

When does limited company expire?

All companies, which conduct their commercial activities in the Kingdom of Cambodia, must be registered with the Ministry of Commerce regardless of their formation procedures and terms. One of the information required to be included in the declaration forms for registration and stipulated in the articles of incorporation is date of existence and expiration of the company. (Article 17-New, Law on Commercial Rules and Registrar)

Partnerships are created by partnership agreement while limited companies are created by agreements of shareholders in form of articles of incorporation. Law on Commercial Enterprises, Article 16, provides that the term of the limited partnership contract may not be in excess of 99 years but may be extended. However, the same Law fails to mention the duration (life) of private limited liability company and public limited liability company. Since there is no legal provision limiting duration of the limited companies, the principle of private autonomy in the Civil Code applies; and accordingly, all forms of limited companies may be established for any period based on the agreement of the shareholders.

However, since operation of a company has involved many persons and closure of a company is not only a matter of the shareholders but also matter of third parties such as employees, customers, business partners and creditors; the duration of company should be reasonable to show long-term commitment and investment of the shareholders. In practice, most of the limited companies are established for duration of 99 years. One of the main reasons of such practice is to maintain consistent practice of all forms of partnerships and companies.

Author: Dr. Nop Kaharith