



REPUBLIC OF ESTONIA  
STATE SHARED SERVICE CENTRE

# Cost categorization challenges

# Eligible from CC1 or CC4

Contracts with natural persons

- Employment contract vs Work contract (service)
- Heading of contract vs Content
- Own employee vs board member

→ Court decision – must base on content/conditions, not heading



# Employment contract

Elements according to law:

- Working time and workload
- Salary
- Payment date (at least monthly)
- Vacation
- Rights and obligations
- Taxes

→ The employee is subject to the management and control of the employer



# Sample 1 – member of NGO

- „Salary according to project“ – no number in the contract
  - „Salary paid after partner report gets certified“ – no specific time in contract
  - „Reasonable costs are compensated“ – not specified, what costs
  
  - No salary amount
  - No salary payment date/time/frequency
  - No workload, no working time
  - No vacation information
- CC4 – not employee BUT member of board (*CC4 not allowed with own employee*) *Procurement?*



# Sample 2 - member of NGO

- Start and end dates of contract
- Salary for contract: „Pay ..... EUR during the project after signing the contract for 14 months“
- No monthly salary, nor payment date – payment in advance?
- No daily workload
- No vacation information
  - *changed the contract to employment contract*



# Sample 3 – self-employed

- Monthly working hours and salary sum set
- Submits invoices – no info how often
  - *changed the contract to employment contract*



# Sample 4

- „Person decides over working time“
- Monthly salary sum set, paid after every 4 months (reporting period is 4 months in that programme)
  - CC1



# EC answer in 2019

- Social security charges (taxes)
- Payments justified by salary slip
- Person not subject to VAT
- No invoices for the service
- Holiday/vacation
- Internal rules of the beneficiary for recruitment





# Solution?

Base on position + set in application evaluation

- Assignments related to implementing project = CC1
  - Project manager
  - Book-keeping
  - Communication specialistNeeded entire duration of the project
- Assignments as input to certain result/outcome of project activity = CC4
  - ExpertShorter period within the project



# Other „challenges“ so far

- VAT – eligibility rules changed
- Travel
  - flat rate vs submitting documents
  - own employee ≠ CC4 (even if not included in CC1)
  - extra accommodation day, seat rearrangement cost ≠ ineligible
- Payments outside reporting period (not allowed → submit later)
- Coffee and snacks for internal meetings

Program manual = „unknown object“ 😊

