KP21+ User Manual.

result from the implementation report, from the PA, or from the previous on-site inspection (implementation of corrective measures), or to verify the state in which the project finding and discussing ambiguities or problems that require consultation of the beneficiary with the MA.

Who performs MV	MV is carried out by the project administrator or other MA staff.
Notice of commencement of MV	The initiation of MV is notified to the controlled entity before its execution only if it does not reduce its effectiveness.
Method of performance of MV	<p>MV does not follow the rules for the performance of public administrative control according to the control regulation, i.e. it does not require the cooperation or presence of the applicant/beneficiary. The implementing employee/employees may not exercise any of the rights set forth in the inspection regulations to the inspector during the monitoring visit.</p> <p>MV does not replace an on-site inspection, according to Section 3(1) of the inspection regulations, it is an act preceding the inspection, the purpose of which is to provide the basis for assessing whether to start an inspection. The facts discovered during the MV can thus serve as a basis for control findings within the scope of the on-site inspection.</p>
Output from MV	The output from the MV is a record from the MV created in MS2021+ (Monitoring visit module), which describes the progress, findings and conclusions that resulted from the MV.

7.4. CHANGES TO THE PROJECT AND SUPPLEMENTATION OF THE PROJECT

The applicant/beneficiary informs the provider / MA about changes that occur between the submission of the grant application and the end date of the project implementation, or termination of the sustainability of the project (if stipulated by the call, or in the follow-up documentation for the call). Every change implemented must respect the conditions for the implementation of the project given by the call and the follow-up documentation for the call. The applicant/beneficiary makes the change through the change proceedings through the Request for Change in IS KP21+, in which he sufficiently describes and justifies the requested change. The beneficiary is always informed about the confirmation/approval/rejection of CR by the MA through an internal dispatch. The applicant/beneficiary or MA can submit or also download the request for a change.¹³⁸

Changes not listed in the list of non-significant/significant changes below may be project information provided in PIR / FPIR (see ch. 7.2.1).

Other non-significant/significant changes (depending on the nature of the call) that are not listed below can be specified in the relevant Rules for applicants and beneficiaries - specific part.

The MA can also initiate the change, in which case the applicant/beneficiary will be informed by internal dispatch about the initiation of the change proceedings. The MA can limit the area in which the changes are to take place, so the applicant/beneficiary will only be able to edit certain data.

During the implementation of the project, a situation may arise when the beneficiary submits multiple requests for changes at the same time within one CR, and part of the change requests will

¹³⁸ Information on how to download a change request in the monitoring system is provided in the IS KP21+ user manual.

be approved and part rejected. Due to the fact that in MS2021+ it is not possible to partially reject and partially approve the CR at the same time, the CR in MS2021+ will be rejected as a whole by the MA. The beneficiary then submits a new CR, in which, however, he only inserts the already approved change requests (so that these can be properly administered - approved in MS2021+). The content of such change requests must be identical to the approved part of the previous CR rejected in MS2021+. Analogously, this stated procedure also applies to cases where the CR is rejected by the MA in MS2021+, the beneficiary submits comments against this rejection and these will be considered justified (the change should have been approved). In such a case, the beneficiary submits a CR again (with the same content as the previously rejected CR) and it will be further administered.

The changes are distinguished as follows:

Non-significant changes – changes that can be made by the beneficiary without the previous consent of the MA¹³⁹;

Significant changes – changes where the approval of the MA is necessary for their inclusion in the project, significant changes are further divided into:

Significant changes (substantial) – these are changes that change certain facts of the project, but respect the essential conditions laid down in the text of the legal act on grant award / transfer, for the implementation of which the consent of the MA is sufficient without the need to change the text of the legal act on grant award / transfer, including appendices Basic project parameters;

Significant changes constituting a change of the legal act on grant award / transfer – these are such changes that have an impact on the fulfilment of obligations arising from the legal act on grant award / transfer, including the Basic project parameters annex.

The MA recommends applicants/beneficiaries to consult the nature and content of the changes with the MA well in advance. The MA decides on the classification of the change, whether it is a non-significant or a significant change (while the final assessment of the significance of the change can only be determined by the MA after the submission of the CR in MS2021+). In the case of any doubt about the type of change, it is regarded that it concerns a significant change. Confirmation/approval of the change request by the MA does not automatically establish the eligibility of the expenditure realized on the basis of the change made. Eligibility will be assessed by the MA only on the basis of the submission of relevant documents within the relevant PIR / FPIR / PA / FPA.

In the event that non-significant/significant changes fall within the reporting period of the PIR / PA, the MA recommends the beneficiary to notify these changes in sufficient time in advance, so that they are confirmed by the MA even before the establishment of the PIR / PA in IS KP21+. Otherwise, the beneficiary runs the risk that the change will not be mentioned in the PIR / PA and the expenditure associated with this change will not be able to be submitted within the currently submitted PIR / PA.

General rules for making changes:

- The changes implemented must not lead to a change in the purpose of the grant.
- Changes must respect the limits set by the call/follow-up documentation for the call.
- Changes to the budget can only be carried out with regard to the rules defined in the call / follow-up documentation for the call - Czech or EU legislation.
- For changes, the conditions stipulated in the legal act on grant award / transfer must be respected, including the Basic project parameters annex.

¹³⁹ In MS2021+, however, it is necessary to carry out so-called approval.

- Budget chapter means the summary part of the budget (e.g. travel allowances) also listed in the Basic project parameters appendix, budget item means its part (e.g. per diems).
- It is not possible to transfer funds between direct expenditure and lump-sum costs, if the call, or the follow-up documentation for the call does not stipulate otherwise¹⁴⁰.
- It is not possible to transfer funds from investment to non-investment (or vice versa) that were paid in the form of advance payments in the past years of project implementation.
- The names of budget items cannot be renamed during project implementation.
- In the case of workers for whom the wage / salary / remuneration rate from ISPV agreements was set in the grant application, it is not possible to determine costs per employee in the form of a unit cost - expert team - during the implementation of the project.
- The beneficiary is not entitled to transfer the funds allocated in the item "Reserve for personnel expenditure" to other budget items than items related to personnel expenditure (if they are not used, the funds will be returned through a refund according to ch. 7.9).
- Funds allocated to lump sums intended for the administrative team according to ch. 5.9.1 (method of determining the unit rate b1)) the beneficiary is not entitled to transfer to other budget items.
- The total eligible expenditure of the project cannot be increased.
- In the event that the project uses simplified reporting in the form of flat-rate costs, it is not possible to increase budget items from which the amount of flat-rate costs is determined using a flat-rate, if this would also result in an increase in the total eligible expenditure of the project.
- It is not possible to include in the budget an item that was completely removed based on the evaluation of the project by the evaluation/selection committee through a change request.
- It is not possible to make changes to the commitment proposed by the evaluation/selection committee based on the project evaluation (does not apply to budget changes with the exception of the changes in the point above).¹⁴¹
- It is not possible to make changes that will change the location of the project implementation with an impact on the proportions of the project's funding sources.
- If the call, or the follow-up documentation for the call established the obligation to submit a recalculation of the financial gap, but the applicant did not have to process the recalculation of the financial gap, because the project did not reach the limits for submitting the financial gap, then this beneficiary cannot make such budget changes during implementation that would lead to the project reaching the limits for the processing of the financial gap (e.g. such a shift in the budget that would increase investment expenditure to more than 50% of total eligible expenditure is not possible).
- The contractual transfer of rights and obligations resulting from the legal act on grant award / transfer cannot be accepted (with the exception of the transfer of rights and obligations according to Section 14a-14da of the budgetary rules).
- A change of applicant/beneficiary is only possible if the new entity meets the conditions of the call, or follow-up documentation for the call and legislation allows the change to be made (e.g.

¹⁴⁰ However, a change in the amount of flat-rate costs caused by recalculation during transfers within direct expenditure is not understood as a transfer between direct expenditure and flat-rate expenditure.

¹⁴¹ These are reservations of the evaluation/selection committee, e.g. about indicators, activities, see ch. 6.3. Changes to obligations are only possible in extremely exceptional cases where the beneficiary could not influence the development of the situation (e.g. force majeure). This change in obligations must be properly justified, and the beneficiary is obliged to prove any force majeure. (These changes in commitments will in certain cases be reflected in a corresponding reduction in the total eligible expenditure of the project).

Section 14a – 14d para. 3, Section 14da of the budgetary rules). The change can only be approved after it is documented that the successor entity meets all the conditions and enters into all the rights and obligations of the original entity.

Returning the application for change or amendment

In the case that the application is returned to the beneficiary for completion, correction or addition, the MA will always define the full list of defects to the application for change. The beneficiary must settle the comments sent and submit the amended application for change within the deadline stated in the MA. The MA states the deadline as 5 business days however, depending on the character and the scope of the defects, a shorter or longer period may be stated.¹⁴²

Changes before the issuance of the legal act on grant award / transfer

From the submission of the grant application until the issuance of a legal act on grant award / transfer, the applicant is not entitled to make changes in the grant application at will. This does not affect his obligation to notify the MA of any changes to his contact details, nor his obligation to remove defects in the application, to provide documents or data necessary for the issuance of a legal act, or to modify the application on the recommendation of the MA according to Section 14k of the budgetary rules within the deadline set by the MA. Modifications to the application before the issuance of the legal act will be carried out by returning the application for addition, or in the form of a request for change, if it is not possible to do so in the form of a return of the request for completion.

In the event that the grant application is recommended for funding with reservation, the applicant is informed of this fact via an internal dispatch and invited to modify the grant application. The MA subsequently checks the amended and supplemented data.

The applicant can submit a CR before issuing a legal act on grant award / transfer due to a change in the beneficiary's identification or contact details, through IS KP21+. In such a case, the applicant proceeds similarly to the changes made during the implementation of the project.

7.4.1. NON-SIGNIFICANT CHANGES IN THE PROJECT

These are changes in the project that do not require the prior approval of the MA. The beneficiary submits the CR through the change proceedings in IS KP21+, the MA takes note of this change (however, it also assesses it) and confirms it in MS2021+. The beneficiary announces non-significant changes on an ongoing basis (including sufficient justification of the requested change - if relevant).

The confirmation of the non-significant changes by the MA automatically does not establish the eligibility of expenditure spent on the basis of the non-significant change made. Eligibility will only be assessed based on the submission of relevant documents within the relevant PIR / FPIR / IoP / FPA.

Effective date of non-significant changes

The effective date of non-significant changes is proposed and entered into IS KP21+ by the beneficiary. This effective date can be entered in the past, but at the earliest to the date of the start of the project implementation.

¹⁴² If the beneficiary cannot meet the deadline for finalizing, correcting or supplementing the CR due to special considerations, the beneficiary can request an extension of this deadline via an internal dispatch. The MA assesses the relevance of the sent justification and informs the beneficiary through an internal dispatch about whether or not his application has been granted. If the application is granted, the MA sets an extended deadline for the beneficiary to finalize, correct or supplement the CR.

7.4.1.1. Non-significant material changes

- Beneficiary's **name change**.¹⁴³
- **Change of beneficiary's address**.¹⁴⁴
- **Change in the legal form of the beneficiary by law**,¹⁴⁵ when its legal form changes from a certain date.¹⁴⁶
- **Change of the statutory body/person** authorised to act on behalf of the beneficiary. The beneficiary is obliged to send a notice of change of representative of the statutory body without undue delay (standard within 5 business days) together with the documents that prove this change (i.e. a document proving a change in the statutory body/person authorized to act on behalf of the beneficiary, a declaration of integrity).
- **Change of beneficiary's contact details** - beneficiary's contact person, phone number, e-mail, address for delivery of documents, etc.
- **A change in the beneficiary's contract with the partner** that is of the nature of an immaterial change, such as a change in the name or address of the partner.
- **Change in VAT payer status**.
- **Change in the location of the project implementation** - provided that there is no change in the ratio of the project's funding sources.
- **Failure to submit the last interim PIR** and the preparation of only the FPIR including the final IoP (together with the adjustment of the financial plan) in the event that the reporting period for the FPIR lasts less than 3 months.
- **Merging of two reporting periods for submission of PIR / PA** in the event of an obstacle on the part of the MA, which does not allow the beneficiary to submit more consecutive PIR / PA in due time according to the financial plan of the project (part of this change is the adjustment of the financial plan);
- **Change to the bank account of the beneficiary**¹⁴⁷ – the intention to change the bank account/sub-account must be notified in advance by the beneficiary to the granting authority. As part of the CR, the beneficiary then documents an officially certified copy of the contract on the establishment of a bank account or a form of financial identification. The beneficiary is obliged to transfer all P JAC funds intended for the implementation of the project from the beneficiary's original bank account to the beneficiary's new bank account. If the provider does not set another deadline, the beneficiary will transfer the funds no later than 10 business days from the date of approval of the CR. The change of account must be reflected in the subsequent requests for payment. In the case that the change of the bank is enforced by concluding the bank operations of the bank where the original bank account of the beneficiary was opened, the beneficiary is to immediately send within 5 business days to the granting authority the notification of the change of account, which must include a copy of the contract on the opening of the new account or a printed form of financial identification along with the document on the transfer of financial funds from the original bank account to the new bank account.

¹⁴³ The new identification data will be provided in the next Decision on the Amendment of the legal act on grant award / transfer.

¹⁴⁴ The new identification data will be provided in the next Decision on the Amendment of the legal act on grant award / transfer.

¹⁴⁵ The new identification data will be provided in the next Decision on the Amendment of the legal act on grant award / transfer.

¹⁴⁶ E.g. from a public benefit company to a registered institution according to the Civil Code. At the same time, the granting authority will verify whether the beneficiary still meets the eligibility conditions of the applicant/beneficiary established by the call (or follow-up documentation for the call) and the legal act on grant award / transfer.

¹⁴⁷ The new bank account number will be indicated in the next decision on the amendment of the legal act on grant award / transfer.

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- **Change of founder/county flow account¹⁴⁸.**
- **Change of a specific data item** during the implementation of the project - if the call, or the follow-up documentation for the call stipulates the obligation to report these items in the project.
- **An increase in the target value of the indicator that is required to be fulfilled** (does not apply to a change before the issuance of a legal act on grant award / transfer, when an increase in the target value is recommended by the evaluation/selection committee), unless otherwise stipulated in the RFAB.
- **Change in the boundary for long-term tangible/intangible assets** in the organization of the beneficiary / partner with a financial contribution (relevant for beneficiaries / partners with a financial contribution whose accounting is governed by Decree No. 500/2002 Coll., on the implementation of the Act on Accounting for Entrepreneurs or the Decree No. 504/2002 Coll., to implement the Act on Accounting for Non-Business Entities) – the beneficiary documents a copy of the updated accounting directive of the beneficiary / partner with a financial contribution, which will show the new boundaries for long-term tangible/intangible assets. This change may trigger the need for further adjustments in the area of investment/non-investment expenditure, which are governed by ch. 7.4.2.
- **Change of construction-technical character¹⁴⁹** (reduction of expenditure, but it can also be an increase¹⁵⁰ of expenditure, if the quality or scope will be increased, i.e. it can also be additional work that was objectively unforeseeable), which:
 - does not have a negative impact on the scope and useful properties of the building (or additions or building modifications),
 - does not cause deterioration of technical parameters of used materials.
- **Change of the building–technical character caused by external factors** (leading to an increase¹⁵¹ or reduction in the expenditure), which could not be predicted even with due care.
- **Other changes** that do not affect the achievement of indicators and the fulfilment of the project objectives.

7.4.1.2. Non-significant changes of a financial character

- **The transfer of funds between items within individual budget chapters** can be carried out without restrictions, with the exception of transfers of funds related to the Personnel expenditure chapter (see below). Drawing from the adjusted item is only possible after approval of the change by the MA in the system, as, for example, drawing from non-existent items is not possible.
- **Transfer of funds between individual budget chapters** – funds can be transferred between individual budget chapters up to 15% of the volume of eligible expenditure of the budget chapter (always calculated in relation to the current budget specified in the Basic project parameters), from/to which the funds are transferred.

¹⁴⁸ The founder's new flow account number will be indicated in the next decision on the decision on the amendment of the legal act on grant award / transfer.

¹⁴⁹ It is documented by means of the Technical sheet of the change, a sample is available at www.opjak.cz.

¹⁵⁰ This provision is without prejudice to the obligations related to the PE arising from the applicable legislation and methodological P JAC documents.

¹⁵¹ This provision is without prejudice to the obligations related to the PE arising from the applicable legislation and methodological P JAC documents.

- **Creation of a new item or cancellation of a budget item** (with the exception of items whose creation is a materially significant change according to ch. 7.4.2.) - by transferring funds within the chapter or by transferring funds as part of non-significant changes. Cancellation (zeroing) or creation of an item can only be done under the condition that the approved activities according to the PA are maintained. When adding a new item to the project budget, the beneficiary proceeds in accordance with ch. 5.9.1.
- **Modification of the financial plan** – transfer of the amounts of the required advance payment / billing between individual periods of the financial plan; in the event that financial milestones are applied to the project, it is necessary to take into account the rules for changing these milestones at the same time - see ch. 6.6.
- **Transfer of saved funds** to the "Unused funds" item (separately within each specific goal) (see ch. 5.9.1 for details).¹⁵²

Restrictions on making non-significant changes in the Personnel expenditure chapter

Through non-significant changes with an impact on the budget, only the following can be done in the chapter / items of the chapter **Personnel expenditure for personnel expenditure determined according to the ISPV**:

- **a change in the form of an employment relationship** (e.g. from CoS to CfW), provided that the unit price of the newly created item is at most at the amount of the approved unit price of the item from which the change takes place;
- **changes caused by bonuses for work during Saturdays, Sundays and holidays**, which are eligible (justified) and with their payment there will be the exceeding of budgetary expenditure of the items in this chapter;
- **creation of a new work position**;
- **unit rate reduction**;
- **increase or decrease of the workload for the existing position** (the approved unit price must not be exceeded, the units must be recalculated);
- **creation/increase of an item for expenditure that the beneficiary is obliged to pay by law** (e.g. contributions to social and health insurance, CSNF, statutory liability insurance - included in the budget item "Other mandatory expenditure", etc.);
- **Change of worker to a position where the rate was set in the form of unit cost - expert team**, in the event that a new worker in this position has a rate set according to ISPV (funds are transferred to the chapter "Direct personnel expenditure determined according to ISPV").

By means of non-significant changes with an impact on the budget, it is possible in the chapter / items of the chapter of **Personnel expenditure determined in the form of unit costs - the expert team** to carry out only:

- **unit rate reduction**;
- **reduction or increase in the number of units** (e.g. due to an increase or decrease in the tenure of an existing position);
- **a change of worker at a position where the rate was, and will continue to be, set in the form of a unit cost** – this is a fact when a worker will be employed in a position for which a rate in the form of a unit charge has already been set; a new budget item will be created;

¹⁵² Applies only to projects with unit costs.

- **change of form of employment relationship** (e.g. from employment contract for CfW and vice versa)

It is advisable to carry out the above-mentioned non-significant changes through change proceedings once per reporting period before submitting the PIR / PA.

For contributory organizations with established binding budget indicators¹⁵³ any budget changes in the Personnel expenditure chapter that cause a shift between the limit values are considered significant changes.

7.4.2. SIGNIFICANT CHANGES IN THE PROJECT

Significant changes are changes that fundamentally change the parameters and content of the project, but must not change the purpose of the grant. All significant changes to the project establish the obligation of the beneficiary to submit a request for change through the change proceedings in IS KP21+, including sufficient justification for the requested change. This change request requires assessment (approval or rejection) by the MA.

It is desirable that a request for a significant change, which changes the parameters and content of the project at the time of project implementation (not the sustainability of the project), is submitted to the provider / MA **no later than 40 business days** before the end date of the project implementation. In the case of a shorter deadline for submitting such a request for change, proper justification for non-compliance with the deadline must be submitted. If there is an act of force majeure that makes it impossible for the beneficiary to comply with this deadline, the provider / MA will allow a shorter deadline for submitting a request for a significant change, i.e. the beneficiary in such a case can submit a request for a significant change up to the day before the end of the project implementation, while the request must contain the justification for non-compliance with the deadline.

Effective date of material changes

The approval of a significant change is governed by its substantive assessment. It means that there is no limitation for the approval of the change if it occurred before the change request was submitted. The effective date of significant changes is proposed and entered into IS KP21+ of the beneficiary, it is possible to enter it in the past, but at the earliest the date of the start of project implementation. **However, it is possible for the beneficiary to claim expenditure associated with a significant change in PA only after the change has been approved, or after the acquisition of legal force of the decision on the change of the legal act on grant award / transfer.**

In the event that the expenditure are presented in the PA and the relevant change is not approved, it will be possible to remove them from the PA, request a change and then subsequently include them in the PA again. However, if the expenditure is approved in PA before the change is approved, it will be an irregularity. In this case, after the approval of the change, only expenditure that have not yet been submitted in the PA will be eligible. Expenditure submitted in the PA and approved before the change is approved cannot be reapplied in subsequent PAs.

7.4.2.1. Significant changes constituting a change of the legal act on grant award / transfer

Changes in the legal act on grant award / transfer, including changes in the Basic project parameters annex, can only be made on the basis of the CR, which the beneficiary applies for in IS KP21+ (it can

¹⁵³ The organizations are listed in the tabular part of the resolution of the Government of the Czech Republic on the state budget, as amended.

also be initiated by the MA), under the conditions set out in Section 14(o) of the budgetary rules. In particular, these are the following changes:

- **Change in the name** of the project.
- **Changing the date of the start and/or end of the physical implementation of the project** - an earlier end of the project implementation is possible only on the condition that the beneficiary achieves the planned outputs, products and results of the project despite the earlier end of the project, or the purpose of the subsidy.
- **A change requiring the consent of the granting authority in accordance with Section 14a of the budgetary rules** (the beneficiary participates in the merger, merger and division of school legal entities, or the merger, division or transfer of assets to a partner, whereby the beneficiary ceases to exist), **or in accordance with Section 14da of the budgetary rules** (when the purchase of a commercial plant should result in the transfer of rights and obligations from the Grant Award Decision to the buyer).
- **Decrease in the total eligible expenditure** and related change to the financial plan.
- **A change in the amount of the financial milestone** is possible if more than 6 months remain until the end of the period for which the financial milestone is set.
- **A change in the amount or deadline for meeting a financial milestone**, if there are less than 6 months left until the end of the period for which the financial milestone is set, is possible only in the following cases:
 - the beneficiary submits PIR / PA at an earlier date;
 - the beneficiary requests a change in the project implementation period;
 - the beneficiary requests a reduction of the total eligible expenditure of the project budget (in this case, **only a** change in the amount of the financial milestone is possible);
 - in case of proven force majeure.
 - Along with the change in financial milestones, the beneficiary is obliged to submit **a change in the financial plan**.
- **Transfer of financial funds between investment items and non-investment expenditure**, or other changes in the budget resulting in a mutual change in the total level of investment and non-investment funds and the related change to the financial plan.

In the event that all funds (investment or non-investment) have already been paid out in the form of advance payments, the change in the transfer of funds between the items of investment and non-investment expenditure can only be made if the payment of the advance and the change are made in the same calendar year, procedure and deadlines for implementation changes see ch. 7.2.1.2, part Return of unused funds during project implementation.
- **Transfer of funds between budget chapters exceeding 15% of the volume of eligible expenditure of the budget chapter** from/to which the funds are transferred (always calculated in relation to the current budget specified in the Basic Project Parameters).
- **Change of partner with financial contribution** to change of partner without financial contribution and vice versa.
- **Increase of the first advance payment** – an increase is only possible up to the maximum amount specified in the call/subsequent documentation for the call.
- **Reduction of the target value of the mandatory indicator**.

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- **Adding an indicator** (possible only within the indicators defined in the relevant call, or in the follow-up documentation for the call); cancellation of the mandatory indicator is not possible.
- **Withdrawal/change of partner** during the implementation of the project and/or involvement of a new/transformed partner in the project during the implementation of the project - in sufficiently justified cases, it is possible to involve a new partner in the project who was not mentioned in the grant application (e.g. if transformation occurs partner entity and the creation of a successor organization or to exchange a partner for another partner). During these changes, the principles of partnership mentioned in ch. 5.4, the new/transformed or replaced partner must be an authorized partner according to the call, or follow-up documentation for the call and the beneficiary's duties and obligations for the project as a whole must be preserved.
- **Non-publication of the product in the Database of products** co-financed from EU funds; part of the application is the justification for the non-disclosure of the product (it applies only to those products for which the exceptions listed in ch. 7.9.3 cannot be used).
- **Licensing the product with a different type of license than the one listed in the RfAB / follow-up documentation for the call / PA**; part of the change request is the justification why no allowable license can be used and the justification for choosing the license to be used.
- **Adoption of a new version of the RfAB** or adoption of a methodological letter on the RfAB.

In the case of a significant change in the budget, items in the new valid budget are taken into consideration for which a significant change was made and all items related to the significant change that were affected by a non-significant change.

7.4.2.2. Significant changes (substantial)

- **Change in the legal form of the beneficiary other than** changing the legal form of the beneficiary by law¹⁵⁴, when the Beneficiary's legal entity does not cease to exist, nor does its assets pass to a legal successor¹⁵⁵; a change in the beneficiary's legal form is permissible if the eligibility conditions of the applicant/beneficiary determined by the call (or accompanying documentation to the call) and the legal act on grant award / transfer continue to be met.
- **A change in the internal legal conditions of a beneficiary** (property, decision-making, etc. structure) who participates in the merger, amalgamation and division of school legal entities according to the School Act, or a merger, division or transfer of assets to a partner according to the Act on Transformations of Business Companies and Cooperatives, while the beneficiary does not cease to exist, or if the beneficiary participates in the purchase of a business plant in accordance with the Civil Code, while there is no transfer of rights and obligations from the Grant Award Decision to the buyer.
- **Change of key/excellent employee**¹⁵⁶ (if the call requires proof of the worker's quality through a CV). A key/excellent project worker is a worker who, within the implementation team, is responsible for the fulfilment of some of the activities/stages of the project, and at the same time this worker must meet the expertise and qualification requirements defined in the announced call, or follow-up documentation for the call.
- **An increase in working hours beyond 1.0** for a member of the expert team - in exceptional and sufficiently justified cases, the number of hours worked by an employee for all entities involved

¹⁵⁴ The new identification data will be provided in the next Decision on the Amendment of the legal act on grant award / transfer.

¹⁵⁵ E.g. from a joint stock company to a limited liability company, or from a public company or limited partnership to a limited liability company pursuant to Section 360 et seq. of the Act on Conversions of Commercial Companies and Cooperatives.

¹⁵⁶ It also applies to the involvement of a new key/excellent worker in the project. A worker in a key/excellent position is considered a key/excellent worker.

in the implementation of the project can reach a total of up to 1.2 times the working time fund of the given month (for more see ch. 8.1.5)¹⁵⁷;

- **Rate increasing** during project implementation in the case of rates set for **administrative team** positions paid on the basis of a lump sum (see ch. 5.9.1, **b1**) - increase is only possible if the lump sum calculator (b1) is updated.
- **Increasing unit rates** during project implementation in the case of the rate set for **expert team** positions paid on the basis of the standard scale of unit costs (see ch. 5.9.1, **b2**)
- **Increase in the unit rate** in the Personnel expenditure budget chapter¹⁵⁸.

The request for an increase in unit rates must respect the development of wage rates / salaries / remunerations from agreements usual at the place and time.

The unit rate can be increased only if the currently valid unit rate for the given position has not been exceeded by more than 2% within the expenditure approved in the PA.

- **Increase of unit rates during the implementation of the project in the case of a rate set according to ISPV¹⁵⁹:**

The beneficiary must state the justification based on ISPV data (also state the source of the data, including the time period from which the data is based) or the relevant government regulation (in particular the Government Regulation on Salaries of Employees in Public Services and Administration as amended). The increase in the unit rate of a given position may not exceed the current values specified in the ISPV for the entire Czech Republic, the 1st semester or the whole year, for the 3rd quartile of the given job position.

For unit rates set for key or excellent employees, the beneficiary must provide justification so that the MA can verify that this is the rate customary in the place and time. The increase in the unit rate of a given position may not exceed the limit values specified in the ISPV for the entire Czech Republic, the 1st semester or the whole year, for the 9th decile of the given job position.

- **Increase of unit rates during the implementation of the project in the case of a rate determined individually¹⁶⁰:**

The beneficiary must provide a proper justification for the increase in the unit rates of wages / salaries / remunerations from the agreements and, where applicable, provide the MA with the necessary documents.

For rate increases (bullets above), the following generally applies:

- When the unit rate is increased, the beneficiary creates a new budget item (if MS21+ allows it), used for separate monitoring of expenditure with an increased unit rate and expenditure with the original rate.¹⁶¹
- To increase the rates of wages / salaries / rewards from the agreements, the beneficiary can use funds from the item "reserve for personnell expenditure", but first for the increase of rates to be used from the 25th month of project implementation. Increasing the rates of

¹⁵⁷ The obligation to apply for an exemption does not apply to members of the expert team who are also teachers or educators of schools and educational facilities as defined in Section 7 of the Education Act and/or academic staff as defined in Section 70 of the Act on Universities (see ch. 8.1.5.)

¹⁵⁸ An increase in the unit rate means an increase in remuneration while maintaining the amount of time/involvement of the worker.

¹⁵⁹ See ch. 5.9.1, point a1)

¹⁶⁰ See ch. 5.9.1, point a2)

¹⁶¹ Adherence to unit rates is then monitored separately, in the case of determination according to ISPV (see ch. 5.9.1, a1) and individually (see ch. 5.9.1, a2), both the originally approved unit rate and the newly approved increased rate must be observed on average unit rate - see chap. 8.1.5, B4.

wages / salaries / remunerations from agreements is also possible from other budget items (unless other rules for making changes prevent this).

- **Changes to the budget in the Personnel expenditure chapter** for organizations with established binding indicators¹⁶², which cause a shift between limit values. In the case that funds were paid according to the binding indicators in the form of advance payments, the change can only be made only in the case that the provision and the change are classified into the same calendar year.
- **Establishing a new advance payment** without accounting for expenditure beyond the scope of the advances specified in the financial plan.
- **Change of funds paid in advance** from investment to non-investment (or vice versa) before their use, if there is no change in the total amount of investment and non-investment funds in the project budget¹⁶³. This change can only be made if both the advance payment and the change are made in the same calendar year.
- **Creating a new budget item**, which will be a contextual contribution to the project.
- **Transfer of saved funds to a newly created budget item called "Unused funds"**¹⁶⁴ (separately within each specific objective).
- **Transfer of unused funds from the item "Unused funds"** to another item (separately within each specific goal).
- **Change of the reporting period for submission of PIR / PA** – shortening of the reporting period, extension of the reporting period (this is not a shortening or extension of the total project implementation time and the change must not negatively affect the financial milestones of the project; part of this change is the modification of the financial plan);
- **Change in the schedule of the construction-technical part** of the project or more significant technical changes to the project, for example:
 - increase or decrease in the usable area;
 - change of the eligibility index of common areas;
 - change of building permit or change of building before its completion according to the Building Act;
 - all other changes in the construction, in particular changes leading to a correction in the scope of the construction, worsening of the utility properties of the construction and the worsening of the parameters of the materials used;
- **Change of an employee who replaces another employee in a job position that was drawn through unit costs (expert team) determined in the manner b2.1).** The change request must always include:
 - completed Calculator of unit costs - employee costs (b2),

¹⁶² The organizations are listed in the tabular part of the Resolution of the Government of the Czech Republic on the state budget, as amended.

¹⁶³ The same applies to cases where a part of investment and/or non-investment funds has been paid out in the form of advance payments and the beneficiary requests an increase in investment items of the budget or non-investment items of the budget by an amount exceeding the unpaid amount of investment or non-investment funds (e.g. if the beneficiary requests an increase in investment items budget by CZK 500,000, but unpaid funds in direct non-investment items amount to only CZK 300,000, this change can be made in the required amount only if an advance payment of non-investment funds in the amount of at least CZK 200,000 was provided to the beneficiary in the current year in which the increase in the budget investment item is requested).

¹⁶⁴ It only applies to projects that contain unit costs, see ch. 8.2.2.

- outputs from payroll accounting for the period of 12 consecutive calendar months preceding the submission of the request for change, for each employee for whom the unit cost – hourly cost rate per employee is determined as part of the request for change,
 - reworked budget (unit costs are determined during project implementation in accordance with the same principles described in ch. 5.9.1, Unit costs - expert team - especially points a), b), c).
- **Change of an employee who replaces another employee in a job position that was drawn through unit costs (expert team) determined by method b2.2).**

7.4.3. CHANGES IN THE POST-PROJECT IMPLEMENTATION PERIOD AND IN THE PROJECT SUSTAINABILITY PERIOD

Just as during the implementation of the project, the beneficiary can also in the period after the completion of the project implementation and in the period of project sustainability (especially following the monitoring of the project during this period) identify the need for a change in the fulfilment of the obligations specified in the legal act, if sustainability is relevant for him.

In the period of project sustainability, it is possible to implement non-significant or significant changes to the project, provided that the goals and purpose of the project are respected. For changes during the sustainability period of the project, similar rules apply as for changes during the implementation of the project, and the beneficiary proceeds in the same way as during the implementation period, see ch. 7.4.1. and 7.4.2 RfAB.

Non-significant changes, or changes of a formal nature are not subject to prior approval by the MA and it is recommended to notify them immediately. **In particular, the following is considered to be an non-significant change during the sustainability period of the project:**

- change of beneficiary's name;¹⁶⁵
- change of address of the beneficiary's registered office;¹⁶⁶
- change in the legal form of the beneficiary;¹⁶⁷
- change of the representative of the statutory body;
- change of the beneficiary's contact details – the beneficiary's contact person, telephone number, e-mail, address for delivery of documents, etc.;
- change in the status of the VAT payer (if it affects the eligibility of expenditure).

Significant changes

The beneficiary is obliged to notify significant changes in the sustainability period of the project sufficiently in advance, so that they can be approved by the MA before the establishment of the relevant PSR in IS KP21+.

For a significant change establishing a change in the legal act on grant award / transfer¹⁶⁸ is considered:

- reduction of the target value of the indicator that must be fulfilled during the sustainability period of the project¹⁶⁹;

¹⁶⁵ The new identification data will be provided in the next Decision on the Amendment of the legal act on grant award / transfer.

¹⁶⁶ The new identification data will be provided in the next Decision on the Amendment of the legal act on grant award / transfer.

¹⁶⁷ The new identification data will be provided in the next Decision on the Amendment of the legal act on grant award / transfer.

¹⁶⁸ Changes that lead to the modification of the method of implementing the sustainability of the project, which is specified in the legal act or BPP.

- reduction of the total amount of eligible expenditure in the event of their non-expenditure within projects with de minimis aid;
- a change requiring the consent of the granting authority in accordance with Section 14a of the budgetary rules (the beneficiary participates in the merger, merger and division of school legal entities, or a merger, division or transfer of assets to a partner, whereby the beneficiary ceases to exist), or in accordance with Section 14da of the budgetary rules (when the purchase of a commercial plant should result in the transfer of rights and obligations from the Grant Award Decision to the buyer).

The following is considered a significant change:

- transfer of property to another entity during the sustainability of the project, if the original purpose of its acquisition is preserved and other conditions of project sustainability are met. The subject to which the assets are transferred may not obtain undue benefit from their ownership. If the subject were to receive an undue advantage, the beneficiary is obliged to return part of the grant in the amount of the purchase price of the property (in accordance with Article 71, paragraph 1 of the General Regulation);
- a change in the internal legal conditions of a beneficiary (property, decision-making, etc. structure) who participates in the merger, amalgamation and division of school legal entities according to the School Act, or a merger, division or transfer of assets to a partner according to the Act on Transformations of Business Companies and Cooperatives, while the beneficiary does not expire, or if the beneficiary participates in the purchase of a business plant in accordance with the Civil Code, while there is no transfer of rights and obligations from the Grant Award Decision to the buyer.
- replacement of a partner, resignation of a partner.

The approval of significant changes is governed by their substantive assessment. The change is effective on the date of approval by the MA/or the acquisition of legal force of the change to the legal act.

MA recommends the beneficiary of support to character¹⁷⁰ and the content of the changes were consulted in advance.

Changes that cannot be made:

- change in the ownership of property (equipment, investment) that was purchased from project funds, if the conditions of the provision of support result in the obligation to maintain the purchased equipment/equipment - it must remain in the ownership of the beneficiary, with the exception of a change of ownership between the beneficiary and partners with a financial contribution, if they are not the conditions for the provision of state aid or de minimis aid have been violated and with the exception of a possible change to the permitted amount in the case of significant changes;
- change in the purpose of the project.
- ending or shortening the sustainability period of the project.

¹⁶⁹ Achieving more than 100% of the indicator's target value during the project's sustainability period does not need to be addressed by change proceedings.

¹⁷⁰ Signifies a significant / non-significant change.

7.5. PUBLIC CONTRACTS AWARDING AND PUBLIC PROCUREMENT CONTROLS

The beneficiary/partner with a financial contribution is guided by the document Rules for public contracts awarding and public procurement controls published at www.opjak.cz when awarding public contracts and their documentation.

Contractors are obliged to proceed in accordance with this document, always according to the currently valid and effective version. If the public procurement was initiated before the date of entry into force of the current version of the RfPCAPPC¹⁷¹ according to the previous version of the RfPCAPPC, such a public procurement will be completed according to the version effective at the time of initiation of this procedure.

7.6. STATE AID AND TREATMENT OF ASSETS

7.6.1. INTRODUCTION TO STATE AID

State aid is generally prohibited

In accordance with Article 107(1) The Treaty on the functioning of the European Union (TFEU), any aid granted by a Member State or through State resources in any form whatsoever distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between EU Member States, be incompatible with the internal market and are prohibited unless otherwise provided by the TFEU.

Exceptions to the general prohibition of state aid

Measures that meet the conditions defined in directly applicable EU regulations are exempt from the general prohibition of state aid (e.g. **block exemptions - GBER, de minimis aid etc.**), or there is an exception for them in the form of a decision of the European Commission (**notification, services of general economic interest - SGEI**). We refer to the above aids (except for de minimis aid) as state aid compatible with the internal market. De minimis aid is not considered state aid because, due to its low amount, the EC considers that it does not have an impact on economic competition, nor does it affect trade between EU Member states. There is also no state aid in the case where the State acts by **exercising public power** (i.e. activities forms part of the essential functions of the State – e.g. police, army, etc.).

Both projects or activities constituting compatible state aid and projects or activities not constituting state aid can be supported within one call. The mode in which the aid is provided and the related relevant conditions are always stated in the call / follow-up documentation for the call.

Why address state aid?

The ill-advised provision of support from public resources can lead to a threat to economic competition, and for this reason it is strictly regulated in the EU. In case of provision of state aid incompatible with the internal market, the beneficiary of the aid is exposed to the risk of **recovering the aid**. If the European Commission takes a negative decision in the case of illegal support, the provider is obliged to recover the state aid, **including interest**.

¹⁷¹ Launching a tender means sending a call for tenders in the case of a closed call or publishing a notice in the case of an open call.

State aid is considered if the following 4 defining criteria are cumulatively fulfilled:

1. The aid is granted through public resources.

In the case of projects supported by P JAC, this criterion is always fulfilled.

2. The aid is favouring certain undertakings or business sectors and is selective.

An advantage represents a situation that would not occur under normal market conditions, and it already occurs when the aid reduces the costs that the beneficiary would have to bear from its budget under normal operation.

Given the fact that the aid from P JAC always represents an advantage that the beneficiary would not receive under normal market conditions, and the support is usually selective, as it is limited only to beneficiaries from P JAC, the examination of this feature is limited to assessing whether the beneficiary is an **undertaking** in terms of state aid rules:

Undertaking = any entity that is engaged in an economic activity, regardless of its legal status and the way in which it is financed.

Economic activity = any activity consisting in offering goods and/or services on a market.

Even **non-profitability** does not play a fundamental role in this case, and in certain cases non-profit entities and associations, as well as municipalities or regions, including their contributory organizations, can also be considered an undertaking in relation to the economic activities carried out, which can be separated from the performance public power.

The fact that a certain service is provided internally or its provision is not permitted to third parties does not exclude the existence of an economic activity if other operators were willing able to provide the particular service on the respective market.

An entity that carries out **both economic and non-economic activities** is to be regarded as an undertaking only with regard to economic activities and Article 107(1) TFEU shall not apply to the public financing of non-economic activities if it is possible to avoid cross-subsidisation of the economic activities. This requires that separate accounts for both types of activities are used, costs and revenues are allocated in an appropriate way. Evidence of due allocation of costs, funding and revenues can consist of e. g. annual financial statements of the relevant entity.

The mentioned **division of activities into economic and non-economic** according to the rules of state aid may differ from the division of activities in the sense of the relevant legal regulations of the Czech Republic (e.g. accounting regulations or the VAT Act) and it is not recommended to define economic activities only as activities that are listed as complementary/further/other according to relevant national legislation. Activities that can be considered economic can also be carried out within the main activities, and on the contrary, some complementary/other activities can include activities that are non-economic, and therefore a more detailed analysis of the specific activities performed is necessary.

3. Possible distortion of competition.

When assessing this feature, it is necessary to find out whether there is a market and (potential) competitors for the supported economic activity. In case the beneficiary carries out economic activity on a liberalized market, it can usually be presumed that the provision of aid will lead to a distortion of economic competition, as the aid may **improve the competitive position of the beneficiary compared to other undertakings with which it competes** (e.g. enable it to offer services at lower prices than competitors due to lower costs, will make it possible to introduce a more modern product, expand production, etc.). In order to accomplish this criterion, only the possibility of distortion of competition is sufficient, not its actual distortion.

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4. Possible effect on trade between EU member states.

If the advantage is granted to an undertaking active in a market which is open to competition, it is assumed that trade between EU member States may be affected. To fulfil this criterion it is sufficient to influence the trade between EU member states, not a factual influence on the trade exchange. Trade will be affected when the economic activity of the enterprise has a so-called **“cross-border effect”**, whether in the territorial sense (i.e. the activity going beyond the geographic boundaries of the Czech Republic) or in personal sense (i.e. the entities with the nationality of another EU member state participate or can participate in the competition on the relevant market or the customers come from other EU member states). Trade between member states may also be affected by the aid granted to the enterprise that provides only local or regional services and does not provide services outside the country of origin, if such services could be offered by the enterprises from other member states and unless such an option is only hypothetical. Trade between member States may also be affected in cases where the aid beneficiary does not export, but its competitors may have difficulty accessing the given market as a result of the aid enabling the beneficiary to maintain or increase its production.

Trade is less likely to be affected if the scale of economic activity is very small (e.g. very small turnover of the beneficiary) and the beneficiary operates only **locally (regionally)**, i.e. the beneficiary provides services in a limited territory of one Member State and is unlikely to attract customers from other member States and that it could not be foreseen that the measure would have more than a marginal effect on the conditions of cross-border investments or establishment.

The **examples of local measures** include e. g. sports and leisure facilities serving mostly for local users, cultural events, at which it is not likely to attract visitors from other member states, hospitals and health care facilities with the focus on local residents, information platform for tackling unemployment and social conflicts in a pre-defined and very small local area, etc.

With regard to the above, it is necessary to assess the nature of the goods and services, where they are provided and to which customers. The local character of the measure must always be examined in relation to a specific project or aid beneficiary and it needs to be justified.

More detailed information on state aid, including instructions on how to evaluate defining criteria, is available on the website of the **Office for the Protection of Competition**, which is a coordinating body in the field of state aid and its powers are defined by the Act on the Regulation of Certain Relations in the Field of State Aid (<https://www.uohs.cz/cs/verejna-podpora.html>).

7.6.2. STATE AID IN EDUCATION

Public education organized within the national education system, funded mainly from public funds and controlled by the state can, according to the practice of the European courts and in accordance with Article 2.5 of the Commission Notice on the notion of State aid referred to in Article 107 (1) of the TFEU (2016/C 262 /01), to be viewed as a non-economic activity. In principle, the non-economic nature of public education is not affected by the fact that pupils/students or their parents sometimes have to pay tuition or enrolment fees that contribute to the operating expenditure of the system, if such contributions cover only a fraction of the actual costs of the service, they cannot be understood as payment for the service provided and do not change the non-economic nature of the general education service, which is financed predominantly from public sources.¹⁷²

¹⁷² By establishing and maintaining such a public education system, which is usually financed from the public budget, and not by the pupils or their parents, the state does not intend to devote itself to the performance of activities for payment, but fulfills its mission towards the population in the social, cultural and educational fields.

However, public education services must be distinguished from services that are financed mainly by parents or pupils/students or by commercial revenues. Despite the fact that these services / educational activities are also offered by entities that are part of the public education system, these are services with which schools / educational facilities compete with other entities on the market (e.g. commercial language courses for the public) and which are usually considered economic activities due to their nature, the financing structure and the existence of competing private organizations.

The following cases are considered to be **economic activity** in accordance with state aid regulations,¹⁷³ regardless of whether the entire institution is mainly financed from public funds:

- (university) education financed in its entirety by students,¹⁷⁴
- educational services which, due to their nature, funding structure and the existence of competing private organizations, must be considered economic services,¹⁷⁵
- training of workers in the sense of the state aid rules for training support.¹⁷⁶

7.6.3. STATE AID FOR R&D AND EDUCATION INFRASTRUCTURE

Public financing of non-economic activities of a research organization, research infrastructure or public education does not constitute state aid according to Article 107(1) of the TFEU.

According to point 20 of the Framework for State Support of Research, Development and Innovation (2014/C 198/01), state financing of a research organization / research infrastructure may fall completely outside the scope of state aid rules, provided that its **economic use is purely ancillary**, i.e. it is an activity, which is directly related to the operation of the research organization or research infrastructure and is necessary for its operation or is intrinsically linked to its main non-economic use and which is limited in scope.

Similarly, according to point 207 of the Commission Notice on the notion of State aid, the financing of (educational) infrastructure that serves almost exclusively non-economic activities falls outside the scope of the rules of state aid in its entirety, if the **economic use of the supported infrastructure remains only ancillary**.

For the purposes of the Framework/Notice, according to the EC, this condition will be met where the economic activities consume exactly the same inputs (e.g. material, equipment, labour and fixed capital) as the non-economic activities and **the capacity allocated each year to such economic activities does not exceed 20% of the overall annual capacity of the relevant entity or given infrastructure**.

The obligation of the beneficiary (partner) supported outside the state aid regime to demonstrate the purely ancillary nature of economic activities is always stated in the call / follow-up documentation for the call.

For the purposes of **proving the purely ancillary nature of economic activities** in the sense of point 20 of the Framework and point 207 of the Notice, the beneficiary (or also on behalf of the project partners) submits to the Managing authority for each calendar year of the implementation and

¹⁷³ P JAC Managing authority reserves the right, if necessary, to modify the above list of educational activities that are considered economic, in case of the development of the decision-making practice of the Court of Justice or the European Commission.

¹⁷⁴ See point 30 of the Commission Notice on the notion of State aid referred to in Article 107 (1) of the Treaty on the Functioning of the European Union (2016/C 262/01).

¹⁷⁵ See point 30 of the Commission Notice on the notion of State aid referred to in Article 107 (1) of the Treaty on the Functioning of the European Union (2016/C 262/01).

¹⁷⁶ See point 19 letter a) first bullet of the Framework for State Support of Research, Development and Innovation (2014/C 198/01), note under line #4.

sustainability of the project (for each year separately, cannot be averaged over several years) a form - **An overview of the economic use of supported capacities**, together with the submitted report on the implementation/sustainability of the project or separately, but always **by 31. 07.** of the year following the reporting year at the latest.

The Beneficiary/partner proceeds in reporting in accordance with the **Methodology of reporting economic activities in terms of State aid under P JAC** (hereinafter referred to as the "Methodology"), available at www.opjak.cz. With regard to the wide spectrum of beneficiaries, different types of projects and the specific characteristics of individual projects and sectors, P JAC beneficiaries/partners are allowed to choose from several options for defining the relevant entity and methods for calculating the total capacity.¹⁷⁷

In the event that both economic and non-economic activities are performed at the level of the relevant entity, it is necessary to ensure **separate accounting records of costs and revenues associated with economic and non-economic activities**. The separation of economic and non-economic activities must be anchored in the basic internal regulations of the applicant/beneficiary/partner (statutes, articles of incorporation, etc.), no later than to the date of submission of the grant application. Evidence of due allocation of costs, funding and revenues can be, for example, the annual financial statements of the relevant entity, statements/outputs from the accounting system. In addition to the above-mentioned accounting separation, it is also recommended to carry out a de facto separation of economic and non-economic activities, especially through recording the use of individual inputs (e.g. keeping device logs, recording the use of individual areas, keeping timesheets, etc.). The aim of this monitoring is to provide the clear evidence of the share of economic activities and to avoid the possible presence of state aid. Samples of documents for recording individual inputs are available at www.opjak.cz.

The conditions of non-economic use of infrastructure supported outside the state aid regime (in accordance with the provisions of paragraph 20 of the Framework, respectively point 207 of the Notice) must be observed **throughout the lifetime/depreciation of the supported long-term asset**. In view of this fact, it is essential that the beneficiary, even after the end of the project's sustainability period, continues to monitor the share of the ancillary economic activity of the relevant entity **for at least 10 years from the granting of aid** (in the event that the useful life of the supported property is longer than 10 years) and in case there is a risk of exceeding the limit of possible ancillary economic use according to paragraph 20 of the Framework, or point 207 of the Notice, he immediately informed the Managing authority about this fact.

The following activities are generally considered to be **non-economic activities in the field of R&D&I** (according to point 19 of the Framework):

a) Primary activities of research organizations and infrastructures, mainly:

- Education with the aim of more and better skilled human resources. In line with the case-law and decisional practice of the Commission and according to the Notice, the public education organised within the national educational system, which is predominantly or entirely financed from the state resources and is controlled by the state. Education of the workforce in the sense of state aid rules for supporting the education cannot be considered non-economic research agencies primary activities.
- Independent R&D with the aim of gaining new knowledge and better understanding of the topic, including collaborative R&D, if the collaboration, in which the research organization / research infrastructure is involved, is effective.

¹⁷⁷ Details on the definition of the relevant entity, calculation of capacity and reporting of its use can be specified in more detail by the P JAC Managing authority (e.g. depending on the interpretation and decision-making practice of the EC and courts of law).

- Public dissemination of research results on non-exclusive and non-discriminatory basis, e.g. through teaching, open-access databases, publicly accessible publications or open software.
- b) Activities within knowledge transfer, if they are carried out by the research organization / infrastructure (including their departments or subsidiaries) or together with other similar entities or on their behalf and if all the profit from these activities is re-invested to primary research organization / infrastructure activities. Non-economic character of these activities is maintained even in the case of contracting the provision of the respective services to the third parties through an open procurement procedure.

Forms of cooperation between publicly funded research organizations and research infrastructures with undertakings

In general, it can be said that the cooperation of research organizations / research infrastructures with undertakings can take place on two basic levels, namely at the level of contractual research / research services and at the level of effective collaboration projects. In both of these cases, it is necessary to examine whether there is an advantage to undertakings involved in collaboration projects with publicly funded research organizations / research infrastructures (in the sense of Article 107, paragraph 1 of the TFEU).

If the conditions set forth in the Framework (Articles 2.2.1 and 2.2.2) are met, the undertaking may not gain an advantage and the undertaking thus is not provided indirect state aid. However, if the conditions set forth in the Articles 2.2.1 or 2.2.2 of the Framework are not met, the whole amount of the research organization / research infrastructure contribution will be considered an advantage for collaborative undertaking to which the state aid rules apply.

In case of effective collaboration the project costs can be borne in full extent by one or more parties and thus relieve other parties of their financial risks. If the conditions of the Article 2.2.2 of the Framework are met, the undertaking involved in the collaborative project is not considered recipient of indirect state aid. In the case that independent research activities and effective collaboration are implemented in the project, it is essential that the partnership contract between the research organization / research infrastructure and the undertaking stipulates the requirements of the relevant form of effective collaboration.

7.6.4. EXCEPTIONS THAT ALLOW STATE AID WITHOUT THE NEED FOR NOTIFICATION BY THE EC

Although Article 107(1) of the TFEU prohibits state aid in general, the relevant EU legislation makes available a relatively wide range of exceptions, thanks to which it is possible to provide state aid in accordance with EU law, without the need for prior notification to the European Commission.

7.6.4.1. De minimis aid

If the aid is provided according to the Commission Regulation (EU) No. 1407/2013 from 18 December 2013 on using Articles 107 and 108 of the Treaty on the Functioning of the EU to de minimis aid (hereinafter “Commission Regulation No. 1407/2013”), this information will be mentioned in the call.

De minimis aid can be, unlike other types of measures, granted for any purpose, i.e. purposes of investment as well as operational in nature.

De minimis aid has no impact on competition because of its limited extent, nor it influences a trade between the EU Member States, thus it is not considered state aid within the meaning of Article 107 par. 1 TFEU when all the provisions by the Commission Regulation No. 1407/2013 are met.

De minimis aid according to Commission Regulation No. 1407/2013 can be granted to undertakings in all sectors with the exception of:

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- a) supports provided to undertakings operating in the fishing and aquaculture sectors, to which Regulation No. 1379/2013 applies;
- b) supports provided to undertakings in the field of primary production of agricultural products;
- c) supports provided to undertakings active in the sector of processing agricultural products and their marketing, if the amount of aid is determined on the basis of the price or quantity of products purchased from primary producers or placed on the market by the undertakings in question, or if the provision of aid depends on the condition that it will be partly or completely handed over to primary producers;
- d) for supporting export-related activities towards third countries or member states, i.e. aid directly associated with exported quantity, establishing and operation of distribution network, or to other regular expenditure linked to the export activity;
- e) support contingent upon the use of domestic over imported goods.

If the applicant/beneficiary operates both in excluded sectors and in sectors covered by Regulation No. 1407/2013, they must ensure by appropriate means (e.g. separation of activities or differentiation of costs) that activities in sectors excluded from the scope of this Regulation do not benefit from de minimis aid.

A threshold for the de minimis aid

De minimis aid (by Article 3 Paragraph 2 of the Commission Regulation No. 1407/2013) is such that its total amount provided by the member state to a single undertaking in reference period cannot exceed 200,000 EUR. The applicant can check the available amount of de minimis aid in the Central Register of de minimis aid on the website of the Ministry of Agriculture (<http://eagri.cz/public/app/RDM/Portal>).

However, **we recommend to all the applicants to always verify their “disposable limit” for drawing de minimis aid before submission of the grant application** and adjust their project budget in such a way that the aid does not lead to exceeding it. **The stated limit is necessary to examine in the sum of all the entities falling within the definition of “a single undertaking”** (see below). The limit will be verified before the issuance of a legal act on grant award / transfer.

The applicant is obliged to notify the MA if the conditions decisive for receiving de minimis aid change on his side (e.g. if he receives de minimis aid from another provider in the last ten days before the issuance of the legal act on grant award / transfer).

Regarding the provided aid that the beneficiary is not drawn down in full, the Managing authority may modify the record in the Central Register of de minimis aid to match the actual amount of the de minimis aid disbursed. This step must be preceded by the change of the legal act on grant award / transfer, in which the Managing authority declares the amount of the de minimis aid that the beneficiary actually received and that by this change it loses the legal claim for the remaining part of the aid to which it was legally entitled in the primary legal act of providing de minimis aid. The change in the legal act on grant award / transfer during the implementation of the project will be carried out on the basis of a request to change the budget in the form of a significant change establishing the change in the legal act on grant award / transfer.

Single undertaking

The Court of Justice of the EU decided that all entities controlled (legally or de facto) by the same entity should be considered as single undertaking for the purposes of applying the de minimis rule (for detailed information, see the *Methodological guide to the application of the term “single undertaking” according to the de minimis rules*, website <https://www.uohs.cz/cs/verejna-podpora/podpora-de-minimis-a-registr-de-minimis.html>).

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The term "single undertaking" for the purposes of Commission Regulation (EU) No. 1407/2013 includes all the subject that have at least one of the following relationships:

- a) one subject has a majority of the shareholders' or member's voting rights in another subject;
- b) one subject has the right to appoint or remove majority of the members of the administrative, management or supervisory body of another subject;
- c) one subject has the right to exercise a dominant influence over another subject pursuant to a contract entered into with that subject or to a provision in its memorandum or articles of association;
- d) one subject which is a shareholder or member of another subject, controls alone, pursuant to an agreement with other shareholders in or members of that subject, a majority of shareholders' or member's voting rights in given subject.

The subjects that have any relationship stated above in letters a) to d) via one or more other subjects are also considered single undertaking.

The interconnectedness of undertakings for the purpose of examining de minimis aid "single undertaking" is monitored for undertakings regardless of their registered office.

Undertakings that have a direct link to the same public authority (i.e. municipality, region, etc.) and have no mutual relationship are not considered to be linked undertakings, and therefore do not represent "single undertaking".

The applicant/partner with a financial contribution is obliged to provide the Managing authority with a statement about the relationship of the link to other undertakings in the sense of defining single undertaking, in the form of Affidavit in the form of annex within completing the foundations for preparing the legal act on grant award / transfer, so that the Managing authority can verify in advance that by providing the aid the allowed maximum limit of de minimis aid will not be exceeded.

Reference period

The beneficiary's reference period is defined as **three consecutive annual accounting periods** according to the accounting period used by the beneficiary. In accordance with Section 3 (2) of the Accounting Act, this period of time is the accounting period – twelve consecutive months, unless otherwise specified. The accounting period either matches the calendar year, or is an economic year.

The three-year period should be evaluated continuously in such a way that when new de minimis aid is assigned, the overall amount of provided de minimis aid must be taken into account in given one-year period and during two previous one-year accounting periods. The period of three one-year periods will be established according to the accounting period used by the undertaking.

Records of de minimis aid

The de minimis aid will be recorded in the RDM within 5 business days of its provision by the provider, regardless of when the de minimis aid was paid to the given undertaking.

The exchange rate for the aid amount

The exchange rate for the de minimis aid amount from CZK to EUR depends on the day of granting de minimis aid. The exchange rate issued to this date by European Central Bank will be used for conversion. It can be found at the website <http://www.ecb.eu/stats/exchange/eurofxref/html/index.en.html>.

Considering the fact that the de minimis aid limit is set in thousands of EUR and aid is paid in CZK in the territory of the Czech Republic, it is necessary to correctly determine the available part of the limit, always through conversion according to the currently valid exchange rate. The given conversion takes place before the issuance of the legal act on grant award / transfer.

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De minimis aid cumulation

De minimis aid provided under this regulation can be cumulated with de minimis aid provided in accordance with Commission Regulation (EU) No. 360/2012 up to the ceiling set in this regulation. De minimis aid provided under other regulations on de minimis aid can be cumulated up to the relevant ceiling set out in Article 3(2) of Commission Regulation No. 1407/2013.

De minimis aid cannot be cumulated with state aid for the same eligible expenditure, if such cumulation would lead to exceeding the highest relevant intensity of aid or the amount of aid, which is determined for the specific circumstances of each case in the block exemption regulation or in the Commission's decision. De minimis aid that is not provided for or attributable to special eligible expenditure may be cumulated with other state aid provided on the basis of a block exemption regulation or a Commission's decision.

Obligations of the applicant towards the fP JAC Managing authority:

- a) to provide the Managing authority with a statement on the relationship of link with other undertakings in the sense of the definition of single undertaking, in the form of an affidavit;
- b) inform the Managing authority what accounting period it uses, and if it applies a financial year, define the beginning and end of its financial year (e.g. 01. 04. - 31. 03.).

The applicant submits these data to the Managing authority as part of the completion of the documents for the preparation of a legal act on grant award / transfer, e.g. in the form of an affidavit (the sample is available on the website of P JAC).

7.6.4.2. Block exemptions

In case a grant is provided in accordance with Commission Regulation (EU) No. 651/2014 of 17 June 2014, which, in accordance with Articles 107 and 108 of the TFEU, declares certain categories of support to be compatible with the internal market, as amended by Commission Regulation (EU) No. 2017/1084 of 14 June 2017, Commission Regulation (EU) No. 2020/972 of 2 July 2020, Commission Regulation (EU) No. 2021/452 of 15 March 2021 and Commission Regulation (EU) No. 2021/1237 of 23 July 2021, this information will be included in the call and the aid may be compatible with the internal market within the meaning of Article 107 (3) of the TFEU and is exempt from the notification obligation under Article 108 (3) of the TFEU.

Relevant rules and conditions will be available in the call and possibly follow-up documentation to the given call, because when applying the GBER the implementation must strictly follow the conditions set forth for particular aid category, mainly in the area of supported activities and aid intensity (see ch. III of the GBER). It is also necessary to comply with the common conditions described in ch. I and II GBER, e.g. permissible form of support, incentive effect or cumulation rules.

GBER support cannot be provided:

- a) to an undertaking in difficulty as defined in paragraph 18, article 2e of the GBER;
- b) to an undertaking that operates in the sectors referred to in paragraph 3, article 1 of the GBER;
- c) to aid to export-related activities towards third countries or member states, i.e. aid directly linked to the quantities exported, to the establishment and operation of a distribution network, or to other current costs linked to the export activity;
- d) to aid contingent upon the use of domestic over imported goods.

The aid provided under GBER may not be paid to an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by the same Member State (Czech Republic) illegal and incompatible with the internal market. The beneficiary is

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obliged to prove this fact in every PA, including for all partners with a financial contribution involved in the implementation of the project who were supported under GBER.

Aid intensity – for individual block exemptions there is so called maximum aid intensity that must not be exceeded established in the GBER. The relevant aid intensity will be stated in the call / follow-up documentation for the call. For the purposes of calculating the aid intensity and eligible expenditure all used figures are reported before the deduction of tax or other charges.

The aid threshold is a value of maximum aid amount that can be provided within given block exemption. It must not be circumvented by artificially separating the project.

Incentive effect: The aid can be provided in accordance with the GBER only in the case if it has an incentive effect, it means that the applicant will submit the grant application before work on the project or activity starts. The grant application shall contain at least the following information: undertaking's name and size, description of the project, including its start and end dates, location of the project, list of project costs and type of the aid (e.g. grant) and the amount of public funding that is necessary for given project.

Cumulation: If the project obtains aid from more state aid sources, rules of cumulation must be followed. It means that it is necessary to add all the state aid to the same eligible expenditure so that the threshold values are not exceeded (the maximum intensity of the aid and absolute threshold).

If funding from EU funds centrally managed by EU bodies, agencies, joint undertakings and other entities and which is not directly or indirectly under the control of Member States (e.g. the Horizon programme) is combined with state aid, then only this state aid is taken into account, provided that the total amount of public funds provided to cover the same eligible costs does not exceed the most favourable financing rate, which is determined by the applicable provisions of EU law.

Aid provided under the GBER, for which eligible expenditure can be identified, can be cumulated:

- with other state aid as for various identified eligible expenditure;
- with other state aid for payment of the same (partially or fully overlapping) eligible expenditure, but only in the case that such cumulation does not lead to exceeding the highest intensity or aid size that is used for such aid according to the GBER.

The aid provided in accordance with the GBER cannot be cumulated with aid de minimis for the same eligible expenditure, if such cumulation leads to exceeding the intensity of the aid established in the respective block exemption.

For these purposes the applicant is obliged to submit together with the grant application form also the Affidavit that No. other state aid was provided to pay the eligible expenditure, or de minimis aid and the maximum intensity of the state aid according to the GBER.

Publication and information: each individual aid award exceeding EUR 500,000, will be published by the Managing authority on a comprehensive State aid website (see Article 9, Chapter I GBER for more information). To fulfil the obligation of transparency, the EC Transparency Award Module electronic system (hereinafter also the "EC TAM system") is used. The data will be recorded on the website <https://webgate.ec.europa.eu/competition/transparency/public/search/home>.

Wide public can gain an anonymous access to published data without registration.

The Managing authority can set additional conditions beyond the above in the call / follow-up documentation for the call.

7.6.4.3. Services of general economic interest (SGEI)

The concept of service of general economic interest is not defined either in the TFEU or in secondary EU law. However, the EC defined that SGEIs are economic activities that bring results in the overall public interest and that would not be carried out on the market without public intervention. These

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services are usually provided by the state, region or municipalities in the public interest (i.e. in the interest of the wider public) and a specific feature of these services is the fact that if they were not financially supported by public entities, these services would not be provided on the market at all or would not be provided to the same extent or under conditions that are in line with the defined public interest (e.g. quality, price or access to services). The justification for the financial support of SGEI by public entities is based on market failure in the area of the offer of these services, for which the offer does not exist or is limited and unavailable. By their very nature, SGEIs are dependent on subsidies from public entities, which usually finance the operation of providers of these services. These compensatory payments (compensations) can establish state aid. Examples of typical areas in which SGEI can be identified are e.g. passenger transport, health care, social services, public broadcasting, postal services, energy, etc.

The judgment of the European Court of Justice (today the Court of Justice of the EU) in the **Altmark** case (C-08/00) is decisive for determining whether the financing of SGEI from public funds constitutes state aid. In this decision the Court set out 4 cumulative conditions for whose compensation fulfilment (compensation payment) does not mean advantage for the SGEI operator. Therefore, one of the defining criteria of state aid (advantage of the SGEI operator) and therefore compensation (compensatory payment) is excluded, and the support provided for the implementation of the SGEI does not constitute state aid within the meaning of Article 107(1) of the TFEU.

Aid under Decision No. 2012/21/EU

Aid in the form of compensation payment for the public service obligation, which meets all the conditions of Decision No. 2012/21/EU, is compatible with the internal market and shall be exempted from the notification requirement laid down in Art. 108, Par. 3 of the TFEU if it also meets the requirements under the contract or sectoral EU legislation.

The condition for the provision of such aid from P JAC is the verifiable fact that, throughout the project implementation, the beneficiary will carry out activities within the project that fall within the activities defined by the **Authorization to perform a service of general economic interest** (hereinafter also the Authorization), i.e. the document that the beneficiary will receive as an integral part of the legal act on grant award / transfer, for the entire duration of the project. The authorization will define the activities and their scope, the authorization period and the amount of the compensation payment, which are considered to be SGEI. The aid granted is considered to be the compensation payment for the provision of SGEI.

The period of authorization may not exceed 10 years and the maximum amount of the compensation payment (aid) may not exceed EUR 15,000,000/year. Aid according to this Decision may not be granted to undertakings in the land transport sector.

Aid according to the Commission Regulation No. 360/2012

Another possible option of financing the SGEI is the aid granted according to the special Commission Regulation (EU) No. 360/2012 on using Articles 107 and 108 of the TFEU to the de minimis aid granted to establishments providing the services of general economic interests (hereinafter "Commission Regulation No. 360/2012"). In this case, the beneficiary receives as integral part of the legal act of grant award / transfer the Authorization to perform public service, for the entire term of the project. The Authorization will define the activities that are considered to be SGEI, their scope, the authorization period and the amount of the compensation payment.

One undertaking may be provided with the aid to 500 000 EUR for three financial years and one undertaking shall be determined in the same manner as in the case of de minimis aid pursuant to Commission Regulation No. 1407/2013. This limit also includes the aid granted under other regulation on de minimis aid. De minimis aid according to Commission Regulation No. 360/2012 cannot be cumulated with another compensatory payment for the same service of general economic

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interest (Article 2, paragraph 8 of Commission Regulation No. 360/2012), regardless of whether this compensatory payment represents or does not represent state aid or compatible state aid according to the Decision No. 2012/21/EU.

The provided aid shall be recorded by the Managing authority in the Central registry of de minimis aid within the time limit stipulated by law. More information on the application of the SGEI rules can be found along with the Manual of Services of General Economic Interest on the website of the Office for the Protection of Competition (<http://www.uohs.cz/cs/verejna-podpora/sluzby-obecneho-hospodarskeho-zajmu-sgei.html>).

In the case that aid will be granted in the form of SGEI (either on the basis of Decision No. 2012/21/EU or Commission Regulation No. 360/2012), this information will be provided in the call / follow-up documentation for the call.

7.6.5. THE BASIC RESPONSIBILITIES OF THE APPLICANT / BENEFICIARY CONCERNING THE STATE AID

The applicant is obliged to act based on the conditions that are set out for the given aid scheme in the call for proposals and in the follow-up documentation. The involvement of the partner must be implemented in accordance with the rules for state aid, in such a way that there is no direct or indirect aid of the partner and his advantage in the sense of Article 107 (1) of the TFEU (see ch. 5.4), or this benefit must be treated with the relevant exception from the prohibition of state aid for partners in accordance with the call.

The beneficiary is obliged to carry out procurement of goods and services (or another comparable transaction) pursuant to the procurement rules and public procurement regulation in a way that prevents the transfer of state aid to the undertaking (see ch. 7.5).

Closely related to the issue of state aid is the topic of handling assets co-financed from the aid. The basic conditions for dealing with the supported assets, especially for the realization of leases, loans, transfer of assets or its sale, are stated in the legal act on grant award / transfer. A more detailed explanation of these conditions is given in the **Methodology for managing assets co-financed from P JAC**. The methodology is published at www.opjak.cz.

For the purposes of the assessment, the beneficiary/partner is obliged to allow the MA access to all documents related to its activities, internal structure, accounting, etc., at any time during the assessment of the grant application, as well as the subsequent implementation of the project and its sustainability, for the purpose of assessment, whether the applicant/partner meets the above conditions. For the avoidance of doubt, it is stated that in order to assess the fulfilment of these conditions by the applicant/partner, the MA can check not only the formal settings or formal information (e.g. in public registers), but also the actual functioning of the applicant/partner.

7.6.6. CONSEQUENCES OF A BREACH OF STATE AID RULES

The EC has the main role in assessing violations of state aid rules. Beneficiaries of state aid can be required to repay the state aid granted, including interest. It is irrelevant whether the fault was on the part of the beneficiary or not. Therefore, if the EC finds that the provided state aid is incompatible with the common market and decides to return or provisionally return the state aid, the beneficiary is obliged to return the given state aid, including interest. For the purpose of the aid return process, the MA will proceed according to Section 7 of the Act on the Adjustment of Certain Relations in the Field of State Aid.

The limitation period for the commencement of a dealing in the case of illegal aid at EC is 10 years and it starts on the day on which the aid was granted.

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Exceeding the limit for the de minimis aid may result in recovery the granted aid. Not only the part of the support exceeding the limit, but the whole aid is recovered (see e.g. Article 3 (7) of Commission Regulation No. 1407/2013).

7.7. PUBLICITY

For the purposes of promoting the implementation of the PJAC as a whole, the MA sets the minimum cooperation for the beneficiaries of support in the promotion of projects, while the beneficiary or the final beneficiary in the case of financial instruments is not entitled to hinder the promotion of the implemented operation in any way. The beneficiary and the final beneficiary in the case of financial instruments are obliged to provide minimum cooperation in the promotion of operations in progress and completed operations:

- if this promotion by its nature no longer requires his cooperation;
- if the promotion of the operation **will** require the cooperation of the beneficiary, he is obliged to provide it to a reasonable extent, in such a way that he does not bear any additional financial costs for this cooperation.

The beneficiary also understands the fact that data about him and the project will be published on the website in the so-called list of operations, which the MA is obliged to publish in accordance with the requirements given by the General Regulation and the uniform methodological environment.

7.7.1. GENERAL OBLIGATIONS OF BENEFICIARIES IN TERMS OF PUBLICITY

The basic obligations of beneficiaries are set out in Article 50 of the General Regulation.

Beneficiaries and entities implementing financial instruments are obliged to inform about the support received from the funds by the following:

- a) It shall publish on its official website, if such a page exists, and on social networks, if the beneficiary uses any social network, a brief description of the operation, including its objectives and results, and shall highlight that the operation is receiving financial support from the EU. In the case of social networks, this obligation is fulfilled by publishing one post on one social network informing about support from the EU, if the beneficiary has such an account / profile on the social network¹⁷⁸.
- b) They will ensure that documents and communication materials intended for the general public or participants of the operation (e.g. reports, video recordings, advertising spots, podcasts, etc.) contain a statement that the operation was supported by EU funds¹⁷⁹. This obligation is fully fulfilled by the fact that the beneficiary will report on the supported operation by displaying the EU symbol together with the text referring to support from the EU in the wording "Co-financed by the European Union" (see ch. 7.7.3).
- c) Operations supported by the ERDF and the Cohesion Fund, for which total expenditure exceeds EUR 500,000 or ESF+ operations, for which total expenditure exceeds EUR 100,000, shall display

¹⁷⁸ The beneficiary proves the obligation to publish information on a social network by submitting, for example, a print screen of the given contribution or a similar format evidencing the fulfillment of the obligation to inform, which will show which social network and when the information was published and the content of the report.

¹⁷⁹ Correspondence, tender specifications for the public procurement, accounting documents, etc. are not considered to be materials for the general public.

a billboard, a permanent billboard or a permanent commemorative plaque in a place clearly visible to the public¹⁸⁰, for each operation that involves a material investment^{181, 182}.

A billboard is a temporary billboard that will be placed only during the implementation of the project and will be replaced either by a permanent billboard or a permanent commemorative plaque after completion of the project.

A permanent billboard means such a make of the billboard, which will be made of materials resistant to weather conditions.

A permanent commemorative plaque means a design of a commemorative plaque that will be made of materials resistant to weather conditions.

A permanent billboard or a permanent commemorative plaque must be placed for the entire duration of the physical existence of the given operation (in the case of construction, for the duration of the construction, in the case of the acquisition of a machine, for the duration of the operation of the machine, etc.).¹⁸³

Expenditure on compulsory publicity in any combination is an eligible expenditure of the operation.

If the beneficiary carries out multiple operations from one programme or several operations supported by the same financial instrument or different financial instruments in one place, it is possible to place multiple operations on one billboard/permanent commemorative plaque while maintaining sufficient legibility of the texts.

It is recommended to generate a permanent commemorative plaque/billboard with all the prescribed details using *the Mandatory Publicity Tools Generator for the period 2021–2027*, which is available at: <https://publicita.dotaceu.cz/>.

- d) For operations that do not meet the conditions specified in point c), place at least one poster or electronic display device with information about the operation with a minimum size of min. A3. If the beneficiary performs multiple operations in one place from one programme, it is possible to place only one poster of a minimum size of A3 for all these operations, while maintaining sufficient legibility of all texts. In the case of an electronic display device that will display information about multiple projects, the information (posters) may rotate on the screen.

The poster or electronic display device must be placed at least for the entire duration of the physical implementation of the operation.

The poster can be replaced by another carrier where the information will be displayed, e.g. board, billboard, tarpaulin, etc., provided the minimum size is A3. For electronic display devices, the size of the display area (display, screen) must be min. A3 size. In cases where it is not possible to place the poster at the location of the operation implementation (e.g. projects focused on social work in the field, etc.), it is possible to place the poster at the beneficiary's place of residence.¹⁸⁴

¹⁸⁰ The design of the board, billboard or poster must be in accordance with the Manual of uniform visual style of EU funds in PP 2021-2027.

¹⁸¹ Material investment means construction work or the acquisition of material equipment, the value of which exceeds the under-limit of a Public Procurement according to Government Regulation 172/2016 Coll., on establishing financial limits and amounts for the purposes of the Public Procurement Act, as amended.

¹⁸² The obligation is also valid for the final beneficiaries of financial instruments, if the total costs exceed the specified limits and meet the other conditions specified in letter c). In the case of financial instruments, it is the total cost of the operation, not just the amount of support provided. The amounts are converted to CZK automatically MS2021+ according to the CNB exchange rate on the given date of issuance of the legal act.

¹⁸³ This interpretation is based on DL REGIO's written opinion No. IQ00414.

¹⁸⁴ Provision of letter d) do not apply to the final beneficiary of financial instruments or to operations supported pursuant to Article 4 (1) (m) Regulation on ESF+.

It is recommended to generate a poster with all the prescribed details through *the Mandatory Publicity Tool Generator for the period 2021-2027*, which is available at: <https://publicita.dotaceeu.cz/>.

- e) for operations of strategic importance¹⁸⁵ and operations whose total costs exceed EUR 10,000,000, the beneficiary is obliged to organize a communication event (e.g. a press conference on the occasion of the opening of the operation) or another communication activity (e.g. a small media campaign in the region) and to invite representatives of the MA and the European Commission in a timely manner. The invitation of the European Commission is recommended to be consulted and implemented in cooperation with the MA.

The minimum information that will be provided on the mandatory publicity tools is:

- the name of the operation in full or abbreviated form
- the main objective of the operation
- information fulfilling the obligation according to ch. 7.7.1 (b)

The rules regarding the publication of mandatory publicity tools and related activities (information on websites and social networks) must be fulfilled as soon as possible after the physical start of the operation, but no later than by the time of submitting the first PIR. The beneficiary informs about the fulfilment of these obligations in the first PIR, in the case of single-stage projects, then in the FPIR.

In the case of investment projects and obligations under letter c), where the first stage is devoted only to project and administrative preparation and the physical realization of the investment only occurs in the next stage of the operation, the beneficiary is obliged to fulfil the mandatory publicity of the operation no later than by the submission of the nearest PIR, within which the physical implementation within the operation was initiated.¹⁸⁶

If the beneficiary uses the possibility of displaying a temporary billboard, then they will also fulfil this obligation no later than by the time of submission of the first PIR, or until the submission of the nearest PIR, within which the physical implementation of the operation was initiated. The temporary billboard will be replaced by a permanent billboard or a permanent commemorative plaque no later than 3 months after the operation is completed. The beneficiary then informs about the fulfilment of this obligation in the first Project Sustainability Report.

In the event of a change in the legal act in the area of the total eligible costs of the operation, the fulfilment of the beneficiary's obligations will be reviewed. If there is an increase in the total eligible costs of the operation above the limits specified in paragraph 1 letter c), the beneficiary must fulfil the obligations specified in this paragraph until the submission of the next PIR operation. In the event of a reduction in the total eligible expenditure of the operation, when the beneficiary has already fulfilled the obligation according to this article letter c) and the obligation to display the poster (letter d) would apply to them, it is considered that they have already fulfilled the mandatory publicity by placing the billboard and the poster does not need to be displayed.

In the case of financial instruments, the entity implementing the financial instruments shall ensure, through the terms of the contract, that the final beneficiaries meet the requirements set out above under letter c).

¹⁸⁵ In accordance with the general regulation of Article 2 (5), an operation of strategic importance is considered to be an operation (i.e. a project or even a group of several projects) which significantly contributes to the achievement of the programme objectives and which is the subject of special monitoring and communication measures. *In accordance with the EC recommendation, at least one strategic operation should be selected for each programme objective.* The term strategic operation is not the same as the term major projects, which was used in previous programming periods.

¹⁸⁶ These are, for example, transport construction projects, where the physical implementation of the operation is perceived as the first construction operations in the field. On the contrary, the acquisition of instrumentation within the operation is not perceived as such, and the obligation according to letter c) must be fulfilled before the first PIR is submitted.

7.7.2. MANDATORY AND OPTIONAL INSTRUMENTS

Mandatory instruments are established by the General Regulation and are binding for all beneficiaries, they are:

- temporary billboard / permanent billboard / commemorative plaque;
- poster of minimum A3 size (or electronic display device - definition see ch. 7.7.1, letter d);
- communication action or activity for operations of strategic importance or operations whose total expenditure exceeds EUR 10,000,000;
- website or post on a social network (if any).

In which cases and who has the obligation to use these tools is described in ch. 7.7.1.

All other communication tools and activities fall under **optional tools / optional publicity**.

When using all mandatory and optional tools/optional publicity, the graphic rules for their processing must be respected (see ch. 7.7.3).

7.7.3. OBLIGATORY ELEMENTS IN OBLIGATORY AND OPTIONAL TOOLS / OPTIONAL PUBLICITY

Mandatory elements established by the General Regulation are binding for the beneficiary and all instruments (mandatory and non-mandatory / optional) according to the rules defined in ch. 7.7.1:

- EU logo;
- mandatory text "Co-financed by the European Union", which is always stated in full and must be placed next to the EU emblem (or under the EU emblem).

General rules for the use of logos:

- The graphic standards for the EU emblem and the definition of standard colours form Annex No. IX of the General Regulation, which is transposed into the Manual of the uniform visual style of EU funds in the 2021–2027 programming period, including the combination of the EU emblem and the text part into the EU logo (the EU logo means the emblem EU including mandatory text).
- In the entire programming period 2021–2027, the MoRD-NCA and the MA do not use the logo/logotype of their own programme or other logos emphasizing EU support. In accordance with the General Regulation, the name of the programme or fund is not admissible even as part of the EU logo.
- In the case of funding of communication activities for the 2021–2027 programming period from the financial resources intended for the PP 2014–2020, the rules for publicity of the financing programme (i.e. PP 2014–2020) must be fulfilled on the instrument. One of the solutions is to present the logo links of the PP 2014–2020 programme and the logo links of the PP 2021–2027 programme at the same time, if the format of the subject/communication activity allows it. *We recommend that these logos are always displayed separately from each other on other parts of the tool (e.g. on websites - in the header and footer of the page; on the publication - on the front and back cover, etc.), or replace the PP 2014–2020 programme logo link with text information fulfilling the mandatory obligations publicity of the given program in PP 2014–2020 (i.e. include the name of the fund and the programme in the print of the publication or in the footer of the website).*
- Logos are always placed so that they are clearly visible. Their position and size must be proportional to the dimensions of the material or the document.
- The logos are always placed so that, by arranging them horizontally next to each other or vertically below each other, they follow the following position rule: The EU logo is the first

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position from the left in the horizontal order and the highest position in the vertical order. If the logo of the institution holding the MA function is used, it is placed in the second position. If, in addition to the MA logo, another logo (for example, the beneficiary) is used, it is placed in the third position¹⁸⁷.

- f) In accordance with Annex No. IX of the General Regulation, the EU logo must always be at least the same size (height) as all other logos used, both horizontally and vertically.
- g) When arranging several logos in a row, the protection zones of the individual logos must always be observed, if they have been established.¹⁸⁸
- h) The preferred representation of the EU logo is in colour, a monochrome representation can be used in specific cases.¹⁸⁹
- i) Graphic deviations that are not visible to the naked eye are not considered a violation of the graphic rules.
- j) Making black-and-white copies of original colour material is not considered as non-compliance with Publicity Rules.
- k) The minimum dimensions of the EU logo are defined by the Manual of the uniform visual style of EU funds in the 2021–2027 programming period (downloadable at www.opjak.cz).

Specific obligations for the use of logos for individual types of tools/cases:

1. Mandatory instruments / all funds / all beneficiaries

For mandatory instruments, the following logos will be used at most, with the use of the EU logo being mandatory. When using multiple logos, the logos must always be displayed in the following sequence:

- a. EU logo (EU symbol and mandatory text);
- b. MEYS logo;
- c. Alternatively, one beneficiary logo (optional).

It will not be possible to use other logos (of suppliers, etc.) anywhere on the tool. This obligation applies to all beneficiaries. The logo link will thus include the EU logo and the MEYS logo (see example):

Example of the EU and MEYS logo



**Co-funded by
the European Union**



2. Optional instruments / all funds / all beneficiaries

In the case of optional tools / optional publicity, the EU logo and the logo of the MEYS Ministry of Education, Youth and Sport will be used on the tool. It is also possible to place other logos on the tool, including those of partners and suppliers.

¹⁸⁷ The reason is the unification of the visual style of mandatory publicity tools and the unification of the input for programming the Generator of mandatory publicity tools in PP 2021–2027.

¹⁸⁸ The rules for the use of the EU logo, including the protection zones, are defined by the Manual of the uniform visual style of the EU funds in the 2021–2027 programming period.

¹⁸⁹ A specific case is, for example, the use of the EU logo on materials or technologies that limit or do not allow the use of a coloured version (for example, printing on textiles or engraving on glass and engraving on stone or metal.)

All specifics related to the placement and parameters of individual logos are defined by the Manual of the uniform visual style of EU funds in the 2021–2027 programming period.

7.7.4. FINANCIAL CORRECTIONS IN CASE OF NON-COMPLIANCE WITH THE RULES OF PUBLICITY BY THE BENEFICIARIES

The setting of the mechanism of financial corrections for non-compliance with publicity rules is based on Article 50 (3) of the General Regulation.

The following rules apply to all publicity misconduct:

1. Any fault subject to financial correction must be visible/detectable with the naked eye. Violation of the rules of publicity, which is not visible/recognizable with the naked eye, is included in the Legal act on grant award / transfer as a violation of other obligations, i.e. the obligations established under Section 14 (4) (i) budgetary rules, the non-compliance of which is not an unauthorized use according to Section 3 (e) budgetary rules;
2. A reasonable deadline is always set for correction in accordance with Section 14f (1) of the budgetary rules;
3. The amount of the financial correction is calculated from the total amount of the subsidy, or programme support, specified in the Legal act on grant award / transfer, namely in its current amount at the time of the misconduct (i.e. on the day of the breach of budgetary discipline);
4. All documentation will be stored in MS2021+.

Errors are divided into two types: errors in the case of mandatory instruments and errors in the case of optional instruments (see ch. 7.7.2). The procedure in both of these cases is described below.

A) Rules for dealing with errors in mandatory instruments

If it is discovered that the beneficiary has violated a specific rule in the field of publicity on one of the mandatory instruments (see ch. 7.7.2), the beneficiary will be invited in writing to correct it (for mandatory instruments, it is considered that correction is always possible, by correcting an error implemented instrument, or by placing a new instrument) within the time limit set by the granting authority, while the time limit must be proportional to the time absolutely necessary to ensure correction, in accordance with Section 14f (1) of the budgetary rules. After that, the following procedure will apply:

1. The beneficiary will make the correction within the specified period - no financial correction is applied.
2. The beneficiary does not make the correction within the specified period or makes it incorrectly - the granting authority sends the initiative to the relevant financial administration authority.

Financial corrections for mandatory instruments

Publicity Tool	Misconduct	Amount of financial correction
Obligatory	The tool is completely missing	1,0 %

tools	Something is missing or is incorrect on the tool: - EU logo including mandatory text (dimension, location, etc.) - Prescribed size of the tool (applies only to the A3 poster and its equivalent according to ch. 7.7.1 (1)(d).	0,5 %
	A redundant logo highlighting EU support is displayed on the instrument (other than the EU emblem with the accompanying text Co/Funded by the European Union, or NextGenerationEU)	0.1 %

B) Rules for applying financial corrections to optional instruments / optional publicity

Upon finding that the beneficiary has violated a specific rule in the area of publicity on one of the non-mandatory instruments (see chap. 7.7.2), the beneficiary will be requested in writing to rectify the situation within the period set by the granting authority, and the period must be proportionate to the time absolutely necessary to ensure remediation, in accordance with Section 14f (1) of the budgetary rules. After that, the following procedure will apply:

1. The beneficiary will make the correction within the specified period - no financial correction is applied.
2. The beneficiary does not make the correction within the specified period or makes it incorrectly - the granting authority sends the initiative to the relevant financial administration authority.

Financial corrections for optional instruments / optional publicity

Publicity Tool	Mistake	Level of misconduct	Amount of financial correction
Optional tools / optional publicity	EU logo (EU symbol including mandatory text)	completely missing	0,03 %
	EU logo (EU symbol including mandatory text)	is listed incorrectly (size, absence or error in the accompanying text, etc.)	0,01 %

7.8. INDICATORS

Indicators are used to monitor the progress and result of project implementation. The goals of the project are achieved by fulfilling the target values of individual indicators. Monitoring at the project level is reflected in the fulfilment of the objectives of the programme. An overview of P JAC indicators can be found at www.opjak.cz.

According to the instructions for applicants in the follow-up documentation for the call (usually in ch. 7.8 of the SRfAB), the **applicant** is obliged to select the indicators for the grant application, to indicate their target and, if necessary, default values, to describe the method of determining the default and target values and to set the date of reaching the target values. Indicators are of key importance in the grant application approval process. Based on the recommendations of evaluators, the evaluation/selection committee, the MA is authorized to set additional indicators for the project or adjust the target value of the indicator compared to the one the applicant stated in the grant

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application. Only indicators relevant to the call may be added to the grant application. In the follow-up documentation for the call (usually in ch. 7.8 of the SRfAB), the specifications of the indicators for the call, the method of monitoring and documenting them are given.

The beneficiary fulfils the indicators in accordance with the instructions for beneficiaries specified in the follow-up documentation for the call (usually in ch. 7.8 of the SRfAB) from the date of the start of the physical implementation of the project to the date of the end of the physical implementation of the project, unless the legal act on grant award / transfer stipulates otherwise. With the issuance of a legal act on grant award / transfer, the indicators listed in the BPP, which are an integral part of the legal act, become binding for the beneficiary. Failure to fulfil the mandatory indicators may lead to the determination of a reduced levy for breach of budgetary discipline according to Section 14(5) of the budgetary rules or to the return of the subsidy or its part according to Section 14f (3) of the budgetary rules. The data can be applied in the case of binding values even during the sustainability period. In ch. 7.8.7 the tolerances for the fulfilment of the target values are listed, including the calculation of financial corrections for any non-fulfilment of the target values. If the permissible tolerance of indicator values is set in the legal act on grant award / transfer and this tolerance is observed, no levy is set. In addition to mandatory indicators, the BPP may include indicators that the beneficiary must report, but whose target value does not constitute a commitment. These indicators do not have to be met, but the beneficiary may be assessed a reduced levy for breaching budgetary discipline if he does not monitor these indicators and report their achieved values.

The MA can, within the framework of the call / follow-up documentation for the call, define indicators for which the beneficiary will be obliged to meet a certain proportion of the target value of the indicator by a certain date.

7.8.1. TYPES OF INDICATORS

Indicators are an important basis for managing the project throughout its implementation. We distinguish between output indicators and result indicators, also called output and result indicators. Each project must show at least one output and one result indicator.

The output indicators are intended for monitoring and evaluating the performed activities that characterize a specific activity. They provide quantified information about the implementation of individual activities, interventions, events and are usually expressed in the number of pieces, organizations or persons.

The result indicators are used to prove that the project goal has been achieved, therefore they are usually reported only at the end of the project implementation. They contain, for example, information about medium-term changes as a result of created products, an increase in the quality of education or an improvement in the conditions for research.

Links between specific output and result indicators are listed in the follow-up documentation for the call (usually in ch. 7.8 of the SRfAB).

7.8.2. VALUES OF INDICATORS

Indicators have their initial and target value, which are set before the start of the project implementation and can be adjusted by the MA in the approval process, as well as the achieved value, which is changed by the beneficiary during the implementation of the project by achieving the set project goals.

- **The default value of the indicator** is the last available value of the result indicator measured before the start date of the physical implementation of the project and can be zero or non-zero. In ESF+ projects, the default value of the result indicators is usually zero. The output indicators

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always have a default value of zero. The default value does not change during the implementation of the project.

- **The target value of the indicator** is defined as the plan of the indicator, the achievement of which the applicant is committed to, including the date by which the value is to be achieved. The grant application must describe how the target value was determined. The applicant describes this information in the grant application on the Indicators tab, Value description.
- **The achieved value of the indicator** is the cumulative value of the indicator for the current course of the project. In PIR, the value is filled in cumulatively, i.e. from the start date of the physical implementation of the project to the end date of the reporting period, while the increase for the reporting period can also be seen. The approved achieved value of the indicator is considered to be the one that emerges based on the submission of documents on the fulfilment of the indicator from the inspection of reports on the implementation of the project, or also from the on-site inspection.

Each value of the indicator is associated with a deadline, which must be filled in by the beneficiary according to reality. Therefore, the date of the achieved value must not be confused with the date of its entry into IS KP21+.

7.8.3. BREAKUP AND COUNTING OF INDICATOR VALUES

Breakup is the division of the indicator specified in the grant application and the BPP into sub-indicators, the fulfilment of which the beneficiary informs the MA in reports on the implementation of the project. The partial indicators serve to more detailed monitoring of the project implementation. An example is the obligation to monitor and report project participants by male/female or to monitor and report the area of implementation/impact according to the category of regions (differentiation into more developed, transitional and less developed regions).

Counting means reading the value from inferior indicators to the superior indicator. The count can be performed from one or more inferior indicators. During calculation, the values of the subordinate indicators are determined, and based on them, the superior indicator is automatically calculated, the value of which is then the sum of the values of the subordinate indicators with different codes. In order to avoid repeated counting of a specific product (e.g. a realized event) or a supported organization (e.g. schools) in a superior indicator, each product or organization must be reported in only one indicator subject to credit.

7.8.4. INDICATOR ATTRIBUTES

The attribute (property) of the indicator expresses how the applicant/beneficiary must deal with the given indicator in the project. Attributes are listed for individual indicators in the follow-up documentation for the call (usually in ch. 7.8 of the SRfAB).

- The applicant must select **mandatory** indicators in the grant application, and during the implementation of the project, the beneficiary is obliged to monitor and report the given indicator.
- The applicant chooses **mandatory optional** indicators in the grant application according to the instructions for applicants in ch. 7.8 of the SRfAB. During the implementation of the project, the beneficiary must then monitor and report this indicator.
- The applicant voluntarily includes **optional** indicators in the grant application. In the follow-up documentation for the call (usually in ch. 7.8 of the SRfAB) it is indicated for the indicator whether the applicant has the obligation to set a target value (then even the selected optional

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indicator for selection becomes mandatory to fulfil), or whether the achieved value of the indicator will only be reported (indicator will be optional to fulfil).

- For indicators that **must be fulfilled**, the applicant sets a target value in the grant application, which is binding for the beneficiary after the issuance of a legal act on grant award / transfer. Fulfilment of the value on the date specified in the legal act on grant award / transfer is mandatory.
- Indicators that **are not required to be fulfilled** may have a target value set to zero, or an indicative (non-binding) target value, if such a requirement is set in the call / follow-up documentation for the call. Indicators that are not required to be fulfilled are not included in the calculation of levies for not fulfilling the indicators.
- **Compulsorily linked** indicators are monitored together. Therefore, if indicator A is marked as linked to indicator B in the follow-up documentation for the call (usually in ch. 7.8 of the SRfAB), the applicant is obliged to select both indicator A and B for monitoring in the grant application. Usually, output indicators are linked in this way and result.

The set obligation of the applicant to select (attributes mandatory to select, mandatory optional to select and optional to select) and the obligation to select indicators together (mandatory attribute) can be combined with the setting of the beneficiary's obligation to fulfil the indicators (attributes mandatory to fulfil and optional to fulfil).

7.8.5. INDICATOR REPORTING PRINCIPLES

The beneficiary is obliged to continuously monitor the fulfilment of all the indicators listed in the grant application (in the case of ESF+, also the indicators according to Annex I of the ESF+ Regulation, which follow on from the fulfilment of the Total number of participants indicator). The beneficiary is obliged to report the achieved values of all indicators in reports on project implementation/sustainability (see ch. 7.2) through IS KP21+. In the reports on the implementation/sustainability of the project, the beneficiary separately fills in the respective achieved value for each indicator, the date of achievement of this value and a description of the method of achieving it, i.e. how the given indicator was achieved and what are the sources for verifying the achieved values of the indicators.

The reporting of indicators must be based on evidentiary records kept by the beneficiary/project partner. For the reporting of indicators, the beneficiary/partner chooses such a form that he is always able to demonstrably document the fulfilment of the given indicator. Records mean, for example, a professional portfolio of a teacher, a certificate of completion of the FTT, a reflection report, a product, a contract, approval of approval, permission for trial/pilot operation or a list of publications. The required documentation methods are listed for individual indicators in the follow-up documentation for the call (usually in ch. 7.8 of the SRfAB).

In the event that the beneficiary discovers during the implementation of the project that the fulfilment of the project indicators is at risk, it is necessary to initiate corrective measures as soon as possible and resolve the situation with the MA.

The MA may decide, on the basis of a properly justified request through change proceedings of the beneficiary, to reduce or increase the target value of the indicator that must be met, or to add a new indicator (see ch. 7.4). It is not possible to cancel the mandatory or mandatory optional indicator for selection (see ch. 7.8.4).

The indicators that the beneficiary must show and fulfil during the sustainability of the project are defined in the BPP, which are an integral part of the legal act on grant award / transfer.

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7.8.6. REPORTING PROJECT PARTICIPANTS AND PERSONAL DATA PROTECTION

A project participant is a person who joins a project co-financed from the ESF+ and receives one or more supports that relate to education and are financed from the project budget. Each project participant is reported in the project only once, regardless of the number of supports provided to him. Indicators according to Annex I of the ESF+ Regulation are also reported for each project participant in the participant's card (see ch. 7.8.6.1). The participant is counted when he fulfils the conditions of the first support in the project.

The project participant is not:

- a person who received only financial grant, i.e. wages, reward for work during project implementation, i.e. both administrative and specialist staff, incl. the „service provider“; such persons can be presented only if they were also the target group, i.e. were educated;
- a person, who visits or register at certain internet portal, without longer, systematic and direct collaboration (this person only visits the internet pages);
- a person who only receives a leaflet or other similar information material;
- a visitor of Open Door event;
- a person who participated in a conference on the implemented project;
- a person who participated in an informational or educational event;
- another person specified in the text of the call or in the accompanying documentation for the call.

7.8.6.1. Participant card and Total number of participants indicator

The beneficiary is obliged to enter data on project participants into IS ESF via the so-called participant card. The participant's card contains the identification data of persons supported by the project and their characteristics (age, gender, highest level of education, position on the labour market, other characteristics) expressed by sub-indicators to the Total number of participants indicator. If the beneficiary does not report partial indicators, the given person will not be included in the achieved value of the Total number of participants indicator.

If the same person is supported in several projects, he acts as a unique person in each project. Therefore, a new participant card is always entered in IS ESF. The IS ESF user manual is published at www.opjak.cz.

As soon as a specific person within the project enters support, e.g. participates in the first day of training, the beneficiary is obliged to ensure that the participant's card is filled out and signed for that person. The card is usually filled in electronically by the participant, then it is sent electronically to IS ESF and at the same time printed, signed by the participant and stored with the beneficiary for possible on-site inspection.

Based on the data in IS ESF, the values of the indicator Total number of participants and its sub-indicators are automatically generated for project participants. IS ESF transfers these values to the developed PIR in the IS KP21+. Therefore, the beneficiary does not directly edit data regarding the number and characteristics of participants in PIR.

In the IS ESF, the support of individual project participants is recorded at the same time, unless the call / follow-up documentation for the call stipulates otherwise. The beneficiary is obliged to enter data on the type, time grant and documents into IS ESF after each grant provided (e.g. after the end of each course, internship, etc.).

At the end of the support, each participant fills in the participant's card and confirms with his/her signature the partial information as to whether he/she is in the process of education or vocational training after the end

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of the support. The beneficiary adds this information to IS ESF manually and at the same time prints this part of the card, has the participant sign it and saves it for possible on-site inspection.

The participant's card is not presented by the beneficiary as part of the reports on the implementation of the project, but **the original of the participant's card with the signatures of the participant** when entering the first support and after the end of the last support in the project **is subject to on-site inspections** by the MA and other inspection bodies, **together with the originals of the documents on the grant provided** according to the follow-up documentation for the call (usually in ch.r 7.8 of the SRfAB), e.g. certificates, confirmation of completion of internship, certificate of passing a test, reports from thematic meetings or documents of acceptance of publications for publication.

7.8.6.1. Personal data protection

When collecting the data needed to document the indicator Total number of participants, it is necessary to proceed in accordance with the general regulation on the protection of personal data and the law on the protection of personal data. The beneficiary is entitled to process the personal or sensitive data of the supported person to the extent defined by Annex I of the ESF+ regulation, the acquisition of which with the consent of the participants is described in the IS ESF User Guide.

Partial data in the participant's card after entering the project (filled in and confirmed by the supported person's signature on the Participant's Card when entering the project):

- Name, surname, birth date and domicile;
- Categorizing of participants according to gender (male/female);
- the participant's position on the labour market (unemployed including long-term unemployed, long-term unemployed, inactive, employed including self-employed);
- belonging to the age group (number of children under 18, number of young people aged 18 to 29, number of participants aged 55 and over);
- highest education level¹⁹⁰ (with completed lower secondary education or even lower education (ISCED 0 to 2), with completed upper secondary (ISCED 3) or post-secondary education (ISCED 4), with completed tertiary education (ISCED 5 to 8);
- other common characteristics of participants (participants with disabilities, third-country nationals, participants of foreign origin, members of minorities (including marginalized communities such as Roma), homeless or excluded from access to housing, participants from rural areas).

Partial data on the impact of the support after exiting the project (the beneficiary enters the ESF IS immediately after the person's participation in the project ends):

- participants in the process of education or vocational training after the end of their participation (filled in and confirmed by the supported person with his signature on the Participant Card);
- Participants that obtained the qualification after finishing of their participation.¹⁹¹

Monitoring such data is public personal data processing. The beneficiary must take all measures to prevent unauthorised or accidental access to these data, their alteration, destruction or loss, unauthorised transfers or other unauthorised processing or abuse.

¹⁹⁰ According to International Standard Classification of Education – ISCED (<https://www.msmt.cz/vzdelavani/skolstvi-v-cr/statistika-skolstvi/statisticka-klasifikace>).

¹⁹¹ This includes persons who, thanks to the support of the project, received a qualification confirmation (certificate, certificate) awarded on the basis of a formal examination of knowledge, which showed that the participant acquired qualifications according to pre-set standards.

The beneficiary is entitled to process personal data exclusively in connection with the implementation of the project, especially when preparing the PIR. The beneficiary is authorized to process and is obliged to store personal data for the period during which the EC is authorized to carry out P JAC inspection (see ch. 7.11.3.). After this period has expired, the beneficiary is obliged to dispose of this personal data without undue delay.

The beneficiary does not notify the Office for Personal Data Protection of the personal data processing. In this case, it is processing within the scope of Article 4 of the General Regulation. The processing of these specific data, specific indicators, used to evaluate the feasibility of providing financial support to the MA on the basis of the General Data Protection Regulation is required by the MA from the beneficiary in the legal act on grant award / transfer. For the beneficiary, the legal reason for processing personal data is compliance with a legal obligation according to the Personal Data Processing Act.

7.8.7. FINANCIAL CORRECTIONS FOR NOT ACHIEVING INDICATOR VALUES

In the legal act on grant award / transfer, the beneficiary has an obligation to fulfil and report the indicators required to be fulfilled in a certain minimum percentage amount, and levies are also set for non-fulfilment of this obligation. The obligation to fulfil and report the indicators can also be established for the sustainability period. The specific amount of any levies is specified in the relevant legal act on grant award / transfer.

Indicators with the mandatory to fill attribute are included in the calculation of the average percentage **of indicators** filled. If, on the basis of a legal act on grant award / transfer, the beneficiary has a binding target value for several output indicators or several result indicators, the degree of fulfilment of the obligation will be calculated as the average of the percentage expression of the achieved values, separately for the output and result indicators. Exceeding 100% of the target value is always only counted as reaching 100%.

Deductions for **failure to fulfil indicators** are calculated on average separately for output and result indicators. It applies that the total levy = $x/2 + y/2$, where x is the partial levy for not fulfilling the output indicators and y is the partial levy for not fulfilling the result indicators. At the same time, if the partial levy value is greater than 50, then the partial levy is only calculated as 50%, and if the partial levy value is less than 0 (a negative value), then the partial levy is calculated as 0%. The total levy is rounded to two decimal places.

Examples:

The beneficiary is obliged to complete the physical implementation of the project by the end date and report the following indicators in the final report on the project implementation at the latest:

- *output on average at least 90% of the target values set in the BPP,*
- *result, on average, at least 90% of the target values set in the BPP.*

In accordance with the budgetary rules, the levy is determined as a percentage of the total amount of the grant as follows:

Indicators	The amount of the levy from the total amount of the aid in %
<i>Output</i>	$x = 90 - n$; at the same time, if $n < 40$, then $x = 50$, and if $n > 90$, then $x = 0$
<i>Result</i>	$y = 90 - n$; at the same time, if $n < 40$, then $y = 50$, and if $n > 90$, then $y = 0$
<i>total</i>	$x/2 + y/2$

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n - average % filling of output or result indicators
x - partial levy for failure to meet output indicators
y - partial levy for failure to meet the result indicators

Example 1: The beneficiary fulfils the output and result indicators to an average of 60%.

Partial levy for failure to meet output indicators: $x = 90 - 60 = 30\%$

Partial levy for failure to fulfil the result indicators: $y = 90 - 60 = 30\%$

Total levy: $30/2 + 30/2 = 30\%$ of the total aid amount.

Example 2: The beneficiary fulfils the output indicators to an average of 60% and the result indicators to an average of 25%.

$x = 90 - 60 = 30\%$

$y = 90 - 25 = 65$; $n < 40 \rightarrow y = 50\%$

Total levy: $30/2 + 50/2 = 40\%$ of the total subsidy amount.

Example 3 The beneficiary fulfils the output indicators to an average of 90% and the result indicators to an average of 80%.

$x = 90 - 90 = 0\%$

$y = 90 - 80 = 10\%$

Total levy: $0/2 + 10/2 = 5\%$ of the total aid amount.

Example 4 The beneficiary fulfils the output indicators to an average of 95% and the result indicators to an average of 80%.

$x = 90 - 95 = -5$; $n > 90 \rightarrow x = 0\%$

$y = 90 - 80 = 10\%$

Total levy: $0/2 + 10/2 = 5\%$ of the total aid amount.

7.9. PROJECT CLOSURE

7.9.1. FORMAL TECHNICAL PROJECT IMPLEMENTATION CLOSURE IN TERMS OF FORMAL ARRANGEMENTS

Beneficiaries are obliged to ensure the completion of the project from a formal/technical point of view, i.e. to prepare and process all documentation associated with the implementation of the project for storage for the needs of the EC, the European Court of Auditors and other bodies with the right of inspection/control. All assets acquired from funds of the P JAC must be marked by the beneficiary, for example, with the inventory number to enable easy identification during the binding period (the binding period is stated, for example, as the period of sustainability of activities and outputs/products, the period stated for the non-transfer of assets in the legal act on grant award / transfer, partnership contract, etc.).

Necessary steps before ending the project:

- 1) to check the records of documents and ensure that their ability to testify is guaranteed throughout the storage period (marking of documents, permanence of media, especially print, web links – preferably in the form of print screens, etc.);
- 2) if original documents (e.g. payroll) cannot be included in the documentation due to legal

procedures, attach a written communication to the documentation where these documents can be traced and verified ("audit trail");

- 3) to inspect the separate accounting of project income and expenditure and accordance with the paid PA and the lists of documents and reported income ¹⁹², to store the extract from the separate accounting records;
- 4) to make, before the termination of the project, an inventory of assets acquired from project funds and to assign the list of assets to the retained documentation while adhering to the following instructions;
 - the beneficiary prepares the inventory list in the format that is used by default for the inventory of property; the registration number of the project and its name will be indicated in a visible place of the processed list;
 - the acquired, recorded assets must be marked with the inventory number to be able to identify in the case of inspection; in the list there will be the location within the respective organization (beneficiary / partner); the inventory of such assets is submitted by the beneficiary as an attachment to the FPIR / FPA;
 - in the case that the acquired assets were divided between several partners or will be handed over to the partners, these facts must be documents / recorded in writing, including instructing the transferee of the binding period for the holding assets and their identification, including the obligation to report to the granting authority any changes in the balance of assets (e.g. destruction, theft) and changes to their location;
- 5) to prepare for retention all materials and documents that were produced during the publicity and promotion of the project (e.g. leaflets, publications, CD and other items);
- 6) in relation to the obligation to implement corrective measures imposed by authorized subjects on the basis of inspections and the recommendation of completed audits, to verify the completeness of documents related to the fulfilment of measures (records/memos) and to assign them to the retained documentation;
- 7) to assign to the retained documentation any correspondence except of IS KP21+ with all subjects which is relevant for any inspection of the terminated project, in particular with the MA, Payment body, Audit authority, European Commission, European Court of Auditors, European Anti-Fraud Office (OLAF), Ministry of Finance and Financial Administration, the Supreme Audit Office, independent audit bodies, or any other bodies with the authority for inspection (MoRD-NCA, Office for the Protection of Competition, etc.);
- 8) for the duration of the sustainability of the project, if no other period is specified in the legal act on grant award / transfer, preserve the outputs/products of the project in an appropriate manner;
- 9) personally ensure the sustainability of the project, especially the submission of PSR, if sustainability is established.

The beneficiary must ensure no later than upon the submission of FPIR:

- correct handling of personal data, if they become the subject of stored documents, according to the Personal Data Protection Act and the General Data Protection Regulation;

¹⁹² The output report from the project accounting, from which it will be possible for the MA to verify the accounting of direct expenditure (including expenditure up to CZK 20,000) for the given project, shall be documented by the beneficiary together with the FPA - see ch. 7.9.3.

- verification of the fulfilment of the notification obligation towards the Office for the Protection of Personal Data, if it is relevant for the project;
- original documents intended for preservation; the list of basic materials intended for storage is given in ch. 7.11.2;
- conduct an audit of the project if this obligation is imposed;
- settlement of advances to the supplier;
- calculation of the flat-rate costs of the project in relation to the total eligible expenditure of the project (according to the claim from the last list of documents) and their inclusion in the FPA;
- settlement of funds transferred into cash so as to be able to make any return of funds;
- keeping the username and password for entering IS KP21+ (for the possibility of submitting PSR through IS KP21+), if sustainability is established.

7.9.2. TIMEFRAME FOR PROJECTS CLOSURES

All types of projects must be completed by the beneficiary within the deadline specified in the legal act on grant award / transfer.

The implementation of the project may be terminated earlier compared with the deadline mentioned in the legal act on grant award / transfer (hereinafter referred to as “early” or “previous”). In such a case, it is a significant change to the project establishing a change in the legal act on grant award / transfer (see ch. 7.4). After the approval of the significant change, the beneficiary will submit the FPIR (see ch. 7.2.1.), within 40 business days from the end of the project implementation at the latest.

7.9.3. PROJECT IMPLEMENTATION CLOSURE IN TERMS OF MONITORING AND FINANCING

After the completion of the project, the beneficiary submits to the granting authority:

1) The final PIR including outputs and products of the project

The beneficiary submits the products and outputs of the project continuously as part of the project implementation and attaches them to the PIR. They are submitted with the FPIR at the latest, unless otherwise specified in the call/subsequent documentation for the call. All products and outputs to which he has committed are sent by the beneficiary to the MA for inspection.

An integral part of the legal act on grant award / transfer is the obligation of the beneficiary to provide project products for the use of the MA and for the information of the public¹⁹³. In particular, the disclosure requirement does not apply to:

- a) a product for which disclosure is not required by the Rules for Applicants and Beneficiaries - specific part or by a legal act
- b) a product showing any of the characteristics listed below¹⁹⁴ :
 - partial (analyses leading to the creation of the final product, drafts); if the product consists of several parts, the complete product is published;

¹⁹³ By information to the public means primarily the publication of the project product in the Database of products co-financed from EU funds, for which the beneficiary is obliged to provide cooperation. The obligation to publish also applies to opponent/review opinions or other forms of product assessment, if they are documented for the product. The beneficiary is obliged to ensure its publication with the person who prepared the assessment, including the identification data of the person (name and surname) who prepared it.

¹⁹⁴ Fulfillment of the characteristic will be assessed by the MA based on the information from the beneficiary listed in the PIR.

- record character (for example, attendance records);
- the free distribution of which is restricted by personal data protection if the product cannot be anonymized;
- the free distribution of which is restricted by security rules;
- the free distribution of which is limited by intellectual property protection (e.g. industrial rights);
- the free distribution of which is restricted by trade secret protection;
- of a project in the field of research and development, provided that its disclosure is not required by applicable legislation;
- supported in the compatible state aid regime and in the de minimis regime, with the exception of services of general economic interest, which support activities in the public interest;
- non-transferable, i.e. difficult to use by another organization, if the product cannot be modified for the purpose of portability (e.g. by removing personal data, extracting the supporting part of the internal regulation or other methodological and procedural documentation of the organization);
- the disclosure of which could defeat the purpose of the product (e.g. tests);
- applied (e.g. the questionnaire for graduates must be published, but not the answers to individual questions).

In the event that the provisions of point a) do not apply to the product, or it does not show any of the characteristics mentioned in point b), its non-disclosure can be requested through an apply for the significant change constituting a change of the legal act.

If the product cannot be published in the form that was submitted to the MA for the purpose of its review and the product needs to be modified before its publication (for example, delete personal data, etc.), the beneficiary, together with the version of the product intended for review, also documents the version of the product intended for publication, which will be contain only facts, the publication of which nothing prevents, or the publication of which the beneficiary has treated in such a way that these facts cannot change in the future.

The products created as part of the implementation of the project will be handed over by the beneficiary in electronic form to the MA, and in the case of works and other objects of protection protected by copyright and related rights, the beneficiary will attach a Creative Commons 4.0 license, in the BY or BY-SA variant, or another license specified in the SRfAB, or the legal act on grant award / transfer¹⁹⁵ and make it available to the public in such a way that anyone can have unrestricted and free remote access to it and be allowed to further share and otherwise use the work in accordance with the chosen license. If the holder of the copyright or rights related to the work or other subject of protection, which arose on the basis of a contract using the funds of this grant, is a third party different from the beneficiary, the beneficiary is contractually obliged to ensure that this person attaches to the work or other subject of protection a license under the same conditions as the beneficiary.

The beneficiary is also obliged to submit a form for each product to be published¹⁹⁶ with product information.

The procedure for administration of the FPIR is given in ch. 7.2.1.

¹⁹⁵ If the product is to be published, but none of the listed licenses can be attached to it, the beneficiary can request the use of another appropriate license through a change request with an impact on the legal act.

¹⁹⁶ The form is available at www.opjak.cz.

2) Final Payment Application

Together with the FPIR, the beneficiary submits the FPA and at the same time:

- supporting documents for expenditure for the last reporting period;
- where appropriate, documents for other expenditure that he can apply in accordance with the terms and conditions and eligibility rules for expenditure set out in the terms and conditions;
- an output report from the project's accounting, from which it will be possible for MA to verify the accounting of all direct expenditure (including expenditure up to CZK 20,000) for the given project;
- in the case of an **income-generating** project, documentation of the amount of income, including the method of calculating the income achieved according to ch. 8.3.1.

Eligible project expenditure that are not included in the FPA at the latest cannot be approved as eligible by the granting authority.

MA recommendations: Before submitting the FPA, the beneficiary is recommended to check all approved PAs and their compliance with reimbursed expenditure and provided advances. All advances between the supplier and the beneficiary must be settled before submitting the FPA.

In the case of ex-ante financing, as part of the control of the financial correctness of FPA, the MA determines the difference between the repaid funds on advances and the billed project expenditure in all PA including FPA, i.e. it determines the possible amount of the return of unused funds, or the possible amount of additional payment by the granting authority, namely in the division into investments and non-investments and in the division into the share of the EU and Slovakia.

In the event of an error detected during the FPA inspection by the MA, for which the beneficiary cannot be called upon to rectify according to Section 14f (1), the MA calls on the beneficiary together with the return of unused funds, also to return the grant / part of the grant according to Section 14f (3) (see ch. 10). These two refunds are always formally divided, i.e. the beneficiary makes these refunds as two separate payments.

In the event that the return of unused funds is calculated, the MA will send the beneficiary via IS KP21+ a request for the return of unused grant funds. The bank account to which the refund is to be made will be communicated to the MA together with this refund request. The beneficiary shall return the funds within 30¹⁹⁷ business days from the approval of the final PIR / FPA or within the deadline according to Decree No. 367/2015 Coll., on principles and deadlines for the financial settlement of relations with the state budget, state financial assets and the National Fund (decree on financial settlement), whichever occurs first previously. **The beneficiary is to inform the granting authority of the return by sending information in the form of an internal dispatch (advice).**

The content of the notice on the return of unused funds is:

- registration number of the project (the last ten digits of the registration number of the project serves as a variable symbol),
- beneficiary identification;
- the amount of return broken down into investments and non-investments;
- bank account to which unused funds will be returned.

If the beneficiary does not meet the deadline for transferring any unused funds to the granting authority account, or if the amount of the returned unused grant sent by the beneficiary is lower

¹⁹⁷ In the case of contributory organizations, sending a return to its founder is considered to be a return.

than the required amount, this is an unauthorized withholding of funds, and therefore also a suspected breach of budgetary discipline according to the budgetary rules.

In the case of ex-post financing, after submitting the FPA, the financial correctness of the submitted reimbursed expenditure is checked and the amount of the additional payment is determined by the granting authority.

In the case of combined financing, after submitting the FPA, the MA checks all accounting documents and determines the amount of the additional payment from the granting authority.

Preservation of the bank account even after the completion of the project - in the event that the beneficiary is required by the call / subsequent documentation to the call to use a separate bank account for bank operations related to the project (hereinafter referred to as the "project account"), the beneficiary may cancel it at the earliest, when the financial settlement is made (i.e. all payments related to the project are made, including reimbursement of FPA, or refunds are made).

Rules for retaining the bank account also apply after the termination of the project within the same scope to the partner of the project with a financial contribution.

If the beneficiary must submit according to Regulation No. 367/2015 Coll., the **financial settlement** of the aid, the beneficiary will make the settlement by the 31st of December of the year in which the project was terminated. The deadline for the submission of documents by the beneficiary and return of funds to the other funds account (financial settlement) is determined by a decree on **15. 02. of the year following the year in which the project was terminated as defined below**.

For the purposes of financial settlement with the state budget, the termination of project financing means the day the project transitions to the status PP41 "project financially terminated by the MA".

During the financial settlement, the beneficiary:

- submits a financial settlement form (the form is used according to the type of beneficiary), which is an appendix to Decree No. 367/2015 Coll. This form is submitted to the granting authority in summary for all subsidies received from the MEYS for projects that are subject to financial settlement in a given year in accordance with the instructions for financial settlement listed on the website of the MEYS or sent to beneficiaries by internal dispatches.
- returns unused funds to the granting authority (if it has not done so before). Funds that the beneficiary receives through an advance payment (advance payments) and does not account for in the PA are considered unused funds (see ch. 7.2.1.2).

For projects co-financed from EU funds, such projects are not settled for which funds were provided in the amount of expenditure already incurred, i.e. for projects financed by ex-post payments (with the exception of projects financed by SOU and CO of SOU payments, which are only recorded from a reporting point of view on ex-post forms).

7.9.4. NON-ACHIEVEMENT OF THE PURPOSE OF THE GRANT AT THE END OF THE PROJECT IMPLEMENTATION

If, after the completion of the project implementation, it is found that the project has not fulfilled the purpose for which the grant was provided by the date of completion of the project at the latest¹⁹⁸, this is a suspected breach of budgetary discipline.

¹⁹⁸ The granting authority assesses the fulfillment of the indicators and the achievement of the purpose of the grant also with regard to the **quality of the project outputs/products presented**. The granting authority reserves the right to mark individual outputs/products as unsatisfactory based on expert assessment.

Based on the FPIR, the granting authority cuts all expenditure submitted in the FPA and sends an initiative to the competent financial administration body to initiate tax proceedings concerning the suspected breach of budgetary discipline.

7.9.5. NON-STANDARD TERMINATION OF THE PROJECT IMPLEMENTATION

1) Cancellation of the implementation of the project before the legal act on grant award / transfer is issued by the applicant.

The applicant uses the "withdraw application" button in IS KP21+ to announce the withdrawal of the grant application in accordance with Section 66(1) of the Administrative Code. The applicant may also withdraw the application in any other official way with a handwritten or electronic signature of the statutory body or its authorized/entrusted representative. The request to end the project administration is considered an official "withdrawal of the application" (including the electronic method with the "withdraw application" button in IS KP21+). The "withdraw application" button in IS KP21+ is only accessible to signatories and authorized representatives, who can use it to withdraw a grant application before the issuance of a legal act on grant award / transfer, even if the actual name of the button in IS KP21+ is changed. The applicant is informed about the withdrawal of the application by a system message, at the same time the status of the application is changed to the status "Grant application withdrawn by the applicant / discarded by the MA / IB". The project administration is terminated as soon as the Provider issues a "Decision to cease the proceedings" and it becomes legally binding.

2) Termination of the administration of the grant application before the legal act on grant award / transfer is issued by the MA (or provider)

If it is not possible to grant or reject the grant application in the evaluation process without the applicant withdrawing the application, the Provider shall terminate the administration of the application with a "Decision to cease the proceedings". This procedure shall be applied especially in cases where the applicant does not communicate with the provider / MA and does not supply the mandatory documents needed to start the next phase of the evaluation.

If the applicant does not provide the documents necessary for issuing a legal act on grant award / transfer, the provider will decide to reject the grant application.

3) Premature termination of the project implementation with the legal act on grant award / transfer - Grant Award Decision already issued

a) Premature termination of the implementation of the project with the issued legal act on grant award / transfer - Grant Award Decision by the provider

The provider may terminate the project prematurely only for the reasons specified in Section 15 of the budgetary rules through the procedure for withdrawing the grant. The result of the grant withdrawal procedure will be the issuance of an administrative decision by which the grant will be withdrawn. The decision will contain the date by which the beneficiary must return the funds received by that day and identity of accounts to which such funds are to be transferred. These proceedings are the subject of General Regulations on administrative proceedings; therefore, it is possible to submit an appeal against the decision of the granting authority upon the withdrawal of grant ¹⁹⁹. For details, see chap. 10, section Withdrawal of subsidy.

b) Premature termination of the implementation of the project with the issued legal act on grant award / transfer - Grant Award Decision by the beneficiary

¹⁹⁹ See administrative regulations.

Premature termination of project implementation means its termination without achieving the purpose of the grant.

If the beneficiary does not want/cannot continue to implement the project, he/she requests termination of the project using the "terminate project" button (including filling in the justification) in the grant application in IS KP21+ (submitting another official application is then not required)²⁰⁰. The "terminate project" button is used in the sense of notifying the intention of the grant beneficiary not to continue implementing the project. Simply using the button does not mean the formal termination of the project. The beneficiary can also use another official form to notify the intention not to implement the project, with the signature of the statutory body or its authorized / entrusted representative, but a justification must also be given.

In case of fulfilment of the conditions set out in Section 15 of the budgetary rules (e.g. the purpose of the grant cannot be fulfilled properly and on time), the provider will initiate proceedings to withdraw the grant. For details, see chap. 10, section Withdrawal of subsidy.

4) Premature termination of projects implemented on the basis of the Measures of the Deputy (technical assistance of the MA)

If the beneficiary (especially the Department of Technical Assistance) finds that it is not possible to achieve the goal of the project before the Deputy's Measure is issued, the signatory (Minister) or an authorized employee (Director of the Department of Technical Assistance under the authority of the Minister) withdraws the grant application using the "withdraw application" button in MS2021+.

If the signatory requests the termination of the administration of the application with a handwritten or electronic signature, the authorized representative withdraws the application in MS2021+.

If the beneficiary finds that it is not possible to achieve the goal of the project defined in the Deputy's Measure, and at the same time the implemented part of the project is not in accordance with the call, the beneficiary submits a proposal for early termination of the project implementation using the "terminate project" button.

The MA handles the funds used by the beneficiary as a suspected breach of budgetary discipline by submitting an initiative to the financial administration body.

It is not an early termination of the project if it is possible to shorten the project and reduce its scope, in accordance with the call, only to the completed part of the project. In this case, the beneficiary submits a request for a significant change to the project and the MA approves the change.

5) Early termination of projects implemented by other SOU

If the implementer of the project is SOU on the basis of Section 26(3) of the budgetary rules, and if a budgetary measure has been implemented that transferred the funds of the MA to the implementer, the MA will proceed similarly according to Section 14f of the budgetary rules. This means that the MA will call the implementer to return the funds transferred so far. The provided funds are returned by the budgetary measure if they are to be returned into national budget; in other cases, the organization unit of the state whose budget was decreased, receives them into the foreign funds account. In the case of funds returned by the beneficiary in this way it applies that there was no breach of budgetary discipline and the MA on the basis of the provision of Section 14f (7) of the budgetary rules only notifies the relevant financial administration body of

²⁰⁰ The detailed procedure is given in the IS KP21+ User Manual in the section Instructions for filling out the grant application form.

the issuance of a call for return of the funds and of the response to the call. In the event that the budgetary measure was not implemented, the MA will send the relevant FAB an initiative to initiate tax proceedings and to investigate suspected breach of budgetary discipline.

7.10. SUSTAINABILITY OF THE PROJECT

The conditions and duration of the project's sustainability are set out in the announced call / follow-up documentation for the call and in the legal act on grant award / transfer.

7.11. RETENTION OF DOCUMENTS

7.11.1. GENERAL RULES FOR RETENTION OF DOCUMENTS AND AMENDMENTS RELATED TO THE PROJECT

The retention of documents and file documents associated with P JAC is governed by the Act on Archiving and File Service, as well as by the provisions of the General Regulation, especially Articles 69 and 82 and Annex XIII²⁰¹.

7.11.2. LIST OF DOCUMENTS AND PROJECT OUTPUTS THAT ARE THE SUBJECT OF RETENTION

List of documents that must be stored²⁰²:

- documents submitted for the grant application (a detailed overview is given in the call, or in the accompanying documentation for the call);
- documents submitted for the legal act on grant award / transfer (for a detailed overview, see ch. 6.4);
- documents proving the promise and approval of the support (including annexes and any amendments) - legal act on grant award / transfer;
- documents for the procurement procedure proceedings – documentation on orders and records on electronic actions related to the implementation of orders;
- documents proving the purpose of the use of financial resources - e.g. PA, accounting records, invoices, bank account statements;
- documents for reports on project implementation/sustainability;
- documents related to conducting inspections by the Managing authority and further bodies;
- complete correspondence, which the beneficiary received on the part of the Managing authority and the implementation body and sent to those bodies;
- further source materials related to the project and its implementation that document the course of the administration of the project for the final fulfilment of the indicators of the outputs of the operation, achieved values of indicators and the minimum required sustainability time of the project – e.g. photos, records of work, hand over protocols for constructions and delivered assets, etc.

²⁰¹ It establishes a minimum list of requirements for an audit trail in terms of accounting records to be kept and documents to be kept.

²⁰² This is not an exhaustive list of documents to be kept.

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7.11.3. RULES FOR THE RETENTION OF DOCUMENTS

The beneficiary must store the documents related to the implementation of the project.

In connection with the need to ensure the proper functioning of the system for recording and keeping accounting records for each activity, in accordance with the unified methodological environment, a period is established for which original documents must be available to the control authorities, for a period of ten years from the 01. 01. of the year following the year in which the deadline for fulfilling the last condition for the implementation of the project or its sustainability expires, if it is established within the project according to the legal act on grant award / transfer²⁰³. The deadline is set for the duration of administrative or judicial proceedings or at the request of the European Commission. This does not affect the obligations regarding the preservation of documents arising from the legal regulations of the Czech Republic²⁰⁴ or regulations on public support²⁰⁵.

The beneficiary (or partner) is not obliged to keep the documents that exist as originals in MS2021+ as originals in a place different from MS2021+. If only a scan of the document is available in this information system, or the document is not entered in the system at all, the preservation of the original document (or certified copy) must be ensured by the beneficiary, or partner.

²⁰³ The last condition may be the obligation to submit a financial settlement according to Decree No. 367/2015 Coll., or an overview of the economic use of supported capacities (if it is relevant for the project), or FPSR (if it is relevant for the project), depending on which of these obligations has the latest deadline for fulfillment.

²⁰⁴ E.g. of the Act on Accounting, the Act on Income Taxes, the Act on Archiving and File Service.

²⁰⁵ See Article 17 of Council Regulation (EU) No. 2015/1589 of 13 July 2015 laying down implementing rules to Article 108 of the Treaty on the Functioning of the European Union.

8. CHAPTER – EXPENDITURE ELIBILITY AND REPORTING

Project expenditure must meet eligibility conditions. Defining the eligibility conditions depends on the method of reporting expenditure. Project expenditure can be reported:

- by the direct costs reporting method;
- by methods of simplified reporting of expenditure;
- by a combination of the above methods, i.e. a certain category of project expenditure is reported using the method of direct reporting of expenditure and another category of project expenditure using the method of simplified reporting of expenditure.

The method of reporting project expenditure is always determined by the MA and includes this information in the text of the call / follow-up documentation for the call.

8.1. DIRECT EXPENDITURE REPORTING

When reporting expenditure directly, the MA approves the eligible costs of the operation that were actually incurred and paid by the beneficiary²⁰⁶. The beneficiary documents the actually incurred and paid expenditure by submitting tax, accounting or other documents proving the eligibility of the expenditure (for more details, see ch. 8.1.1). With these documents, the beneficiary proves the material, temporal and local eligibility of the expenditure as well as the adequacy of the expenditure in relation to the achieved outputs and results of the project (see ch. 8.1.4). The specific list of documents that must be documented is always defined for each type of expenditure in ch. 8.1.5.

Note: All the rules listed below that apply to the beneficiary also apply to possible partners of the project with a financial contribution.

8.1.1. ACCOUNTING AND DOCUMENTATION

Beneficiaries are obliged to keep **accounts** in accordance with the legal regulations of the Czech Republic.²⁰⁷

The beneficiary is obliged to account separately from other activities of the organization for all transactions related to directly reported expenditure (for example, through analytical accounts, using an accounting centre, etc.)²⁰⁸.

When purchasing property, the beneficiary is obliged to mark the property acquired from a specific project or specific projects with the registration number of the project/projects. The beneficiary is obliged to document as a mandatory attachment the accounting output report for the project for the given reporting period as part of each ongoing PA. As part of the final PA, the beneficiary, in addition to the accounting output report for the project for the given reporting period, also documents the accounting output report for the project for the entire period of project implementation (see ch. 7.9.3).

²⁰⁶ Including material contributions and depreciation. In-kind contributions and depreciation are eligible expenditure, provided that they are enabled by the given call or related documentation to the call.

²⁰⁷ Alternatively, also in accordance with the relevant national regulations of the foreign partner with a financial contribution, if it is involved in the implementation of project activities.

²⁰⁸ This obligation does not apply to project expenditure reported using any of the simplified forms of reporting, see ch. 8.2.

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Documents related to the implementation of the project must be **marked with the project registration number**. The beneficiary / partner is obliged to oblige the supplier to submit for reimbursement only those invoices that contain the project registration number in the text of the invoice²⁰⁹.

The beneficiary accounts for realized expenditure through requests for payment, the schedule of which is set out in the financial plan of the project (see ch. 5.9.2). As part of the PA, the beneficiary includes all of his expenditure on the list of documents, while accounting for the incurred project expenditure on an ongoing basis, without unnecessary delay.

Expenditure for which the total amount reported as eligible is higher than CZK 20,000 per accounting document²¹⁰, or in the event that the MA explicitly requests the documentation of the expenditure, the beneficiary documents using electronic versions of the documents:

- tax/account documents;
- payment documents²¹¹;
- and other supporting documentation specified in the description of the documentation of individual types of eligible expenditure in ch. 8.1.5.

Expenditure that are not documented in the above-mentioned method are always considered as ineligible expenditure.

Expenditure for which the amount applied as eligible expenditure within the given project is equal to or lower than CZK 20,000 per accounting document are documented through individual lists of documents in MS2021+, but this expenditure are not supported by the electronic versions of the documents listed above.

When spending control is applied to a sample of expenditure, expenditure over CZK 20,000, which will not be included in the selected sample, will also be documented through inclusion in the lists of documents in MS21+, but the beneficiary will not be required to provide electronic versions of the documents listed above for this expenditure.

Rules for specific types of accounting documents

Advance invoices

Advance invoices for suppliers of goods or services in the project can be paid and applied in the payment application only in the case that this expenditure meet the rules for eligibility, are issued in accordance with a valid contract (with the supplier of goods or services) and common business practice and will be submitted along with the invoice settlement. Expenditure resulting from advance invoices can be included in the PA at the earliest when they are billed by the supplier.

Internal documents

Eligible project expenditure can also be proven by internal accounting documents if the following conditions are met:

²⁰⁹ In justified cases, the beneficiaries/partners are allowed to mark the invoice with the number of the project by themselves before their application in the payment application.

²¹⁰ When reporting personnel expenditure, one accounting document that can be included in the list of accounting documents is considered to be the eligible part of the wage / salary / remuneration of an individual worker not exceeding the amount of CZK 20,000, provided that this amount includes the gross salary including personal allowances and statutory health and social insurance. If a person has more part-time jobs within one project, the value of accounting documents is aggregated. For other documents, the total amount claimed as eligible expenditure within one accounting document is decisive.

²¹¹ For internal documents, documentation is governed by the rules see below.

- 1) the beneficiary maintains internal accounting uniformly for the entire organization, i.e. income and expenditure are always broken down within the organization for all orders, regardless of the sources from which they are financed;
- 2) the amount submitted for redemption must not include profit;
- 3) during internal invoicing, there must be no circumvention of the rules for awarding public contracts and the rules established under the RfAB.

Documentation for eligibility:

- internal invoice – meeting the general formal requirements for an accounting document;
- price calculation – with individual expenditure items for a given service or product. The price calculation must correspond to the usual prices in the place and time. At the request of the MA, the beneficiary is obliged to prove the price of the unit used in the calculation, e.g. with a document from the warehouse register, a primary document or a document of the same evidentiary value. The price of the external supply procured directly and only for the purposes of this internal invoicing is proven exclusively by the primary document;
- internal directives – must regulate the method of calculating expenditure for individual centres and the rules for issuing internal invoices;
- **account statement with payment of initial documents (only if requested by the MA)** - on the basis of which the internal invoicing was carried out. The date of posting of the internal invoice is considered to be the date of the expenditure.
- **statement from the project account (in case the beneficiary maintains a project account)** - proving that the internal invoice or its part corresponding to the eligible expenditure was paid within the specified period of eligibility of the expenditure.
- **market research** - carried out at the place of fulfilment min. from 3 external suppliers, whereby the beneficiary proves that the price determined by the calculation is not higher than the price offered by the selected suppliers (if in exceptional cases it is not possible to document a market survey, the beneficiary must properly justify this fact).
- **affidavit** – stating that the employees financed from the project funds did not take part in the execution of the performance that is the subject of internal invoicing, as part of their employment on the project (the beneficiary attaches to the internal invoice/document).

Determining the amount of eligible expenditure and their payment in connection with the possible emergence of exchange rate differences when including the given expense in the list of documents

There are the following options for determining the amount of eligible expenditure for reimbursement:

- a) Tax/account document in CZK, payment in CZK – the eligible expenditure is the amount paid in CZK including the eligible part of VAT;
- b) Tax/account document in CZK, payment in foreign currency – eligible expenditure is the amount in CZK calculated as the product of the amount in foreign currency used for payment and the CNB exchange rate on the day of payment. The resulting amount in CZK usually differs from the invoiced amount;
- c) Tax/account document in a foreign currency, payment in the same foreign currency – the eligible expenditure is the amount in CZK calculated as the product of the amount in the foreign currency used for payment and the CNB exchange rate on the day of payment. In the case of payment of one invoice in foreign currency in instalments, the eligible amounts of individual instalments in foreign currency are multiplied by the CNB exchange rate on the date of payment;

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- d) Tax/account document in a foreign currency, payment in CZK - eligible expenditure is the entire amount paid. If the invoice contains other/ineligible expenditure, the eligible expenditure are calculated as the product of the eligible amount in foreign currency and the payment rate according to the bank account statement. It is necessary to clearly identify how much foreign currency was paid. It is not enough to state the amount in CZK without a clear link to how much it represents in foreign currency. If the amount paid in a foreign currency is not indicated on the bank statement, it can be documented, for example, by a notice of the foreign payment made or another document confirmed by the bank, which contains this information;
- e) Tax/account document in a foreign currency, part of the payment in the same foreign currency, part of the payment in CZK - eligible expenditure are recalculated in the same way as in points c) and d).

The amount of eligible expenditure related to travel reimbursements, where exchange rate differences may arise, is determined as follows:

- in the case of an advance payment for a foreign business trip in a foreign currency to an employee of a Czech entity, the CNB exchange rate valid on the day the advance payment is made is used when billing this advance payment²¹²;
- in the case of invoicing travel allowances related to a foreign business trip, when an advance payment was not provided to an employee of a Czech entity, the CNB exchange rate valid on the day the employee embarks on the business trip is used when invoicing the foreign trip²¹³.

8.1.2. BANK ACCOUNT, CASH REGISTER AND OTHER PAYMENT METHODS

Non-cash expenditure for the project may be paid from any **bank account** of the beneficiary. When proving direct expenditure, the payment must be proven by a scan of the statement from the bank account from which the payment was actually made, unless otherwise specified. It must be clear from the statement that it is the beneficiary's bank account and individual expenditure must be properly marked (e.g. by line number according to the list of documents).

The beneficiary **is not obliged to** keep a separate **cash register** for cash expenditure and income for the project (however, it is necessary to ensure analytical records of cash withdrawals in accounting). Only expenditure for property, services or personnel expenditure with a total value less than or equal to CZK 270,000 can be paid in cash. CZK (for the threshold of CZK 270,000, the decisive factor is the total purchase price of the property or service, not the amount of a single instalment).

In addition to the beneficiary, the **payment of expenditure** can be made by, for example, a bank, a financial institution, or possibly another entity. The condition for using this option is the necessity of maintaining an audit trail, a sufficient description of the financial flows between the individual involved entities and the setting of contractual relationships that guarantee the cooperation of the involved entities. It is also possible to extinguish the obligation/fulfilment of the obligation by offsetting the mutual claims of the beneficiary and the supplier in accordance with Section 1982 to Section 1991 of the Civil Code. It must be set-off based on the agreement of both parties. Unilateral crediting without the consent of the counterparty is not considered sufficiently conclusive.

8.1.3. VALUE ADDED TAX

Value added tax (VAT) is eligible for projects:

²¹² The procedure shall be in accordance with Section 183 of the Labour Code.

²¹³ The procedure shall be in accordance with Section 184 of the Labour Code.

- a) **Whose total expenditure is lower than EUR 5,000,000 including VAT and in which VAT is non-deductible for the person of the beneficiary** according to the VAT Act.²¹⁴ VAT is eligible only on the condition that the beneficiary cannot claim input value added tax deduction. If the beneficiary can claim VAT deduction in a proportional or possibly reduced amount, VAT is eligible only to the extent in which the claim could not be made. The fact that the beneficiary is not entitled to VAT deduction shall be documented by the beneficiary with an affidavit signed by an authorized person attached to the first PA. In the event that VAT is eligible according to this point, but during the implementation/sustainability of the project, the beneficiary would have a new right to deduct VAT that was included among eligible expenditure, this VAT will become ineligible. The beneficiary is obliged to inform the MA about the amount of the ineligible amount no later than in the first PA submitted after the right to deduction arises. This amount will be taken into account by the beneficiary on the list of documents, where the invoice will be reduced by the resulting difference. If it is not possible to proceed in this way in the first PA following the occurrence of this fact, the beneficiary shall inform the Managing authority of this at the latest in this PA / PIR. The MA will then give the beneficiary instructions for making the return, including the deadline for making the return. In the event that the beneficiary returns the given amount within the deadline, it is not a violation of the terms of the legal act on grant award / transfer.
- b) **Whose total expenditure is at least EUR 5,000,000 including VAT and in which there is no VAT** according to the VAT Act²¹⁵ **refundable in any way**. In these cases, the tax status of the entity is not in itself a decisive factor for assessing whether VAT is refundable according to Article 64 of the General Regulation. Further analysis of the project is needed.

VAT that is recoverable in any way, even if it is not directly refunded to the beneficiary, is ineligible. Thus, VAT will be ineligible in all the cases mentioned in point a) and also in the case when the infrastructure that was the subject of the project is operated by an entity other than the beneficiary, while the income from this activity is subject to VAT, which derives from the direct use of the project.²¹⁶ With regard to the principle of refundability, it is irrelevant what amount of VAT was refunded, or whether and to whom it was refunded at all. The very possibility of VAT arising on the output, which arises as a result of the direct use of the infrastructure (because in that case, VAT is income of the public budgets of the Czech Republic) is considered to be VAT recoverable.

The beneficiary is obliged to submit information to the MA upon request, which will allow for the assessment of possible VAT recoverability. If the MA has doubts as to whether the VAT can be recovered in any way²¹⁷, VAT is considered ineligible.

In the event that VAT is eligible according to this point, but during the implementation/sustainability of the project circumstances would change so that the VAT would become refundable, this VAT will become ineligible.

The beneficiary is obliged to inform the MA about the amount of the ineligible amount no later than in the first PA submitted after the right to deduction arises. This amount will be taken into account by the beneficiary on the list of documents, where the accounting will be reduced by the resulting difference. If it is not possible to proceed in this way in the first PA following the occurrence of this fact, the beneficiary shall inform the Managing authority of this at the latest in this PA / PIR. The MA will then give the beneficiary instructions for making the return, including

²¹⁴ Or according to national regulations in the case of the involvement of foreign partners with a financial contribution.

²¹⁵ Or according to national regulations in the case of the involvement of foreign partners with a financial contribution.

²¹⁶ In the case of income from the direct use of the infrastructure, these are mainly fees paid directly by users for the use of the infrastructure, the rental of land or buildings or payments for services.

²¹⁷ Especially in cases of indirect use of infrastructure.

the deadline for making the return. In the event that the beneficiary returns the given amount within the deadline, it is not a violation of the terms of the legal act on grant award / transfer.

Eligible value added tax applies only to the fulfilments which must be considered eligible. In the case that the fulfilment is only eligible from the aliquot part, then the value added tax related to this fulfilment is eligible from the same aliquot part.

Foreign VAT

If, when purchasing goods/importing goods/receiving services from another country, it is not possible to claim VAT deduction in another country or in the domestic country, then VAT can be claimed as an eligible expenditure (subject to compliance with the conditions set out in this chapter). If the possibility of deducting VAT paid on entry in another state/domestic country is not excluded, VAT is an ineligible expenditure.

Non-VAT payers can claim VAT in full amount.

When applying foreign VAT in PA, the beneficiary shall provide documentation for the delivery.

Settlement of VAT during the payment application for subjects (beneficiary/partner), who may claim a deduction partially on the basis of the coefficient.

Entities (beneficiary/partner), which can claim a deduction of VAT partially on the basis of the coefficient within the framework of the project, use when reporting in the payment application (i.e. sum of the eligible expenditure) the advance coefficient, the amount of which is documented with the first payment application containing the settlement. The eligible part of VAT may be applied in the list of documents:

- a) Continuously – in the list of accounting documents, VAT is claimed together with the relevant expenditure (i.e. the amount without VAT) within the relevant reporting period.

At the same time, within the first payment application following the correct level of the settlement coefficient for the previous year in accordance with the act on VAT, the beneficiaries will settle the eligible part of the VAT on this basis of this settlement coefficient.

If the settlement coefficient is lower than the advance, i.e. in the project the higher part of VAT can be applied, this fact is taken into consideration on the list of documents, where the settlement is increased by the difference.

If the settlement coefficient is higher than the advance, i.e. that a higher amount of VAT was applied, this fact is taken into account on the list of documents, where the resulting difference is reduced in the invoice. If it is not possible to proceed in this way in the first PA following the determination of the correct amount of the settlement coefficient for the previous year, the beneficiary shall inform the Managing authority of this at the latest in this PA / PIR. The MA will then give the beneficiary instructions for making the return, including the deadline for making the return.

As the source material for the evaluation of the justification of the level of VAT applied during the year into eligible expenditure, the beneficiary submits the copy of the declaration of VAT stating the advance coefficient.

As the source material for the evaluation of the settlement of VAT for the stated year, the beneficiary submits at the beginning of the following year, the copy of the declaration of VAT where the settlement coefficient is calculated. At the same time, the beneficiary submits the report from accounting regarding whether the VAT was properly booked in the accounting and that within the eligible expenditure of the project, only the actual eligible VAT is booked. Invoicing eligible VAT in relation to the calculated settlement coefficient will take place for each calendar (accounting) year of project implementation.

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If the beneficiary uses the average coefficient for the calculation of the claim for a tax deduction, there is the settlement of the eligible part of the VAT according to the actual value of the coefficient ²¹⁸, i.e. if the relative coefficient is calculated according to the actual use at the end of the year deviates from the relative coefficient estimated in advance by more than 10 percentage points.

If it is not possible from a time point of view to make a VAT-eligible statement for the last year of project implementation as part of the final PA, it is possible to make this statement only as part of the financial settlement of the grant in accordance with Decree No. 367/2015 Coll., which lays down the principles and dates for the financial settlement of relations with the state budget, state financial assets or the National Fund, but only if the settlement coefficient is higher than the advance, i.e. that a higher amount of VAT was applied - the beneficiary will take this fact into account in the financial settlement, i.e. that the final return will be increased by it (or an extraordinary return will be made). However, if the settlement coefficient is lower than the advance, i.e. that the higher part of the VAT can be applied in the project, it is not possible to claim this difference within the financial settlement.

- b) Cumulatively - VAT is applied to the project on the basis of a settlement coefficient at the beginning of next year.

Under financial instruments, VAT is an eligible expenditure for final beneficiaries. In the case of a combination of financial instruments with support in the form of a subsidy, the rules set out in this chapter apply to that part of investment expenditure that are supported in the form of a grant.

Carried forward tax liability

In the event that, according to Section 92a of the VAT Act, the tax liability is transferred from the supplier to the beneficiary of the performance and VAT is an eligible expenditure, the control of eligible expenditure can take place in two stages. In the first stage, the beneficiary is requested to reimburse invoiced eligible expenditure as part of a PA, and in the second stage, after fulfilling the legal tax obligation, the beneficiary is requested to reimburse expenditure attributable to eligible VAT as part of another payment request.

As part of one PA, it is possible to reimburse eligible expenditure, including expenditure attributable to eligible VAT, only on the condition that, during the approval and control of the payment request carried out by the MA, the beneficiary proves compliance with the tax obligation in accordance with Section 101 of the VAT Act by declaring VAT, control report and proof of VAT payment. A similar procedure also applies in a situation where the tax liability arises before the obligation to pay the invoiced expenditure arises. In these cases, however, the beneficiary is entitled to request expenditure attributable to eligible VAT at the same time as expenditure for invoiced expenditure. This paragraph also applies in cases where the beneficiary is obliged to pay VAT directly to the tax administrator and when at the same time the VAT represents an eligible expenditure.

8.1.4. GENERAL CONDITIONS OF EXPENDITURE ELIGIBILITY

To be able to consider the expenditure eligible, the following conditions must be fulfilled cumulatively:

- 1) must be in accordance with EU and CR legislation relevant to the given operation;
- 2) must be in accordance with the rules of P JAC and the conditions of support (issued legal act on grant award / transfer);

²¹⁸ The beneficiary submits e.g. tax consultant opinion / opinion of the competent authority / copy of the declaration of VAT at the beginning of next year.

- 3) must be proportionate i.e. must be spent in accordance with the principles of economy, efficiency and effectiveness²¹⁹ (and correspond to prices usual in the place and time);
- 4) must have incurred and have been paid by the beneficiary of the support / partner with the financial contribution in the period from 1. 1. 2021 to 31. 12. 2029;
- 5) must have a relation to the programme area;
- 6) must be fully identifiable, demonstrable and verifiable.

Together, these terms represent five viewpoints of the eligibility of the expenditure:

- 1) substantive (points 1,2);
- 2) adequacy of the expenditure (point 3);
- 3) time eligibility (point 4);
- 4) local eligibility (point 5);
- 5) proof of expenditure (point 6).

The eligible expenditure must fulfil all viewpoints of eligibility. If any of the mentioned viewpoints is not fulfilled, the expenditure cannot be evaluated as eligible.

Outside the scope of the mentioned facts, the MA reserves the right for individual calls to restrict the eligibility of expenditure (time and/or necessity), or to state the limits of eligibility for a certain type of expenditure.

Material Eligibility

The expenditure must be in accordance with:

- 1) general rules for eligibility stated in the Rules for Applicants and Beneficiaries – General section;
- 2) specific eligibility rules given by the RfAB – specific part (if they are issued for the given call), if material eligibility is determined differently compared to the RfAB – general part;
- 3) conditions stated by the legal act on grant award / transfer concluded between the granting authority and the beneficiary. Due to the specificity of individual priorities / specific objectives, specific conditions may differ within P JAC for individual calls.

If there is no input to the project²²⁰ is fully used or does not fully serve to fulfil the project's objectives, only an aliquot part of its amount determined according to the rules for individual types of expenditure is considered eligible expenditure. If the purchased property, material or service is only partially used in the project, only this part is eligible expenditure.²²¹ The amount of the aliquot part is documented by the beneficiary with the first inclusion of the expenditure in the PA.²²²

Proportionality of Expenditure

The adequacy of the expenditure means the achievement of the optimal relation between its economy, purposefulness and efficiency.

- 1) Economy means ensuring stated tasks with the lowest possible outlay of funds while maintaining the corresponding quality of the tasks performed.

²¹⁹ Section 2 of the Act on Financial Supervision.

²²⁰ E.g. property, material, supplies, purchase of services or level of involvement of a person in the project.

²²¹ It does not apply to projects/activities whose main objective is to acquire a given property, material or service (e.g. building a research laboratory). If the activity of the project is the implementation of research activities, only an aliquot part of the property, material or service is an eligible expenditure.

²²² The amount of the aliquot part can be determined by calculation using the schedule base, e.g. FTE, m² or another suitable method.

- 2) Efficiency means the use of such funds, which achieves the maximum possible scope, quality and benefits of tasks performed in comparison with the volume of funds spent on their performance.
- 3) The purposefulness is the use of funds that ensure the optimal rate of the achievement of objectives during the fulfilment of stated tasks.

Expenditure Time Eligibility

The earliest possible date for the incurring eligible expenditure in P JAC is 01. 01. 2021. Expenditure incurred before that date cannot be eligible expenditure.

Time eligibility is further regulated in the announced call, by defining the date of expenditure eligibility.

From a time point of view, expenditure are eligible if they were incurred and actually paid during the implementation of the project, while the period of implementation of the project is precisely defined in the legal act on grant award / transfer. Expenditure that precede the implementation of the project and are necessary for the implementation of the project can also be considered eligible (e.g., expenditure associated with the preparation of project documentation, etc.), if the call permits. However, this expenditure must meet the conditions for the time eligibility of expenditure, which are defined by the call, i.e. they must not be incurred before the date of eligibility for expenditure of the call.²²³

The expenditure spent after the termination of the project, in terms of time, are eligible under the condition that their material implementation relates to the period in which the project was carried out and they are presented (and accounted for) no later than in the final payment application. Therefore, expenditure paid after the date of completion of the physical implementation of the project may also be eligible, provided that the cost was incurred during its implementation (e.g. the salary of a member of the implementation team, paid in the month following the completion of the project, belonging to this employee for the last month of implementation).

The MA can determine the eligibility of expenditure paid within a specified period before the date of the announcement of the call, this date is indicated in the text of the announced call or RfAB – specific part.

In case the start date of the physical implementation of the project is later than the date of expenditure eligibility (defined by the call), only expenditure related to the preparation of the project are eligible for the period from the date of expenditure eligibility to the start date of the physical implementation of the project.

Expenditure incurred under a work contract entered into before the expenditure eligibility date is only eligible provided that the work under that contract was carried out after the expenditure eligibility date. Nevertheless the job responsibilities related to the project must be provided as an amendment to such a contract of employment or in another adequately appropriate way corresponding to the internal regulations of the applicant / beneficiary / partner.

If accounting documents are issued by a person that is not a VAT payer, the moment of incurring of eligible expenditure is the date of the transaction²²⁴. In most cases, the moment of the transaction is identical to the time of preparation of the document. For tax documents issued by VAT payer, the date of incurring of eligible expenditure is the date of a chargeable event. Also apply here, that the date of a chargeable event is a necessary requirement of a tax document in accordance with the VAT Act.

²²³ The rules of some state aid regimes exclude from eligible project expenditure for the implementation of the project incurred before the submission of the grant application, see ch. 7.6. State aid.

²²⁴ The date of the transaction is one of the requisites of accounting documents.

Expenditure Local Eligibility

From the viewpoint of the location of the project, the general principle is valid that the project expenditure are eligible if the project is implemented in the territory to which the programme relates within the framework that it is supported.

Partial project activities (not the project as a whole) may, in justified cases, take place outside the territory defined in the call for proposals (including implementation outside the territory of the Czech Republic), but they must always be for the benefit of the given territory, in accordance with the call, and the given activities must contribute to achieving specific objectives of the programme. For operations that will relate to more than one category of the region, a predetermined pro-rata will apply (more in ch 5.5 Territorial Eligibility of Projects).

Proof of expenditure

The beneficiary is obliged to properly prove, identify and substantiate the eligible direct expenditure claimed for the given project with the relevant accounting, tax or other document, or with other supporting documentation. The beneficiary proves the time eligibility of incurring of expenditure, direct relation of expenditure spent to the project and its necessity for the project through accounting, tax or other documents. The expenditure, even eligible from a contextual viewpoint, which are not properly documented are always considered ineligible expenditure. Additional information on documenting expenditure is provided in ch. 8.1.5.

In the event that project expenditure are realized within the framework of a contract, which the beneficiary is obliged to publish in the contract register under the Act on the Register of Contracts, compliance with this legal obligation is subject to control by the MA. If a statutory obligation is not met, the related expenditure will be considered ineligible.

8.1.5. ELIGIBLE EXPENDITURE BY TYPE

The individual types of relevant eligible expenditure and the method of documenting them are determined with regard to the nature of the supported activities in the RfAB of the individual calls.

As part of project preparation, the following are considered eligible from the point of view of individual types of expenditure:

- expenditure associated with the preparation of the grant application, including all attachments (i.e., e.g. including expenditure spent on obtaining a zoning decision/building permit);
- expenditure associated with the administration of tenders for supplies, services and construction works, which are part of the eligible expenditure of the project up to the moment when the implementation of the project begins;
- expenditure associated with the acquisition of land on which the project will be implemented;
- expenditure for support activities related to the eligibility of expenditure during the preparation of projects (e.g. processing of an expert opinion to determine the maximum amount of eligible expenditure for land);
- expenditure related to the activities of the administrative team (in exceptional cases also members of the expert team) of the project.

In the case of construction works, a contract can be concluded with the supplier/suppliers before the issuance of the legal act on grant award / transfer, subject to the condition of the time eligibility of expenditure, i.e. that up to the date of the start of the physical implementation of the project, only expenditure for the preparation of the project and construction work can be started (meaning the first entry in the construction diary) only after the start of implementation.

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At the time of project preparation, expenditure related to the purchase of property itself, necessary for the implementation of the project, and at the same time also expenditure related to the implementation of key project activities are not eligible.

Acquisition of property by own activity (activation)

In the event that the beneficiary acquires the property through his own activities, he can submit the related expenditure to the PA after the asset or part of it has been activated. The beneficiary documents the purchase price of this property with an accounting document in which the costs included in the purchase price are accounted for, an accounting document on the inclusion of the purchased tangible property in the property of the beneficiary, an accounting document that proves that these costs remained part of the total final purchase price (breakdown of purchase price items) and an affidavit stating that the employees financed from the project funds did not participate in the construction of this property as part of their duties on the project. Payment of the purchase price shall be documented by the beneficiary with copies of bank statements proving payment of the individual costs that make up the purchase price. At the request of the MA, the beneficiary will also document an internal directive governing the rules for activation in the given organization.

Types of eligible expenditure

Expenditure are divided into investment and non-investment:

investment expenditure mean expenditure for the acquisition or technical evaluation of long-term tangible or intangible assets with a useful life of more than 1 year and the amount of the purchase price defined by the beneficiary in accordance with the accounting regulations that the beneficiary is governed by;

non-investment expenditure mean all expenditure not mentioned above.

A. INVESTMENT EXPENDITURE

A.1. Tangible fixed assets (usability over 1 year)

A.1.1 Investment chapter of the budget - "Land"

A.1.2. Investment chapter of the budget - "Buildings and structures"

A.1.3. Investment chapter of the budget - "Movables"

A.2. Investment chapter of the budget - "Long-term intangible assets" (usability over 1 year)

B. NON-INVESTMENT EXPENDITURE

B.1 Non-investment chapter of the budget - "Tangible assets"

B.2 Non-investment chapter of the budget - "Intangible assets" (applicability under 1 year)

B.3 Non-investment chapter of the budget - "Depreciation"

B.4 Non-investment chapter of the budget - "Personnel expenditure"

B.5 Non-investment chapter of the budget - "Author contributions"

B.6 Non-investment chapter of the budget - "Travel expenses" - travel, accommodation, meals, necessary ancillary expenditure, per diems

B.7 Non-investment chapter of the budget - "Purchase of services"

B.8 Non-investment chapter of the budget - "Direct support"

A Investment expenditure

A.1 Fixed assets

A.1.1 Investment chapter of the budget - "Land"

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Land can only be acquired in the case of projects financed from the ERDF. Expenditure related to the purchase of land are eligible in the case that, at the same time, the following conditions are fulfilled:

- a) the acquisition price of the land is fully included into the level of 10% of the total eligible expenditure for project²²⁵;
- b) the land is evaluated by an expert opinion, which must not be older than 6 months before the acquisition of real estate ²²⁶, and must be produced according to the act on the evaluation of assets. The beneficiary can provide evidence of an expert report made even after the acquisition of the land, if it is stated in the report that it was prepared on the date of acquisition of the land;
- c) the eligible expenditure is the purchase price with regard to the limit stated in point a), but at most up to the price determined by an expert opinion.

Evidence of eligibility:

- a) purchase contract;
- b) expert opinion according to the Act on Property Valuation;
- c) documents regarding payment;

and then in the versions:

- d) extract from the real estate cadastre or notification of the relevant cadastral office about the registration of the ownership right to the land in the real estate cadastre;
- e) or a proposal for a deposit in the real estate cadastre confirmed by the cadastral office²²⁷.

From the point of view of the assessment of temporal eligibility, the decisive date is the date on which the deposit in the real estate cadastre has legal effects. If the date of registration of the ownership right into the register fulfils the time test for eligibility, it is not decisive whether the contract for the purchase of land was drawn up outside the scope of the time eligibility.

A.1.2 Investment chapter of the budget - "Buildings and structures"

Acquiring buildings and implementing new constructions is possible only in the case of projects financed from the ERDF. Expenditure related to the acquisition of buildings or their construction are only eligible under the fulfilment of the following conditions:

1) New construction

- a) eligible are mainly expenditure for pre-project preparation (e.g. geological and hydrogeological surveys, archaeological surveys), for the acquisition of the relevant project documentation including the Energy Performance Certificate (EPC), its public hearing, securing a zoning decision, building permit, or announcement of the construction, documentation for the selection of the construction contractor and the tendering process itself, the costs of building the construction according to the awarded bill of quantities, the costs of the Author's Supervision (AS), Technical Supervision of the Beneficiary (TSI) and the function of Occupational Health and Safety inspector (OHS). The construction expenditure

²²⁵ The starting point for the calculation is the amount of eligible expenditure excluding land purchase expenditure, which corresponds to 90% of the total eligible expenditure of the project. A 10% limit representing the maximum possible limit of eligible expenditure for the purchase of land is then calculated from this value. In the first stage, the granting authority verifies that this limit is not exceeded as part of the assessment of the grant application in relation to the planned eligible expenditure. The final verification that the limit has not been exceeded takes place within the administration of the last PA, i.e. in relation to the actually spent eligible expenditure.

²²⁶ The moment when the new owner is registered in the Land Registry is considered the acquisition of real estate.

²²⁷ In the case that the ownership rights are not registered in the Cadaster of Real Estates, it is possible to document the ownership through the proposal for registration into the Cadaster of Real Estates confirmed by the cadastral office and the contract for the acquisition of the ownership right. However, the transfer of ownership rights must be documented by an extract from the real estate cadastre at the latest with the FPA.

may also include, for example this expenditure: expenditure for improvements to land (rough improvements of area, landscaping around the building), expenditure on removal of construction necessary for the implementation of a new construction, removal of an environmental burden (decontamination and reclamation of land for the project implementation), expenditure on the network (including relocation of gas, water, sewerage and electricity networks if they are necessary for the implementation of the project), construction of connections to the telecommunication networks, building of backbone networks, parking places and roads to buildings (eligibility of construction of parking places and roads is subject to the requirements of the building authority, which emerged from the building permit proceedings); expenditure for geodetic surveying and engineering activities;

- b) and at the same time, a building permit is issued for the completed building by the relevant building authority in accordance with the Building Act. If it is a building, the implementation of which does not require a permit from the building authority in accordance with the Building Act, the applicant shall provide confirmation of tacit approval, or his own sworn statement. The construction is completed on time according to the contract and the expenditure spent in accordance with the approved budget and the documents listed below are submitted.
- 2) Construction work for existing buildings (modifications of existing constructions, extension or superstructure):
- a) expenditure pursuant to Clause 1) a) are eligible;
 - b) and, at the same time, the construction works are completed in accordance with the terms of Clause 1) b).
- 3) Acquisition of a real estate (building)
- a) the building will be assessed by an expert opinion, which must not be older than 6 months before the acquisition of the building or the establishment of the building right²²⁸, and must be drawn up in accordance with the Property Valuation Act, as amended;
 - b) the eligible expenditure is the acquisition price up to the maximum level of the price determined by expert opinion.
 - c) the construction condition of building and operating conditions comply with all the provisions of the Building Act for the use of buildings, its implementing regulations and other laws, especially fire, hygiene and safety;
 - d) if the condition of the building does not meet the conditions determined in Clause 3 c), or the additional construction work is needed for the completion of the project of the P JAC, the expenditure on the acquisition of project documentation and the execution of construction works in accordance with Clause 1a) are additional eligible expenditure;
 - e) construction works are completed with the requirements pursuant to Clause 1b).

In the case that the construction is registered in the Cadaster of Real Estates according to the cadastral act, the decisive time for the evaluation of the time eligibility of the acquisition of the construction is the date of registration of the right into the Cadaster of Real Estate (date by which the registration takes legal effect).

²²⁸ The expert opinion can be drawn up even after the acquisition of the building or the establishment of the building right, but it is necessary that the opinion is stated to be prepared on the date of acquisition of the building or the establishment of the building right.

In other cases when the construction is not recorded in the Cadaster of Real Estates, the time of the evaluation of the time eligibility of the acquisition of the construction as the date of passing or the transfer of ownership rights is decisive.

Evidence of eligibility as a variant according to points 1), 2) and 3)²²⁹:

- a) purchase contract;
- b) expert opinion according to the Act on Property Valuation;
- c) an extract from the real estate cadastre or a proposal for deposit in the real estate cadastre confirmed by the cadastral office;
- d) project documentation for building construction (documentation for building permits, documentation for selecting a contractor, documentation for building construction, etc.);
- e) documentation of the actual building construction;
- f) documentation of relevant documents defined by the Building Act, specifically in part 1 "Permits and notifications" and in part 2 "Use of buildings" (e.g. zoning decision, building permit, building notification, approval of approval, etc.);
- g) contract for work including annexes – itemized budget processed according to published pricing (e.g. URS Prague, RTS Brno, etc.), construction work schedule, construction milestones (partial completion);
- h) documents of invoicing according to the itemised construction budget (invoice, including finding protocol with the list of works carried out);
- i) documents (protocols) on the implementation of the work schedule and milestones;
- j) Protocol on the acceptance of the work (including defects and unfinished works);
- k) contracts for the performance of activities and TSI and OHS and AS, including documents proving the performance of the activities.
- l) documents regarding payment.

Calculation of the eligible expenditure of common areas

In the case that the areas which are not only used for the project are part of the construction, the extension or reconstruction of the area, the amount of eligible expenditure for these common areas are determined by an applicant/beneficiary as follows:

- 1) it defines the total floor area of the building and quantifies the financial performance of the building;
- 2) it divides the total floor area of the building into the different types of areas:
 - a) for project purposes;
 - b) outside the purpose of the project;
 - c) common areas;
- 3) it determines the absolute items/m², which are directly linked to the construction of areas for the purposes of the project;
- 4) it determines the absolute items/m², which are directly linked to the construction of areas outside the scope of the project;

²²⁹ For variant 1) and 2) apply Clauses d, e, k or Clauses f, g, h, i, j if relevant; for option 3) apply Clauses a - e, or Clause f - j if relevant.

- 5) it calculates the eligible index of common areas in % ²³⁰:

$$\text{eligibility index of common areas} = \frac{\text{absolutely eligible areas}}{(\text{absolutely eligible areas} + \text{absolutely ineligible areas})}$$

- 6) it applies the eligibility index of common areas to common areas (it is also possible to apply the calculated eligibility index of common areas to the total amount of the invoice for the comprehensive building object, if the billing method does not allow to use it directly in the individual common areas),
- 7) it applies the eligibility index of common areas to the expenditure related to the construction, e.g. Technical Supervision of Investor (TSI), Author's Supervision (AS), Occupational Health and Safety (OHS).
- 8) When changing the index of eligible common areas, it is necessary to recalculate all expenditure, including expenditure approved in previous PA, to the nearest possible PA using the new index.
- 9) If more was claimed, it is necessary to clear already approved expenditure (other invoices claimed in a lower amount or previous ones with a minus on SD). If the item will no longer be used (all invoices have already been submitted in PA) and it is not possible to reduce the claimed expenditure, the beneficiary submits the given amount with a minus to SD, namely in the nearest PA, which is submitted after the index change.

A.1.3 Investment chapter of the budget - "Movables"

Eligible expenditure are the purchase of new and used machines and equipment, acquisition of servers, stationary and portable personal computers, printers, communication and network equipment, specialized end devices, local networks, equipment of scientific laboratories with furniture (mobile and built-in), microscopes, mobile phones, etc. , including the technical evaluation of existing assets, where the acquisition price of separate movable items and sets of assets in accounting exceeds the amount determined by the beneficiary according to the accounting regulations that govern them, and **the period of applicability is longer than one year**. Eligible expenditure are the purchase price, i.e. the price for which the asset was purchased and the costs related to its acquisition, e.g. assembly, transport, connection, etc. and post-warranty service not exceeding the project implementation period.

Instrument logs

In the case of an ERDF project, the beneficiary is obliged to keep device logs for all devices that are used to implement the expert activities of the project, the purchase price of which is higher than CZK 5 million (inclusive), from the moment of the first use of the device in the project until the end of the project implementation. At the same time, however, the condition must be maintained that device logs are kept for devices with the highest purchase price, which in total make up at least 70% of the purchase price of all devices purchased from P JAC funds within the given project²³¹. The obligation to keep a device log does not apply to those devices/equipment that are used to implement the administrative activities of the project implementation team (e.g. laptops, printers, data projectors, multifunctional devices, etc.).

²³⁰ When calculating the eligibility index of the common areas, round mathematically the calculated amount of share (i.e. areas absolutely eligible / areas absolutely eligible + areas absolutely ineligible) to 4 decimal places and then convert it to %.

²³¹ The beneficiary will determine, according to the planned amounts in the budget, the devices that will be required to keep device logs. In the event that the prices of the purchased devices change during implementation and the 70% limit change means that the obligation to keep a device log begins to cover other devices than the beneficiary had planned, including devices that have already been purchased, the beneficiary is also required to create a log for devices that he has already purchased and in which he did not keep a log. For devices for which the obligation to keep device logs only arose during the implementation of the project, it is possible to keep device logs from the moment when the device got over 70%. The beneficiary shall document the justification of the changes in keeping logs in the nearest PIR.

Documentation for eligibility:

- a) order/contract (if applicable);
- b) source materials for the implemented public procurement procedure (if applicable);
- c) invoice/expert report
- d) proof of payment
- e) delivery note
- f) inventory card (documented in summary in FPIR / IoP)
- g) expert opinion or a demonstrative market survey (approaching at least 3 suppliers) on the market price for used property and expenditure over CZK 50,000

The recommended maximum prices of equipment are determined by the document List of usual prices of equipment, accommodation and meals located on the website www.opjak.cz.

The document also sets out the procedure when it is expedient that the recommended usual prices will be exceeded.

A.2 Investment chapter of the budget - "Long-term intangible assets"

Expenditure for software, purchase of databases (including updates), purchase of intellectual property rights (know-how, licenses, patents, etc.) including technical evaluation of existing intangible assets are eligible. The purchase price of long-term intangible assets exceeds the amount determined by the beneficiary according to the accounting regulations that govern them, and the period of applicability is longer than one year.

Eligible expenditure is the purchase price²³², i.e. the price for which the property was acquired and the costs related to its acquisition (e.g. installation), in the case of know-how, then valuation by an expert opinion from the relevant court expert. For licenses, the eligible expenditure is the license granted only for the period during which the project is implemented.

Documentation for eligibility:

- a) order/contract (if applicable);
- b) source materials for the implemented public procurement procedure (if applicable);
- c) invoice/expert report;
- d) documents regarding payment;
- e) delivery note or installation protocol;
- f) inventory card;
- g) expert opinion or a demonstrative market survey (approaching at least 3 suppliers) on the market price for used property and expenditure over CZK 50,000

B Non-investment expenditure

B.1 Non-investment chapter of the budget - "Tangible assets"

This budget chapter covers expenditure on the purchase of **small tangible assets** and teaching or research **material**.

²³² Purchase price can be verified by an expert opinion in case of doubt. Eligible expenditure is then the purchase price or the price determined by an expert opinion, whichever of the listed prices is lower.

Eligible expenditure for the purchase **of small tangible assets** are purchases of new and used machines and equipment, procurement of servers, stationary and portable personal computers, printers, communication and network equipment, specialized end devices, local networks, equipping scientific laboratories with furniture (mobile and built-in), microscopes, mobile phones, etc., where the procurement price of separate movable items and sets of assets in accounting does not exceed the amount set by the accounting unit for long-term tangible assets. Eligible expenditure are the purchase price, i.e. the price for which the asset was purchased and the costs related to its acquisition and commissioning, e.g. assembly, transport, connection, etc. and post-warranty service not exceeding the project implementation period.

The recommended maximum prices for equipment are determined by the document **List of usual prices for equipment, accommodation and catering**, located on the website www.opjak.cz.

The document also sets out the procedure when it is expedient that the recommended usual prices will be exceeded.

Expenditure for the purchase of teaching or research **material** (chemicals, components, textbooks, material for practical teaching, etc.) that are used for expert key activities or direct work with the target group and other material that is necessary for the implementation of the project are also eligible.

Documentation of eligibility:

- a) order/contract (if applicable);
- b) source materials for the implemented public procurement procedure (if applicable);
- c) invoice;
- h) expert opinion or a demonstrative market survey (approaching at least 3 suppliers) on the market price for used property and expenditure over CZK 50,000;
- d) documents regarding payment;
- e) delivery note;
- f) property inventory card (if relevant, i.e. if the property is inventoried according to the beneficiary's directive, it is documented in summary in FPIR / FPA).

B.2 Non-investment chapter of the budget - "Intangible assets"

Expenditure for software, purchase of databases (including update), purchase of rights of intellectual property (know-how, licences, patents, etc.) are all eligible. The acquisition price of the intangible non-investment property is equal to or lower than the amount determined by the beneficiary according to the accounting regulations that govern it. Eligible expenditure is the purchase price²³³ (including installation), in the case of know-how, an appraisal by an expert opinion from the relevant court expert.

For licences, an eligible expenditure is the licence provided for the period during which the project is implemented or the period which is longer than the project implementation, however, the shortest as provided by the supplier.

Documentation for eligibility:

- a) order/contract (if applicable);
- b) source materials for the implemented public procurement procedure (if applicable);

²³³ Purchase price can be verified by an expert opinion in case of doubt. Eligible expenditure is the purchase price or the price determined by an expert opinion, whichever of the listed prices is lower.

- c) invoice/expert report;
- d) documents regarding payment;
- e) delivery note or installation protocol.

The recommended maximum prices for equipment are determined by the document **List of usual prices for equipment, accommodation and catering**, located on the website of the MEYS at www.opjak.cz.

The document also sets out the procedure when it is expedient that the recommended usual prices will be exceeded.

B.3 Non-investment chapter of the budget - "Depreciation"

Depreciation of tangible and intangible fixed assets (acquired before the start of project implementation or even during its implementation) are eligible project expenditure if the following conditions are met:

- 1) public funds were not used for the purchase of concerned assets (i.e. the existing or previous owners of the equipment did not receive funds from public sources (during this project) for the purchase of the stated assets);
- 2) the beneficiary selects the method of tax depreciation (in accordance with the Income Tax Act, as amended), which will be used during the whole period of the project implementation;
- 3) an eligible expenditure is tax depreciation stated according to the Income Tax Act, as amended at the aliquot level with respect to the rate of use of the stated assets during the implementation of the project;
- 4) depreciations are rounded upwards in crowns.

Depreciation of cars is not an eligible expenditure within the projects financed from ESF+. The exceptions are projects where a car will be used for the implementation of activities for target groups with special educational needs (e.g. transport of handicapped pupils to school and places where activities are implemented, etc.).

Documentation for eligibility:

- a) inventory card for assets;
- b) depreciation plan;
- c) document on the time and the rate of the use of assets for the stated project (e.g. device logs).

B.4 Non-investment chapter of the budget - "Personnel expenditure"

Eligible expenditure in the area of expenditure Personnel expenditure means expenditure for members of the project's expert team²³⁴, for which expenditure are reported directly (see also chap. 5.9.1). Expenditure include:

- a) gross wage, salary or remuneration from the agreements of the employees working on the project²³⁵ including statutory compensation (e.g. sick leave paid by the employer, compensation for leave including leave accruing during maternity leave, compensation for personal obstacles at work or service – examination or treatment by a doctor, wedding, birth of a child, graduation, attendance at the funeral of a family member, indisposition time off, etc.), or additional

²³⁴ For the definition of an expert team, see ch. 5.7.

²³⁵ Only personnel expenditure for activities directly related to the project, i.e. the activities that are described in the grant application and activities directly related to the implementation of key project activities, can be included in the eligible expenditure of the project.

payments (e.g. for working overtime²³⁶ working on public holidays if the employee performed work directly related to the project during this time period, remuneration and bonuses, etc.);

- b) social and health insurance contributions paid by the employer;
- c) legal insurance of liability of the employer;
- d) other mandatory expenditure of the employer: contributions to the cultural and social needs fund, respectively the social fund (if required by law), etc. The expenditure reported directly cannot include the employer's contributions to meal stamps / meal plan flat rate.

The extent of obstacles on the part of the employee and the specific conditions for providing compensation for wages/salary, additional payments or other benefits are determined by legal regulations, internal regulations of the employer or in the collective agreement.

If the employee participates in the project only with a part workload, the eligible expenditure is the aliquot parts corresponding to the ratio of the number of hours worked in the project and the number of hours worked in the organization in total. This aliquot ratio is used for recalculation of all expenditure related to the stated employee.

The hours worked within the framework of the closed employment legal relations of the project employee must not overlap and it is not possible for the employee to be paid for the same work more than once.

In the case of the overlap of the work contracts of two employees participating in the implementation of the project for the purpose of the replacement of one of the employees, the personnel expenditure for both these employees can be considered eligible for a maximum of two months.

Rules for the maximum amount of working time

In order for the personnel expenditure of an employee, whose remuneration is even partially covered by the direct expenditure of the P JAC project, to be eligible from the P JAC, he may work a maximum number of hours equal to 1.0-times²³⁷ of the working time fund of the given month in each calendar month for all entities (beneficiaries and partners) involved in the implementation of the project. For checking the amount of work time and for checking the time actually worked²³⁸ it applies that 1.0 times the working time fund of the relevant month means the number of hours that the employee has to work in a given month, if a 40-hour working week and an even distribution of working time within 5 business days have been agreed upon²³⁹ (i.e. the sum of all hours worked by the employee, including any CoS and CfW for the beneficiary and partners, may not exceed the number of hours of the working time fund thus determined for the given month), this in all calendar months during the implementation of the P JAC project.

The number of hours worked by an employee at the beneficiary and partners includes all hours worked by the person at the beneficiary and partners - i.e. hours worked for this or another P JAC project (regardless of whether these hours are reported in direct expenditure or are processed within the framework of simplified reporting methods) or for other activities of the beneficiary/partners.

²³⁶ If the overtime was ordered by the supervisor and was necessary for the timely solution of time-bound tasks.

²³⁷ When using ordered (in the case of shortened working hours agreed by the employee) overtime, 1.0 times the working time fund may be exceeded, but only under the conditions set by the Labor Code.

²³⁸ Not valid for indicator reporting purposes. For the control of indicators, the working time agreed in the employment contract or CfW / CoS is decisive.

²³⁹ In the case of a working time distribution other than equal to 5 business days, the working time fund for the given worker is calculated individually according to the conditions stipulated in the employment contract.

- In exceptional cases, the number of hours worked by an employee for all entities involved in the implementation of the project can reach a total of up to 1.2 times²⁴⁰ of the working time fund of the given month. The exception to this amount of hours worked applies to members of the expert team who are also teachers or educators of schools and educational facilities as defined in Section 7 of the Education Act and/or academic staff as defined in Section 70 of the Higher Education Act. In justified cases, it is possible to grant an exception for other members of the expert team, the beneficiary requests the granting of an exception for these members of the expert team through the change proceedings, see chap. 7.4.

The number of hours worked includes vacation, paid holidays, days of incapacity for work and other obstacles to work in accordance with the Labour Code, the employer's internal regulations, the collective agreement and concluded employment contract or agreement concluded outside the employment relationship.

The amount of evaluated workload does not include any period of maternity leave/parent vacation.

At the same time, the beneficiary must ensure that the application of the aforementioned exception does not violate the Labour Code, as amended, or other relevant regulations. At the request of the MA, the beneficiary is obliged to submit all relevant documents proving the actual number of hours worked by an employee whose remuneration is even partially covered by the direct expenditure of the P JAC project, including documents related to the activities of the employee in question not covered by the direct expenditure of the project (including the activities of the employees not reimbursed from P JAC funds).

In case of overtime, ineligible expenditure are only expenditure related to hours worked in excess of the authorized time limit. Ineligible expenditure will be calculated in the following way:

Any overage of the total duty is deemed to have exceeded the duty/duties within the position for the project. The hours that were worked at the latest in the given month are always reduced. If the employee submits work reports, the reduction will be made with regard to the actually reported hours worked on individual days (including vacation, paid holidays and obstacles paid for by the employer), while the hours of duty that were worked in the given month at the latest are reduced; if hours are reported for 2 or more shifts on a given day and it is not possible to find out which was worked last, it is deducted from the shift for which the average higher expense was billed in the given month. If hours are reported for 2 or more positions in a given month, and it is not possible to determine which was worked last and at the same time the same high expenditure are billed for all of them, it is then reduced proportionally from all the positions in question.

Possibilities of drawing wages / salaries / rewards from agreements from project budget items during implementation

Unit rates of wages/salaries/remunerations from agreements that are set in the project budget in accordance with this chapter and with the rules stated in ch. 5.9.1.2, chap. 6.6 and chap. 7.4.2 are **average indicators**. This means that the **unit rates do not have to be respected in every single month of implementation** (e.g. due to motivational components of the salary) or for every single employee for a given job position, but they must be respected on average for the entire project implementation period for a given job position.²⁴¹ In the event that the **unit rate is increased** during the implementation of the project (see ch. 7.4.2), compliance with the unit rates is monitored separately – i.e., both the originally approved unit rate and the newly approved increased unit rate must be observed on average.

²⁴⁰ When using ordered (in the case of shortened working hours agreed by the employee) overtime, 1.2 times the working time fund may be exceeded, but only under the conditions set by the Labor Code.

²⁴¹ Exceeding the average unit rate for the entire period of involvement of a given position in the project by up to 2% compared to the approved unit rate is allowed, provided that the relevant budget item is not overdrawn.

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The control of the unit rates billed in the PA will be carried out by the MA for individual job positions when checking the PA containing personnel expenditure for the given job positions, cumulatively (i.e. including previous PA). In the event that the MA detects an excess of more than 20% compared to the approved unit rate for a job position, expenditure exceeding 120% of the approved unit rate will be reduced. This expenditure are considered ineligible expenditure, i.e. that the beneficiary cannot apply for the reduced amount again. The control of compliance with unit rates (average indicators) will then be carried out by the MA for all job positions as part of the administrative verification of FPIR / FPA. However, the MA is entitled to check that the average indicators are not exceeded even during the implementation of the project, namely for positions that have already ended their activities for the project.

If, during the final check of the unit rate, the MA finds that the unit rate has been exceeded by a maximum of 2% of the approved unit rate²⁴², the PA will not be shortened by the given exceedance. **Expenditure in aggregate exceeding the specified average indicator²⁴³ (unit rate) by more than 2%, they are ineligible**, they can be paid from own resources, but not as part of the project's own co-financing.

Reimbursements for vacation

Compensation for vacation is eligible to the extent specified in Section 212 of the Labour Code or to the extent specified by the collective agreement or the beneficiary's internal directive, but no more than 8 weeks per year. Reimbursement for vacation according to the collective agreement or internal guidelines is an eligible expense only on the condition that it is set in this way across the board in the given organization (i.e. not only for the P JAC project, but also for other employees of the beneficiary). Furthermore, additional leave according to Section 215 of the Labour Code (even beyond the limit of 8 weeks per year) is an eligible expense.

The amount of leave entitlement is always monitored separately for each calendar year. At the end of each calendar year, the beneficiary documents an overview of used vacation for each employee, including any unused vacation hours that will be carried over to the following year. The beneficiary can either fill out this overview in the form available at www.opjak.cz, or in another format, provided that it contains all the details of the model form. In the event that an employee takes more leave in a given year than he was entitled to within the project (e.g. the employee joined the project in the middle of the year, worked on the project only until the end of the year and took leave for the whole year only during the period of involvement on the project), this expenditure will be considered ineligible. The beneficiary can, if he claimed them earlier in the approved PA, deduct them from the list of documents in the PA containing expenditure for December of the given year. If, in the overview for the previous calendar year, the beneficiary indicated unused vacation that was transferred to the following year, then it is possible to increase the vacation taken in the current year by this transferred vacation.

Expenditure for vacation compensation are eligible for funding from P JAC if the following criteria are met:

- a) compensation for vacation is the part of the gross wage / salary of the employee in the period for eligibility of expenditure;
- b) compensation for vacation applies to the period of the project implementation, i.e. if the implementation of the project takes 23 months, then the stated time section is a maximum of 23/12 of the vacation (in accordance with the valid legislation);

²⁴² Or modified in accordance with ch. 7.4.2.

²⁴³ The unit rate set in the project budget can be increased by the beneficiary by paying additional fees for work on Saturdays, Sundays and holidays, or by paying compensation for wages that are eligible (justified) and the payment of which will exceed the budgeted expenditure of the budget item, or to exceed the unit rate set in the budget.

- c) compensation for vacation is eligible according to the amount of the employee's time on the given project;
- d) compensation for vacation is a binding expenditure of the beneficiary according to the Labour Code;
- e) these are compensations for vacation taken, or for unused vacation, if the right to vacation arose in connection with the project and the reimbursement will be properly explained.

In addition to the aliquot portion of the vacation in a given calendar year, vacation expenditure are also eligible expenditure if:

- the employee was entitled to leave based on the extent of his involvement in the implementation of the project in one calendar year, but due to obstacles at work on the part of the employee or due to urgent operational reasons on the part of the employer, this leave was transferred and taken only in the following year. Vacation carried over to the following year must be used in accordance with Section 218(2) of the Labour Code this year by 31. 12. at the latest, and its use is carried out in accordance with other valid legislation, European regulations, the collective agreement and internal regulations;
- leave is taken during the implementation of a project other than the one in which the employee was entitled to it, under the condition that this unused leave is paid for from resources within the same programme (the beneficiary documents the calculation of the unused leave entitlement, including a reference to the project for which the entitlement to vacation arose)²⁴⁴;
- the leave is taken within the framework of a different workplace of the civil servant in a different office than the one in which the employee was entitled to leave, on the condition that the right to use up the rest of the leave was preserved at the new workplace when the civil servant's job classification was changed. When calculating the amount of this expense, the process is carried out according to applicable laws, regulations and according to the conditions of the project, within the framework of which the vacation is taken²⁴⁵.

Documenting the eligibility of personnel expenditure in PA:

Note: In accordance with ch. 8.1.1 "Accounting and documentation" the beneficiary **does not** document expenditure for which the total amount reported as eligible is **less than or equal to CZK 20,000** per accounting document²⁴⁶ **in PA**. However, he is obliged to keep all the documents listed below even for expenditure from the list of documents up to CZK 20,000 and submit them to the Managing authority upon request or during an on-site inspection.

- a) Employment contracts or agreements – documented only with the first application of the expense (employment contracts or agreements including work content, wage/salary rate/remuneration from the agreement and amount of time/hours for the project). If the employment contract or agreement is changed, it is necessary to submit the amendment to the employment contract or agreement no later than with the first application of the expenditure after making the change.
- b) Wage recapitulations or other appropriate forms of documenting eligible personnel expenditure of employees (e.g. payslips, payslips, statements from the payroll system) for the reporting period. The documented documents must contain information enabling proper control of the

²⁴⁴ Criteria b) and c), which generally define the eligibility of vacation expenditure, do not apply for this point.

²⁴⁵ Criteria b) and c), which generally define the eligibility of vacation expenditure, do not apply for this point.

²⁴⁶ When reporting personal expenditure, one accounting document that can be included in the list of accounting documents is considered to be the eligible part of the wage/salary/remuneration of an individual worker not exceeding the amount of CZK 20,000, provided that this amount includes the gross salary including personal allowances and statutory health and social insurance. If a person has more part-time jobs within one project, the value of accounting documents is aggregated. For other documents, the total amount claimed as eligible expenditure within one accounting document is decisive.

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amount of personnel expenditure related to the given project (this is, for example, information on the number of hours worked, the number of hours of vacation, sick leave and other obstacles at work, the amount of gross wages / salary / remuneration from the agreement corresponding to the employee's workload for the project, the amount of social and health insurance contributions for the employer corresponding to the employee's gross salary for the project and the amount paid to the employee).

- c) Payment documents or corresponding outputs from an accounting or other system proving payment

To document expenditure as part of the administrative verification, the beneficiary chooses from the following options proof of payment of personnel expenditure:

1. An accounting document proving the payment of each expense:
 - bank account statement - in the case of payment of wages / salary / remuneration from the agreement by transfer to the employee's bank account;
 - cash receipt - in the case of payment of wages / salaries / remuneration from the agreement to employees in cash.
2. Output from the accounting system:
 - a statement from the employer's accounting system, which proves the turnover on the beneficiary's bank account, respectively the output of the payment of wages / salary / remuneration from the agreement;
 - possibly another evidentiary record, e.g. from the economic information system, when it is possible to create reports across the accounting and payroll systems, in the case of using this record, the beneficiary must also provide information in the PA on how the data is selected for this record, so that it can be proven that the information in the retina they are sufficiently convincing.
3. Employee's affidavit of salary receipt - this option can only be used by beneficiaries who are governed by the Financial Control Act. Other beneficiaries only if the follow-up documentation for the call explicitly allows it.

In the case of documenting expenditure using option 2) or 3), documents on the payment of wages according to option 1 (bank account statements or expense receipts) can be verified on the selected sample of expenditure. At the request of the MA, the beneficiary is therefore always obliged to submit to the MA the reimbursement of expenditure according to point 1.

- d) Work reports (if relevant, create and document)
- e) Affidavit on the working hours of members of the implementation team, who are not subject to the obligation to keep work reports, that their working hours at the beneficiary and project partners did not exceed 1/1.2 FTE (in the case of a larger number of members of the implementation team, the MA recommends documenting in the form of a summary annex to the PA containing the signatures of these members of the implementation team or an authorized person for the beneficiary / partner).
- f) The employer's internal regulation/collective agreement - is documented only with the first application of the beneficiary's expenditure in any P JAC project and further with the first application of the beneficiary's expenditure in any P JAC project after any changes to the regulation that affect the eligibility of the expenditure (e.g. number of weeks holidays etc.)

In the documentation for personal data during the settlement of the grant, the right of the employee for the protection of personal data is not breached. The MA requires the above-mentioned documents to be documented as part of the exercise of state power, as it is obliged according to the

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EC General Regulation to verify the eligibility of expenditure (see 8.1.10 General conditions of eligibility of expenditure). The legal reason for processing is thus the fulfilment of a legal obligation and the fulfilment of a task in the exercise of public authority.

The following is valid for proving personal data:

Employment contracts and agreements on work performed outside the employment relationship, or any other related document according to the beneficiary's internal regulations, must also contain, in addition to the mandatory data according to the Labour Code:

- identification of the project in which the employee is involved;
- description of the work activity (i.e. work duties) relevant to the project, including distinguishing whether it concerns economic or non-economic activity;
- scope of activity, i.e. workload or number of hours per time unit (month, year, etc.) with the indication of the adequate ratio for the project;
- a wage/salary statement (usually a wage/salary estimate) indicating an adequate wage/salary ratio for the project or a statement of remuneration from the agreement.

Actual hours worked are reported by the beneficiary through the work reports. **Work report** must be created for all employees, unless it is possible to unequivocally exclude the fact (e.g. by documenting the job description in the employment contract) that the given employee could also perform economic activity / contractual research / possibly other activities outside the project as part of their job description²⁴⁷.

Work statements are submitted for individual calendar months. The beneficiary / partner is obliged to keep 1 copy of the original work report for control purposes.

Work reports are created by all project employees who are reimbursed for personnel expenditure under the direct expenditure regime, with the exception of employees who, except for one employment contract²⁴⁸ to work exclusively for the project, they do not have any labour law relationship with the beneficiary or the project partner.

The work report must contain the minimum following data:

- 1) identification of the project;
- 2) identification data: first and last name of the employee, title of the position, type of employment relationship, employee's time in the direct expenditure regime, total time for the employer and total time for all entities involved in the implementation of the project (all expressed by the number of hours the employee has to work in the relevant month according to the employment contracts or CfW / CoS);
- 3) number of actual hours worked, including hours worked for the project concerning only remuneration in the direct expenditure regime;
- 4) the number of hours actually worked by all subjects involved in the implementation of the project (to check compliance with the maximum amount of employment);
- 5) number of vacation hours, including the number of vacation hours for the project concerning only remuneration in the direct expenditure regime (in detail to two decimal places);

²⁴⁷ It is relevant only in the case of reporting the share of economic use of the supported labor force according to the time method in accordance with the Methodology for reporting economic activities within P JAC published at www.opjak.cz. In the case of using the accounting method (cost/income), the submission of work reports for the purposes of reporting the share of economic use is not required.

²⁴⁸ CfW / CoS are not considered an employment contract. Employees who have signed a CfW / CoS for the project always document the work report.

- 6) number of hours of sickness, including the number of hours of sickness for the project concerning only remuneration in the direct expenditure regime;
- 7) the number of hours related to other obstacles to work, of which the number of hours related to other obstacles to work for a direct expenditure-only remuneration project;
- 8) the number of hours of paid holidays, of which the number of hours of paid holidays for the project related only to remuneration in the direct expenditure regime;
- 9) an overview of the activities performed for the project in the direct expenditure regime (the day of the month, the name of the group of activities, the description of the activities and the number of hours are indicated);
- 10) the timesheet for reporting economic and non-economic activity also contains: a time allowance in hours, from which it will be possible to clearly determine the time during which the given employee performed economic and non-economic activities, including the identification sign of the contract/economic activity, the name and a brief description of the given contract (refers to projects in the field of R&D supported in a regime not establishing state aid);
- 11) declaration of true data;
- 12) signature (handwritten or electronic signature) and date of signature of the employee, first and last name, signature (handwritten or electronic signature) and date of signature of the person authorized to confirm the veracity of the statement (hereinafter referred to as "authorized person"). If, in an exceptional case, the employee does not have the possibility to sign the time sheet with a handwritten signature or electronically, he can deliver it to the authorized person without a signature electronically (by e-mail in pdf format or via the beneficiary's internal information system). If, in exceptional cases, the authorized person does not have the possibility to sign the time sheet with a handwritten or electronic signature, he can confirm the data indicated on the time sheet electronically (by e-mail, by which he confirms to the given employee the receipt of his time sheet and his agreement with it or through the beneficiary's internal information system). In the event that timesheets are approved by an employee or an authorized person electronically without a handwritten or electronic signature, the beneficiary must also document the relevant electronic communication (e-mail or output from the internal information system, including documentation of authentication rights in the given information system - e.g. in the form of an internal directive).
- 13) if, during the inspection of the PA, the beneficiary, based on a request for correction by the MA, corrects the data stated in the work report, in addition to the above, it must be possible to determine the person responsible for carrying out the correction, the moment of its execution, and to find out the content of the work report both before and after the correction (only in the case of formal corrections, the employee's signed consent to the change is not required; in other cases, the beneficiary proceeds after the correction according to point 12).

Within PIR / PA, the beneficiary preferably submits all work reports in one file (e.g. in ZIP format), including confirmation emails or outputs from the internal information system and documentation of verification rights in the given information system, if these emails were used instead of a handwritten or electronic signature.

Hours spent on activities outside the project or activities that are paid for by one of the forms of simplified reporting are included in the total figures for the given reporting period at the employer and are not included in the overview of activities performed for the project in the direct expenditure regime.

B.5 Non-investment chapter of the budget - "Author contributions"

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The conclusion of an author's contract is governed by the Copyright Act. This is not an employment law relationship - i.e. no employment contract or CfW, CoS is concluded).

Documentation:

- copyright agreement;
- documents regarding payment;
- created author's work that was the subject of an author's contract.

B.6 Non-investment chapter of the budget - "Travel expenses"

This chapter of the budget includes expenditure related to **domestic and foreign business trips of the project implementation team and travel reimbursements paid to foreign experts coming to the Czech Republic**.

Travel allowances for the representatives of the target group are classified into the direct support chapter or are reported and financed within the purchase of services chapter.

In the event that any of the expenditure listed below for domestic or foreign business trips are realized in the form of a service (e.g. accommodation, travel documents, etc.), this expenditure are primarily drawn from the Travel Reimbursement budget chapter. If the beneficiary should have allocated funds for this expenditure in the Purchase of Services budget chapter, this expenditure can also be drawn from this chapter, but on the condition that the amount of this expenditure will be included in the limit of the Travel Reimbursement chapter, if it is set for the given call.

Travel reimbursements must be in accordance with the objectives of the project and must be implemented by the persons involved in the project.

• Domestic business trips

Travel allowances (rates of meal allowances and other travel allowances) can be changed annually on the basis of a decree of the MoLSA as of January 1 of a given year in accordance with Section 189 of the Labour Code. The specific rates of travel allowances are governed by the employer's internal regulations. Eligible expenditure related to travel reimbursements must correspond to prices customary in the place and time of the project implementation. With travel allowances, it is possible in relation to the implementation of the project to rank among eligible expenditure:

- 1) **travel expenditure** – expenditure that are connected with transport on a business trip (expenditure for public transport tickets in the 2nd class²⁴⁹, seats, couchettes or beds, tickets in economy class²⁵⁰, local public transport tickets²⁵¹, expenditure related to the use of a road motor vehicle, including the use of a taxi (in justified cases, e.g. there is no connection, a large amount of material is being transported, etc.);
- 2) **accommodation / dormitory** – expenditure for accommodation / dormitory must correspond to the usual prices and the time;
- 3) **meals** – respective employees depending on the time of duration of the working / business trip. The level of amount for meals, on the basis of the Labour Code and according to respective

²⁴⁹ The 1st class ticket is eligible only to the price of the 2nd class ticket.

²⁵⁰ In case of travelling by plane, the ticket in economy class and charges related directly (e.g. airport fee) are the eligible expenditure while flying at a distance greater than 500 km. For these purposes, the distance is considered as the shortest road distance between the starting point of the trip and the destination of the work trip according to the publicly available route planner. If the distance is shorter, the expenditure on the air ticket may be considered uneconomical - in these cases it is recommended that the beneficiary obtains approval from the MA before making this expenditure. If the MA rejects the purchase of a ticket, only the expenditure corresponding to the price of a ticket in the 2nd class of a higher-quality train (SuperCity, EuroCity, InterCity, Express, etc.) can be reimbursed from the project.

²⁵¹ When buying time coupons, it must be demonstrated that the purchase of the coupon is within the project cheaper than the payment of individual tickets.

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MoLSA regulations, is stated by the employer for the employee after termination of the business trip within the settlement. The Labour Code (or the internal directive of the organization) also states the rate of the decreased amount for freely provided meals;

- 4) **necessary side expenditure** – expenditure related to the subject of the business trip, for example, parking fees, fees related to business trips, conference fees, fees for the use of telephone, highway fees, etc. This expenditure can only be paid on the basis of proven payments of accounting documents.

- **Foreign business trips**

Expenditure related to business trips of **professional employees** of the beneficiary and employees of partners during foreign business trips are eligible and the employer also means the subject who concluded with the beneficiary or the partner the agreement to perform work or work activity if it is stated in this agreement that this subject will conduct business trips.

The purpose of the business trip must be in accordance with the specific activity and objectives of the project.

Outside the Czech Republic, only the trips of experts and expert workers participating in the implementation of the **material activities of the project** can be considered eligible. Participation in the project means, for example, a presentation at a conference, seminar, workshop or, for example, participation in negotiations with potential partners in accordance with the project's activities. The responsible output is, for example, a presentation, e-mail communication, photo documentation, etc.

Travel allowances (rates of meal allowances and other travel allowances) can be changed annually on the basis of a decree of the MoLSA always at 1st January of a given year in accordance with Section 189 of the Labour Code and on the basis of a decree of the MF. The specific rates of travel allowances are governed by the employer's internal regulations. Eligible expenditure related to travel reimbursements must correspond to prices customary in the place and time of the project implementation. With travel allowances, it is possible in relation to the implementation of the project to rank among eligible expenditure:

- 1) **travel expenditure** – expenditure that are connected with transport on a business trip (expenditure for public transport tickets in the 2nd class²⁵², seats, couchettes or beds, tickets in economy class²⁵³, local public transport tickets²⁵⁴, expenditure related to the use of a road motor vehicle, including the use of a taxi²⁵⁵;
- 2) **accommodation / overnight stay** – expenditure for accommodation / overnight stay must correspond to the usual prices in the place and time, usually in the *** category. The expenditure up to 100 EUR /person/night (in case of another currency, the amount corresponding to the equivalent of 100 EUR) may be usually considered the eligible amount. When exceeding this amount, the documentation for these services is required; this survey is mainly requested for higher category hotels (more than ***) as the source material for evaluation of eligibility. At least 3 different offers must be included in the market research.

²⁵² The 1st class ticket is eligible only to the price of the 2nd class ticket.

²⁵³ In case of travelling by plane, the ticket in economy class and charges related directly (e.g. airport fee) are the eligible expenditure while flying at a distance greater than 500 km. For these purposes, the distance is considered as the shortest road distance between the starting point of the trip and the destination of the work trip according to the publicly available route planner. If the distance is shorter, the expenditure on the air ticket may be considered uneconomical - in these cases it is recommended that the beneficiary obtains approval from the MA before making this expenditure. If the MA rejects the purchase of a ticket, only the expenditure corresponding to the price of a ticket in the 2nd class of a higher-quality train (SuperCity, EuroCity, InterCity, Express, etc.) can be reimbursed from the project.

²⁵⁴ When buying time coupons, it must be demonstrated that the purchase of the coupon is within the project cheaper than the payment of individual tickets.

²⁵⁵ The use of a taxi is only possible in justified cases, e.g. there is no connection, a large amount of material is being transported, etc.

- 3) **meals** – respective employees depending on the time of duration of the working / business trip. The level of amount for meals, on the basis of the Labour Code and according to respective regulations, is stated by the employer for the employee after termination of the business trip within the settlement. The Labour Code (or the internal directive of the organization) also states the rate of the decreased amount for freely provided meals;
- 4) **necessary side expenditure** – expenditure related to the subject of the business trip, for example, parking fees, fees related to business trips, conference fees, fees for the use of telephone, highway fees, etc. This expenditure can only be paid on the basis of proven payments of accounting documents.

In the case of foreign trips, the employer may provide the employee with an allowance in accordance with the rules for the provision of travel benefits during foreign trips on the basis of the Labour Code, as amended.

Documentation for eligibility:

- a) issued travel order;
- b) settlement of business trip;
- c) report on the course of the foreign business trip;
- d) travel documents (air tickets, fuel purchase documents, etc.);
- e) in the case of accommodation expenditure, invoices, simplified tax documents;
- f) documents regarding payment;
- g) a copy of the vehicle's large technical license.
- h) to purchase tickets to prove the price at the usual place and time, document a print-screen from a public ticket search engine and include/attach a screenshot of the search parameters used).

In the case of the documentation for a trip by private car, then also the consent the supervisor for the use of this car.

- **Per diems**

In the case of payment of travel expenditure for foreign experts, it is necessary to use valid EU rates. This expenditure, known as “per diems”, cover expenditure for accommodation, meals and travel expenditure in the Czech Republic.

Current per diem rates are listed on the website

https://ec.europa.eu/international-partnerships/system/files/per-diem-rates-20200201_en.pdf.²⁵⁶

This procedure is applied, for example, for experts invited to conferences, educational courses and short-term²⁵⁷ foreign experts. It does not concern payment of travel expenditure for foreign experts who concluded a labour relation with the beneficiary or the partner according to Czech legal regulations.

The beneficiary documents any other contract with a foreign expert or the signed affidavit of a foreign expert where the identification of an event is mentioned (conference, seminar), plus the date

²⁵⁶ According to the current tariff, per diems amount to EUR 230 per 24 hours, valid for cases where a foreign expert stays overnight. In the event that the foreign expert does not stay overnight, a daily rate of EUR 75 applies to cover the expenditure associated with the foreign expert's stay in the Czech Republic, set out in Council Regulation No. (EC, EURATOM) No. 1066/2006, which, as of July 1, 2006, regulates the rates of allowances for business trips of officials and other employees of the European Communities in the member states. It applies that these two rates cannot be combined within the framework of one stay of an expert in the Czech Republic.

²⁵⁷ A stay of a foreign expert in the Czech Republic for a period of 2 months is considered short-term. For a longer stay, the prior approval of the MA is required, otherwise per diems for each day exceeding the set limit will be evaluated as uneconomical and therefore ineligible expenditure.

and the declaration that the expert was not paid by any other subject. The bank account is specified to which funds are to be paid (if they are not paid in cash against the expenditure cash slip).

If it is not possible to state the time of the stay of the expert, the time rounded to hours is accepted²⁵⁸.

For the conversion of a foreign currency to CZK, the beneficiary uses the exchange rates valid for the payment of travel expenditure analogically according to the Labour Code.²⁵⁹ "Per diems" are paid to the expert in the full amount. Only with their consent may "per diems" be stated lower, they may also be paid only as an additional payment for the payment of accommodation directly by the beneficiary if after the payment of boarding during the activity for which the expert was invited.

Per diems do not include the travel expenditure of a foreign expert to the Czech Republic (e.g. to the airport) and back. The air ticket or travel ticket for this trip is an eligible expenditure outside of per diems.

In the event that any of the above-mentioned expenditure are realized in the form of a service (e.g. accommodation, travel documents in the Czech Republic, meals, travel documents to the Czech Republic and back, etc.), this expenditure are primarily drawn from the budget item designated for per diems in the budget chapter Travel expenditure. If the beneficiary should have allocated funds for travel expenditure to the Czech Republic and back in the Purchase of services budget chapter, this expenditure can also be drawn from this chapter, but on the condition that the amount of this expenditure will be included in the limit of the Travel reimbursement chapter, if it is for the given call established.

Documentation for eligibility:

- a) contract with the foreign expert (or the affidavit from the expert);
- b) documentation related to the participation of the foreign expert in the conference, seminar and other events, (e.g. call, programme, photo documentation etc.);
- c) documents regarding payment.

B.7 Non-investment chapter of the budget - "Purchase of services"

Expenditure related to the purchase of services are only eligible in the case that:

deliveries of all services are in accordance with the objectives of the project and they contribute to their planning;

delivery of the services relate to the implementation of the project (time and locally).

The budget chapters of purchase of services include:

- a) **repairs and maintenance of property used for the project**²⁶⁰ – maintenance of machines, equipment or buildings, always in connection with project activities;
- b) **purchase order for developed or created publications**, training materials (textbooks, publications, books, manuals) and multimedia aids;
- c) **professional services / studies and research** – includes, for example study, analyses, collection of data and ensuring interpreting and other partial research tasks necessary for the implementation

²⁵⁸ Example: Expert arrives on Wednesday at 10:00 pm and departs on Thursday at 19:00. The amount of eligible per diems is calculated $14 + 19 = 33$ hours $33/24 = 1,375$. Daily rate per diems multiplied by 1.375 will be eligible.

²⁵⁹ Starting day of the journey = day of crossing the border of the Czech Republic; day of granting of the advances = day of credit transfer, if it precedes the day of arrival in the country.

²⁶⁰ In the case of regular maintenance, the principle of proportionality must be taken into account (e.g. the machine was used outside the project for 4 years, now a year for the project and there is a regular 5-year maintenance - the eligible expenditure will be 1/5 of the maintenance price).

of the project, and may include a foreign expert if A labour contract or agreement is not concluded (in such a case, it would be reported within the personnel expenditure item);

- d) **project audit** – if required by the call, is direct expenditure in projects with full expenditure reporting and direct expenditure in projects with simplified reporting paid from the ERDF; in projects paid for from the ESF+, which are implemented in the simplified reporting regime, it is always an indirect cost;
- e) **expenditure for conferences / courses / seminars / webinars** - includes expenditure for ensuring the realization of conferences or courses organized by the beneficiary or a partner with a financial contribution within the framework of the project - training or conferences in which members of the implementation / expert team, representatives of the target group, guest participants or wider public; this expenditure usually cover the provision of space rental, conference equipment, refreshments²⁶¹, transport and accommodation for the target group, etc.;
- f) **rent and leasing** – if it is not economical to purchase the relevant movable or immovable property for the purposes of the project, its short-term or long-term lease can be used.
- g) **expenditure on energy, fuel and water** – includes expenditure on energy, fuel and water consumed in specialized areas of research centres and infrastructures (e.g. for the operation of specialized research facilities demanding their consumption) and expenditure on energy, fuel and water consumed in classrooms, in which specific educational activities take place. These are not expenditure for energy, fuel and water consumed by members of the implementation team in the office premises;
- h) **administrative and other fees** – the general condition for the eligibility of administrative and other fees is their economy and direct link to the project, or the request of the MA to spend them in connection with the project. This condition also applies to property insurance and administrative and local taxes, such as fees for land registration, an extract from the commercial register, issuance of building permit, an extract from the criminal record, payments for set-aside of agricultural land, notary fees, etc. Eligible expenditure are also fees in interest organizations or other groups, if membership in them is necessary to achieve the project's goals, as well as bank fees related to making project payments.
- i) **other expenditure** – expenditure for legal consultancy, expert opinions, administration of orders ensured by external suppliers, licenses and other non-specified above mentioned services directly related to the activities of the project and if they are necessary for implementation (e.g., expenditure necessary for the education of the professional team members related to the project).
- j) **travel expenditure** – if they are purchased through services (e.g. bulk purchase of tickets, provision of a bus for the transport of the target group, etc.).

Documentation for eligibility:

- a) order²⁶² /contract (if applicable);
- b) invoice;
- c) list of present participants in the case of support for participants;
- d) proof of service provision (certificate, transfer protocol, etc.), if issued;
- e) internal invoices for re-booking of part of the costs from the operating centre, including documentation for the method of calculation (if applicable);

²⁶¹ Refreshments price limit is determined by Clause 10. Direct support of this chapter (boarding bullet).

²⁶² When registering for the event, it is possible to replace the order with a print screen or e-mail confirming registration for the event.

- f) proof of payment (not relevant in the case of internal invoicing).
- g) market research for services worth more than CZK 50,000 or in the case of the purchase of specific services, the price of which is not normally determined and from which it will be clear that the price of the purchased service is usual in the place and time (provide contact with at least 3 suppliers)

Leasing

In general, it is valid that the eligible expenditure is only part of the rent / leasing which is time related to the activities of the project in which the stated assets are used. If the assets within this period are used for the purpose only partially, then only the respective part of the rent or leasing instalments are eligible.

- **Financial** – leasing or movable and immovable item where after termination the subject of leasing is **transferred** at the agreed purchase price into the **ownership** of the lessee²⁶³; can only be used if the subject of leasing is an eligible expenditure.

For leasing contracts with a re-purchase clause (or for contracts stating a minimum leasing period of the length corresponding to the service life of the investment, which is the subject of the contract) the eligible amount must not exceed the market value of the investment, which is the subject of leasing. Taxes and financial activity of the lessor related to the leasing contract are not eligible expenditure. Eligible expenditure are only instalments related to the period of the implementation of the project.

- **Operative** – leasing of movable item or immovable item after whose termination the subject of leasing is **returned** to the lessor as a rule. It can also be used in the case that the subject of the leasing would not be an eligible expenditure. However, the beneficiary must prove that the stated assets are necessary for the implementation of the project

The contract for operative leasing is concluded with the company/open ended (i.e. a free or open end of the leasing relation is not possible), which does not enable to repurchase the equipment and buildings at a net book price (only eligible are instalments which relate to the period of the implementation of the project and, at the same time, to the period during which the subject of leasing is used for the stated project).

Documentation of leasing eligibility:

- a) leasing contract, repayment schedule;
- b) received invoices issued for individual instalments;
- c) calculation of the relative eligible part of leasing – the period must be evident for which the subject of leasing was used for the stated project, the actual level of leasing instalments per year, the methodology of the calculation of the leasing during the period of the implementation of the project and the total level of eligible leasing;
- d) documents regarding payment.

B.8 Non-investment chapter of the budget - "Direct support"

This budget chapter includes expenditure directly related to the project's target group and its involvement in the project's activities. The expenditure mentioned in this chapter are not part of the flat costs of the project.

²⁶³ In terms of Section 21 of the Act on Income Taxes, the term tenant is used in these rules consistently with the term user and the term lessor is consistent with the term owner.

Personnel expenditure— are provided by the employer as compensation for part of the wage/salary expenditure (in the amount of gross wages/salary including statutory contributions) for its employees during their participation in further education. Within the framework of P JAC, these compensations can only concern the target groups specified in the call and can be provided up to 100% of the actually paid wage expenditure, including the relevant HI levies

HI, which is paid by the employer, but at most up to an amount numerically corresponding to three times the amount of the minimum wage valid at the time of the project activity increased by SI and HI. This compensation is only paid to the employer for the period (in hours) where its employees actually participated in the project activities instead of the execution of the agreed work. The trip to the place of the implementation of activity and back is not included in this time. Wage contributions are provided only to the employee participating in the project's activities, not to the employee who performs the employee's work as a substitute/representative during the employee's absence.

Travel, accommodation and meals - in P JAC, it is possible to use direct support to cover expenditure associated with the implementation of e.g. internships, internships, excursions and multi-day educational stays and similar activities, where accommodation, travel and meals are paid once.

Travel expenditure, accommodation and meals are paid in the form of a direct payment to the individual. If the travel expenditure, accommodation and meals are provided in the form of services, these are reported in the Purchase of services budget chapter. Travel reimbursements of the implementation team fall under the Travel Reimbursements chapter or flat-rate costs (see ch. 8.2.3).

Direct aid for participants in projects can be paid:

- a) **for travel expenditure** (e.g. on the basis of the submitted travel documents for mass public transport in 2nd class). In the case of the use of a car, eligible expenditure are restricted by the amount corresponding to the 2nd class of public transport multiplied by the number of people in the target group that were transported in the car. The exception is the use of the car in the case that it will be documented that it was not possible to use public transport, e.g. during the transport of handicapped people or when public transit schedules do not provide convenient connection for use. In this case, the travel expenditure can be paid similarly as for the implementation team;
- b) **accommodation** – it is possible for representatives of the target groups to pay expenditure at the level of the usual prices in the place, but in the Czech Republic no more than the above mentioned in the list of usual prices for equipment, accommodation and catering, and possibly a lower price according to the internal regulations of the given organization. In the case of accommodation abroad, the for adults (including doctoral students, etc.) then accommodation in a hotel at prices usual in the place, as a rule in the category *** is considered adequate; for pupils and students, suitable accommodation is considered as accommodation in families, tourist accommodation facilities or university dormitories (other than those where the pupil/student is usually accommodated), etc.;
- c) **catering** – the price limit for catering/refreshments of participants for events held in the Czech Republic is set in the list of usual prices for equipment, accommodation and catering. For events held abroad, the beneficiary is governed by the prices customary in the place and time.

All participants who have been provided accommodation and meals must be entered in the attendance list, which is issued separately for each day and which contains relevant information about the start and end time of the event, the participants and the given event.

In the case that it is not a full day event the limit must be decreased within the respective ratio²⁶⁴.

²⁶⁴ Example: the limit for an all-day domestic event will be, for example, 600 CZK, the event lasts 5 hours - the aliquot part is therefore

Boarding for employees in the target group can be paid in accordance with the Labour Code. In justified cases (only if it is not possible to ensure boarding in another manner), boarding vouchers may be provided at the respective level or expenditure for boarding may be paid on the basis of individually submitted accounting documents from the shop / boarding facility. In extraordinary and justified cases, the boarding of a representative of the target group who is not an employee and it is not possible to ensure boarding for them in a mass manner or within the travel compensation on the basis of the Labour Code, within the participation in the foreign event (e.g. fellowship) then it is possible to pay the boarding on the basis of the so-called unnamed contract concluded between the beneficiary / partner and the participant. The agreed payment for boarding must correspond to the prices common in the place.

In the case of participants in courses who are sent for training on the basis of a travel order by the employer, the travel expenditure can be paid and proven according to the Labour Code. In the case that within the project for the target group, wage contributions and/or travel expenditure, accommodation or boarding on the basis of travel orders, the employer of the target group is obliged to conclude with the beneficiary / partner for the support a contract on education ²⁶⁵ and to consequently submit to the beneficiary / partner the list of travel compensation for its employees and to document them with copies of the respective documents (travel order, travel tickets, documents for accommodation, etc.).

During the settlement of foreign business trips, the same procedure is used as that for foreign business trips by the project employees (see Travel expenditure).

In the case of payment of direct support to target groups, it is necessary to document individual amounts by the appropriate spending document with the signatures of the supported persons. If the list of present participants serves as the document for the participation of the target group and the event lasts more days, the participation of the specific person must be documented by their signature for each day of the event.

Accompanying activities – this item covers other expenditure related to the involvement of the target group in the project (e.g. tickets to events in which the target group participates as part of the project, payment of expenditure for the use of mobile phones, internet connection, etc.), it is also possible to pay expenditure associated with providing an assistant/assistant services provided directly to representatives of target groups, e.g. pupils with special needs, disabled, etc., as well as for the payment of necessary expenditure (at the usual local level) associated with the care of children or other dependent persons so that this person could be involved in the project activities. These services will be provided on the basis of the contract concluded between the beneficiary and the assistant service provider. In addition, it is possible to pay from this item the expenditure for the pedagogical supervision of children, pupils and students that are involved in the project as a target group.

Expenditure in the direct support chapter can also be provided to other participants of the event, if their connection with the implementation of the project is justified (these are persons who are not the target group, but participate in the event, e.g. important guests or experts or members of the implementation team - does not apply meal allowance as part of the travel order).

Documentation for eligibility:

Wage allowances:

- a) payroll and settlement slips for employees on which wage contributions are drawn (e.g. payslips, payslips, wage recapitulations, etc.);

600/8 * 5 = 375 CZK.

²⁶⁵ For a partner - if it is not part of the partnership contract.

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- b) documents on the payment of wages;
- c) documents for the participation of the target group in the project activities (e.g. attendance records);
- d) calculation of the amount of wage contributions of individual persons.

Travel expenditure, accommodation and boarding:

- a) business travel accounting (if relevant);
- b) report on the progress of the foreign business trip (if relevant);
- c) expenditure cash documents - in the case of direct payment for the direct aid to participants in activities;
- d) documents regarding payment.

Accompanying activities:

- a) order/contract (if applicable);
- b) invoice/expenditure cash receipt;
- c) payment or settlement documents for employees ensuring accompanying activities (if applicable);
- d) documents regarding payment;
- e) other documents according to the nature of the accompanying activity.

8.1.6. IN-KIND CONTRIBUTIONS

Contributions in kind can be used in the P JAC project only on the condition that they were not purchased from EU funds, meet the conditions listed below and at the same time serve as a way to ensure co-financing of the project by the applicant/beneficiary

For the purposes of eligibility assessment under P JAC, the following can be considered a contribution in kind: construction works, land, buildings, and this is also subject to the condition that the expenditure associated with their purchase/procurement were not covered by a project implemented as part of P JAC, or a project that the applicant/beneficiary intends to co-finance with this in-kind contribution.

Investment in-kind contributions are eligible only up to the amount of co-financing of eligible investment expenditure actually incurred by the applicant/beneficiary of the project (unless the call stipulates otherwise).

Non-investment in-kind contributions are eligible only up to the amount of co-financing of eligible non-investment expenditure actually incurred by the applicant/beneficiary of the project (unless the call stipulates otherwise).

It is possible to provide contextual contribution in the stated call only under the precondition that the type of contribution - see above, is according to the type, an eligible expenditure of the stated call and fulfils / helps to fulfil the purpose of the project and, therefore, is necessary for its implementation.

In general, the following is valid for in-kind contributions:

- 1) State aid provided for the project, which includes in-kind contributions, must not exceed after the deduction of in-kind contributions, the total eligible expenditure at the end of the project, i.e. at the end of the year, financing from public resources may not exceed the actually incurred and

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paid expenditure, i.e. the amount without eligible expenditure in the form of in-kind contributions.

- 2) The value of in-kind contributions does not exceed the usual prices in the place and time and for the stated fulfilment.
- 3) The value and the provision of the contextual contribution can be independently evaluated and verified.
- 4) In the case that the applicant / beneficiary decides to use a contextual contribution for co-financing the project, they must state and describe the manner and the form of its provision in the grant application (into the text field of the respective key activity of the project in the IS KP21+) and, at the same time, create in the budget an independent item that concerns contextual contribution.

The in-kind contribution provided by the beneficiary is included in the lists of documents of individual requests for payment (current and/or final). When including an in-kind contribution in the list of expenditure, the rule must always be observed that the amount of the in-kind contribution does not exceed the amount of own co-financing of investment/non-investment eligible expenditure billed so far²⁶⁶.

Expert opinion and other documents proving the value of the contribution in kind, or other required documents, the beneficiary submits in the next interim PIR, which follows the inclusion (use) of the in-kind contribution to the project.

- 5) Contributions in kind are used exclusively for the co-financing of projects implemented within P JAC by the applicant/beneficiary.
- 6) In the case that within the stated call, the provision of the contextual contribution in a form of an asset is enabled, then for the purpose of documenting eligible expenditure, it is necessary to prove both ownership and the validity of the contextual contribution.

Contribution in kind in the form of land, real estate

In the case of provision of land or real estate, the value is determined on the basis of an expert opinion, which will be drawn by a court expert on the basis of the Act on property valuation and related legislation in force, the value of in-kind contribution cannot exceed the **10% limit** of the total eligible project costs. At the same time, it is valid that the purchase of land or real estate is enabled within the stated call and it is necessary for the implementation of the stated project. In the case that the applicant/beneficiary decides to provide for co-financing their own land or real estate, it must be valid that the key activities of the stated project must be conducted on the designated land or real estate.

The ownership relation to the real estate is usually documented by the extract from the Cadaster of Real Estates. In the case that the ownership rights are not registered in the Cadaster of Real Estates, it is possible to document the ownership through the proposal for registration into the Cadaster of Real Estates confirmed by the cadastral office and the contract for the acquisition of the ownership rights (e.g. purchase contract, gift contract, etc.). Property valuation is documented through expert report which will be drawn by a court expert under the Property Valuation Act and related applicable legislation. This report may not be older than 6 months before inclusion (use) of the in-kind contribution to the project in the context of a relevant key activity (i.e. period of 6 months is regarded from the date when the implementation of the activity within which the in-kind

²⁶⁶ If, for example, an investment contribution in kind will be claimed in each PA with accounting for investment expenditure, an in-kind contribution can be included in each of these PAs up to the amount of co-financing of the investment expenditure accounted for in the given PA.

contribution was included to the project started). The use of real estate as an in-kind contribution is subject to the condition that the real estate may not have been previously financed from EU funds.

Contribution in kind in the form of unpaid voluntary work

In the case of in-kind contributions in the form of unpaid voluntary work, the value of this work is determined on the basis of the verified amount of working time spent (e.g. according to the time sheet) and the rate used for remuneration for equivalent work - the beneficiary provides evidence of a market survey to document the rate for remuneration for equivalent work. In the case of this type of contextual contribution, the accounting records of the beneficiary are not required on the part of the MA. The voluntary work may be included by the applicant / beneficiary into the binding co-financing of the project when fulfilling the following conditions:

- it may only concern voluntary work organized through voluntary centres and accredited as sending organizations according to the act on voluntary service;
- voluntary centres must conclude a contract with the volunteer, must guarantee the execution of their work in accordance with the valid legislation and also confirm for the organization the records on the scope of the work performed.

Contribution in kind in the form of construction works

In the case of in-kind contributions in the form of construction works, the value is determined on the basis of a market survey or an expert opinion. The expert opinion must be drawn up by a forensic expert based on the Property Valuation Act and related applicable legislation. This assessment must not be older than 6 months before the inclusion (use) of the in-kind contribution to the project within the relevant key activity. For normally provided services, it is possible to carry out a valuation in the form of a market survey, with a comparison of at least 3 offers.

The range of in-kind contributions may be restricted in the announced call.

8.1.7. INELIGIBLE COSTS

Ineligible costs are according to Art. 64 of the General Regulation:

- a) interest from due amounts, with the exception of grants awarded in the form of interest rate grants or guarantee fee grants;
- b) the purchase of land not built on and built-up land in the amount exceeding 10% of the total eligible expenditure for the operation concerned. In the case of abandoned areas and areas previously used for industrial purposes that include buildings, this ceiling will be increased to 15%. In the case of financial instruments, these percentages apply to the contribution from the programme paid to the final beneficiary or, in the case of guarantees, to the amount of the relevant loan;
- c) value added tax, with the exception of the cases specified in chap. 8.1.3, point a) or b).

Furthermore, for projects whose EU contribution is financed by ESF+, it is classified as ineligible expenditure under Article 16(4) of the ESF+ Regulation:

- purchase of infrastructure;
- purchase of land;
- purchase of real estates.

Ineligible expenditure are those that:

- cannot be paid from grant funds;
- are not included among the eligible expenditure in the valid project budget;

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- were supported in the past from public resources²⁶⁷;
- are not spent in accordance with the objectives of the project and, at the same time, are not necessary to achieve the objective;
- they are not reasonable, i.e. they are not spent in accordance with the principle of economy, efficiency and purpose (and they do not correspond to the usual prices in the place and time);
- they are not in accordance with Czech or European legislation, the call, the follow-up documentation for the call, this document and the legal act on grant award / transfer;
- are connected to financing the sustainability of projects supported from this or the previous programming period (the development of projects supported from the previous programming period is not considered to be sustainability support).
- were used to pay for performance, the supplier of which is a natural or legal person who, by delivering the performance, is acting in violation of a final judgment of conviction.²⁶⁸

If such expenditure originate, the beneficiary will pay them from their own funds.

Expenditure that does not meet the general rules of eligibility (see ch. 8.1.4) may be declared ineligible by the MA even if this expenditure is part of the approved budget. In case of cases of unjustified purchases of equipment, material or services before the termination of the project or purchases for which the beneficiary did not submit requested documents. Unjustified expenditure will be considered in relation to the status of the implementation of key activities of the project.

Ineligible costs are considered to be, in particular:

- a) wage costs of employees who did not participate in the project (in the case of managers, it is necessary to evaluate their actual involvement into the implementation of the project, personnel expenditure of the representatives of the statutory body who are not directly involved into the project or only formally, cannot be considered eligible);
- b) wage expenditure of the members of the implementation team which do not relate via their involvement to the off-project activities;
- c) other costs for employees, for which the employer are binding according to special regulations, e.g.
 - payments for health insurance in the case that the employee uses unpaid days off;
 - compensation associated with vacation beyond the number of weeks exhaustively defined in the provisions of Section 212 of the Labour Code or in the beneficiary's internal directive;
 - compensations associated with leave agreed to the agreement on the performance of work and the agreement on work activities;
 - severance;
 - contribution to pension insurance, gifts;
- d) interest on credits and loans;
- e) sanction fees, fines and penalties or other sanction expenditure resulting from contracts or other reasons, cancellation fees²⁶⁹;

²⁶⁷ It also includes cases where the employer received a refund of personnel expenditure from another entity (e.g. a refund of wages/salary to the employer from the CSSA, in connection with an employee's leave of absence related to an event for children and youth).

²⁶⁸ For legal entities, this fact can be verified in the Register of Penalties of Legal Entities available at the Register of Penalties of Legal Entities (justice.cz).

²⁶⁹ It does not apply to cancellation fees and penalty fees resulting from contracts in the event that this expenditure arose as a result of

- f) administrative and local fees not having a direct relation to the project and are not expressly stated by MA;
- g) direct taxes (road tax, real estate tax, gift tax, inheritance tax, customs duties, etc.);
- h) expenditure related to transfers of real estate between close persons and persons connected by property or personnel (hereinafter referred to as "connected persons"), i.e. when there is a link of "connection" between the beneficiary and the seller;
- i) expenditure that are part of the liquidation of the company, bad receivables etc.;
- j) expenditure for legal disputes incurred in relation to a certain project, e.g. expenditure for payment of legal fees, for the acquisition of evidence, for legal representation in the case of a dispute, expenditure for legal defence against the MA procedure, penalties, fines, other sanction expenditure and legal expenditure related to the legal dispute;
- k) reserves for possible future losses and debts;
- l) exchange losses, exchange losses are not considered losses incurred only in terms of accounting due to the difference in the exchange rate used according to the internal regulation of the organization and the exchange rate used in the case of actual payment;
- m) alcoholic beverages, tobacco products and psychotropic substances.

8.2. SIMPLIFIED COST OPTIONS (SCO)

With simplified reporting of expenditure, the provider pays predetermined amounts, which represent an estimate of the actual expenditure incurred by the beneficiary. These amounts may be determined by the MA in the form:

- lump sums,
- unit costs,
- flat-rate costs.

The amounts of unit costs, lump sums or percentage rates of flat-rate costs are always determined by the MA in advance, i.e. at the latest in the call for proposals²⁷⁰.

Simplified expense reporting methods may apply to all project expenditure or to a specific portion of project expenditure. Within one project, it is possible to combine simplified reporting methods, i.e. part of the expenditure can be reported, for example, through unit costs and another part of the expenditure through flat-rate costs. However, in no case can costs that are to be paid from a lump sum / unit costs / flat-rate costs be reported as part of direct expense reporting. It is also not possible to report expenditure for the administrative team, which are to be paid in a lump sum, as unit costs according to ch. 5.9.1, point b2.

For project expenditure that are reported using one of the methods of simplified reporting of expenditure, the beneficiary is obliged to keep accounts in accordance with the legal regulations of the Czech Republic, but he does not have to assign individual accounting items in his accounting to a

force majeure or circumstances that the beneficiary could not influence in any way (e.g. illness of a member of the implementation team before a business trip). The beneficiary is obliged to prove this intervention of force majeure/other extraordinary circumstances, or substantiate with appropriate documents. Upon proof of force majeure/other extraordinary circumstances, this expenditure may be recognized as eligible.

²⁷⁰ In the case of expenditure for employees, which are calculated as unit costs calculated in accordance with Article 50, paragraph 2 of the General Regulation, the unit cost can also be determined before the issuance of a legal act on grant award / transfer, or also during project implementation.

specific project and does not provide tax, accounting documents and payment documents. The beneficiary documents the documents necessary to verify that the activities or outputs, which are listed in the legal act on grant award / transfer, were actually carried out. The expenditure reported in some of the simplified reporting methods are considered documented, similarly as the expenditure proved by the accounting, tax or other document. The objective of the following audits and inspections is to exclusively verify that the terms of individual simplified forms of reporting were fulfilled.

In the case of simplified methods of reporting expenditure, the beneficiary is not obliged to **account for this expenditure separately from other activities of the organization** (for example, through analytical accounts, using an accounting centre, etc.). At the same time, however, the beneficiary is obliged to keep **accounts** in accordance with the legal regulations of the Czech Republic and the internal regulations of his organization.²⁷¹

8.2.1. LUMP SUMS

Eligible costs of the operation or part of the costs of the operation can be calculated on the basis of lump sums. In this case, the MA defines in advance the activities and/or outputs/products for which it determines the amount of a lump sum. The definition of lump sums is always given in the text of the call for proposals, or in the follow-up documentation for the call.

Lump sums can be used, for example, in cases where it is not appropriate to determine the unit cost, but activities and/or outputs/products can be clearly defined and the amount of costs for the implementation of these activities and/or outputs/products can be expressed in advance. One-off amounts can be defined by the MA, e.g. for the organization of training, seminars, conferences, or the creation of a feasibility study, etc.)

A lump sum is eligible if the beneficiary proves the fulfilment of all defined activities and/or documents all defined outputs/products. The MA can also establish sub-phases in the performance of activities and/or in the creation of outputs/products, to which it assigns a certain part of a lump sum. Subsequently, if the beneficiary proves the fulfilment of the activities and/or outputs/products belonging to the sub-phase, the part of the lump sum belonging to the sub-phase is eligible. If the beneficiary does not demonstrate the fulfilment of the defined activities and/or outputs/products, expenditure in the amount of a lump sum or part thereof will be considered ineligible.

8.2.2. STANDARD SCALE OF UNIT COSTS

Eligible costs of an operation or part of the costs of an operation may be calculated on the basis of standard scales of unit costs (hereinafter also "unit costs"). In such a case, the MA pre-defines the units of activities, including outputs/products, or results and assigns a unit cost to each unit of activity. The total cost of the project or part of it, calculated using standard scales of unit costs, is calculated as the sum of the costs of all units of activities multiplied by the number of units. The definition of unit costs is always given in the text of the call for proposals, or in the follow-up documentation.

A unit charge is eligible if the beneficiary demonstrates fulfilment of the activity unit within the defined scope and documents all defined outputs/products for this activity unit.

In terms of time, the eligibility of expenditure is assessed in relation to the physical implementation of the project – if the activities were started and finished and the outputs were achieved during the

²⁷¹ Where applicable, the foreign partner with a financial contribution must also be charged in accordance with the relevant national regulations of the foreign partner.

project implementation, it is considered that the unit costs, including administrative costs related to the achievement of the outputs, are also eligible in terms of time.

If the call allows for physical implementation to begin before the issuance of a legal act on grant award / transfer, the applicant/beneficiary is obliged to comply with the applicable legislation of the Czech Republic and the EU.

Reporting of unit costs – expert team (determined according to ch. 5.9.1, point b2)

The beneficiary is entitled to report for the employee for whom the unit cost is determined - the hourly rate of the employee's personnel expenditure for every 12 months of the employee's involvement in the implementation of the project, a maximum of 1720 productive hours (units) in the case of full-time work. In the case of an employee working part-time / for a shorter period of 12 months, the maximum number of productive hours is reduced proportionally²⁷².

The maximum number of units - productive hours that can be reported for an employee in each period of 12 consecutive calendar months is calculated as follows:

$$\begin{array}{l} \text{Max. number of units} \\ \text{(productive hours) of the} \\ \text{employee} \end{array} = \frac{\text{number of calendar months of employee's project involvement} \\ \text{in 12 consecutive calendar months}}{12} * \text{FTE value} * 1720$$

Units – productive hours can only be reported as a whole number in PIR.

Reported units - productive hours per employee that exceed the maximum number of units - productive hours of the employee cannot be considered eligible.

Example:

The project is implemented for a total of 30 calendar months. The researcher is involved in the implementation of the project for a period of 18 months on a full-time basis of 0.5, starting from the 3rd calendar month of project implementation. The maximum number of units – productive hours that can be reported for this employee in each 12-month period of his involvement in the implementation of the project is calculated as follows:

The maximum number of units of productive hours (1st - 12th calendar month of the employee's involvement in project implementation) = $12/12 * 0.5 * 1720 = 860$

The maximum number of units of productive hours (13th - 18th calendar month of the worker's involvement in the implementation of the project) = $6/12 * 0.5 * 1720 = 430$

That is, in accordance with the above-mentioned assignment, the beneficiary is entitled to report a maximum of 1290 productive hours in the project for an employee who is employed in the position of 0.5 full-time researcher for a period of 18 months, with the proviso that for the period from 1 to 12 months of the researcher's involvement in the project, it is possible to report a maximum of 860 productive hours, and for the period from the 13th to the 18th month, it is possible to report 430 productive hours.

For unit costs – productive hours, it also applies that the actual amount of productive hours reported by the beneficiary for the employee must correspond to the concluded labour-legal relationship, on the basis of which the employee performs activities for the project.

²⁷² A productive hour cannot be reported as an hour worked or an hour for which the employee is entitled to a wage/salary compensation paid by the employer (see the definition of a productive hour in ch. 5.9.1 of this document), in the event that the employer has received a reimbursement of the costs for this hour(s) from by another entity (e.g. refund of wages / salary to the employer by the CSSA, in connection with the employee's leave of absence related to an event for children and youth).

The data on the number of realized units - productive hours per employee of the beneficiary is drawn from the documents/outputs of payroll accounting.

Beneficiary includes unit costs - productive hours per unit inventory. The total monthly employee cost is calculated as the product of the unit cost - the hourly employee cost rate attributable to that employee and the number of productive hours (units) for that month.

The beneficiary provides the following documents for the costs of employees included in the list of units:

- a) a copy/scan of the employment contract / employment agreement (it is documented only once, when the costs of the given employee are first included in the list of units; in the event of a change in the content of the employment contract / employment agreement, it is always necessary to document a new wording of the document);
- b) annex PIR / FPIR "Record of productive hours of employees - unit costs" - in this annex, the Beneficiary provides an overview of employees for whom personnel expenditure are claimed on the basis of unit costs, and the number of productive hours that are reported for these employees in the list of units. The beneficiary completes this annex cumulatively, submitting it in the PIR / FPIR, in case the unit list of the PIR / FPIR, which is part of the PIR / FPIR, includes personnel expenditure reported as unit costs;
- c) a document containing information on the number of productive hours achieved by an employee in a given calendar month; a suitable document containing the required information is, for example:
 - output from the electronic attendance system, which shows the number of hours worked, the number of compensation hours, the number of vacation hours, the number of public holiday hours for a given calendar month,
 - basis for processing wages/salary/remuneration from the employee's CfW for a given month, which shows the number of hours worked, the number of compensation hours, the number of vacation hours, the number of hours on public holidays for the given calendar month,
 - other documents containing the required data;
- d) overview of performed activities (description of performed activities for the reporting period).

Documentation of unit costs - personnel expenditure for on-site inspection

For the on-site inspection, the beneficiary is required to document:

- a) originals of outputs from the payroll system for each employee, which were used to determine the amount of the unit cost - the hourly rate of the employee's personnel expenditure (relevant for method b2.1, see ch. 5.9.1 for more details);
- b) originals of outputs from the payroll system for a wider group of employees, which were used to determine the amount of the unit cost - the hourly rate of the employee's personnel expenditure (relevant for method b2.2, see ch. 5.9.1 for more details);
- c) originals of employment contracts / agreements on the performance of activities, including their possible amendments, for employees who draw personnel expenditure in the form of unit costs;
- d) original documents proving the number of productive hours of employees in individual calendar months (e.g. outputs from the electronic attendance system, which shows the number of hours worked, the number of compensation hours, the number of vacation hours, the number of hours on public holidays for a given calendar month, or the basis for payroll processing / salary / remuneration from the employee's CfW for the given month, which shows the number of hours worked, the number of compensation hours, the number of

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vacation hours, the number of hours on public holidays for the given calendar month or other documents containing the required data);

- e) the original overview of the performed activities (description of the performed activities for the reporting periods).

8.2.3. FLAT-RATE COSTS

Flat-rate costs are the costs of an operation that the beneficiary does not provide with tax, accounting or other documents proving the eligibility of the expenditure, and for which there is no proof of the payment of these costs. The amount of flat-rate costs is determined as the product of the flat-rate and the sum of the costs included in the cost categories that form the basis for the calculation of flat-rate costs. The eligibility of flat-rate costs is derived only from the eligibility of expenditure that form the basis for their calculation and is not limited in any way by time.

In order to use flat-rate financing, it is necessary to clearly divide the costs of the operation into individual cost categories in advance, while none of the costs of the operation can be included in more than one cost category. The MA defines the division of operation costs into individual cost categories in the text of the call for proposals, or in the follow-up documentation.

In general, the cost categories of an operation using flat-rate financing can be defined as follows:

- category of costs on the basis of which flat-rate costs will be calculated,
- flat-rate cost categories²⁷³,
- other categories of costs that are not part of the above categories²⁷⁴ (if relevant).

The eligibility of flat-rate costs is determined by the eligibility of the category of costs on the basis of which the flat-rate costs are calculated - i.e. if the flat-rate costs are calculated using a flat rate from the direct costs of the project, then if the direct costs of the project are eligible, the corresponding amount of the flat-rate costs is also considered eligible costs.

The MA can use one of the flat rates below to determine the amount of flat-rate costs in the call for proposals, or in the follow-up documentation:

- a) a flat rate **of up to 7%** of eligible direct expenditure to finance flat-rate costs²⁷⁵,
- b) a flat rate **of up to 15%** of eligible costs for the main project team²⁷⁶ to finance flat-rate costs²⁷⁷,
- c) flat rate **up to 20%**²⁷⁸ of direct costs other than personnel staff costs to finance core project team costs²⁷⁹,

²⁷³ Flat-rate costs are generally considered to be such costs, the amount of which is determined using a flat rate. Flat-rate costs are reported using a simplified reporting method, and their eligibility is linked to the cost category on the basis of which they were calculated. "Costs for the main project team" and "remaining costs of the operation" can also be set as flat-rate costs, see flat-rate rates according to letter c) and d).

²⁷⁴ E.g. The MA can stipulate in the call that flat-rate costs are calculated using a flat-rate applied only to part of the direct eligible expenditure. Direct eligible expenditure to which the flat rate does not apply for the purpose of calculating flat-rate costs can be referred to as "other cost categories" in the context of categorizing project costs for the purpose of calculating flat-rate costs. The MA can specifically name this category in the call, depending on the type of costs that will be included in this category.

²⁷⁵ According to Article 54 (a) of the General Regulation.

²⁷⁶ The MA defined the project cost category as "core project team costs". This category of costs is called "direct employee costs" in Article 54 (a)(b), Article 55 (1) and Article 56 (1) of General Regulation No. 2021/1060. However, the costs of the main project team can, for example, be fully reported using flat-rate costs (see flat rate according to Article 55 (1)) or part of the cost of the main project team can be reported using a standard scale of unit costs or lump sums. The use of the term "direct employee costs" can therefore be misleading in view of the different reporting options, and the MA has therefore decided to replace this term with the term "main project team costs".

²⁷⁷ According to Article 54 (b) of the General Regulation.

²⁷⁸ The amount of the rate may be reduced, inter alia, in accordance with Directive of the European Parliament and of the Council No. 2014/24/EU, Article 4 (a), as amended, for operations whose public contracts for construction works exceed the limit set by the directive.

²⁷⁹ According to Article 55 (1) of the General Regulation.

- d) a flat rate **of up to 40%** of the eligible costs of the core project team to finance the remaining costs of the operation²⁸⁰,
- e) a flat rate determined in accordance with the rules for applying the corresponding flat rates used in EU policies for a similar type of operation²⁸¹.

For the above-mentioned flat rates, the MA determines the definition of the category/subcategory of costs "main project team costs" and "flat-rate costs".

Core project team costs

"Core Project Team Costs" includes personnel expenditure:

- of expert staff participating in project activities. The team of experts is assembled by the applicant/beneficiary, but in the case of some calls, the MA may, in the text of the call for proposals, or define all or some members of the expert team in the follow-up documentation for the call,
- of selected employees of the administrative team involved in the implementation of the project. These workers are:
 - Chief Project Manager
 - Project Manager
 - Financial Manager
 - Administrative Officer

Personnel expenditure of administrative team workers, not listed above, are not part of the costs of the main project team (e.g. workers working in accounting, HR, security, maintenance, cleaning). These workers are part of the "support project team".

Flat-rate costs

Given that individual flat rates are intended to calculate a different part of project costs, it is necessary to define flat-rate costs in relation to a specific flat rate:

When using the flat-rate according to points a), b) and d), the personnel expenditure of the expert team can be reported in the direct personnel cost mode or in the form of unit costs, and the personnel expenditure of the administrative team, which is part of the main project team, can be reported in the form of lump sums.

When using the flat-rate according to point c), the direct costs of the project cannot include personnel expenditure of employees, i.e. neither "personnel expenditure of the main project team" nor "personnel expenditure of the supporting project team".

Flat-rate costs – when using the flat rate determined according to points a), b)

When using the flat rate according to points a), b), direct costs cannot include:

1) All costs associated with the activities of the "support project team", e.g.

- personnel expenditure (staff providing accounting, human resources, legal advice, tax advice, cleaning, security and maintenance of real estate, maintenance of tangible assets, project publicity²⁸², etc.),
- domestic and international travel expenditure,

²⁸⁰ According to Article 56 (1) of the General Regulation.

²⁸¹ According to Article 53 (3) (c) of the General Regulation.

²⁸² This is not project publicity in the sense of a supported activity, aimed at e.g. popularization, etc.

- costs of tangible and intangible assets, including their maintenance, depreciation,
- the cost of purchasing services.

2) Domestic travel expenditure of all members of the "core project team", e.g.:

- all travel expenditure related to the national business trips (it is irrelevant what means of transport was used to undertake the journey – e.g. the company or private vehicle, public transportation, taxi, etc.); expenditure of the implementation team are not considered travel expenditure if they are related to a shared ride with the target group in a secured vehicle (e.g. bus), the vehicle was secured primarily for the target group and joint transportation of the implementation team does not create additional expenditure for the transport of the target group;
- all costs for the operation of means of transport for national roads.

3) Foreign travel expenditure of all members of the administrative team who are part of the "core project team", e.g.:

- the cost of fares, accommodation, board and catering, pocket money and other related expenditure (e.g. taxis, parking fees).

4) Training costs for all members of the administrative team who are part of the "core project team", e.g.:

- costs of courses, workshops, seminars, regardless of the form of their organization.

5) The cost of food stamps and the meal stamp flat rate for members of the "core project team":

- costs of meal stamps, meal stamp flat rate, which are not part of the worker's gross salary or paid from CSNF (i.e. part of direct expenditure).

6) Costs for the operation and maintenance of offices and related spaces (social facilities, kitchens, corridors, elevators, etc.) for the activities of the "main project team" (does not include costs for specialized spaces of research centres and infrastructures and classrooms), e.g.:

- rent costs, energy, fuel and water purchase costs (including sewage);
- asset depreciation;
- the cost of cleaning and cleaning services;
- security and maintenance costs;
- costs of telephone services, internet, postal services, transport, packaging;
- costs of consumables related to the use of offices and related premises, i.e. all materials or small items that do not have the character of equipment or devices or are intended for one-time or gradual consumption and their service life does not exceed 1 year.

7) Additional costs

- costs for the purchase of office materials (paper, laminating material, stationery, paper clips, folders, document plates, toners, etc.) - regardless of their use in the project, i.e. whether they are essential for the implementation team's activities or intended for the target group);
- USB flash drives and other data carriers that enable the storage of data files and their transfer between computers and other devices (regardless of their use in the project, i.e. whether they are necessary for the activities of the implementation team or intended for the target group);

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- bank fees, including bank fees for international financial transactions (foreign payments, cash withdrawals abroad, conversion fees etc.);
- project audit – if the project audit is not required by the call;
- insurance of assets used for the project implementation;
- notary and administrative fees necessary for the implementation of the project (e.g. verification of documents, etc.);
- creation and management of websites used for project publicity, with the exception of cases where the creation or operation of websites is the main activity of the project (e.g. creation of an expert educational portal, etc.) The creation or management of the organization's website, on which information about the implementation of the project is published, cannot be considered as the main activity of the project;
- ensuring the project publicity, including monitoring the press (advertising, leasing of premises for press conferences, refreshments for press conferences, production of promotional items, leaflets, etc.) with the exception of cases where publicity measures are the main activity of the project (mainly for projects focused on changing the knowledge of the target group, etc.);
- costs for the purchase of equipment and consumables, which are procured for the purpose of ensuring non-obligatory publicity from EU funds;
- the costs of legal advice / external provision of selection / tendering procedures necessary for the project and other services connected with the awarding of orders (advertising, consultancy, etc.), if they are not included in the purchase price of the property paid for from the direct expenditure of the project;
- costs of purchasing supplies or materials to provide refreshments for project workers or target groups (e.g. cups, biscuits, tea, coffee, etc., which are not consumed at one specific event, but are intended for continuous consumption, e.g. during individual consultations, project team meetings, while it is not decisive how these "inventories" are accounted for, i.e. not related to "in stock" accounting).

In the event that any of the above-mentioned flat-rate costs are included by the beneficiary, based on applicable legislation and the beneficiary's accounting standards, in the purchase price of assets paid from direct project expenditure, it is possible to accept such a flat-rate cost as a direct cost, but only if it is reported as part of the purchase price property.

Flat-rate costs – when using the flat rate according to point c)

When using the flat rate according to point c), direct costs cannot include personnel expenditure, i.e. neither the costs of the "main project team" nor the costs of the "supporting project team". Personal costs cannot be included in unit costs or lump sums either.

Flat-rate costs – when using the flat rate according to point d)

When using the flat rate according to point d), direct costs cannot include costs other than the personnel expenditure of the "main project team". Flat-rate costs are determined for all other costs of the project.

Flat-rate costs – when using the flat rate according to point e)

When using a flat rate according to point e), the MA defines the category of flat-rate costs depending on the flat rate used.

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8.3. PROJECT INCOME

Project income is divided into operating income and other cash income.

The following are not considered project income:

- payments which the beneficiary / partner receives from contractual penalties due to breaching of the contract between the beneficiary / partner and third party or parties;
- payments that arise due to the fact that a third person chosen by the procurement rules decides to withdraw its tender (cash security);
- bank interest yielded from the funds of the beneficiary's account, which is funded through the ex-ante financing.

The beneficiary does not have the obligation to monitor and report the income of the P JAC project in the event that this income arises in connection with the project that is subject to the rules of state aid:

- a) de minimis aid;
- b) compatible state aid for small and medium sized enterprises for which in relation to the state aid, the intensity or the level of aid is restricted,
- c) compatible state aid in whose case individual cases of support were verified in accordance with the valid rules for state aid;
 - returnable assistance, which must be returned in the full amount;
 - technical assistance projects.

8.3.1. OPERATING INCOME

Income from operation applies only to projects co-financed from the ERDF. A project generating income from operation means a project with a value of investment expenditure of CZK 25 million and above, where at the same time this expenditure constitute more than 50% of the total eligible expenditure, which includes an investment in infrastructure for the use of which fees paid directly by users are charged, or any project involving the sale or lease of land or buildings or any other provision of services for consideration.

The beneficiary has the obligation during the implementation of the project and during the sustainability period of the project to monitor the generation of income from operations related to the P JAC project and to report the amount of "net income from operation" to the granting authority, including the method of their calculation. The Beneficiary must prove the net income achieved to the provider at the latest with the submission of the FPIR and subsequently with the submission of the FPSR. The MA will subsequently adjust the amount of the allocated support, i.e. during the implementation period it will deduct the net income from operation from the eligible expenditure of the operation at the latest at the FPA submitted by the beneficiary, during the sustainability period the beneficiary will request a refund due to net income from operation. It is possible to return this up to the end of the sustainability period or within the deadline for the submission of documents for closing the programme stated by the special rules for individual funds according to whatever occurs earlier.

If the method of calculating the financial gap was used in the determination of income in advance, the beneficiary is obliged to update the calculation of the financial gap at the same time as submitting the FPIR. The beneficiary performs the update of the financial gap calculation at the same time as submitting the FPSR, if the supported infrastructure (or property) generated or participated in the generation of income during the sustainability period. Even during the period of sustainability,

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the beneficiary has the obligation to separately account for income arising from the use of the infrastructure supported by the P JAC project.

The MA will adjust the amount of the allocated support in the event that it is reduced when updating the financial gap, i.e. a lower amount of support is needed to finance the project. During the implementation period, additional income is deducted from the eligible expenditure of the operation at the latest when the FPA submitted by the beneficiary, during the sustainability period the beneficiary requests a refund due to income. The return can be made until the end of the sustainability period or the deadline for transferring documents for closing the programme set out in the special rules for individual funds, whichever comes first.

Net revenues from operation reduce the total eligible expenditure of the project, i.e. they reduce the basis from which the amount of support is calculated. Net operating income is operating income less operating expenditure. However, the calculation can only include operating expenditure related to the generation of income that were not paid from the financial resources of the P JAC project (from the EU, Slovak Republic or from the financial resources used for mandatory co-financing of the project), within which or as a result of which income from operations arise. Furthermore, operating expenditure paid from other P JAC projects or from other European Structural and Investment Funds, from other EU instruments (e.g. HORIZON EUROPE) or from other subsidy instruments in which operating expenditure were reported as eligible expenditure cannot be included in the calculation.

8.3.2. OTHER FINANCIAL INCOME

Other monetary income is considered to be any income from the P JAC project, which by its characteristics does not fall under income from operation according to ch. 8.3.1.

During the implementation of the project, the beneficiary has the obligation to monitor the creation of other monetary income related to the P JAC project and to report the amount of "net other monetary income" to the granting authority, including the method of their calculation. Achieved net other monetary income must be documented by the beneficiary to the provider in the FPA at the latest.

Net other monetary incomes reduce the total eligible expenditure of the project, i.e. they reduce the base from which the amount of support is calculated. Net other cash income is other cash income less operating expenditure. However, the calculation can include only operating expenditure related to the generation of income that were not paid from the financial resources of the P JAC project (from the EU, Slovak Republic or also from the financial resources used for mandatory co-financing of the project), within the framework of which or as a result of which other monetary incomes arise. Furthermore, operating expenditure paid from other P JAC projects or from other European Structural and Investment Funds, from other EU instruments or from other national public funds cannot be included in the calculation. If operating expenditure related to the creation of other cash income are paid from the above-mentioned sources, then other cash income is equal to net cash income.

P JAC Managing authority distinguishes between these two basic cases, which it explains based on these specific cases:

- a) in the project co-financed from ESF+, the activity is the creation of an educational course and its pilot verification. The beneficiary decides to collect a fee from the participants during the implementation of the pilot verification course. Since the pilot verification course is a project activity, all expenditure associated with the implementation of the pilot verification course are covered by the P JAC project. In this case, the received course fee (fees from participants) is the income of the project and at the same time the net income of the project,

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- b) in the project co-financed from ESF+, the activity is the creation of an educational course and its pilot verification. The beneficiary decides to continue offering the course to the target group during the implementation of the project after the completion of the pilot verification, but already outside the implementation of the P JAC project. It collects a fee from each course participant.

In this case, since the course was created from the P JAC project, the beneficiary is obliged to take into account the achieved net income in the final PA at the latest. From the income that is equal to the fees for the course, the beneficiary is entitled to deduct expenditure that are connected with the realization of the courses themselves (e.g. lecturer's salary, energy, rental of equipment, rooms, etc.) It is assumed that this expenditure are not covered by the project, because even the realization of courses is no longer a supported activity of the project.

Identifying operating expenditure related to other monetary incomes of the P JAC project is fully within the competence of the beneficiary/partner of the P JAC project. P JAC Managing authority recommends beneficiaries, when reporting net other monetary income related to the P JAC project, if such income arises, to create and submit a simple overview of other monetary income generated in connection with the project and operating expenditure related to this income. The source of financial data for this overview is the financial outputs from the accounting of the beneficiary/project partner. The beneficiary is obliged to submit these outputs from the accountancy of the beneficiary / project partner upon request for inspection by the P JAC Managing authority, as a basis for the data filled in on the list of accounting documents, respectively. income list.

9. CHAPTER – CHECKS AND AUDITS

General provisions on checks, verifications and audits

The applicant/beneficiary is obliged to submit to checks, or audits by the following control authorities: MEYS – Managing authority, MF (Audit authority), European Commission, European Court of Auditors, European Anti-Fraud Office (OLAF), Supreme Audit Office, bodies of the Financial Administration of the Czech Republic in the sense of the Act on Financial Administration of the Czech Republic, or controllers and other control bodies according to the regulations of the Czech Republic and EU regulations.

The beneficiary is obliged to inform the granting authority in writing (including electronic form - e. g. internal dispatch) about facts affecting the implementation of the project determined by the MA, and above all to inform about any controls and audits carried out in connection with the project by other entities, within the deadline of 15 business days from the end of this inspection or audit. The beneficiary is also obliged to provide the granting authority with all information on the results of these checks and audits, including copies of the control protocols and audit reports, as well as any proposed/imposed corrective measures resulting from the checks/audits and their implementation. The beneficiary enters information about the performed checks and audits on the "Checks" tab in IS KP21+ within the above-mentioned deadline. Furthermore, upon request of the MA and AA, the beneficiary is obliged to provide all information on the results of previous controls and audits, including copies of control protocols and audit reports, and possibly also on all proposed/imposed corrective measures that will be the result of these controls/audits, and on their implementation.

The beneficiary shall also oblige its partners involved in the project implementation to all obligations specified above.

The MA will carry out an administrative verification of the projects (see ch. 7.2 for more details), and possibly also an on-site inspection in accordance with Article 74 of the General Regulation, the inspection regulations, the Act on Financial Control, the Methodological Instruction Control of financial resources provided from EU funds, programming period 2021–2027 and the Methodological Instruction for the financial flows of programmes co-financed from the European Regional Development Fund, the European Social Fund+, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund 2021-2027.

Types of checks or administrative verifications

1. Checks on site/administrative verification before issuing of the legal act on grant award / transfer

Administrative verification / on-site check is carried out during project approval, i.e. in the period from the submission of the grant application to the issuance of the legal act on grant award / transfer, when the state of readiness of the applicant for the overall implementation of the project and the fulfilment of the conditions for the provision of grant from P JAC is ascertained.

2. Checks on site / administrative verification of the project implementation

Administrative verification is aimed at verifying the operation of the project in the period from the issuance of the legal act on grant award / transfer to the end of the project implementation. In this case, the subject is in particular the verification of the information given in the reports on the implementation of the project (or in the information about the project) and payment applications, while the starting documents for these verifications are the legal act on grant award / transfer and its possible changes and other binding documentation, because they include the dates and specific conditions for the provision of grant affecting the eligibility of expenditure within the project.

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The on-site inspection verifies whether the implementation of the project is in accordance with the issued legal act on grant award / transfer, the rules of the P JAC and EU and Czech regulations and whether the products were actually delivered and the services provided and whether the values reported by the beneficiary in the reports on the implementation of the project (if applicable in project information) and requests for payment correspond to reality. Part of the inspection also includes verification of whether the inspected person/project partner, who is subject to the obligation to have an internal control system in place according to Section 25 et seq. of the Financial Control Act, has this system in place in its internal regulations.

3. On-site checks / administrative verification of project sustainability

The subject of the on-site administrative verification/check is the verification of compliance with the conditions of the legal act on grant award / transfer established for the sustainability period of the project. Both types are carried out after the end of the project implementation as part of the ex-post control of the project.

4. Audit and external control

Entities that can carry out audits and external checks of applicants, beneficiaries and partners receiving support from P JAC are:

- a) MF – Audit authority,
- b) European Commission,
- c) European Court of Auditors,
- d) European Anti-Fraud Office (OLAF),
- e) Supreme Audit Office,
- f) other external control entities.

Audit and control entities always proceed in accordance with the applicable legal regulations of the Czech Republic and the EU. Audits carried out by the Audit authority are governed by Section 13(a) of the Act on Financial Control and the Control Rules. The performance of the check conducted by the SAO is then governed by the Act on the SAO. The other audit subjects proceed in compliance with the EU legislative and rules.

The controlled/audited person is obliged to provide sufficient cooperation and requested documentation to the employees of the authorized control/audit entities during the control.

Written draft of the audit report must be provided to the audited person. The audited person is entitled to take a written opinion²⁸³ on the draft of this report, which subsequently becomes part of the audit report. Deadline for applying of the written position is determined by the inspection body staff. This deadline may not be shorter than 5 calendar days, if another deadline was not agreed upon. In order to minimize the impact of audits/external controls, beneficiaries are advised to consult with the MA in advance about the development of a written opinion on the draft audit report or objections to the control findings of external controls.

After the deadline expires in vain or after the written opinion of the audited person is delivered, the audit report is finalized and the audit is completed. In addition, the final audit report is sent to audited person and the MA.

²⁸³ In the event that the audited/inspected entity is the MA and a situation arises where the MA receives a draft report from the audit/inspection for comment and it does not agree with the findings relating to a specific project, the MA can send the text of the specific findings to the beneficiary for an opinion. The beneficiary's opinion can then be included in the MA's comments on the draft report.

In the event that the audit report from the completed audit contains a suspected irregularity, the MA must consider such findings as confirmed (such findings are irreversible from the MA's side) and, where relevant, forward them to the relevant public administration body competent for further investigation (e.g. FAB, OPC).

Check on the spot

During on-site inspection the MA as the auditing body determines whether the inspected person fulfils its obligations resulting from the legal act on grant award / transfer, the CR / EU legislative regulations, and the P JAC rules. During an on-site inspection, the inspector works with original documents, has all documents related to the subject of the inspection available, and can verify the data in the beneficiary's information systems (e.g. accounting system, property records, information system documenting attendance, etc.). The supervisory body starts the inspection on site ex officio.

Types of on-site inspections²⁸⁴:

- **Announced** – an inspection in which the inspected person is informed in writing in advance about the on-site inspection by the inspection authority.
- **Unannounced** – an inspection in which the inspected person is not informed in advance of the on-site inspection by the inspection authority. The inspection authority carries out this type of on-site inspection in cases where, from the point of view of achieving the purpose of the inspection, it is not appropriate for the inspected person to learn about the on-site inspection in advance, and usually this inspection is focused only on part of the project, or verification of the implementation of planned project activities.
- **Planned** – an inspection carried out on the basis of an annual on-site inspection plan.
- **Extraordinary** – an operationally scheduled inspection primarily based on internal and external inspection initiatives.
- **Combined** – an inspection in which multiple projects are verified at the inspected person at the same time.

Inspected person means the beneficiary within P JAC, or another entity involved in the supported project, which is obliged to submit to public control according to the relevant legal regulations.

According to Section 5(2) of the inspection regulations, an on-site inspection is initiated in three ways, which are equivalent to each other in terms of effectiveness, and their use usually depends on the conditions and objectives of the inspection (e.g. depending on the required cooperation of the inspected with the inspectors). A check on-the-spot can thus be initiated:

- a) by presenting the inspection authorisation to the inspected person or other person, who delivers or delivered goods, or takes / took the goods from the inspected person, who performs or performed works for it, and/or provides / provided services to it, or uses /used services from it, resp. is/was engaged in any such activity (hereinafter referred to as „obliged person“), who is present at the inspection site.
- b) by delivery of the inspection start notification to the inspected person, and such notification must include the inspection authorization or list of inspectors;
- c) by first of the inspection acts immediately preceding the submission of the inspection authorisation to the inspected or authorized person, who is present on the inspection site, if performing of such inspection steps is needed to perform the inspection.

²⁸⁴ In practice, the types of on-site inspections can be combined in various ways, the most common being planned and announced inspections (including combined inspections).

In the case of initiation of the inspection by delivery of the inspection start notification, the inspected person may be asked by the head of the inspection team to provide original documents for on-site inspection prior to the actual inspection visit.

In connection with the on-site inspection, the inspected person must be informed of its rights and obligations, which are regulated by Section 10 of the Inspection Regulations.

1. The inspected person is entitled to:

- require the inspector to present the authorization for inspection and another document proving that it is the person specified in the authorization for inspection;
- to object to the bias of the inspecting or invited person (sample in Appendix No. 3);
- acquaint with the content of the inspection protocol;
- submit objections against the inspection findings specified in the inspection protocol (sample in Annex no. 4).

2. The inspected person is obliged to create conditions for performance of the on-site inspection, to enable to the inspector to perform the subject of authorisation specified by this act and provide the necessary cooperation for this purpose, and to submit to the inspectors the written report on elimination or prevention of the non-compliances detected during the inspection within the deadline specified by the inspector, if the inspector requests it.

3. The obliged person (see the inspection start) is obliged to provide the inspector with the cooperation necessary for the performance of the inspection, if such cooperation cannot be ensured through the inspected person.

The inspected person is also obliged to enable the exercise of the rights of the inspector according to Section 8 of the inspection regulations.

During the on-site inspection itself, the inspection team verifies the facts stated by the beneficiary in the grant application and its annexes, in the submitted reports on the implementation/sustainability of the project (or information about the project) and in changes to the project. Compliance with the beneficiary's obligations enshrined in the legal act on grant award / transfer is also verified.

On basis of the results of the on-site inspection, the inspection authority compiles within **30 calendar days** from performing of last inspection act (**within 60 calendar days** in especially complex cases) the inspection protocol. The last control act means the act that preceded the creation of the inspection protocol: e.g. the last day of the on-site investigation, evaluation of the relevant documents, execution of the necessary analysis, etc.

A copy of the inspection protocol is delivered to the inspected person who has a data mailbox (both by law and upon request) via a public data network to the data mailbox. If the inspected person does not have his own data box set up, the inspection protocol is delivered via the postal service operator. In the case of sending a paper form of the inspection protocol, the date of its delivery is considered the moment the inspected person becomes familiar with the inspection protocol in accordance with Section 19 (respectively Sections 20 to 26) of the Administrative Code.

In compliance with Section 13 of the inspection rules, the inspected person can apply the written and justified objections against the inspection findings specified in the inspection protocol **within 15 calendar days** from the inspection protocol delivery date (see above). In accordance with Section 13 of the inspection regulations, the head of the inspection team may set a longer period in the inspection protocol in accordance with the scope of the inspection findings.

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Objections must be submitted by the inspected person in writing²⁸⁵ and it must be clear from them to which control finding they are directed against and must also contain the justification of disagreement with this control finding (supported, if possible, by relevant documents, if they exist). In case the inspected person applies the objections after determined or extended deadline, the objections shall be refused as the late applied objections. In case the objections are applied by the non-authorised person, they will be also refused. In case the objections do not clearly show, against which inspection findings they apply, or if there is No. justification, then the objections shall be refused as unfounded.

If the objections are not fully satisfied by the head of the inspection team or inspector within 7 calendar days²⁸⁶ from date of their delivery, they must be resolved by the higher authority within 30 calendar days from their delivery by their satisfaction, partial satisfaction or refusal. In especially complex case the deadline for resolving of the objections by the inspection higher authority is extended by 30 days. The inspection higher authority shall notify the inspected person on extension of the deadline.

If it is necessary on the basis of objections submitted or to correct detected inaccuracies in the inspection protocol, a follow-up investigation of the matter is carried out, the result of which is subsequently recorded in an appendix to the inspection protocol and its copy is delivered to the inspected person in the same way as the inspection protocol.

The inspection on site is terminated by:

- a) vain expiration of deadline for applying objections or resigning the right to apply the objections, or
- b) date of delivery of the resolution of the objections to the inspected person, or
- c) date, on which the objections are forwarded to the administrative authority for processing.

Outputs of the inspections on site will be logged in the information system. Misconducts for which the legislation so requires will be forwarded to the competent authorities (e. g. suspected cases of breach of budgetary discipline will be submitted to financial administration body).

²⁸⁵ The term "in writing" means in paper or electronic form with an electronic signature.

²⁸⁶ If the deadline falls on a weekend or holiday, the end of the period falls on the first following working day (in detail according to the provisions of Section 40 of the Code of Administrative Procedure). The same procedure is applied when calculating the deadline for objections submission.

10. CHAPTER – VIOLATION OF THE TERMS OF THE LEGAL ACT

Interpretation of the terms used in the area of violation of the terms of the legal act

Disputed expenditure is an expenditure for which the assessment of eligibility by the MA has not been completed due to insufficient documentation provided by the beneficiary, so it cannot be stated that the expenditure is eligible, nor that the beneficiary has committed a violation of the terms of the legal act. Before approving the PA, the MA invites the beneficiary to remove the disputed expenditure from the PA, or (in exceptional cases) the MA itself removes it from the PA. However, the assessment of the eligibility of the expenditure must be completed within the framework of the final PA at the latest, otherwise it is an ineligible expenditure.

An ineligible expenditure arises after the MA completes the assessment of the eligibility of the expenditure and discovers an error in this expenditure. The INE reduces the entitlement to the available allocation of the project, that is, the INE reduces the total amount that can be approved by the MA as an eligible expenditure (the beneficiary cannot submit another bill instead of the INE). In the event of a violation of the terms of a legal act without a link to a specific expenditure (e.g. failure to submit PIR), part of the bill is also considered ineligible, in the amount corresponding to the error, which is determined in accordance with the legal act.

Reduction of expenditure (invoice) – represents a reduction of the amount of the invoicing presented in the PA by the MA by the amount corresponding to the misconduct. The reduction of the accounts of the MA is carried out for the reason that the amount corresponding to the error is not included in the eligible expenditure reported by the MA to the Ministry of Finance and the European Commission. The reduction of the accounting in itself has no effect on the financial flows between the granting authority and the beneficiary, so it is not an act of reducing the total amount of the subsidy that was/is to be paid.

Suspected breach of budgetary discipline (hereinafter referred to as "suspected BoBD"): Suspected BoBD arises if the provider believes that the beneficiary has committed the conduct described in Section 44(1) of the budgetary rules, i.e. especially if there is a suspicion of:

unauthorized use of state budget funds and other state funds,

unauthorized use or retention of funds provided from the state budget, state fund, National Fund or state financial assets by their beneficiary, violation of the obligation established by a legal regulation, decision or agreement to provide a grant or repayable financial assistance²⁸⁷, which is directly related to the purpose for which the grant or repayable financial assistance was provided and which occurred before the receipt of funds provided from the state budget, state fund, National Fund or state financial assets and which lasts at the time of receipt of funds to the account of the beneficiary; the first day of breach of budgetary discipline is the day of their receipt by the beneficiary; the penalty for breach of budgetary discipline is calculated from the day following the day by which the beneficiary was supposed to pay the levy based on the payment order.

Possible ways to solve beneficiary misconducts:

- a) measure according to Section 14e of the budgetary rules, non-payment of the grant or its part (hereinafter referred to as "**Measure for non-payment**");

²⁸⁷ With the exception of the obligations set out in accordance with Section 14 (4)(i) budgetary rules - other obligations that the beneficiary fulfills in connection with the provision of the subsidy and the non-compliance of which is not an unauthorized use according to Section 3 (e).

- b) a call for corrective action pursuant to Section 14f (1) of the budgetary rules (hereinafter referred to as "**Call for correction**");
- c) a call for return the grant or its part according to Section 14f (3) of the budgetary rules (hereinafter referred to as "**Call for Return**");
- d) sending an initiative to investigate a suspected breach of budgetary discipline to the relevant financial administration authority (hereinafter referred to as "**initiative to the FAB**");
- e) Withdrawal of the grant according to Section 15 of the budgetary rules (hereinafter referred to as "**withdrawal of the grant**");
- f) notification of facts indicating that an administrative offense has been committed (hereinafter referred to as "**commitment of an administrative offence**") according to the PPA;
- g) notification of facts indicating that a crime has been committed (hereinafter referred to as "**commitment of a crime**").

Measure for non-payment

In general, the procedure according to Section 14e of the budgetary rules can be used by the granting authority (hereinafter referred to as the "provider") if it reasonably believes that the grant beneficiary in direct connection with the grant has violated the obligations laid down by law or has not complied with the purpose of the grant or the conditions under which the grant was provided, while at the same time it is **misconduct regarding funds not yet paid out**.

When using this method of dealing with the beneficiary's misconduct, the provider first verifies the fulfilment of the conditions for implementing this measure. In the event that the conditions for non-payment are met, the provider cuts the PA in the part of the bill and in the part of the payment before it is approved. Next, the provider processes the Measure for non-payment and sends it to the beneficiary.

The beneficiary has the possibility, in accordance with Section 14e(2) of the budgetary rules, to file objections against this measure, within **15 calendar days** from the day on which he received the Measure for non-payment. The minister decides on the objections. See Appendix No. 5 for a sample objection.

Call for correction

The provider applies this measure if, on the basis of control findings or findings from an audit, it reasonably believes that the grant beneficiary has committed **a misconduct in direct connection with the grant regarding funds already paid out and used, i.e. it is a suspected BoBD**, and at the same time they are cumulatively met all the conditions listed in Section 14f (1) of the budgetary rules, i.e. that:

- it is a violation of the condition under which the grant was provided,
- for which it was also determined that failure to fulfil it will be affected by a lower levy than the total amount of the grant,
- and the nature of the non-fulfilment of the condition allows for correction within an alternative period (for example, cases of incorrect storage of documents, deficiencies in publicity, etc.).

Upon detection of misconduct and fulfilment of all conditions, the provider shall without undue delay invite the beneficiary to take corrective action within the specified period. If the correction is made within the specified period, the fiction of non-breach of budgetary discipline will be activated according to Section 14f (2) of the budgetary rules. No further actions are taken towards the beneficiary. If the correction is not made within the specified period, the suspected BoBD continues and the provider will proceed to send an initiative to investigate the suspected BoBD to the FAB.

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Call for Return

The provider applies this measure if, on the basis of control findings or findings from the performed audit, it reasonably believes that the beneficiary of the grant in direct connection with it:

- breached the obligation established by law, with the exception of the obligation under Section 14(4)(i) budgetary rules, or
- violated another condition under which the grant was provided and which cannot be called upon to take corrective action pursuant to Section 14f (1) of the budgetary rules,

and at the same time, it is a matter of **misconduct concerning already paid and used funds, i.e. a suspected BoBD**.

If the misconduct is detected and the above conditions are met, the provider will without undue delay call on the beneficiary to return the grant or its part, and at the same time reduce the PA in the part of the bill before its approval, if this is still possible. The call for the return of the grant or its part according to Section 14f (3) of the budgetary rules is not a decision of an administrative body in the sense of Section 67 of the administrative code, i. e. the rights or obligations of the beneficiary are not established, changed, or withdrawn. It is an informal invitation, the purpose of which is to allow the beneficiary to recover from the misconduct without involving the FAB in the misconduct resolution process. If the beneficiary accepts the provider's findings and responds to the Call for refund by voluntarily returning the required amount within the specified period, the fiction of non-breach of budgetary discipline will be activated according to Section 14f (2) of the budgetary rules, and no further actions will be taken against the beneficiary. If the beneficiary does not accept the provider's findings, he is not obliged to respond in any way to the call for return. If the required amount is not returned within the specified period, the suspected BoBD continues and the provider will proceed to send an initiative to investigate the suspected BoBD to the FAB.

Therefore, the call for refund is legally an act of the granting authority, against which no remedy is admissible, since it does not impose any obligations on the beneficiary, nor does it withdraw/change his rights, and the fulfilment of this call by the beneficiary is completely voluntary.²⁸⁸

Examples of good practice: A call for return has been sent to the beneficiary and the beneficiary agrees with the stated finding. The beneficiary shall return the required amount within the specified period. The fiction of non-breach of budgetary discipline will be activated according to Section 14f (2) of the budgetary rules, and no further actions will be taken against the beneficiary. The legal fiction of non-breach of budgetary discipline therefore has ex tunc effects, i. e. as if the breach of budgetary discipline never occurred.

Example of bad practice: A call for return has been sent to the beneficiary and the beneficiary agrees with the stated finding. The beneficiary will return only part of the requested amount and/or the beneficiary will return the funds only after the specified period has expired. Therefore, the fiction of non-breaching of budgetary discipline according to Section 14f (2) of the budgetary rules will not be activated. The provider will proceed to send an initiative to investigate suspected BoBD to FAB. The FAB will carry out a tax audit and may assess a levy for BoBD, plus a penalty which would not have been assessed if the beneficiary had paid the required amount in full and within the specified period.

Examples of good practice: A call for return has been sent to the beneficiary and the beneficiary does not agree with the stated finding. The beneficiary does not return the requested amount within the specified period. Therefore, the fiction of non-breach of budgetary discipline according to Section 14f (2) of the budgetary rules will not be activated. The provider will proceed to send an initiative to investigate suspected BoBD to FAB. The beneficiary has the opportunity to prove during the FAB tax

²⁸⁸ See Judgment of the Supreme Administrative Court No. 5 Afs 219/2016-27 of 12. 01. 2017.

audit that the provider's finding was incorrect, and also has the opportunity to request a waiver of the BoBD levy and penalties or a judicial review of the FAB decision.

Example of bad practice: A call for return has been sent to the beneficiary and the beneficiary does not agree with the stated finding. The beneficiary will nevertheless return the required amount within the specified period. The fiction of non-breach of budgetary discipline will be activated according to Section 14f (2) of the budgetary rules, and no further actions are taken against the beneficiary, so no initiative is sent to the FAB. The beneficiary loses the opportunity to prove during the tax inspection of the FAB that the provider's finding was incorrect, as well as the possibility to request a waiver of the BoBD levy and penalties or a judicial review of the FAB decision.

If the above-mentioned measures are applied, the provider, in accordance with Section 14e (5) or Section 14f (7) of the budgetary rules, informs the competent financial authority about the non-payment of the grant/part thereof, about the issuance of a call for correction, or about the issuance of a call for return and the beneficiary's response thereto. On the basis of this information, the competent tax authority can initiate a tax audit of its own activity.

The above-mentioned measures according to Section 14e and Section 14f of the budgetary rules cannot be applied if it is a project that is not implemented on the basis of a Grant Award Decision according to Section 14(4) of the budgetary rules.

An initiative to the FAB

In the event that **there is a suspected BoBD** and the beneficiary does not comply with the call for correction or the call for return properly and/or on time, the provider will immediately forward the case together with the relevant documentation (e.g. findings resulting from the performed controls or audits within the given project) to the relevant FAB to initiate tax proceedings and to investigate the suspected BoBD. The provider informs the beneficiary of this fact via an internal dispatch. If it is a project that is not implemented on the basis of a Grant Award Decision according to Section 14(4) of the budgetary rules, the case is forwarded without a previous Call for correction according to Section 14f (1) of the budgetary rules, or a Call for refund according to Section 14f (3) budgetary rules.

If FAB concludes that BoBD has occurred, it will assess the levy for BoBD in accordance with the budgetary rules. The MA verifies and compares whether the conclusion of the tax procedure will affect the amount of INE calculated by the MA and proceeds further according to the results of this verification.

In accordance with the provisions of Section 44(a)(12) and (13) of the budgetary rules, the beneficiary (or the project implementer) is allowed to apply to the General Financial Directorate through the tax office for a waiver or partial waiver of the BoBD levy and penalties²⁸⁹. The MA then proceeds on the basis of the results of the proceedings after a waiver or a partial waiver of the levy.

In the event that the FAB does not confirm the suspected BoBD and does not assess the levy, or assesses a levy lower than the amount calculated in the findings of the MA, or assesses the levy but is waived by the General Financial Directorate, the MA assesses whether the conclusions of the FAB or the GFD reveal new facts that would lead to a reassessment of the MA's findings, or whether such a reassessment is still possible. If this assessment shows that the MA continues to insist that it is a Ineligible Expense (INE), and at the same time **the accounting of the relevant PA was reduced by an amount corresponding to the findings of the MA**, then this reduction will be maintained, for the reason that this expenditure are not included among expenditure reported to EC, i.e. so that the P JAC Managing authority does not report to the EC an expenditure which it believes may be

²⁸⁹ When deciding on a waiver, the GFD follows instruction No. GŘ-D-46 (or its newer version) published on the website <https://www.financnisprava.cz/cs/dane/legislativa-a-metodika/pokyny-d/casove-cleneni>.

ineligible from the point of view of the P JAC rules and the EC does not pay it back to the state budgetary (Ministry of Finance).²⁹⁰ It is therefore only an adjustment of the financial flows between the granting authority (or the project implementer) and the Ministry of Finance, or EC. Shortening the accounting in itself does not affect the financial flows between the granting authority and the subsidy beneficiary. If the beneficiary of the grant does not return these shortened funds upon a call for return the grant or its part according to Section 14f (3) of the budgetary rules, or the competent financial authority does not assess a levy for breach of budgetary discipline and the beneficiary does not pay it, or if the granting authority does not issue a measure for non-payment of the grant or its part according to Section 14e of the budgetary rules, then the shortening of the accounting in itself does not affect the amount of the grant that is to be or has already been paid by the grant provider to the grant beneficiary.

Withdrawal of grant

The provider will initiate proceedings to withdraw the grant according to Section 15 of the budgetary rules, if, after the Grant Award Decision or the Repayable Financial Assistance Decision has been issued, there will occur these situations:

- a) state budget funds are bound, or
- b) it is found that the data on the basis of which the grant was provided was incomplete or false, or
- c) it is found that the Grant Award Decision was issued in violation of the law or EU law, or
- d) it is found that the purpose for which the grant was provided cannot be fulfilled properly or on time, if a tax audit has not already been initiated, the purpose of which is to establish whether BoBD has occurred, or
- e) there was issued a decision of the European Commission on the recovery or on the provisional recovery of state aid, or
- f) it is found that the performance of illegal work has been enabled; it is possible to withdraw the funds provided in the period up to twelve months before the discovery, or
- g) it is found that there is a final judgment that a criminal offense was committed in connection with the submission of an application for the provision of a grant, or
- h) it is found that there is a final judgment that a criminal offense has been committed in connection with the use of funds obtained through subsidies.

If the conditions for the initiation of the grant withdrawal procedure according to any of the points above are met, the provider will collect, in accordance with Section 50 of the Administrative Code, all documents for the issuance of the Decision on the grant withdrawal, and will subsequently issue a Notice of the initiation of the grant withdrawal procedure according to Section 46 (1) of the Administrative Code (hereinafter referred to as the "Notice"), which includes a call for comments on the basis for issuing a decision pursuant to Section 36 (3) of the Administrative Code. Administrative proceedings ex officio are initiated according to Section 46 (1) of the Administrative Code, on the date of delivery of the Notice. The delivery of documents takes place according to Section 19 to Section 26 of the Administrative Code.

Subsequently, a Decision on the grant withdrawal will be issued, which must be delivered according to the Section 72 (1) of the Administrative Code. The decision takes legal effect on the **fifteenth day** after delivery, unless the party to the proceedings files an annulment. Upon the acquisition of legal

²⁹⁰ In such a case, it would be an irregularity according to Article 2 (31) of the General Regulation: "any violation of applicable law that results from the actions or omissions of an economic entity and as a result of which the EU budget is or **could be** damaged by being an unauthorized expenditure was paid from the said budget".

force of the decision to withdraw the grant or returnable financial assistance, the beneficiary's right to their payment ceases.

If the beneficiary files an appeal against the Decision on the grant withdrawal, the minister decides on the appeal in accordance with Section 152 of the Administrative Code, within 30 days from the start of the proceedings, to which is added the time specified in Section 71(3) of the Administrative Code. In the dissolution proceedings, the decision to withdraw the grant can be annulled, changed or the dissolution rejected.

If a party to the proceedings waives the right to file a dissolution, the decision to withdraw the grant becomes legally binding on the day following the waiver of the right to file a dissolution.

In the event of withdrawal of a grant or returnable financial assistance for reasons according to Section 15(1)(b) to (h) of the budgetary rules, according to Section 15(5) of the budgetary rules, the beneficiary is obliged to return to the provider from his account the already sent part of the grant or returnable financial assistance. If the beneficiary does not return the grant funds within the deadline, the case is forwarded²⁹¹ to the customs office to carry out an execution for the monetary payment resulting from the decision to withdraw the grant.

Committing an offence

In the case of a suspected offense committed by the contracting authority or supplier within the meaning of the PPA, the MA will forward the case to the OPC for further investigation, in the form of a motion to initiate proceedings pursuant to Section 42 of the Administrative Code.

The submission of an initiative to the OPC does not affect the obligation of the MA to perform actions within the framework of the INE solution.

If the OPC decides that an administrative offense has occurred under the PPA, but the extent or severity of the violation of the PPA is according to the decision of the OPC:

- higher than the rate of violation evaluated by the MA, the MA is obliged to manage and increase the calculation of INE with a final decision so that it corresponds to the nature of the detected administrative offence;
- lower than the rate of violation evaluated by the MA, the MA assesses whether the amount of INE will be adjusted based on the decision of the OPC.

Committing a crime

In the case of INE based on the suspicion of committing a crime that is related to a project co-financed by EU funds, the MA will immediately forward the case in accordance with the provisions of Section 8 of the Criminal Code to the public prosecutor or police authority.

The referral of the case to the public prosecutor or the police body does not affect the obligation of the MA to carry out actions within the framework of solving the INE.

If the competent court decides that a crime has been committed under the Criminal Code, or of the Act on the Criminal Liability of Legal Entities and Proceedings Against Them, the MA is obliged to respect the authoritative decision of the court and to increase the calculation of the INE so that it corresponds to the nature of the committed crime.

²⁹¹ In accordance with Section 8(2) of the Act on Customs Administration, with Section 161 and Section 162 of the Tax Code and with Section 106 of the Administrative Code.

11. CHAPTER – COMMENTS ON THE DOCUMENTS OF THE MA AFTER THE ISSUANCE OF THE LEGAL ACT

Comments on the documents of the MA (hereinafter referred to as "comments") mean the expression of the beneficiary's disagreement with the procedure of the MA / provider under the conditions listed below. This is not a procedure according to Section 94 et seq. of the Administrative Code.

The beneficiary submits comments via IS KP21+ or sends them by internal dispatch to OPJAK_připomínky*skk²⁹². The day on which the beneficiary submits comments is considered the day of delivery of comments to the MA.

The beneficiary is entitled to submit comments only in relation to the act that the MA has already done and only once in the respective case. For example, if the beneficiary submits comments on the result of the administrative control of a public procurement, he cannot submit comments again on the same matter (i.e. on the substantive findings of the control) for the given public procurement²⁹³ to the conclusions of the administrative verification of the PA, where the expenditure of the given public procurement are presented. However, the rules do not prevent the beneficiary from submitting comments on the conclusions of the administrative verification of the PA from the point of view of the calculation of expenditure from the given public procurement. In addition, the beneficiary cannot submit comments on the conclusions or the result of the administrative control of the public procurement (i.e. on the factual findings of the control), if these have already been sent to the beneficiary earlier as part of another project. The comments must contain all facts relevant to the assessment of the comments, must be properly justified by the beneficiary and be directed against a specific point/points of the MA notification. If the beneficiary had the opportunity to submit comments and did not do so, the deadline for submitting comments has passed in vain, comments on the matter can no longer be submitted.

The beneficiary can submit comments in particular:

- to the conclusions of the administrative verification of reports (PIR / PSR), public procurements, requests for payment,
- to the request for the return of unused funds / additional payment,
- following the call for familiarization with the documents for the issuance of a decision on a significant change constituting an amendment to the legal act,
- to the non-approval of a significant change.

It is not possible to submit comments against the MA's conclusions from on-site inspections, or against the notification of non-payment of the subsidy or its part. In case of disagreement with the conclusions of the MA, the beneficiary in these cases submits objections according to Section 10 of the inspection regulations (to the Inspection Protocol), or provisions of Section 14e of the budgetary rules (on notification of non-payment). It is not possible to submit comments even to the invitation according to Section 14f (1) and (3). It is also not possible to submit comments following the result of the audit of AA operations. The beneficiary had the opportunity to comment on the outcome of the audit through an opinion, according to Section 13(a) of the Act on Financial Control.

²⁹² The beneficiary will use the template - attachment No. 2 for submitting comments.

²⁹³ In the case of a partial public contract, each of its parts is considered a public contract.

Comments cannot be filed against a decision that rejects or partially rejects a request for a change with an impact on a legal act, because proper remedies are not admissible against this decision. Comments in this matter are submitted following the invitation to get acquainted with the documents for the issuance of a decision on a significant change establishing a change in the legal act, and the settlement is taken into account directly in the decision.

In addition, in the sense of this chapter, it is not possible to submit comments regarding the conclusions from ex-ante and interim controls of public procurement.

The beneficiary can submit comments no later than **15 calendar days** from the date of delivery of the notification to the beneficiary via IS KP21+. The period for submission of comments starts from the day following the delivery of the notice. The notification is considered delivered when the beneficiary or a person authorized by him logs into IS KP21+. If the beneficiary or a person authorized by him does not log into IS KP21+ within 10 calendar days from the day the document was entered into MS2021+, this document is deemed to have been delivered on the last day of this period. After the time limit specified above has expired in vain, the submitted comments will not be taken into account by the MA.

The deadline for processing comments by the MA / provider is set at 30 calendar days from the date of submission of comments by the beneficiary. In more complex cases, the MA / provider may extend the deadline to 60 calendar days, which the beneficiary will be informed about via an internal dispatch. The set deadline begins on the day following the day on which the MA received the comments.

All communication between the beneficiary and the MA / granting authority, including information on how comments are handled, takes place via IS KP21+.

In the event that all relevant information/appendices were not sent to the beneficiary at the end of the administrative verification, the MA beneficiary is informed that these will be sent to him additionally by internal dispatch and will be invited to express whether he will submit new comments or whether he will not change his argumentation. If it is stated that it will not change the argumentation, the first submission of comments is considered valid, if it is stated that it wants to submit comments again and with a different argumentation, the deadline for dealing with comments is counted again from the second submission of comments.

Comments that do not meet any of the above conditions will not be taken into account by the MA.

Comments meeting the abovementioned conditions will be reviewed by the MA. Based on the assessment, the MA will issue an opinion on the comments.

The comments are resolved by one of the following ways:

- granting the objections as justified;
- granting the objections as partially justified;
- not granting the objections on the grounds of it being unfounded.

In the event that the MA finds the comments justified or partially justified, the necessary corrective measures will be undertaken.

The applicant cannot submit any further comments against the settlement of the objections.

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12. CHAPTER – LIST OF ABBREVIATIONS

AA	Audit authority
AS	Author's supervision
BoBD	Breach of Budgetary Discipline
BPP	Basic Project Parameters
CF	Cohesion Fund
CfW	Contract for Work
CNB	Czech National Bank
CO	Contributory organization
CoS	Contract of Services
CR	Czech Republic
CSI	Czech School Inspectorate
CSSF21+	Central Structural Funds system
CZK	Czech crown
EC	European Commission
ECA	European Court of Auditors
EPC	Energy Performance Certificate
EMFF	European Maritime and Fisheries Fund
ESF+	European Social Fund Plus
ERDF	European Regional Development Fund
EU	European Union
FAB	Financial Administration Bodies
FAQ	Frequently Asked Questions
FPA	Final Payment Application
FPIR	Final Project Implementation Report
FPSR	Final Project Sustainability Report
Framework	Framework for State aid for research and development and innovation (2014/C 198/01)
FSC	Financial Settlement of Compensation
FTE	Full-time equivalent
GBER	General Block Exemption Regulation
GFD	General Financial Directorate
HEI	Higher education institution
HP	Horizontal principle

IB	Intermediate body
ID	Identification number
INE	Ineligible expense
IoP	Information on the project
ISCED	International Standard Classification of Education
ISDB	Information system for data boxes
IS ESF	Information system for tracking microdata on assisted persons
IS KP21+	Information system for the final beneficiary
ISPV	Information System on Average Earnings (www.ispv.cz)
Legal act	Legal act on grant award / transfer
MA	Managing authority
MEYS	Ministry of Education, Youth and Sports
MF	Ministry of Finance
MoLSA	Ministry of Labour and Social Affairs
MoRD	Ministry of Regional Development
MoRD – NCA	Ministry of Regional Development – National Coordination Authority
MS2021+	Monitoring system for monitoring the implementation of European structural and investment funds in the programming period 2021–2027
MV	Monitoring visit
NMI	Number of months of implementation
NOS	National Occupational System
NUTS	Nomenclature of Units for Territorial Statistics
OHS	Occupational Health and Safety
OLAF	European Anti-Fraud Office
OPC	Office for Protection of Competition
PA	Payment Application
PE	Personnel expenditure
PA	Payment Application
PIR	Project Implementation Report
P JAC	Programme Johannes Amos Comenius
PPA	Act No. 134/2016 Coll., on public procurement, as amended
PRO	Public research organization
PSR	Project Sustainability Report
R&D	Research and Development
R&D&I	Research and Development and Innovation
RDM	Central register of de minimis aid

RfAB	Rules for applicants and beneficiaries – general and specific part
RfPCAPPC	Rules for public contracts awarding and public procurement controls
RFC	Request for a change
SAO	Supreme Audit Office
SB	State budget
SCO	Simplified cost options
SDI	Specific data items
SGEI	Services of general economic interest
SI	Social insurance
SMEs	Small and medium-sized enterprises
SMVS	Information system for programme financing - Administration of state-owned property
SOU	State organizational unit
SP	Simplified Project
SRfAB	Specific Rules for Applicants and Beneficiaries
TAM	Transparency Award Module
TFEU	Treaty on the Functioning of the European Union
TSB	Technical Supervision of the Beneficiary
UN	United Nations
UVS	Uniform visual style
VAT	Value Added Tax

13. CHAPTER – ANNEXES

Individual sample attachments Annex No. 1 – 6 and sample application attachments listed in Annex No. 7 will be available to the applicant/beneficiary in editable form (Word, Excel) in IS KP21+ or on the website www.opjak.cz.

ANNEX 1: SAMPLE – STANDARD FORM FOR PROCESSING AN APPLICATION FOR REVIEW

Grant application registration number*:	
Name of the project*:	
CONTACT DETAILS OF THE APPLICANT – LEGAL ENTITY	
Business name or name*:	
Registered office (<i>street name and number, city, zip code</i>):	
Identification number*:	
E-mail:	
Telephone:	
Required field*	
REQUEST FOR REVIEW	
Subject (<i>regarding which part of the assessment the applicant makes comments</i>) *:	
Description of the request for review (detailed wording of the request and individual comments, including justification, identification of the grant application and identification of the criteria to which the request for review relates)*:	
Annexes:	
The applicant's proposal (what result the applicant expects from the submission of the application for review):	
Date and Signature*:	

* Required field

ANNEX 2: SAMPLE – FORM FOR COMMENTS ON THE DOCUMENTS OF THE MA IN IMPLEMENTATION

Project registration number*:	
Name of the project*:	
BENEFICIARY CONTACT DETAILS – LEGAL ENTITY	
Business name or name*:	
Registered office (<i>street name and number, city, zip code</i>):	
Identification number*:	
E-mail:	
Telephone:	
Required field*	
COMMENTS ON THE SUBSTANCES OF MA IN IMPLEMENTATION	
Subject (<i>regarding which part of the MA notification in the project implementation process the beneficiary makes comments</i>) *:	
Description of comments (detailed description of individual comments including justification)*:	
Annexes:	
Beneficiary's proposal (what result does the beneficiary expect from the submission of comments on the documents of the MA):	
Date and Signature*:	

* Required field

ANNEX 3: OBJECTION TO CONTROLLER'S BIAS

Ref. No: XXX

Place and date of execution

Number of attachments²⁹⁴

Objection of examiner/invited person bias

I hereby submit in accordance with Section 10 of Act. No. 255/2012 Coll., on inspection (inspection regulations), as amended, objection to the bias of the inspector/invited person Ms./Mr. (identification of the inspector/invited person at least by name and last name) who was authorized²⁹⁵ to carry out the control number:

..... of the project(s) mentioned below

Name (name) of the inspected person (subsidy beneficiary)	
Statutory body/representative of the controlled person ²⁹⁶	
Seat (address) of the controlled person	
Company ID ²⁹⁷ of the inspected person	
Project registration number ²⁹⁸	
Name of the project ²⁹⁹	

The reason for filing this objection is (description of specific reasons)

.....

(signature of the statutory body/representative of the inspected person)

.....

(title, name and surname of the statutory body/representative of the inspected person)

²⁹⁴ If there are attachments, state their number. List the attachments at the end of the document.

²⁹⁵ According to Section 4(3)(b) of the inspection regulations, the authority to inspect may have a form of a card, if another legal regulation so provides.

²⁹⁶ It shall be indicated in the case of a legal entity.

²⁹⁷ If an identification number is assigned.

²⁹⁸ In the case of checking multiple projects, the numbers of all projects are listed.

²⁹⁹ If multiple projects are checked, the names of all projects will be listed.

ANNEX 4: OBJECTION TO THE INSPECTION FINDINGS

Ref. No: XXX

Place and date of execution

OBJECTION TO THE INSPECTION FINDINGS

I hereby submit objection(s) to the inspection finding(s) stated in the inspection protocol/addendum to the inspection protocol³⁰⁰ the control number identified below

Name (name) of the inspected person (subsidy beneficiary)	
Statutory body/representative of the controlled person ³⁰¹	
Seat (address) of the controlled person	
Company ID ³⁰² of the inspected person	
Project registration number ³⁰³	
Name of the project ³⁰⁴	

The reason for submitting this objection is (*reasoning including the designation/number of the control finding, description of the finding and justification of disagreement with the finding*)

Audited person

.....

(*signature of the statutory body/representative of the inspected person*)

.....

(*title, name and surname of the statutory body/representative of the inspected person*)

³⁰⁰ Selection based on whether objections are made to the findings set out in the inspection report or in an appendix to the inspection report. The identification mark (e.g. no.) of the protocol/addendum can be added.

³⁰¹ It shall be indicated in the case of a legal entity.

³⁰² If an identification number is assigned.

³⁰³ In the case of checking multiple projects, the numbers of all projects are listed.

³⁰⁴ If multiple projects are checked, the names of all projects will be listed.

ANNEX 5: OBJECTION TO THE MEASURE FOR NON-PAYMENT OF PART OF THE GRANT

Ref. No: XXX

Place and date of execution

Objection against the provider's measure pursuant to Section 14e of Act No. 218/2000 Coll.

Project registration number:
Project title:
Grant beneficiary name:
Beneficiary's ID number:
Grant beneficiary seat:

On ..., I was delivered the Measure for non-payment of part of the grant No., in which information was given about the non-payment of the grant / its part in the amount of ... CZK, for the reason *(fill in the description of the misconduct that led to the non-payment)*.

I file an objection against this measure within the specified period. *Justify the objection in more detail and support it with relevant documents.*

.....
(signature of the statutory body)

.....
(title, name and surname of the statutory body)

Annexes:

Information for the beneficiary to file an objection based on the provider's measure pursuant to Section 14e of Act No. 218/2000 Coll.:

It is possible to lodge an objection with the provider against the non-payment of the subsidy or its part (based on the provisions of Section 14e of Act No. 218/2000 Coll., Budgetary Rules) within 15 days from the delivery of the information on the application of the measure.

An objection from which it is not clear what it is directed against, an objection that lacks justification or an objection submitted late or by an unauthorized person will be rejected as unfounded by the person deciding on the objection.

ANNEX 6: TEST AGAINST THE CRITERIA OF AN UNDERTAKING IN DIFFICULTY

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ANNEX 7: ANNEXES TO THE GRANT APPLICATION - LIST AND METHOD OF EVIDENCING

The list of required attachments to the grant application may change depending on the requirements of the call. The current list of required attachments is always given in the RfAB – specific part or in the subsequent documentation for the call.

The current wording of the sample attachments to the grant application is available in IS KP21+³⁰⁵ at the announced call. Updates templates for annexes to the grant applications are not considered as modifications of the call. Documents that do not have a model are created by the applicant independently.

Individual forms of documenting attachments are described in ch. 5.2.

A. Power of Attorney/Authorization for representation

- **For whom it is evidenced:** Applicant, partner
- **Exceptions:** if the organization is always represented by a statutory body, no documentation is required.
- **Note:** If the authorization (or power of attorney) is not delivered, all steps towards the MEYS must be taken by the statutory body. In the case of a limited scope of authorization, a new authorization/power of attorney will be required during the implementation/administration of the project whenever an employee or an external person represents the organization.
- **Method, form and types of attachment:**

Authorization of an employee – if the applicant/beneficiary/partner is represented by an authorized employee. The said employee represents the beneficiary / partner to the extent and for the period specified in the authorization. The authorization must be signed by the statutory body (in the case of a handwritten signature, the document must also be electronically converted). The employee subsequently represents the organization by using his electronic signature with a link to the represented organization (beneficiary/partner).

Presidential power of attorney (Section 33(2)(c) of the Administrative Code) - power of attorney in case the beneficiary / partner will be represented by an external natural person in all proceedings for the entire period of implementation / administration (sustainability) of the project. This power of attorney must have an officially verified signature of the represented statutory body and must be documented at the latest when the application is submitted. This type of power of attorney cannot be documented at the request of the provider, or another type of power of attorney/power of attorney applicable to already initiated proceedings must be documented at the same time.

Procedural power of attorney (Section 33(2)(b) of the Administrative Code) - power of attorney in case the beneficiary/partner is represented by an external natural person. This type of power of attorney does not need to have a verified signature. The scope of the power of attorney is specified for one particular procedure (e.g. for the procedure for providing a subsidy). In further proceedings, the organization will be represented by a statutory body or additional power of attorney/authorization will be required.

Power of attorney for a certain act (Section 33(2)(a) of the Administrative Code) - the power of attorney authorizes an external natural person only to carry out a specified act (e.g. submission of a subsidy application on behalf of the applicant, correction of the application, submission of documents), further the organization will be represented by a statutory body or additional power of attorney/authorization will be required.

³⁰⁵ Or at www.opjak.cz.

Recommendation: In the power of attorney/power of attorney, it is necessary to clearly specify the extent to which the authorized person/authorized represents the organization, but it is not appropriate to limit the validity of the power of attorney/power of attorney. An employee authorization or presidential power of attorney with a more generally formulated scope of representation is preferred, e.g. "in matters of the project...", "in administration and in proceedings in the matter of the project...".

B. Affidavit: opening and closing

- **For whom it is evidenced:** Applicant/partner
- **Exceptions:** None
- **Method, form and language of documentation:** Specified in RfAB – specific part / follow-up documentation for the call

C. Declaration of eligibility (Summary Affidavit)

Securing own resources:

- is declared by the applicant / partner with a financial contribution, with the exception of SOU, CO of SOU, schools and school facilities established by ministries and entities where the co-financing of the project is 0%;

Consent of the founder:

- is declared by the applicant / partner who is a CO of SOU, a SOU established by another SOU and a CO of territorial self-governing units or a voluntary union of municipalities;
- in the case of a partner, the founder's consent is part of the partnership contract;

Execution:

- is declared by the applicant / partner with a financial contribution;

Debtlessness:

- is declared by the applicant / partner with a financial contribution
- except for SOU, CO of SOU;

Impeccability of individuals:

- is declared by the applicant/partner with the exception of SOU;

Impeccability of legal entities

- is declared by the applicant/partner, with the exception of SOU and territorial self-governing units;

The entity is not an undertaking in difficulty

- is declared by the applicant / partner with a financial contribution in the case of projects financed from the ERDF and/or according to the GBER;

Outstanding debt collection order following the EC decision on unlawful state aid:

- is declared by the applicant / partner with a financial contribution.
- **Method, form and language of documentation:** Specified in RfAB – specific part

D. Comment on budget

- For whom it is evidenced: Applicant.
- **Exceptions:** Applicants provide evidence, if specified in the RfAB – specific part

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- **Method, form and language of documentation:** Specified in RfAB – specific part

E. Implementation team

- **For whom it is evidenced:** Applicant.
- **Exceptions:** Applicants provide evidence, if specified in the RfAB – specific part
- **Method, form and language of documentation:** Specified in RfAB – specific part

F. Declaration of compliance of the project with state aid rules

- **For whom it is evidenced:** Applicant/partner.
- **Exceptions:** None.
- **Method, form and language of documentation:** Specified in RfAB – specific part

G. Schedule of key activities

- **For whom it is evidenced:** Applicant.
- **Exceptions:** Applicants provide evidence, if specified in the RfAB – specific part
- **Method, form and language of documentation:** Specified in RfAB – specific part

H. Proof of turnover

- **Presented by:** Applicant (if the applicant proves a part of the turnover through a partner with a financial contribution, the applicant also provides proof of the annual turnover of the partner - see ch. 5.3)
- **Exceptions:** They do not document entities whose annual turnover can be verified from publicly accessible registers managed by the state.
- **Method, form and language of documentation:** Specified in RfAB – specific part / follow-up documentation for the call

I. Proof of ownership structure

- **Presented by:** Applicant/partner with financial contribution
- **Exceptions:** They do not document SOU and entities whose ownership structure can be verified from public registers managed by the state;
- **Method, form and language of documentation:** Specified in RfAB – specific part / follow-up documentation for the call

J. Evidence of eligibility

- **Presented by:** Applicant/partner
- **Exceptions:** Not documented by SOU, CO of SOU, territorial self-government units, COs of territorial self-government units, public universities HEI and RDI and other entities whose eligibility can be verified from public registers administered by the state
- **Method, form and language of documentation:** E.g. memorandum of association, articles of association, memorandum of association, memorandum of association, etc.; a plain copy, or a link to the organization in the relevant register. Specified in RfAB – specific part / follow-up documentation for the call

K. Partnership contract

- if it has already been signed (otherwise, the partner documents the Principles of Partnership and Declaration of Partnership);

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- If the contracting party is a legal entity funded by the state, a region, a municipality or a voluntary association of municipalities, and at the same time a clause certifying the consent of the funding institution/authority of the legal entity to the legal entity entering into the partnership contract is stipulated by law as a condition for the validity of the partnership contract, this clause must be provided.
- **Presented by:** Applicant
- **Exceptions:** None
- **Method, form and language of documentation:** Specified in RfAB – specific part / follow-up documentation for the call

L. Partnership Principles and Declaration of Partnership

- if the partnership contract was not documented
- **Presented by:** Partner
- **Exceptions:** None
- **Method, form and language of documentation:** Specified in RfAB – specific part / follow-up documentation for the call

M. Grant application including all relevant annexes in English

- **Presented by:** Applicant
- **Exceptions:** It is documented in case of relevant calls. Specified in RfAB – specific part.
- **Method, form and language of documentation:** Specified in RfAB – specific part / follow-up documentation for the call

N. Feasibility study including any annexes

- **Presented by:** Applicant
- **Exceptions:** It is documented in case of relevant calls. Specified in RfAB – specific part
- **Method, form and language of documentation:** Specified in RfAB – specific part / follow-up documentation for the call

O. Compliance with RIS3 strategy

- **For whom it is evidenced:** Applicant.
- **Exceptions:** It is documented in case of relevant calls. Specified in RfAB – specific part
- **Method, form and language of documentation:** Specified in RfAB – specific part