

Legislation for the creation and authorization of businesses

Interreg
Greece-Italy
European Regional Development Fund



"ICON WOM-EN" - Integrating Innovation and Promoting Cluster Organization in WOMen Enterprises

Action 4.2 Educational Platform - Action 4.3. Educational Material
Implementation: PIKEI OE- PROTEA IKE

Project co-funded by the European Union, the European Regional Development Fund (ERDF) and National Funds of Greece and Italy

INTRODUCTION

The module refers to the procedures for the creation and authorization of establishment and operation of businesses, based on Greek and European Legislation.

LEARNING OBJECTIVES

The module will help the trainee comprehend: ● the steps for the set-up of a firm and the involved authorities ● the need of licenses for the establishment and operation of different types of firms ● core principles of business law

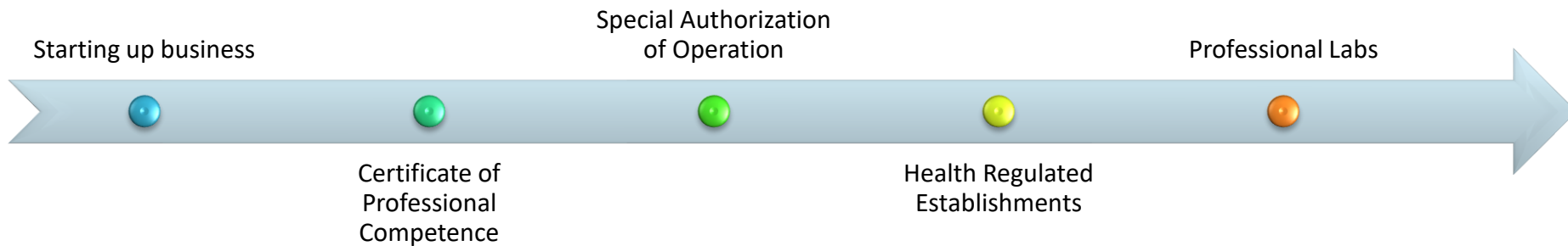
EXPECTED RESULTS

After the successful completion of the module, you will be able to: ● draft the roadmap for the set-up of your own business ● identify the need of authorization ● familiarize with business law

CONTENT

1. SETTING UP A BUSINESS – GENERAL ELECTRONIC COMMERCIAL REGISTER
2. AUTHORIZATION PROCEDURES
3. BASIC PRINCIPLES OF BUSINESS LAW

1. SETTING UP A BUSINESS



1. STARTING UP A BUSINESS

Every natural or legal person who wants to establish a business is obliged to submit a "Declaration of Commencement of Activity". Prior to the "Declaration of commencement of Activity", each potential entrepreneur is obliged to submit to the competent Public Tax Service, which is determined by the headquarters of the company, the "Declaration of a Company under establishment". At the same time, Declaration of commencement / modification of activities of Natural Persons of Legal Entities is handed in and VAT is attributed to the companies under establishment by the Registry Offices of the local Tax Authorities, because every natural or legal person who carries out transactions of tax interest in Greece, is obliged to issue VAT NUMBER.

The VAT number does not change regardless of changes in the legal form, the founder, the name, etc. A new VAT number is issued only in the event that a company is transformed from a corporate to an individual or vice versa.

1. SETTING UP A BUSINESS

Required supporting documents for setting up a business

Authorization legally validated for the one who carries out the process of Starting a Professional Activity

Identification of the seat

Memorandum of Association for legal entities

Certificate of registration or exemption from the competent insurance company.

Certificate of pre-registration from the competent Chamber.

✓ **Authorization legally validated for the one who carries out the process of Starting a Professional Activity.**

✓ **Identification of the seat.**

Property title, lease or a formal declaration if it is a free-of-charge facility.

✓ **Memorandum of Association for legal entities.**

The establishment of association or a corporation is done by a notary (for SA & LTD) or privately (for other forms). The company's articles of association are submitted to the Court of First Instance for all types of companies except LTD & SA. LTDs are obliged to publish their articles of association in the Government Gazette and / or in the respective local press. SAs are obliged to submit their statutes to the local Prefectures or to the Directorates of Trade and Societes Anonymes of the local Prefectures. From there, a decision of incorporation is issued, it is registered in the registers of SA, and a summary of the articles of association is published in the Government Gazette.

1. SETTING UP A BUSINESS

✓ **Certificate of registration or exemption from the competent insurance company.**

Registration with the Insurance Institution is mandatory for both natural persons and partners-members of legal entities over 18 years of age, when the business activity is carried out in a city of more than 2,000 inhabitants or in a smaller one (according to Law 2084 / 92).

✓ **Certificate of pre-registration from the competent Chamber.**

Depending on the type of business they carry out and their size, companies must register with the local Chambers of Commerce, Industry, Craft and Commerce (according to Law 2081/92, registration with the relevant Chamber is mandatory).

The final registration of the company in the relevant Chamber is done for the individual companies within 2 months from the beginning of their activity, ie from the declaration of the beginning of their activity in the Tax Office, while for the legal entities within 2 months from the their constitution, ie the publication of their statutes.

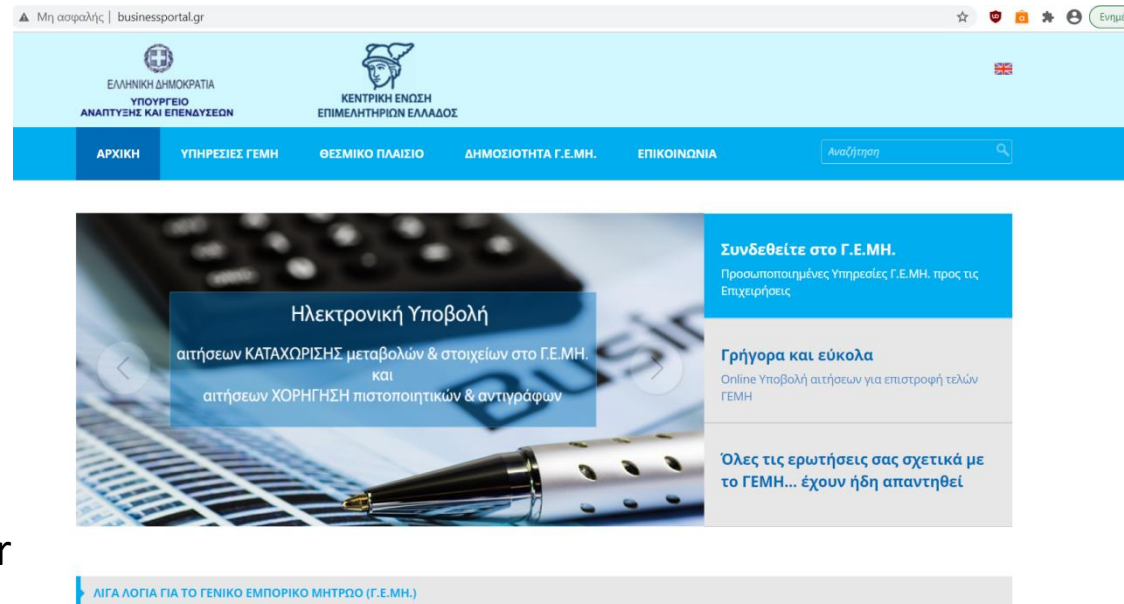
1. SETTING UP A BUSINESS

What is the General Electronic Commercial Register (GEMH)

The establishment of the General Electronic Commercial Register (G.E.M.I.), in combination with the upgrading of the role of the Chambers through their transformation into "one-stop-shops", are decisive changes in the axis of simplification of the general processes of the business environment, which aim both at meeting the needs and requirements of all types of stakeholders, and at the effective use and utilization of the information collected.

Through G.E.M.I we achieve:

- Reduction of bureaucratic procedures for creating or changing a business
- Fast issuance and submission of certificates and attestations
- Information and exploitation of information by the Public Sector
- More precise exercise of political, legislative and / or control power over companies and in relation to them



The screenshot shows the website businessportal.gr. The header includes the logos of the Hellenic Republic and the Central Union of Chambers and Cooperatives of Greece. The main navigation bar has links for Αρχική, Υπηρεσίες GEMH, Θεσμικό Πλαίσιο, Δημοσιότητα Γ.Ε.ΜΗ., and Επικοινωνία. A search bar is also present. The main content area features a large banner for 'Ηλεκτρονική Υποβολή' (Electronic Submission) for various GEMH services. To the right, there are two blue call-to-action boxes: 'Συνδεθείτε στο Γ.Ε.ΜΗ.' (Log in to GEMH) and 'Γρήγορα και εύκολα' (Fast and easy). At the bottom, there is a footer with the text 'ΛΙΓΑ ΛΟΓΙΑ ΓΙΑ ΤΟ ΓΕΝΙΚΟ ΕΜΠΟΡΙΚΟ ΜΗΤΡΩΟ (Γ.Ε.ΜΗ.)'.



www.businessportal.gr

1. SETTING UP A BUSINESS

ONE –STOP SHOPS

The "One Stop Shop" for the establishment of general and limited liability companies (of any form) is defined as the competent Services of the General Commercial Register (G.E.M.I.), as well as the Citizens' Service Centers (KEP) that receive the "certification of one-stop service"

As "One Stop Shop" for the establishment of limited liability companies, public limited companies, as well as in all other cases where a notarial document is drawn up for the establishment, is defined the notary who draws up the notarial document of constitution.



e- YMΣ

The e-YMS is a digital platform in which the interested party sets up his company himself, without the need to visit any public Service.

On the link <https://eyms.businessportal.gr/auth> you can find the legal framework for the improvement of the business environment but also useful guides and standard statutes for different legal forms of business.

By using your TAXISNET codes you can open a new case of incorporation of companies, even making a pre-check on the topics: Name - KAD (Activity Code Number) - Establishment cost

1. SETTING UP A BUSINESS

2. CERTIFICATE OF PROFESSIONAL COMPETENCE

Certain categories of professionals are required to have a Professional License.

Among them are the following:

- Hair dressers | Opticians
- Plumbers| Tourism-related professions
- Professions related to electrical appliances - facilities and installations of telecommunication centers.
- Professions related to cars and motorbikes.
- Professions related to retail trade and transport services etc.

3. AUTHORISATION OF OPERATION

Some categories of businesses and professional activities are required to issue a Special Operating License (different from the Technical Operating License).

Indicatively, such categories:

- Businesses related to food, beverages, drugs, chemicals, fertilizers, optics
- Companies related to weapons, ammunition, explosives.
- Human-related businesses, such as barbershops, tourism businesses, etc.

The issuance of these permits is a responsibility of the Directorates of the local Regional Units, such as Directorates of Industry, Transport, Hygiene as well as other authorities such as Police (weapons), EOT (tourism), etc.

1. SETTING UP A BUSINESS

4. HEALTH-REGULATED ESTABLISHMENTS

Health-regulated establishments are the stores in which food, confectionery, beverages, food or any other preparation or storage or maintenance or marketing of any kind or beverage is prepared or sold to customers, as well as service shops due to which Public Health may be affected.

Health-regulated establishments should be licensed for their operation as well as for their establishment (for labs).

Categories:

- Cafe, bar, canteen
- Restaurant, tavern, grill, skewer, pizzeria, snack bar.
- Confectionery, dairy store, donut shop
- Kiosk, refreshment shop, ice cream shop, skewer for passers-by, (mobile) canteen.

AUTHORIZATION FOR OPERATION FOR HEALTH-REGULATED ESTABLISHMENTS

- It is granted by the Municipal Authority
- For the development of outdoor benches (sidewalk): a license is required on a case-by-case basis from the Municipality.
- Consent of the owners with a Formal Declaration for the use of common space

1. SETTING UP A BUSINESS

5. PROFESSIONAL LABS

Professional laboratories are companies that have an installed engine power of less than twelve (12) KW and a thermal power of less than fifty (50) KW and the procedures required for their licensing are simpler and less demanding.

According to article 5 of law 2516/97, the professional laboratories outside Attica are exempted from the obligation to supply with an installation license and an operating license.

Also, no installation permit is required within the Industrial Zones and other organized spaces, for which there are special installation provisions.



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<https://www.gov.gr/upourgeia/upourgeio-anaptuxes-kai-ependuseon/kentrike-enose-epimeleterion-ellados/sustase-epikheireses>

2. AUTHORIZATION PROCEDURES

The general process of licensing a new business consists of the following steps:

- I. Initially, the investor who intends to establish a new business, either individual or legal entity (SA, OE, EE, Ltd.) will have to complete all the necessary procedures for its set-up.
- II. Once the company has been established, the investor will proceed with the necessary procedures for obtaining the installation and operation license, which are necessary for the legal establishment and the commencement of the business operations.

These licenses are granted by the G.S. of Industry or the local Industry Services in the Regions. The issuance of these permits requires the submission of various supporting documents, approvals and studies.

The type and number of these supporting documents depends on the type of business to be established by the investor and the area in which the new business is to be established.

The type of business to be set up by the investor (eg fish farm, jewelry workshop, confectionery), but also its size (capacity as well as installed horsepower) determine the characteristics of the new business, in terms of degree of danger during its operation and the possibility of accidents, the effects it will have on the environment, the degree to which it threatens public health, etc

For this reason, the various activities are classified into three different categories of disturbance (burden on the environment), while each activity corresponds to a unique code number, according to the ranking of the National Statistical Service.

2. AUTHORIZATION PROCEDURES

Equally important for starting a new business is the area in which it is to be established. The interested investor should be aware that he **cannot set up his business in any area he wants**, because the installation is limited by specific rules.

There are areas in Greece where the establishment of specific activities is not allowed, there are other specially institutionalized areas that facilitate the establishment of industrial enterprises, there are specific rules for the establishment of activities around settlements which are required by the relevant legislation, and finally there are approved Urban Plans that specify exactly which companies / activities and where, can be installed within a specific Municipality.

All this must be taken into account by the investor before deciding the area of establishment of his business.

Once the investor has made sure that the specific company he wants to establish is allowed to settle in the area he is interested in, he must proceed with the Site Pre-approval process.

The investor is now ready to proceed with the submission of the necessary supporting documents for the issuance of the installation permit. The number and type of supporting documents to be submitted to the competent Industry Services depends on: **the type and size of the business, the individual characteristics of the area to be established** (eg near archeological site, forest area, close to airport), etc.

2. AUTHORIZATION PROCEDURES

The last stage for the licensing of the company / activity is the granting of the **operating license**.

The supporting documents that the investor must submit to the competent Service in order to be granted the operating license, prove that the installation was carried out in accordance with the granted installation permit, that the planned projects were carried out in accordance with the approved studies and that the operation of the business / activity satisfies the environmental and other conditions of the installation permit.

In short, we can divide the procedures into 5 major categories.

- Licensing procedures for professions that require a license of competence.
- Licensing procedures for establishments of economic interest.
- Licensing procedures for commercial stores.
- Licensing procedures (license exemption) for professional laboratories up to 15 HP.
- Licensing procedures for SMEs (Crafts - Industries).

2. AUTHORIZATION PROCEDURES

Class A: High Disturbance

- Crude oil refineries / plants for gasification and liquefaction of at least 500 tons of coal and bituminous shale per day
- Thermal power plants and other combustion plants with a minimum thermal power of 300MW as well as nuclear power plants and other nuclear reactors
- Installations for the sole purpose of the permanent storage or disposal of radioactive waste.
- Integrated metallurgical industries for the production of crude iron and steel.
- Plants for the extraction of asbestos, as well as for the processing and processing of asbestos and its products
- Complete chemical plant.
- Construction of highways, expressways, long-distance railway lines as well as airports whose runways have a length of 2100m and more.
- Maritime trade ports, as well as inland waterways and inland ports for ships with a displacement of more than 1350 tonnes.
- Toxic and hazardous waste disposal facilities by incineration, chemical treatment or landfill.

Class A: Medium Disturbance

- Agriculture
- Mining / Energy industry
- Metallurgy / Glassmaking
- Chemical Industry / Food Industry
- Textile industry
- Leather, wood and paper industry / Rubber industry
- Infrastructure plans
- Other plans

Class B: Low Disturbance

- **those projects and activities that are not mentioned in Class A** as long as their installation and operation requires, according to the current legislation, a relevant permit

2. AUTHORIZATION PROCEDURES

Land use

The process of determining the land use is the first stage for the licensing of a new activity, during which it is investigated whether the installation of the specific activity is allowed in the specific area.

The investor must submit the question, if it is possible to establish the company he wants to establish in the specific area that interests him, to the Regional Planning Service that is responsible for the specific area

If the answer to this question is yes, the investor will proceed to the **Pre-Approval of the Site** process with an application and submission of the required supporting documents to the competent authority.

Pre-approval of location is not required, in organized spaces with appropriate infrastructure for the reception of industrial and craft activities

Land use in a specific area of Greece is determined by the following elements:

- The General Urban Plan, within the boundaries of the municipalities
- From Presidential Decrees for out-of-bounds GUP areas: there is a minimum distance from settlements of different populations, in which activities of different degrees of disturbance can be established



Your contact with the locally competent Service will inform you of the existence of special cases where the installation of a specific activity is not allowed in a specific location

2. AUTHORIZATION PROCEDURES

Site Pre-approval is required when new businesses are established, but also when modernizing or expanding existing ones, provided that there are substantial differences in relation to their impact on the environment .

Site Pre-approval, where required, is a prerequisite for the granting of an installation permit or carrying out the activity or project.

No Site Pre-approval is required for Class B activities as well as for businesses to be located within industrial areas

Site pre-approval is issued by:

- ❑ The Spatial Planning Directorate of the Ministry of Environment, Physical Planning and Public Works for projects and activities of category AI.
- ❑ The Spatial Planning Directorates of the Regions for projects or activities of category All.

Installation permit

According to Law 2516/97, for the establishment or expansion of businesses, an installation permit is required (except for exceptions)

These licenses are granted only by the Licensing Authority (Department of Industry of the relevant Regional Unit) always after an autopsy. The decisions issued contain conditions and / or restrictions and impose on the body the realization of special projects, where it is required in order to achieve as much as possible the combination of the productive activity with the protection of the environment. It takes about two months since the submission of a complete dossier for category AI and 40 days for categories All and B.

2. AUTHORIZATION PROCEDURES

Approval of Environmental Conditions

The establishment and operation of new enterprises or the expansion, modernization or relocation of existing ones requires the **approval of conditions for the protection of the environment**, which is a necessary condition for the granting of an installation permit or the realization of the activity or project.

Operation Permit

For the granting of Operating Permit to new or expanding companies, it is required, within the period of validity of the installation license, to submit a relevant application accompanied by the required (as the case may be) supporting documents to the relevant Department of Industry of the Regional Unit of interest.

Within two months from the submission of the supporting documents, a temporary operating license of up to four months is granted, without conducting an autopsy. The final permit is issued for an indefinite period after an autopsy.

2. AUTHORIZATION PROCEDURES

Fire Safety Study

For the issuance of an operating license, the approval of a special fire safety study by the competent Fire Service is necessary.

The study is prepared each time with criteria:

- The type of building,
- The use made of it, as well as
- The type of activity.

There are special firefighting regulations based on which the respective studies are prepared and approved. (eg Commercial Stores, Hotel Accommodations, warehouses, etc.).

Owners of industrial and craft facilities as well as all types of mechanical installations and warehouses, are obliged to take appropriate measures to avoid or reduce the risk of fire explosion in their facilities or warehouses

These measures include:

- A. the preventive fire protection measures for the whole installation.
- B. the fire protection measures in case of Fire.
- C. the formation of a fire protection team by the personnel of the company and care for its training.

The certificate from the competent Fire Service is valid for 5 years.

The company concerned must request from the Fire Service to renew the certificate and any revision of the current fire protection study at least 2 months before its expiration

2. AUTHORIZATION PROCEDURES

Extension-modernization license

A company that has been operating for some time but is about to expand or modernize must obtain a re-establishment license and an operating license

The expansion of a business can be about:

- ✓ **Increasing the installed capacity.**
- ✓ **The addition of building installations** that takes place within the two stadiums or in a continuous stadium, provided that there is a stable connection between the existing one and the one in which mechanical equipment is to be installed.
- ✓ With regard to warehouses without mechanical equipment, it is considered as an extension to **increase in any way, their storage capacity.**

The company to be expanded **does not need** to re-issue an installation permit, if it already has an operating license and **if** from the expansion:

- **There is no substantial change in the installation** (mechanical equipment, area physiognomy, impact on the environment, safety and health of workers / neighborhoods, neighborhood conditions, suitability of buildings)
- **No increase of more than 20%** of the installed capacity occurs

In any other case, the investor must re-issue an installation permit for the issuance of which a Pre-Approval of Site and an Approval of Environmental Conditions will be required. Next, the investor must submit the required supporting documents for the issuance of the operating license.

2. AUTHORIZATION PROCEDURES

USEFUL LEGISLATION

Categories of activities

CMD 69269/5387/90

L.1650/1986

MD 95209/94 (Official Gazette 871/23.11.94)

MD 10537 (Official Gazette 139/B/11.3.93)

Land Use and Site Pre-approval

PD. 3/6/3/1987 (Official Gazette Δ'166)

PD.3.5.1985 (Official Gazette Δ'181)

PD. 31.5.1985 (Official Gazette Δ' 270)

PD. 13.3.1981 (Official Gazette Δ'138)

ΠΑ 16.5.1989 (Official Gazette Δ'293)

L.1050/1986 (article 4)

CMD 69269/5387/90 (article 8)

L.2516/97 (article 7)

MD 2439/77 (Official Gazette , B/154/15-2-2001)

PD. 84/1984

MD 24635/95 (Official Gazette , B/755/31-8-1995)

L. 2545/1997

Approval of Environmental Conditions

CMD69269/5387/90

MD 75308/90 (Official Gazette 691/2-11-1990)

MD 95209/94 (Official Gazette 871/23.11.1994)

MD 82743/95 (Official Gazette 811/20.9.1995)

MD. 82742/95 (Official Gazette 821/25.9.1995)

MD. 24635/95 (Official Gazette 755/31.8.1995)

License of Establishment

L.2516/97 (Official Gazette 159/8.8.1997)

MD.Φ15/οικ.5242/248, 19.2.98

MD.Φ15/οικ.5243/249,19,2.98

BA 15/21.10.1922 (Official Gazette 208A')

L. 6422/34

LD. 1150/49 BA 16/17.3.50

PD. 274/97(Official Gazette 195/A)

Building Permit

PD. 8/13.7.1993 (Official Gazette 795Δ')

PD. 3.9,83 (Official Gazette 394/Δ/8.9.83)

Issuance of Special Installation Permit

MD.Φ15/01K.5241/247, 19.2.98

L.2516/97, άρθρο 4 (Official Gazette 159/8.8.1997)

Hazard Study

CMD 5697/590/2000

Professional Labs

MD.Φ15/οικ.5240/246, 19.2.98

L. 2510/97, article 5 (Official Gazette 159/8.8.1997)

License of operation

L.2516/97 (v159/8.8.1997)

MD. Φ15/οικ.5239/245, 19.2.98

BD. 277/63

MD. 5905/Φ15/839 (Official Gazette B'611/95)

Sewage Disposal Licence

Decision E1β) 221 της 22.1)24.2.65 (Official Gazette 138 B')

Infringements for installation and operation permits

MD. Φ15/οικ.5245/251, 19.2.98

Expenditure for the issuance of an installation and operation license

MD. Φ15/οικ. 5244/250, 19.2.98

2. AUTHORIZATION PROCEDURES

Notification



It is the way in which the competent supervisory authorities are informed by the body of an economic activity of the commencement of the establishment and / or operation of its activity and of any change thereof.

It is carried out by the natural person or the legal representative of the legal entity that is going to install or operate the activity in a specific position and is a condition for its installation or operation respectively. From the submission of the notification, the installation or operation of the activity starts immediately, without the need for a corresponding permit. This only applies to activities or actions for which the notification regime applies.

It prerequisites that the place of exercise of the economic activity meets all the spatial or technical requirements and that the required approvals have been obtained. At the place of activity, a file with all the documents required by the relevant provisions (eg administrative licenses, approvals, certificates, certificates, etc.) must be kept.

The activities that are currently subject to a notification regime are

- ✓ manufacturing and related activities
- ✓ health shops, theaters and cinemas
- ✓ tourist accommodation and swimming pools inside
- ✓ storage and distribution centers
- ✓ mining activities
- ✓ environmental infrastructure systems



View more on:

<https://notifybusiness.gov.gr/assets/index.html>

3. BASIC PRINCIPLES OF BUSINESS LAW

Concept of Law...

Law is the set of obligatory and coercive rules which regulate the relations of persons living in the same society

Right is the human will which regulates social life in a "heteronomous", "compelling" and "compulsory" way.

Subjects of Law...

Individuals> Every human being from birth to natural or legal death

Legal Entities> Associations of persons or property or Public Authority, for the service of legal purpose.



3. BASIC PRINCIPLES OF BUSINESS LAW

LAW

National

Internati
onal

Public

Private

Constituti
onal

Criminal

Administr
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Procedura
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Budgetary

Ecclesiasti
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Civil

Commer
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Maritim
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Labour

Private
Internati
onal

3. BASIC PRINCIPLES OF BUSINESS LAW

Businesses can operate either **individually** or as a **corporation**. In these two options, a third one, that of collective enterprises, is included.

When businesses operate individually, the name of an adult is suggested, in whose name all the business transactions and all its financial transactions are made.

In this form of business, the entrepreneur is accountable and responsible to the State, the Legal Entities of Public and Private Law, as well as to the third natural persons, who guarantees the fidelity of his business personally and with his personal property.

Many choose this type of business, despite the risks involved and despite the increased tax burden, either because they are reluctant to become partners, or because the entrepreneur does not trust anyone.

On the other hand, there are many types of companies, from which one can choose the most suitable one, for each specific business activity. Not all corporate forms are suitable for all occasions.

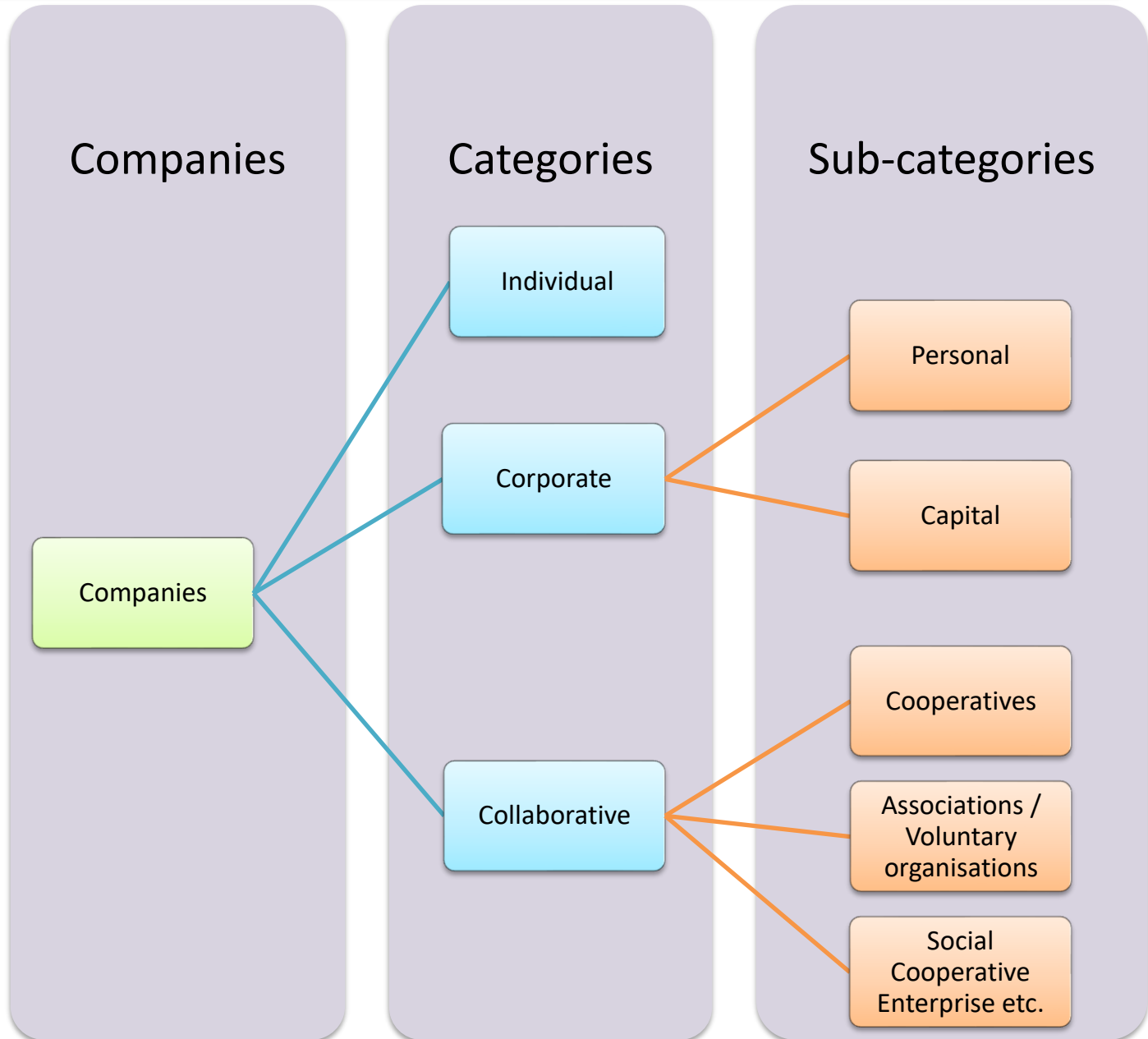
Profit-making and Non-Profit Companies

A non-profit company is defined, basically, as a company, in which no part of the company's income is distributed either to its members or to its directors. This does not mean that a non-profit company can not make a profit. In a non-profit company, the money remaining after the payment of expenses cannot be distributed to the members of the company, managers, or executives, but must be used to promote the purposes of the company, or to improve its infrastructure.

A business (profit-making organization) has a completely different orientation. In the context of its activities it is possible to take any legal action to generate profit, for the benefit of shareholders.

3. BASIC PRINCIPLES OF BUSINESS LAW

Company: a contractual association of persons pursuing a common purpose with common contributions



3. BASIC PRINCIPLES OF BUSINESS LAW

Personal Companies: In private companies the personality of the partners is of primary importance. The company's reputation in the market, its solvency, as well as the continuation of the company's activity depend on the personality of the people who make it up

- ❑ General Partnership (OE)> the partners are personally and unlimitedly liable with all their property for all the obligations of the company
- ❑ Limited Liability Company (EE)> at least one of the partners is liable with all his property, as a general partner and at least one partner is a general partner, ie he is liable to a limited extent up to the amount of his contribution
- ❑ Co-ownership> peculiar type of company, established for the purpose of joint operation of a joint ship
- ❑ Joint Stock or silent company> The participating or invisible company differs from other corporate types in that only one of the partners, called visible or manager, develops the company's activity, while the other partners are called invisible.

Capital Companies: Capital companies are created by the need of companies to raise large funds which are usually not available to individuals. Therefore, the capital of the partners dominates and not the personal element.

- ❑ Societe Anonyme (SA)> through the institution of SA It is possible to raise large funds from any source, category of savers or geographical area, while at the same time the management of the societe anonyme is assumed by professional executives
- ❑ Limited Liability Company (Ltd.)> The main feature of these companies is the small capital needed for their establishment and the limited liability of their partners up to the amount of the deposited share capital
- ❑ Private Capital Company (IKE)> Minimum share capital is required for its establishment, which is divided into shares corresponding to the contribution of each partner. It can also be single person. It is recommended with fast procedures while for its taxation the same applies as for the Ltd.

3. BASIC PRINCIPLES OF BUSINESS LAW

Securities

>> Documents enclosing a right. Essential elements are the facilitation of the circulation of financial goods through them and their credit power. In order to exercise this right, it is required to have a real right on paper, ie ownership or simple possession. Consequently, if the bearer loses it, he can exercise his right only by a court decision. The security is a thing and therefore can be the subject of real estate (transfer of ownership, pledge, usufruct, etc.).

Bill of exchange

- A document under which the issuer orders the recipient to pay a certain amount of money, which is mentioned in its text to a third party, who is listed as the beneficiary of the bill of exchange.
- Persons of the bill of exchange: Issuer, Payer, Recipient

Promissory Note

- It is a security because it contains a promise to pay a certain amount of money
- The promissory note contains a promise to pay a certain amount from the issuer to the recipient, while the promissory note contains an order from the issuer to the payer to pay a certain amount to the recipient
- There are two persons in the bill, the issuer and the recipient

Bank check

- A bank check is a document issued in a certain form, characterized in its text necessarily as a bank check and includes an order to a bank to pay a certain amount
- The check is a security and a payment instrument
- The check is issued to a bank that has corresponding funds available to the customer

3. BASIC PRINCIPLES OF BUSINESS LAW

Course of trade

- 1) Purchase in exchange for land or art products (movable, cash, securities but also intangible goods), excluding real estate, with the intention of reselling or renting, which must occur at the time of purchase.
- 2) Supply business: an undertaking by the supplier to provide the supplier with goods, which he will acquire for consideration (eg continuous supply of water or electricity, supply of medicines to a hospital, etc.)
- 3) Craft business: processing in a broad sense, ie material intervention in the substance or form of the material, such as packaging, cleaning, etc. either by hand or with the help of machines, foreign raw material that is a movable thing.
- 4) Order business: contractual undertaking by the customer to conclude, in return, in his name a legal act, on behalf of the customer (mediation activity): e.g. Stock purchase order contract.
- 5) Agency business: undertaking to provide the public with all forms of private affairs, in particular as regards the custody and conduct of third-party affairs, for a fee (eg provision of services by an insurance agency, internet connection, advertising, etc.)
- 6) Transport company, by any means of transport, of persons or things, for a fee (transport of excursionists, household goods, etc.).
- 7) Auction business: sale of foreign movable property by an individual through auction, for a fee.
- 8) Public entertainment company (theater, cinema, etc.)
- 9) Collybistique (exchange of foreign currencies with domestic ones, for a fee) and banking operations.
- 10) Banking operations: operations performed by credit institutions operating legally, e.g. with deposits, issuance of bond loans, granting of loans, issuance of guarantees, etc,
- 11) Brokerage: fee-mediated mediation or opportunity offer between two parties
- 12) Transactions on bills of exchange (issuance, acceptance, endorsement, guarantee), on checks, promissory notes.
- 13) Stock trading (stock exchange items)
- 14) Bank guarantee loan agreement
- 15) Claims from unfair competition

3. BASIC PRINCIPLES OF BUSINESS LAW

Commercial ability:

- Natural persons who are adults (over 18 years old) and are not in a state of legal prohibition after conviction, or in a state of legal aid
- Legal entities: commercial companies (not unions, institutions) and public organizations in the form of Legal Entities under Private Law.

Start - end of commercial status, depending on the system by which the commercial status is acquired: the substantive system requires a practical manifestation of the intention to start or end commercial operations in a normal profession / the standard system requires the completion of the formal conditions for acquiring a company or for the expiration, the completion of the liquidation.

Consequences of commercial status:

- ❖ Declaration of traders and associations of legal persons pursuing a commercial purpose in a state of bankruptcy, upon cessation of their payments.
- ❖ Trader personalization details: special professional residence, special name.
- ❖ Presumption of commerciality: all his transactions are considered commercial - counter-proof is allowed.
- ❖ Registration in the relevant chamber - starting a profession in the tax office.

Small traders:

- Outdoor street vendor
- Lottery ticket salesman
- Convenience Stores
- Greengrocer

3. BASIC PRINCIPLES OF BUSINESS LAW

Transactions **excluding** commercialization:

- The primary sector of the economy
- Transactions and activities related to real estate
- Free lancers (eg engineers, doctors, lawyers, etc.)
- Artistic and intellectual work

GENERAL PROVISIONS FOR LEGAL ENTITIES

- Set up (articles of association, etc.)
- Legal capacity (obligations, rights)
- Personalization (name, registered office, etc.)
- Management (case management, representation)
- Decision making
- Legal acts
- Liability for illegal acts
- Protection
- Cessation (dissolution, liquidation)

GENERAL COMMERCIAL REGISTER

The G.E.M.I. is the main means of commercial publicity, is maintained by electronic means, as a database, is supervised by the central service and operates in the central association of chambers.

Mandatory registration:

- (a) natural persons having commercial status and their registered office in the country
- b) OE, EE, civil-law cooperatives, SA, LTD, IKE, European economic groups, European companies and European cooperatives

Optional: a) joint ventures, b) civil companies with legal form c) natural or legal persons or associations of persons pursuing or intending to pursue an economic or commercial activity but without having become traders in the pursuit of that activity.

With the initial registration, an *exclusive number* of G.E.M.I. is granted. It remains the same in any legal change of person

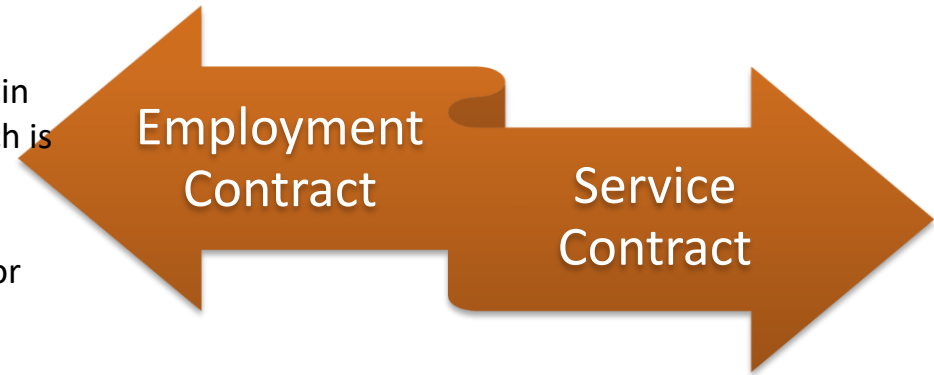
3. BASIC PRINCIPLES OF BUSINESS LAW

Labour issues...

A contract of employment exists when the employee is remunerated regardless of how it is determined and paid and in addition is subject to legal dependence on the employer, which is manifested by the latter's right to exercise control and supervision over the place, time and how to provide the work and to give binding orders and instructions to the employee for the proper fulfillment of his service.

If these conditions are not met and in particular, if the person providing his services is not subject to any legal or personal dependence on the employer, in the above sense, there is an **independent service contract**, to which the provisions of labor law do not apply.

Project contract: in the project contract the contractor has the obligation to execute the project and the employer to pay the agreed fee



The nature of the work as a dependent one is not affected by the way the employee is paid, nor by other ancillary elements, such as the issuance of invoice, or insurance with another fund.

>> From the provisions on public limited companies, it can be concluded that the Chairman of the Board of Directors or the Managing Director of the public limited company is connected with the legal entity of the company by a mandate. If, for the services they offer, they receive remuneration, their relationship is characterized as **hiring of independent services**, since, due to their capacity, they exercise administrative and managerial power with their own responsibility and initiative, they are organs of the company and are subject to administrative status. This relationship, either as a mandate or as the provision of independent services, can be terminated at any time by termination and the provisions of labor law do not apply to it.

3. BASIC PRINCIPLES OF BUSINESS LAW

PRINCIPLE OF EQUAL TREATMENT OF EMPLOYEES

- ❑ There is prohibited the unequal treatment of employees who are employed in the same company under the same conditions and provide the same work to serve the needs of the same category and in fact regardless of their time of employment
- ❑ The employer must extend to all employees, who provide the same work under the same conditions and with the same qualifications, the salary and other service benefits, whether it is unilateral voluntary benefits or benefits that have been contractually contracted against certain employees
- ❑ Prohibited Discrimination: Gender, Marital Status, Race, Color, Descent of National or Ethnic Origin, Religious or Other Beliefs, Disability-Chronic Disease, Social Status, Sexual Orientation, Identity or Gender Characteristics

Salary: in the employment contract is considered any benefit which according to the law or the agreement is paid by the employer to the employee in exchange for the provided work >> (**MAIN EMPLOYER OBLIGATION**)

Secondary employer obligations:

- Real Employment
- Protection of personality
- Liability due to an accident at work

Reflect on...

- ✓ Legal Remuneration Rights - Allowances
- ✓ Voluntary benefits - Car
- ✓ Overtime
- ✓ Full time VS part time contracts
- ✓ Termination of an employment contract for an indefinite period - written form - conditions
- ✓ Termination of a fixed-term employment contract for an important reason
- ✓ Employees VS workers

3. BASIC PRINCIPLES OF BUSINESS LAW

INDUSTRIAL AND COMMERCIAL PROPERTY

Commercial and industrial property means all the institutions that aim to protect the business

DISTINCT FEATURES:

- **Trade name**: *It is the name used by the trader (natural or legal person) in his (commercial) transactions.*
- The way the brand is formed depends on the status of the trader as a natural or legal person
- **Distinctive title**: *The distinctive title is the distinctive feature of the merchant's shop or business*
- **Trademark**: *Trademark is the distinguishing feature of a company's products or services*

PATENT

The patent is granted by the Industrial Property Organization (OBI) for products or methods that are inventions

An invention is defined as any **rule of the human spirit for the solution of a technical problem by the application of natural laws, in a new way that exceeds for the average specialist the relevant and known level of technique.**

In other words, it must be **new**, contain **inventive** activity, be related to the technique and **solve** a technical problem in an original (not known) way.

The invention must also be amenable to **industrial application**, i.e. its object (product or method) can be used in any field of manufacturing activity (e.g. industry, building construction, automobiles, etc.).

3. BASIC PRINCIPLES OF BUSINESS LAW

Unfair competition is any act that is done for the purpose of competition and is contrary to good morals, ie contrary to the perceptions of social morality of rightly, justly and logically thinking people who prevail in a given place and time. The purpose of the law is to protect competitors from acts of persons engaged in commercial, industrial and agricultural transactions. At the same time, consumer protection is achieved

Unfair competition: devaluation | Additional benefits or excessive enticement | Promotion by lucky methods | Market risk | Breach of contractual obligations | Psychological coercion or harassment | damage to competitor | boycott | false advertising etc.

LAW AND ETHICS

Why should the company enforce the laws?

-Society creates laws for the most important issues regulating the behavior of companies that are interested in it

-If you do not regulate an issue with legal provisions then either it is not important enough or there is no real social agreement for it

Why is it not enough for companies to just apply the laws?

-Delay

-Lack of information

-The "participants" do not distinguish between laws and ethics but simply want their interests to be satisfied

-The application of ethics is evaluated very positively. Law enforcement is considered mandatory and does not contribute to the company's reputation

3. BASIC PRINCIPLES OF BUSINESS LAW

To achieve their goals, companies create:

- own laws (codes of conduct)
- their own ethics (corporate values)

The law must always be obeyed;

Breaking the law can be a source of profit or loss for a business depending on the likelihood of being caught and the size of the penalty

As with the law, so with ethics, its non-implementation can create profits or losses for the business. It depends on:

- The possibility of being perceived as violating moral principles
- The importance that stakeholders attach to the application of these principles

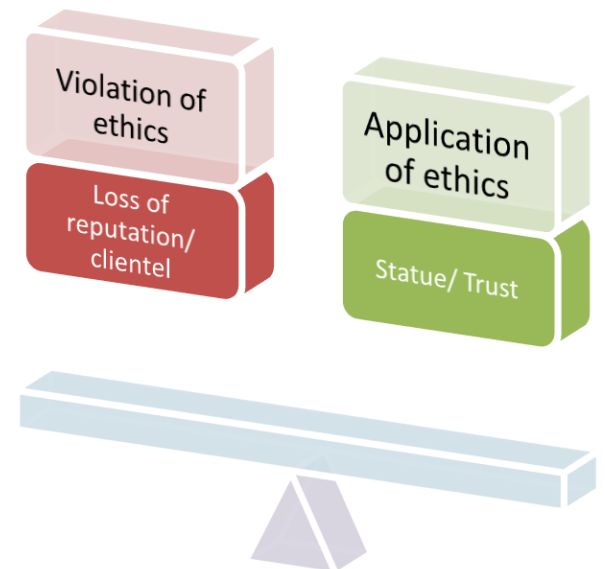
Sometimes, elements such as reputation, customer satisfaction, trust in partners, although not directly related to cash flow, can be factors in business success in the long run.

Individual ≠ Social Interest

In order for the company to achieve the profit it wants, it must do what society wants.

Profit is the main motivator in people's behavior.

Profitability is the motivation of business behavior but not its goal.

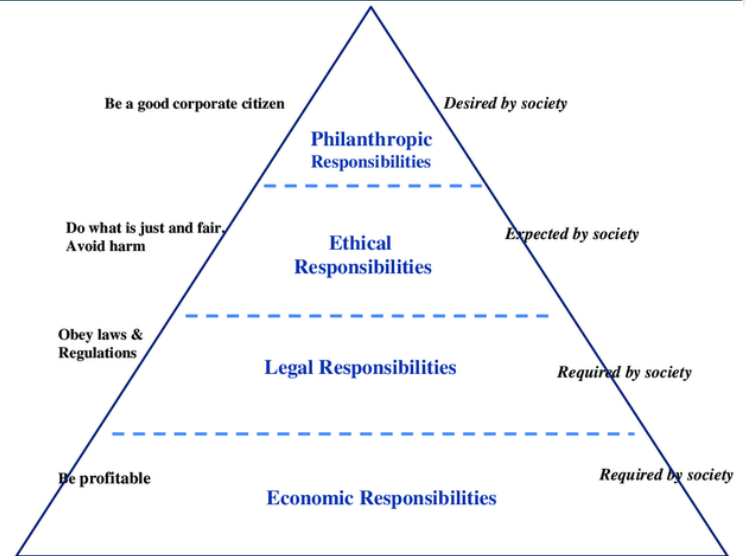


3. BASIC PRINCIPLES OF BUSINESS LAW

Corporate Social Responsibility

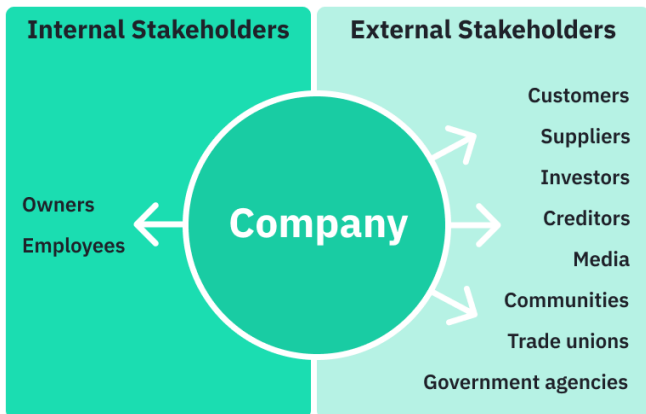
It is a function of balancing economic and social performance in relation to the ethical obligations of the company to the various special interest groups

Stakeholders: people and groups that affect or influence the business. The company must introduce the interests and interests of the participants in the decision-making process.

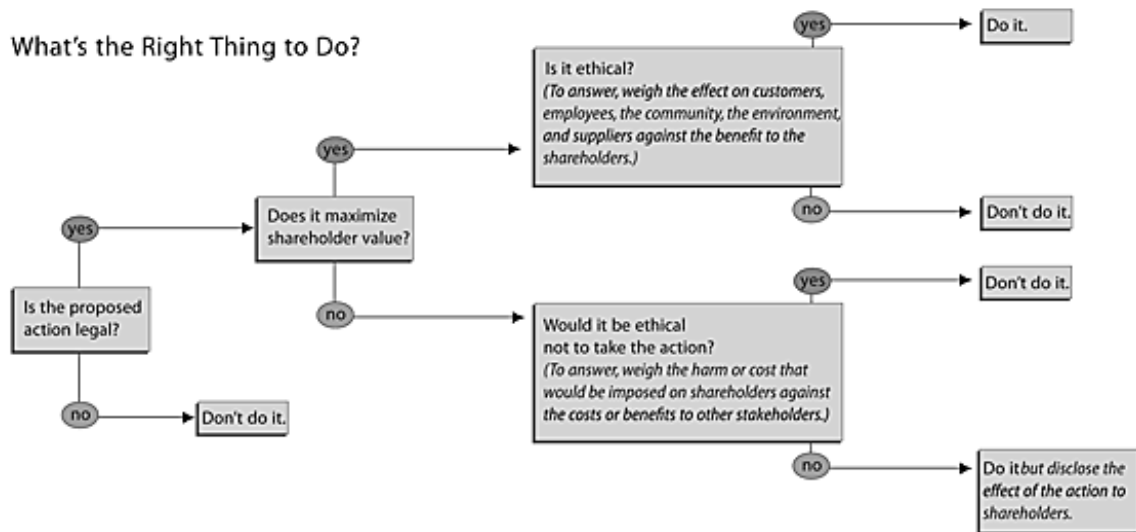


ETHICAL DECISION MAKING TREE

Types of Stakeholders



What's the Right Thing to Do?



The End

How do you assess yourself?

Go for the quiz that follows!