

## Investment incentives based on SEV proposals

Recent legislation encourages productive investments and job creation by introducing tax incentives for all business sizes and sectors, simplified subsidy allocation for SMEs and significant reduction of the customs burden. Though over-taxation is not tackled, the adopted measures include key SEV recommendations and proposals for increasing investments. These proposals were extensively discussed during SEV's main events: the [Investment Conference](#), the [Industrial Forum](#) as well as at the [SMEs' Conference](#).

**1. 130% super-deduction of R&D expenditure.** Law 4386/2016 (as applied through L.4485/2017) states that the deductible costs of scientific and technology research (including the depreciation of equipment and instruments used for research) are increased by an additional 30% (i.e. 100% actual cost supplemented by 30% additional deduction for tax purposes). This incentive effectively reduces taxable profits. The terms and conditions for the implementation of the incentive are set by the Joint Ministerial Decision 109343 (Government Gazette 2351-B/11.07.2017).

**2. 200% super-depreciation for energy efficiency investments.** Law 4549/2018, article 117, states that energy-saving and/or water-saving investments are depreciated by an additional 100% (i.e. 200% in total for tax purposes). This incentive effectively reduces taxable profits. Terms and conditions are included in Government Gazette 5597/12-12-18 (POL 1221). Indicative investment categories include insulation, refrigeration / heating equipment and systems, heat pumps, boilers, energy automation, energy collection systems, related works and construction, loss-reducing equipment, etc.

**3. 150% super-deduction of labor costs.** Law 4549/2018 provides recruitment incentives. In particular, deductible employers' contributions for new jobs are increased by an additional 50% (i.e. 100% actual employers' contributions supplemented by 50% additional deduction for tax purposes) up to a maximum of 14 times the minimum wage. The incentive is conditional on the increase of full time equivalent jobs. Government Gazette 6044 / 31-12-18 (POL 1244) states the terms and conditions for the implementation of the incentive, which is effective from 2019 onwards.

**4. Employers' contribution subsidy (for employees under 25 years old).** Law 4583/2018, in force since 1/1/19, subsidizes social security contributions for private-sector employees up to 25 years of age.



The subsidy accounts to 6.66% of the employee's gross wage. A ministerial decision will set the terms and conditions for the subsidy.

**5. Tax exemptions for R&D capital.** Law 4583 /2018 (Article 68) exempts capital increases from taxes and duties when it is directed to R&D expenditure.

**6. Patent box (tax exemption).** Law 4512/2018 provides for a three-year income tax exemption for profits stemming from products / services which utilize an internationally recognized patent developed in-house. The Joint Ministerial Decision published at the Government Gazette B 1843/2018 sets the terms and conditions for implementing the incentive.

**7. Strengthening SMEs' innovation.** State-aid law L.4399/2016 provides €100m to strengthen innovation in SMEs. The scheme supports investments linked to the production of innovative products and to the introduction of organizational innovation within SMEs. Law 4653/2018 sets the scheme's implementation terms and conditions.

**8. Simplification of state-aid allocation.** The updated state-aid allocation scheme (initially in Law 4399 / 2016, updated in Law 4582 / 2018) states that upon completion of 25% of an approved investment, 25% of the grant can be received, thus replacing the provision for 50% minimum completion . Additional provisions to be legislated soon will reduce the timeframe for tax relief to 3 years (from 5 today) and will allow tax breaks from a 50% investment completion (compared to 100% today).

**9. Tax warehouses - customs warehouses – tax free zones.** Circulars by the Independent Public Revenue Authority (Government Gazettes 2744 and 4744/4-7-17) significantly reduce the operating costs of tax warehouses. Provisions include co-warehousing, Letters of Guarantee reductions of up to 75%, digital information exchange, etc. Regarding customs warehouses and tax free zones, (Gazette 4512 and 4513 /15-10-2018) provisions include VAT exemptions, simplified licensing procedures (similar to EU competitors), reduced operating costs, rationalization of cash flows and incentives for investments in international logistics operations.

**Authors**

**Division of Industry, Growth and Infrastructure**

**Director:** Dr. George Xirogiannis

**Senior Advisor:** Maggie Athanassiadi

Investment proposals were based on toolkits prepared by [Deloitte](#), [BCG](#) and [EY](#) for SEV.

**For further info:**

Division of Industry, Growth and Infrastructure | **E:** [industrial@sev.org.gr](mailto:industrial@sev.org.gr)



**SEV Members Financial Data**

**ASSETS**  
**€362 bn**  
**71% of total\***



**EQUITY**  
**€60 bn**  
**48% of total\***



**TURNOVER**  
**€61 bn**  
**46% of total\***



**PROFITS BEFORE TAXES**  
**€3.3 bn\*\***  
**42% of total\*\***



**EMPLOYEES**  
**200,000**  
**11% employees insured by IKA**



**WAGES**  
**€5 bn**  
**20% of total\*\*\***



**SOCIAL SECURITY CONTRIBUTIONS**  
**€2.2 bn**  
**26% of total\*\*\***



**TAXES ON PROFITS**  
**€1.1 bn**  
**31% of total\*\*\*\***



\* 17,454 financial statements for fiscal year 2016 included in ICAP database

\*\* sum of reported profits

\*\*\* % of total regular earnings (excluding bonuses and overtime)/social security contributions of employees insured by IKA

\*\*\*\* % of total revenues from corporate income tax

Source: ICAP, IKA, Ministry of Finance



*Hellenic Federation of Enterprises*

**SEV HELLENIC FEDERATION  
OF ENTERPRISES**

5, Xenophontos Str, 105 57  
Athens  
T: +30 211 5006 000  
F: +30 210 3222 929  
E: [info@sev.org.gr](mailto:info@sev.org.gr)  
[www.sev.org.gr](http://www.sev.org.gr)

**SEV HELLENIC FEDERATION  
OF ENTERPRISES**

168, Avenue de Cortenbergh  
B-1000 Bruxelles  
T: +32 (0) 2 662 26 85  
E: [kdiamantouros@sev.org.gr](mailto:kdiamantouros@sev.org.gr)

**FOLLOW US**

