

# **Forced dissolution of commercial corporation in Czech law**

## **Abstract**

The dissolution of a commercial corporation is the first of several stages leading to the cessation of existence of the corporation. At the moment of dissolution a commercial corporation typically enters the phase of liquidation, the purpose of which is to settle the assets and liabilities of this person in the legal sense. The higher purpose of liquidation is the moment of the demise. However, the liquidation does not necessarily have to occur, e.g. in the case of a transformation or in the case of a punitive cancellation of a so-called inactive corporation.

A commercial corporation can be dissolved by the decision of its members or its highest body, *ex lege* or by court order.

The dissolution by a court decision represents one of the most serious interference with the rights of the dissolved corporation and also third parties, therefore it must be approached with restraint. This also results from the jurisprudence of the Constitutional Court and of the European Court of Human Rights. The legal regulation corresponds to the lack of basic defining features of commercial corporations, the most important features being *affectio societatis*, the purpose of existence and the object of activity in connection with the existence of the property, the internal structure (i.e. especially the mandatory bodies of the corporation) and the personal component. However, the fulfilment of administrative duties is also important.

The reasons for dissolution are interconnected, both at the level of substantive and procedural law. At the same time, both of these levels imply the importance of a distinguishing individual reasons for dissolution, which is often not easy due to the way this area of law is regulated. However, from a procedural point of view, a number of common elements connecting the reasons for dissolution can be found. They are, for example, the range of participants, the decision to appoint a liquidator or the absence of grounds for conducting the proceedings.

This topic is essentially related to revocation of a dissolution decision, or rather the question of its admissibility in the event of the dissolution by court order.

**Keywords: commercial corporation, dissolution, court decision**