

# INVESTMENT INCENTIVES LAW 3299/2004

## A Summary

This is a summary of the Investment Incentives Law 3299/2004.  
The [complete version](#) is available in Greek.

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The Incentives Law is applicable to enterprises having business activities in the following sectors:

- Primary (e.g. greenhouses, animal farms, fisheries etc.).
- Secondary (e.g. manufacturing, energy etc).
- Tertiary:
  - tourism (hotel units, conference centres, marinas, thematic parks, golf courses, development of mineral springs, thalassotherapy centres, health tourism centres, centres for training-sports tourism etc).
  - other services (e.g. applied industrial research laboratories, commercial centers, software development, supply chain services, logistic centers etc.).

Business activities which fall under the provisions of the Law are divided in five categories and are described in detail (see CATEGORIES OF BUSINESS ACTIVITIES). The exempted cases which fall under other incentive means are also noted.

### [DIVISION OF THE COUNTRY INTO ZONES](#)

For the application of the provisions of the Law, the Country is divided into four zones, as follows:

- **ZONE D:** Zone D is divided into sub-zones D1, D2 and D3 as follows:
  - D1:** Includes the border line zone of the continental part of Central and Western Macedonia up to 20 km from the borders, including the municipalities the administrative boundaries of which cross with the said zone, the Prefecture of Dodecanese except the area specified in the ministerial decision of the general city plan of the city of Rhodes, the islands of the Administrative Region of Central Macedonia, Thessaly, Ionian islands, Continental Greece, Attica, South Aegean and Crete, which have up to 3.100 inhabitants according to the 1991 census.
  - D2:** Includes the border line zone of the continental part of Eastern Macedonia and Epirus up to 20 km from the borders, including the municipalities the administrative boundaries of which cross with the said zone, the Industrial Business Estates (I.B.E.) of the Western Region of Epirus, the islands of the Region of Northern Aegean, Thasos island and the islands of Eastern Macedonia, Epirus, Western Greece and Peloponnese, which have up to 3.100 inhabitants according to the 1991 census.
  - D3:** Includes the Prefectures of Xanthi, Rodopi and Evros.
- **ZONE C:** Includes the Lavrion Zone of Attica Prefecture, as it has been set out by the joint decision no. 37349/5.11.1991 (Government Gazette B'950) of the Ministers of Environment, City Planning and Public Works, Economy and Finance and Interior as well as the regions, the prefectures or parts of prefectures of the State which do not fall within the territories D', B' and A'.

- **ZONE B:** Includes the I.B.E., the Langada region and the area west of the river Axios in Thessalonica Prefecture as well as the Trizinia region of Attica Prefecture.
- **ZONE A:** Includes the Attica and Thessalonica Prefectures, except their parts which fall into the other zones.

## INCENTIVES ON OFFER

For the investment projects which fall under the provisions of the Law, the following incentives are available:

**a1) Cash grant, which covers part of the expense for the investment project by the State**

and/or

**a2) Leasing subsidy, which covers part of the payable installments by the State relating to a lease which has been entered into for the use of new mechanical and other equipment**

or, alternatively

**b) Tax exemption. This incentive involves exemption from payment of income tax on non distributed gains for the first 10 years following completion of the investment, through the creation of a tax exempted reserve.**

or, alternatively

**c) Cash grant for the expenses of wages relating to the employment created by the investment.**

*The above incentives are offered under the terms and conditions set out in the Investment Incentives Law.*

For the investment plans, the following incentives are offered according to the zone and the category, i.e.:

**(a) Cash grant and/or leasing subsidy as per the percentages in this table:**

Investment Category	Zone A	Zone B	Zone C	Zone D1	Zone D2	Zone D3
Category 1	0%	18%	30%	35%	40%	40%
Category 2	0%	13%	25%	35%	35%	35%
Category 3	40%	40%	40%	40%	40%	40%
Category 4	30%	30%	35%	35%	40%	40%
Category 5	35%	35%	35%	35%	35%	35%

**Note:** For more detailed and complete information see the section: "CATEGORIES OF BUSINESS ACTIVITIES "

On the above percentages (except the investments of category 5), an additional percentage of 5% in total is added, provided that one or more of the following conditions apply:

- Location of the enterprises inside I.B.E.
- Establishment of a hotel unit of 4 or 5 stars category (A ή AA class).
- Modification of a traditional or listed building into a hotel unit
- Renovation of a hotel unit involving its upgrading to a 4 or 5 stars category.
- Renovation of a hotel unit situated at a traditional or listed building.
- Location of the tourist enterprises inside Integrated Tourist Development Areas (I.T.D.A.).
- The enterprise is newly established, i.e. in cases where less than a year has elapsed between the establishment of the enterprise or the start of its business and the submission of the petition under the Incentives Law.

Or, alternatively:

**(b) Tax exemption as per the percentages in this table:**

Investment Category	Zone A	Zone B	Zone C	Zone D1	Zone D2	Zone D3
Category 1	0%	50%	100%	100%	100%	100%
Category 2	0%	50%	100%	100%	100%	100%
Category 3	100%	100%	100%	100%	100%	100%
Category 4	100%	100%	100%	100%	100%	100%
Category 5	100%	100%	100%	100%	100%	100%

*Note: For more detailed and complete information see the section: "CATEGORIES OF BUSINESS ACTIVITIES"*

Or, alternatively:

**(c) Cash grant for the expenses of wages relating to the employment created by the investment as per the percentages in this table:**

Investment Category	Zone A	Zone B	Zone C	Zone D1	Zone D2	Zone D3
Category 1	0.0%	18.4%	35.1%	40.0%	45.5%	48.1%
Category 2	0.0%	18.4%	33.2%	40.0%	45.5%	45.5%
Category 3	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Category 4	35.0%	35.0%	40.0%	40.0%	45.5%	48.1%
Category 5	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%

*Note: For more detailed and complete information see the section: "CATEGORIES OF BUSINESS ACTIVITIES"*

Please note:

**(a)** Employment positions relative to the investment are considered new employment positions which are created for the assistance of the investment within the first three years of its completion and start of productive operation.

**(b)** The cash grant is payable on the expenses for wages for the total employment positions relative to the investment for the first two years as of the creation of each employment position. By 'expenses for wages' it is understood the salary "before taxes" and the compulsory contributions to social security.

**Eligible** for the grant are enterprises which operate in every sector of the economy, if they fulfill the criteria for the submission to the incentives system, as laid out in the Law.

To small/medium size enterprises, as these are from time to time defined in the E.U. legislation, an additional percentage of subsidy up to 15% is granted.

In any event the offered percentages of cash grants and leasing subsidies as well as of subsidies for the wage expenses cannot exceed **55%** of the total investment plan.

The offered subsidies to any person cannot exceed, cumulatively, for a five year period, the maximum amount of twenty million (20.000.000) EURO for investments involved in the same productive activity.

#### **TERMS AND CONDITIONS FOR OBTAINING THE INCENTIVES**

##### **a) Investor's own participation**

The percentage of the investor's own participation in investments which are included in the cash grants and/or leasing subsidies system cannot be less than 25% of the subsidized expenses, whereas in the investments which are included in the tax exemption or the cash grant for wage expenses for the created employment, at least 25% of the cost should be covered by the financial participation of the investor, either by own funds or loan, provided that no state subsidy accompanies this part.

##### **b) Commencement of realization of the investment plans which fall into the provisions of the Law**

The commencement of the realization of the investment plans may take place after the submission to the competent authority of the petition requesting submission of the investment in the provisions of the Law. Budget revision of the investment cannot exceed 15% of the initial cost. In the decision for eligibility under the provisions of the Law a time limit for completion is set, which may be increased by two (2) years maximum, under conditions.

## SUBSIDIZED EXPENSES

The determination of the expenses which are subsidized per investment category is made by a ministerial decision. The Law contains a list of said expenses as well as of the expenses which do not fall under its provisions.

The subsidized expenses should involve consolidated assets. The subsidization of intangible investments or fees of consultants is possible, but only up to an 8% of the investment plan cost. Operational expenses are not subsidized.

## PROCEDURES AND APPLICATION OF THE INVESTMENT INCENTIVES LAW

### A) Submission of petitions for obtaining the incentives under the law

Petitions for investments (except those involving the tax exemption subsidy, for which no submission of petition is necessary) are submitted during all the year as follows:

(a) To the General Directorate for Private Investments of the Ministry of Economy and Finance there are submitted petitions relating to i) investments for projects over four million (4.000.000) EURO, which take place within the limits of the Region of Central Macedonia as well as ii) investments for projects over two million (2.000.000) EURO, which take place at the rest of the State as well as iii) certain investments irrespective of the amount involved, according to specific regulations.

(b) To the Directorates of Planning and Development of the Regions there are submitted petitions relating to investments for projects up to two million (2.000.000) EURO, which take place within the limits of each Administrative Region or, in case of the Region of Central Macedonia, projects up to four million (4.000.000) EURO.

(c) To the Hellenic Center for Investment (ELKE) there are submitted petitions relating to investments for projects over fifteen million (15.000.000) EURO as well as investments or business plans of three million (3.000.000) EURO or more, in case that at least 50% of the investor's own participation derives from imported capital.

(d) To the General Secretariat for Industry of the Ministry of Development, certain petitions are submitted relating to specific sub-categories and according to specific regulations.

### B) Supporting documents of the petition

- (a) Feasibility study
- (b) Evidence of payment of the required dues
- (c) Any additional supporting documents according to each case

### C) Approval procedure

The procedure of evaluation of each petition of investment proposal is completed by the competent authority and the competent consultative committee within two (2) months, at the latest, as of the date of submission of the petition. The decision approving the petition is issued within one (1) month, at the latest, as of the issue of the opinion by the consultative committee. Within the same month the summary of the decision is also published in the Government Gazette. For the review of the petitions by the competent consultative committee a strict order of priority is kept, according to the time of submission of each petition.

### D) Payment of subsidies

The Law provides for the conditions, terms and limitations which relate to the possibility of using a bank loan.

#### (a) Payment of cash grant:

The payment of the subsidized amount is made in installments as follows:

- Payment of 50% of the cash grant amount is made after the completion of 50% of the investment and verification by the competent monitoring authority of this fact and of the compliance of the investor to the terms of the decision approving the investment.
- Payment of the remaining 50% of the cash grant amount is made after verification by the competent monitoring authority of the completion and commencement of the productive operation of the investment. Drawing of the funds is made within 5 months.
- There exists the possibility of a lump sum advance (as part of the total subsidy), which will not exceed 30% of the approved by the relevant decision cash grant, if a bank guarantee is submitted in an amount equal to the advance plus 10%, issued by a bank which is established and operates legally in Greece.

The subsidy is paid directly to the investor or directly to the financing bank which granted a short term loan to the company which carries out the investment plan.

**(b) Payment of leasing subsidy:**

Payment is effected after the mechanical equipment etc has been put in place and the verification of this fact. An initial payment of 50% is made until the end of the completion period provided for in the decision approving the investment. The remaining amount is paid after the lapse of the completion period, provided that the completion of the investment and the commencement of operation is verified.

**(c) Payment of cash grants for wage expenses:**

Payment is effected every six months, after a relevant application of the investor.

## MONITORING AND CONTROL

Monitoring of the approved investments is made by the competent authorities and the various types of controls are made by the teams which are created by a decision of the relevant competent authority which is responsible for each investment.

## SPECIAL CASES UNDER THE PROVISION OF THE INVESTMENT INCENTIVES LAW

By joint decisions of the Ministers of Economy and Finance, and Development, as well as any jointly responsible ministers as the case may be, there are set out the necessary divergences from the regulations of the Law, which relate to the investor's participation by own funds, the procedure for the award of the grants, the percentages and the amount of subsidy, the amount of bank loan, the percentages of leasing subsidies, the cash grants for wages expenses and the tax exemption, the conditions of company shares' transfer as well as the possibility of public corporations participating in the investment, in case of investments of at least fifty (50) million EURO and more, which have a significant effect on the international competitiveness of the country and the employment (creation of least one hundred and twenty five (125) permanent job positions, out of which a certain number may be created in satellite enterprises as a direct result of the proposed investment).

Further, by the same decisions, the construction of special infrastructure works at the expense of the public may be determined for the facilitation of the operation of the unit in general.

## CATEGORIES OF BUSINESS ACTIVITIES

### Business activities which fall under the provisions of Incentives Law

#### CATEGORY 1

- (i) Investment plans for mining and crushing of industrial minerals and inactive materials.
- (ii) Investment plans for mechanical means of sowing, cultivating and harvesting of agricultural products by agricultural or agricultural/industrial co-operatives or groups of producers or associations of groups of producers, which have been established according to Community legislation.
- (iii) Investment plans for standardising, packing or preserving agricultural or livestock products or fishery and fish-farming products, which do not derive from any alteration process.
- (iv) Investment plans for agricultural enterprises of greenhouse type and bio farming, enterprises of livestock breeding (stables or semi-stables type) and fishery enterprises (aquaculture) using modern technology.
- (v) Investment plans for mining, treating and utilizing industrial minerals in general. Investment plans for quarrying and utilizing marbles, provided that they include the cutting and manufacturing equipment.
- (vi) Investment plans for minerals.
- (vii) Investment plans for the sector of alteration process, save those for which a joint ministerial decision is required for their submission to the Incentives Law.
- (viii) Investment plans for the production of energy in the form of hot water or vapors.
- (ix) Investment plans for the production of bio fuels or solid fuels out of biomass, investment plans for the production of biomass from plants with the objective of using same as material for the production of energy.
- (x) Investment plans for the desalination of sea or brackish water for the production of potable water.
- (xi) Investment plans for the production and/or standardization of Geographical Indication Products (G.I.P.) and/or

products of Protected Name of Origin (P.N.O.) provided that they are made by enterprises which are located in traditional or listed stone buildings and/or building blocks of industrial nature, save those for which a joint ministerial decision is required for their submission to the Incentives Law.

**(xii)** Establishment, expansion, modernization of thematic parks which consist of organized forms of tourism and which differentiate or expand the tourist product and offer complete infrastructures and services, including (at least) services related to housing, eating, recreation and social care.

**(xiii)** Establishment, expansion, modernization of highways necessary for the tourist development of the country.

**(xiv)** Investment plans for building and utilization of arts and crafts centers and buildings in the special arts and crafts and industrial zones which are determined according to the city and urban planning as well as areas for social or cultural operations, central markets and slaughter houses run by municipal enterprises of 1st or 2nd degree or by co-operatives. Also, investment plans by the same interests for the modification and rearrangement of old industrial estates and other installations as areas of social and cultural operations, exhibition centers, central markets and slaughter houses.

**(xv)** Investment plans for enterprises of liquid fuels and liquid gases, for the production of storage installations or the supply of equipment for the transport of liquid fuels and liquid gases to an island.

**(xvi)** Investment plans for the establishment of recovery and rehabilitation centers, as these are defined in article 10 of Law 2072/1992 and investment plans for the supply of housing for independent living to people with special needs.

## **CATEGORY 2**

**(i)** Establishment or expansion of hotel units of at least 3 stars (3\*), formerly B' class.

## **CATEGORY 3**

**(i)** Investment plans for the establishment of closed parks for public use by privately owned vehicles of at least forty (40) lots, in addition to those that are obligatory by the General Planning Code (G.P.C.) for covering the permanent needs which derive from the usages of the building, provided that they are run by enterprises for public usages, or for car parks above the ground, underground and/or floating. Also, investment plans for the establishment of covered and/or semi-covered public usage parks for trucks, busses and other heavy vehicles in general, of 30 lots at least.

## **CATEGORY 4**

**(i)** Investment plans for the production of electricity from mild types of energy and especially solar energy, aeolic energy, hydro electrical energy, geothermic energy and biomass, investment plans for co-production of electricity and heat.

**(ii)** Investment plans for the relocation of tanneries from the Attica, Thessalonica and Chania Prefectures, in Industrial Business Estates (I.B.E.) where the appropriate infrastructure exists and their setting up is envisaged.

**(iii)** Modernization of already functioning hotel units (complete type) of at least two stars (2\*) category, formerly C' class or hotel units which have suspended temporarily their operation for five years maximum, provided that no change to the use of the building has been made during that period and provided, further, that at the time of the temporary suspension of their operation they belonged to two stars (2\*) category, formerly C' class, at least.

**(iv)** Modernization of already functioning hotel units (complete type) of a lower category than two stars (2\*), formerly C' class, which are located in traditional or listed buildings, provided that by such modernization they are upgraded at least to the two stars (2\*), formerly C' class category. Also, modernization of hotel units (complete type) which have suspended temporarily their operation for five years maximum, provided that no change to the use of the building has been made during that period and provided, further, that by such modernization they are upgraded at least to the two stars (2\*), formerly C' class category.

**(v)** Modernization of hotel units involving the creation of additional installations by adding new common areas, new uses of common area, pools and athletic installations to hotel units belonging to two stars (2\*) category, formerly C' class, at least, with the objective of providing additional services.

**(vi)** Modification of traditional or listed buildings into hotel units belonging to two stars (2\*) category, formerly C' class, at least.

**(vii)** Modernization of already functioning organized camping units (complete type) belonging to C' class category, at least.

**(viii)** Establishment, expansion, modernization of conference centers.

**(ix)** Establishment, expansion, modernization of ski resorts.

**(x)** Establishment, expansion, modernization of development of mineral springs.

- (xi) Establishment, expansion, modernization of tourist marinas for pleasure yachts for investment plans run by any physical or legal person of private law.
- (xii) Establishment, expansion, modernization of golf courses.
- (xiii) Establishment, expansion, modernization of thalassotherapy centers.
- (xiv) Establishment, expansion, modernization of health tourism centers.
- (xv) Establishment, expansion, modernization of training-athletic tourism centers.
- (xvi) Investment plans for cooperating commercial and transport enterprises under a common venture, for the creation of commercial stations and logistic centers, as such terms will be defined by a joint ministerial decision.
- (xvii) Investment plans by transport enterprises for the creation of infrastructures relating to storage, packing and standardizing as well as closed parking areas for trucks, as such terms will be defined by a joint ministerial decision.
- (xviii) Investment plans for the provision of supply chain services.
- (xix) Investment plans for the creation of wide-zone network infrastructures and other similar equipment which ensures the access by citizens or enterprises, at the level of municipal authorities, Regions etc or other geographical areas with commercial interest.
- (xx) Investment plans for the provision of innovative wide range telecommunication services, which rely on the wide-zone infrastructures.
- (xxi) Investment plans for software development.
- (xxii) Investment plans for the creation of laboratories of applied industrial, energy, mineral, agricultural, livestock, forestry and fishery research. Also, investment plans for the development of technologies and industrial plans.
- (xxiii) Investment plans for the provision of highly advanced technology services.
- (xxiv) Investment plans for the creation of laboratories for the provision of services relating to quality and/or high technology, certification, control testing and verification.
- (xxv) Investment plans for enterprises of development of transportation means for humans and merchandise to isolated, inaccessible and remote areas, as such are defined by a joint decision of the Ministers of Economy and Finance and Mercantile Marine.
- (xxvi) Investment plans for the protection of environment, reduction of pollution relating to ground surfaces, underground surfaces, waters and the atmosphere, restoration of the natural environment and recycling of water and desalination of sea or brackish water.
- (xxvii) Investment plans for the development of renewable sources of energy, substitution of liquid fuels or electrical energy by gas fuels, processed rejected materials from local industries, renewable sources of energy, recovery of rejected heat as well as co-production of electrical energy and heat.
- (xxviii) Investment plans for energy saving, provided that the investment plan do not involve the equipment for the production and, instead, it involves the equipment and installations for the movement and operation of the unit and that at least a 10% decrease of the utilized energy is effected.
- (xxix) Investment plans for the production of new products and/or services or products of highly developed technology.
- (xxx) Investment plans for the establishment, expansion, modernization of laboratories of applied industrial or mineral or energy research.
- (xxxi) Investment plans for importing and adapting environmental friendly technology to the production process.
- (xxxii) Investment plans for creation of innovative products or services for importing innovations to the production process and commercialization of prototype products and services.
- (xxxiii) Investment plans which aim to the upgrading of quality of the manufactured products or services.
- (xxxiv) Investment plans for acquiring and installing new modern automation systems of processes and computerization of storage places including the necessary software for establishing, expanding and/or developing in the area of industrial units, in the context of modernization of the supply chain.
- (xxxv) Investment plans for the establishment or expansion of industrial or arts and crafts units for the alternative management of packaging and other products which have been used up in Greece, for the production of raw materials and other substances.

## **CATEGORY 5**

(i) Investment plans for the realization of a complete long term (2-5 years) investment plan by enterprises (which have been incorporated for at least five (5) years) relating to processing and mining projects of a minimum total cost of 3.000.000 EURO and projects for software development of a minimum total cost of 1.500.000 EURO, including the technological, administrative, organizational and business modernization and development as well as the necessary deeds for the training of the employees, having one or more of the following objectives:

- Reinforcement of their competitive position in the global market.
- Production and promotion of renowned products and/or services.
- Verticalisation of production / development of complete product systems / services or supplemental products and services.
- Production of products and/or services significantly or totally differentiated from the existing basic products or services of the enterprise.
- Relocation of production / research activities to Greece from abroad.
- Production of products / services by the cooperation of non similar enterprises (preferably from different sectors) having as objective the production of significantly or totally differentiated products and/or services from the existing products or services of the said enterprises.