In-house Consultants in Horizon2020

The Term "In-house Consultants" was made up by the EU lawyers and introduced many Framework Programs ago to describe persons that can be included in your Personnel Costs and not be classified as subcontractors even though they are paid via invoices and not payslips.

In Horizon2020 this term has been replaced by "Natural persons with a Direct Contract"

This classification covers the costs of self-employed persons that work for the beneficiary and on the Project.

Please note that for H2020 this category does NOT cover:

- Persons with a contract which is governed by the labour law for employees
- Work or recruitment agencies
- SME Owners, where it is the SME that invoices the beneficiary.

In order to be eligible, it is essential that:

- There is a direct contract between the individual and the beneficiary that names the person.
- The contract predates the work done.
- The individual is assigned to the Action.
- The individual must work under the beneficiary's instructions.
- The individual must report to the beneficiary.
- The results of the work carried out must belong to the Beneficiary. This includes any resulting patents or copyright.
- The costs for these individuals cannot be significantly different from costs for other "normal" personnel performing similar tasks under an employment contract with the beneficiary.
- The remuneration must be based on working time, rather than on delivering specific outputs/products.
- Timesheets are kept the same as if they were on the payroll

Be careful with teleworking as you will need to show the Auditors that the person is under the Beneficiaries' control and that the beneficiary decides on, designs and supervises all work. We advise that these persons work on the beneficiary's premises as much as possible.

Costs of natural persons working under a direct contract for a beneficiary must be calculated according to the hourly rate multiplied by the number of actual hours worked on the action.

For the hourly rate, the beneficiaries must use one of the following options:

- if the contract specifies an hourly rate: this hourly rate must be used
- if the contract states a fixed amount for the services of the natural person and the number of hours to be worked: this global amount must be divided by the number of hours to be worked for the beneficiary under that contract.

Assuming that all the rules are followed and the individual is classified as a "Natural person with a Direct Contract" then their costs are added to the other employees and reported under Direct Personnel Costs and the 25% Indirect Costs will be added to them.

When the Auditors come out the Beneficiary will have to show that the rules have been followed and that they are allowed to class these costs in this way. In addition, the Auditors will wish to see the invoices in lieu of Payslips.

Disclaimer

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