

Registered capital of a limited liability company

Abstract

This master thesis deals with the institution of the registered capital in a limited liability company, its meaning and its purpose. The aim of the master thesis is to evaluate the current legislation, to compare it with the adjustment of the registered capital in other countries (especially in Germany), as well as to propose its concrete improvements.

The new legislation of the limited liability company is very different from the previous legislation; the abolition of the minimum registered capital is one change brought by the new legislation. This is the result, not the cause of questioning the registered capital as the creditor protection institute. The registered capital does not perform the guarantee function, because the regulation of the registered capital does not provide (and the neither did the previous Act) effective guarantees that the company will have funds corresponding to the amount of the registered capital after the establishment of the company as well as during the period of its existence. Other provisions concerning the actual creation and maintenance of the registered capital were (except, for instance, the registered capital test) preserved. This is positive, especially because of great number of companies that have significantly higher than the minimum registered capital.

This thesis is based on the fact that the functions of the registered capital mainly include the signaling function, the function of the starting source and the function of the contractual elements bonding agent of the limited liability company. The registered capital either fulfils the other functions only partially, or not at all. Registered capital at the same time does not present any obstacles to doing business through a limited liability company.

The thesis also deals with the adjustment of the increase and decrease of the registered capital, and it states that this regulation adequately protects the assets represented by the registered capital. It follows the forthcoming amendment to the Business Corporations Act, which will introduce several modifications concerning registered capital. The current legal regulation of the limited liability company's registered capital is subjected to some criticism at the end of the thesis. At the same time the thesis puts forward proposals *de lege ferenda* which examine the introduction of certain aspects of German law into the Czech legal order.

Keywords: registered capital, limited liability company, protection of creditors