
Information memo

Investment Incentives Law (4399/2016)
"Support of Small & Very Small Enterprises (SvSEs)" Scheme

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TRIAENA Synergies & Consulting P. C.
51, Solonos Str., GR-10672 Athens, Greece
info@trisync.gr



Dear guests,

Following the recent activation of the *Investment Incentives Law – IIL (4399/2016) "Support of Small & Very Small Enterprises (SvSEs)"* Scheme, our Investment Support team has prepared a short description of the relevant opportunities and preconditions for participation.

The attached info is adapted to an "under-establishment" entity, although existing entities may also participate in the scheme.

IIL was initially legislated in 1982 (as Law 1262) and is perhaps the most robust scheme for the support of foreign direct investments (FDI) in Greece. It is addressed to all sizes of enterprises, either active or under establishment, and covers a wide range of activities, including manufacturing, tourism, logistics, information and communication technologies and others.

Despite TRIAENA Synergies was only established in October 2018, both our management and personnel possess multi annual experience and expertise in Investment Incentives Law. To-date, our success rate in both:

- proposal approvals and
- actual project implementation and funding

remains at **100%**.

So, please feel free to contact us in case you are interested to exploit this opportunity to expand your business in Greece and the wider EMEA Region, either through mail (info@trisync.gr) or through our contact page (<https://www.trisync.gr/content/contact-form>). Our management and personnel will be happy to answer any questions you may have.

Kind regards,

Panos PSOROIDAS

Managing Director

TRIAENA Synergies & Consulting PC.



Investment Incentives Law (4399/2016) "Support of Small & Very Small Enterprises (SvSEs)" Scheme

Main provisions and conditions to participate

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1. Scope & Objectives of the Scheme

“Support of Small & Very Small Enterprises (SvSEs)” Scheme provides incentives for productive investments in activities covering all sectors of the economy, by small and very small entities, i.e. independent enterprises employing less than 50 persons with turnover <EUR 10 million.

The scheme supports integrated investments, falling in any of these categories:

- initial investment, i.e. establishment of a new business activity
- capacity expansion of an existing activity,
- diversification of production towards high added value activities,
- acquisition of assets of an enterprise that has ceased operations for more than 36 months.

2. Eligible and Excluded activities

The scheme supports a wide range of activities in all sectors of the economy, including:

- agroindustry,
- manufacturing of any type of processed product,
- third party logistics, including private marinas & seaplanes landing facilities,
- tourism, and others.

In the field of tourism, eligible investments include the following:

- Establishment or expansion of at least 3* hotel units,
- Large-scale modernisation of hotel units belonging or to be upgraded to at least 3* category,
- Establishment, expansion and modernisation of organised camping sites, which belong or are upgraded to at least 3*.
- Establishment and modernisation of hotel units operating within designated traditional buildings, which belong or are upgraded to at least 2*.
- Establishment of Special Tourist Infrastructure facilities, including conference centers, golf courses, tourist ports, ski resorts, theme parks, spa facilities, climbing shelters & racing tracks.
- Establishment of condo hotels, as defined in Law 4276/2014 (A 155), under the condition that the transfer or long-term lease of any rooms or apartments takes place not before 3 years from the conclusion of the investment.
- Establishment of youth hostels (set up only from non-profit Social Cooperative Enterprises.

Excluded activities include coal, steel & synthetic fiber production, shipbuilding, transport infrastructure, commerce (both retail and wholesale), real estate, banking & finance, education & training, and health services (except health tourism, which is eligible).



3. Eligible Entities

Eligible entities to participate are independent small and very small enterprises, which are:

- i. either legally established and operating in Greece and possess eligible CADs (Codes for Activity Definition),
- ii. or under formation or under merger on condition that they will be incorporated before project initiation (however they are not obliged to be formed before proposal submission or even before proposal approval).

4. Eligible Expenses – Levels of support

Eligible Expenses include the following:

Investment Type – Regional State Aid (RSA)	Limits
Construction and renovation of buildings	Maximum 45% - 80% of total RSA investment costs ¹
Purchase of new machinery and other equipment, expenses for modernisation of plant facilities	
Investment in intangible assets e.g. acquisition of intellectual property rights, acquisition of patents, licensing and non-registered technical knowledge, quality assurance control systems & certifications, purchase and installation of software and business organisation systems	Maximum 75% of total RSA investment costs

The level of support in 4399/2016 for RSA costs depends on the size of the investor and the location of the investment. For example, support for an investment by a large company in Attiki will not exceed 10% of total investment costs. However, **in case of a small company investing in any of the following 7 (out of total 13) Greek Regions:**

¹ Depending on investment typer. In general, total construction costs may reach a maximum of 45% of total RSA investment costs. In investments in 3rd party logistics, construction costs may reach a maximum of 70%, while the equivalent for investments in traditional buildings may reach 80% of total RSA investment costs.



- Peloponnese
- Western Greece
- Epirus
- Eastern Macedonia Thrace
- Central Macedonia
- Northern Aegean
- Thessaly

the respective support percentage is 55%, i.e. the Greek State will cover no less than 55% of total eligible investment costs.

Supplementary to the above, an investment may also include non-Regional State Aid (nRSA) eligible expenses:

Investment Type – non-Regional State Aid (nRSA)	Limits	Level of support	
		Tax exemption	Grant
Consulting services to new SvSEs (i.e. either under-establishment or existing SvSEs with less than 7 years from establishment), which are directly related to the project.	Up to EUR 50.000,00	50%	50%
Establishment costs for non-established entities, indicatively including: costs for drafting & publishing of the articles of association, elaboration of technical, commercial and organisational studies, research costs, costs for issuing bonds, legal services and administrative costs carried out until the start of the operation.	Up to EUR 100.000,00	100%	100%

Concerning the type and level of support, the following general concepts apply:

- Main support tools are the following:
 - Tax exemption: the investor covers the investment cost in full and is exempted from paying corporate tax equal to the level of support.
 - Grant: Government covers part of the eligible investment cost.
- In general, if a company opts for tax exemptions, the relevant rate of support amounts to 100% of the highest applicable support rate (HASR) for the specific size of company and investment location.



- The corresponding rate of support, if a company opts for grants, is limited to 70% of the applied HASR. In effect, this indicates that the Government prefers to provide tax exemptions to eligible investments, instead of direct payouts of grants.
- The above generic rule is not applied to specific types of investments (such as in agroindustry and informatics) that are considered of high priority and the level of support is 100% of the applied HASR even if the company opts for grants.

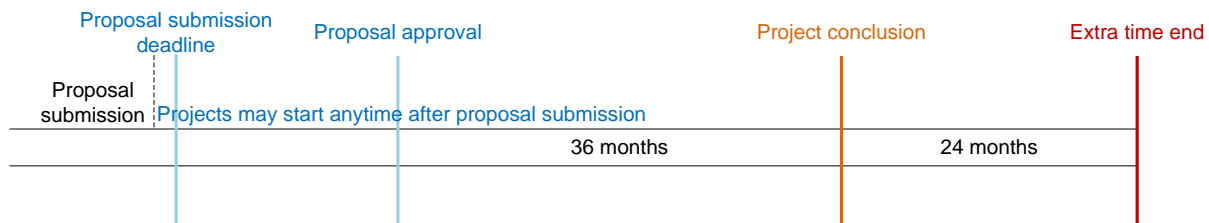
5. Duration of investments

Supported projects must be concluded within **36 months** from approval. An extension of this duration for an extra 24 months is feasible, on condition that more than 50% of the investment has been concluded within the initial 36 months.

Attention should be paid at the following:

- **Projects should NOT be started before proposal submission** (in such case the whole project is rejected).
- However, projects may start any time after proposal submission, even before their approval for support.

Taking into account the above, basic milestones can be graphically depicted as follows:



6. Total budget – budget per project

Total call budget has been set at EUR 150 million, of which EUR 140 million is dedicated to grants and EUR 10 million is dedicated to tax exemptions.

The scheme does not put an upper limit to the investment size. It only sets a lower threshold of EUR 150.000,00 for participation in the scheme. Total support/ state aid is limited to:

- EUR 3 million per proposal
- EUR 20 million per entity (individual VAT number)
- EUR 30 million per group of companies



7. Own funding requirements

Own funds to cover investment costs can be covered through own funds or through loan(s), with the limitation that **25% of own funds must contain no state aid or subsidy of any kind.**

Own funds are contributed to project budget through one of the following ways:

- Increase in share capital from new cash contributions from shareholders
- Increase in share capital from existing taxed reserves
- Consumption of existing taxed reserves that will may not be distributed to shareholders for at least 3 years after project conclusion
- Sale of existing assets (e.g. property sale)
- Bank loan

8. Other obligations - Long-term obligations

Investments may only take place in **fully owned plots or in plots leased for at least 15 years after proposal approval.** It is acceptable to proceed to proposal submission without ownership or long-term lease of the necessary plot. In this case, a declaration by the owner is required, stating that s/he is willing to sell/ long-term lease the plot in question.

Successfully concluded and supported investments need to comply with certain obligations for a period of **three (3) years after proposal conclusion.** These include *inter alia* the obligations:

- not to cease operation or transfer operation in a different region
- not to sell supported assets, unless these assets are replaced by new ones
- not to be merged or sold to a third party without prior consent of the competent administrative authorities of law 4399/2016
- to place a sign in the supported premises indicating the support received
- to inform competent administrative authorities of law 4399/2016 in advance of any change(s) in company names, shareholding structure, etc.

9. Deadlines

Deadline for submission of proposals has been initially set for **October 30th, 2020.** A postponement of this deadline is expected. However, as it is demonstrated below, the application procedure for the scheme is quite demanding. As a result, in case it is considered that the "Support of Small & Very Small Enterprises (SvSEs)" Scheme can be aligned to your business objectives and priorities, **it is advised to move swiftly towards proposal preparation and submission.**



10. Indicative documentation for submission

Necessary documentation for submission varies, depending on the type (existing or under-establishment entity) and the legal form of the investor. The documentation below refers to an under-establishment entity. In such case, proposals need to be accompanied at least by the following documents:

- Full-scale Business Plan and Feasibility Analysis
- A fee to be paid to the Government, equal to 0,05% of total project budget (in any case $EUR300 \leq \text{fee} \leq EUR5.000$).
- **Statutory documents** for all shareholders of the under-establishment company
- **Solvency data** for all shareholders of the under-establishment company (both legal and natural persons), including:
 - Tax clearance
 - Social Security obligations clearance
 - Certificates of non-bankruptcy/ third party administration
- **Financial statements** of all shareholders covering the last three (3) financial years
- Documentation of the **size of the under-establishment entity**, which is demonstrated inter alia with a participations diagram, covering all shareholders, and depicting all entities in which these shareholders possess more than 25% of ownership/ voting rights. For each of the above entities, documentation is needed on turnover, balance sheet and employment for the past three financial years.
- Documentation of the capability of shareholders to meet **own funding requirements**, indicatively through:
 - Bank statements
 - Securities (bonds, shares, etc.) statements
 - Statements by recognised banking institutions of their acceptance to cover own funding requirements
 - Any combination of the above or any other alternative means to demonstrate shareholders' capability to meet own funding requirements.
- Documentation of necessary **plot availability** (either to be owned or to be long-term leased for investment purposes)
- Full series of **architectural drawings**, covering both existing status of buildings (if any) and the situation after project conclusion, including topographical plot diagram, coverage diagram, basic architectural drawings of existing & new installations, and layout of new machinery.
- **Quotes** from potential suppliers covering total project budget.
- A set of declarations that will be prepared in line with project specifics.