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## REPORT

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From:	General Secretariat of the Council
To:	Delegations
Subject:	Code of Conduct Group (Business Taxation) - Report to the Council

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### Rollback Assessment of HR019 AND HR020

#### I. Background

1. The measures HR019 and HR020 (Investment Promotion Acts) were notified under the Standstill procedure for 2020 and 2022 respectively. In substance, the two measures are the same and the Group's standstill assessment of HR019 has been applied by analogy to HR020.<sup>1</sup>
2. Based on the assessment, the measures did not meet the substance requirements and Croatia committed to roll-back these potentially harmful features. On 5 July 2024, the Subgroup assessed draft legislation which was intended to be introduced in Croatia to ensure compliance with the Code of Conduct requirements. The Subgroup found that the draft legislation was sufficient and adequate to eliminate the potentially harmful features of measures provided that the legislation was adopted without substantial changes.<sup>2</sup>
3. Along with the Subgroup assessment, it became apparent that the FHTP was also looking into the envisaged measures. The Commission contacted the FHTP Secretariat to ensure

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<sup>1</sup> WK 9304/2022 REV 1 and WK 11975/2023 INIT

<sup>2</sup> WK 9303/2024 INIT

coordination and a consistent outcome of the parallel Code of Conduct and FHTP procedures. In this regard, the FHTP Secretariat informed that they have additional requirements which should be included in the draft legislation for the measures to comply with the FHTP criteria.

4. In light of this position of the FHTP, Croatia had to amend their draft legislation, which was approved by the Subgroup in July 2024, to ensure compliance with the FHTP criteria.
5. Considering this developments, the Group decided on 24 November 2024 that the rollback assessment should await the final FHTP review and the formal adoption of the legislation for amending measures HR019 and HR020 in Croatia. This would allow the Group to examine whether there have been substantial changes to the draft legislation which has already been assessed and ensure consistency between the decisions of the FHTP and the Code of Conduct Group.

## **II. Decision of the FHTP**

6. On 15 November the Croatian Parliament adopted the amendments to the Investment Promotion Act. These have been in force since 28 November 2024 and took effect from 1 January 2025.
7. In its meeting on 17-18 December 2024 the FHTP analysed the regime. It concluded that the amended version of the regime is 'not harmful'.

## **III. New rollback notification and its assessment**

8. By e-mail of 20 January 2025, Croatia informed the Group that the rollback measure has been formally adopted by Parliament and provided a translation of the relevant parts of the legislation (WK 918/2025 ADD 4, the content of this document is annexed also below).
9. The Act amending the Investment Promotion Act was published in the Croatian Official Journal on 27 November 2024.<sup>3</sup>

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<sup>3</sup> [https://narodne-novine.nn.hr/clanci/sluzbeni/2024\\_11\\_136\\_2250.html](https://narodne-novine.nn.hr/clanci/sluzbeni/2024_11_136_2250.html)

10. In accordance with the decision of the Group in November 2024, the Group may carry out a new rollback assessment, in order to supplement or replace the assessment of 5 July 2024.
11. The assessment only concerns the changes adopted by the Croatian Parliament in November 2024 – on the substance requirements, given that the remaining aspects of the previous assessment were not affected.
12. The amendments to the text which was assessed in June 2024 are highlighted by the Commission Services in the following text in bold:

"(5) For the purposes of applying the reduced rate of profit tax from paragraph 1 of this article, the beneficiary of the state aid for each special tax period determines the profit tax obligation in the manner prescribed by the regulation on profit taxation only on the profit realized from the business activity to which the investment project relates, excluding income from capital, rent, interest and intellectual property and performs its core income generating activity of the investment project with the adequate number of full-time employees and the adequate amount of operating expenditures.

(6) In the framework of the annual report, the recipient of the support submits an overview of income based on capital, rent, interest and intellectual property from paragraph 5 of this article.

(7) If the beneficiary of the support simultaneously performs business activities that are not covered by the investment project, he is obliged to ensure special accounting monitoring of the activity covered by the project and to determine the amount of profit for the activity of the investment project.

(8) Core income generating activities of the investment project may vary according to the specific qualifying investment project activity, but mainly consist of those significant functions that drive the business value of the investment project, but not exclusively or mostly support activities.

(9) The beneficiary of support from paragraph 7 of this article submits an overview from paragraph 6 of this article and an overview of the special accounting monitoring of investment project activity as part of the annual report.

13. The assessment of June 2024 concluded already that the rollback is sufficient and adequate to eliminate the potentially harmful features of the Investment Promotion Act. The recently introduced amendments do not change the substance of the draft law but refine the wording, in order to make it more precise.
14. These amendments concern two changes laid down in paragraph 5:
1. In the original draft law, ‘royalties from intellectual property’ were treated as passive income and excluded from the benefits of the measure. The term ‘royalties’ was replaced by ‘income from intellectual property’.

The replacement of the term royalties by income from intellectual property intends to widen the scope of the excluded income. The term ‘income from intellectual property’ has been chosen in order to exclude not only royalty payments in the literal sense of the word but also royalties which are included in the sales price (‘embedded royalties’), or certain service fees linked to intellectual property. Although embedded royalties could have been covered by the general term royalties, the new terminology is more precise and avoids any doubt.

Therefore, the new wording strengthens the exclusion of passive income from the benefits of the regime and supports the rollback. The change should therefore be accepted as improving the rollback.

2. Furthermore, it was added that the core income generating activities linked to the investment project are performed with the adequate number of full-time employees and the adequate amount of operating expenditures.

The addition refers to terminology used by the FHTP and the COC Group for ensuring substance (adequate employment and adequate expenditure).

In its assessment, the Code of Conduct Group has not criticized the employment and expenditure requirements of the Croatian measure. The Investment Promotion Act requires that the number of employees be maintained throughout the use of the tax benefits (*quantitative criterion*). In addition, the investment needs to lead to an increase of the level of productivity by at least 10% per employee after three years (*qualitative criterion*). These requirements were seen as sufficient to ensure adequate employment.

The minimum investment requirement of 500,000 € in qualifying assets with further brackets at 1-3 Mio € and > 3 Mio € were seen as *adequate expenditure* with regard to the core income generating activities.

Therefore, the newly added wording does not affect the rollback assessment of the Group. It does not bring new elements into the rollback but just reflects the wording used by the FHTP and the COC Group in the assessment.

15. Based on the rollback assessment of 5 July and the supplementary assessment explained above, the Commission finds that the rollback is sufficient for eliminating the potentially harmful features of the Investment Promotion Act (HR019) and the New Investment Promotion Act (HR020).

#### **IV. Follow-up**

The Group supported the assessment that the rollback measure in its amended version is sufficient and adequate to eliminate the harmful features of measures HR019 and HR020.

## **ACT ON AMENDMENTS OF INVESTMENT PROMOTION ACT**

### **Article 1.**

Article 2, paragraph 1 of the Investment Promotion Act (Official Gazette, No. 63/22) is amended to read:

"(1) This Act ensures the implementation of Commission Regulation (EU) no. 651/2014 of 17 June 2014 on the evaluation of certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014); (hereinafter: Commission Regulation (EU) 651/2014), as last amended by Commission Regulation (EU) 2023/1315 of June 23, 2023 amending Commission Regulation (EU) no. 651/2014 on the evaluation of certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty (Text relevant to the EEA) (OJ L 167, 30.6.2023).“.

Paragraph 3 is amended to read:

"(3) The average annual budget funds for regional investment grants from this Act do not exceed the amount of EUR 150 million from Article 1, paragraph 2, subparagraph (a) of Commission Regulation (EU) no. 651/2014."

Paragraph 4 is amended to read:

"(4) Grants for training and regional grants on the basis of this Act are granted in accordance with the provisions of Articles 1 to 14 and Articles 31, 58 and 59 of Commission Regulation (EU) no. 651/2014. The provisions of this Act are harmonized and interpreted in accordance with Commission Regulation (EU) no. 651/2014."

### **Article 2.**

In Article 5, paragraph 3, subparagraph 1 is amended to read:

"- contribution to the digital and green transition of the economy of the Republic of Croatia, i.e. contribution to the transition to a climate-neutral economy."

### **Article 3.**

In Article 6, Paragraph 1, Item 2, Sub-item a), to e), the words: "Kuna equivalents" are deleted.

Item 4 is amended to read:

"4. the same or similar activity is an activity that is included in the same class (four-digit numerical code) of the statistical classification of economic activities, as determined in the Decision on the National Classification of Activities 2025 - NKD 2025 ("Official Gazette", no. 47/24).

Item 6 is amended to read:

"6. A large investment project is an initial investment whose eligible costs exceed the amount of EUR 50,000,000.00".

Item 7, sub-item a) is amended to read:

"a) adjusted aid amount =  $R \times (A + 0.50 \times B + 0 \times C)$ , where:

– R – the maximum aid intensity applicable in the area in question determined in the approved map of regional aid in force on the date of granting the aid, excluding the increased aid intensity for small and medium-sized enterprises

– A – initial eligible costs of up to 55,000,000.00 euros

– B – part of eligible costs between the amount of EUR 55,000,000.00 and the amount of EUR 110,000,000.00

– C – part of eligible costs that exceeds the amount of 110,000,000.00 euros"

In point 8, the words "from the equivalent value of kuna" are deleted.

In point 9, the words: "HRK 3,500.00" are replaced by the words: "665.00 euros".

In point 10 of the word: "The number of seasonally employed persons in the tourism sector is calculated in the corresponding parts of their annual work units." For seasonal employment in the tourism sector, the entrepreneur does not receive incentives to create new jobs." are deleted.

In point 11, the words: "commencement of construction specified in the application" are replaced by the words: "commencement application".

Item 13 is amended to read:

"13. eligible investment costs or justified costs in accordance with this Law are the costs of investments in tangible and intangible assets or the estimated costs of wages for jobs created as a result of the initial investment, calculated for a period of two years."

In point 14, subpoint a), the words: "in several instalments" are replaced by the words: "in the future, including subsidies paid in several instalments".

After sub-point c) sub-points d) and e) are added, which read:

"d) Eligible expenses must be accompanied by clear, concrete and up-to-date written evidence.

e) Value added tax, which is levied on eligible costs or expenses, and which is refundable in accordance with the applicable national tax law, is not taken into account for the calculation of aid intensity and eligible costs."

After point 15, point 16 is added, which reads:

"16. the value of the investment project is the eligible costs of investing in fixed assets related to the investment project or the eligible costs of creating new jobs related to the investment project."

#### **Article 4.**

In Article 7, paragraph 1, the words: "certificates of the main project" are replaced by the words: "of the main project with the obligation to report the start of construction".

In subparagraph b) the words: "tangible assets" are replaced by the words: "plants or machines"

In paragraph 2, after the word: "subsidies", the words: "and the costs of investing in other people's property" are added.

#### **Article 5.**

In Article 8, paragraph 1, point 1, the words: "HRK equivalent of 100,000,000.00 euros" are replaced by the words: "of 110,000,000.00 euros".

In point 2, the words: "2,000,000.00 euros" are replaced by the words: "3,000,000.00 euros".

#### **Article 6.**

In Article 10, Paragraph 7, Point 5, the words: "Article 1, Paragraph 4, Point (c)" are replaced by the words: "Article 2, Paragraph 18".

At the end of point 19, the point is deleted and point 20 is added, which reads:

"20. for the tourism sector, accommodation and food preparation and service activities."

In paragraph 8, after the words: "paragraph 7", the words: "items 3 and 7" are added.

#### **Article 7.**

In Article 12, paragraph 1, the words: "Kuna equivalents" are deleted.

Paragraph 4 is amended to read:

"(4) If the beneficiary of the support does not fulfill the condition of opening or reduces the number of new jobs determined by the provisions of paragraph 1 of this article before the expiration of the prescribed minimum investment preservation period from Article 6, item 12 of this Act and/or if he does not observe the minimum investment preservation period, the right to use the tax benefits for the entire period for which they were approved ceases, with the obligation to return the funds obtained by using the approved benefits increased by the amount of the basic reference rate that is determined and published on the basis of the rules on state aid, increased by 100 basis points. The act or notification of the competent ministry on the obligation to return the support is an enforceable document."

After paragraph 4, paragraphs 5, to 9 are added, which read:

"(5) For the purposes of applying the reduced rate of profit tax from paragraph 1 of this article, the beneficiary of the state aid for each special tax period determines the profit tax obligation in the manner prescribed by the regulation on profit taxation only on the profit realized from the business activity to which the investment project relates, excluding income from capital, rent, interest and intellectual property and performs its core income generating activity of the investment project with the adequate number of full-time employees and the adequate amount of operating expenditures.

(6) In the framework of the annual report, the recipient of the support submits an overview of income based on capital, rent, interest and intellectual property from paragraph 5 of this article.

(7) If the beneficiary of the support simultaneously performs business activities that are not covered by the investment project, he is obliged to ensure special accounting monitoring of the activity covered by the project and to determine the amount of profit for the activity of the investment project.

(8) Core income generating activities of the investment project may vary according to the specific qualifying investment project activity, but mainly consist of those significant functions that drive the business value of the investment project, but not exclusively or mostly support activities.

(9) The beneficiary of support from paragraph 7 of this article submits an overview from paragraph 6 of this article and an overview of the special accounting monitoring of investment project activity as part of the annual report.

#### **Article 8.**

In Article 13, paragraph 1, the words: "in the amount of equivalent HRK of" are replaced by the words: "in the amount of", and the words: "and in the amount of equivalent value of" are replaced by the words: "and in the amount of".

In paragraph 2, the words: "in the amount of HRK equivalent" are replaced by the words: "in the amount".

In paragraph 3, the words: "in the amount of equivalent HRK more" are replaced by the words: "in the amount more".

Paragraph 7 is amended to read:

"(7) If the beneficiary of the support does not fulfill the condition of opening or reduces the number of new jobs determined by the provisions of paragraph 1 of this article before the expiry of the prescribed minimum period of preservation of the investment in question from Article 6, item 12 of this Act and/or if he does not observe the minimum period of preservation of the investment in question, the right to use the tax benefits for the entire period for which they were approved ceases, with the obligation to return the funds obtained by using the approved benefits increased by the amount of the basic reference rate determined and published on the basis of the rules on state grants, increased by 100 basis points. The act or notification of the competent ministry on the obligation to return the support is an enforceable document."

After paragraph 7, paragraphs 8 to 12 are added, which read:

"(8) For the purposes of applying the reduced rate of profit tax from paragraph 1 of this article, the beneficiary of the state aid for each special tax period determines the profit tax obligation in the manner prescribed by the regulation on profit taxation only on the profit realized from the business activity to which the investment project relates, excluding income from capital, rent, interest and intellectual property and performs its core income generating activity of the investment project with the adequate number of full-time employees and the adequate amount of operating expenditures.

(9) In the framework of the annual report, the recipient of the support submits an overview of income based on capital, rent, interest and intellectual property from paragraph 8 of this article.

(10) If the beneficiary of the support simultaneously performs business activities that are not included in the investment project, he is obliged to ensure special accounting monitoring of the activity included in the project and to determine the amount of profit for the activity of the investment project.

(11) Core income generating activities of the investment project may vary according to the specific qualifying investment project activity, but mainly consist of those significant functions that drive the business value of the investment project, but not exclusively or mostly support activities.

(12) The beneficiary of support from paragraph 10 of this article submits an overview from paragraph 9 of this article and an overview of the special accounting monitoring of investment project activity as part of the annual report.

#### **Article 9.**

In Article 14, paragraphs 1 to 3 are changed to read:

"(1) Beneficiary who ensures the creation of new jobs related to the investment project in counties where the registered unemployment rate is up to 5%, according to the data of the State Bureau of Statistics valid on the date of the start of the investment, will be granted non-refundable financial support for the eligible costs of creating new jobs related to investment in the amount of up to 10% of eligible costs for creating a new job, and in the maximum amount of EUR 5,000.00 per newly opened job.

(2) Beneficiary who ensures the creation of new jobs related to the investment project in counties where the registered unemployment rate is from 5% to 10% according to the data of the National Bureau of Statistics valid on the date of the start of the investment, will be granted non-refundable financial support for eligible costs of creating new jobs related to investment in the amount of up to 20% of the eligible costs for creating a new job, and in the maximum amount of EUR 10,000.00 per newly opened job.

(3) Beneficiaries who ensure the creation of new jobs related to the investment project in counties where the registered unemployment rate is more than 10% according to the data of the National Bureau of Statistics valid on the date of the start of the investment, will be granted non-refundable financial support for the eligible costs of creating new jobs related to investment in the amount of

up to 30% of eligible costs for creating a new job, in the maximum amount of EUR 15,000.00 per newly opened job."

#### **Article 10.**

The title above Article 16 is changed to read:

"5. Grants for development-innovation activities, business support activities and activities with high added value".

In Article 16, paragraph 1, sub-paragraph 3 is amended to read:

"- Activities of high added value:

a) creative services activities are:

activities in the field of architecture, design, media communication, publicity and other creative industry activities

b) activities of strategic importance for the transition to a climate-neutral economy are:

production of batteries, solar panels, wind turbines, heat pumps, electrolyzers and equipment for capturing, storing and using carbon

c) the activities of industrial engineering services are focused on: modeling, design, restructuring and optimization of production and processing business processes.

In paragraph 2, after the words: "development and innovation activities", the words: "and activities of strategic importance for the transition to a climate-neutral economy" are added.

Paragraph 3 is amended to read:

"(3) For investments in business support activities, creative services activities and industrial engineering services activities, in addition to the support provided for in this Act, the beneficiary of the support will be granted an increase in support for the costs of creating new jobs related to the investment project, by 25% of the amount prescribed by Article 14 of this Act."

In paragraph 4, the words: "Kuna equivalents" are deleted.

## **Article 11.**

In Article 17 are changed to read:

"(1) An investment project for which grants are approved for the capital costs of the investment project represents an investment in the long-term assets of the beneficiary of the grant in the amount of at least 5,000,000.00 euros, with the condition of opening at least 50 new jobs related to the investment project, i.e. at least 30 new jobs related to the investment project of medium and small entrepreneurs.

(2) Subsidies for capital costs refer exclusively to investment projects in production and processing activities, i.e. to investment projects in production and processing activities from Article 5, Paragraph 2 of this Act."

(3) Beneficiaries of support who implement the investment project from paragraph 1 of this article in counties where the registered unemployment rate is from 5% to 10% according to the data of the National Bureau of Statistics valid on the start date of the investment project, in addition to the support provided for in this Act, will be granted support for capital costs:

non-refundable financial support in the amount of 10% of eligible investment costs in fixed assets, namely for:

- a) costs of building a new factory, industrial plant
- b) costs of purchasing new machines or production equipment

in the total maximum amount of equivalent HRK up to EUR 1,000,000.00, with the condition that the share of investment in machinery or production equipment amounts to a minimum of 40% of the total investment value, and a minimum of 50% of the purchased machinery or production equipment must be high-tech equipment.

(4) The grant beneficiary who realizes the investment project referred to in paragraph 1 of this article in the counties where the registered unemployment rate is above 10% according to the data of the National Bureau of Statistics valid on the start date of the investment project, in addition to the grants provided for in this Act, will be granted a grant for capital expenses:

non-refundable financial support in the amount of 20% of eligible investment costs in fixed assets, namely for:

- a) costs of building a new factory, industrial plant
- b) costs of purchasing new machines or production equipment

in the total maximum amount of HRK up to EUR 2,000,000.00, with the condition that the share of investment in machines or production equipment amounts to a minimum of 40% of the total investment value, and a minimum of 50% of the purchased machines or production equipment must be high-tech equipment."

(5) If the beneficiary of the support does not preserve the investment in question in accordance with the provisions of Article 6, point 12 of this Act and does not keep the new workplaces determined by the provisions of this Article for at least five years from their first filling for large entrepreneurs, or three years for micro, small and medium entrepreneurs, the right to use support for the capital costs of the investment project ceases, with the obligation to return the funds obtained using the approved support increased by the amount of the basic reference rate determined and published on the basis of the rules on state aid, increased by 100 basis points.

(6) The total amount of non-refundable monetary, tax and other support that the beneficiary of the support can use during the period of use of the support is determined in absolute amount, respecting the maximum intensity of the support from Article 9 of this Act."

## **Article 12.**

In Article 19, paragraph 2, the words: "Kuna equivalents" are deleted.

## **Article 13.**

In Article 20, paragraph 6, the words: "in the amount of equivalent HRK" are deleted.

In paragraphs 7, 8 and 9, the words: "Kuna equivalents" are deleted.

Paragraph 12 is amended to read:

"(12) If the beneficiary of the support does not preserve the investment in question in accordance with the provisions of Article 6, point 12 of this Act and does not preserve the initial state of employees determined in accordance with the provisions of Article 6, point 10 of this Act for at least five years for large entrepreneurs or three years for micro, small and medium-sized enterprises, the right to use support for the modernization of business processes ceases, with the obligation to return the funds obtained through the use of approved support increased by the amount of the basic

reference rate determined and published on the basis of the rules on state aid, increased by 100 basis points. The act or notification of the competent ministry on the obligation to return the support is an enforceable document."

After paragraph 13, paragraphs 14 to 18 are added, which read:

"(14) ) For the purposes of applying the reduced rate of profit tax from paragraph 1 of this article, the beneficiary of the state aid for each special tax period determines the profit tax obligation in the manner prescribed by the regulation on profit taxation only on the profit realized from the business activity to which the investment project relates, excluding income from capital, rent, interest and intellectual property and performs its core income generating activity of the investment project with the adequate number of full-time employees and the adequate amount of operating expenditures.

(15) In the framework of the annual report, the recipient of the support submits an overview of income based on capital, rent, interest and intellectual property from paragraph 14 of this article.

(16) If the beneficiary of the support simultaneously performs business activities that are not included in the investment project, he is obliged to ensure special accounting monitoring of the activity included in the project and to determine the amount of profit for the activity of the investment project.

(17) Core income generating activities of the investment project may vary according to the specific qualifying investment project activity, but mainly consist of those significant functions that drive the business value of the investment project, but not exclusively or mostly support activities.

(18) The beneficiary of support from paragraph 16 of this article submits an overview from paragraph 15 of this article and an overview of the special accounting monitoring of investment project activity as part of the annual report.

#### **Article 14.**

Article 21, paragraph 1 is amended to read:

"(1) Non reimbursable grants for investment promotion from this Act are provided in the state budget of the Republic of Croatia at the position of the competent ministry from Article 10, paragraph 6 of this Act, up to the maximum amount provided for that purpose in the state budget of the Republic of Croatia for an individual year."

In paragraph 3, sub-paragraphs 1 and 2, the words: "Kuna equivalents" are deleted.

#### **Article 15.**

In Article 25, paragraph 1, after the word: "affecting" the words "promotion and encouragement of investment and" are added.

#### **Article 16.**

Article 26, is amended to read:

"(1) In order to improve the investment environment in the Republic of Croatia, the competent ministry referred to in Article 10, paragraph 6 of this Act coordinates the activities of promotion and encouragement of investments and the implementation of investment projects in cooperation with investors and competent bodies of state administration, local and regional self-government and with other legal entities involved in the promotion and encouragement of investments and the implementation of investment projects on the territory of the Republic of Croatia.

(2) The competent ministry from Article 10, paragraph 6 of this Act, in coordination with local and regional development agencies, regional coordinators and other subjects of entrepreneurial infrastructure in local and regional (regional) self-government units, provide active support to investors in all phases and activities of the investment project which affect the success and deadline of the investment project in the Republic of Croatia.

(3) The competent ministry referred to in Article 10, paragraph 6 of this Act, local and regional development agencies, regional coordinators and other entities of the entrepreneurial infrastructure competent for the promotion and encouragement of investment in local and regional (regional) self-government units, on the basis of this Act, provide administrative, professional and technical assistance in preparing the application from Article 22 of this Act."

#### **Article 17**

Article 27, paragraph 1, is amended to read:

"(1) The following will be published on comprehensive websites about state aid:

(a) summary of information from Article 11 of Commission Regulation (EU) no. 651/2014 in the standardized form established in Annex II. Commission Regulation (EU) no. 651/2014 or the link to access that summary

(b) the complete text of the support measure based on this Act and the regulation from Article 14, Paragraph 6 of this Act

(c) data from Annex III. Commission Regulation (EU) no. 651/2014 on the award of each individual grant that exceeds the amount of EUR 100,000.00.

The information from this paragraph is published within six months from the date of grant, and for grants in the form of tax relief within one year from the deadline for submitting the tax return, and is available for at least ten years from the date of grant."

## **TRANSITIONAL AND FINAL PROVISIONS**

### **Article 18**

The Government of the Republic of Croatia shall, within 60 days from the date of entry into force of this Act, harmonize the Regulation on Investment Promotion (Official Gazette, No. 156/22) with the provisions of this Act.

### **Article 19**

(1) The provisions of this Act shall apply to applications for the status of investment support beneficiary pursuant to the Investment Promotion Act ("Official Gazette", number 63/22) with the start of the investment project on January 1, 2024.

(2) The provisions of Article 12, paragraphs 5 to 9, which were added by Article 7 of this Act, Article 13, paragraphs 8 to 12, which were added by Article 8 of this Act, and Article 20, paragraphs 14 to 18, which were added by Article 13 of this Act, they apply to applications for the status of investment support beneficiary with the start of the investment project from January 1, 2025.

(3) The provisions of this Act shall be applied to beneficiaries of investment subsidies and applicants for the use of investment subsidies based on the Investment Promotion Act ("Official Gazette", number 63/22), if it is more favorable for the entrepreneur.

### **Article 20.**

This Law enters into force on the first day of its publication in the Official Gazette.