TELFA

Trans-European
Law Firms Alliance

COUNTRY BY COUNTRY GUIDE

IF YOU HAVE ANY QUESTIONS ON THIS DOCUMENT,

PLEASE CONTACT

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MAY 2022 EDITION

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INTRODUCTION

CORPORATE FORMS ACROSS EUROPE

This guide is intended to assist the reader in determining what corporate forms in other jurisdictions are most akin to those in one's own jurisdiction. Whilst the terminology is often radically different, the principles are generally very similar, but with important specific characteristics. Some jurisdictions allow unincorporated business arrangements to arise as a matter of law or to subsist, others require a level of registration. In addition to company law aspects, it will always be necessary to consider issues of tax. These readily digestible summaries are intended to give the reader a first flavour of another jurisdiction and should not be treated as a complete exposition of the relevant law.

CORPORATE GOVERNANCE

The last 35 years has seen an ever-accelerating development of corporate governance in almost all European jurisdictions.

Good governance is much more than a defensive response to the latest business scandal. Well-governed companies set clear corporate goals, confidently stating the corporate ambition with a focus on delivering sustainable value for shareholders. We are now in a time where governance and law are ever-more entwined. One cannot effectively serve as a director in compliance with law without also considering issues of good governance and risk management.

TRANSPARENCY REGISTERS AND BENEFICIAL OWNERSHIP OF CORPORATIONS

Corporations are very convenient forms for conducting business. Across Europe companies exist within an environment where the social contract which allows shareholders to benefit from limited liability also requires the company to:

- File public accounts;
- Provide certain narrative reporting and reporting to taxing authorities; and
- Disclose owners.

The transparency obligations on companies and investors are becoming more detailed and more burdensome. All EU member states must implement the **Fifth EU Anti-Money Laundering Directive** which will require almost all companies to maintain registers of beneficial owners of their shares in addition to registers of membership, etc.

In our view, the need for greater transparency and disclosure presents an opportunity to do things simpler, removing artificiality and presenting a clear and understandable corporate structure which is easy to understand, efficient to govern and contributes towards simpler discussions with taxing authorities.

ABOUT TELFA

Trans-European Law Firm Alliance (TELFA) **was founded in 1989** and born out of the need to serve clients doing business across **the jurisdictions of Europe**.

TELFA member firms now have more than 1000 lawyers throughout Europe. Through the sustained commitment of its members, TELFA has become one of the strongest alliances of independent law firms in Europe.

The fact that the member firms of TELFA are independent offers clients a flexible alternative to the global law firm model, in which internal pressures sometimes compete with the needs of client service. TELFA's focus is on client service through the provision of quality legal advice, which can be managed by the member firm in the client's jurisdiction, or the client can go directly to the member firm in the foreign jurisdiction(s) in which advice is needed.

TELFA's vision is to create and maintain a network of independent law firms that share a similar ethos.

Just as the foundation of good service for our clients is built on strong personal relationships, so it is among the lawyers that make up the membership of TELFA. The lawyers in TELFA get to know one another through working together on client assignments and jointly contributing to TELFA working groups.

Also flexibility - either clients can have a single point of contact through which to engage lawyers throughout Europe, or a personal introduction to law firms in foreign jurisdictions, so that clients can feel comfortable with and assured in the service that they are to receive.

All the member firms offer a partner led - not necessarily "partner does" - service; the firms ensure that clients have continuity of contact and are not passed from one lawyer to another.

TELFA members are sensitive to cultural differences and work hard to frame their advice in a way that is understandable, practical and "digestible" by their clients.

The member firms share resources, knowhow, technology and best practice whilst respecting the different requirements made of each firm by its local "bar rules".

For TELFA clients this means that TELFA is not just a referrals network that operates like a brokerage clearing house; rather the TELFA brand stands for personal service, facilitating clients' needs for advice in what may be unfamiliar jurisdictions, so as to ensure the client feels safe in the knowledge that the firm is respected (and respectable) within their local jurisdiction.

TELFA firms can draw on and leverage the expertise and experience of its members so as to respond effectively and flexibly to the demands made by clients.

More information about TELFA and its wider international associations can be found following the link below:

- **http://www.telfa.law/**

TELFA firms benefit from a strong relationship with USLAW Network, Inc., with firms across most of the United States, and other parts of North and South America. More information about USLAW Network, Inc. can be found following the link below:

- **https://web.uslaw.org/**

THIS DOCUMENT

This document has been prepared by TELFA lawyers drawn from a broad range of firms.

The document analyses corporate forms across 24 jurisdictions, listed alphabetically.

- ✔ **Annex 1** is a summary of the terminology of corporate forms.
- ✔ **Annex 2** is a glossary of key terms.
- ✔ **Annex 3** puts you in contact with the corporate lawyers who have been involved in the preparation of this document.

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CORPORATE FORMS AVAILABLE

Belgian law provides for numerous corporate legal entities including various forms of partnerships and companies, non-profit associations, the European Economic Interest Grouping and tahe European Company.

The most commonly used form is the Limited Liability Company (Société à responsabilité limitée – Besloten vennootschap) ("LLC"). This contribution will therefore be limited to the LLC.

BELGIUM

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS, LIABILITY OF FOUNDERS)

The incorporation process requires the founding shareholders to appear, in person or via a written power of attorney, before a Belgian Notary for the purpose of enacting the LLC Statutes (Articles) in a notarial deed.

The steps for creating a LLC are as follows:

- Drafting the articles of association and drawing up the financial plan in the form of a projection of the LLC's capital needs over the first three years of its activity (it is recommended to do this with the help of a Belgian accountant) and contacting a bank in order to deposit the initial capital in a blocked account and obtain the bank certificate
- The founders or their lawyers (on the basis of a proxy) go to the notary to create the LLC; and
- The notary sends a certificate of incorporation to the bank so that itcan release the initial capital in the blocked bank account and takes care of the advertising formalities to the Belgian Official Gazette.

It can be quite fast to incorporate a LLC but this mainly depends on the speed in which the requested information/documents to draft the statutes, the business plan and the bank certificate are obtained. As soon as these documents are obtained, the LLC can be incorporated within a week.

The cost of setting up a LLC with notary fees and the assistance of lawyers is at least 2,500 EUR excluding VAT.

A LLC can be incorporated by a single founder (or more) who can be a foreign legal entity.

No minimum capital is required by law, but the start-up capital must, taking into account other sources of funding (e.g. a loan made by the LLC's parent), be sufficient for the planned activity. Therefore the starting capital can be very low (e.g. 2500 EUR) provided that other sources of funding make it possible to carry out the activities for at least two years from the date of incorporation of the LLC. On this point, the financial plan will be important.

The founder(s) is(are) liable for the LLC's commitments, in a proportion to be fixed by a judge, only if the initial capital (taking into account other sources of funding) was clearly insufficient to carry on the planned activity for a period of at least two years from the date of incorporation of the LLC. The judge will consider the financial plan to determine whether the initial equity capital was manifestly insufficient.

MANAGERS AND DIRECTORS (POWER, APPOINTMENT)

The LLC is managed by one or more "directors" (who may or may not be shareholders) and who can be appointed for the duration of the LLC. The shareholders may also opt for a collegiate management body as well as entrusting the day-to-day management of the LLC to one or more persons.

A legal entity may act as a director, but must designate a named natural person as a representative.

There are no nationality or residence requirements to be appointed as a director.

The directors are appointed by the General Assembly of Shareholders for a fixed or indefinite term (ordinary directors). They may also be appointed in the LLC Statutes (statutory director). The removal of a statutory director requires a decision to amend the LLC Statutes whereas an ordinary director may be dismissed at any time by a decision of the shareholders, making the removal of an ordinary director much more flexible.

Each director may perform alone all acts necessary or useful for the achievement of the corporate purpose. The director is vested with the full power to manage and represent the LLC in connection with any third parties. In the event that there two or more managers, unless provided otherwise, each manager has individually full power to represent the LLC.

PERSONAL LIABILITY FOR DIRECTORS AND MANAGERS

Directors can be held liable for mismanagement or for violation of the law or LLC Statutes. They can further be held liable for gross negligence or unreasonable pursuit of the LLC's activities. Finally, directors can be held liable for some of the LLC's unpaid debts (i.e., unpaid social security contributions, tax, VAT) in case of insolvency of the LLC if the directors and managers have been seriously negligent and such negligence has led to the insolvency of the LLC.

The permanent representative of a LLC who is a director (the natural person who represents the LLC) incurs jointly and severally with the legal person who assumes the administrative mandate the same civil and criminal liability as if he had exercised the mandate in his own name and for his own account.

There is a limitation of liability provided which applies both to the LLC and to third parties. Below you will find a table setting out the cap on liability, which depends on the average revenue of the LLC and the average total balance sheet:

AVERAGE REVENUE (EXL. VAT)	AVERAGE TOTAL BALANCE SHEET	LIMITATION
Less than 350.000 EUR	Maximum 175.000 EUR	125.000 EUR
Less than 700.000 EUR	Maximum 350.000 EUR	250.000 EUR
Maximum 9.000.000 EUR	Maximum 4.500.000 EUR	1.000.000 EUR
More than 9.000.000 EUR and less than 50.000.000 EUR	More than 4.500.000 EUR and less than 43.000.000 EUR	3.000.000 EUR
50.000.000 EUR or more	43.000.000 EUR or more	12.000.000 EUR

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

Subject to the provisions of the double taxation treaties to which Belgium is a party, a LLC is liable to Belgian corporation tax on the total amount of its profits, i.e., the net amount of their worldwide income including their distributed profits.

The corporation tax rate is 25%. It is possible to obtain a reduced rate of 20.4% for the first EUR 100,000 if the LLC meets certain conditions (including the LLC adhering to regulations around fees paid to the auditor and directors (which must be at least 45.000 EUR).

Separate rates apply to certain transactions. LLCs carrying out certain specific categories of activity (e.g., non-profits, those in education, providing personal assistance, etc.) are excluded from corporation tax and may be subject to taxes on legal persons.

A system of intra-group deductions (i.e., an intra-group transfer) was introduced from the 2020 tax year on the basis of which an eligible related LLC may transfer an amount up to its taxable profit to another eligible related LLC with a loss in order to offset the loss of that other eligible related LLC.

Subject to the provisions of the double taxation treaties to which Belgium is a party and / or the EU parent / subsidiary directive, dividends paid out by a Belgian LLC are subject to a withholding tax at source of 30% (there is a reduced rate of 15% if certain conditions are met).

There is a 100% participation exemption for dividends received by a Belgian LLC from qualifying subsidiaries.

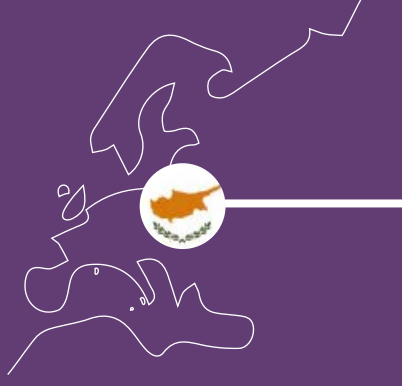
The standard rate of VAT applicable in Belgium is 21%.

REPORTING, ACCOUNTING AND AUDIT REQUIREMENTS

LLCs are required to file certain information with the Belgian companies register, some of which is published in the annexes of the Moniteur Belge/Belgisch Staatsblad.

All Belgian LLCs must maintain books and accounts in accordance with the Belgian legal requirements, including the Belgian minimum chart of accounts and Belgian GAAP. They must also prepare, in the required local language, and file annual accounts (balance sheet, income statement, notes to the financial statements, summary of accounting principles, list of board members and so-called «social» balance sheet) according to a predefined format, which varies according to whether the LLC qualifies as a small or a large company.

Auditing requirements depend on the size of the LLC.



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CORPORATE FORMS AVAILABLE

Cyprus is a regional business services centre with strong regulation and supervision and a reliance on a well-balanced portfolio of services. It is an established international business hub strategically positioned between countries in Eastern Europe, the Mediterranean region and the Middle East, providing various options and opportunities to investors who wish to establish a legal entity in Cyprus and develop and extend further their business operations/ activities in Europe with a Cyprus based structure.

CYPRUS

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

A registered company may be either a private limited liability company by shares, a public limited liability company by shares, a limited liability company by guarantee without share capital, a limited liability company by guarantee with a share capital, or a variable capital investment company. Each type of company has its own special characteristics.

In addition to the above types of legal entities, there is the option of establishing a European company (SE) or a branch of an overseas company in Cyprus.

There are also other legal forms available which include General Partnerships, Limited Partnerships, Sole Proprietorship and Cyprus Trusts.

The vast majority of registered companies in Cyprus are private limited liability companies by shares, and this memo will be limited on this type of legal entity.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

A private limited liability company by shares has a share capital, and the liability of its members is limited by its memorandum of association to any unpaid amount, for the shares they hold.

A private limited liability company by shares must have at least one (1) shareholder but no more than fifty (50), exclusive of any persons who are or have formerly been in the employment of the company and are or still continue to be members of the company.

The minimum number of directors of a private limited liability company by shares is one (1).

A private limited liability company cannot offer its shares for subscription to the public.

For the incorporation of a private limited liability company by shares, the steps mentioned below must followed:

- An application for the approval of name of the company must be submitted to the Registrar of Cyprus Companies;
- Once the proposed name has been approved, the next step is to proceed with the submission of the relevant applications and supporting documentation for the company's incorporation, which include inter alia the following information/documentation:
  - Memorandum and Articles of Association of the company, prepared and signed by a Cypriot licensed lawyer, indicating the share capital of the company and the subscribers to the Memorandum and Articles of Association;
  - Who will be the first directors and secretary of the company;
  - The registered office of the company.

The approximate time for registration of a Cyprus company is normally 7 working days.

The average cost for setting up a Cyprus company is in the range of EUR 2,000.00 – EUR 2,500.00, depending on the characteristics of each

specific case, which includes professional fees and the disbursements payable to the Registrar of Cyprus Companies.

In addition, all Cyprus companies must pay an annual Levy fee every year in the amount of EUR 350, and in case of failure to pay on time penalties will be imposed.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

According to the Cyprus Companies Law, Cap. 113, it is mandatory for a private company limited by shares to have at least one (1) director on the board of directors.

Any natural person or legal entity qualifies to be appointed as director of a Cyprus company.

The powers conferred on the board of directors of the company are set out in the Articles of Association of the company.

The board of directors of a Cyprus company is the administrative body responsible for the day to day management of the company, delegated with extensive powers to run the company's operations. Nevertheless, such powers are restricted by law and in particular by the provisions of Cyprus Companies Law, Cap. 113 which provide for instances where the general meeting of the company is allocated exclusive powers as to the management and operation of the company. Further, the powers of the directors can be restricted by the Articles of Association of the company through the provision of reserved matters.

The appointment and/or removal of subsequent directors is governed by the company's Articles of Association. The company may by ordinary resolution remove a director from office, prior to the expiration of his period of office, by adopting an ordinary resolution in general meeting, notwithstanding, anything contained in the Articles of Association of the company or any agreement between the director and the company.

The duties of the Cyprus directors arise both under common law and by statute and these fall within the categories of fiduciary duties, statutory duties and duty to exercise skill and care.

Depending on the duty breached by a director the liability will vary. If there is a breach of the duty to act in good faith or with all due skill and care as may be reasonably expected, will give rise to claims for damages and the director will be held personally liable to the company.

In cases where there is a breach of a duty imposed by statute, the liability will be criminal, civil or administrative.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

The Cyprus tax regime is efficient, straightforward and fully transparent, providing an excellent framework for the operation of international businesses. The tax system is one of the most favourable in the EU, featuring a 12,5% corporate tax rate as well as the tax-exempt status of gains from the sale of securities and dividends received from overseas.

Summary of Tax benefits:

- Low CIT rate;
- Applicability of all EU directives;
- Advance ruling practice exists;
- New IP tax regime, providing approximately 2,5% tax rate;
- Capital duty on issue of share capital 0,6% (no capital duty on share premium);
- Extensive Double Tax Treaty network;
- Exemption from tax on incoming dividends;
- Tax free re-organizations.
- Full exemption from tax on profits from the sale of securities (including shares/units);
- No withholding tax on outward payments (Dividends-Interest-Royalties);
- Zero tax if management and control is outside Cyprus;
- Foreign PE profits exempt;
- Tax losses carried forward for 5 years.

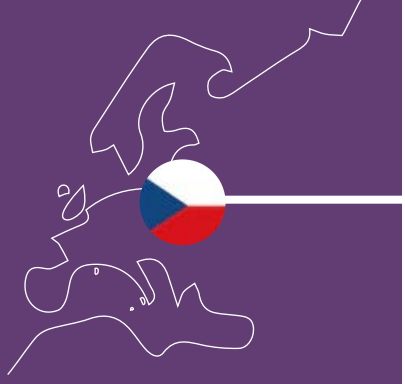
REPORTING REQUIREMENTS

All Cyprus companies must prepare every year Audited Financial Statements according to International Financial Reporting Standards (IFRS) showing the true and fair picture of the affairs of the company, and file with the Income Tax Authorities their Income Tax Return.

In addition, all Cyprus companies must hold in each year an Annual General Meeting in addition to any other meetings held during the year.

Every company registered in Cyprus is required by the legislation, once a year, to prepare and submit to the Registrar of Cyprus Companies an Annual Return accompanied by the Financial Statements of the company of the previous year, containing the company's statutory information.

In case of any changes in the directors, secretary, shareholders, registered office, share capital of the company, the secretary and/or the director of the company has an obligation to notify the Registrar of Cyprus Companies of these changes within the prescribed timeframes imposed by the Cyprus Companies Law, Cap. 113.



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CORPORATE FORMS AVAILABLE

For the purpose of doing business in the Czech Republic, Czech law provides for several legal forms of business corporations.

According to the Czech legislation (the Civil Code and the Business Corporations Act), effective from 1 January 2014, business corporations include commercial companies and cooperatives.

CZECH REPUBLIC

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Commercial companies include:

- **an unlimited partnership ("veřejná obchodní společnost" – "veř. obch. spol." or "v.o.s.") and a limited partnership ("komanditní společnost" – "kom. spol." or "k.s."), which are together called "partnerships";**
- **a limited liability company ("společnost s ručením omezeným" – "spol. s r.o. " or "s.r.o.") and a joint stock company ("akciová společnost" – "akc. spol." or "a.s."), which are together called "capital companies";**
- **a European Company ("SE"); and**
- **a European Economic Interest Grouping ("EEIG").**

Cooperatives include:

- **a cooperative (e.g., a housing cooperative or a social cooperative); and**
- **a European Cooperative Society ("SCE").**

From the abovementioned types of business corporations, the capital companies are usually regarded as the most suitable legal forms for foreign investors when coming to the Czech Republic. This outline is focused on the Czech limited liability company and the Czech joint stock company.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

LIMITED LIABILITY COMPANY

A limited liability company is defined as a company whose members are jointly and severally liable for the company's debts up to the amount at which they have not fulfilled their contribution obligation, pursuant to the record in the Commercial Register at the time when such a fulfillment was demanded by a creditor.

The business name of the company shall include the words "společnost s ručením omezeným", which can be replaced with the abbreviation "spol. s.r.o." or "s.r.o."

A limited liability company may be established by a single founder (either by a natural (individual) or a legal person (entity) and either by a Czech or a foreign person). There is no limit on the maximum number of members.

A limited liability company is established by a memorandum of association, which must be executed in the form of a notarial deed. If the company is established by a sole founder, the foundation document is called a deed of foundation and must also be executed in the form of a notarial deed.

The memorandum of association is the most important constitutional document of the company and prescribes the company's basic structure (e.g., company business name and registered office, scope of business activities, registered capital, company members, types of ownership interests of each member, contributions connected with ownership interests of members, rights and duties of company members, number of executives acting on behalf of the company, the structure and competence of the company bodies - the general meeting, the executive, the supervisory board, if any).

The law does not prescribe a minimum amount for registered capital and the

minimum amount of a shareholder's contribution is CZK 1.00. Therefore, the limited liability company can be founded with only CZK 1.00 registered capital.

After establishment of the limited liability company, the company must be registered with the Commercial Register following which it becomes a legal entity and can start operating. The application for registration is filed in either an electronic or paper form and is submitted and signed (with certified signatures) by all executives of the company. Not submitting the application for registration within 6 months after the date of its establishment shall be conclusively presumed to have the same effect as a withdrawal from a contract. However, this period may be modified in the Company's memorandum of association.

It is possible to carry out the registration of a new company with the Commercial Register either by Notaries or by relevant courts.

However, there is a difference between notarial fees and court fees payable for the registration and also the time period in which the registration is performed. The first registration of a new simple limited liability company (i.e., a company whose foundation deed includes only the minimum mandatory provisions prescribed by the new Civil Code and the Business Corporation Act and where the founder's contributions are made in cash - monetary kind) carried out by a Notary is exempt from the incorporation fee. Furthermore, the notarial fee for the first registration of other new limited liability companies is CZK 2,700 and the current court fee for the first registration of any new limited liability company is CZK 6,000. In terms of timing, the registration executed by Notaries is performed "without any delay" (i.e., in fact immediately upon presenting all necessary paperwork) whereas the registration carried out by the courts can take 5 working days from submission of the application.

JOINT STOCK COMPANY

A joint stock company is defined as a company whose registered capital is apportioned among a certain number of shares.

The business name shall include the words "akciová společnost", which can be replaced with the abbreviation "akc. spol." or "a.s."

Similar to the limited liability company, a joint stock company may be established by a single founder (either by a natural or a legal person and either by a Czech or a foreign person).

A joint stock company is established by adoption of its articles of association. The document must be executed in the form of a notarial deed regardless of the number of the founding shareholders.

The articles of association shall include: the company business name and company registered office, scope of business activity, registered capital, shares and rights connected thereto (number of shares, nominal value, form and type of the shares), information about the selected internal structure system of the company (which may involve either a two-tier or unitary board structure), determination of companies bodies – the general meeting, the board of directors, the supervisory board, rules of the appointment, company representation and any of its limitation, etc.

The registered capital of a joint stock company shall amount to at least CZK 2,000,000 or 80,000.00 EUR.

The establishment of a company shall be effective provided that every founder has paid up the share premium, if any, and at least 30% in aggregate of the par or book value of the subscribed shares within the period of time set out in the articles of association, but no later than by the date of filing of the application for the company's registration in the Commercial Register. If this obligation is not met, the company cannot be registered.

After establishment of the joint stock company, the company must be registered with the Commercial Register. The application for registration is filed in either an electronic or paper form and submitted and signed (with certified signatures) by all members of the board of directors or the statutory director. Failing to submit the application within 6 months after the date of its establishment shall be conclusively presumed to have the same effect as a withdrawal from a contract. However, this period may be modified in the Company's articles of association.

The notarial fee for the first registration of a new joint stock company is CZK 8,000, whereas the court fee for the first registration of a new joint stock company is currently CZK 12,000. The registration executed by Notaries is performed immediately whereas the registration by the courts can take 5 working days from submission of the application.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

LIMITED LIABILITY COMPANY

The statutory body of a limited liability company is made up of one or more executives. If so provided in the memorandum of association, multiple executives shall constitute a collective body.

An executive can be a natural person or a legal entity and is elected and recalled by the general meeting of the company. However, should a legal entity be elected as an executive, it must select and empower a single natural person who shall

represent it and who must fulfill the same conditions set out for the executives – natural persons.

Czech corporate law expressly vests to the powers of the executive 'the business management of the company and procuring for prescribed accounting evidence of the company'. Nobody shall be entitled to give the executive instructions regarding the management of business.

The executives are obliged to act 'with care of diligent manager and business judgement rule', which provides for protection of the members of statutory bodies provided their decisions and actions are: (a) legitimate, (b) carried out in good faith, (c) leading to good course, (d) carried out with necessary degree of loyalty and (e) not in breach of good morals. When judging if a member of a statutory body acted with the required care of a diligent manager, they will have to be judged against a degree of care provided by other reasonably diligent persons in the same situation, if such person was in the position of the member of the statutory body.

At the same time the legislation brings several risks for the executives, of particular relevance are:

- obligation to account to the company for all benefits acquired as a result of a breach of duty;
- disqualification from the office of member of corporate body due to a breach of duty to act with the care of a diligent manager — by court decision;
- obligation to return to the company all benefits earned from the company (on the basis of executive agreement or other benefits) during the period of two years preceding a final and legally valid court decision on the declaration of the company's insolvency, provided the member of the relevant body was aware of the possibility of insolvency and did not take any necessary measures;
- personal liability for any debts of the company in case of breach of, or disqualification from, office;
- unlimited liability for any debts of the company in case of company's insolvency, provided the member of the relevant body was aware of the possibility of insolvency and did not take any necessary measures; and
- personal liability to the creditors of the company for any debts of the company, provided the member of the corporate body did not compensate to the company damages caused by the breach of his obligation to act with the care of a diligent manager.

The executive's (service) agreement between an executive and the company must be executed in written form and must be approved by the supreme body of the corporation, i.e., the general meeting. An agreement executed other than in a written form (that is, orally or implied by conduct) would be considered invalid. The agreement must include the description of all individual components of the service fee, benefits and profit share entitlements, including any methods for their calculation. If the agreement does not specify the remuneration, or if there is no written agreement at all, it is deemed that the office is performed free of charge.

JOINT STOCK COMPANY

The joint stock company is entitled to choose its internal structure system (being either a two tier or unitary system).

With respect to the two-tier system, a board of executive directors (as a statutory body) and a supervisory board are established. If the articles of association do not provide otherwise, each of those boards is composed of three members.

The board of executive directors is responsible for the commercial management of the company and decides all company matters, unless the law or articles of association reserve these for the competence of the general meeting, the supervisory board or another company body.

Nobody shall be entitled to instruct the board of directors regarding the management of the company's business.

The board of directors shall ensure the books are properly kept, and submit ordinary, extraordinary, consolidated and, where appropriate, interim financial statements to the general meeting for approval. In accordance with the articles of association, it shall also submit a proposal on profit distribution or coverage of loss.

Members of the board of directors can be natural persons or legal entities and are elected and recalled by the general meeting, unless it is determined in the articles of association that the same falls within the powers of the supervisory board. However, should a legal entity be elected as a member of the board of directors, it must select and empower a single natural person who shall represent it and who must fulfill the same conditions set out for the members of the board of directors – natural persons. Where members of the board of directors are elected by the supervisory board, the supervisory board shall also approve the executive service agreements concluded with the individual members of the board of directors.

The legislation imposes the obligation to act 'with care of diligent manager and business judgement rule' (for further details see section4.3.1 above) and also establishes the risks for members of a statutory body, which are the same as for

the executives of limited liability companies (see section 4.3.1 above).

With respect to the unitary structure system, the company has one single body - an Administrative Council (which represents the company as its statutory body). If so provided in the articles of association, the Administrative Council may have only one member, thus the management of the company may be concentrated into the hands of only one person.

Joint stock companies are not obliged to expressly (actively) opt for one or the other internal system, but in the absence of such selection or in case of doubt, it is presumed that the company opted for the two-tier system.

Furthermore, in a joint stock company the service agreement must be executed in written form and approved by the supreme body of the corporation. For further details related to the service agreement see section 4.3.1 above.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

A limited liability company and a joint stock company that have their registered office or place of leadership in the Czech Republic are regarded as tax residents of the Czech Republic and are obliged to pay corporate income tax on their entire (domestic and foreign) income. Non-resident taxpayers have a tax obligation, which applies only to income from sources within the Czech Republic. The current corporate income tax rate is 19% and Czech tax law does not prescribe a minimum tax, which should be paid if the company reports a tax loss.

Double taxation of income from dividends still remains in the Czech Republic. The income is firstly taxed as a profit of the company (with the tax rate being 19%) and secondly by a payment to a shareholder of the company (with the withholding tax rate being 15%).

As regards distribution of profits to foreign owners of Czech companies, this may be subject to reliefs under: (I) the respective double tax treaties between the Czech Republic and other countries, as well as (II) relevant EU laws.

REPORTING REQUIREMENTS

Managing directors are obliged to file with the Commercial Register any changes in the corporate structure of the company without delay. This means that any change in name, shareholders, seat, registered capital and members of statutory body of the company will need to be filed as soon as these changes occur. Documents evidencing changes in the company shall be deposited in the Collection of Deeds ("sbírka listin"), which is a part of the Commercial Register.

A limited liability company and a joint stock company are also required to deposit in the Collection of Deeds its annual reports, closing of accounts statements, decisions regarding profit distribution, auditor reports, etc.

To ensure companies comply with their statutory obligations for filing documentation in the Collection of Deeds, legislation imposes possible sanctions in the event of breaches(e.g., financial fine up to the amount of CZK 100,000, or even the commencement of a liquidation process as against the company, by means of a court decision).

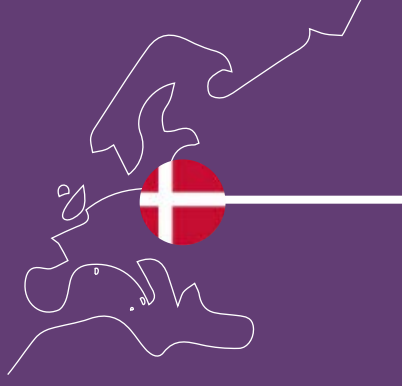
According to new Czech law applicable as of 1st June 2021, all registered legal entities are obliged to disclose their beneficial owners, which are then held in a public Register of Beneficial Owners. This obligation must be fulfilled without undue delay. A failure to do so may also lead to commencement of liquidation of the company by a court decision. Registration of an ultimate beneficial owner is subject to a court fee of CZK 4,000.

Moreover, all joint stock companies must have their own website on which they have to publish information that must be shown on their business documents (such as information about the amount of the registered capital, business name, registered seat, ID no., Commercial Register identification details) together with other information prescribed by law (such as invitations to general meetings, the company's holding structure etc.). Breach of this obligation may lead to a penalty being imposed by the Commercial Register court up to the amount of CZK 100,000.

The abovementioned obligation is not mandatory for limited liability companies, but if a limited liability company has its own website, it must publish the same information as prescribed by law for joint stock companies.

CRIMINAL LIABILITY OF BUSINESS CORPORATIONS

The Act on Criminal Liability of Legal Entities establishes: (I) a concept to determine criminal offences for which a legal entity may be criminally prosecuted, and (II) modification of the possibility of the exculpation of legal entities. A legal entity might be held liable for nearly all criminal offences listed in the Czech Criminal Code (with the exception of only 21 criminal offences). Nevertheless, the Act also provides the possibility of exoneration for conduct of the members of the statutory body (i.e., not only to conduct of regular employees), provided the legal entity made all reasonable efforts to prevent the commission of a criminal offence by such an individual. Therefore companies should implement a system of internal measures and procedures (a so-called Criminal Compliance programme) in order to be able to release themselves from criminal liability and insist that such a compliance program is strictly respected in practice.



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CORPORATE FORMS AVAILABLE

Corporate legislation in Denmark allows the establishment of two (2) main groups of Danish companies; (I) companies with limited liability and (II) companies without limited liability.

DENMARK

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

The first group, companies with limited liability, is popular amongst small, mid-sized and large Danish companies and foreign founders and include:

(I) Public limited liability companies (in Danish: aktieselskaber);
(II) Private limited liability companies (in Danish: anpartsselskaber);
(III) Limited partnership company (in Danish: partnerselskaber); and
(IV) The European companies (in Danish: SE-selskaber).

The second group, companies without limited liability, i.e., with personal liability for the owners, is mostly used for one man businesses or for specific lines of business and include:

(I) One man businesses (in Danish: enkeltmandsselskaber);
(II) Partnerships (in Danish: interessentskaber); and
(III) Limited liability partnerships (in Danish: kommanditselskaber) (partly limited liability company).

There are also associations and foundations which are very rarely used by foreign corporations.

Foreign corporations setting up business in Denmark may also wish to consider establishing a Danish branch (in Danish: filial). A branch is not an individual legal entity, but a representation of a foreign legal entity. However, the establishment of a branch is a typically more time and cost intensive option.

This account will focus on (I) public limited liability companies and (II) private limited liability companies.

INCORPORATION

Setting up a private limited liability company in Denmark is achieved via online registration with the Danish Business Authority and can be accomplished from day to day provided that the documentation and share capital are prepared.

Limited liability companies are mostly governed by the Danish Companies Act. The documentation required to establish said companies pursuant to the Danish Companies Act are (I) a memorandum of association and (II) articles of association. Other than that, the minimum share capital shall be on the company's account or on the account of the attorney establishing the company on behalf of the founders. The requirements as to the minimum share capital for the limited liability companies – and one of the main differences between the two limited liability companies – are as follows:

Public limited liability companies: DKK 400,000

Private limited liability companies: DKK 40,000

The share capital may be provided by way of (I) contribution in cash or by (II) non-cash asset contribution, provided that the value of the assets have been confirmed by an auditor.

Which of the limited liability companies is advisable to establish depends on the specific needs of the founding corporation. Both companies are governed by the Danish Companies Act. However, as a general point, partly due to the minimum share capital requirements, larger corporations usually set up public liability companies, which is also the only corporate form that can be listed on the Copenhagen Stock Exchange. Consequen-

tially, public liability companies are subject to more restrictions than private limited liability companies. Private limited liability companies are the most popular type of limited liability company in Denmark and are used by both (I) larger corporations who deem it unnecessary to inject DKK 400,000 into a public limited liability company and by (II) smaller startups and entrepreneurs.

A private limited liability company can be converted into a public limited liability company.

The Danish Business Authority's fee for establishing a limited liability company is DKK 670.

CORPORATE STRUCTURE

Danish corporate legislation provides a two (2) tier management structure consisting of (I) a board of directors or – in rare cases a supervisory board – which is the superior executive corporate body of a limited liability company and (II) a management board which handles the day-to-day management of the company and which follows the instructions set forth by the board of directors.

In public limited liability companies it is compulsory to have both a board of directors and a management board. The board of directors shall consist of a minimum of three (3) board members. The chairman of the board of directors cannot also be elected as a member of the management board.

In private limited liability companies it is optional as to whether to have a board of directors but it is mandatory to have a management board.

Members of the company's management may be both Danish and non-Danish citizens.

AUDITING AND TAXATION

As a general rule, it is compulsory for limited liability companies to appoint an auditor to audit the annual reports of the company. A limited liability company may, however, choose not to appoint an auditor provided that the limited liability company for two (2) consecutive fiscal years does not exceed two (2) of the following limitations:

- a balance sheet that amounts to DKK 4,000,000;
- a net turnover of DKK 8,000,000;
- an average of 12 full time employees during the fiscal year.

A limited liability company can also choose not to appoint an auditor upon establishment of the company or after the first fiscal year if the above requirements are met.

Limited liability companies are subject to taxation. The general corporate income tax rate in Denmark is 22%.

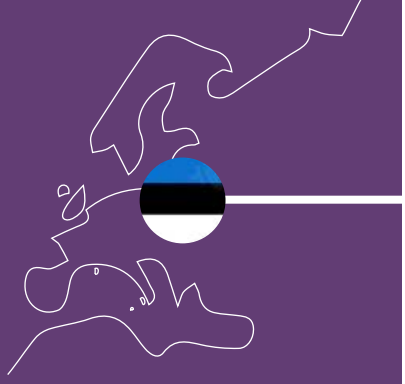
Depending on the corporate structure, payment of dividends to corporate shareholders may be exempt from taxation.

REPORTING REQUIREMENTS

Reporting requirements to public authorities vary in type and extent depending on the actual business operated.

Of the most common reporting the following are worthy of note:

- **Annual reports:** All limited liability companies must file an annual report with the Danish Business Authority. The specific requirements for the annual report are set forth in the Danish Financial Statements Act and vary depending on the size and type of the company. It is the board of directors' responsibility, or the management board if there is no board of directors, to file the annual report;
- **Ordinary general meeting:** A limited liability company must hold at least one (1) ordinary general meeting a year upon which they, among other things, approve the annual report; and
- **Tax and VAT returns:** An annual tax return must be filed with the Danish Taxation Authorities following the end of a fiscal year.



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CORPORATE FORMS AVAILABLE

Business undertakings in Estonia consist of companies and sole proprietorships. Estonian law provides several legal forms for companies including:

- **(I) Private limited company (Osaühing – abbreviation OÜ);**
- **(II) Public limited company (Aktsiaselts – abbreviation AS);**
- **(III) General partnership (Täisühing – abbreviation TÜ);**
- **(IV) Limited partnership (Usaldusühing – abbreviation UÜ);**
- **(V) Commercial association (Tulundusühistu); and**
- **(VI) European company (Euroopa äriühing – abbreviation SE).**

ESTONIA

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

A sole proprietor (Füüsilisest isikust ettevõtja – FIE) can be any natural person. A sole proprietor is liable for his/her obligations with all of his/her assets.

The most common corporate forms chosen as a corporate vehicle by foreign investors in Estonia are private limited company (OÜ) and public limited company (AS).

Private limited company (OÜ) is the most favoured corporate form in Estonia because of its simple registration process, flexibility in arranging corporate governance in the articles of association and low share capital requirement. As a general rule, shareholders have no personal liability for the obligations of the OÜ. This outline is focused on OÜ.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

(A) FORMATION

There are two ways to register an OÜ - either through the Commercial Register online (**https://ariregister.rik.ee/eng**) or through a notary.

To register an OÜ through the Commercial Register online, it is necessary to have an Estonian ID-card to be able to sign with a digital signature. Foreign individuals should apply for e-Residency (**https://e-resident.gov.ee/**) to be able to utilise a digital signature. In case of incorporation of an OÜ through the Commercial Register, all founders and Management Board members need to be able to sign the establishment documents digitally.

Alternatively, an OÜ can be established through a notary. All founders and Management Board members need to appear before the notary. This may be done in the form of physical presence or by means of remote authentication and facial recognition. The latter enables the conduct of notarial acts via a video bridge created between the notary and the participants in the notarial act, i.e., such authentication is equivalent to authentication at a notary's office. To use remote authentication and facial recognition, a foreign individual should apply for e-Residency. The following information and documents will be submitted to the Commercial Register: incorporation resolution or agreement; articles of association; application; contact information; certificate regarding payment of share capital and of state fee.

(B) TIME

Establishing a company via the Commercial Register will usually take a few hours, but no more than one business day. Registering an OÜ through a notary will take 2 - 5 business days.

(C) COSTS

The state fee for establishing an OÜ is 200 EUR. The state fee for establishing an OÜ electronically using expedited procedure is 265 EUR. The state fee can later be recognized as a business expense of the OÜ.

Additional notary fees will need to be taken into consideration when establishing an OÜ through a notary.

(D) CORPORATE CAPITAL REQUIREMENTS

The minimum share capital of an OÜ is 2500 EUR. Share capital contribution can be monetary or non-monetary (if permitted in the articles of association).
If the share capital is at least 25,000 EUR and the value of non-monetary contribution exceeds 1/10 of the share capital or if all non-monetary contributions collectively form more than one-half of the share capital, the sufficiency of the value of the non-monetary contribution needs to be verified by an auditor.

In the process of establishing an OÜ, it is necessary to open a account in EEA bank or payment institution in the name of the company and deposit the share capital to such account. OÜ can be established without making a share capital contribution if: (I) the proposed area of activity does not require capital investments; (II) all founders are natural persons (not companies); and (III) the share capital of the company does not exceed 25,000 euros. The share capital of such company will be formed by the liabilities of the founders amounting to the sum they promised to provide as share capital contribution. Until the share capital contribution is paid, the Commercial Register will have a notice next to the company's name stating "Established without share capital contribution".

Until complete payment of share capital contributions by all shareholders, OÜ may not: (I) increase nor decrease the share capital; and (II) make any dividend payments to its shareholders.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

The managing body of the OÜ is the Management Board. The Supervisory Board is optional.

The members of the Management Board are elected and removed by shareholders. In case an OÜ has a Supervisory Board, the Management Board members are elected and removed by the Supervisory Board. The Management Board may have one or more members. A member of the Management Board may be a shareholder but cannot be a member of the Supervisory Board. A member of the Management Board must be a natural person with active legal capacity.

A member of the Management Board is elected indefinitely unless the articles of association prescribe a term (usually 3 - 5 years).

Every member of the Management Board may represent the OÜ in all transactions unless the articles of association prescribe that some or all members of the Management Board shall represent the OÜ jointly. Joint representation applies to third parties only if it is entered into the Commercial Register.

Management Board members are responsible for the day-to-day business of the company, for organising its accounting and fulfilling any other obligations deriving from the law, e.g., the obligation to present a bankruptcy petition if the company has become insolvent.

Members of the Management Board are solidarily liable before the company for the damage caused due to a violation of their obligations. However, a member of the Management Board is released from liability if he/she proves that he/she has performed his/her obligations with due diligence. The limitation period for a claim against a member of the Management Board is five years.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

OÜ is subject to a corporate income tax ("CIT") in line with other Estonian business entities. The main feature that makes Estonian CIT system exceptional is that Estonian companies do not pay income tax on retained or reinvested profits. This means that all earnings of an OÜ are not subject to taxation up to the point of distribution. This exemption covers all economic activity of an Estonian company, i.e., both active and passive income and capital gains.

Distributed profits (dividends) are subject to a 20% CIT (20/80 on the net amount of profit distribution). The reduced CIT rate of 14% is applicable to regular dividend payments. The reduced tax rate is applicable to dividends in a calendar year, which are smaller than or equal to the average distributed profit of the previous three calendar years on which a resident company has paid income tax. As a general rule, dividends paid by OÜ to its non-resident shareholders are not subject to any withholding tax. As an exemption, a natural person receiving dividends taxed at a lower rate (14%) shall pay income tax at a rate of 7% in addition unless the tax treaty provides for a lower tax rate. The tax will be withheld by OÜ.

For instance, if an OÜ accrues profits throughout a couple of years, then up to the point of distributing the profits, no CIT is due. This means that OÜ can use the accumulated earnings for investment or for other business purposes without taxation. If OÜ decides to pay 1,000,000 EUR dividends to its shareholders, CIT payable is 250,000 EUR (20/80 of 1,000,000). This means that if OÜ wants to distribute dividends in the amount 1,000,000 EUR, it should have profits at least of 1,250,000 EUR (1,000,000 EUR for dividends and 250,000 EUR for tax payment).

In addition, indirect distributions of profits in the form of gifts and donations and non-business expenses and payments are also taxed with 20/80 CIT. Fringe benefits are taxable at the level of the employer. The employer pays income tax and social tax on fringe benefits.

Dividends distributed by Estonian companies are exempt from CIT ("participation exemption") if these are paid out of:

(I) dividends received from Estonian, EU, EEA (European Economic Area) and Swiss tax resident companies in which the Estonian company has at least a 10% shareholding;

(II) profits derived through a permanent establishment ("PE") in the EU, EEA or Switzerland;

(III) dividends received from all other foreign companies in which the Estonian company has at least a 10% shareholding, provided that either the underlying profits have been subject to foreign tax or foreign income tax was withheld from dividends received; or

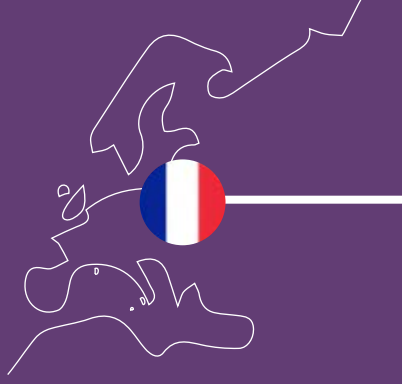
(IV) profits derived through a foreign PE in all other countries, provided that such profits have been subject to tax in the country of the PE.

A legal entity (e.g., OÜ) is an Estonian tax resident if it is established pursuant to Estonian laws. It does not need to be managed from Estonia.

The standard VAT rate in Estonia is 20%. VAT is charged on the supply of goods and services in the course of business activities and the self-supply of goods and services. The turnover threshold for obligatory registration is 40,000 EUR per calendar year. There is also a reduced 9% VAT rate that applies to certain goods and services that includes books, teaching/learning materials, newspapers and magazines (also online editions), accommodation services, medicines, medical equipment, sanitary and toiletry products.

REPORTING REQUIREMENTS

The Management Board of an OÜ must submit a petition for amendment of any entry (address, share capital, financial year, means of communication, changes in the Management Board) in the Commercial Register as soon as possible. The Management Board must submit the approved annual report together with the proposal for the distribution of profit or for covering of loss and the auditor's report, if auditing is compulsory, to the Commercial Register within six months after the end of the financial year.



FRANCE

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

(a) Civil companies which are non-commercial entities. These companies are found mainly in the fields of real estate (Société civile immobilière - SCI), agriculture (Société civile agricole), professional and intellectual activities (Société civile professionnelle; Société d'exercice liberal - SEL). Their main characteristics are that their shareholders are personally liable (with their own assets at risk) and may be required to cover the company's debts if the company becomes insolvent.

(b) Commercial companies which include unlimited liability companies such as partnership (Société en nom collectif – SNC) and limited liability companies, such as the French limited liability company (Société à responsabilité limité – SARL), the French limited liability company by shares (Société anonyme – SA), the simplified joint stock company (Société par action simplifiée – SAS), or the European joint stock company (Société européenne – SE).

The non-corporate forms consist of sole entrepreneurship and limited partnerships, rarely used by foreign investors.

The most common corporate forms used by foreign investors in France are SAS and SARL. The SA is typically utilised by listed companies even if it is possible to have a non-listed SA. This summary is therefore focused on these three forms of company.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

It is not possible, under French law, to incorporate a company in advance even if we can incorporate a company without any activity and then activate it later. However, the incorporation process only requires an 8 - 15 day period in order to incorporate a fully operative company.

(A) « SOCIÉTÉ ANONYME »

A SA is, in principle, held by a large number of investors and the share capital of the company is divided into a specific number of shares with a designated nominal value. The company must be incorporated with at least 7 shareholders (individuals or legal entities) for listed companies and at least 2 shareholders for non-listed companies, with neither having any maximum number of shareholders.

The minimum share capital of a SA is 37,000.00 EUR. At least 50% of the issued share capital must be paid up prior to the registration of the company with the balance paid up within 5 years of the date of incorporation.

As with most limited liability companies, the bylaws will provide some compulsory information (name, purpose, head office, share capital, shareholders rights, etc.). The appointment of a statutory auditor is mandatory.

(B) « SOCIÉTÉ PAR ACTIONS SIMPLIFIÉE »

The SAS is, nowadays, the most common form of limited liability company in France: it allows its founders to be very flexible when drafting the bylaws of the company. This flexibility is a very useful tool.

For instance, it is quite common to insert the terms and conditions of a shareholders agreement within the bylaws (with first refusal, tag along, drag along rights, etc.). It is also possible to structure the governance with

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CORPORATE FORMS AVAILABLE

French law provides for various corporate legal entities that may be mainly distinguished into two groups. See opposite.

one or more committees, give more rights to one shareholder vis-a-vis the others, issue preferred shares, issue bonds, etc.

The company can be established by a natural person or a legal entity, with no minimum or maximum number of shareholders. Moreover, the share capital minimum is 1.00 EUR. In case of a contribution in kind, a statutory auditor must be appointed by the shareholders to validate the value of such contribution.

Notwithstanding the above, bylaws must be carefully drafted and their flexibility may also be a hazard since many people without proper legal assistance, tend to draft articles which could be, in the end, contradictory. In addition, there are only limited rules that apply to the SAS and in case of omission in the bylaws, it will not be possible to rely on the protection of the general commercial code provisions. If the company is controlled by a legal person, a statutory auditor must be appointed (which also applies if the company is controlled by natural persons but reaches certain thresholds).

(C) « SOCIÉTÉ À RESPONSABILITÉ LIMITÉE »

The SARL, which literally stands for "Limited Liability Company", is also a very common form of company but it is quite strictly framed by law (on the contrary to the SAS). It is designated for smaller legal structures.

Indeed, this form of company can also be established by an individual or legal entity but with a maximum number of 100 shareholders. The minimum share capital is also 1.00 EUR.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

(A) SA

SA management can be organized according to two governance standards:

- A Board of Directors (Conseil d'administration) with at least three members (individuals or legal entities). The board then appoints the managing director and the president of the board; or
- A Supervisory Board (Conseil de surveillance) which appoints a management committee (Directoire) (German standard).

The members of the Board of Directors or of the Supervisory Board are appointed and withdrawn by the ordinary general meeting. However:

- The Board of Directors has the authority to appoint and repeal the President and the Managing Director; and
- The Supervisory Board has the authority to appoint the Management committee (including the President and Managing Directors). The power of repealing the management committee is, however, granted to the ordinary general meeting unless the bylaws provide otherwise.

The Board of Directors decides on the general direction of the company's activities and has special powers (e.g., to grant collaterals to third parties, approve agreements concluded between the company and its management – directly or indirectly, etc).

The CEO is called "Directeur Général" and the Chairman of the Board, "Président du conseil d'administration". One person can hold both positions and will therefore be named "PDG", which stands for "Président Directeur Général".

(B) SAS

In a SAS, there is no compulsory form of administration. As set out above, it is possible to include almost everything in the bylaws. Therefore it is possible to create committees, Boards of Directors or Management Board, strategic boards, etc.

The only legal obligation is the appointment of a "President" (individual or legal person) who will act on behalf of the company and who will hold the executive position (he will be the CEO). This power may also be granted by the bylaws to deputy Managing Directors.

The "Président" of the SAS holds a real executive position contrary to the SA where the real executive is the "Directeur Général".

(C) SARL

A SARL is managed by one or several "managers" (gérant) chosen among the shareholders. A legal entity cannot be a manager of a SARL, it must be an individual.

The manager is appointed by the bylaws or elected by the shareholders representing at least 50% of the share capital (unless the bylaws specify a higher percentage).

A manager has the most extensive powers to engage the company with third parties. However, when dealing with

shareholders, its powers may be limited by the bylaws and prior authorisation may be needed.

The manager of a SARL is liable for faults committed during its mandate, in the same way as the managers of SA or SAS. He is also subject to a non-competition obligation with the company.

PERSONAL LIABILITY FOR EXECUTIVES

The executives of a commercial legal structure are obliged to exercise their duties with care and, in very general terms, they may be personally liable in three particular cases:

- Violation of laws or regulations applicable to SA. For example, if there are irregularities in the keeping of social accounts, or in case of non-compliance with the rules applicable to the company (e.g., no statutory auditor has been appointed where one is required).
- Violation of the bylaws: in case of non-compliance with a clause of the bylaws (e.g., the Président of an SAS has exceeded his powers which were limited under the bylaws).
- Mismanagement: if the managing director does not act in accordance with the interest of the company which means, primarily, in accordance with the company's statutory purpose (e.g., abuse of corporate assets). Personal liability may be sought even in cases of negligence.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

SARL, SA and SAS are predominantly subject to corporation tax (Impôt sur les Sociétés) on their entire net income before tax. Note, however, that more often that not, foreign income is not taxed in France unless an international tax treaty provides so.

Profits are taxed at a tax rate of:

- 26.5% for companies whose global turnover is lower than 250,000,000.00 EUR; and
- 27% for companies whose global turnover is greater than or equal to 250,000,000.00 EUR.

The tax rate will be standardized to 25% for all companies starting from the annual fiscal year of 2022, regardless of global turnover.

However, this rate is lowered at 15% for the first 38,120 EUR of profit (the rate is 26.5% or 27% above this threshold) if:

- The global turnover of the company is lower than 7,630,000.00 EUR or;
- The share capital has been entirely paid-up and is only held by individuals (directly or indirectly).

In addition, if a corporate structure subject to "Impôt sur les Sociétés" owns an interest in another company for more than 2 years, the capital gain will only be taxed at a rate of 3%.

Note that French companies are also subject to a regional tax (Contribution économique territoriale), with a maximum rate of 3% of the added value produced by the company during the financial year.

There is no specific tax for any share capital increase/decrease in SARL, SA or SAS but there is a registration fee of 375.00 EUR or 500.00 EUR depending on the amount of the share capital.

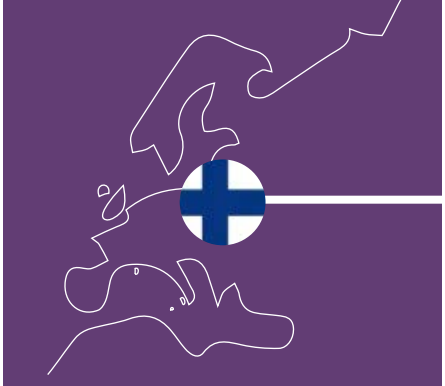
A French company can exercise the option for a tax consolidation: it allows a parent company to be liable for corporation tax due on the overall results of the group formed by itself and its affiliates in which it holds at least 95% of the share capital in a continuous manner during the financial year, directly or indirectly.

REPORTING REQUIREMENTS

In case of modification of any of the mandatory information required for registration (purpose of the company, name, capital, seat, corporate form, share capital, directors, executives, etc.), the managing director must publish this amendment in a "legal" newspaper (Journal d'annonces legales) and file the changes with the Trade and Companies' registry without delay (i.e., no more than 30 days).

These changes will become effective vis à vis third parties only upon registration and are available on an official website (www.infogreffe.fr).

French Companies also have an obligation to file their annual financial statements within seven months after the closing of its financial year. Note that a one month delay may be permitted if the submission is made online.



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CORPORATE FORMS AVAILABLE

The main corporate forms in Finland are as follows:

(I) Private limited liability company (Fin. yksityinen osakeyhtiö);
(II) Public limited liability company (Fin. julkinen osakeyhtiö);
(III) Partnership (Fin. avoin yhtiö);
(IV) Limited liability partnership (Fin. kommandiittiyhtiö);
(V) Sole proprietorship (Fin. yksityinen elinkeinonharjoittaja);
(VI) European limited liability company (Fin. Eurooppayhtiö); and
(VII) Cooperative society (Fin. osuuskunta).

FINLAND

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Private and public limited liability companies, hereinafter referred to as "companies", are the most common corporate forms in Finland and hence, the focus of this chapter is on these.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

The incorporation of a limited liability company is regulated by Chapter 2 of the Finnish Limited Liability Companies Act (624/2006). A company shall be incorporated by way of a written Memorandum of Association signed by all shareholders. The Articles of Association, hereinafter referred to as "AoA", shall be included or attached to the Memorandum of Association.

The Memorandum of Association shall always contain (1) the date of the contract; (2) all shareholders and the number of shares subscribed for by each of them; (3) the price to be paid to the company for each share (i.e., the subscription price); (4) the time when the shares are to be paid; and (5) the Members of the Board of Directors of the company. The financial period of the company shall be determined either in the Memorandum of Association or in the AoA. Where appropriate, the Memorandum of Association shall also contain information on the Managing Director, the Members of the Supervisory Board, and the Auditors. The Chairmen of the Board of Directors and of the Supervisory Board may also be designated in the Memorandum of Association.

The company shall be established upon registration. The company shall be notified for registration to the Finnish Patent and Registration Office within three months of the signing of the Memorandum of Association; failing this, the incorporation of the company shall lapse. The registration fee is 275-380 EUR, and the registration procedure typically takes up to two weeks.

The AoA shall always contain the following information about the company: (1) its trade name; (2) the municipality in Finland where it has its registered office; and (3) its field of operation. If the trade name of the company is to be used in two or more languages, all of the language versions shall be mentioned in the Articles of Association.

A Private limited liability company requires no share capital, while a public limited liability company has a minimum share capital requirement of 80 000 EUR.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

Limited liability companies shall have a Board of Directors. The Board of Directors may appoint (although it is not a requirement) a Managing Director and a Supervisory Board. The Board of Directors shall see to the administration of the company and the appropriate organization of its operations (general competence). The Board of Directors shall be responsible for the appropriate arrangement of the control of the company accounts and finances. The general meeting shall appoint the Members of the Board of Directors, unless it is provided by the AoA that the Supervisory Board is to appoint the Members.

The Managing Director is responsible for the operational activities and

shall see to the executive management of the company in accordance with the instructions and orders given by the Board of Directors (general competence). The Managing Director is responsible for ensuring that the accounts of the company are in compliance with the laws and that its financial affairs have been arranged in a reliable manner. The Managing Director shall supply the Board of Directors and the Members of the Board of Directors with the information necessary for the performance of their duties.

The Managing Director may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the company only if so authorized by the Board of Directors or where it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible thereafter.

The Board of Directors shall represent the company. The Managing Director may represent the company in matters falling within the Managing Director's duties as described above. The management of the company shall act with due care and promote the interests of the company. A member of the Board of Directors and the Managing Director shall be liable for damages that he or she, in violation of this duty of care, has in office deliberately or negligently caused to the company, a shareholder or a third party.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

Companies are liable to pay the state income tax (Corporate income tax). The rate of corporate income tax in Finland is currently 20%. Companies shall deduct any deductible expenses and the losses assessed in taxation from the taxable income.

For a shareholder, who is a natural person, dividends are subject to taxation. The amount of taxable dividends depends on whether the company paying dividends is public or private. The tax rate for capital gains for natural persons is 30% or 34%, depending on the yearly amount of the capital gains of the tax subject in question.

For a shareholder, who is a legal entity, dividends on business-related shares are exempt from tax when paid by a Finnish entity or an entity mentioned in the Parent-Subsidiary Directive. Dividends are also exempt from tax if they are derived from an EU/EEA area entity, other than referred to in the Parent-Subsidiary Directive, in case the distributing entity is:

- without exemption liable to pay tax at least 10%(for the dividend in question); and
- the entity's country of residence according to applicable tax legislation is in this EU/EEA country and not outside the EU/EEA area according to the agreement regarding the avoidance of double taxation.

Other dividends are taxable according to the main rule.

Companies which operate by trading goods or services in Finland are obliged to charge VAT to customers and pay VAT to the Finnish Tax Authority. In sales of products and services, VAT is included in the sales price at the rate of 24%, 14% or 10%, depending on products or services in question. Some services are tax free. The seller has the right to deduct the VAT of his purchases of goods and services for business purposes if another VAT taxpayer has supplied them to him.

REPORTING REQUIREMENTS

Whenever the company's details change, the Finnish Patent and Registration Office must be notified by the filing of a notification containing details of the changes. A limited liability company must file a notification if, by way of example, the following details change: persons authorized to represent the company, board of directors, auditor, place of registered office (domicile), changes in share capital, address and contact details, procuration rights, merger, financial period, line of business, company name, managing director, or the AoA.

Several decisions of the company (e.g. changes in AoA and in share capital) do not come into force until they are notified to the Finnish Patent and Registration Office and recorded into the Trade Register. Usually these must be notified without delay after the change has taken place. However, some changes must be notified within a deadline, e.g., the incorporation of a limited liability company, reduction of share capital, share issue, option rights and other special rights as well as merger and demerger proceedings.

Most companies must notify their beneficial owners to the Finnish Patent and Registration Office to be recorded into the Trade Register. In most cases, these are the shareholders of the company. According to the Finnish Act on Money Laundering (444/2017), a beneficial owner is a natural person, who a) owns more than 25% of a company shares directly or indirectly through another company; b) holds more than 25% of the voting rights in the company either directly or indirectly through another company; or c) exercises actual control in the company on other grounds, such as a partnership agreement. Limited liability companies and cooperative societies must always notify their beneficial owners to the Finnish Patent and Registration Office. After each financial year the limited liability company must prepare annual accounts and report them to the Finnish Patent and Registration Office.

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CORPORATE FORMS AVAILABLE

A foreign company wishing to establish a business presence in Germany can choose from the full range of corporate forms, being either corporations (Kapitalgesellschaften) or partnerships (Personengesellschaften). Only corporations are legal entities with legal personality under German law. Partnerships can be subject to certain direct rights and obligations. The main practical differences are therefore shareholders' liabilities and taxation treatment.

GERMANY

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

The principal types of corporations are :

- **Private Limited Liability Company (usually, the Gesellschaft mit beschränkter Haftung) (the GmbH); and**
- **Public Limited Company / Stock Corporation (Aktiengesellschaft) (AG).**

Partnerships include:

- **Civil Law Association (Gesellschaft bürgerlichen Rechts);**
- **General Partnership (Offene Handelsgesellschaft, or OHG); and**
- **Limited Partnership (Kommanditgesellschaft, or KG).**

Foreign companies might also consider establishing a branch (or, in tax terms, a permanent establishment) in Germany. Although a branch of the foreign company has no legal personality, as it is actually only the "extended arm" of the foreign company, it still requires registration in the Commercial Register where the branch has its office. Although the branch does not have a legal identity of its own (it is just the "extended arm" of the foreign entity), there are some formalities to comply with, such as the entry in the local official registry of business activities (Gewerberegister), the registration with the local tax offices, etc. If the branch has employees, more obligations arise, as for instance the registration in the social security system. In addition, the branch has to keep its own books (accounting) and is subject to taxes based on the profits generated in Germany.

It will also be important to assess whether a permanent establishment is created and the taxation effect of the same. A permanent establishment may exist without a branch (for instance, when a foreign company, without office or other business structure, just runs a warehouse as a distribution centre without employees). For this reason, it is very important to obtain legal advice prior to commencing business activities in Germany. Virtually any activity requires complying with registration and similar requirements.

It is also important at this stage to note that German commercial law does not recognise the concept of a "representative office", a concept that exists in many other countries and which is basically an office from which only the market is observed and the sale of goods is promoted.

CORPORATIONS (KAPITALGESELLSCHAFTEN)

(A) PRIVATE LIMITED LIABILITY COMPANY (GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG / GMBH)

The most common corporate legal form in Germany is the Private Limited Liability Company (Gesellschaft mit beschränkter Haftung, or GmbH). This is due to its ease of incorporation, the agility of its internal management and easy transfer of shares.

In fact, there are two forms of limited liability company, the traditional GmbH and the Unternehmergesellschaft (haftungsbeschränkt), a modified GmbH which can be incorporated with no statutory minimum share capital.

(B) THE "TRADITIONAL" GMBH

(a) Legal Nature

The Private Limited Liability Company is an entity with legal personality and a share capital – different from its founders' property, capital and assets. Its shareholders can only be held liable up to their respective shares in the capital. In this respect, it is comparable to the Limited Liability Company in the US or to a Private Company Limited by Shares in England.

(b) Shareholders

It is possible to incorporate a GmbH with one single shareholder. This can be an individual or a legal entity, such as a foreign company. There are some special provisions for a single-shareholder GmbH, e.g., any business between the company and the sole shareholder needs to be recorded in a specific way. However, unlike in some other jurisdictions, it is not possible to deduce from the corporate name that it has a sole member.

In any event, the Commercial Register provides a list of shareholders that is publicly available, thus a GmbH with only one shareholder can easily be identified as such. The list of shareholders has to be updated every year and whenever shares are transferred to a third party.

(c) The "German Limited" – Unternehmergesellschaft (haftungsbeschränkt)

The freedom of establishment within the European Union has made Germany compete with other countries for the most appropriate corporate legal forms. As the English Private Company Limited by Shares does not require any minimum share capital it became a popular business structure within Germany. According to official statistics, about 30,000 English Private Company Limited by Shares are said to be business active in Germany.

As an answer to the increasing popularity of the use of an English Private Company Limited by Shares established by German citizens to carry on business in Germany, and consequently in order to meet the needs of small business owners and start-ups, a new corporate legal form was introduced in 2008: the Unternehmergesellschaft (haftungsbeschränkt), known by its acronym "UG".

The UG does not require a minimum share capital to be incorporated. However, the UG must, over time, retain earned profits in order to be in a position to capitalise at 25,000 EUR, when it may then be converted into a "traditional" GmbH. Although the incorporation of a UG also requires notarial form, this can be done in a standardized way: model incorporation protocols are available which simplify the process. This simplification is achieved by the unification of three documents in one: (a) shareholders' agreement/articles of incorporation, (b) appointment of manager and (c) list of shareholders. This also results in a cost reduction. However, it is obvious that an entity with negligible capital will not have much credit in business, let alone the financial world. Those incorporating an UG will need to consider this downside when deciding whether this corporate form is adequate to meet their purposes. In practice, personal guarantees of the shareholders will be required for any credit or funding measure.

(d) Public Limited Company (Aktiengesellschaft)

Alternatively, foreign companies might consider incorporating a Public Limited Company (Aktiengesellschaft, also known under its abbreviation "AG"); this legal form is comparable to Public Limited Companies in England and Stock Corporations in the US. The Public Limited Company is especially attractive when it comes to raising funds as its securities may be offered to the public. Shares are easily transferable. Therefore, the Public Limited Company most conveniently attracts external investors.

(e) Legal Nature

The Public Limited Company is a legally autonomous entity. Its shareholders participate in the capital without taking any personal risk beyond paying in the subscribed capital.

(f) Shareholders

The German Stock Corporations Act no longer provides for a minimum number of shareholders. Consequently, the establishment of a single-shareholder Aktiengesellschaft is possible. There is no maximum number of shareholders. Unlike in the Private Limited Liability Company (GmbH), the identity of the shareholders is not public. Exceptions to this rule apply, most notably under the Transparency Directive regime for traded companies.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

PRIVATE LIMITED LIABILITY COMPANY

(a) Formal Requirements for the Incorporation

The incorporation of the GmbH – as well as any transfer of shares – requires the notarial form. Both shareholders and the managers may be of foreign nationality and are not required to have their legal domicile in Germany. If the managing director resides outside the European Union, he will, however, need an immigration status that allows him to enter into Germany at any time (in order to comply with the relevant duties in the fields of accounting, surveillance of the capital stock, etc.). As mentioned above, the GmbH comes into existence upon its registration in the Commercial Register. A list of shareholders also needs to be deposited with the Register.

(b) Time needed for incorporation

The time needed for incorporation of the company in the Commercial Register has been visibly reduced by a law which came into force in 2007. At present, the necessary documents for the incorporation are filed electronically with the Commercial Register. The latter can decide immediately on the quality of the documents and proceed to incorporation of the company. Provided that all documents that have to be filed with the Commercial Register by the Notary public after the formal constitution of the company comply with the necessary requirements (sworn translations, Apostille, etc.), the registration of the company should not take longer than 3 to 4 weeks.

(c) Costs

Costs for incorporation depend on the amount of the statutory share capital. For a Private Limited Liability Company with a statutory capital of 25,000 EUR, notary and registration fees will be in the range of 1,000 EUR plus VAT (without expenses for translations, interpreters etc., if necessary).

(d) Share Capital Requirements

The Private Limited Companies Act (GmbH-G) establishes a minimum capital of 25,000 EUR. This money can be invested either by paying the capital in a bank account of the newly established GmbH or in kind, providing goods for a minimum value of 25,000 EUR (e.g., construction machinery, vehicles, real estate etc).

The GmbH will only be registered with the Commercial Register (Handelsregister) once a quarter of the subscribed shares has been disbursed: provided, however, that half of the minimum statutory capital is paid in (i.e. a minimum of 12,500 EUR).

In the event the share capital is contributed in kind, a report on the value of the assets to be contributed will be needed to ensure that the contributions in kind are at least equivalent to the nominal value of the subscribed capital. In this case, the company will only be registered with the Commercial Register (Handelsregister) once the report confirming that the capital in kind was provided in its entirety is filed. It is important to note that the Private Limited Liability Company only comes into existence when registered.

The Commercial Register is maintained locally in a large number of courts across Germany.

Public Limited Company (Aktiengesellschaft)

(e) Formal Requirements for the Incorporation

The Public Limited Company (Aktiengesellschaft) is incorporated by notarial deed and comes into existence upon its entry in the Commercial Register.

(f) Time needed for incorporation

Provided that all relevant documents required for its registration have been well prepared, the registration process should not take more than 5 to 6 weeks from the signing of the notarial deed.

(g) Costs

Costs for incorporation depend on the amount of the statutory share capital. For a Public Limited Liability Company with a statutory capital of 50,000 EUR, notary and registration fees will be in the range of 3,500 EUR plus VAT (without expenses for translations, interpreters etc., if necessary).

(h) Share Capital Requirements

According to the German Stock Corporation Act (Aktiengesetz), the minimum share capital is 50,000 EUR. As outlined above, shares are easily transferable, both in and outside of public stock exchanges, helping the AG to be an ideal means of raising funds. Hence, it is a classic instrument for projects that require a larger investment.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

PRIVATE LIMITED LIABILITY COMPANY

(a) Management and Representation

The company's administration is led by one or more persons called Geschäftsführer (Managing Director). The company may have more than one Managing Director. The Managing Director is appointed by a shareholders meeting and he is the only legal representative of the company vis-à-vis third parties. The powers of a Managing Director are unlimited towards third parties but it is possible to restrict them in the internal regime as follows:

(a) When appointing more than one manager, it is possible to stipulate the right of joint representation, i.e., two managers need to act jointly in order to enter into legally binding commitments for the company.

(b) It is also possible to establish a list of specific issues for which the manager requires the prior consent of a shareholders meeting. Usually, these are issues which do not occur on a daily basis, such as the purchase or sale of real property, establishing certain long-term contracts, setting up branches or incorporating subsidiaries, etc.

Although not mandatory, it is not uncommon for Limited Liability Companies to establish a voluntary advisory body (Beirat) to advise and support the shareholders' meetings. However, a GmbH with more than 500 employees is legally required to establish a supervisory board (Aufsichtsrat) which has certain supervisory tasks. This is due to particular German legislation on the co-determination by employees (Mitbestimmung) which also applies to corporations. Germany and Austria has a very different approach to board governance to the English or US model of a unitary board.

(b) Personal Liability of the Managing Director of a Private Limited Liability Company

A Managing Director has to act with due care observing the diligence of a prudent business person when exercising his office.

It is, for example, the Managing Director's duty to register any relevant changes of the company in the Commercial Register; to timely remit taxes and social security contributions; to take care of proper accounting and balance-sheet reporting, and, generally speaking, to act in the best interests of the company. In situations of business failure, one of the responsibilities of the Managing Director is to timely file for the opening of insolvency proceedings, as the case may be.

Violations of the aforementioned duties may result in personal liability of the Managing Director towards the shareholders of the company and creditors if his actions have caused damage to the company but in some cases also towards third persons, namely in case of non-observance of the duty to pay taxes, social security contributions, filing for insolvency and, if the Managing Director acted to the detriment of third parties (namely in tort).

PUBLIC LIMITED COMPANY

(A) MANAGEMENT AND REPRESENTATION

The provisions in the German Stock Corporation Act provide for the following three mandatory executive bodies:

- General Assembly of shareholders (Hauptversammlung);
- Management Board (Vorstand); and
- Supervisory Board (Aufsichtsrat).

The General Assembly of shareholders is the general shareholders meeting by means of which, among other things, members of the supervisory board are appointed and resolutions on the distribution of profits are adopted. The Management Board (Vorstand) is appointed by the Supervisory Board (Aufsichtsrat) and it consists of one or more members. In companies with a share capital of more than 3,000,000 EUR the law provides for a statutory minimum of two board members. However, this is the statutory standard case and the company's articles of association may reduce this body to only one individual.

The Management Board is the legal representative of the Corporation with unlimited powers vis-à-vis third parties. Nonetheless, the articles of association, the Supervisory Board, the General Assembly of shareholders and statutory law may limit the powers of the Management Board in its (internal) relation between the company and the board. These limitations are not enforceable against third parties.

The Supervisory Board consists of 3 to 21 members, depending on the amount of the share capital of the corporation.

In companies with more than 500 employees, the total number always needs to be a multiple of three:

- two thirds of the Supervisory Board necessarily need to consist of shareholder representatives; and
- one third of employee representatives.

In companies with more than 2,000 employees, the supervisory board consists of:

- 50% shareholder representatives; and
- 50% employee representatives (as stipulated by the Co-Determination Act - Mitbestimmungsgesetz).

It is important to understand that the company's management has no representation on the supervisory board.

(b) Personal Liability of the Management Board of a Public Limited Company

Members of the Management Board of a Public Limited Company ("Directors") can be personally held liable if they breach any of their fiduciary duties of loyalty and care. Typical situations which trigger the Director's personal liability are unsuccessful speculative transactions, hazardous investment of capital of the company and lack of diligence in case of the acquisition of another company or assets.

Perhaps the biggest difference compared to the situation in the Private Limited Liability Company lies in the fact that in a Public Limited Liability Company, the Supervisory Board has the obligation to identify possible breaches of duty by the Directors and to recover and, as the case may be, to sue them in order to recover any damages caused.

TRANSPARENCY REGISTER: COMPULSORY REGISTRATION FOR ALL COMPANIES

On August 1, 2021, the Transparency Register and Financial Information Act Money Laundering (TraFinG Gw) came into force. As a result, all companies subject to transparency requirements have been obliged since August 1, 2021to identify their beneficial owners and actively notify the transparency register for entry.

All legal entities under private law (including AG, GmbH, UG (limited liability), associations, cooperatives, foundations, European Company (SE), KG a.A), registered partnerships (including OHG, KG, partnerships) as well as "legal structures" within the meaning of Section 21 AMLA, i.e. certain trusts and trustees of non-legal foundations with a self-interested foundation purpose and legal structures that correspond to such foundations in their structure and function, are obliged to do so.

Following the amendment to the Money Laundering Act, the transparency obligations also effect foreign associations if they undertake to acquire ownership of real estate located in Germany, unless they have already submitted the relevant information to a transparency register in another EU member state.

Sole proprietors, registered traders (e.K.) and GbRs are generally not affected by this notification requirement.

The management of the companies concerned must determine the necessary information and any changes and submit it electronically to the transparency register.

CORPORATE GOVERNANCE IN GERMANY

Legal requirements, culture and not least social customs shape corporate governance in individual countries. Country-specific conditions determine, for example, the composition of supervisory boards, the requirements for audit committees, the rights of shareholders and many other aspects of corporate governance. The following overview examines these country-specific aspects in detail and provides information on how they are structured specifically in Germany.

(A) SHAREHOLDERS' RIGHTS

In Germany, shareholders can exercise their rights by attending the Annual General Meeting, which is usually convened by the Board of Management. As a rule, the Annual General Meeting resolves on the appointment of Supervisory Board members, the ratification of the actions of the Executive Board and Supervisory Board, the appointment of the auditor, the appropriation of net income, and on other issues raised by the Executive Board. However, shareholders whose shares represent 5% or an amount of the capital stock equivalent to 500,000 EUR may also request that certain items be placed on the agenda of the Annual General Meeting.

(B) COMPANY TAKEOVERS

In principle, the Executive Board of a target company may not take any action to prevent the success of a takeover bid. However, there are numerous exceptions to this rule. These include the possibility of a public rejection of the

offer, the search for a "white knight" (competing offer) or measures of a defensive nature which the Annual General Meeting has authorized the Executive Board to take. However, shareholders have the option of limiting the company's rights of defence with regard to takeovers by adopting corresponding amendments to the Articles of Association. Listed companies must disclose their capital and control structures, including certain takeover defences, in the management report or the Group management report.

(C) AUDIT COMMITTEE

Capital market-oriented companies must have at least one independent member of the supervisory board or audit committee with expertise in the fields of accounting or auditing.

The Supervisory Board shall deal with the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, as well as the monitoring of the audit of the financial statements, in particular the independence of the auditor and the additional services provided by the auditor. These tasks may be delegated in part or in full to an audit committee.

(D) SUPERVISORY BOARDS

In accordance with the German Third-Party Participation Act (Drittbeteiligungsgesetz) and the German Codetermination Act (Mitbestimmungsgesetz), the members of the supervisory boards of large stock corporations (with more than 500 employees) are elected on a pro-rata basis by shareholders and employees: depending on the size of the company, one-third or one-half of the Supervisory Board consists of employee representatives elected by the employees. The other members of the Supervisory Board are elected by the shareholders. The supervisory board appoints the members of the management board, who manage the company on their own responsibility. Most supervisory boards of large listed companies form committees, usually an audit committee, a nomination committee and a presidium.

(E) GERMAN CORPORATE GOVERNANCE CODE (GCGC)

Corporate governance in Germany is regulated by law, in particular by stock corporation and commercial law. The German Corporate Governance Code (DCGK) itself is not a law, but a "best practice" code that operates on a "comply or explain" basis.

Under the Stock Corporation Act, listed stock corporations must disclose the extent to which they comply with the recommendations of the Corporate Governance Code. The companies concerned must also explain why they do not follow individual recommendations. The GCGC is generally reviewed once a year and adapted to national and international developments where necessary.

(F) EXECUTIVE BOARD COMPENSATION

The issue of executive board compensation is also a focus of debate in Germany. In particular, the German Association for the Protection of Securities Owners (DSW) closely scrutinizes whether the statutory regulations and the recommendations of the GCGC are complied with on compensation issues. Executive Board compensation generally comprises fixed and variable components as well as components with a long-term incentive effect and risk character (e.g., stock option programmes). As a result, the compensation practice is generally in line with the relevant recommendations of the GCGC. In addition, the GCGC recommends that compensation as a whole and with regard to its variable compensation components should have maximum limits in terms of amount. Likewise, severance payments should be limited (severance payment cap). Listed stock corporations must disclose the compensation of their individual board members in detail unless the Annual General Meeting approves a resolution to the contrary by a three-quarters majority.

GREECE

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Corporate legal forms include the Greek limited liability by shares company ("Societe Anonyme" - "SA"- law 4548/2018 as applicable), the limited liability company ("EPE"), the - recently established in Greece - private capital company ("PCC"- "I.K.E."-law 4072/2012, as applicable) and the European company ("Societas Europea" -"SE"). The form of the SA is the most common in Greece and in some cases (e.g., banking and insurance operations) it is the exclusively chosen corporate form, however the PCC-IKE has started to gain ground amongst the various corporate forms due to its fewer formal requirements than those required for SA or EPE.

With respect to the non-corporate forms, these consist mainly of the sole entrepreneurship, the general and limited partnership that are governed by the Greek Civil Code and the Greek Commercial Law. These forms apply mostly for family or small-scale businesses, while the corporate forms such as SA or PCC-IKE are the ones regularly chosen by foreign investors that establish or even expand their activities in Greece.

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INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

(A) SOCIETE ANONYME

Governed by the law 4548/2018, the basic characteristics of this company type are set forth in its Articles of Association, which are drafted based on the requirements of law. Therefore, there should is a minimum mandatory content of the AoA, including provisions of the company's registered seat, name (with certain regulations applicable for its approval as such), objects/purpose, duration, share capital and its payment, type of shares (classes of shares etc), their number, nominal value and issue as well as the procedure for their transformation to registered shares (if applicable), Board of Directors and General Meetings of shareholders, auditors, shareholders' rights, annual financial statements, signatories of the AoA and incorporation details as well as provisions for dissolution and liquidation of the company. The AoA should be drafted and executed either privately or before a notary public, through a notarial deed. AoA under the minimum requirements by law, may be executed electronically while the overall incorporation procedure may be completed exclusively online through a special e-platform within minutes provided that the parties involved have previously completed the necessary actions before the Greek Tax Authorities for registration with the Greek Tax system. All other corporate documentation (e.g., minutes of General Meetings of the shareholders, minutes/resolutions of the Board of Directors) are in any case private and not notarized whilst meetings may be also held by electronic means (e.g., by teleconference).

Currently there are no standard costs provided for the online incorporation of a company except for any fees agreed with the entity in Greece to complete the online procedure as well as the procedure before Greek Tax Authorities (approximately 2.000,00 EUR for an ordinary case). Notarial fees (if applicable) incorporating an SA are approximately 1.000,00 - 1.500,00 EUR. Legal fees for the set-up of a standard SA are approximately 2.000,00 - 2.500,00 EUR, depending mostly on the customization of the Articles of Association as per client's needs for specific business, structure etc.

CORPORATE FORMS AVAILABLE

Greek law provides for various legal forms of companies that can be used for operating a company, depending mainly on the business to be assumed and the legal requirements.

The share capital of the company is always indicated in money even if the shareholders' contributions consist in kind. The part of the capital that is equal to the minimum amount of the share capital of the S.A. (today 25.000,00 EUR as provided for by law) must be paid either in cash or in kind when the company is being incorporated.

It is noted that the previously imposed tax of 1% on the company's initial share capital has been abolished (according to law 4254/2014), although it remains for any share capital increase.

(B) PRIVATE CAPITAL COMPANY

The P.C.C, introduced in Greece in 2012 according to law 4072/2012, is incorporated through a simple private agreement executed by its founders/shareholders. The incorporation is completed either before a notary public (if selected by the parties or imposed by law) or fully online as in the case of the SA, provided that procedures before Tax Authorities have been completed in advance.

All company data and corporate details referring to its corporation and subsequent amendments thereof are published on the internet, through the company's website, as required by law.

The Articles of Association are included in the private agreement for the company's incorporation. The AoA can be customized according to the special needs or objects of the business. For any amendments to the AoA or for any shares sale and purchase agreement, only a private agreement is required by law, which then has to be filed with the Business Register.

The shareholders resolve upon the amount of the company's share capital, without any limitation as per its minimum amount (this could even be zero). Since the previously imposed tax of 1% on the company's initial share capital has been abolished (according to law 4254/2014, yet remaining for any share capital increase), there are no restrictions towards determining the initial share capital, apart from that this should be deposited at the company's treasury or bank account.

The AoA of the P.C.C, any amendments thereof and the resolutions of the shareholders could be drafted in one of the official EU languages, but the Greek text/version shall prevail concerning relations between the company and its shareholders on the one hand and third parties on the other hand.

Legal fees for the incorporation of a standard P.C.C. are approximately 1.500,00 -2.000,00 EUR.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

(A) SOCIETE ANONYME

The Societe Anonyme is managed by a Board of Directors, consisting of three (3) to fifteen (15) members, who may be either individuals or legal entities (where, in such case, for the exercise of management a representative is appointed). The members of the first Board of Directors are appointed through its AoA and then the Board is constituted in corpore by a separate meeting/resolution. There is not any restriction as to the nationality or residence of the members of the Board of Directors, however they should acquire a Tax Payer Identification number in Greece and - in specific circumstances - they may be requested to be registered at the social security system and thereupon to pay social security contributions on a regular basis.

The institution of a "single – member" administration body is also available instead of the Board of Directors, governed by the same legal provisions.

The power of representation of the Managing Director and of the rest of the members of the Board is determined by the company's AoA and the resolutions taken by the company's shareholders and Board of Directors, within the special provisions of the law. The company's representatives have to prudently conduct the company's business in compliance with the applicable legislation and AoA, especially regarding the annual financial statements and accounts of the company. The shareholders may approve the total management throughout a specific financial year during the annual General Meeting of the shareholders which resolves upon the approval of the financial statements of the previous fiscal year.

(B) PRIVATE CAPITAL COMPANY

The P.C.C. is managed by one or more Administrator(s). The Administrator should be a natural person/individual Greek or European citizen holding a Tax Payer Identification number in Greece, and in case of a non-European resident, a Visa is normally requested (Visa for business executives), as per the special applicable legislation. The Administrator should be registered at the Greek social security system. His/her power of representation is determined by the AoA and the shareholders' resolutions.

The Administrator is liable towards the company for any breach of the company's AoA, of the law or of the shareholders' resolutions, as well as for any damage caused as a result of a breach of his/her duties. Such liability does not exist in case of actions or omissions based on a lawful resolution made by the shareholders or on a reasonable business decision, taken in good faith, based on sufficient information and only towards the corporate interest. If a number of managers acted together, they are jointly and severally liable. The shareholders may discharge the Administrator(s) from any and all liability during the annual General Meeting of the shareholders which resolves upon the approval of the financial statements of the previous fiscal year.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

For both Societe Anonyme and P.C.C. the below general tax obligations apply. Special tax obligations may arise in cases of ownership of real estate, for example.

Societe Anonyme and P.C.C. are subject to corporate income tax on their income and the profits are currently taxed at a rate of 22%.

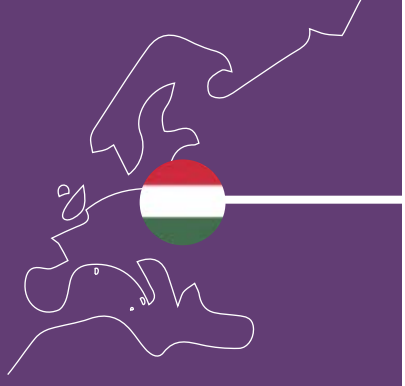
For any dividends paid by a Greek SA or any profit distribution by a P.C.C. to natural or legal persons, a withholding tax is effected at the rate of 5%. With this withholding, the tax liability of the beneficiaries for the above income is exhausted.

Capital Concentration Tax of 0,5% of the amount of the share capital increase is imposed upon any share capital increase in the SA or in the P.C.C. This tax is no longer payable in Greece upon the incorporation of the companies.

REPORTING REQUIREMENTS

The legal representatives of both company types (SA and PCC) - or any other person appointed for this reason - are required to file any amendments to the AoA with the business register as well as any corporate resolutions (of the shareholders or of the Board of Directors - Administrators) which have to be filed according to the law, within 20 days from their date. The amendments to the AoA become effective upon their registration at the Register, while the resolutions of the Board of Directors or of the Administrators (in case of a PCC) are effective from their respective date.

The shareholders of both company types have to resolve upon the approval of the financial statements of the previous year at their Annual General Meetings, which should be convened before the 10th calendar day of the 9th month after the end of each financial year. The financial statements that are going to be approved should be filed with the business register and published, according to the law, and the respective minutes of the Annual General Meetings have to be filed with the Business Register within 20 days.



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CORPORATE FORMS AVAILABLE

Business undertakings can be operated in Hungary with limited or unlimited liability. Companies with unlimited liability are the "közkereseti társaság" ("Kkt." - general partnership) and the "betéti társaság" ("Bt." - unlimited partnership). The main forms of companies with limited liability are the "korlátolt felelősségő társaság" ("Kft." - limited liability company) and the "részvénytársaság" ("Rt." - joint stock company).

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Kkt. and Bt. are generally used for smaller, more personal undertakings.

The most popular form both for domestic and foreign investment and business is the Kft. The Rt. is more often used by undertakings that operate with an equity capital above HUF 100 million and this form is also preferred by financial companies.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

(A) FORM

Each form of legal persons in Hungary (incl. civil societies and foundations) shall be incorporated by a Deed of Foundation that shall be signed by all members of the legal entity and countersigned by a Hungarian attorney-at-law. No notarization is required.

The Deed of Foundation shall contain the most significant elements of the company's organization and operation, such as the name and seat of the company, its aim or main activity, name and address/seat of the founders (members) of the company, the value, time of provision and method of the financial contribution of the founders (members), the name and data of the first managing directors of the company.

Companies are registered by the Courts of Registration. All registered data of the companies are public and could be searched on the following website of the Corporate Register in Hungarian:
http://www.e-cegjegyzek.hu/index.html.

A Kft. shall be established by one or more natural or legal persons with previously determined equity capital and primary stakes of the members. The primary stake is the contribution of the members which could be monetary contribution or contribution in kind. The rights and liabilities of the members of the Kft. will be incorporated in their business quota that corresponds in value to their primary stakes. The members' liability is limited to the value of their contribution.

In case of an Rt., the company is established with a share capital that consists of shares of primarily determined par value. An Rt. shall be founded as a private company but later the shareholders could resolve to introduce the shares of the company to the stock exchange by which the company becomes public.

(B) TIME

The Deed of Foundation of a company shall be filed with the Court of Registration within 30 days following its execution. Courts of Registration have a 15 working day deadline for the registration of the company. In case of Kft. and Rt. a more preferred way is the simplified fast-track procedure through which the court shall register the new company within 1-2 working days following the filing of the Deed of Foundation. In the fast-track registration process, companies shall use a "Model Deed of Foundation" that is established by government decree. In case the operation of the company requires special content in the Deed of Foundation, the Model Deed of Foundation can be modified at a later time.

(C) CORPORATE CAPITAL REQUIREMENTS

The corporate capital of the companies operating with unlimited liability is not defined by law, but each member of the company shall fulfill a certain financial contribution that could be as low as 1.00 EUR.

On the other hand the corporate capital of a Kft. and Rt. shall reach the minimum amount defined by the Civil Code. The minimum amounts of corporate capital are the following:

Kft. - HUF 3,000,000 (7,500.00 EUR)
Rt. (private) - HUF 5,000,000 (12,500.00 EUR)
Rt. (public) - HUF 20,000,000 (50,000.00 EUR)
Hungarian companies are entitled to keep their accounting in EUR or in any other foreign currency.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

The management of a Kft. shall be carried out by one or more managing directors who are appointed by the general meeting of the Kft. Managing directors can be appointed for a finite or an infinite period of time.

An Rt. shall be managed by the board of directors or by one general manager.

Managing directors may represent the company individually or jointly. The rules of representation shall be set forth in the Deed of Foundation. Managing directors may not take any instructions from the members of the company, their actions shall conform to the interest of the company and the creditors of the company. Managing directors shall discharge their duty in due compliance with the acts of law, the Deed of Foundation and the resolutions of the supreme body (General Meeting) of the company. The power of representation of managing directors is unlimited and cannot be restricted towards third persons. Managing directors do not need to be Hungarian citizens; a residence in Hungary is not required either.

Managing directors shall be liable to the company according to the rules of contractual liability. This results in an almost entirely objective measure where the managing director's liability could only be excluded if the breach of contract was caused by unforeseeable circumstances and if it was beyond the sphere of control of the managing director and it could not have reasonably been expected of the managing director to avoid the circumstances or prevent the damage occurring.

These rules shall be applied to Managing Directors if they discharge their duties based on an assignment contract.

If the managing director is an employee of the company, his/her liability shall be regulated by the rules of the Hungarian Labour Code.

On the other hand the liability of Managing Directors against third parties shall be governed by the rules of non-contractual liability. Basically the company itself shall be liable for claims of third parties, however if the damages are caused by the Managing Director intentionally the Managing Director shall have joint and several liability with the company.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

Hungarian companies are subject to corporate income tax (TAO) on their entire realized income irrespective of the source of income being domestic or foreign. In terms of corporate income tax, those companies shall be considered Hungarian that have been established according to domestic regulations or if their place of business is in Hungary.

The rate of the corporate income tax is 9%.

Capital gains are, as a general rule, taxable (with a tax rate of 15%).

There are no withholding taxes for dividends paid out for companies.

Value added tax (VAT) is payable on supplies of goods or services made by taxable persons for consideration within the country, on intra-Community acquisitions of goods by taxable persons and on imports of goods by taxable persons. As a general rule, the rate of the VAT is 27%.

REPORTING REQUIREMENTS

Managing directors are obliged to file to the Court of Registration any changes in the corporate structure (e.g., appointments of directors, modification of the Deed of Foundation) within 30 days following the date of change.

One exception to the 30-day period is when one member of the company receives qualified control over the company that may be gained by 75% of the shares of the company. The qualified control shall be reported to the Court of Registration within 15 days following the date of change.

It is also the managing directors' duty to publish the annual balance sheet report of the company before the last day of the fifth month following the accounting date of the company.

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CORPORATE FORMS AVAILABLE

A business can be operated in Ireland through several different vehicles (e.g., as a sole trader, partnership or as a company). The most appropriate structure will depend upon your attitude to risk, the type of business and with whom you shall be doing business. A brief outline of the most commonly used corporate forms is set out below.

IRELAND

SOLE TRADER

It is relatively simple to set up as a sole trader, however, if the business fails, the sole trader's personal assets may be used to discharge its creditors. A sole trader must register as a self-employed person for tax purposes and if they wish to trade under a name that is not their own, they must register the name with the Companies Registration Office (CRO).

PUBLIC AND PRIVATE COMPANIES

- Most companies are incorporated under and regulated by the Companies Act 2014 (the "Act"). The Act consolidated and replaced the Companies Acts 1963-2013.
- Companies are deemed to be separate legal entities, distinct from those who own and/or manage the business; they contract and hold property in their own name and unless a member has assumed responsibility for the company's liabilities, it is the company, and not its members who may be sued, and who may sue to enforce its rights.
- The liability of members of a company is generally limited to the amount paid on any share; however, members (or directors) may assume responsibility for such liabilities, for example, through the provision of a personal guarantee.
- The profits of companies are distributed to the members through the payment of dividends determined by the rights attaching to their respective shares.
- Private companies are prohibited from offering their shares or other securities to the public; whereas, in practice, the principal reasons for the formation of a public company are to enable it to offer shares and securities to the public and to list on a securities market.
- All companies (except for an LTD) must have two directors and a company secretary (either a corporate or natural person).
- All companies may be incorporated as or become a single member company where its membership is reduced to one person/member.
- In such circumstances, the sole member, can dispense with the holding of General Meetings, including Annual General Meetings (AGMs). The financial statements and reports that would normally be laid before an AGM of the company will still need to be prepared and forwarded to the member.

PRIVATE COMPANIES LIMITED BY SHARES (LTDS), DESIGNATED ACTIVITY COMPANIES (DACS), COMPANIES LIMITED BY GUARANTEE (CLGS), PUBLIC LIMITED COMPANIES (PLCS), UNLIMITED COMPANIES

(A) PRIVATE COMPANY LIMITED BY SHARES (LTD):

(a) LTD companies account for nearly 9 out of every 10 companies formed in Ireland;

(b) Constitution does not include stated objects and can undertake a broad range of activities;

(c) Prohibited from carrying on the activity of a credit institution or an insurance undertaking;

(d) Prohibited from offering securities (equity or debt) to the public and from having securities listed on any market;

(e) May have between 1 and 149 members;

(f) Members' liability limited to the amount, if any, unpaid on the shares they hold;

(g) Requires a secretary and may have only 1 director, however, if only 1 director, they cannot act as both director and secretary.

(B) DESIGNATED ACTIVITY COMPANY LIMITED (DAC) – (LIMITED BY SHARES):

(a) Constitution includes stated objects, limiting the activities that can be undertaken;

(b) Members' liability limited to the amount, if any, unpaid on the shares they hold;

(c) May have between 1 and 149 members;

(d) Requires a secretary and at least 2 directors;

(e) Director can also act as secretary.

(C) DESIGNATED ACTIVITY COMPANY (DAC) – (LIMITED BY GUARANTEE):

(a) Constitution includes stated objects, limiting the activities that can be undertaken;

(b) Members have liability under two headings; firstly, the amount they have undertaken to contribute to the assets of the company, if it is wound up, and secondly, the amount, if any, unpaid on the shares they hold;

(c) May have between 1 and 149 members;

(d) Requires a secretary and at least 2 directors;

(e) Director can also act as secretary.

(D) COMPANY LIMITED BY GUARANTEE (CLG):

(a) Constitution includes stated objects, limiting the activities that can be undertaken;

(b) As a CLG does not have share capital, members not required to buy any shares in the company;

(c) Members' liability is limited by the constitution to the amount they have undertaken to contribute to the assets of the company, in the event it is wound up;

(d) Approximately 7% of companies in Ireland are incorporated as CLGs;

(e) Suitable vehicle for charitable and professional bodies that wish to secure the benefits of separate legal personality and of limited liability without the requirement of raising funds from members.

(E) PUBLIC LIMITED COMPANY (PLC):

(a) Constitution includes stated objects, limiting the activities that can be undertaken;

(b) Members' liability limited to the amount, if any, unpaid on the shares they hold;

(c) Less than 1% of companies in Ireland are unlimited companies;

(d) Nominal value of the PLC's allotted share capital must not be less than 25,000 EUR, at least 25% of which must also be fully paid up before the company commences business or exercises any borrowing powers.

(F) UNLIMITED COMPANY (ULC, PUC OR PULC):

(a) Can be either a public or private company;

(b) Constitution includes stated objects, limiting the activities that can be undertaken;

(c) Members' liability unlimited; recourse may be had by creditors to the members in respect of any liabilities owed by the company which it has failed to discharge;

(d) Approximately 2% of companies in Ireland are unlimited companies;

(e) One of the primary reasons for use of such companies is that ULCs are not required to file their financial statements/accounts and accordingly can keep their affairs private.

(G) PARTNERSHIPS (INCLUDING LIMITED PARTNERSHIPS)

(a) A partnership may be formed where a minimum of two persons (natural persons/bodies corporate) conduct business with a view to making a profit. It must consist of at least two partners and there is normally a maximum of 20. However, this limit does not apply to solicitors or accountancy partnerships, and certain financial partnerships may have up to 50 members;

(b) The partnership is not a separate legal entity i.e., it has no legal personality, separate and distinct from the various partners which comprise the partnership. The partners are jointly responsible for running the business and if it fails all partners are jointly responsible for the debt;

(c) A partnership that adopts a name that does not consist of true names of the partners without any addition must register the name as a Business Name;

(d) The Limited Partnership Act 1907 facilitates the creation of a partnership in which some members have limited liability for the debts of the firm. As with a general partnership, a limited partnership is not a separate legal entity;

(e) A limited partnership must consist of at least one general partner and one limited partner. The general partner(s) is/are liable for all the debts and obligations of the firm. The limited partners contribute a stated amount of capital and are not liable for the debts of the partnership beyond the amount contributed;

(f) A limited partnership must be registered with the CRO and in accordance with the 1907 Act; otherwise the partnership is a general partnership.

INCORPORATION

(A) COMPANIES

(a) Companies are incorporated by filing the company's Constitution outlining its corporate structure and the terms governing its operation with the CRO. The Shareholders' Agreement (if any) is not generally required to be filed with the CRO unless it is specifically referred to in the company's Constitution.

(b) Private companies have no minimum capital requirement, but public companies must have at least 25,000 EUR of allotted share capital, of which 25% or more must be paid up.

(B) PARTNERSHIPS (INCLUDING LIMITED PARTNERSHIPS)

(a) Partnerships are governed by contract (the partnership agreement), common law and the Partnership Act 1890; the Limited Liability Partnerships Act 1907 also applies to limited partnerships.

(b) Only Limited Partnerships are required to register with the CRO, which registration should disclose the capital contribution of the limited partner(s). The Partnership Agreement is not filed with the CRO.

MANAGEMENT STRUCTURE

(A) COMPANIES

(a) Ireland operates a unitary board (rather than a dual board) system with management delegated to the directors of the company.

(b) Directors can be appointed by the members, usually by a simple majority vote, or the board of directors.

(c) With the exception of LTDs, all companies are required to have a minimum of two directors and a secretary from incorporation. While a body corporate or company may be appointed secretary of a company, they are precluded from being directors, who must be natural persons. Subject to one exception, at least one of the directors of a company being incorporated is required to be resident in a member State of the EEA.

(d) Directors' duties have been summarised in the Act inter alia their duty to ensure the company's compliance with the Act. The duties set out in the Act are not exhaustive.

(e) Their principal fiduciary responsibilities are set out in Part 5 of the Act, including the requirement to act in good faith, to act honestly and responsibly and to act according to the company's constitution.

(f) There is also a requirement for the directors to have regard to the interests of the company's employees as well as to the interest of the members and to disclose any interest they have in contracts made by the company.

(B) PARTNERSHIP

(a) In general, a Partnership is managed by the Partners, with all partners having equal rights to participate in management, unless otherwise agreed between them.

(b) A Limited Partnership is managed by the General Partner(s) in accordance with the Partnership agreement in a similar manner to a board of board of directors of a company, but without any statutory duties. The Limited Partner(s) does not participate in the management of the Partnership.

TAXATION

(A) COMPANIES

(a) All companies must comply with its Revenue tax obligations inter alia PAYE/PRSI deductions and payments for employers and all filing requirements.

(b) A company is required to register for VAT if certain turnover thresholds are exceeded or are likely to be exceeded in any twelve-month period. While the current general turnover threshold for the supply of goods and supplies are 75,000 EUR and 37,500 EUR, these thresholds may be reduced/increased depending on the nature of the supply.

(c) All companies (with some exceptions) are required to pay Corporation Tax on their profits (income and gains) within nine months of the company's financial year end. Corporation Tax is charged at two rates: 12.5% for trading income (unless the income is from an excepted trade e.g., certain land dealing activities, income from working minerals and petroleum activities, in which case the rate is 25%), and 25% for non-trading income (e.g., investment income, rental income).

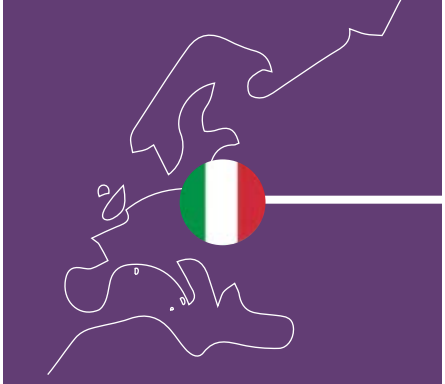
PARTNERSHIPS

Each Partner must be registered with Revenue, and pay tax on their share of the profits and gains made on the disposal of partnership assets.

REPORTING REQUIREMENTS

(a) Pursuant to the Act, all companies whether trading or not, must file an annual return at the CRO not later than 28 days from its statutory annual return date (ARD). The annual return must set out certain prescribed information in respect of the company, and generally (with limited exceptions e.g., ULCs) requires financial statements (accounts) to be attached. The late filing of an annual return may lead to the loss of a company's audit exemption.

(b) Companies are also obliged to maintain proper and up-to-date books and records and to notify the CRO of particular matters e.g., certain shareholder resolutions, address and/or management changes (appointment/resignation of directors etc.).



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ITALY

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Corporate legal entities must be distinguished between:

(a) Partnerships which do not provide for any limited liability of their members, such as e.g., the simple partnership (Società Semplice – S.s.) and the general partnership (Società in nome collettivo – S.n.c.);

(b) Limited liability companies in which some or all of the members are not liable for the liabilities of the company beyond the value of their contribution into the corporate capital (i.e., the company with its own assets is liable for its own obligations whilst the shareholders are not liable with their own personal assets), such as for example:

(I) the Italian joint stock company (Società per Azioni - S.p.A.) which is the company typically incorporated to undertake major operations and a wide range of activities. Its stock is represented by share certificates. Incorporation and running costs of an S.p.A. are, generally, significant which is the reason why pursuant to Article 2327 of the Italian Civil Code, it must be incorporated with a share capital not lower than 50,000.00 EUR. In addition, only S.p.A.s can be listed on the stock exchange;

(II) the Italian limited liability company (Società a responsabilità limitata – S.r.l.) and its simplified form (Società a responsabilità limitata semplificata – S.r.l.s.), better described below since S.r.l. is the most common corporate vehicle used to carry out business in Italy. Unlike an S.p.A., in S.r.l. no certificates are issued and the stock is represented by a legal fiction called "quotas", which consist of portions of the company's stock, but are physically not represented by any certificate or other written instrument;

(III) the Italian partnership in which the liability of certain partners (Accomandanti) is limited, whereas the other managing partners (Accomandatari) do not benefit from this advantage, in its simple form (Società in accomandita semplice – S.a.s.) or joint stock form (Società in accomandita per Azioni – S.a.p.A.); and

(IV) the European joint stock company (Società Euros – SE).

Non-corporate legal entities are sole entrepreneurships, civil law associations in participation, associations and foundations.

The most usual corporate forms used as a vehicle for foreign investments in Italy are the S.p.A. and the S.r.l.

This outline is therefore focused on the S.r.l. legal form.

CORPORATE FORMS AVAILABLE

Business undertakings can be operated in Italy either through corporate or non-corporate legal entities.

INCORPORATION OF S.R.L. (FORM, TIME, COSTS, CORPORATE CAPITAL REQUIREMENTS)

(A) FORM

An S.r.l. must be incorporated by way of a public deed ("deed of incorporation") before a notary. Italy has indeed not yet transposed into national law the EU Directive 1151/2019 on the harmonization of EU corporate law regimes, according to which such kind of companies can be incorporated online and without the assistance of a notary.

At the time of entering into the deed of incorporation, the S.r.l. must also adopt its bylaws to be attached to the deed of incorporation. The bylaws

set out specific rules for the internal management of the company and cover matters such as the mechanism for issuing or transferring quotas, the holding of and voting at general meetings, the appointment and removal of directors, their powers and duties and proceedings at both the meetings of the board of directors and of the quota-holders. Any subsequent amendment to the bylaws requires a resolution of the quota-holders' meeting, to be held before a notary.

Given the S.r.l. is a legal entity separated from its quota-holders, the latter are in no way responsible for the former's debts. This is, however, subject to one limitation in the event that the entire corporate capital is held by one person. In fact where an insolvent company has only one quota-holder, said quota-holder is liable without limitation for the company's obligations which arose during the period of sole ownership, but only in case the subscribed capital is not entirely paid in and details of the sole quota-holder have not been filed with the relevant Companies' Register.

As a further exception to the rule of the limited liability for the company's obligations, quota-holders of an Italian S.r.l. which have intentionally decided or authorised management acts that are detrimental for the company or third parties are jointly liable for said acts along with the directors who have carried them out.

(B) TIME

Within 20 days of the date of incorporation, the notary must record the company in the relevant Companies' Register (held by the Chamber of Commerce). A company acquires "legal personality", and thus full corporate status, upon registration in the Companies' Register. The appointed directors, however, can act in the name of the company even prior to such registration (but not prior to the date of the deed of incorporation), having personal, unlimited, liability for their actions.

(C) CORPORATE CAPITAL REQUIREMENTS

As noted above, the corporate capital of the S.r.l. is represented by quotas and each quota gives to the owner the voting right.

At the time of its incorporation, an S.r.l. must be funded with a corporate capital not lower than 10,000.00 EUR of which initially only 25% (twenty five per cent) must be actually paid in (unless the S.r.l. is incorporated by a sole quota-holder – in such case the entire corporate capital shall be subscribed and paid-in).

Decree No. 76/2013 has introduced the possibility to establish a "simplified" S.r.l. ("S.r.l.s.") which can be incorporated with an initial corporate capital of 1.00 EUR and not higher than 9,999.00 EUR which must be fully paid in.

Whenever the capital of an S.r.l. is diminished by more than one third as a result of losses, the directors must, without delay, call a quota-holders' meeting to take any appropriate action. If, within the following financial year, such loss has not been reduced to less than one third of the capital, at the quota-holders' meeting held for the approval of the annual accounts, the quota-holders must resolve to reduce the corporate capital in proportion to the losses.

If the capital of the company falls below the minimum threshold provided by law (i.e. 10,000.00 EUR for S.r.l.) because of a loss of more than one third of the corporate capital, the directors must immediately call a quota-holders' meeting to resolve upon either the reduction of the capital and its simultaneous increase to a figure not less than 10,000.00 EUR or, alternatively, the transformation of the company into a partnership (partnerships have no minimum capital requirements).

Such recapitalization rules have been the scope of exceptional derogations introduced to face the emergency caused by the Covid-19 outbreak in 2020: losses accrued in the financial year 2020, indeed, if not covered according to the above mentioned rules, can be "set-aside", analytically indicated in the financial statements and any decision in relation thereto can be postponed until the quota-holder's meeting approving the financial statements of the financial year 2025.

DIRECTORS OF AN S.R.L. (POWER, APPOINTMENT, LIABILITY)

Pursuant to Legislative Decree no. 14/2019, the first paragraph of Article 2475 of the Italian Civil Code now states that the S.r.l. shall be exclusively managed by one or more directors, who carry out any necessary action for the attainment of the corporate purpose (and have the duty to set up an organizational, administrative and accounting structure appropriate to the nature and size of the company, also in view of the timely detection of the company's crisis and the loss of business continuity and the prompt adoption and implementation of available remedies for overcoming such crisis and recovering business continuity).

In particular an S.r.l. can be managed by:

(a) a board of directors, which passes resolutions by majority and can delegate certain powers to a managing director or to another of its members;

(b) two or more directors who do not constitute and operate as a board and who can be vested by the bylaws with the powers to manage the company either severally or jointly; or

(c) a sole director.

The board or the directors, in the situation envisaged under (a) and (b) above, can delegate some management powers to a general manger or other key officers. Unless the bylaws provide otherwise, the directors must be quota-holders and may serve for an unlimited period of time. Furthermore, they may be foreigners (subject to prior obtainment of an Italian tax payers' code) but it is advisable that the majority of directors (Italian or foreigners) reside in Italy to avoid any foreign taxation issue. Directors may be either individuals or legal entities.

The first directors are appointed upon incorporation of the company; thereafter, they are elected by the quota-holders' meeting.

With a view to avoiding any difficulties in managing the company and its business in case the company is managed by a board, it would be easier to appoint an odd number of directors, and that the director actually vested with the day-to-day management is resident in Italy. In an S.r.l., directors and quota-holders can also take decisions by written consultation.

Many of the rules regarding the management and the reporting requirements applicable to the joint stock option companies (and analytically indicated in the Italian civil code) are as well applicable as for the S.r.l. but the quota-holders of an S.r.l. enjoy wide autonomy in regulating the corporate governance via the company's bylaws.

The directors are jointly liable to the company for the damages derived from the infringement of the rules set forth by the law and by the deed of incorporation/bylaws.

Even non-executive directors (i.e., directors without management powers) have a duty to supervise (culpa in vigilando) the management of the company by the managing directors, who shall - at least on a six-monthly basis – provide an update to the other directors on the management trend, its foreseeable evolution and the most important transactions of the period.

The directors who formally expressed their dissent towards the resolution regarding the act that was going to be adopted, are not liable for the damages suffered by the company and derived from such acts.

Each quota-holder can sue the directors either on behalf of the company or to demand the reimbursement of any personal economic damages occurred. Even third parties (i.e., creditors) can sue the directors, provided that they are able to prove a direct link between the director's conduct(s) and the damage suffered.

CONTROLLING BODY OF AN S.R.L.

Under Italian law, the activity of the directors (and their compliance with the law) as well as the auditing of the accounts and the financials of the company (if no external auditing companies are appointed) are subject to the supervising of the controlling body, that can act as a body composed by statutory auditors or as a single statutory auditor.

In an S.r.l. the appointment of the controlling body is mandatory only where certain circumstances are met. In this respect, the Italian legal framework relating to the S.r.l. has recently been amended in order to extend the cases to which the appointment of the controlling body is mandatory with the aim of promptly detecting and preventing the situations of crisis of small and medium-sized Italian companies (which are the overwhelming majority of Italian companies, established in the form of S.r.l.).

In particular, according to the new provisions of Legislative Decree No. 14/2019 and of the Law Decree No. 32/2019, Article 2477 of the Italian Civil Code has been amended with respect to the thresholds applicable to the appointment of a controlling body (i.e., a Board of Statutory Auditors, a Sole Statutory Auditor and/or a Legal Auditor/Auditing Firm) of an S.r.l.

In light of the above, an S.r.l. shall appoint a controlling body where the same, alternatively:

1. is required by law to approve consolidated financial statements;

2. controls companies subject to mandatory auditing of their financial statements;

3. for two consecutive financial years meets one of the following thresholds:

a. total value of the assets in excess of 4,000,000.00 EUR;

b. total turnover in excess of 4,000,000.00 EUR;

c. average number of employees exceeding 20 units.

The appointment obligation ceases if none of the above thresholds is exceeded for 3 (three) consecutive financial years.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

S.r.l. are subject to corporate income tax (IRES) on their income considered realized in Italy (based on specific rules both domestic and foreign sourced incomes could be deemed realized in Italy), if they have their seat, main business purpose or place of effective management in Italy.

Profits are taxed at a standard tax rate of 24% from 2017 tax period. The relevant loss "carry-forward" is allowed with no time-limit, within the threshold of 80% of the yearly realised income. Conversely, the losses incurred in the first three tax periods can be fully offset with any future income.

It is also worth noting that Italian companies are subject to a regional tax on productive activities (IRAP), with a standard tax rate of 3.90%, applied on a basis which is different from IRES' basis (in particular, for industrial and commercial companies, incurred interest is not deductible and personnel costs are deductible only under certain circumstances).

Dividends paid to domestic/non-resident recipients

Any dividends paid by an Italian company to its domestic quota-holders are subject to a different tax regime depending on the recipient. If the recipient is a resident individual, the taxation of dividends could vary depending on specific circumstances. However, in principle, a 26% withholding tax should apply.

If the dividends are paid to resident companies and to commercial entities, under certain conditions they are excluded from the taxable income of the recipient company for 95% of their amount.

In general terms, if the recipient is not resident in Italy a 26% withholding tax is applied. This withholding can be reduced/eliminated provided that a Double Tax Treaty/Other provisions (e.g., European Directive "Parent/Subsidiary") applies.

Finally, it is also worth noting that Italian entities and business entities could exercise the option for the domestic and world-wide tax consolidation. In particular, the worldwide tax consolidation allows the Italian parent company to include in its tax basis losses/incomes of foreign subsidiaries. In this way, foreign subsidiaries are treated by the Italian Tax Authorities the same way as foreign permanent establishments of Italian companies.

The option could be exercised only by the Italian parent company and it could not be revoked for at least five years. The option is tacitly renewed for the subsequent three years unless revoked. This system of group taxation provides for various tax benefits. In general, any losses of the members of the group can be immediately offset by profits accumulated by other group members.

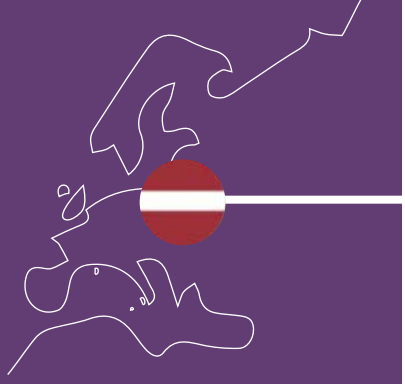
REPORTING REQUIREMENTS

Directors need to file with the Companies' Register any changes in the corporate structure (e.g.,appointment or termination – for whatsoever reason - of the offices of directors or of the controlling body) without delay.

Any changes to the company's bylaws (e.g., increase or decrease of the corporate capital, moving of the registered office outside the related Municipality, any changes to the corporate governance rules or on the rules on transfer of the quotas, any changes consequent to extraordinary transactions, etc.) must be made before a Notary Public which shall file the decision with the Companies' Register. Changes become effective only upon registration.

Directors are required to register the annual financial statements with the Companies' Register within thirty days of the date the quota-holders' meeting approving it has been held, e.g., if the annual financial statements are approved on April 30, a filing made after May 31 determines a fine for the Company and for each of the directors (from approximately 137 EUR to approximately 1,376 EUR).

The yearly financial statements shall be approved by the quota-holders within 120 days from the related financial year's end (unless the bylaws allow a wider term of 180 days in case the company is required to draft consolidated financial statements or particular needs linked to the company's structure or corporate object exist). Due to the emergency caused by the Covid-19 outbreak, all companies can avail of such wider term of 180 days to approve the related financials of the years 2019 and 2020 even in the absence of such requirements.



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(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

COMMERCIAL COMPANIES ARE AS FOLLOWS:

(I) partnerships;

(II) capital companies; and

(III) commercial companies which are not regulated in the Commercial Law.

PARTNERSHIPS ARE AS FOLLOWS:

(I) general partnership; and

(II) limited partnership.

CAPITAL COMPANIES ARE AS FOLLOWS:

(I) limited liability companies (in Latvian "sabiedrība ar ierobežotu atbildību", also known as "SIA"); and

(II) stock companies (in Latvian "akciju sabiedrība", also known as "AS").

INCORPORATION (FORM, TIME, COSTS, EQUITY CAPITAL REQUIREMENTS)

The incorporation process usually takes 1 - 4 business days. It can also be achieved online in the portal **www.latvija.lv** (if the management representatives are Latvian residents) or by e-mail (if the management representatives are not Latvian residents). The following is a brief overview of the registration process for individual merchants and the incorporation of limited liability companies and stock companies.

INDIVIDUAL MERCHANT

An individual merchant is a natural person who performs economic activities and is registered as a merchant with the Commercial Register. A natural person has a duty to register with the Commercial Register as an individual merchant if any of the following is true:

(I) the annual turnover from his or her economic activities exceeds 284 600 EUR;

(II) the economic activities performed conform to the activities of a commercial agent or a broker;

(III) the yearly turnover from economic activities exceeds 28 500 EUR, and the person, to perform his or her economic activities, provides employment simultaneously to more than 5 employees.

Even if these conditions are not met, a person may voluntarily apply to be registered as an individual merchant. Upon registration a state fee of 30 EUR has to be paid.

LIMITED LIABILITY COMPANY

A limited liability company (SIA) is the most common form of doing business in Latvia. The SIA has its own legal personality that is separate from the legal personality of its shareholders. The shareholders of a SIA are also not liable for its obligations – instead, their liability is limited to the extent of their investment into the SIA.

CORPORATE FORMS AVAILABLE

The main legislative act that governs commerce in Latvia is the Commercial Law. It allows for two major types of merchants (persons performing economic activities): individual merchants (only a natural person) and commercial companies (legal persons).

The minimum amount of equity capital of a limited liability company is 2800 EUR (although an exception exists in the form of "limited liability company with reduced capital", where, if certain preconditions are met, the minimum equity capital is 0.01 EUR). The minimum value of a single share is 0.01 EUR. The law allows different categories of shares.

The obligatory administrative institution in SIA is a board of directors, which requires at least one member – a natural person. The council is not a mandatory structure but may be formed as a supervisory institution. The minimum number of council member is 3, the maximum is 20.

At least one founder is required to incorporate a SIA – it may be an individual or a legal entity. There are no requirements for nationality. Before registering the SIA in the Commercial Register, the founders must set up the administrative institutions of the company as well as prepare a memorandum of association (if there is only one founder – the decision on the founding of a company) and the articles of association, which are mandatory documents. The signatures on these documents do not have to be notarized, but the signature on the application for the Commercial Register has to be.

The other documents that require a notarized signature and must be submitted along with the application are the division No.1 of the register of shareholders, the consent of the members of the board of directors to take the position, and the consent of the members of a council to take the position (if one is formed).

If the documents have been drawn up in electronic form, they must be signed by a secure electronic signature, and do not have to be notarized. The electronic signature must be a qualified electronic signature within the meaning of Article 3(12) of Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC.

Upon registration, the company must disclose the true beneficial owners of the company (who directly or indirectly own or control over 25% of the shares) as well as provide full documentation to prove the indicated ownership chain and the ultimate beneficial owner.

Upon registration in the Commercial Register, a state duty of 75 EUR must be paid.

STOCK COMPANY

A stock company is a public company, the shares (stock) of which may be publicly tradable objects.

The minimum amount of equity capital of a stock company is 35 000 EUR. The minimum value of a single share is 0.10 EUR.

At least one founder is required to incorporate a stock company. The incorporation procedure is similar to that of the limited liability company - the founders have to set up administrative institutions of the company and prepare a memorandum of association (if there is only one founder – the decision on the founding of a company) and the articles of association. The founders' signatures only must be notarised on the application for the Commercial Register. The members of the board of directors and Council members also must provide their consent with notarized signatures. The council is a mandatory institution in the JSC.

Upon registration, the company must disclose the true beneficial owners of the company (who directly or indirectly own or control over 25% of the shares) as well as full documentation to prove the indicated ownership chain and the ultimate beneficial owner.

Upon registration, in the Commercial Register, a state duty of 85 EUR has to be paid.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

LIMITED LIABILITY COMPANY (SIA)

The institutions of a limited liability company (SIA) are the meeting of shareholders and the board of directors, as well as the council (optional).

The meeting of shareholders elects as well as recalls members of the board of directors and has other powers listed in the Commercial Law. It also has the right to decide on issues that are within the competence of the board of directors or the council. A meeting of shareholders is entitled to take decisions if the present shareholders jointly represent more than 1/2 of the equity capital with voting rights (unless the articles of association provide for a larger quota of representation). Shareholders can also make decisions without convening a meeting of shareholders unless the law or the articles of association specify that certain issues can only be decided at a meeting of shareholders.

The board of directors is the executive body of a SIA, which manages and represents the company. It consists of at least

one member. All members of the board of directors have representation rights (unlimited towards a third party) and they represent the company jointly unless the articles of association specify otherwise. The board of directors have the duty to submit to the council (if one exists), at least quarterly, a report on the activities and financial circumstances of the company. It also must notify the council about deterioration of the financial condition of the company or other significant circumstances. A board member can be removed from the position at any moment by a meeting of shareholders.

The board of directors is not personally liable to the creditors of the company. However, in the case of tax debts a personal liability of the board of directors can be imposed in case the board of directors fails to apply for insolvency, if required by law (see below). The board of directors is liable to the company and the shareholders to act as "honest and careful managers".

STOCK COMPANY (AS)

A stock company is administered by a meeting of stockholders, a council, and a board of directors. Unlike a limited liability company, the competencies of these institutions are strictly separated.

A meeting of stockholders takes decisions on the annual accounts, the use of the profit, the election and recall of members of the council, amending the articles of association as well as the termination of the activities of the company or any reorganisation. A meeting of stockholders is entitled to take decisions irrespective of the equity capital represented there (unless the articles of association specify a required representation figure).

The council elects and recalls members of the board of directors, supervises their activities and monitors whether the business of the company is conducted in accordance with law. The minimum number of council members is 3 but the allowed maximum is 20.

The board of directors manages and represents the company. It is responsible for the commercial activities of the company, as well as for accounting. It also administers the property of the company. The board of directors is the statutory representatives of the company.

Both for SIA and AS, members of the board of directors and council are not liable for losses caused to the company if they have acted in good faith within the framework of a lawful decision of the meeting of shareholders/stockholders. It should be noted that the mere fact that the council has approved the actions of the board of directors does not release its members from liability to the company.

TAXATION (ENTERPRISE INCOME TAX, PERSONAL INCOME TAX, OTHER TAXES)

Companies are bound by Enterprise income Tax, Personal income Tax, Mandatory State Social Insurance Contributions, Immovable Property Tax (if the company owns real estate), and, depending on the type of activity chosen, there may also be an obligation to pay other taxes.

CIT

Corporate Income Tax (CIT) rates: CIT tax rate is 20%.

Companies in Latvia must pay a 20% Enterprise income tax from their taxable income. For residents the taxable income is their income obtained during a taxation period in Latvia and foreign countries. In respect of non-residents, the tax is imposed on income obtained in Latvia from economic activity or related activity.

Corporate income tax is paid only at the time of the distribution of profits. The calculation of corporate income tax is based on the 20/80 principle, which means that the taxable amount (dividends paid) must be divided by 80 and multiplied by 20. For example, a Latvian company has obtained a profit of 1,000,000 EUR. If the shareholders of the company decide not to distribute the profit, the tax liability does not arise. However, if the shareholders decide to distribute the entire profit, the 20/80 principle will be applied to the calculation of the tax payable. This means that the net dividend amount must be divided by 80 and multiplied by 20%. If the shareholders decide to divide 100% of the profit, the CIT will be 250,000 EUR (1,000,000/80 X 20%) and the company will require in total 1,250,000 –1,000,000 EUR for the payment of dividends and 250,000 EUR for the payment of related CIT. There is a specific CIT regulation regarding the payment of dividends through holding companies.

Latvian Law provides a duty to pay CIT also for expenditures not related to economic activities. This tax issue is specific and calls for in-depth attention to be paid to each specific transaction.

LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS

Moreover, Latvian Law provides personal liability of members of the board of directors for tax debts of a legal person (incl. SIA, AS). If a Company has several members of the board of directors, they are jointly and severally liable for the

late tax payments of the Company. The tax administration (VID) may commence the tax recovery procedure only if the amount of tax arrears exceeds the total amount of 50 minimum monthly wages (500 EUR) specified in the Republic of Latvia (and in 2022, this amount amounts to 25 000 EUR) and if other statutory conditions are met. The liability is enforced only in case the board fails to submit an insolvency application for the company.

OTHER TAXES

Other taxes in Latvia applicable to commercial entities include: VAT (standard tax rate 21%); Other VAT rates such as 12% and 5% may also apply depending on the type of activity; Immovable property Tax (rate ranges from 0.2% to 3% depending on local municipality rules and type of real estate); State Social Insurance (rates are 34.09%, of which 23.59% is paid by the employer and 10.50% withheld from the employee's salary), personal income tax (which ranges from 20% to 40% depending on the amount and type of income) and similarly, other taxes, such as excise duty or lottery and gambling tax etc., will also have to be paid when conducting a particular type of commercial activity.

REPORTING REQUIREMENTS

The general principle is that any information which must be entered in the Commercial Register has to be submitted within 14 days from the day when the relevant decision was taken. Companies have an obligation to report changes to members of the board of directors, changes to the register of shareholders, true beneficiary, change of registered office, increase, or decrease of share capital, and other changes provided for by law.

After the end of the accounting year, the board of directors must compile and sign the annual report of the company which is then approved by a meeting of shareholders. If the company has a council, the council first makes a report on the annual accounts and only then the shareholders approve it. This applies both to limited liability and joint stock companies. The annual report must be submitted no later than one month after the approval of the annual report and no later than four or seven months after the end of the accounting year depending on the type of company. The annual report is submitted electronically using electronic declaration system (EDS).

The annual report must include: the balance sheet, management reports, information on the company, profit or loss calculation, cash flow statement, statement of changes in equity etc.

It should be noted that a decision by a meeting of shareholders to approve the annual accounts does not release members of the board of directors and council from liability for their actions during the relevant accounting period.

LITHUANIA

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

The forms of corporate entities include: Public or private limited liability companies; Individual (personal) enterprises; Partnerships (general or limited); Small partnerships; Professional law partnerships; Agricultural companies; Co-operative companies; European companies; European economic interest groupings; European co-operative companies; and Public legal entities (state enterprise, municipal enterprise, etc.). The principles of freedom of companies to establish branches and representative offices and enter into associations are also maintained in Lithuania.

For the purposes of conducting business activities the Private limited liability companies (UAB) and the Small partnerships (MB) are founded in most cases.

The most popular corporate form in Lithuania and typically chosen as a corporate vehicle by foreign investors is the Private limited liability company (in Lithuanian, Uždaroji akcinė bendrovė – UAB). Therefore, this outline focusses on UAB.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

PRIVATE LIMITED LIABILITY COMPANY

Statutory capital of a Private limited company is divided into shares. Shareholders of a Private limited company are not liable for the obligations of the Company, subject to certain exceptions in the law.

A Private limited liability company may be established by a single founder (either by a natural person (individual) or a legal person (entity), which person can be a Lithuanian national/entity or a foreign national/entity).

The initial share capital of a Private limited liability company cannot be lower than 2,500 EUR.

A Private limited company is established by an Establishment Resolution/Act or an Establishment Agreement in the case of several founders. Upon execution of an establishment document an accumulative account is opened at a bank and the founders must pay their initial contributions to the share capital. The initial capital of the company must be fully paid within 12 months of the signing of the establishment document. In all cases the minimal initial capital (2,500 EUR) must be paid before registration of the company.

Before registration of the company in the Register of Legal Entities of the Republic of Lithuania, a Managing Director must be elected, initial contributions to the initial capital must be paid and the Articles of Association must be approved by the founders and signed by a person authorized by the founders, with a notary having confirmed that the incorporation documents are in line with legal requirements. The company is deemed to be incorporated on the date of its registration in the Register of Legal Entities.

Persons having a Lithuanian ID card or a qualified certificate for electronic signature can incorporate a company online, which does not involve any notary fees.

The fees of the Register of Legal Entities and the notary fees for a company incorporation are about 300 EUR and the legal fees are about 1,400 EUR plus VAT.

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CORPORATE FORMS AVAILABLE

Lithuanian law provides for corporate and non-corporate legal forms with regard to business undertakings. Non corporate forms consist of unincorporated sole entrepreneurships and partnerships operating under the regulations of the Civil Code of the Republic of Lithuania.

A company is registered within 3 business days of submission of all necessary documentation to the Register of Legal Entities.

After a company is registered, basic data on shareholders must be provided to the Information System of Legal Entities Participants (who the shareholders are and how many shares they each hold).

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

PRIVATE LIMITED LIABILITY COMPANY

According to the Lithuanian Law on Companies a private company (UAB) must have a General Meeting of Shareholders and a single-person management body – the Managing Director. A private company may also have a collegial management body – the Board and a collegial supervisory body, but these are not mandatory.The Managing Director and members of the Board should only be natural persons. The Supervisory board may consist of natural persons as well as legal persons, established and registered in Lithuania.

If no Board is formed, the Board's functions shall be performed by the Managing Director, with the exception of the appointment and dismissal of the Managing Director, which power rests with the General Meeting of Shareholders.

The number of Board members shall be set out in the Articles of Association of the company. The Board must have at least three members and the term of its office shall not be more than 4 years; however, the number of cadences is not limited. The Board's responsibilities include the election of the Managing Director, approval of the strategy of the company,analysis of annual accounts, planning profit distribution and presenting it for shareholder' approvaland decisions regarding transfers of long-term assets or otherwise disposing of them.

Talking about the management structure of private companies (UAB), it is worthwhile mentioning that the Managing Director shall be employed by the Company and this is a mandatory position. The members of the Board (if a Board has been formed under the Articles of the company) are not employed in the company and they serve on an election basis. Board members are remunerated by payments from the company's profit.

The Managing Director is the sole management body and is responsible for the day-to-day operations of the company and is entitled to solely enter into agreements on behalf of the company with the exception of agreements and decisions which need to be approved by the General Meeting of the Shareholders/sole shareholder in accordance with the Articles of Association of the company. The Managing Director is responsible for the organization of activities and implementation of the purposes of the company, drawing up drafts of annual financial statements and the drafting of an annual report of the company, decisions on profit distribution, employees' employment and other matters. The Managing Director is liable for the observation of legal regulations as regards tax, labor safety etc.

The Managing Director and the Board members (if a Board is formed) are obliged to exercise their functions with due care and in compliance with the interests of the company and of all its members. They are particularly obliged to seek and take into account in making decisions all available information related to the subject matter of a decision, keep silent on confidential information and facts the disclosure of which to third parties might cause damage to the company or threaten its interest or the interest of its members, and during the exercise of their functions, they must not give preference to their own interests, the interests of some members or the interests of third parties over the interests of the company. The Managing Director and the Board members (if a Board is formed) who have breached their obligations during the performance of their functions are jointly and severally liable for damage incurred by the company.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

CIT

Corporate Income Tax (CIT) Rates:

The standard CIT rate is 15%.

5% CIT rate is applied to:

- small companies with an average number of employees not exceeding 10 and income not exceeding 300,000 EUR over the relevant tax period (with certain exceptions); and
- cooperative companies where income from agricultural activities makes more than 50% of the company's total income over the relevant tax period.

WITHHOLDING TAX

Income of a foreign entity sourced in Lithuania that is not received through a permanent establishment situated in Lithuania is also subject to Lithuanian corporate income tax and is applied on:

- Interest income,
- Income from distributed profit,
- Royalties,
- Income from the sale, transfer or rent of immovable property situated in the territory of Lithuania,
- Compensation for the breach of copyright and neighbouring rights,
- Income received from a sports or entertainment activities,
- Remuneration for activities to members of a supervisory council.

DIVIDENDS

Dividends paid out to foreign companies are generally subject to withholding tax at a rate of 15% unless participation exemption applies.

Participation exemption rule: dividends paid out to foreign companies are exempt from CIT if:

- the recipient holds not less than 10% of voting shares; and
- it holds these shares for at least 12 successive months.

NOTE: participation exemption is not applied for non-genuine (artificial) arrangements

Dividends received by a Lithuanian company from foreign companies are exempt from CIT if the foreign company is registered in EEA and these dividends were distributed from profits that have already been subject to CIT or similar tax. If foreign company is not registered in EEA, dividends are exempt from CIT if participation exemption rule is in place and profits was subject to CIT or similar tax unless the foreign company is registered in blacklisted territories.

OTHER INCOME

The following income sourced in Lithuania and received by a foreign company is taxed at a rate of 15%:

- income from the sale, transfer or lease of immovable property located in Lithuania;
- income from performers' or sports activities carried on in Lithuania; and
- payments to Supervisory Board members.

The following income sourced in Lithuania and received by a foreign company is taxed at source at a rate of 10% (except when a DTT provides for a lower rate):

- interest on any type of debt obligations including securities;
- royalties; and
- indemnities received in respect of any infringement of the company's copyrights or neighbouring rights.

There is no withholding tax on interest paid from Lithuanian companies to foreign companies established in the EEA or in countries which have concluded a DTT with Lithuania or on the royalties paid to the qualifying related parties, where these are EU tax residents.

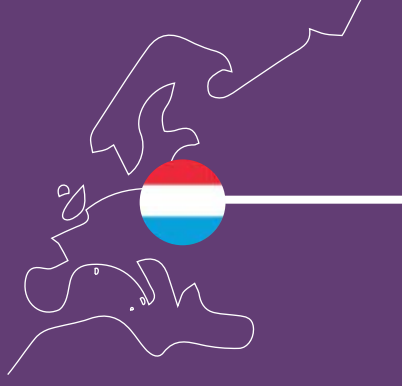
OTHER TAXES

Other applicable taxes in Lithuania include: VAT (standard tax rate 21%); personal income tax (15%, 20% or 32% depending on type of income); state health insurance and social security contributions (from labor related income: for employees 19.5 %, for employers min. 1.45 %. Different rates for other income may apply); contributions to the Guarantee Fund (0.16% levied on the gross salary payable to employees); contributions to Long-term Work Pay-out Fund (0.16% levied on the gross salary payable to employee); real estate tax (rate ranges from 0.5% to 3% depending on local municipality); land tax (rate ranges from 0.01% to 4% depending on local municipality); pollution tax (rates vary depending on the type and toxicity of the pollutant in question; tax on inheritance (5-10%, exceptions apply); lottery and gaming tax; and excises and customs.

REPORTING REQUIREMENTS

Managing directors of private limited companies are responsible for the filing of any changes in the corporate structure of a company with the Register of Companies of the Republic of Lithuania without undue delay.

The Managing Director must submit annual and interim (if produced) financial statements to the Register of Companies. The set of annual financial statements of a company together with the annual report of the company and the auditor's report (where the audit is mandatory under laws or provided for in the Articles of Association) as well as interim financial accounts must be submitted to the administrator of the Register of Legal Entities within 30 days of the annual general meeting of shareholders or within 30 days of the interim financial statements having been approved.



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LUXEMBOURG

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Corporate forms include the private limited liability company (Société à responsabilité limitée – SARL) and the simplified limited liability company (Société à responsabilité limitée simplifiée – SARL – S), the public limited company (Société Anonyme – SA) and the simplified public limited company (Société par actions simplifiée – SAS), the common limited partnership (Société en commandite simple - SCS), the corporate partnership limited by shares (Société en commandite par actions – SCA), the general corporate partnership (Société en nom collectif – SNC), the co-operative society (société coopérative – SC) and the European company (Société Européenne - SE).

SARLs and SAs may have only a single shareholder.

The forms of SA and of SARL are by far the most popular corporate forms in Luxembourg and are typically chosen as corporate vehicles by foreign investors when coming to Luxembourg.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

An SA or an SARL must be formed before a Luxembourg notary. The articles of association (the "AoA") may be in French, German or English even if a French or German version is required for publication purposes. The notary co-ordinates the registration of the AoA with the tax authorities (Administration de l'Enregistrement) and their filing with the Luxembourg trade and companies register. They are also published in the electronic compendium of companies and associations ("Recueil électronique des sociétés et associations").

The company is considered to exist as from the moment when the founders have signed the notarial deed.

The notarial fees for founding an SA or SARL with a minimum share capital are approximately 1,250.00 – 2,000.00 EUR ex VAT; the legal fees of our law firm for the set-up of a standard SA or SARL with a minimum share capital are 2,300.00 EUR ex VAT or 3,800.00 EUR ex VAT should the share capital be paid-up by contribution in kind.

PUBLIC LIMITED COMPANY

The AoA set out the basic structure of the SA: name, corporate object, duration, registered office, amount of the subscribed capital (including the subscribed capital initially paid-up) and, where applicable, of the authorised capital, rules determining the number and method of appointment of the members of the corporate bodies responsible for representing the company with regard to third parties, administration, management, supervision or control of the company and the allocation of powers among such corporate bodies and all shareholders rights.

A blocking certificate issued by a well-known bank stating that it is holding the required funds in a blocked account on behalf of the company in formation until release by the notary is used for cash contributions. For other contributions, an independent registered auditor (member of the Luxembourg Institut des Réviseurs d'Entreprises) must confirm on behalf of the SA that the value of the non-cash contributions is at least equal to the value of the shares to be issued in exchange. The capitalization of a claim is considered as equivalent to a cash contribution.

CORPORATE FORMS AVAILABLE

As to business undertakings, Luxembourg law provides for corporate and non-corporate legal forms.

The minimum share capital of an SA is 30,000.00 EUR, fully subscribed with a minimum of 25% paid up.

Shares of an SA can be issued in registered (with ownership evidenced by the appropriate entry in the shareholders share register) or bearer form (if fully paid-up). Shares in bearer form shall be deposited with a Luxembourg financial institution or regulated professional intermediary including lawyers ("Avocats à la Cour"), notaries, independent registered auditors and chartered accountants, appointed by the management body of the issuing company and subject to the legal regulations against money laundering and terrorism financing. The depositary shall keep a register containing all the information needed to identify the relevant shareholders, with the number of shares held by each of them, the date of the deposit and all relevant details regarding any transfer or conversion of such shares. The judicial and tax authorities have unlimited access to the register, whereas other shareholders may only consult the information relating to their own shareholding.

PRIVATE LIMITED LIABILITY COMPANY

The AoA set out the basic structure of the SARL: name, corporate object, duration, registered office, amount of the share capital, rules determining the number and method of appointment of the members of the corporate bodies responsible for representing the company with regard to third parties, administration, management, and the allocation of powers among such corporate bodies and all shareholders rights.

A blocking certificate is also used for cash contributions. For other contributions, the confirmation of the value of the non-cash contributions by an independent registered auditor (member of the Luxembourg *Institut des Réviseurs d'Entreprises*) is not required.

The minimum share capital of an SARL is 12,000.00 EUR, fully subscribed and fully paid up. The parts of an SARL are in registered form only. The transfer of parts to non-members can only be done with the approval of the holders of three-quarters of the capital during a general meeting. A transfer of parts can be opposed after notification to the company or acceptance of the transfer. The transfer of parts is also subject to publication with the Luxembourg trade and companies register.

The number of members for an SARL is limited to one hundred.

DIRECTORS / MANAGERS (POWER, APPOINTMENT, LIABILITY)

There is no requirement to have directors/managers who are Luxembourg nationals or residents, nor need they be shareholders. The place of the meetings is, however, of importance in order to avoid tax residence in another country. The tax administration considers that a company engaged in intra-group financing activities should have a majority of the members of the board of directors or managers being either Luxembourg residents or non-residents with a professional activity in Luxembourg who are liable to tax in Luxembourg for at least 50% of the total revenues. These directors or managers need to have the required professional knowledge to fulfil their duties correctly. Their decisions have to be taken in Luxembourg.

PUBLIC LIMITED COMPANY

Simultaneously with the execution of the AoA, the first director(s) of the SA are appointed by an extraordinary general meeting of the shareholders.

A minimum of three directors is required except in the case of an SA with a sole shareholder where one director is sufficient. A company acting as a director must appoint a permanent representative who is considered as jointly liable. The board of directors of an SA may appoint a Chairman who has a casting vote in the event of a tied vote, unless the AoA provides to the contrary. Directors are appointed for a maximum term of six years with right of renewal. Directors of an SA may be removed ad nutum.

The AoA in general confirm the powers of signature and/or legal representation in relation to third parties.

The board of directors has all powers to perform the transactions necessary or useful to execute the social object except the powers reserved by the law or the AoA to the general meeting.

The directors of an SA owe a duty of care and diligence expected of a prudent businessman towards the company. This includes the actual conduct of the business of the company as well as compliance with reporting and filing requirements.

The directors shall be liable to the company in accordance with general law for the execution of the mandate given to them and for any misconduct in the management of the company's affairs. They shall be jointly and severally liable to the company and any third parties for damages resulting from the violation of company law or the AoA. They shall be

discharged from such liability in the case of a violation to which they were not a party provided no misconduct is attributable to them and they have reported such violation to the first general meeting after they had acquired knowledge thereof.

PRIVATE LIMITED LIABILITY COMPANY

Simultaneously with the execution of the AoA, the first manager(s) of the SARL are appointed by an extraordinary general meeting of the partners.

A SARL shall be managed by one or more agents, who may but are not required to be partners and who may receive a salary or not. They shall be appointed by the partners for a limited or undetermined period. Unless otherwise provided for in the AoA, they may be removed, regardless of the method of their appointment, for legitimate reasons only.

The managers shall be liable to the company in accordance with general law for the execution of the mandate given to them and for any misconduct in the management of the company's affairs. They shall be jointly and severally liable to the company and any third parties for damages resulting from the violation of company law or the AoA. They shall be discharged from such liability in the case of a violation to which they were not a party provided no misconduct is attributable to them and they have reported such violation to the first general meeting after they had acquired knowledge thereof.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

SAs and SARLs (as well as other Luxembourg corporations) are subject to corporate income tax on their income. Profits are taxed at the standard tax rate of 24.94% in Luxembourg-City.

Corporation taxes include: (I) 17% corporate income tax (impôt sur le revenu des collectivités) on which a 7% solidarity surcharge (contribution au fonds pour l'emploi) is added, leading to an effective corporate income tax rate of 18.19%; plus (II) a municipal business tax (impôt commercial communal). The municipal business tax rate varies from one municipality to another. In Luxembourg-City, the municipal business tax is 6.75%.
Corporations are also liable to an annual 0.5% net wealth tax in Luxembourg (impôt sur la fortune) on their unitary value (i.e. taxable assets minus liabilities financing such taxable assets) as at 1 January of each year.

Corporations for which the sum of financial assets, transferable securities and bank deposits, receivables held against related parties or shares or units in tax transparent entities exceeds: (I) 90% of their total balance sheet; and (II) 350,000.00 EUR, are subject to a minimum wealth tax of 4,815.00 EUR.

The so-called "Sociétés de Participations Financières" or "SOPARFIs", which are ordinary commercial companies incorporated and operating in compliance with the general rules of Luxembourg corporate law and whose principal activity consists of the management and control of investments in other companies benefit under some conditions. This includes the holding or undertaking holding a participation of at least 10% of the subsidiary's capital or with a minimum acquisition price of at least 1,200,000.00 EUR (dividends) or 6,000,000.00 EUR (capital gains) for an uninterrupted period of at least 12 months, the "participation exemption" (on dividends paid or received, capital gains and net wealth tax) and the entitlement to benefit from the reduced withholding tax rates provided for in the double tax treaties concluded by the Grand-Duchy of Luxembourg.

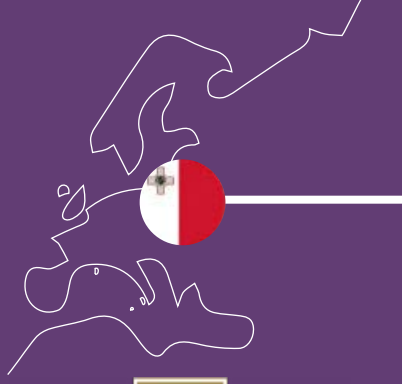
REPORTING REQUIREMENTS

Any amendment of the AoA of the company must be passed before a Luxembourg notary. The notary will co-ordinate the registration of the said amendments with the tax authorities (Administration de l'Enregistrement) and their filing with the Luxembourg trade and companies register. The notarial deed is also published in the electronic compendium of companies and associations ("Recueil électronique des sociétés et associations").

The amendments become effective as from the moment when the notarial deed has been signed.
Any changes regarding the (managing) directors, managers and auditors will need to be filed as soon as these changes occur. The legal representatives or any other empowered person have to file the said changes with the Luxembourg trade and companies register.

Furthermore, it is compulsory to issue annual accounts every year, to be submitted by the board of directors of an SA to the auditor one month before the holding of the annual general meeting to be held within the six months following the closing day of the financial year in order to enable him to prepare his report. The annual accounts of an SA must be published within one month after approval by the general meeting.
For an SARL, annual accounts have to be prepared by the board of managers within six months of the closing day of the financial year and published after approval by the general meeting.

Penalties apply for late deposits.



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CORPORATE FORMS AVAILABLE

Commercial Partnerships can take several forms, mainly that of a Partnership en nom Collectif in which the liabilities of the partnership are guaranteed by the unlimited, joint and several liability of all the partners, a Partnership en Commandite in which the liabilities of the partnership are guaranteed by the unlimited, joint and several liability of the general partners, and by the liability, limited to the amount, if any, unpaid on the contribution, of one or more partners, called limited partners and a Limited Liability Company in which the liability of the shareholders is limited to the part unpaid (if any) on their shares.

MALTA

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

(A) FORM

A Limited Liability Company is the preferred means of doing business in Malta, due to its separate legal personality and limited liability. Limited liability companies can be classified as either of a private nature (Limited or Ltd) or of a public nature (Plc). With the exception of single member companies (discussed below), private and public companies must have a minimum of two shareholders.

Private limited companies are formed by means of capital divided into shares and a shareholder's liability is limited to the part, if any, unpaid on their shares. In a private company the right to transfer shares must be restricted, the number of members cannot exceed 50 and invitations to the public to subscribe to its shares or debentures are prohibited.

It is possible to set-up a single member company, however, such a company may only carry out one principal activity. In addition, it must satisfy the conditions of a private exempt company, being that it cannot have more than 50 debenture holders and that no body corporate can act as a director.

With the exception of the restrictions mentioned above, the Memorandum and Articles of Association of both private and public companies must contain:

(I) the nature of the company; whether the company is a public company or a private company;

(II) the name of the company; which is to include Plc, Limited or Ltd, subject to the public or private nature of the company respectively;

(III) the name and residence of the subscribers;

(IV) the registered office in Malta and the electronic mail address of the company;

(V) the objects of the company;

(VI) the authorised and issued share capital amount of the company divided into shares of fixed nominal value, number of shares taken up by each of the subscribers and the amount paid up in respect of each share and, where the share capital is divided into different classes of shares, the rights attaching to the shares of each class;

(VII) the number of directors;

(VIII) the name and residence of the first directors and name, registration number and registered or principal office if the director is a body corporate;

(IX) the manner in which the company is to be represented, and the chosen representative;

(X) the name and residence of the first company secretaries and name, registration number and registered office when a company secretary is a body corporate; and

(XI) the period, if any, fixed for the duration of the company

(B) SHARE CAPITAL REQUIREMENTS

The minimum share capital in private limited companies is 1,165.00 EUR and the minimum percentage paid up is 20%, whereas in public companies the minimum share capital is 46,588.00 EUR and the minimum percentage paid up is 25%.

(C) TIME

Following satisfactory completion of the KYC/due diligence process, a company can be registered by submitting the necessary documentation to the Malta Business Registry, including the Memorandum and Articles of Association as well as an identification document and bank/professional reference (if applicable) of the subscribers the director and the secretary, a beneficial ownership declaration (if applicable) and proof that the initial share capital was deposited in favour of the company in formation. The Memorandum and Articles of Association must be signed by the subscribers or their attorneys. This will enable the company to be set up physically in Malta. Generally, registration is completed within a few days of receipt of all documentation required.

(D) COST

A registration fee is to be paid to the Malta Business Registry, the value of which depends on the amount of authorised share capital of the company being set-up but ranges between a minimum of 245.00 EUR (for a share capital that does not exceed 1,500.00 EUR) and a maximum of 2,250.00 EUR (for a share capital exceeding 2,500,000.00 EUR).

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

(A) APPOINTMENT

The business of limited liability companies is conducted by its directors. The directors are appointed by the shareholders. Directors may be individuals or corporate entities (with the exception of private exempt companies). A person shall not be qualified for appointment or hold office as director of a company if:

- he is interdicted or incapacitated or is an undischarged bankrupt;
- he has been convicted of any of the crimes affecting public trust or of theft or of fraud or of knowingly receiving property obtained by theft or fraud;
- he is a minor who has not been emancipated for trade; or
- he is subject to a disqualification order; or
- such person is holding such office as a company service provider in terms of the Company Service Providers Act without having obtained the necessary authorisation by the Malta Financial Services Authority to provide such service.

Moreover, a person shall not be capable of being appointed director of a company unless he has personally signed the memorandum indicating his consent to act as a director or has otherwise signed and delivered to the Registrar for registration a consent in writing to act as such director.

Upon being appointed director of a company, such person shall be required to declare to the Registrar, in the prescribed form, whether he is aware of any circumstances which could lead to a disqualification from appointment or to hold office as a director of a company under the provisions of the Companies Act or in another Member State.

(B) POWER

Company directors are generally vested with the legal and judicial representation of the company. This authority is however limited by the Companies Act and Memorandum and Articles of the Company. Directors may not:

- act or enter into transactions which go beyond the company's objects and powers;
- disregard other limitations imposed by the company's memorandum or articles of association; or
- disregard instructions properly issued by the company in relation to the exercise of their powers.

The Directors have the power to appoint and remove the company secretary.

(C) DUTIES AND LIABILITIES

The directors must perform their duties with a degree of care, diligence and skill which is to be exercised by a reasonably diligent individual. They must not have a conflict of interest between the benefit of the company and their personal benefit and they must not compete with the company.

Furthermore, the Director qua fiduciaries owe fiduciary obligations towards the company which include the duty of loyalty and a standard of care drawn from the Roman law concept of bonus pater familias. The director must keep property acquired under fiduciary obligations separate from their own personal property, they must render an account and keep records in relation to the management of the property held under fiduciary obligation and are duty bound to return property held under a fiduciary obligation when their mandate terminates.

Directors as officers of the company are entrusted with keeping statutory registers and minute books such as a register of members, a register of debentures, a register of beneficial owners, Board and general meetings' minutes and minute books as well as completing the annual returns and filing any changes in the company's corporate structure with the Malta Business Registry.

Directors are personally liable in damages for any breach of duty committed as well as being liable to make a payment towards the company's assets, as deemed fit by the court, upon dissolution if the company continues to trade while said director knew, or ought to have known, that there was no reasonable prospect that the company would avoid being dissolved due to its insolvency. The court may release the director from liability if it is satisfied that the director took every step he ought to have taken with a view of minimising the potential loss to the company's creditors.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

Companies incorporated in Malta are subject to income tax on their worldwide income as they are considered to be ordinarily resident and domiciled in Malta by virtue of their incorporation. Companies registered outside Malta are considered resident in Malta if the management and control is exercised therein, whereas companies that are neither resident nor domiciled in Malta are only subject to income tax on income and capital gains arising in Malta.

Companies registered or resident in Malta are subject to income tax on chargeable income at a standard rate of 35%. However, it is significant to note that Malta has adopted the full imputation system whereby dividends paid by a Malta company do not attract any further tax since they carry a tax credit equivalent to the tax paid by the company upon the distribution of profits. This means that the shareholder is entitled to claim a refund which may be equivalent to either 2/3rds, 5/7ths, 6/7ths or 100% of the income tax paid by the Malta company upon the distribution of a dividend.

- FISCAL UNIT:

  Companies forming part of a group of companies may elect to be treated as one single taxpayer and hence the parent company and elected subsidiaries will form a fiscal unit. The new tax consolidation rules reduce the tax due to the combined overall effective tax rate without the need to wait for the income tax refund on distributed taxed profits.

  The parent company would be considered as the 'principal taxpayer', and the chargeable income of the group would be taxed solely in the hands of such principal taxpayer.

The primary conditions that need to be satisfied are:

- The parent company must hold at least 95% shareholding in the subsidiary;
- The accounting period of all the members of the fiscal unit must be the same, and;
- In order to form part of a fiscal unit, a company should neither have any outstanding balances due nor any outstanding filings as required in terms of Income Tax Acts, VAT Acts and FSS rules.

If the principal taxpayer holds less than 100% of the shareholding in the subsidiary, approval from the minority shareholders would be required.

The fiscal unit would be required to prepare an audited consolidated financial statement on an annual basis. Furthermore, when calculating the tax liability of the group, if a shareholder of a company within the group is entitled to receive tax refunds, the chargeable income of the group will be subject to tax at a net of refund rate which results from the offset of the refund due to the shareholders against the income tax due by the company, thus achieving a tax-efficient result without the need to distribute a dividend. Consequently, this option facilitates cash flow since it allows the group to pay 5% tax immediately but there are more requirements to it such as audited consolidated financial statements.

REPORTING REQUIREMENTS

Directors are to draw up an annual report, which comprises the statement of financial position, the statement of comprehensive income and notes to the financial statements, including a summary of significant accounting policies. The financial statements must be audited and a copy shall be delivered to the Malta Business Registry within forty-two days of the end of the period for the laying of the annual accounts.

BENEFICIAL OWNERS REGISTER

A company shall, at all times, obtain and hold adequate, accurate and up to date information about its beneficial owners. Such information shall include; the name, date of birth, nationality, country of residence, identification document number and its country of issue. Moreover, the nature and extent of the beneficial interest and any changes thereto shall also make up part of the information about the beneficial owners. Lastly, a company shall also record the effective date on which the natural person became or ceased to be, a beneficial owner, or when their beneficial interest within the company increased or decreased.

The information about the beneficial owners shall be entered and held by the company in a beneficial owners register to be kept at the registered office of the company or any other place as may be specified in the memorandum or articles of the company.

For a company to be registered, apart from the memorandum and articles of the company, there shall be delivered to the Malta Business Registry a declaration containing information on all the beneficial owners of the company.

In the case where the beneficial owners of a company change, the company shall, within 14 days of when the change is recorded with the company, deliver to the Malta Business Registry a notice informing him of the change that occurred along with the details of the beneficial owner(s), the nature and extent of the beneficial ownership and the date of such change.

The information about the beneficial owners of a company shall be accessible to national competent authorities, subject persons and to the general public.

Failure to abide by the requirements to keep a record of beneficial owners of the company and to submit relevant notifications with details to the Malta Business Registry will hold the company and every officer, shareholder and beneficial owner of the company jointly and severally liable to a penalty.

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CORPORATE FORMS AVAILABLE

As to business undertakings, Dutch law provides for corporate and non-corporate legal forms.

Corporate forms include the Dutch private company with limited liability (Besloten Vennootschap – BV), the Dutch joint stock company (Naamloze Vennootschap – NV) and the European joint stock company (Societas Euroapea - SE). The form of a BV is best suited for wholly or closely owned companies; NVs are regularly chosen as public companies and are subject to a number of additional requirements.

NETHERLANDS

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

The most important non-corporate legal forms are the sole entrepreneurship (eenmanszaak), the civil partnership (Maatschap), the general partnership (Vennootschap onder Firma – VOF) and the limited partnership (Commanditaire Vennootschap – CV).

Legislation regarding the simplification and flexibilization of the rules on Dutch private companies with limited liability (Wet vereenvoudiging en flexibilisering bv-recht - the Flex BV Act) came into effect on 1 October 2012. The Flex BV Act is applicable to all existing BVs in the Netherlands and is meant to simplify company rules for BVs; it also makes the rules more flexible. However, as a consequence of the flexibility and simplification of several provisions, the (potential) liability of the managing directors for certain (juristic) acts has increased. Furthermore, the Act on the management and supervision (Wet bestuur en toezicht - the AMS) of BVs and NVs came into effect on 1 January 2013. This legislation allows BV's and NV's to choose for either a "one-tier board" (with executive and non-executive directors) or the - already existing - system with a management board (with executive powers) and a supervisory board (the "two-tier board"). Furthermore, new rules on conflicts of interest and absence/inability to act have been introduced.

As a BV is by far the most popular corporate form in the Netherlands and typically chosen as a corporate vehicle by foreign investors when coming to the Netherlands, this outline focuses on the BV.

INCORPORATION BV (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

The Articles of Association (the AoA) set out the basic structure of the BV (e.g. corporate name and seat, objects, the management board (and optional supervisory board), share capital and share transfer restriction rights (not mandatory), provisions regarding the allotment of new shares, the general meeting of shareholders and the distribution of profits and reserves etc.); the AoA is the most important constitutional document of a BV. The deed of incorporation must be executed in the Dutch language; often an unofficial translation into English, German (or another language) is provided for.

A BV can be incorporated by one or more incorporators (shareholders) and is established by a notarial deed of incorporation (in the Dutch language), in which deed the AoA are included.

The BV must open a bank account in the name of the BV in which the paid up capital is paid; payment in kind on the shares is also possible. As part of the implementation of the Flex BV, there is no longer a minimum capital requirement. Basically, one can incorporate a BV with a capital of 0.01 EUR or also with a foreign denomination; however, the BV must be capitalized in a sufficient manner. In the final statements to the deed of incorporation, the shareholding is confirmed, as well as how payment on the share(s) has been taken casu quo will take place, the determination of the first financial year and who will be appointed as first managing/supervisory director(s).

In the previous legislation (and therefore in some current AoA of BVs), the shares of a BV are not freely transferable as the AoA contain so-called 'share transfer restrictions' (blokkeringsregeling). However, as a further

consequence of the implementation of the Flex BV, the registered shares can also be freely transferable under current Dutch law; this flexibility resulted in a less private character of a BV.

After establishment of the BV, the BV must be registered with the trade register. The notary involved will file not only a true copy of the deed of incorporation, but will also register specific data of the BV (place of business, activities etc.), (only) its sole shareholder and data of the officers, the managing/supervisory directors and possible proxy-holder(s) (gevolmachtigde(n)), all with the scope of their capacity. If a natural person fulfils the role of managing director/supervisory director/proxy holder, a datacard (including full first names, date and place of birth and current address) must be completed and signed by the person in question and be filed with the Chamber of Commerce, together with (digital) forms of the trade register. The notary may request that the datacard and forms are notarized and provided with an Apostille.

The management board shall furthermore keep a so-called shareholders' register in which the names and addresses of all shareholders and holders of a restricted right on shares have been recorded, including the date at which they acquired the shares or the restricted rights, the date of acknowledgement, as well as the amount paid up on each share.

Due to the minimized requirements, but depending on the complexity of the AoA and the shareholding/board structure, a BV can be incorporated in a few days if so desired. The notarial fees for the incorporation of a BV by a foreign client vary between approximately 1,500.00 - 2,500.00 EUR (excluding 21% VAT and disbursements).

Changes to the AoA are possible after incorporation; in general this requires a shareholders' resolution and a notarial deed of amendment of the AoA. Some AoA require prior approval of another corporate body, often the meeting of the holders of shares of a certain class and/or the supervisory board. This will result in further costs and can be done in a couple of days (or depending on the extent of the changes, can also be a rather time-consuming process). Each update of the AoA must be registered at the trade register and in the shareholders' register.

MANAGING DIRECTORS (APPOINTMENT, POWER, LIABILITY)

Simultaneously with the execution of the AoA, the first managing director(s) of the BV are appointed in the deed of incorporation. The managing director(s) do not need to be Dutch or European citizen(s) or legal persons; a residence in the Netherlands is not required either. For registration at the trade register, each must be identified by (or on behalf of) the notary and provide certain proof of address to the notary. After incorporation, a managing director is appointed by the general meeting of shareholders or, if so arranged for in the AoA, by the meeting of holders of a particular class of shares. Only natural persons can be appointed as supervisory directors.

The power of representation of a BV by a managing director is unlimited by law. It may be restricted solely by providing that a managing director may only act jointly with (an) other (non-executive) managing director(s). Furthermore, the AoA may restrict the powers of the management board by submitting certain acts of management to the approval of another corporate body of the BV, such as the general meeting of shareholders. The absence of such approval does not affect the representative authority of the management board.

The (general) duties of the management board are:

(a) to act responsibly and in the interest of the BV and/or the enterprise connected to it;

(b) to duly observe the BV's objects (not only in day-to-day business but also strategically);

(c) if the AoA stipulate so, to follow the general instructions of the general meeting of shareholders, unless these are in conflict with any interest of the BV and/or the enterprise connected to it;

(d) in the case of a conflict of interest: the managing director shall not take part in the deliberations and the decision making if he has any direct or indirect personal interest therein that is in conflict with any interest of the BV and/or the enterprise connected to it, if as a result thereof no resolution can be adopted by the Management Board, the resolution shall be adopted by the general meeting of shareholders; and

(e) in the case of absence or impediment of a managing director, the other managing directors, or the only remaining managing director, shall temporarily be charged with the management of the BV. In the case of absence or impediment of all managing directors, or of the only managing director, the person who is or has been designated for that purpose by the general meeting of shareholders shall temporarily be charged with the management of the BV. The provisions set forth in the AoA regarding the management board and a managing director shall apply to that person mutatis mutandis. Furthermore, he must as soon as possible convene a general meeting of shareholders in which a resolution can be adopted regarding the appointment of one or more managing directors.

A managing director of a BV has to be well informed on the (financial) position of the BV on all important management matters and on all matters within the scope of his responsibility and owes a duty of care and diligence expected of a prudent businessman towards the company. This includes the actual conduct of the business of the company as well

as compliance with reporting and filing requirements (for example, but not limited, to the preparation and filing of the annual accounts, notification of changes of shareholders, appointment or revocation of managing directors, the institution of insolvency proceedings and to pay any taxes, duties or contributions in time and to keep the (tax) authorities informed in time if he becomes aware of inability of the BV to pay any of these).

Managing directors are liable to the BV for any damage caused as a result of a breach of their duties; in the case where more than one managing director is appointed, the principal rule is that their liability is joint. This joint liability cannot be restricted by an allocation of responsibilities among the managing directors, although a managing director can seek to prove that he has taken all reasonable measures to prevent (further) damage to the company and/or to third parties which may result from any matter connected with the company and within the scope of its responsibility.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

When a BV is registered with the trade register of the Dutch Chamber of Commerce, the Chamber of Commerce will forward all the information of the BV to the tax authorities. In principle, no separate action for this purpose is required.

A Dutch company is subject to corporate tax (vennootschapsbelasting) on its worldwide profits. Companies can distribute some of their profits as dividends to their shareholders. Dividends are subject to tax (dividendbelasting). In this respect, Dutch tax law has a principle called the participation exemption (deelnemingsvrijstelling). The purpose of the participation exemption is to avoid double taxation when dividends or capital gains are distributed from the subsidiary to the parent company.

If a Dutch company is trading in goods and services, then the consumers will pay value added tax (VAT, known in Dutch as omzetbelasting) on the goods and services they buy. The company will pass on the VAT to the consumers. The company remits the VAT to the Tax and Customs Administration.

When a BV does business with customers in other countries, then it may have to deal with other taxes.

In principle, every company pays its own tax. However, if a company forms a tax group with one or more of its subsidiaries, they may be treated as a single tax entity (fiscale eenheid). In that case it is advisable to consult a tax advisor.

REPORTING REQUIREMENTS

Managing directors of a BV need to file any changes in the corporate structure of the company with the commercial register without undue delay. This means that any change in name, shareholders, registered office and actual place(s) of business, share capital and managing directors of the company will need to be filed as soon as these changes occur, but in any event within 8 working days. For the most part, these changes become effective on the date as resolved by the respective corporate body and registration is required to keep the registers up to date and accurate (for example, the date of appointment of a managing/supervisory director depends on the date of the resolution or date of appointment and not on the date of registration).

Each year, within five months of the end of the financial year of the BV, except where this period is extended for up to five months by the general meeting of shareholders due to special circumstances, the board of directors shall prepare annual accounts and (where the company is legally required to do so) a directors' report for that financial year. The company's financial year is the same as the calendar year, unless the AoA say that it is not the calendar year. The annual accounts shall be signed by the managing directors (and the supervisory directors) of the BV. The annual accounts must be adopted by the general meeting of shareholders within two months of preparation. The annual accounts must be filed at the Chamber of Commerce within eight days of adoption by the general meeting of shareholders.

THE UBO (ULTIMATE BENEFICIAL OWNER) **REGISTER**

New legislation came into effect on 27 September 2020, as a result of which corporate and other legal entities that are incorporated or established under Dutch law and that are registered in the Dutch Trade Register are required to obtain, hold and register certain personal information on their ultimate beneficial owners (UBOs), who always must be natural persons, in the Dutch UBO-register.

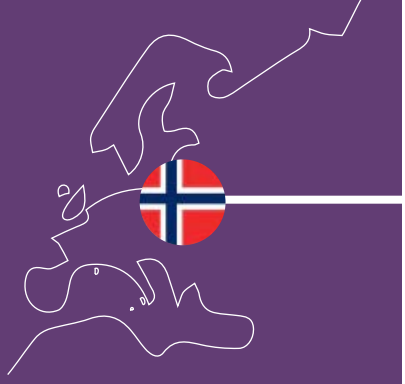
A natural person is considered to be a UBO of a BV if that person holds, directly or indirectly, more than 25 percent of the shares in a BV, has more than 25 percent of the voting rights in the general meeting of the BV, has more than 25 percent of the economic interests in a BV and/or controls and/or owns the BV ultimately through any other means. If the categories in the previous sentence do not provide a UBO for the BV, all managing directors of the BV will be registered as a pseudo-UBO.

DIGITAL INCORPORATION OF THE BV

At present, the only way to incorporate a BV is through a civil-law notary (either personally or by proxy). The incorporator must be present or represented before a civil-law notary or provide a power of attorney to the firm of the civil-law notary to be able to execute the deed of incorporation. This is about to change. There is new legislation coming up, after which it will be possible to incorporate a BV completely digitally but still through a civil-law notary. Under the directive 2019/1151 of the European Parliament and of the Council of June 20, 2019 (the Directive) member states are required to provide for the possibility of digital incorporation of limited liability companies. The Directive will be implemented in Book 2 of the DCC (Burgerlijk Wetboek) and the Civil-Law Notaries Act (Wet op het notarisambt). The possibility to digitally incorporate a BV will be limited to relatively simple situations (issued shares paid-up in cash).

Incorporating a BV completely through online means also opens the way for crime, fraud and abuse. To prevent this, the KNB (Koninklijke Notariële Beroepsorganisatie, the Royal Notarial Professional Organisation) developed an online portal through which the incorporator or its representative can be identified. The digital identifier is in compliance with the highest security level pursuant to the eIDAS regulation (the Electronic Identities And Trust Services). This way the gatekeeper role of the notary is maintained. The execution of the deed of incorporation is undertaken by the parties by means of an electronic signature through the online platform.

It is expected that the new legislation will be in effect on January 2023.



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NORWAY

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Corporate legal forms include Private Limited Liability Companies ("aksjeselskap", "AS"), Public Limited Liability Companies ("Allmennaksjeselskap", "ASA"), Norwegian Registered Foreign Companies ("NUF") and Societas Euros ("SE-selskap"). Corporate legal forms with unlimited liability are General Partnerships ("Ansvarlig selskap") and Limited Partnerships ("Kommandittselskap"). General Partnerships can be formed as a corporation with joint responsibility. Non-corporate legal entities are, among others, sole proprietorships, associations and foundations.

Hereinafter, the focus will be on Private Limited Liability Companies, Public Limited Liability Companies, Norwegian Registered Foreign Companies and Societas Euros.

INCORPORATION

A Private Limited Liability Company, or an AS, is founded by a memorandum of association. The content of this memorandum is regulated by the Private Limited Liability Companies Act ("Aksjeloven"). The memorandum must contain the company's bylaws, name, number of shares, the paid-up part of share capital and the members of the board.

The Public Limited Liability Companies Act ("Allmennaksjeloven") regulates a Public Limited Company, or an ASA. The Public Limited Liability Companies Act and the Private Limited Liability Companies Act have in most cases the same or similar rules. The differences are mainly that the Public Limited Liability Companies Act has rules which purpose is to protect investors with a limited insight into the company.

The Private Limited Liability Companies Act is written for companies with few shareholders whose stocks, typically, are not as easily transferable. The Public Limited Liability Companies Act is, on the other hand, written for big companies with substantial liquidity in their shares, and which have the ability to raise capital by invitation to subscribe to the general public.

Private Limited Liability Companies must have a share capital of at least NOK 30,000 or approximately 3,020.00 EUR. Public Limited Liability Companies are required to have a share capital of at least NOK 1,000,000 or about 100,500.00 EUR. The paid-up part of the share capital is due at the time set in the memorandum of association, but at the latest at the time the company notifies to the Register of Business Enterprises.

A Norwegian Registered Foreign Company, or an NUF, is not a company – it is a Norwegian registered branch of a foreign company. The initial starting point is an enterprise abroad, which has a kind of business that makes it necessary to register a branch in Norway. The branch is not an independent legal entity, and therefore not regulated by Norwegian company law, but by the law of the country where the company is established. The property rights and obligations of the Norwegian registered branch must be allocated to the foreign company. An NUF does not have the capacity to be a party to a law suit; a civil suit must be raised against the foreign entity.

The European Joint Stock Company (Società Euros or SE) is a European company with limited liability which is similar to the public limited liability company, the ASA. The European joint stock company can only be used if it will be operating in at least two EU or EEA states. The aim of this corporate form is that EU and EEA citizens have the opportunity to organize their cross-border activities in a way that is uniform and simple.

CORPORATE FORMS AVAILABLE

There are different corporate forms available for those who wish to establish corporations in Norway.

The required share capital is 120,000.00 EUR.

ASs, ASAs, NUFs and SEs have to be registered in the Register of Business Enterprises. The price for registration of an AS, ASA or SE is NOK 5,570, or about 560.00 EUR, if it is done electronically. Registration done by paper costs NOK 6,797, or 683.00 EUR. For an NUF the price is NOK 2,832 or 285.00 EUR by paper. An NUF cannot be registered electronically. These figures are exclusive of legal fees.

MANAGING DIRECTORS

In Private Limited Liability Companies and Public Limited Liability Companies, the managing director must be appointed by the board. There is no requirement for Norwegian citizenship, but the managing director, as well as at least half of the board, must be resident in Norway. This rule does not apply for citizens of EU or EEA countries, who is resident in such a country.

The managing director is responsible for the daily management of the company, and has to follow the board's directions and general requirements. The mkanaging director must regularly notify the board about the company's activities, position and results.

The managing director is authorized to make any decisions related to the daily management of the company. The board can provide the managing director with the power to sign on behalf of the firm on a general basis. If the managing director exceeds his authority, the company can still be bound. This applies as long as the third party understood or should have understood that the managing director exceeded his authority, and it would go against integrity to hold the company liable.

The managing director may be held liable for damage incurred negligently or intentionally towards the company, stockholders or others.

TAXATION

Private Limited Liability Companies and Public Limited Liability Companies are subject to tax, as opposed to General and Limited Partnerships. The profits of the enterprise may be taxed as ordinary income at a flat rate of 22%. Ordinary income is defined as total income minus all expenses in economic activity, including tax depreciation.

Corporate shareholders are generally exempted from taxation of gains and dividends on shares etc. There is, however, a rule stating that 3% of the income that is exempt from taxation should be regarded as taxable income.

As a general rule, this provision also applies to European joint stock companies.

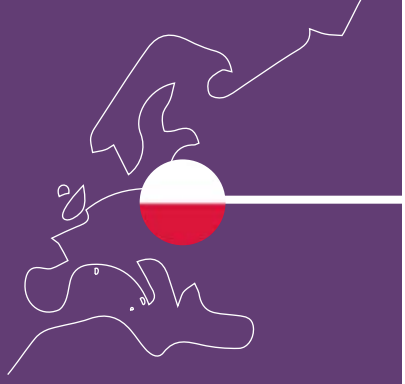
For an NUF, where someone with ties to Norway establishes companies with limited liability abroad, but operates only through the business in Norway, the enterprise will be fully taxable in Norway. In such cases, the same rules will apply to the NUF as to the company the NUF is a part of. In cases where the management of the company takes place abroad, the NUF will be taxable to Norway for business conducted in Norway.

REPORTING REQUIREMENTS

If there are any changes in the corporate structure in the company, this has to be reported to the Register of Business Enterprises. Notification shall be filed without undue delay.

The obligation to report lies with each board member. Upon conveyance and other changes in registered relations, the obligation to report lies with whoever after the change is the proprietor, responsible partner, director or manager.

Special provisions apply for NUFs, where the obligation to report lies with the board for the establishment in Norway, if such a board exists. If there is no such board, the obligation to report lies with the managing director. If there is no managing director, the obligation to report lies with the ones who can commit the company by their mark.



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CORPORATE FORMS AVAILABLE

According to the Polish legal system, business activity can be carried out in various forms. They include commercial law companies and partnerships, which are divided into:

- **partnerships: general partnership, professional partnership, limited partnership and limited joint-stock partnership, and**
- **companies: limited liability company, simple joint stock company and joint stock company.**

POLAND

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

There is also the opportunity to conduct business activity as a single-person business (self-employed or freelancer) or in the form of associations or foundations (in the case of the latter two, subject to considerable restrictions). Foreign business persons may also consider running their business activity in the form of a branch office or a representative office.

Investors from the European Union, Norway, Iceland, Liechtenstein and countries with which relevant agreements have been concluded may operate on the same terms as Polish citizens. Some types of business activity may require use of a specific form (e.g., a joint-stock company) or obtaining suitable permits or concessions.

The choice of the legal form of one's business activity may be determined, among other criteria, by the businessperson's liability for obligations related to such activity. For companies, shareholders are not liable with their own assets for company's obligations. It is the company that bears liability for them. In the case of partnerships, partners may be held personally liable for the partnerhip's obligations. Principles of such liability differ depending on the type of partnership and the nature of involvement of a given partner.

Partnerships are established only upon being entered into the National Court Register (KRS), whereas companies may commence operations at the moment of incorporation. This means that once the company's articles and memorandum of association are signed, the company obtains legal capacity. This process can be considerably speeded up by establishing a company electronically.

The most frequently chosen form of operating a business activity in Poland is a limited liability company (spółka z ograniczoną odpowiedzialnością – sp. z o.o.). This is the form on which this guide will focus.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS, LIABILITY OF FOUNDERS)

(A) FORM

A limited liability company (hereinafter referred to as the company) may be established by natural persons, legal persons, as well as legal persons without corporate status (e.g. partnerships).

The following is necessary to establish a company:

- **conclusion of the company's articles of association** in the form of a notarial deed or by completing model articles of association in the ICT system and affixing them with an electronic signature (establishing a company via the Internet by applying the so-called S24 procedure;
- **payment of shareholder contributions provided for in the articles of association** to cover the whole share capital and in the event of taking up a share for a price higher than its nominal value, additional payment of a premium (if the articles of association were concluded via the Internet (S24 procedure); only cash contributions are accepted to cover the share capital);
- appointment of the management board;
- appointment of the supervisory board or the auditing committee provided for in law or the company's articles of association – required to be appointed if the share capital exceeds PLN 500,000 and there are more than 25 shareholders;
- arranging entry in the National Court Register

The articles of association concluded in the form of a notarial deed should include:

- a business name that can be chosen freely with an additional designation "spółka z ograniczoną odpowiedzialnością", "spółka z o.o." or "sp. z o.o." and the registered office of the company;
- company's business objectives;
- amount of share capital;
- information whether a shareholder may hold more than one share;
- number and nominal value of shares taken up by respective shareholders;
- company's duration, if it is specified.

Conclusion of the company's articles of association via the Internet requires that all shareholders of the company and members of the management board have a qualified electronic signature or a signature confirmed by a trusted e-PUAP profile (a solution developed in cooperation with, inter alia, banks, and implemented by Polish administration authorities, replacing the electronic signature in certain circumstances). This tool slightly restricts the freedom of editing the wording of the articles of association (the online form prevents free editing of all issues potentially important for the shareholders), but in many cases this is a sufficient solution to allow commencement of business (the articles of association can be amended at a later stage by a relevant notarial deed).

(B) TIME

At the time of concluding the articles of association (both in the traditional form, i.e., in the form of a notarial deed, and following the S24 procedure), a limited liability company is established (spółka z ograniczoną odpowiedzialnością w organizacji). It is represented by the management board or a representative appointed by unanimous resolution of its shareholders. From that moment, the company has the legal capacity. This means that it can acquire rights on its own behalf, including acquire real estate and other property rights, incur liabilities, sue and be sued.

An application for entry in to the court register is submitted to the court competent for the company's registered office. The registration time varies between registry courts and lasts from one to several months. In practice, it is more efficient to register a company using the S24 procedure (in practice, registration is affected within 7 days, at the latest).

(C) CORPORATE CAPITAL REQUIREMENTS

The minimum share capital of a limited liability company is PLN 5,000 (a little over EUR 1,000) and the shares issued should have a nominal value not lower than PLN 50. A limited liability company may have one or more shareholders. Shares representing share capital may be of equal or unequal nominal value. They cannot be taken up below this value and if they are taken up at a price higher than their nominal value, the premium is transferred to the supplementary capital.

The articles of association may provide for preference rights related to certain shares. These may include, in particular, voting rights, the right to dividends or methods of participating in the distribution of assets in the event of the company's liquidation.

The share capital may be subject to change. This applies to both the increase and the decrease (to the minimum threshold of PLN 5,000). Such issues may be regulated in the articles of association (providing for the maximum amount of the share capital increase and the time limit for increasing the share capital or the principles of reducing the share capital). Otherwise, such changes will require an amendment to the articles of association.

MANAGERS AND DIRECTORS (POWER, APPOINTMENT, LIABILITY)

In the case of a limited liability company, management of the company's affairs and external representation is vested in the management board. The management board may comprise one or more members.

If the board comprises more than one person, the method of representation is specified in the articles of association. If there are no provisions relating to this matter included in the articles of association, cooperation of two members of the management board or one member of the management board acting jointly with a holder of commercial proxy is required to make representations on behalf of the company.

The management board may be composed of shareholders or persons other than shareholders who are appointed by a resolution by the meeting of shareholders (unless otherwise specified in the articles of association e.g., by granting personal rights to some shareholders). Only a natural person with full legal capacity may become a member of the management board.

Representation and management of the company's affairs comprise all court and out-of-court activities. The right to represent the company vested in a member of the management board cannot be validly limited with regard to third parties. Any contractual limitations imposed in this respect can be only internal and their violation may result in the management board's liability for damages towards the company.

The company may also be represented by representatives or proxies. The appointment of a proxy (a company's attorney with a broad scope of authorization, governed by law) requires approval of all members of the management board and a corresponding entry in the register.

Members of the management board of a limited liability company are liable to the company and, as a rule, to its creditors. If enforcement against the company's assets carried out in favour of its creditors proves ineffective, then members of the management board are personally liable for the company's obligations. A member of the management board may be released from such liability in situations provided for by law, in particular if they prove that a bankruptcy petition was duly filed in time or that the failure to file the bankruptcy petition was not attributable to them.

Moreover, the articles of association may provide for appointment of a supervisory board or an auditing committee acting as corporate bodies obliged to supervise the company's operations. In companies with a large number of shareholders (over 25) and share capital in excess of PLN 500,000, the appointment of one of these bodies is obligatory.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

A) GENERAL RULES

Polish tax regulations provide for 3 different methods of taxation of corporate income.

1. The basic tax rate is 19% of the surplus of revenues over costs.
2. Having complied with applicable requirements, taxpayers may also benefit from a reduced tax rate of 9% (for so-called "small taxpayers").
3. Since 2021, the so-called Estonian CIT has been applicable in Poland. According to this method of taxation, profit left in the company is not taxed until it is distributed to shareholders. Taxpayers have the right to choose an appropriate taxation method.

B) TAXATION OF A JOINT STOCK COMPANY AND A LIMITED LIABILITY COMPANY

Profits generated by a joint-stock company and a limited liability company are taxed twice. In the first instance, with corporate income tax at the rate of 19% or 9% (for small taxpayers) at the company level and with 19% PIT at the moment of distributing the profit to corporate shareholders being individuals in the form of a dividend. Payment of dividends to shareholders may be exempt from CIT if certain conditions are met.

C) TAXATION OF A LIMITED PARTNERSHIP AND A LIMITED JOINT-STOCK PARTNERSHIP

Limited joint-stock partnerships and limited partnerships, although being partnerships, are taxed similarly to companies. Partnership's profits are taxed twice, first with 19% or 9% (for small taxpayers) CIT at the partnership's level and then with 19% PIT or CIT at the moment of paying dividends to partners. General partners in a limited partnership are entitled to deduct the amount of tax paid by the limited partnership from their tax. The deduction applies to the amount corresponding to the product of the general partner's percentage share in the partnership's profit and the tax due on the partnership's income.

D) TAXATION OF A PROFESSIONAL PARTNERSHIP

A professional partnership is a commercial company that can be established by at least two natural persons who are entitled to pursue liberal proffesions, i.e.: advocates, tax advisors and legal advisors. The professional partnership is not a payer of income tax. Profits generated by the partnership are shared among its partners. Each partner pays their personal income tax according to either progressive tax (17% or 32%) or the 19% flat rate. Only partners conducting non-agricultural business activity are entitled to taxation in the form of a flat-rate tax.

E) ALTERNATIVE INVESTMENT COMPANIES

The CIT Act provides for the exemption of income (revenues) of alternative investment companies obtained in the tax year from the sale of shares (stocks), provided that immediately before the date of sale, the alternative investment company selling shares (stocks) was an owner of not less than 10% of shares (shares) in the capital of the company whose shares (stocks) are sold, continuously for a period of two years. This exemption does not apply to the income

(revenues) of the alternative investment company obtained from the sale of shares (stocks) in a company, if at least 50% of the value of such company's assets constitutes (directly or indirectly) real estate located in the territory of the Republic of Poland or titles to such real estate.

F) CONTROLLED FOREIGN COMPANIES RULES

Regulations on Controlled Foreign Companies (CFCs) have been applicable in Poland since 2018. The obligation to pay 19% tax on the income of a controlled foreign company may be imposed on a taxpayer if a number of conditions specified in the definition of a controlled foreign company are met.

An additional income tax is imposed on direct and indirect shareholders (Polish tax residents) of a company/PE from the EU/EEA (or other country that concluded a DTT with Poland) if the following conditions are jointly met:

- Polish tax residents have directly/indirectly, solely or jointly with related entities, 50% participation in foreign company's income, voting rights, or capital for at least 30 days.
- At least 33% of foreign company revenues is derived from passive sources.
- Tax actually paid abroad (not subject to refund or credit in any form) is lower than the difference between the tax that would be paid by this foreign company in Poland (if it was a Polish tax resident) and tax actually paid abroad.

G) EXIT TAX

There is an exit tax applicable in Poland payable on profits deemed unrealized in the event of the taxpayer no longer being obliged to pay all taxes in Poland. In practice, these regulations will apply in the event of losing Polish tax residence and transferring assets abroad. The tax may be imposed on legal persons and natural persons, regardless of whether they conduct business activity or not.

The following conditions must be met to apply the exit tax:

- the territory of Poland must be the taxpayer's place of residence for at least 5 years in total during the 10 years preceding the date of losing Polish tax residence (i.e., changing it), and this loss takes place after that time (the taxpayer will not be charged with the exit tax earlier);
- the total value of the assets transferred (once or in stages) is more than PLN 4 million.

In the case of transferring personal property of a spouse together with the simultaneous transfer of property forming part of joint marital property, the values of both properties are combined.

H) GENERAL ANTI – AVOIDANCE RULE (GAAR)

Polish tax regulations contain clauses preventing circumvention of the tax law. The purpose of the clause is to prevent taxpayers from such actions, which, although legal, are aimed only or mostly at reducing tax due. As a rule, if this clause is applied, tax authorities have the right to disregard the tax consequences of the legal actions taken by the taxpayer.

I) R&D TAX CREDIT

R&D tax credit entitles taxpayers to an additional deduction from their tax base of some expenses incurred on R&D activities, previously charged to tax deductible expenses. As regards the research and development activity, 3 areas can be distinguished: research and development activity, scientific research, and development works. The tax credit is addressed to all taxpayers who conduct business activity in Poland, are subject to income tax and introduce new products to their company or improve existing versions thereof without creating a new technology.

J) IP BOX TAX CREDIT

Entities conducting research and development activities may benefit from preferential taxation of income obtained from created or improved eligible intellectual property rights in the amount of 5% of PIT or CIT. The list of eligible intellectual property rights for which the preferential income tax rate can be applied includes:

- a patent;
- a utility model;
- a right derived from registration of an industrial design;
- an additional protection right for a patent for a medicinal product or a plant protection product;

- a right derived from registration of a medicinal product and a veterinary medicinal product authorized for marketing and the exclusive right referred to in the Act on the Legal Protection of Plant Varieties;
- a right derived from registration of an integrated circuit topography;
- a copyright to a computer program.

REPORTING REQUIREMENTS

The Central Register of Beneficial Owners (Centralny Rejestr Beneficjentów Rzeczywistych – CRBR) was established in the Polish legal system by the Act of 1 March 2018 on Preventing Money Laundering and Terrorist Financing (Journal of Laws of 2020, item 971) in order to implement the provisions of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the so-called AMLD IV).

It is a system in which information on beneficial owners, i.e., natural persons exercising direct or indirect control over a business entity, is collected and processed. The main task of the Register is to prevent money laundering and terrorist financing. CRBR is public and can be accessed at no charge.

In the case of a limited liability company, a beneficial owner is a natural person who:

- is the company's shareholder holding title to more than 25% of the total number of shares;
- holds more than 25% of the total number of votes at the meeting of shareholders, also as a pledgee or usufructuary, or under agreements with other persons holding voting rights;
- exercises control over a legal person which holds or legal persons which jointly hold ownership titles to more than 25% of the total number of shares in the company, or collectively holds more than 25% of the total number of votes in the company's governing body, also as a pledgee or usufructuary, or on the basis of agreements with other persons entitled to vote;
- exercises control over the company by being vested with the rights referred to in Article 3 (1) (37) of the Accounting Act of 29 September 1994;
- holds a senior managerial position in the company's governing bodies, if there is a documented impossibility to establish the identity of natural persons specified in the above-mentioned points or there are doubts as to their identity, and if there are no suspicions of money laundering or terrorist financing.

In the case of a limited liability company, it is the management board who acts as a representative of the company that reports data to the Register in electronic form via a tax portal.

A limited liability company registered in the National Court Register after 13 October 2019 should be reported to the CRBR register within 7 business days from the date of entry into the National Court Register.

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CORPORATE FORMS AVAILABLE

Portuguese law allows businesses to be run either under corporate or non corporate forms. The available corporate entities are the following:

- Public Limited Company (Sociedade Anónima);
- Private Limited Liability Company (Sociedade por Quotas);
- Single Shareholder Limited Liability Company (Sociedade Unipessoal por Quotas);
- Partnership Company (Sociedade em Nome Colectivo); and
- Limited Partnership Company (Sociedade em Comandita).

PORTUGAL

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Corporate forms without a business purpose (cooperative companies, associations, foundations) will not be addressed here.

The first three types listed above account for the vast majority of commercial companies in Portugal and the last two, although popular in the past, are seldom used in the present day.

Non corporate business structures are:

- **Sole Entrepeneurship (Empresário em nome Individual); and**
- **The Individual Liability Establishment (Estabelecimento Individual de Responsabilidade Limitada).**

The Public Limited Company (Sociedade Anónima) is the type most usually used by large companies. The capital is represented by shares (acções) and as a rule there must be a minimum of five shareholders, but the law also allows for the incorporation of an SA by another SA which shall be the sole owner of the entirety of its share capital. Minimum capital is 50,000 EUR.

The Private Limited Liability Company (Sociedade por Quotas) is the company type most common with medium and small businesses. The capital is represented by the aggregate of the contributions (quota) of all shareholders (sócios). There is a minimum requirement of two shareholders, but it can be just one for a period not exceeding one year. Each shareholder is liable to the company and its creditors only up to the limit of his contribution (quota), but the articles of association may define that one or more shareholders shall also be liable up to an established amount. There is no minimum capital requirement, it can be 2 EUR (the minimum of 2 quotas of 1 EUR each).

The Single Shareholder Limited Liability Company (Sociedade Unipessoal por Quotas) is a simple variation to the model above, with the difference that one single individual or legal person (sócio único) may hold the entire business capital. The rules applicable to this corporate model are the same as applicable to the model above, except those that relate to the existence of multiple shareholders. There is no minimum capital required.

The Partnership Company (Sociedade em Nome Colectivo) is an unlimited entity in which partners have unlimited liability before the company creditors. Those partners who meet the obligations of the company have a right of return against other partners. The minimum number of partners is two and partners of industry are admitted provided its respective share has a value defined in the articles of association. There is no minimum capital required since partners have unlimited liability.

The Limited Partnership Company (Sociedade em Comandita) is a company with mixed types of liability, where one or more partners (sócios comanditados) are subject to unlimited liability for the company's obligations, as in the model above, and others (sócios comanditários) have their liability limited to their respective contibutions to the capital. One of two subspecies shall be adopted: a Simple Limited Partnership (Sociedade em Comandita Simples), with a minimum of two partners and no minimum capital, or a Partnership Limited by Shares (Sociedade em Comandita por Acções), with a minimum of five partners whose liability is limited to their shares and minimum capital of 50,000 EUR. As already mentioned, this model and the one above are rarely used.

The Sole Entrepeneurship (Empresário em nome Individual) non corporate model is a common way of running a business by physical persons. There is no minimum capital required to start an activity and its owner has unlimited liability for the business losses and debts. There is no legal separation between the business' assets and the proprietors' assets.

The Individual Liability Establishment (Estabelecimento Individual de Responsabilidade Limitada) is another form of running a business by a physical person, with the difference that in this case there is a legal distinction between the owner's assets and the business' assets. The owner's personal assets are not liable for business debts. The minimum capital required is 5,000 EUR, of which at least two thirds must be paid in cash, the remaining being allowed in kind. The registered name of the business must include the name of its owner.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

There are two different ways of incorporating a company in Portugal: a) The simplified regime, using the On the Spot Firm or the Online Set-up services and b) the traditional set-up.

SIMPLIFIED REGIME:

a) The On the Spot Firm (Empresa na Hora) service - available since 2005, this allows one to set up a business in less than an hour. All the procedures are carried out at one of the desks of the On the Spot Firm service available throughout the country, regardless of the location of the company's main office. The service also provides a pre-approved trade mark similar to the company's trade name.

   This service is only available for Public Limited Companies (Sociedade Anónima), Private Limited Liability Companies (Sociedade por Quotas) and Single Shareholder Limited Liability Companies (Sociedade Unipessoal por Quotas). The shareholders may choose a name for the company from a list of pre-approved names, which already includes the corporate identification number, taxpayer number (NIPC) and social security number. A reference to the nature of the company's activity shall be added to the pre-approved name. The alternative to use a name which has not been pre-approved is possible, in which case a certificate of the name approval issued by the National Registry of Corporations must be be produced, the cost of which is 75 EUR.

   Shareholders must also choose the articles of association from one of the several pre-approved models, that will be immediately executed, followed by the commercial registration which is performed immediatly afterwards. An access code to the on-line commercial registry certificate will be immediately provided, as well as the company card with all corporate data and a certified copy of the articles of association.

   Shareholders shall proceed with the deposit of the share capital within five days of incorporation or, in the case of Private Limited Liability Companies and Single Shareholder Limited Liability Companies, the shareholders may declare in the incorporation document that the capital will be deposited in a company's bank account by the end of the first fiscal year.

   In cases where the capital shall be paid in kind with assets whose transfer is subject to taxation, evidence of its payment shall be provided.

   The cost of incorporation in the case of of a company with a pre-approved name and articles of association is 360 EUR.

b) Online Set-up - enables the incorporation of a company on the internet. Available for Public and Private Limited Liability companies using the Company Portal (Portal da Empresa www.portaldaempresa.pt), which procedure is supervised by the National Registry of Corporations.

   The procedures are the same as described above. Registration on the National Registry shall be immediate if the company chooses a pre-approved model of articles of association, or within a maximum of two business days if a different version is used.

   The incorporation process is confirmed by e-mail and documentation will be sent by regular mail to the company's head office.

   The cost of incorporation in the case of a company with a pre-approved name and articles is 180 EUR and 380 EUR otherwise. Technology and Investigation companies only pay 120 and 300 EUR respectively. The provision of an associated trade mark costs 120 and 100 EUR respectively.

Traditional set-up – although companies may be incorporated in Portugal through the highly simplified procedures described above, investors may prefer to follow the traditional procedure of which the main steps are:

(I) the obtainment of a name approval certificate (certificado de admissibilidade) from the National Registry of Corporations (RNPC);

(II) the execution of a written memorandum of association, which shall contain as an attachment the articles of association, signed by the shareholders with the signatures being certified by a notary or lawyer;

(III) the registration of the company and its corporate bodies with the National Commercial Registry; and

(IV) the deposit of the share capital.

The cost of incorporation may vary slightly according to the company type, but is approximately 700 EUR.

MANAGING DIRECTORS (APPOINTMENT, POWER, LIABILITY)

In general, managing directors are responsible for representing the company and managing its business and must perform their duties with diligence and loyalty, in the best interests of the company and its shareholders. They have the power to carry out all acts necessary to achieve the objects of the company, but taking into consideration any restrictions that may be imposed in the articles of association or by resolution of the shareholders. Their actions are assessed with reference to the standards of care of a reasonable businessman and will be deemed valid as long as they have acted informedly, independently and in accordance with acceptable business criteria. The liability of the directors to the company does not exist when the act or omission shall be based on a resolution of the shareholders.

PUBLIC LIMITED LIABILITY COMPANY (SOCIEDADE ANÓNIMA):

There are three different models of corporate structure:

a) Board of Directors (Conselho de Administração) and Supervisory Board (Conselho Fiscal);

b) Board of Directors (Conselho de Administração) including an Auditing Committee (Comissão de Auditoria) and an independent Auditor (Revisor Oficial de Contas - ROC); and

c) Executive Board of Directors (Conselho de Administração Executivo), General and Supervisory Board (Conselho Geral e de Supervisão) and independent Auditor (Revisor Oficial de Contas - ROC).

The articles of association shall fix the number of members of each body. If the share capital does not exceed 200,000 EUR, the articles of association may allow that the board be replaced by one sole director.

The law may impose that companies following model a) above must in some cases appoint an auditor (ROC) who shall be independent from the Supervisory Board.

Companies with one sole director may not follow model b) above.

Board directors may be set out in the articles of association or otherwise shall be elected at the general shareholders' meeting. Term of office is also fixed in the articles of association but shall not exceed four years. Shareholders may be part of the board of directors. Members of the board must be physical persons. If a legal person is elected to the board it shall appoint an individual to perform the role in his own name.

PRIVATE LIMITED LIABILITY COMPANY (SOCIEDADE POR QUOTAS):

These companies must have one or more managers (gerentes) set out in the articles of association or elected by the shareholders unless otherwise stated, who are entitled to exercise all the powers of the company. They must be physical persons with full legal capacity and do not need to be shareholders. Managers may only delegate their powers to other managers and, in any case, just for a specific deal or type of deals. Term of office is not limited by the law but may be fixed in the articles of association.

SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY (SOCIEDADE UNIPESSOAL POR QUOTAS):

As above. The single shareholder (sócio único) may appoint the manager(s) and exercises all the powers of the general meeting.

PARTNERSHIP COMPANY (SOCIEDADE EM NOME COLECTIVO):

Save when otherwise stated in the articles of association all partners are deemed company managers, but they may decide by unanimous voting to appoint as a manager any person outside of the company.

A partner that is a legal person may not act as a manager but may appoint an individual to act as such in his own name, unless prohibited in the articles of association.

Term of office is not limited by the law.

LIMITED PARTNERSHIP COMPANY (SOCIEDADE EM COMANDITA):

a) Simple Limited Partnership (Sociedade em Comandita Simples):

As in 20.3.5 (Partnership Company) above.

b) - Partnership Limited by Shares (Sociedade em Comandita por Acções):

As in 20.3.3 (Public Limited Liability Company) above.

TAXATION

Corporate tax (Imposto sobre o Rendimento das Pessoas Colectivas-IRC) is charged on companies' profits. The standard corporate tax rate is 21% (16.8% in the Azores). A reduced rate of 17% (13.6% in the Azores) applies to the first 15,000 EUR of taxable profits of small and medium size companies.

A state surcharge was levied in 2017 on taxable profits at the following rates: 3% for profits over 1.5 million up to 7.5 million EUR; 5% on profits over 7.5 million up to 35 million EUR and 7% on profits over 35 million EUR.

A municipal charge (derrama) is levied on taxable profits at rates of 1.5%, depending on the respective local council, resulting in a maximum possible combined tax rate of 29.5%.

REPORTING REQUIREMENTS

Any change in the name of the company, capital, form of binding, seat, structure and members of the corporate bodies shall be registered with the National Commercial Registry.

The annual accounts are also subject to registration and must be submitted by 15 July of the following year, together with other accounting, fiscal and statistics information (Informação Empresarial Simplificada – IES), in electronic format at the portal www.portaldasfinancas.go.pt of the Ministry of Finance. This information is available to the public.

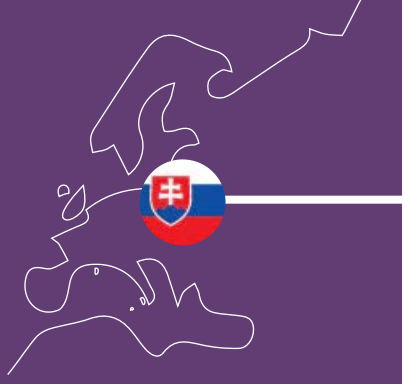
Since September 2017, as a result of the transposition of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015, on the preservation of the use of the financial system for the purposes of money laundering or terrorist financing, all types of companies are required to maintain an updated record of the identification data of:

(I) their partners or shareholders, with information of their respective percentage of shares, voting rights or ownership nterests;

(II) those natural persons who own, either directly or indirectly, the property and of their shares or capital; and

(III) those who, under any form whatsoever, exercise control over the company.

Companies listed on a regulated market that is subject to disclosure requirements consistent with EU law or subject to equivalent international standards which ensure adequate transparency of ownership information are exempt from this obligation.



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SLOVAKIA

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Corporate legal forms include Limited Liability Companies (the name of the corporation must contain the word "spoločnosť s ručením obmedzeným" or its abbreviation "s.r.o." or a "spol. s r.o."), Joint-stock Companies (the name of the corporation must contain the word "akciová spoločnosť" or its abbreviation "a.s." or an "akc. spol."), European Companies (Societas Euros) and Simple Stock Companies (the name of the corporation must contain the word "jednoduchá spoločnosť na akcie" or its abbreviation "j.s.a."). For the purposes of conducting business activities in the territory of the Slovak Republic, Limited Liability Companies and Joint-stock Companies are founded in most cases. Limited Liability Companies are usually seen as being the most convenient for foreign investors due to their relatively simple procedure of incorporation and corporate governance. The legal regulation of a Limited Liability Company is adapted to companies with a small number of partners and its operation is therefore less formalized than the operation of a Joint-stock Company.

The non-corporate forms consist of sole entrepreneurships, general partnerships and limited partnerships.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

(A) LIMITED LIABILITY COMPANY

A Limited Liability Company is the most commonly used legal form of corporate entity in the Slovak Republic and is described by the Commercial Code in detail.

The company can be established by one natural person or by one legal entity whether domestic or foreign, with a maximum number of 50 shareholders. The foundation document of a Limited Liability Company is known as the Memorandum of Association. If there is only one participant, instead of a Memorandum of Association, a Foundation Deed is to be executed. A Memorandum of Association may provide that the company shall issue statutes to govern the internal organization and detail some of the matters contained in the Memorandum of Association. The signatures of founders to the Memorandum of Association must be officially certified. After establishing the company,the company has to obtain a permit for its scope of business. A Limited Liability Company can only be established by a person who has no tax arrears. Applications to register a limited company in the commercial register must therefore include a certificate to that effect from the tax authority. This will be issued by the tax administrator within five business days unless the aggregate tax arrears exceed 170.00 EUR.

A Limited Liability Company is a company where the basic capital includes the predetermined investments of the partners. The value of the basic capital of the company must be at least 5.000.00 EUR. The minimum investment is 750.00 EUR per shareholder. The investment can also be non-monetary. At least 30% of each such investment must be paid up prior to the registration with the commercial register; however, the total amount of paid up registered capital together with paid non-monetary investments must be at least 2.500.00 EUR. The rest of the investments must be paid up within the period of five years from incorporation. If the company was founded by one founder, the company can be incorporated only if the basic capital was repaid in full.

CORPORATE FORMS AVAILABLE

The Slovak Law recognizes a variety of legal forms of companies under which it is possible to do business in the Slovak Republic.

A Limited Liability Company comes into existence on the date on which it is incorporated into the Commercial Register. Application for the incorporation into the commercial register must be filed not later than 90 days from the establishment of the company and is subject to fees. The court fee for registration of a Limited Liability Company is 150,00 EUR for electronic filing.

The Commercial Register shall incorporate a company within the period of two business days from the submission of a complete and duly prepared application.

(B) JOINT-STOCK COMPANY

A Joint-stock Company is a company where the basic capital is divided into a specific number of shares with a designated nominal value. The legal regulation of a Joint-stock Company is adapted to companies with a large number of shareholders and its operation is therefore much more formalized than the operation of other types of companies. The shares must be registered with the Central Securities Depository of the Slovak Republic, which registration is accompanied by further expenses.

A Joint-stock Company may be established by a legal entity or two or more founders. If the company is established by two or more founders, a Memorandum of Association must be executed. If a sole founder establishes the company, instead of a Memorandum of Association, a Foundation Deed is to be executed. The Memorandum of Association or the Foundation Deed must be executed in the form of a Public Notary's Deed. The Articles of Association of the company shall form part of the Memorandum of Association, or where applicable, the Foundation Deed.

A Joint-stock Company may be a private Joint-stock Company or a public Joint-stock Company. A company that has issued all or part of its shares on the basis of a public call for subscription of shares, or whose shares were admitted by a stock exchange to be traded on the stock market, shall be regarded as a public Joint-stock Company. The basic capital of the company is at least 25,000.00 EUR at least 30% of the monetary investments must be paid by its founders prior to the registration of the company with the Commercial Register, while all non-monetary investments must be paid up in full and the rest within the period of one year after incorporation.

A Joint-stock Company must create a reserve fund upon its incorporation in the amount of at least 10% of its registered capital and supplement it each year with the amount of at least 10% of the net profit up to the total amount of 20% of the registered capital.

The Constituent General Meeting is required unless the founders agree to pay the entire share capital themselves without raising funds through a public call for subscriptions. The Constituent General Meeting must be convened within 60 days of the last subscription for shares. If it is not, the subscription will be null and void. The Constituent General Meeting shall:

(I) decide on the company's establishment;

(II) approve the Articles of Association; and

(III) elect such company bodies which the General Meeting is authorized to elect according to the Articles of Association. The course of the Constituent General Meeting shall be substantiated by a Public Notary's Deed. If the founders agree to pay up the entire share capital themselves, the presence of all founders gives the meeting the same status as the General Meeting. After establishing the company, the company has to obtain a permit for its scope of business.

The Application for incorporation into the Commercial Register must be filed no later than 90 days from the establishment of the company and is subject to fees. The court fee for registration of a Joint-stock Company is 375.00 EUR for electronic filing.

Once a complete application for the registration of the company is filed with the competent court, the court should decide on the registration of the company within two business days from delivery of that application.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

(A) LIMITED LIABILITY COMPANY

The general assembly appoints one or more managing directors as the statutory body of the Limited Liability Company. If there are more managing directors each of them shall be entitled to act individually on behalf of the company, unless the Memorandum of Association or the Articles of Association stipulate otherwise. The managing director can only be a natural person, not a legal entity. Managing directors decide on all matters of the company not vested in its general assembly, act on behalf of the company and represent the company in relations with third parties. Only the Memorandum of Association or the general assembly may restrict the power of the managing director.

The managing directors are obliged to exercise their functions with due care and in compliance with the interests of the company and of all its members. They are particularly obliged to seek and take into account in making decisions all

available information related to the subject of decisions, keep silent on confidential information and facts the disclosure of which to third parties might cause damage to the company or threaten its interests or the interests of its members, and during the exercise of their functions, they may not prefer their own interests, the interests of some members or the interests of third parties over the interests of the company. The Managing directors who have breached their obligations during the performance of their functions are jointly and severally liable for damage incurred by the company because of their breach.

(B) JOINT-STOCK COMPANY

The Board of Directors isbe the statutory body of the company which manages its operations and acts on its behalf. The Board of Directors decides on all matters of the company, unless they are reserved to the authority of the General Meeting by the Commercial Code or the Articles of Association. Unless the Articles of Association stipulate otherwise, any member of the Board of Directors shall be authorized to act on behalf of the company. The names of the members of the Board of Directors authorized to bind the company and the manner in which they take over such binding obligations shall be recorded in the Companies Register.

Members of the Board of Directors shall be elected by the general assembly from among the shareholders or other persons for a period stipulated in the Articles of Association but not exceeding 5 years. The Articles of Association may provide that the Directors shall be elected and recalled by the Supervisory Board in the manner specified therein. The members of the Board of Directors shall be bound to exercise their authority with due care. Members of the Board of Directors who have breached their duties in the performance of their activities are jointly and severally liable for damages that they cause to the company.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

Legal entities whose seat is in the Slovak Republic or whose management is seated in the Slovak Republic, are generally regarded as resident and they are liable to pay corporate income tax in the Slovak Republic.

Limited Liability Companies and Joint-stock Companies are subject to corporate income tax on their income and profits which is currently at a rate of 21%.

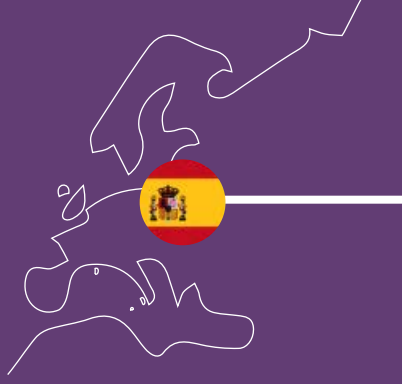
The rate of tax on the corporate tax base reduced by the tax loss reported for the tax period beginning at the earliest from 1 January 2021 is 15% for a taxpayer who has achieved taxable income (revenues) for the tax period not exceeding 49,790 EUR.

The tax rate from the special tax base determined pursuant to § 51e sec. 4 of the Act no. 595/2003 Coll. Income Tax is 35%.

REPORTING REQUIREMENTS

Both Limited Liability Companies and Joint-stock Companies are obliged to file any amendments to the corporate structure of the company with the Commercial Register within the period stated in the Commercial Code. The majority of changes shall become effective only upon registration in the Commercial Register.

The competent authority of a Joint-stock Company and a Limited Liability Company must submit ordinary financial statements and extraordinary individual financial statements for approval within six months of the end of the financial year. Currently, the financial statements are inserted only in the register of accounts and the operator of the registry of accounts is sent the financial statements, which documents are publicly available.



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CORPORATE FORMS AVAILABLE

As to business undertakings, Spanish law provides for a variety of vehicles (corporate and non-corporate legal forms). The most significant are:
▪ Corporation (Sociedad Anónima, abbreviated as "S.A.");
▪ Limited Liability Company (Sociedad de Responsabilidad Limitada, abbreviated as "S.L." or "S. R. L.");
▪ New Limited Liability Company ("Sociedad Limitada Nueva Empresa" abbreviated as "S.L.N.E."), a variation on the S.L. especially intended for small and medium-sized companies that simplifies the requirements for its formation; and
▪ Parthership ("Sociedad Civil").

SPAIN

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

The most common forms used are the Corporation (S.A.) and, principally, the Limited Liability Company (S.L.), both of which are regulated by the Companies Act ("Ley de Sociedades de Capital"). For these entities it is also important to take into account the Regulations of the Commercial Register ("Reglamento del Registro Mercantil"), which are the rules governing the main aspects as for corporate bookkeeping and Commercial Register issues.

Individuals can develop professional or business activities directly and, as an exception to the limited liability regime for any public law debts acquired, to join the specific regime of the "Limited Liability Entrepreneur" which implies some limitations on the liability in that the principal/normal residence cannot be affected by debts.

Furthermore, it is also possible to do business in Spain through a branch (which does not have a separate legal personality from the parent company but has a certain degree of organisational and management autonomy, and must comply with some requirements of registration in the Commercial Register), joint venture, or even without setting up a business or entering into an association with existing business or signing a distribution agreement, operating through an agent or commission agents.

This general summary is focused on Corporations (S.A.) and Limited Liability Companies (S.L.) forms.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

(A) FORM

The incorporation of a Corporation (S.A.) and a Limited Liability Company (S.L.) requires, in any case, the execution of a public deed before a Public Notary, which must be registered before the Commercial Register in the office located in the province of the registered office of the company.

Prior to the appearance before the Public Notary, it is necessary to obtain the following documentation:

- N.I.F. / N.I.E. (Spanish Foreigner Identification Number for entities / natural persons) for the shareholders / Directors of the company, if necessary (non-residents in Spain). The Spanish Foreigner Identification Number for natural persons is obtained from the General Police Directorate. The equivalent for entities is obtained from the Tax Authorities;
- Spanish VAT number (provisional) for the new company from the Spanish Tax Office. Please note that it is possible for the Public Notary to request this number by a telematic proceeding on the same day of the appearance for the granting of the deed of incorporation;
- A certificate from the Central Commercial Registry with the reservation of the denomination to be assigned to the new company;
- A certificate from a Spanish bank entity accrediting the transfer of the minimum share capital into an account open under the name of the new company in the case of contributions in cash (this is the most common type of contributions); and
- The Articles of Association, which will be annexed to the Deed of Incorporation, with the following data: registered address, corporate purpose, duration, share capital and its payment, type of shares, Management Body, restrictions on the transfer of shares (if any), shareholders' rights, etc.

Once the Deed of Incorporation has been granted, it is necessary to complete form 600 for Corporate Operations Tax -ITP/OS- for the Tax Authorities, which is exempted for the incorporation.

Furthermore, within one month of the granting the Deed of Incorporation, it is necessary to complete form D1-A, which is used to declare foreign investments in Spain to the Spanish Foreign Investment Register (this does not apply for listed companies).

Once the Deed of Incorporation has been registered by the Commercial Register, form 036 for obtaining a Spanish VAT number must becompleted.

(B) TIME

The process of incorporation ends with the registration of the Deed of Incorporation by the Spanish Commercial Register. Once the public deed has been filed with the Commercial Register, the registration must be completed within fifteen (15) working days of the date of the entry recording the filing of the deed, unless there is just cause, in which case the period will be thirty (30) working days.

Our experience is that setting up a Corporation (S.A.) or Limited Liability Company (S.L.) using the ordinary procedure takes between 3 - 6 weeks.

(C) COST

The notarial fees are charged on a sliding scale based on the share capital (approximately 90 EUR for the first 6,010 EUR, after which rates of between 0.03% and 0.45% are applied to amounts of between 6,010,121 EUR and 601,012.10 EUR). The costs of the registration by the Spanish Commercial Register amount to 6.01 EUR for the first 3,005 EUR, after which there is a sliding scale ranging from 0.005% and 0.10% for capital more than 6,010,121 EUR (with a maximum of 2,180 EUR).

Our experience is that the standard incorporation process of a Limited Liability company (S.L.) with the minimum share capital (3,000 EUR) will amount to approximately 450 EUR (Notarial & Commercial Register fees included).

(D) SHARE CAPITAL REQUIREMENTS

The minimum share capital for a Corporation (S.A.) is 60,000 EUR and at least 25% must be paid upon formation; in the case of a Limited Liability Company (S.L.), the minimum share capital is 3,000 EUR and must be fully paid upon formation.

In the case of non-monetary contributions, for Corporations (S.A.) a report from an independent expert is required (with some exceptions); in the case of a Limited Liability Company (S.L.) it is not required, notwithstanding the shareholders will be jointly and severally liable for the authenticity of any non-monetary contributions made.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

For all kinds of companies, it is mandatory that the management body structure is contained in the public Deed of Incorporation and filed with the Spanish Commercial Register. It is also mandatory that the appointment of the persons/ entities (who needn't be shareholders or have Spanish nationality) being part of the management body structure be filed with the Commercial Register.

Both Corporations (S.A.) and Limited Liability Companies (S.L.) may have the following governing structures:

- Sole Director;
- Two of more joint and severally liable Directors;
- Two joint Directors in the case of a Corporation (S.A.); two or more joint Directors in the case of a Limited Liability Company (S.L.); or
- Board of Directors with a minimum of three members in both types of entities and a maximum of twelve members in the case of a Limited Liability Company (S.L.); with no limit of members for a Corporation (S.A.). It is possible to delegate daily matters to any person(s) (with limited or unlimited faculties), acting solely or jointly.

A legal entity can be appointed as a Director / member of the Board of Directors, but it is necessary to appoint and register a natural person as a representative of such legal entity.

The articles of association must specify the term of office (S.A. for a maximum 6 years, although re-election for periods of the same maximum duration is possible; for S.L. the general rule is an indefinite term) and state whether the directorship is remunerated or non-remunerated.

Directors must comply with the duty of diligent administration and faithful defense of the corporate interests. Directors are liable to the company, its shareholders and its creditors for damage caused by acts that are illegal, contrary to the articles of association or carried out in breach of the duties specific to the office. In such cases, all directors are jointly and severally liable. A director can only be released from liability in some specific circumstances (it will be necessary to prove that the Director did not participate in the adoption or execution of the resolution, the Director was unaware of the existence of the harmful act and that he/she did everything reasonably possible to mitigate it or at least expressly opposed the resolution giving rise to the harm). The liability of the Directors is equally extended to those "de facto" Directors.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

Corporate income tax ("Impuesto sobre Sociedades") applies to entities that are tax resident in Spain. Tax-resident entities are taxed on their worldwide income, and an entity is considered resident in Spain for tax purposes if it has been incorporated in accordance with the laws of Spain, or if it has its registered office or its effective place of management in Spain.

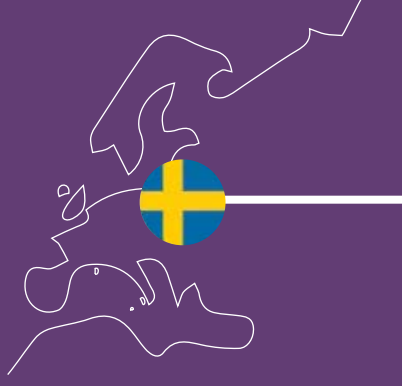
The general rate in Spain is 25%. Other tax rates may apply, depending on the type of company that is taxed and the type of business carried out (i.e. banks are subject to a rate of 30%).

New companies are taxed at a 15% tax rate, for both the first tax period in which they obtain a profit and the following tax period. This tax rate is not applicable to companies that, by law, are considered equity companies.

REPORTING REQUIREMENTS

The legal representatives of both Corporations (S.A.) and Limited Liability Companies (S.L.), or any other person holding a special authority for these purposes, must file any amendments of the articles of association or any General Meeting/ Board of Directors' resolutions before the Spanish Commercial Register which result in an alteration of the representation before third parties (i.e. cessation or appointment of legal representatives, the granting or revocation of powers of attorney). In general terms, it also requires the granting of a public deed (which will be the document to be filed with the Commercial Register) but there are some exceptions (i.e. the appointment of a legal representative if it does not result in a modification of the articles of association).

The shareholders of both types of companies must approve, within six months of the end of the fiscal year, the financial statements of the previous year at their Annual General Meeting. The financial statements should be filed with the Spanish Commercial Register.



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COMPANY FORMS AVAILABLE

The main corporate legal forms in Sweden are the following:

(a) Private limited liability Company (Swe. Privat aktiebolag);

(b) Public limited liability Company (Swe. Publikt aktiebolag);

(c) Partnership (Swe. Handelsbolag);

(d) Limited liability partnership (Swe. Kommanditbolag);

(e) Sole proprietorship (Swe. Enskild firma);

(f) European limited liability company (Swe. Europabolag); and

(g) Economic association (Swe. Ekonomisk förening)

SWEDEN

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Private limited liability companies, hereinafter referred to as companies, are by far the most common corporate form in Sweden, which is why this outline focuses on companies.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL REQUIREMENTS)

The Swedish Companies Act (2005:551) and the Articles of association, hereinafter referred to as AoA, set forth the legal structure of a company. At the formation of a company, the first step should be for the founders to prepare a draft memorandum of association, included with the AoA. The memorandum of association is the basic contractual document regarding the formation of the company, while the AoA is the basic document of the company's future operations.

The memorandum of association shall contain information regarding how much is to be paid for each share, the subscription price, full name, postal address, ID number of members of the board and, where applicable, auditors, alternate board members, alternate auditors and general examiners. Subscription for shares shall be set out in the memorandum of association. The company shall be deemed formed when the memorandum of association has been signed by all founders. The board of directors shall apply for registration of the company in the Companies Registry within six months of the signing of the memorandum of association. The registration fee at the Companies Registry is 1,900 – 2,200 SEK.

The AoA shall state the company's name, the location of the company's registered office, the object of the company's business, the share capital, the number of shares, the number of board members and auditors, the procedure for convening general meetings and the financial year, calendar year or other. If the company has the Euro (€) as its accounting currency, this shall be specified. Alterations of the AoA shall be resolved at a general meeting.

A company shall have a minimum share capital of 25,000 SEK. It should be noted that the most quick and cost-efficient way to establish a company in Sweden normally is to buy an off-the shelf company. Such companies can be obtained from several suppliers at a cost of approximately 10,000 SEK.

MANAGING DIRECTORS (POWER, APPOINTMENT, LIABILITY)

The board of directors may appoint a managing director and the managing director shall attend to the day-to-day management of the company pursuant to the board's guidelines and instructions. In addition, the managing director may, without authorization by the board of directors, take measures which are of an unusual nature and of great significance, provided a decision by the board of directors cannot be awaited without significant prejudice to the company's operations. The managing director may at all times represent the company and has the power to sign for the company regarding the day-to-day management. The managing director and at least half of the board members shall be resident within the European Economic Area but the Swedish Companies Registration Office may grant an exemption to this requirement.

A founder, member of a board of directors or a managing director who, in the performance of his or her duties, intentionally or negligently causes damage to the company shall compensate such damage. This shall also apply where damage is caused to a shareholder or a third party as a consequence of a violation of the Swedish Companies Act, the applicable annual reports legislation, or the AoA.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

Legal entities are only liable to pay the state income tax. The income tax for companies has a tax rate of 22%. Dividends are subject to income tax payable by the shareholder with a tax rate of 30% if the shareholder is a natural person. For a legal entity, all taxable income constitutes business income and is considered as acquired in one single business. This means, inter alia, that the same tax period applies to a company for all of its activities and incomes.

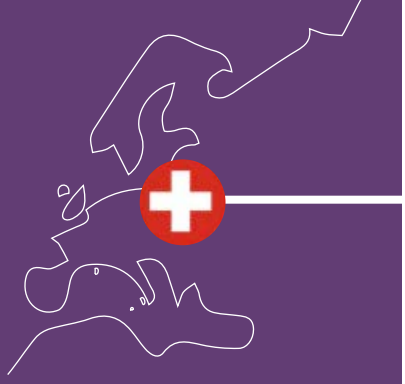
Companies which operate by trading goods or services in Sweden are obliged to charge VAT to customers and pay VAT to the Swedish Tax Authority. In the sale of products and services, VAT is included at the rate of 25%, 12% or 6% of the sales price, depending on the products and services. Some services are outside of the scope of VAT. Companies with employees must pay employer's contributions, which, for the year 2021, is 31.42% of the paid salary and benefits. However, the employer's contributions has in 2021 been temporarily reduced for young people between the ages of 15-23 and for older people over 65 due to the spread of the disease COVID-19.

Group contributions and other dividends for companies are, in most cases, free from income tax, if the holding is attributable to the business of the holding company. According to the Swedish Income Tax Act (1999:129) group relationships are taken into account in different ways. There are, inter alia, tax exemptions for dividends and capital gains on business-related shares, including subsidiary shares.

REPORTING REQUIREMENTS

Changes of company name, seat, composition of the board, managing director, AoA and signatory must be registered by the Swedish Companies Registration Office. Then the new AoA and minutes from the general meeting of shareholders must be sent to the Swedish Companies Registration Office, along with the notification.

After each financial year companies must always prepare annual accounts and report to the Swedish Companies Registration Office. This applies regardless of whether the company has been operational or dormant.



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CORPORATE FORMS AVAILABLE

Under Swiss law, it is possible to choose between several corporate forms. Swiss law distinguishes between capital companies and unincorporated companies (sole proprietorships and partnerships).

The corporation (Ltd) (Société anonyme – SA / Aktiengesellschaft – AG) and the limited liability company (LLC) (Société à responsabilité limitée – SARL / Gesellschaft mit beschränkter Haftung – GmbH) are the most common forms of capital companies. The most important unincorporated company is the simple partnership.

SWITZERLAND

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

(A) CORPORATION

A corporation is a company with its own firm name and a fixed capital (share capital) divided into specific amounts (shares) whose liability is limited exclusively to the company's assets. Furthermore, a corporation can pursue any purpose which is legally permitted.

The corporation is the most important company form in Switzerland. It is suitable for a wide range of businesses, both small and large, and it is the only company form that may be listed on a stock exchange. It is a legal entity that maintains legal relationships with third parties and its shareholders. The shareholders, however, have no legal relationship with each other unless through a shareholders' agreement. Moreover, the identity of the shareholders is not public. In contrast, the identity of the members of the board of directors (the BoD) appears on the excerpt of the commercial register which is, apart from the articles of association and other documents filed with the commercial register, the only public document for non-listed companies.

Shareholders are either individual persons or legal entities. There is no maximum or minimum number of shareholders. The corporation is a suitable vehicle for companies with only one shareholder on the one hand and for large public corporations with thousands of shareholders on the other hand.

The company shall keep a share register and a register of beneficial owners (meaning any person who alone or by agreement with third parties acquires shares in a non-listed company and reaches or exceeds the threshold of 25 per cent of the share capital or voting rights). The share register and register of beneficial owners are confidential information with the company and the BoD have access to these registers.

As a general rule, shareholders and members of the BoD have no liability per se for corporate debts which makes the corporation attractive. Members of the BoD may be held liable in case of violation of the law or the articles of association of the corporation.

(B) LIMITED LIABILITY COMPANY

As in the case of a corporation, a limited liability company is a corporate entity with its own firm name and a registered capital fixed in advance. Limited liability companies pursue primarily commercial purposes but are also allowed to pursue non-commercial purposes.

In line with the rules for corporations, a limited liability company may be established by one or more individuals or legal entities or other commercial companies (Handelsgesellschaften). There is no maximum or minimum number of members.

The company shall keep a member register and a register of beneficial owners (meaning any person who alone or by agreement with third parties acquires capital contributions and reaches or exceeds the threshold of 25 per cent of the nominal capital or voting rights). The member register and register of beneficial owners are confidential information with the company and the managing directors have access to them.

As with corporations, members and managing directors of limited liability companies have no liability for debts of the limited liability company. In

other words, a limited liability company is liable to its creditors only with its corporate assets. However, the articles of association of the limited liability company may require the members (associé / Gesellschafter) to make additional capital contributions when the sum of the nominal capital and statutory reserves is no longer covered, when the company is unable to continue its business affairs in a proper manner without additional funds or for reasons specified in the articles of association.

Unlike corporations, a limited liability company has a personal element. Unless agreed otherwise, all members have both the right and the obligation to take part in management.

While the identity of the shareholders of a corporation does not appear on the excerpt of the commercial register, the identity of the members of a limited liability company does appear on the excerpt of the commercial register as well as the number and the value of their capital contributions (part sociale / Stammanteile).

This form of company is more attractive than the corporation for small businesses. However, the limited liability company can be structured in many ways like a corporation.

(C) SIMPLE PARTNERSHIP

The most important unincorporated company is the simple partnership. The simple partnership is a contractual agreement which can also be entered into by implicit conduct of the parties. In terms of the object of this agreement, the founders only need to agree on the achievement of a common purpose and on the contribution obligations. A simple partnership is a partnership that does not fulfil the requirements of any of the other corporate forms. Thus, the simple partnership is subsidiary to all other company forms. The simple partnership is particularly suitable for relationships of a limited duration - because in comparison to other corporate forms a simple partnership can easily be dissolved - and where personal involvement of the partners of the simple partnership is desirable. The simple partnership does not need to be registered with the commercial register.
In practice, the simple partnership is a significant company form. Consortiums relating to large construction projects and joint ventures are often structured as simple partnerships. The same applies to shareholders' agreements.

INCORPORATION (FORM, TIME, COSTS, CAPITAL REQUIREMENTS)

The document evidencing the establishment of a corporation as well as the establishment of a limited liability company is the notarised public deed. In this document, the founders declare that a company is formed by adopting the articles of association (the AoA) and by appointing the various bodies. The founders further declare in their name and in the public deed that no other contributions in kind, acquisitions in kind and intended acquisitions in kind, offsetting items or special benefits exist, other than the ones mentioned in the documents.

For both the corporation and the limited liability company, the AoA set out the basic structure of the company. Notably, the AoA contain provisions on the following: company name and domicile of the company; purpose of the company; and amount of the capital and number and nominal value of the shares or of the capital contribution. The shares may either be registered or bearer shares; bearer shares are permitted only if the company has equity securities listed on a stock exchange or if the bearer shares are organised as intermediated securities in accordance with the Federal Act on Intermediated Securities and are deposited with a custodian in Switzerland designated by the company or entered in the main register. Generally speaking, bearer shares are abolished for non-listed corporations. Bearer shares of corporations have been either voluntary or automatically converted into registered shares.

Amendments to the AoA are still possible after the formation of the company but result in further costs and time delays as they need to be notarised.

Upon incorporation of the company, the corporation as well as the limited liability company must be registered with the commercial register at the place it has its registered office. Upon entry in the commercial register, the company comes formally into existence.

The commercial register application must be accompanied by all the documents required by law (such as the public deed, AoA, letters of acceptance regarding the election of the BoD (for corporations)/managing directors (for limited liability companies) and the auditors and the Lex-Friedrich declaration).

The application for registration with the commercial register must be signed by one director with sole signatory power or two directors with joint signatory power. Registration with the commercial register usually takes 1 to 2 weeks from submission of the filing.

As set forth above, the AoA must contain the nominal value of the shares (for corporations) and capital contributions (for limited liability companies). The minimum share capital of a corporation is CHF 100,000 of which a capital equivalent to at least 20% of the nominal value of each share, but no less than CHF 50,000 in total, must be paid in at the time of incorporation. The minimum nominal value of the capital contributions required to be fully paid in for a limited liability company is CHF 20,000.

While the fees of the notary public and the commercial register vary between the cantons, the overall costs for a simple cash formation of a company with minimum capital amount to around CHF 5,000.

MEMBERS OF THE BOARD OF DIRECTORS (CORPORATION) AND MANAGING DIRECTORS (LIMITED LIABILITY COMPANY) (POWER, APPOINTMENT, LIABILITY)

Simultaneously with the execution of the AoA, the first member(s) of the BoD of a corporation, respectively the first managing director(s) of a limited liability company, must be appointed. They do not need to be Swiss citizen(s). However, either one individual with sole signatory power or two individuals with joint signatory power having their place of residence in Switzerland must be registered with the competent cantonal commercial register. Such individuals must either be members of the BoD (respectively a managing director) or a member of the executive management.

A minimum quota for gender representation on the board of directors and executive management is applicable to companies that exceed two of the following thresholds: balance sheet total of CHF 20 million, turnover of CHF 40 million or 250 full time employees on average. In this situation, each gender must be represented by at least 30% of the board of directors and by 20% of the executive management. At this stage, these quotas are regarded as guidelines, with a comply-or-explain approach and without an enforceable legal requirement. It means that in the event of non-compliance, the companies must explain in the compensation report the reasons why both genders are not represented as intended and indicate the measures intended to promote the underrepresented gender. A generous transition period is applicable to the reporting obligation: 2026 for the board of directors and 2031 for the executive management.

As the governing body, the members of the BoD and the managing directors represent the company. They are responsible for managing the business of the company unless responsibility for such management has been delegated. The members of the BoD and the managing directors may pass resolutions on all matters that are not explicitly reserved to the shareholders' meeting by law or by the AoA and which have not been delegated to the executive management.

The members of the BOD and the managing directors have duties of care and loyalty towards the company. These duties require them to act in the same way as a diligent and competent member would have acted in the same circumstances. Compliance with these duties is, hence, assessed by reference to an objective standard unless a director is an expert in a certain field, in which case the duty of care of such director will be assessed by reference to a diligent and competent director having the same level of expertise in the relevant field.

It is established case law that decisions of the directors that are based on adequate information and a reasonable and professional decision-making process do not constitute a breach of duty, even if such decision proves to be wrong retrospectively, provided, however, that the directors involved acted in an impartial and independent manner and were free of any conflicts of interest when making the decision (the 'business judgement rule'). If a decision meets these standards, directors cannot be held liable for a decision which turns out to be unfavourable.

In general, the members of the BoD of a corporation and the managing directors of a limited liability company as well as all members of the executive management are liable to the company, to the individual shareholders and creditors for any losses or damages arising from any intentional or negligent breach of their duties.

TAXATION (CORPORATE TAX, CAPITAL GAINS TAX, OTHER TAXES)

The Swiss tax system is shaped by the country's federal structure. Companies and individuals are taxed at three different levels in Switzerland:

- national level (federal taxes);
- cantonal level (cantonal taxes); and
- municipal level (municipal taxes).

The largest portion of taxes is levied by the cantons and municipalities. All taxes (at the federal, cantonal and municipal level) are collected by a single cantonal authority in the respective canton.

Each canton has its own tax laws that are, however, harmonized by federal law. Nevertheless, the competence to set the tax rate remains with the cantons and the municipalities respectively. The differences in combined effective tax rates between the cantons have been reduced since January 1st, 2020 with the entry into force of the Corporate tax reform III (CTR III). CTR III entails the most significant changes in the Swiss tax laws. Most cantons (except Bern) have indeed reduced their corporate income tax rates to less than 14%. Further tax rate reductions are expected from some cantons by 2025.

CTR III abolished the cantonal privileged tax regimes for holding, domiciliary and mixed companies which can therefore benefit from transitional rules for a 5-year period to switch to the ordinary tax regime.

Moreover, the CTR III introduced a patent box at cantonal and municipal levels which complies with the OECD's nexus approach. According to this measure, part of the net profits from patents and similar rights are subject to reduced tax rates at cantonal level (limited to a 90% reduction). Additional deductions of up to 50% for research and development expenses (R&D super deduction) have also been implemented at cantonal and municipal levels.

Corporate income tax is levied on the net worldwide income generated by companies with a registered office in Switzerland and the taxable income constitutes the gross income generated during the financial year, reduced by justifiable expenses. These include any and all expenses that are economically justifiable while conducting the business. Among others, taxes are considered to be tax deductible expenses. Hence, when calculating the rate of taxation, it is important to distinguish between the statutory rates, which are based on after-tax income, and effective tax rates, which are pre-tax income (see above).

Losses of the 7 years preceding the calculation period are deductible if they remain unused. Capital gains and dividend income may benefit from the participation relief (Beteiligungsabzug), provided certain conditions are met. Consistent with the reduction in corporate income tax, the CTR III also provided for an increase of the exemption for qualifying dividends.

In addition to corporate income tax, companies with a registered office in Switzerland are usually subject to an annual capital tax on share capital, retained earnings and open reserves. Depending on the canton, the capital tax may however be deducted from income tax owed. Most of the cantons have also introduced a lower capital tax since the CTR III.

Furthermore, Switzerland applies value added tax (standard rate : 7.7%), withholding tax, securities transfer tax as well as issuance stamp duty at federal level.

REPORTING REQUIREMENTS

Non-public Swiss companies have very few reporting requirements. The members of the BoD of a corporation and the managing directors of a limited liability company respectively are generally required to register changes in the corporate structure of the company with the commercial register without undue delay. This means that any change in firm name, registered office, capital and members of the BoD or managing directors of the company will need to be filed with the commercial register as soon as these changes occur. As a rule, changes requiring an amendment of the AoA become effective only upon registration in the commercial register.

Swiss companies have an obligation to hold the annual shareholders' meeting within six months of the closing of the financial year and to report to the shareholders with respect to the business and the financial situation of the company. Companies subject to an ordinary audit must provide additional information in the notes to the annual financial statements, prepare a cash flow statement and draw up a management report. In the event a company uses an international accounting standard such as IFRS or US GAAP in preparing its financial statements, such accounting standard will require the company to publish additional information.

Companies also have an obligation to file an annual company tax return and quarterly value added tax declarations if they are subject to value added tax.

It is important to note that financial statements and tax declarations are not filed with the commercial register and, thus, are not accessible by the public.

Public companies have additional reporting requirements based on the respective stock exchange regulations.

Large companies will have a reporting obligation, as of 2026 for the board of directors and as of 2031 for the executive management, in the case of non-compliance with the minimum quota for gender representation.

The multinational parent companies resident in Switzerland having a turnover of more than CHF 900 million must prepare a Country-by-Country reporting and submit it to the Federal tax administration. The first exchanges took place in 2020. Information obtained under the automatic exchange of Country-by-Country reports is directed exclusively at the relevant tax authorities and is not available to the public.

TURKEY

(CORPORATE FORMS AVAILABLE, REST OF THE TEXT)

Although companies may be incorporated using these four different types, Joint Stock Companies and Limited Liability Companies are the most common types chosen by the business community in Turkey. Therefore, this summary will be primarily focusing on these two company types.

All types of corporations defined under the Turkish Commercial Code possess legal personality, which means that a typical characteristic of a corporation is that the shareholders of the corporation are not personally liable for the corporation's debts. Under Turkish law, the only liability of the shareholders of non-public companies is to pay their respective capital contributions.

INCORPORATION (FORM, TIME, COSTS, SHARE CAPITAL, REQUIREMENTS, LIABILITY OF FOUNDERS)

A. LIMITED LIABILITY COMPANIES (GENERAL INFORMATION)

Limited Liability Companies are the most common type of business in Turkey. A Limited Liability Company can be formed by one or more real persons or legal entities with a certain amount of capital and a trade name. According to Turkish law, the maximum number of shareholders for a Limited Liability Company is 50. A Limited Liability Company can be owned entirely by a foreign company.

The Limited Liability Company in Turkey can be incorporated with a minimum share capital of about 10,000 TRY. Under the Turkish Commercial Code, company shareholders can hold ordinary or extraordinary meetings. The ordinary general assembly meetings of Limited Liability Companies must be held within three months of the end of each fiscal year. In Limited Liability Companies the minutes of these ordinary general assemblies do not have to be registered at the Trade Registry and announced at the Trade Registry Gazette. Additionally, extraordinary general assembly meetings can be held when deemed necessary by the shareholders.

At least 1 shareholder must be appointed as a Director and must have unlimited representation and binding authority on behalf of the company. There is no maximum limit on the number of Directors.

B. JOINT STOCK COMPANIES (GENERAL INFORMATION)

This company type is preferred by many investors who wish to start a more structured business in Turkey. For this type of company, the minimum share capital must be 50,000 TRY. A Joint Stock Company can be incorporated under a trade name by one or more real or legal persons with a certain amount of capital. There is no maximum number of shareholders under Turkish law for establishing a Joint Stock Company. A Joint Stock Company can be owned entirely by foreign ownership under Turkish law. It is also essential to note that a Joint Stock Company is the only type that can become a public listed company based on the capital market code as well as the Turkish Commercial Code. Under the Turkish Commercial Code, company shareholders can hold ordinary or extraordinary meetings. The ordinary general assembly meetings of Joint Stock Companies must be held within three months of the end of each fiscal year. In Joint Stock Companies, the minutes of these ordinary general assemblies must be

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CORPORATE FORMS AVAILABLE

In Turkey, businesses can use both corporate and non-corporate legal forms.

The main corporate legal forms in Turkey are the following:

- **Commandite Companies;**
- **Collective Companies;**
- **Joint Stock Companies; and**
- **Limited Liability Companies.**

registered at the Trade Registry and announced at the Trade Registry Gazette. Additionally, extraordinary general assembly meetings can be held when deemed necessary by the shareholders. In this company type, appointing at least 1 Board member is required; whereas there is no maximum limit on the number of board members.

INCORPORATION

In practice, the incorporation of companies starts with the creation of the Articles of Association (AoA) over MERSIS, the on-line system of the Trade Registry. Following this step, the AOA text which is formed on the system is signed by the shareholders (or their attorneys) in a Turkish public notary or the Trade Registry Office where the company will be incorporated. Then, the notarized contract and all other documents are submitted to the Trade Registry. During the application phase, the tax ID number is obtained for both the new company and the shareholders / board members who are not citizens of Turkey by applying to the Tax Office.

Following the MERS§S application and notarization, a bank account must also be opened on behalf of the company before submitting the original documents the Trade Registry Office. For Joint Stock Companies, at least 25% of the company's cash capital should be stored in this account before applying for registration. The remaining capital can be paid within 24 months of incorporation. The requirement to pay 25% of the capital before the registration of the company is not applicable to Limited Liability Companies. All of the subscribed capital for Limited Liability Companies can be paid in during the 24 months following the incorporation of the company.

In addition to the above stated requirements, in case there are any foreign shareholders, all original documents that are issued abroad for the incorporation of the company by foreign shareholders or BoD members are required to be apostilled and the unoriginal ones are required to be notarized and apostilled. These procedures are more or less the same for both Joint Stock and Limited Liability Companies and have the same duration.

The company registration at the Trade Registry usually takes 1 to 3 days and the whole procedure for incorporation of a company takes approximately 1 week to 10 days following the submission of documentation for both types of capital companies (Limited Liability Companies and Joint Stock Companies). The most time consuming part of the incorporation is the document preparation phase, which can vary depending on the capital preference (cash vs in rem capital), types (real person vs legal entity) and nationalities of shareholders and signatories.	
Trade registry fee for the establishment	485 TL
Chamber Registration Fee	485 TL
Registration Certificate fee	75 TL
Trade registry publication fee	2,000 TL (Estimated number, exact price is calculated according to the number of words to be declared.)
Notary expenses related to the establishment	4,000 TL (Estimated cost for main contract (4 copies) + signature and declaration of authorized persons (may vary according to the authorized number of persons) + general assembly decision (2 copies).
Notary cost for the issuance of the company's signature circulars	300 TL (may vary according to the number of copies)
APPROXIMATE TOTAL	7,245

TAXATION (CORPORATION TAX, CAPITAL GAINS TAX, OTHER TAXES)

- **Corporate Income Tax Rate** : The standard income tax rate of corporations for 2021 is 25% (increased from 22%). This rate will be applied as 23% for 2022. The income of a company that forms the basis of its tax obligations is calculated on its net accounting profits after adjustment for exemptions and deductions.
- **Tax Returns** : All companies which earn commercial or professional income from their activities in Turkey must file an annual corporate income tax return as well as quarterly advance corporate income tax returns with the appropriate tax authorities.
- **Importance of Tax Residency** : Within the frame of Turkish legislation, taxation of income varies based on the taxpayer's place of residence. Companies with their legal or business headquarters in Turkey are subject to corporate income tax on their worldwide earnings and these companies are referred to as full liability taxpayers in the statute. On the other hand, limited liability taxpayers whose legal and commercial headquarters are outside Turkey are only taxed on income earned in Turkey. Real persons who are residents of Turkey are also liable to income tax on their worldwide income. An individual whose residence is in Turkey or who spends more than six months in Turkey in a calendar year is considered a resident of Turkey.
- **Witholding Tax on Dividends** : In the case of dividend distribution to shareholders by the company at the end of the year, a 15% withholding tax is required to be applied to this dividend.
- **Indirect Taxes** : In addition to direct taxes, the Turkish taxation system includes various indirect taxes such as value added tax, special consumption tax, stamp tax, customs duty, inheritance and gift tax, real estate tax and motor vehicle tax. Companies or individuals can also benefit from tax incentives, exemptions and exceptions.
- **Tax on Capital Gains** : Capital gains generated from the sale of shares in a company are subject to corporate income tax (on capital gains) and VAT. However, there are certain exemptions. For instance, 75% of the capital gains generated from the sale of shares that have been held for at least two years within a company's assets may be exempt from corporate income tax under certain conditions.

REPORTING AND AUDIT REQUIREMENTS

A - The requirement of mandatory independent audit is imposed on certain Joint Stock Companies, Limited Liability Companies and corporate groups, in accordance with certain criteria as determined by the Council of Ministers.

According to the latest changes (as of 1 January 2018), companies must retain external auditors if they meet at least two of the criteria below either itself or together with their subsidiaries and associates, where applicable:

- a minimum total asset value of TL 15 million;
- a minimum net sales turnover of TL 20 million; or
- a minimum of 50 employees.

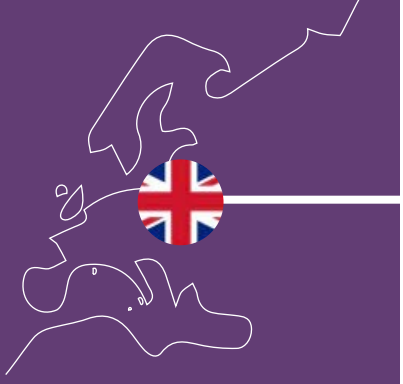
The audit must be made according to Turkey Auditing Standards, which are established by the Public Oversight Accounting and Auditing Standards Authority. The company's auditor must be appointed by the general assembly in every fiscal year and before the end of the fiscal year.

B- In addition to mandatory audit requirements managing directors of companies (Joint Stock and Limited Liability Companies) must file any modifications to the company's corporate structure with the commercial registry as soon as possible. Changes of company name, seat, and composition of the board, managing director, AoA and signatory must be registered by the Turkish Trade Registry. Upon such changes the new AoA and minutes from the general meeting of shareholders must be sent to the Turkish Trade Registry, along with the notification.

According to the Turkish Commercial Code, all companies are obliged to maintain their statutory books and individual or consolidated financial statements in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards (TAS/TFRS), a direct translation of the International Financial Reporting Standards (IFRS).

Pursuant to article 437 of the Turkish Commercial Code, the following must be made available to company shareholders at least 15 days before the Annual General Assembly meeting of company:

- financial statements;
- consolidated financial tables;
- annual reports of the Board of Directors;
- audit reports (if the company is subject to mandatory independent audit); and
- the Board's suggestions regarding the method of distributing dividends.



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UNITED KINGDOM

UK WITHDRAWAL FROM THE EU

The United Kingdom is no longer a member of the European Union (since 31 January 2020). Whilst EU legislation (whether EU-derived domestic legislation or direct EU legislation) continues to form part of the domestic law of the United Kingdom, the United Kingdom is no longer subject to the jurisdiction of the European Court of Justice.

The United Kingdom has, on occasion, decided to continue to implement certain European Union legislation, notably in respect of anti-money laundering and data protection.

On an assumption that the UK remains outside of the European Union, one should expect an increasing divergence between the laws of the United Kingdom and the European Union. The relationship between the United Kingdom and the European Union is now determined by treaty.

THE MOST COMMON TYPES OF COMPANIES USED FOR BUSINESS

Whilst the Companies Act 2006 (as amended) applies to all parts of the UK, there are a number of minor differences in relation to Scotland and Northern Ireland. This summary is based on the laws of England and Wales.

The most common types of companies are:

(a) public companies limited by shares; and

(b) private companies limited by shares.

Private companies limited by guarantee are also common, but are generally not used for business purposes.

The vast majority of the companies incorporated under the Companies Act 2006 (as amended) or by a prior Companies Act are private companies limited by shares. As at the end of December 2021, there were 4,837,908 companies incorporated on the company register (called Companies House) of which 2% were public companies. There are about 3,000 listed or traded companies in the UK, of which about 2,000 are officially listed.

Whilst it is very rare, companies may also be incorporated by Royal Charter, public or private Act of Parliament or by customary law.

The liability of members/shareholders of a company is generally limited to the amount due to be paid on any share (par and premium). However, it is possible to have unlimited liability companies too.

Registration is effected through the Registrar of Companies, known as Companies House.

Companies House holds searchable information, which can be accessed through the following link:

Find and update company information - GOV.UK (company-information.service.gov.uk)

PUBLIC COMPANIES AND PRIVATE COMPANIES

- The principal distinction between companies is between a public company and a private company.

- Only public companies are able to make a general offer of securities to the public.
- A public company may also choose to have its debt or equity securities listed, thereby enabling them to be traded on a recognised stock exchange or to apply for such securities to be admitted to trading on a secondary market.
- Important European Union and European Union-derived legislation and regulation continues to apply to public companies, including MiFID/MiFID II, the Prospectus Regulation, the Market Abuse Regulation, the Shareholder Rights Directive and the Disclosure and Transparency Rules.
- A listing or a general offer to the public will require a Prospectus Regulation-compliant prospectus.
- A private company limited by shares does not need to make its shares available for purchase by the public and can have a single shareholder.
- Shareholders in these companies have a liability limited to the value of the nominal value of the shares held, unless a shareholder has expressly assumed an additional liability of the company e.g. by way of guarantee (which would be evidenced in a separate document).

PRIVATE COMPANY LIMITED BY GUARANTEE

A private company limited by guarantee does not have any share capital requirement. Its members expressly assume a liability of the company by giving a personal guarantee to contribute a predetermined amount to the company's liabilities in the event of its liquidation. Companies limited by guarantee are often used as a vehicle for charities or third sector/not-for-profit-distribution entities and would include a specific prohibition on distribution of assets to members.

CORPORATE GOVERNANCE

- Directors must comply with a set of duties contained in the Companies Act 2006 (as amended). The most basic duty is to act in good faith in the interests of members and also have regard to certain other stakeholders. There are specific duties to exercise independent judgement, avoid conflicts of interest, act within powers, not to make a secret profit, etc.
- Shareholders in public companies and private companies limited by shares participate in the profits of the company by way of dividend to the extent determined by the rights attaching to the class of share they hold in the capital of the company or as a result of share buyback/capital reduction or return of capital transactions. Companies limited by guarantee have severe restrictions on any profit distribution or return of capital.
- Public companies must have both directors and a company secretary.
- Private companies limited by shares or by guarantee must simply have at least one director and there is no requirement to have a company secretary (although the company can elect to have one).
- Legislation was passed in 2015 to prohibit non-natural persons serving as company directors, subject to certain narrow exemptions. This legislation but has not been implemented may be implemented in the years ahead.
- Every company may contract and hold property in its own name and they are liable for their own debts and liabilities.
- Every company has a distinct separation between its ownership (shareholders) and management (directors).

THE BOARD AND MANAGEMENT OF ALL COMPANIES

- All directors owe duties to the company. These are summarised in company legislation. The UK adopts a unitary board model where each director owes the same duties regardless of function.
- Public companies are required to have a minimum of two directors from incorporation. At least one director has to be a natural person.
- Private companies limited by shares and by guarantee are required to have a minimum of one director from incorporation. At least one director has to be a natural person, meaning that sole directors of a company must be natural persons. However, recent legislation has been passed which will make the use of corporate directors going forward even more restricted. Although this requirement is on the statutory books, it is not yet in force.
- Directors can be appointed by shareholders, usually by a simple majority vote, or the board of directors.
- All companies can opt to appoint a director as a managing director and set out bespoke responsibilities for this role, as appropriate to the company in question. However, the English company structure is based on a unitary board where all directors (executive and non-executive) take collective responsibility.

INCORPORATION OF ALL COMPANIES

- A memorandum to evidence incorporation and the articles of association filed with the Registrar of Companies form the basis of the corporate constitution. If the company does not adopt bespoke articles of association setting out individual requirements of the company, a default form (called the Model Articles) will apply.
- All companies are incorporated through the Registrar of Companies (Companies House). Public companies and private companies limited by shares can be incorporated online in a matter of minutes with a small filing fee, subject to compliance with anti-money laundering checks.
- Private companies have no minimum capital requirement, but public companies must have at least £50,000 (c.60,000.00 EUR) of share capital, one quarter of which must be paid up.

REPORTING REQUIREMENTS FOR A PUBLIC COMPANY AND A PRIVATE COMPANY WHETHER LIMITED BY SHARES OR BY GUARANTEE

- All companies (other than the rare categories of unlimited companies, companies incorporated by Royal Charter and companies incorporated by an Act of Parliament other than under the Companies Act 2006 or any prior Companies Act) have an obligation to report matters to Companies House, such as appointments and resignations of directors or changes to the articles of association and update company books within the required time limits. This is in accordance with the statutory requirements pursuant to the Companies Act 2006 (as amended).
- All companies incorporated under the Companies Act 2006 (as amended) are obliged to prepare and file annual accounts. Private company accounts are usually filed within nine months of the end of the company's financial year.
- Companies must file a confirmation statement at least once a year, setting out basic corporate details.
- Companies also have an obligation to file an annual company tax return.
- Residential addresses of directors must be held by Companies House, but are not publicly accessible.

TAXATION OF COMPANIES

- Unless exempt (for example, a charity) a company must pay corporation tax on company profits. Companies have nine months to pay corporation tax due after the end of the company's financial year and must file a corporation tax return within twelve months.
- A company needs to register for VAT if its annual taxable supplies exceed £85,000 which is c.100,000.00 EUR (tax year 2022-2023).
- All companies must comply with HMRC requirements for PAYE for employers and other general filing and record keeping obligations.

PARTNERSHIPS (INCLUDING LIMITED PARTNERSHIPS)

- Partnerships are formed of two or more persons either by contract or conduct. The defining characteristic is two or more persons carrying on a business in common with a view to profit. A partnership can be for a fixed term or have an indefinite term.
- Partnerships are governed by contract law, common law and the Partnership Act 1890. The Limited Liability Partnerships Act 1907 also applies to limited partnerships.
- English law partnerships have no legal personality and are tax transparent. Scottish partnerships have legal personality.
- Partners have management control of the partnership (unless a partner has agreed to restrict such right by contract) and share in the profits of the partnership. Each partner is jointly and severally liable with the other partners for the debts and obligations of the partnership.
- Limited partnerships are a particular type of partnership in which the partners do not want each of the partners to be jointly and severally liable for all of the debts of the partnership. This makes the limited partnership particularly attractive for co-investments formed by a contractual agreement of two or more partners for a fixed or indefinite term. However, upon formation, one or more of the partners (known as a limited partner) elects to not become involved in the management of the limited partnership and in return receives limited liability for the debts and obligations of the limited partnership. The limited partnership however still needs to have at least one partner with unlimited liabi-

lity (known as a general partner) who has management control of the limited partnership and unlimited liability for its debts and obligations. A 2017 legislative reform order made some changes to limited partnerships (creating the sub-category of a Private Fund Limited Partnership).

ESTABLISHMENT OF A PARTNERSHIP (INCLUDING A LIMITED PARTNERSHIP)

- The structure and management of partnerships and limited partnerships are governed by their partnership agreement, with default provisions provided in the Partnership Act 1890 and Limited Partnerships Act 1907 respectively.
- Only limited partnerships are required to register with Companies House.

REPORTING REQUIREMENTS OF PARTNERSHIPS AND LIMITED PARTNERSHIPS

- Partnership accounts must be prepared and delivered to HMRC in order to file tax returns and tax computations, but these are not filed publicly.
- Certain very basic details in relation to a limited partnership must be filed with Companies House (identity of the partners and capital at risk).

LIMITED LIABILITY PARTNERSHIP (LLP)

- Despite the name LLPs are not partnerships. However, an LLP is tax transparent. The LLP is a different type of legal entity with a capital structure, but no shares. LLPs are principally governed by the Limited Liability Partnerships Act 2000 and subordinate statutory instruments. Unless otherwise agreed, members have equal ownership interests in the LLP. Each LLP is required to have two or more designated members, meaning that it is required to have a minimum of two members.
- Members have no obligation to contribute capital to the LLP.
- Members are not required to adopt any constitutional documents, however, an LLP agreement is always recommended to set out the management of the LLP and its ownership, otherwise inappropriate default rules will apply.
- LLPs are tax transparent.

INCORPORATION OF LLPS

- LLPs are established by registration with Companies House. Like a company, LLPs can register with Companies House electronically by way of same-day incorporation.
- The LLP agreement is not filed with Companies House and is therefore not made publicly available: it is a private contract between members.

LLPS: MANAGEMENT

An LLP does not appoint directors. However, an LLP can create a management body consisting of designated members through an LLP agreement. This would function akin to a board of directors of a company, but the "board members" do not owe statutory duties as company directors do.

REPORTING REQUIREMENTS OF LLPS

- All LLPs have obligations to report certain matters to Companies House in the same way as companies e.g. appointments and resignations of members and designated members and annual confirmation statements.
- LLPs are also obliged to prepare and file annual accounts.

TAXATION OF PARTNERSHIPS , LIMITED PARTNERSHIPS AND LLPS

- Each partner of a partnership (including a limited partnership) is liable to pay income tax on their share of the profits and is liable to pay capital gains tax on any gains made on the disposal of partnership assets.
- Upon becoming a partner, each such person (whether natural or legal) must register with HM Revenue & Customs for a Self-Assessment tax return.
- LLPs are tax transparent and are therefore treated by HMRC in the same way as a partnership.

APPENDIX 1
SUMMARY OF CORPORATE FORMS

COUNTRY	PRINCIPAL LAW	PRINCIPAL TYPES OF CORPORATE ENTITY
BELGIUM	Belgian Company Code	Private Limited Liability Company (Société privée à responsabilité limité – Besloten vennootschap met beperkte aansprakelijkheid). Public Limited Liability Company (Société anonyme – Naamloze venootschap).
CYPRUS	Cyprus Companies Law, Chapter 113	Limited Liability Company by shares. Limited Liability Company by guarantee with share capital. Limited Liability Company by guarantee without share capital. Public Company limited by shares. European joint stock company (Societas Europea – SE).
CZECH REPUBLIC	New Civil Code and the Act on Business Corporations Commercial code (effective from 1st January 2014)	Unlimited partnership - "veřejná obchodní společnost". Limited partnership - "komanditní společnost". Limited liability company - "společnost s ručením omezeným". Joint stock company - "akciová společnost". European Company - "SE". European Economic Interest Grouping - "EEIG". Cooperative. European Cooperative Society - "SCE".
DENMARK	Danish Act on Public and Private Limited Companies 2010	Public limited liability companies (in Danish: aktieselskaber. Private limited liability companies (in Danish: anpartsselskaber). Entreprenurial companies (in Danish: iværksætterselskaber). Limited partnership company (in Danish: partnerselskaber) and the European companies (in Danish: SE-selskaber).
ESTONIA	Commercial Code 1995	General partnership (Täisühing – TÜ). Limited partnership (Usaldusühing – UÜ). Estonian private limited company (Osaühing – OÜ). Estonian public limited company (Aktsiaselts – AS). Commercial association (Tulundusühistu). European joint stock company (Societas Europaea – SE). Sole proprietor (Füüsilisest isikust ettevõtja – FIE).
FRANCE	French Commercial Code	Société civile immobilière – SCI. Société civile agricole. Société civile professionnelle; Société d'exercice liberal – SEL. Société en nom collectif – SNC. Société à responsabilité limité – SARL. Société anonyme – SA. Société par action simplifiée – SAS. Société Européenne – SE.
FINLAND	Finnish Limited Liability Companies Act (624/2006)	Private limited liability company (yksityinen osakeyhtiö). Public limited liability company (julkinen osakeyhtiö). Partnership (avoin yhtiö). Limited liability partnership (kommandiittiyhtiö). Sole proprietorship (yksityinen elinkeinonharjoittaja). European limited liability company (Fin. Eurooppayhtiö). Co-operative society (Fin. osuuskunta).
GERMANY	German Commercial Code, Gesetzbetreffend die Gesellschaften mit beschränkter Haftung (GmbHG)	Private Limited Liability Company - Gesellschaft mit beschränkter Haftung (GmbH) Public Limited Company / Stock Corporation - (Aktiengesellschaft)(AG) Civil Law Association - (Gesellschaft bürgerlichen Rechts) General Partnership - (Offene Handelsgesellschaft, or OHG) Limited Partnership - (Kommanditgesellschaft, or KG)

COUNTRY	PRINCIPAL LAW	PRINCIPAL TYPES OF CORPORATE ENTITY
GREECE	Greek Civil Code and the Greek Commercial Law	Limited liability by shares company ("Societe Anonyme") – "SA". Limited liability company - ("EPE"). Private capital company - ("PCC-IKE"). European company ("Societas Europea" – "SE").
HUNGARY	Act 4 of 2006 on Business Associations (Companies Act)	"Közkereseti társaság" ("Kkt." - general partnership). "Betéti társaság" ("Bt." - unlimited partnership). "Korlátolt felelősségű társaság" ("Kft." - limited liability company). "Részvénytársaság" ("Rt." - joint stock company).
IRELAND	Companies Act 2014	Private Companies Limited by Shares (LTDs). Designated Activity Companies (DACs). Companies Limited by Guarantee (CLGs). Public Limited Companies (PLCs). Unlimited Companies.
ITALY	The Italian Civil Code; - Legislative Decree 58/1998 (abbreviated TUF in Italy); - The rulings set forth by the National Commission for Companies and the Stock Exchange (CONSOB) - The code issued by the Italian Stock Exchange (Borsa Italiana) - The company's own Articles of Incorporation.	S.s. – Societá semplice. S.n.c. – Societá in nome collettivo. S.r.l. – Societá a responsabilitá limitata. S.r.l.s. – Societá a responsabilitá limitata semplificata. S.p.A. – Societá per Azioni. S.a.s. – Societá in accomandita semplice. S.a.p.A. – Societá in accomandita per Azioni. SE – Societá Europea.
LATVIA	Company Law 2000	Limited liability companies (in Latvian "sabiedrība ar ierobežotu atbildību", also known as "SIA"). Stock companies (in Latvian "akciju sabiedr§ba", also known as "AS").
LITHUANIA	Company Law 2000. Law on Companies 13 July 2000, as amened	Private Limited Liability Companies (UAB) and the Public limited liability companies (AB) are founded in most cases. The most popular corporate form in Lithuania and typically chosen as a corporate vehicle by foreign investors is the limited liability company (in Lithuanian, Uždaroji akcinė bendrovė – UAB).
LUXEMBOURG	Law concerning Commercial Companies 1915 (Company Act in Luxembourg)	Private limited liability company (Société à Responsabilité Limitée – SARL). Public limited company (Société Anonyme – SA). Common limited partnership (Société en Commandite Simple – SCS). Corporate partnership limited by shares (Société en Commandite par Actions – SCA). General corporate partnership (Société en Nom Collectif – SNC). Co-operative society (Société Coopérative – SC). European company (Société Européenne – SE).
MALTA	Companies Act, Chapter 386	Partnership en nom Collectif. Partnership en Commandite. Limited Liability Company.
NETHERLANDS	Dutch Civil Code (Book 2)	Dutch private company with limited liability (Besloten Vennootschap – BV). Dutch joint stock company (Naamloze Vennootschap – NV). European joint stock company (Societas Europea – SE).
NORWAY	Act of 13 June 1997 (No. 45) Norwegian Public Limited Liability Companies Act	Limited Liability Company ("Aksjeselskap", "AS"). Public Limited Company ("Allmennaksjeselskap", "ASA"). Norwegian Registered Foreign Company ("NUF"). Societas Europea ("SE-selskap"). General Partnership ("Ansvarlig selskap"). Limited Partnership ("Kommanditselskap").

COUNTRY	PRINCIPAL LAW	PRINCIPAL TYPES OF CORPORATE ENTITY
POLAND	Act of 15th September 2000 - Commercial. Companies Code (Kodeks spółek handlowych).	Limited Liability Company (spółka z ograniczoną odpowie dzialnością), Simple Joint Stock Company (prosta spółka akcyjna), Joint Stock Company (spółka akcyjna).
PORTUGAL	Commercial Companies Act Decree Law nr.248/86 of 25.08.86	Public Limited Company (Sociedade Anónima). Private Limited Liability Company (Sociedade por Quotas). Single Shareholder Limited Liability Company (Sociedade Unipessoal por Quotas). Partnership Company (Sociedade em Nome Colectivo). Limited Partnership Company (Sociedade em Comandita). Sole Entrepeneurship (Empresário em nome Individual). The Individual Liability Establishment (Estabelecimento Individual de Responsabilidade Limitada).
SLOVAKIA	Slovakian Commercial Code	Limited Liability Company ("spoločnosť s ručením obmedzeným"; or its abbreviation "s.r.o." or a "spol. s r.o."). Joint-stock Company ("akciová spoločnosť" or its abbreviation "a.s." or an "akc. spol."). European Company (Societas Europea).
SPAIN	Companies Act (RDL 1/2010) Commercial Code Commercial Register Regulations	Corporation - Sociedad Anónima "S.A.". Limited Liability Company - Sociedad de Responsabilidad Limitada "S.L.". New Limited Liability Company - Sociedad Limitada Nueva Empresa "S.L.N.E.". European Public Limited-Liability Company - Sociedad Anónima Europea "SE".
SWEDEN	Swedish Companies Act 2005	Private limited liability Company (Swe. Privat aktiebolag). Public limited liability Company (Swe. Publikt aktiebolag). Partnership (Swe. Handelsbolag). Limited liability partnership (Swe. Kommanditbolag). Sole proprietorship (Swe. Enskild firma). European limited liability company (Swe. Europabolag). Economic association (Swe. Ekonomisk förening).
SWITZERLAND	Swiss Civil Code Swiss Code of Obligations	CORPORATION (Ltd) Société anonyme – SA / Aktiengesellschaft – AG. LIMITED LIABILITY COMPANY (LLC) Société à responsabilité limitée – Sàrl / Gesellschaft mit beschränkter Haftung – GmbH.
TURKEY	Turkish Commercial Code No: 6102	Commandite Company ("Komandit Şirket", "Kom.Şti."). Collective Company ("Kollektif Şirket", "Koll.Şti."). Joint Stock Company ("Anonim Şirket", "A.Ş."). Limited Liability Company ("Limited Şirket", "Ltd,Şti.").
UNITED KINGDOM	Companies Act 2006, as amended Partnership Act 1890 Limited Partnerships Act 1907	Limited – private company limited by shares. PLC – public limited company. LLP – limited liability partnership (NB: not a partnership despite the name). Partnership (including a limited partnership).

APPENDIX 2
GLOSSARY

- **ARTICLES OF ASSOCIATION/AOA**: The constitution of the company, being the rules setting out how the company will operate, including precise share rights and detail of the competencies of the board and any limitations placed thereon.

- **AUDITOR**: The role of the auditor is to certify a company' financial statements as true and fair (i.e. to provide shareholders with an opinion on the accuracy of a company's accounts). For larger companies, including those on a public market, the auditor also needs to provide some verification to the narrative reports of the company.

- **BYLAWS**: The regulations governing the mode of conduct of business and internal organization of a company. Almost always an entirely interchangeable term with articles of association. By way of illustration, an English company generally has a constitution based on articles of association and not bylaws. However, other common law jurisdictions may describe the document as a set of bylaws.

- **CEO**: The Chief Executive Officer, or CEO, is responsible for the day-to-day management of the business, in line with the strategy and long term objectives approved by the management or supervisory board.

- **COMMERCIAL REGISTER**: A register of organizations, businesses and companies in the jurisdiction they exist or operate in. In some jurisdictions this is held centrally, and in others locally.

- **COMPLY OR EXPLAIN**: The prevailing approach to corporate governance through the application of a code standard: if the code standard is not met the corporate is encouraged to explain why this is the case and how good governance objectives can be met notwithstanding.

- **CONFLICT OF INTEREST**: A situation which may either arise or subsist where a person has a fiduciary or business duty or contractual obligation to two separate organizations, but fulfilling his/her duty or obligation to one may mean failing to fulfill his/her duty to the other or when a director or supervisory board member (or a person connected with him or her) has a direct or indirect personal interest which is in conflict with the interests of the company.

- **CORPORATE INCOME TAX/CORPORATION TAX**: A direct tax that a company has to pay on its revenue and/or capital profit.

- **CORPORATE GOVERNANCE**: The system of rules, practices and processes by which a company is managed and controlled, including the responsibilities and powers of its board(s), shareholders and other stakeholders and the supervision and accountability of the company.

- **CORPORATION (LEGAL ENTITY) V. PARTNERSHIP**: A corporation is a separate legal entity, with a capital divided into either shares or membership interests. A partnership is a business entity with individuals who share the risks and the benefits of business, based on a partnership agreement. Note that partnerships are generally not subject to registration requirements and do not have separate legal personality. However, there are some anomalies, such as a Scottish partnership which possesses its own legal personality.

- **CHAIRMAN**: The chairman is responsible for the proper conduct of the management or supervisory board and is responsible for determining the board agenda.

- **CIVIL V. COMMERCIAL COMPANY**: A civil company has a non-commercial purpose and is ruled by civil law (in France, the French civil code). A commercial company has a commercial purpose and is ruled by commercial law (in France, the French commercial code). These two codes are distinct and therefore the two types of company are significantly different in character.

- **DIRECTOR**: A company officer who is a member of the board of directors, being the key decision making forum for any company.

- **GENERAL ASSEMBLY/GENERAL MEETING**: A meeting of members of a company. Each jurisdiction has complex rules as to member meetings, including rules of quorum and majority. These rules may exist in any of statute law, the articles of association or bylaws. Different types of resolution may require different voting thresholds.

- **JOINT STOCK COMPANY/JOINT STOCK CORPORATION**: An organization whose capital is divided into negotiable shares of equal value, generally accepted to have been developed in the Dutch Republic in the early seventeenth century. Under English corporate law, shareholders of a joint stock company are only liable to contribute cash to the company to the extent of their share in the capital of the company (unpaid par value and unpaid premium), but not otherwise.

- **LIMITED LIABILITY PARTNERSHIP**: A separate entity from its partners and has to be registered. The partners in this structure are liable only to the extent of their contribution. Notwithstanding the name, not a form of partnership.

- **MANAGEMENT BOARD/VORSTAND**: The committee responsible for the management of a company in a two-tier board structure, consisting of one or more directors and chaired by the chairman and/or managing director.

- **MANAGING DIRECTOR**: A person in charge of the day-to-day management of the company. Managing director is the term used under English corporate law, whereas the CEO is the term used under American corporate law. Not all companies will appoint an executive to this role.

- **NOTARY** (AS USED IN MANY CIVIL LAW EUROPEAN JURISDICTIONS): A notary is a public official specifically authorized to execute authentic instruments (notarial deeds) in which agreements and declarations are legally recorded. In some jurisdictions certain types of agreement and corporate actions may only be valid if executed by a notary in a notarial deed. This function is distinct from that of many English solicitors and American attorneys who might also be notaries.

- **PUBLIC COMPANY V. PRIVATE COMPANY)**: A public company is generally the legal designation of a company whose securities are capable of being traded on a stock exchange market. Directors of public companies have additional legal obligations to directors of private companies and liabilities are greater. Public companies are less flexible than private companies (for example, in relation to capital reductions and in providing financial assistance).

- **SECRETARY OF THE COMPANY/COMPANY SECRETARY**: The officer responsible for the efficient administration of a company, particularly with regard to ensuring compliance with administrative requirements. Importantly, the secretary is generally not responsible for making commercial decisions, which are for the board of directors.

- **SOLE ENTREPRENEURSHIP**: A form of business in which there is no separate legal entity, and the entrepreneur owns all the assets of the business in his or her own name, in contrast with a partnership or a corporation.

- **SUPERVISORY BOARD/AUFSICHTSRAT**: The corporate body responsible for the supervision of the management conducted by the directors and the general course of business in the company and its group companies. Certain jurisdictions have strict requirements as to the composition of a supervisory board. Note that members of a supervisory board are distinct from non-executive directors of a unitary board. In certain jurisdictions, supervisory board members are not directors at all.

- **UNITARY BOARD**: In a unitary board (the one tier board system), there is a single board of directors. The board may comprise both executive and non-executive directors. Good corporate governance practice expects the board of a large listed company to be comprised of a majority of non-executive directors. The function of a non-executive director is similar to the tasks of the supervisory board members in a two-tier board, albeit the manner in which directors' duties present themselves is notably different. A non-executive director owes exactly the same duties as an executive director, and is effectively alongside the executive directors, whereas a supervisory board member has a function more akin to holding the executive directors to account.

APPENDIX 3
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COUNTRY BY COUNTRY **GUIDE**

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MAY 2022 EDITION

Graphic Design Emilie Chevat