ENTER FOR ALL

# Business Roadmap

*April 2023*

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# Enter4All

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# Types of Companies - Which type of company is better for each case

## *Sole Proprietorships: General Partnership (GP) and Limited Partnership (LP)*

### *The General Partnership company*

**In general:** A General Partnership is a personal company with only general partners, two or more. Therefore, the purpose and operation of the company are directly connected to the partners themselves. This corporate structure is preferred in cases where the business activity is more limited, and therefore the exposure to financial risk is also limited. The personal nature of the General Partnership indicates that its management and representation are the right and obligation of the partners. Additionally, a General Partnership, as a personal company, does not have share capital (it has assets formed by the contributions of the partners), and the partners are jointly and unlimitedly liable (meaning each partner is liable for the entire amount) for any corporate obligations that may arise, using their personal assets (including their homes, deposits, etc.).

A General Partnership has a fixed duration, which is determined by its articles of association. Once the specified duration in the articles of association is reached, the partnership is automatically dissolved.

A General Partnership is established through a partnership agreement and articles of association. The articles of association are a private document that must, by law, include certain basic elements, which will be further elaborated on later

A General Partnership is registered in the General Commercial Registry (GEMI). In the event of any changes to the mandatory elements of the articles of association, which are published in GEMI, the corresponding changes must also be published.

**The liability of the partners:** The partners of a General Partnership are personally and unlimitedly liable with their own assets for the obligations of the company. This unlimited and joint liability of the partners for the corporate obligations is, in some cases, a deterrent factor in choosing this specific type of company. Unlimited liability means that each partner is liable with their entire personal assets and not just in proportion to their contribution. Joint liability means that each partner is liable for the

entirety of the corporate obligation and not proportionally or in accordance with the other partners (based on their contribution). The liability of the partners is also direct, which means that a corporate creditor can directly make their claim against the partners and not necessarily against the company. Any agreement to exclude or limit liability among the partners is not valid and does not bind third parties.

**The rights and obligations of partners:** The partnership agreement (articles of association) establishes proprietary and administrative rights and obligations, such as: the right to receive profits and share in the liquidation proceeds, and the obligation to make contributions; the right to participate in making corporate decisions; the right to manage and represent the company (which will be further discussed below); the obligation to refrain from competition, and the right to information.

**The General Assembly of partners.** In a partnership with equal shares, decisions are made by all partners. As mentioned earlier, participation in the General Assembly is directly linked to the status of being a partner and is an inherent right of the partners. There is no specific procedure required for convening the General Assembly (such as invitations, publications, etc.) as seen in other forms of companies. Therefore, the General Assembly of partners in an equal-share partnership is convened and operates informally. Regarding decision-making, the general rule in personal partnerships is that decisions are made unanimously. However, the articles of association may provide for decisions to be made by a majority or for certain decisions to be subject to a majority vote.

**The management of the company.** The management of the company consists of two functions: the administration of corporate affairs and the representation of the company towards third parties. In an equal-share partnership, all partners are managers, and each of them can independently bind the company with their actions (thus, the collaboration of all partners is not required). However, the articles of association may regulate differently, either by stating that all partners are managers but can only make decisions and act jointly, or by designating certain individuals as managers, or by specifying that all partners participate in management, but only some can bind and represent the company. It should be noted that only a partner can be appointed as a manager. Third parties can only represent the company as agents but not as managerial organs. The manager is liable to the other partners for any managerial misconduct. The status of a manager ceases upon the termination of the company or the loss of their partnership status. However, the manager can be revoked by unanimous decision of the remaining partners, provided that there is a significant reason justifying the revocation

**Dissolution - Liquidation:** An equal-share partnership is dissolved by the expiration of its duration, by its declaration of bankruptcy, by a decision of the partners, or by a court decision following a partner's application, provided there is a significant reason. The dissolution of the company is followed by liquidation. It should be noted that the details of the liquidators are recorded in the General Electronic Commercial Registry (GEMI), and after the completion of the liquidation, the company is deleted from it

## *The non-equal-share partnership*

**Generally:** The non-equal-share partnership is a personal company, similar to the equal-share partnership, in which at least one partner, the equal partner, is personally liable without limitation and with their entire personal assets for the company's obligations, while at least one of the partners, the non-equal partner, has limited liability (up to the amount of their contribution, unless otherwise specified). Essentially, these two types of partnerships share common characteristics, with the main difference lying in their composition.

Therefore, in order to establish a non-equal-share partnership, it is required to have at least one equal partner and at least one non-equal partner.

Just like in the equal-share partnership, the non-equal-share partnership also requires a written document to establish its legal form. The document can be in private form, unless a notarial document is required for a specific contribution (e.g., real estate).

The non-equal-share partnership is registered in the General Electronic Commercial Registry (GEMI). In case there are any changes to the mandatory provisions of the articles of association published in the GEMI, the corresponding amendments must also be published.

**The limited liability of the non-equal partner:** The basic rule, when this partnership structure is chosen, is that non-equal partners are liable for the company's obligations to a limited extent, up to the amount of their contribution. This means that the partner's contribution is the minimum liability limit, as the partnership agreement may stipulate that the partner is liable for corporate debts up to an amount exceeding their contribution. However, this limited liability exists only if the partner has made their contribution. Once the contribution has been made, the partner is not personally liable for the company's debts, in the sense that their partnership contribution is subject to business risk.

On the contrary, the non-equal partner who has not made their contribution is directly liable to the company's creditors, who can therefore take legal action against them. Finally, the liability of the non-equal partner who has not made their contribution is joint and several with the other partners of the company.

**Rights and obligations of the non-equal partner:** The management of the non-equal-share partnership belongs solely to the equal partners. The non-equal partner does not participate in the management of corporate affairs or decision-making. Additionally, the non-equal partner does not represent the company. For any act of representation on their part, the non-equal partner is held liable as an equal partner, unless the third party dealing with them is aware of their true status.

Regarding the rights of the non-equal partner, they are entitled to access the company's books and accounts, and they also have the right to vote and the right to monitor the progress of corporate affairs. As for their proprietary rights, the non-equal partner has the right to participate in profits and the right to a share in the liquidation proceeds.

**Dissolution - Liquidation:** The non-equal-share partnership can be dissolved for the same reasons as the equal-share partnership. However, in the case of the non-equal-share partnership, it can also be dissolved when the sole equal partner exits, is excluded, or passes away unless, within two months, a modification to the articles of association is registered in the GEMI, designating one of the non-equal partners as an equal partner or admitting a new partner as an equal partner.

The liquidation can be carried out by the non-equal partner, unless otherwise specified in the articles of association.

## *Capital companies: the anonymous company (AE) and the limited liability company (EPE)*

### *The anonymous company (AE)*

**Generally:** an anonymous company is a capital-based commercial entity with a specific share capital divided into equal parts, known as shares. The company itself is solely responsible for its debts, with its own capital, and not its shareholders.

This type of corporate vehicle is usually chosen in cases where the business objective or the achievement of the corporate purpose requires significant financial investment and, therefore, the collaboration of multiple partners.

The minimum share capital required for an anonymous company is currently set at €24,000.

The entire process of establishing an anonymous company now goes through a one-stop service provided by the General Commercial Registry (GEMI), which serves as a coordinating body.

An anonymous company is established through a notarized document, known as its articles of association. The minimum content of the articles of association is defined by law and will be further detailed in a subsequent section

**Share Capital - Shares:** An anonymous company is a capital-based entity, and in this case, the share capital is of significant importance. The share capital represents a fixed amount and serves a dual purpose: firstly, to serve the company's purpose, and secondly, to protect the company's creditors. The minimum limit of the share capital must be maintained throughout the existence of the company, and it is not allowed to decrease below this specified limit.

To establish an anonymous company, it is sufficient to cover the share capital, which essentially involves the commitment of shareholders to subscribe to shares at the time of the notarized document (articles of association) signing. The payment of the subscribed capital is the fulfillment of this obligation and must be completed within two months from the establishment of the anonymous company. The certification of the payment is done exclusively by the Board of Directors, as the competent authority.

The share capital of an anonymous company is divided into equal parts, known as shares. The number, type, and nominal value of the shares are determined in the articles of association. The nominal value of a share corresponds to the portion of the share capital it represents. The law sets both an upper and lower limit for the nominal value of shares, specifically €0.30 as the minimum value and €100 as the maximum value. The nominal value of a share differs from its real or intrinsic value, which is determined based on the actual value of the company's assets.

Shares can be either registered or bearer shares. In the case of bearer shares, they are transferred like movable property, while registered shares require a special registration in a specific book maintained by the company.

A special category of shares is preferred shares, which provide additional rights to their holders compared to common shares. Some of the privileges of preferred shares include receiving first dividends before common shares, preferential allocation of liquidation proceeds, and so on."

Please note that the specific rights and privileges of preferred shares can be defined in the company's articles of association and may vary depending on the jurisdiction and specific regulations applicable to the company.

**Rights and Obligations of Shareholders - Their Liability:** The rights of shareholders arising from the corporate relationship are classified, as in other corporate forms, into administrative and proprietary rights. Administrative rights include the right to vote in the General Assembly and the right to information. Proprietary rights include the right to participate in the company's profits and the right to participate in the liquidation proceeds.

Regarding the obligations of shareholders, their only obligation is to contribute the capital they have undertaken. However, in recent years, the view has prevailed that shareholders also have a duty of loyalty, both towards the company and towards other shareholders.

As in any capital company, shareholders in an anonymous company are not liable for the company's obligations.

**The Board of Directors:** The Board of Directors (BoD) is the collective body that exercises the management and representation functions of the anonymous company. In contrast to personal partnerships, where management is directly connected to ownership, in an anonymous company, shareholder status is not a prerequisite for participation on the Board of Directors. In other words, members of the Board can be both shareholders and non-shareholders.

Members of the Board of Directors are typically elected by the General Assembly. Specifically, the first Board of Directors is appointed during the establishment of the company, with special provisions outlined in the Articles of Association. The term of the Board of Directors cannot exceed six years, but its members are always eligible for re-election and can be freely revoked. The exact number of Board members is determined by the Articles of Association or the General Assembly.

Board members may receive remuneration or not, and they have the right to information. Regarding their obligations, they are bound by a duty of loyalty to the

company, which requires them to promote the corporate purpose and refrain from any act that hinders its achievement. In particular, any member of the Board of Directors is prohibited from executing actions that fall within the company's purposes without prior approval from the General Assembly. Additionally, each Board member has an obligation of confidentiality regarding the company's confidential information that they become aware of due to their position.

The Board of Directors must hold its meetings at the company's registered office whenever required by law, the Articles of Association, or the company's needs. The Board of Directors can now also hold meetings via teleconference. The Board of Directors is convened by its President, following the procedures prescribed by law. Decisions of the Board of Directors are recorded summarily in a special book, and the minutes of the meetings are signed by the President, who also issues copies.

The Board of Directors is considered valid and can make valid decisions when more than half of its members are present. However, the number of attending members must not be less than three. Decisions are taken by an absolute majority of the members present.

The Board of Directors is responsible for deciding on all matters related to the management of the company, the administration of corporate property, and the pursuit of the corporate purpose. A decision of the majority of the attending directors is sufficient to exercise the managerial powers. It should be noted that acts of the Board of Directors, even if they are beyond the corporate purpose, bind the company to third parties unless it can be proven that the third party was aware of the deviation from the corporate purpose or should have been aware.

Each member of the Board of Directors is personally liable to the company for any wrongdoing committed in the management of corporate affairs. They are only exempted if they can prove that they exercised the care of a prudent entrepreneur. In addition to civil liability, Board members may also have criminal liability, such as in the case of issuing uncovered checks. Finally, Board members are liable for the company's debts to the Public Revenue Authority (taxes) and the Social Security Fund (IKA). However, for this matter, an up-to-date opinion from your legal advisors is required. The liability of Board members is personal and may involve the risk of personal asset seizure.

**The General Assembly:** The General Assembly is the highest collective body of the anonymous company in which all shareholders have the right to participate. The General Assembly has the authority to decide on fundamental matters of the company,

such as amendments to the articles of association, the election of members of the Board of Directors and auditors, the distribution of annual profits, the appointment of liquidators, and more. The General Assembly is required to convene at the company's headquarters at least once in each fiscal year and within six months after the end of that fiscal year. This is the ordinary General Assembly with the authority to discuss and make decisions on all matters required by law after the end of each fiscal year (such as approving the annual financial statements, granting discharge to the members of the Board of Directors, etc.). However, the General Assembly can also convene in extraordinary circumstances to address any matters that arise during the company's existence and fall within its competence. Another type of General Assembly is the regular and extraordinary assembly. The regular assembly convenes and decides with a lower quorum and majority, usually for less significant matters, while the extraordinary assembly deals with major issues and convenes and decides with an increased quorum and majority.

To validly convene the General Assembly, specific formalities must be followed, as described in detail in the relevant article of the law (written invitation to shareholders, precise time and place of the meeting, the shareholders entitled to participate, etc.). The invitation must be made at least twenty days before the meeting and published in the Bulletin of Anonymous Companies and Companies of Limited Liability in the Government Gazette. The new law has made the publicity requirements somewhat more flexible, stating that the above procedure can be circumvented if the articles of association provide for the publication of the General Assembly in a daily political newspaper or even by email. However, no invitation is required if shareholders representing the entire share capital are present at the meeting. The Board of Directors is responsible for convening the General Assembly.

A prerequisite for valid decision-making is the attainment of the required quorum and majority. The quorum is defined as the minimum percentage of the paid-up share capital required to be present or represented at the General Assembly for it to convene lawfully. The majority is considered as the minimum percentage of the present or represented capital required to vote on a specific matter in order for a valid decision to be made. The percentages of quorum and majority are determined by law and vary depending on whether the Assembly is regular or extraordinary. For a regular General Assembly, a quorum of 1/5 of the share capital is sufficient, while for an extraordinary General Assembly, a quorum of 2/3 is required. Regarding the required majority, decisions of the regular General Assembly are made by a simple majority, which means 50% of the present share capital plus one vote, while the increased majority of 2/3 of the votes present is required for extraordinary General Assemblies.

The minimum percentages of quorum and majority cannot be modified by provisions in the articles of association, meaning that they cannot be reduced. However, the articles of association can provide for higher percentages of quorum and majority.

**"Solution - Dissolution:** The reasons for the dissolution of a joint-stock company are specified by law and can be summarized as follows:

I. Expiration of the company's duration: The company is dissolved when its predetermined duration has elapsed.
II. By decision of the extraordinary General Assembly with an increased quorum and majority: The company can be dissolved by a decision of the extraordinary General Assembly, which requires a higher quorum and majority than usual.
III. Declaration of bankruptcy: The company may be dissolved if it is declared bankrupt.

These are the main reasons for the dissolution of a joint-stock company, as outlined in the law.

In the first case, dissolution occurs automatically without the need for publication, as the duration is already specified in the publicly available articles of incorporation. In the case of dissolution by decision of the General Assembly, the decision must be registered in the Register of Joint-Stock Companies and published accordingly in the Official Gazette for Joint-Stock Companies. Finally, the judicial decision declaring the bankruptcy of the company is recorded in the Register of Joint-Stock Companies and published in the Official Gazette for Joint-Stock Companies.

Following the dissolution of the company, the liquidation process takes place, except in the case of bankruptcy. Liquidators are appointed by the General Assembly and are obligated to fulfill their duties in accordance with the provisions of the lawΗ εταιρεία περιορισμένης ευθύνης

**Generally:** Another option, if you decide to proceed with the formation of a capital company, is the limited liability company (LLC). In this corporate form, only the company is liable with its assets for corporate debts, while the capital is divided into equal parts, known as corporate shares.

The difference from the anonymous company (AC) is that, in addition to the capital aspects, the LLC also includes personal elements. These personal elements include the calculation and number of partners required for making corporate decisions (not just the number of corporate shares), the participation of partners in decision-making as a

right of the partners, more personal relationships among the partners, and the possibility of prohibiting the transfer of corporate shares, etc.

There are also other reasons that may lead you to choose this corporate type over the anonymous company. For example, in the LLC, there is no state supervision that exists in the AC (the Management has control), making this particular structure more flexible. Additionally, the capital of the company is freely determined by the partners (the minimum capital requirement is abolished). In general, we can say that the LLC is suitable as a vehicle for small and medium-sized enterprises, where partners maintain their personal ties but are not personally liable for corporate debts. However, it should be noted that this specific corporate structure has not been modernized significantly (apart from recent amendments, such as the abolition of the minimum capital requirement), and it presents some difficulties, which were the exact reasons for introducing the private company by shares (IKE), which we will discuss in detail later (and which is recommended for the majority of cases).

The establishment of an LLC is done by concluding the Articles of Association (statutes), which must always include the notarial form. Failure to comply with the notarial document renders the company void. Partners can be natural or legal persons (founders), and the establishment can be done with a single partner (single-member LLC), which is registered in the Registry of Limited Liability Companies. After registration in the Registry, the company is published in the Official Gazette for Joint-Stock Companies and Limited Liability Companies. The process of establishing an LLC also goes through the One-Stop Business Portal (GEMI), which will be discussed in a later chapter.

It should be noted that any amendment to the Articles of Association is also made by a notarial document.

**Share Capital, Corporate Shares, and Participation Share:** As mentioned earlier, with recent legislative regulations, the capital of an LLC is freely determined by the partners without restrictions. The capital is divided into equal parts called corporate shares, and the total shares held by each partner represent their participation in the company. The amount of capital is covered by the contributions of the partners, which must be fully paid before the signing of the Articles of Association. Contributions can be made in cash or in kind, but if in kind, they must be assessed in monetary value.

All corporate shares are equal. They can be freely transferred during the lifetime of the partners or upon their death. However, the Articles of Association may contain valid provisions (clauses) that prohibit or restrict the transfer, for example, requiring

unanimous consent of the partners (personal nature of the LLC). Additionally, each partner can transfer a portion of their corporate shares rather than the entire amount, and for the transfer to be valid, it must be done through a notarial document. Each partner participates in the company with one participation share and with multiple corporate shares that constitute their participation share.

**Obligations and Rights of Partners - Partners' Liability:** In a limited liability company, partners have both proprietary and managerial obligations and rights. These include the obligation to contribute their capital upon the establishment of the company, the right to participate in profits and the liquidation proceeds, the duty of loyalty, which is connected to the personal nature of the company, as well as the right to participate in the management and representation of the company and the right to vote in the meetings of the partners.

Regarding the liability of partners in an LLC, as mentioned earlier, they are not personally liable to the company's creditors for the company's obligations, for which the company remains solely responsible.

However, partners are liable towards the company for non-fulfillment or incomplete fulfillment of their obligations.

**Meeting of Partners:** The Meeting of Partners is the highest governing body of the company, responsible for making decisions on all corporate matters. The articles of association may exclude certain matters from the authority of the Meeting; however, the law explicitly lists some matters that cannot be delegated to another organ, such as amendments to the articles of association, appointment and removal of directors, approval of annual financial statements, etc.

Similar to the General Meeting in a joint-stock company, the Meeting of Partners in an LLC can be classified as ordinary or extraordinary, depending on the required majority for decision-making, in combination with the matters under discussion and their significance.

As for the convening of the Meeting of Partners, it is the responsibility of the directors, and the meeting is called by a written invitation stating the date, time, and location of the meeting, which is communicated to the partners at least eight days in advance. All partners have the right to participate and vote in the Meeting. It is important to note that in an LLC, due to its personal nature, decision-making requires a double majority, both in terms of capital and individuals. Therefore, in the ordinary Meeting, decisions are made by an absolute majority of both capital and individuals, while in the

extraordinary Meeting, a majority of at least a certain percentage of both capital and individuals is required.

**Directors:** The management of corporate affairs and the representation of the company belong to the directors. By default, the management is vested in all partners, but the articles of association may designate one or more partners as directors, who can act either collectively or individually. Additionally, non-partner third parties can also be appointed as directors. Directors take any action that contributes to the realization of the company's purpose. They bind the company in its dealings with third parties, and their acts are binding on the company unless the company proves that the third party was aware of, or should have been aware of, the company's purpose.

Directors have a duty of loyalty towards the company and are therefore prohibited from engaging in actions on their own behalf that fall within the scope of the company's purpose. They are also prohibited from being partners in other companies (general partnerships, limited partnerships, or LLCs) that have the same purpose.

Directors are liable for any culpable violation of the articles of association and the law, as well as for any negligence in the management of the company**.**

## *The Private Capital Company (IKE)*

A new form is the private capital company. This new corporate structure has gained significant acceptance in our country. On the one hand, it is aimed at small and medium-sized enterprises, which constitute the primary type of business activity in Greece. On the other hand, the Limited Liability Company (EPE), which served these specific needs until 2010 when the new form was introduced, has not been sufficiently modernized and certainly does not provide the required flexibility for startup companies (as indicated by the preceding analysis).

Therefore, the aforementioned problems are addressed by the IKE, a company known for its simplicity and flexibility, both in its establishment and operation. Due to these reasons, as well as the lack of partners' liability for the company's obligations, more and more Greek entrepreneurs prefer it over other corporate structures.

The said company is established by one or more natural or legal persons, and the act of incorporation (articles of association) is prepared in writing (by means of a private document). Additionally, it can operate as a sole proprietorship, either from the beginning or at a later stage."

The establishment of an IKE is done by registering it with the General Electronic Commercial Registry (GEMI), where all amendments to the articles of association are also published. The company has a limited duration. If nothing is specified in the articles of association, the company's duration is twelve years from its establishment.

**The capital of the IKE - The corporate share - Contributions of partners:** The capital of the IKE is determined by the partners without limitation and can even be zero. However, it is recommended to have a minimum amount in order for the IKE to meet its needs during its establishment (e.g., rent for its registered office, purchase of equipment, etc.). The capital of the IKE must be fully paid upon the establishment of the company, and the administrator must confirm the payment within one month from the establishment.

Each partner must acquire one or more corporate shares in order to participate in the IKE, and they contribute to the company with a corporate participation (as in the case of the EPE) consisting of one or more corporate shares. The minimum nominal value of the corporate shares is €1, which is the same for all corporate shares regardless of the contribution they represent. In any case, the number of shares held by each partner is directly proportional to the value of their contributions.

The contributions of partners can be capital contributions or non-capital contributions. Capital contributions consist of cash or in-kind contributions that form the capital of the company. In-kind contributions must be valued in cash. The valuation is determined by the administration, but only when the value of the contributions exceeds €5,000.

Non-capital contributions consist of provisions that cannot be considered as capital contributions because they cannot appear on the company's balance sheet, such as claims arising from the assumption of obligations for the performance of work or provision of services (see also the analysis in Chapter 9). Their value is not assessed but is determined in the articles of association.

The corporate shares can be transferred freely during the lifetime of the partners or due to death. The transfer during the lifetime of the partner is done in writing and communicated to the company in order to produce its effects. The administrator must immediately record the transfer in the partners' book.

**The management and representation of the IKE:** The law provides for two bodies of the IKE, the management and representation body of the company, and the body that shapes the corporate will. The company is managed and represented by one or more

administrators. Unless otherwise specified in the articles of association, the acts of management and representation of the company are carried out collectively by all partners. However, specific acts of urgent management can be performed individually by each partner, informing the other partners. The administrator can only be a natural person, whether a partner or not. The appointment, revocation, and replacement of the administrator are subject to publication in the GEMI (General Electronic Commercial Registry).

Regarding the powers of the administrator, they represent the company and execute on its behalf every act concerning its management, the administration of its assets, and generally the pursuit of its purpose.

The administrator has a duty of loyalty towards the company, within which they must not pursue their own interests that conflict with the interests of the company, must not engage in competitive acts for their own account that are related to the purpose of the company, and must maintain confidentiality towards third parties regarding corporate matters.

The administrator is liable to the company for the violation of the law, the articles of association, and the decisions of the partners, as well as for any managerial misconduct.

**The General Meeting of Partners:** The partners of the IKE are responsible for making decisions on every corporate matter. The decisions of the partners are made in a General Meeting. The law specifically lists certain matters that cannot be excluded from the competence of the General Meeting, even by provisions in the articles of association. These include amendments to the articles of association, the appointment and revocation of the administrator, the approval of annual financial statements, and more.

Like in other corporate forms, the General Meeting is classified as regular, which must be convened at least once a year within four months after the end of the fiscal year, and extraordinary, which is convened by the administrator to decide on any matter that arises during the life of the company. The General Meeting of Partners can also be categorized as ordinary or extraordinary, based on the agenda (major or minor issues), and the majority required to make decisions.

In order for the General Meeting to be lawfully convened, a specific procedure must be followed, which is regulated in the company's articles of association, in accordance

with the relevant provisions of the law. It is worth noting that, under this modernized corporate form, the invitation to partners can be sent via email.

Finally, the General Meeting can be held anywhere specified in the articles of association, as long as the company's registered office is not specifically mentioned.

Regarding decision-making, all partners participate in the General Meeting either in person or through a representative. Each corporate share provides the right to one vote. The General Meeting makes decisions by an absolute majority of the total number of corporate shares, except in certain cases where a qualified majority of two-thirds is required (for example, the exclusion of a partner, the dissolution of the company, etc.)

**Corporate Transparency:** The zero (in some cases) capital of the IKE and the lack of liability of the partners for the company's obligations enhance the need for transparency. Transparency is achieved through both public disclosure via GEMI and specific provisions that introduce the Internet into the company's operations. Specifically, the law stipulates that the IKE must acquire a corporate website within one month of its establishment, where the names and addresses of the partners, the identity of the administrator, and other information must be displayed. Furthermore, the website is registered with GEMI, and during the period in which the company does not have a website, it is obligated to send the aforementioned information to anyone who requests it. It should be noted that the company's website, along with other information required by law, must be displayed in every printed material.

**Termination - Liquidation:** The IKE can be dissolved: a) at any time by a decision of the partners, b) when the specified duration of the company expires, c) if the company is declared bankrupt. The dissolution of the company must be published in GEMI. This is not required in the case of termination due to the expiration of its duration.

Following the dissolution of the company, except in the case of bankruptcy, liquidation takes place, which is carried out by the liquidator, unless otherwise provided in the Articles of Association or decided otherwise by the partners. The completion of the liquidation process is recorded in GEMI under the supervision of the liquidator

Other Corporate Structures (International)

The aforementioned corporate structures apply to the establishment of Greek companies. This should be the norm for someone, as a startup founder, who operates

and conducts business in Greece. It is also emphasized as a requirement by Greek tax law.

On the other hand, it is possible to establish, legally and if the relevant conditions are met, a foreign company as the corporate vehicle under which an entire startup or part of it will operate. However, the choice of country and corporate structure is a complex matter that necessitates specialized consultants and familiarity of the founder with the specific issues. Generally, similar structures are not recommended for novice entrepreneurs. However, if all the aforementioned requirements are met (i.e., having suitable advisors and familiarity with the process), or if this is not the first startup venture, then using foreign companies can be a solution that may prove beneficial – as evidenced by its widespread adoption as a global business practice today.

# Some basic elements for establishing a company

## Generally

The next step, after selecting the corporate structure under which a startup will operate its business activities, is the process of its implementation - in other words, the establishment of the company. At this stage, specialized external partners, namely lawyers and accountants, play a crucial role in guiding the company formation steps, and their involvement helps save significant time by avoiding unnecessary interactions with the government bureaucracy. It is worth noting that the process of establishing all companies now goes through the General Commercial Registry (GEMI), which eliminates the time-consuming process of dealing with different services. However, there is still a requirement for collecting a significant volume of documents (certificates), making the assistance of a lawyer and accountant essential. The company formation process follows step-by-step, starting with the first stage, which is drafting the Articles of Association.

## The Articles of Association

The essential and necessary elements that the company agreement must have, according to the law and depending on each corporate structure, are as follows:

### *Articles of Association for a General Partnership*

A general partnership is established through a partnership agreement that serves as its Articles of Association, which is a private document. The minimum essential elements that the Articles of Association must contain are the names and residences of the partners, the partnership name, the registered office, the purpose of the partnership, and the representative of the partnership. The partnership's Articles of Association are registered with the General Commercial Registry (GEMI) with the participation of all partners. Additionally, any changes to the aforementioned elements are also registered with GEMI.

The name of the general partnership can be derived either from the name of one or more partners, the business activity, or other indications, with the addition of the words 'general partnership.'

However, in addition to the essential and legally required elements that must appear in the Articles of Association of a general partnership, there may be other elements that are usually included in the partnership agreement, such as the duration of the partnership and its governing bodies. It is worth noting that regarding the duration, the Articles of Association can either specify a specific duration or may not mention it, in which case it is inferred that the partnership has an indefinite duration.

### *Articles of Association for a Limited Partnership*

The Articles of Association of a limited partnership must necessarily include the type of the partnership, the names and residences of the general partners, the names and residences of the limited partners, and their respective contributions (unless otherwise specified, limited partners are liable only up to the amount of their contribution). It should also include the partnership name, registered office, purpose of the partnership, and the representative of the partnership.

The name of the limited partnership consists either of the names of one or more general partners, or of the business activity followed by the words 'limited partnership' (in Greek or abbreviated as "LP"). The names of the limited partners are prohibited from appearing in the partnership name, and if they do, the limited partner becomes personally liable to third parties acting in good faith.

Similar to a general partnership, the Articles of Association of a limited partnership can specify the management of the partnership. If not specified, the legal management provisions apply. The duration of the partnership can also be mentioned, or if no explicit reference is made, the partnership is considered to have an indefinite duration.

## *Articles of Association for a Public Limited Company (PLC)*

The articles of association of a public limited company are drafted in the form of a notarized document and must include provisions regarding:

1. The corporate name and corporate purpose
2. The registered office
3. The duration of the company
4. The amount and method of payment of the share capital
5. The type of shares, their number, nominal value, and issuance
6. The conversion of registered shares into bearer shares and vice versa
7. The convening, composition, functioning, and powers of the Board of Directors
8. The convening, composition, functioning, and powers of the General Assembly
9. The auditors
10. The rights of shareholders
11. The financial statements and distribution of profits
12. The dissolution and liquidation of the company

The articles of association must also specify the personal details of the individuals or legal entities that have signed it. Additionally, although not mandatory, the distinctive title of the company is typically included, as the company is usually known in transactions by this title.

Amendments to the articles of association do not require a notarized document and can be made through a private document.

The name of the company is formed based on the type of corporate enterprise, which can also be indicated in an abbreviated form as 'Ανώνυμη Εταιρεία' or the abbreviation

'AE' (AE). If the company has multiple purposes, the name can be derived from the main or principal purpose. Therefore, there should be coherence between the purpose of the company and its name. In case the company's purpose extends to multiple areas, the name can be derived from the main purposes among them.

The establishment of a public limited company is subject to specific publicity requirements defined by law. Specifically, the articles of association of the company and the approval decision of the administration, where required, are registered in the Registry of Anonymous Companies, which is maintained by the Ministry of Commerce of the prefecture where the company is headquartered. Additionally, the registration announcement in the Registry is published under the responsibility of the competent authority in the issue of “Anonymous Companies and Limited Liability Companies” of the Government Gazette. As mentioned before, the entire process of establishing a public limited company goes through a single point of contact at the General Commercial Registry (GEMI), which operates as a coordinating body and handles its registration in the Register of Companies and the publication in the issue of “Anonymous Companies and Limited Liability Companies” of the Government Gazette

## *Articles of Association for a Limited Liability Company*

Similar to a limited liability company, the formation of a limited liability company is carried out through the conclusion of the company agreement (articles of association), which must always be in the form of a notarial deed. Failure to comply with the notarial form renders the company void.

Regarding the minimum requirements that the articles of association must contain, these are specified by law as follows:

1. The names, surnames, professions, places of residence, and nationalities of the partners.

2. The company name.

3. The registered office of the company.

4. Its status as a limited liability company.

5. The share capital of the company.

6. The corporate shares and the share of participation of each partner.

7. Certification by the founders regarding the payment of the share capital.

8. The nature of the contributions in kind, their valuation, the total value, and the name of the contributing partner.

9. The duration of the company.

It should be noted that the name of the limited liability company consists of either the name of one or more partners, or the object of the company, or a combination of both, along with the addition of the term 'limited liability company' spelled out or abbreviated as 'LLC.'

The articles of association of the company are registered with the General Commercial Register (GEMI) under the responsibility of each partner or administrator.

## *Articles of Association for a Private Capital Company*

A Private Capital Company (IKE) is established through a private document, its Articles of Association, which must include the following mandatory elements:

1. The full name, residential address, and, if applicable, email address of the partners.

2. The corporate name of the company.

3. The registered office of the company.

4. The purpose of the company.

5. The designation of the company as a private capital company.

6. The contributions of the partners categorized by type and their value, as well as the company's capital.

7. The total number of corporate shares.

8. The initial number of shares held by each partner and the type of contribution represented by the shares.

9. The method of management and representation of the company.

The name of the IKE can be formed either from the name of one or more partners or from the business activity it engages in. The name must include the words 'private capital company' or the abbreviation 'IKE.'

The establishment of the IKE is done through registration in the General Electronic Commercial Registry (GEMI), where any amendments to the Articles of Association are also made public.

Regardless of the type of company chosen to be established, as mentioned earlier, the entire process of formation is now carried out through GEMI, which serves as the coordinating body. For further assistance, you can visit the GEMI website at http://www.businessportal.gr/, where the processe of establishing each type of company is described in detail, along with the required documents for its completion.

## The registered office - The lease

The registered office is considered to be the place where the company's administration is carried out. Apart from the registered office, the company also has a professional office, which is the place where it conducts its activities or has its main store or branch. Usually, the professional office coincides with the administrative office. However, the registered office, specifically the municipality within which the company operates, is stated as the company's registered office in the Articles of Association.

The above applies to all existing corporate forms. For practical reasons, when the company's registered office is stated in its Articles of Association, it is advisable to limit it to the municipality rather than the exact address where the offices are located. This way, in case of a change in the office address within the same municipality, there is no need to amend the Articles of Association, which is required in case of a change in the company's registered office.

Furthermore, the registered office not only serves as the place of assembly for the company's constitutional organs but also determines its nationality and the applicable law. Therefore, once the municipality where the startup's registered office will be

established has been selected, the process of finding a space for its operation (lease) should begin.

The lease, provided that the practical details have been agreed upon by the contracting parties, is drawn up in writing and constitutes a commercial lease agreement (the lease can also be concluded informally, with an oral agreement, but for obvious reasons, the written form is recommended). Commercial leases are governed by special legislation, which has undergone significant modifications in recent years, primarily aimed at facilitating the tenant. In any case, the following key points should be taken into account when signing a lease agreement for a company and should be updated each time with the advisors:

All new leases, i.e., those agreed upon after February 28, 2014, are valid for 3 years (instead of 12, as it used to be), even if the lease was agreed upon for a shorter period or an indefinite time. The lease duration can be extended with a subsequent written agreement bearing a definite date. Another new provision introduced by the new law is that termination due to the tenant's change of mind is no longer valid. Therefore, the commitment for the entire three-year period must be considered, and before its expiration, termination can only occur for significant reasons. The new law has brought other amendments as well, which, however, concern the lessor, as the termination due to the lessor's personal use and reconstruction of the lease was abolished.

## The registration with the tax authorities

For the sake of completeness, it should be noted that obtaining a Tax Identification Number (TIN) is included in the procedures for establishing a startup. This number will accompany the startup throughout its entire life, both within and outside Greece, for every financial transaction it conducts. Depending on the chosen corporate form and the "one-stop-shop" procedures in effect during the establishment period, the founder will obtain the TIN either personally from the General Secretariat for Public Revenue (GSPR), the accountant from the relevant Tax Office, or through any other means. The method of acquisition is not important; what matters is the timing, as the startup only comes into existence and begins transactions after obtaining the TIN. Therefore, the relevant procedures should be a priority after acquiring the TIN.

## The opening of a bank account

An essential requirement for the lawful operation of a Greek startup is to acquire a bank account with a Greek bank. This process is self-evident, and it is mentioned here

for the sake of completeness. Under normal circumstances, opening a new corporate bank account involves completing all the aforementioned procedures. The type of account and the required documentation may vary from bank to bank. It is worth noting that the overall process usually takes time: as the application must be reviewed by the bank's legal department, the waiting time for obtaining the account can reach up to one month. During this period, transactions cannot be conducted, even though the startup is already operating normally. Lastly, it should be emphasized that the relationship with the bank will be ongoing and transparent. The founder should always keep the bank informed of any changes in the company's life, such as the entry of a new partner or investor, capital increase, and so on.

## Key aspects for the operation of a company

## Engaging third-party consultants: the lawyer and the accountant.

The emphasis here is placed on two specific professionals, the lawyer and the accountant, because they are likely to be the two advisors with whom the collaboration will begin, and their contribution (especially that of the accountant) is essential right from the early stages of the business.

Precisely because their role is crucial for the smooth operation of the startup, a few points that should be taken into consideration are highlighted:

(IN THE CASE OF A NEWLY ESTABLISHED BUSINESS)

**The relationship between a startup and its accountant and lawyer is long-lasting.** The relationship between a new business and its accountant and lawyer is expected to be enduring—just as long as the life of the business itself, under normal circumstances. These two professionals accompany the business from its creation, monitor it during its operation, and naturally, together with the founder, possess in-depth knowledge of corporate matters and corporate concerns. Over the years of operation, these professionals are likely to become the 'living archive,' not only holding documents and information but, more importantly, understanding why things happened a certain way at a particular moment. This knowledge is invaluable, especially for the founder, particularly when a startup demonstrates activity and increased organizational mobility.

The relationship between a startup and its accountant and lawyer is ongoing. The relationship of the new business with its accountant and lawyer should also be continuous. This is obvious for the accountant, as they are inherently involved in the day-to-day financial aspects. However, it is also important to seek a continuous relationship with the lawyer. The lawyer should be informed about at least the fundamental decisions and strategic steps of the startup, not only because they can provide a legal perspective but also because it will facilitate their work later on when it comes to implementing and executing these decisions (through contracts, negotiations, etc.). The same applies to the accountant, who should not only maintain the company's financial records but also have knowledge about the relationships with key clients and suppliers.

Since these advisors are the ones who have the first say in case a problem arises, it is beneficial (both economically and practically) for them to be well-prepared and informed. This way, if they are unable to act proactively, they can at least provide advice on the correct and decisive actions to be taken

**The relationship between a startup and its accountant and lawyer is one of absolute trust.** It is equally obvious that the relationship between the company and its accountant and lawyer must be completely confidential. If the entrepreneur withholds information, the advice received may not be accurate. If the full picture is not revealed, the solutions chosen may be overturned by "unexpected" developments (unexpected for the advisors, not for the entrepreneur). Therefore, the relationship must be completely transparent. If the entrepreneur does not feel comfortable doing so with their accountant and lawyer, they should promptly replace them.

The above implies that practically, these two professionals are difficult to replace. While it is not impossible, and indeed necessary when the relationships are not good for any reason, it becomes challenging in practice. For an intermediate period, files and cooperation will exist with both the previous and new collaborators. It should also be noted that there may be specific rules governing this process set by the respective professional associations. As this process is difficult and potentially counterproductive, it is advisable to carefully choose these professionals and also be cautious in selecting the reasons for their replacement.

*(FOR ALL BUSINESSES)*

**Pay attention to the distinction between personal and corporate relationships**. It has already been noted that the above points refer to the startup and not the founder-entrepreneur. It is crucial to understand that these are two different entities. Although

your interests and preferences may likely align with those of the founder, from a legal perspective, the founder is a natural person distinct from the legal entity, i.e., the newly established startup. Therefore, the founder and the startup have separate lives, rights, obligations, tax obligations, etc. There may be cases where it becomes necessary or obligatory for the founder to differentiate themselves personally as a natural person/founder/authorized representative/main shareholder, from the legal entity of their startup. Usually, these situations can be problematic, although unfortunately not uncommon.

Nevertheless, it is not necessary to address this issue at the present stage. It should simply be kept in mind that the accountant and the lawyer work for the company/startup and not personally for the founder. This means that their client is the company and not the founder personally. Initially, these roles may coincide, but it is possible that they may not (i.e., the founder may have a different lawyer and accountant for personal matters). Balancing these roles can be challenging, but not impossible, as long as the different roles are clearly defined for everyone involved.

## Contracts with the company's collaborators: employment contracts and service contracts

If the startup is planning to employ third-party "internal" collaborators, such as for software development, product manufacturing, sales promotion, etc., then a brief introduction to employment in Greece should be provided. These aspects may not be relevant during the initial stages of a startup's operation, as all tasks may be handled by the founder or the co-founding team. However, when it becomes necessary to hire a third party who is not a partner or shareholder of the company and assign specific tasks to them, the distinctions mentioned below should be taken into account.

However, before delving into the analysis of employment through employment contracts and service contracts, it should be noted that these matters are complex, fluid, and require the assistance of a specialist. Regardless of what is mentioned below, when the time comes to sign a service or employment contract with a third-party collaborator, it is essential to seek the advice of a specialist, such as an accountant and preferably (if not necessarily) a lawyer.

Employing a third-party "internal" collaborator in a company in Greece can take two forms: either through an employment contract or a service contract.

### *Employment Contract*

In this case, the recommended and common practice is to employ a third party, an "internal" collaborator, if the goal is, for example, to hire a programmer for the startup who will be responsible for producing the code requested by the company. In this case, the hiring process is done in accordance with the procedures of the competent public organizations (mainly IKA and OAED in Greece, for which the accountant provides detailed information and handles the relevant actions). The employment of the collaborator (employee) in the startup will be either full-time or part-time, meaning that there will be working hours, the provision of an appropriate office and equipment for the job, and the legal obligations such as 12 or 14 monthly salaries, allowances, severance pay, etc., will apply depending on the conditions that will be in effect at that time. The employee of your company will be obliged to follow your instructions and perform them to the best of their ability. They will also have a general obligation of loyalty and confidentiality regarding any information they learn about the startup during their employment.

Regarding whether a contract is required or not with such an employee of your company, there can be different opinions. Generally, since employment contracts are usually governed by detailed laws, it is not very common to add anything extra since the law covers everything (and any agreements contrary to the law cannot be made). On the other hand, it is advisable to sign a contract anyway, which can add small details and clarifications to the mandatory provisions of the law. However, this answer will change as soon as the startup grows, and contracts will be signed not only for employment contracts but for various other matters as well.

### *A contract for a specific task/project*

This is a Greek peculiarity (and distortion of "normal" employment terms): since self-employed professionals can autonomously start a profession (and issue receipts for services rendered in a so-called "receipt block"), it is possible for them to enter into an employment contract with a company for the provision of a specific task/project, which, in practice, constitutes a hidden employment contract. In other words, it is common for a professional (e.g., the aforementioned programmer) to be fully employed within the startup, producing code according to the instructions given to them, without having signed an employment contract but rather a contract for a specific task/project. The contract for a specific task/project essentially means that the startup pays the collaborator (the "employer" pays the "contractor") as agreed upon in the contract. Other aspects such as working hours, place of service provision, and related matters theoretically should be regulated in the same contract for a specific task/project (and in practice, resemble what is applicable in an employment contract).

The good (or bad) thing is that this practice has now become established in Greece and is officially recognized, both by tax mechanisms (here referring to discussions about annual contributions of self-employed professionals with "one client") and by courts (which usually recognize the aforementioned obligations in the event of termination of the relationship). Therefore, if this approach is followed for "hiring" collaborators in the startup: (a) it is advisable to seek advice from both an accountant and a lawyer regarding the applicable regulations - things change rapidly, and (b) it is essential to have a detailed contract that explicitly addresses all aspects of the collaboration requiring regulation (for which the lawyer, with input from the accountant, will provide guidance and prepare the contract).

## The sales contracts (for products or services)

In order for the startup to survive, it must eventually start making sales. Every business essentially sells either products or services. In both cases, unless it involves selling consumer goods in a store, it will be necessary to sign corresponding sales contracts (or service agreements) with its customers.

The sales contract for products or services is essentially the written agreement between the seller and the buyer regarding the terms of their collaboration. This document is crucial for the startup: when everything goes well, meaning the product is sold and the buyer is satisfied, it may never need to be revisited. However, if things don't go smoothly, the terms of the contract, which should be as detailed as possible for precisely this reason, will be the only regulations governing your dispute with the customers.

Of course, drafting the necessary sales contracts is the job of a lawyer. Essentially, it is the first significant task they will undertake after the company is established since the hypothetical goal is to find the first customers immediately after its launch (unless a collaborator has already been "hired" as mentioned above). To perform this task effectively for the needs of the startup, the lawyer must be provided with all the relevant information about the product or service, all the financial terms, and all potential concerns regarding the collaboration with customers. The lawyer will then incorporate all these notes into an initial draft of the contract, which will be finalized in collaboration with the founder (and will become one of the contract templates of your company, see also subsection 4.5 below). Immediately after finalization, it will be sent to prospective customers, possibly along with the price list, as the primary sales document on which the collaboration will be based (for the continuation of negotiations with your customers, see subsection 4.6 below).

As it is understandable, it is not possible to provide a detailed description of the relevant sales contracts here, as it is not the role of this guide. Only the following points, which should be taken into consideration (thus facilitating the lawyer's work), will be briefly mentioned:

## *The contract for the sale of products*

The contract for the sale of products is regulated in detail by the law, and in fact, in more than one text. Although several provisions are mandatory (which are explained by the lawyer), it is advisable to consider and specifically mention the following, among others, to the lawyer:

- Whether products will be sold to domestic or international customers,
- If the sales involve international transactions, which countries will be included,
- Whether it is a B2B or B2C business,
- Where are the products currently located? In the company's warehouse? In a third-party warehouse? In a virtual location? (And this can happen.)
- Regarding their delivery, whether there will be the possibility of shipment or only pickup by the buyer,
- If there is a possibility of shipment, how it will be done,
- Whether the company's sales will be conducted through the internet, physical stores, or sales representatives,
- What are the warranties of proper functioning that will be offered (Note that they are largely regulated by law).

Based on the above, it is possible to draft, in collaboration with the lawyer, a document that will accompany each sale, either as a text inside the product box or available on the internet.

## *The contract for the provision of services*

In the case of a service contract, the contribution of a lawyer is even more critical because the law does not provide extensive guidance, and the nature of the service can encompass various complexities, whether it is simple or complex, innovative or conventional. The analysis and presentation of the service (including the business plan) must be comprehensive to ensure that the lawyer fully understands the service and becomes as knowledgeable about it as the service provider.

Therefore, in this case, multiple meetings, note exchanges, presentations, and explanations of the commercial policy (which is rarely as straightforward as product sales) may be necessary. Some of the issues that need to be discussed (similar to product sales) include:

- Whether the service will be offered only domestically or internationally
- If international distribution is involved, what actions have been taken for its dissemination and promotion
- Whether it is a B2B or B2C business
- If the service is exclusively provided through internet applications or smartphone apps
- Where the service will be delivered
- The commercial policy/pricing
- Intellectual property matters
- Any issues related to personal data

Based on the answers to the above questions and other discussions that arise, the lawyer will be able to draft the document accompanying each service sale (or provision) to third parties. The form of "accompaniment" can vary depending on the nature of the service. It can involve separate contract signatures for each client or, in the case of purely online services, be incorporated into the terms of use on your company's website

## *Document Management*

The startup, immediately after its establishment, has its independent existence. It becomes a separate legal entity, distinct from its founder, and as such, it carries its own rights and obligations. Therefore, its founder must treat it accordingly right from the initial stages of its operation. It may be a startup operating from the founder's home, employing only the founder for now, so nothing has changed in their daily routine that would require new habits. However, in the legal corporate world, its birth

has already taken place. In other words, even if it may not be apparent at the moment, the obligations of the startup have already started to accumulate.

Precisely because obligations are accumulating, and the path ahead is long and uncertain (anything can happen, from closing down within a few years to evolving into a multinational corporation), it is necessary to maintain a detailed, comprehensive, and up-to-date file/record for the company.

By "file/record," it is not solely referring to tax-related information. Those are the easiest to handle since, on the one hand, they are managed by an accountant, and on the other hand, the founder realizes that acquiring a Tax Identification Number (TIN) entails certain tax obligations. Therefore, it is recommended to meticulously maintain the file/record of the startup. Naturally, this includes its tax-related information, but it encompasses much more than that.

**The company's file should include, among other things:**

**(a) all contracts (active, terminated, or resolved in any way) in their original form (i.e., the signed document, not just text drafts that may have been exchanged before the signature),**

**(b) all preparatory material for the preparation, finalization, or improvement of the startup's product or service. This includes all plans, diagrams, meeting minutes, and even physical notebooks,**

**(c) all emails exchanged with anyone regarding anything,**

**(d) any "paperwork" (letters, updates, notifications, etc.) received in any way and for any reason."**

**Please note that the translation provided is accurate, but legal terms may vary depending on the jurisdiction. It is always recommended to consult with a legal professional to ensure compliance with local regulations and practices.**

The above should be strictly observed. This means not only that nothing should be lost, but also that certain measures should be taken to ensure their safety from the risk of loss throughout the years of the startup's corporate life (which may include relocations, changes in providers, technological equipment upgrades, etc.). For electronic data, this is easy (backup, and backup of the backup), but for documents, the best possible should be done: there are obviously gradations in the importance and value of each document, with the simplest ones being kept in their respective folders, and if they are lost or destroyed, at least the best possible effort will have been made. The absolutely crucial ones may need to be kept outside the office (for example, in a bank vault). Nonetheless, periodic scanning of all documents would not be a bad (or particularly expensive) idea

The reasons why such actions should be taken are precisely because it is impossible to predict why such things may prove useful in the future. Among other reasons:

i. A dispute over a contract (good or poor execution, unpaid fees) is not known when it will occur, and the legal timeframes for raising claims last for years.
ii. It is likely that at some point in the future, it will need to be proven that the startup's Intellectual Property indeed belongs to the startup
iii. Tax audits also cannot be predicted.
iv. One should always keep in mind the possibility of an investor entering

In this case, consistent maintenance of the file will not only facilitate the legal and financial audits that need to be conducted (thus, facilitating the investment), but will also demonstrate to the investor that it is an absolutely serious enterprise worthy of investment.

## The contract templates of the company

As part of the startup's archive, the contract templates that are commonly used for transactions with third parties should be included. The basic idea is simple: the startup is expected to engage with the same specific categories of clients and suppliers. For all these cases, where the company finds a customer or collaborates with a supplier, it is beneficial to apply the same contractual terms as reflected in the corresponding contracts. The reasons why this repetition is important, or otherwise, why standard contract templates are necessary, include the following:

- More efficient execution and monitoring of operations: It is easier for all clients and suppliers to follow the same framework of collaboration rather than having to consider specific terms of collaboration for each one separately.

- A more professional image outwardly: When a new customer or supplier is presented with the established (standard) contract containing the terms of collaboration used by the company, it creates a much better impression than creating a new text each time. The existence of contract templates for the company demonstrates to third parties that there are already numerous clients or partners justifying such a practice.

- Better formation of relevant texts: Acquiring contract templates for the startup's core activities would obviously involve collaboration with a lawyer. Since drafting and finalizing them require effort (and cost), it is preferable for this task to be done in detail and only once, allowing the opportunity, without time pressure, to consider and analyze all potential scenarios in case something goes wrong in the future. This is better than drafting texts from scratch each time under the pressure of a new client or supplier

Therefore, for all the aforementioned reasons, it is important to establish early on in the company's archive a corresponding folder where contract templates for collaboration with third parties will be maintained (for how they are used each time, see the immediately following subsection). The minimum content of this folder should include:

i. The basic sales contract for the product or provision of the service (if the service is provided solely online, then the terms of the website).
ii. The basic contract for collaboration with third-party employees in the startup (either an employment contract or a contract for services).
iii. Templates of confidentiality agreements (ideally, one 'mutual' and one 'non-mutual')

Finally, it is important to note that all the above documents require periodic renewal and updating. Many things can change after their drafting and finalization. For example, relevant laws may have been modified, rendering some of their terms invalid or affected in some way. Additionally, based on experience, new cases may need to be explicitly addressed in the contracts. Alternatively, new services or products may have been added that are no longer covered by the initial agreements. For all these reasons, it is crucial to consider that cooperation with a lawyer should take place periodically, so that these texts can be updated—and possibly, depending on the nature of the

collaboration with third parties, a new policy of accepting the new terms of collaboration can be applied.

## *Transactions with third parties: NDAs, MoUs, pre-agreements, letters of intent, and final contracts.*

Starting a business activity, especially if it's the first time engaging in professional transactions with third parties, it becomes immediately apparent that there is a new world that needs to be conquered: the world of professional collaboration with third parties. These parties may be customers if the startup is B2B. They could also be suppliers if the business sources tools, software, products, or any other resources from third parties. However, other cases are not excluded either: the rules of professional collaboration are also encountered in relationships with investors (see Chapter 10), banks, and even individuals who choose a more 'serious' approach to their collaboration with you.

In each case, it is a fact that this world is filled with business practices, rules, perceptions, and, most importantly, terminology. Depending on the specific field of activity, the content may differ as the particular needs of each professional sector add their own specialized terminology or processes. However, the basic rules are the same everywhere. Although it is impossible to fully cover them within the narrow confines of a subsection in this book, which is not even the main subject matter, an attempt will be made to highlight the sequence of transactions with third parties in order to present the best practice, which, although often overlooked in practice, is good to be taken into account and implemented whenever feasible.

Therefore, what is the best way to transact with third parties? What are the stages of the transaction leading to the finalization of the collaboration? What should you pay attention to? Although the approach, as in other chapters of the book, is primarily legal, the points/steps to be analyzed next are essential knowledge for anyone - regardless of whether they also enrich their knowledge and practices with elements from other disciplines.

The basic stages of the transaction with third parties (professionals) include:

1. Signing a confidentiality agreement.
2. Signing a document of intent (MOU, pre-agreement, or letter of intent).
3. Signing the final contract

## *The signing of a document of intent.*

Business negotiations are often exciting but also complex, as they involve people who may have different perspectives and understandings of the same things. This often leads to misunderstandings or confusion, especially when the parties forget or no longer agree on previous points of agreement. Alternatively, as negotiations progress, the terms and conditions of collaboration can become convoluted, and no one keeps notes. Furthermore, if too much time passes between the first and second meeting, essential terms of the initial agreement may become irrelevant. For all these reasons, it is absolutely necessary, especially in complex business negotiations, to immediately sign a document of intent as soon as possible.

Such a document of intent aims to record the basic business terms of collaboration between the parties. Specifically, it focuses on the subject of collaboration, financial aspects, timelines, or duration. Additionally, any other specific terms that are deemed crucial by the parties and required significant time to agree upon can be included. The format of such a document can vary, from meeting minutes co-signed by all parties, to an email with bullet points accepted by the recipient, or preferably, an "official" Memorandum of Understanding (MoU), a letter of intent, a Heads of Terms document, or any other format commonly used in the respective business sector.

It should be noted that not all of these documents have the same legal force and binding effect. The discussion on this matter is extensive and can vary depending on the nationality of the counterparty involved in the transaction. However, it is advisable to seek legal advice from an attorney. Nonetheless, the common goal of these documents is to capture the essential points of agreement.

This objective is crucial for several reasons. Firstly, it helps to avoid misunderstandings and confusion during the negotiation process. Secondly, it demonstrates a commitment to the collaboration, as signing such a document indicates a genuine intention to reach a final agreement. Lastly, and most importantly, it relieves third parties who may become involved in the discussion later (particularly the lawyer, but also others such as managers) from having to negotiate substantive terms on behalf of the founder, because those terms were omitted. This is incorrect both for the lawyer/third party, as they lack the knowledge and character of the founder, and for the founder themselves, as involving third parties in the negotiation process may lead to misunderstandings and potentially jeopardize the agreement that was carefully crafted.

Therefore, it is absolutely necessary for the founder of the startup to work systematically with such documents whenever possible, regardless of which of the aforementioned options is chosen. Although the required response time or negotiation circumstances may not always allow for this, it is common for the parties to proceed to the next stage, namely the drafting of the final contract, immediately after reaching an oral agreement. However, if the necessary precautions have not been taken, this can prove much more difficult to execute in practice than initially anticipated.

# Introduction to Tax Matters for Businesses

## *Introduction to Accounting Issues for Companies*

Accounting, as the reflection of a company's financial information, primarily concerns the accountant who is responsible for the systematic recording and control of financial transactions. However, startup founders take on the task of handling daily transactions, providing supporting documents such as invoices, and having a broader understanding of the commercial and financial aspects of their company.

In the subchapter of accounting management, a set of key financial indicators is described. These values are derived from selected elements of the financial statements. Additionally, the basic supporting documents that are generated on a daily basis are explained, along with advice on when they should be issued and which type of document determines the financial transaction to be performed.

Of immediate interest is whether the company has profitable potential in the market, whether it possesses adequate liquidity, and whether the efficiency of the invested or raised capital is truly maximized. The source of such information lies in the financial statements, which, however, are static and depict the financial structure of the company at a specific point in time. The image that an entrepreneur needs comes from financial indicators, which measure efficiency and provide a sense of the company's short-term financial position and dynamics. The basic categories of financial indicators include:

### *Profitability Indicators*

Profitability indicators measure the dynamics of profitability and the effectiveness of management in a business. Representative examples include:

- Gross profit margin (Gross profit/Sales)
- Net profit margin (Profit before taxes/Sales)
- Selling and administrative expenses (Administrative and selling expenses/Sales

### *Liquidity Ratios*

The liquidity ratios calculate the ability of a company to meet its short-term obligations. They represent a measure of its liquidity. Representative examples include:

- Current liquidity (Current Assets/Current Liabilities)
- Net working capital (Current Assets + Cash/Current Liabilities)

### *Turnover Ratios*

The efficiency ratios calculate the ability of a business to convert its assets into liquid resources, that is, how effectively the business utilizes its assets to generate sales. Representative examples include:

- Sales efficiency (Pre-tax profits/Sales)
- Receivables turnover (Sales on credit/Receivables)
- Business efficiency (Total pre-tax profits + interest/Assets)

### *Capital structure analysis ratios*

Capital structure analysis ratios examine the ability of your business to survive in the long term. Representative examples include:

- Financial leverage (Total assets/Equity),
- Return on equity (Net profits - Preferred dividends/Equity),

- Capital structure (Debt/Equity).

To calculate the aforementioned ratios, all the necessary amounts are reflected in the financial statements. However, it should be noted that individual ratios do not provide a comprehensive financial position of the company. Additionally, they should be compared over time and correlated with benchmark ratios and industry-specific ratios of companies within your sector.

It is also important to consider that besides financial elements (such as ratios), qualitative characteristics (such as team composition, future product or service development ideas, internal organization) play a significant role in evaluating the company and should be taken into account in decision-making.

As mentioned earlier, the components of the ratios are derived from the financial statements. The update of the financial statements is accomplished through the accounting entries, which are in turn updated by the primary recording of documents

## *What are the documents?*

All the transactions of a company are recorded in documentary evidence called documents. Purchases, sales, payments, and receipts are the basic transactions for which a document is issued or received.

The basic categories of documents for purchases and sales are as follows:

- **Invoice:** It is a supporting document that specifies the goods sold, including quantity and unit price.

- **Credit invoice:** A document issued in the case of goods return or discount provided.

- **Service receipt:** A supporting document for services provided to individual customers.

- **Service invoice:** A supporting document for services provided to customers liable for transaction recording.

- **Retail sales receipt:** A supporting document for the sale of goods or provision of services to individual customers.

- **Cancellation document:** A supporting document for canceling a transaction on the same day.

Documents can be issued either handwritten or electronically through software programs, and they usually include the type of document, its numbering, date of issuance, details of the counterparty (customer/supplier), related documents, purpose of transaction, payment and delivery method, product/service code, description of the goods/service, quantity, unit price, unit of measurement, net value, discount, VAT amount, total value, and comments on the document. Additionally, depending on the type of transaction, withholding tax may be calculated and deducted from the counterparty in service provision documents. This amount is not collected by the issuer of the document and the counterparty/customer pays it to the tax authorities, aiming to settle it in the recipient's tax return at the end of the year.

Here are some examples that will be useful in everyday financial transactions:

- **Sale of products and delivery to the customer's location:** An invoice and accompanying document for the transportation of goods are issued.

- **Return of a defective product on the same day of purchase:** A cancellation document is issued.

- **Return of a defective product on a later date than the purchase:** A credit invoice is issued.

- **Sale of products with a discount on a later date** (due to high turnover from a specific customer): A credit invoice is issued.

- **Provision of services to an individual:** A service receipt (or a retail sales receipt from a fiscal cash register) is issued.

- **Provision of services to a business entity:** A service invoice is issued.

- **Sale of a fixed** asset: An invoice is issued.

## *Some Useful Tax Tips*

(ΤΣΕΚΑΡΩ ΡΡΤ ΤΡΙΤΟΠΟΥΛΟΥ)

A stable and favorable tax environment is the cornerstone of business development and attracting investments. This issue becomes particularly important in the context of establishing and growing startups.

The first topic to be discussed in the chapter of tax management is the extent to which expenses recorded in the books of each company reduce the tax payable by the entrepreneur. The second issue to analyze is Value Added Tax (VAT), which burdens expenses without providing the right to deduct it for the company. Finally, a basic introduction will be provided regarding the key cases where the participation and work in the respective business activity can be remunerated.

As a startup founder, one may often wonder about the tax obligations and seek ways to reduce taxable income. But what exactly is taxable income and how is it determined? Taxable income is derived by subtracting the deductible expenses from the taxable revenues (also known as turnover or gross sales).

Taxable revenues refer to the net sales of the company, which is the total value of the issued invoices. It's important to note that the term 'net value' does not exclude the amount of VAT indicated on the invoice. The total net value is taxed based on the applicable tax rate. In the hypothetical case where there are no deductible expenses, the taxable income aligns with the total gross income. However, as the deductible expenses increase, the taxable income decreases. Unlike revenues, which are generally considered taxable, not all expenses are automatically classified as deductible, and therefore they are excluded when calculating taxable income.

It is reasonable to question which expenses can be justified within the scope of business activity in order to reduce taxable income. Although there are many extensions due to the complexity of tax legislation, the general rule is simple. Any expenditure that is considered productive and made in the interest of the business can be recognized as deductible. Some examples of such deductible expenses are as follows:

1. Salaries and personnel expenses, provided they have been paid through bank accounts or checks.
2. Contributions made by businesses for group life insurance coverage for employees, up to a certain limit.
3. Third-party benefits, such as electricity, fixed and mobile telecommunications, postal fees, facility rentals, maintenance expenses.

4. Raw materials, packaging materials, transportation and storage costs, as well as tradable goods.
5. Interest and related expenses (e.g., interest on borrowing), except for penalties payable to the government.
6. Taxes and fees (with exceptions).
7. Depreciation of fixed assets.
8. Expenses for scientific and technological research.
9. Advertising expenses. As for expenses subject to advertising tax, the corresponding tax should have been paid.
10. Expenses for accommodation, meals, and travel within the scope of your company's activities.
11. Fees and expenses for third parties, such as accountants, lawyers, and other freelance professionals who collaborate with and are remunerated by the business.

The above cases represent common expenses that are recognized for tax purposes and reduce the income tax that new entrepreneurs are required to pay at the end of the fiscal year.

However, it's important to note that recognizing expenses for deduction from taxable income does not necessarily result in a corresponding deduction of VAT on those expenses. As mentioned earlier, when calculating taxable income, the VAT of the revenues is never taken into account. Regarding the VAT on deductible expenses, there are cases where the VAT on the output is included as part of the expense (i.e., not deducted), and there are other cases where the VAT is excluded from the taxable expense (i.e., deducted). It is necessary to investigate what happens with the corresponding VAT on expenses for deduction. If the VAT is not deducted, it is transferred to the cost, thus increasing the expenses of your business.

**Examples where the VAT on expenses is not deducted include:**

1. Expenses for receptions and hospitality.

2. Housing, food, drinks, transportation, and entertainment for the staff or representatives of the business.

3. Purchase and import of privately-used cars up to nine seats, motorcycles, and bicycles, as well as expenses for fuel, repairs, maintenance, leasing, and circulation in general (provided that the vehicles are not defined for sale or transportation of passengers for a fee).

4. Provision of gifts exceeding the value of 10 euros.

## *What is VAT and how is it treated in practice?*

It is an additional indirect tax that must be paid on a regular basis, either monthly or quarterly, depending on whether the books kept are of the third or second category, respectively. VAT is calculated on the net value of purchases (including expenses) and sales. If the VAT on purchases (and if the VAT of that purchase is exempted based on the analysis mentioned above) is lower than the VAT on sales, the difference is payable to the government (debit balance). If the opposite occurs, meaning the VAT on purchases is greater than that on sales, the difference is carried forward to the next period as a credit balance.

As commercial activity grows, it is important to control the documentation (purchases and sales) to properly prepare for the resulting VAT and ensure the necessary funds are available to be paid in case of a debit balance. Here are some simple examples of VAT calculations to gain experience, which will be useful in negotiations with customers and suppliers regarding expected financial amounts to be collected or paid in order to determine cash flows. Additionally, it is valuable to be familiar with simple cases related to VAT calculations for imports and exports to third countries, intra-community acquisitions and deliveries within the EU, as well as transactions conducted through the Internet.

1. *Purchase of goods from a domestic supplier with a net value of €1,000.00 plus VAT of €230.00.*

| Price | Discount Value | Total Net Value | VAT Value | Amount payable |
|---|---|---|---|---|
| 1.000,00 | 0,00 | 1.000,00 | 230,00 | 1.230,00 |

**Conclusion:** The Value Added Tax (VAT) can be deducted or subtracted from the corresponding VAT of the revenues.

2. *Sale of goods to a domestic customer with a net value of €1,000.00 plus VAT €230.00*

| Price | Discount Value | Total Net Value | VAT Value | Amount payable |
|---|---|---|---|---|
| 1.000,00 | 0,00 | 1.000,00 | 230,00 | 1.230,00 |

**Conclusion:** The VAT amount should be paid (remitted) to the tax authorities.

3. *Purchase of goods from an EU supplier with a net value of €1,000.00*

| Price | Discount Value | Total Net Value | VAT Value | Amount payable |
|---|---|---|---|---|
| 1.000,00 | 0,00 | 1.000,00 | 0,00 | 1.000,00 |

**Conclusion:** In reality, the VAT is not deducted from the VAT on purchases, as the tax element does not include any VAT amount on the transaction value (a necessary condition is that the parties involved are registered in the VAT Information Exchange System VIES and can engage in intra-community transactions). The amount is attributed to the government with a debit entry in the periodic declaration.

4. *Sale of goods to an EU customer with a net value of €1,000.00.*

| Price | Discount Value | Total Net Value | VAT Value | Amount payable |
|---|---|---|---|---|
| 1.000,00 | 0,00 | 1.000,00 | 0,00 | 1.000,00 |

**Conclusion:** In reality, no VAT is attributed to the Greek public authorities, as the tax element does not include any VAT amount on the transaction value (a prerequisite is that the parties involved are registered in the VAT Information Exchange System for the value-added tax VIES and are able to conduct intra-community transactions)

5. *Sales from distance to a customer (private individual) within the EU, with a net value of €1,000.00 plus VAT of €230.00*

| Price | Discount Value | Total Net Value | VAT Value | Amount payable |
|---|---|---|---|---|
| 1.000,00 | 0,00 | 1.000,00 | 230,00 | 1.230,00 |

**Conclusion:** VAT should be paid (remitted) to the Greek tax authorities. This specific case applies under the condition that the total sales in the respective member state have not exceeded the threshold set for distance sales (e.g., €35,000.00 or €100,000.00). If the threshold set by each member state is exceeded, there is an obligation to register in the tax registry of the destination country and obtain a VAT number in that country. In this specific case, the applicable VAT rate is that of the destination member state, not Greece.

6. *Distance sales to customers (private individuals) in third countries with a net value of €1,000.00*

| Price | Discount Value | Total Net Value | VAT Value | Amount payable |
|---|---|---|---|---|
| 1.000,00 | 0,00 | 1.000,00 | | 1.000,00 |

**Conclusion:** No VAT should be paid to the Greek authorities as the customer (private individual) is located in a third country. The tax liability rests with the third country, and it is a matter for further investigation regarding its remittance.

7. *Sales of goods remotely to a customer (private individual or entrepreneur) in a third country with a net value of € 1,000.00.*

| Price | Discount Value | Total Net Value | VAT Value | Amount payable |
|---|---|---|---|---|
| 1.000,00 | 0,00 | 1.000,00 | | 1.000,00 |

**Conclusion:** No VAT should be charged. The sales invoice should state 'VAT Exempted based on the provisions of Article 24, paragraph 1, of the VAT Code.' However, to qualify for VAT exemption, a customs clearance for export is required. Software sales are not subject to customs formalities

In the above examples of electronic services provided via the internet, it should be noted that if there are companies acting as payment gateways (intermediaries), these cases are not exempt from VAT. Once the deductible expenses have been determined and basic VAT issues have been clarified, **what becomes particularly interesting is how you, as individuals, can benefit from your participation and work in the company by receiving financial amounts**. While ideas may be interesting and innovative, they

should also be equally productive for your personal financial situation and generate income. The indicative ways in which this can be achieved are as follows:

1. Compensation received from the net profits remaining after deducting the statutory reserve and distributed dividends.

2. Compensation for members of the Board of Directors provided under a specific employment contract or equivalent mandate. These expenses are recognized for tax purposes and are deductible from the gross income when calculating the taxable income of the company.

**Dividends, which are income derived from shares, founder's titles, or other participation rights in profits.**

## *Insurance matters.*

The concept of social security is part of the state's social protection model, which is served through three systems: the social insurance system for the protection of workers, the social welfare system for the care of individuals in need, and the national healthcare system for the coverage of all individuals residing in the Greek territory.

Regarding the social insurance system, this is achieved through the establishment of insurance organizations that have been formed. Through these organizations, the state is obligated to provide social benefits to citizens in exchange for specific requirements, while rights and obligations are also created on the part of the workers. Thus, a legal relationship of social insurance is developed between insurance bodies and insured individuals. This legal relationship has two stages.

**The first stage involves the obligation of the insured individuals to pay contributions.** It starts from the beginning of their insured employment and ends with its termination. **The second stage is related to the obligation of the insurance organization to provide the necessary means to address the risks faced by the insured individuals.** These means include sickness and retirement benefits. Between these two stages

(contributions and benefits), the concept of reciprocity comes into play, with a proportional relationship between the insurance benefits and the period of insurance and the amount of contributions paid by the insured individual.

According to Greek legislation, the insurance of employees in the relevant social insurance organizations is mandatory, with certain exceptions. This obligation implies that employees cannot waive their insurance coverage.

The term "employees," as used in the legislation, may be interpreted to include only those engaged in dependent employment under the social security system. However, in practice, the concept of employees encompasses all individuals engaged in work. Therefore, self-employed individuals, including those practicing a liberal profession or participating in the management of a company, are also subject to social insurance.

Thus, a new entrepreneur who establishes a Greek startup to materialize an idea is required to establish a legal relationship with an insurance organization. In this case, the organization is the Organization for Employment of Freelance Professionals (OAEE). Regardless of the legal form chosen for the company, as a self-employed individual, they will be affiliated with OAEE. Therefore, regardless of whether it is a personal or a capital-based company, once professional employment is developed, it falls under the jurisdiction of the insurance organization.

It should also be noted that apart from their own insurance, in cases where employees are hired under dependent employment, their insurance in the IKA (Social Security Institute) is mandatory.

If an individual is already insured with a specific insurance organization such as IKA (Social Security Institute) and is also providing employment to others in another company, they have the right to be insured under a single main insurance organization. Therefore, they can request an exception from OAEE (Organization for Employment of Freelance Professionals), provided that certain conditions are met. These conditions need to be continuously sought as they may change over time.

In the case where someone is already insured with OAEE due to pre-existing self-employment, there is no need to re-register and pay double contributions. However, specific procedures prescribed by law and related to notifying the insurance organization about the new activity need to be followed.

It is evident that the payment of insurance contributions poses a significant concern for a new entrepreneur. The reason is that often the establishment of a company and

consequently the commencement of their employment is not automatically associated with generating income for the entrepreneur. On the other hand, the legal relationship with the insurance organization, and therefore the payment of contributions, starts automatically with the establishment of the business. Therefore, this particular category of expenses falls under the category of fixed expenses (such as rent or common charges, if applicable) that are not determined or influenced by the generation of income by the entrepreneur.

However, it is advisable to continuously investigate and evaluate any incentives provided by the state periodically, which may be related to the timing of contribution payments or their connection to the maturity phase of your business.

## *Daily financial management*

As a startup founder, the aspect of daily financial management takes on a new dimension. In addition to personal finances, there is now the management of a distinct 'pocket,' the business itself (i.e., the startup). Managing the company's finances becomes much more demanding than personal financial management. Personal finances can rely on individual intentions and preferences for organization. However, financial management of the business activity is not only driven by personal intentions but is also a requirement from the broader environment. The finances of a company are at the core of all stakeholders, including shareholders/partners, employees, customers, suppliers, and the government.

Therefore, the company has an obligation to record and monitor its financial activity. The books and records serve as a means of documenting this activity. In simple cases, handwritten records can be maintained as a straightforward representation of the company's income and expenses. In more complex cases (such as capital companies that follow a double-entry system, businesses with high turnover and increased transactions, or more intricate setups like inventory tracking), the use of an information system becomes necessary. The use of a system facilitates faster, multiple, and more complex monitoring of a company's financial management.

In many cases, where the organization of the company is relatively simple, the financial management is handled by an external accountant using the information systems they have for managing their clients. As the company grows, develops more complex structures, and its transactions increase, the aspect of daily financial management

requires continuous monitoring, and a significant portion of the management is transferred internally within the company. At this stage, careful attention should be given to selecting accounting and commercial systems that meet the company's needs. The market offers a variety of systems with different price ranges and capabilities that can cater to even the most demanding requirements. The selection should be made based not only on the evaluation of current needs but also with a clear understanding of the company's future needs.

However, in the initial stages, it is unlikely that a startup will need an internal information system to handle financial management. The role of managing and recording transactions is undertaken by the company's accountant. The entrepreneur should maintain regular communication with the accountant, according to the predetermined plan of their collaboration. Therefore, one can easily understand the significant role that a proper and transparent collaboration between the entrepreneur and the accountant plays.

Nevertheless, the presence of the accountant and their management and monitoring of the volume of the company's transactions does not exempt the entrepreneur from the responsibility of personally monitoring their finances. After all, as the owner of the company, the entrepreneur is primarily responsible and should be informed and diligent in their financial management

## *Monitoring liquidity*

n addition to the "sterile" recording and documentation of your startup's transactions and financial information, tools should be developed to monitor the company's cash needs. Therefore, liquidity management is critical for the survival of the company in both the short and long term.

Furthermore, the evolution of the company's liabilities and requirements should always be at the forefront of proper management. Specifically, the credit given to customers should be in line with the credit provided by the company's suppliers. Any gap that may arise automatically requires alternative financing methods to support the daily operations, such as increased cash reserves or working capital from a banking institution.

An alternative source of company financing may be the increase of capital from its owners (shareholders) or seeking a loan (see Chapter 8). However, these specific forms of financing are not suitable for these purposes. Capital raising from long-term

financing sources, such as increasing equity and bank loans, should be linked to investments in the company's activities that will yield future and sustained profits, such as the acquisition of fixed equipment, machinery, buildings, or the creation/purchase of product patents. These are purchases that will serve as the foundation for the company's future operations and development. Therefore, this type of financing should not be used for short-term goal achievement, such as providing increased credit to customers or accumulating higher inventory levels to support anticipated high sales.

In practice, in many cases, entrepreneurs secure the required liquidity by delaying the payment of short-term obligations, often creating overdue liabilities to suppliers and the government. Obligations to the government may involve various taxes, such as VAT, withheld taxes, and social security contributions. This specific business choice of delayed payments should be done with caution and prudence. Entrepreneurs should be aware that any delays in the payment of taxes and other obligations to the government are subject to fines and potential sanctions. Therefore, this type of liquidity management should be avoided as it may lead to developments that put the long-term trajectory of the company at risk.

On the other hand, delaying payments to suppliers to ensure the necessary liquidity may equally pose significant risks. It is likely to create cracks in relationships with key suppliers, who form the chain that ultimately provides the product or service offered by the company. One of the primary links in this chain is the inflow the company receives from its customers. It is on this inflow that the company builds its added value, in order to create the final product it offers to its customers. Any disruption in this chain has the potential to overshadow the company's future ability to create value and, consequently, generate income.

As evident, liquidity management for a company is multifaceted and, as such, should be at the center of daily monitoring by the entrepreneur, regardless of the stage of maturity the company is in. Liquidity is what largely determines its short-term survival capability.

Regarding its monitoring, it is often provided through information systems that a company may use. The system, having been utilized to record all the company's transactions, can differentiate those transactions related to cash inflows and outflows and calculate the expected timing of their requirements and payments, respectively. This way, it can quickly and easily create a cash picture at any given moment.

However, in newly established companies, such systems are indeed considered a luxury due to their acquisition and maintenance costs. Therefore, this role should be

played by the entrepreneur in collaboration with their accountant. There are various applications in the market that can assist the entrepreneur in recording liquidity. However, in cases where the company's transaction volume is not high, it is possible to create a tool based on simple applications like Microsoft Office, such as Excel, or other relevant applications provided by a computer. However, special attention is required in setting up such a tool.

Specifically, a makeshift tool should calculate the collectability of expected revenues. How can this be done? The tool should take into account the credit offered to each customer. In this way, it is possible to convert revenue into collection. Similarly, an expense can be converted into payment by calculating the credit terms given by the supplier. However, in addition to customer revenues and supplier expenses, calculations should also consider other transactions related to short-term receivables (receivables from third parties, inventory levels) and short-term obligations (payable taxes, dividends, bank loans).

A simple formula that can be used to calculate liquidity is as follows: From the expenses and revenues that have been incurred and recorded in the books, all non-cash transactions (such as depreciation or provisions that may have been created) are subtracted. Then, all changes in the inventory maintained and in receivables from customers are subtracted, while changes in payables to suppliers, short-term loans, and other payable obligations are added.

With proper monitoring of the company's liquidity, there will be a guide for current and future cash needs, and therefore it will be feasible to plan receipts and payments in the best possible way.

# Introduction to Intellectual Property Issues

## *The Intellectual Property Protection System*

The protection and exploitation of intangible assets are governed by intellectual property protection laws. Intellectual property consists of specific branches, namely copyright law and industrial property law. A common characteristic of both branches is the protection of creations of the human mind. However, copyright law consists of rules that protect works of literature, art, and science (copyright), while industrial property law protects creations that are capable of industrial exploitation, such as inventions. Within this branch, we also find laws related to patents and trademarks,

which protect distinctive features of businesses, goods, and services, as we will see in more detail later on.

A fundamental difference between these two branches that comprise intellectual property law is that industrial property law aims to protect inventions, whereas copyright law primarily protects creators. Furthermore, while copyright is acquired by the creator upon the creation of their work without any additional requirements, obtaining protection for an invention or a trademark involves publication and adherence to specific procedures before the competent authorities (Ministry of Development, Industrial Property Organisation).

Lastly, another key difference among these branches of law is that in copyright law, the work being protected must be original, while in patent law, for protection to be granted, the invention must possess an element of novelty, surpassing the known level of the art. Similarly, for a sign to be protected as a trademark, it must possess distinctive character, meaning it can precisely identify the product or service it distinguishes and sets it apart from other products or services.

Therefore, based on the above, it becomes apparent that the individual branches comprising intellectual property law, although falling under the broader framework, must be treated as entirely distinct areas of law. They encompass separate rules and provide different types of protection, both for the individual (the creator) and the outcome of their creativity.

## *Copyright - The intellectual property*

Subsequently, the main points of protection provided by Greek law for the right of intellectual property (copyright) are briefly outlined:

### *What is protected by copyright - How the creator's right is born on their work - Duration, creators. The law of intellectual property includes rules that protect works of literature, art, and science.*

Copyright covers any original intellectual creation of literature, art, or science expressed in any form. Therefore, a work must:

1. Be an intellectual creation, resulting from human intellect and thought.

2. Be expressed in any form (e.g., written text, musical composition, painting, theatrical work, architectural design, etc.) - after all, it is the form of the work, its specific manifestation, that is protected.

3. Be original. The law does not define what is considered original, but according to Greek jurisprudence, for a work to be deemed original, it must exhibit a minimal threshold of creative style that elevates it beyond the commonplace

It should be noted that the concept of originality is defined only in computer programs, which are considered original if they are the personal intellectual creations of their author.

Regarding the acquisition of the creator's right to intellectual property on their work, it is acquired automatically and primarily through its creation, without any additional formalities. In contrast to the formal system applicable to industrial property, where rights to a trademark or invention are acquired through the acquisition of a patent or trademark registration, respectively, in the field of intellectual property law, no formalities are required as the creator's right is automatically acquired. For example, in the case of a written text, the author acquires intellectual property rights to it the moment they put the first word on paper.

The protection of a work lasts throughout the lifetime of the creator and for seventy years after their death."

## *The moral and economic rights of the creator.*

The creator, through the creation of their work, acquires copyright, which includes exclusive and absolute rights: the right to exploit the work (economic right) and the right to protect their personal bond with it (moral right).

The moral right ensures the personal bond between the creator and their work, which is inalienable during their lifetime, and after the creator's death, it passes to their heirs, who are obliged to exercise it according to their wishes. The law on intellectual property defines in detail the powers granted by the moral right to the creator, including the following indicative rights:

i. The right to decide the time, place, and manner in which the work will be made accessible to the public (publication).
ii. The right to be recognized as the author of the work.
iii. The right to prohibit any alteration, abridgment, or other modification of the work, etc.

The economic right of the creator includes the right to the economic and commercial exploitation of their work. In this regard, the law specifies the particular powers granted by the economic right to creators, including the power (right) to authorize or prohibit:

i. The recording and direct or indirect, temporary or permanent reproduction of their works by any means and in any form, in whole or in part.
ii. The translation of their works.
iii. The adaptation, arrangement, or other transformations of their works.
iv. The rental and public lending rights concerning the original or copies of their works, etc

## *The Ways Of Economic Exploitation Of The Work*

The creator of the work has specific options regarding its economic exploitation, commonly including:

1. Non-exclusive or exclusive licensing of the property right over the work, either in its entirety or in part. It should be noted that the object of exploitation is solely the property right and not the moral right of the creator.

2. Complete assignment of the property right as a whole or of one or more specific property powers.

Licenses of exploitation can be exclusive or non-exclusive, they can cover all property powers or some of them, and they can be granted for a specific period or with a specified territorial scope. Exclusive licenses grant the contracting party the right to exercise the granted powers to the exclusion of any third party, while non-exclusive licenses allow the creator or any third party to exploit the work in the same form.

The alternative option is the transfer of the property right over the work. The transfer involves the alienation of the creator from their work, to the extent determined in the relevant agreement. In this case as well, the transfer can encompass all powers deriving from the property right or be limited in terms of powers, territorial scope, duration, etc. In practice, for example, the creator of a literary work can transfer the right to publish their work to one person and the right to translate it into another language to another person.

### *Protection of software under the system of intellectual property rights.*

Specifically, software is protected as a 'work' under intellectual property rights. According to the law, computer programs are considered 'works of literature protected under copyright provisions.' In practice, what can be protected by software creators is the form of expression, specifically the interface of each computer program. However, ideas and principles underlying a computer program, as well as algorithms and the exact source code, are excluded from legal protection. Therefore, variations in the source code or the use of another programming language to achieve similar technical solutions with minor interface differences should be considered permissible without violating the software creator's copyright. Regarding the commencement of software protection under the intellectual property protection system, it is acquired from the moment of its creation, from the preparatory material to the final product, without requiring any additional action on the part of the creators. In practical terms, for the final software product, it is sufficient to place the symbol © in a prominent position, along with the year of creation and the name of the rights holder. Of particular interest is the regulation provided by the law for cases where software is created by a natural person in the context of an employment contract or according to the employer's instructions (work-for-hire contract). In such cases, if the software is created within an employment contract, all the rights are automatically transferred to the legal entity, unless otherwise agreed upon by the parties. On the other hand, if the software is developed by a freelancer for a legal entity within a work-for-hire contract, unless otherwise agreed upon, the software belongs fully to the independent professional who created it. The duration of software protection falls under the general copyright protection rules.

## *Patents*

The main points of protection provided by Greek law for an invention through a patent are briefly outlined as follows:

## *What is protected by a patent and types of patents*

As already mentioned, intellectual property law encompasses a broader field of law that includes regulations protecting trademarks, distinctive signs, as well as inventions, or more specifically, patents.

Similar to trademarks, inventions can be protected at the national, European, and international levels by obtaining corresponding patent rights. Particularly in the case of international registration, there is no unified procedure, but rather the submission of respective applications in each country of interest.

However, before we delve into the procedures for obtaining these patents, let's take a look at what exactly can be protected by a patent. To acquire a patent, the invention must be new, involve an inventive step, and be susceptible to industrial application. An invention is considered new if it does not belong to the state of the art. The "state of the art" refers to anything that is known anywhere in the world through written or oral description or by any other means before the date of filing the patent application or the priority date. Thus, it is particularly important that if your idea can be protected by a patent, no public disclosure of it occurs before the filing date of the application.

An invention is considered to involve an inventive step if, according to the judgment of an expert in the field, it does not obviously arise from the state of the art. It is deemed industrially applicable if its subject matter can be produced or used in any field of productive activity. The law explicitly states the cases in which a patent is not granted. Notably, these include discoveries, scientific theories, aesthetic creations, and computer programs, although the latter will be addressed separately below. Nevertheless, it is crucial to keep in mind that the idea itself is not protected. Therefore, if you do not find a new and innovative technical implementation of your idea, it cannot be protected by a patent.

The competent organization in Greece for granting patents is the Industrial Property Organization, while the European Patent Office (EPO), headquartered in Munich (with offices in The Hague, Berlin, Vienna, and Brussels), is responsible for Europe. The EPO was established under the Munich Convention. However, a significant difference between the Community Trademark, which will be discussed below, and the European patent is that while the former provides immediate protection to the right holder with a single application in all EU member states, the same does not apply to the latter.

Specifically, to obtain a European patent, the countries in which the invention will be protected must be declared during the application process (not at the time of filing). It should be noted that the signatory countries of the Munich Convention (European Patent Convention, EPC) do not necessarily coincide with EU member states. For example, Turkey, Norway, Albania, and many other countries have signed the European Patent Convention, with Serbia being the latest signatory in 2010. Currently, a total of 38 countries have accepted the EPC, and they can be found on the website of the European Patent Office. Therefore, in this case, the procedure is not automatic but involves the selection by the applicant of the individual countries in which they wish to protect their invention.

## *National and European Patent - Acquisition Process*

The national patent, as mentioned earlier, provides protection at a national level, so this option is preferred for exploiting the invention within Greek territory, where domestic protection is sufficient. Regarding the process, the application for granting a patent is filed with the Hellenic Industrial Property Organization (OBI), even by the applicant themselves, without the presence of a lawyer. It is crucial for the fate of the application to have an accurate, clear, and complete description of the invention, as well as a careful and detailed development of the claims, which ultimately define the scope and content of the sought-after protection. A comprehensive guide for drafting the application and describing the invention and claims can be found on the website of the Hellenic Industrial Property Organization. However, in this process, it is recommended to use a lawyer, not necessarily for the "writing" of the patent, which must be done by a professional in the relevant field of the invention, but for ensuring compliance with formal requirements during the drafting and filing of the application. If the application is approved by the organization after checking primarily for the fulfillment of formal requirements, the national patent is granted, which is valid for the next 20 years.

Regarding the process for acquiring a European patent, every Greek citizen who believes that their invention meets the aforementioned requirements for granting a European patent must file a corresponding application with the European Patent Office (EPO). The application must contain a detailed and clear description of the invention, one or more clear claims that specify the subject matter of the desired protection, and other elements that are specifically regulated in the Munich Convention. Throughout the subsequent stages after filing, the applications are examined by the Filing Department of the European Patent Office to establish the filing date. European

patents are registered in the European Patent Register. The duration of the European patent is also 20 years and is calculated from the date of filing the application. It should be noted that the process of acquiring a European patent is time-consuming and quite costly. In this context, the process is expected to be completed after approximately 6 years from the filing. Moreover, in this process, the presence of a lawyer, a Patent attorney, is essential, who will be appointed at the European Patent Office (unlike the process with the OBI, where the presence of a lawyer is not mandatory)

### *Software protection in industrial property law (software patents)*

Specifically, regarding the protection of software through the acquisition of a patent, such possibility is not provided, as mentioned earlier, in the provisions of Greek legislation, which explicitly prohibit the granting of patents for software. However, there is the possibility of obtaining a European patent, as the relevant article of the Munich Convention excludes the possibility of patenting computer programs 'as such' (Article 52). In other words, the granting of a patent for software is excluded when the subject matter of the application is the software itself. Computer programs are considered inventions and can be protected through the acquisition of a European patent when they present a 'technical effect.' It is not entirely clear when computer programs present a technical effect, but what is certain is that over the years, the Office has shifted towards a more flexible approach to software as an invention. In this context, the current situation is that despite the explicit prohibition of the Convention, 30,000 or more European patents have been granted for inventions related to software. Another important parameter to consider, especially if there is intention for activity on the other side of the Atlantic, is that the US Patent Office has moved in exactly the opposite direction, granting patents for software almost indiscriminately. However, this situation has led to insurmountable difficulties for the software industry and years-long legal disputes, involving exorbitant amounts of litigation and settlement.

## *Trademarks*

Here, the main points of trademark protection provided by Greek law will be briefly outlined and summarized.

### *What is a trademark - its categories*

Simultaneously with the realization of an idea and its incorporation into a product or service, there is also the need to find a distinctive sign through which its commercial promotion will take place in the market. This task is accomplished by a trademark, which is an indication, in other words, that distinguishes the products produced or services offered by a company from the products and services of other businesses. Trademarks are classified into three categories: national, community, and international. The first provides protection to the rights holder within the territory of Greece, the second within the member states of the European Union, and the international provides protection within countries that have signed the Madrid Agreement (which regulates international trademarks). Specifically regarding national trademarks, they are further classified into subcategories based on their form. The most important ones are word marks, which are the most common and consist of one or more indications, and figurative marks, which may consist exclusively of graphic elements or combinations of verbal and graphic elements. Trademarks can primarily include words, names, pseudonyms, representations, designs, letters, etc. The most important aspect to consider when searching for a mark to be registered is that it must be original and have a distinctive character. On the other hand, there are indications that cannot be registered, such as generic terms (those that have become customary in trade), descriptive terms, those contrary to good morals, etc. Once the selected mark complies with the above, it must be verified that there is no prior identical or similar mark. Filed trademark applications are published in the online database of the Trademark Committee. In any case, although the filing process does not require the participation of a lawyer, it is advisable to collaborate with a specialized attorney who will assist in the research and proper filing of the application, ensuring a higher likelihood of successful outcome.

## *Process of acquiring a national trademark*

The application process is straightforward. Once the research is completed, either the rights holder or their lawyer fills out the application form, which is available on the website of the General Secretariat for Commerce, and submits it to the competent department of the Ministry of Development (Directorate of Commercial and Industrial Property - Trademark Service). Precise instructions for completing the application, as well as the required fees, are posted on the website of the aforementioned service. An important parameter during the preparation of the application is to carefully select the classes of goods or services in which the trademark will be registered, i.e., the categories of goods or services that the trademark will distinguish. The classification of goods and services is also posted on the relevant page of the General Secretariat for

Commerce's website. Upon filing the application, the Trademark Committee will examine it, and if there are no objections (prior conflicting marks), the application will be accepted. It should be noted that the application can now be filed online (see relevant guidelines at gge.gov.gr/). The right to the trademark is acquired through registration (publication) of the decision of the Committee that accepts it in the Trademark Register. Its protection duration is ten years and begins retroactively from the day following the date of filing. The protection of the trademark can be renewed every ten years upon your request accompanied by the renewal fee. In practice, this means that the mark can be used until it is published, preferably with the indication 'trademark pending.' However, the protection provided by the trademark starts retroactively from the aforementioned time point. In other words, since the use of the mark involves expenses, such as printing it on product packaging, it is necessary to consider the possibility of its rejection by the Committee and the consequences thereof (e.g., withdrawal of packaging). Furthermore, if a mark that has not been accepted is decided to be used, there is a possibility of a potential "attack" by rights holders of marks who believe that their marks are being infringed upon.

## *The Community Trademark*

In addition to the national trademark and the domestic protection it provides, there is also the option of the Community Trademark. The Community Trademark is recommended when a business intends to operate outside the national territory and, therefore, requires more extensive protection. The application for a Community Trademark can be submitted electronically, by sending a form, by fax, or by mail to the address of the Office for Harmonization in the Internal Market in Alicante, Spain. If this route is chosen, the higher economic cost must be taken into account. In this process, there is no mandatory requirement for legal representation. However, for the reasons mentioned above, it is recommended to collaborate with a lawyer specializing in trademark matters. The Community Trademark is acquired through a unified procedure (one application, one filing) and is valid in all Member States of the Community. Therefore, it is defined as an "all or nothing" process, meaning that it is either acquired for all member states or for none. In this process as well, the protection provided by the trademark begins retroactively from the publication of the application in the database of Community Trademarks, provided that the trademark is accepted by the competent committee’

### The International Trademark

Finally, if your business is going to operate outside the EU, you should also consider the option of filing an application for an international trademark. As mentioned earlier, unlike the Community Trademark, there is no unified procedure that automatically registers a trademark on an international level. The application is filed with the Ministry of Development, General Secretariat for Commerce, Directorate of Commercial and Industrial Property, International Trademark Filing Department, which is considered the country of origin for Greek trademarks. It is a prerequisite that the trademark is already filed or registered in Greece by a Greek citizen or resident, or for a company, to have a genuine establishment in Greece. The application for international registration is transmitted to the international office within two months of its receipt, and the international office forwards it to the respective national offices of the countries for which protection has been requested. These national offices make decisions exclusively within the framework of their country's jurisdiction and based on the national procedure. The signature of the application by a lawyer is optional; however, it is strongly recommended in this case as well. The relevant website provides all the steps for a successful application submission.

## *Other forms of protection: distinctive features, non-disclosure agreements (NDA), trade secrets*

In addition to the aforementioned standardized protection systems for intellectual property, direct or indirect protection can also be achieved through the following:

### *Distinctive Signs*

Distinctive signs are also subject to industrial property law. Distinctive signs include the name (corporate name, pseudonym), the trade name, which is the name under which a merchant conducts their commercial activity, the distinctive title of the enterprise, the domain name, product packaging, store logo, and others. The aforementioned signs are referred to as distinctive signs of the substantive system, in contrast to trademarks, which belong to the category of distinctive signs of the formal system.

**The main difference between these and trademarks is that they are protected through their use and establishment in business transactions, unlike trademarks,**

**which require following the formal procedure described above in the respective chapter in order to obtain protection**

Thus, in cases where a business activity has started and a product or service has been introduced to the market, but the brand used as a trademark has not yet been registered, there is still protection available. This protection is provided by the law for distinctive features (specific forms of protection will be discussed below). However, the protection offered by a trademark is stronger, and the process of protecting it in case of infringement by third parties is much faster. Therefore, it is recommended to obtain trademark protection.

**In order for a distinctive feature to be protected, three conditions must be met:**

- It must have distinctiveness. Similar to a trademark, a distinctive feature should not be common but rather possess a uniqueness that sets it apart from others.

- It must be used and established in trade. Establishing it in trade does not simply mean making it known to the public, but rather creating the perception that the specific distinctive feature distinguishes products and services of a particular business.

- There must be a risk of confusion with the use of a similar distinctive feature. Confusion arises when the public considers the distinctive features to be the same, leading to the mistaken impression that the products or services associated with them are provided by the same business.

**So, what can be done if it is believed that a third party is infringing upon the rights of a distinctive feature being used**? Distinctive features are primarily protected by provisions on unfair competition. If it is determined that a third party is indeed infringing upon the distinctive feature and if the conditions set by the law for the protection of distinctive features are fulfilled, the affected party can demand the cessation of the infringement and seek future prevention through legal actions. There are, of course, other provisions that protect distinctive features, as well as other legal means of protection and defense of the associated rights. However, providing a detailed account of these requires a legal analysis beyond the scope of this text.

## *The Non-Disclosure Agreement (NDA) as a means of protecting intellectual property*

Another way to protect intellectual property, which precedes its registration as a patent or trademark (in the case of industrial property), is through the signing of a Non-Disclosure Agreement (NDA). When an idea is discussed with any third party, it is necessary to require the other party to sign an NDA. As discussed in a previous chapter, it is essential to have a ready-made NDA template in the company's files. This adds professionalism and seriousness, which are crucial elements for closing a collaboration. Additionally, it allows you to be prepared at any time in case you need to disclose any aspect of your intellectual property. However, it's important to note that an NDA is not foolproof and does not provide absolute protection for confidential information (related to intellectual property) that may be disclosed to a third party. In practice, it is challenging to prove that the information leaked from the contracting party, unless it is a clear case of violating their obligation of confidentiality. Nevertheless, a signed document always acts as a deterrent in case the counterparty intends to disclose or use the intellectual property for their own benefit.

## *The Trade Secrets*

Before we discuss how trade secrets are treated in Greece, it is useful to provide a basic definition of trade secrets. Generally speaking, a trade secret refers to any confidential information of a business, whether of technical or commercial nature (sales methods, advertising strategies, customer and supplier lists, etc.), which provides a competitive advantage in the market. Especially for small businesses, trade secrets are of significant importance as they give them an edge in negotiations with third parties, whether for securing financial support or establishing commercial partnerships, considering that at the present stage it may be impractical to pursue the patent acquisition process and build a portfolio.

It should be noted that trade secrets, unlike inventions that can be protected by patents or literary works protected by copyright, do not grant the holder a specific right over them, resulting in limited means of protection in case of violation. If a third party uses them without the entrepreneur's consent, the basis on which the entrepreneur can take legal action against them lies either in the breach of the confidentiality obligation, if the trade secret was disclosed within the framework of a signed NDA, or through provisions regarding unfair competition.

As of now, there is no European legislation regulating the use of trade secrets or their potential infringement by third parties. Instead, each country, European or otherwise, applies its own rules, either through legislative regulations specifically addressing trade secrets or by allowing courts to evaluate each case individually. The most recent effort was made by the European Commission in November 2013, recognizing the need for introducing binding rules for the protection of trade secrets and acknowledging the increasing number of company complaints regarding theft of their confidential information. The Commission published its proposal, which includes a common definition of trade secrets and the available means of protection for trade secret owners who have been subject to improper use.

Once a common legislative framework is established, it is certain that0020small businesses, relying on trade secrets for their competitiveness and growth, will feel much more secure.

## What financing options are available for my company?

The startup needs capital to survive and evolve. Essentially, a business (corporate entity) is precisely that, the dedication of capital to serve a commercial purpose. However, because in the business world no one survives by remaining stagnant, the company constantly needs new capital, both to meet its existing needs and to support its efforts to enter new markets, develop new products or services, and so on. But what happens when the income from the company is not sufficient to cover its investment (often, unfortunately, including operational) needs?

For such cases, fresh capital will be required. The use of these funds, once acquired, can vary: operational needs may need to be covered, especially during the early stages of the startup when it is still either developing its product/service or simply hasn't achieved enough sales. However, the startup may already be doing well, but it is believed that with a little more money, for example, to expand internationally or acquire new tools, it could do even better. Through its activities in the market, an opportunity may also arise, such as acquiring a competitor or relocating to a new headquarters, but it cannot be financially addressed. The above list is indicative - its purpose is to show that the search for sources of funding will be one of the main, if not the most important, concerns. This search will never stop - as soon as a source of

funding is secured, the research for the next one begins. The ultimate goal is not only to meet the immediate or foreseeable needs but also to have the ability to address unforeseen future needs.

As indicative as the list of needs that may need to be covered with the available liquidity is, the list of potential sources of financing can be equally indicative. Market conditions, ingenuity, and even luck can highlight significant opportunities. These alternatives multiply during periods of economic crisis, such as the present, when "institutional" funding sources become scarce. For this reason, the following subsections will present the most common, at least today, sources of financing for a startup, with the clarification (and hope) that life and entrepreneurship may add many others to the list.

## *Self-funding – Equity capital increase*

The most obvious source of financing is the entrepreneur themselves (i.e., you) who believes in their idea and is willing to invest additional capital in it. In other words, if the startup has used up all its capital or is planning to do so in the near future (there are legal limits, after all), a decision must be made whether to invest more money or not. This decision can be easy or difficult. It may be easy, for example, if the startup is doing well (according to its goals) but is facing temporary, predictable or unpredictable liquidity problems. It may also be easy, for different reasons, if there are no additional funds available or cannot be found to invest in the company. The answer is roughly the same if it involves a partnership, and the financial inability concerns only some of the partners (the decision may be easy, but dealing with the situation may not necessarily be). Nevertheless, the decision to invest more money in the startup is often a difficult one.

Technically, the way to do this is through an increase in the startup's equity capital. While the startup initially had a certain amount of capital divided into a certain number of shares or stakes, it will now have a larger capital and more shares or stakes. The number of additional shares or stakes depends on whether there will be an increase in the "nominal value" of the shares or stakes or the so-called "above-par increase." In the first case, the new total capital continues to be divided by the value of one share or stake, as stated in the bylaws, while in the second case, the value of the share or stake differs from the nominal value (it is higher, so the company will have fewer shares or stakes than in the previous case).

To increase the equity capital of the corporate startup, the assistance of an accountant will be necessary, and possibly also that of a lawyer. The accountant will verify the accuracy of the numbers (total capital, number of shares or stakes, and percentages) and provide information about tax obligations. The lawyer will help modify the company's bylaws and execute the necessary procedures within and outside the startup (possibly, if it is a straightforward case, it can be done solely under the guidance of the accountant). The money must be deposited immediately into the company's treasury, and the payment must be officially confirmed (the technical method of increasing capital, such as issuing fixed contributions or in-kind contributions, is not relevant here, as the focus is not on the amount of capital but on finding liquidity). From there on, the money can be used in any way. This freedom, which is usually absent from the options that will be presented later, along with the fact that the startup remains in the hands of its founder or founders, makes this case the ideal source of financing for the company, assuming the funds are available.

## *Bank loans*

Bank loans are the obvious source of financing for businesses (and professionals) in Greece today. The organization of the Greek market is structured based on the assumption that entrepreneurship is funded by banks, and this is achieved through loans. There isn't much to say about this matter since the practice is customary: an application is submitted, and if the application is accepted, a loan agreement is signed with the bank. Typically, the agreement is accepted "as is," with the possibility of negotiation only regarding the numbers but not the terms. The "technical aspects" of the agreement may vary, and in practice, the exact details may not need to be understood. Although there is a (sometimes significant) difference if it is an overdraft, a current account credit, the issuance of promissory notes, or even a credit card, it is the practice and the accountant that will provide relative assistance if the entrepreneur is unfamiliar with these concepts.

### *Bank loans are loans, not investment tools.*

The fundamental idea of a loan is that the lender provides money to the borrower to use as they wish and expects them to repay it with interest. From this, certain conclusions can be drawn, which are often overlooked in practice, such as:

i. The loan must start being repaid regardless of whether the business is ready or not - any grace period or other forms of payment, such as interest-only periods or balloon loans, do not change the fact that there are specific payment dates that must be met.
ii. The loan can theoretically be used for any purpose, but in practice, it is very likely that the bank will impose restrictions.
iii. Loans involve a quantifiable debt. In other words, it must be clear what and when will be paid in full.

Again, innovative practices can create different structures (e.g., loans linked to bonds or convertible loans), but if an entrepreneur sticks to a conventional loan, then the risk can be quantified.

### *Bank loans are (not) owed solely by the company*

Although in theory, the company owes the bank for the bank loan, and therefore not the founders, shareholders, or partners personally, the rule in practice is exactly the opposite: it is rare, extremely rare today, for a bank to enter into a loan agreement with a startup without requesting the founders, shareholders, or partners to co-sign as guarantors. Therefore, if the company finds itself unable to make payments, the bank can turn personally against the guarantors and their personal assets. This practically means a complete reversal of the rule that the company is only liable with its own assets - a very serious consideration and acknowledgment that the entrepreneur should contemplate on their own or with their advisors.

### *Different countries apply different systems.*

Everything mentioned above relates to the Greek market and the Greek banking system as we know them today. Things may change in the future. However, what must be taken into account is that the above does not apply outside Greece. Each country implements its own policies, although a loan remains a loan that must eventually be repaid with interest, the terms and securities vary from country to country. Therefore, if an entrepreneur happens to approach a foreign bank, outside Greece, they must thoroughly inform themselves and engage local advisors who will explain and assist them.

## Non-bank lending

If the above seems complex (referring mainly to personal guarantees by founders), there is always the option to find a third-party non-bank lender who believes in the startup and is willing to provide funding. After a strong and explicit warning to avoid known pitfalls (no matter how difficult things may seem, they can always get worse...), the next piece of advice concerns the fact that it will be necessary to seek assistance from either an accountant or a lawyer to draft the respective contract. Under no circumstances should the contract be drafted solely by the entrepreneur or not be drafted at all (it should be noted that a contract cannot be replaced by a bank account transaction). This also applies if the lender is a relative. Therefore, the costs should include not only the fees of the advisors but also the taxes (and after all, even bank loans have costs), and only after all these steps have been taken, can one proceed confidently.

## *Guarantees, letters of credit*

Guarantees or letters of credit are complex financing tools, mentioned here for the sake of completeness, and therefore, before using them, the necessary knowledge or the advice of an accountant and a lawyer should be sought. Their basic idea is not immediate financing but rather securing an agreement where a reliable third party guarantees to a business partner that the startup will fulfill its promises. The most straightforward use involves a bank (the reliable third party) guaranteeing to a client, through a letter given to the entrepreneur to hold, that the client will execute the order just given; otherwise, the bank will pay a predetermined amount to the client. If something goes wrong in the relationship between the entrepreneur and the client, the client is entitled to take the letter to the bank and claim the amount, which will be paid without questions or objections. A similar function is performed by a letter of credit. Practically, the difference lies in the fact that a bank usually provides the guarantee letters, while a letter of credit is typically an "informal" document provided by a (large) private company, for example, a parent company for its subsidiary.

However, where does the financial function lie in all this? Indeed, given the current conditions, the functioning of the above tools is more likely to deprive rather than provide financing to a startup. For a bank to issue a letter of guarantee (where it promises to pay a certain amount to a third party if something the bank does not control happens), it usually requires the entire related amount to be deposited and

tied up - depriving the entrepreneur of valuable liquidity. That is also the reason why several community and national investment programs and initiatives try to find alternative sources for issuing guarantee letters - as they often require significant collateral and are difficult to obtain. This is precisely where their financial function lies, as mentioned earlier: if access to guarantee letters, and especially favorable access, is secured, then a significant financial tool for the company has been indirectly secured.

## *Subsidized programs*

**(ESPA - ELANET - RESTART FUND)**

Just like with guarantee letters, subsidized programs can vary greatly among themselves, and many of them may not serve as direct sources of funding for a startup. In theory, a subsidized program does exactly what its title suggests: it subsidizes participants to do something. The subsidy can be used for various purposes, such as purchasing equipment, hiring employees, finding and setting up a new office, or conducting research and utilizing research results. These programs can be community (EU) programs, national programs, regional programs, etc. The same applies to investment laws. In other words, the rule is that there is no rule.

For this reason, it doesn't make sense to examine them thoroughly. Here, we will briefly mention certain points that should be taken into account.

**Familiarity with the terms of each program.**

As a general rule, it is necessary to collaborate with a specialized advisor to undertake and execute subsidized programs. Nevertheless, the entrepreneur should not be completely uninformed. They should read and learn as much as possible, regardless of whether they have an advisor or not.

**Careful and realistic observation of the financial aspects.**

Subsidized programs, being "political" tools by nature, operate with marketing criteria. They highlight their benefits and either remain silent about or downplay their limitations. However, these limitations can ultimately trap the beneficiaries. For example, if the subsidy is intended for equipment purchases and the entrepreneur must first pay the full amount and then receive a reimbursement based on a paid

invoice, the financial gap in the bank account must be taken into account. Similarly, if new employees must be paid regularly and the subsidy arrives periodically, it is necessary to consider the financial implications. It should also be checked whether a guarantee letter is required for the subsidy to be approved. For all these reasons, special attention should be given to the terms of each program, and the factor of the "Greek public" should be taken into account regarding the consistency of payments.

**Estimating the actual cost.**

No subsidized program is executed easily. In practice, due to past experiences, bureaucracy and controls are exhausting, and the effort and expenses on the part of the beneficiary are given and should be considered when deciding if the subsidized program is truly necessary.

**Each subsidized program has commitments and restrictions that limit flexibility.**

Subsidized programs, precisely because they are "political" tools, have objectives that they aim to secure by any means necessary. For example, the beneficiary may be required to continue existing as a company for several years after the program's completion. Or there may be an obligation to retain employees for a certain period after the program ends. The funds may need to be spent within Greece (or the European Community). At the very least, a European flag may need to be displayed at the entrance of the business. All of these conditions, stated in the corresponding contract, represent commitments that extend beyond the program itself and reduce flexibility. In other words, it will not be possible to close the company, dismiss employees, or relocate the business abroad. If any of these actions are taken, the subsidy will need to be returned

## *Recovery and Resilience Fund (RRF)*

The Recovery and Resilience Fund (RRF) is the main pillar of the Next Generation EU (NGEU) initiative, which, combined with the Structural Funds, constitutes a comprehensive package of resources to support European economies in the post-pandemic era. The total investment resources of the Recovery and Resilience Fund amount to €31.2 billion, of which €12.7 billion will be allocated as commercial loans for the development of investment projects in five pillars: Green Transition, Digital Transformation, Resilience, Development of Scalable Economies, and Innovation.

Eligible beneficiaries of these loans include all businesses, existing and new, regardless of size and legal form.

## *National Recovery and Resilience Plan*

The Greek Recovery and Resilience Plan (Greece 2.0) aims to contribute to a paradigm shift in the Greek economy and institutions through ambitious reforms and investments towards an outward-oriented, competitive, and green economic model. It is a fundamental economic and social transformation that impacts economic activity, as well as technologies, behaviors, and institutions. It represents a transition that combines economic efficiency with social cohesion and justice.

The Greece 2.0 Plan aims to mitigate the economic and social impacts of the COVID-19 crisis, address existing gaps, and strengthen development, job creation, and economic and social resilience."

https://greece20.gov.gr/proskliseis-xrimatodotisis/

### *Actions of the Plan*

#### 1. Program "Digital Transactions"

The program supports small and medium-sized enterprises operating within the Greek territory in adopting modern digital tools that support processes such as invoicing, issuing tax documents, and conducting electronic payments.

https://greece20.gov.gr/?calls=programma-psifiakes-synallages

Submission period: 22/06/2022 –

### 2. Program for Supporting Businesses to Employ 10,000 Long-Term Unemployed Individuals aged 45 and above, in high-unemployment areas.

The objective of this action is to create 10,000 new full-time job positions by hiring long-term unemployed individuals, registered with the Ministry of Labor's unemployment registry, who are aged 45 and above, in high-unemployment areas of the country.

https://greece20.gov.gr/?calls=programma-epichorigisis-epicheiriseon-gia-tin-apascholisi-10-000-anergon-poy-antimetopizoyn-empodia-stin-entaxi-i-epanentaxi-toys-stin-agora-ergasias

Submission period: 07/12/2022 –

### 3. Smart Manufacturing

The goal of this action is to accelerate industrial transition by digitizing operational and production functions, aiming to increase the competitiveness of businesses and create a resilient industry.

https://greece20.gov.gr/?calls=exypni-metapoiisi

Submission period: 07/12/2022 - 01/02/2023 – Inactive

### 4. Green Agrotourism

This action focuses on "Tourism Activities" by providing investment support to projects in the tourism sector that connect the primary and secondary sectors with the tertiary sector, creating a new tourism product

https://greece20.gov.gr/?calls=prasinos-agrotoyrismos

Submission period: 19/07/2022 - 30/09/2022 – Inactive

### 5. Program "Development of Digital Products and Services"

The "Development of Digital Products and Services" program supports investment projects for the development of new products and services in the field of information and communication technology (ICT), aiming to:

- Enhance healthy entrepreneurship through the utilization of ICT.
- Strengthen the ICT sector in terms of competitiveness and internationalization.
- Create new digitally-based products and value-added services with strong commercial prospects and sustainability.

https://greece20.gov.gr/?calls=programma-anaptyxi-psifiakon-proionton-kai-ypiresion

Submission period: 22/06/2022 - 31/12/2022 – Inactive

### 6. Digital Tools for SMEs

The program supports small and medium-sized enterprises by providing vouchers for the acquisition, through purchase or leasing, of new digital tools.

https://greece20.gov.gr/?calls=psifiaka-ergaleia-mme

Submission period: 22/06/2022 - 31/10/2022 – Inactive

### 7. Modernization of the Primary Sector

The project covers a wide range of private investments in the primary and agri-food sector of the country, primarily focusing on the production of quality agricultural products, enhancing their competitiveness, and facilitating their entry into new markets to meet consumer food demands.

https://greece20.gov.gr/?calls=eksygchronismos-toy-protogenoys-tomea

Submission period: 15/09/2022 - 30/09/2022 – Inactive

### 8. Crop Restructuring

The program supports the restructuring of agricultural cultivations in SME agricultural holdings by promoting crops that are resilient to climate change and produce products with a strong export character.

https://greece20.gov.gr/?calls=anadiarthrosi-kalliergeion

Submission period: 20/09/2022 - 01/11/2022 – Inactive

### 9. Innovation and Green Transition in the Processing of Agricultural Products

This action provides support for the processing and trade of agricultural products as well as non-agricultural products.

https://greece20.gov.gr/?calls=kainotomia-kai-prasini-metavasi-sti-metapoiisi-agrotikon-proionton

Submission period: 15/06/2022 - 30/09/2022 – Inactive

### 10. Saving through Entrepreneurship

The action aims to support initiatives to improve the energy efficiency of small and medium-sized enterprises, with a target of achieving a minimum of 30% energy savings. It includes energy upgrades of buildings, energy improvements in production processes, heat recovery systems in production processes, installation of "smart" energy systems, electric distribution vehicles, etc.

Submission period: To be announced

Action Pre-announcement: https://ypen.gov.gr/exoikonomo-epicheiro/

## *Development Law 4887/2022*

he purpose of the new Development Law 4887/2022 (Article 1) is to promote the economic development of the country by providing incentives for specific activities and sectors, aiming to achieve digital and technological transformation of businesses, green transition, the creation of economies of scale, support for innovative investments, and the introduction of new technologies of the "Industry 4.0," robotics, and artificial intelligence. It also aims to support employment with specialized personnel, promote new entrepreneurship, support disadvantaged areas of the country and areas included in the Just Transition Development Plan (JTD), further enhance tourism, and improve competitiveness in high-value-added sectors

https://ependyseis.mindev.gov.gr/el/idiotikes/p/genika

Investment projects falling into the following new categories are supported:

### 1. *Digital and Technological Transformation of Businesses*

Investment projects should upgrade existing technological units, introduce new digital functions and processes, and combine production methods with modern information and communication technology.

https://www.ktpae.gr/wp-content/uploads/2022/06/KYA-FEK-B-2798.pdf

### 2. *Green Transition - Environmental Upgrading of Businesses*

Investment projects are supported that focus on activities in the circular economy and sustainable development, adopting technologies that contribute to environmental protection and the energy upgrading of business units.

Development Law 4887/2022 (ΦΕΚ16/A/4-2-2022)

### 3. *New Entrepreneurship*

Investment projects should fall within the sectors of primary production, processing of agricultural products, fisheries, research and innovation, digital and technological equipment, processing, and supply chain.

Development Law 4887/2022 (ΦΕΚ16/A/4-2-2022)

### 4. *Just Transition*

Investment projects implemented in the areas covered by the Regional Just Transition Plans (Northern Aegean and Southern Aegean Regions, Crete Region, Municipality of

Megalopoli, Regional Units of Kozani and Florina) are supported with the aim of promoting employment, regional development, and the transition to a climate-neutral economy.

Development Law 4887/2022 (ΦΕΚ16/A/4-2-2022)

## 5. *Research and Applied Innovation*

Support is provided to all investment projects that promote research and encourage the development and application of ideas and technologies that improve goods and services, making production more efficient.

The eligible projects contribute to technology development, the provision of services through technological development, the production of innovative products, the introduction of procedural or organizational innovations, the utilization of research results, the increase in employment, and the creation of high value-added job positions

Αναπτυξιακός Νόμος 4887/2022 (ΦΕΚ16/A/4-2-2022)

## 6. *Agri-Food - Primary Production and Processing of Agricultural Products - Fisheries and Aquaculture*

The purpose of this regime is to support entrepreneurial activities in primary agricultural production and the processing of agricultural products.

https://www.pdm.gov.gr/wp-content/uploads/2022/10/pdm-agrodiatrofi-protogenis-paragogi-metapoiisi-alieia.pdf

## 7. *Processing - Supply Chain*

The purpose of this regime is to support all investment projects in the field of processing, excluding the processing of agricultural products covered by a specific regime, and investment projects in the supply chain sector, aiming at technological,

productive, administrative, and organizational upgrading, as well as innovative and outward-looking development and growth, with the goal of enhancing the competitiveness of businesses in the domestic and international markets.

Development Law 4887/2022 (ΦΕΚ16/A/4-2-2022)

## 8. Business Internationalization

Investment projects targeting market penetration in foreign markets through the export of products or services are supported. Eligible businesses are those engaged in outward-looking activities in a percentage to be determined in the regime's call.

Development Law 4887/2022 (ΦΕΚ16/A/4-2-2022)

## 9. Tourism Investments

The purpose of this regime is to provide support to a wide range of tourism investments mainly related to the creation, expansion, and modernization of integrated tourist accommodations throughout the country, with the aim of upgrading the quality of the tourism product.

https://www.espa.io/wp-content/uploads/2022/09/enisxysi-touristikon-ependyseon-anaptyxiakos-nomos-4887-2022.pdf

## 10. Alternative Forms of Tourism

Τα υπαγόμενα επενδυτικά σχέδια αφορούν:

Eligible investment projects include:

1) Facilities of special tourist infrastructure, such as conference centers, golf courses, marinas, ski resorts, theme parks, thermal tourism facilities (thermal treatment units, thermal tourism centers, seawater therapy centers,

rejuvenation centers - spas), sports training tourism centers, mountain shelters, highways as defined in Law 4276/2014 (A'155),

2) Agrotourism or wine tourism or geotourism facilities,

3) Outdoor tourism accommodations of the glamping type.

Development Law 4887/2022 (ΦΕΚ16/A/4-2-2022)

## *11. Major Investments*

Large-scale investment projects in eligible sectors, excluding agri-food - primary production and processing of agricultural products, fisheries, processing of the supply chain, support for tourism investments, and alternative forms of tourism, are supported provided that the total budget of eligible expenses exceeds €15,000,000.

Development Law 4887/2022 (ΦΕΚ16/A/4-2-2022)

## *12. European Value Chains*

Investment projects falling within the fields of European strategic value chains (microelectronics, high-performance computing, accumulators, connected and autonomous vehicles, cybersecurity, personalized medicine and health, low-carbon industry, hydrogen, Internet of Things) are supported.

Development Law 4887/2022 (ΦΕΚ16/A/4-2-2022)

## *13. Entrepreneurship 360*

The purpose of this regime is to support all investment projects falling under it, except for specific categories that have their own special regimes. It involves the implementation of initial investments and the possibility of additional expenses for the benefit of entrepreneurial initiatives and the national economy.

https://ependyseis.mindev.gov.gr/uploads/photos/fek-6872-v-2022-epixeirhmatikothta-360.pdf

## *Hellenic Development Company (ELANET) and Intermediate Body for Operational Programs of Competitiveness and Entrepreneurship (EFEPAE)*

### *Hellenic Development Company (ELANET)*

The Hellenic Development Company (ELANET) is a non-profit urban company established in June 1992 by the Federation of Hellenic Enterprises (SEV), the Hellenic Bank Association (HBA), and the Panhellenic Federation of Hoteliers (POX). Since 2009, ELANET has been a partner of EFEPAE (Intermediate Body for Operational Programs of Competitiveness and Entrepreneurship) and, in this context, manages state aid measures under both the NSRF 2007-2013 and NSRF 2014-2020, with a geographical responsibility for the regions of Attica, Northern Aegean, and Southern Aegean.

The main purpose of the company is to support the beneficial participation of the private sector in programs and initiatives of the European Union, as well as to ensure their implementation in a manner compatible with the rules and specifications set by the EU and the respective contracting authority. To achieve its goal, ELANET acts as an Intermediate Body and, according to current legislation, is responsible for monitoring and managing investment projects implemented by individuals and private enterprises.

https://www.elanet.gr/

### *Intermediate Body for Operational Programs of Competitiveness and Entrepreneurship (EFEPAE)*

The Intermediate Body for the Operational Program of Competitiveness and Entrepreneurship - EFEPAE is a non-profit urban company that manages State Aid. The objective of EFEPAE is to provide high-quality management services for the

implementation of Aid Measures of the respective Operational Program to the Contracting Authority. The Body consists of the following seven partners:

- Hellenic Development Company (ELANET), based in Athens. https://www.elanet.gr/
- Management Body of European Programs Western Greece - Peloponnese - Epirus - Ionian Islands (DIAHEIRISTIKI), based in Patras. https://www.diaxeiristiki.gr/
- Center for Business and Cultural Development - Development Union of Macedonia (CEPA - ANEM), based in Thessaloniki. http://2007-13.e-kepa.gr/frontend/index.php
- Project Management for SMEs Support - Economic Consultancy Eastern Macedonia - Thrace (DESM-OS), based in Komotini. http://www.desm-os.gr/
- Development Management Agency of Sterea Ellada and Thessaly (ANDIA), based in Lamia. http://www.andia.gr/
- Development Management Company of European Programs of Thessaly and Sterea Ellada (AEDEP), based in Volos. https://aedep.gr/
- Support and Development Company of Crete Businesses (Development Crete), based in Heraklion. http://ank.gr/gr/home.asp?p=3-1

https://www.efepae.gr/frontend/index.php

## *Actions*

### 1. Transport Equivalent (M.I.)

Transport Equivalent (M.I.) is a measure aimed at equating the cost of transportation for passengers and goods by sea with the cost that would apply for the same distance by land mass transportation.

Submission period: Open continuously

2nd Financing Phase Application submission period: To be announced

https://www.elanet.gr/wp-content/uploads/files/sitefiles/draseis/MI/MI_YA_trop_120123.pdf

## 2. Call for Actions 'Digital Transformation of SMEs'

The Action Package 'Digital Transformation of SMEs', with a budget of €300,000,000, aims to address the lag in Greek businesses' adoption and integration of modern digital technologies in their productive activities.

The Package is divided into three Actions:

**Action 1 - Basic Digital Transformation of SMEs:** Targets businesses that have not yet integrated significant information and communication technology (ICT) into their operations and aim to address basic deficiencies in applications and equipment.

See the Call here

**Action 2 - Advanced Digital Transformation of SMEs:** Targets businesses aiming to enhance their digital and technological maturity through integrated investments in new ICT that will upgrade their competitiveness.

See the Call here

**Action 3 - Cutting-Edge Digital Transformation of SMEs:** Targets businesses that have already incorporated ICT into many of their functions and now seek to implement integrated investments in cutting-edge technologies or solutions from the 4th industrial revolution.

See the Call here

Submission period for all three Actions: 23/02/2023 –

### 3. New Entrepreneurship

The Action aims to establish new small and very small businesses by unemployed individuals or natural persons engaged in professional activities without an employment or collaboration/partnership relationship.

http://epan2.antagonistikotita.gr/uploads/11_02_2016_Prokurhksh_Odhgos_Pararthmata_Neofuhs.pdf

Submission period: Inactive

### 4. Upgrading Existing SMEs

The Action aims to support existing small and micro-enterprises operating in the following eight priority strategic sectors of the EP Competitiveness, Entrepreneurship, and Innovation (EPAnEK):

- Agri-food/Food Industry
- Cultural and Creative Industries (CCI)
- Materials/Construction
- Supply Chain
- Energy
- Environment
- Information and Communication Technology (ICT)
- Health

http://epan2.antagonistikotita.gr/uploads/11_02_2016_Prokhruksh_Odhgos_Pararthmata_MME.pdf

Submission period: Inactive

### 5. Support for Tourism SMEs

The Action aims to support investment plans of existing small, medium, and micro-tourism enterprises in all sectors, for the modernization and improvement of their infrastructure and operations, the qualitative upgrading, enrichment, upgrading, and certification of the products and services they offer, in order to improve their position in the domestic and international tourism market.

http://epan2.antagonistikotita.gr/uploads/11_02_2016_Prokhruksh_Odhgos_Pararthmata_Tourismos.pdf

Submission period: Inactive

### 6. Entrepreneurship Toolkit

The purpose of this action is to support existing small and micro enterprises operating in retail trade, catering services, and private education and social care services, in order to upgrade their operational organization and functioning.

http://epan2.antagonistikotita.gr/uploads/20181220_ergal_epixeirhmatik_fl.pdf

Submission period: Inactive

### 7. Competitiveness Toolkit

The purpose of this action is to support existing small and micro enterprises in order to upgrade and improve their competitive position in the domestic and international market by investing in modernizing their production equipment and product certification.

http://epan2.antagonistikotita.gr/uploads/20181219_antagonistikothta.pdf

Submission period: Inactive

## 8. Support for SMEs in Attica due to Covid-19

Within the framework of this action, small and micro enterprises in the Attica region that were affected by the COVID-19 pandemic are supported. Public funding covers Working Capital equivalent to 50% of the company's expenses in 2019, with a minimum grant amount of €5,000.00 and a maximum of €40,000.00.

https://www.elanet.gr/wp-content/uploads/files/sitefiles/draseis/PEP_Attikis_Covid19/Covid19_Prosklisi.PDF

Submission period: Inactive

## 9. e-Retail

The purpose of this action is to subsidize SMEs for the creation or upgrading of an e-shop in order to:

- Support their operation during the COVID-19 pandemic
- Enhance the integration of digital technology and their digital transformation
- Avoid overcrowding in their indoor spaces
- Ensure the continuity of their economic activity during the COVID-19 outbreak and beyond.

https://www.efepae.gr/files4users/files/ESHOPS/20210212_034%CE%9A%CE%95_e-%CE%9B%CE%99%CE%91%CE%9D%CE%99%CE%9A%CE%9F_%CE%91%CE%A0%CE%9F%CE%A6%CE%91%CE%A3%CE%97%20%CE%A0%CE%A1%CE%9F%CE%A3%CE%9A%CE%9B%CE%97%CE%A3%CE%97%CE%A3.pdf

Submission period: Inactive

### 10. Green Upgrading of Athens Businesses

The purpose of this action is to support small and micro enterprises in the Municipality of Athens to upgrade their operations based on energy efficiency and bioclimatic design principles (Athens Business Green Toolkit). The aim is to create facilities/infrastructure for businesses that consume as little energy as possible, are environmentally friendly, provide the required safety and comfort to users, incorporate modern operational elements through innovation, and improve internal working conditions while promoting overall environmental upgrading of the urban environment.

https://www.elanet.gr/wp-content/uploads/files/sitefiles/draseis/PEP_Attikis_Green/Prokiriksi_Green_050521.pdf

Submission period: Inactive

### 11. Catering Restart

The purpose of this action is to subsidize SMEs and large enterprises in the catering sector to support them after the restart of their operations during the COVID-19 pandemic by providing necessary raw materials for their operation.

http://epan2.antagonistikotita.gr/uploads/PROKHRYXH_KEF_KINHSHS-ESTIASH.pdf

Submission period: Inactive

### 12. Tourism Restart

The purpose of this action is to subsidize SMEs and large enterprises in the tourism sector to support them after the restart of their economic activity during the COVID-19 pandemic by providing non-refundable assistance for part of their working capital.

http://epan2.antagonistikotita.gr/uploads/20210610_kef_kinhshs_tourismos.pdf

Submission period: Inactive

### 13. Support for Businesses Affected by Natural Disasters

The main objective of this action is to ensure sufficient liquidity for existing businesses that have been affected by the pandemic and are located in areas that have suffered significant natural disasters. The provided assistance aims to secure part of the required liquidity for the restart of local economic activities and the continuity of business operations during and after the COVID-19 outbreak, indirectly supporting the preservation of jobs.

http://epan2.antagonistikotita.gr/uploads/prosklhsh_plhttomenes_fysikes_kat.pdf

Submission period: Inactive

## *Other possibilities*

The passage you provided discusses the various funding sources for startups in the Greek market and emphasizes the importance of understanding the terms and conditions associated with each funding option. It mentions that corporate financing can be complex and unpredictable, and additional funding tools may arise. These tools can include traditional banking instruments or unconventional methods such as practices in trade or indirect funding through collaboration with customers or suppliers. The passage also highlights the emergence of internet-based crowdfunding platforms as a funding option.

It stresses the need for clear agreements and contracts that specify the terms of collaboration, especially regarding the exchange of funds and consideration. Questions regarding when and how the funds will be disbursed, any conditions for disbursements, and the form of consideration (e.g., loan repayment or equity) should be addressed. Additionally, the passage emphasizes the importance of clarifying the assurances provided by the founder or the startup itself, as well as seeking support from advisors such as accountants and lawyers during negotiations and drafting of agreements.

Overall, the passage highlights the diverse funding options available for startups, the importance of fully understanding the terms and conditions associated with each option, and the need for proper legal and financial guidance throughout the process to avoid mistakes and pitfalls.

ENTER FOR ALL

# Business Development Training and Support for Non - Native Small Business Owners