

Greece



Background

The corporate tax rate in Greece is 29%.

Greece offers R&D super deductions and various indirect incentives to promote investment in innovative projects.

Nature of incentives

Greece offers the following R&D incentives:

Super deduction: Taxpayers are provided a 130% super deduction for eligible expenses incurred in scientific and technological research activities. Capital assets used in research activities can be depreciated over three years.

Tax relief for income attributable to international patent: The income attributable to an international tax patent is tax free for the first three years of the utilization of the patent. The profits will be treated as non-taxed reserve, which will be taxed accordingly upon use.

Fast Track Framework: The Fast Track Framework provides accelerated licensing and permitting, special spatial provisions, special tax regulations and 10-year long EU residence permits. These benefits are available for companies who undertake strategic investment projects (including high tech and innovation projects).

Greece offers a host of other incentives aimed at encouraging the growth of R&D-intensive businesses including innovation grants and a series of researcher employment incentives (payroll subsidies); as well as a patent box.

Eligible industries and qualifying costs

Super deductions: Eligibility for the super deduction is broad and not limited to particular industries. Qualified activities for the super-deduction include scientific research and technology-oriented research and development.

Eligible expenses include the following:

- IP related costs (patent filling, etc.);
- Engineering and industrial design costs leading up to the production of non-commercial prototypes;
- Test and trial costs, production line configuration costs, costs of demonstration projects and new product market research costs.

Contract research is allowed by General Secretariat of Research and Technology (GSRT) approved organizations, such as public institutes, labs and research organizations.

At the end of each fiscal year, the taxpayer submits a report

Greece offers a 130% super deduction, as well as a patent box.

on the R&D expenses incurred to the GSRT. The GSRT issues a certificate on the approved R&D expenses. If the certificate is not issued within six months of submission, then all submitted R&D expenses are considered approved.

Fast Track: While the eligibility requirements for the Fast Track Framework are generally broad, the scale of eligible projects must be significant (e.g., CAPEX in excess of EUR 100M or 150 new permanent employment positions).

Grants and other incentives: Eligibility for government grant and tax development incentives under the state funding program generally follow the general block exemption rules from EU (current regulation 651/2014). Eligible costs for development incentives usually include purchases/leases of new assets and, under specific circumstances, may also include payroll and other operational expenses.

IP and jurisdictional restrictions

There are no specific jurisdictional restrictions on IP; however, the company must be a Greek tax paying entity.

There is no specific law providing that qualified research must be performed in Greece; however, the need to carry on research outside of Greece needs to be disclosed to GSRT and could influence whether the GSRT issues a certificate approving R&D expenses.

Other concerns

Due to recent changes in the EU legislation (new regional state aid map for Greece effective from July 2014 and new general block exemption regulations effective from June 2014) which govern most of the incentives, the eligibility criteria for state incentives are currently under review.

A presidential decree was expected in 2015 revising the definition of qualifying research expenses to align with the OECD Frascati Manual, i.e., Greek law currently offers a broader definition of qualified expenses. The current political situation in Greece has put most of the incentives legislation on hold.

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Nature of benefit available	Income tax benefit generally available	Specific pre-approval required from government	Refundable/ Carryforward
<p>Super deductions, patent box and special benefits for strategic investment projects</p>	<ol style="list-style-type: none"> 1. 130% super deduction 2. Patent box 3. Grants and special benefits for strategic investment projects 	<p>At the end of each fiscal year, the taxpayer submits a report on the R&D expenses incurred to the General Secretariat of Research and Technology (GSRT). The GSRT issues a certificate on the approved R&D expenses. If the certificate is not issued within 6 months of submission, then all submitted R&D expenses are considered approved.</p>	<p>Tax benefits are not refundable</p>
R&D activities must occur in country	Cap/Limitations on benefits	IP must be retained in country	Industry eligibility restriction
<p>While there are no specific jurisdictional restrictions, the need to carry on research outside of Greece must be disclosed to General Secretariat of Research and Technology (GSRT) and could influence whether the GSRT issues a certificate approving R&D expenses.</p>	<p>No</p>	<p>No restrictions</p>	<p>No restrictions</p>