

18 July 2025

Vol. 26/ No. 29



LEGAL OPINION

Corporate Veil

In cases of abuse of the corporate structure in order to cover an individual's activity, the piercing of the corporate veil can be ordered. For this to occur, the acts of the company should in fact be acts of the controlling person.

Criteria for that can indicatively be the insufficient funding of the company, the conflation of the corporate property with the assets of the controlling person. Lack of funding suggests that the controlling person transfers to the creditors of the company the risks of his own activity.

Lack of corporate organization chart in general organization structure is another test to investigate lack of corporate autonomy; absence of corporate activity is also a criterion evidencing identification of the controlling person with the company.

Piraeus Three-membered Court of Appeal Judgment no 467/2024, President: F. Tserketzoglou, Judges: K. Lekkou (rapporteur), A. Anastasiou, attorneys at law: K. Georgopoulos, Th. Kloukinas, N. Tsembera, A. Tourkantonis, G. Blaveris, NOMOS legal platform.

NOTE: While it is plain concept of corporate law that a controlling person can isolate a portion of his assets as capital for a legal person which would undertake economic activity, there is still the requirement that such legal entity has its own autonomous activity. Occasionally, incorporation of the legal entity takes place only to take advantage of the autonomy of it, covering in fact actions of the controlling person in an abuse of the possibilities granted by law. This is not tolerated by law.

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