



Eligible material costs and personnel costs for Start-up Innovation projects and the Swiss Accelerator

v1.2

1 General information

When submitting the application:

- Innosuisse can only cover costs that are necessary and directly related to your project, i.e. the expenses for product and/or service development.
- Please note that once approved, the project costs are binding and significant changes during a project need to be approved by Innosuisse upfront.
- For expenditures exceeding CHF 50'000, appropriate evidence in the form of, for example, a current offer/quotation, a cost calculation backed up by assumptions or an up-to-date list price must be attached (if necessary, please indicate the page number where the amount can be found).

After the project was approved:

- Only costs which occurred during the project duration are eligible. The only exception is any audit costs incurred in accordance with the Innosuisse instruction.
- Only expenditures approved as part of the application can finally be accredited and compensated.
- The incurred costs must be evidenced and accounted for as part of the interim and final audits (before the interim and final instalments are paid).
- The costs must be related to the project, necessary for its implementation and reasonable, identifiable and verifiable.
- No double-funding allowed. Costs that have already been procured or paid for by other third-party funds cannot be credited.

2 Material costs

2.1 Eligible material costs

According to [Implementing provisions for innovation projects Art. 23 Para. 5](#) the following material and service expenses are eligible (The expenses can be stated including VAT):

1. Investments in specific infrastructure, equipment and material that are required exclusively for the project
2. Cost of rented/leased infrastructure or existing own infrastructure required for the project
3. Cost of consumables or licences used exclusively for the project
4. Cost of market research and related activities
5. Cost of third-party services needed for the project*
6. Travel expenses for international business trips and conferences (Booth or presentation), which are necessary for the project execution.

*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, when the application is submitted, quotations must be attached and the name of the sub-contractor need to 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.

Please note: To ensure correct billing of third-party services, these should always be paid for the work performed. This means that contracts must be drawn up on an hourly basis and the invoice must also show how many hours were billed at what hourly rate.

2.2 Non-eligible material costs

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

- Cost of the general infrastructure and basic equipment of the applying company (e.g. general IT-infrastructure and software, office space and furniture).
- Expenses for travel, accommodation, meals and conferences in Switzerland.
- Travel abroad for mere participation in international conferences or expenses for the dissemination of project results are not allowed.
- Costs for customer acquisition and promotion of the finished product (marketing costs)
- Production and certification costs that do not serve to finalize the development of your product and/or service.
- General operating expenses of a company (administration, HR, finance, etc).
- Costs for the publication of research results or fees for the registration of intellectual property rights.

2.3 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)
2.3.1 Infrastructure investments	The purchase price of equipment should be depreciated in accordance with usual depreciation practice and national accounting laws for investments in specific infrastructure and tools required exclusively for the project (non-standard equipment).	<ul style="list-style-type: none"> • General IT infrastructure for employees (e.g. laptops, screens, phones, etc.) • Office space and furniture
2.3.2 Renting infrastructure or using own infrastructure	<p><u>Renting/leasing infrastructure</u> Costs for the use of third-party infrastructure required for the project can be charged based on the supplier's invoice.</p> <p><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, see chapter 2.4). Cost for partially used own infrastructure can be charged with a cost calculation based on the usage rate (logbook entries).</p>	<ul style="list-style-type: none"> • General IT infrastructure for employees (e.g. laptops, screens, phones, etc.) • Office space and furniture

<p>2.3.3 Consumables and licenses</p>	<p>Costs for consumables that are necessary for the project implementation and are purchased and consumed during the project period are chargeable.</p> <p>Costs for licenses that are specifically required for the project can be charged (e.g. software-licences, non-standard equipment).</p>	<ul style="list-style-type: none"> • Licenses for standard business software (Microsoft-Office, CRM-tools, ERP-system, etc.) • Office supplies
<p>2.3.4 Market research and related activities</p>	<p>Cost for market research services (customer surveys, competitor analysis, etc.) can be charged.</p> <p>Other market-related services that have a direct influence on the design of the final product/service (development of pricing models, clarification of licensing or IP issues, execution of beta-testings) can be charged.</p>	<ul style="list-style-type: none"> • Cost for customer acquisition and promotion of the finished product (brochures, homepages, flyers, videos, etc.) • Cost of external sales support (e.g. telephone marketing, sales promotion, marketing campaigns) • Membership fees in industry associations
<p>2.3.5 Third-party services</p>	<p>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.</p>	<ul style="list-style-type: none"> • Certification cost not directly related to the product or market entry (e.g. company certifications) • Legal service to create individual sales or customer contracts • Financial consulting or accounting services
<p>2.3.6 Travel abroad</p>	<p>Cost for necessary cross-border travel which is directly relevant for the project can be charged. Expenses should be in line with the beneficiary's general policy.</p> <p>Examples are travels for experiments or clinical studies abroad, for prototype implementation at customer sites, for the presentation of demo results at industry-relevant conferences (booth).</p> <p>Overnight stays For overnight stays, standard on-site rates of mid-range accommodations apply, with a maximum of CHF 200 per night. The maximum amount can only be exceeded in justified exceptional cases. 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.</p> <p>Meals Expenses for meals will be reimbursed at the following maximum amounts:</p> <p>a. CHF 15 francs for breakfast; b. CHF 30 francs for lunch or dinner.</p> <p>Only main meals of the applicant's employees are covered.</p> <p>Train and air travel abroad Generally, public transportation should always be used.</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Meetings / events which can be done via video conferencing (unless need for physical presence can be explained) • Mere attendance at conferences (without an active part related to the project) • Travel for maintenance of general business relationships • Alcoholic beverages in general

2.4 Depreciation of fixed assets

Innosuisse only covers costs during the project period. For example, if a new machine or system is purchased, it must be depreciated over the duration of the project. In other words, Innosuisse covers the depreciation amount for the duration of the project ("loss of value").

Example:

Let's assume that your company purchases a machine for CHF 1 million which has a useful life of 10 years and incurs annual depreciation of 10%. The project lasts two years. After the first year, the machine has a book value of CHF 900'000 (CHF 100'000 depreciation expense). After the second year, the machine's book value is CHF 810k (CHF 90k depreciation expense).

At the end of the project, the company recorded depreciation costs of CHF 190k, which were fully covered by Innosuisse. The remaining value of the asset (CHF 810k) is reflected on the company's balance sheet. If the machine is subsequently sold at its book value of CHF 810k, the company's net expenditure will amount to CHF 190k, which is precisely the portion funded by Innosuisse.

Innosuisse only covers the depreciation expense during the project, while the company finances the full purchase price and retains the residual asset value. Cantonal and national guidelines or standard practice must be applied. Depreciation cost is feasible for acquisitions with an asset value of at least CHF 50'000 at the beginning of the project start. If the asset value is under CHF 50'000 depreciation costs will not be borne by Innosuisse.

In addition, Innosuisse requires the CEO/CFO of the company to provide additional confirmation that the depreciation was carried out in accordance with internal guidelines and proof that the asset value at the beginning of the project was at least CHF 50'000. This is to ensure that the depreciation stated in the project is consistent with the company's accounting practices.

3 Personnel costs

3.1 Annual gross salary

Only persons who are directly employed by the Swiss company, i.e. who have an employment contract, may be included under personnel costs. Persons who work through an agency or under a mandate contract are 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 (bookkeeping, payroll, job interviews, etc.) may not be billed. This also applies to work related to marketing and customer acquisition.

Eligibility of gross salary

Gross salary is the annual salary without employer contributions, according to the employment contract (including 13th salary). Employer contributions include OASI, DI, Military, Maternity, Unemployment insurance, accident insurance, Family allowance and pension fund. All other costs (e.g., administrative fees or daily sickness benefit insurance) are not covered.

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

- Phantom Stock Option Plan (PSOP) and Employee Stock Ownership Plan (ESOP);
- Bonuses and premiums;
- Child, education, birth and adoption allowances per child (refunded by the social insurance);
- Contributions to GA and half-fare travelcards (fringe benefits);

- Meal compensation (e.g., lunch vouchers, meal allowances);
- Travel expenses;
- Other allowances or administrative costs.

The maximum is a gross annual salary of CHF 220,500 for a 100% employment rate. If the employment rate is lower, the maximum gross annual salary is also reduced accordingly.

Please be advised: Only effectively paid salary costs can be charged. The allocation of in-kind contributions or pro bono work is not permitted. Owners may therefore only claim personnel costs if they actually pay themselves a salary under an employment contract. Attempting to do so may result in non-compliance with the funding requirements. As a result, any associated hours worked will be disqualified and excluded from reimbursement.

3.2 Working hours and time sheets

The annual hours specified in the company's internal regulations (e.g., personnel regulations) apply. If the hours are less than 1,850, this must be proven¹.

Work that is not specifically related to the further development of the project but rather to the company (e.g., job interviews, work related to the annual financial statements) may not be reported. This also applies to marketing tasks, publications, etc., that are not relevant to the further development of the project.

For reporting purposes, a list of the necessary work on the project per person must be available monthly (including the total number of hours worked for the year). In the event of an audit or inquiry, hours worked on the project must be documented daily.

3.3 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.

3.4 Further

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.

¹ The target working time according to Art. 19 para. 2 of the implementing provisions for innovation projects is 2'100 hours. After deducting 13.5 percent for vacations and public holidays, this results in a productive annual working time of 1'850 hours.