

COMPANY FORMATION IN GREECE

MAIN FORMS OF COMPANY/BUSINESS IN GREECE

The main forms of business are:

Companies

A company may be either a corporation (Anonymos Eteria, or A.E. for short, equivalent to the Societé Anonymé, S.A.) which is limited by shares or it may be a limited liability company (Eteria Periorismenis Efthinis, or E.P.E. for short) which is limited by share parts. A third form of company is a private capital company (IKE or PCC), which is also of limited liability, according to the contributions made by the partners which can be in the form paid capital, or in kind, or the supply of services etc. The main difference between shares and share parts is that shares can be more readily transferred, assigned, given as guarantee and traded on a Stock Exchange.

Partnerships

There are two forms of partnerships:

- Omorythmos Eteria (O.E.) where the partners' liability is unlimited
- Eterorythmos Eteria (E.E.) where at least one partner has unlimited liability

Sole proprietorships

This is the simplest form of business entity that can be set up and owned by one individual for carrying out any type of activity e.g. manufacturing, trading, professional etc., without going through the formation requirements which are obligatory for the other forms of business entities, such as articles of incorporation, share capital etc. The owner has unlimited liability.

SPECIFIC TAX CONCERNS RELATED TO ESTABLISHING A COMPANY

Corporate bodies are taxed for their profit and capital at the company level and owners are only taxed for dividends or any other form of distribution of profits.

Company profits are taxed at a rate of 29%.

Company dividends are subject to a withholding tax at a rate of 10%, which is final.

VAT is independent of the legal form of the business. The main VAT rate is 23% for all goods not belonging to any special category. For Category 1 goods the VAT is 13%, and for Category 2 goods 6.0%. Some items are exempt from VAT, such as medical services and education. On some islands there is a VAT reduction for Category 1 goods to 16%.

LEGAL ISSUES RELATED TO ESTABLISHING A COMPANY

Only individuals over the age of 18 have the right to participate in the formation of companies. The participation of minors is allowed only following Court permission. Prior to the formation of the company, the interested party must obtain a clearance regarding the company and trade name from the competent Company Chamber. The clearance is valid for two months during which the registration formalities should be completed.

The minimum share capital of an A.E. is € 24.000. There are no minimum capital requirements for either an E.P.E. or an I.K.E. The statutes of both an A.E. and an E.P.E. must be signed before a notary. There is no such a requirement for an I.K.E.

CULTURAL CONCERNS RELATED TO ESTABLISHING A COMPANY

Greece is strategically situated on the cross roads of Europe, Africa and the Middle East.

Greece is a developed country with an open economy that has a heavy reliance on the service sector at 85%. The remaining national economic output comes from the industry sector (12.0%) and the agricultural sector (3.0%). Although Greece is a significant agricultural and fisheries producer within the European Union, the tourist industry forms the basis of the economy. Greek-owned merchant shipping represents 16.2% of the world's total capacity.

OTHER COUNTRY-SPECIFIC ISSUES RELATED TO ESTABLISHING A COMPANY

The main language is Greek. English is widely spoken, especially among professionals and the young, followed by German and French.