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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

## Call for strategic projects

**MEDITERRANEAN SEA BASIN PROGRAMME 2007-2013**

Date: November 2012

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All Beneficiaries and Project Partners (PP) must follow the provisions foreseen in art. 3.7 of the Grant Contract - Special Conditions which pursues art. 14.2 of the Annex II “General Conditions” (**version 2011**).

According to the general rule, all taxes including VAT are considered as eligible where the Beneficiary/PP can show they cannot reclaim and the applicable regulations do not exclude coverage of taxes. Furthermore, the Beneficiary/PP will not have to show they cannot reclaim taxes in any of the case set out in art. 14.7 of the Annex II “General Conditions”.

The above condition has to be 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](http://www.enpicbmed.eu/en/contacts)) in order to have access to any exemption/refunding procedure that has eventually been set in their Country.

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