

Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund

CHAPTER II

PROVISIONS SUPPLEMENTING PART TWO OF REGULATION (EU) No 1303/2013 APPLICABLE TO [^{F1}THE ESI FUNDS][^{F1}SUPPORT FOR RURAL DEVELOPMENT [^{F2}AND SUPPORT UNDER REGULATION 508/2014]]

[^{F3}SECTION I

Criteria for determining the level of financial correction to be applied under the performance framework

(Fourth subparagraph of Article 22(7) of Regulation (EU) No 1303/2013)

Article 2

Determination of the level of financial correction(Fourth subparagraph of Article 22(7) of Regulation (EU) No 1303/2013)

1 The level of financial correction to be applied by the Commission pursuant to Article 22(7) of Regulation (EU) No 1303/2013 shall be a flat rate determined on the basis of the ratio between the average of the final achievement rates for all output indicators and key implementation steps under a performance framework and the final achievement rate of the financial indicator under that performance framework (the ‘achievement/absorption coefficient’).

- 2 The achievement/absorption coefficient shall be calculated in the following way:
- a the final value achieved for each output indicator and key implementation step selected for the performance framework under a given priority shall be divided by the respective target values in order to obtain their final achievement rate expressed as a percentage of the target;
 - b the average of the final achievement rates for all the output indicators and key implementation steps selected for the performance framework under a given priority shall be determined. For that purpose, where a final achievement rate is calculated to be in excess of 100 %, it shall count as 100 %;
 - c the final value achieved for the financial indicator selected for the performance framework under a given priority shall be divided by the respective target value in order to obtain its final achievement rate expressed as a percentage of the target. For that purpose, where a final achievement rate is calculated to be in excess of 100 %, it shall count as 100 %;

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- d the average of the final achievement rates for all the output indicators and key implementation steps selected for the performance framework under a given priority shall be divided by the final achievement rate for the financial indicator selected for the performance framework under a given priority.
- 3 If a priority relates to more than one ESI Fund or category of region, the achievement/absorption coefficient shall be calculated separately for each ESI Fund and/or category of region.

Article 3

Level of financial correction(Fourth subparagraph of Article 22(7) of Regulation (EU) No 1303/2013)

- 1 The level of financial correction is fixed as follows:
- a for an achievement/absorption coefficient below 65 % but not less than 60 %, a flat rate of 5 % shall be applied;
 - b for an achievement/absorption coefficient below 60 % but not less than 50 %, a flat rate of 10 % shall be applied;
 - c for an achievement/absorption coefficient below 50 %, a flat rate of 25 % shall be applied.
- 2 The flat rate shall be applied to the contribution from the ESI Fund determined on the basis of the expenditure declared by the Member State under the priority that meets the conditions referred to in the first subparagraph of Article 22(7) of Regulation (EU) No 1303/2013, after the application of any other financial corrections.

For priorities concerning more than one ESI Fund or category of region, the flat rate shall be applied to each ESI Fund and/or category of region.

3 External factors contributing to a serious failure to achieve the targets, other than those referred to in the third subparagraph of Article 22(7) of Regulation (EU) No 1303/2013, shall be considered on a case-by-case basis. The flat-rate correction set out in paragraph 1 may be reduced by up to 50 %, taking account of the extent to which the serious failure is attributed to these factors.

4 Where the application of the flat rate fixed in accordance with paragraph 1 would be disproportionate, the level of correction shall be reduced.]

Textual Amendments

- F3** Ch. 2 Section 1 omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of [The European Structural and Investment Funds Common Provisions Rules etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/783\)](#), regs. 1, 5(5); 2020 c. 1, Sch. 5 para. 1(1)

SECTION II

Financial instruments

Article 4

Specific rules on the purchase of land(Article 37(13) of Regulation (EU) No 1303/2013)

1 Financial instruments financed by [^{F4}the ERDF, the Cohesion Fund and][^{F5}the EAFRD][^{F5}support for rural development] may support investments that include the purchase of land not built on and land built on for an amount not exceeding 10 % of the programme contribution paid to the final recipient. In the case of guarantees, this percentage shall apply to the amount of the underlying loan or other risk-bearing instruments.

2 Where financial instruments provide support to final recipients in respect of infrastructure investments with the objective of supporting urban development or urban regeneration activities, the limit referred to in paragraph 1 is 20 %.

3 In exceptional and duly justified cases, the managing authority may derogate from the limits in paragraphs 1 and 2 for operations concerning environmental conservation.

Textual Amendments

- F4** Words in [Art. 4\(1\)](#) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of [The European Structural and Investment Funds Common Provisions Rules etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/783\)](#), regs. 1, **5(6)(a)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F5** Words in [Art. 4\(1\)](#) substituted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by [The European Structural and Investment Funds Common Provisions Rules etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/783\)](#), regs. 1, **5(6)(b)**; 2020 c. 1, **Sch. 5 para. 1(1)**

Article 5

Combination of technical support with financial instruments(Article 37(13) of Regulation (EU) No 1303/2013)

Grants for technical support may be combined with financial instruments in a single operation pursuant to Article 37(7) of Regulation (EU) No 1303/2013 only for the purpose of technical preparation of the prospective investment for the benefit of the final recipient to be supported by that operation.

Article 6

Specific rules on the role, liabilities and responsibility of bodies implementing financial instruments[^{F6}(Third subparagraph of Article 38(4) and Article 39a(7) of Regulation (EU) No 1303/2013)]

1 The bodies implementing financial instruments shall perform their obligations in accordance with applicable law and act with the degree of professional care, efficiency,

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transparency and diligence expected from a professional body experienced in implementing financial instruments. They shall ensure that:

- a final recipients receiving support from financial instruments are selected with due account taken of the nature of the financial instrument and the potential economic viability of investment projects to be financed. The selection shall be transparent and justified on objective grounds and shall not give rise to a conflict of interest;
- [^{F7}b] [^{F8}final recipients shall be informed that funding is provided under programmes co-financed by the ESI Funds, in accordance with the requirements laid down:
 - (i) in Article 115 of Regulation (EU) No 1303/2013 for the ERDF, the ESF and the Cohesion Fund;
 - (ii) in Article 66(1)(c)(i) of Regulation (EU) No 1305/2013 of the European Parliament and of the Council⁽¹⁾ for the EAFRD;
 - (iii) in Article 97(1)(b) of Regulation (EU) No 508/2014 of the European Parliament and of the Council⁽²⁾ for the EMFF;]]
- c financial instruments provide support in a way which is proportionate and has the least distortive effect on competition;
- [^{F6}d differentiated treatment of investors operating under the market economy principle and of the EIB, when using the EU guarantee pursuant to Regulation (EU) 2015/2017, as referred to in Article 37(2)(c) and Article 43a of Regulation (EU) No 1303/2013, is proportionate to the risks taken by these investors and is limited to the minimum necessary to attract such investors, which shall be ensured through terms and conditions and procedural safeguards.]

2 As direct financial liability of the managing authority towards bodies implementing financial instruments or final recipients as well as its liability as regards any other debt or obligation of the financial instrument may not exceed the amount committed by the managing authority to the financial instrument under the relevant funding agreements, the bodies implementing financial instruments shall ensure that no claims can be made on the managing authority beyond the amount committed by it to the financial instrument.

3 The bodies implementing financial instruments shall be liable for reimbursement of the programme contributions affected by irregularities, together with interest and any other gains generated by these contributions.

Nevertheless the bodies implementing financial instruments shall not be liable for reimbursement of the amounts referred to in the first subparagraph provided that they demonstrate for a given irregularity that the following cumulative conditions are fulfilled:

- a the irregularity occurred at the level of final recipients [^{F9}or, in the case of a fund of funds, at the level of financial intermediaries or final recipients];
- b the bodies implementing financial instruments complied with paragraph 1 of this Article in relation to the programme contributions affected by the irregularity;
- c the amounts affected by the irregularity could not be recovered notwithstanding that the bodies implementing financial instruments pursued all applicable contractual and legal measures with due diligence.

Textual Amendments

- F6** Substituted by [Commission Delegated Regulation \(EU\) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation \(EU\) No 480/2014 as regards the provisions on financial instruments,](#)

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simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.

- F7** Substituted by Commission Delegated Regulation (EU) 2015/616 of 13 February 2015 amending Delegated Regulation (EU) No 480/2014 as regards references therein to Regulation (EU) No 508/2014 of the European Parliament and of the Council.
- F8** Art. 6(1)(b) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, 5(7); 2020 c. 1, Sch. 5 para. 1(1)
- F9** Words in Art. 6(3)(a) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), 8(5)

Article 7

Criteria for the selection of bodies implementing financial instruments^[F6] (Third subparagraph of Article 38(4) and Article 39a(7) of Regulation (EU) No 1303/2013)

^[F6]1 When selecting a body to implement a financial instrument in accordance with point (a) of Article 38(4), subpoint (iii) of point (b) of Article 38(4), point (c) of Article 38(4) and Article 39a(5) of Regulation (EU) No 1303/2013, the managing authority shall satisfy itself that this body fulfils the following minimum requirements:]

- a entitlement to carry out relevant implementation tasks under ^[F10]Union and] national law;
- b adequate economic and financial viability;
- c adequate capacity to implement the financial instrument, including organisational structure and governance framework providing the necessary assurance to the managing authority;
- d existence of an effective and efficient internal control system;
- e use of an accounting system providing accurate, complete and reliable information in a timely manner;

^[F11]f agreement to be audited by Member State audit bodies, the Commission and the European Court of Auditors.]

^[F11]f agreement to be audited by audit bodies.]

2 When selecting a body referred to in paragraph 1, the managing authority shall take due account of the nature of the financial instrument to be implemented, the body's experience with the implementation of similar financial instruments, the expertise and experience of proposed team members, and the body's operational and financial capacity. The selection shall be transparent and justified on objective grounds and shall not give rise to a conflict of interest. At least the following selection criteria shall be used:

- a robustness and credibility of the methodology for identifying and appraising financial intermediaries or final recipients as applicable;
- b the level of management costs and fees for the implementation of the financial instrument and the methodology proposed for their calculation;
- c terms and conditions applied in relation to support provided to final recipients, including pricing;
- d the ability to raise resources for investments in final recipients additional to programme contributions;
- e the ability to demonstrate additional activity in comparison to present activity;

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f in cases where the body implementing the financial instrument allocates its own financial resources to the financial instrument or shares the risk, proposed measures to align interests and to mitigate possible conflicts of interest.

[^{F12}]^{F63} Where a body that implements a fund of funds, [^{F13}including the EIB] and an international financial institution in which a Member State is a shareholder, further entrusts implementation tasks to a financial intermediary, it shall ensure that the requirements and criteria referred to in paragraphs 1 and 2 are met in respect of that financial intermediary.]]

[^{F14} Without prejudice to paragraph 3, when the body implementing a financial instrument under Article 39a(5) of Regulation (EU) No 1303/2013 of Regulation (EU) No 1303/2013 is the EIB or an international financial institution in which a Member State is a shareholder, paragraphs 1 and 2 shall not apply.]

Textual Amendments

- F6** Substituted by Commission Delegated Regulation (EU) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation (EU) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.
- F10** Words in Art. 7(1)(a) omitted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(8)(a)(i)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F11** Art. 7(1)(f) substituted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(8)(a)(ii)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F12** Art. 7(3) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(6)**
- F13** Words in Art. 7(3) omitted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(8)(b)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F14** Inserted by Commission Delegated Regulation (EU) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation (EU) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.

Article 8

Specific rules on guarantees delivered through financial instruments [^{F6}(Third subparagraph of Article 38(4) and Article 39a(7) of Regulation (EU) No 1303/2013)]

Where financial instruments provide guarantees, the following requirements shall be fulfilled:

- (a) an appropriate multiplier ratio shall be achieved between the amount of the programme contribution set aside to cover expected and unexpected losses from new loans or other risk-sharing instruments to be covered by the guarantees and the value of corresponding disbursed new loans or other risk-sharing instruments;

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- (b) the multiplier ratio shall be established through a prudent ^{F15}ex ante risk assessment for the specific guarantee product to be offered, taking into account the specific market conditions, the investment strategy of the financial instrument, and the principles of economy and efficiency. The ^{F15}ex ante risk assessment may be reviewed where it is justified by subsequent market conditions;
- (c) the programme contribution committed to honour guarantees shall reflect that ^{F15}ex ante risk assessment;
- (d) if the financial intermediary or the entity benefiting from the guarantees has not disbursed the planned amount of new loans or other risk-sharing instruments to final recipients, the eligible expenditure shall be reduced proportionally.

Textual Amendments

- F6** Substituted by Commission Delegated Regulation (EU) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation (EU) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.
- F15** Words in Art. 8 omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), 8(7)

Article 9

^{F6}^{F16}Management and control of financial instruments referred to in points (b) and (c) of Article 38(1) of Regulation (EU) No 1303/2013 (Article 40(4) of Regulation (EU) No 1303/2013)]^{F16}Management and control of financial instruments set up at national or regional level]

^{F17}^{F61} For operations involving support from programmes to financial instruments ^{F18}referred to in points (b) and (c) of Article 38(1) of Regulation (EU) No 1303/2013, the managing authority shall ensure that:]

- a the operation complies with applicable law, the relevant programme and the relevant funding agreement, both during the appraisal and selection process of the operation and during the set-up and implementation of the financial instrument;
- b funding agreements contain provisions on audit requirements and on the audit trail in accordance with point 1(e) of Annex IV to Regulation (EU) No 1303/2013;
- ^{F19}^{F6c} management verifications are carried out throughout the programming period and during the set-up and implementation of the financial instruments in accordance with Article 125(4) of Regulation (EU) No 1303/2013 for ^{F20}the ERDF, the ESF, the Cohesion Fund and] ^{F21}the EMFF] ^{F21}support under Regulation 508/2014], and in accordance with Article 58(1) ^{F22}and (2)] of Regulation (EU) No 1306/2013 for ^{F23}the EAFRD] ^{F23}support for rural development];]
- d supporting documents for expenditure declared as eligible are:
 - (i) ^{F24}kept for the operation by the managing authority, the financial intermediary, or the body that implements the fund of funds where the financial instrument is implemented through a fund of funds, in order to provide evidence of the use of the funds for the intended purposes, of compliance with applicable law and of compliance with the criteria and the conditions for funding under the relevant programmes;]

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- (i) [F²⁴kept for the operation by the managing authority or the financial intermediary in order to provide evidence of the use of the funds for the intended purposes, of compliance with applicable law and of compliance with the criteria and the conditions for funding under the relevant programmes;]
 - (ii) available to allow verification of the legality and regularity of expenditure [F²⁵declared to the Commission];
- e supporting documents allowing verification of compliance with [F²⁶Union and] national law and with the conditions of funding include at least:
- (i) documents on the establishment of the financial instrument;
 - (ii) [F⁶documents identifying the amounts contributed by each programme and under each priority [F²⁷axis] to the financial instrument, the expenditure that is eligible under the programmes and the interest and other gains generated by support from [F²⁸the ESI Funds and re-use of resources attributable to the ESI Funds][F²⁸, and re-use of resources attributable to, support for rural development [F²⁹and support under Regulation 508/2014]] in accordance with Articles 43, 43a and 44 of Regulation (EU) No 1303/2013;]
 - (iii) documents on the functioning of the financial instrument, including those related to monitoring, reporting and verifications;
 - (iv) [F⁶documents demonstrating compliance with Articles 43, 43a, 44 and 45 of Regulation (EU) No 1303/2013;]
 - (v) documents concerning exits of programme contributions and the winding-up of the financial instrument;
 - (vi) documents on the management costs and fees;
 - (vii) application forms, or equivalent, submitted by final recipients with supporting documents, including business plans and, when relevant, previous annual accounts;
 - (viii) checklists and reports from the bodies implementing the financial instrument, where available;
 - (ix) [F³⁰declarations made in connection with *de minimis* aid, if applicable;]
 - (x) agreements signed in connection with the support provided by the financial instrument, including for equity, loans, guarantees or other forms of investment provided to final recipients;
 - (xi) evidence that the support provided through the financial instrument was used for its intended purpose;
 - (xii) records of the financial flows between the managing authority and the financial instrument, and within the financial instrument at all levels, down to the final recipients, and in the case of guarantees proof that underlying loans were disbursed;
 - (xiii) separate records or accounting codes for programme contribution paid or guarantee committed by the financial instrument for the benefit of the final recipient.

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2 [F31For operations involving support [F32from programmes][F32under Regulation 508/2014] to financial instruments [F33under the ERDF, the ESF, the Cohesion Fund and the EMFF], the audit authorities shall ensure that financial instruments are audited throughout the programming period until closure both in the framework of systems audits and audits of operations in accordance with Article 127(1) of Regulation (EU) No 1303/2013.]

[F6For operations involving support [F34from programmes][F34for rural development] to financial instruments [F35under the EAFRD], the audit bodies shall ensure that financial instruments are audited throughout the programming period until closure in the framework of systems audits and audits of operations in accordance with Article 9(1) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council(3).]

F363
F364

Textual Amendments

- F6 Substituted by Commission Delegated Regulation (EU) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation (EU) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.
F16 Art. 9 heading substituted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), 8(8)(a)
F17 By The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), 8(8)(b)(i) it is provided that (26.3.2021) the words "national or regional" in Art 9(1) are substituted (W.) for the words "national, regional transnational or cross border" in so far as they apply to domestic support for rural development
F18 By The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), 8(8)(b)(ii) it is provided (26.3.2021) that the words "referred to in Article 38(1) (b) of Regulation (EU) No 1303/2013" in Art. 9(1) are omitted (W.) in so far as they apply to domestic support for rural development
F19 By The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), 8(8)(b)(iii) it is provided (26.3.2021) that the words from "in accordance with Article 125(4)" to "Regulation (EU) No 1305/2013" in Art. 9(1)(c) are omitted (W.) in so far as they apply to domestic support for rural development) by virtue of
F20 Words in Art. 9(1)(c) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, 5(9)(a)(i)(aa); 2020 c. 1, Sch. 5 para. 1(1)
F21 Words in Art. 9(1)(c) substituted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, 5(9)(a)(i)(bb); 2020 c. 1, Sch. 5 para. 1(1)
F22 Words in Art. 9(1)(c) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, 5(9)(a)(i)(cc); 2020 c. 1, Sch. 5 para. 1(1)
F23 Words in Art. 9(1)(c) substituted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, 5(9)(a)(i)(dd); 2020 c. 1, Sch. 5 para. 1(1)

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- F24** Art. 9(1)(d)(i) substituted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(8)(b)(iv)**
- F25** Words in Art. 9(1)(d)(ii) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(9)(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F26** Words in Art. 9(1)(e) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(9)(a)(iii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F27** Word in Art. 9(1)(e)(ii) omitted in so far as it relates to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(8)(b)(v)(aa)**
- F28** Words in Art. 9(1)(e)(ii) substituted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(9)(a)(iii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F29** Words in Art. 9(1)(e)(ii) omitted in so far as it relates to domestic support for rural development (W.) (26.3.2021) virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(8)(b)(v)(bb)**
- F30** Art. 9(1)(e)(ix) omitted in so far as it relates to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(8)(b)(v)(cc)**
- F31** Words in Art. 9(2) omitted in so far as it relates to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(8)(c)**
- F32** Words in Art. 9(2) substituted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, 5(9)(aa)**(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F33** Words in Art. 9(2) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(9)(b)(i)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F34** Words in Art. 9(2) substituted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, 5(9)(aa)**(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F35** Words in Art. 9(2) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(9)(b)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F36** Deleted by Commission Delegated Regulation (EU) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation (EU) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.

[^{F6}Article 10

Rules for withdrawal of payments to financial instruments and consequent adjustments in respect of applications for payment (Article 41(3) of Regulation (EU) No 1303/2013)

[^{F37}Member States and managing authorities][^{F37}The relevant authority] may withdraw contributions from programmes to the financial instruments referred to in [^{F38}points (a) and (c) of Article 38(1) and the financial instruments referred to in] point (b) of Article 38(1) implemented in accordance with points (a), (b), and (c) of Article 38(4) of Regulation (EU) No 1303/2013 only if the contributions have not already been included in an application for payment as referred to in Article 41 of that Regulation. [^{F39}However, as regards financial instruments supported by the ERDF, the ESF, the Cohesion Fund and the EMFF][^{F39}[^{F40}However, as regards support under Regulation 508/2014], contributions may also be withdrawn if the next payment application is amended to withdraw or replace the corresponding expenditure.]]

Textual Amendments

- F6** Substituted by [Commission Delegated Regulation \(EU\) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation \(EU\) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.](#)
- F37** Words in [Art. 10](#) substituted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by [The European Structural and Investment Funds Common Provisions Rules etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/783\)](#), regs. 1, **5(10)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F38** Words in [Art. 10](#) omitted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of [The European Structural and Investment Funds Common Provisions Rules etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/783\)](#), regs. 1, **5(10)(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F39** Words in [Art. 10](#) substituted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by [The European Structural and Investment Funds Common Provisions Rules etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/783\)](#), regs. 1, **5(10)(c)**; 2020 c. 1, Sch. 5 para. 1(1)
- F40** Words in [Art. 10](#) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(9)**

Article 11

System of capitalisation of annual instalments for interest rate subsidies and guarantee fee subsidies(Third subparagraph of Article 42(1) of Regulation (EU) No 1303/2013)

1 Capitalised interest rate subsidies and guarantee fee subsidies [^{F41}referred to in Article 42(1)(c) of Regulation (EU) No 1303/2013] shall be calculated at the end of the eligibility period as the total of discounted payment obligations for the purposes and periods laid down in that Article, and in accordance with the relevant funding agreements.

[^{F42} Any resources left in the escrow account after the period referred to in Article 42(1)(c) of Regulation (EU) No 1303/2013, or as a result of an unexpected winding-up of the financial

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instrument before the end of that period, shall be used in accordance with Article 45 of that Regulation.]

Textual Amendments

- F41** Words in [Art. 11\(1\)](#) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(10)(a)**
- F42** [Art. 11\(2\)](#) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(10)(b)**

Article 12

Criteria for determining management costs and fees on the basis of performance(Article 42(6) of Regulation (EU) No 1303/2013)

1 The managing authority shall calculate management costs and fees which can be declared as eligible expenditure [^{F43}pursuant to Article 42(1)(d) of Regulation (EU) No 1303/2013] on the basis of the following performance based criteria as referred to in Article 42(5) of that Regulation:

- a the disbursement of contributions provided by the [^{F44}ESI Funds] programme;
- b the resources paid back from investments or from the release of resources committed for guarantee contracts;
- c the quality of measures accompanying the investment before and after the investment decision to maximise its impact; and
- d the contribution of the financial instrument to the objectives and outputs of the programme.

[^{F45}2 The managing authority shall inform the monitoring committee set up in accordance with Article 47 of Regulation (EU) No 1303/2013 of the provisions regarding the performance-based calculation of management costs incurred or of the management fees of the financial instrument. The monitoring committee shall receive reports on an annual basis on the management costs and fees effectively paid in the preceding calendar year.]

Textual Amendments

- F43** Words in [Art. 12\(1\)](#) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(11)(a)**
- F44** Words in [Art. 12\(1\)\(a\)](#) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of [The European Structural and Investment Funds Common Provisions Rules etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/783\)](#), regs. 1, **5(11)**; 2020 c. 1, Sch. 5 para. 1(1)
- F45** [Art. 12\(2\)](#) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(11)(b)**

Article 13

Thresholds for management costs and fees (Article 42(5) and (6) of Regulation (EU) No 1303/2013)

[^{F46}1 For a body that implements a fund of funds, management costs and fees which can be declared as eligible expenditure pursuant to Article 42(1)(d) of Regulation (EU) No 1303/2013 shall not exceed the sum of:

- a 3 % for the first 12 months after the signature of the funding agreement, 1 % for the next 12 months, thereafter 0,5 % per annum, of the programme contributions paid to the fund of funds, calculated *pro rata temporis* from the date of effective payment to the fund of funds until the end of the eligibility period, repayment to the managing authority or the date of winding up, whichever is earlier; and
- b 0,5 % per annum of programme contributions paid by the fund of funds to financial intermediaries, calculated *pro rata temporis* from the moment of effective payment by the fund of funds until repayment to the fund of funds, the end of the eligibility period or the date of winding up, whichever is earlier.]

2 For bodies implementing financial instruments providing equity, loans, guarantees, as well as micro-credits, including when combined with grants, interest rate subsidies or guarantee fee subsidies in accordance with Article 37(7) of Regulation (EU) No 1303/2013, management costs and fees which can be declared as eligible expenditure [^{F47}pursuant to Article 42(1)(d) of that Regulation] shall not exceed the sum of:

- a a base remuneration which shall be calculated as follows:
 - (i) for a financial instrument providing equity, 2,5 % per annum for the first 24 months after the signature of the funding agreement, thereafter 1 % per annum, of programme contributions committed under the relevant funding agreement to the financial instrument, calculated *pro-rata temporis* from the date of signature of the relevant funding agreement until the end of the eligibility period, repayment of the contributions to the managing authority [^{F48}or to the fund of funds,] or the date of winding up, whichever is earlier;
 - (ii) for a financial instrument in all other cases, 0,5 % per annum of programme contributions paid to the financial instrument, calculated *pro rata temporis* from the date of effective payment to the financial instrument until the end of the eligibility period, the repayment to the managing authority [^{F49}, or to the fund of funds,] or the date of winding up, whichever is earlier; and
- b a performance-based remuneration which shall be calculated as follows:
 - (i) for a financial instrument providing equity, 2,5 % per annum of the programme contributions paid [^{F50}within the meaning of Article 42(1)(a) of Regulation (EU) No 1303/2013] to final recipients in the form of equity, as well as of resources re-invested which are attributable to programme contributions, which have yet to be paid back to the financial instrument, calculated *pro rata temporis* from the date of payment to the final recipient until repayment of the investment, the end of the recovery procedure in the case of write-offs or the end of the eligibility period, whichever is earlier;
 - (ii) for a financial instrument providing loans, 1 % per annum of the programme contributions paid [^{F51}within the meaning of Article 42(1)(a) of Regulation (EU) No 1303/2013] to final recipients in the form of loans, as well as

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of resources re-invested which are attributable to programme contributions, which have yet to be paid back to the financial instrument, calculated *pro rata temporis* from the date of payment to the final recipient until repayment of the investment, the end of the recovery procedure in the case of defaults or the end of the eligibility period, whichever is earlier;

- (iii) for a financial instrument providing guarantees, 1,5 % per annum of the programme contributions committed to outstanding guarantee contracts [^{F52}within the meaning of Article 42(1)(b) of Regulation (EU) No 1303/2013], as well as from re-used resources attributable to programme contributions, calculated *pro rata temporis* from the date of commitment until maturity of the guarantee contract, the end of the recovery procedure in the case of defaults or the end of the eligibility period, whichever is earlier;
- (iv) for a financial instrument providing micro-credit, 1,5 % per annum of the programme contributions paid [^{F53}within the meaning of Article 42(1)(a) of Regulation (EU) No 1303/2013] to final recipients in the form of micro-credit, as well as of resources re-invested which are attributable to programme contributions, which have yet to be paid back to the financial instrument, calculated *pro rata temporis* from the date of payment to the final recipient, until repayment of the investment, the end of the recovery procedure in the case of defaults or the end of the eligibility period, whichever is earlier;
- (v) for a financial instrument providing grants, interest rate subsidies or guarantee fee subsidies in accordance with Article 37(7) of Regulation (EU) No 1303/2013, 0,5 % of the grant amount paid [^{F54}within the meaning of Article 42(1)(a) of that Regulation] for the benefit of final recipients.

[^{F55}The provisions of this paragraph shall apply to a body implementing a financial instrument providing guarantees notwithstanding that the same body is implementing a fund of funds, subject to the provisions of paragraph 4.]

3 The aggregate amount of management costs and fees over the eligibility period [^{F56}laid down in Article 65(2) of Regulation (EU) No 1303/2013] shall not exceed the following limits:

- [^{F57}a for a fund of funds, 7 % of the total amount of programme contributions paid to the fund of funds;]
- b for a financial instrument providing equity, 20 % of the total amount of programme contributions paid to the financial instrument;
- c for a financial instrument providing loans, 8 % of the total amount of programme contributions paid to the financial instrument;
- d for a financial instrument providing guarantees, 10 % of the total amount of programme contributions paid to the financial instrument;
- e for a financial instrument providing micro-credit, 10 % of the total amount of programme contributions paid to the financial instrument;
- f for a financial instrument providing grants, interest rate subsidies or guarantee fee subsidies in accordance with Article 37(7) of Regulation (EU) No 1303/2013, 6 % of the total amount of programme contributions paid to the financial instrument.

[^{F58}4 Where the same body implements a fund of funds and a financial instrument, neither the amounts of eligible management cost and fees under paragraphs 1 and 2, nor the limits set out in paragraph 3 shall be cumulated for the same programme contributions or the same resources re-invested which are attributable to programme contributions.]

[^{F65} Where the majority of the capital invested in financial intermediaries providing equity is provided by investors operating under the market economy principle and the programme contribution is provided *pari passu* with those investors, the management costs and fees shall conform to market terms and shall not exceed those payable by the private investors.]

6 The thresholds laid down in paragraphs [^{F59}1,] 2 and 3 may be exceeded where they are charged by a body implementing the financial instrument[^{F60}, including, where applicable, when it implements the fund of funds,] which has been selected through a competitive tender in accordance with the applicable rules and the competitive tender proved the need for higher management costs and fees.

Textual Amendments

- F6** Substituted by Commission Delegated Regulation (EU) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation (EU) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.
- F46** Art. 13(1) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(a)**
- F47** Words in Art. 13(2) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(b)(i)**
- F48** Words in Art. 13(2)(a)(i) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(b)(ii)(aa)**
- F49** Words in Art. 13(2)(a)(ii) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(b)(ii)(bb)**
- F50** Words in Art. 13(2)(b)(i) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(b)(iii)(aa)**
- F51** Words in Art. 13(2)(b)(ii) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(b)(iii)(bb)**
- F52** Words in Art. 13(2)(b)(iii) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(b)(iii)(cc)**
- F53** Words in Art. 13(2)(b)(iv) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(b)(iii)(dd)**
- F54** Words in Art. 13(2)(b)(v) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(b)(iii)(ee)**
- F55** Words in Art. 13(2) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(b)(iv)**
- F56** Words in Art. 13(3) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(c)(i)**
- F57** Art. 13(3)(a) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(12)(c)(ii)**

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 480/2014, CHAPTER II. (See end of Document for details)

- F58** Art. 13(4) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(12)(d)**
- F59** Word in Art. 13(6) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(12)(e)(i)**
- F60** Words in Art. 13(6) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(12)(e)(ii)**

Article 14

Reimbursement of capitalised management costs and fees for equity-based instruments and micro-credit (Article 42(6) of Regulation (EU) No 1303/2013)

1 Capitalised management costs and fees to be reimbursed as eligible expenditure [^{F61}in accordance with Article 42(2) of Regulation (EU) No 1303/2013] shall be calculated at the end of the eligibility period as the total of discounted management costs and fees to be paid after the eligibility period [^{F62}for the period laid down in Article 42(2) of that Regulation,] and in accordance with the relevant funding agreements.

2 Capitalised management costs and fees to be paid after the eligibility period for a financial instrument providing micro-credit shall not exceed 1 % per annum of the programme contributions paid to the final recipients [^{F63}within the meaning of Article 42(1)(a) of Regulation (EU) No 1303/2013] in the form of loans, which have yet to be paid back to the financial instrument, calculated *pro rata temporis* from the end of the eligibility period until repayment of the investment, the end of the recovery procedure in the case of defaults [^{F64}or the period referred to in Article 42(2) of that Regulation,] whichever is earlier.

3 Capitalised management costs and fees to be paid after the eligibility period for a financial instrument providing equity shall not exceed 1,5 % per annum of the programme contributions paid to the final recipients [^{F65}within the meaning of Article 42(1)(a) of Regulation (EU) No 1303/2013] in the form of equity, which have yet to be paid back to the financial instrument, calculated *pro rata temporis* from the end of the eligibility period until repayment of the investment [^{F66}, the end of the recovery procedure in the case of defaults or the period referred to in Article 42(2) of that Regulation,] [^{F66}or the end of the recovery procedure in the case of defaults,] whichever is earlier.

[^{F67}4 Any resources left in the escrow account after the period referred to under Article 42(2) of Regulation (EU) No 1303/2013, or as a result of an unexpected winding-up of the financial instrument before the end of that period, shall be used in accordance with Article 45 of that Regulation.]

Textual Amendments

- F61** Words in Art. 14(1) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(13)(a)(i)**
- F62** Words in Art. 14(1) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(13)(a)(ii)**

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 480/2014, CHAPTER II. (See end of Document for details)

- F63** Words in Art. 14(2) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(13)(b)(i)**
- F64** Words in Art. 14(2) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(13)(b)(ii)**
- F65** Words in Art. 14(3) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(13)(c)(i)**
- F66** Words in Art. 14(3) substituted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(13)(c)(ii)**
- F67** Art. 14(4) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(13)(d)**

SECTION III

Method for calculating the discounted net revenue of operations generating net revenue

Article 15

Method for calculating discounted net revenue(Seventh subparagraph of Article 61(3) of Regulation (EU) No 1303/2013)

1 For the purposes of the application of the method referred to in point (b) of the first subparagraph of Article 61(3) of Regulation (EU) No 1303/2013, the discounted net revenue of the operation shall be calculated by deducting the discounted costs from the discounted revenue and, where applicable, by adding the residual value of the investment.

2 The discounted net revenue of an operation shall be calculated over a specific reference period applicable to the sector of that operation as set out in Annex I. The reference period shall include the implementation period of the operation.

3 Revenues and costs shall be determined by applying the incremental method based on a comparison of revenue and costs in the scenario of the new investment with the revenues and costs in the scenario without the new investment.

Where an operation consists of a new asset, the revenues and costs shall be those of the new investment.

4 Where value added tax is not an eligible cost according to Article 69(3)(c) of Regulation (EU) No 1303/2013, the calculation of discounted net revenue shall be based on figures excluding value added tax.

Article 16

Determination of revenues(Seventh subparagraph of Article 61(3) of Regulation (EU) No 1303/2013)

For the purposes of the calculation of discounted net revenue, the revenues shall be determined on the following basis:

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- (a) where applicable, user charges shall be fixed in compliance with the polluter-pays principle, and, if appropriate, shall take into account affordability considerations;
- (b) revenue shall not include transfers from national [^{F68}or regional budgets or national public insurance] systems;
- (c) where an operation adds new assets to complement a pre-existing service or infrastructure, both contributions from new users and additional contributions from existing users of the new or enlarged service or infrastructure shall be taken into account.

Textual Amendments

F68 Words in [Art. 16\(b\)](#) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(14)**

Article 17

Determination of costs(Seventh subparagraph of Article 61(3) of Regulation (EU) No 1303/2013)

For the purposes of the calculation of discounted net revenue, the following costs occurring during the reference period referred to in Article 15(2) shall be taken into consideration:

- (a) replacement costs of short-life equipment ensuring the technical functioning of the operation;
- (b) fixed operating costs, including maintenance costs, such as staff, maintenance and repair, general management and administration, and insurance;
- (c) variable operating costs, including maintenance costs, such as consumption of raw materials, energy, other process consumables, and any maintenance and repair needed to extend the lifetime of the operation.

Article 18

Residual value of the investment(Seventh subparagraph of Article 61(3) of Regulation (EU) No 1303/2013)

1 Where the assets of an operation have design lifetimes in excess of the reference period referred to in article 15(2), their residual value shall be determined by computing the net present value of cash flows in the remaining life years of the operation. Other methods of calculating residual value may be used in duly justified circumstances.

2 The residual value of the investment shall be included in the calculation of discounted net revenue of the operation only if the revenues outweigh the costs referred to in Article 17.

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 480/2014, CHAPTER II. (See end of Document for details)

Article 19

Discounting of cash flows(Seventh subparagraph of Article 61(3) of Regulation (EU) No 1303/2013)

1 Only cash flows to be paid out or received by the operation shall be taken into consideration when calculating costs and revenue. Cash flows shall be established for each year in which they are paid out or received by the operation over the reference period referred to in article 15(2).

2 Non-cash accounting items such as depreciation, any reserves for future replacement costs and contingency reserves shall be excluded from the calculation.

3 Cash flows shall be discounted back to the present using a financial discount rate of 4 % in real terms as an indicative benchmark for public investment operations [^{F69}co-financed by the ESI Funds][^{F69}funded by support for rural development [^{F70}or support under Regulation 508/2014]].

4 [^{F71}Member States][^{F71}The relevant authority] may use a financial discount rate other than 4 % if they provide a justification for that benchmark and ensure it is used consistently across similar operations in the same sector.

5 Values other than 4 % may be justified on the grounds of:

- a the [^{F72}Member State's][^{F72}constituent nation's] specific macroeconomic conditions and international macroeconomic trends and conjunctures; or
- b the nature of the investor or the implementation structure, such as public private partnerships; or
- c the nature of the sector concerned.

^{F36}6

Textual Amendments

F36 Deleted by Commission Delegated Regulation (EU) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation (EU) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.

F69 Words in Art. 19(3) substituted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(12)(a)**; 2020 c. 1, **Sch. 5 para. 1(1)**

F70 Words in Art. 19(3) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(15)**

F71 Words in Art. 19(4) substituted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(12)(b)**; 2020 c. 1, **Sch. 5 para. 1(1)**

F72 Words in Art. 19(5)(a) substituted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(12)(c)**; 2020 c. 1, **Sch. 5 para. 1(1)**

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 480/2014, CHAPTER II. (See end of Document for details)

SECTION IV

Definition of the flat rates for indirect costs and related methods applicable in other [F73 Union] policies

Article 20

Flat rate financing for indirect costs based on Regulation (EU) No 1290/2013[F6 (Second paragraph of Article 68 of Regulation (EU) No 1303/2013)]

Indirect costs may be calculated by applying a flat rate established in accordance with Article 29(1) of Regulation (EU) No 1290/2013 for the following types of operations or projects forming part of operations:

- (a) [F74 the operations supported by the ERDF under intervention field codes 056, 057 or 060-065 as set out in Table 1 of Annex to Commission Implementing Regulation (EU) No 215/2014⁽⁴⁾ and carried out under one of the investment priorities laid down in Article 5(1)(a) and (b), (2)(b), (3)(a) and (c), and (4)(f) of Regulation (EU) No 1301/2013 of the European Parliament and of the Council⁽⁵⁾];
- (b) [F75 the operations supported by the ESF under intervention field code 04 as set out in Table 6 of Annex to Commission Implementing Regulation (EU) 215/2014 and contributing to strengthening research, technological development and innovation in accordance with Article 3(2)(c) of Regulation (EU) No 1304/2013];
- (c) the operations [F76 supported by the EAFRD][F76 funded by support for rural development] in accordance with Articles 17, 26 or 35 of Regulation (EU) No 1305/2013 which contribute to the [F77 Union] priority laid down in Article 5(1) of that Regulation. [F78 Where the operation is programmed in accordance with Articles 17 and 26 of Regulation (EU) No 1305/2013, only operations implemented by an operational group of the European Innovation Partnership funded under Article 35(1)(c) of that Regulation shall be considered];
- (d) [F79 [F7 the operations [F80 supported by the EMFF][F80 funded by support under Regulation 508/2014] and programmed in accordance with Articles 26, 28, 39 or 47 of Regulation (EU) No 508/2014.]]

Textual Amendments

- F6** Substituted by [Commission Delegated Regulation \(EU\) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation \(EU\) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.](#)
- F7** Substituted by [Commission Delegated Regulation \(EU\) 2015/616 of 13 February 2015 amending Delegated Regulation \(EU\) No 480/2014 as regards references therein to Regulation \(EU\) No 508/2014 of the European Parliament and of the Council.](#)
- F74** [Art. 20\(a\)](#) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of [The European Structural and Investment Funds Common Provisions Rules etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/783\)](#), regs. 1, **5(14)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F75** [Art. 20\(b\)](#) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of [The European Structural and Investment Funds Common](#)

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 480/2014, CHAPTER II. (See end of Document for details)

- Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(14)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F76** Words in Art. 20(c) substituted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(14)(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F77** Word in Art. 20(c) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(14)(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F78** Words in Art. 20(c) omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(16)(a)**
- F79** Art. 20(d) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(16)(b)**
- F80** Words in Art. 20(d) substituted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(14)(c)**; 2020 c. 1, Sch. 5 para. 1(1)

Article 21

Flat rate financing for indirect costs based on Regulation (EU, Euratom) No 966/2012 [F6(Second paragraph of Article 68 of Regulation (EU) No 1303/2013)]

Indirect costs may be calculated by applying the flat rate established in accordance with Article 124(4) of Regulation [F81(EU, Euratom)] No 966/2012 of the European Parliament and of the Council⁽⁶⁾ for the following types of operations or projects forming part of an operation:

- (a) [F82]the operations supported by the ERDF under intervention field codes 085, 086 or 087 as set out in Table 1 of Annex to Commission Implementing Regulation (EU) No 215/2014 and carried out under one of the investment priorities laid down in Article 5(5)(a) and (6)(d) of Regulation (EU) No 1301/2013;]
- (b) [F83]the operations supported by the ESF under intervention field code 01 as set out in Table 6 of Annex to Commission Implementing Regulation (EU) No 215/2014 and contributing to supporting the shift towards a low carbon, climate resilient, resource-efficient and environmentally sustainable economy in accordance with Article 3(2)(a) of Regulation (EU) No 1304/2013;]
- (c) the operations [F84]supported by the EAFRD][F84]funded by support for rural development] in accordance with Articles 17 and 25 of Regulation (EU) No 1305/2013 which contribute to the [F85]Union] priority laid down in Article 5(4) or (5) of that Regulation;
- (d) [F86][F7]the operation [F87]supported by the EMFF][F87] funded by support under Regulation 508/2014] and programmed in accordance with Articles 38, 40(1), 41(1), 44(6), 48(1) (e), (i), (j) or (k) or 80(1)(b) of Regulation (EU) No 508/2014.]]

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 480/2014, CHAPTER II. (See end of Document for details)

Textual Amendments

- F6** Substituted by Commission Delegated Regulation (EU) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation (EU) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.
- F7** Substituted by Commission Delegated Regulation (EU) 2015/616 of 13 February 2015 amending Delegated Regulation (EU) No 480/2014 as regards references therein to Regulation (EU) No 508/2014 of the European Parliament and of the Council.
- F81** Words in Art. 21 omitted in so far as they apply to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(17)(a)**
- F82** Art. 21(a) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(15)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F83** Art. 21(b) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(15)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F84** Words in Art. 21(c) substituted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(15)(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F85** Word in Art. 21(c) omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(15)(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F86** Art. 21(d) omitted in so far as it applies to domestic support for rural development (W.) (26.3.2021) by virtue of The Agricultural Support (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2021 (S.I. 2021/400), regs. 1(2), **8(17)(b)**
- F87** Words in Art. 21(d) substituted in so far as they apply to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(15)(c)**; 2020 c. 1, Sch. 5 para. 1(1)

Textual Amendments

- F73** Word in Section 4 heading omitted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by virtue of The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(13)**; 2020 c. 1, Sch. 5 para. 1(1)

Textual Amendments

- F1** Words in Ch. 2 heading substituted in so far as it applies to support for rural development and support under Regulation 508/2014 (31.12.2020) by The European Structural and Investment Funds Common Provisions Rules etc. (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/783), regs. 1, **5(4)**; 2020 c. 1, Sch. 5 para. 1(1)

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 480/2014, CHAPTER II. (See end of Document for details)

- F2** Words in [Ch. 2](#) heading omitted in so far as it relates to domestic support for rural development (W.) (26.3.2021) by virtue of [The Agricultural Support \(Miscellaneous Amendments\) \(Wales\) \(EU Exit\) Regulations 2021 \(S.I. 2021/400\)](#), regs. 1(2), **8(4)**

Changes to legislation: There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 480/2014, CHAPTER II. (See end of Document for details)

- (1) [^{F7}Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487).]
- (2) [^{F7}Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council (OJ L 149, 20.5.2014, p. 1).]
- (3) [^{F6}Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agriculture policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).]
- (4) Commission Implementing Regulation (EU) No 215/2014 of 7 March 2014 laying down rules for Implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund, with regard to methodologies for climate change support, the determination of milestones and targets in the performance framework and the nomenclature of categories of intervention for the European Structural and Investment Funds (OJ L 69, 8.3.2014, p. 65).
- (5) Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 (OJ L 347, 20.12.2013, p. 289).
- (6) Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

Textual Amendments

- F6** Substituted by Commission Delegated Regulation (EU) 2019/886 of 12 February 2019 amending and correcting Delegated Regulation (EU) No 480/2014 as regards the provisions on financial instruments, simplified cost options, audit trail, scope and content of audits of operations and methodology for the selection of the sample of operations and Annex III.
- F7** Substituted by Commission Delegated Regulation (EU) 2015/616 of 13 February 2015 amending Delegated Regulation (EU) No 480/2014 as regards references therein to Regulation (EU) No 508/2014 of the European Parliament and of the Council.

Changes to legislation:

There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 480/2014, CHAPTER II.