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One-Person Company According to Oman Commercial Companies Law of 2019: An analytical Study

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Abstract

A company, in general, undertakes economic projects that cannot be carried out by an individual trader, regardless of their abilities. The company is considered a key tool for attracting and increasing investments in various countries. Moreover, by establishing a company, individuals can benefit from the fact that these legal entities, which possess separate legal personality, allow them to control them and enter into legal relationships without being directly liable for them. In most Arab legislations regulating the provisions of commercial companies, at least two individuals are required to establish a company. However, this requirement has recently been abandoned in several countries in the region. This is what happened in Oman through the new Omani Commercial Companies Law (Law No. 18 of 2019), where it is now possible to establish a Limited Liability Company with a single person, whether a natural person or a legal entity. In this paper, the main characteristics of a single-member limited liability company will be highlighted, along with the rules concerning its management and dissolution according to the Omani Commercial Companies Law. Further, the paper will discuss the issue of the bankruptcy of a one-person company since it raises many practical challenges since the bankruptcy of the company will not lead to the bankruptcy of its owner. .

Keywords: *One-person company- characteristic- management- termination.*

Introduction

The company generally undertakes economic projects that cannot be carried out by an individual trader, regardless of their capabilities. Moreover, the company is considered a key tool for attracting and increasing investments in various countries. However, any project can fluctuate between success and failure. If it succeeds, the profits are distributed to those who have contributed shares in the company's capital. Undoubtedly, this is a key incentive for increasing investment. Additionally, by establishing companies, partners seek to benefit from "legal entities with separate legal personality" that they can control and engage in legal relationships with, without being directly responsible for them (Charles Wild and Stuart Weinstein, 2009).

In the laws of most Arab countries, a "company" is defined as: "A contract in which two or more persons commit to participate in an economic or financial project for the purpose of making a profit, with each contributing a share of the capital in the form of physical or intangible shares or by performing work, with the intention of sharing any profits or losses resulting from the project." Therefore, at least two people are required to establish any company. However, this condition has recently been abandoned by several Arab countries, where it is now possible to establish a company with just one person, whether a natural or legal person. In Oman, for example, based on the new Omani Commercial Companies Law (Law No. 18 of 2019), it is now possible, based on Art. 291 of the Law, to establish a "Limited Liability Company (LLC)" with just one person, whether a natural or legal person.

In this new type of company, the company is fully owned by only one person. This type should be viewed as an exception to the general rule that requires the presence of two or more partners to establish a company. In other words, the principle of having multiple partners is no longer an essential element for establishing any company.

The aim of this paper is to present the legal framework governing this new type of company in Oman, both in terms of its characteristic, management, and dissolution. Further, the paper will discuss the issue of the bankruptcy of a one-person company since it raises many practical challenges since the bankruptcy of the

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company will not lead to the bankruptcy of its owner. This study will specifically focus on the provisions of the new Omani Commercial Companies Law of 2019 and Oman Bankruptcy law of 2019.

Definition of a one-person company

The Omani Commercial Companies Law No. 18/2019, in Article (291), defines a single-member company as "a limited liability company whose entire capital is owned by a single natural or legal person."

Therefore, a single-member company is an economic activity whose entire capital is owned by a single natural or legal person. In this regard, the Omani Commercial Companies Law No. 18/2019 allows a single person to register a company, owning all the shares in its capital, whether that person is a natural or a legal entity. The single-member company, or economic activity, has a financial and legal personality separate from that of the owner of the capital. This is confirmed by Article (293) of the law, which states, "The owner of the company shall not be held liable for its obligations except to the extent of the capital allocated to it.

Characteristics of the company

The concept of a one-person company is based on allowing one person to establish a company alone by allocating a specific amount from their personal assets and dedicating it to invest in a particular project in the form of a company that acquires legal personality. The condition is that the responsibility of the single-member, the owner of this company, is limited to the amount allocated for its business activities, without being held liable for any debts arising from the company's operations with respect to other elements of their personal assets (Mosleh At'tarawneh, 2010).

Based on this, the main characteristics of a one-person company are as follows (Hamed Al Nabhani, 2019, pp.17-23):

The Limited Liability of the Owner of the Capital in a One-Person Company

The concept of a one-person company is based on the principle of limited liability for the owner of its capital, which is one of the key characteristics that distinguish a one-person company. This means that the owner is only responsible up to the amount of their share in the company's capital. In other words, the owner's liability towards third parties is limited to the registered capital in the company's founding documents, as recorded with the relevant authorities. Therefore, the company, with all its assets, is responsible for any obligations towards third parties. It is determined based on the concept of "separation of assets," which involves designating a portion of a person's financial assets specifically for a particular economic activity. This ensures that the individual is protected from the risks associated with this activity.

As such, a single person can establish an economic project in which their liability is limited in relation to third parties to the amount of the capital they have declared. This means that the funds allocated for the business are the only guarantee for the company's creditors in relation to the economic activity for which those funds were designated, and these funds are separate from the individual's personal assets (Neil Hawke and Pamela Hargreaves, 2003).

This is the principle established in the Omani Commercial Companies Law (Law No. 18 of 2019), which stipulates in Article (293) that: "The owner of the company's capital shall not be held liable for its obligations except to the extent of the capital allocated to it." However, if the owner of the company, acting in bad faith, liquidates or halts its activities before the end of its term or before achieving its purpose, and fails to distinguish between the company's activities and his personal activities, he may be held personally liable for the company's obligations. This is confirmed by Article (296) of the Omani Commercial Companies Law No. 18 of 2019. This framework ensures that the owner's personal wealth is shielded from the risks of the business, but with exceptions in cases of fraud or improper conduct.

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To confirm this, the Omani High Court ruled that "the company is considered a legal person independent from the partners in it, which entails that it must have a financial liability separate from the liabilities of these partners...". It also ruled that "it is established in the jurisprudence of this court that a limited liability company has its own financial responsibility separate from the partners' liabilities. Therefore, the manager representing this company has his personal financial responsibility independent of the company. He cannot be sued personally for the company's debts, nor can his personal assets be used to satisfy those debts. If the contested judgment contradicts this principle and holds the appellant personally liable for the debts of the company he managed, then the judgment would be flawed." (A collection of Rulings issued by the Supreme Court, 2019).

The Owner of the Capital Does Not Acquire the Status of a Merchant

The limitation of liability is one of the prominent features of a one-person company, and a common question arises regarding whether the owner of a one-person company is considered a merchant simply by establishing the company. The answer to this question can be deduced from the definition of the owner's liability in a one-person company. Thus, the owner of a one-person company does not acquire the status of a merchant simply by establishing the company. This is because the company, as a separate legal entity, is the one that acquires the status of a merchant, not the individual owner. As a result, the company, as a legal person, is subject to the possibility of bankruptcy if it fails to pay its debts. However, the individual owner cannot be declared bankrupt as a result of the company's bankruptcy.

This distinction highlights that the one-person company's owner does not automatically assume the status of a merchant due to the limited liability structure that applies to this type of company. The owner's personal assets are protected from the company's debts, and bankruptcy proceedings are only applicable to the company itself, not to the personal wealth of the owner (Warner Fuller, 1938). This outcome is a logical consequence of the limited liability enjoyed by the sole partner in a one-person limited liability company.

The Legal Personality of the One-Person Company

The legal system of the one-person company is based on the concept of legal personality, where the company has a separate financial entity distinct from its partners and is allocated for a specific economic project, regardless of the number of partners involved. Thus, legal doctrine and judicial decisions in countries that have adopted this legal system for such companies have established that a one-person company enjoys legal personality. This is true even if all shares or ownership interests are held by a single partner.

The recognition of the one-person company's legal personality means that, upon its registration, the company acquires a separate legal identity distinct from its founders. It can engage with third parties and pursue its intended purposes as an independent legal entity. The fact that only one partner holds all the shares does not affect the company's ability to act as a legal person.

The Omani Commercial Companies Law clarifies the acquisition of legal personality for a one-person company in Article (14). The article states:

"Except for the joint venture company, a company acquires legal personality from the date of its registration. However, a company in the process of incorporation shall have legal personality during the formation period to the extent necessary. The partners or shareholders may not invoke the company's legal personality until after its registration."

This provision reinforces the concept that the one-person company, like other companies, becomes a distinct legal entity upon registration, with the ability to enter into legal relationships and be held responsible for its actions independently of its owner.

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The Financial Liability of the One-Person Company

The Omani legislator recognizes that a one-person company has a legal personality independent of its owner, which requires it to also have a separate financial entity distinct from the owner's personal assets. The financial entity (or "financial liability") of the company represents its financial standing, including its rights and obligations. The independence of the company's financial liability is one of the key consequences of its legal personality. As a result, the following outcomes apply:

The Company's Financial Liability is the General Guarantee for its Creditors

The financial liability of the one-person company serves as the general guarantee for its creditors. This means that the company's assets are considered the sole source for satisfying its debts. Creditors of the sole owner cannot claim the owner's personal assets to satisfy the company's debts while the company is operational. Instead, they only have the right to execute claims on the company's profits through legal procedures such as garnishment of the debtor's third-party assets.

No Set-Off Between the Company's Debts and the Personal Debts of the Owner

Set-off between the debts owed by the company and the personal debts of the sole owner is not permitted. For set-off to occur, the debtor and creditor must be the same person in the same financial entity. In this case, the company and the owner have two separate financial entities, so set-off cannot take place between them.

The Company Acquires the Status of a Merchant as a Legal Person

As a legal entity, the company acquires the status of a merchant, meaning that it can be declared bankrupt if it fails to pay its debts. However, the bankruptcy of the company does not lead to the bankruptcy of the owner, and vice versa. This is because the sole owner of the one-person company does not acquire the status of a merchant, and their liability for the company's debts is limited to the capital they have allocated to it.

The Owner's Share in the Company's Capital is Considered Personal Property

The owner's share in the company's capital is classified as movable property—even if the share is in the form of real estate. Ownership of the share is transferred from the owner to the company, and the owner's only right after this transfer is a claim against the company for the remaining assets after its liquidation. Consequently, once the share has been transferred from the owner's personal assets to the company, the owner cannot reclaim it while the company is still operating. The only time the owner can retrieve any portion of the company's capital is after the company is dissolved, liquidated, and its assets distributed.

The Trade Name of the One-Person Company

A one-person company must have a trade name and address that distinguish it from other companies. This name should be used for the company's commitments and commercial transactions, and it should be displayed on the company's facade, as well as on all its documents and correspondence.

Alternatively, the company's name could reflect its purpose, much like companies that are based on financial considerations, such as joint-stock companies or limited liability companies. In both cases, the name must include a phrase indicating that the company is a limited liability company, followed by the term "One-Person Company". Under no circumstances should the company adopt a name that is similar to the name of another company or one that serves fraudulent purposes or violates the law. In such cases, the commercial registration authorities have the right to refuse registration of the company.

Therefore, a one-person company must have its own trade name, which could either be derived from the purpose for which the company was established or from the owner's name. This is reflected in Article (236) of the new Omani Commercial Companies Law, which addresses limited liability companies by stating:

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"The name of the limited liability company consists of the name of one or more partners or any word or phrase, provided that the name does not mislead regarding its purpose, identity, or the identity of the owner."

This requirement ensures that the trade name clearly reflects the nature of the company and its legal status, providing transparency in its commercial activities. If the manager, whether the owner of the capital or an external party, fails to comply with the conditions outlined above, they will be personally liable, jointly with the company, for its obligations toward third parties. In a recent case, the Omani Court of Cassation ruled that the manager of a limited liability company was personally liable with their own assets, in solidarity with the company, for its obligations toward third parties. This was because the manager neglected to mention that the company was a limited liability company in its name.

The Capital of the One-Person Company

One of the key distinguishing features of the one-person company is the determination of its capital. This is essential to ensure confidence for individuals and entities that wish to deal with the company. Upon reviewing the provisions of the Law, it is noticed that the legislator has not set a minimum capital requirement for one-person companies. This is also true for the provisions concerning limited liability companies, where no minimum capital is specified. This approach contrasts with the regulations of many other jurisdictions, such as Kuwait, the UAE, and Bahrain, which set a minimum capital for one-person companies. Thus, it is recommended that a minimum capital requirement be set for one-person companies. This would serve as an important guarantee for creditors, as it provides reassurance about the financial standing of the company before entering into commercial dealings with it. Establishing a clear minimum capital requirement would increase the credibility of one-person companies and promote more secure business transactions.

Ease of Decision-Making

One of the advantages of the one-person company structure is the ease with which decisions are made within the company. Since the owner of a one-person company holds all the rights and authorities, being the sole proprietor, they are not bound by the need to obtain approval from others. For instance, the owner has the flexibility to change the company's legal form or merge it with another entity without spending excessive time or effort to convince other partners. The capital of a one-person company consists of a single cash contribution, rather than shares that need to be offered for subscription. Additionally, the capital must be fully paid before the issuance of the company's certificate of incorporation.

Another advantage of the one-person company, which makes it attractive to individual investors, is that it allows them to handle all the administrative tasks required for managing the company with ease and efficiency. Unlike traditional companies, the owner does not have to follow the formalities prescribed by law, such as convening an ordinary or extraordinary general meeting, ensuring the legal quorum is met, or dealing with the issues and disputes that may arise between members. These formalities can slow down decision-making and negatively impact the company's operations (W. Copperthwaite Jr, 1998).

The fact that the one-person company is solely managed by the owner eliminates such obstacles, as they represent the general assembly and make all decisions within their authority quickly and easily. The company can operate more efficiently, without the need for lengthy procedures that require general meetings or decisions by majority or consensus. This streamlined decision-making process contributes to the swift and effective functioning of the company.

It also grants the owner the right to appoint a manager or a board of directors who are capable of efficiently managing the company, without affecting the rights of third parties (in good faith). The actions and transactions carried out by the manager or board of directors on behalf of the company are binding on the company in relation to third parties when they act in good faith. This is confirmed by Article 294 of the new Omani Commercial Companies Law. Furthermore, the owner has the ability to gradually develop and expand the company's activities by increasing its capital.

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The flexibility of the one-person company structure also allows for the easy transition from an individual ownership model to a collective model by adding another partner. Conversely, the company can revert to the individual model by having the owner repurchase the company's shares. This transition can be done with ease and simplicity through straightforward procedures, requiring only the announcement of these changes and their registration in the commercial registry and companies' records, so that third parties can access and review these modifications.

The Purpose of the Company

The purpose of the company refers to the project or activity that the company is established to invest in, and it is defined by its system or articles of incorporation. The purpose of the company is one of the distinguishing features of a one-person company. In principle, the owner of the company has the freedom to choose the purposes and activities they wish to engage in through this company, as long as these do not contradict public order or morals. However, the legislator may sometimes intervene and specify the economic sectors in which a one-person company may operate, due to the limited liability of the company based on the capital specified in the company's contract, without exposing the owner's personal assets.

It is customary that certain activities, such as insurance, banking, and investing funds on behalf of others, are prohibited for one-person companies. Additionally, activities like money management, guaranteeing funds, capital pooling, and savings accumulation are typically not allowed for such companies. This is mainly due to the limited liability structure of one-person companies, which aims to protect the personal wealth of the owner while allowing them to conduct specific types of business.

The management of the company

Since the company is a legal entity, it requires a natural person to formulate, prepare, and execute its policies and decisions. Natural persons act as representatives of the company. The new Omani Commercial Companies Law stipulates that the owner of the company is responsible for its management. The owner is permitted to appoint one or more managers to represent the company before third parties and in courts. The appointed manager is responsible for managing the company before the owner. This flexibility in management is a significant feature for the company's activities.

The owner of a single-person limited liability company exercises all the powers and authorities granted to the board of directors, as well as the powers of the ordinary and extraordinary general assemblies related to the limited liability company. To achieve the principle of transparency and independence, it is essential to adhere to the provisions of the new Omani Commercial Companies Law regarding how the general assembly of a limited liability company should be convened, especially concerning the mechanism for calling meetings, the time and place of meetings, and documenting meeting minutes.

The Omani Court of Cassation has ruled that "if the limited liability company has an independent legal personality separate from the liabilities of its partners, then the manager representing the company has a separate financial liability – distinct from their personal liability." The provision of Article 240 states that the manager of the company has full authority in managing it, unless the company's contract specifies their authority. The manager's actions are binding on the company, and thus, the company remains responsible before third parties to the extent of its assets for any resulting damages.

Since the owner of the capital is allowed to manage the company, this situation must be compared to the position of a limited partner in a limited partnership, where they are prohibited from participating in the management of the company, even through a power of attorney. Particularly, management involving dealings with third parties (external management) is prohibited. If this prohibition is violated, the limited partner becomes jointly liable for the obligations arising from their management actions.

It is clear that the appointment of a manager is specified in the company's system or in an agreement made after the establishment of the company. Furthermore, the manager may either be the owner themselves or a third party, and there may be more than one manager, or the appointment may be for an

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executive manager. Thus, the manager is chosen by the owner through an individual decision, which is included in the company's statement. The owner then appoints the manager, whether they are the owner themselves or another individual. If this decision is not included in the company's statement, the manager is appointed through an ordinary decision attached to the company's articles of association. Even if the owner personally chooses themselves as the manager, they do not automatically acquire the title of manager in their sole proprietorship; rather, they acquire it through an official appointment. In such a case, the owner is obligated to publish the decision appointing the manager, separate from the company's statement, defining the manager's powers and announcing it through all methods of publication required for the company's statement. This is to protect third parties acting in good faith, ensuring that the company cannot later claim the manager's appointment was invalid to avoid its obligations to them. Conversely, it also protects the company from third parties who may attempt to invalidate the manager's appointment to avoid their own obligations to the company.

In this regard, Article 264, paragraph 2 of the Omani Commercial Companies Law states: "Any decision made by the company regarding the appointment or limitation of the powers of the managers or their change must be registered with the registrar and published in accordance with the provisions of this law. It will not be effective against third parties until it is registered." It is worth noting that once the decision of the appointment is published and publicized, the manager cannot be absolved from their obligations on the grounds that their appointment is illegal, nor can third parties avoid their obligations by claiming the manager's appointment is unlawful. The court may also be tasked with appointing the manager of a single-member company in the event of multiple heirs to the sole owner upon their death. This is because a dispute may arise among the heirs regarding the appointment of the company's manager following such an occurrence.

Dissolution of the Single-Member Company

A commercial company is a legal entity, and like a natural person, it has a birth date, a life span, and a time for its dissolution or termination. The dissolution of a company can occurs either due to the will of the partners or some of them, or for reasons beyond their control. All legislations aim to support commercial companies, extend their operational life, and overcome the obstacles they face, as they are a fundamental pillar of national economies. It is enough to say that the economies of most major countries are based on several large companies. In recent times, countries have started encouraging the establishment of small and medium-sized enterprises (SMEs) to increase economic production and expand employment opportunities in society.

While the life of a company or its legal personality generally starts from the date the contract is signed, the partners also determine the duration of this life or the duration of the legal personality by agreeing on this period. Therefore, the company is considered to have a limited duration. However, there is nothing preventing this period from being indefinite, as long as the company is not dissolved. Dissolution leads to the premature termination of the company's legal personality.

In general, the legal personality of a company does not end with its dissolution, but rather continues for the necessary time to complete its liquidation, until the liquidation process is fully concluded. This is clearly stated in Article (41) of the new Omani Commercial Companies Law, which stipulates: "Once the company is dissolved, it enters into liquidation and retains its legal personality for the duration necessary for the liquidation process. The words 'under liquidation' are added to its name during this period."

The new Omani Commercial Companies Law follows the approach of the old law, but with more extensive provisions, similar to most international legislations, in establishing general and specific causes for the dissolution of commercial companies. Article (40) of the new Omani Commercial Companies Law provides the following grounds for dissolution:

Failure of the company to carry out its activities from the date of its establishment, or ceasing to carry out its activities for more than two years.

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The expiration of the company's set term.

The failure of the company to achieve the purpose for which it was established, or the impossibility of achieving it.

The transfer of shares or quotas to a number of partners or shareholders that is less than the legally required minimum.

A decrease in capital below the minimum required amount, without being able to increase it within the designated time frame.

The bankruptcy of the company or the loss of its entire or most of its capital, making the remaining capital impractical for any useful business.

An agreement by the partners to dissolve the company.

The company may also be dissolved by a judicial ruling upon the request of concerned parties or the competent authority.

In all cases, liquidation procedures must be initiated once any of the above dissolution causes are triggered. If the company fails to undertake these procedures, they must be carried out through a court decision upon the request of the concerned parties or the competent authority.

Liability for the Bankruptcy of a One-Person Company.

As it is discussed above, the owner of the capital of a one-person company, whether the company takes the form of a limited liability or a private joint-stock company, is only liable for its obligations up to the amount of capital stated in the company's founding contract. Thus, the issue of the bankruptcy of a one-person company raises many practical challenges since the bankruptcy of the company will not lead to the bankruptcy of its owner. This is because a one-person company is based on the principle of separating the company's capital from the personal assets of its owner, unless the bankruptcy of the company is due to the bad faith of the owner.

While determining the liability of the company's capital owner is generally appropriate in joint-stock companies, the situation is different in the context of a one-person company. The fact that a one-person company has legal personality, and its capital is owned by a single individual, raises several questions in the case of its bankruptcy, especially regarding the guarantees granted to the creditors of the one-person company in the event of its bankruptcy.

Therefore, there will be no general right for creditors to claim the debtor's assets, except to the extent of the financial liability allocated to the one-person company. The concept of financial liability has a dual meaning: on one hand, it represents legal authority and power, and on the other hand, it refers to a set of assets and rights. The financial liability referred to here is the total of the rights and obligations, both present and future, that belong to the owner of the one-person company. It consists of two elements: the first is the positive element, which is the total financial rights of the person, and the second is the negative element, which is the total financial obligations of the person. It is a container for the rights and financial obligations belonging to the owner of the one-person company. These rights and obligations can change continuously, with some disappearing and others replacing them, without affecting the concept of financial liability itself. Thus, the individual can, through this company, subject part of their financial liability to legitimate risks, while excluding their other personal assets from the company's creditors.

However, while determining the liability of the owner of the one-person company's capital may serve as a guarantee for them, it can harm the interests of the company's creditors. This is because the company's creditors may not be able to recover their rights in the event of its bankruptcy. As a result, this situation may lead to a reluctance to engage with such companies, due to the lack of assurance for creditors that they

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will receive their full rights in the event of the one-person company's bankruptcy, owing to the weak guarantees provided to them when dealing with this type of company. Accordingly, the establishment of a financial liability by designation assumes that the law allows the owner of the one-person company's capital to separate part of their financial liability, making this part an independent economic financial liability consisting of a positive side and a negative side, each linked to the other. Therefore, their liability for the company's debts is limited to the funds allocated for this purpose. Article (293) of Oman Commercial Companies Law states that "the owner of the company is only liable for its obligations to the extent of the capital allocated to it".

Bankruptcy is one of the most prominent legal systems in the commercial environment, as its provisions aim to protect commercial activity and support the element of credit within it. It is a collective system intended to protect commercial credit and ensure equality among creditors in the distribution of the debtor's assets and funds, when their business and commercial activities have been disrupted. Its manifestations are seen in the debtor's inability to manage or dispose of their assets after ceasing to repay their debts and after a final court ruling declaring them bankrupt. In this regard, Article (69) of Omani Bankruptcy Law of 2019 states that "any merchant who stops paying their commercial debts due to a disruption in their business activities may request the declaration of bankruptcy. The cessation of debt payment is considered evidence of business disruption unless proven otherwise. A bankruptcy status is only established by a court ruling declaring bankruptcy, and without this ruling, the cessation of debt payments has no legal effect unless otherwise specified by law".

The wisdom behind establishing a bankruptcy system lies in the legislator's desire to support confidence in commercial transactions through a series of procedures aimed at protecting the interests of creditors and preserving their rights. The Omani legislator stated in the Commercial Companies Law of 2019 that the owner of the capital of a one-person company is liable for the company's obligations with their personal assets in the event of the company being liquidated in bad faith. This is specified in Article (296) of the Law, which states that "if the owner of the company intentionally liquidates it, or suspends its activities before the end of its term or before achieving the purpose for which it was established, or fails to separate the company's activities from his other personal activities, he shall be held responsible for its obligations with his personal assets". Based on this, if the owner of the capital of a one-person company manages the company in an arbitrary manner that contradicts public order and good faith, such as using it for personal purposes, or presenting themselves to the company's creditors as personally responsible for the debts contracted by the company, such an infringement grants the company's creditors the right to file a lawsuit to claim the remaining value of their debts from the owner's personal assets. It is sufficient to apply the personal liability of the owner of the company's capital if there is a direct harm to the creditors, without the need to follow judicial liquidation procedures for the company's assets.

It can be said that Omani law regulates the one-person company with specific provisions and outlines the responsibility of the owner of the company's capital throughout the company's lifecycle. Consequently, the personal responsibility of the owner of the company's capital arises if they violate the laws and regulations they are required to observe. This is because the owner is solely responsible for managing the company, being the only partner. They cannot claim that the company's financial capacity is separate from their personal capacity, as the financial capacity of a one-person company remains independent and enjoys its own legal personality, as long as the owner has contributed the capital specified in the company's contract and has not violated the laws, regulations, or rules required during the company's operations.

On the other hand, the Omni Commercial Companies Law recognizes the responsibility of the manager of a one-person company for their administrative actions that cause the company's bankruptcy or liquidation, or if they engage in fraudulent activities that lead to the company's bankruptcy. In such cases, the manager bears civil responsibility towards the company's creditors in the event of bankruptcy, and they can be held liable, with compensation coming from their personal funds. This is also confirmed by what is stated in Article (193) of Omani Bankruptcy Law 2019, which stipulates that: "If it is determined that the company's assets are insufficient to pay at least 20% of the value of the debts, the court that declared the bankruptcy may obligate the members of the management or the directors, either collectively or individually, to pay all

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or part of the company's debts, in cases where their responsibility for the company's losses is proven, according to the provisions of the Commercial Companies Law."

Conclusion

The concept of the company has undergone significant changes, as the requirement for at least two people to establish a company has been waived in several Arab countries. Nowadays, it is possible for a single person to establish a "company" on their own. This has been made possible through new legislation that allows for the creation of a single-member limited liability company, providing greater opportunities for individual investors and encouraging entrepreneurship. These changes reflect a development in legal systems aimed at boosting the economy and enhancing the investment environment in these countries.

To sum up, the paper recommends that:

It is necessary to explicitly state the rule that the owner of the company is personally liable with their personal assets if they engage in activities on behalf of the company before it acquires legal personality.

Furthermore, it is recommended that the Omani legislator set a minimum capital requirement for a sole proprietorship, as the minimum capital is one of the most important guarantees for the creditors. Additionally, the minimum capital should be high enough to achieve the company's purpose, increase its creditworthiness, and add a sense of seriousness, so that no one can take advantage of limited liability with a small amount of money, without considering the rights of others.

The paper recommends that the Omani legislators suspend the principle of limited liability for the owner of the capital of a one-person company in the event of the company's bankruptcy, and extend the bankruptcy procedures to include their personal assets if it is proven that their personal assets have been mixed with the company's allocated assets, to ensure creditors can recover their rights in case of bankruptcy, from the owner's personal assets.

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