

You create business We deliver solutions

Newsflash

1 June 2018

Law 4541/2018 (Official Government Gazette Bulletin A' 93/31.05.2018) «Amendment of Law 3190/1955 on Limited Liability Companies and other provisions».

We briefly outline the main amendments introduced by Law 4541/2018 updating the currently applicable legislative framework regulating Limited Liability Companies. The related legislation will be codified in a single document by virtue of a Presidential Decree which will be issued within one year.

- Establishment of the company with the use of an Articles of Association template is again provided for. In case the use of template Articles is selected, their contents are obligatory by law and deviations are not permitted.
- The provisions on publication explicitly state that all acts subject to publication requirements are published with the General Commercial Registry. The company acquires legal personality as of its registration with the General Commercial Registry.
- Going forward, the corporate name can consist not only of the name of one or more partners or the company's purpose, but also of other words. The company's corporate name can be written, either partially or entirely, in latin alphabet.
- For the international transactions, the terms «Εταιρεία Περιορισμένης Ευθύνης» and the acronym «Ε.Π.Ε.» either one of which must be included in the company's corporate name are translated as 'Limited Liability Company' and as "L.L.C." ή "LTD" respectively (in case of a Sole Partner company, "Single Member Limited Liability Company" and "Single Member L.L.C." ή "Single Member LTD").
- The partnership capital consists either of cash or of contributions in kind, but the contributions in kind must be assets which can be evaluated in cash.
- The minimum nominal value of partnership parts is set to EUR 1.
- Partners' Meetings can be convened at any place mentioned in the Articles of Association, either in Greece or abroad. In case the Articles of Association do not mention a place, the meeting can be held either at the company's registered address or at any other place upon all partners' consent. Further, the meeting can be held by teleconference if all partners consent or the company's Articles of Association provide so.
- The Articles of Association are amended by virtue of a decision of the Partners' Meeting taken by majority of at least more than 50% of the total number of partners representing at least 65% of the partnership capital (instead of the majority of at least $\frac{3}{4}$ of the total number of partners representing $\frac{3}{4}$ of the partnership capital provided under the previous framework). In case of dissolution of the company, the above majority is set to $\frac{2}{3}$ of the total number of partners representing $\frac{2}{3}$ of the partnership capital (instead of the majority of at least $\frac{3}{4}$ of the total number of partners representing $\frac{3}{4}$ of the partnership capital provided under the previous framework), unless otherwise provided in the company's Articles of Association.
- In case of amendment to the Articles of Association due to revocation or resignation of an administrator, transfer of partnership parts and exit or exclusion of a partner, such amendment can be effected by virtue of a decision of the administrator (without a partners' decision), with the standard publication requirements applying in this case as well.

- In case of reduction of the company's net equity below ½ of the partnership capital, the partners' meeting is obligatorily convened to resolve on the taking of the appropriate measures (and not only on capital reduction or dissolution of the company as provided under the previous framework).
- The deadline for the amendment of the Articles of Association in case of reduction of the partnership capital is shortened, and the related amendment can be signed following the expiry of one month from the publication of the related decision of the Partners' Meeting (instead of two months provided under the previous framework).
- Administrator(s) can now be revoked by virtue of a court decision following an application of 1/10 of the number of partners representing 1/10 of the total number of partnership parts provided that there is serious reason for such revocation.
- Each partner can exit from the company by virtue of a declaration addressed to the administrator, unless otherwise provided in the company's Articles of Association. In such a case, the Articles of Association can also provide that the partnership part of the exiting partner will be purchased by a person indicated by the company with the purchase price being either the contractual price agreed between the company and the exiting partner or the real value of the part as determined by a court decision.
- In case the dissolution of the company is not completed within three years, the legislation refers to the legislation regulating Corporations (A.E. companies) (drafting of an acceleration plan by the liquidators and approval by the Partners' Meeting).
- A company which has been dissolved because of expiry of its duration or by virtue of a partners' decision or, if following bankruptcy, it enters into a bankruptcy settlement or bankruptcy recovery, can be revived by virtue of a unanimous decision of the Partners' Meeting, on the condition that the distribution of the corporate assets has not commenced.
- Companies with indefinite duration are set to expire on 31 December 2021, unless a different expiry date is set by virtue of an amendment to their Articles of Association before the above date.
- The Company's net profits are distributed to the partners in accordance with their partnership parts, unless otherwise provided in the company's Articles of Association. Further, the formation of additional reserves (other than the statutory reserve) is also stipulated.
- The framework regulating preparation, audit and publication of the company's financial statements is updated and harmonized with the applicable Greek Accounting Standards and IFRS legislation as well as European legislation.
- The obligation to draft consolidated financial statements on the basis of the provisions of Law 4308/2014 is introduced.
- Any disputes arising from the provisions of the law fall within the competence of the One Member First Instance Court of the registered address of the company.
- The procedure for the establishment in Greece of a branch or agency of a foreign Limited Liability Company established in an E.E. or E.E.A. member country or a third country is clarified. The approval of the establishment in Greece of a branch or an agency of a foreign company established in a third country is conditional upon the issuance of a decision of either the Companies' Division of the General Secretariat of Trade and Consumer's Protection of the Ministry of Finance and Development or of the competent District Unit.

Important Note

The law in question also provides for the amendment of Laws 2190/1920 and 4072/2012 on the formation of the Corporations' (A.E. companies) and Private Companies' (I.K.E. companies) corporate names (amendments similar to the ones mentioned above for Limited Liability Companies).

Contact us

Liana Kosmatou
Lawyer/Director

T: + 30 210 60 62 325

E: lkosmatou@cpalaw.gr

More information:

www.cpalaw.gr

This Newsletter aims to provide the reader with general information on the above-mentioned matters. No action should be taken without first obtaining professional advice specifically relating to the factual circumstances of each case.

2018 C. Papacostopoulos & Associates, Law firm, independent member of KPMG International Legal & Tax network. All rights reserved.