3. Lifting the veil

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Titles in the Core Text series take the reader straight to the heart of the subject, providing focused, concise, and reliable guides for students at all levels. This chapter discusses ‘lifting the veil’, a phrase that refers to situations where the judiciary or the legislature have decided that the separation of corporate personality from the members must not be maintained. In this case, the veil of incorporation is said to be lifted. ‘Lifting’ is also known as ‘peeping’, ‘penetrating’, ‘piercing’, or ‘parting’. The chapter presents statutory examples of veil lifting, many of which involve corporate group structures and others involve straightforward shareholder limitation of liability issues. It also considers cases of veil lifting by the courts as well as classical veil lifting during the periods of 1897 to 1966, 1966 to 1989, and 1989 to the present. Three cases are highlighted: Adams v Cape Industries (1990), Chandler v Cape Plc (2012), and Prest v Petrodel Industries Ltd (2013). The chapter also examines claims of tortious liability, the liability of a parent company for personal injury, and commercial tort. Finally, it looks at the costs and benefits of limited liability.
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