NEWS
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ANGOLA - THE SINGLE-PERSON COMPANY LAW

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The Single-Person Company Law (*Lei das Sociedades Unipessoais*) (referred to here by its Portuguese initials, "LSU") was approved by Law 9/12 of 11 June and came into force on the same date.

The LSU establishes the principles and rules that govern the setting up of single person companies in the context of civil and commercial legislation. Its aim is to foster the creation of micro, small and medium companies, which are considered fundamental to the development of the country's economy, to free competition and to the promotion of Angolan entrepreneurship.

These companies are made up of a single shareholder and, unlike the other types of companies, the legislator does not require the execution of a public deed to incorporate them. However, there are certain formal requirements for the incorporation process: the signature on the incorporation document must be recognised by a notary and the document must be registered at the Commercial Registry.

Another innovation in the LSU is the possibility for members of the liberal professions who are properly registered with their respective professional associations to set up single person companies.

TYPES OF SINGLE PERSON COMPANIES

Under article 2 of the LSU, single person companies make take on the form of either: (i) a quota company quotas or (ii) a share company.

In single person share companies, the share capital is divided into and represented by nominative shares of the same nominal value. The nominal value of each share must be equal to or greater than the corresponding value in Kwanzas of USD 100.00 (one hundred United States Dollars). The share capital will be held by the sole shareholder and must be equal to or greater than the corresponding value in Kwanzas of USD 20 000 (twenty thousand United States Dollars).

In single person quota companies, the sole shareholder holds an indivisible quota corresponding to the total value of the company's capital, expressed in Kwanzas. The value of this quota must be equal to or greater than the corresponding value in Kwanzas of USD 1000.00 (one thousand United States Dollars).

These companies are made up of a single shareholder and, unlike the other types of companies, the legislator does not require the execution of a public deed to incorporate them.

Despite the fact that the LSU itself provides for the regulations under it to be published within 45 days of the publication of the law itself, those regulations have not yet been published.

LIABILITY

The general rule on liability for single person companies is that only the assets of the company are liable for the debts of the company, although the sole shareholder is subject to subsidiary liability up to the limit of the share capital. The LSU also makes it possible for the sole shareholder to be subject to joint, several or subsidiary liability with the company for the latter's debts up to an amount to be established in the articles of association, which must be not less than one half of the share capital.

COMPANY TRANSFORMATIONS

A single person company may come into existence as a result of the concentration in a single shareholder of all the shareholdings in a quota company or share company, regardless of the reason for this change.

In particular, transformation into a single person share company may take place through the acquisition of all the shares in the company, with bearer shares converting into nominative shares. In this case, it is necessary to deposit the shares and alter the articles of association.

In the case of transformation into a single person quota company, the person who is to become the sole shareholder must express an intention to transform the company by means of a declaration that may be included in the document by which the quotas are transferred. In respect of this matter, the LSU establishes that, within one year of its entry into force, the majority shareholder of a quota company set up by only two individuals - between whom there are no matrimonial or family ties - may exclude the other shareholder if that shareholder has a share of less than 15% in the capital of the company. In or to do this, the majority shareholder merely needs to transform the company.

The LSU also establishes that share companies in which the Angolan State holds a share and commercial companies owned by foreign companies may be transformed into single person companies as long as, specifically in the case of the latter, they comply with the Private Investment Law.

It should be noted that banking and financial institutions, insurance and reinsurance companies, pension funds and their management companies may not set up as or transform into single person companies.

THE FUTURE

Despite the fact that the LSU itself provides for the regulations under it to be published within 45 days of the publication of the law itself, those regulations have not yet been published. This means that, despite enormous expectation from the Angolan and international business communities for the law to actually take effect, the law has not yet been applied by the authorities with responsibility for it.

This newsletter was prepared by a multidisciplinary team made up of lawyers from GLA – Gabinete Legal Angola and lawyers from PLMJ. This team was brought together under an agreement for international cooperation and membership of PLMJ International Legal Network, in strict compliance with applicable rules of professional ethics.