

The term “Hybrid company” is used for a company whose responsibility is limited by its members’ guarantees and amount of contributed capital. There are two types of members in a hybrid company: Shareholders and Warrantors. The first category of members is known. The second category of members is not in the public domain, although many sport clubs or societies in particular are limited companies determined by guarantees of their members, and new members joining these companies become warrantors.

The acceptance procedure of a warrantor by the company members is provided by its directors on condition that he takes responsibility for the company’s debts up to a specifically designated amount of money (usually no more than 100 Euro). The warrantor has nominal financial responsibility which has an obligation force, which distinguishes him from shareholders who own shares of stock. It is possible to change provision and conditions of organizational documents, limitlessly adapting them to every membership type. It may be possible, by using efficient planning, to create structures which exactly meet the needs of the clients.

Usually the structure of the company works as follows. Every produced share gives its owner the right to one vote but does not give the right to dividends, either in participation in capital or company profit. The members-warrantors may not vote, but are allowed to participate in the profit and capital of the company. So, shareholders have control but warrantors receive all the profit. The shares can be produced in the name of the professional manager, who acts as a trustee. However in contrast to regular shareholders, the trustee does not make any profit from his shares. All financial profit is shared between the warrantors.

Tax law in many developed countries is directed against tax avoidance and aims to tax retained income or tax exempt profit of those companies which pay low taxes, as though this profit would be received by their shareholders. Usually, the main stress lays on those who own the controlling parcel of shares or who leads the company (if power of authority is not based on the shareholding). According to the type of organization described above members-warrantors do not own shares and do not lead the company (because professional managers are shareholders). This is why tax legislation is not applicable to the profit collected in the hybrid structure.