

## Our National Legislation and the Concept of Legal Entities in English Law and its Specific Characteristics

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**Abstract:** In this article analyzed Uzbekistan national legislation and the concept of legal entities in English law and its specific characteristics. In addition, author tried to illustrate the history and development stages of legislation and the concept of legal entities of common law countries. At the result of analyze author tried to give several suggestions and recommendation for development of legal entities activity of Uzbekistan.

**Keywords:** legal entity, business, judicial system, common law, legal study, national law, entrepreneurs.

Legal entity- Enterprises, institutions, organizations that are subjects of civil rights and obligations. According to the civil legislation of the Republic of Uzbekistan, a legal entity owns separate property in its property, economic management or operational management and is liable for its obligations with this property, can own and exercise property and personal non-property rights on its own behalf. It is an organization that can fulfill its obligations, be a plaintiff and be accountable in court. Legal entities must have an independent balance sheet or budget<sup>1</sup>.

From the above definition, it is clear that a legal entity can be a legal entity, but not any organization that meets certain requirements. Legal entities:

- 1) organizational unit;
- 2) property independence;
- 3) independent property liability;
- 4) have signs of acting on their own behalf in civil matters need

Organizational unit - means that the legal entity is organized as a subject of law, has certain rights and obligations. The legal entity must have a Charter or Charter, indicating the organizational structure. Some state institutions and other state organizations in the state budget, as well as in cases provided by law, other organizations may have a general Regulation on such organizations without a separate Charter. Although some branches of legal entities (economic departments, divisions, agencies) have a certain system and are organized in a certain way, they are organizations that perform only part of the work of an entire organization (enterprise, institution). can not be a legal entity.<sup>2</sup>

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<sup>1</sup>Civil Code of the Republic of Uzbekistan, Article 39

1. <sup>2</sup> Гулямов S., Хужаев S., & Рустамбеков I. (2021). Перспективы совершенствования и либерализации банковского законодательства Республики Узбекистан на современном этапе: Журнал гражданских и Юридических наук. Гулямов Саид Саидахарович. извлечено от <https://gulyamov.org/index.php/said/preprint/view/83>

Property independence - in order to be a subject of civil law, it is necessary that any organization that is a legal entity has its own property, each state organization has its own property. In other words, legal entities must have an independent balance sheet or budget (Article 39, paragraph 2 of the Civil Code). The property of legal entities is reflected in their charter. The charter fund consists of cash contributions of the founders, real estate, membership fees, income from entrepreneurial activities, voluntary charitable funds of citizens, dividends from shares and other sources not prohibited by law. . There are also some limitations in this area. In particular, political parties are represented by government agencies, enterprises, institutions and organizations,

Public organizations have only the right of full management or operational management of state-owned property. Cooperatives and public organizations and their associations shall own the property belonging to them on the basis of property rights. Organizations that do not have separate property or are not able to manage it independently and therefore cannot have economic relations with other persons are not subject to civil law.

Independent property liability means that an organization that is a legal entity is liable for its obligations with the property that belongs to it (and a state organization is attached to it). The state is not responsible for the obligations of state organizations that are legal entities, and these organizations are not responsible for the obligations of state organizations. Terms and procedure for debt repayment, funding of organizations in the state budget are determined by the laws of the Republic of Uzbekistan. The supreme body of a legal entity shall not be liable for the debts of its subordinate legal entities. However, the supreme body of the legal entity may be liable for the debts of the subordinate organization in cases provided by law or the Charter. Subordinate organizations are also not responsible for the obligations of their superiors.<sup>3</sup> Legal entities are liable for their obligations with all their property. In case of insufficiency of the property of the state enterprise, the state shall be subsidiary (additional) liable for its obligations.

If the bankruptcy of a legal entity is caused by illegal actions of its owner or founder, in case of insufficiency of the property of the legal entity, its owner (or founder) may be subject to subsidiary liability.

Acting on its own behalf in a civil transaction means that an organization that is a legal entity can participate in legal relations on its own behalf, enter into various agreements, have property and non-property rights and create obligations. A legal entity may be a plaintiff and a defendant in court, in an economic court.

Each legal entity is required to have its own company name. The name of the firm means the organizational and legal form of the legal entity. For example, Ziyo trade and production collective enterprise. Here "Ziyo" is the name of the enterprise, ie the company's products and services are published under the label "Ziyo". "Trade and production" means the nature of the enterprise, "collective enterprise" - the enterprise is based on collective ownership.

A legal entity acquires civil legal capacity in accordance with the purposes provided for in its constituent documents. It is quite natural that there is a difference in the scope of legal capacity between organizations and citizens. Organizations do not have the same rights and obligations as citizens, they can only engage in activities specified in their charters or charters.

The special legal capacity of a legal entity is determined by its charter, charter or legislation (Article 41, paragraph 3 of the Civil Code). The scope of relations in which an organization or

enterprise is a legal entity is determined by the purpose of its establishment and the nature of the work to be performed. A legal entity has certain rights and obligations depending on the relationship in which it participates. Thus, the legal capacity of a legal entity is determined by the tasks assigned to it (the principle of special legal capacity). A legal entity may engage in certain types of activities established by law only on the basis of a special permit (license). For example, the production, processing and sale of oil, oil products and gas. While the principle of equality of legal capacity is established in civil law, the content of civil legal capacity is determined equally by law for all citizens, the legal capacity of legal entities differs from it and is different for each type. It is determined by law, charter or charter for all legal entities, not in a general way before, but at the emergence of a particular legal entity, depending on the purposes of its work.

The legal capacity of legal entities also differs from the legal capacity of citizens. If, in contrast to the legal capacity of citizens, the legal capacity is formed after a certain age, the legal capacity of legal entities is formed at the same time as the legal capacity. At the same time, unlike civil capacity, it is not possible to limit the legal capacity of legal entities and declare it incompetent.<sup>4</sup>

A legal entity acts on the basis of its charter or charter. The legal capacity of a legal entity arises from the moment of approval of its charter or charter or after the relevant competent authority has made a decision on the establishment of this legal entity. A legal entity is considered established from the moment of its state registration (Article 44, paragraph 4 of the Civil Code).

A foreign legal entity is a legal entity established on the territory of a foreign state. In private international law, the concept of personal law of a legal entity is applied to legal entities.

Below we study the concept of legal entities in English law and its specific features.

Under British law, all legal entities have corporate status. Two types of corporations are recognized in English law. These are: sole corporation and corporations aggregate. At this point, we need to distinguish between these two types of corporations.

A sole corporation is a legally established and privately owned entity. This structure can have its own property, participate in contractual relations, and be a plaintiff and defendant in court in respect of its property.<sup>5</sup>

A corporations aggregate is an organization established by 2 or more persons for legal purposes and has at least 2 members. It is also an independent legal entity that can own its own property, participate in contractual relations, and be a plaintiff and defendant in court over its own property.<sup>6</sup>

The law divides companies into several types based on property liability to third parties. In English law, their classification is slightly different from those in the Romano-German civil law system:

- Unlimited liability company (society). Romano-Germanic law is found in all types of organizational structures in the states in which it operates;
- Limited Liability Company. In the states where Romano-Germanic law applies, the command belongs to the company.

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<sup>4</sup> Rustambekov, I. (2019). Business Environment and Investment Climate in the Republic of Uzbekistan. *International Journal of Advanced Research*, 4, 1282-1285.

<sup>5</sup> Turdialiev, M. A., & Komilov, B. (2020). The Legal Issues Of International Investment Activity In Uzbekistan: Critical Analysis And Legal Solutions. *The American Journal of Political Science Law and Criminology*, 2(12), 16-21.

<sup>6</sup> Bogatyreva D.D Abstract "Juridical litas on English law and the law of the USSR"

- Limited Liability Company (Company). An analogue of joint-stock companies in countries where Romano-German law applies<sup>7</sup>.

Each registered company must have two main documents: the company memorandum (memorandum of association) and the company law (Articles of association). These documents define the name and type of the company, its main activities, the amount of authorized capital, types of shares, the basic rights and obligations of shareholders, the characteristics of the company's management, other issues of its activities. through which British law abandoned the concept of a limited legal entity of the company. Currently, registered companies have a common legal entity and can engage in public activities as well as any type of activity not prohibited by law.<sup>8</sup>

As a general rule, the life of a company is not limited, but it can be terminated by the decision of the company's founders or shareholders, or after a certain period specified in the company's charter, or with the onset of an event.

If we talk about shares, a company can offer several different shares that give its owners different rights (ordinary shares, preferred, voiceless, convertible, repurchased, etc.). The issuance of secret preference shares is not allowed in the UK, all shares must be registered in the relevant documents and the benefits must be exercised in the manner prescribed by law, which is controlled by the relevant government agencies. The register of shareholders is maintained by the company itself or on its behalf by a professional participant of the securities market. The state registration of companies is carried out by the government body - the House of Companies (Companies House) and is listed.

Today, there are about 6 million business structures in the UK, which means 1 business structure for every 10 people in the country.<sup>9</sup> Despite the existence of such a large number of organizational structures, each of them has its own unique business activities, customers and entrepreneurial traditions. The 2 companies that are most similar to each other in terms of structure and other factors also differ from each other in different aspects, but they all have one thing in common: the House of Companies. If a company in the UK wants to set up a division, it will split in direct contact with the House of Companies. This is the case if you operate as a sole proprietor and employee.

What is the House of Companies? House of Companies is an organization established on the basis of the Royal Charter. This structure is a public, government-funded organization with the authority to oversee the business department, fuel and industry strategy. When it comes to registering companies as established or liquidated, it becomes an official enforcement agency.<sup>10</sup>

The House of Companies has two main functions in its activities - registration and liquidation of British organizations.

Registration - If you want to establish a company, you must apply to the House of Companies to register the name of this company.

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<sup>7</sup>Bogatyeva D.D Abstract "Juridical litas on English law and the law of the USSR"

<sup>8</sup> Rustambekov, I. (2019). Opportunities for investment in free economic zones of the republic of Uzbekistan. In *Научные тенденции: Юриспруденция* (pp. 18-20).

<sup>9</sup><https://www.mintformations.co.uk/blog/what-is-companies-house-why-is-it-important/>

<sup>10</sup> Inamdjanova, E. (2021). INVESTMENT AND INVESTMENT ACTIVITY IN THE DIGITAL ECONOMY. Збірник наукових праць SCIENTIA.

Termination - If for any reason you want to terminate your business, you must also apply to the House of Companies and register your company as "terminated".

However, the House of Companies is not directly involved in the company establishment and liquidation process. He is responsible for providing comprehensive, reliable and accurate information about all companies operating in the UK. The House of Companies records all information about the organization (directors, shareholders, address, communication, etc.) and updates it at regular intervals.

The House of Companies cannot automatically obtain relevant information from companies or other sources. All information to the House of Companies is provided by company members.<sup>11</sup>

The House of Companies serves to support business owners, business communities, the government and the general public. He does this in several ways. The first is by recording data. If a person formalizes his / her organizational structure, he / she will have a legal structure with ownership, protection and special status and rights. It will have its own business name and other individuals will not be able to operate under that name.

Household registration also serves as a kind of guarantee. The structure can be registered and approved in the House of Companies only if it meets the relevant criteria and the relevant legal documents are collected.

Through corporate records and data, the government can monitor the country's economy and provide statistics to further develop the current economic situation. The House of Companies can control in which industry, what kind of organizational structures operate under which directors.

Without the home of companies, there would be no process of registering any organizational structures. It would not be possible to obtain information about the business structures operating in the country and to prove in any way that the brand is owned. The House of Companies is a key link in the business community. it provides sufficient protection and information for a stable and fair business environment.

According to the director of the company, a leader in English law is known for the concept of "shadow director". It is, in fact, a person who participates in the management of a company without being formally appointed.

Branches of foreign companies (Branch of Foreign Incorporated Somranu) must be registered in the register of companies in accordance with a special procedure.<sup>12</sup>

As mentioned above, under the British legal system, all legal entities are divided into "associations of individuals" and "single corporations".

Corporations (associations of individuals) are called companies. Companies are divided into public and private companies. The law classifies several types of companies:

- Unlimited Liability Company (Company)

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<sup>11</sup> Turdialiev , M. A. (2021). REGULATION OF MNES BY DOMESTIC AND INTERNATIONAL POLICIES. *Збірник наукових праць SCIENTIA*. вилучено із <https://ojs.ukrlogos.in.ua/index.php/scientia/article/view/17095>

<sup>12</sup> Рустамбеков, И. (2019). О правовых проблемах и путях совершенствования порядка признания и исполнения решений иностранных судов и международных арбитражей в Республике Узбекистан. Т.



- Limited Liability Company
- Limited Liability Company (Company)

Based on the above, the law of this country provides for effective means of serving financial and economic interests, including corporate and contract law, as well as effective guarantees of their protection.

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