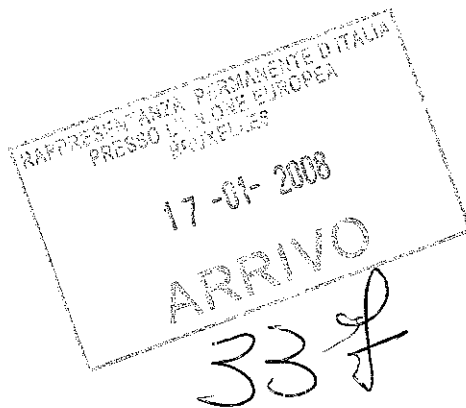




EUROPEAN COMMISSION  
RESEARCH DIRECTORATE-GENERAL

The Director-General



Brussels, **10 JAN. 2008**  
RTD/A.4/JMSR/MB/VM (2007)  
Adonis D/567923

Rappresentanza Permanente d'Italia  
Mr Vincenzo Grassi  
Rue du Marteau 9  
1000 Bruxelles

Dear Sir,

**Subject: Non-eligibility of IRAP in EU-funded research projects**

I refer to the different contacts and exchanges of notes which took place between representatives of the Italian Permanent Representation and of some non-profit Italian organizations participating in EU-funded research projects, and the Commission, on the question of the non-eligibility of IRAP. This note intends to clarify the position of the Commission services in this regard.

**On the non-eligibility of IRAP**

After having carefully analysed this issue from a legal point of view, the Commission services came to the conclusion that taxes for which the contractor is liable in its capacity as a business entity are not to be included in the category of expenses occurred specifically for the implementation of the project.

Consequently, IRAP cannot be considered as an eligible cost.

**On the treatment of IRAP in the cost statements of some non-profit Italian organizations participating in EU-funded research projects**

Some non-profit Italian organisations participating in EU-funded research projects, for which IRAP is charged only on personnel costs, may have faithfully thought that IRAP was eligible, and claimed its reimbursement by including it in their cost statements. As, in these cost statements, the amounts are aggregated by categories, the amount of IRAP as such cannot be directly identified by the Commission services when liquidating the payments, until an ex-post audit takes place.

There may also have been occasions of unclear communication in the past that may have led some beneficiaries to believe – in good faith - that IRAP were to be considered as eligible. The present note seeks to clarify in that regard, and as from now, eliminate any legitimate expectations that the Italian contractors concerned may have had.

Taking all these elements into account, the concerned Commission services decided to proceed as follows:

- Payments liquidated in the past by the Commission services will not give rise to recovery actions for the part of any cost eventually including IRAP.
- As regards payments still to be liquidated, the non-eligibility will strictly apply to that part of the cost statements that relates to expenses occurred after 01.02.2008. Two situations need thus to be distinguished:
  - For costs incurred before 01.02.2008, beneficiaries may rely on their legitimate expectations so that the related IRAP will not be adjusted as an ineligible cost.
  - For costs incurred after 01.02.2008, IRAP will not be taken into account as an eligible cost

A cost is considered incurred as from the date of its recording in the official bookkeeping of the organisation.

I would like to ask you to inform as widely as possible the Italian partners concerned, in order to confirm without any ambiguity the non-eligibility of IRAP. This note is a part of this information action.

Yours sincerely,



José Manuel SILVA RODRÍGUEZ