

SUMMARY OF THE NEW DEVELOPMENT LAW 4399/2016

<p style="text-align: center;"><u>TYPES OF FUNDING</u></p> <ul style="list-style-type: none"> • <u>Subsidy</u>, consisting of the free State provision of an amount eligible for covering segment of the eligible costs of the investment plan • <u>Leasing subsidy</u>, which consists of covering part of the leasing installments paid, for the acquisition of new machinery and other equipment, the maximum duration of which may not exceed 7 years. • <u>Tax exemption</u> consisting of the exemption from income tax on pre-tax profits arising from the total business of the enterprise, net of tax attributable to the profits distributed or undertaken by the partners, up to a maximum of 15 tax years , by certifying the implementation of 50% of the cost of the investment project. • <u>Subsidy for the cost of new created employment</u>, which consists in covering the wage costs of the new jobs created and linked to the investment plan. • <u>Stabilization of the income tax rate</u>. • <u>Risk financing through holding funds</u>, through the following types: <ul style="list-style-type: none"> ○ Own funds or quasi-equity, or investment sponsorship to provide venture capital investment ○ Loans to provide venture capital financing. <p>All of these forms of funding are provided individually or in combination with other funding schemes.</p>	<p style="text-align: center;"><u>ELIGIBLE INSTITUTIONS</u></p> <p>Eligible by law schemes are companies that are established or have a branch in Greece at the beginning of the investment project and have one of the following forms: individual enterprise, commercial company, and cooperative, Social Cooperative Enterprises, Agricultural Association, Production Groups, and Agricultural Synergy Enterprises of Law 4384/2016.</p> <ul style="list-style-type: none"> • Establishment or merger companies, with the obligation to complete the disclosure procedures prior to the beginning of the investment project. • Enterprises operating in the form of a consortium subject to their registration at the Greek General Secretariat Department of Commerce • Public or municipal enterprises under conditions. <p>The above institutions, whose investment plans are subject to the provisions of the Law, must keep from the start date of the investment project Category B' or Category C' books for investments with a total budget of up to € 300,000, as well as distinct accounting of the sizes related to the implementation of the project.</p>
<p style="text-align: center;"><u>ELIGIBLE INVESTMENT PROJECTS</u></p> <p>The investment projects under the funding schemes of the Development Law must have an initial investment character and more specifically to fulfill one of the following conditions:</p> <ul style="list-style-type: none"> • Creation of a new unit. • Expansion of the capacity of the current unit. • Diversification of the production of a unit in products or services that have never been produced there, provided that the eligible costs exceed at least 200% the book value of the assets reused, as recorded in the previous commencement of the investment , fiscal year • Fundamental change in the entire production process of an existing unit, provided the eligible costs exceed the depreciation of the asset-linked assets over the preceding three years. • Acquisition of the total of assets belonging to a closed business facility purchased by an investor not related to the seller, excluding the mere redemption of the company's shares. 	<p style="text-align: center;"><u>MINIMUM AMOUNTS OF INVESTMENT PROJECTS</u></p> <p>The minimum investment amount of the investment is set based on the size of the institution:</p> <ol style="list-style-type: none"> a) for large size enterprises the amount is set at 500.000 euros b) for middle size enterprises, associations and clusters, the amount is set at 250.000 euros. c) for small enterprises, the amount is set at 150.000 euros d) for very small enterprises the amount is set at 100.000 euros e) for Social Cooperative Enterprises , Agricultural Associations, Production Groups, Agricultural Synergy Enterprises, the amount is set at 50.000 € ὀ ρ ὰ.
<p style="text-align: center;"><u>OWN CONTRIBUTION</u></p> <p>Participation of the operator in the cost of the investment plan may be made either through equity or external financing, provided that 25% of the total investment cost does not contain any State funding, support or provision. Depending on the notice regime, the own contribution may be covered by a capital increase with new contributions from the shareholders / partners, with cash deriving from the disposal of assets (specifically land or buildings) of the institution's stakeholders capitalization or consumption of existing reserves subject to sufficient liquidity of the enterprise after deduction of the amount of its assets to be used to cover its own holding, divestment of the assets of the enterprise (buildings, stadiums, mechanical equipment), with external financing and in particular :</p> <p>(i) the intention or approval of a loan by a bank or other financial institution, provided that 25% of the investment plan does not contain State aid; (ii) a loan from a fund with a bond issued by the investment fund; (iii) the borrower's intention to receive a loan from the investment firm if an analysis of the viability and the amortization rate indices</p>	

ELIGIBLE COSTS

A. Eligible costs of regional funding

A.1. Eligible costs on tangible assets:

1. Construction expenditures, expansion, modernization of building facilities as well as special and auxiliary buildings. Expenditure may not exceed 45% of total eligible regional aid expenditure or 60% for tourism investment or 70% for logistics investment or 80% for investment projects implemented in preserved buildings
2. Purchase and installation of new modern machinery and other equipment, including technical installations and vehicles moving within the unit
3. The leases of the leasing of the new and modern machinery and other equipment.
4. The expenditures for the modernization of the special infrastructure (except building) and mechanical installations.
5. The purchase of all existing fixed assets (buildings, machinery, other equipment) or any part directly linked to a production unit, if the following cumulatively apply: the unit plant has ceased to operate, the acquisition is made by the a non-seller-related investment, machinery and other equipment may not be older than 7 years from the date of acquisition and have not been subsidized in the past

A.2. Eligible costs on intangible assets:

1. Transfer of technology through the purchase of intellectual property rights, licenses, patents, know-how and unpatented technical knowledge.
2. Systems of quality assurance and control, certification, certification, procurement and installation of software and systems for organizing the business.

The maximum rate of intangible costs should not exceed 75% of the total investment cost for SMEs and 50% for large enterprises.

RATES OF FUNDING

A. For investment projects up to 50 million euros and for the regional expenditures the funding amount is set as a maximum rate the following map of the Regional Funding (the percentage rates will be valid from 1/1/2017 and are expected to be approved by the European Commission

1. Regions eligible for the funding based on article 107 paragraph 3 data a) Agreement from 01.01.2017 – 31.12.2020

REGION	SIZE OF ENTERPRISES		
	LARGE ENTERPRISES	MIDDLE ENTERPRISES	SMALL ENTERPRISE
Includes Prefectures of the Region of East Macedonia and Thrace	35%	45%	55%
Includes Prefectures of the Region of Central Macedonia	35%	45%	55%
Includes Prefectures of the Region of Thessaly	35%	45%	55%
Includes Prefectures of the Region of Epirus	35%	45%	55%
Includes Prefectures of the Region of Western Greece	35%	45%	55%
Includes Prefectures of the Region of Peloponnese	35%	45%	55%
Includes Prefectures of the Region of Northern Aegean	35%	45%	55%

WEST MACEDONIA	25%	35%	45%
IONIAN ISLANDS	25%	35%	45%
CRETE	25%	35%	45%
CENTRAL GREECE	25%	35%	45%

2. Regions eligible for the funding based on article 107 paragraph 3 data c) Agreement from 01.01.2017 – 31.12.2020

ATTICA (Western Attica, Piraeus, Islands)	20%	30%	40%
A T TICA (Eastern Attica, Central, Northern, Western, Southern Sector of Athens	10%	20%	30%
SOUTHERN AEGEAN	20%	30%	40%

In the large scale enterprises for investment in the regions of Attica and South Aegean, funding is granted only for initial investment for new economic activity in the region.

- For the part of the expenditure up to 50 million euros, 100% of the maximum allowable funding is granted. For the part of the expenditure exceeding the amount of 50 million euros and up to 100 million euros, 50% of the maximum regional rate is provided.
- For the part of the expenditure which exceeds the amount of 100 million euros no percentage of funding is provided.

The total amount of funding per project submitted may not exceed the amount of 5 million euros, unless otherwise specified by law. The funding granted to each institution cannot cumulatively exceed the amount of 10.000.000 euros for an individual enterprise and the amount of 20.000.000 euros for all the cooperating or affiliated enterprises.

B. Eligible costs outside the regional funding

- 1. Investment costs for SME advisory services.** Funded up to 5% on the cost of regional funding and up to 50.000 euros, with a 50% subsidy rate.
- 2. Start-up costs for small and very small enterprises to be established.** Funded up 100.000 euros or up to 200.000 euros for innovative small and very small enterprises up to 10% or 20% respectively of the funded regional subsidy costs.
- 3. Costs for innovation purposes for small and very small enterprises such as**
 - expenditures on the acquisition, validation and protection of patents and other intangible assets,
 - the salary costs of highly qualified personnel for development and innovation activities taken over by a research and dissemination body or a large enterprise
 - expenditures on advisory and support services in the field of innovation

Funded with the amount of 50% and is possible to reach the amount of 1% of the total of the funding cost of the regional funding up till the amount of **100.000** euros.
- 4. Expenditure on procedural and organizational innovation for SMEs, such as**
 - personnel expenditures,
 - administrative institutions' expenditure, equipment, buildings and land for as long as they are used,
 - expenditures for knowledge and patents
 - additional general expenditures and other operational costs

Funded with the amount of 50% and is possible to reach the amount of 20% of the total of the funded cost of the regional funding
- 5. Expenditure for innovation clusters**
 - investment expenditures on intangible assets
 - personnel costs and administrative costs for the administration and the promotion of the cluster, the organization of vocational training programs, workshops and conferences for a period not exceeding 10 years.

Funded with the amount of 50% increased to 65% for innovation clusters located in the regions of Eastern Macedonia and Thrace, Central Macedonia, Thessaly, Epirus, Western Greece, the Peloponnese and the North Aegean, while they are increased to 55% for innovation clusters in areas of Attica, Crete, Ionian Islands, Central Greece, Western Macedonia and South Aegean regions. For the operational costs of the clusters, the funding may not exceed the amount of 50% of the total eligible costs during the grant period.
- 6. Investment costs for measures to achieve a higher level of energy efficiency.**
 Funded to an amount up to 45% of the eligible costs for the large enterprises, 55% for the middle sized and 65% for the small sized enterprises concerning investments in the regions of Eastern Macedonia and Thrace, Central Macedonia, Thessaly Epirus, Western Greece, Peloponnese and Northern Aegean, while the funding varies in an amount of 35% for large enterprises, 45% for middle sized and 55% for small enterprises, for investments in the Regions of Attica, Central Greece, Western Macedonia, Ionian Islands, Crete and Southern Aegean.
 The expenditures may reach the amount of 5% of the total funded cost of the regional subsidy.
- 7. Investment costs for high-efficiency cogeneration from RES, corresponding to heat production used to heat processes or areas**
 Funded to an amount of 60% for the large enterprises, 70% for the middle sized enterprises and up to 80% for the small sized enterprises for the investments in the regions of Eastern Macedonia & Thrace, Central Macedonia, Thessaly, Epirus, Western Greece, Peloponnese and Northern Aegean, while the funding will vary in an amount up till 50% for the large enterprise, 60% for the middle sized enterprises and 70% for the small sized enterprises for investments in the regions of Attica, Central Greece, Western Macedonia, Ionian Islands, Crete and Southern Aegean.
- 8. Costs for self-production of electricity or heat from RES as well as for the production of electricity from small hydroelectric projects for investment projects for the production of heat / cooling from RES and the production of sustainable biofuels not based on edible plants**
 Funded to an amount of 45% or 60% for the large enterprises, 55% or 70% for the middle sized and 65% or 80% for the small sized enterprises for investments in the regions of Eastern Macedonia & Thrace, Central Macedonia, Thessaly, Epirus, Western Greece, Peloponnese and Northern Aegean, while the funding varies to an amount of 35% or 50% for the large enterprises, 45% or 60% for the middle sized enterprises and 55% or 70% for the small enterprises for the investments in the regions of Attica, Central Greece, Western Macedonia, Ionian Islands, Crete and Southern Aegean. The expenditures may reach the amount up to 15% on the total funding cost of the investment project.
- 9. Costs for installing efficient district heating and cooling systems**
 Funded to an amount of 60% for the large sized enterprises, 70% for the middle sized enterprises, 80% for the small enterprises in the regions of Eastern Macedonia & Thrace, Central Macedonia, Thessaly, Epirus, Western Greece, Peloponnese and Northern Aegean, while the funding varies to a percentage of 50% for the large scale enterprises, 60% for the middle sized enterprises and 70% for the small sized enterprises for investments in the regions of Attica, Ionian Island, Western Macedonia, Crete, Central Greece and Southern Aegean.
- 10. Costs for the restoration of contaminated sites.** Eligible are the costs which are requested for the restoration works, reduced against the increase in the value of the land. In the case of restoration of contaminated sites, all costs incurred by an enterprise when restoring its site may be considered as eligible investments irrespective of whether or not it is possible to enter these costs in its balance sheet as fixed assets. Expenditures are increased by 50% and may amount up to 10% of the total cost of the investment project.

C. Wage Cost of new jobs created as a result of the implementation of the investment plan, calculated over a period of two years from the creation of each job.

Wage costs are eligible expenditure alone and not in combination with the previous types of expenditure. The following must be cumulatively applied for the use of this subsidy:

- The investment project concerns a net increase in the number of employees (in HMGs) in the particular business establishment, compared to the average of the previous 12 months with the maintenance of existing jobs.
- The recruitment of all job positions will be implemented within three years from the date of completion and commencement of the production operation of the investment.
- Each job position created through the investment is maintained in that region for a period of at least 5 years for large enterprises or 3 years for small and medium-sized enterprises from the date of their establishment.

D. Beginning – Completion of the Investment

The beginning of the investment project prior to the issue of the decision for affiliation may take place following the submission of the application for inclusion in the subsidy provisions of the investment law. The completion of the financial and physical object of the investment and the commencement of the production operation must take place within 3 years from the date of publication of the decision for affiliation. The completion date may be waived by 2 years if 50% of the approved project has been implemented within the initial 3 years and a request letter has been made accompanied by a detailed justification before the expiry of the original completion deadline.

PAYMENT OF SUBSIDY

Tax Exemption

The right to start using the benefit of the tax exemption incentive is based on the certification of the implementation of 50% of the cost of the investment plan by the competent control body and subject to the prior coverage by the enterprise of the entire shareholding. The institution may make use of the entire tax relief entitlement within fifteen (15) tax years from the entitlement to benefits entitlement with the following, cumulative restrictions:

- The eligible funding cannot exceed 20% of the total amount of the tax exemption approved, up to the tax year of the adoption of the decision to complete and start the production operation of the investment.
- The eligible funding cannot exceed 50% of the total authorized amount of the tax exemption up to the tax year of the adoption of the decision to integrate and start the production operation of the investment.

Subsidy for the tax exemption is granted at 100% of the maximum allowable subsidies.

Payment of Funding

The payment of the funding or the use of the benefit by the beneficiary may occur either once with the adoption of the decision to complete and to start the production of the investment project or gradually with the conditions mentioned in the following paragraphs.

Funding

An amount up to 50% of the approved grant may be paid after the competent institution has certified the implementation of 50% of the total cost of the investment project and has provided the enterprises own participation. The remaining amount of the grant or its total in the event of non-application of the above arrangement is paid after the decision to complete and start the production operation of the investment has been affiliated. Funding for leasing finance is provided at a rate of 70% of the maximum allowable funding.

FINANCIAL LEASING FUNDING

The beginning of the leasing lease payments may occur after the certification by the competent control institution of the installation in the unit of all leased equipment in accordance with the leasing contract. Funding is granted at 100% of the maximum allowable subsidies. The subsidy is paid every six months after the payment of the installments of the rent on the part of the investment fund. The amount to be paid is calculated on the purchase price of the equipment included in the installments paid in accordance with the approved funding rates and by the limitation of the non-payment of 60% of the approved amount until the adoption of the decision to complete and to start the productive operation process of the investment project. A prepayment of the leasing installments by the investment fund may be possible, but only for the last twelve (12) months of the lease as approved by the competent authority.

SUBSIDY OF THE COST FOR THE CREATION OF EMPLOYMENT

The beginning of the subsidy for the cost of the creation of employment can take place after its been certified by the competent institution responsible for creating the jobs linked to the investment project. Aid for subsidizing the cost of employment creation is granted at 100% of the maximum allowable subsidies.

The subsidy is paid every six months after the payment of the wage costs by the investment company, by limiting the overpayment of 60% of the approved amount until the decision to complete and start its productive operation investment.