

## Platis - Anastasiadis & Associates

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### Law 4982/2022: The New Legislative Framework for the Establishment, Development, Management and Operation of Industrial Parks



The new Law 4982/2022 establishes a single regulatory framework with rules and procedures for Industrial Parks, providing significant incentives for their establishment, with the aim of stimulating regional development, industrial production and green entrepreneurship.

On 15 October 2022, Law 4982/2022 (Government Gazette 195/A/15-10-2022) was published. The Law lays down the rules for the establishment, management, development and operation of Industrial Parks ("IPs"), as well as the activities that can be carried out within IPs.

The new Law introduces a legislative framework, with a five-year transitional period for all existing Parks to come in scope of the new regime. In contrast to the previous regime, in which existing IPs were subject to different frameworks, the coverage of all industrial parks in the country under a single codified legislative framework provides greater legal certainty and makes the regulatory environment more attractive to investments.

The new Law simplifies and reduces the types of Industrial Parks, while expanding permitted activities within them. In addition, the mandatory character of self-management is abolished and new provisions are introduced regarding the legal entity that develops and manages the Park. At the same time, the approval and development of an Industrial Park in two or more distinct geographical areas is allowed, when these constitute an organic integrated whole.

The new law provides additional incentives and facilitates the establishment of IPs, including the abolition of the minimum area for the establishment of a park, as well as the newly introduced provision that any contribution in cash is deductible as an expense.

## 1. Purpose and Object

The purpose of Law 4982/2022 is to boost the national economy and regional development by attracting investments for the development of Industrial Parks ("IPs"), through which business activities are concentrated in specific areas with organized infrastructure, for the creation of business ecosystems that will stimulate the development of industrial production.

The development of IPs is held under the Law to serve public utility purposes, protection of the environment, the green and digital transition of industry and businesses, enhancement of competitiveness, entrepreneurship, employment and infrastructure, especially in areas with a development deficit, while improving the quality of life of residents of nearby areas.

The purpose of the new Law is to establish a single framework for the regulation of Industrial Parks across the entire cycle of their establishment, development and operation, as well as to provide incentives for businesses to populate them, with the aim of stimulating regional development, industrial production and green entrepreneurship.

## 2. Types of IPs and Activities within them

According to the definitions of the Law, an Industrial Park is an organically integrated set of structures, services and infrastructures established and operated to support the activities defined by the Law. IPs are divided into the following types:

- a) Industrial Park Type A1: the IP that is planned, organized and operated as a reception area for activities of environmental classification of article 1 § 1 of Law 4014/2011 (A' 209).
- b) Type A2 Industrial Park: the IP that is planned, organized and operated as a reception area for activities of categories "A2" and "B" environmental classification of article 1 § 1 of Law 4014/2011.
- c) Remediation Industrial Park: the IP organized for the environmental restoration of areas with Informal Industrial Concentration and the treatment of operational problems of the businesses located in it.
- d) Single Large Unit Industrial Park: the IP organized in an area where a single Large Unit is or will be installed, and for which no town planning is required. Single Large Unit IPs are those carrying out manufacturing and related activities of Part B of Law 3982/2011 (A' 143) or logistics activities of Law 4302/2014 (A' 225) with the minimum extent of Article 19 of Law 4982/2022.
- e) Techno-Cities: the IP that is organized and operated as a reception area for new and high

technology business activities, research and educational activities and service companies.

Industrial Parks carry out all kinds of business production activities of the secondary and tertiary sector - with the exception of shopping centers - such as:

- ▶ Environmental infrastructure systems,
- ▶ Activities for the production or storage of electricity and heat from renewable energy sources and natural gas,
- ▶ Business incubators,
- ▶ Research centers and laboratories related to applied industrial, energy, mining research, laboratories providing high technology and quality services and facilities that exploit the results of the work of research centers, technological support centers for enterprises and employees,
- ▶ Data centers and business technology support,
- ▶ Logistics and manufacturing activities, storage and distribution centers, car repair and maintenance workshops,
- ▶ Agro-livestock activities, provided that their products are processed by facilities within the Park.

## 3. Establishment of Industrial Parks

The initiative for the establishment and development of IPs is assigned by Law to special-purpose Development and Management Companies ("E.A.D.E.P."), in the share capital of which participate both natural persons and legal entities regulated by private or public law.

E.A.D.E.P. will enact the operating regulation of the IP and buy the land for the establishment of the Parks. The initiative for the development of the Industrial Park also belongs to E.A.D.E.P., which for this purpose may lease, sell or grant land owned by it or over which they have other rights.

The initiative to develop an IP can also be undertaken by an E.A.D.E.P. which is still under establishment. In this case, the application is accompanied by a document for the incorporation of the company, signed by the founding shareholders, with an agreement to submit it for publication under the suspensive condition of the approval of the development of the IP. The establishment of the E.A.D.E.P will have to be completed within six (6) months from the issuance of the decision approving the development of the IP.

The development of the Industrial Park is approved by a joint decision of the Ministers of Development and Investment and Environment and Energy and the respective co-competent ministers, taking into account the following factors and procedures:

- a) Feasibility and viability of the project, especially in terms of documenting the prospects of attracting businesses and its contribution to the local and national economy. The mapping of the feasibility and economic viability of the IP, as well as the compatibility of the planned land uses with the protection of the environment and their location, takes place through a Business Plan which is submitted in parallel with the application and includes:
  - ▶ Techno-economic feasibility study;
  - ▶ Presentation of the/by the shareholders of E.A.D.E.P. as to their reliability, solvency and financial capacity;
  - ▶ Topographic diagram of the development area of the IP;
  - ▶ Environmental impact assessment;
  - ▶ Study of the technical organization of the proposed area;
  - ▶ Documents and data from which it appears that E.A.D.E.P has secured the required area.
- b) Securing the area of the Industrial Park of which E.A.D.E.P. has ownership. The owners of land within the requested area may participate in the share capital of E.A.D.E.P. by contributing their land ownership as their participation and receiving the number of shares corresponding to the value of it.
- c) Placement of the IPs in an area inside or outside the city plan intended for the reception of the permitted activities. The organization of the IPs in areas of protection and areas with special legal status, as well as in areas of the NATURA 2000 network, which include the Special Protection Areas, is carried out only if it is permitted by the special protection regime of the above areas and in compliance with its specific terms and conditions.
- d) The level of development costs, the degree of documentation, the technical difficulties for the timely completion of the required additional external infrastructures and the ability of E.A.D.E.P. and its shareholders to meet their obligations in the context of the development of the IP.

#### **4. Industrial Park Development**

The decision approving the development of the IP is followed by its publication in the Government Gazette and urban planning of the IP based on a plan which includes:

- ▶ The street plan
- ▶ The Town Planning Regulation
- ▶ The report describing and justifying the proposed arrangements
- ▶ Building conditions
- ▶ Land use and related restrictions or prohibitions or

obligations and any other regulation imposed for town planning reasons

- ▶ The implementing act where required.

With the new law, the approval and development of an IP in two or more distinct geographical areas is allowed for the first time, when for natural, environmental, residential, or infrastructure reasons (e.g. roads, ports, etc.) the development/expansion of the park cannot be continuous.

The street plan is prepared and submitted for approval within one (1) year from the issuance of the approval decision of the IP with the possibility of extension.

The areas defined in the urban plan as communal and public utility areas within the IP and do not belong to E.A.D.E.P. are mandatorily transferred to it after the approval of the street plan application without exchanges. After the approval of the urban implementation plan, the required technical studies of the development projects of the IP are prepared under the of E.A.D.E.P.

IP development can also be done through a Public Private Partnership with concession of the use or lease of public or municipal property or properties of companies owned directly or indirectly by the State.

#### **5. Administration, Management and Operation of Industrial Parks**

The administration and management of the Industrial Park includes the execution and implementation of the business plan and the operation of the IP.

The administration and management of the IP is carried out by E.A.D.E.P. E.A.D.E.P is obliged to:

- a) conclude the installation contracts with the established companies in accordance with the Rules of Procedure,
- b) ensure the right to use all public infrastructures of the IP to all established businesses;
- c) carry out the operation, maintenance and repair works of the infrastructure and ensure that the smooth and uninterrupted operation of the IP is ensured;
- d) conclude commercial contracts with the main suppliers of Public Utility Services that serve the needs of the IP;
- e) elaborate the strategy for the organization and operation of the IP, updating every five (5) years the business plan of the IP;
- f) manage the financial funds from the management activities, in accordance with the business plan and the Operation Regulation;
- g) attract funding from financial institutions for the purpose of infrastructure maintenance and repair;
- h) upgrade the existing infrastructure of the IP.

The management and operation of IPs is regulated by the Operation Regulation drawn up by E.A.D.E.P. The Operation Regulation is a private contract acceded to by businesses established in the IP. The Regulation regulates any issue related to the administration, management and operation of the IP.

Among the provisions established by Law 4982/2022 for the establishment, development, management and operation of IPs are those regulating the surface right applicable to plots located within them.

The Law determines the legal nature and content of the surface right, such as the use of the land on which the surface is composed, the construction, maintenance and use of the building and the exercise of the activity of the surface owner, the manner of establishment of the right and its duration, which may not exceed 99 years - unless extended by a notarial document - the right to transfer, its termination, as well as its tax treatment.

## 6. Incentives

Regarding the incentives for the establishment and operation of IPs, the following benefits are laid down, among others:

- ▶ With the exception of VAT, any transaction (transfer or donation in any contract of sale, donation of land, establishment of a right of surface, compulsory expropriation) relating to the establishment of the EADEP, the acquisition of the land and buildings necessary for the establishment of the IP, and the transfer of these rights to third parties is exempt from any tax, fee, contribution, right or other charge.
- ▶ Notarial and registration fees for the transcription of the above legal acts may not exceed 8,000 euros for the notary and 4,000 euros for the registrar or cadastral office.
- ▶ Fees and other charges for the benefit of the State and any third parties which may be provided for in the loan agreements or other financing agreements concluded by the EADEP of the IP or by persons operating an undertaking established in the IP, are reduced to one fifth of their value.
- ▶ For E.A.D.E.P., Value Added Tax (VAT) constitutes part of the cost of the project as well as an eligible expenditure for a grant, provided that it does not carry out any other activity through which it could offset VAT.

Businesses relocating to Industrial Parks are exempt from paying income tax on capital gains resulting from the sale of their real estate and other facilities, to the extent corresponding to the cost of their relocation. If they cease to carry out business activity in the Industrial Park within five years of the relocation, businesses are obliged to refund the amount of the tax exemption with the legal surcharges. Businesses that

relocate to IPs are exempt from paying income tax. The amount exempted shall be included in the amount of the public subsidy if the undertaking joins a State aid financing programme.

For activities located in an area where, according to urban planning provisions, a change in land use has occurred or, for any reason, their removal is required, the costs of relocating them to Industrial Parks shall be considered eligible for funding and shall be subsidised either by the public investment programme or by the European Regional Development Fund. These costs include the cost of constructing a new building, modernising an existing building, installing it in the new building, replacing machinery due to damage caused by relocation, dismantling and assembling costs.

Businesses established in IPs are also exempt from the preliminary environmental assessment and evaluation procedure and from the issuance of an establishment permit.

## 7. Conclusion

Industrial Parks are the most appropriate institution for the organization of manufacturing both at spatial and ecosystem level and processing clusters.

IPs are an important lever for regional development, the upgrading of the country's manufacturing sector and overall national development.

In any case, the IPs are an important infrastructure for the digital transition of the Greek industry, contributing to the exchange of know-how and the creation the necessary infrastructure and economies of scale.

In a nutshell, the main benefits that the new Law 4982/2022 for IPs brings for businesses:

- ▶ The inclusion of all existing IPs to a single framework of rules.
- ▶ The creation of an appropriate regulatory environment to attract investment in the development of new IPs.
- ▶ The simplification of the authorisation procedure for the establishment of an IP.
- ▶ The acceleration of development of new IPs and the facilitation of the expansion of existing ones.
- ▶ The effective management of IPs.
- ▶ The provision of enhanced incentives for the establishment of businesses within IPs.

In conclusion, even though there is room for further improvement, the new Law creates strong expectations for the reorganization of the institution of IPs on sound bases and sets the basis for the development of new and modernized IPs in line with the needs of domestic manufacturing.

## About Platis - Anastassiadis & Associates

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