

## Law 5338/2026: Greece's New Pitch to Foreign Investors

The New Law, titled "*New Foreign Direct Investment Incentives, Restructuring of the Directorate for Foreign Direct Investment and Other Provisions*" (the "**New Law**"), creates something Greece has not had before: a state aid regime reserved exclusively for investment projects financed by non-domestic capital. Alongside a corporate income tax deferral, it offers a two-month licensing fast track and a pre-qualified route to residence permits for investors and staff.

### The New Law at a Glance

The New Law (Government Gazette Issue 159 A' / 05.10.2026) was passed by Greek Parliament following public consultation held in September 2026. It establishes a dedicated FDI incentive regime (the "**FDI Regime**"), which is launched annually, through a ministerial decision issued by the Minister of Development ("**FDI MD**").

Its key parameters are:

- **Project size:** eligible costs between €10 million and €50 million; a reduced €5 million floor applies to research, applied innovation, artificial intelligence and biotechnology projects;
- **Aid ceiling:** up to €20 million per project and per undertaking, and €50 million per group, over a three-year period;

- **Evaluation:** within 90 days of application;
- **Completion:** within three years, extendable once by up to two years;
- **Commitment period:** six years following completion.

### Who Qualifies

The FDI Regime targets eight sectors:

1. manufacturing;
2. research, applied innovation and artificial intelligence;
3. industrialised primary production;
4. biotechnology;
5. defence and aerospace;
6. logistics and warehousing;
7. rehabilitation centres; and
8. elderly care facilities.

Eligibility is built around a new investment vehicle. Beneficiaries must be either:

- newly established companies incorporated no more than 12 months before the application, taking the form of a société anonyme, private company or limited liability company, or an equivalent foreign corporate form; or

- existing foreign companies setting up a new branch in Greece.

Shareholders must be individuals permanently resident abroad or legal entities seated outside Greece. At least 40% of the total project cost must be covered by the investor's own non-domestic funds, and at least 25% of eligible costs must come from own non-domestic funds or from external financing free of any state aid.

### Fast-Track Licensing

The most practically significant feature of the New Law may not be financial at all. Every licence or approval required to build, install or operate a project under the FDI Regime, including spatial planning permits, must be issued within **two months** of a complete file being submitted. Files are lodged with the General Directorate for Development Laws and FDI of the Ministry of Development, which acts as a single-entry point, checks the file and forwards it to the competent licensing authorities. Environmental approvals follow the accelerated procedure already applicable to strategic investments.

Combined with the 90-day evaluation deadline, this creates a timeline investors can actually plan around. What makes it notable is its reach. Fast-track licensing has so far been associated with Greece's strategic investment framework (Law 4864/2021), which is geared towards considerably larger projects. The New Law brings comparable procedural advantages within reach of projects starting at €10 million— or €5 million in research, AI and biotechnology —

without a separate job-creation threshold for admission.

### Residence Permits for Investors and Staff

The New Law also addresses a question that often surfaces late in deal planning: can the people who will build and run the project live and work in Greece?

For projects admitted to the FDI Regime, residence permits may be granted to third-country nationals, both investors and employees, under Article 97 of the Greek Migration Code. The key change is procedural. The decision admitting a project to the FDI Regime itself serves as evidence that the investment justifies a residence permit. The Directorate then verifies only the minimum investment threshold and the individual's role in the project, rather than reassessing the merits of the investment.

In practice, this turns a potentially discretionary assessment into a largely documentary exercise. The incentive is naturally most relevant for investors from outside the EU.

### Tax Deferral

The financial core of the FDI Regime is a deferred tax benefit. Eligible businesses don't pay corporate income tax on their pre-tax profits, minus the portion of corporate tax attributable to profits that are distributed to or drawn by the partners/shareholders. The amount of the exemption is calculated as a percentage of either (i) the eligible costs of the investment plan, or (ii) the value of new machinery and equipment

acquired under a leasing arrangement. That exempted amount must be set aside as a matching special reserve, kept in a separate line in the company's financial statements. The reserve cannot be distributed to shareholders or capitalized while the plan's long-term compliance period is still running. If the company does distribute or capitalize the reserve during that compliance period, the tax benefit is clawed back. If the company distributes or capitalizes the reserve (in whole or in part) after the compliance period has ended, there's no clawback or penalty — but the distributed/capitalized amount is added back to taxable profits and taxed in the fiscal

Investors may use the benefit in one go upon certified completion, or gradually once 50% or 65% of the project has been certified. In the latter case, no more than half of the total approved amount may be used in any single tax year, and no more than half before completion. Unused amounts roll forward, and the full benefit must be used within 15 tax years.

### What Investors Should Watch

- **Structure the vehicle early.** The 12-month rule means existing Greek subsidiaries appear to fall outside the FDI Regime. Investors may need a new vehicle or branch, and should decide this before any investment plan starts, since applications must precede the launch of the investment plan.
- **Document the source of funds.** The New Law does not define “non-domestic capital”. The

regulatory impact assessment accompanying the bill described it in economic terms, as flows from foreign individuals, multinationals or institutional investors, as opposed to capital generated by domestic savings and businesses. A foreign shareholder alone may not be enough.

- **Plan for the long term.** The six-year commitment period covers maintaining operations, jobs and aided assets. Breaches can lead to the loss of the tax benefit with interest. Beneficiary companies must keep separate double-entry accounting for the project, maintain it for six years after completion, and throughout that period keep the business and investment running without stopping production, selling subsidized assets (unless promptly replaced), relocating, leasing out the investment, merging/restructuring, or changing company details and workforce levels — all without prior notice/approval as required — while also filing an annual tax exemption declaration, keeping supporting documentation for ten years, and displaying a sign noting the investment's incentive status.
- **FDI screening still applies.** Admission to the FDI Regime does not replace screening under Law 5202/2025. For defence, aerospace and other sensitive sectors, the admission decision is conditional on that process.

- **Watch the FDI MD.** The total budget, scoring criteria and exact aid percentages will be set by ministerial decision. The true scale of the FDI Regime will only become clear once the FDI MD is published.
- **Is the 90-day license deadline binding?** The two-month clock stops whenever the authorities request supplementary documents. And if the deadline is missed, there is no deemed approval: the Minister of Development may step in and issue or reject the license within one month, but only where the competences of other ministries are not affected. A well-prepared, complete file is therefore the investor's best accelerator.

## Outlook

The New Law reflects a clear shift in how Greece competes for capital. Rather than relying on tax incentives alone, it bundles speed, mobility and tax relief into a single package aimed at mid-sized, high-value projects. The window, however, is not open-ended: the current Regional Aid Map runs until 31 December 2027.

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