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ESTABLISHING A BUSINESS ENTITY IN GREECE

ILN CORPORATE GROUP

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1. Types of Business Entities

The main business entities in Greece are the following: **i)** the Société Anonyme (S.A.); **ii)** the Private Company (P.C.); **iii)** the Limited Liability Company (Ltd); **iv)** the General Partnership and the Limited Partnership and **v)** the Branch. There are also several types of business entities that are used for specific purposes such as the very popular branches/offices of foreign shipping companies of art. 25 of law 27/1975 and the branches and companies of law 89/1967 (for the purposes of the present presentation, the branch and the business entities of laws 27/1975 and 89/1967 are presented only briefly).

Furthermore, there are also specific types of companies that are used for specific types of undertakings such as the Maritime Company or the Maritime Company for Leisure Ships.

The basic distinctions between the companies are: **i)** the commercial character; **ii)** the legal personality and **iii)** the capital or personal character.

The commercial companies are treated as merchants (e.g. they have the obligation to have commercial/accounting books, they can go bankrupt etc.). Some companies are considered as commercial depending on their purpose (i.e. if their purpose is commercial), whether other companies are considered commercial by law (i.e. regardless of their purpose).

All the above-mentioned companies have a legal personality, meaning that they are independent subjects, separate from the partners, having their own rights and obligations. Furthermore, they have their own property/assets and they are not liable for the liabilities of the partners. Conversely, the companies do not have any right over the personal property of the partners. The legal personality is granted after the conclusion of the articles of association and the compliance with the publicity/registration obligations that are designated to each type of legal entity/company.

The personal companies are focused on the personal, active participation of the partners, meaning that any accumulation of capital is also accompanied by a continuous labour/services and cooperation of the partners.

On the other hand, at the capital companies, the persons of the partners are irrelevant, the participation in the company is in principle transferable and the company is not affected by any changes of the partners.

However, in Greece, some types of capital companies have also more or less personal elements. The Société Anonyme is the archetypical capital company. The Private Company and the Limited Liability Company are also capital but with several personal elements, the latter more than the former. The Partnerships are personal companies.

1.1 Description

1.1.1 The Société Anonyme (S.A.)

The S.A. is a capital company, it has a legal personality and it is by law commercial. It can be private or listed. It is governed mainly by the law 2190/1920 which provides many compulsory provisions. However, the existing law 2190/1920 will be substituted by the provisions of the **new law 4548/2018 which amends the legal framework of the S.A. and it will enter into force on 01.01.2019**. The law 4548/2018 enables more freedoms on the provisions in the articles of association.

The S.A. can be established by one or more persons, natural or legal entities. The capital is divided in shares, which are, in principle, transferable. The shares attribute to the shareholder rights such as participating and voting at the General Assembly and receiving dividends.

The S.A. is suitable for large undertakings and/or when the interested parties do not want any personal element in their undertaking and/or they wish to be enabled to transfer their shares easily. The S.A. is a very popular business entity in Greece and in practice it is used not only for large undertakings but for medium and small as well.

1.1.2 The Private Company (P.C.)

The P.C. is governed mainly by the law 4072/2012. It is a capital company (however, with several personal elements), it has a legal personality and it is commercial by law. It can be established by one or more natural or legal persons and there are no minimum capital requirements (the capital can be even zero). The capital is divided in "portions of participation".

It is a quite new type of company with increasing popularity in Greece. It is suitable for small or medium sized undertakings and the law gives the partners a wide contractual freedom for regulating the company's functions.

The P.C. is an intermediate capital company, between the S.A., which is a purely capital company, and the Ltd which is a capital company, but with many personal elements.

1.1.3 The Limited Liability Company (Ltd)

The Ltd is a capital company, however it has many personal elements. It has a legal personality and it is by law commercial. It is governed mainly by the law 3190/1955 (it was recently amended by the law 4541/2018). The majority of the provisions are not mandatory, so the partners can agree otherwise. It can be established by one or more persons, natural or legal entities. The capital is divided in "portions of participation", which are, in principle, transferable.

As with the PC, the Ltd is suitable for small or medium sized undertakings, however, in the Ltd more emphasis is given to the personal elements than in the PC. It is preferable to those who wish to maintain personal relations with the company but do not want to be personally liable for its liabilities.

The Ltd was never as popular as the S.A. in Greece, even for medium size undertakings. Since the P.C. was established as a company type, the popularity of the Ltd was further decreased.

1.1.4 The General Partnership and the Limited Partnership

Both the General Partnership and the Limited Partnership are companies with a legal

personality and they are regarded as commercial if their purpose is such. They are governed mainly by the law 4072/2012 and the Civil Code.

Both types of partnership cannot be established or exist as single-member companies. Two partners at least are obligatory. The General Partnership consists of general partners, who administer and represent the company and are liable with their personal property for the liabilities of the company. On the other hand, the Limited Partnership consists of at least one general partner and one limited partner. The limited partner is not responsible for the liabilities of the company with its own property, unless it commits actions of representation (for such actions its liability will be unlimited as of the general partners). In principle, the limited partner is not entitled to represent the company or commit any actions of administration (however, the articles of association may provide otherwise).

Both types of partnerships are used mainly for small or medium sized undertakings.

Apart from the different position of the limited partners in Limited Partnerships, the law provisions are the same in both the above types of partnerships.

1.1.5 The Branch

Foreign companies may establish branches in Greece. The branches do not have a legal personality; however, they acquire a Greek tax number. A branch of a foreign company has to register at the General Commercial Registry inter alia its articles of association and their amendments, its address, its name, its purpose, data about the company and the legal representatives.

1.1.6 Branches/offices of foreign shipping companies of art. 25 of law 27/1975

A widely used business entity in Greece in shipping business is the branch/office of art. 25 of law 27/1975, mainly due to the many tax exemptions that it enjoys.

The exclusive purpose of the branch/office must be the management, operation, charter, insurance, average adjusting and shipbroking. Moreover, a permit may be granted to maritime/ shipowning/management companies of salvors or tugs.

The branch/office is established after a permit granted by ministerial decision, following a submission of an application accompanied by the required documentation to the competent Ministry. The permit lasts for 5 years, although it is automatically renewable. The decision mentions the type of services of the branch and the terms of its operations.

The branches/offices enjoy the tax exemptions provided that they spend in Greece for their operations and their payments foreign exchange of at least USD 50,000 (or equivalent in Euros).

1.1.7 Branches and companies of law 89/1967

Foreign companies may also be established in Greece (either as companies or branches) according to the law 89/1967 with the exclusive purpose to provide at their central offices or to affiliate them with foreign companies' specific services (including consulting, accounting, production quality control, drafting of researches, plans and contracts, advertising and marketing, research and development).

These companies are established by a Ministerial Decision, which defines their exclusive purpose. Thus, they are not allowed to perform any other operation that is not included in the Ministerial Decision for their establishment.

They must have at least 4 employees in Greece and to have as expenses for their operation in Greece at least 100.000 Euros annually.

The companies of law 89/1967 are taxed in Greece only for the income that they receive in Greece. Their net taxable income is calculated after the deduction of their expenses and of a minimum percentage of profit that is defined in the ministerial decision of their establishment and it cannot be less than 5% (cost-plus).

1.2 Matters to be considered when choosing a particular business entity type

1.2.1 The Société Anonyme (S.A.)

- The contributions of the shareholders can be in cash and in kind.

- The shareholders do not have personal liability for the liabilities of the company.

- The default rule is that the shares are transferable. However, the articles of association can establish restrictions at the transfer of the shares (e.g. without the consent of the company or by providing a preemption right to the existing shareholders).

- The shares may be bearer shares and consequently easily transferred. They can also be personal/registered shares, meaning that they are issued to the name of the shareholder, which is registered at a special book of the company and therefore any new shareholder is registered accordingly. It must be noted that according to the new law 4548/2018, the "bearer shares" are to be abolished from 01.01.2020. Furthermore, the law 4548/2018 provides the option of issuing also "warrants" and the option of "stapling" more type of instruments issued by the SA (e.g. bonds with warrants).

- The nominal value of each share must be more than €0.30 and less than €100 (from 01.01.2019, when the law 4548/2018 will enter into force, the minimum nominal value of each share will be reduced to €0.04). The shares may have different values (however they have to be issued on different stages). Furthermore, the shares can also be issued above par (meaning that the real value is higher than the nominal and in such a case only the nominal value is counted for the share capital and the difference is transferred to a specific reserve). Moreover, if the S.A. is listed, the market value of the share is defined by the stock exchange market.

- The shareholders do not become merchants by participating in the company.

- If the company goes bankrupt, the shareholders do not go bankrupt as well.

- The S.A. is the only type of company that can be listed (provided that it meets the legal requirements to enter into the stock exchange market).

- Shareholder's agreements are common, however they bind only the parties of the agreement and not third parties, nor can be used to circumvent mandatory provisions of the law (e.g. the shareholders may conclude an agreement that provides the obligation of the parties to vote to a specific direction. However, if a shareholder in breach of the agreement votes at the General assembly differently, its vote is valid, although it will be

liable to pay damages - or any other remedy provided in the agreement - to the other parties).

1.2.2 The Private Company (P.C.)

- The capital can be even zero.

- The contributions of the partners can be: **1)** in capital i.e. in cash or in kind (e.g. contribution of a real estate property) and/or **2)** non-capital (e.g. personal labour) and/or **3)** guarantees (by providing a personal guarantee up to an amount for liabilities of the company).

- The partners do not have personal liability for the liabilities of the company.

- The default rule is that the portions are transferable (however, the P.C. cannot issue shares/stocks).

- The partners do not become merchants by participating in the company.

- If the company goes bankrupt, the partners do not go bankrupt as well.

- There is no legal requirement for the "real" seat of the company to be in Greece. It is sufficient for the statutory seat to be in Greece.

- The names of the partners are mandatorily published on the company's website.

- The articles of association, their amendments and the decisions of the partners may be drafted in any EU language and registered as such in the General Commercial Registry, provided that they are accompanied with an official translation in Greek.

1.2.3 The Limited Liability Company

- The most distinct characteristic of the Ltd is the dual majority (of capital and of persons) requirement for a decision of the Assembly. A decision has to be made by the majority of more than 1/2 of the number of partners, who represent more than 1/2 of the capital. One of the two required majorities is not sufficient for a valid decision (e.g. if there are 3 partners, with percentages 70%, 20% and 10% of the capital respectively, the partner with the 70% cannot decide alone in the assembly as there will be a majority of capital but not of persons). Especially regarding the amendment of the articles of association, the required majority is 1/2 of the number of partners and 65% of the capital.

- The contributions of the partners can be in cash and in kind.

- The partners do not have personal liability for the liabilities of the company.

- The default rule is that the portions are transferable (however, as in the P.C., the Ltd cannot issue shares/stocks). In principle, the articles of association can include restrictions in transferring the portions.

- The transfer of portions is done by following specific form requirements (a notarial deed which mentions the personal data of the new partners).

- The partners do not become merchants by participating in the company.

- If the company goes bankrupt, the partners do not go bankrupt as well.

- The names, the percentages and other personal data of the partners are included in the articles of association which are registered at the General Commercial Registry and uploaded at its site.

- An Ltd may not have as a single partner another Ltd with a single partner.

Furthermore, the same person may not be a single partner to more than one Ltd.

1.2.4 The General Partnership and the Limited Partnership

- The general partners have unlimited liability and they are jointly and separately liable for the liabilities of the company. Their liability against third parties cannot be excluded by the articles of association.

- Any new partner is liable for the liabilities of the partnership that arose before joining to the partnership.

- If the partnership is terminated, the partners continue to be liable for the liabilities of the partnership (however, there is a five-year time bar).

- The default rule is that the participation in the partnership is not transferable, however the partners may decide otherwise.

- The partners become merchants (provided that the company is considered as commercial as well) and if the company goes bankrupt, the general partners go bankrupt as well (but not vice versa).

- The personal data of the partners and those who have the power of administration are registered at the General Commercial Registry and uploaded at its site.

2. Steps and Timing to Establish

All the above types of companies/partnerships are established in Greece via a One-Stop-Shop. The documentation needed (e.g. articles of association, power of attorney for a representative in order to proceed with the required procedures before the One-Stop-Shop, passports of the founders, application for the issuance of a Greek tax number etc.) is handed to the competent One-Stop-Shop and subsequently, the latter proceeds with the necessary actions for the establishment of the company (inter alia it receives and examines all the essential documentation; checks for any pre-existing similar trade name; proceeds with the issuing of a Greek Tax Number to the founders (if needed); collects the duty for the incorporation; registers the data of the company to the General Commercial Registry; proceeds with the issuing of a Greek Tax Number to the company; issues a certificate of registration of the company).

On one hand, for the S.A. and the Ltd, the competent One-Stop-Shop is a notary public, and the articles of association have to be drafted in the form of a notarial deed. On the other hand, for the P.C., the General Partnership and the Limited Partnership, the competent One-Stop-Shop is the General Commercial Registry (however, if there is any contribution of a real estate property to the company, the articles of association have to be in the form of a notarial deed). It must be noted that regarding the S.A., the law 4548/2018, which enters into force on 01.01.2019, provides that there is no need for a notarial deed, if articles of association are drafted on a template form provided by the Greek law. In such a case, the One-Stop-Shop is the General Commercial Registry. The same also applies for the Ltd according to the law 4541/2018 which recently came into force.

Generally, the procedure of establishing the company is rather quick.

In addition, the law 4441/2016 provides a procedure of electronic establishment of companies with the use of template articles of association.

3. Governance, Regulation, and Ongoing Maintenance

3.1 Brief summary of regulation of each type and ongoing maintenance, reporting requirements

3.1.1 The Société Anonyme (S.A.)

The S.A. is governed by the law 2190/1920 and the articles of association and the main governing bodies are the Board of Directors and the General Assembly.

The S.A. is administered and represented by the Board of Directors, which consists of at least three members, natural or legal persons, Greek or not. The maximum tenure of the Board of Directors is six years.

The law 4548/2018, which enters into force on 01.01.2019, allows the companies to include in their articles of association another body as well, the "Executive Committee" which may be authorized to run the day-to-day business and the Board of Directors may be restricted to a supervisory role. The "Executive Committee" can consist of members of the Board of Directors and third parties. Furthermore, the law 4548/2018, provides the option for small or very small entities (see below under 3.1.5), which are not listed, to elect instead of a Board of Directors, a single-membered administrative body. The law 4548/2018 also provides the right to a member of the BoD that resides in a country other than the place of the meeting of the BoD, to participate via teleconference even if there is no such a provision to the articles of association or even if the other members of the BoD do not consent.

The supreme body is the General Assembly of the shareholders. The General Assembly has the exclusive authority to decide on several issues of major importance (such as the amendment of the articles of association, the appointment of the directors, the approval of the financial statements, the distribution of profits, the appointment of the auditors, the discharge of the directors from any liability, any merger or transformation of the company and the appointment of the liquidators). In the General Assembly each share has one vote and the decisions are made by majority. However, for issues of utmost importance (such as the change of the company's nationality or purpose, the increase of the obligations of the shareholders etc.) there is a requirement of an attendance of the shareholders with shares representing the 2/3 of the share capital and a majority of the 2/3 of the share capital (from 01.01.2019 when the law 4548/2018 enters into force, the required attendance for major issues is reduced to 1/2).

The law 4548/2018 provides the option, if there is a relevant provision in the articles of association, for the General Assembly to decide by "written resolutions" or by signing the resolutions by all the shareholders and the "signatures" may take place even by exchange of e-mails.

The General Assembly is convened by the Board of Directors at least once per year, in order to approve the financial statements of the company (balance sheet etc.), discharge the Board of Directors from any liability and elect auditors. Subsequently, the financial statements and the decision of the General Assembly has to be registered at the General Commercial Registry.

The S.A. has to register several data at the General Commercial Registry. These can be data of the company such as name, address, tax number, commercial registry number, the

legal representation of the company and the data of the legal representatives, the annual financial statements of the company, the articles of association and their amendments, decision of the Board of Directors for the convocation of the General Assembly etc., which are uploaded to the Registry's website and are accessible to the public.

There is also (limited) supervision from the State (via the competent Prefecture of the seat of the company and the General Commercial Registry) on several issues, in order to ensure the legitimacy of the actions of the company in relation to the law, the articles of association and the decisions of the General Assembly (from 01.01.2019 when the law 4548/2018 enters into force the State supervision is drastically reduced). The degree of supervision may vary for several types of S.A., such as the listed S.A.s or those providing banking services.

3.1.2 The Private Company (P.C.)

The company is administered and represented by one or more directors, who can only be natural persons, partners or not (however, if there is no appointment of directors, the company is administered and represented by the partners collectively). The directors may be appointed even for an indefinite time. Their appointment is registered at the General Commercial Registry.

The supreme governing body is the Assembly of the partners. The Assembly has the exclusive authority to decide on several issues of major importance (the appointment of the directors, the approval of the financial statements, the distribution of profits, the appointment of an auditor, the discharge of the directors from any liability, the amendments of the articles of association, the exclusion of a partner, the termination of the company or the extension of its duration and any merger or transformation of the company - for the last four a majority of 2/3 is required). In the Assembly each portion of participation has one vote and the decisions are made by majority. However, the partners can make decisions in writing, without convocation of the Assembly, provided that the decisions are unanimous or that the partners have agreed to the decision in writing without an Assembly. In the latter case, both the majority and the minority votes must be mentioned in the decision. Furthermore, the signatures of the partners may be provided by e-mails or other electronic means, if the articles of association have a relevant provision.

The Assembly can be gathered anywhere, and it is convened at least once per year, in order to approve the financial statements. Subsequently, the decision and the financial statements have to be registered at the General Commercial Registry and the latter will be accessible to the public.

The P.C. has the obligation to maintain a website which mentions: the company's capital, the amount of the guarantee contributions, the names and addresses of the partners, the type of their contribution and the director(s). The website is registered at the General Commercial Registry.

The company has to register several data at the General Commercial Registry, such as name, address, tax number, commercial registry number, the legal representation of the company and the data of the legal representatives, any change in the guarantees of the partners, the annual financial statements of the company, the

articles of association and their amendments etc., which are uploaded to the Registry's website and are accessible to the public.

3.1.3 The Limited Liability Company (Ltd)

The Ltd is administered and represented by one or more directors, natural or legal persons, partners or not, Greeks or not. If no directors have been appointed, the company is administered and represented by the partners collectively.

Their supreme governing body is the Assembly of the partners. As with the other capital companies, the Assembly has the exclusive authority to decide on several important issues, such as the amendment of the articles of association, the appointment/discharge from liability/replacement of the directors, the approval of the financial statements and the distribution of profits, the appointment of the auditors, any actions against the directors and/or any partner, any merger or transformation of the company and the appointment of liquidators. Furthermore, unanimous decision is required for changing the company's nationality and, in principle, for increasing the liabilities of the partners or decreasing their rights.

In the assembly, each portion has one vote and the decisions are made by the dual majority of capital and persons, as mentioned above.

As with the other companies, the Assembly is convened at least once per year, in order to approve the financial statements and the decision, and the financial statements are registered at the General Commercial Registry.

The Ltd has to register several data at the General Commercial Registry, such as name, address, tax number, commercial registry number, the legal representation of the company and the data of the legal representatives, the annual financial statements of the company, the articles of association and their amendments etc., which are uploaded to the Registry's website and are accessible to the public.

3.1.4 The General Partnership and the Limited Partnership

At the Partnerships, each general partner administers and represents the company separately, even without the consent of the other partners (unless otherwise provided by the articles of association). The above administration refers to the day-to-day management. For any additional action (e.g. amendment of the articles of association, establishment of a branch or sale of important company assets) the consent of all the partners is required (even of those who are excluded by the administration). The same applies for any action that lies outside of the purpose of the company. Although the above decisions have to be unanimous, the articles of association can provide that a majority is sufficient.

3.1.5 Audit Requirements

The Audit of the financial statements of the companies may be mandatory or non-mandatory. The Greek law distinguishes the business entities, based on their size, into: **i)** "very small entities": **a.** total equity ≤ €350,000, **b.** net turnover ≤ €700,000, **c.** personnel ≤ 10 (2 out of 3 criteria are sufficient). The Partnerships are considered very small even if only their net turnover ≤ €1,500,000; **ii)** "small entities": **a.** total equity

≤ €4,000,000, **b.** net turnover ≤ €8,000,000, **c.** personnel ≤ 50 (2 out of 3 criteria are sufficient); **iii)** "medium entities": **a.** total equity ≤ €20,000,000, **b.** net turnover ≤ €40,000,000, **c.** personnel ≤ 250 (2 out of 3 criteria are sufficient); **iv)** "big entities": **a.** total equity > €20,000,000, **b.** net turnover > €40,000,000, **c.** personnel > 250 (2 out of 3 criteria are sufficient).

The annual audit of the financial statements is mandatory for the Partnerships when all the partners are legal entities with limited liability (e.g. S.A, P.C, Ltd), the S.A., the P.C. and the Ltd, provided that they are considered either Medium or Big Entities. The audit of the financial statements constitutes a prerequisite for the financial statements to be approved from the (General) Assembly.

The Small Entities may (non-mandatorily) include a provision for audit at their articles of association or it can be provided by a decision of the (General) Assembly.

Furthermore, the requirements regarding the form/content of the financial statements differs depending on the size of the business entity.

3.1.6 Tax Obligations

All the above-mentioned business entities have several obligations to the Tax Authorities. Most important are the submission of an income tax return/declaration annually and the submission of a tax return/declaration regarding the VAT (the latter is submitted periodically, during the year).

The annual profits of the companies (after the deductions of expenses etc. that are provided by the law) are taxed with a rate of 29%.

3.2 Requirements for local shareholding/directors

For all the above company types, there are no nationality requirements for the shareholders/partners and the directors.

3.3 Minority shareholders' rights and protection

3.3.1 The Société Anonyme (S.A.)

The main minority shareholders' rights at the S.A. are the following:

- The shareholder(s) with shares representing the 1/20 of the share capital may: **i)** demand from the Board of Directors the convocation of the General Assembly and if it does not comply within 20 days, they have the right to do it themselves; **ii)** demand from the Board of Directors to include in the agenda of the General Assembly additional issues; **iii)** demand from and the President of the General Assembly is obliged to adjourn the General Assembly (this right is exercised once per General Assembly); **iv)** demand from the Board of Directors to disclose to the General Assembly the amounts paid during the last two years to the members of the Board of Directors or the managers and any other contract between the company and these persons (from 01.01.2019, when the law 4548/2018 enters into force, "iv" is abolished, as the whole legal framework regarding the payments to the BoD is changed in order to be in accordance with the Directive 2007/36/EC as it was amended by the Directive 2017/828/EU. The new law provides the right to the shareholder(s) with shares representing the 1/20 of the share capital to apply before a court in order to reduce the remuneration of the members of the BoD under several circumstances).

- The shareholder(s) with shares representing the 1/10 of the share capital may demand from the Board of Directors to file a claim against any member of the Board of Directors regarding the administration of the company's affairs (from 01.01.2019, when the law 4548/2018 enters into force the above right is granted to the minority of 1/20 instead of 1/10 - with the provisions of the law 4548/2018 the BoD is not obliged to act, but it has the right to dismiss the minority's application after it has assessed the interests of the company). Furthermore, the company may settle any claim against any member of the Board of Directors unless there is an opposition of the shareholder(s) representing the 1/5 of the share capital (from 01.01.2019, when the law 4548/2018 enters into force the above right is granted to the minority of 1/10 instead of 1/5);

- The shareholder(s) with shares representing the 1/3 has the right to apply to the Court for the termination of the company, if there is any serious reason that dictates the termination of the company.

- The shareholder(s) with shares representing the 1/20 or 1/5 (under specific conditions) of the share capital may apply to a Court to order audit of the company.

- Each shareholder may demand from the Board of Directors to provide to the General Assembly information which is material to the agenda.

- The shareholder(s) with shares representing the 1/5 of the share capital may demand from the Board of Directors to provide to the General Assembly information about the company's affairs and its financial situation (from 01.01.2019, when the law 4548/2018 enters into force the above right is granted to the minority of 1/10 instead of 1/5).

- No permission to provide the company any member of the Board of Directors with any guarantee or other security may be given if there is an opposition of the shareholder(s) with shares representing the 1/10 of the share capital (or 1/20 if the company is listed). Permit for any contract between the company and relatives of the members of the Board of Directors cannot be given if there is an opposition of the shareholder(s) with shares representing the 1/3 of the share capital (from 01.01.2019, when the law 4548/2018 enters into force the provisions about the permission for the related party transactions are changed to be in accordance with the Directive 2007/36/EC as it was amended by the Directive 2017/828/EU. The permission is granted by the BoD, however shareholders with shares representing the 1/20 may demand the convocation of the General Assembly to decide on the subject. Until the convocation of the General Assembly, if such a permission was granted, it is revoked, if there is an opposition of the shareholder(s) with shares representing the 1/20 of the share capital).

- The shareholder(s) with shares representing the 2% of the share capital may apply before a Court for the annulment of a decision of the General Assembly.

- "Sell Out": The minority shareholders may, under specific circumstances that make their remaining in the company unbearable, apply before a Court to order the purchase of their shares by the S.A. Furthermore, if a shareholder whose shares represent at least the 95% of the share capital, the minority shareholders may apply before a Court to order the purchase of their shares by the

former (conversely, the shareholder of at least 95% has the right to apply before a Court to oblige the minority shareholders to sell him their shares - "squeeze-out").

- The law 4548/2018, which enters into force on 01.01.2019 has added also several new rights of shareholders such as: **i)** each shareholder of an unlisted company, may demand information about the amount of the capital, the categories of the issued shares and their number, the rights that each category attributes, if there are any restricted, their numbers and the restrictions. Furthermore, each shareholder has the right to demand information about his/her shares; **ii)** each shareholder of an unlisted company may demand information about the future General Assemblies to be sent to him by e-mail 10 days before the General Assembly; **iii)** each shareholder may demand a table of the shareholders (including their names, address and number of shares), if such a right is attributed by the articles of association.

- The law 4548/2018 includes also provisions about "Unions of Shareholders" that may enforce the minority rights of their members on behalf of them.

3.3.2 The Private Company (P.C.)

- In principle, all the portions of participation confer equal rights and responsibilities regardless the type of the contribution.

- The partner(s) holding the 1/10 of the portions may: **i)** demand from the director the convocation of the Assembly and if he does not comply within 10 days, they have the right to do it themselves; **ii)** request from the court to appoint an independent auditor if there are serious doubts of violation of the law or the statute and report to the partners.

- Each partner has the right: **i)** to be informed about the company's affairs and to examine the books and the documents of the company; **ii)** to demand for information which is essential for the understanding and assessment of the agenda of the Assembly.

3.3.3 The Limited Liability Company (Ltd)

The law governing the Ltd focuses more on attributing personal rights to the partners than minority rights.

- First of all, the minority may be protected by the requirement of the double majority needed for the decisions of the Assembly (both in capital and in persons).

-Some of the rights that each partner has are: **i)** right of administration and representation of the company (if no directors are appointed); **ii)** right to attend and vote to the Assembly; **iii)** to apply before a court for the convocation of the Assembly under specific circumstances; **iv)** to be informed about the progress of the company's affairs and examine the books and the documents of the company and take photocopies of some of them (this right cannot be excluded by the articles of association); **v)** to receive dividends; **vi)** to apply before a court in order to exclude another partner from the company for a serious reason; **vii)** if a partner leaves the company, it has the right to claim the amount of its contribution as a refund; **viii)** the pre-emptive right for purchasing portions in case of an increase of capital. This right also exists regarding the purchase of the portions of a deceased partner from its heir; **ix)** to apply before a court for the replacement of the director for a serious reason; **x)** to apply before a court for the annulment of a decision of the Assembly; **xi)** to apply before a court

for the termination of the company under several circumstances.

- Partner(s) whose portions represent: **i)** the 1/20 of the capital may demand from the director(s) the convocation of the Assembly or else they may apply to a court to that end; **ii)** the 1/10 of the capital may apply before a court for the termination of the company for a serious reason; **iii)** the 1/10 of the capital and simultaneously represent the 1/10 of the number of the partners may apply to the Court in order to revoke the director(s) of the company.

3.3.4 The General Partnership and the Limited Partnership

- The general partners have the right to oppose any action of administration (before it is performed). The opposition does not affect the validity of that action; however, the administrator may be held liable for excessing its administrative powers.

- The partner(s) who administrate(s) the company has the obligation to inform the other partners about the company's affairs and give account to the other partners.

- The limited partners have the right to examine the company's accounts and books. They also receive dividends.

4. Foreign Investment, Thin Capitalisation, Residency and Material Visa Restrictions

4.1 Any significant barriers to entry for an offshore party

There are no significant barriers for an offshore party to be a partner/shareholder of the above company types.

4.2 Capitalisation obligations

4.2.1 Capital requirements

4.2.1.1 The Société Anonyme (S.A.)

The minimum share capital is €24,000 (from 01.01.2019, when the law 4548/2018 enters into force the minimum share capital is increased to €25,000). However, the minimum capital may be higher for several types of undertakings (e.g. banking services) or in order to be listed in the stock exchange market.

If the amount of the total shareholders equity becomes less than the 1/2 of the share capital, the General Assembly has to decide for any adequate remedy or to terminate the company. If the total shareholders equity becomes less than the 1/10 of the share capital the court may decide for the termination of the company (from 01.01.2019, when the law 4548/2018 enters into force, the above are abolished).

If there is no sufficient funding for the purposes of the company, it may be assessed by a court as one of the criteria for deciding the "lift of the corporate veil" and consequently personal responsibility of the shareholder(s).

4.2.1.2 The Private Company (P.C.)

In the P.C., there is no minimum capital requirement. It can be even zero. The share capital is calculated only on the basis of the contributions in capital (in cash or in kind) and not the non-capital contributions and the guarantees.

4.2.1.3 The Limited Liability Company (Ltd)

In the Ltd, there is no minimum capital requirement. However, the nominal value of

each portion of participation cannot be less than €1.

If the total shareholders' equity becomes less than the 1/2 of the share capital, the directors have to convene the Assembly in order to take any appropriate measures or else the Court may decide the termination of the company.

If the partners have provided loans to the company and the equity of the company is not sufficient for the satisfaction of the rest of the company's debtors, then the amount of the loans is not returnable to the partners.

4.2.1.4 The General Partnership and the Limited Partnership

In the General Partnership and the Limited Partnership there are no capital requirements, as the general partners have unlimited personal responsibility.

4.2.2 Thin Capitalisation Rules

The Greek Income Tax Code provides thin capitalisation rules, according to which, in principle, only the amount of interest that does not exceed the 30% of the taxable EBITDA is tax deductible as business expenses. However, they are tax deductible, if the annual net amount of interest does not exceed €3,000,000.

4.3 Any special business or investment visa issues

Residence permit requirements: Non-Greek or non-EU nationals can be partners/shareholders of all the types of companies, without any residence permit requirements, apart from the general partners of the Partnerships, for whom a residence permit for independent work is required. On the other hand, there is a need for a residence permit for independent work for the directors of the P.C. and the Ltd and for the legal representatives of the S.A.

Business and Investment Residence Permit: Under Greek law, a residence permit may be issued inter alia for the following Non-Greek or non-EU nationals:

i) Members of the board of directors, shareholders, directors, legal representatives and high ranked personnel (general managers, managers) of Greek companies (provided that the Greek company has minimum personnel of 25 persons) and of subsidiaries and branches of foreign companies; **ii)** Individuals that will proceed with an investment in Greece that is considered to have positive consequences to the growth of Greece. Depending on the amount of the investment up to 10 individuals can receive the present residence permit.

4.4 Any restrictions on remitting funds out of the jurisdictions (withholdings, etc.)

4.4.1 Withholdings

Dividends: According to the Greek Code of Income Tax, the dividends are taxed with a tax rate of 15%. The amount of tax is withheld by the company. As "dividends" are considered: any income from shares, founder's shares or other rights of participation in the profits, which do not constitute claims from debts, and the income from any other company rights, including shares (quoted or unquoted), interim dividends and mathematical reserves, equity stakes, distribution of profits from any legal person or legal entity and any other relevant distributed amount.

However, the dividends which are distributed within the same Group and are received by a Greek or an EU company resided in Greece are tax exempted if the legal entity that

distributes them: **i)** is of the type that is included in the Directive 2011/96/EU; **ii)** is resident of an EU member state; **iii)** is subject to the taxes mentioned the Directive 2011/96/EU and **iv)** the receiver has a minimum participation of 10% of the capital of the legal entity that distributes and **v)** the minimum participation is kept for at least 24 months.

It must be noted that Greece has signed conventions for the avoidance of double taxation with 57 countries that include also the issue of the taxation of dividends and the withholdings.

4.4.2 Capital Controls

Since the summer of 2015 capital controls were imposed on bank transactions in Greece. Capital controls remain until now, but they are reduced progressively. However, it is not clear when they will definitely be lifted.

Regarding any transfer of capital abroad, depending on the amount and the usage, a permit from a special committee may usually is required.