

Tax Flash

May 2019

Incentives to attract significant strategic investments in Greece

Law 4608/2019 introduces a series of provisions aiming to attract significant investments in strategic sectors of the Greek economy by providing the possibility of granting substantial incentives, also in the form of financial assistance.

Definition of “Strategic Investments”

Strategic Investments (S.I.s) are all those investments, mainly in economic sectors involving international trade of products or services, which, due to their strategic importance for the national or local economy, may generate significant quantitative or qualitative results regarding employment, reconstruction of production and promotion of the natural and cultural environment, having extroversion, innovation, competitiveness, universal planning, saving of natural resources and high added value as their main characteristics.

Categories of S.I.s

S.I.s are categorized as follows:

Category	New jobs	Total budget	Available incentives
S.I. 1	120	> 100 m. euro	i) Spatial planning, ii) Income tax rate stabilization and either alternatively or cumulatively * iii) Fast track licensing
S.I. 2	100	> 40 m. euro	i) Fast track licensing and either alternatively or cumulatively * ii) Tax incentives (income tax rate stabilization, tax exemption or acceleration of tax depreciation) and
S.I. 2 – Industrial sector	75	> 30 m. euro	iii) Subsidized costs (recruitment of employees, research and development projects)
S.I. 2 – Organized receptors for handicraft and business activities	50	> 25 m. euro	
Emblematic investments by distinguished legal entities with international reputation	No limit		Alternatively or cumulatively *: i) Spatial planning, ii) Tax incentives (income tax rate stabilization, tax exemption or acceleration of tax depreciation), iii) Fast track licensing,
Emblematic investments in the industrial sector	200	> 200 m. euro	iv) Subsidized costs (recruitment of employees, research and development projects)
Fast track licensed S.I.s	30	> 20 m. euro	i) Income tax rate stabilization and either alternatively or cumulatively * iii) Fast track licensing
S.I.s by default (e.g. Private – Public Partnerships or Projects of Common Interest)	No limit		i) Income tax rate stabilization and either alternatively or cumulatively * iii) Fast track licensing

* as referenced in the Law

Details of the available incentives

The incentives being offered are, in detail, the following :

- Spatial planning in uniform areas, determined by Special Plans for the Spatial Development of Strategic Investments (EKXΑΣΕ)
- Fast track licensing, which will be completed within forty-five (45) calendar days
- Income tax rate stabilization for twelve (12) years (the investor will benefit, however, from any potential reductions)
- Income tax exemption
- Acceleration of tax depreciation for assets that form part of the approved investment plan, by increasing the applicable depreciation rate by a hundred per cent (100%)
- Subsidization of labor costs for disadvantaged employees or employees with disabilities
- Grants for research and development projects
- Possibility of alternative ways of dispute resolution through arbitration

In addition, it is provided that, up to ten (10) executives of each S.I. entity, may be considered as having their tax residence abroad and hence be taxed only for any income derived in Greece. The same also applies to the spouse or the other part of a civil partnership, to the extent that they are not pursuing a professional activity in Greece, as well as to their dependent children.

Filing and documentation of the file

For the consideration of a project as a S.I., each interested investor submits an application to “Greek Investments and Foreign Trade Company S.A.”, which is accompanied by a complete file including all the required elements as prescribed by the Law. To be noted that any investment proposal is considered binding for the investor.

Approval of the S.I.

A Ministerial Decision shall be issued, specifying the exact aid that each investment proposal - having already been regarded as a S.I. - may receive, as well as all the specific conditions, terms and procedures that the S.I. entity must follow in order to receive the approved incentives.

Obligations of the S.I. entity

The S.I. entity must file an investment and licensing file within forty-five (45) calendar days from the publication of the approval decision in the Government Gazette and also sign, within sixty (60) calendar days from this filing, a Cooperation Memorandum with the Greek State, which will include legal commitments for both parties.

Sanctions

In case the terms included in the Ministerial Decision and the Cooperation Memorandum are not met due to reasons attributable to the S.I. entity, various penalties will be imposed, depending on the type of infringement.

Deadline for applications

The deadline for filing applications for the inclusion of investments into the S.I. scheme is set on 31/12/2023.

Our expert advisors are in a position to advise you on the implications arising from a Greek tax, legal and other perspective in relation to your specific case.

www.pwc.gr

This information is intended only as a general update for interested persons and should not be used as a basis for decision-making. For further details please contact PwC: 268, Kifissias Avenue 15232 Halandri tel. +30 210 6874400

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