

# Tax Flash

February 2022

On 4 February 2022, Law 4887/2022 "Development Law - Greece Strong Development" has been voted by the Greek Parliament. The new Development Law provides a general framework, specified for each aid scheme foreseen through ministerial decisions issued. In essence, the provisions of the new Law start to apply following the issuance of the relevant ministerial decisions. Up to date, the Ministry of Development and Investments is in the process of planning the issuance of the above mentioned ministerial decisions. The main points of the new Law are summarized below:

## A. General Remarks

### Purpose of the new Law

The purpose of the new Law is to promote the economic development of the country and to be the cornerstone in the support of all business sectors by providing incentives to targeted activities in order to achieve the digital and technological transformation of enterprises, the green transition, the creation of scale economies, the support of innovative investments and of those seeking the introduction of new technologies of "Industry 4.0", robotics and artificial intelligence, the strengthening of employment with specialized personnel, the support of new entrepreneurship, the strengthening of less-favored areas of the country and areas included in the Just Development Transition Plan, the further strengthening of tourism and the improvement of competitiveness in high value-added sectors.

Furthermore, the regulations of the new Law are aiming to speed up the procedures of submission, evaluation, approval, control and certification of the investment plans that will be subject to the special aid schemes of the Law.

Finally, the new Law specifies the types, the content and the method of payment of the aids, their intensities, the maximum amounts of aid and the respective sources of funding.

## B. General Section

### Beneficiaries of the aid schemes

Beneficiaries of the aid are companies that are established or maintain a branch in Greece at the commencement date of the investment plan and fall under one of the following corporate types:

- Commercial companies
- Cooperatives
- Social Cooperative Companies (SoCC), Agricultural Cooperatives (AC), Producer groups (PG), Producer Organizations (PO), Urban Cooperatives (UC) and Agricultural Corporate Partnerships (ACP)
- Companies in establishment or merger procedures, provided that they have completed their publicity procedures before the commencement date of the investment plan
- Companies that operate as joint ventures, provided that they are registered in the General Electronic Commercial Registry (GEMI)
- Public and municipal companies, and their subsidiaries under certain conditions
- Personal companies with a maximum eligible investment project expense of € 200.000 and solely for the aid scheme "Agri food- primary production and processing of agricultural products - fisheries and aquaculture. "

## B. General Section

### Minimum investment amount (in €)

The minimum amount of investment plans is determined as follows:

➤ Large sized companies	1.000.000
➤ Medium sized companies	500.000
➤ Small sized companies	250.000
➤ Very small sized companies	100.000
➤ SoCC, AC, PG, PO, UC, ACP	50.000

### Maximum Amount of aid of investment plans

The maximum amount of aid for each investment plan amounts to €10.000.000, with some exceptions. The maximum amount of aid for each company including aid to cooperating or affiliated companies amounts to €20.000.000 and for each company Group to €30.000.000.

These restrictions apply to the investment plans that are subject to the new Development Law and for a period of three (3) years from the submission of the respective application for the inclusion of the investment plan.

### Conditions for regional aid

The investment plans for regional aid, which are subject to the aid schemes of the new Development Law, must have a complete initial investment character and in particular must meet one of the following conditions:

- A. Development of a new plant
- B. Capacity expansion of an existing plant
- C. Diversification of a plant's production into products that have never been produced or services that have not been provided by it,
- D. Substantial modification of the entire production procedure of an existing plant.

It is pointed out that investment projects of non complete character are also supported as foreseen by the respective aid schemes.

### Reinforced Sectors

The aid schemes of the new Development Law include investment plans of all sectors of the economy, without prejudice to the provisions of Annex A "Included and excluded investment plans" of the Law.

## Eligible expenses

**B. General Section**

Investment projects subject to the new Development Law may receive aid for eligible expenses:

- Eligible expenses for regional state aid for initial investment either independently or in combination with non-regional aid of the other sections of the General Block Exemption Regulation (GBER- "Γ.Α.Κ") of the European Commission (651/2014), and other European Union Regulations or
- Exclusively non-regional state aid from the other sections of the General Block Exemption Regulation (GBER- "Γ.Α.Κ") of the European Commission (651/2014), and other European Union Regulations in the aid schemes provided for.

In summary, these expenses are as follows:

**Regional State Aid*****Investment expenses for tangible assets***

- Construction, expansion, modernization of building installations as well as special and auxiliary installations of buildings (there is a limit of a maximum percentage ranging between 45% and 80%).
- Purchase of all or part of the existing fixed assets of a company under certain conditions.
- Purchase and installation of new contemporary machinery and other equipment, including technical installations and means of transport.
- Leasing of new contemporary machinery and other equipment.
- Expenses for updating specialized facilities not related to buildings, and mechanical installations.

***Investment expenses for intangible assets***

- Transfer of technology through acquisition of intellectual property rights, licensing, patents, knowhow and non registered technical knowledge.
- Quality assurance and control systems, certifications, purchase and installation of software and business organization systems

***The wage cost of the new jobs*** created as a result of the implementation of the investment plan, calculated for a period of two (2) years from the creation of each position. It is noted that it is an eligible expense only independently and not in combination with the above.

## B. General Section

### Eligible expenses

#### Eligible expenses for non-regional state aid

- Expenses for consultancy in favour of SMEs
- Innovation Expenses for SMEs
- Expenses for process and organizational innovation
- Training Expenses
- Expenses to SMEs for participation in fairs
- Expenses for research and development projects
- Investment expenses for energy efficiency measures
- Expenses for recycling and reuse of waste
- Expenses for high efficiency energy cogeneration from Renewable Energy Sources (RES) and expenses for production of energy from RES
- Expenses for the remediation of contaminated sites
- Expenses for environmental protection
- Other expenses

Additionally, in the aid schemes "Digital and Technological Transformation of Enterprises", "Green Transition - Environmental Enterprise Upgrade", "New Entrepreneurship", «Just Development Transition», "Research and Applied Innovation", "Enterprise Extroversion" and "European Value Chains", other specialized eligible costs defined in the respective articles of the General Block Exemption Regulation (GBER-“Г.А.К”) are foreseen.

### Entity participation in the investment cost

The participation of the entity in the cost of the investment project can take place either through own funds or through external financing, provided that 25% of the total investment cost does not contain any state aid, support or subsidy whatsoever.

### Type of Aid

The following types of aid are provided:

- A. Tax exemption
- B. Subsidy
- C. Leasing Subsidy
- D. Wage subsidy (for jobs created)
- E. Enterprise risk financing, related solely to the "New Entrepreneurship" aid scheme.

The types of aid of cases A, B and C are provided individually or in combination and are taken into account to determine the total amount of aid of each investment project. The type of aid of case D is provided independently and only for the expenses of the wage cost of the new jobs.

### Aid Schemes and Evaluation Method

#### C. Special Section-Aid schemes

The new Law provides for 13 state aid schemes, each focusing on specific sectors of the economy and evaluated by a specific method as follows:

Aid Scheme	Evaluation Method
Digital and Technological Transformation of Enterprises	Direct Evaluation
Green Transition - Environmental Enterprise Upgrade	Direct Evaluation
New Entrepreneurship	Comparative Evaluation
Just Development Transition	Direct Evaluation
Research and Applied Innovation	Direct Evaluation
Agri food- Primary Production and Processing of Agricultural Products - Fisheries and Aquaculture	Comparative Evaluation
Manufacturing - Supply Chain	Comparative Evaluation
Enterprise Extroversion	Comparative Evaluation
Enhancement of Tourism Investments	Comparative Evaluation
Alternative Forms of Tourism	Comparative Evaluation
Major Investments	Direct Evaluation
European Value Chains	Direct Evaluation
Entrepreneurship 360°	Comparative Evaluation

### Scheduling submission cycles

Regime notices have a fixed annual cycle. In the case of Direct Evaluation, the relevant notice is made once a year, while in the case of Comparative Evaluation, the notices of each regime are made at regular intervals per year and they are in force for three (3) months, without the possibility of granting an extension.

### C. Special Section-Aid schemes

#### Evaluation process

The evaluation is carried out by the Investment Plans Evaluation Committee consisting, members from Competent Receiving Services (see below) including Services of competent Ministries, or from the National Registry of Certified Evaluators and the National Register of Certified Auditors.

The evaluation of the investment plans commences from the date of submission of the application and is completed within: **A)** 45 days from the end of the aid scheme for the comparative evaluation, and **B)** 30 days for the direct evaluation.

The criteria, the methodology, the Competent Receiving Services and the evaluation process may be further specified in the regimes' notices.

#### Electronic submission of the application

The application for inclusion as well as the required supporting documents must be submitted through the Development Law Information System except for the aid scheme "Just Development Transition" that is implemented through the existing State Aid Information System (SAIS).

#### Competent Receiving Service

The respective competent receiving service is determined according to the eligible amount of the investment plan. More specifically:

- A. Investment projects of eligible amount up to 1.000.000 € which are implemented within the boundaries of each region, are submitted to the Development Planning Directorates of the Regions of the country.
- B. Investment plans of eligible amount over 1.000.000 € and up to 3.000.000 €, implemented in the Regions of Western and Central Macedonia and Eastern Macedonia and Thrace, are submitted to the Private Investment Directorate of the Ministry of Interior, Macedonia - Thrace Sector.
- C. The remaining investment plans are submitted to the General Directorate of Private Investments of the General Secretariat for Private Investments and Public-Private Partnerships (PPPs) of the Ministry of Development and Investments.

#### Certification report

Applications for investment projects amounting to more than **700.000 €** must be accompanied by a certification report, which is signed by a member of the Economic Chamber of Greece, registered in the National Register of Certified Auditors.

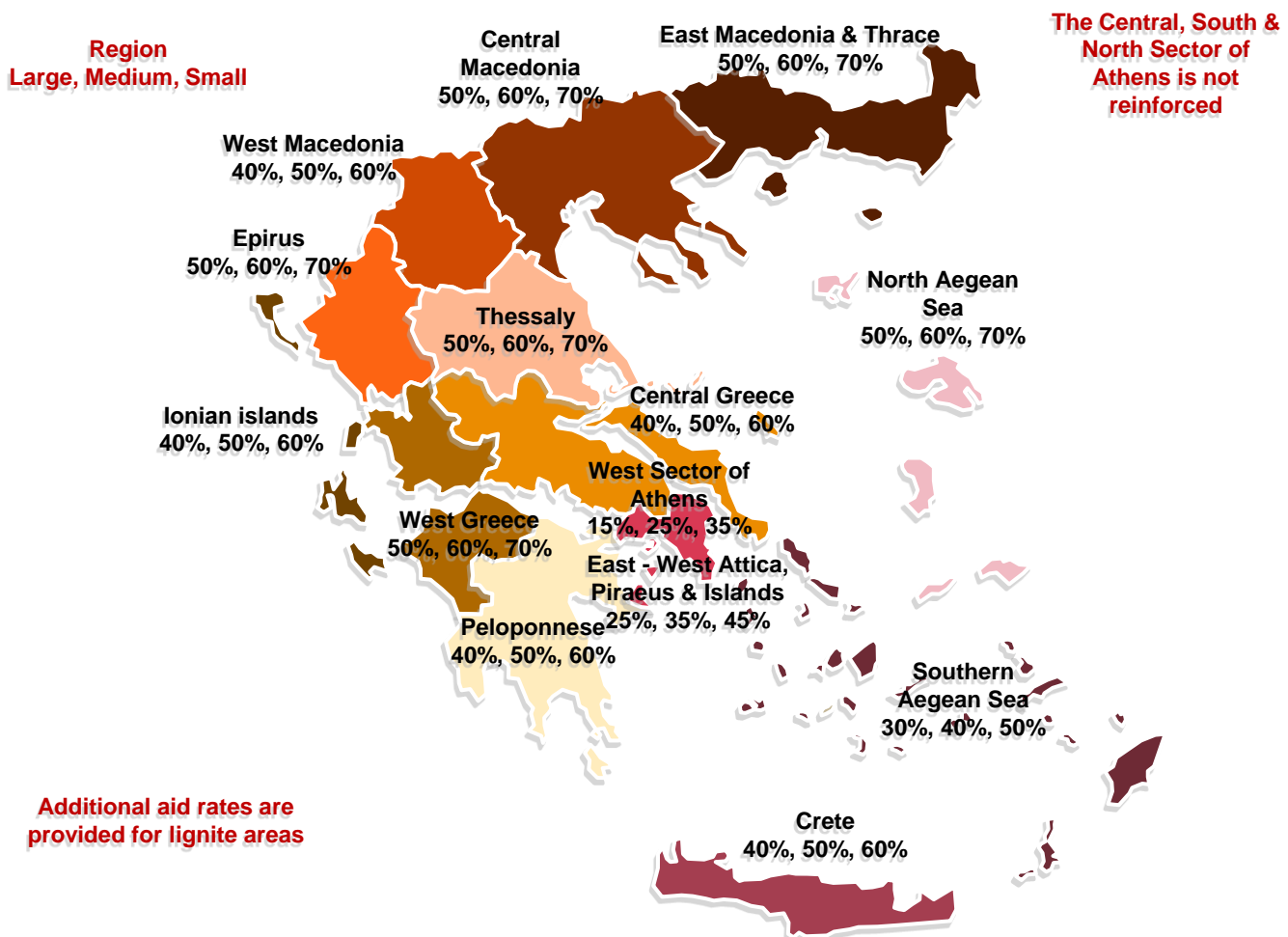
### D. Aid Intensity and Regional Aid Map

#### Aid Intensity

The maximum aid intensities for the initial regional investments are determined by the current Regional Aid Map for the period 2022-2027 depending on the size of the company, the place of implementation of the investment and the provisions of the Law.

For investment projects that do not have a complete initial investment character, the maximum aid intensities for the eligible expenses are provided in accordance with the provisions of the General Block Exemption Regulation (GBER- "Γ.Α.Κ") and the provisions of the Law.

#### Regional Aid Map



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The text is intended for general information only and should not be used as a basis for decision making. Contact for more information στην ΠwC: Λεωφ. Κηφισίας 268, 15232 Χαλάνδρι τηλ. +30 210 6874400

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