
































Legal status of Legal Representatives in selected countries: Nomination and corporate/labor law issues

Please note: This overview does not claim to be exhaustive regarding the different corporate forms provided for under national law, nor does it present the potential risks under tax law linked to the question of the existence of a permanent establishment.

Country	Is the Legal Representative appointed by decision of the Shareholder / Board ?	If yes, can the Legal Representative get a confirmation per contract - in the form of a "Dienstvertrag"?	Can the Legal Representative combine this status with an Employment contract?	Can the Legal Representative be a legal entity?
 BELARUS	Yes	Yes, in respect of a director (natural person) / management contract (legal entity)	No, but the director is an ordinary employee with whom an employment contract is concluded	Yes
 BRAZIL	Yes	Yes	Yes	No
 BULGARIA	Yes	Yes, but in form of a Management Contract	Yes, only if no overlap with the duties of Legal Representative	Depending on the type of the company, e.g., no for OOD
 CHINA	Yes (only has 1 registered Legal Representative)	No (unilateral appointment decision)	Yes, if he simultaneously is employed, e.g., as a company manager	No
 CYPRUS	Yes	No	Yes, if simultaneously employed.	No
 CZECH REPUBLIC	Yes, appointed by the Shareholder	Yes, it is highly recommended	No, but there are exceptions	Yes
 DENMARK	Yes (shareholder for director / board for executive manager)	Yes, but not a requirement	Yes, if the parties voluntarily bind themselves to regulations on employee protection	No
 ESTONIA	Yes (shareholder's resolution)	Yes (after his consent and adoption of the resolution)	Yes, only if no overlap with the duties of Legal Representative	No
 FINLAND	Yes (depending on articles of association)	Yes, but not a legal requirement	Yes	No
 FRANCE	Yes	Not recommended	Yes, if conditions met (in particular separate employee functions)	French SAS: Yes French SARL: No
 GERMANY	Yes (shareholder's resolution)	Yes	No	This depends on the type of company (e.g., only natural persons in a GmbH)
 HUNGARY	Yes. Acceptation of the appointed necessary	Yes, he may hold the status under a personal service contract	Yes, the Legal Representative can hold the status in an employment relationship.	Yes, but legal person shall designate a natural person to discharge the functions in its name and on its behalf
 INDIA	Yes (shareholders at the time of incorporation then through the Board)	Yes, if appointed as Director as an employee, confirmation by Contract (+board resolution)	Yes - then dual role	No
 INDONESIA	Yes, generally	Yes	Possible, if the status is Employee who receives a separate, explicit power of attorney to act as a legal representative	No
 ITALY	Yes	No	Yes, if the powers as legal representative are limited accordingly	Yes
 KAZAKHSTAN	Yes, if the representative is delegated the powers of a Shareholder in other cases - No	No	Yes	Yes

	KENYA	Yes (shareholders)	Yes, if appointed as the CEO/Managing Director.	Yes, if appointed as a CEO/Managing Director.	No
	KINGDOM OF SAUDI ARABIA	Yes	No	Yes	No
	LATVIA	Yes	Yes	Yes	No for LLC's (<i>Limited liability company</i>) and JSC's (<i>Joint Stock Company</i>)
	LITHUANIA	Yes, depending on the AoA or regulations	No	Yes	No
	MALAYSIA	Yes, or company's Constitution	Yes	Yes	Yes (generally the case)
	NORWAY	Yes, for General Manager as representative	No, not in form of a German "Dienstvertrag"	Legally a General Manager is an employee	No
	POLAND	Yes (shareholder's or supervisory board resolution)	Yes, common practice (either civil law or employment contract)	Yes, however recommended to conclude a civil law contract	No
	PORTUGAL	Yes	Yes	No	No
	SERBIA	Yes	Yes ('Contract on rights and duties for natural person / Service Agreement for legal entities)	Yes, however, it is better for companies to conclude 'Contract on rights and duties of the director'.	Yes, but the company must have at least one Director who is a natural person
	SINGAPORE	Yes, this is an obligation	Not used for regular directors / Contract for service used for Directors registered to comply with the requirement to have at least 1 locally resident	Yes. Typically, the company concludes an employment contract (contract of service) with the director to define their duties and additional procedures	No for director of a Private Limited Company (Pte. Ltd.) Yes - In other legal forms, e.g. Partnership, Limited Partnership (LP), and Limited Liability Partnership (LLP)
	SLOVAKIA	Yes, by Shareholders	Yes, but in form of specific contract under Commercial Code	No, but exceptions, e.g. if no overlap with the duties of Legal Representative	Depending on the type of the company No for LLC's (<i>Limited liability company</i>) and SA's (<i>Joint Stock Company</i>)
	SPAIN	Yes	Yes, in the form of a commercial service contract	No, unless exception if no overlap with the duties of legal representative.	Yes
	THAILAND	Yes	Generally, yes, but not the legal requirement	Yes	No
	TURKEY	Yes	Yes	Yes	Yes, but the legal person must appoint a natural person to discharge the tasks of the Legal Representative in its name and on its behalf.
	UKRAINE	Yes	A services contract is a civil-law agreement which may be concluded only with a director in a limited liability company or an additional liability company instead of an employment contract	No	Yes, but only in the cases expressly permitted by the law (e.g., legal entities which have a status of a Diia City resident)
	UNITED ARAB EMIRATES	Yes	No	Yes	No
	UNITED KINGDOM	Yes	Yes	Yes	Yes, if at least one other director is a "natural person"
	UZBEKISTAN	Yes (shareholder's resolution)	Yes	Yes	Yes
	VIETNAM	Yes	No. Only confirmed by the unilateral decision by the Company	Yes, if the individual simultaneously holds another position within the company	No

Remuneration of Legal Representatives in selected countries: Labor and social security law issues

Country	Is it mandatory to provide a remuneration for the Legal Representative?	Is the Legal Representative assimilated to an employee regarding social security?
 BELARUS	Yes	Yes, if the Legal Representative is employed by the company
 BRAZIL	No	In principle No. But it can occur if the legal representative simultaneously has an employment contract
 BULGARIA	Generally, No	Generally, Yes
 CHINA	No	Only if the Legal Representative has a simultaneous employment relationship with the company, e.g., as an employed manager
 CYPRUS	No	Only if the Legal Representative has employment relationship with the company, it is not a pre-requisite
 CZECH REPUBLIC	No	Yes, except for occupational accident and disease insurance at KOOPERATIVA
 DENMARK	No	Yes, in case the legal representative is employed by the company
 ESTONIA	Generally, Yes, the amount shall be agreed upon	Yes, 33% social tax is paid from the remuneration, therefore social security is ensured
 FINLAND	No	Yes, in case the legal representative is employed by the company
 FRANCE	No	French "Simplified joint stock companies" (SAS): Yes French "Limited liability company" (SARL): Yes if the "Gérant" holds directly or indirectly a shareholding equal or below 50%
 GERMANY	No, but unpaid work is unusual	Yes, depending on the type of company. In the case of a "GmbH" (Ltd.), for example, managing director without shares and shareholder-managing director (with a share of less than 50%) without a blocking minority are generally subject to social security contributions
 HUNGARY	No	Yes, if the Legal Representative has an employment relationship with the company
 INDIA	No	Yes, if the Legal Representative has an employment relationship with the company
 INDONESIA	No	Yes
 ITALY	No, recommended to waive the right to remuneration at appointment	No, the two roles and positions must be kept separated Social security contributions are paid to two different funds, depending on whether the remuneration is granted for the activity as Employee, or as legal representative
 KAZAKHSTAN	No	No, if legal representative is not an employee
 KENYA	Yes, if appointed as a CEO/Managing Director	Yes, if appointed as a CEO/Managing Director
 KINGDOM OF SAUDI ARABIA	Yes, but can be waived	Yes, if the parties entered an employment relationship; the law does not distinguish between "usual" employees and bodies of the company in regards to employment rights
 LATVIA	No	Yes, if with the legal representative an employment agreement has been concluded (it is not obligatory to conclude an employment agreement with legal representative)
 LITHUANIA	No, unless there is an employment contract (mandatory for the Legal Representatives of UAB and AB)	Yes, if the Legal Representative is employed by the legal entity
 MALAYSIA	Depends on company's policies and employment term (employee = salary / if not,	If the legal representative has an employment contract and receives salary, he will be considered as an employee for social security purposes If the legal representative does not have an employment contract and is appointed as a director or officer, he may not be considered as an employee for this purpose

		director may not receive a salary.	
 NORWAY	No	No	Yes, generally no distinction between Legal Representative and ordinary employee.
 POLAND	No, but may be necessary from tax perspective	No, but may be necessary from tax perspective	Yes, if a Legal Representative is hired on the basis of employment contract
 PORTUGAL	No	No	Members of the statutory bodies (MOE) of legal entities (companies, cooperatives, etc.) and similar entities are assimilated to employees regarding social security, with specifications
 SERBIA	Yes, with exception to foreigner residents	Yes, with exception to foreigner residents	Yes, if employed. However, if he received remuneration based on the 'Contract on rights and duties of the Director' the tax rate and rules for calculation of the expenses in that respect differ
 SINGAPORE	No, voluntary	No, voluntary	Social security contributions are only mandatory for Singapore citizens and permanent residents. Social security contributions only payable on a director's salary under employment contract but not on the director's fees voted to him at general meetings
 SLOVAKIA	No, if agreed so in the contract. Otherwise yes.	No, if agreed so in the contract. Otherwise yes.	Yes, if the legal representative receives remuneration, but with several exceptions.
 SPAIN	No	No	If the legal representative receives a remuneration, he is assimilated to an employee regarding social security, but excluding unemployment benefit and insolvency fund payments.
 THAILAND	No, depends on shareholders' resolution and/or the contract	No, depends on shareholders' resolution and/or the contract	Generally, no, unless he is also an employee with the employment contract
 TURKEY	LLC, yes (unless shareholder). Joint stock company, no.	LLC, yes (unless shareholder). Joint stock company, no.	In case of managing shareholder of an LLC, no In case of board members of a joint stock company, no
 UKRAINE	Yes, if director under an employment contract / No in limited and additional liability companies under services contract	Yes, if director under an employment contract / No in limited and additional liability companies under services contract	Generally, yes
 UNITED ARAB EMIRATES	Yes, but can be waived	Yes, but can be waived	Yes, if the parties entered an employment relationship; the law does not distinguish between "usual" employees and bodies of the company in regards to employment rights
 UNITED KINGDOM	No - if is not also an employee	No - if is not also an employee	No, not unless he is also an employee
 UZBEKISTAN	No	No	Yes, if with the legal representative an employment agreement has been concluded (not mandatory)
 VIETNAM	No	No	Yes, if the Legal Representative is employed by the Company under employment contract