



**CHRISTODOULOS G. VASSILIADES LAW FIRM**  
*Advocates - Legal Consultants*

## **OVERVIEW OF THE GREEK PRIVATE COMPANY**

October 2015



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*Law 4072 of 2012 (the "Law") introduced in Greece a new type of company, the Private Company ("PC") ("Idiotiki Kefalaouchiki Etaireia" or "IKE" in Greek) in order to meet the growing need for a modern and flexible limited liability middle- sized company.*

*After three years since its creation, the Private Company may be characterised as a success with the establishment up to this day of over 10000 Private Companies since 2012 and a clear preference of businesses to choose this type of company over the pre- existing structures, according to an announcement of the Ministry of Development in April 2014.*

## **GENERAL INFORMATION AND STRUCTURE**

The Private Company is a company with legal personality. It is qualified as a commercial company, even if its object is not to carry commercial activities.

A Private Company may be incorporated by several persons (called "members" or "partners") or by a single person and in such case it shall be called single-membered. The members may be natural or legal persons.

The capital of the PC is determined by the members without any restriction from the Law, as there is no minimum share capital requirement. The members may participate in the company either by capital contributions, non- capital contributions or guarantee contributions.

The PC alone is liable with its property regarding the company's obligations, with the only exception of the case where a member participates in the company with guarantee contributions and thus undertakes a liability towards third parties for the debts of the company, up to a specific amount which is defined in its articles of association ("Articles").

## **ESTABLISHMENT**

A PC may be incorporated by means of a private document, unless a notarial deed is specifically required by the Law (e.g. in cases where real estate is contributed to the company's capital) or if the partners prefer so. The company acquires the legal personality with its registration at the General Commercial Register ("GEMI"), following the "One Stop Shop" procedure of incorporation.

According to the provisions of the Law, the Articles and any amendments thereto, to the extent that they constitute private documents, as well as any resolutions and minutes of the partners' meetings, may be drafted also in one of the official languages of the EU. In the relations of the company and its partners with third parties however, the Greek text shall prevail. The PC is established for a specific duration, which, unless otherwise determined by the Articles, is 12 years, and may be extended by resolution of the members. The seat of the company is in the municipality determined in its Articles, and the effective management may be abroad. Furthermore, the PC may transfer its seat to any other member state of the European Economic Area.

Finally, within a month from its incorporation, the PC must create a website, featuring certain information prescribed by law.

## **MANAGEMENT**

The PC is managed and represented by one or more managers, which must necessarily be natural persons.

The Articles may contain provisions for the management and representation of the company, and unless otherwise provided therein, the management and representation of the PC is carried out collectively by the members or by the single member of the company.

The members may appoint one or more managers, and in case more than one are appointed, the managers act collectively, unless otherwise determined by the Articles.

The managers represent the company and perform in its name any actions concerning its management, the administration of its assets and generally the pursuit of its objects.

The managers have an obligation of loyalty towards the company and are liable towards the latter in case of breach of the Law, the Articles and the decisions of the members, as well as for failures in the management of the company.

## **MEMBERS' MEETINGS**

The members of the PC have the authority to resolve on any corporate matter, and further have the exclusive competence to resolve on certain subjects enumerated in the Law.

Meetings may be held at any place provided in the Articles, whether in Greece or abroad, and the articles may provide that the meetings may be held through teleconference.

## **CAPITAL, CONTRIBUTIONS AND SHARES-PARTS**

There is no minimum requirement in relation to the share capital of the PC.

The contributions of the members in order to participate in the company may be of 3 kinds:

- Capital contributions, in cash or in kind.
- Non- capital contributions, being assets which are not subject to evaluation (such as the obligation to provide services, for example), and the value of which is defined in the Articles.
- Guarantee contributions, being the undertaking by a partner of a liability against third persons for the obligations of the company, up to an amount determined in the Articles.

It is worth noting that it is not required, for the establishment of a PC, to have all three kinds of contributions mentioned hereinabove.

The nominal value of each share- part is at least 1 euro, and must be the same for all corporate share-parts, regardless of the type of contribution. A share- part cannot be represented by shares (in the sense of securities). The company may issue a document to each member for the share- parts that the said person holds, but such documents are not securities.

Unless otherwise provided in the Articles, there is no restriction to the transfer of the share-parts, with the exception of a member holding share- parts which correspond to non- capital contributions or guarantee, which have not been fully paid, and thus is not allowed to transfer them unless such contribution is converted into capital contribution and then fully paid.

The Articles of the PC may however provide for restrictions in the transfer or encumbrance of share-parts, and may also provide for rights of pre-emption.

The transfer or encumbrance of share-parts during the life of a member must be in writing and must be notified to the company. The managers shall then register the transfer or encumbrance of the share-part in the book of members, and as of that date it shall be opposable to third parties.

## **INSURANCE**

Registration at the social insurance organisation (OAEE) is compulsory for the managers of the PC and for the sole member, in case the PC is single-membered.

However, persons who are already insured in a public insurance organisation of another EU member-state may obtain a relevant exemption from the payment of the insurance fees in Greece.

## **TAXATION**

The tax regime of the PC is the same as that applied to Greek Limited Liability Companies, and as such:

- Corporate Income Tax rate: 29 %
- Withholding Tax on Dividends: 10%

Before any distribution of profits, 1/20 of the net profits is withheld by the company for the formation of a reserve, which may either be capitalised or set-off against losses.

## **ADVANTAGES**

### **OF THE PRIVATE COMPANY IN RELATION TO OTHER TYPES OF GREEK COMPANIES**

- Zero capital requirements.
- Quick establishment with minimum expenses (as usually the involvement of a Notary is not required) and simplified procedure.
- Provided the Articles comply with the requirements of the Law, they may be drafted accordingly to suit the particular needs of a type of business as well as of its members, enabling the company to be shaped either closer to a partnership or closer to a Societe Anonyme.
- Very flexible corporate form (meetings can be held through teleconference and abroad, any amendments and changes are made by a private agreement).
- Corporate documentation may be drafted also in any official EU language.
- Only the manager and the sole member (in case of a single-membered PC) are subject to compulsory registration at the local insurance organisation (as opposed to all members/partners in other types of companies).

**FOR ANY FURTHER INFORMATION AND OR  
CLARIFICATION PLEASE FEEL FREE TO CONTACT US**

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*\* This document does not amount to professional legal advice as it is only intended for informational purposes.*