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Ways of reorganizing a company in the Republic of Moldova

Any company during its business must take decisions that will help to achieve the goals pursued. When the need arises to move to a new level of operation or take advantage of new opportunities, decisions related to the mode of operation are no longer enough, and then the need arises to change the very structure of the enterprise. This is achieved by reorganizing the company.

In this article, we aim to show the forms of reorganization and the conditions under which these reorganizations can occur.

The legislative framework governing the reorganization processes consists of several laws, namely:

- ▶ Civil Code
- ▶ Fiscal Code
- ▶ Law on Entrepreneurship and Enterprises
- ▶ Law on Joint-stock Companies
- ▶ Law on Limited Liability Companies

Based on the legal provisions, the reorganization of a company can be done by merging, absorption, division, separation, and transformation.

In the case of merging and absorption, we are dealing with a process in which several enterprises merge into one. In the case of division and separation, we are dealing with an inverted process that involves the emergence of new businesses. And in the case of transformation, we are talking about the modification of the legal form of organization of the company. Usually, it is about the transformation of an LLC into a SA or vice versa.

Any of the ways listed is nothing more than a means of achieving the intended goals. Among them can be both the efficiency of the activity and the increase of competitiveness in the market, as well as the settlement of disputes arising within the management.

For example, if shareholders cannot agree on the development strategists of the enterprise, the handiest solution remains to divide or separate it to enable each group to implement its own vision.

The reorganization of a company requires considerable organizational effort and resources. At the same time, the involved in the reorganization procedure companies and their shareholders can benefit from tax facilities in the form of exemptions from income tax for contributions to the share capital of the companies, redistribution of companies' assets, or obtaining participation shares in newly created companies.

The procedure itself is not a very complicated one. Although we have five ways of reorganizing, they can be carried out through two procedures.

A procedure for merger and separation. And the other one is for transformation.

Regardless of the way of reorganization, participants must start by guaranteeing the creditors' rights of the involved companies. In this regard, after the adoption of the reorganization decision, the involved companies must inform the creditors about the

reorganization. Creditors, in turn, have the right to seek enforcement of claims or to ask for guarantees with regard to their enforcement.

After ensuring that the creditors' rights are secured, the participants in the reorganization must draw up the merger or division contract.

The draft of the contract shall be approved by the general meetings of the involved companies with at least 2/3 of the votes.

In the case of reorganization by transformation, the decision is taken by the majority provided by the articles of incorporation and the legal requirements for the corresponding form of the legal organization of the company.

After the completion of the internal procedures, the merger or division contract shall be registered with the state registration body.

The reorganization of an undertaking begins to take effect only after its registration with the competent state bodies.

Locations

MOLDOVA