

## Re-Domiciliation of Companies

By

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Corporate re-domiciliation is the process of shifting the domicile of a company (i.e. its place of incorporation) from one country to another while maintaining its legal identity. Due to increased focus of economies on globalisation, the ease and usage of re-domiciliation provisions has significantly increased worldwide in the recent years.

### **Factors requiring a company to be re-domiciled**

During the lifetime of a company circumstances may change. For example, the existent rules and regulations in the country of incorporation, may change, hampering the company's future business. Another situation may be the shifting of company's owners to a different country for any reason whatsoever, or the depletion of major resources required for production. For these and many other reasons, company law in many jurisdictions provide the option of transferring the domicile of a company from one country to another and thereby allow the company to continue its existence.

### **Impact of re-domiciliation**

After re-domiciliation, the company ceases to exist in the country of its original incorporation and is deregistered there, but continues rest of its life in another country by getting incorporated there in the same form. The transfer process is generally very smooth and in most cases the company retains its original name only.

### **Pre-requisites for re-domiciliation**

In order to re-domicile, the company law of both the existing jurisdiction (where the company is currently registered) and the target jurisdiction (where it is to be shifted) have to contain re-domiciliation provisions.

Not all countries allow re-domiciliation. Take for example the Indian Companies Act, 2013. It doesn't contain any provisions for re-domiciliation of a company incorporated in India to a country abroad. However, most other common Law jurisdictions provide the option. Some civil law countries like Austria, Hungary, Latvia, Luxembourg and Liechtenstein also allow re-domiciliation of companies. In view of the increased globalisation this is one of the provisions that may be incorporated in the Companies Act, 2013 also.