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**ENPI
CBCMED**
CROSS-BORDER COOPERATION
IN THE MEDITERRANEAN

Note to Beneficiaries and partners on eligibility of Value Added Tax (VAT) and other taxes

First call for standard projects

MEDITERRANEAN SEA BASIN PROGRAMME 2007-2013

Date: November 2012



All Beneficiaries and Project Partners (PP) must follow the provisions foreseen in art. 3.4 of the Grant Contract - Special Conditions, which pursues art. 14.6 of the Annex II “General Conditions” (**version 2009**).

According to the general rule, all the taxes, including VAT, shall not be considered as eligible, unless the Beneficiary/PP can show they cannot reclaim and the applicable regulations authorise coverage of taxes.

Accordingly, the Beneficiary/PP can include such costs in their budget only when they cannot recover the VAT and other taxes and the applicable regulations authorise their coverage. This condition was declared by the Beneficiary/PP in the “Declaration on VAT status” during the negotiation phase.

The External Auditor has to check the reliability of such declaration when verifying the Interim and Final Reports.

Since the rule stated in the Financing Agreement (art. 8.1) signed between each **Mediterranean Partner Country (MPC)** and the European Commission excludes the coverage of taxes, duties or other charges (including VAT or equivalent taxes), the Beneficiary/PP from MPCs cannot include such costs in their budget nor report the related expenditures.

If the External Auditor finds such costs within any reported supporting document, he/she must indicate them as ineligible costs among his/her findings.

The Beneficiary/PP located in a MPC can get in touch with the National Contact Point (contact details are available at www.enpicbmed.eu/en/contacts) in order to have access to any exemption/refunding procedure that has eventually been set in their Country.
