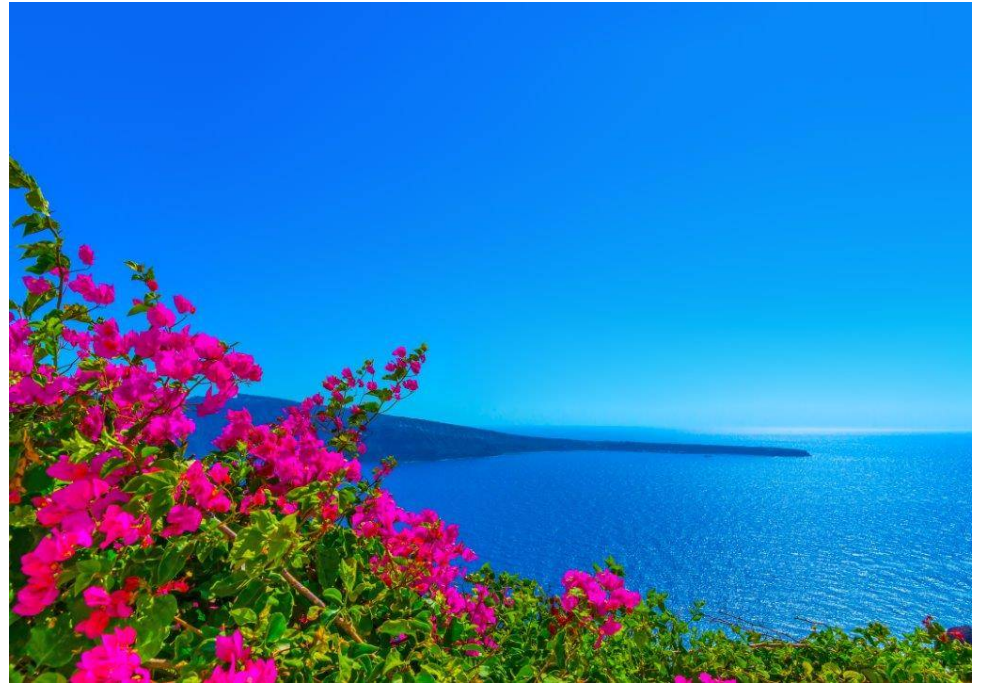


Prooptiki is a tax and accounting company. We provide industry-focused assurance, tax and advisory services for public and private clients primarily in the areas of: accounting & book keeping, tax compliance; risk management; corporate structuring; mergers and acquisitions; performance and process improvement.

Our website (www.prooptikisa.gr) is continuously being updated on legislative changes and deadlines regarding tax and labor law issues.



- With the newly passed Law, the framework of corporate transformations changes. Companies are more “liberated” in the sense mergers, splits, transformations of different companies become more flexible with procedures.
- As of 1/1/2019, a 10% reduction from 15% of the tax rate on dividends.

SERVICES OFFERED BY PROOPTIKI SA

- **Accounting:** A full range of accounting support in accordance with the Greek GAAP, "Code of Books and Records" and relevant legislation.
- **Tax Consulting:** A full range of tax services to cover all tax fields. Our Goal is to have the maximum benefits, with the minimum tax liabilities and risks, always in strict compliance with local legislation and Code of Books and Records.
- **Payroll:** Complete solutions in managing and issuing the payroll, full support as far as the obligations towards government funds are concerned and continuous and updated information on Labor Law/ Insurance issues
- **Business Consultancy:** We can help you with aspects such as:
 - ◆ What kind of entity to set up. Together we can find the most suitable structure for your business (limited company, partnership, sole trader, limited by shares company), or set up a branch of a foreign company
 - ◆ Business plans and cash flow forecasts
 - ◆ Business and management advice
 - ◆ Human resources consultancy
 - ◆ Provision of management information
 - ◆ Tax compliance and advise
- **Auditing:**
 - ◆ Internal audits, Management audits, Compliance audits
 - ◆ Cash flow, Due diligence, Financial Statements, Special audits.

A new law on corporate transformations was passed

As per new Law 4601/2019, published in the Government Gazette 44/9-3-2019, the reformation of the law is sought and to systematize in a single text the corporate transformations. In the current legislation (set of laws), only specific forms of transformation are envisaged for specific types of business entities, resulting that corporate law ignores a large number of possible transformations. Currently, corporate law remains fragmented across a wide range of corporate and tax law, with shortcomings, ambiguities, etc. Clearly there was a need for reformation, systematization of company transformations in a single, complete and compact framework with the aim of flexibility, new possibilities and efficiency for business operators. The new law changes the landscape to mergers, demergers, corporate transformations, and it is now possible to merge different types of companies.

Legal effects occur at the time of registration at GEMI. The new Law is divided into five (5) parts, one for each basic form of transformation and it will be effective from April 15th, 2019.

The new Law makes mergers, demergers and transformations possible for all types of legal entities.

The following corporate forms:

- a) Societe Anonymes (SA)
- b) Limited Liability Companies (LTD)
- c) Private Companies (P.C)
- d) General partnerships
- e) Limited partnerships
- f) Limited partnerships by shares
- g) Joint Ventures (Articles 293 of Law 4072/2012)
- h) European Companies of Regulation (EC) 2157/2001
- i) Urban Cooperatives
- (j) European Cooperative Societies

may undergo or participate in the following forms of transformation.

- a) Merger
- b) Demerger
- c) Conversion

Merger takes place either by absorption or setting up a new company.

Demerger is distinguished in common demerger, partial demerger and sector splitting.

Conversion is the act by which an entity, without being dissolved and put into liquidation, alters its legal form by maintaining its legal personality.

The tax incentives provided remain in force. The tax and incentive laws relating to transformations remain in force (Law 1297/72, Law 2166/93, Law 4172/2002 and other tax and incentive laws.

Nonetheless, it is necessary to follow an immediate alignment with tax and special incentives.

Profit distribution of a Societe Anonyme (S.A.)

The general idea, based on the introductory report, is to ensure that the distribution of profits is based on actual profits rather than any surplus value or other non-realized gains.

Amounts that can be distributed:

- Last-year results
- Undistributed profits of past years
- Reserves that are permitted and decided by the General Assembly to be distributed

Reduced by:

- The amount of credit items in the Income Statement that do not constitute realized earnings
- The amount of previous years' losses and
- The amounts required to be available for the formation of reserves, in accordance to the law and the Article of Incorporation.

No distribution to shareholders may take place provided that on the expiry date of the last financial year:

(a) The total equity as determined by law, is less than the amount of capital after such distribution.

b) $TOTAL\ EQUITY > CAPITAL + RESERVES + CREDIT\ LINE$

The amount to be distributed is paid to the shareholders within 2 months following the decision of the ordinary GA that approved the annual financial statements and decided the distribution.

The minimum dividend is set at thirty five percent (35%) of the net profit after write-offs for the formation of statutory reserves and other credit lines of the Income Statement that do not result from realized earnings.

By decision of the GA, taken with a quorum and majority of votes, the minimum dividend can be reduced from 35% to 10%.

Non-distribution of the minimum dividend is permitted only by decision of the General Assembly, which is taken with the increased quorum (50% of the paid-up capital in the first meeting or 33% in the repeat) and 80% of the represented capital.

Issue of Share Premium Accounts

For financing purposes, SA entities make an increase in share capital, which is covered either by new shareholders or by clients paying a share greater than the nominal value of the share, for which reason it is called the issuance of share premiums.

The reason for which a higher price is paid than the face value of the share is that it includes the acquired goodwill of the share.

The difference between the share premium and the nominal value of the share is called DIFFERENCE FROM SHARE PREMIUM ACCOUNTS.

According to opinion No.215/1994 of the NATIONAL ACCOUNTING BOARD, this difference constitutes the supplementary capital.

In relation to the above difference there are the following:

According to the provisions of Article 49 of recent Law 4587/2018, certain provisions of Law 4548/2018 concerning SA entities were amended. Specifically:

- Paragraph 3 of Article 35 reads as follows:

«The difference arising from the issue of shares at a price above the fair value cannot be disposed for the payment of dividends or rates, but may: (a) be capitalized; or (b) be offset against the loss of the company's losses unless there are reserves or other funds, that can be used by law to offset these losses »

"In addition, the share premium difference not only can be capitalized but also be offset against losses, as long as the company has no reserves or other funds that could be used against losses.

According to Directive 1238 / 2018

«with the No. 3015/2009 Decision of the State Council it was considered that, in the case of share premiums being issued, the acquirer's assets do not at the time of payment acquire rights of the same nature as those of the partners (rights to profits, voting rights, etc); and therefore, at the time of payment, the conditions of case (c) of paragraph 1 of Article 18 of Law 1676/1986 for the imposition of capital raising tax are not met.

Therefore, the tax liability arises at the moment of payment only for the nominal value of the shares, while the part relating to the difference between the share premium and the tax liability arises from the time when the difference is capitalized. Recent Decree No.1774/2018, in which the appeal was dismissed as inadmissible, validated the aforementioned judgment No. 3015/2009. »

Closing with the decision of Decree 1784/2018, the State Council decided that no "Capital Increase Tax" is imposed on the difference of share premium.

Reduction in employer contribution

By Ministerial Decision D.15 / D ' / 3220/72 / 26.02.2019, it was decided to implement a scheme for the payment of reduced employer's main pension contribution for employees of up to 25 years of age, therefore:

From 1.1.2019 the employer contribution is reduced by 6.66% for employees aged up to 25 years

- The reduction applies to wages and salaries of the private sector, with a fixed or indefinite-term contract, part or full-time employment and regardless of remuneration.
- There is no particular process for implementing the reduction. Reduced contributions are paid after the Analytical Periodical Statement (APS) with the reduced contributions is submitted. The Social Security authority (EFKA) subsequently checks for the reduction requirement.
- The above-mentioned reduced employer contribution is paid from the date of taking up the paid employment until the month the insured person's age completes its 25th year, if he / she remains with the employer until the above age limit is reached.

- If the date of taking up the paid employment is prior to the start of the scheme, the above contribution is paid less from 01.01.2019 and after.
- An employer who has paid a full insurance contribution while being entitled to a reduced, may request an offset or refund.
- In case of a late submission of the APS, penalties are imposed according to law, while in case of an overdue payment of insurance contributions during the scheme, surcharges are imposed only on the due contributions, not on the subsidized ones.
- An employer who violates the labor law is not entitled to the above reduction.

Nominal shares of Societe Anonyme (SA) entities- Actions in 2019

- From 1/1/2019, no unregistered shares are issued.
- Until 31/12/2019 registration of shares (typically 1/1/2020). By July 1st 2019 the latest, by Decision of the BoD, the company has the obligation to publish a notice via GEMI and other means, of how the shareholders or other beneficiaries should announce to the company their share rights so that they are recorded in the shareholder's book and issue new titles.

The BoD is required by its Decision to specify the manner of announcing the rights, the manner of issuing and the delivery of registered shares.

The shareholder in the company is considered as the shareholder registered in the shareholders' book.

- Except the name-surname, address, etc., the number and category of shares held by each shareholder is written.

If the BoD does not comply to above actions by 31/12/2019, each shareholder may request the court to oblige the company to register.

If by 31/12/2019 the shareholders or other beneficiaries have not announced their rights:

- The shares cannot be transferred
- Shares do not provide share options
- Pre-emption right does not apply
- The provision for individual information on forthcoming GAs (at least 10 days before the GA date) is not valid by registered letter.
- The provision for reception of financial statements etc. before the GA is not applicable.

Reduction of Social Security contributions (for main pension) of self-employed/non-employees as of 1.1.2019

- The insurance contribution for main pension of freelancers and self-employed persons:
 - ✓ decreases from 20% of today to 13,33%
- The insurance contribution of agriculturalists/farmers main pension is reduced to:
 - ✓ 12% for 2019,
 - ✓ to 12,67% for 2020,
 - ✓ to 13% for 2021 and
 - ✓ to 13,33% from 2022 onwards.
- The insurance contribution for main pension for young scientists for the first five years of their insurance,
 - ✓ decreases from 2019 to 13,33%, improving the current discount scheme.
- For all non-employees, the minimum contribution is applicable and is calculated as a percentage of the minimum wage
 - ✓ **586,08 € until 31.1.2019 and**
 - ✓ **650 € from 1.2.2019**