

Abstract

Corporate veil and its limits in the Czech Republic

This thesis deals with the corporate veil of a company and related legal institutes. Moreover, the thesis interprets instruments that can lead to responsibility or liability of shareholders for the company's obligations. The thesis identifies three model situations related to the corporate veil and the question of its possible pierce that are recognized by foreign legal systems.

The first chapter of the thesis focuses on the description of basic Czech legal institutes connected to the corporate veil, which are the concept of legal person and its legal personality, classification of legal persons and separate ownership of a company and a shareholder. The end of the first chapter is focused on a description of corporate veil itself and foreign doctrine of piercing the corporate veil.

The second chapter of the thesis describes instruments of Czech company and civil law which may result in piercing the corporate veil between the shareholder and the company. Shareholder's statutory liability, cases of business groups (influence, controlling, and concern) and other theoretical institutes that are potentially able to conclude delict liability of a shareholder for obligations of the company: principles of fair act, and prohibition of apparent abuse of a right and liability for damages based on the breach of good morals or breach of law can be considered as such instruments.

The last chapter introduces three model situations recognized by the United Kingdom's law, which address the issue of a just setting of separate legal ownership of a shareholder and a company. These model situations are phoenix companies, façade (fraud, sham), and shadow director. The thesis offers a suggestion of practical solution of these situations under the Czech law.

The discussion of limits of corporate veil and the related question of implementation of the piercing the corporate veil doctrine into the judicial practice of Czech courts or even into written law is ongoing and more and more frequent in the

Czech company-law literature. The current opinions of legal professionals do not seem to put an end to this discussion, even after the recodification of civil and company law. An open question remains what approach to the corporate veil will be taken by the Czech courts.