



**CENTRALIZING  
OUTSOURCING  
in GREECE**

# ESTABLISHMENT OF INTRA GROUP SERVICES IN GREECE

## Why Greece?

- Geostrategic location of the country
- Highly qualified and experienced labour force
- Competitive labour costs
- Flexible labor market
- Generous Investment Incentives
- Widespread availability of quality broadband infrastructure
- Competitive real estate cost
- Excellent climate and living conditions
- An EU member country enjoying stability, security and prosperity



**Greece attracts a worldwide interest for the establishment of intra-group service centers offering immense opportunities for centralizing middle and back office functions.**

**G**reece admittedly offers today a pro-business, stable and predictable environment, a very modern legal framework, highly competitive investment incentives for the establishment of Global Business Services/ Shared Service Centers and Back Office and Front Office Outsourcing/BPO centers, culturally diverse, qualified and experienced work force, multilingual university graduates at a very competitive labour cost, diversity of employment contracts and new forms of work, very low wage growth, well connected and easy to travel metropolitan areas, appealing conventional and coworking spaces, digital resonance and widespread availability of quality broadband infrastructure, low start-up cost, competitive real estate cost, outstanding universal value historic and cultural sites, strong public healthcare system, Mediterranean climate with plenty of sunshine and mild temperatures at the junction between the East and the West plus a member country of the European Union enjoying stability, safety and strategic importance in the wider region. //



The legal framework for the establishment of intra-group service centers, Law 3427/2005 (A'312), Chapter F, creates a very favourable business environment and ensures legal stability and predictability for multinational companies to centralize their middle and back-office activities in Greece providing the following advantages:

- Flexibility with regards to the type of the business entity, which can be established either as an office or branch of a foreign company or as a domestic company
- Simple, fast and transparent licensing, through a ONE-STOP-SHOP service
- Legal certainty with pre-defined profit margin on costs, set separately for each company in accordance with the OECD instructions for intra-group transaction charges and updated every five years.
- Residence and work permits for its foreign staff

The competent service for the implementation of this Law is the Directorate of Foreign Capital at the Ministry of Development & Investments, which operates as ONE STOP SHOP for receiving applications, issuing approval decisions and defining the profit margin on cost, through the National Integrated Information System.

The documentation of the profit margin requires the use of a representative comparison sample consisting of at least 5 homogenous and unrelated to the applicant entity companies as defined in Ministerial Decision IE/4488/467 (B' 152/2006). //



**Intra-group service centers under Law 3427/2005 (Chapter F) may be established in Greece with the sole purpose to provide exclusively to their head-offices or to their affiliates abroad and in Greece the following services:**

- (a) consulting services,
- (b) centralization of accounting services,
- (c) quality control of production, products, procedures and service,
- (d) preparation of studies, designs and contract,
- (e) advertising and marketing services,
- (f) data processing,
- (g) receipt and supply of information,
- (h) research and development services,
- (i) software development, computer programming and information system support,
- (j) storage and management of files and information,
- (k) supplier, customer and supply chain management excluding performance of transportation with own means,
- (l) management and training of human resources,
- (m) contact center and computer-based telephone information.

Legal entities need to be granted with a special license by the Ministry of Development & Investments determining also the mark up into the total cost of services produced. The relevant Ministerial Decision is issued within 50 calendar days from the submission of the application to the Directorate of Foreign Capital.

The above entities are obliged to maintain a minimum size regarding employment and operating expenses, at least 4 employees and 100,000 Euro annual operating expenses in Greece to be covered via bank remittances.

Companies wishing to establish presence in Greece for the provision of intra-group services, under Law 3427/2005 (Chapter F), are required to submit to the Directorate for Foreign Capital the following documents: //







## FOREIGN COMPANIES

that commit the company cannot be derived from the above documents, a relevant certificate of company Officers (incumbency certificate) must be presented.

4. Last year's Balance Sheet and Income Statement for the Group or the Parent Company. For newly founded companies, the Founding Statement has to be submitted.
  5. Documented study (based on the Directorate's model) on the proposed profit margin for the provided intra-group services by the company in Greece.
  6. Decision of the company' BoD for its accession on the provisions of Law 3427/2005 (Chapter F) and the appointment of a legal representative. All the above documents, apart from 1 and 5, must be certified by a public authority and carry the Special Apostille of the Hague Convention. Submitted documents referring to no. 4 in particular, must be accompanied by a Certified Auditors Report.
1. An application which will mention the company's full name, HQ location and country of establishment, business structure/type (e.g. SA, Ltd, etc.), Board of Directors and persons who commit the company by their signature. Also the main activity of the parent company abroad, specific services to be provided by their Greek branch/affiliate, details pertaining to its legal representative, number of employees in Greece and their specialties and finally its affiliates, recipients of such services.
  2. A certified copy of the Company's Statute, with any amendments.
  3. A recent certificate (2 months old) by the competent Chamber or other public authority certifying the lawful establishment and operation of the company, the composition of its BoD and the persons who commit the company with their signature. In case the composition of the BoD and the persons



## DOMESTIC COMPANIES

Companies wishing to establish presence in Greece for the provision of intragroup services, subject to the provisions of Law 3427/2005, are required to submit to the Directorate for Foreign Capital at the Ministry of Economy, Development and Tourism, the following documents: //

1. An application, which will mention the company's, full name, business structure/type (e.g. SA, Ltd, etc.), Board of Directors and persons who commit the company by their signature. Also the main activity of the company, the specific services to be provided, details pertaining to its legal representative, the number of employees in Greece and their specialties and finally its affiliates, recipients of such services.
2. A certified copy of the Company's Statute, with its amendment.
3. A recent certificate by the General Electronic Commercial Registry (G.E.M.I.), certifying the lawful establishment and operation of the company, the composition of its Board of Directors and the persons who commit the company with their signature.
4. Decision by the BoD of the company for its accession on the provisions of Law 3427/2005 (Chapter F).
5. Copy of the Government Gazette (Issue for SA's and Ltd.'s), where the composition of the Board of the company (for SA) or a summary of the company details (for Ltd) is published
6. Consolidated Balance Sheet and Income Statement of last 2 years of the Group or the parent company. For newly founded companies, the Founding Statement has to be submitted.
7. Documented study (based on the Directorate's model) of the proposed profit margin, for the provided intra-group services by the company in Greece.





# INVESTMENT INCENTIVES FOR INTRA-GROUP SERVICES IN GREECE

Greece also offers a set of financial incentives in the form of financial grants to enable companies centralizing captive operations and achieve cost effectiveness.

Law 3427/2005 (A' 312) as amended by Law 4605/2019 (A' 52) offers generous, easy to apply investment incentives of various types to support new operations for global business services.

The investment incentives for intra-group services are designed to support the successful establishment of centralized operation centers of a meaningful size<sup>1</sup> in Greece. Foreign and domestic companies under Law 3427/2005 may receive cumulatively or alternatively different types of investment incentives in the form of non-repayable cash grants provided that they develop new activity either with regard to the subject of the services provided or as to the companies to which the services are provided, which has not been practiced in Greece for the last two (2) years until the date on which the aid application was submitted by the same or other companies of the group to which they belong.

**1a.** For R&D centers and software development, computer programming and information system support centers a minimum of 30 new full-time jobs should be created.

**1b.** For consulting services, centralized accounting services, quality control of production, products, procedures and service, preparation of studies, designs and contract, advertising and marketing services, data processing, receipt and supply of information, storage and management of files and information, supplier, customer and supply chain management excluding performance of transportation with own means, management and training of human resources a minimum of 50 new jobs should be created.

**1c.** For contact centers and computer-based telephone information a minimum of 100 new jobs must be created.

For companies establishing new activity which involves more than one of the above services the minimum number of new jobs will be set according to the service for which this condition has the highest value. //

## / . TYPES OF INCENTIVES

### a) Job Creation Subsidy-Grant

50% of total wage cost for up to 100 permanent full time employees<sup>2</sup> recruited in the first five years of operation for up to twelve 12 months following their recruitment, and up to the amount corresponding to gross salary maximum of 2,000 euros per month.

- 2a.** Young people with less than two (2) years after completing full-time education with a degree certificate and with no regular paid employment certified by the Hellenic Manpower Employment Organization (OAED) or
- 2b.** Unemployed people with no regular paid employment for the previous 6 months according to a certificate from the Hellenic Manpower Employment Organization
- 2c.** Experienced people over 50 years' old or
- 2d.** People who live as single adults with one or more dependents according to their tax declaration or
- 2e.** People recognized as disabled to a degree of at least 50% or higher under national law.

### b) Training Program Subsidy-Grant

50% of the cost for training new employees<sup>3</sup> related to the new activity

- 3.** Training expenses are eligible up to the amount of €500,000 as follows:
  - 3a.** trainers' personnel costs, for the hours during which the trainers participate in the training;
  - 3b.** trainers' and trainees' travel expenses;
  - 3c.** materials and supplies directly related to the training program;
  - 3d.** costs of advisory services related to the training program
  - 3e.** trainees' personnel costs and general indirect costs related to the training program.

### c) CAPEX Subsidy- Grant & Wage Cost Subsidy-Grant

50% of the equipment & software purchase cost<sup>4</sup> and wage cost of any new employees<sup>4</sup> who serve the new activity for up to 12 months following their recruitment, and up to the amount corresponding to gross salary of 2,000 Euros per month.

The above costs are eligible up to 400,000 Euros

### d) R&D Grants

Foreign companies wishing to establish R&D centers in Greece for the purpose of providing research and development services that fall into one of the categories a) industrial research; b) experimental research and c) feasibility studies are supported with cash grants to cover part of the following eligible costs<sup>5</sup>:

- 5a.** Personnel costs; b) costs of buildings, instruments and equipment to the extent e to the extent and for the period used for the project; c) costs of contractual research and consulting services used exclusively for the project; d) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project; e) costs for feasibility studies.
- 5b.** The maximum amount of the eligible expenses to be covered by cash grant overall or by research category and by expenditure category, as well as the aid intensity by research category will soon be determined by a Ministerial Decision. //



## // . GRANTING OF INVESTMENT INCENTIVES

The investment incentives are granted by decision of the Minister of Investments and Development following a relevant application submitted to the Directorate of Foreign Capital for inclusion to the provisions of Law 3427/2005, which additionally includes a separate section for the requested categories of investment incentives according to the Model of the competent service through the National Information System for State Aid.

**The Approval Decision is published in the Government Gazette within fifty (50) calendar days from the submission of the application. The approval decisions are issued in order of priority, in accordance with time of paper submission of the respective requests with full supporting documents.**

For the commencement of the cash payments the company must provide the following documents:

- tax clearance for collecting money from the State (Central Administration Bodies),
- insurance clearance for collecting money from the State and
- in addition domestic companies and branches of foreign companies G.E.MI. Service Certificate on the status of the company or branch.



Monitoring system involves administrative audit carried out by the Directorate of Foreign Capital and on-the-spot check, if deemed necessary, carried out by a controlling body established by decision of the Minister of Development & Investments following a reasoned recommendation of the Directorate of Foreign Capital.

Cash payments are enabled by an approval decision of the Minister of Development and Investments upon a relevant recommendation of the Directorate of Foreign Capital on the basis of an administrative or on-the-spot audit. Cash payments are done electronically into the company's bank account to a credit institution located in Greece and may not be transferred to third parties.

Investment incentives are granted for eligible costs incurred and paid in the period between the date of the decision for granting the aid and until completion of five (5) full management periods. The cash payments are made on an annual basis after the end of each management period, by decision of the Minister of Development and Investments, following an administrative or on-the-spot audit. The company is required to submit to the competent service, not later than two (2) months after the deadline for filing the income tax for each management period, and until the completion of five (5) full management periods from the granting of the investment incentives:

- Annual report with updated company, financial and staff employment data
- The information and documents supporting the declared eligible costs for each aid category
- Statutory auditor's report certifying the details of the annual report

## ESTABLISHMENT OF BUSINESS PROCESS OUTSOURCING CENTERS



Greece among the fastest growing innovators in the EU and at the heart of the European cyber security strategy attracts the growing interest from the global IT-BPO market offering opportunities for value-added services and innovation projects to clients and service providers.

What is more, Greece offers the same comprehensive set of investment incentives in the form of financial grants to branches of foreign companies established in Greece, as well as to domestic companies, providing exclusively services of cases from a to m to companies not established in Greece, which are not necessarily their headquarters or affiliated companies, and to companies not established in Greece, capable of simultaneously providing the same services to businesses established in Greece, if so provided in the Ministerial Decision granting the investment incentives.

The company has to develop new activity in Greece with regard to the subject of the provided services which is not practiced in Greece for the last two (2) years until the date of submission of the aid application by the same or other companies of the group to which it belongs.

The minimum number of new permanent full-time jobs created by the new activity for which the aid is granted may not be less than one hundred fifty (150) for the first year following the granting of the investment incentives and have to be maintained until the completion of five (5) full management periods.

### Granting of Investment Incentives

The investment incentives are granted by decision of the Minister of Development & Investments following a relevant application for the requested investment incentives submitted to the Directorate of Foreign Capital. The application is accompanied by the supporting documents and information provided in the MD No. IE/4487/466/8-2-2006 (152/B/9-2-2006 και 1705/B/1-11-2010) as in force, except those relating to the Documentation Study of the proposed profit margin on cost and the details of the companies to which the services will be provided (recipient companies). Approval Decisions are issued in order of priority, in accordance with time of paper submission of the respective requests with full supporting documents. //



**Disclaimer:** Whilst every care has been taken to assure that the information contained in this guide is accurate, Enterprise Greece does not in any way assume liability for any imprecise or erroneous statement contained hereinafter. This guide is prepared for informational purposes only; it is not intended to impart legal advice; readers are advised to seek independent legal advice prior to acting on any statements contained herein. The information contained is in no way a substitute for the relevant Laws, which are binding only in the original Greek texts.