

LABORATORY GUIDANCE ON EU CO-FINANCING FOR BSE TESTING

February 2011

1. What is EU co-financing for BSE testing?

Council Decision 2009/470/EC provides for the possibility of a financial contribution by the EU in the eradication and monitoring of certain animal diseases including BSE.

http://ec.europa.eu/food/animal/diseases/eradication/legisl_en.htm

2. How much EU co-financing is available?

The level of co-financing per BSE test is subject to annual adjustment.

For 2011, the figure is a **maximum of €8 per test** plus a **€0.5 flat payment for each sample taken¹**.

3. Does the €8 (maximum) just relate to the cost of the test kit?

No, it relates to the cost of the screening process carried out inside the laboratory which will exceed the cost of the test kit.

4. How do we obtain the EU co-financing reimbursement?

Defra claims reimbursement from the EU a year in arrears and is responsible for ensuring that this is passed back to the beneficiary. There must be a transparent audit trail from Defra to the abattoir via the laboratory. **Laboratories must indicate clearly the level of reimbursement already deducted from the full commercial cost on the abattoir invoice.**

Laboratories should **invoice Defra on a monthly basis** for the following:

- €8 or the full commercial price (exclusive of VAT) of each test carried out, whichever is less; and
- €0.5 flat payment for each sample received.

Laboratories should account for VAT in the normal way i.e. show the VAT calculation on customers invoice, as detailed below:

- Full commercial price (i.e. screening process + transport + packaging etc)
- Add VAT
- **Total Invoice Price**
- Deduct subsidy (maximum of 8 Euros) from the price for the screening process only (show the exchange rate calculation)
- Deduct €0.5 flat payment for each sample received from the price (show the exchange rate calculation)
- **Total Payable (Invoice price less subsidy/flat payment for sampling)**

¹ **Commission Decision 2010/712 EC** – approving annual and multi-annual programmes and the financial contribution from the Community for the eradication, control and monitoring of certain animal diseases presented by Member States for 2011 and forward years.

Laboratories must provide evidence to Defra that they are providing abattoirs with a breakdown of the costs as above. If laboratories do not provide this evidence, Defra will not provide the reimbursement.

Laboratories who do not release commercial invoices to Defra must periodically confirm the average commercial price for the screening process and provide a written guarantee that

- the screening price exceeds 8 Euros;
- that the price will be auditable;
- that invoices will be made available to European Commission and Competent Authority auditors on request; and
- that EU reimbursement is being passed back to the beneficiary.

Laboratories must agree a financial protocol with Defra before EU Co-Financing payments can be authorised.

5. Can we invoice abattoirs more frequently than monthly?

Yes, but you should only invoice Defra on a monthly basis. If for example you invoice abattoirs weekly, a combined invoice for four weeks' worth of reimbursement should be sent to Defra at the end of the month. Where laboratories invoice abattoirs on a weekly basis, **the monthly invoice to Defra should reflect the exchange rates at the time of invoicing the abattoir** (real time) not at the time of sending the monthly invoice to Defra.

6. What happens if the commercial cost (excluding VAT) of each test is less than €8?

Defra should be invoiced for €8 or the full commercial cost (excluding VAT) of each test, whichever is less. If the full commercial cost of each test (excluding VAT) is less than or equal to €8, Defra will meet the full cost of each test through EU co-financing.

Laboratories should account for VAT in the normal way i.e. show the VAT calculation on customers invoice. The EU subsidy (i.e. maximum of €8 towards the screening price plus €0.5 flat payment for each sample received) cannot be used to reduce the amount of VAT payable.

7. How do we deal with fluctuations in the exchange rate?

A fixed exchange rate is not possible as the beneficiary must be able to receive the full rebate. You should use the exchange rate **at the time of invoicing the abattoir**. The EU publishes these in the Official Journal "C" Series on a daily basis at <http://eur-lex.europa.eu/JOIndex.do?ihmlang=en>

8. How can we quote a fixed commercial test price?

You can quote a fixed commercial test price of £X (including VAT) less a maximum of €8 which will be paid by Defra.

9. What happens if Defra is not fully reimbursed by the EU? Will it ask laboratories for the money back?

No. Defra will retain liability in the event that it does not receive the full reimbursement from the EU because of fluctuations in the exchange rate or a disallowance. This is why Defra demands a transparent audit trail to the abattoir via the laboratory.

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