

E- registration of the limited liability company, that is LLC in 24 hours

1. WHAT IS A 24-HOUR COMPANY

There is in our country, for over two years now, a possibility to register a limited liability company in electronic form, that is so called 24-hour company (adopted by the act on amendment of the Commercial Partnerships and Companies Code and some other acts as of 01.04.2011 – Journal of Law 2011, No. 92, sec. 531).

According to this amendment, the Articles of Association may be also concluded, apart from traditional form of a notarial deed, by use of a standard agreement (pattern) shared in ICT system. The conclusion of the Articles of Association in this form will consist of filling out the pattern agreement in the ICT form and label it with electronic signature.

2. INCORPORATION AND REGISTRATION – FORMAL REQUIREMENTS

Let's take a closer look at the formal requirements for the registration of the company:

1. The Article of Association shall be labeled with an electronic signature under the pain of invalidity.
2. Amendment to the Articles of Association is possible only after a company's registration and requires a form of a notarial deed.
3. Together with the first amendment of the Articles of Association by the shareholders' resolution in the form of notarial protocol, the unite text of the Articles of Association must be adopted.
4. Only a cash contribution may be contributed to the share capital.
5. It will be allowed to cover the share capital increase carried out after the entry of the company in the register with the contributions in cash or in kind.
6. Coverage of the share capital shall take place not later than seven days from the date of registration.

The application must be accompanied, made on the forms provided in the ICT system, by:

- ✓ the Articles of Association, with the electronic signature,
- ✓ the list of shareholders with the surname and name or business name and number and nominal value of shares of each of them, electronically signed by all members of the Management Board,



- ✓ a statement, electronically signed by all members of the Management Board, certifying that the Company's entire share capital has been paid up, if the contribution were contributed at latest on the moment of filing the company for the registration.

The Articles of Association is concluded on the moment of introduction all necessary data to the ICT and with the moment of certifying it with electronic signature.

The Management Board – within 7 days from entry of the LLC into register – is obliged to file to the registry court:

- ✓ a statement signed by all members of the Management Board, certifying that the Company's entire share capital has been paid up, if such a statement was not attached to the registration motion;
- ✓ signatures of the members of the Management Board submitted in front of the court or notarized.

The common name of this type of company, a 24-hour company, comes from the fact that the application for registration of a limited liability company, formed with the use of an electronic standard contract (pattern), the registry court (the National Court Register) recognizes within 24 hours from the date of its submission, that is the introduction to the system.

3. ADVANTAGES AND DISADVANTAGES OF THE NEW PROCEDURE

It seems that the biggest drawback of this type of a company registration is its standardize. Registering a company in this way, we use a certain pattern, the pattern of an articles of association is identical for everyone and we cannot enter into it any statements that Individualize our company according to our needs. It is important to note that, of course, immediately after the registration you can change the articles of association, but it takes a whole round of traditional procedures and incur a new cost, which makes this procedure pointless.

An important advantage is, however, the rapidity - the entities that need to register the company quickly without waiting the prescribed two weeks (in practice often even much longer) and take into consideration the fact that at a later date may "adjust" the company to suit their needs - this is the procedure for them.

Unfortunately, while incorporating a limited liability company by using the communication system a 'one desk' procedure does not apply, which means that by using the quick registration of the company, the applications to the statistical office and a tax office (or Social Insurance) the entrepreneurs are required to file separately on their own, directly to the competent authorities. So the problem of inability to act fully in the absence of a tax number (NIP) is also a problem here.

On the other hand, the speed of the procedure and no additional legal or notary costs are an unquestionable advantage of e-registration. Introduced amendments will undoubtedly affect the improvement of start-up companies. Possibility of a conclusion of an articles of association and its

registration by using the Internet represents a significant simplification of the existing procedures and will save on the cost of the shareholders at the initial stage of the company.

If the simplified procedure for registration of a limited liability company will work in practice, the legislature has announced the introduction of a simplified mode for further types of partnerships/companies. There is no doubt that the majority of entrepreneurs wanting to fully protect themselves and be able to fully realize their plans within the company will eventually have to change the articles of association in the traditional way and by calculating expected time for that, they have to answer the question of whether or not to use this solution, which is the 24-hour company.

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If you are interested in incorporation of a Company or need a legal advice on amendment of an Articles of Association or current legal services on behalf of the Company, please contact me.

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