

Establishing a business in Greece

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A Q&A guide to establishing a business in Greece.

This Q&A gives an overview of the key issues in establishing a business in Greece, including an introduction to the legal system; the available business vehicles and their applicable formalities; corporate governance structures and requirements; foreign investment incentives and restrictions; currency regulations; and tax and employment issues.

This article is part of the multi-jurisdictional guide to establishing a business worldwide.

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Legal system

1. What is the legal system in your jurisdiction based on (for example, civil law, common law or a mixture of both)?

The Greek legal system is a typical civil law (continental law) system. It is especially influenced by German and French law. Greek law is largely codified, unlike Anglo-American common law which is based mainly on case law. Sources of Greek law include:

- Enacted laws (either in the form of codes or other statutes).
- Customs.
- Laws deriving from the EU and international conventions and agreements, which override domestic law.

However, case law is recognised as an indirect source of law, as it is often used in practice to interpret legal provisions and as a guide for the courts of lower instance.

Business vehicles

2. What are the main forms of business vehicle used in your jurisdiction? What are the advantages and disadvantages of each vehicle?

There are two main business vehicles used in Greece.

Partnerships

Partnerships are more common for small enterprises and can take any of the following forms:

- General partnership (*Omorithmi Eteria*). All members have personal unlimited liability against the company's creditors. General partnerships are regulated by Articles 249 to 270, Law 4072/2012.
- Limited partnership (*Eterorithmi Eteria*). At least one member has personal unlimited liability against third parties and at least one other member has limited liability. Limited partnerships are regulated by Articles 271 to 284, Law 4072/2012.
- Undisclosed company (*Afanis Eteria*). The business activity is exercised by a certain person, while other dormant partners participate in the business results without their involvement being published. Undisclosed companies are regulated by Articles 285 to 292, Law 4072/2012.

For the formalities of setting up a partnership, see [Question 5](#).

The advantages of general partnerships, limited partnerships and undisclosed companies include:

- No minimum capital required for the establishment.
- Limited disclosure obligations.
- Closer connection of the partners with the entity towards third parties.

The disadvantages of general partnerships, limited partnerships and undisclosed companies include:

- Personal unlimited liability.
- Higher taxation rates.
- Partnerships are associated with small enterprises.

Capital companies

Capital companies are more commonly used by larger enterprises and are characterised by their limited liability. Liability is limited to the value of the company's assets. Shareholders do not have personal liability.

Capital companies can take any of the following forms:

- **Société Anonyme (SA) or company limited by shares (Anonymi Eteria) (AE).** A minimum capital of EUR24,000 is required. SAs are regulated by Law 2190/1920.
- **Limited liability company (Eteria Periorismenis Efthinis).** Limited liability companies are regulated by Law 3190/1950. No minimum capital is required.
- **Private company (Idiotiki Kefaleouhiki Eteria) (IKE).** IKEs are regulated by Law 4072/2012. No minimum capital is required (see [Question 2, Capital companies](#)).

The advantages of capital companies include:

- Lower taxation rates.
- Limited liability of shareholders.

The disadvantages of capital companies include having greater disclosure obligations.

Corporate entities, including partnerships can be established within two to five days.

Other business structures

Other business structures include (*Article 50, 2219/1920*):

- Agencies.
- Branch offices.

These follow the structure of the parent company.

Directors and shareholders for all the above forms of business vehicle are personally liable to the Greek State.

An agency or a branch office must be through a registration and publication procedure.

The advantages of agencies and branch offices include:

- Application of double taxation avoidance treaties.
- Deduction of parent company expenses.

The disadvantages of agencies and branch offices include:

- Personal liability of the directors and shareholders.
- Its structure and operation is limited by the structure of the parent company.

The applicable formalities include:

- Authorisation for the establishment by the local competent authority.
- Submission of various documents of the parent company to the local competent authority.

Societas Europaea (SE) companies have been introduced in Greece (*Law 3412/2005, Framework of Provisions for the Formation and Operation of SEs and Presidential Decree 91/2006, Concerning the Role of Employees in the European Company*). However, the SE is not a commonly used corporate structure in Greece. Between 2011 and 2013, only two SEs were established in Greece.

Establishing a presence from abroad

3. What are the most common options for foreign companies establishing a business presence in your jurisdiction?

Foreign companies usually establish their business presence in Greece either through:

- A corporate entity such as a:

- *Société Anonyme*;
- limited liability company;
- private company.
- A branch office.
- Appointing an agent (for example a commercial agent or distributor).

See [Question 2](#).

4. How can an overseas company trade directly in your jurisdiction?

An overseas company can trade in Greece either directly or through an establishment.

Direct trade falls under the control of export, import and custom provisions or regulations.

To establish a branch office, an initial approval by the local competent authority is required. To complete the establishment of a branch office, the registration formalities of the other corporate forms must be followed (see [Question 2](#)). It is necessary to register the company with the:

- General Commercial Registry (GEMI).
- Tax Authorities.
- The competent Chamber of Commerce and Industry.

Agency, representation and distribution agreements are not subject to special registration formalities.

5. What are the formalities for setting up a partnership?

A general partnership is a company with distinct legal personality. All partners are jointly liable for the company's obligations. The responsibility is considered to be personal, direct and unlimited (see [Question 2](#)).

A limited partnership is a company with a distinct legal personality, that consists of at least one partner with unlimited liability for the company's obligations and at least one partner whose responsibility is limited to the value of his or her share of the company's capital.

To establish either a general or a limited partnership, a written agreement of at least two parties (natural or legal persons) must be submitted to the Company's Register General Commercial Registry's (*Geniko Emporiko Mitroo*) (GEMI) "one-stop-shop" service along with the following documents:

- Application for the registration.
- Application for the approval of the company's name and registration to the competent chamber.
- Payment of duties.
- Payment of capital concentration tax. This applies to certain types of accumulation of capital specifically provided by law. Capital concentration tax represents an expense for the companies and is deductible for tax purposes.
- Lease agreement or the title of the ownership for the place of their seat.
- Application for the granting of a tax registration number and the registration of the shareholders and directors to the competent social security organisation; the Insurance Organisation for the self-employed (*Organismos Asfalisis Eleftheron Epaggelmaton*) (OAEI).

The one-stop-shop deals with applications on the same or following day.

6. What are the formalities for setting up a joint venture?

Under Greek law joint ventures are not regulated as a distinct type of legal entity. In practice joint ventures can take the form of either a:

- Legal entity, jointly held by two or more shareholders. For the establishment of a joint venture a private agreement suffices, however, it must be in writing.
- Consortium or association between two or more independent entities to dedicate capital and resources for the completion of a specific project. This form of joint venture does not have legal personality, therefore is not considered a

distinct entity but rather as an undisclosed partnership or a civil company. However, if the consortium is registered in the Company's Register (GEMI) or it arises without having been registered, it obtains legal personality and can be made bankrupt. If the consortium is engaged in commercial activity, registration is mandatory and the provisions for a general partnership apply by analogy.

7. Are trusts available in your jurisdiction?

Greek law does not include specific provisions for trusts, but recognises the concept in the form of a foundation. Private agreements can replace the absence of specific regulations, to the extent that they do not violate Greek law. Trusts can be used as a legal instrument by other types of corporate entities.

The answers to the following questions relate principally to *Société Anonyme (SA)* .

Forming a private company

8. How is a private limited liability company or equivalent corporate vehicle most commonly used by foreign companies to establish a business in your jurisdiction formed?

Regulatory framework

Limited liability businesses under Greek law can take several forms (see [Question 2, Capital Companies](#)).

Due to its familiar business structure, a foreign company usually establishes its business in Greece through a *Société Anonyme (SA)*. The private company (*Idiotiki Kefaleouhiki Eteria*) (IKE) was introduced in Greek law in 2012 and its use is now increasing. Although an IKE has no minimum capital requirement, it must prepare annual financial statements in the same way as an SA and annually withhold a percentage of its profits as a reserve.

The answers below relate to the business form of an SA as this is considered the most commonly used form of business entity for foreign companies.

An SA is a commercial company and is regulated by the Codified Law 2190/1920 (Law on Companies Limited by Shares), as amended from time to time. The articles of incorporation regulate the operations of an SA and define its modus operandi.

In April 2011, a new process for setting up companies was introduced (*Law 3853/2010 and Joint Ministerial Decision K1-802 (Law on Simplifying the Establishment of Companies)*). Under the new process, all existing public authorities competent for the completion of the various steps required to establish a company are replaced by a single authority (one-stop-shop). Interested parties deal with only one authority. Depending on the form of establishment, the authority may be the General Commercial Registry (GEMI) for partnerships and private companies or a notary public for an SA and limited liability company (EPE). The authority is responsible for all the formalities in respect of other competent authorities.

Tailor-made or shelf company

Greek law does not make provision for tailor-made companies. Typically, all companies must have one of the structures provided by Greek law, as there is a closed number of existing structures. Shelf companies can be used in Greece; however, their use is not common.

Formation process

For an SA, a notary public is the competent authority to act as the one-stop-shop (see above, [Regulatory framework](#)).

The notary public draws up the notarial deed for the establishment of the SA, which includes the company's articles of association. The notary public deals with all other formalities in respect of other authorities that are needed for the company to operate (such as registration with the GEMI and the tax authorities).

The costs of establishment amount to the following:

- The company establishment note: EUR70.

- GEMI registration fee: EUR10.
- Chamber of Commerce registration fee which varies depending on the respective Chamber.
- Registration fee of the Insurance Organisation for the Self-Employed (*Organismos Asfalisis Eleftheron Epaggelmaton*) (OAEE) which amounts to 50% of the insurance premium of the pension branch of the third insurance category of new insurers (category 003): EUR111.
- Capital accumulation tax (1% of the capital stated in the articles of association).
- Duty paid in favour of the Hellenic Competition Commission, the Greek regulatory authority for competition issues. (0.1% of the capital stated in the articles of association).
- Notary's fee. For the:
 - drawing of the contract: EUR44.02 plus EUR6 per page, plus 23% VAT;
 - issue of copies: EUR5 per page, plus 23% VAT.

Before establishment, founders must decide on the information relating to the company to be included in the articles of association, in particular:

- Company's name and distinctive title.
- Company's scope.
- Registered seat.
- Duration of the company.
- Amount of company's capital and method of payment.
- Type, quantity and nominal value of shares.
- If more than one type of share is issued, the number of each type of share.
- Whether there is an option to convert registered shares to bearer shares and vice-versa.
- Meeting, formation, operation, voting majorities and responsibilities of the board of directors.
- Meeting, formation, operation, voting majorities and responsibilities of the general assembly.
- Auditors.
- Shareholders' rights.
- Balance sheet and allocation of profits.
- Dissolution of the company and liquidation of assets.
- 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) and the auditors of the first fiscal period, if the company is subject to audit.

The total amount of expenses required for the establishment of the company. Founders must find the premises where the company will be seated. The premises are usually leased and not owned by the company.

If the founder of the company to be established is a foreign legal entity, it must submit the following documents to the one-stop-shop through its proxy and/or representative:

- In the case of countries that have signed the HCCH Convention on the Conflicts of Laws Relating to the Form of Testamentary Dispositions 1961 (Hague Testamentary Dispositions Convention) (*Article 4*):
 - the supervising authority's certified copies, bearing an apostille stamp of:
 - the current articles of association;
 - registration and the existence of registered offices.
- If the country of origin has not signed the Convention, copies of the above certified by a consulate and officially translated.
- Resolution of the company's competent body regarding the establishment of the Greek entity, including the resolution on the basic content of the articles of association as mentioned above, officially translated.
- Authorisation document of the person representing the founder for the establishment of the company in Greece.

Foreign persons, that are to be members of the board of directors also need a personal Greek tax registration number, which can be issued by the one-stop-shop authority.

Company constitution

The articles of association is the document that regulates the existence and operation of the SA and defines its modus operandi. In addition, a shareholders' agreement (company's bye-laws) may be executed between some or all the shareholders.

The articles of association are:

- Submitted to the GEMI.
- Published in the respective bulletin of the Greek *Government Gazette*.
- Binding both on all the shareholders and any third party having any relation with the company.

On the other hand, a shareholders' agreement is binding only on its signatories. Therefore, acts violating the provisions of the articles of association may be considered null and void against the company, whereas a violation of the shareholders' agreement could be the basis of liability claims between the signatories.

Financial reporting

9. What financial reports must the company submit each year?

The annual financial statements of a *Société Anonyme* (SA) are approved by the board of directors (that is, signed by the chairman, managing director or other member of the board of directors and the head of the accounting department) and must also be submitted for approval to the annual general meeting. Annual financial statements include the:

- Balance sheet.
- Loss and profits statement.
- Appropriation of the profits.
- Appendix (containing any notes).
- In the case of listed companies and/or subject to consolidated accounts details of changes in equity and a cash flow statement (*Law 3487/2006*).

Special provisions exist for the following types of company:

- Banking and insurance.
- Portfolio investment.
- Mutual fund management.

Small companies, as defined by the law, can publish concise balance sheets under certain conditions.

Branches keep books and accounting records as the law specifies for each activity.

Trading disclosure

10. What are the statutory trading disclosure and publication requirements for private companies?

Founders of a *Société Anonyme* (SA) are free to decide the company's name (or corporate title), which is formed according to the subject of its business. The company's name can also include the name of a founder or the name of another commercial company. However, the corporate title must include the words "*Société Anonyme*" demonstrating the legal form of the company, and a word describing its main field of business (for example, *Commercial Société Anonyme*, *Construction Société Anonyme* and *Banking Société Anonyme*). Beside the corporate title, a company can have a distinctive title, far removed from its corporate title.

The following acts and information relating to a Greek SA must be published:

- Incorporation act and articles of association.
- Amendments to the articles of association and the codified text.
- The appointment or removal of persons that manage, represent or are competent to undertake the company's annual auditing.
- Any increase or decrease of share capital.
- Verification of share capital: a decision of the board verifying that the capital has been paid.
- Annual financial and logistic statements.
- The dissolution of the company.
- A court decision which declares the company bankrupt or annuls decisions of the general assembly.
- The appointment of liquidators.

- The balance sheets of the liquidation including the final balance sheet.
- Deletion of the company from the registry.
- Other data required by specific provisions.

The SA must display its name but is not obliged to maintain a sign at its premises. Documents of the company, either in hard copies or in electronic form, must include, the company's:

- Registration number with the General Commercial Registry.
- Registration number.
- Legal form, name, seat and liquidation where relevant.

This also applies to the company's website.

11. How do companies execute contracts or deeds?

The *Société Anonyme* is represented in court and extra-judicially by the board of directors, acting collectively. The *modus operandi* and the authorities of the board of directors are regulated by the articles of association and the board's decisions, which may be granted to specific representative persons who may or may not be members of the board. Decisions are published in the respective bulletin of the Greek *Government Gazette*. The board can be granted the authority to appoint a third party to execute contracts or deeds.

Membership

12. Are there any restrictions on the minimum and maximum number of members?

A *Société Anonyme* can be established by one or more natural persons or legal entities. It can also become a single shareholder company by the concentration of all the shares in a single shareholder.

Minimum capital requirements

13. Is there a minimum investment amount or minimum share capital requirement for company formation?

The minimum share capital required for the establishment of a *Société Anonyme* by shares is currently EUR24,000. However, there are higher thresholds for companies operating under sector-specific legislation (for example, credit institutions, investment services firms and insurance undertakings).

14. Are there restrictions on the transfer of shares in private companies?

Articles of association

The company's articles of association can provide for the transfer of:

- **Shares to the bearer.** Shares to the bearer, not quoted on the stock exchange, are transferred by agreement and the delivery of the share certificates to the purchaser. The transfer of bearer-dematerialised shares quoted on the stock exchange is effected by a book entry of the transaction in the records kept by the dematerialised security system of the Athens Stock Exchange.
- **Registered shares.** Registered shares not quoted on the stock exchange are transferred by a respective entry in the company's shareholders and shares' registry, signed and dated by the contracting parties. The transfer of dematerialised registered shares quoted on the Stock Exchange is effected by a book entry of transaction in the records kept by the Dematerialised Security System of the Stock Exchange.

With the exception of share transfer by reason of death, the company's articles of association can provide for restrictions regarding the transfer of registered shares, such as the:

- Requirement of a prior approval by the company's board or a general meeting of the shareholders and the provisions of the terms under which a refusal of an approval of a transfer is permitted (bound registered shares).
- Prohibition on transfer if the shares have not been previously offered to the rest of the shareholders or to some of them.
- Identification by the company, of the shareholder or the third party who will acquire the shares in case a shareholder wants to transfer them.

The articles of association must provide for the procedure, conditions and the time period within which the company approves of the transfer or indicates a buyer. If the time period elapses, the transfer of shares is free.

The restrictions should not render the transfer impossible. Transfers made in breach of the provisions of the articles of association are invalid.

Pre-emption right

The law gives shareholders a pre-emption right over new shares to be issued. This right is proportionate to the number of the existing shares held by the shareholder and is exercised according to the provisions stipulated by company's competent bodies. The pre-emptive right of existing shareholders also applies on bond loans issued as being convertible into shares.

Shareholders and voting rights

15. What protections are there for minority shareholders under local law? Can additional protections be given?

Apart from the rights that each share usually grants to its shareholder depending on its specific type (among others the right to participate and vote in the general meetings of the shareholders, right to receive dividends, and the pre-emption right in new shares to be issued), specific rights are granted by law to minority shareholders, provided they hold a certain percentage of the share capital of the company, (5%, 10%, 20%, 33%). The larger the shareholding, the stronger the rights.

Minority rights relate mainly to procedural matters of the general meeting of the shareholders, information requests, some veto rights and audit over the company. The articles of association can reduce the legal percentages required to exercise minority rights, but not by more than one half of the legal provided. The articles of association may also provide additional protection.

16. Are there any statutory restrictions on quorum or voting requirements at shareholder meetings? Do quorum or voting rights need to be proportionate to shareholdings?

General quorum requirements

Quorum requirements are met when the shareholders who are present or represent at least 20% of the paid-up company capital. If this quorum is not achieved, the general meeting can convene again within 20 days and be in quorum with any percentage of paid-up company capital represented.

Specific quorum requirements

Quorum requirements are met when two-third of the paid-up company capital are present. This quorum threshold applies to:

- A change in the company's nationality.
- Modifications of the object of its business.
- An increase in shareholders' obligations.
- An increase in the share capital which is not provided in the articles of association unless imposed by law or effected by capitalisation of reserves (*Article 13(1) and (2)*, *Codified Law 2190/1920*).
- A decrease in the share capital unless it is effected under Article 16(6), *Codified Law 2190/1920*.
- A change in the appropriation of profits.
- The company's merger, division, conversion, revival, extension of its duration, or dissolution.
- Granting or renewing the powers of the board of directors to increase the share capital (*Article 13(1)*, *Codified Law 2190/1920*).

- Any other case provided in the law.

If the above quorums are not achieved, the general meeting can convene a second meeting within 20 days and be in quorum with one half of the paid-up company capital. If this quorum is not achieved, the general meeting can convene a third meeting and be in quorum with one-third of the paid-up company capital.

The articles of association can provide for additional decisions requiring a quorum of two-thirds of the paid-up capital represented.

The articles of association can require a higher quorum percentage for all or some of the above issues.

Voting rights

All shares give a right to vote. Voting rights are in proportion to the represented share capital.

17. Are specific voting majorities required by law for any corporate actions (for example, increasing share capital, changing the company's constitution, appointing and removing directors, and so on)?

Decisions of the general meetings are taken by an absolute majority of the votes represented in the meeting. Exceptionally, decisions are taken by a two-thirds majority of the votes represented at the meeting (*see Question 16, Specific quorum requirements*).

The company's articles of association can provide that decisions are taken by an increased majority for some or all matters referred to in *Question 16*. However the increased majority provided for the decisions for which the general quorum mentioned in *Question 16* is needed may not be equal or greater than the majority provided for the decision of the matters for which a specific quorum mentioned in *Question 16* is needed.

18. Can voting majorities required by law be disapplied to protect a minority shareholder (for example, through class rights or weighted voting)?

Voting majorities cannot be disapplied to protect a minority shareholder. All shares give a right to vote and voting rights are in proportion to the represented share capital. Exceptions exist only for preferential shares.

Sectoral restrictions

19. What are the conditions or restrictions on establishing a business in specific industry sectors? Are there industry sectors in which it is not permitted to establish a business?

Banking and credit institutions

Credit and financial institutions are the two categories of banking enterprise eligible to be established and operate in Greece. The Bank of Greece is the competent national authority that supervises and monitors their establishment and operation pursuant to the applicable Greek and European legislation.

Credit institutions can only be established and operate under the form of a *Société Anonyme* (SA) or a credit co-operative (*Law 1667/1986*). The Bank of Greece must give its authority before the credit institute starts operating. Credit institutions established and operating in Greece must have their central management in Greece.

Insurance

Supervision of the Greek private (re)insurance industry is mainly governed by Legislative Decree 400/1970, as amended from time-to-time in line with EU sector-specific legislation. The Decree covers all primary aspects of the (re)insurance undertakings:

- Licensing.
- Conduct of business.
- State supervision.

- Solvency requirements.
- Winding up proceedings.

An insurer domiciled in Greece must be incorporated as an SA or a *Societa Europea*. Public entities can undertake insurance risks pursuant to the provisions of Decree 400/1970. Non-life risks can also be undertaken by mutual insurance co-operatives. The insurer's scope of activities must be restricted to the provision of (re) insurance business, such as risk assessment, underwriting, risk management and solicitation of clients, and its management and key shareholders must be sound and prudent. The majority of the undertaking's board of directors must be Greek or EU/EEA residents and the actual administration of the company must be conducted in Greece. The registered capital of a Greek insurance undertaking must be equal to the minimum guarantee fund.

Foreign investment restrictions

20. Are there any restrictions on foreign shareholders?

There are no specific restrictions on foreign shareholders.

21. Are there any exchange control or currency regulations?

Since 2001, Greece has been a member of the Eurozone and the Eurozone general currency regulations apply. There are no serious restrictions regarding the conversion of currency. Banks and other financial institutions operating in Greece are entitled to enter into foreign currency transactions on their own account and at their own risk (*Law 2842/2000 on the Replacement of the Drachma by the Euro*).

22. Are there restrictions on foreign ownership or occupation of real estate, or on foreign guarantees or security for ownership or occupation?

In general there are no restrictions on foreign ownership or occupation of real estate. Restrictions exist for both nationals and foreign nationals in relation to acquiring real estate situated in forest, coastal or archaeological areas. However, the acquisition of and contracts regarding real estate in border areas (as these areas are defined by law) by non-EU citizens needs approval by the authorities.

Directors

23. Are there any general restrictions or requirements on the appointment of directors?

A director or member of the board of directors can either be a natural person or a legal entity. A legal entity must appoint a natural person to exercise its powers as a member of the board of directors. A director or member of the board of directors must be at least 18 years old to have legal capacity (*Civil Code*). There are no nationality or other restrictions.

Board composition

24. What are the legal requirements for the composition of a company's board of directors?

Structure

A Greek *Société Anonyme* company has a one-tier board of directors. The board of directors manages the company and conducts daily business.

Number of directors or members

The board of directors must consist of at least three members. There is no maximum number of board members stipulated by law. The company's articles of association define the:

- Number of members on the board of directors.
- How the board members are elected.
- Board of directors' length of term and *modus operandi*.

Employees' representation

Greek law does not provide for an obligatory representation of employees on the board of directors. The company's articles of association can regulate the matter according to the needs of the company.

Reregistering as a public company

25. What are the requirements for a business to reregister as a public company?

Membership

Only a *Société Anonyme* can apply to be listed on the Athens Stock Exchange.

Share capital

Admissible companies must have a minimum equity.

The applicant company's shares must be sufficiently distributed to the public. Distribution is considered to be sufficient if at least 25% of the shares to become listed are distributed to the public.

The following persons are exempt from the calculation of a sufficient distribution:

- Members of the board of directors of the applicant company.
- Managers of the applicant company.
- Close relatives (such as, children and parents) of major shareholders.
- Suppliers or persons collaborating with the company.
- Existing shareholders who acquired shares within a year of the company's application, unless they are institutional investors or business-sharing companies.

Shares can be listed on the Athens Stock Exchange without the above distribution requirements if at least 5% of the shares to become listed are distributed, on account of the:

- Size of the company.
- Large number of shareholders.
- Extent of the distribution of shares.

Tax

26. What main taxes are businesses subject to in your jurisdiction?

Corporate tax is imposed on the annual profits of the company before the distribution of dividends or profits or fees to directors and payments to employees. Taxable profit is the total gross income less the allowed expenses incurred from the operation of the enterprise in achieving its goals. Allowed deductions include:

- Fixed asset depreciation (calculated annually at fixed rates).
- Capital losses.
- Interest deductions.
- Stock and inventory.

Capital gains are considered as income for tax purposes. However, for certain capital assets, taxes on capital gains can be deferred under certain conditions. Capital gains are also subject to advance taxes at percentages which depend on the disposed asset. Losses can be carried forward to be set off against profits in the five subsequent accounting years.

The tax rate applicable to profits generated by a *Société Anonyme* (SA) is 26%. An SA must file its annual tax statement by 10 May of the subsequent accounting year.

27. What are the circumstances under which a business becomes liable to pay tax in your jurisdiction?

Tax resident

Resident entities are taxed in Greece on their worldwide income.

A company is resident if either its legal seat or its place of effective management is in Greece.

Under Greek income tax legislation, a foreign company is considered to have a permanent establishment in Greece, if it is engaged in the following activities:

- Operating a shop, agency, branch office, office, warehouse, factory or workshop, or an installation for the purpose of exploiting natural resources.
- Processing raw materials or agricultural projects.
- Carrying out business or rendering services through an agent authorised to negotiate and conclude contracts in its name (dependent agent).
- Maintaining a stock of merchandise out of which orders are executed for its account.
- Participating in a Greek partnership or limited liability company (see [Question 2](#)).

Non-tax resident

Non-resident entities are taxed only on profits from Greek sources.

28. What is the tax position when profits are remitted abroad?

As a general rule, there are no restrictions on the transfer of capital and/or profits. The provisions that do exist do not create impediments to the transactions. A significant requirement is that any monetary transactions to foreign countries must be routed through banking institutions legally operating in Greece. Other requirements include necessary regulations to combat money laundering or tax evasion.

29. What thin-capitalisation rules and transfer pricing rules apply?

Thin capitalisation rules

Thin capitalisation rules apply with respect to the deductibility of accrued interest of loans, bonds, or credits which are paid or credited to affiliated enterprises (on condition that the ratio of loans or credits to the enterprise's net assets does not exceed 3:1 on average, per fiscal year). According to the provisions of tax law, affiliated companies are companies characterised by a direct or indirect substantial administrative or financial dependence or control relationship. Certain companies are exempted from these provisions, including:

- Leasing companies (*Law 1665/2986*).
- Factoring companies (*Law 1905/1990*).
- Companies seated in Greece to which Law 3156/2003 and Law 3601/2007 applies.
- Credit companies (*Law 2937/2001*).
- Companies which provide investment services and credit institutions (*Law 3606/2007*).

Transfer pricing rules

The recent amendment to Articles 39 and 39A of the Greek Income Tax Law include the following transfer pricing provisions (*Law 4110/2013*):

- Transfer pricing provisions cover all intercompany transactions, not only the sale of goods and the provision of services. It is expressly provided that loan agreements, transfers of shares, transfers of partnership parts and transfers of real estate must be documented for transfer pricing purposes.
- Thresholds of the transactions that must be documented. Intercompany transactions with one or more associated enterprises are exempt from the documentation obligation if they do not exceed either:
 - EUR100,000 in total, if the gross revenues of the financial year for all associated enterprises does not exceed EUR5 million.
 - EUR200,000, if the gross revenues of the financial year for all associated enterprises exceed EUR5 million.
- Greek companies must report and document all their intercompany transactions, not just their cross-border transactions.
- Rules regarding the update of the transfer pricing documentation and the documents that must accompany an update.
- Transfer pricing documentation must be submitted within 30 days of a request from the tax authorities.
- From 1 January 2014 enterprises can enter into advance pricing agreements (APAs) relating to the pricing of specific future transactions with associated companies.

Grants and tax incentives

30. Are grants or tax incentives available for companies establishing a business in your jurisdiction?

In Greece, the basic legislative instrument for the promotion of private investments (both foreign and domestic) is the Investment Incentives Law 3908/2011. Provisions introduced, concern the liquidity and acceleration of the grant disbursement procedures, and enhancing transparency and auditing procedures.

In addition, Law 4146/2013 on the Creation of a Development Friendly Environment for Strategic and Private Investments of the Ministry for Development, Competitiveness, Infrastructure, Transport and Networks, aims at modernising and improving the institutional framework for private investments, subject to investment laws.

Categories of subsidised investments

Subsidised investments comprise the following:

- General entrepreneurship: all enterprises irrespective of the sector.
- Regional cohesion: investors with projects that address local needs or capitalise on local competitive advantages.
- Technological development: enterprises that invest in innovation and want to upgrade their technology infrastructure.
- Youth entrepreneurship: investors aged between 20 and 40 years old.
- Large investment plans: investments with a minimum budget of EUR50 million.
- Integrated, multi-annual business plans: companies legally formed for a minimum of five years before the application, to implement integrated multi-annual, two-to five-year business plans with a total minimum budget of EUR2 million.
- Partnerships and networking: partnerships and networking configurations or clusters. These clusters must be comprised of at least five enterprises in the region of Attica and the Thessaloniki Prefecture and of at least three enterprises in other prefectures, operating in the form of a consortium.

Types of incentives

There are a variety of incentives, such as:

- Tax relief: exemption from the payment of income tax on pre-tax profits arising from any and all of the enterprise's activities.
- Subsidy: gratis payment by the State of funds to cover part of the subsidised expenditure of the investment.
- Leasing subsidy: includes payment by the State of a portion of the instalment paid under a leasing agreement executed to acquire new machinery and/ or other equipment.
- Soft loans by the National Fund for Entrepreneurship and Development (*Ethniko Tameio Epixeirimatikititas kai Anaptiksis*) (ETEAN): the amount to be covered by a bank loan can be funded by soft loans from credit institutions that co-operate with ETEAN enterprises.

Application procedure

There are a number of different methods of application:

- Online registration at the Information System for Regional State Aid through the website (www.mindev.gov.gr, www.ependyseis.gr, www.investingreece.gov.gr). On registration, applicants are provided with a personal code.
- Electronic submission of the required supporting documents, technical, and financial data. Applicants must print and keep documents in their possession.
- Submission of application form and all investment documents (including original documents) to the competent Investor Service Office. All supporting documentation submitted in paper form (hard copies) must also be submitted in electronic form.

For more information, see below, [Online resources](#).

Employment

31. What are the main laws regulating employment relationships?

The standards that apply to employment relationships and the terms and conditions under which an employee works, are laid down within a framework of rules that include:

- The Constitution.
- Various laws.
- Collective agreements.
- Internal regulations (in the employer company).
- Customs.

In broad terms, labour law regulates matters such as:

- Remuneration.
- Benefits.
- Allowances.
- Other working conditions.

Collective agreements and internal regulations usually regulate other issues such as:

- Annual wage increases.
- Cost of living adjustments.
- Allowances and benefits increases.
- Equal access to promotion opportunities.
- Promotion at work.

There is a hierarchy of the legal sources of law. In general, provisions from a lower source (for example, a contract), must not conflict with those from a higher source (for example, a legislative rule), except where the provisions of the lower source are more favourable to the employee. Legislation is a higher source of law than the collective agreements, but the provisions of an employment contract cannot conflict with an applicable collective agreement, unless that contract is more favourable to the employee.

In recent years, various changes have been made in the form of austerity measures taken due to the financial crisis in Greece. Collective agreements cannot be declared compulsory for non-contracting parties during the mid-term fiscal strategy period. Most collective agreements have already expired or been terminated and are now in their after-effect period. As a result, basic salaries are now regulated by the law.

32. What prior approvals (for example, work permits, visas, and/or residency permits) do foreign nationals require to work in your jurisdiction?

An approval of employment must be obtained from the general secretary of the decentralised administration of the place where a non-EEA national is to be employed. The application is submitted to the decentralised administration of the employer's place of business and is accompanied by various documents and certificates. The approval is forwarded to the consulate of the foreign national's place of residence which issues the respective visa permitting his entry into Greece. A residence permit must also be obtained from the competent decentralised administration.

Less stringent provisions apply in relation to certain categories of senior employees, including:

- Management-level employees.
- Board members of multinational companies.
- High-ranking executives of subsidiaries and/or branch offices of foreign companies.

These employees can enter Greece after obtaining a special entry permit from the Greek Consulate in the applicant's country of residence. The application for an entry permit must be accompanied by a number of specific documents. On arrival in Greece, the decentralised administration issues a residence permit on the production of the entry visa and employment contract.

The above procedure for the issuance of residence permits may be subject to change. A draft bill for a unified Immigration Code is due to be submitted to parliament.

Proposals for reform

33. Are there any impending developments or proposals for reform?

Greece's regulatory reforms have simplified the process of starting a business. Further reforms on the following fields would further enhance the operation of businesses:

- Transfer of commercial property.
- Facilitation of corporate transactions.
- Shortening of the procedure relating to the dissolution of corporate entities.
- Delays in the judicial system that have weighed heavily on Greece's image as a destination for investment.

The regulatory authorities

General Commercial Registry (GEMI)

Main activities. This is the new single electronic company registry that replaces the existing companies' registries kept at the prefectures and the courts of first instance.

W www.businessportal.gr/

Hellenic Notary Association

Main activities. Notaries act as a "one-stop-shop" service for setting up *Soci t  Anonyme* (SA) and limited companies, as well as all personal companies that, according to special legislation must have their articles of association notarised (*Law 3853/2010*).

W www.hellenicnotaryassociation.gr/

Hellenic Ministry of Development and Competitiveness/General Secretariat of Commerce

Main activities. Hellenic Ministry of Development and Competitiveness/General Secretariat of Commerce is responsible for overseeing the formalities in respect of SAs.

W www.mindev.gov.gr/

<http://gge.gov.gr/>

Region of Attica/Directorate of Development

Main activities. Regions of Greece are responsible for overseeing the formalities in respect of SAs.

W www.patt.gov.gr

Online resources

Invest in Greece S.A.

W www.investingreece.gov.gr

Description. The official website of the official Investment Promotion Agency of Greece under the supervision of the Ministry for Development and Competitiveness that promotes and facilitates private investment. Updated and provided in English.

Hellenic Ministry of Development and Competitiveness

W www.mindev.gov.gr/

Description. The official website of the Hellenic Ministry of Development and Competitiveness (updated).

General Secretariat of Commerce

W <http://gge.gov.gr/>

Description. The official website of the General Secretariat of Commerce (updated).

Table: Establishing a Société Anonyme (SA) or company limited by shares (Anonymi Eteria (AE) in Greece

Jurisdiction	Minimum members required	Minimum directors required	Minimum share capital requirements
Greece	One	Three	EUR24,000

Contributor profiles

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