

THE STRUCTURE OF AN EEIG

The European Economic Interest Grouping, in short: EEIG, is an interesting company structure based on EU law on the basis of council regulation(EEC) No. 2137/85 (Official Journal of the EEC L199 of 25 July 1985) as well as on the national laws regarding EEIG regulation.

The EEIG is a legal instrument at EU level designed to minimise the legal, fiscal and psychological difficulties that natural persons, companies, firms and other bodies face in cooperating across borders.

The purpose of the grouping is to facilitate or develop the economic activities of its members by a pooling of resources, activities or skills. This is intended to produce better results than the members acting alone.

An EEIG can be formed by companies, firms and other legal entities governed by public or private law which have been formed in accordance with the law of an EU country and which have their registered office in the EU. It can also be formed by individuals carrying on an industrial, commercial, craft or agricultural activity or providing professional or other services in the EU.

The contract for the formation of an EEIG must include its name, its official address and objects, the name, registration number and place of registration, if any, of each member of the grouping and the duration of the grouping, except where this is indefinite. The contract must be filed at the registry designated by each EU country. Registration in this manner confers full legal capacity on the EEIG throughout the EU.

Profits

It is not intended that the grouping should make profits for itself. The profits of an EEIG will be deemed to be the profits of its members and will be apportioned either according to the relevant clause in the contract or, failing such a clause, in equal shares. The profits or losses of an EEIG will be taxable only in the hands of its members.

Unlimited joint and several liability

As a counterweight to the contractual freedom which is at the basis of the EEIG and the fact that members are not required to provide a minimum amount of capital, each member of the EEIG has unlimited joint and several liability for its debts.

OTHER CHARACTERISTICS OF THE EEIG

- An EEIG must have at least 2 members from different EU countries. Partners from 3rd countries can become associated members. In order to avoid delays with the registration of an EEIG, associated members should be accepted through a member's resolution after the registration.
- An EEIG does not necessarily have to be formed with capital. Members are free to use alternative means of financing.
- An EEIG cannot employ more than 500 persons.
- When a grouping is formed or dissolved, a notice must be published in the Official Journal of the EU (C and S series).
- A grouping's official address must be within the EU.
- Each member of an EEIG has 1 vote, although the formation contract may give certain members more than 1 vote provided that no member holds a majority of the votes.
- The EEIG must have at least 2 organs. The members acting collectively and the managers. The managers represent and bind the EEIG in its dealings with 3rd parties. The managers of an EEIG are not required to be resident within the EU.
- For persons employed by an EEIG income tax and insurance have to be paid.
- The EEIG may register for VAT and is liable for VAT.

ADVANTAGES OF EEIG

- EU-wide standardized legal form with no discrimination.
- Change of business location possible within all of the single European market.
- No authorised capital is required.
- Simple formal incorporation requirements (registered incorporation contract).
- Profits of an EEIG are distributed equally or proportionally to the shares of the members. Profits made on the level of the EEIG and in the name of the members can be transformed into reserves of the EEIG and thus are not distributed to the members, with the result of no taxation of reserves on the level of the members.
- No requirement to prepare balance sheets and publish results
- Members themselves decide how they want to distribute their liability and the risk related to cooperation
- Members maintain their economic and legal autonomy, yet at the same time the EEIG maintains legal capacity.

DISADVANTAGES OF AN EEIG:

- Unlimited legal liability of members, but limited liability companies as members of an EEIG can limit their liability up to their capital.

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BKMS Limited

201 Strovolos Avenue, Off. 201-202
2nd Floor, The Future Business Centre,
2049 Nicosia, Cyprus

Tel. +357 – 22 265 360
Fax. +357 – 22 265 361

info@bkmsgroup.com
www.bkmsgroup.com