

# Corporate Law

LEGAL OVERVIEW

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## Company Forms and Formation of Companies in Greece

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This is a brief legal overview regarding the existing company forms and the formation of companies in Greece, including incorporation procedure and costs required.

## 1. Legal forms and general categorization

There is a numerus clausus of company forms, which means that founders of companies must use one of these existing company forms according to Greek law, additional ones cannot be created.

Among the existing company forms, a distinction is made between personal companies and capital companies.

## 2. Personal companies

The most important personal companies for commercial purposes are the

- General Partnership (O.E.) and
- Limited Partnership (E.E.)

In both company forms the partners are in the main focus. The management is carried out by one or more of the partners. They also represent the partnership vis-à-vis third parties. No external managing director can be appointed. Partners are personally liable for all of the partnership's obligations (with the exception of limited partners in a limited partnership).

For exactly these reasons, partnerships are only in exceptional cases of interest to foreign investors. Therefore we focus in the following on giving a few key data on capital companies.

At this point it should be noted that the information on joint ventures, which are also legally classified as a personal companies, due to their importance especially in the construction sector, is provided in a separate information sheet.

## 3. Capital companies

There are existing three forms of capital companies in Greek Corporate Law

- Societe Anonyme (Company Limited by shares)
- Private Capital Company (IKE)
- Limited Liability Company (EPE)

### a. Societe Anonyme

The legal form of the Societe Anonyme (SA) is widespread in Greece and even among smaller businesses a very common legal form. This can be explained due to the increased reputation of this legal form in the Greek market, but also due to the fact that SAs have been given preferential on the allocation of grants in the past. The SA has been the longest established form of legal entity extensively covering all corporate legal matters in relation to the operation of a company and is governed by the re-

cently fully revised Greek Law on Societes Anonymes (4548/2018).

The Greek Law for Societe Anonyme was extensively reformed in 2018 and made much more flexible. The new law has been revised to adapt to the establishment and operational needs of the SA of the current business doing inter alia in relation to the use of technology for GM an BOD meeting as well to intercompany relations (rights and obligations of directors) thus creating a more investment friendly corporate vehicle.

#### Key facts:

##### **Capital**

- 25.000 € minimum capital requirement
- Capital must be paid in
- Shareholders contribution in cash or in kind
- Capital is divided into shares. Shares are registered.
- Nominal value of each share equal and not less than 0,04 € nor more than 100 €
- One person (natural or legal) can hold all the shares

##### **Corporate bodies**

- Board of Directors (at least 3 members or exceptionally one person). (note: All directors should be registered with the Greek Tax Authorities)
- General Assembly of Shareholders

##### **Liability**

- The SA is responsible for its debts with its assets
- Shareholders are not personally liable and their liability is limited to the amount of their investment

#### **b. Private Capital Company (IKE)**

The IKE form of legal entity was first introduced in the Greek Market in 2012 by the Greek Law 4072/2012 accommodating the needs of a more flexible business company scheme with zero amount to be paid in establishment capital. Even though the law provides for flexibility in the operation and corporate relations between members and administration, the IKE form is not governed in such detail as regards the total spectrum of business doing as the SA and in addition to this there is less case law and theory literature of this type of company than the SA. Large corporations and company groups continue to prefer setting up the more established and "prestigious" form of entity of an SA than the newer one being IKE which is more commonly used for medium and smaller size companies.

#### Key facts:

##### **Capital**

- No minimum capital requirement (1 €)
- Capital must be paid in
- Cash, in kind or in guarantees
- Single-member IKE is possible

##### **Corporate bodies**

- One or more General Directors
- General Meeting of Partners

##### **Liability**

- The IKE is responsible for its debts with its assets
- Partners are not personally liable and their liability is limited to the amount of their investment

### c. Limited Liability Company (EPE)

Since 2012, when the more modern and flexible legal entity of the IKE was introduced, less and less EPE are founded. In 2018, the percentage of newly established EPEs was less than 2 percent of the total. The percentage of newly established IKE on the other hand was over 50 percent.

We no longer consider the formation of a EPE to be appropriate and, unless special circumstances exist, we advise our mandates to establish either an IKE or a SA.

#### **Recommendation:**

The selection of the form of company should also take into consideration the respective corporate tax provisions as regards the capital increase of the company, the profit accumulation, the dividend distribution etc. and therefore it is recommended that prior to deciding a relevant tax advice should be obtained.

### 4. Establishment

Establishing a capital company in Greece is quick and easy, provided that all the required documents are available, and the process is assigned and completed by an One-Stop-Service.

The One-Stop-Service for SA is a notary public and for IKE either the General Commercial Registry or a notary public.

The following **documents** are required to proceed with the incorporation depending on whether the founder is a natural or a legal person:

#### **Natural Person:**

- ID or Passport
- For Non-EU country citizens further documents (Visa, resident permit etc.)

#### **Legal persons:**

- Certified copy of the Incorporation Deed including the Articles of Association
- Legalisation documents of the founding entities including a resolution of the relevant corporate body regarding the formation of the company
- Notarial Power of Attorney in case the notarial deed for the incorporation is not signed by an already authorized legal representative of the founding entity

In addition to the above, a lease Agreement for the housing of the registered seat as well as a pre-registration of the trade name for the company under formation are also required

The typical time required for the incorporation is 2 to 5 working days. The founders receive a certificate with the Commercial Registry and a Tax Registration Number of the new company.

### 5. Incorporation Fees and Costs

- Notary fees of approximately 1.000 € depending on the company's starting capital
- Various company registration fees of aprox. 100 €
- Our legal fees for the incorporation on request (a fixed fee can be agreed)

### 6. Our services (for the incorporation)

- Drafting the Articles of Association according to clients' needs in Greek and English
- Drafting the Power of Attorney in Greek and English

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- Review of all the required supporting documents of the founders.
- Coordination of the process with the notary public and the Commercial Registry
- Trade name pre registration

Additional legal advice (e.g. executives employment agreements, shareholders/ partners arrangements/ agreements, regulatory matters, corporate governance) are not included in the fixed fee and an hourly rate is charged.

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