September 2026

Draft law: New Incentives for Foreign Direct Investments (F.D.I.)

Introduction

The Ministry of Development has launched a public consultation, open until **16 September 2026**, on the draft law **titled "New Incentives for Foreign Direct Investment (FDI), Restructuring of the Directorate for Foreign Direct Investment, and other provisions.**

The new draft law introduces a dedicated state aid framework for investment projects financed by foreign capital. Specifically, the proposed legislation defines the eligible beneficiaries, the qualifying categories of investment projects, the available forms of state aid, and the assessment process for submitted applications. The minimum investment amount required for inclusion under the scheme is €10 million, while the maximum eligible investment cost is €50 million.

The main provisions of the draft law are summarized below:

Establishment of a new Foreign Direct Investment (F.D.I.) Support Scheme

The draft law establishes an annual **Foreign Direct Investment (F.D.I.) Incentives Regime**, to be implemented through an annual ministerial decision of the Minister of Development. The regime operates within the framework of the European Union State aid framework and is governed, inter alia, by the General Block Exemption Regulation (GBER), the Regional Aid Map, and the applicable rules on the cumulation of State aid. Access to the incentives is conditional upon the fulfilment of the incentive effect criterion, requiring the submission of an application prior to the commencement of works on the relevant investment project. In addition, undertakings subject to an outstanding recovery order arising from a European Commission decision on unlawful and incompatible State aid are precluded from benefiting from the regime, pursuant to the Deggendorf principle.

Eligible Sectors of Investment Activity

The proposed regime provides for the inclusion of investment projects operating in the following sectors:

- Manufacturing and industrial production
- Research, applied innovation and artificial intelligence (AI), Industrialized primary-sector production
- Biotechnology, Defence and aerospace industries
- Logistics and warehousing
- Healthcare services, including recovery and rehabilitation centres, and social care services.

Eligible Beneficiaries and Excluded Entities

Eligible beneficiaries under the regime are investment vehicles that finance, support, or participate in newly established businesses in Greece, as well as existing foreign companies establishing a new branch in Greece, provided that the relevant entities are incorporated as a Société Anonyme (S.A.), a Private Company (I.K.E.), or a Limited Liability Company (E.P.E.).

For the purposes of the regime, a business is considered *"new"* if it was established within the 12 months preceding the submission of the application for inclusion in the F.D.I. Regime. Investment vehicles may be owned by foreign-resident individuals or by legal entities established outside Greece.

The draft law further provides that the following categories of undertakings are excluded from participation in the F.D.I.Incentives Regime:

- Undertakings that, at the time of submission of the investment project application, are subject to a pending recovery procedure for unlawful State aid pursuant to the Deggendorf principle.

- Undertakings against which, at the time of submission of the application, proceedings are pending or a final adverse judgment has been issued for violations of labour and social security legislation, as provided for under Articles 18 and 73 of Law 4412/2016.

- Undertakings in difficulty, as defined in Article 2(18) of the General Block Exemption Regulation (GBER).

- Undertakings that refuse to provide a binding commitment not to relocate the establishment benefiting from the aid for a period of two years following the completion of the initial investment.

- Undertakings implementing investment projects carried out on the initiative and on behalf of the State under a public works, concession, or services contract.

Tax Exemption and Other Investment Incentives

The principal incentive under the new regime is a **tax exemption** in respect of the undertaking's **pre-tax profits generated from all of its business activities.**

In calculating the tax exemption, the tax attributable to profits distributed or withdrawn by the shareholders or partners shall be excluded. The exemption amount shall be calculated as a percentage of the eligible investment expenditure or the value of new equipment acquired through finance leasing and shall be recognized as an equal reserve in a distinct account of the beneficiary's financial statements.

In addition to the tax exemption, the draft law provides for the following incentives:

- **Fast-track licensing procedures**, requiring the issuance of all necessary licences and approvals within two months from the submission of a complete application dossier;
- **Access to loan financing**, available exclusively to small and medium-sized enterprises (SMEs), with guarantees provided by the Hellenic Development Bank, subject to the limitations imposed by the applicable state aid rules; and
- **Facilitated residence permit procedures** for investors and third-country national employees involved in the implementation and operation of the investment project.

The total amount of State aid granted to an investment project, including the gross grant equivalent (GGE) of any State-guaranteed loan, shall not exceed the maximum aid intensities prescribed by the Regional Aid Map. Where such thresholds are exceeded, the decision granting aid shall be amended accordingly and the excess aid amount shall be recovered, together with interest, in accordance with the applicable State aid rules.

Investment Project Size Thresholds

To qualify for the regime, investment projects must meet minimum and maximum eligible cost thresholds, which vary according to the size of the investment entity and will be specified in the applicable call for applications.

Parameter	Amount
Minimum eligible investment cost	10,000,000 €
Maximum eligible investment cost	50,000,000 €
Maximum state aid per investment project	20,000,000 €

Eligible and Ineligible Costs

Eligible costs include, inter alia, the following expenditure categories, subject to specific conditions:

Category	Eligible Costs
Tangible Assets	• Construction, expansion and modernisation of buildings, accessibility infrastructure for persons with disabilities, and site development works (**up to 45% of eligible costs; up to 70% for logistics projects)** • Acquisition of existing assets of a closed establishment (SMEs only, subject to acquisition requirements and provided the seller is not related to the purchaser) • Purchase and installation of new machinery, equipment and on-site transport vehicles • Finance lease payments for new equipment, provided ownership is transferred upon expiry of the lease • Modernisation of specialised (non-building) and mechanical installations
Intangible Assets	• **Technology transfer**, including intellectual property rights, licenses, patents and know-how • **Quality management systems, certifications**, software, and business organisation systems • Intangible asset costs are capped at **30%** of eligible investment costs for large undertakings and **50%** for SMEs.

The following costs are excluded from eligibility inter alia:

Ineligible Costs
Operating Expenses
Purchase of office furniture and equipment
Purchase of passenger vehicles with a seating capacity of up to six (6) persons
Acquisition of land and plots
Contribution of real estate or other fixed assets to the company's share capital
Construction or expansion of facilities on land not owned by the investment undertaking.

Assessment, Monitoring and Completion of Investment Projects

Submission and Evaluation: Applications are submitted electronically through the Development Law Information System. The evaluation process includes an assessment of legal compliance, financial standing, project costs and economic viability, as well as a scoring exercise based on predefined criteria. The evaluation must be completed within 90 days from the submission of the application.

Monitoring and Completion: Investment projects are subject to audits during their implementation, upon completion, and at the start of operations, conducted by either certified statutory auditor or competent public authorities. In addition, at least 30% of completed projects are selected annually for random audits. Projects must be completed within three years of the publication of the inclusion decision.

Application Fees under the FDI Regime

The regime provides for the payment of administrative fees in connection with the inclusion, audit and amendment of investment projects, as follows:

- **Application for inclusion:** An administrative fee equal to 1‰ of the eligible cost of the investment project.
- **Completion audit:** An administrative fee equal to 1‰ of the eligible cost, subject to a minimum amount of €10,000. For interim implementation audits (upon completion of 25%, 50% or 65% of the project), the fee is set at 0.5‰ of the eligible cost, capped at €50,000. No fee is payable where the audit is conducted by the authority referred to in Article 20(1)(a).
- **Amendment requests**: An administrative fee equal to 0.7‰ of the eligible cost of the investment project.

Long – Term Obligation and Sanctions

- Beneficiaries must maintain separate accounting records for the investment project under a double-entry book-keeping system. For six years following completion, they are required to maintain the operation, employment levels, and core characteristics of the investment.
- Beneficiaries are required to submit annual reports on operations, financial standing, employment and financial performance. Relevant records must be retained for ten(10) years following the receipt of the last aid payment.
- Non-compliance with key obligations may lead to the revocation of the aid approval, the full or partial loss of the tax incentive, and the recovery of unpaid taxes with interest. Penalties may range from 0.5% to 30% of the approved aid amount, with additional fines of 0.5% to 3% per reporting violation.

Let's talk

For a more in-depth discussion on the above you may contact:

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