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Title: Dopuszczalny zakres działania spółki komunalnej/ The permissible scope of activities of a municipal company

Source: Kwartalnik Prawa Prywatnego („Quarterly of Private Law”)

Year: 2014, vol: XXIII, number 2, pages: 449-472

Keywords: municipal company; local government unit; ultra vires

Discipline: Law (Private Law, International Private Law, European Law, Commercial Law, Labor Law, Civil Procedure) Private Law, Commercial Law, Public Law

Language: Polish

Document type: article

Publication order reference: The Faculty of Law and Administration of the Adam Mickiewicz University in Poznań; Chair of Civil, Commercial and Insurance Law; Aleja Niepodległości Street 53, 61-714 Poznań

Abstract:

A municipal company operates most often as a limited liability company or a joint stock company. However, its legal status is characterized by a high degree of originality and it significantly differs from the status of a typical limited or joint stock company.

In particular, local government units (in municipalities, counties, or provinces) implement through a municipal company their statutory duties to satisfy the needs of the local community. Therefore, the legal nature of the company is closely linked to the nature of a particular local government unit.

A municipal company is an entity with a special purpose. It has been created to achieve specific objectives and the scope of its activities is defined by the law. One may ask the question what legal consequences arise when the company takes legal action, for example, it concludes a contract, beyond the statutory scope of its activity.

According to the author this question is complex. In order to answer it interdisciplinary analysis should be carried out taking into account the scientific achievements regarding both the civil and the public law.

In conclusion, the author advocates a moderate and cautious solution, taking into consideration the need to respect the principle of legal security. Thus he expresses the view that legal action, such as a contract concluded outside the scope of permissible activities of such companies will be valid. Consequences of another kind, such as administrative and legal sanctions may nonetheless occur.