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Greece Proposes New State Aid Scheme for Foreign-Funded Investments

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Greece Proposes New State Aid Scheme for Foreign-Funded Investments

Draft legislation provides targeted incentives for €10–50 million investments in strategic sectors, while preserving the separate FDI screening framework

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What's happening

A bill introducing a dedicated **State aid scheme for foreign-funded investments** was tabled before the Greek Parliament on **22 September 2026** and is currently under parliamentary consideration. The proposed scheme targets investments financed through foreign capital in specified strategic sectors and combines **tax incentives, accelerated licensing and access to financing support**. It will operate through an annual call setting the applicable budget, eligibility and evaluation parameters.

Who qualifies

The scheme is available to **newly established Greek companies** (incorporated within the previous 12 months) and **foreign companies establishing a new branch in Greece**, subject to the ownership conditions laid down in the bill.

Projects must constitute an **initial investment** — such as the establishment of a new facility, an extension of existing capacity, diversification of output or a fundamental change in the production process — with **eligible costs between €10 million and €50 million**. Within that statutory range, the applicable minimum and maximum will depend on the size of the beneficiary and be specified in the relevant annual call.

Which sectors

The regime covers investments in eight strategic areas: Processing and Industrial Production; Research, Applied Innovation and Artificial Intelligence; Industrialised Primary Production; Biotechnology; Defence and Aerospace; Logistics; Healthcare (rehabilitation and recovery centres); and Social Care (nursing homes).

What incentives are available

Depending on the project and the applicable conditions, the regime provides for **corporate income tax exemptions; accelerated licensing**, with relevant permits in principle to be issued within two months; **Hellenic Development Bank-guaranteed financing** for eligible SME projects; and **facilitated residence permits**.

The total amount of aid granted to an individual investment project may not exceed **€20 million**, subject to the applicable State aid rules and limits.

The State aid framework

The scheme operates within the existing EU State aid framework, in particular **Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market (the General Block Exemption Regulation or “GBER”)**, as amended, together with the **Guidelines on regional State aid for**

2022–2027 and Greece's approved **Regional Aid Map**.

Aid intensities therefore vary depending, among other things, on the **location of the investment and the size of the beneficiary**, with increased intensities available to SMEs. The applicable rules on eligible costs and cumulation, as well as the “**Deggendorf**” principle preventing the payment of new aid to an undertaking subject to an outstanding recovery order, also remain relevant.

A particularly important practical requirement is the **incentive effect**: the application for aid must, as a rule, be submitted **before work on the investment begins**. Project sequencing is therefore critical, as commencing works prematurely may jeopardise access to aid even where the investment would otherwise qualify.

How it works in practice

The scheme will open **once a year** by ministerial decision, with each call specifying, among other things, the available budget, applicable thresholds, evaluation criteria and minimum qualifying score.

Applications will be submitted electronically through the **Development Law Information System**, subject to an application fee equal to **1% of the eligible investment cost**, and must precede the start of works.

A dedicated Evaluation Committee will assess each project through a direct evaluation procedure, with its assessment report due within **90 days**. Approved projects must generally be completed within **three years** and will remain subject to implementation controls and longer-term obligations.

FDI screening remains a separate requirement

Admission to the incentive regime does not replace or dispense with foreign investment

screening. The bill expressly preserves the application of Greece's FDI screening regime under Law 5202/2025, as well as the relevant EU framework, and the respective competences of the Ministry of Foreign Affairs, the Interministerial FDI Screening Committee and Enterprise Greece.

Importantly, where an investment falls within the scope of the Greek FDI screening regime, **the decision admitting the project to the incentive regime cannot be issued before completion of the applicable screening procedure**. State aid eligibility and FDI screening should therefore be assessed in parallel and both processes factored into the project's implementation timetable.

The bill also refers to **Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments into the Union** and **Regulation (EU) 2026/1386 on the screening of foreign investments in the Union**, which will replace Regulation (EU) 2019/452 once the relevant provisions become applicable.

Key considerations for investors

The proposed new regime offers a potentially significant package of incentives, but **eligibility for aid is only one part of the analysis**. Investment structure and source of funding, the timing of the application and commencement of works, applicable aid intensities and cumulation rules, and any parallel FDI screening requirements should be considered at an early stage and reflected in the project timetable.

Where relevant, the interaction with other EU regulatory regimes — including the **Foreign Subsidies Regulation (FSR)** — should also be assessed separately.

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