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## REPORT

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From: General Secretariat of the Council  
To: Permanent Representatives Committee

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Subject: Code of Conduct Group (Business Taxation)  
- Report to the Council  
= Approval

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### Greece's Patent tax incentive (EL015)

#### I. Background

1. In 2018, as regards the EL015 regime, the Group agreed that the regime should be monitored in the future and that Greece should notify the Group on an annual basis of any developments relating to its use.

#### II. Preliminary assessment

2. The data communicated by the Greek authorities already at the end of 2019 indicates a descending trend, the number of taxpayers opting for the IP regime has decreased from three taxpayers to one taxpayer between 2017 and 2018. The amount of the reserve [the aggregate amount of income benefitting from the regime] has also followed a descending trend and has almost halved.

3. In the current monitoring exercise (data of 2019), Greece informed that in the tax year 2019, the number of taxpayers benefitting from the regime increased back to three and the amount of reserve<sup>1</sup> increased to EUR 6.353.388,85, which is a comparable level to 2017.
4. Despite the recent increase, in light of the fact that the number of beneficiaries has remained overall stable for the last four years and also the amount of reserve involved, the Commission's services take the view that so far the **EL015 measure** has not affected the business location among Member States in a significant way.
5. The Group should further look into the effects in the next year's monitoring exercise, when the data for 2020 will have become available.

### III. Follow-up

- i. The COCG agreed with the preliminary conclusion that the **EL015 regime** does not seem to have affected in a significant way the business location among the Member States.
- ii. The COCG agreed that monitoring should continue.

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<sup>1</sup> We recall that the benefit of the regime is not a final exemption from tax, but the benefit lies in the deferral.

The formed tax-free reserve is subject to taxation in accordance with the general provisions of the Income Tax Code, in as far as it is distributed, capitalized or undertaken each time. However, also the deferral is a tax advantage and it has to be noted that it is possible that the tax-exempt reserve account can be maintained even after this 3 year period without being distributed, capitalised or withdrawn. So the deferral for those profits could be much longer.

**Greece – EL015 - Patent tax incentive [2018 CoCG decision]**

<b>Greece - EL015</b>	2016	2017	2018	2019
The number of taxpayers benefitting from the regime	2	3	1	3
How many of the companies benefitting from the regime are domestic companies and				
How many are foreign or foreign owned companies and				
The aggregate amount of income benefitting from the regime.	Amount of reserve: 2.853.222,24	Amount of reserve: 5 416 813,44	Amount of reserve: 3.515.31 4,07	Amount of reserve 6.353.38 8,85