

# Interreg III B Alpine Space

## Treatment of Revenues generated by a Project

Guidance note issued by the Managing Authority

### A) Introductory Remarks

The question on how to handle revenues generated by a project became of greater relevance during the last couple of months and the Managing Authority was repeatedly confronted with requests for clarification by other programme bodies and project holders.

The present guidance note shall provide for a definition of revenues and for more information on how revenues are dealt with by the programme.

For any further questions project holders are kindly requested to get in touch with JTS and/or their respective National Contact Point.

### B) Commission Regulation No. 448/2004

Rule No. 2 of Commission Regulation No. 448/2004 (which can be downloaded from the programme's website) defines "**revenues**" as **income generated by a project** during the period of its co-financing or such longer period up to the closure of the programme as fixed by the partner states.

Revenues are income generated by a project from sales, rentals, services, enrolment/fees or other equivalent receipts.

Such revenues shall reduce the amount of co-financing that is requested from a project. According to the Commission Regulation **revenues received by a project have to be deducted from the project's eligible expenditure** before the ERDF-contribution for a project is calculated and no later than at the time of the closure of the programme, in their entirety or pro rata, depending on whether they were generated entirely or only in part by the co-funded project.

**Not to be regarded as revenues are** – according to this rule no. 2 of Commission Regulation 448/2004 - **contributions from the private sector to the co-funding of a project** (i.e. co funding that a private project participant brings into a project – see also chapter C of the present guidance note).

## C) Specific Requirements and Provisions of the Alpine Space - Programme

As the partner states of the Alpine Space-programme have not fixed a longer period as set out in the above-mentioned Commission Regulation only **revenues are relevant that are generated during project duration.**

Revenues generated by a project are **monitored and treated by the programme as follows:**

**Project application:** the project holders are asked to indicate in the financial tables of the application form the revenues that are expected to be generated by the project. The figures indicated there reduce the project costs that shall be co-funded by the programme.

**Project evaluation:** during project evaluation JTS, NCP and MA/PA carry out a plausibility check of the indications in the financial tables including the ones on revenues and may ask project participants for further information/clarification before the project proposal is forwarded to the programme's Steering Committee that selects the projects to be co-funded.

**Project implementation:** each project participant has to provide the first level control body with information on any revenues generated in the reporting period and to support this with accounting or equivalent documents. The first level control body checks the submitted documents. In the certification of expenditure the first level control body clearly indicates how much costs have been reported by the project participant and how much revenues have been generated. The latter amount is deducted from the costs proved by the first level control body and as a result the expenditure found eligible is set out in the certification of expenditure. In the financial part of the progress report the Lead Partner provides for information on expenditure made by the project participants and revenues received by them as well as the eligible costs as confirmed by the first level control bodies. JTS and MA/PA carry out a plausibility check of these indications before the MA asks the PA to pay out the ERDF-funds to the project.

For the case that the **project participants do not declare revenues** to the programme bodies even though they expect to receive resp. actually receive some **the subsidy contract entitles the Managing Authority to withdraw from the contract and to demand immediate repayment of ERDF-funds** received by the project respectively to stop any further ERDF-payments.

**Financial contributions of a private project participant to a project form private co-funding of a project and do not reduce the amount of ERDF-cofinancing.** They have to be indicated in the financial table of the project application form respectively in the progress reports.

To be differentiated from these "private co-funding" are **donations and sponsoring granted to a project participant from third parties from the private sector such as companies, banks, etc.** According to rule no. 2 of Commission Regulation 448/2004 these financial contributions are **"revenues" which have to be deducted** before the ERDF-contribution to a project is calculated.

**In the Alpine Space – Programme financial contributions are regarded as donations and sponsoring and have to be deducted from eligible costs if:**

1. they are granted with regard to an attributable return service (e.g. funds are provided for a project whereby the respective project participant is expected to commission the "sponsor" to deliver services, goods, etc. so that in the end the sponsor makes profit) - a general donation/sponsoring indication (e.g. "this project is financially supported by the company XY") is unproblematic and if
2. they are granted project-related.

Services in return and sponsoring/donation have to be at an appropriate rate. In case the sponsoring/donation is higher than the return service a part of the sponsoring can be regarded as co-funding of the project.

Land of Salzburg as Managing Authority  
Salzburg, October 11st 2006