Impact of the New Company Law's Limited Contribution System on Limited Liability Companies

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Abstract
Summarizing the ten years of experience and lessons learned from the operation of the contributed capital system, after three years of deliberation and five years of overhaul, a new change in the Company Law was ushered in. The Company Law of the People's Republic of China (2023 Revision) was voted and passed on December 29, 2023, and came into effect on July 1, 2024. The new Company Law continues to implement the Contributed Capital System, replacing the Fully Contributed System with a Limited Contribution System. It consolidates the positive results of the operation of the Contributed Capital System and amends the deficiencies in the actual operation, better implements the autonomy-based Contributed Capital System, and provides a new path for the development of the Contributed Capital System in the future. In this paper, we will start from the impact of the limited liability company (LLC) under the limited contribution system, and discuss the reasonable interpretation path of the shareholders' interest in the limited contribution system, the company's capital formation system, and the shareholders' responsibility in the light of the revision of the new Company Law.

Keywords: new company law, contributed capital system, shareholders' rights, limited liability company, limited contribution system

1. Introduction

Our Company Law was enacted in 1993, establishing the authorized capital system. In 1999 and 2004, the legislature successively amended individual articles of the Company Law, and a more comprehensive revision was carried out in 2005. Corporate autonomy is a constant theme in the institutional construction, normative interpretation and development of company law. The amendment of the Company Law in 2005 introduced the systems of denial of personality and derivative action, which started the transformation of the concept and system of the Company Law from mandatory to arbitrary regulation. In 2013 and 2018, the Company Law made significant amendments to the company capitalization system. The Company Law that came into force in 2014 introduced the paid-in capital system to replace the legal capital system for limited liability companies, which is a return to the origin of China's company capital system to the autonomy of the company, highlighting the fundamental value of the concept of company autonomy and the logic of the system in the expression of the norms and interpretation of the Company Law. 29 December 2023 was the thirtieth anniversary of the promulgation of the Company Law of the People's Republic of China, and the seventh session of the Standing Committee of the Fourteenth National People's Congress was held on the same day. Standing Committee of the National People's Congress considered and passed the sixth revised Company Law of the People's Republic of China at its seventh meeting. The newly revised Company Law has profound changes to the statutory capital system for the formation of company capital, in which the system design of capital formation for joint stock limited companies is brief, clear and basically consistent with the international company law, on the contrary, there are many issues that can be discussed in the aspect of limited companies, so this paper will only focus on the changes to the statutory capital system for the formation of capital for the limited liability company (hereinafter referred to as the company). Therefore, this article will only focus on the impact of changes in the legal capital system on limited liability companies (hereinafter referred to as companies) in terms of capital formation.

2. Formulation of the Issue

Since the establishment of limited liability companies in 2013 to implement the full contribution system has been ten years ago, the results of this decade of practice is not satisfactory. There are a large number of "skin companies"
in the market, where shareholders' contributions are not in place, and it is even more difficult to operate in good faith. In the face of practical problems, the supreme people's court in the absence of a clear basis for the supreme law, relying on the supreme people's court on the application of the "people's republic of china company law" a number of issues of the provisions of the (3)" or "the national court civil and commercial trial work conference minutes" in order to make up for the loopholes in the system. In view of this, the new Company Law restricts the full contribution system by providing that the shareholders of a limited liability company shall implement a limited contribution system (which some scholars consider to be a paid-in system, in short, the legislator's abandonment of the full contribution system, which is not meaningful to discuss excessively). Moreover, the revision of the company law, the company's operating capital needs. Furthermore, the registered capital is no longer the "credit foundation" of the balance, strengthen the role of the registered capital for the company, so that the registered capital to play its due role, the author will be in the following on the revision of the specific problems brought about by the analysis and solution.

3. Analysis and Resolution of Specific Issues

The logic of the Contributed Capital System, a fledgling system that only came to fruition in 2014, greatly enhances the autonomy of the company, which begins with corporate autonomy. Under the paid-in capital system, the formation of corporate capital is not dependent on the paid-in capital of the shareholders, but only on the act of the shareholders in making the contribution and establishing the company. In the context of China's current legal capital system, the Contributed Capital System cannot be divorced from the three principles of capital (capital formation, capital determination, and capital maintenance), which are the cornerstones of the capital system. The logical core of the paid-in capital system lies in the registered capital. Under the traditional statutory capital system, the registered capital determines the life of the company, and is the most important of a series of activities from the establishment to the termination of the company, and whether or not the registered capital is paid in full is the necessary condition for the acquisition of shareholders' rights. However, under the paid-in capital system, the registered capital may no longer be so important. More than ten years of the operation of the paid-in capital system have shown that the registered capital of a company is only the commitment of the shareholders to make contributions to the company, and has the function of forming the independent property of the company and isolating the shareholders from their responsibilities to the creditors of the company; the fulfillment of the obligation of the shareholders to make contributions (paid-in capital) has nothing to do with the formation of the company's capital, but has nothing to do with the maintenance (enrichment) of the company's capital. The fulfillment of shareholders' capital contribution obligation (paid-in capital) has nothing to do with the formation of the company's capital, but is related to the maintenance of the company's capital. Under the paid-in capital system, whether or not a shareholder has paid in capital is no longer a factor to be considered in judging the status of the shareholder (acquisition of equity and its change), but only a factor to be considered in evaluating whether or not the shareholder is liable to the company for breach of contract in the event of inaccurate capital contribution.

This change in status is intended to adapt to the development of the market economy, relax market access restrictions, improve the efficiency of capital utilization and reduce transaction costs. In practice, the source of the company's capital can not only stay in the registered capital, more can be in the capital market "financing" to meet the company's operating capital needs. Moreover, the registered capital is no longer the "credit foundation" of the company, but the business model of the company and its potential growth value. The revision of the company law, once again for the system of paid-in capital and the capital of the three principles of the relationship between the balance, strengthen the role of the registered capital for the company, so that the registered capital to play its due role, the author will be in the following on the revision of the specific problems brought about by the analysis and solution.

3.1 Are Restrictions on the Duration of a Company's Capital Contribution “too Strong”? 

Article 47 of the new Company Law stipulates the capital contribution limitations of limited liability companies, and the laws, administrative regulations and the State Council have the right to decide on the capital contribution of limited companies. Since the Company Law only sets the tone for the formation of the company's legal capital system, and cannot be effectively implemented in practice, the General Administration of Market Supervision has organized and drafted the Opinion Draft to guide the company to adjust its registered capital in an orderly manner in accordance with the law, to safeguard the security of market transactions, and to continuously optimize the business environment.
The Opinion Draft contains more detailed provisions on the capital contribution period of a company, such as setting a three-year buffer period for stock companies, making prudent judgments on the capital contribution period of stock companies and abnormalities in the amount of capital contribution, and requiring company information to be transparent and open to the public through the National Enterprise Credit Information Publication System. These provisions are indeed an effective implementation of the Company Law's capital contribution restrictions and a buffer for rule changes, but we should consider whether there are aspects of this revision of the Company Law that are too strong.

In the author's opinion, China's economy is in a stage of gradual rebound at this time after three years of severe impact of the epidemic, and the restriction of the company law on the period of capital contribution (requiring the company to pay all the registered capital within the statutory period of capital contribution) is not a very good way to boost the economic development. First of all, the establishment of the longest capital contribution period for the company will increase the burden of the company. In practice, the company's assets are generally in a state of flux, especially in today's general economic downturn, excessive restrictions on the company's capital contribution will lead to a decrease in the freedom of the business environment, which will have a negative impact on the economic recovery. Furthermore, Article 48 of the Company Law determines the diversification of the forms of capital contribution, and for some unconventional ways of capital contribution, there may be a conflict with the limitation of the period of capital contribution, which is contrary to the free business environment pursued by the legislator. For example, in 2023, the establishment of company A, shareholder A to company B's period of 10 years of debenture capital, even in accordance with the "draft" stipulates the buffer period of three years, plus five years of the longest period of capital contribution, but also can't be paid by the due date of capital contribution, according to the provisions of the "company law" shareholders A can only out of their own pockets in order to protect their own shareholders, which is undoubtedly a kind of aggravation of shareholders' responsibility. Finally, for some newly established companies, the knowledge and technology of many emerging potential industries are more important compared to capital. In startups under the full contribution system, the founders can contribute with human capital and enjoy a high percentage of capital contribution, with a very long capital contribution period, and the shareholders tacitly agree that the founders don't actually make capital contributions; the capital for the company's operation comes from investors, which provide capital and value the founders' human capital. But according to the new "Company Law" this situation will no longer exist, to human capital contribution of the founder will not be able to arbitrarily contribute to the registered capital, the distribution of its shareholding will also be greatly restricted, which is a great resistance to the development of some emerging entrepreneurial enterprises, the company's shareholders can not be through the method of contributing to the distribution of their respective shareholdings, "capital is king The principle of "capital is king" is manifested to the fullest extent.

The author has no objection to the legalization of the capital contribution period, but only thinks that the Company Law is a bit over-exerted, and can adopt the partial contribution system with a time limit, i.e., the registered capital will be partially paid within the statutory contribution period. Germany, which is also a civil law system, has adopted this partially paid-in system to limit the registered capital of the company. The German "Limited Liability Company" stipulates that before the establishment of a limited liability company, the shareholders must pay at least 1/4 of their subscribed shares, and the total amount of cash contribution must reach at least 1/2 of the total amount of the initial capital stipulated in the articles of incorporation. A large part of the reason for the implementation of the limited period of paid-in system in our country is because the market's A large part of the reason for the implementation of the limited contribution system in China is because the integrity of the market is too low, and the implementation of the partial contribution system can not only adjust the business environment, but also avoid "accidentally injuring" too many companies, so as to achieve a dynamic balance, thus raising the integrity of the market. As for the size of the percentage of contribution within the statutory period, it can be determined according to the specific situation of the market, and the most important thing is to avoid excessive intervention in the market and create a free and open business environment for companies.

3.2 Supporting Implementation of Capital Increase and Capital Reduction Procedures

The new "Company Law" of the limited period of the contribution system, so that the capital increase, capital reduction procedures have become the company industry's big hit, how to support the implementation of the company's capital increase and capital reduction procedures have become the focus of attention of the legislator. The Company Law and the Opinion Draft have relevant institutional provisions on this issue, there are innovations and deficiencies, the author will discuss this in the following.

3.2.1 Procedures for Capital Reduction

With the introduction of the new "Company Law", many companies heard the wind, published in the newspaper
announcement of capital reduction, will reduce the registered capital, in Shenzhen, for example, Shenzhen Municipal Market Supervision Bureau - commercial subjects credit supervision and publicity platform in the reduction of registered capital announcement column, only January 5, the first 10 pages of the announcement of the reduction of registered capital of the 200 companies issued. Opinion Draft” for such a reduction of registered capital but not reduce the paid-in capital issues, in Article 5 to develop a "special capital reduction" procedures, providing that only three provisions of the company all meet all the requirements and through the national enterprise credit information publicity system to the community for twenty days, and the publicity period of the creditors did not raise objections, the company can be with the Application and undertaking for registration of changes in registered capital. The author believes that the advantage of this procedure is to shorten the time of the company's capital reduction, but also protects the creditors of the established expectations of the interests, but since the legislative purpose of the procedure is to improve in order to reduce the efficiency of the capital, then the provisions of Article 5 is a little too strict.

The strictness lies in the fact that in order to complete the capital reduction through the special capital reduction procedure, the company needs to fulfill three conditions at the same time, and the fulfillment of these three conditions is not an easy task for the company. Firstly, in order to fulfill the first condition, the company still needs to prepare a balance sheet and a list of assets in accordance with the requirements of the ordinary capital reduction procedure, so as to prove that the company does not have any outstanding liabilities or liabilities that are significantly lower than the company's paid-up registered capital. Secondly, the second paragraph of the conditions clearly aggravate the responsibility of the shareholders who have been fully funded, according to the provisions of the Company Law, the shareholders who have been fully funded do not need to be liable for the company's debts, which is essentially limited liability for shareholders. The Opinion Draft requires each shareholder to be jointly and severally liable within the scope of the total capital contribution, which seriously expands the upper limit of liability for shareholders, especially minority shareholders. Finally, the special capital reduction procedure also gives creditors the right to veto, and a company's preliminary preparations for a capital reduction may be jeopardized by creditor objections.

Therefore, the author believes that the provisions of the special capital reduction procedure can be further liberalized to provide shareholders with more convenient ways of capital reduction, such as simplifying the requirements for proving financial, meeting one or two of the three conditions or meeting the interests of creditors' deadlines can be reduced. Admittedly, since the special capital reduction procedure is a kind of institutional innovation, the legislator is not wrong to take a cautious attitude in the early stage. Therefore, the improvement and implementation of the special capital reduction procedures can not be rushed, and the operation of the Company Law should be closely linked to the social repercussions, the road to perfection is a long way to go.

3.2.2 Procedures for Replenishment

For the capital increase procedure, the author hereby discusses whether the starting point of the statutory period for the payment of the capital increase in the capital increase procedure is "the date of incorporation" or "the date of adoption of the resolution on capital increase". Article 228 of the new "Company Law" stipulates that when a limited liability company increases its registered capital, the shareholders shall make contributions to the new capital in accordance with the relevant provisions of this Law on the establishment of limited liability companies to pay contributions. This determines the capital formation of capital increase procedures also applies to a limited period of subscription system, from the legal point of view, the starting point of the statutory period should be "capital increase resolution date", otherwise after three years of transition period has been five years of the company's capital increase no longer enjoys the benefits of the period, the shareholders caused by the burden of excessive. The author believes that, for the capital increase procedure should also apply the provisions of the Company Law "transitional period + maximum period", and the starting point of the period is "the date of the adoption of the resolution on capital increase", that is, the capital increase agreement adopted by the company that survived before July 1, 2024, the last For capital increase agreements adopted by companies in existence prior to July 1, 2024, the final date of full payment shall be no later than June 30, 2032, and for capital increase resolutions adopted after July 1, 2024, the period of full payment shall not exceed the statutory maximum period of five years, unless otherwise provided for by laws and regulations.

The impact of this amendment to the Company Law on the capital increase procedure will only be fully realized after a certain period of time. Shareholders of limited companies established after the implementation of the new Company Law will definitely be very cautious about the amount of capital contribution due to the limited period contribution system. Unlike before, when shareholders of a limited company under the full contribution system could contribute a relatively high amount of registered capital, it is likely that most of the companies do not need to increase their capital in order to meet the company's business operations. However, after the implementation of
the new Company Law, I believe that in the future, the demand for capital increase procedures will gradually expand to meet the needs of their own development, while the demand for capital reduction procedures will be relatively reduced.

3.3 Shareholders' Interest in the Term of the Capital Contribution

After the amendment of the Company Law, the reasons for the loss of the term benefit of shareholders' capital contribution will no longer be limited to the situation when the company is dissolved and the company's finances are unable to settle the debts when they fall due, but also the situation when the company's debts are unable to settle the debts when they fall due upon the expiration of the statutory contribution period and when the company is not in bankruptcy will also be added. All of the above circumstances will lead to the loss of shareholders' capital contribution term interest, the Company Law for shareholders of the term interest of the more stringent restrictions, indicating that the legislator for China's current business environment is very optimistic about the shareholders of the credit risk rating is high.

As for the two new cases of loss of capital contribution term benefits for shareholders, since the Company Law has changed the legal capital formation system to a limited period subscription system, it will inevitably lead to the loss of part of the capital contribution term benefits for shareholders, and the previous parts are interpretations of this kind of cases. Therefore, in this part, the author only explains the loss of the term interest of the shareholders' capital contribution (accelerated expiration system of shareholders' capital contribution) in the case that the company is unable to pay the debts due in the case of non-bankruptcy as stipulated in Article 54 of the Company Law.

Although the accelerated expiration system of shareholders' capital contribution under Article 54 of the Company Law and the accelerated expiration system of shareholders' capital contribution under the Provisions of the Supreme People's Court on Several Issues Concerning the Application of the Company Law of the People's Republic of China (II) (Judicial Interpretation II) have the same legal effect of depriving shareholders of their capital contribution benefits and requiring them to pay the subscribed capital contribution immediately, the prerequisites for the application of the two, the purpose of the system, the scope of application and the triggering conditions are all different. However, the prerequisites for application, the purpose of the system, the scope of application and the triggering conditions of the system are different.

First of all, for the application of article 54 of the premise to be more lenient, do not need to be like the latter requires the company to dissolve, to reach the state of insolvency; Secondly, the purpose of the system of article 54 of the company is to prevent the company from entering into the dissolution of the procedure, requiring shareholders to fulfill the obligation to contribute to help the company through the difficulties, to maintain the company's production and operation; Further, for the scope of application, article 54 requires shareholders to accelerate the scope of the contribution of the company can not be liquidated only in the maturity of the debt, the design of the system is similar to civil law subrogation, if the shareholders of the capital contribution than the company can not repay the maturity of the debt, as long as enough to repay the maturity of the debt of the shareholders to accelerate the maturity of the capital contribution can be, at this time the company is still in the normal operation of the company, there is no need to shareholders of the period of the interests of the loss of all. And the latter accelerate the scope of capital should be the shareholders to contribute all the capital, because the company has reached the stage of dissolution of the shareholders and then do not contribute in full, after the dissolution of the company shareholders do not have the right to fulfill the obligation to contribute the main body; Finally, the two shareholders to accelerate the expiration of the triggering conditions of capital contribution is "the company can not repay the debts due," the author I believe that we must wait until the execution stage, the company has no property for execution, the creditor can add the shareholder as the executor, the execution of the shareholder's capital contribution claims. In this case, the company is unable to settle the debt due, both objectively and subjectively, and there is no property available for the court to execute, so it has no choice but to sacrifice the term interests of the contributing shareholders in order to maintain the normal production and operation of the company.

As for the conditions of application of article 54, the author would like to discuss one more issue here. Since Article 54 is a powerful tool to protect creditors, can this system be applied under the conditions of bankruptcy? The author believes that the "subrogation rights" of creditors stipulated in Article 54 cannot be applied under the conditions of bankruptcy. First of all, the creditor in the debtor can't repay the due debt, have the choice to apply the creditor "subrogation right" or apply for the debtor for the right of bankruptcy, if choose to apply for the debtor's bankruptcy, should be in accordance with the provisions of the bankruptcy law. Secondly, the Bankruptcy Law provides for a system that has the same legal effect as the "subrogation rights" of creditors, i.e., the creditor declares
its claim to the administrator, who exercises the right to call for the payment of the shareholders' capital. Finally, in practice, after the court accepts the debtor's application for bankruptcy, it will not accept the creditor's separate lawsuit against the debtor in relation to the debt. This avoids wastage of judicial resources and makes the judicial process more efficient, with creditors being treated fairly.

Article 54 of the Company Law can be regarded as an innovation in the system of accelerated capital contribution by shareholders, which mitigates the credit risk of shareholders faced by the company and continues to follow the logic of risk control to prevent the spread of credit risk of shareholders and to reduce its risk spillover to the creditors of the company. By sacrificing a certain degree of interest in the term of shareholders' capital contribution, it prevents the company from entering into a dissolution situation and maintains a stable business environment in the market.

3.4 Liability of Shareholders Who Fail to Make Contributions on Time

Before the amendment of the Company Law, the fully subscribed system in practice basically did not give rise to the problem of undercapitalization due to the deadline for capital contribution. When shareholders failed to make contributions by the due date, the choice of most companies in normal operation was often to amend the articles of association rather than to hold shareholders liable. This makes the law that stipulates the liability of shareholders who fail to make contributions by the due date just a piece of paper, and it does not play its proper role in practice. After the implementation of the limited contribution system, the capital contribution period has a legal deadline, the company dishonest shareholders can no longer arbitrarily avoid the responsibility, and the new "company law" further clarifies the responsibility of shareholders' capital contribution, for shareholders to contribute to the general provisions of the responsibility to do the integration of the responsibility of the shareholders of the responsibility of the company to focus on the responsibility of the shareholders and to be integrated, the logic of a more rigorous. The following author will explain from different aspects of the new "company law" is how to implement the responsibility of shareholders who do not make contributions on time.

3.4.1 Social Monitoring

In this amendment, the Company Law requires companies to publicize the basic information of the company through the National Enterprise Credit Information Publication System, such as the company registration matters, capital contribution of the company, announcements of increase or decrease of capital of the company, and announcements of dissolution and liquidation of the company. In other words, if the shareholders of a company fail to make capital contributions on time, resulting in the company's information on the National Enterprise Credit Information Publicity System always indicating that the company has not fully paid its capital contributions, other market participants who inquire about the existence of the company through the system may evaluate on their own whether or not it is worthwhile to cooperate with the company, and the company's shareholders may also suffer from a bad reputation in the market. Through the supervision from other market players to urge the shareholders to pay the capital contribution on time, or else they may be expelled from the market by other players, after all, no one likes to cooperate with dishonest people. This is the company law based on the information disclosure mechanism of market-oriented disciplinary means, is the product of the law with the times.

3.4.2 Internal Oversight

Contributions are a liability for shareholders but a benefit for the company. The Companies Act increases the liability of shareholders, while at the same time placing an obligation of internal oversight on the company, based on the principle of "no protection for those who sleep on their rights".

Article 51 of the Company Law stipulates that the board of directors of a limited company has the obligation to verify the capital contributions of the shareholders and to call upon the shareholders to pay their contributions on time. The board of directors is one of the daily organization of the company, which can accurately and clearly grasp the situation of shareholders' capital contribution, and the board of directors belongs to the top level of the company, which is particularly concerned about the operation of the company, and the reminder by this body will not lack of executive power. At the same time, in order to urge the relevant directors to fulfill their obligations, the second paragraph of Article 51 stipulates that if a director who fails to fulfill the obligations in the preceding paragraph in a timely manner causes losses to the company, the responsible director shall be liable for compensation.

Article 52 of the Company Law adds a new system of "disqualification", which is based on the obligation of the board of directors to call for payment, and deprives shareholders of their qualifications if the grace period expires after the call for payment. Article 52 is a clear provision of Article 17 of Provisions of the Supreme People's Court on Certain Issues on the Application of the Company Law of the People's Republic of China (III) (2020), which
provides for the removal of shareholders. Article 52 is a clear provision of the "Supreme People's Court on the Application of Certain Provisions of the Company Law of the People's Republic of China" (Article 17 of 2020), which solves the problems of the original system of removal of shareholders due to the existence of the application of the circumstances of censure, if there is no reminder of the effectiveness of the reminder is unclear, the reminder of the reasonable period of time is unclear, and the reminder of the main body of the problem in practice is difficult to apply. According to the provisions of Article 52 of the Company Law, the loss of shareholders' rights is a unilateral legal action made by the board of directors, after the company's written reminder, within a reasonable period of grace for reminder (not less than sixty days), the shareholders are still unable to make contributions on time, the board of directors resolves to send a written notice of loss of rights to the shareholders, and from the date of issuance of the notice, the shareholders will lose the equity of the unpaid capital, and the other equity of the capital already paid will not be affected. The other equity shares that have already been paid will not be affected. At the same time, in order to avoid the negative obstacles to the operation and governance of the company caused by the loss of rights, the Company Law provides for the transfer and cancellation of the loss of rights, as well as the disposal of the other shareholders to pay the corresponding contributions in full in accordance with the proportion of their contributions.

3.4.3 Legal Oversight

After the Company Law changes the capital system from a full contribution system to a limited contribution system, the regulatory penalties for "two defalcations and one escape" will no longer be limited to the 27 items listed in the "Reform Plan for the Registration System of Registered Capital" (Guo Fa [2014] No. 7), which are "industries that do not implement the registration system of contributed registered capital for the time being". "Scope. The term "two false and one evasion" refers to the collective name of three illegal acts of the company's misrepresentation of registered capital, shareholders' (promoters') false capital contribution and shareholders' (promoters') evasion of capital contribution in violation of the provisions of the company's registration management. This amendment to the statutory capital system expands the responsible parties for the two false and one evasion, bringing them back into the public eye.

It is worth noting that if a shareholder of a limited liability company fails to deliver the capital contribution in accordance with the date stipulated in the articles of association of the company after subscribing to the capital contribution, and fails to fulfill his capital contribution obligation after repeated reminders by the company, the legal representative, directors, supervisors and other senior management of the company shall have the right to request, on behalf of the company, the company's registration authority to impose penalties on the shareholder for his fraudulent capital contribution. Similarly, if the company registration authority discovers the shareholder's false capital contribution in the course of supervision, it shall also pursue and penalize the shareholder in accordance with the law. The company in accordance with the provisions of Article 52 of the new company law to give the shareholders failed to deliver the capital "grace period", does not constitute a legal cause to exempt the shareholders due to false capitalization of the administrative responsibility to be borne. Whether or not to give a grace period, the shareholders should fulfill their capital contribution obligations, or will bear the corresponding legal responsibility. If the behavior meets the criteria for criminal prosecution of suspected crimes, it shall be promptly transferred to the public security organs for processing in accordance with the law.

Supervision of shareholders' capital contribution through law can ensure that shareholders pay the capital contribution in full and on time in accordance with the provisions and commitments of the articles of association of the company, so as to ensure that the registered capital of the company is enriched to provide stable financial support for the normal operation and development of the company; to prevent the shareholders from making false capital contribution and evading the capital contribution, to safeguard the lawful rights and interests of the company's creditors, and to promote healthy development of the market economy; and to regulate the behaviors of the shareholders so as to make them comply with the laws and regulations and the provisions of the Articles of Association, and avoid shareholders' use of capital contribution behavior to harm the interests of the company and other shareholders. This helps to maintain the stability and healthy development of the Company and protect the legitimate rights and interests of investors. It is of great significance in maintaining the stability and healthy development of the Company.

4. Conclusion

The promulgation of the new Company Law has affirmed the positive effects of the paid-in capital system on my business environment, but the reform of the limited contribution system will inevitably bring about some theoretical and practical problems, and the impact on the limited liability company is more than just the above part of the author, and it is worthwhile for the theoretical and practical circles to continue to discuss and find a
reasonable path of explanation, the interpretation of these issues is related to the smooth operation of the Company Law.

References

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