ALEXANDER TECHNOLOGICAL EDUCATION INSTITUTE OF THESSALONIKI

SCHOOL OF MANAGEMENT AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

SETTING UP A NEW COMPANY

Student : Iordanidis Angelos-Evangelos, A.M. 29309

Supervisor: Giouris Theodoros

2015

Contents

Introduction

In Greece, there are several types of companies provided by several Greek laws. The general provisions of business entities are established under the Greek Civil Code (articles 741 to 784). According to the Greek Civil code, with the contract of a business entity, two persons at least have the mutual obligation to promote a joint (financial) cause with joint contributions.

The main difference amongst entities provided by Greek law is the discrimination between personal and capital companies. As personal companies under Greek law are considered the General Partnership (Omorrythmos Etairia) and the Limited Partnership (Eterorrythmos etairia). As capital companies are considered the Limited Liability company (Etairia Periorismenis Efthninis) and the Corporation (Anonymi Etairia)

1. General Partnership-Omorrythmos Etairia (OE)

One type of company is the General partnership (Omorrythmos etairia). The General partnership is recognized under Greek law as a legal entity. It is regulated by the relevant provisions of the Greek Civil Code, as well as by the Commercial law.

1.1 Administration of the General Partnership

The company's Articles of Association may provide the way that the general partnership is managed. The Articles of Association may set all the partners, some of the partners or even third parties as managers. In case that the Articles of Association do not include the type of management, then the management of the company is exercised by all partners.

1.2 Liabilities of the Partners for debts and obligations of the General Partnership

All general partners are jointly responsible with their personal assets. Therefore, company's creditors are able to claim the partnership's debts directly from the partners. Such liability is imposed by the Law and is not possible the partner's agreement to exclude such liability or to include different content. General partners are jointly and personally liable along with the company. Thus, company's creditors are not obliged initially to request their claims by the partnership company, but they can immediately request their claims by the general partners. A general partner's liability is unlimited. Thus, each partner is liable with all his personal assets and not up to a fixed amount. Additionally, all partners are jointly liable; each creditor may pursue payment, either by the company, by any partner or by all (partners and company). A general partner as he obtains corporate status is able to become bankrupt, independently from the company if he personally fails to pay his debts, or he may become bankrupt along with the company, if the company becomes bankrupt. Moreover, if there is a judicial decision against the company, then the creditor can enforce it against the general partners too. Therefore, it is possible for the creditor to take legal action only against the company, but afterwards to enforce

such decision against all the general partners.

General's partner liability begins at the time he obtains the corporate status. Moreover, the partner that ceases, in any way, to be partner of the company, then from the moment that this is published, the general partners ceases to be liable for the company's debts arising after such publication. However, the partner is still liable for previous debts, even if such debts get overdue after he ceased to be partner. Such liability is terminated five years after the above mentioned publication. The general partner that has personally paid a company's debt to a creditor, is able to request by the rest (company or partners) the money that he was obliged to pay to the creditor, as at that time he simultaneously becomes creditor of the company. However, in accordance with the principle of good faith, in such cases the partner should firstly request the money by the company, and if he is not able to get paid, then to claim such amount by the other general partners. In that case the partner is not entitled to claim by the rest partners the full amount paid by him, but only the percentage that the rest partners have in the company in accordance with the agreement they have signed.

1.3 Name of a General Partnership

The General Partnership's name is formed by the full names of the partners. In fact, it is usually formed by the name of some of the partners along with the word "and SIA O.E." (& Co).

1.4 Capital of a General Partnership

There are no limitations as far as the minimum capital is concerned. The capital can be contributed in cash, in kind or even in the form of personal services to the partnership. In case that real estate property is contributed, the article of the General Partnership has to be executed before a Public Notary.

1.5 Founding a General Partnership

For the establishment of a General partnership, Greek law provides that a certain procedure of probate is required to be followed.

The first and indispensable step required is the execution by the partners of the articles of Association. This can effect through the execution either of a Notarial document or of a private agreement and must include the following information:

- Name and residence of the partners
- Company name
- Names of managers and representatives
- Type and value of contributions
- Duration of the company
- Purposes of the company
- State explicitly the type of company as a general partnership company
- The Articles of Association constitute a necessary document for the establishment of a company, and determine a number of significant topics related to the partners' relations, company management, duration and dissolution. The Articles of Association should be signed by all partners.

All founders/partners need to find the premises of the company**.** These premises shall be the registered seat of the company. If they are letting, the lease should be certified by the competent Public Fiscal Service. If the premises are privately owned, they should have the title deed. If the premises were granted free of charge for this purpose by a third party (father, mother, etc.) they need to provide an official statement of granting permission to use the premises as the seat of the company under establishment, including the grantor's certified signature
Also they need to decide who shall be their representative during the establishment procedures of the company.

General partnerships that are established by 04th of April 2011 onwards are registered to the One Stop Shop. One stop shops are the Services of G.C.R.

(G.E.MI. = General Commercial Registrar) that operates at Chambers and the certified KEP centres (Citizen Service Centres). In special cases that the Articles of Association are drawn up by a public notary, then the public notary that have drawn up the notarial deed is considered as the one stop shop. Initially the cost for the Company Establishment Note is fifty (50,00) to seventy (70,00) Euros. Such cost is not refundable. Moreover, in case that the establishing partners are more than three (3), then the cost is increased by five (5,00) Euros per additional partner. Additionally, there is an extra cost:

- The Registration fee in the One Stop Shop is ten (10,00) Euros
- The Chamber registration fee (this depends on the Chamber)
- Contribution to the Lawyers Fund (0,5% of the company's capital)
- Lawyers Fund fee of Athens. (For capital more than 586,94 Euros is 1% of the capital stated in the Articles of Association plus 3,6% of the above mentioned 1% for the stamp)
- Registration Fee to OAEE (Insurance Organisation for the self-employed [approximately one hundredth ten (110,00) Euros]
- Capital Accumulation Tax (1% of the capital stated in the Articles of Association
- Annual Fee for having electronic Access in the database of G.E.MI. (15,00 Euros

1.6 Taxation of a General Partnership

According to Income Taxation Law No. 2238/ 1994 (articles 10 & 64), as amended by law 3842/2010, subject to taxation law is among others, the general partnership. The profits of the company are taxed under the name of the general partnership and not under the names of the partners, as this was the case until fiscal year 1992.

According to Income Taxation Law No. 4172/2013, the profits of the general partnership are taxed on 26% for taxable income until 50.000 Euro and 33% for taxable income over 50.000 Euro on the net "tax" profits of the partnership after the deduction of the following:

a) The profits that have already been taxed or are exempted from taxation.

b) The profits of the partnership that have been raised by the shares and

dividends of mutual funds, limited liabilities companies, corporations, etc…

c) The administration reward for three (maximum) general partners of the general partnership. Such reward is estimated to 50% of the total net profits of the company.

An additional tax on the percentage of 3% is imposed on the total gross income received from leases of the real estate property assets of the partnership.

1.7 Distribution of profits

There are 2 ways of distribution of the profits :

a) The method of participation in rates

The rates of participation of the partners in profits and losses are in accordance with each other and the results are recorded in the statute .So the results are distributed to the partners based on what they had agreed in the participation rates.

b)The average capital that was actually put into the company

This way is far more difficult because it takes into account the capital that was brought into the company by the partners in the beginning. Specifically, the amounts and loans from the company are removed or added .So, the amount remaining for each partner is the real capital brought into the company.

1.8 Dissolution and Liquidation of the General Partnership

The termination of a general partnership usually occurs because of the following events:

- The lapse of time for which the company has been established
- Completion of the purpose of the company or failure to complete
- Decision of partners
- Bankruptcy of the company
- Complaint by partner
- Death, declaration of obscurity, bankruptcy, loss of corporate status for one of the partners
- Reduction of the number of partners to one

The general partnership after its termination is entered into the stage of liquidation. During the liquidation stage, the company still exists but only for the purpose of

liquidation. The liquidators of the company can no longer be engaged in management acts or to continue company's commercial activity. Instead, the liquidators are obliged to maintain company's assets and to make all actions that are necessary for achieving the aim of liquidation.

2. Limited partnership- Eterorrythmos Etairia (EE)

In every aspect, a Limited Partnership is similar to a General Partnership. The basic difference between them is that in the Limited partnership, there are two kinds of partners: the general partner (omorrythmos etairos) and the limited partner (eterorythmos etairos), with different liabilities for the debts of the partnership.

2.1 Administration of a Limited partnership

The management of the limited partnership is exercised only by the general partners. The limited partner cannot be included in the management of the company or deal with company's affairs, either on his own initiative or as a proxy of the other partners, or as a manager. In case that there is a violation of this rule, then this limited partner is jointly liable for all the obligations of the company, with all his personal assets. Therefore, in that case, limited partner's liability becomes unlimited and that partner will be treated as a general partner (as concerns the liability).

2.2 Liabilities of the Partners for debts and obligations of the Limited Partnership

The limited partner has the same rights and obligations as the general partner. Thus, limited partner shares the profits and the proceeds arising on liquidation. Moreover the limited partner has the right to participate in the general meeting of the company, where he has the right to vote, to monitor the progress of company's affairs and to request information. Limited partners are also obliged to contribute to the company's objectives. In any case, events that occur in the limited partner, such as death, bankruptcy etc may influence the company itself, as they may lead to the dissolution of the company. Moreover, the limited partner reserves the right to terminate the company, as the same right is also reserved by the unlimited partner. Limited partner's liability is altered compared with unlimited partner's liability. Basically, limited partner's liability is limited. Nevertheless, the limited partner is liable with all his personal assets, but such liability is limited up to the certain amount of his contribution to the company. Therefore, in case that such contribution has already been paid to the company, then the limited partner is no longer liable even against third parties. Limited partner's liability is direct. Thus, in case that limited partner's contribution (to the company) has not been paid, the limited partner is responsible for the payment of such contribution not only against the company, but against third parties (creditors) that may claim money by the company. Therefore, in that case a creditor may directly request by the limited partner to get paid for a company's debt, and if the limited partner pays such money to the creditor, then if such payment reaches the limited partner's contribution, the limited partner is no longer liable

against anyone (the company and rest creditors). Such liability against third parties is also joint (along with the company). Limited partner's liability is terminated five years after he ceases to be a partner. As a result of the limited liability of the limited partner, the loss of the limited partner is up to the amount of his contribution to the company. Therefore, if there is no other agreement, the limited partner is not obliged to pay additional contribution in order to cover other company's losses.

2.3 Name of a Limited Partnership

The Limited Partnership's name is named by the full names of one or more general partner(s). In case that the name of a limited partnership is included in the Limited Partnership' name, he is considered as general partner of the partnership with full liability for the partnership's debts.

2.4 Capital of a Limited Partnership

There are no limitations as far as the minimum capital is concerned. The capital can be contributed in cash, in kind or even in the form of personal services to the partnership. In case that real estate property is contributed, the article of the Limited Partnership has to be executed before a Public Notary

2.5 Founding a Limited Partnership

For the establishment of a Limited partnership, Greek law provides that a certain procedure of probate is required to be followed.

The first and indispensable step required is the execution by the partners of the articles of Association. This can effect through the execution either of a Notarial document or of a private agreement and must include the following information:

- Name and residence of the partners
- Company name
- Names of managers and representatives
- Type and value of contributions
- Duration of the company

- Purposes of the company
- State explicitly the type of company as a limited partnership company
- The Articles of Association constitute a necessary document for the establishment of a company, and determine a number of significant topics related to the partners' relations, company management, duration and dissolution. The Articles of Association should be signed by all partners.

All founders/partners need to find the premises of the company**.** These premises shall be the registered seat of the company. If they are letting, the lease should be certified by the competent Public Fiscal Service. If the premises are privately owned, they should have the title deed. If the premises were granted free of charge for this purpose by a third party (father, mother, etc.) they need to provide an official statement of granting permission to use the premises as the seat of the company under establishment, including the grantor's certified signature
Also they need to decide who shall be their representative during the establishment procedures of the company.

Limited partnerships that are established by 04th of April 2011 onwards are registered to the One Stop Shop. One stop shops are the Services of G.C.R. (G.E.MI. = General Commercial Registrar) that operates at Chambers and the certified KEP centres (Citizen Service Centres). In special cases that the Articles of Association are drawn up by a public notary, then the public notary that have drawn up the notarial deed is considered as the one stop shop. Initially the cost for the Company Establishment Note is fifty (50,00) to seventy (70,00) Euros. Such cost is not refundable. Moreover, in case that the establishing partners are more than three (3), then the cost is increased by five (5,00) Euros per additional partner. Additionally, there is an extra cost:

- The Registration fee in the One Stop Shop is ten (10,00) Euros
- The Chamber registration fee (this depends on the Chamber)
- Contribution to the Lawyers Fund (0,5% of the company's capital)
- Lawyers Fund fee of Athens. (For capital more than 586,94 Euros is 1% of the

capital stated in the Articles of Association plus 3,6% of the above mentioned 1% for the stamp)

- Registration Fee to OAEE (Insurance Organisation for the self-employed [approximately one hundredth ten (110,00) Euros]
- Capital Accumulation Tax (1% of the capital stated in the Articles of Association
- Annual Fee for having electronic Access in the database of G.E.MI. (15,00 Euros)

2.6 Taxation of a Limited Partnership

For the taxation of limited partnership, the relevant provisions for the taxation of a general partnership apply.
According to Income Taxation Law No. 2238/ 1994 (articles 10 & 64), as amended by law 3842/2010, subject to taxation law is among others, the general partnership. The profits of the company are taxed under the name of the general partnership and not under the names of the partners, as this was the case until fiscal year 1992.

According to Income Taxation Law No. 4172/2013, the profits of the limited partnership are taxed on 26% for taxable income until 50.000 Euro and 33% for taxable income over 50.000 Euro on the net “tax” profits of the partnership after the deduction of the following:

a) The profits that have already been taxed or are exempted from taxation.

b) The profits of the partnership that have been raised by the shares and dividends of mutual funds, limited liabilities companies, corporations, etc…

c) The administration reward for three (maximum) general partners of the general partnership. Such reward is estimated to 50% of the total net profits of the company.

An additional tax on the percentage of 3% is imposed on the total gross income received from leases of the real estate property assets of the partnership.

2.7 Distribution of profits

There are 2 ways of distribution of the profits (they're the same as General Partnership):

a) The method of participation in rates

The rates of participation of the partners in profits and losses are in accordance with each other and the results are recorded in the statute .So the results are distributed to the partners based on what they had agreed in the participation rates.

b)The average capital that was actually put into the company .

This way is far more difficult because it takes into account the capital that was brought into the company by the partners in the beginning. Specifically, the amounts and loans from the company are removed or added .So, the amount remaining for each partner is the real capital brought into the company.

2.8 Dissolution and Liquidation of a Limited Partnership

The termination of a limited partnership usually occurs because of the following events:

- The lapse of time for which the company has been established
- Completion of the purpose of the company or failure to complete
- Decision of partners
- Bankruptcy of the company
- Complaint by partner
- Death, declaration of obscurity, bankruptcy, loss of corporate status for one of the partners
- Reduction of the number of partners to one

The limited partnership after its termination is entered into the stage of liquidation. During the liquidation stage, the company still exists but only for the purpose of liquidation. The liquidators of the company can no longer be engaged in management acts or to continue company's commercial activity. Instead, the liquidators are obliged to maintain company's assets and to make all actions that are necessary for achieving the aim of liquidation.

3. Limited Liabilitiy Company (Etairia Periorismenis Efthinis- E.P.E.)

A limited liability company is a capital company and has many ‘personal” characteristics such as that the partners of the company can be appointed as the administrators of the company. The company is a legal entity with full liability for its debts.

3.1 Administration of a Limited Liability Company

The administrator of the Company’s affairs and the legal representative of the Company is called “Director”. There can be one or more Directors. In case there is no specific provision in the Articles, then all partners of the Company shall act as Directors by law (Art. 16). In case the Directors are more than one, they shall act collectively, unless otherwise provided by the Articles or by a resolution of the Company’s Meeting of Partners (Art. 17).

3.2 Liabilities of the Directors for debts and obligations of the Limited Liability Company

The administrators are generally subject to fines and imprisonment if they violate company law. They are also liable to third parties for any violation of the law.
The administrators are personally liable if the financial statements of the company do not conform with the applicable legal requirements.
Additionally, the administrators are subject to imprisonment if it can be proven that they have committed or cooperated in tax evasion or if tax liabilities or social security contributions have not been paid.

3.3 Meeting of Partners

1. The Meeting of Partners is the supreme organ of the company.
2. It is formed by all partners of the company at the time it is held.
3. It has full power and authority to decide on any of the company’s affairs, even if this is not specifically stated in the Articles (Art. 14 para. 1).
4. The Meeting of Partners has exclusive competence to decide on the following issues expressly sated in Art. 14 para. 2:

- Amendments of the Articles of Association;
- Appointment or revocation of Directors, or discharge of their responsibility;
- Approval of the financial statements and the appropriation of profits;
- Bringing an action against the organs of the company or against any of the

partners as individuals to enforce company claims for compensation regarding their acts or omissions during company incorporation or operation;
- Extension of duration;
- Merger;
- Dissolution as well as appointment and revocation of liquidators; and
- Any other matter specifically provided for in Law 3190/1955.

A Meeting of Partners can be convened

- By the Directors in writing with a notice to be served to them at least eight (8) days before the date of the Meeting (Art. 10 para. 2).
- By the minority of partners holding at least 5% of the company capital, after application to the Directors, non action by the Directors, petition to the competent court and a relevant court decision granting them the authority to convene the Meeting themselves (Art. 11).
- By any partner, irrespective of its participation in the company capital, in case the Directors have not convened the annual Meeting for approval of the company financial statements within three (3) months after the end of the fiscal year, to which these statements refer, and after petition to the competent court and a relevant court decision granting to the partner the authority to convene the Meeting (Art. 10 para. 3 and art. 11).

Also a Meeting of Partners can be held without procedure on condition that all partners of the company representing 100% of the capital agree on that (Art. 10 para. 4).

A resolution can only be passed in a Meeting of Partners by a majority of more than one half of total number of partners representing more than one half of the total capital of the company (Art. 13). In the Greek LTD there are no quorum rules. The principle of double majority means that no resolution can be passed, unless there is, at the same time, a majority on the number of partners (majority of partners) and a majority on participations on the company capital (majority of capital). There are also certain important matters, regarding which an extra-ordinary majority or unanimity is required by law. The Articles may also provide for extra-ordinary majority or unanimity.

3.4 Name of a Limited Liability Company

The name of the Limited Liability company has to include the term “EPE- Etairia Periorismenis Efthinis”. If upon establishment, or at any time thereafter, the entire capital of the E.P.E. is concentrated in the hands of one partner, the company's name must include the words "Sole Partner E.P.E.".

3.5 Capital of a Limited Liability Company

According to law 3661/2008, capital of an Limited Liability Company cannot be less than 4.500euros. The capital could not fall one-half below of the 4.500euros. In such a case, the administrators should call for a general meeting in order to decide for the

future of the company. The contributions of the partners can be in cash or on property assets (real estate property, stocks, bonds).

3.6 Founding a Limited Liability Company

The Limited Liability Company can be established by one or more persons. If the entire capital of the EPE is concentrated in the hands of one partner, the company's name must include the words "Sole partner EPE". The partner may be either an individual or a legal entity.

The first and indispensable step is for the partners to have the Articles of Association executed. The Articles of Association constitute a necessary document for the establishment of a company, and determine a number of significant topics related to the partners' relations, company management, duration and dissolution. According to article 6 of Greek Law 3190/1955, the Articles of Association of a limited liability company should contain at least the following:

- The partners' names, surnames, professions, residence and nationality
- Company name.
- Registered seat and purposes of the company (the registered seat may be a Municipality or a Community of the Greek State).
- State explicitly the type of company as a limited liability company
- The capital stock, participation share and the number of company shares held by each partner, as well as a certificate of payment of capital stock.
- The types of contributions in kind, their valuation and the name of the contributor/partner, as well as the total value of contributions in kind.
- The duration of the company.

Moreover, the Articles of Association may also include and validate agreements between partners about complementary contributions, further provisions that do not constitute contributions in cash or in kind, non-competition agreements among partners, share transfer prohibition, prohibition of partners' withdrawal, dissolution of company for reasons other than those provided in the Greek law. The Articles may also include provisions on management control.

All founders/partners need to find the premises of the company**.** These premises shall be the registered seat of the company. If they are letting, the lease should be certified by the competent Public Fiscal Service. If the premises are privately owned, they should have the title deed. If the premises were granted free of charge for this

purpose by a third party (father, mother, etc.) they need to provide an official statement of granting permission to use the premises as the seat of the company under establishment, including the grantor's certified signature.

All founders/partners should have tax clearance certificates. Otherwise, they will be notified to do so in a consequent stage by the One Stop Shop, or if they do not do so, the company shall not be established.
Also they need to decide who shall be their representative during the establishment procedures of the company.

Limited Liability partnerships that are established by 04th of April 2011 onwards are registered to the One Stop Shop. One stop shops are the Services of G.C.R. (G.E.MI. = General Commercial Registrar) that operates at Chambers and the certified KEP centres (Citizen Service Centres). In special cases that the Articles of Association are drawn up by a public notary, then the public notary that have drawn up the notarial deed is considered as the one stop shop. Initially the cost for the Company Establishment Note is 70,00 Euros. Such cost is not refundable. Moreover, in case that the establishing partners are more than three (3), then the cost is increased by five (5,00) Euros per additional partner

- G.C.R. registration fee (10 Euros)
- Chamber registration fee depending on the respective Chamber.
- Duty paid to the Lawyers Welfare Fund in Athens, which amounts to 5.80€.
- Capital Accumulation Tax (1% of the capital stated in the Articles of Association)
- Notary fee. It will cost 44.02 € to draw up the contract plus 6€ per page, plus 23% VAT. The copies cost 5 € per page, plus 23% VAT

3.7 Publication

Both upon establishment and during its entire duration, a Limited Liability Company is subject to publicity formalities, as provided in article 8 of Law 3190/1955 (Law about Limited Liability Companies). The Articles of Association, as well as any amendments thereof must be filed, according to the newly established One Stop Shop procedure and be published in the Government Gazette. The financial statements of a Limited liability company (with the exception of the notes to the financial statements) and the auditors 'report (where applicable) are published annually in the Government Gazette

and in selected political and financial newspapers (articles 22 par. 4 of Law 3190/1955, as well as 43b par.5 and 26 par.2 of Law 2190/1920 (Institutional Law about S.A Companies). The Company cannot plead against third parties actions or data for which the publicity formalities have not been respected, unless their knowledge can be proved. Acts or information published cannot be brought against third parties within fifteen (15) days of their publication, in case that those third parties prove that their knowledge was not possible (article 8a of Law 3190/1955).

3.8 Taxation of a Limited Liability Company

For the limited liability company, the same tax rules apply as for the corporation.

From financial year 2014 onwards, a corporate income tax rate of 26% is applied to limited liability companies and any legal entities that maintain double entry accounting books.
In case of income from real estate property, the supplementary tax of 3% is seized to be imposed on the gross income acquired from the 1st January 2014 onwards. Special and extraordinary taxes are imposed in cases of economic crisis.

The share that the shareholder received is further taxed under the general provisions for taxation of individuals. The tax that has been withheld by the limited liability company prior to the release of the amount to the shareholder is deducted from the tax imposed on the individual.

In case that the net profits of the limited liability company, include dividends or profits from the company's participation to another limited liability company, for which tax has been imposed on the distributed profits, this tax is also deducted from the tax that the corporation is liable to the Greek State.

Finally, Greek limited liability companies which distributes profits as shares, pre-shares, compensations and percentages to the members of the Board of Directors and to the Directors (except for salaries), do not withhold taxes.

3.9 Distribution of profits

At least 5% of the net profits shall be reserved each year as a reserve fund obligatory by law, until the reserve reaches an amount equal to 1/3 of the company capital. The Articles may provide for an additional reserve fund. After the above amount has been deducted from the net profits as these are evidenced by the annual financial statements for the preceding fiscal year, each partner has a right to the remainder, equal to his/her percentage in the company capital, unless otherwise provided for in the Articles.

3.10 Dissolution & Liquidation of a Limited Liability Company

The company may be dissolved in one of the following cases (Art. 44):

- Whenever the Articles so provide
- By a resolution of the Partners Meeting with a majority of at least ¾ of the partners representing at least ¾ of the overall capital;
- By a court decision after petition filed by partner(s) holding at least 10% of the capital and upon serious grounds
- If the company is declared bankrupt.

4. Corporation (Anonymos etairia - A.E.)

The Corporation is a capitalized company with legal personality for the debts of which the company is solely liable with its assets. It can be established by one or more individuals or can become a single shareholder company by the concentration of all shares to only one person. Every Corporation is a legal entity even if its object is not commercial.

4.1 Administration of a Corporation (Anonymos Etaireia- AE)

The key administrative bodies of a Corporation are its Board of Directors and its General Meeting of Shareholders.

4.2 Board of Directors

According to article 18 (2) of statute 2190/1920, the BoD must consist of at least three members. There is no maximum number of board members stipulated by law. The AoA of the company may provide that a legal entity can be a member of the BoD. In this case, the legal entity must appoint an individual for the exercise of the entity's duties as member of the BoD.

BoD members are appointed and removed with a resolution of the General Meeting of the Shareholders. However, the AoA may provide that a shareholder is entitled to appoint members of the BoD not exceeding one third of the BoD's total number. In this case, the AoA must also determine the conditions under which such right can be exercised. Directors appointed by a shareholder pursuant to the above may be removed at any time by the shareholder and be replaced by others. Moreover, the AoA may provide that the BoD elects replacements for members who have resigned, died or lost their right to be a member, provided that the General Meeting of Shareholders had not elected alternate members for such cases. Alternatively, the AoA can provide that in the event of resignation, death or loss of capacity, the remaining members of the BoD can continue the administration and representation of the company, provided that the number of its members is never less than three.

The term of the BoD may not exceed six years. Exceptionally, the term of the BoD is prolonged until the expiration of the deadline within which the next annual General Meeting must convene.

The meeting of the BoD is convoked by its chairperson or his/her substitute by invitation notified to its members at least two full business days prior to the meeting. The invitation must also clearly state the agenda of the meeting, otherwise a resolution is permissible if all members of the BoD are present or represented, and none objects. Moreover, the convocation of the BoD may be requested by two of its

members by means of an application to the chairperson or his/her substitute The BoD convenes at the registered address of the company but may also lawfully convene outside Greece, if provided in the AoA or if all members are present or represented in the meeting and no member objects. The BoD may also hold a meeting by teleconference. In practice, BoDs often do not convene and merely execute the minutes of the resolution.

A valid BoD meeting requires a quorum of half of its members plus one, provided that at least three directors are physically present. The AoA may provide that in the event of a tie, the Chairperson of the BoD has the casting vote.

The main duties of the members of BoD are indicatively the following:

- **the duty of care**
  The directors' duty of care towards the company derives from articles 18, 22 and 22a (1) and (2) of statute 2190/1920. In light of their duty of care, BoD members must exercise their representative and administrative powers with the aim of promoting the company's interests and in compliance with the relevant provisions of the law, the company's AoA and the lawful resolutions of the Shareholders' General Meetings.

- **the duty of loyalty**
  The directors have the duty of confidentiality with regard to the company's affairs made known to them in their capacity as the company's directors. Moreover, they are not allowed to pursue personal interests which are likely to harm the company's interests and are under the obligation to disclose any personal interests to the BoD. Finally, the company's directors may not compete against the company.

- **other duties**
  The directors are prohibited to enter into agreements with the company (self-dealing), unless specific conditions of the law are met; for instance, if such agreement has been approved by a resolution of the General Meeting prior to its execution or if the contract falls within the limits of the company's day to day transactions with third parties. Moreover, the BoD must provide to the General Meeting with specific information on the company's matters if such information is requested by its shareholders five full days before said General Meeting.

The BoD members are liable towards the company for any fault committed by them (by act or omission) during the management of the company affairs. The BoD members may be released from liability in the following cases [Article 22 a (1) of statute 2190]:

- if he/she proves that he/she has managed the company's affairs "with the diligence of a prudent businessman". This means that the BoD member must prove that he/ she has acted according to the diligence which is normally expected given his/her position as manager of a Société Anonyme.

- BoD members may be released from liability if it is proven that they acted in accordance with a lawful resolution of the General Meeting of Shareholders.

- Directors may be also released from liability according to the “Business Judgment Rule”. This rule applies when (a) the Director’s action constitutes a reasonable business decision and (b) such decision must have been made in good faith on the basis of sufficient information and exclusively in the company’s interest.

The BoD members may be liable for damages towards third parties such as company creditors and the State. The BoD members cannot be held personally liable for the company’s contractual obligations given that when they execute contracts they act in their capacity as managers of the company. However, according to Article 71 of the Greek Civil Code, BoD members of a société anonyme may be jointly and severally liable with the company for any liability arising from tort. Moreover, BoD members can be held liable under specific provisions of the Greek Bankruptcy Code. In this case, BoD members are directly liable towards the company’s creditors for restoration of the damages the creditors suffered due to the company’s bankruptcy. Moreover, BoD members are both civilly and criminally liable for, indicatively, tax liabilities of the company, and non-payment of accrued salaries and of social security contributions.

4.3 General Meeting of the Shareholders

The General Meeting of Shareholders is solely competent to decide on such matters as the following:

- amendments of the AoA (e.g. increase or reduction of share capital, amendment of the company’s scope),
- the election (and removal) of the members of the BoD and auditors appointed pursuant to the AoA,
- the approval of the company’s balance sheet,
- the distribution of profits,
- the company’s merger, division, conversion, revival, extension of duration or dissolution; and
- the appointment of liquidators.

With the exception of resolutions requiring increased quorum and majority, the General Meeting of Shareholders is in quorum and validly convenes on the items of the agenda, when shareholders represented or attending themselves the meeting, represent at least one-fifth (1/5) of the paid-up share capital. If such quorum is not attained, the General Meeting of Shareholders meets again within 20 days from the date of the adjourned meeting. The new meeting is in quorum and validly resolves on the items of the initial agenda irrespective of the percentage of the paid-up capital being represented. The General Meeting of Shareholders validly resolves by absolute majority of the votes represented in the meeting.

4.4 Name of a Corporation

The name of the Corporation must include the name “Anonymos etaireia”

4.5 Capital of a Corporation

The founder or founders must concentrate a minimum amount of 60.000 Euros (save for specially regulated areas where share capital requirements are higher) and it must be deposited at a bank account during the setting up of the company. However, this amount may not always be in cash, it may also comprise of contributions in kind, such as real estate, etc. However, if part of the initial capital (maximum 50%) comprises of contributions in kind, an advance valuation should be carried out, according to article 9 of Greek Law 2190/1920.

4.6 Founding a Corporation

The registration of a corporation in Greece requires only a few weeks from the notarization of the Article of Incorporation before the Notary Public.

For the establishment and probate of a corporation, the first step, is the drafting and preparing of the Articles of Incorporation, which will regulate the operation and administration of the Corporation. The Articles of Incorporation require to be executed before the Notary Public and they must include the following information:

1. Company name and purposes
2. Registered seat of the company
3. Duration of the company
4. Amount and method of payment of capital stock
5. Types of shares, quantity of shares, nominal value and issue of shares
6. Number of shares for each type, if more than one type of shares exist
7. Conversion of registered shares to bearer shares, or conversion of bearer shares to registered shares
8. Meeting, formation, operation, and responsibilities of the Board of Directors
9. Meeting, formation, operation, and responsibilities of the General Assembly
10. Auditors
11. Shareholders' rights
12. Balance sheet and allocation of profits

13. Dissolution of the company and liquidation of assets

Also the Notary will require a lease agreement certified by the competent Tax Authority (D.O.Y), or, in case the premises are owned, the title deed. Else, if the premises were granted free of charge by a third party you need to provide an official statement of granting permission to use the premises as the seat of the company under establishment, including the grantor's certified signature. All the documentation necessary can be provided from the Notary; however this will delay the whole process if made at the same day of the start up of the company

However, the Articles of Association do not have to contain any provisions, even if these are referring to information stated in paragraph 1, on the condition that they are repeating valid provisions of Greek law, unless derogation from these is granted.
The Articles of Association of a public limited company (SA) should also include:

- Personal information of the legal or natural persons who signed the Articles of Association, or on behalf of whom the Articles have been signed.
- The total amount, or approximately, of all expenses required for the establishment of the company which burden the company.
- The duration of the first fiscal period, the composition and term of office of the Board of Directors (including their capacities and duties if the contracting parties agree so) and the auditors of the first fiscal period, if the company is subject to audit.

All founders/partners need to find the premises of the company**.** These premises shall be the registered seat of the company. If they are letting, the lease should be certified by the competent Public Fiscal Service. If the premises are privately owned, they should have the title deed. If the premises were granted free of charge for this purpose by a third party (father, mother, etc.) they need to provide an official statement of granting permission to use the premises as the seat of the company under establishment, including the grantor's certified signature.

All founders/partners should have tax clearance certificates. Otherwise, they will be notified to do so in a consequent stage by the One Stop Shop, or if they do not do so, the company shall not be established.
Also they need to decide who shall be their representative during the establishment procedures of the company.

As of 4th April 2011, by virtue of law 3853/2010, notaries act as One Stop Shop services for setting up SAs and LTD companies, as well as all personal companies

that, according to special legislation must have their articles of association notarized. However, not all notaries within the Greek territory are certified as One Stop Shop Services

The amount varies according to the number of the founders, the share capital and the notary's and lawyer's fee. (The website of G.E.MH - www.businessportal.gr will soon be able to provide free software for the calculation of the exact cost of registering a company). The entire process involves the following costs:

1. The Company Establishment Note (70 Euros) in case the founders are over 3 persons, the cost is increased by 5 Euros for each additional founder.
2. Registration fee with G.E.MH (10 Euros).
3. Chamber registration fee depending on the respective Chamber.
4. Registration fee to the Insurance Organisation for the Self-Employed (OAEE) (approximately 111 Euros).
5. Capital Accumulation Tax (1% of the capital stated in the Articles of Association)
6. Duty paid to the Hellenic Competition Commission (1‰ of the capital stated in the Articles of Association).
7. Notary fee amounting to 480 € for drafting the contract plus 6€ per page, plus 23% VAT. The copies cost 5 € per page, plus 23% VAT.
8. Attorney fee: Primarily upon agreement but minimum fees are calculated on the company's capital starting from 1% for capital up to 44.020,54€, and then 0,5% for the amount exceeding 44.020,54€. Also, 23% VAT is charged on lawyer's services.

The procedure of incorporation is concluded with the publication of the Articles of Association and the document of approval at the Government's Gazette.

4.7 Publication

Certain acts of the corporation are subject to compulsory publication. In addition to those required for the foundation and establishment of an AE those mentioned in the state of registration the principle are:

- the General Meeting of Shareholders resolutions for the amendment of the Articles of Incorporations with the Administrative decision of approval when required, as well as all the new text of the Articles of Incorporation together with the amendments
- the appointment and the termination for any reason of any person who is appointed as an administrator of the Corporation or for the persons who are authorized to conduct the company's regular audit.

- all the decisions related to the increase or decrease of the corporation's share capital.
- the minutes of the BoDs meeting according to which the payment of the share capital is confirmed either upon incorporation or increase
- the annual financial statements , initial and modified by the General Meeting (balance sheet, income statement, income appropriation, account and Notes) and the relevant reports of the BoD and of the company's auditors
- the monthly accounting statement of the banks and of branches of foreign banks.
- the company's dissolution
- the court decision of any degree which declares that the company is null and void or bankrupt or the decisions of the Court that recognize the nullity of the decisions of the General Meeting
- the appointment and replacement of liquidators together with their identification data
- the balance sheet of liquidation and
- the deletion of the company from the Companies Registry

4.8 Government supervision

The Ministry of Development or the competent Prefecture controls the actual payment of the share capital, the increase or decrease of the former together with the amendments of the Articles of Association. It is underlined that if the share capital of a company exceeds 3 million Euros or the company belongs to a certain sector such as bank or insurance, the amendments require the approval of the Ministry of the Development. The Ministry of the Development could also apply to the Court to arrange a special audit of the corporation.

4.9 Taxation of a Corporation

From financial year 2014 onwards, a corporate income tax rate of 26% is applied to corporations and any legal entities that maintain double entry accounting books.
In case of income from real estate property, the supplementary tax of 3% is seized to be imposed on the gross income acquired from the 1st January 2014 onwards.

The share that the shareholder received is further taxed under the general provisions for taxation of individuals. The tax that has been withheld by the corporation prior to the release of the amount to the shareholder is deducted from the tax imposed on the individual.

In case that the net profits of the local corporation, include dividends or profits from the company's participation to another local corporation, for which tax has been imposed on the distributed profits, this tax is also deducted from the tax that the corporation is liable to the Greek State.

Finally, Greek corporations which distributes profits as shares, pre-shares, compensations and percentages to the members of the Board of Directors and to the Directors (except for salaries), do not withhold taxes.

4.10 Distribution of profits

Article 45 CL 2190/1920 laid down a specific procedure for the profit's distribution which is based on the company's net profit. Specifically, the net profit is derived from the gross profit following the deduction of any expenses, any loss, the legally recognised depreciations and any other company charge or encumbrance. Accordingly, from the net profit:

- the amount for the statutory reserves provided for by the law or the Articles of Association is being deducted, and in specific the 1/20 of the net profit until the reserve reaches the 1/3 of the capital, subject to a prediction of a higher percentage provided for in the company's Articles of Association.

- 35% of the net profit is being withheld for the distribution of the first dividend'

.
The balance amount after the deduction of the amounts under items 1 and 2 is being distributed according to the provisions contained in the Articles of Association, i.e. distribution of an additional dividend, BoD members' fees, formation of contingency reserves, increase of share capital etc.

4.11 Dissolution & Liquidation of a Corporation

A corporation might be dissolved due to bankruptcy or due to expiration of its

duration length. It could also come to an end because of a resolution of a General Meeting of the Shareholders taken by a qualified majority or upon virtue of a court decision following an application of representatives who have at least one-third of the capital or by any third party having a legal interest including the company's supervising authority.

After the request and the approval of the dissolution of the Corporation, the Corporation passes at the procedure of liquidation. The liquidators perform the following actions:

1. recording of the corporation's assets;
2. Issuance of Balance sheet and publication;
3. Payment of debts and collecting claims;
4. New inventory, issuance of new balance sheet and publication;
5. Return of the contributions of the members and distribution of any remaining assets (respectively to each member's share);
6. Erasing the corporation from the public archives.

The stage of liquidation cannot exceed the period of 5 years, unless this has been approved by the Court or the General Meeting of Shareholders. The Corporation can revive during the stage of liquidation.

Bibliography

- Giouris Th. , Business English, Τυπογραφείο Τ.Ε.Ι Θεσσαλονίκης, Θεσσαλονίκη 2008
- Taxheaven.gr
- Giouris Th. ACCOUNTING TERMINOLOGY NOTES, http://eclass.acc.teithe.gr/openeclass/
- Καραγιάννης Δ., Καραγιάννης Ι., Καραγιάννη Α., Συστάσεις, μετατάξεις – μετατροπές, συγχωνεύσεις – απορροφήσεις, λύσεις και εκκαθαρίσεις επιχειρήσεων, 5^{Η} Έκδοση, Θεσσαλονίκη 2010