Date....................

Doctrine of lifting of or Piercing of Corporate Veil

In simple terms, It means disregarding the corporate personality and looking behind the real person who are in control of the company.

Where a fraudulent and dishonest use is made of the legal entity, the individuals concerned will not be allowed to take shelter behind the corporate personality.

Statutory Recognition of lifting of Corporate Veil

Pursuant to Section $\boxed{7(7)}$, $\boxed{251(1)}$ and $\boxed{339}$ which lift the corporate veil to reach the real forces of action.

7(7) → false Info for incorporation of company

251(1) → deals with liability for making fraudulent application for Removal of name of company from Register of Co.

339 → deals with liability for fraudulent conduct of Business during WU.

Case: Salomon v. Saloman & Co. Ltd (1897), courts have found it necessary to disregard the seperate personality of company in following cases:

Spiral

Date.....................

a) Where the corporate veil has been used for commission of fraud or improper conduct. In such a situation, courts have lifted the veil and looked at the realities of situation.

b.) Where a corporate facade is really only an agency instrumentality.

c.) Where the conduct conflicts with public policy, courts lifted the corporate veil for protecting the public policy.

d.) Where ~~the~~ it was found that the sole purpose for which the company was formed was to evade Taxes the court will ignore the concept of seperate legal entity and make the individuals concerned liable to pay Taxes which they would have paid but for the formation of the Co.

Lifting of Corporate veil of Small scale Industry:

For Ex. XYZ Pvt ltd → owning as SSI (Lifting of CV is permissible

Use of CV for hiding Criminal Activities.

Court could lift the CV and treat the assets of the Company as the realisable property of the shareholder.