

Legal Forms for Companies in Algeria

There are several legal structures that enable you to set up a company that meets your expectations and concerns, either alone or with the partners of your choice. These are constituted under different legal forms, each governed by its own operating rules and corresponding to different liability regimes.

Definition of a company:

A company is "a contract by which two or more natural persons or legal entities agree to contribute to a common activity, by making contributions in industry, in kind or in cash, with the aim of sharing any profits that may result, of achieving a saving, or of pursuing an economic objective of common interest. They bear any losses that may result" -Article 416 of the Civil Code.

The different forms of company:

The legal forms of companies in Algeria are very similar to those found in many national legislations (LLC, Joint Stock Company, etc.). it is about:

1- Joint Stock Company (J.S.C.):

The J.S.C. is governed by articles 592 et seq. of the Commercial Code.

Shareholders/Partners can choose between two forms of management organization. It may be managed by a board of directors and a president/chairman (articles 610 and seq.), or by a management board and a supervisory board (articles 642 and seq.).

2- Limited Liability Company (L.L.C.):

The L.L.C. is governed by articles 564 and seq. of the Commercial Code, and is formed by two or more partners. The latter bear losses only up to the amount of their contributions.

It is organized around a maximum of 20 partners and one or more natural person managers.

The L.L.C. corresponds to the status of a small or medium-sized enterprise. Its capital may not be less than DZD 100,000.

3- Single-member Limited Liability Company /One-person Limited Liability Company:

This is a limited liability company with a maximum of one partner. It encourages private initiative by individual entrepreneurs, giving them access to the same types of activities as the SARL, including foreign trade, while preserving their personal assets, which remain independent of those of the company.

4- General Partnership :

The General Partnership is governed by articles 551 and seq. of the Commercial Code.

In this type of partnership, all partners are individually qualified merchants. They are indefinitely, jointly, and severally liable for the company's debts. Shares are registered and may only be transferred with the unanimous consent of the partners.

5- Limited Partnership:

The limited partnership is governed by articles 563bis to 563bis10 of the Commercial Code, and its rules are modelled on those of the general partnership.

It is made up of general partners whose status is identical to that of partners in a general partnership, except that limited partners are liable for the company's liabilities only up to the amount of their contributions.

6- Partnership Limited by Shares:

Governed by articles 715 and seq. of the Commercial Code, the Partnership limited by shares is a hybrid between a general partnership and a joint-stock company.

7- Grouping:

A grouping may be formed without share capital, between two or more legal entities, for a given period, with the aim of implementing all means likely to facilitate or develop the economic activity of its members, or to improve or increase the results of their activities.