



## DOING BUSINESS IN GREECE

### I. Establishing a company in Greece:

Law No. 3853/2010 introduces the simplification of procedures for the establishment of companies on any legal form. By this Law the process of establishing a company was very much simplified. The primary interest was to promote and support entrepreneurship and combat bureaucracy. Moreover, the most popular company-types are the société anonyme, the limited liability company and the general partnership.

#### ❖ **Société Anonyme (SA):**

In order to create a S.A., at least two parties will have to concur and contribute to the formation of its capital stock (art. 8 L. 2190/20). The founding members of a S.A. may be individuals or legal persons.

The lower limit of capital stock for founding a SA is sixty thousand euros (60.000 €). The basic characteristics of a SA are the following:

1. The relatively large capital stock that is demanded for its founding.
2. The division of the capital into equal shares.
3. The strict publicity rules during the company registration procedures, as well as during its entire life cycle.
4. The long life cycle duration (usually 50 years)
5. The limited responsibility of the shareholders.
6. The decision making procedure based on majority and the existence of two structures, the shareholders General Assembly and the Executive Board.

#### ❖ **The General Partnership:**

In order to establish a general partnership company, at least two parties have to concur, who will by the law be jointly responsible for pursuing the



common purposes of the company (article 741 Greek Civil Code). The founding members of a general partnership company may be individuals or legal persons. The establishment of a general partnership company does not require a notarial deed, a private agreement is enough.

The partners of a general partnership company are jointly responsible for all of the company's obligations with their personal assets. Each partner is liable for the company's debts and obligations by his own personal assets. The dissolution of the company does not terminate the partners' liability for any existing company debts.

There is no minimum capital required by law for establishing a general partnership company, because the company assets are not separated from the partners' assets.

#### ❖ **The Limited Liability Company:**

In order to establish a limited liability company, at least two parties will have to concur, either natural or legal persons. However, a limited liability company may be established by an individual or a legal person under certain circumstances; that is, the founder of a single-member limited liability company cannot establish a new single-member limited liability company. In addition, a single-member limited liability company cannot be the sole shareholder of another single-member limited liability company. Moreover a limited liability company is a company with share capital and legal personality and it is liable for its debts with the company assets. According to article 3 of Greek Law No. 3190/1955, a limited liability company is a trade company, even if its business scope is not related to trade. However, some trade activities such as banking, insurance, stock exchange, portfolio management, mutual funds management, leasing, promotion and implementation of high technology investments (only venture capital) and athletic activities are expressly excluded from the scope of limited liability companies. Further basic characteristics include:



- a. The capital stock is divided into participation units, each of which comprises of company shares, of a minimal value of 30€ each.
- b. Specific publicity rules during the company establishment procedures, as well as during its entire duration.
- c. Specific duration (although failure to record the duration does not constitute reason for dissolution).
- d. Limited liability of the partners.
- e. Decision making procedures are based on majority (more than half of the total number of the partners who represent more than half of the company capital).
- f. The existence of two bodies: the General Assembly of Partners and the Manager.

In order to establish a limited liability company, the minimum capital required is 4.500€. The capital should be deposited during the company's establishment. It is not compulsory for the capital to comprise only cash; it may also comprise contribution in kind, that is contribution of assets (e.g. property). The company is liable for debts and obligations with its own assets and not the partners' personal assets. In contrast to personal companies, the assets of a company are clearly distinguished from the assets of its founders and partners.

A general partner, in both a general partnership company and a limited partnership company (where there is at least one general partner and many limited partners), is a partner with unlimited liability (responsible for all the company's debts, not limited to a fixed amount of the company's debts) for all of the company's obligations with his/her personal assets.

## **II. The Articles of Association:**

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 contain at least the following:

- a. The partners' names, surnames, professions, residence and nationality.
- b. Company's name.
- c. Registered seat and purposes of the company (the registered seat may be a Municipality or a Community of the Greek State).
- d. State explicitly the type of company as a limited liability company or a SA
- e. 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.
- f. 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.
- g. 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 the management control between the partners.

### III. **One Stop Shop:**

The parties instead of having to deal with various authorities they will just need to stop to one public office responsible for the registration and legalisation of the company. Moreover, the founding parties will have to collect the documents required for the establishment of the company, pay a flat duty and provide this data to the "one-stop-shop" authority mentioned above, which will co-operate with all other public authorities



involved (Chambers of Commerce, Tax Authorities and Social Security Funds etc.) in view of establishing the company.

The main innovation consists in the introduction of "one-stop-shops", which will carry out any action required for the establishment of companies. The competent General Commercial Registry of each Chamber of Commerce will be the "one-stop-shop" for the establishment of a general partnership and a limited partnership, whereas the Notary Public before whom the establishment notary deed will be executed will act as an "one-stop-shop" for limited liability companies, société anonyme companies, as well as for all other legal entities whose establishment is effected by virtue of a notary deed. The new stipulations do not provide for a simplification of the procedures involved in the establishment of Greek branches of foreign corporations.

A flat duty will be paid for the establishment of companies (Company Establishment Flat Cost Receipt), which will include all tax, social security and administrative duties and other contributions and surcharges, excluding the Capital Concentration Tax, legal and notarial fees and the Duty in favour of the Competition Committee, where applicable. Compulsory presence of a lawyer at the time of execution of the notary deed for the incorporation of LLCs or sociétés anonymes will only be required in case the capital of such companies exceeds 100.000€.

More specifically, the "one-stop-shops" will collect documents required for the establishment of entities, register such documents with the relevant General Commercial Registry authorities, issue the entity registration number and social security registration number, request the issuance of the tax registration number from the tax authority, collect the necessary tax clearance certificates, register individuals (partners, administrators or members of the BoD) with the social security



organisation, allocate the flat duty for the establishment of companies, register the company with the (local) Chamber of Commerce etc. In principle, the "one-stop-shops" must proceed with the aforementioned actions on the same day or within the next business day after the completion of the related actions on behalf of the contracting parties.

Entities will be considered to have been established from a legal (corporate) point of view following the registration of the corporate documents with the General Commercial Registry, whereas publication of these documents with the Government Gazette will no longer be required.

#### IV. **Fast Track - Priority Licensing for Investors:**

The first "fast track" legal provisions on the facilitation of licensing for large scale investments in industry, energy, tourism and high technology in Greece, were adopted in December 2010 in order to facilitate not only the licensing, but also the implementation of strategic investments in infrastructure and networks in critical sectors of the economy and industry, such as energy, tourism, transport and telecommunications, health services and waste management, and high technology and innovation, provided that these investments meet certain conditions and criteria in terms of their size and anticipated economic effect. The "Fast Track" law No. 3775/2009 accelerates significantly the licensing procedure for investments in Greece. Under the "Fast Track" law, all required licenses will be issued by one single governmental agency (**"one-stop shop"**), providing integrated service to potential investors.

Moreover, the new "fast track" law has extensive provisions on the qualification procedures for both private and public investments, including public private partnerships, in a transparent manner under the authority of the newly established Strategic Investments Committee of Ministers, with the assistance of "Invest in Greece" S.A., a state owned



company responsible for accommodating and promoting investments in Greece as a 'one-stop-shop' for investors.

- **Prerequisites and criteria:**

Investment plans are evaluated for “Fast Track” based on the following:

- ❖ **Viability of the investment plan and Credibility of the investor.**

The viability of the investment plan and the credibility of the investor are among the decisive criteria which are taken into account in order for an investment plan to take advantage of the “Fast Track Law”.

- ❖ **Spin-off benefits from the investment:**

Moreover, any spin off benefits from the investment are taken into consideration in the course of evaluating the investment. More specifically, some possible benefits are an increase in employment, regional development, improved competitiveness, reinforcement of entrepreneurship, transfer of technology and innovation or increase in export activity.

Apart from these criteria, in order for investments to qualify for the “Fast Track”, their business plans must meet at least one of the following **prerequisites:**

- a. Total investment cost exceeds 200 million €, or
- b. Total investment cost exceeds 75 million € and at least 200 new jobs are created; or
- c. At least 3 million € are invested every 3 years in high technology and innovation regardless of total investment cost; or
- d. At least 3 million € are invested every 3 years in the promotion of environmental protection regardless of total investment cost; or



- e. At least 3 million € are invested every 3 years in training, research and development regardless of total investment cost; or
- f. At least 250 new jobs are created in a sustainable manner.

- **Procedural steps:**

- ❖ **Submission of Application.**

Any investor (Greek or foreign) who intends to make an investment in Greece, that would qualify under the “Fast-Track” law, as described above, must file with “Invest in Greece SA” an application along with a business plan and an impact assessment study. Within a peremptory deadline of fifteen business days from receiving the dossier, the investor is invited to a review meeting with regard to his application.

- ❖ **Review and Evaluation of the Application.**

After the investor submits the application, Invest in Greece reviews the business plan and the impact study and evaluates whether the criteria for inclusion in the Procedure are met.

If the investor submits a complete dossier, Invest in Greece must: a) undertake the completion of all processes and licensing required for launching the implementation of the investment in the name, on order and on behalf of the investor, and b) provide the investor with a progress time table within one month following the review meeting.

Next, the applicant investor is informed of the affirmative decision of Invest in Greece to forward his dossier to the Interministerial Investment Committee (IIC), which is composed of the Minister of Economy and Finance as Chairman, the Minister of Development and other competent government members, and has the responsibility for including supervising and monitoring the investment in the Fast Track Licensing Procedure.

- ❖ **Inclusion of investment in the Procedure**





Following the inclusion of the investment to the Procedure by the IIC, and after the investor has been notified by Invest in Greece, the applicant investor submits a **complete dossier with the documentation** required for approving and issuing the relevant licenses to Invest in Greece, so that Invest in Greece can forward the relevant dossier to the competent services and organisations.

### ❖ **Submission of Documentation to the Competent Services and Organisations**

The Documentation must be submitted within a period of 15 business days from the notification of the decision by Invest in Greece to the competent services and organisations for the inclusion of the investment in the Fast Track Procedure, these organisations must determine whether the documentation dossier is complete. In any case, all elements of the dossier required, but missing, and any required clarifications and additions, must be described in detail in the relevant service's response to Invest in Greece. These organisations have the opportunity to determine if the dossier is complete just once. Each time Invest in Greece receives such information it invites the applicant investor to complete the dossier and it forwards the additional material to the competent services. The dossier is examined by the competent services and organisations in absolute order of priority.

### ❖ **Issue of Licenses.**

After the dossier is examined by the competent organisations, the issue of each license required for the study, construction, financing, and operation of the investments included in the scope of the Fast Track Licensing Procedure is completed within the 3-month deadline that follows the notification of the decision by Invest in Greece regarding the inclusion of the investment in the Procedure to the services and organisations. If within this deadline the services and organisations have



not proceeded to a legally justified refusal to issue the required licenses in writing, the licenses are considered as having been issued.

The Fast Track Licensing Procedure of each investment is concluded by a decision of the Minister of Economy and Finance, which is published in the Government Gazette.

- **Invest in Greece SA:**

“Invest in Greece” is a state owned special purpose company established in the form of a Greek société anonyme. It operates in the public interest for the purposes of attracting, welcoming, promoting and supporting (a) strategic and (b) other foreign or domestic investments in Greece under the supervision of the Minister of the State and the Minister of Economy respectively.

‘Invest in Greece’ is also the executive arm of the State in connection with any public strategic investments or public private partnerships of strategic character. In this connection, ‘Invest in Greece’ not only undertakes to promote and support the strategic investments in question before the competent authorities, in order for these investments to be licensed and implemented in time pursuant to the Fast Track Law, but also undertakes on behalf of the State to prepare the tender documents and complete the relevant tender up to the award of a public strategic project where such a public tender is required by law or by a decision of the Committee.