

B.C. Statutes

Business Corporations Act

Part 2.1 – Unlimited Liability Companies (ss. 51.1-51.9) [Heading added 2007, c. 7, s. 13.]

S.B.C. 2002, c. 57, s. 51.3

s 51.3 Liability of shareholders of unlimited liability companies

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51.3 Liability of shareholders of unlimited liability companies

51.3(1) Subject to subsection (2), shareholders and former shareholders of an unlimited liability company are jointly and severally liable as follows:

(a) if the company liquidates, the shareholders and former shareholders are jointly and severally liable, from the commencement of the company's liquidation to its dissolution, to contribute to the assets of the company for the payment of the unlimited liability company's debts and liabilities;

(b) whether or not the company liquidates, the shareholders and former shareholders are jointly and severally liable, after the company's dissolution, for payment to the company's creditors of the unlimited liability company's debts and liabilities.

51.3(2) A former shareholder of an unlimited liability company is not liable under subsection (1) unless it appears to the court that the shareholders of the unlimited liability company are unable to satisfy the debts and liabilities referred to in subsection (1), and, even in that case, is not liable under subsection (1)

(a) in respect of any debt or liability of the unlimited liability company that arose after the former shareholder ceased to be a shareholder of the unlimited liability company,

(b) in a liquidation of the company, if the former shareholder ceased to be a shareholder of the unlimited liability company one year or more before the commencement of liquidation, or

(c) on or after a dissolution of the company effected without liquidation, if the former shareholder ceased to be a shareholder of the unlimited liability company one year or more before the date of dissolution.

51.3(3) The liability under subsections (1) and (2) of a shareholder or former shareholder of an unlimited liability company continues even though the unlimited liability company transforms, and, in that event,

(a) a reference in subsections (1) and (2) to

(i) **"shareholder"** is deemed to be a reference to a person who was a shareholder of the unlimited liability company at the time it transformed, and

(ii) **"former shareholder"** is deemed to be a reference to a person who ceased to be a shareholder of the unlimited liability company before it transformed, and

(b) a reference in subsection (1)(a) or (b) or (2)(b) or (c) to **"the company"** is deemed to be a reference to the successor corporation.

51.3(4) In subsection (3) and this subsection:

"successor corporation", in relation to an unlimited liability company, means any corporation that results from the company, or any of its successor corporations, transforming;

"transform", in relation to an unlimited liability company or any of its successor corporations, means to

(a) alter its notice of articles to become a limited company,

(b) continue into another jurisdiction, or

(c) amalgamate with another corporation.

Amendment History

2007, c. 7, s. 13

Currency

British Columbia Current to B.C. Reg. 105/2017 (March 14, 2017)

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Business Corporations Act

Part 2.1 – Unlimited Liability Companies (ss. 51.1-51.9) [Heading added 2007, c. 7, s. 13.]

S.B.C. 2002, c. 57, s. 51.11

s 51.11 Notice of articles of unlimited liability company must include statement

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51.11 Notice of articles of unlimited liability company must include statement

A company formed under section 10 is an unlimited liability company if its notice of articles contains the following statement:

The shareholders of this company are jointly and severally liable to satisfy the debts and liabilities of this company to the extent provided in section 51.3 of the *Business Corporations Act*.

Amendment History

2007, c. 7, s. 13

Currency

British Columbia Current to B.C. Reg. 105/2017 (March 14, 2017)