



SEAI National Energy Research, Development & Demonstration (RD&D) Budget Policy

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1. Introduction

This policy describes Sustainable Energy Authority of Ireland's (SEAI's) budgetary policies and financial requirements in relation to both Research, Development & Demonstration (RD&D) Funding Programme and the SEAI Fellowship Programme.

SEAI is Ireland's national sustainable energy authority. SEAI's remit in respect of research activities is to lead and support excellent research, development, demonstration & innovation activities, to be at the forefront of knowledge generation relevant to the energy sector, and to promote its application in policy and practice.

SEAI research funding programmes are open to public and private sector organisations based in Ireland (including Irish subsidiaries of overseas companies) who wish to carry out projects in Ireland. In some circumstances, the programmes may support Irish entities on work undertaken overseas, where this is necessary for the completion of the work. In exceptional cases, funding of work overseas may be supported where there is a demonstrable contribution to resolving specific Irish issues.

Applications will be accepted from companies, 3rd Level Educational Bodies, Public Sector Bodies and Semi-State Bodies who are based in the Republic of Ireland.

2. Eligible Costs

Eligible costs are those actual, necessary, and economic costs that are incurred and paid during the grant duration. The SEAI grant may not have the purpose or effect of producing a profit for award holder(s).

SEAI must be the only project funder and will not consider applications where SEAI are considered as a partnership funder, except where SEAI's existing pre-defined co-funding arrangements are in place.

Only costs directly associated with delivery of a project are considered eligible costs. Value for money must always be sought and achieved by Lead/Partner Applicants, and where relevant, public procurement procedures must be observed.

Eligible costs must be recorded in the Lead/Partner Applicant organisation's accounts and be maintained throughout the duration of the project. The SEAI RD&D funding programme funds actual costs incurred on a reimbursement basis.

Applications should detail all costs that are wholly and exclusively necessary for carrying out the project as part of their application to ensure eligibility should their project be funded.

Examples of ineligible costs for SEAI RD&D Funding Programmes are provided in Annex 1 of this document. Please note for successful awards, all cost categories are separate contributions from SEAI. Funds from one category cannot contribute to another category without prior agreement from SEAI.

2.1 Staff

Staff costs are costs associated with new or existing staff within an organisation working on the funded research project. Eligible staff costs comprise actual salaries plus social security contributions and other statutory costs included in the remuneration, provided that these costs are in line with the Lead/Partner

Applicant organisation's usual policy on remuneration. The salary costs should not exceed the rates corresponding to the Lead/Partner Applicant(s) organisation's usual policy on remuneration.

Pension contribution costs are not eligible costs, except in the instance of pension paid by 3rd Level Educational Bodies at IUA scales whereby the pension is charged at payroll source. In all other cases, budget for main pay and revenue employer costs only.

In accordance with the European Code of Conduct for Recruitment of Researchers, recruitment procedures for all SEAI funded research positions should be open, efficient, transparent, supportive and internationally comparable and tailored to the type of position advertised.

Please note for successful awards, signed timesheets, payslips and corresponding proof of payment may be required for each staff member whether they are direct employees or employed via a recruitment agency or paid via a 3rd party payroll provider.

2.1.1 Companies and Public/Semi State Bodies

For companies and Public/Semi-State Bodies, personnel costs can be defined as,

"real salary, social security contributions, taxes and other costs included in the remuneration that arise from national law or the employment contract"

SEAI calculates full time basis salary based on 1,720 productive hours a year, 215 days a year and 143.33 hours a month. Eligible staff costs are calculated as per the table below,

Eligible Staff Costs Calculation	
Hourly Rate	Personnel Costs (per payslip) <i>Divided By</i> Productive Hours
Eligible Staff Costs	Hours Worked (per timesheet) <i>Multiplied By</i> Hourly Rate

If the employee is not full time, appropriate documentation must be provided to show this (e.g. contract of employment). Applicants may be requested to submit evidence of salary scales in use by the organisation to verify rates used. Please see Annex 2 which provides an example of the staff cost calculation.

It should be noted that salary costs are only eligible once they are not core funded from any other sources to prevent double funding of the position. The pertinent question to address is whether the salary of the position would be paid regardless of if the grant application is successful? If the answer is yes, then the salary costs of the position are ineligible.

For all roles considered necessary for delivering on the Research Programme, clear rationale and justification must be provided, and reference must be made to the relevant role description and HR recruitment process.

2.1.2 3rd Level Educational Bodies

For 3rd Level Educational Bodies, SEAI will make a contribution to the salary as per the Irish Universities Association salary guidelines (<http://www.iua.ie/research-innovation/researcher-salary-scales/>), and should be budgeted from first point of the relevant salary scale.

Please note, for 3rd Level Educational Bodies, **the named Lead Applicant must be a core funded member of academic staff or a member of academic staff with a fixed-term contract. This person is ineligible to receive salary funding through the SEAI RD&D Funding Programme.** The duration of the fixed-term contract should have an end date later than the proposed end date of the project. Postdoctoral Researchers or Research Fellows should not be listed as the Lead Applicant (except for Fellowship applications), however, Fellowships are not permitted to be partners.

SEAI will not contribute to the funding of permanent core staff (e.g., funded by HEA core funding). Applications should not name individuals, but rather request funding for the required staffing skillset at the appropriate level to carry out to described project specific tasks. It is SEAI's expectation that organisations conduct an open and transparent recruitment process, the details of which may be requested for audit purposes.

Research Fellowships funded by any SEAI research grant must be filled at Post-Doctorate Researcher level (Level 2) or Research Fellow level (Level 3) as defined by the [IUA Salary Guidelines](#).

Please note, the annual budget cost per staff member consists of full employer staff cost, per the IUA salary scales, of gross salary and full employer's charges (PRSI and pension) and should be budgeted from the first point on the scale. To demonstrate to reviewers that appropriate candidates may be available to fill such a role, the applicant may, in the body of the proposal, wish to indicate the identity of potential candidates for this role, where appropriate.

Typically, a candidate should have a number of years research leadership experience, a track record of research outputs and supervisory experience of Masters and PhD students.

2.1.3 Student Stipend

The award of Masters and Doctoral scholarship funding is restricted to 3rd Level Educational Bodies in the Republic of Ireland. The person who intends to be the academic supervisor for such projects must make the application for scholarship funding as part of an application for a small, medium, or large-scale project. PhD students will only be funded for engagement on projects of a minimum 36-month duration. SEAI will provide a maximum annual contribution of **€25,000** towards scholarship stipends for up to 48 months.

Please note that postgraduate fees (please see section below) and stipends are two separate contributions from SEAI. The stipend must not be used to contribute to student fees under any circumstances.

2.1.4 Project Administration/Non-Technical Project Management

Staff costs for project administration/non-technical project management should be no more than 10% of total staff costs. Where such roles are requested, clear rationale and justification must be provided together with a description of the qualifications required for an individual to be hired.

2.1.5 Personal Supports

SEAI recognises the additional needs of neurodivergent, chronically ill and disabled team members and will allow the use of Grant funds to contribute to the salary of a support person for these individuals for the term of the Grant. This role can include but may not be limited to personal administrative support, communication assistance, physical assistance (e.g., in a laboratory setting), and/or proofreading/editing support. Where the Lead Applicant/Partner has not identified these needs in their original application, the funds required can be accommodated for within the flexibility afforded in the Grant Amendment process.

The post should provide pivotal support to the Lead/Partner Applicants (or a team member including individuals receiving a student stipend from the Grant) in day-to-day tasks necessary to successfully carry out the Research Programme.

2.2 Post Graduate Fees

SEAI will provide a maximum annual contribution of **€6,000** towards postgraduate fees, for up to 48 months. If a non-EU PhD student candidate is identified after the SEAI Grant has been awarded, the Lead Applicant/Partner organisation may adjust their budget allocation to pay the additional amount required to cover the non-EU fees. This may be done at the discretion of the Lead Applicant/Partner organisation under SEAI's Grant Amendment Process, but no additional funding may be requested.

Please note that postgraduate fees are not included in the calculation of the overheads.

2.3 Materials

Materials usually relate to the purchase, fabrication, repair or use of any materials, goods or equipment and software which,

- Are not treated as capital expenditure in accordance with the accounting conventions and policies of the lead and/or co-applicant organisation.
- Are not placed in the inventory of durable equipment of the lead and/or co-applicant organisation.
- Have a short life expectancy, certainly not greater than the duration of the project.

Typical examples of costs required to carry out the research include but is not limited to materials and consumables, leased or hired equipment and access costs to research infrastructure.

Applications should outline all materials that will be used during the proposed work programme and provide a detailed justification for all costs such as quotations. The most accurate costing available should be provided. Quotations justifying costings may be requested by SEAI.

The costs associated with new equipment purchased exclusively and necessarily for the purpose of the project, and not previously available, will be considered to be eligible in full if the cost involved represents no more than €10,000 (exclusive of VAT). Such qualifying equipment costs should be included under the "Materials" category in the application and subsequent financial reporting. Examples including off the shelf software and personal computing equipment (including laptops) cumulatively costing less than €10,000 (exclusive of VAT) are consumable items and should be included under materials.

SEAI will contribute a maximum of €300 per annum towards the cost of Irish Residence Permits and a maximum of €600 per annum towards the cost of mandatory private health insurance, for all SEAI funded postgraduate students from non-EU/EEA countries. The funds required can be accommodated within the flexibility afforded in the Grant Amendment Process.

Dissemination costs, publication and open access costs should also be included under this budget category.

SEAI recognises that assistive technology may be required to support the needs of a Lead Applicant and/or team member(s) in delivering the objectives outlined in a Research Programme. Requests for assistive technologies may include but not be limited to: dictation software, reading software, and text predictive software. Where the Lead Applicant/Partner has not identified these needs in their original application, the funds required can be accommodated for within the flexibility afforded in the Grant Amendment process. Please do not include personal health information relating to a Researcher or team member in correspondence with SEAI.

When claiming costs for reimbursement, an invoice and proof of payment is required for each item. Proof of compliance with National and EU procurement guidelines may be requested.

2.4 Equipment

The SEAI RD&D Research Programme is not intended to be a source of capital funding and Lead Applicant/Partner organisations should endeavour to ensure that the principal items of equipment required for the effective implementation of the project are already available.

Item(s) of equipment purchased exclusively and necessarily for the purpose of the project, with a value of greater than €10,000 (exclusive of VAT), are deemed to be significant asset(s) of the Lead Applicant or Partners following the completion of the project. The cost of such equipment is eligible for funding on a depreciation cost basis. An example of how to calculate the depreciation cost basis can be seen in Annex 3.

The purchase/leasing of all equipment must be justified during the application process, whether it is deemed to be a significant asset or not, and each proposed acquisition will be assessed by SEAI as part of the review of applications for funding.

Applications should list and describe all equipment requested and provide a detailed justification for all costs. The most accurate costing available should be provided. Quotations justifying costings may be requested by SEAI. The location of the equipment should be in the Republic of Ireland.

2.5 Travel

Actual, directly necessary, and economic travel costs of project personnel for successful delivery of the project are reimbursable. Journeys must be carried out by the most direct and economic route. Applications should provide a short description that includes:

- What is the destination of travel?
- Who is undertaking travel?
- What is the purpose of travel?

Examples include travel costs associated with attendance at conferences. The maximum eligible budget for this is capped at €1,500 costs per year per researcher (Lead/Partner Applicants or funded team member). This capping relates only to non-dissemination travel costs.

Where travel costs are incurred by personnel working on the project and such costs are reimbursed by the Lead/Partner Applicant organisation on a per diem basis then it is the per diem payment that is considered to be the eligible cost. All lump sum or per diem payments in this regard must be in keeping with the normal practices of the Lead/Partner Applicant organisation and must not exceed current civil service subsistence or other Revenue Commissioners approved rates.

Where researchers outside the State are required by the project to attend project meetings in Ireland, their costs will be deemed eligible subject to appropriate justification being provided in the original submission by the Applicant(s). The eligibility of such travel will be contingent upon adequate budget and will only be approved where deemed necessary and sufficiently beneficial to the project.

Eligibility of all travel costs will be based on the Applicant's original submission and appropriate justification being provided by the Applicant(s).

In addition to the travel costs referred to above, if the defined project objectives necessitate additional travel, the Lead/Partner Applicants should provide a detailed description of these activities, and appropriate justification, within Section 5 (Budget) of the Application Form. Examples include the following:

- Regular site visits for project equipment maintenance.
- Regular travel to project management team meetings (e.g., a project with multiple partners across different geographical areas where regular in-person meetings are necessary for successful project implementation).
- Regular site visits for data gathering/sample collection.
- Dissemination related travel costs.

Travel costs relating to roles not outlined in the application are not eligible for reimbursement. Travel costs incurred when using company vehicles is not an eligible cost.

Where individuals are reimbursed for use of their private vehicle for business travel by way of mileage then the vehicle details, relevant rate per mile, destination, number of miles travelled, and purpose of journey must be clearly stated and the necessity for such travel demonstrated to SEAI. In all cases, such rates must not exceed the current civil service or other Revenue Commissioners approved rates and must be recorded and claimed in accordance with the organisation's normal practices.

In instances where additional caring/childcare responsibilities (such as childcare costs, companion travel, etc.) are required when travelling to conferences, SEAI will permit the use of up to €750 (vouched costs) for associated costs per Lead/Partner Applicant and/or team member, per annum. This applies to all staff whose salary is supported via the grant, in addition to the Lead Applicant. Where the Lead/Partner Applicant has not identified these needs in their original application, the funds required can be accommodated for within the flexibility afforded in the Grant Amendment process. Supporting documentation for these costs should be made available to SEAI if required for auditing purposes.

2.6 External Consultants

Every possible effort must be made, in the first instance, to build a project team capable of completing all tasks proposed in the project without the need for external consultants. However, where this is not feasible, costs associated with external consultants/service providers may be included within the project costs subject to obtaining value for money. Where such external assistance is proposed, strong justification should be provided. Proof of compliance with National and EU procurement guidelines may be requested.

External consultant costs are costs of external labour, sub-contractors, specialist consultancy, and equivalent services that are used exclusively for delivery of the project. SEAI funds subcontracted tasks that are separately identifiable and cover only a limited part of the project. **For the avoidance of doubt, core tasks defined in the Work Plan (Section 4) cannot be subcontracted and external consultants should not be listed as a collaborator or partner.**

Eligible external consultant costs may not have linked 3rd party or affiliated entity status (See Page 12 for further details). The transaction must be carried out in an open and transparency manner.

Where the services of a sub-contractor or consultant are required, as part of an application for funding, these should not normally constitute more than 20% of the total budgeted expenditure of each individual Lead/Partner Applicant organisation. Sub-contract and consultancy arrangements are subject to a maximum daily rate for external assistance of **€800 + VAT**.

Any costs more than the daily rate of **€800 + VAT** will be deemed to be ineligible and removed from the budget.

Sub-contract arrangements between Lead and Partner Applicant organisations are not permitted. Core elements of any funded project may not be sub-contracted.

2.7 Indirect Costs

As part of the budget, SEAI will contribute to the indirect costs of project-based research work that it supports through an overhead payment calculated by 25% of Staff costs. Staff costs are salaries and stipends only, and do not include student fees. Lead Applicant/Partner organisations are responsible for ensuring that the indirect costs are correctly spent in providing the central support that underpins SEAI funded research projects and programmes.

It should be noted that overheads may increase/decrease during the project as a result of the Grant Amendment Process. In the case of a decrease in overheads these may not be reallocated into other eligible cost categories listed above.

2.8 Valued Added Tax (VAT)

Where an Applicant organisation is registered for Value Added Tax (VAT) and is entitled to reclaim VAT incurred on eligible costs, then all expenditure items included in the application for funding and subsequent claims for reimbursement should be shown exclusive of VAT.

SEAI will assume projects are being applied for on a VAT exclusive basis.

However, where a Lead/Partner Applicant organisation is *not entitled to reclaim VAT on eligible costs* then the amounts included in their application for funding and subsequent claims for reimbursement should be the VAT inclusive amount. To be eligible for reimbursement on a VAT inclusive basis the following conditions apply.

2.8.1 Companies and Public/Semi State Bodies

Must provide a letter from the Revenue Commissioners with the application which confirms the VAT status of the Lead/Partner Applicant organisation in the year the grant is sought. The letter from the Revenue Commissioners must state that the Lead/Partner Applicant organisation is not entitled to reclaim VAT on costs related to the Lead/Partner Applicant organisation's <insert project title> activity.

A statement confirming the Lead/Partner Applicant organisation is not registered for VAT purposes **will not suffice**.

2.8.2 3rd Level Educational Bodies

The supply of research services by educational bodies is subject to VAT only in certain circumstances.¹ In line with Revenue guidelines, it is SEAI's expectation that where a 3rd Level Educational Body selects the research category 'Non-economic Public Good Research', the Lead Applicant/Partner will not be entitled to reclaim VAT on related expenditure, and therefore costs reimbursement will be VAT inclusive.

In this case, the 3rd Level Educational Body Non-Economic Public Good Declaration must be submitted with the application.

Where a 3rd Level Educational Body selects any of the following research categories: Industrial Research or Experimental Development, it will be SEAI's expectation that the proposed research to be conducted is of an economic nature, and therefore costs claimed will be exclusive of VAT, unless otherwise clarified in writing by the Revenue Commissioners.

Responsibility to determine the VAT status of any particular case or activity lies with the Lead/Partner Applicant. SEAI encourages the Lead/Partner Applicants to verify the VAT status of their activities with their local Revenue District, and to do so on a timely basis to avoid any unnecessary delay in obtaining the required paperwork to submit applications to SEAI.

2.9 Tax Clearance Certificate

A valid Tax Clearance Certificate number will be required at application stage. Valid Tax Clearance Certificates will be required before grant payments can be remitted.

3. Funding Rate

SEAI's National Energy Research, Development & Demonstration Funding Programme is subject to the General Block Exemption Regulation (GBER, [EU Commission Regulation \(EC\) No. 651/2014](#), under which Article 25 apply in respect of different categories of research, development and demonstration projects². This regulation sets limits on the levels of funding support that can be provided by national authorities. The maximum funding level for which a project is eligible depends on the Category of RD&D the project falls under.

EU state aid rules stipulate what types of activities are eligible for support, which costs relating to these activities may be covered in part or in full, and the maximum aid intensity that may be granted for the various activities.

¹ <https://www.revenue.ie/en/tax-professionals/tdm/value-added-tax/part03-taxable-transactions-goods-ica-services/Services/services-third-level-educational-bodies-research.pdf>

² COMMISSION REGULATION (EC) No 651/2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty:

- Article 25: Aid for research and development and innovation: fundamental research, industrial research, experimental development and feasibility studies

Support from SEAI constitutes state aid when it is awarded to an "undertaking", i.e. an actor that carries out an economic activity consisting of offering products or services on a given market.

3.1 Companies

The maximum level of support that a company can be awarded is capped at 80%.

3.2 3rd Level Educational Bodies

It is recognised that 3rd Level Educational Bodies and Public/Semi-State Bodies can engage in research activities relating to non-economic activity, in the public interest, where knowledge is widely disseminated. This activity does not constitute state aid in the meaning of EU rules.

In this case, the organisation may be eligible to request up to 100% SEAI funding. Applications must include a Non-Economic Public Good Research Declaration if requesting to be funded as exempt from State Aid. There are separate Declarations for 3rd Level Educational bodies (in response to specific VAT for research Revenue publication).

The onus is on the Lead/Partner Applicant organisation to select a research category which appropriately reflects the proposed project activities.

The Categories below represent the maximum level of support that could be available.

RD&D activities subject to EU State Aid Regulations					
Research Category	Base Level	Type of Company		Effective Collaboration/Dissemination	Maximum Support
		Small Enterprise	Medium Enterprise		
Industrial Research	50% of approved itemised eligible costs	+20%	+10%	+15%	80%
Experimental Development	25% of approved itemised eligible costs	+20%	+10%	+15%	60%
RD&D activities not subject to State Aid Regulations					
Non-economic Public Good Research					100%

3.3 Research Categories

A definition of the various research categories is outlined below,

3.3.1 Industrial Research

A project where the planned research or critical investigation is aimed at the acquisition of new knowledge and skills for developing new products, processes, or services, or for bringing about a significant improvement in existing products, processes, or services. It comprises the creation of components parts of complex systems and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation.

3.3.2 Experimental Research

Acquiring, combining, shaping, and using existing scientific, technological, business, and other relevant knowledge and skills with the aim of developing new or improved products, processes, or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes, or services.

Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes, or services in environments representative of real-life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product, and which is too expensive to produce for it to be used only for demonstration and validation purposes.

Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services, and other operations in progress, even if those changes may represent improvements.

3.3.3 Non-Economic Public Good

A project for which a 3rd Level Educational Body, Public Body, or controlled Organisation (Semi-State organisation) is stating their project activities relate to non-economic activity, in the public interest, and where knowledge is widely disseminated.

While the Applicant's organisations are responsible for selecting the correct research category, SEAI reserves the right to amend the final assessment of the project research categorisation.

3.4 Company Sizes

The European Commission defines Small & Medium-Sized Enterprise (SME). For additional information and guidance please refer to,

The revised User Guide to the SME Definition (2020).

(<https://ec.europa.eu/docsroom/documents/42921>).

In general, the staff headcount and financial thresholds determine the enterprise category.

3.4.1 Small Enterprises

A small enterprise is an enterprise, or (if part of a group) a group of enterprises, where the total number of full-time employees in the enterprise (or the entire group) is fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed €10 million.

3.4.2 Medium Enterprises

A medium enterprise is an enterprise, or (if part of a group) a group of enterprises, where the total number of full-time employees in the enterprise (or the entire group) is fewer than 250 persons and which have an annual turnover not exceeding €50 million, or annual balance sheet total not exceeding €43 million.

SMEs are required to verify their SME status in order to avail of increased grant rates and will need to submit with their application an SME declaration along with a copy of the most recent annual financial statements.

Where an Applicant/award holder is connected to another enterprise, the following is applied to determine their SME aid intensifier status eligibility.

3.4.3 Partner Treatment (> 25% Holding)

The enterprise in question must add a proportion of its partner's staff headcount and financial data to its own when determining its eligibility for SME status. This proportion will reflect the percentage of shares or voting rights — whichever is higher — that are held.

3.4.4 Linked Treatment (> 25% Holding)

100 % of the linked enterprise's data must be added to those of the enterprise in question to determine if it meets the staff headcount and one of the financial thresholds of the SME Definition. To note: enterprises that draw up consolidated accounts or that are included by way of full consolidation in the consolidated accounts of another enterprise are usually treated as linked enterprises.

3.5 Aid Intensifier

The aid intensifier for industrial research may be increased up to a maximum aid intensity of 80% of the eligible costs (or 60% for experimental development) as follows,

By 10 percentage points for medium sized enterprises and by 20 percentage points for small enterprises.

By 15 percentage points if one of the following conditions is fulfilled,

- i. The project involves effective collaboration if it is:

between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70 % of the eligible costs, or

between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10 % of the eligible costs and have the right to publish their own research results.

- ii. the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open-source software.

Please note - Contract research and provision of research services are **not** forms of collaboration.

In cases where Lead/Partner Applicants intend to claim the extra 15% support associated with State Aid via wide dissemination of project results through technical & scientific conferences or publication in scientific or technical journals, they will be expected to share project results in a sufficient level of detail and in an open manner such that other organisations can directly replicate, make use of, and/or benefit from the outputs of the project. Lead/Partner Applicants are responsible for ensuring compliance with this requirement.

If you have requested the 'Dissemination' Grant Intensifier (up to 15%), please note that this will be withheld until the end of the project and when sufficient evidence of wide dissemination has been provided, reviewed, and approved by SEAI.

3.6 Funding of Companies

Eligible Companies must be an Irish registered company and company staffing is consistent with Irish Company Registration Office requirements. SEAI require at least one representative of the company (Director level) to sign the award contract.

3.6.1 Linked Third parties and Affiliated Entities

If there is an established contractual or other legal link between the Lead/Partner Applicants and an external consultant listed on an application, SEAI may treat the external consultant as a linked third party or affiliated entity.

Such linked Third Parties / affiliated entities are allowed to carry out work for the project independently (like subcontractors). Unlike subcontractors, linked Third Parties / affiliated entities claim their own (actual) costs for the work they perform (i.e. without any profit margin).

Planned involvement of linked Third Parties / affiliated entities must be indicated in the Budget Template (Excel spreadsheet). In the Budget Template spreadsheet, costs and requested SEAI funding for linked Third Parties must be part of the amounts inserted for the Lead/Partner Applicant to which the Third Party is linked, indicating the linked Third-Party name. For successful proposals, a more detailed budget table, including separate figures for the linked Third Parties / affiliated entity, must be completed in the grant preparation phase.

Linked 3rd Parties can be defined as,

'Entities with a legal link' refers to an established relationship (between the Third Party and the Lead/Partner Applicant), which,

- is broad and not specifically created for the work in the project, and,
- is a legal relationship.

This may be either a legal structure or through an agreement or contract not limited to the project. If the only relation between two entities is a capital link (i.e. ownership of part of the issued share capital), the entity may participate as an 'affiliated entity' (see below).

'Affiliated entity' can be defined as,

- under the direct or indirect control of the Lead/Partner Applicant, or
- under the same direct or indirect control as the Lead/Partner Applicant, or
- directly or indirectly controlling the Lead/Partner Applicant.

Affiliated entities cover not only the case of parent companies or holdings and their daughter companies or subsidiaries and vice-versa, but also the case of affiliates between themselves (e.g. entities controlled by the same entity).

'Control' may take any of the following forms,

- the direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity.
- the direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.

3.6.2 Undertakings in Difficulties

According to EU's state aid regulation, under GBER, 651/2014, SEAI cannot provide funding to 'undertakings in difficulty'. Here you can find the European Commission's definition of when an undertaking is considered 'in difficulty'. This can be found in article 2, no. 18 of COMMISSION REGULATION (EU) No 651/2014 of 17 June 2014.

SEAI will assess organisation documentation provided at application stage to determine funding eligibility. Per detail below, if liabilities are more than half the assets value, the organisation will be deemed 'in difficulty;' and not be eligible to be funded under State Aid regulation.

'Undertaking in difficulty' means an undertaking in respect of which at least one of the following circumstances occurs,

- In the case of a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium.
- In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee or has received restructuring aid and is still subject to a restructuring plan.
- In the case of an undertaking that is not an SME, where, for the past two years:
 - the undertaking's book debt to equity ratio has been greater than 7,5 and
 - the undertaking's EBITDA interest coverage ratio has been below 1,0.

Annex 1: Ineligible Costs

This is not an exhaustive list. If unsure as to whether costs are ineligible, please query with SEAI well in advance of the deadline for submission of applications.

- Non-project related costs.
- VAT, when it is considered as recoverable under the applicable national VAT legislation.
- Collaborator costs.
- Car Tax and Insurance.
- Audit and legal fees.
- Costs incurred outside of project duration. i.e. – invoice or payment dated outside of project duration.
- Costs funded from other sources.
- Project activities funded by other sources (except predefined co-funding arrangements).
- Bank interest and FX exchange differences.
- Relocation expenses.
- Debt and debt service charges.
- Costs covered by other public research funding bodies that would in aggregate result in EU State Aid limits being exceeded.
- Return on capital.
- In kind contributions.
- Excess or reckless expenditure.
- Any profit margin.
- Sick pay, redundancy payments, and other social costs.
- Bonus payments or other perquisites paid to staff whether in cash or in-kind.
- Contributions to private pension schemes.
- Journal subscriptions.
- Membership fees.
- Office supplies.
- Part or advance payments.
- Patents.

Annex 2: Staff Cost Calculation

Number of Hours per Month (H)	Hours worked on the project reported on signed and approved timesheets
Personnel Costs	The real salary, social security contributions, taxes and other costs included in the remuneration that arise from national law or the employment contract. (Gross Salary plus ER PRSI).
Productive Hours	1,720 productive hours a year, 215 days a year and 143.33 hours a month.
Hours Worked	Take from employee's timesheet.

<i>Jane Doe</i>	<i>January</i>	<i>February</i>	<i>March</i>
Monthly Productive Hours (A)	143.33	143.33	143.33
Monthly Personnel Costs (B)	€5,000	€6,000	€5,000
Monthly Hours Worked (C)	120	130	150
Hourly Rate (D) = (B/A)	€34.88	€41.86	€34.88
Eligible Costs (C*D)	€4,186	€5,442	€5,000 (Note 1)

Note 1 - Calculation gives an "eligible cost" of €5,223 but this is capped at the actual Monthly Personnel Costs of €5,000.

It should be noted that salary costs are only eligible once they are not funded from any other sources. The pertinent question to address is whether the salary of the position would be paid regardless of if the grant application is successful? If the answer is yes, then the salary costs of the position are ineligible.

Annex 3: Depreciation Cost Basis

Depreciation Period

To calculate the depreciation period, computing equipment is depreciated over 3 years and other non-computing equipment over 5 years, using the following calculation: $(A/B) \times C \times D$.

A = Number of months equipment is used for the project after invoicing

B = The depreciation period (for example 36 months for computing equipment)

C = The actual cost of the equipment

D = Percentage of usage of the equipment for the project

Example 1 - assume a project has a two-year duration from January 2022 to December 2023. An item of equipment is purchased on the 1st of July 2022 for €15,000. The computing equipment is 100% used on the project.

The eligible equipment cost claimable will be €7,500 $[(18/36) \times 15,000 \times 100\%]$.

Example 2 - assume a project has a two-year duration from January 2022 to December 2023. An item of other non-computing equipment is purchased on the 1st of July 2022 for €15,000. The other non-computing equipment is 60% used on the project.

In the above example if other equipment was included in the proposal the eligible equipment cost claimable would be €2,700 $[(18/60) \times €15,000 \times 60\%]$.



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