

01_European Company_march_2007_KG

The need to ensure free trade on the Community market determines the need to provide the companies trading on the European internal market with the freedom to reorganize their business on a Community scale, giving them the option to freely move their operations and seat from one Member State to another and thus freely operate within the whole territory of the EU. This is achieved through the establishment of a new legal form of a business undertaking called “European company” and commonly referred to as Societas Europea (SE) in Latin.

The European company is defined in a Council Regulation, having direct effect within the territory of the Republic of Bulgaria since its accession to the European Union on 1 January 2007. Therefore this legal form of business association can be used by companies operating on the Bulgarian market, as a result of which DOBREV, KINKIN & LYUTSKANOV law firm has started working on several projects of its clients to establish a European company.

In terms of its legal form, the European company is a public limited liability company whose capital is divided into shares. The special requirement of the Council for the SE equity is to be at least EUR 120,000 which corresponds to the initial idea of the Community to have this organizational form of undertaking used by big transnational companies operating on a large scale on the European market.

The main advantage of these companies is the possibility of moving their registered office to various Member States within the Community through an easier procedure, without going through liquidation or establishment of a new legal entity. In this way, businesses from various Member States can trade freely within the Community, without any restrictions to the movement of capital and also acquire the status of “a supranational company” with this new form of association which enables them to move their business anywhere in the EU Member States.

The SE forms are enumerated exhaustively in the Regulation, whereby the possible options¹⁰ are limited to the cases of acquisition of undertakings, establishment of a holding company or a subsidiary, and reorganization of an existing company. The Regulation puts forward the requirement at least two of the undertakings establishing the SE to be seated in different

Member States. The logic of this requirement lies in the idea of the “supranationality” of the European company.

Although the fundamental principles of and requirements to the European company are laid down in the Regulation, the SE is considered to be a public limited liability company established under the laws of the Member State of its registered office. This means that the European company is regulated by the provisions of the national legislation with regard to the incorporation procedure and taxation matters. Thus the company can exercise the option to freely move its registered office, choosing the most favourable regulatory arrangement among the various Member States.