



Eligible material costs and personnel costs

1. Scope of the regulations

The following regulations apply to the following funding instruments:

- Innovation Projects (with / without implementation partners);
- International Projects;
- Flagship Initiative;
- Vouchers for preliminary studies (Innovation Cheques).

2. Principles of eligibility

When submitting the application:

- Innosuisse can only cover costs that are necessary for the execution of the project idea and which are directly related to your project.
- Please note that once approved, the project costs are binding and significant changes during a project need to be approved by Innosuisse upfront. A significant change is also deemed to have occurred if no material costs have been approved and these are incurred in the course of the project and are to be charged.
- Material costs must be justified with detailed cost calculations and/or quotations. Additional documents may be uploaded to help Innosuisse evaluate your application correctly.

After the project was approved:

- Only expenditures approved as part of the application or of a change request can finally be accredited and compensated. Without prior change request, such costs will be not accepted in the (final) financial report review
- Only costs which occurred during the project duration are eligible.
Only expenditures that can be documented with corresponding evidence will be finally accredited and compensated by Innosuisse.

3. Material costs

3.1 Eligible material costs

According to Implementing provisions for innovation projects Art. 18 Para. 2 and Art. 19 the following material and service expenses are eligible (see details in chapter 5):

1. Investments in specific infrastructure, equipment and material (non-standard equipment of a research institute) that are required exclusively for the project
2. Cost of rented/leased infrastructure (non-standard equipment of a research institute) or existing own infrastructure required for the project
3. Cost of consumables or licences used exclusively for the project
4. Costs of third-party services specific and critical for the success of the project*

5. Travel expenses for international business trips required for the project execution (the mere participation in international conferences or expenses for the dissemination of project results are not allowed)
6. Coordination costs (eligible only for International Projects and Flagship Initiative)

*Costs for third-party services are also eligible in justified cases if these services are provided by Swiss or foreign research institutions or by providers based abroad.

There is no maximum defined for third party expenses, however, these contributions must be a crucial stepping stone for advancing the project. These contributions must be fully associated with the project and be an essential complement to the applicant's own competence/resources in carrying out the project. The third-party contribution must be documented in the work-packages of the project planning. Additionally, at the time of submission of the application, quotations must be attached and the name of the sub-contractor must be specified.

The ratio between subcontracted work and the contribution of applicant should be plausible and consistent for the project, but most importantly, the lead of the project must remain under control of the applicant.

3.2 Non-eligible material costs

The following costs in particular are not eligible (not exhaustive):

- Expenses for the exploitation of project results, in particular for publications on research results, for the marketing of the project results or for the registration of intellectual property rights;
- Expenses for travel, accommodation, meals and conferences in Switzerland;¹
- Travel abroad for mere participation in international conferences or expenses for the dissemination of project results are not allowed
- Cost of the general infrastructure and basic equipment (e.g. general IT-infrastructure and software, general laboratory equipment, analytical tools, electricity, office space and furniture);¹
- General operating expenses (administration, HR, finance, etc).¹

3.3 Description of eligible cost types and examples of non-eligible costs

Type of cost	Description of eligible cost	Examples of <u>non-eligible</u> cost (not exhaustive)
1. Infrastructure investments	Investments in specific infrastructure and tools required exclusively for the project can be charged (non-standard equipment).	• General IT infrastructure for employees (e.g. laptops, screens, phones, etc.) • Office space and furniture
2. Renting infrastructure or using own infrastructure	<u>Renting/leasing infrastructure</u> Costs for the use of third-party infrastructure (e.g. a machine) required for the project can be charged based on the supplier's invoice. <u>Using own infrastructure:</u> The cost of existing own infrastructure that is exclusively used for the project can be charged, based on the depreciation incurred during the project period (evidence of depreciation rates and initial investment). Cost for partially used own infrastructure can be charged with a cost calculation based on the usage rate (logbook entries).	• General IT infrastructure for employees (e.g. laptops, screens, phones, etc.) • Office space and furniture

¹ For research partners these costs are covered by the overhead contribution of Innosuisse; overhead costs of companies are not taken into account

3. Consumables and licenses	Costs for consumables that are necessary for the project implementation and are purchased and consumed during the project period are chargeable. Costs for licenses that are specifically required for the project can be charged (e.g. software-licenses, non-standard equipment.).	• Licenses for standard business software (Microsoft-Office, CRM-tools, ERP-system, etc.) • Office supplies
4. Third-party services	In principle, the work in a project must be carried out by the applicant. The involvement of third parties (technical, legal etc.) must be directly related to the project and must be justified and appropriate.	• Support for the registration of intellectual property rights • Externalization of the core activities of the project together with the technological/business lead on the project
5. Travel Abroad*	Cost for necessary cross-border travel which is directly relevant for the project can be charged. Examples are travels for experiments or clinical studies abroad.	• Meetings / events which can be done via video conferencing (unless need for physical presence can be explained) • Mere attendance at conferences • Alcoholic beverages in general
6. Coordination costs (only eligible for International Projects and Flagship Initiative)	Costs in International Projects or Flagship Projects due to an extraordinary coordination effort between the project partners. Coordination efforts should be specified in a specific coordination work package. Examples are third-party services dedicated specifically to project coordination and not project execution.	• Costs which are already covered in the project execution part of the project

* The following specific allowances for travel abroad are defined:

Expense type	General
Train and air travel abroad	For train travel, the "2nd class" is to be used. Air travel is always with the lowest cost arrangement in economy. Any deviation from the above provisions must be justified.
Use of private vehicle/rental cars/taxis	Public transportation must be used.
Overnight stays	For overnight stays away from home with breakfast in hotels, the actual expenses are reimbursed up to a maximum of CHF 200 per night; in justified exceptional cases, a maximum of CHF 275 per night may be reimbursed. For overnight stays away from home in accommodation provided by private or commercial landlords, the actual expenses are reimbursed up to a maximum of CHF 150 per night.
Meals	Expenses for meals will be reimbursed at the following maximum amounts: a. 15.00 francs for breakfast; b. 30.00 francs for lunch or dinner. Only main meals of the applicant's employees are covered. Alcoholic beverages are not covered.

In case of ambiguities or special cases that are not illustrated in this document, please contact Innosuisse in advance with a written justification so that this can be assessed in the context of the specific project.

3.4 Depreciation of fixed assets

Innosuisse only covers costs during the project period, i.e. if a new machine or system is purchased or build (>200k), it must be amortised over the duration of the project. In other words, Innosuisse covers the depreciation amount for the duration of the project ("loss of value").

In addition, Innosuisse requires a confirmation from the CEO/CFO of the company that the amortisation was carried out in accordance with internal guidelines as proof of the amortisation, so that the depreciation indicated in the frame of the project is the same as for what you do for the company (e.g. for accounting).

Example:

- 1) Let's assume your company buys a machine for a million. Innosuisse pays the whole amount. The project lasts 2 years. At the end of the project, the machine is sold for 800k. Innosuisse has thus paid for the machine and you were able to use the machine for 2 years and you also receive additional 800k from the sale. You would therefore make a profit of 800k.

⇒ However, for legal reasons Innosuisse is only allowed to cover the costs actually incurred during the project period.

- 2) Now let's take the previous example again. A machine for 1 million, (annual depreciation of 10%), amortisation period of 10 years.

After the first year, the machine still has a value of CHF 900k. (100k depreciated at 10% of one million). After the second year, the machine still has a value of CHF 810k. (90k depreciated at 10% of 900k)

Innosuisse therefore takes over the depreciation (loss in value) in the two years, i.e. CHF 190k. After two years, i.e. completion of the project, the machine still has a value of 810k. These are also the final costs that the company has paid for the machine and Innosuisse with 190k add up to one million. If you would now sell this machine for the value of 810k, you will receive back the amount you ultimately paid.

4. Personnel costs

General principle

Only persons who are directly employed by the project partners, i.e. who have an employment contract, must be included under personnel costs. Persons who work through an agency or under a mandate contract must be included under material costs (= third-party services).

The work must be necessary and directly related to the further development of the project; general work that affects the company / research institute (for example bookkeeping, administration tasks, payroll, job interviews) may not be billed.

Eligibility of gross salary

Gross salary is the annual salary without employer contribution, according to the employment contract (including 13th monthly salary).

Innosuisse does not consider the following as part of the gross salary:

- Bonuses and premiums;
- Child, education, birth and adoption allowances per child (reimbursement by the cantonal compensation office).
- PSOP and ESOP;
- Contributions to GA and half-fare travelcards (fringe benefits);
- Meal compensation (e.g., lunch vouchers, meal allowances);
- Travel expenses;
- Other allowances or administrative costs.

4.1 Time sheets

For reporting purposes, at least one monthly list per person (including the total for the year) must be available. In the event of an audit or a request, the hours worked must be documented on a daily basis.

4.2 Evidences

All relevant information in connection with the project cost statement must be available on request or in case of an audit, even if it is requested with the project cost report. This applies, for example, to employment contracts, receipts/invoices, payment statements, receipts/invoices, etc.