



# FactSheet

## No. 2.4

### Project net revenues

Project activities can result in net revenues. If so, eligible expenditure and hence the ERDF contribution paid to a project shall be reduced according to the net revenue generated by the project during its implementation as well as until three years after its completion. The factsheet explains how to treat potential net revenues in projects co-financed by the programme. The terminology and procedures are defined in the EU regulation No 1303/2013, Article 61 and Article 65(8).

#### Definition of net revenue

Revenue is defined as cash in-flows directly paid by users for the goods or services provided by the project. Revenues are for instance generated when one or more project partners receive a payment from users

- to attend a project event,
- to get a project publication or
- for the use of equipment or service etc.

If this revenue exceeds the operating costs connected to project products or services - and/or the replacement costs of short life equipment incurred during the corresponding period - this will result in **net revenues**. Operating cost-savings generated by the project shall also be treated as net revenue unless they are offset by an equal reduction in operating subsidies.



## How to deal with project net revenues?

Any net revenue has to be deducted from the eligible expenditure. If costs are only partially eligible, the net revenue shall be allocated pro rata to the eligible and non-eligible parts of the costs.

The method to calculate net revenues is provided in art. 61(3) of the EU regulation No 1303/2013 and further detailed under articles 15 to 19 of the Delegated regulation No 480/2014. The ERDF funding is calculated on the basis of the total cost after deduction of any net revenue.

### A. Net revenues identified at application phase

When developing the application form (AF), applicants should estimate whether their project will generate net revenues during its implementation as well as until three years after its completion. If so, the amount of net revenues shall be included in the AF: in the budget section of the relevant partner(s) (a specific field is available in the AF). An automatic formula in the AF ensures that the amount of estimated net revenue is deducted from the total partners' and project budget.

### B. Net revenues generated during implementation stage

Net revenues generated during the implementation stage and not foreseen and/or not deducted from the budget in the application form must be stated in the corresponding project report and must be deducted from the eligible expenditure (at the latest with the final report). If the net revenues are only partially generated due to the eligible expenditure they should be reported on a pro-rata basis. The PP that generates net revenue shall ensure that the reported amount corresponds to the reality, keeping account of all net revenue including the required documentation. FLC have to be informed on revenues generated in the reporting period and have to be provided with underlying (accounting or equivalent) documents.

### C. Net revenues identified after the project's closure

Where it is objectively not possible to estimate the net revenue in advance, the net revenue generated within 3 years of the completion of the project or by the programme closure deadline, whichever is earlier, shall be reported to the JS and deducted from the expenditure declared by the programme to the European Commission. The corresponding ERDF contribution has to be either withheld from the latest instalment to the project or reimbursed to the CA.



## D. Exceptions

Whereas the majority of Alpine Space projects report costs above EUR 1 million, some projects may be smaller and not reach this level of expenditure (e.g. because already at the application stage they plan a lower budget). Such smaller projects are not requested to assess their potential net revenues at the stage of application but still have to deduct any net revenue actually generated during project implementation.

## Reference documents

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council, art. 61 and 68(8)
- Delegated regulation No. 480/2014, art. 15 to 19
- Factsheet 1.4: What can be co-financed? The programme's eligibility rules