

## Research/18 - 21+

### Guidelines

effective from Jan 1, 2019 - Dec 31, 2021 (extended until December 31, 2023)

This guideline has been translated from German into English. Please note that only the German language version of the guideline is legally binding.

Table of Contents

Preamble.....	5
1. Objectives.....	5
2. Legal Framework .....	5
3. Exclusion of Legal Entitlement.....	6
4. Application Eligibility .....	6
4.1. General Funding Eligibility .....	6
4.2. Eligible Applicants .....	7
4.3. Eligible Partnership Applications .....	7
4.4. Ineligibility .....	8
5. Funding.....	8
5.1. Eligible Projects .....	8
5.2. Ineligible Projects .....	9
6. Eligible Expenses.....	9
6.1. General Requirements.....	9
6.2. Eligible Itemized Expenses.....	10
6.3. Overhead Premiums .....	12
6.4. Ineligible Expenses .....	12
7. Assessment Basis/Minimum Assessment Basis.....	12
8. Funding Rate and Maximum Funding.....	13
8.1. Maximum Funding Rate.....	13
8.2. Bonuses for cooperation projects between businesses.....	15
8.3. Bonuses for cooperation projects between businesses and research facilities .....	15
8.4. Maximum Subsidy .....	15
8.5. Women's Bonus .....	15
9. Project Initiation, Maximum Project Duration, Period of Recognition for Expenses .....	16
10. Combination and Cumulation of Subsidies .....	16
10.1. Combination of Subsidies .....	16
10.2. Cumulation Aid Legislation Provisions.....	16
11. Calls.....	17
12. Application Process and Materials.....	17
12.1. Online Application .....	17
12.2. Additional Documents .....	18
12.3. Partnership Applications .....	18
13. Project Description.....	19
13.1. General Formal Requirements for the Project Description.....	19
13.2. Resources.....	19
13.3. Structuring Work Packages ("Milestones").....	19

13.4.	Project Financing.....	19
13.5.	Business Model .....	20
13.6.	Plan Profitability Analysis.....	20
14.	Evaluation and Decision .....	20
14.1.	Evaluation Criteria .....	20
14.2.	Formal Preliminary Review.....	20
14.3.	Selection Procedure and Evaluation Criteria.....	20
14.4.	General Evaluation Criteria.....	21
14.5.	Target-Specific Evaluation Criteria.....	21
14.6.	Evaluation/Jury .....	21
14.7.	Ranking.....	22
14.8.	Funding Recommendations.....	22
14.9.	Funding Recommendation/Decision .....	22
15.	Project Transfers.....	22
16.	Approvals, Conditions, and Advance Payments .....	22
16.1.	Announcement of Funding Decisions .....	22
16.2.	Conditions.....	22
16.3.	Advance Payments .....	23
17.	Reporting Obligations, Statements, and Disbursements.....	23
17.1.	Obligation to Report Changes .....	23
17.2.	Progress Reports .....	23
17.3.	Final Accounting Statement.....	23
17.4.	Progress Reports incl. Interim Statements .....	24
17.5.	Installments.....	24
17.6.	Final Report incl. Final Accounting Statement.....	24
17.7.	Final Payment.....	24
17.8.	Partnership Application Disbursements .....	25
18.	Publication, Monitoring, Recordkeeping, and Inspection Obligations.....	25
18.1.	Publication .....	25
18.2.	Monitoring .....	25
18.3.	Recordkeeping .....	25
19.	Revocation and Repayment.....	26
19.1.	Grounds for Revocation: 10 Years .....	26
19.2.	Grounds for Revocation: 4 Years .....	27
19.3.	Partial Revocation .....	27
19.4.	Revocation in the Event of Partnership Applications .....	27
19.5.	Revocation Decision .....	27
19.6.	Repayment in the Event of Revocation.....	27
20.	Data Protection .....	28
20.1.	Personal Data Processing .....	28

20.2.	Published Data .....	28
21.	Anti-Discrimination /Indemnification Compliance.....	29
22.	Period of Effectivity .....	29
23.	Applicable Law / Court of Jurisdiction.....	29
24.	Administrative Funding Body .....	29
Appendix I .....		30
	Businesses .....	30
	Established Businesses.....	30
	Time of Establishment .....	30
	Founders .....	30
Appendix II .....		31
	Business Site.....	31
	Vienna Business Site.....	31
Appendix III .....		32
	Calculation Methods for Hourly Personnel Rates .....	32
Appendix IV.....		33
	Undertaking in Difficulty .....	33
Appendix V .....		34
	Aid for Start-ups According to Article 22 (Aid for Start-ups).....	34
Appendix VI.....		36
	Incentive Effect.....	36
	Start of Works .....	36
Appendix VII.....		37
	Industrial Research.....	37
	Experimental Development .....	37

## Preamble

The guidelines provided here by the City of Vienna comprise the foundation for the "Research" program. Applications submitted within the period of validity of these guidelines, are only valid on the basis of individual time-sensitive calls. Additional information regarding deadlines, programs, and calls can be found online at the *Vienna Business Agency*. A service offered by the City of Vienna (in short: *Vienna Business Agency*) website: [www.viennabusinessagency.at](http://www.viennabusinessagency.at).

## 1. Objectives

### a. General objectives

Research, technological development, and innovation (in short: RDTI) are among the tools most necessary to sustainably promote the competitiveness of Vienna's economy on the international stage. Operational RDTI activities that aim to bring innovative products and services onto the market have a particularly significant impact on value creation and employment.

### b. Target audience: By offering one-off or periodic thematic open calls, The City of Vienna intends to support extant businesses that carry out RDTI work and to encourage start-ups to unlock their potential and engage with RDTI. The target audience for these calls also includes research facilities (legal entities in the fields of research and education), which can be subsidized within the framework of partnership applications.

### c. Desired effects (immediate)

The subsidy strives to implement and/or significantly improve RDTI activities in Vienna.

### d. Desired effects (long-term)

Overall, this subsidy aims to support the expedited implementation of RDTI projects, increase growth and employment, and to incentivize an increased focus on innovation within Vienna-based businesses. The subsidy also aims to incentivize Vienna-based businesses to increase their research activities, strengthen cooperation partnerships (especially between the economic and scientific sectors), and to support the therewith associated transfer of know-how. Finally, the subsidy aims to reinforce the international visibility of Vienna as a center for research.

## 2. Legal Framework

### a. Domestic legal framework

The domestic legal framework for these guidelines was established by the Vienna municipal council agreement from 15.12.2017, reference number 03715-2017/0001-GFW, eRecht 966150-2018.

### b. European aid regulatory framework

Subsidies for this program will primarily be distributed pursuant to the General Block Exemption Regulation and the *de minimis* regulation. The current versions of the following regulatory aid framework are thus applied:

- Commission Regulation (EU) No. 1407/2013<sup>1</sup> of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid; published in the Official Journal of the European Union L 352/1 on 24 December 2013 (in short: "*de minimis* reg.")
- Commission regulation (EU) No 651/2014<sup>2</sup> of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, published in the Official Journal of the European Union L 187/1 on 26.06.2014 (in short: "GBER 2014") together with the Commission Regulation (EU) 2017/1084<sup>3</sup> of 14 June 2017 amending Regulation (EU) No 651/2014, published in the Official Journal of the European Union L 156/1 on 20.06.2017 (in short: "GBER regulation 2017") – together in short: "GBER." In particular, the following sections apply: Articles 22 and 25, paragraph 2, sections b and c, 28 as well as 29 of the GBER.

The citations/references in these guidelines refer to those versions of the EU aid regulations.

### 3. Exclusion of Legal Entitlement

The decision to grant funding is made in accordance with available funds and on the basis of these guidelines and/or calls upon which they are based. There is no legal entitlement to the receipt of funds.

### 4. Application Eligibility

#### 4.1. General Funding Eligibility

Applicants must

- a. have met their municipal tax obligations regularly and in full;
- b. provide evidence of possessing the rights necessary to administer the project — e.g. a business license or designation of a managing director in possession of the required business license, etc.;
- c. and, according to Article 1 (eligibility) paragraph 4, pt. c of the GBER, cannot be "undertakings in difficulty" as defined by Article 2, no. 18 of the GBER (see Appendix IV)

#### Note:

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<sup>1</sup> *De minimis* reg.: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

<sup>2</sup> GBER 2014: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=FE>

<sup>3</sup> Regulation 2017: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=DE>

- i. According to Article 2, no. 18 of the GBER, small and medium-sized businesses (SME) that have yet to have been established for 3 full years are not considered "undertakings in difficulty," and are thus eligible for funding.
- ii. Small businesses have yet to have been established for 5 full years and are eligible according to Article 22 of the GBER (see Appendix V), are not exempt from the GBER even if they are considered "undertakings in difficulty" (see exemptions in Article 1, paragraph 4, pt. c of the GBER), and are thus eligible for funding.
- iii. Large businesses that are "in difficulty" according to Article 2, no. 18 of the GBER, are not eligible for funding.

#### 4.2. Eligible Applicants

Established businesses (see Appendix I) and businesses in the process of establishment are both eligible to apply.

Established businesses<sup>4</sup> must fulfill the following requirements:

- a. They must maintain a business site located in Vienna (pursuant to the definition in Appendix II) by at the latest the launch of the project

- b. The majority of the project's value-adding activity must be performed at that Vienna location

There are no size<sup>5</sup>, industry, or technology restrictions for businesses that meet these guidelines.

Business in the midst of establishment must

- c. be established within six months of receipt of funding approval;
- d. fulfill the requirements for eligible established businesses from that time forward.

#### 4.3. Eligible Partnership Applications

In the instance of partnership applications, the lead partner must be established or in the process of establishing and irrespective of additional eligible partner businesses, legal entities from the fields of research and education (universities, technical colleges, extramural research facilities) are eligible to apply.

Eligible cooperation partners

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<sup>4</sup> COMET competence centers are just as eligible as businesses

<sup>5</sup> Simplified definitions:

Micro-business: < 10 employees and annual revenue ≤ € 2 million or balance sheet total ≤ € 2 million

Small business: < 50 employees and annual revenue ≤ € 10 million or balance sheet total ≤ € 10 million

Medium-sized business: < 250 employees and annual revenue ≤ € 50 million or balance sheet total ≤ € 43 million

Large business: ≥ 250 employees or annual revenue > € 50 million AND balance sheet total > € 43 million

For exact definitions see: [User Guide to the SME Definition and Commission Recommendation of 6 May 2003 Concerning the Definition of Micro, Small and Medium-sized Enterprises](#)

- a. must have a business site of their own located in Vienna (pursuant to the definition in Appendix II; please note, however, that individual calls may deviate from this condition);
- b. are not subject to any restrictions with regard to size, industry, or technology (please note that individual calls may implement limitations in this regard).

#### 4.4. Ineligibility

The following are generally ineligible:

- a. Civil law partnerships (*Gesellschaft bürgerlichen Rechts, GbR*) and unincorporated associations/general partnerships (*Arbeitsgemeinschaften, ARGE*)
- b. Businesses involved in ongoing insolvency proceedings
- c. Entities legally defined as representatives of professional interests
- d. Legal corporations
- e. Legal entities that are primarily financed through public funds and that can make no plausible argument that the subsidies provided within the framework of these guidelines would not be used to substitute other public funds  
as well as
- f. Private advocacy groups
- g. Applicants (according to Article 1, paragraph 4, pt. a of the GBER), who are subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market, with the exception of aid schemes to make good the damage caused by certain natural disasters

## 5. Funding

### 5.1. Eligible Projects

Funding is available for projects carried out in Vienna-based business sites

- a. that focus on research, technological development and innovation (RTDI);
- b. that can be classified as "industrial research" (IR) and/or "experimental development (ED) according to EU definitions (see Article 2, no. 85 and 86 of the GBER as well as Appendix VII);
- c. that also address current research questions and thus reach beyond pure product development and the current state of technology;
- d. that are based on an economic implementation strategy that can lead to sustainable future economic growth in Vienna;
- e. the realization of which is associated with technical, content-related, and economic risks; and
- f. that directly or indirectly lead to new or significantly improved commercially exploitable innovations in products, services, organization methods, or processes.

Lead applicants must develop significant portions of the project-related R&D in-house and must bear the majority of risk associated with the realization of the project, in particular the risk associated with the economic application of the obtained R&D results with the exception of clinical studies.

These funding requirements may be amended and expanded on a call by call basis.

## 5.2. Ineligible Projects

In general, the following projects are ineligible:

- a. Projects that lack sufficient planning with regard to project scope and content
  - b. Projects that lack plausible chances of success
  - c. Projects that lack sufficient resources, especially with regard to human resources, proposed financing or advance financing, the necessary know-how, and/or the prerequisite rights and licenses
  - d. Projects primarily funded by a third party
  - e. Projects intending to use City of Vienna funds to substitute other public funds
  - f. Project elements that have already been supported by other City of Vienna funds in the form of cash subsidies
  - g. Projects that are not considered eligible for funding according to current EU regulations
- as well as
- h. Projects that lack the "incentive effect" as described in Article 6 of the GBER<sup>6</sup> (see Appendix VI), in other words, projects initiated before application submission
  - i. Projects that largely comprise the acquisition of external goods or services (investments) with the exception of clinical studies
  - j. Projects that do not adhere to the specific requirements of individual calls
  - k. Projects that require no attempts at organization, knowledge acquisition and/or implementation within the business
  - l. Routine and periodic alterations to extant products, product lines, manufacturing processes, services, and any other processes, even if they lead to improvements
  - m. Projects classified as within the realm of regular business operations

## 6. Eligible Expenses

### 6.1. General Requirements

It is a general requirement that expenses

- a. are clearly itemized;

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<sup>6</sup> According to Article 6 of the GBER, the "incentive effect" is given "if the beneficiary has submitted a written application for the aid to the Member State concerned BEFORE work on the project or activity starts."

- b. stand in direct relation to the project;
  - c. are not inflated and are consistent with local prices;
  - d. are borne by the applicants themselves;
  - e. have been used by the time of the final accounting statement;
- and that
- f. unless the applicant can evidence that he or she is not entitled to reclaim VAT only net costs can be considered eligible;
  - g. only invoices with a total net cost of over € 150 of eligible expenses (with the exception of travelling and accommodation expenses pursuant to pt. 6.2.7.) can be accepted (individual invoice line items may fall below this amount).

## 6.2. Eligible Itemized Expenses

The following itemized expenses are considered eligible within the framework of these guidelines:

Expense Category (General Description)	Limitations, Itemizations, Comments, Explanations
1. Personnel costs	Personnel costs can be subsidized for <ul style="list-style-type: none"> <li>• employees;</li> <li>• independent contractors (<i>Freier Dienstvertrag</i>);</li> <li>• partners and/or owners of small businesses.</li> </ul> Calculation of hourly wages: see Appendix III.
2. Third party service expenses	In particular, the following can be funded: <ul style="list-style-type: none"> <li>• Expenses for third party work contracts awarded in connection with research and development</li> <li>• Expenses associated with the procurement, validation, and or defense of patents and/or any other immaterial assets (according to Article 28 of the GBER, these expenses can only be subsidized for SMEs)</li> <li>• Expenses associated with meeting recognized norms, certifications, the establishment of a quality management system, and the creation of technical documentation, to the extent that these are prerequisites for a (future) market authorization/launch</li> </ul>

<p>3. Expenses pertaining to the acquisition of technical equipment, machinery, and other assets</p>	<ul style="list-style-type: none"> <li>• First-time corporate certification of products, systems and processes from designated bodies (third-party certification, notified bodies)</li> <li>• Costs of phase I-IV clinical trials (or portions thereof)</li> <li>• Costs of technical validations (e.g. TÜV)</li> </ul> <p>To the extent of amortization during the project term, funding is granted primarily to capitalizable investments in material assets, such as</p> <ul style="list-style-type: none"> <li>• machinery and mechanical plants;</li> <li>• instruments and equipment.</li> </ul> <p>Within the framework of individual calls, total acquisition costs may also be considered on the basis of Article 22 and/or the <i>de minimis</i> regulation.</p>
<p>4. Expenses associated with the acquisition of immaterial assets</p>	<p>Funding is primarily granted for the acquisition of immaterial assets from third parties, such as</p> <ul style="list-style-type: none"> <li>• licenses;</li> <li>• concessions;</li> <li>• copyrights, etc.</li> </ul>
<p>5. Construction costs</p>	<p>Only construction activities can be subsidized (not the acquisition of real estate).</p>
<p>6. Non-personnel and material expenses (e.g. project-related consumables)</p>	<p>Funding is primarily granted for the acquisition of materials, such as for</p> <ul style="list-style-type: none"> <li>• experiments and test runs;</li> <li>• the construction of experiment and testing facilities;</li> <li>• the construction of prototypes etc.</li> </ul>
<p>7. Travel expenses (travel expenses may only be applied to costs that stand in direct relation to the research project and for only up to 10% of other eligible project expenses that comprise the</p>	<p>Funding is exclusively granted for</p> <ul style="list-style-type: none"> <li>• 2nd or economy class travel by public transportation (bus, railway, airplane);</li> <li>• car rental expenses for the duration of max. one week per trip;</li> </ul>

assessment basis

- overnight accommodation expenses (limited to € 150 per person per night).

### 6.3. Overhead Premiums

Businesses older than 1 year shall receive an overhead premium of 20% on admissible personnel costs.

Founders (business age max. 1 year, see Appendix I) shall receive an extra overhead premium of 30% for total admissible itemized project expenses.

### 6.4. Ineligible Expenses

In general, the following expenses are ineligible:

- Unclaimed discounts, rebates, or any other type of price reduction
- Taxes, fees, financing expenses
- Business operation expenses
- Expenses that are not considered eligible for funding in accordance with current EU regulations
- Application and grant consultation fees

as well as:

- Transfer fees and deposits
- Machine hour costs
- Payroll expenses that are paid neither directly nor regularly, including special payments, contributions in kind, bonuses, and other expenses such as severance payments
- Expenses that incur within the framework of a project that is financed and contracted by a third party
- Property acquisition costs
- Real estate acquisition costs
- Per diems
- Hospitality expenses

## 7. Assessment Basis/Minimum Assessment Basis

The assessment basis for this grant is comprised of the sum of all eligible project items (incl. overhead rate). The minimum assessment basis is € 50,000.

Projects with amounts lower than this are not eligible. This applies to the application as well as to the final accounting statement (see pt. 17.6.)!

## **8. Funding Rate and Maximum Funding**

### **8.1. Maximum Funding Rate**

The percentages of the maximum funding rate are outlined in the following table and are dependent on

- a. the nature of work included within the individual working packages ("industrial research," "experimental development," or "the procurement, validation, and or defense of patents and/or any other immaterial assets," see Appendix VII);
- b. the size of the business;
- c. if research projects are being conducted in cooperation with other businesses or institutions; or
- d. if the results of the research projects will be disseminated.

The Vienna Business Agency or the jury will allocate each working package to either "industrial research" or "experimental development." Individual working packages may be allocated to different classifications within the same project, and thus be subject to variable funding rates.

Funding rates on the evaluation basis for	Small businesses	Medium-sized businesses	Large businesses	Research facilities
Experimental development (ED)	45 %	35 %	25 %	-
ED with a bonus for cooperation projects	60 %	50 %	40 %	80 %
Industrial research (IR)	70 %	60 %	50 %	-
IR with a bonus for cooperation projects or the large-scale dissemination of results	80 %	75 %	65 %	80 %
Obtaining, validating or defending patents and other intangible assets only in connection to the subsidy of ED or IR	50 %	50 %	-	-

## 8.2. Bonuses for cooperation projects between businesses

The funding rate may be raised from 15% to 80% (see table above) for cooperation projects between businesses if

- a. the project is the product of a cooperation between at least two independent businesses;
- b. not one of the businesses claims more than 70% of the eligible costs;
- c. the project is either international in nature or carried out with at least one SME.

The funding rate must be determined separately for each individual partner and may not exceed any of the aforementioned maximum values.

## 8.3. Bonuses for cooperation projects between businesses and research facilities

The funding rate may be raised from 15% to 80% (see table above) for cooperation projects between businesses and research facilities if

- a. the research facility bears at least 10% of the eligible costs; and
- b. has the right to publish the results of the work it has carried out.

Eligible cooperation projects between businesses and universities must furthermore fulfill the following preconditions:

- c. A verifiable transfer of knowledge and know-how from the research facility to the business (lead partner) must occur that
- d. enables, improves, or furthers actual cooperation between science and business; and
- e. that raises Vienna's value creation potential and improves the lead partner's ability to innovate.

The funding rate shall be determined for each partner individually and cannot exceed the stated maximum values for each partner.

## 8.4. Maximum Subsidy

The maximum amount of funding obtainable is € 500,000 per project, made available in the form of cash subsidies.

This value may be higher or lower on a call by call basis (up to max. € 750,000).

## 8.5. Women's Bonus

Approved projects managed by women are awarded a bonus of € 10,000.

This bonus will be awarded if the project is verifiably managed by a qualified female (e.g. attached curriculum vitae) owner, managing partner, or employee. In the case of small businesses, the women's bonus can also be awarded to female employees who are not managing partners but are qualified as project leaders.

The bonus will be paid out providing that the final accounting statement reveals that these prerequisites have been met.

## 9. Project Initiation, Maximum Project Duration, Period of Recognition for Expenses

Applications should include the (planned) dates for the initiation and culmination of the project.

The maximum eligible project duration is 5 years, beginning on the day of the projected start of the project. The earliest possible time to begin the project is the day of submission.

The Vienna Business Agency must be informed as soon as possible and in writing if the actual start of the project will differ from the projected project start.

The project should begin as soon as possible following receipt of funding approval.

The Vienna Business Agency may only agree to a project term extension for instances in which the acquisition of fixed assets can only be finalized with substantial delay on objectively plausible grounds (e.g. missing permits, unforeseen delayed delivery times, etc.)

The maximum cost recognition period extends from the projected project begin named in the application, or from the reported altered project begin, to the end of the (possibly extended) project period.

## 10. Combination and Cumulation of Subsidies

### 10.1. Combination of Subsidies

Funding granted through the Vienna Business Agency can, in principle, be combined with other public subsidies if

- a. it is admissible according to regulatory aid cumulation provisions (see pt. 10.2.);
- b. the applicant retains a reasonable financing risk;
- c. all sources of attained project funding (subsidies, guarantees, loans) do not exceed the total calculated project costs;
- d. the combination of subsidies does not substitute other public funds;
- e. funding does not go toward project elements that have already received other City of Vienna cash subsidies.

### 10.2. Cumulation Aid Legislation Provisions

*De minimis* aids awarded through this program may

- a. be combined with other *de minimis* aids as long as — in accordance with article 3 of the *de minimis* regulation — the full amount that can be awarded to a "single business" of a member state (note: i.e. by Austrian funding bodies) from *de minimis* aids does not exceed € 200,000 (for road freight businesses the amount is reduced to € 100,000) within a timeframe of three tax years;
- b. be combined with other third party GBER subsidies for the same eligible expenses as long as it does not exceed the respective aid rate or rates as stipulated by the respective GBER article.

GBER aids granted through this program may be

- c. combined with *de minimis* aids and/or GBER aids granted by third parties for the same eligible costs as long as the provisions of pt. b are met.

## 11. Calls

These program guidelines also serve as the foundation for open calls. Individual calls may further define or specify the terms contained herein. In special cases — e.g. in instances where focus crosses over into different funding programs — exceptions can be made (e.g. a higher funding rate for start-ups, extension of the EU aid regulatory bases) in the interest of meeting specific call objectives.

Calls must contain, at minimum, the following information:

- a. The call name
- b. The call objective and content
- c. A concrete EU competitive legal basis (*de minimis* and/or GBER) and additional regulations associated therewith (e.g. cumulations, eligibility, etc.)
- d. The basis for applicant eligibility
- e. A profile description of eligible projects
- f. The opening and closing dates of the application period (i.e. deadlines)
- g. Indication of the maximum project duration
- h. A description of eligible expenses
- i. A description of the maximum funding amount and rate
- j. The minimum assessment basis
- k. Project content-related eligibility criteria
- l. The desired minimum assessment rate (in %)
- m. Additional procedural regulations
- n. The projected budget
- o. The option to grant advance or installment payments

Calls may be supplemented by additional guidelines (e.g. regarding the assessment system) for reasons of clarity and to provide a more detailed explanation.

## 12. Application Process and Materials

### 12.1. Online Application

Applications will be accepted at <https://cockpit.wirtschaftsagentur.at> on a rolling basis until the end of each call's respective deadline. Online forms must be completed to the best of one's knowledge and understanding.

## 12.2. Additional Documents

The following additional documents must be included with each application:

a. *De minimis* statement:

The *de minimis* statement is a document that the applicant uses to notify and confirm the amount of *de minimis* aids requested or received during the current and previous two tax years.

b. Signed and stamped copies of

- annual financial statement from the last documented fiscal year; or
- profit and loss statement from the last documented fiscal year

from an auditor, tax accountant, or other authorized accountant, and confirmed by local tax authorities.

c. Certificate of Application Authenticity (CAA):

The CAA confirms the submission of a grant application. Conferral of the CAA indicates that the grant application has officially been submitted to the Vienna Business Agency. There is an option to print out the CAA in the "complete application" tab. This document must be signed with a legally binding, authorized signature and sent by post or fax to the Vienna Business Agency. The CAA can also be sent to the Vienna Business Agency via email using an electronic signature.

## 12.3. Partnership Applications

a. Joint applications

According to these guidelines, several eligible applicants can join together to submit a grant application for a joint project. In this case, a funding relationship will be established with each of the legal entities.

The applicant collective (cooperation partners) must appoint and authorize one of their legal entities as lead partner to represent all project applicants vis a vis the Vienna Business Agency.

b. Lead partner

The lead partner is authorized by the cooperation partners and assumes the task of coordinating the application process and — in the case of funding approval — project management, as well as communication between the funding body and his or her partners for the entire duration of the project. This includes the audit of all partners' reports and statements based on data and information supplied by the cooperation partners.

The lead partner is responsible for forwarding subsidies to his or her cooperation partners in an appropriate and timely manner. The lead partner is furthermore responsible for reporting alterations in scheduling and coordinating these with the funding body. He or she must ensure that the final statement and all reporting is complete and complies with the requirements of these guidelines and (if applicable) supporting documents (e.g. accounting guidelines, etc.).

c. Lead application

The lead application must include the lead partner's business information and indicate the distribution of workloads, project costs, project risks, project results, project rights, and subsidies as divided between

individual project partners. A precise distribution plan should furthermore be established in the form of a cooperation contract and presented to the Vienna Business Agency.

d. Partner application

The participation of each additional cooperation partner must be established by the submission of separate partner applications that clearly outline the work and financial contributions made by that individual partner.

## 13. Project Description

### 13.1. General Formal Requirements for the Project Description

Please include the following points when describing your project. Failure to do so may lead to elimination of your application from the evaluation process.

Describe

- a. your project as a self-contained project or valuable sub-project;
- b. the total scope and duration of your project;
- c. the total cost and funds allocated for your project.

The project description must furthermore include

- d. an appropriate project plan for the scope and content of the project;
- e. a detailed explanation of expectations regarding the successful realization of the project;
- f. a persuasive description of the project that provides a sufficient basis for evaluation;
- g. the name of the project leader.

### 13.2. Resources

Applicants must be capable of supplying the resources (e.g. qualified personnel, financial resources, technical equipment, competent cooperation partners) necessary to drive the proposed project forward within the given timeframe, and of achieving the planned commercial results.

### 13.3. Structuring Work Packages ("Milestones")

The application must be structured into results-oriented work packages. Each work package must end with a quantifiable result ("milestone") that is to be documented and detailed in the course of the final project statement.

### 13.4. Project Financing

Secured financing of itemized project costs must be presented in full and, if possible, with supporting documents (i.e. loan agreements, account statements). Expected subsidies that are included in the financing plan may not exceed the amount eligible for advance payment.

### 13.5. Business Model

The application must include a business model that serves as a foundation for the project. In particular, this model should convey details on how the proposed project will generate future profits after expenses. The business model for the proposed project should read like a project calculation with in-depth explanation of each point.

In the case of businesses in the process of being founded, the project business model should generally include the entire business and thus more or less resemble a business plan.

### 13.6. Plan Profitability Analysis

The application must furthermore include a projected profit and loss statement and a projected balance sheet (e.g. a projected cash basis accounting created by sole traders) that includes the effects of the proposed project. The corresponding numbers must thus always include the project. A projected profit and loss statement and budgeted balance sheet, or a budgeted balance sheet without consideration for the project, may likewise be submitted in order to highlight the positive effects thereof.

## 14. Evaluation and Decision

### 14.1. Evaluation Criteria

All application materials must be submitted electronically. The Vienna Business Agency reserves the right to request the applicant or applicants to submit additional information regarding the application or parts thereof in writing or as part of a hearing. The Vienna Business Agency reserves the right to consider extant project evaluations or portions of a project that have already been reviewed and evaluated by other public funding bodies.

### 14.2. Formal Preliminary Review

The Vienna Business Agency administers a preliminary review of all applications focusing on compliance with the abovementioned formal criteria and the presence of sufficient basis for evaluation. As a result:

- a. Unmet prerequisite criteria such as e.g. company size, industry affiliation, etc. can lead to elimination from the evaluation process
- b. An insufficient formal project description, including missing information, business plans, etc. can likewise lead to elimination from the evaluation process
- c. Incomplete formal requirements or missing supporting documents, including obligatory CVs, *de minimis* declarations, documents establishing the project leader, etc. will result in a one-time resubmission request

### 14.3. Selection Procedure and Evaluation Criteria

- a. Selection procedure

The principle of competition applies to the selection procedure. This states that all applications submitted within a specific deadline — as published on the Vienna Business Agency website — are evaluated, compared to each other, and ranked (see pt. 14.7.)

b. Criteria

In evaluating applications, we apply both general as well as specific evaluation criteria. The weight of criteria will be established in accordance with the assessment scheme, which will be published on the Vienna Business Agency website.

c. Minimum evaluation points

The minimum points required to enter the evaluation stage amounts to 30% of the total evaluation points.

#### 14.4. General Evaluation Criteria

General evaluation criteria have to include:

- a. Immediate or indirect job-creation at the Vienna business location
- b. The degree of additionality of the proposed project in relation to previous activities or the incentivizing effect
- c. Project quality
- d. Project implementation risks
- e. The project's economic relevance (business model)
- f. The financial and human resources available to implement the project
- g. The social relevance and diversity of the project (e.g. positive ecological effects, equal opportunities for women, etc.)
- h. The project's regional economic relevance (especially with regard to cooperation and trans-regional networking, and potential innovation and demonstration effects)

#### 14.5. Target-Specific Evaluation Criteria

The evaluation scheme, including specific criteria and the weight thereof in the evaluation process can be found alongside the general evaluation criteria on the Vienna Business Agency website.

#### 14.6. Evaluation/Jury

Application evaluation is carried out by the Vienna Business Agency, which may rely on the additional opinions of outside experts or a jury. The names of expert jury members will be made known in an appropriate form and can be requested from the Vienna Business Agency. All individuals contracted by the Vienna Business Agency for the evaluation and review of applications are under a strict oath of confidentiality.

#### **14.7. Ranking**

Providing they meet the abovementioned obligatory minimum guidelines, all complete applications submitted to the Vienna Business Agency by the deadline posted on the Vienna Business Agency website will be ranked based on the results of the evaluation process.

#### **14.8. Funding Recommendations**

Upon completion of the ranking process the Vienna Business Agency committee will receive a list of all applicants and suggestions regarding which projects to fund with regard to budgetary constraints. . The budget for consideration is the budget allocated to each respective program per application or budget period.

#### **14.9. Funding Recommendation/Decision**

The Vienna Business Agency committee considers the funding recommendations made by the persons or committees responsible for evaluation and recommends positively evaluated projects to the City of Vienna for funding. The final decision regarding whether or not to approve an application is made by the municipal authorities of the City of Vienna on the basis of the recommendation conveyed by the Vienna Business Agency committee.

### **15. Project Transfers**

Granted that applicants provide consent, submitted projects can be transferred from programs to which they were initially submitted to different, more suitable, programs. This option may be suggested to an applicant on the basis of either the results of the formal preliminary review or upon the suggestion of the Vienna Business Agency and/or jury during the evaluation process. If the applicant consents to a transfer, it will be conducted with consideration of the original application deadline (i.e. costs will be eligible starting with the date of submission to the original program).

### **16. Approvals, Conditions, and Advance Payments**

#### **16.1. Announcement of Funding Decisions**

Applicants will receive a written communication from the Vienna Business Agency informing them of the municipal authority's decision and any potential conditions relating to the receipt of funding (funding approval). In the case of approval, please note that funds stated in the communication are always maximum amounts. In the case of applications that have not been approved for funding the grounds for rejection will be stated.

#### **16.2. Conditions**

In instances of conditional funding approval, the applicant must demonstrate that those conditions have been met before funds can be distributed.

Furthermore, pursuant to pt. 16.1, in order for funds to be disbursed it must be demonstrated that businesses in the process of establishment were established no more than 6 months after receipt of funding approval.

### **16.3. Advance Payments**

An agreement for advance payment can be made providing that the funding approval makes no mention of specific rules regarding the provision of subsidies.

- a. The total amount of advance payment requested is at most 50% of the maximum subsidy amount named in the notification award or funding approval
- b. The earliest date upon which the request can be granted is upon receipt of a written acceptance letter (funding approval) from the Vienna Business Agency, compliance with all conditions named therein, and upon receipt of documentation of project inception (e.g. "reported project start," "initial orders," etc.)
- c. Advance payments will not be granted in the case of ongoing bankruptcy cases

## **17. Reporting Obligations, Statements, and Disbursements**

### **17.1. Obligation to Report Changes**

Following receipt of funding approval, funding recipients are obliged to submit written reports to the Vienna Business Agency regarding quantitative or qualitative changes associated with the funded project and/or business without delay or request.

Significant project alterations require the explicit approval of the Vienna Business Agency, and must be reported in writing immediately thereafter. Such alterations may include, for example expenses and/or changes to the project realization schedule that pertain to the funding eligibility requirements.

Pursuant to pt. 17.7, this obligation to report expires 4 years after the final payment.

### **17.2. Progress Reports**

In the case of funding approval, recipients must voluntarily submit comprehensive progress reports on a semi-annual basis from the start to the conclusion of the project. If forms are supplied for this purpose, then you must use, complete, and submit them — if possible — electronically.

### **17.3. Final Accounting Statement**

Documentation of personnel costs must include adequate accounting documents in compliance with relevant legal requirements. Detailed records must be kept of the working hours and duties of each project employee. These must be allocated to individual work packages and presented during the course of the final accounting statement.

External costs must be documented by receipts in compliance with relevant legal requirements and submitted. Receipts and records of payment for all costs must likewise be included in the final accounting statement or progress report(s) (in the case of installment applications).

Should the documents supplied by the applicant for his or her final accounting statement be too incomplete to offer a sufficient basis for evaluation, and should the applicant fail to supply the requested documentation within a reasonable period of time the funds granted pursuant to pt. 19.2.e. shall be revoked.

#### **17.4. Progress Reports incl. Interim Statements**

Applicants with projects of at least 2 years duration are eligible to apply to receive payment in installments. A prerequisite for this is the submission of extensive progress reports.

Should forms be provided for this purpose they must be utilized, completed and, when possible, electronically submitted.

Progress reports must contain an interim statement of actual project costs incurred up to that point, as well as an updated projected budget for the entire project. Should this result in a significant overall reduction in costs, the consequent installments must be adjusted in accordance with the new conditions or all together suspended.

#### **17.5. Installments**

An installment can be disbursed upon positive review of the submitted interim statement by the Vienna Business Agency. The maximum value of the installment is calculated based on the approved subsidy amount less any cash advance and a 20% retention. The installments may also be divided into multiple disbursements in accordance with the progress of the project (working packages, milestones).

#### **17.6. Final Report incl. Final Accounting Statement**

You are required to upload a comprehensive final report, including the final accounting statement of actual project costs incurred, to the online funding cockpit <https://cockpit.wirtschaftsagentur.at> no more than 3 months after the end of the project. Pursuant to pt. 19.1.d., your subsidy will be entirely revoked if the submitted project costs fall below the minimum valid assessment basis stipulated at the time of application.

#### **17.7. Final Payment**

The subsidy will be re-calculated upon review of the final report on the basis of a review of the actual project costs deemed eligible for funding.

Should the re-calculated subsidy fall below the maximum subsidy stated in the original notification of funding, any advance payments will be deducted from the re-calculated subsidy — or from the maximum subsidy amount.

Positive balances will be paid out to the applicant; upon request, negative balances must be repaid within 14 days. In the case of late payments, interest will be charged pursuant to a ruling by the municipal authorities from February 26, 2016, MDK-107271-2/16 or a comparable legal basis.

## 17.8. Partnership Application Disbursements

The total subsidy will be paid out to the authorized applicant (lead partner) for all partners in discharge of their duties. The lead partner is then required to distribute shares of the subsidy between the partners in accordance with a written notification to the Vienna Business Agency and without delay.

In the event that lead partner does not fulfill this obligation, all claims are to be made against the lead partner exclusively.

In exceptional cases, and upon evidence of objective and justifiable reasons, subsidy amounts may be directly disbursed to each partner individually. The final subsidy amount allocated to each of the partners will be recalculated on the basis of the final accounting statement, and under consideration of EU aid legislation, the regulations contained in these guidelines, and/or in the calls based thereupon. The total subsidy amount is limited to the maximum grant amount.

## 18. Publication, Monitoring, Recordkeeping, and Inspection Obligations

### 18.1. Publication

In the case of funding approval, applicants must include the words *Subsidized by City of Vienna funds via the Vienna Business Agency. A service provided by the city of Vienna* and the logo of the Vienna Business Agency positioned in a reasonable and legible location on all PR and marketing material associated with the subsidized project.

### 18.2. Monitoring

Upon completion of funded projects and general development of subsidized business, applicants are obliged to answer any queries posed by the Vienna Business Agency without delay, in their entirety, and — if requested — in writing, and to produce the necessary supporting records and documents. This obligation expires 10 years after the final subsidy payment pursuant to pt. 17.7.

### 18.3. Recordkeeping

Applicants are obligated to properly and carefully retain all relevant documents related to the submitted application as well as documents pertaining to the Vienna Business Agency that are relevant to the receipt of the subsidy and its administration. This obligation expires 10 years after the final subsidy payment pursuant to pt. 17.7.

This recordkeeping obligation is particularly pertinent to documents that assist in the clarification of the following points:

- Applicant's business sector
- Identifying the business as small, medium-sized or large
- The gross and net sums necessary to calculate the subsidy amount
- If applicable, the export orientation of the business
- Funding amount and project duration

- Other *de minimis* aid that was referenced in the application, and that was applied for or received during the current tax year or the two tax years prior to the date of application date

During the obligatory recordkeeping period applicants must grant access to review these documents at any time to: the Vienna Business Agency, the municipal authorities of the City of Vienna, the Stadtrechnungshof (Vienna municipal court of auditors), the Bundesrechnungshof (federal court of auditors), the institutions of the European Union, or any representatives thereof. In particular applicants must, if required, provide access, hand over, or present original documents or copies (electronic form is also acceptable) to the abovementioned offices or their representatives for auditing purposes and, if necessary, also grant access to their work spaces, offices, storage sites, and laboratories, etc.

## 19. Revocation and Repayment

The following grounds for revocation also apply to partnership applications.

### 19.1. Grounds for Revocation: 10 Years

Pursuant to pt. 17.7., subsidies can be revoked if one of the following occurs or becomes known up to 10 years after the final payment:

- a. The subsidy is/was used inappropriately
- b. The requirements or conditions for funding approval are or were not met in accordance with these guidelines
- c. The applicant rebukes or refuses audits from the Vienna Business Agency, the municipal authorities of the city of Vienna, the Stadtrechnungshof (Vienna municipal court of auditors), the Bundesrechnungshof (federal court of auditors), the institutions of the European Union, or representatives thereof.
- d. If information that was instrumental in receiving the subsidy is shown to be incomplete or inaccurate or was missing or made irrelevant, and especially if it contradicts information stated in the application such as:
  - i. The progress of the project has been delayed without significant reason
  - ii. The project has been altered so drastically that it no longer complies with the basic principles that resulted in funding approval
  - iii. The project was not or is not being realized
  - iv. The project was or is being realized outside of Vienna
  - v. In the case of funding granted to businesses in the process of being founded, the business was not founded within 6 months of receipt of funding approval.
- e. Evidence of proper recordkeeping pursuant to pt. 18.3. has not been met or the archived documents are not presented in a timely and complete manner, or — in the case of electronic storage and presentation — an electronic inspection is not available to the Vienna Business Agency, the municipal authorities of the city of Vienna, the Stadtrechnungshof (Vienna municipal court of auditors), the

Bundesrechnungshof (federal court of auditors), the institutions of the European Union, or representatives thereof.

- f. The applicant withdraws from the consent agreement pursuant to pt. 20.1. (data protection)

## 19.2. Grounds for Revocation: 4 Years

Pursuant to pt. 17.7., subsidies can be revoked if one of the following occurs or becomes known up to 4 years after the final payment:

- a. The subsidized business moves fundamental value-adding components of work that had been performed at its Vienna location outside of Vienna
- b. The operation of the subsidized business or the business itself is either sold or transferred by other paid or unpaid means (e.g. gift, inheritance), unless the purchaser or the legal successor has without delay prepared a written document stating that he or she seeks to uphold all rights and obligations associated with the funding relationship and the Vienna Business Agency agrees to these conditions
- c. The ownership structure of the subsidized business has fundamentally changed and the purpose of the subsidy is as a result no longer ensured
- d. The subsidized business operations are closed, permanently shut down, or the subsidized business is liquidated
- e. The obligation of notification is violated or the reporting requirements are not met, especially if a comprehensive final report pursuant to pt. 17.6. is not presented on time, is not admissible (e.g. because of missing or inadequate accounting documents), and or cannot be reviewed reliably or conclusively, and a request for revision has not been met within a reasonable time

## 19.3. Partial Revocation

If the project can be split into concrete useful components to which the respective funds can be allocated, and if the grounds for repeal apply only to individual components, then the revocation may be limited only to funds that apply to those components.

## 19.4. Revocation in the Event of Partnership Applications

In the event of revocation on grounds pursuant to pt. 19.1. and pt. 19.2., the revocation of accepted subsidies may apply to just one partner if the grounds for revocation does not apply to all partners.

## 19.5. Revocation Decision

Provided grounds therefore, a decision to revoke funds can be made no more than 6 months following the deadlines stated in pts. 19.1. and 19.2.

## 19.6. Repayment in the Event of Revocation

In the event of revocation, any advance subsidy payments or the whole of the disbursed subsidy must be repaid two weeks upon notification. In the event of delay, default interest payments will be due pursuant to a decision by the municipal authorities from February 26, 2016, MDK-107271-2/16 or a similar legal basis.

In the event of grounds for revocation pursuant to pt. 19.2.b., c., and d., and in the event of evidence of actual accrued costs in the framework of the final accounting statement pursuant to pt. 17.6., the request for repayment will be based solely on capitalizable replacement investments acquired with subsidy funds and that the legal depreciation period of which have not ended by the time that the grounds for revocation occurred. The repayment must occur aliquot to the remaining amortization period.

Further civil claims remain unaffected.

## **20. Data Protection**

### **20.1. Personal Data Processing**

Applicants are required to submit all personal data stipulated in the submission, in particular data pertaining to the application, processing, and reviewing procedures. All personal data must be entered in the corresponding forms necessary for compliance with data protection regulations so that the application can be processed by the Vienna Business Agency and/or by contracted third parties (e.g. jury members, external experts) as well as the City of Vienna, for the purpose of auditing, granting, and processing subsidy applications, as well as by

- the City of Vienna, the Stadtrechnungshof (Vienna municipal court of auditors) and City of Vienna funding bodies;
- the funding bodies of the Republic of Austria as well as the federal states and the Bundesrechnungshof (federal court of auditors); and
- the institutions of the European Union (European Commission, European Court of Auditors)

by which the data will be processed for the purpose of auditing, granting, and processing subsidies; in particular by signing a declaration of consent provided by the Vienna Business Agency.

Applicants reserve the right to revoke their consent at any time by notifying the Vienna Business Agency in writing; in the event that an applicant wishes to revoke his or her declaration of consent, the Vienna Business Agency will cease upon receipt thereof all data usage that is not permitted without consent.

If the applicant chooses to revoke the declaration of consent then the subsidy will be revoked pursuant to pt. 19.1.f. and the applicant will be required to reimburse all disbursed funds.

### **20.2. Published Data**

In the event of funding approval, the Vienna Business Agency and the City of Vienna shall be entitled to publish without restrictions the identity of the applicant, the name and a brief description of the project, the amount of funding, and the grounds upon which the project was selected.

## 21. Anti-Discrimination /Indemnification Compliance

Subsidies that fall under these funding guidelines are granted exclusively to natural and legal persons who observe the anti-discrimination laws pursuant to § 2 of the Vienna Anti-Discrimination Act <sup>7</sup> and anti-disadvantage laws in accordance with § 4 paragraph 3 of the Vienna Anti-Discrimination Act.

The applicant shall be responsible for complying with the legal requirements and legal foundations in connection with the application process, the granting and processing of the subsidy, as well the auditing process, etc.

The applicant shall assume responsibility for all damages that may result from non-compliance with anti-discrimination laws (§ 2 and § 4 paragraph 3 of the Vienna Anti-Discrimination Act) or any other regulations with which he or she must comply in connection to the processing of the grant or the implementation of the funded project, and agrees to indemnify the Vienna Business Agency and the City of Vienna against third party claims.

## 22. Period of Effectivity

These guidelines are effective for applications submitted from January 1, 2019 to December 31, 2021, and are subject to potential revisions in accordance with official decisions or premature termination.

## 23. Applicable Law / Court of Jurisdiction

All legal relationships that result from enterprises undertaken in relation to these guidelines fall exclusively under Austrian law and other applicable EU regulations and guidelines.

The place of jurisdiction for all disputes arising from, or in connection with, these funding guidelines is the competent court in Vienna.

## 24. Administrative Funding Body

Vienna Business Agency. A service offered by the City of Vienna.

Funding Department  
Mariahilfer Strasse 20  
1070 Vienna, Austria

T: +43 (0)1 25200 402

[E: foerderungen@wirtschaftsagentur.at](mailto:foerderungen@wirtschaftsagentur.at)

[www.wirtschaftsagentur.at](http://www.wirtschaftsagentur.at)

<https://cockpit.wirtschaftsagentur.at>

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<sup>7</sup> Anti-discrimination law (Vienna Anti-Discrimination Act), LGBl. 35/2004 idgF

## Appendix I

### Businesses

For the purpose of these guidelines, businesses are considered economic entities that carry out long-term, self-contained, organized, and profit-making activities at their own risk, be their purpose to distribute or to substantially reinvest gains (e.g. in the case of research or social enterprises).

### Established Businesses

For the purposes of these guidelines, businesses are recognized as established if they possess one of the following characteristics:

- They are registered in the commercial register
- They possess a valid VAT ID number
- They can provide evidence of registration as an established industry in the central trade register
- They can provide evidence of registration in the company register of the appropriate administrative district authority
- In the case of sole proprietorships — and in the absence of any other evidence — the proprietor is insured by at least one of the following insurance associations: GSVG, FSVG or BSVG

### Time of Establishment

"Businesses in the process of being established" are considered established if they possess one of the characteristics of an "established business." Funding will be revoked if the establishment fails to occur within a maximum of 6 months following funding approval (see section 19.1.d.).

### Founders

The term "founder" applies to the pre-establishing phase as well as the first year of the "established business."

## Appendix II

### Business Site

The term "business site" indicates a permanent place of business or establishes if the business has discretionary power over certain (owned or leased) facilities, premises, or machinery through the use of which the business may carry out all or part of its operations.

### Vienna Business Site

One of the following points indicates the existence of a Vienna business site:

- Ongoing payment of Vienna municipal tax (proof: city treasury)
- Extant company registration entry with the address of the Vienna business site
- Extant registration of the VAT tax ID number in the VAT database of the Austrian tax authorities listing the address of the Vienna business site
- Extant registration of a trade in the trade register listing the address of the Vienna business site
- For self-employed individuals: extant registered business address or, if applicable, branch in Vienna

If self-employed individuals or single-person-businesses cannot provide documentation of any of the abovementioned, but still argue that Vienna is the location of their business site, then they must provide evidence of their place of residence (residence registration form). Such applications must furthermore be accompanied by a description of the business site and the fixed business equipment. In particular, this description should contain information regarding:

- Number and size (in square meters) of business facilities
- Function and use of the facilities (e.g. work room, conference room)
- Extant furnishing and machinery necessary to carry out business operations
- The need or presence of an operating license (if applicable)
- Space usage (exclusively or shared with others)
- Authority to dispose of the facilities (rent, sublet, ownership)
- Address of residence, so far as it is not the same as that of the business

The Vienna Business Agency reserves the right to recognize facilities as described above — potentially granted additional documentation — as "Vienna business sites."

## Appendix III

### Calculation Methods for Hourly Personnel Rates

Hourly rates are to be calculated on a **monthly** basis using the following formula.

#### Employed Project Employees

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Respective monthly gross salary

\* 14 months = projected annual gross salary  
 \* 1.32 + 32 % wage costs  
 \* 1.2 (or 1.3) + 20 % overhead rate (30 % for founders)  
 ÷ (weekly hours \* 41) ÷ projected annual working hours  
 = recognized hourly rate for each month

Please note: In the case of founders the overhead rate is raised to 30%.

#### Self-Employed Individuals

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Respective monthly gross salary

\* 14 months = projected annual gross salary  
 \* 1.21 + 21 % wage costs  
 \* 1.2 (or 1.3) + 20 % overhead rate (30 % for founders)  
 ÷ (weekly hours \* 41) ÷ projected annual working hours  
 = recognized hourly rate for each month

Please note: In the case of founders the overhead rate is raised to 30%.

#### Actively Involved Company Owners or Partners

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The hourly rate for small business owners who are actively involved in the project is set at € 45.00, and that for founders at € 48.75.

Explanation of the calculation:

fixed base hourly rate	wage costs	overhead rate	hourly rate	age of business
€ 28.41	32 %	20 %	€ 45.00	> 1 year
€ 28.41	32 %	30 %	€ 48.75	founder

Notice: In the case of founders the overhead rate is raised to 30%.

## Appendix IV

### Undertaking in Difficulty

According to Article 2 (Definitions) no. 18 of the GBER:

18. "Undertaking in difficulty" means an undertaking in respect of which at least one of the following circumstances occurs:

- a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, "limited liability company" refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU<sup>34</sup> (1) and "share capital" includes, where relevant, any share premium.
- b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, "a company where at least some members have unlimited liability for the debt of the company" refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU
- c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors
- d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan
- e) In the case of an undertaking that is not an SME, where, for the past two years:
  - (1) the undertaking's book debt to equity ratio has been greater than 7.5 and
  - (2) the undertaking's EBITDA interest coverage ratio has been below 1.0.

<sup>(1)</sup>Directive 2013/34/EU of the European parliament and of the council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.

## Appendix V

### Aid for Start-ups According to Article 22 (Aid for Start-ups)

Article 22 of the GBER 2014, taking into account the provisions of paragraph 2 of the GBER amendment of 2017<sup>8</sup> states as follows:

1. Start-up aid schemes shall be compatible with the internal market within the meaning of Article 107(3)<sup>9</sup> of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided the conditions laid down in this Article and in Chapter I are fulfilled.
2. Eligible undertakings shall be any unlisted small enterprise up to five years following its registration, which fulfils the following conditions:
  - (a) it has not taken over the activity of another enterprise;
  - (b) it has not yet distributed profits;
  - (c) it has not been formed through a merger.

For eligible undertakings that are not subject to registration, the five year eligibility period may be considered to start from the moment when the enterprise either starts its economic activity or is liable to tax for its economic activity.

By way of derogation from point (c)<sup>10</sup>, enterprises formed through a merger between undertakings eligible for aid under this Article shall also be considered eligible undertakings up to five years from the date of registration of the oldest enterprise participating in the merger.

3. Start-up aid shall take the form of:
  - (a) loans
  - (b) guarantees
  - (c) grants, including equity or quasi equity investment, interest rate and guarantee premium reductions up to EUR 0.4 million gross grant equivalent or EUR 0.6 million for undertakings established in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty, or EUR 0.8 million for undertakings established in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty.

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<sup>8</sup> COMMISSION REGULATION (EU) 2017/1084 of 14 June 2017 **amending Regulation (EU) No 651/2014** as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs.

<sup>9</sup> TFEU: Consolidated Version of the Treaty on the Functioning of the European Union:  
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=DE>

<sup>10</sup> Note: the reference to the original version of the amendment (subparagraph 1 letter c) was altered accordingly.

4. A beneficiary can receive support through a mix of the aid instruments referred to in paragraph 3 of this Article, provided that the proportion of the amount granted through one aid instrument, calculated on the basis of the maximum aid amount allowed for that instrument, is taken into account in order to determine the residual proportion of the maximum aid amount allowed for the other instruments forming part of such a mixed instrument.
  
5. For **small and innovative** enterprises, the maximum amounts set out in paragraph 3 may be **doubled**.

## Appendix VI

### Incentive Effect

According to Article 6 (Incentive effect) of the GBER:

1. This Regulation shall apply only to aid which has an incentive effect.
2. Aid shall be considered to have an incentive effect if the beneficiary has submitted a written application for the aid to the Member State concerned before work on the project or activity starts. The application for the aid shall contain at least the following information:
  - (a) undertaking's name and size;
  - (b) description of the project, including its start and end dates;
  - (c) location of the project;
  - (d) list of project costs;
  - (e) type of aid (grant, loan, guarantee, repayable advance, equity injection or other) and amount of public funding needed for the project.

### Start of Works

According to Article 2 no. 23 of the GBER:

51. 'Start of works' means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works. For take-overs, 'start of works' means the moment of acquiring the assets directly linked to the acquired establishment.

## Appendix VII

### Industrial Research

According to Article 2 no. 85 of the GBER:

'Industrial research' means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation.

### Experimental Development

According to Article 2 no. 86 of the GBER:

'Experimental development' means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services;

Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes.

Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.