**HOW TO WITHDRAW CAPITAL FROM THE MULTIPLE-MEMBER LIMITED LIABILITY COMPANY**

In the course of business, there are many cases where members want to withdraw their contributed capital from the company due to several reasons such as an internal dispute or want to open a separate company. However, not all members are allowed to withdraw capital from the multiple-member limited liability company. So, how can members withdraw their capital? What procedures need to be done to withdraw the capital? The following article will answer questions related to the above issue.

**Legal basis:**

*Enterprise Law 2020*

Based on the provisions of Article 50.2 of the Law on Enterprises 2020, a member of the Members' Council may not withdraw contributed capital from the company in any form, except for the cases specified in Articles 51, 52, 53 and 68 of the Law on Enterprises 2020. Accordingly, enterprises can only withdraw capital in the following cases:

1. **Redemption of capital contribution portions**

A member may demand that the company redeem its capital contribution portion if such member voted against a resolution or decision of the Members’ Council on the following issues:

* Amendment of or addition to the provisions of the charter of the company relating to the rights and obligations of members and of the Members’ Council;
* Re-organization of the company;
* Other cases as stipulated in the charter of the company.

The demand for redemption of capital contribution portions must be made in writing and sent to the company within fifteen (15) days from the date on which the resolution or decision stipulated in clause 1 above is passed.

Within fifteen (15) days from the date of receipt of the demand, the company must redeem the capital contribution portion of such member at the market price or at the price determined on the principle stipulated in the charter of the company, except where the two parties reach agreement on the price. Payment may only be made if, after full payment for such redeemed capital contribution portion, the company will still be able to satisfy all debts and other property obligations.

**Note:** Where the company is unable to pay the capital contribution portion demanded redemption, such member **has the right to freely assign its capital contribution portion** to another member or a non-member of the company.

1. **Assignment of capital contribution portions**

A member of a multiple-member limited liability company has the right to assign a part or all of its capital contribution portion to other persons in accordance with the following provisions:

* Offering such capital contribution portion for sale to all other members in proportion to their respective capital contribution portions in the company on equal terms of offer;
* Assigning to non-members on the same conditions as the offer applicable to other members as stipulated in sub-clause (a) above when the other members of the company do not purchase or do not purchase in full within thirty (30) days from the date of the offer.

Therefore, if members want to transfer their contributed capital, They are required to offer to sell the contributed capital to the remaining members in the company first and only allowed to offer it to members outside the company in case the other members of the company do not purchase or do not purchase in full within thirty (30) days from the date of the offer.

An assigning member still has the rights and obligations owed to the company corresponding to its relevant capital contribution portion until the details of the purchaser as stipulated in clauses 2(b), 2(c) and 2(dd) of Article 48 of the Law on Enterprises are fully recorded in the register of members, specifically:

* Full name, contact address, nationality, serial number of the personal legal document in respect of a member being an individual; name, enterprise code number or serial] number of the organizational legal document, and head office address of a member being an organization;
* Capital contribution portion and ratio of capital contribution paid, time of capital contribution; types of asset contributed as capital, quantity [and] value of each type of asset contributed as capital of each member;
* Number and date of issuance of the capital contribution certificate of each member.

**Note:** Where the assignment or change of capital contribution portions by members results in there being only one member in the company, the company must organize management in the form of a single member limited liability company and register the change to its enterprise registration within fifteen (15) days from the date of completion of the assignment.

1. **Refunded capital by the company**

Company refunds part of the contributed capital to members in proportion to their respective portions of capital contribution in the charter capital of the company if it meets 2 conditions:

* Business operations have been carried out continuously for two years or more from the date of registration for establishment of the enterprise;
* Ensuring that debts and other property obligations are able to be paid in full after returning the contributed capital to members;

Members can request the company to return capital of the above two conditions are met.

1. **Some special cases:**

The capital contribution portion of a member shall be redeemed by the company or assigned in accordance with the provisions on redemption and assignment of contributed capital mentioned above in some cases:

* The member of a company is an individual being dead but an heir does not wish to become a member;
* A person to whom a member donates part or all of the contributed capital as prescribed in Article 53.6 of the Law on Enterprises 2020 is not approved by the Members' Council to become a member;
* A member of the company being an organization was dissolved or bankrupt.

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