

Commission Regulation (EC) No 718/2007 of 12 June
2007 implementing Council Regulation (EC) No 1085/2006
establishing an instrument for pre-accession assistance (IPA)

PART II

SPECIFIC PROVISIONS

TITLE II

CROSS-BORDER COOPERATION COMPONENT

CHAPTER I

Object of assistance and eligibility

Article 89

Eligibility of expenditure

1 Expenditure under this component shall be eligible if it has actually been paid between 1 January 2007 and 31 December of the third year following the last budgetary commitment, for operations or part of operations implemented within Member States, and incurred after the signature of the financing agreement for operations or part of operations implemented within beneficiary countries.

2 In addition to the rules set out in Article 34(3), the following expenditure shall not be eligible:

- a interest on debt;
- b the purchase of land for an amount exceeding 10 % of the eligible expenditure of the operation concerned.

3 By way of derogation from Article 34(3), the following expenditure shall be eligible:

- a value added taxes, if the following conditions are fulfilled:
 - (i) they are not recoverable by any means;
 - (ii) it is established that they are borne by the final beneficiary; and
 - (iii) they are clearly identified in the project proposal.
- b charges for transnational financial transactions;
- c where the implementation of an operation requires a separate account or accounts to be opened, the bank charges for opening and administering the accounts;
- d legal consultancy fees, notarial fees, costs of technical or financial experts, and accountancy or audit costs, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation;
- e the cost of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by national or Community legislation;

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f overheads, provided they are based on real costs attributable to the implementation of the operation concerned. Flat-rates based on average costs may not exceed 25 % of those direct costs of an operation that can affect the level of overheads. The calculation shall be properly documented and periodically reviewed.

4 In addition to the technical assistance for the cross-border programme referred to Article 94, the following expenditure paid by public authorities in the preparation or implementation of an operation shall be eligible:

- a the costs of professional services provided by a public authority other than the final beneficiary in the preparation or implementation of an operation;
- b the costs of the provision of services relating to the preparation and implementation of an operation provided by a public authority that is itself the final beneficiary and which is executing an operation for its own account without recourse to other outside service providers if they are additional costs and relate either to expenditure actually and directly paid for the co-financed operation.

The public authority concerned shall either invoice the costs referred to in point (a) of this paragraph to the final beneficiary or certify those costs on the basis of documents of equivalent probative value which permit the identification of real costs paid by that authority for that operation.

The costs referred to in point (b) of this paragraph must be certified by means of documents which permit the identification of real costs paid by the public authority concerned for that operation.

5 Without prejudice to the provisions of paragraphs 1 to 4, further rules on eligibility of expenditure may be laid down by the participating countries in the cross-border programme.