



SEAI Research Development and Demonstration
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 grant applications as well as financial management of RD&D grants awarded.

1.1 SEAI Research Funding

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 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 Appendix 2 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 Budget Categories

2.1.1 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 education 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.

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.

Please note for successful awards: for periodic financial reporting, signed timesheets, payslips, and corresponding proof of payment may be required for each staff member.

Companies and Public/Semi-State Bodies

For companies and Public/Semi-State Bodies, SEAI calculates full time basis salary as 7.5 hours per day / 37.5 hours per week over a 230-day working year. 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. The maximum eligible staff day cost is €400. Please see table below for the staff cost calculation with worked example below,

Number of Hours per Month (H)	Hours worked on the project reported on signed and approved timesheets
Monthly Rate (MR)	The monthly gross salary amount for the person working on the project (taken from corresponding payslips)
Fortnightly Rate (FR)	The bi-weekly gross salary amount for the person working on the project (taken from corresponding payslips)
PRSI Class	Employer PRSI class taken from corresponding payslips
PRSI Rate (PRSI)	PRSI rate applied according to the appropriate PRSI Class
Yearly Rate (AR)	Calculated as Monthly rate (MR) multiplied by 12 (OR Fortnightly rate (FR) multiplied by 26)
Daily Rate (DR)	Calculated as Yearly rate (AR) divided by 230 working days and multiplied by the PRSI rate (PRSI) and capped at €400
Number of Days (D)	Number of Hours per Month (H) divided by the standard 7.5 working hours
Eligible Cost	Daily Rate (DR) * Number of Days (D) = Total eligible staff cost

- Yearly rate (AR) = Monthly rate (MR) * 12 **OR** Fortnightly rate (FR) * 26
- Number of Days (D) = Number of Hours per Month (H) / 7.5 hours
- Daily rate (DR) = (Yearly rate (AR) / 230 days) * (1+PRSI)
- Eligible cost = Number of Days (D) * Daily rate (DR)

Example 1 – Staff cost calculations (daily rate cap NOT applied)

Jane Doe is working on a project and her payslips show a gross monthly salary of €5,000 (Monthly rate (MR)). Signed and approved timesheets show she has worked 150 hours in the period January – April, 175 hours in May and 130 hours in June (Number of Hours per Month (H)). Please see below the calculation route for eligible staff costs for Jane Doe (please note that the daily rate cap does not apply as the gross annual salary divided by 230 days is less than €400).

Jane Doe	January	February	March	April	May	June
Number of Hours per Month (H)	150	150	150	150	175	130
Monthly Rate (MR)	€5,000.00	€5,000.00	€5,000.00	€5,000.00	€5,000.00	€5,000.00
Fortnightly Rate (FR)	N/A	N/A	N/A	N/A	N/A	N/A
PRSI Class	A1	A1	A1	A1	A1	A1
PRSI Rate (PRSI)	11.05%	11.05%	11.05%	11.05%	11.05%	11.05%

<i>Yearly Rate (AR)</i>	€60,000.00	€60,000.00	€60,000.00	€60,000.00	€60,000.00	€60,000.00
Daily Rate (DR)	€289.70	€289.70	€289.70	€289.70	€289.70	€289.70
<i>Number of Days (D)</i>	20	20	20	20	23.33	17.33
Eligible Cost	€5,794.00	€5,794.00	€5,794.00	€5,794.00	€6,758.70	€5,020.50

Please note the rows in blue are inputs from corresponding timesheets and payslips, the rows in white are calculations. January calculation route from example above:

- Yearly rate (AR) = Monthly rate (MR) * 12 = **€5,000.00 * 12 = €60,000.00**
- Number of Days (D) = Number of Hours per Month (H) / 7.5 hours = **150 / 7.5 = 20 days**
- Daily rate (DR) = (Yearly rate (AR) / 230 days) * (1+PRSI) = (€60,000.00 / 230) * 1.1105 = **€289.70**
- Eligible cost = Number of Days (D) * Daily rate (DR) = 20 days * €289.70 = **€5,794.00**

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.

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 and 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 may not be listed as the Lead Applicant (except for Fellowship applications), however, Fellowships are not permitted to be partners.

SEAI **does not** fund the salary of staff within Irish 3rd Level Educational Bodies that are already in receipt of salaries funded from other sources. 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.

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 €18,500 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.

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. SEAI expects that salary requested at a higher point on the scale will generally align with the number of years' post-PhD experience, with one point being applied for each year.

2.1.2 Postgraduate Fees

SEAI will provide a maximum annual contribution of €6,000 towards postgraduate fees, for up to 48 months. Please note that postgraduate fees are not included in the calculation of the overheads.

2.1.3 Materials

Materials costs are defined as,

"Goods and services that are consumed by the project and not placed on an equipment inventory or treated as capital expenditure in accordance with the accounting conventions and policies of the award holder's organisation and have a life expectancy not greater than the duration of the project. Materials costs must be separately identifiable and necessary for the project."

Typical examples of costs required to carry out the research include but is not limited to materials and consumables, 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.

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

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

2.1.4 Equipment

Equipment costs are defined as,

*"Items that are essential for the effective implementation of the project, that are **placed on an equipment inventory or treated as capital expenditure** in accordance with the accounting conventions and policies of the award holder's organisation."*

Costs are eligible for the duration that the item is specifically used on the project.

Costs of software purchased (perpetual licences, with no recurring cost) may also be entered in this budget category. Depending on the award holders accounting conventions laptops and desktop computers may be deemed to be either equipment or materials.

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 duration that the asset will be used on the project (in months) must be provided. This cannot be longer than the project duration. The location of the equipment should be clearly indicated and justified in the budget justification.

Please note that the full cost of the equipment may not be claimed during the project as the eligible cost of equipment will be determined by the depreciation period.

Depreciation Period

To calculate the depreciation period, computer equipment is depreciated over 3 years and other 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

For example, assume a project has a two-year duration from January 2022 to December 2024. An item of computing equipment is purchased on the 1st of July 2021 for €15,000. The computing equipment is 100% used on the project.

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

In the above example if other equipment was included in the proposal the eligible equipment cost claimable would be **€4,500** $[(18/60) * €15,000 * 100\%]$.

If you require additional equipment cost calculation examples, please contact energyresearch@seai.ie.

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

SEAI, where possible, encourages the use of existing equipment and that a plan is in place for the equipment once the proposed project is completed.

2.1.5 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 workshops and conferences fees. The maximum eligible budget for this is capped at €1,500 per year per researcher (Lead/Partner Applicants or funded team member)

Where travel costs are incurred by employees involved in 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, outside of general project-related travel, 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

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.

When reporting mileage costs for reimbursement, please have the following information available if requested: the vehicle details, rate per kilometre, departure & destination points (undertaking shortest duration), number of kilometres, proof of payment, and purpose and necessity of journey. For all other travel costs, when reporting for reimbursement an invoice and proof of payment may be required.

2.1.6 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 16 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 **€600 + VAT**.

Any costs in excess of the daily rate of €600 + 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.

2.1.7 Overheads

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. Grantee 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, however, overheads may not be reallocated into the eligible cost categories listed above.

2.2 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,

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.

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 grantee will not be entitled to reclaim VAT on related expenditure, and therefore costs reimbursement will be VAT inclusive.

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

Where a 3rd Level Education 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 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.

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>

3. Funding Rate

SEAI's National Energy Research, Development & Demonstration (RD&D) 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.

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.

3rd Level Educational Bodies and Public/Semi-State 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 Education bodies (in response to specific VAT for research Revenue publication).

Companies

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

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

²COMMISSION 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

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	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%

3.1 Research Categories

A definition of the various research categories is outlined below,

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.

Experimental Development

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.

Non-Economic Public Good Research

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 final assessment of project research categorisation.

3.2 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.

Small Enterprise

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 and/or annual balance sheet total does not exceed €10 million.

Medium Enterprise

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, and/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.

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.

Linked treatment (>50% 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

3.3 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,

1. By 10 percentage points for medium sized enterprises and by 20 percentage points for small enterprises.
2. 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 effective collaboration 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.*

3.4 SEAI Funding of Companies

3.4.1 Eligible Companies

Eligible Companies must be:

- an Irish registered company
- 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.

3.4.2 Linked 3rd Parties / 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

'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

'Affiliated entity' means:

- *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.*

3.4.3 Undertakings in Difficulty

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.

4. Financial Declarations & Documentation

For each Lead/Partner Applicant organisation, please include the relevant completed Declarations along with the grant application. Template Declarations are included in the Application Form.

****PLEASE NOTE ALL THE BELOW DOCUMENTATION IS MANDATORY AND FAILURE TO SUBMIT ANY DOCUMENTATION (IF APPLICABLE) WILL DEEM YOUR APPLICATION INELIGIBLE****

Company Applications

The following documentation is required,

- *Declaration of Financial Resources available for the project*
- *Declaration of Solvency*
- *Copy of the most recent annual financial statements (if applicable)*
- *For Newly Incorporated Companies - Management Accounts or 1 year Cash Flow Projection prepared by Qualified Accountant (if applicable)*

For increased grant intensity based on company size:

- *Declaration of SME status*

For grant applications with a total budget in excess of €50,000

- *Proof of funds (e.g. bank statement demonstrating available resources for the project)*

For Lead/Partner Applicant(s) requesting VAT inclusive costs:

- *A letter from the Revenue Commissioners with the application which confirms the VAT status of the Lead/Partner Applicant organisation in the year of the grant application.*

3rd Level Educational Bodies

For applications from 3rd Level Education Bodies requesting Non-Economic Research Funding,

- *Declaration of 3rd Level Education Body NEPG.*

Public or Semi-State Organisations

For applications from State or Semi-State organisations,

- *Declaration of Financial Resources available for the project*

For Lead/Partner Applicant(s) requesting VAT inclusive costs,

- *A letter from the Revenue Commissioners with the application which confirms the VAT status of the Lead/Partner Applicant organisation in the year of the grant application.*

For Lead/Partner Applicant(s) requesting non-economic public-good research funding

- *Declaration of Non-Economic Public Good*

All Declarations must be for the Total Project Costs. Total project costs are the project costs being requested by the Lead/Partner Applicant from SEAI plus those costs being contributed by Lead/Partner Applicant organisations.

Appendix 1: Budget Template Instructions

The Budget Template spreadsheet should be submitted in Microsoft Excel format.

Tab 1 – Project funding summary: This is a linked sheet, with formulas embedded. Therefore, this sheet will fill automatically when data is entered into linked sheets, from the Organisation(s) tabs. Please start input on Organisation tabs.

Tab 2 and 3 - Organisation tabs: Each Lead/Partner Applicant organisation requesting costs is required to complete two tabs. In the case of a single applicant, please complete tabs: 'Organisation 1 details' and 'Organisation 1 project costs' only. For multiple party applications, the Lead Applicant should fill in tabs: 'Organisation 1 details' and 'Organisation 1 project costs', and each Partner Applicant should fill out the subsequent Organisation details and project costs tabs. The template allows for up to three applicant organisations. For applications that have more than three applicant organisations, please contact SEAI.

Step 1: Organisation Details

Please complete cells highlighted in **yellow** within the Budget Template Excel spreadsheet provided, per steps below. Other grey cells will auto populate.

1	Organisation name	
2	Organisation's principal business activity	<i>Please select Organisation type from drop-down list.</i>
3	Project duration	<i>In months</i>
4	Project VAT status	<i>Select from dropdown option if your project costs are exclusive or inclusive of VAT. If selecting inclusive, refer to 12 below.</i>
5	Maximum SEAI Financial support available is calculated by each organisation individually	<p><i>To calculate maximum eligible funding percentage:</i></p> <ol style="list-style-type: none"> <i>1. Select research category from drop down list. Provide justification for category selection in Application form (Section 5).</i> <i>2. Select company size (if relevant) from drop down list (Small/Medium/Large) If requesting increased grant aid based on company size, also submit the SEAI, SME declaration form</i>

		<p>3. <i>Select category of collaboration and dissemination (if relevant) from drop down list and provide justifying project narrative in Application form (Section 5).</i></p> <p><i>Insert total max funding % into 'project costs' tab (Section 6: Cost category summary).</i></p>
6	Organisation's Tax Reference number	<i>Nine-character format 1234567AA</i>
7	Company Registration Number (if applicable)	<i>Provide CRO number.</i>
8	Linked 3rd Parties / affiliated entities	<i>List all linked 3rd parties/ affiliated entities per definition in Budget Policy.</i>
9	Application form & other declarations (if applicable, as per page 17)	<i>Yes/No - Provide the requested documentation and indicate that it is included in the application. For multi-party applications, requested documentation for each party is required.</i>
10	Companies only – Provide the requested documentation and indicate that it is included in the application	<p>1. <i>Declaration of solvency</i></p> <p>2. <i>Copy of the most recent annual financial statements</i></p> <p>3. <i>Newly Incorporated Companies - Management Accounts or 1 year Cash Flow Projection prepared by Qualified Accountant (if applicable)</i></p> <p>4. <i>Total budget ≥ €50k: provide proof of funds, such as bank statement demonstrating available resources for the project.</i></p>
12	If requesting VAT inclusive costs, provide the following information, and indicate that they are included in the application	<p><i>Organisations other than 3rd Level Educational Bodies: A letter from revenue confirming VAT eligibility in the year of the grant award.</i></p> <p><i>3rd Level Educational Bodies: VAT Declaration is contained within the NEPG declaration</i></p>

Step 2: Organisation Project Costs tab

Please complete cells, highlighted in **yellow**, in each table as relevant. Please contact SEAI if additional rows are required.

To note, cells which are not highlighted yellow will fill in automatically when data is entered into the linked cells / sheets.

1	Staff	<p><i>Complete a row per staff member that will be charged to the project.</i></p> <p><i>Please refer to Staff section above on eligible staff costs (3rd Level Educational Bodies annual rate = gross salary+ employer PRSI contribution+ employer pension contribution, (see page 3-5 for eligibility), Private company annual rate = gross salary+ employer PRSI contribution)</i></p> <p><i>Duration of roles should be provided in months, and adjusted for pro-rata, i.e. half-time for 4 months is 2 months.</i></p>
1a	Postgraduate fees	<i>Complete a row per position that will be charged to the project.</i>
2	Equipment	<i>List all equipment costs, quotation details, total cost, and adjusting for depreciation for eligible RD&D grant charges. (see pages 6-7 for more information)</i>
3	Materials (including dissemination costs)	<i>List Material costs and quotation details.</i>
4	Travel	<i>List all Travel costs and include description outlining purpose and frequency.</i>
5	External Consultants	<i>List all External Consultancy costs and include description outlining to which work package it relates. Please note that max daily rates apply.</i>
6	Cost Categories Summary	<i>Overheads will auto-calculate.</i>

		<i>Enter SEAI percentage grant support requested.</i>
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Appendix 2: 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
- Insurance
- Audit & legal fees
- Costs incurred outside of project time frame
- Costs funded from other sources
- Project activities funded by other sources (except predefined co-funding arrangements)
- Bank interest & costs
- 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
- Overheads connected to fees (i.e. student fees)
- Return on capital
- In kind contributions
- Excess or reckless expenditure
- Any profit margins
- Sick pay, redundancy payments, and other social costs
- Bonus payments or other perquisites paid to staff whether in cash or in-kind
- Employer pension
- Journal subscriptions
- Membership fees
- Office supplies
- Part or advance payments
- Patents
- Travel costs incurred when using company vehicles