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EU Factsheet

GREECE

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Business structure. What types of business structures are there?

- Corporation – **Anonymos Eteria (AE)**: An Anonymos Eteria is a legal entity in which the liability of a shareholder is limited to the amount contributed to the share capital. This entity is the equivalent of the French "Société Anonyme" or the German "AG" and enjoys the highest status in Greece.
- Limited Liability Company - **Eteria Periorismenis Efthynis (EPE)**: An EPE is a hybrid of an Anonymos Eteria and a partnership and is similar to the French Sarl or German GmbH. An EPE resembles an AE in that it is regarded as a legal entity separate from its partners and it has limited liability. An EPE resembles a partnership in the manner decisions are made.
- General Partnership - **Omorythmos Eteria (OE)**: A general partnership is an entity in which all the partners are jointly and severally liable for the debts of the partnership without limitation in liability. There is no minimum capital requirement. The capital may be contributed in cash or in kind, or in the form of personal services to the partnership.
- Limited Partnership - **Eterorythmos Eteria (EE)**: A Limited Partnership is similar to a General Partnership, except that the liability of the limited partner (eterorythmos eteros) is limited to his contributed capital. At least one partner must have unlimited liability (omorythmos eteros). If a limited liability partner is engaged in the management of the partnership, he loses his limited liability status.
- Private Capital Company – **Idiotiki Kefalaiouhiki Eteria (IKE)**: A Private Capital Company is exclusively liable for its corporate debts, whereas the liability of its partners for corporate debts towards third parties is limited to the amounts specifically mentioned in its Articles of Association.
- Joint Venture – **Kinopraxia (JV)**: The term joint venture (JV) is used in commercial practice to indicate the cooperation of individuals or legal entities for the purpose of pursuing and carrying out a specific project. A joint venture (JV) is not recognized by law as a separate legal entity. If registered with the General Commercial Registry, the J V is considered a union of persons and acquires legal and bankruptcy capacity.
- **Sole Traders/Freelance Professionals**: Individuals may carry out operations in Greece as sole traders or freelance professionals. They are

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fully liable for their operation's debts and obligations. Registrations are required prior to commencing any activity.

Data sources. Where can I find information about a company?

- Corporate information is available at the General Commercial Registry (GEMI): www.businessportal.gr (in Greek)

Credit Checks. Where can I find financial information about a business?

- You can obtain information on the financial state of affairs for companies and industry at the General Commercial Registry. There are also numerous private reporting agencies offering credit checks.

Judgment Search. Can I find out if a business already has a judgment against it?

- Normally you find this information in a credit report. Credit reports are offered as a service online.

Contracting. How do businesses contract with each other and which documents do you need if you have to go to court?

- Depending on the available documents and if the open debts are disputed by the debtor, it is possible to apply a payment order at court or initiate court proceedings such as a lawsuit, preliminary measures or filing for bankruptcy.
- In order to apply a payment order, you will need at least one of the following:
  - A notarised acknowledgement of debt
  - A private acknowledgement of debt with tax stamps
  - Original bills of exchange, promissory letters, bounced
  - cheques
  - A copy of the invoice and proof of delivery, possibly in original, signed and stamped by the debtor upon receipt of the goods, or any

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document from the debtor or the transporters proving receipt of the goods.

- In cases of regular lawsuit procedures, copies of the complete contractual documentation should be available, starting with the contract, orders, order confirmations, delivery notes and invoices.

Retention of title

- Under Greek law, a seller of an asset can agree with a buyer that the seller will retain title in the asset until full repayment of the price by the buyer.
- In certain finance transactions (involving car dealers or other similar traders), security arrangements can be put in place entitling a financier to exercise the seller's rights under the retention title. Security arrangements of this type need to be considered on a case-by-case basis, considering the nature of the asset while also taking into account the extent to which the asset can be traced by the secured creditor.

PRE-LITIGATION

Letter before action. Do you have to send a demand letter to a debtor before going to court?

- General good practice dictates that a warning notice should be sent where possible.
- The warning notice should contain:
  - The name of the creditor and the basis of the claim

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- The total amount of the claim, including any penalty interests
- Prescription on how to transfer the payment, i.e. bank account etc.
- A warning that the claim will be enforced through the enforcement authority in case the claim is not settled within from the date of the notice
- Information on how the object to the claim if not acknowledged be the debtor.

- If this measure has been taken and the payment still has not been made after a notice period, the creditor may file for enforcement.

Can you claim interest and collection costs from customers if their payment is late?

- Late payment interest may be charged to the debtor on the first overdue day. The Recast Directive 2011/7/EU, which stipulates that payments in the EU must be made within 60 days, was transposed into domestic law through Law 4152/2013 (which retroactively entered into force on 16th March 2013).
- In contrast to the regulations set forth in most EU member states, late payment rules in Greece are very comprehensive: in general, payment terms in business-to-business transactions must not exceed 60 calendar days unless otherwise agreed by contract and provided that the delays are not grossly unfair to the creditor. Beyond this point, interest may be due as negotiated by the parties. But in any case, the law allows creditors to charge an automatic interest rate approximately from 7.0% to 8.0%.
- The transposition of the Recast Directive 2011/7/EU into domestic law entitles creditors to charge a flat EUR 40.00 collection fee when payment is late. However, it is uncommon to do so unless a claim is brought to court.

LITIGATION

Limitation period. How much time do you have before you must start legal proceedings?

- Commercial claims have a time limit of five years, starting from the original due date.

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ADR. What forms of Alternative Dispute Resolution are available and are they compulsory?

- In Greece, generally, ADR has not been developed. This out-of-court practice is virtually unknown.
- Articles 208 to 214 in Chapter One of the Code of Civil Procedure deal with the attempt at conciliation which may precede the filing of a lawsuit, although is rarely used.

Court Proceedings. What forms of court proceedings are available, and do you need legal representation?

- **Payment Order**:
- In order to start the proceedings, a payment order needs to be applied at the court of first instance or with the justice of the peace according to the claim amount. After an examination of the documents, if the court is of the opinion that the debt is legally due for payment, it will issue a payment order within 50 to 60 days, which is immediately enforceable if unopposed by the debtor. The debtor has 15 days after the notification of the payment order to file their objection. In case of objection, the proceedings will be transferred into the ordinary legal proceedings. In case of bounced cheques, the payment order should be filed within six months from the date that the cheques were bounced. In case of bills of exchange, there is a time frame of three years.
- When the debtor has assets in other EU member states, a European Payment Order procedure (facilitating the recovery of undisputed debts under Regulation EC No 1896/2006) may then be triggered. In this case, the creditor may request a domestic court to issue an Order to Pay, which would then be enforceable in all EU countries (except for Denmark) without exequatur proceedings.
- **Penal Procedure**:
- This procedure regards the felony of the debtor issuing bounced cheques. In this case, you have the possibility to proceed against the person who signed the cheques at the Penal Court. The time frame is three months after the cheques were bounced. This procedure aims to further pressure the debtor who is facing imprisonment in case they do not pay.
- **Ordinary Legal Proceedings**:
- Greece has a Civil Law system inspired by the French and German legal framework. The law is therefore largely codified, and the courts are not bound by precedents, even though consistent decisions tend to be used for guideline purposes. Since a reform conducted in 2012, claims below EUR 20,000 fall under the jurisdiction of the Justices of the Peace

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Tribunals ('**Eirinodikeio**'), and claims up to EUR 250,000 are dealt with by Single-Member Courts of First Instance ('**Monomeles Protodikeio**'). Claims in excess of EUR 250,000 are dealt with by Multi-Member Courts of First Instance ('**Polymeles Protodikeio**').

- Amendments to the Greek Civil Procedure Code, Law 4335/2015 came into effect from 1st January 2016. The partially oral hearing process undertaken so far in the ordinary proceedings is replaced by a written procedure. In the exceptional case that the court considers that the case has not been sufficiently clear to proceed to the issuance of a decision and considers that there are special reasons for an examination of witnesses, the court may issue an act for summoning witnesses.
- The pleadings are submitted within a term of 100 or 130 days (depending on the case) from the submission of the lawsuit, and the additional pleadings should be submitted within the following fifteen days from the expiry of the above deadline. With the lapse of the said deadline, the file of the case is considered closed. Within a term of fifteen days starting from the date that the file is closed, the judge or the court composition is appointed; while at the same time, a hearing for the discussion of the case is determined at a time period no longer than thirty days. It should be noted that at the hearing, no witnesses are examined, and the case may be discussed without the presence of the parties or their attorneys. Furthermore, since the oral debate on the hearing date has been abolished and replaced by a written procedure, the testimonies of the witnesses must be provided by an affidavit, usually stated before a Notary Public. In case the witnesses reside abroad, the procedure for receipt of the affidavit takes place at the appropriate consulate, following all legitimate publicity procedures and deadlines.

Time frame. How long does it take before you can get a judgment against a debtor?

- The average duration of a payment order process is between three and four months, whereas an ordinary procedure can take up to six or eight months or longer, depending on the complexity of the case and the availability of the judge and lawyers on all sides.

How much does it cost to go to Court?

- All costs depend on the outstanding principal amount and are calculated proportionally. There are different fees that can apply during a procedure, so there is not only a range regarding the outstanding amount but also regarding the possible fees for each action.

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- In addition to this, costs of witnesses and/or experts might also arise. The courts normally award costs to the defeated party, naming the exact amount in the decision. Cost calculations are left to the court's discretion.

Enforcement of a court judgment. How do you enforce domestic/overseas judgments?

- The following types of judgments can be enforced:
  - Judgments that have been appealed and a final decision has been issued (or have not been appealed within the agreed timeframe);
  - First instance judgments which have been declared provisionally enforceable;
  - Arbitration awards;
  - Notarial deeds;
  - Court records that contain the parties' compromise or specific court costs;
  - Payment orders;
  - Foreign judgements that are declared recognised and enforceable;
  - Any other document that is recognised as enforceable under the law.
- The provisions of the Council Regulation (EC) 1215/2012 have application regarding enforcement of EU Member States judgments in Greece.
- Non-EU, foreign judgments are recognised and enforceable under Art. 323 CCP.

Insolvency

- The Greek Bankruptcy Code was enacted in 2007 (Law 3588/2007, as amended in 2010, 2011, 2012, 2015 and most recently in December 2016) to harmonise a fragmented legal framework. It introduces a debt reorganisation process to avoid systematic liquidation of viable companies in temporary financial difficulty. Collecting money out of insolvency proceedings remains very difficult.
- The reorganisation process starts with the submission of a plan to the court made by specialists (auditors, banks, etc), who conduct a judicial review of the proposed plan while a court-appointed mediator assesses the creditors' expectations. The plan may only be validated upon approval by creditors representing 60.0% of the total debt. When no agreement has been reached, the court may order a liquidation phase upon request.
- Generally, insolvent companies must file a bankruptcy petition within 30 days following their cessation of payments (voluntary liquidation), but creditors may also bring a claim against the debtor (involuntary

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liquidation). The creditors are then invited to file their claims within 30 days. The proceedings may commence under the supervision of an administrator (appointed by the court) as soon as the debts are verified. In addition, a pool of creditors would be given the responsibility of overseeing the proceedings, which would terminate once the proceeds of the sale of the business' assets are distributed. The lodging of claims in the insolvency proceedings is done by local lawyers, the proceedings are quite complex in Greece and all lodgings must be made in Greek. The bankruptcy process is quite lengthy.

- The time frame for the completion of the procedure of corporate restructuring cannot be accurately estimated, although over three years isn't uncommon.

The information in this document is accurate to our knowledge as of July 2019.

The know-how in this fact sheet is not intended to constitute a definitive or complete statement of the law, nor is it intended to constitute legal advice for any specific situation. We do not accept any responsibility for action taken as a result of information provided by us. It is your responsibility to take specific advice when dealing with specific situations. The fact sheet is intended as educational in nature and may not reflect all recent legal developments and may not apply to the facts and circumstances of individual transactions and cases.

Nothing in this fact sheet shall be construed or relied on as providing any legal representation, advice or opinion whatsoever on behalf of us or our staff.

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