In Salomon v Salomon & Co Ltd [1897] case, the court held that in a limited liability (Limited liability is where the shareholders are lawfully liable for the debts of a corporation only to the extent of the nominal amount of their owned shares) corporation in law, once an association has been incorporated, the court permits the corporate to be an independent and separate legal entity within the boundaries of the law[1].

On certain occasions, the court pierces the corporate veil, which means they take no notice of the company's legal entity separate from shareholders[2]. Piercing seems to happen freakishly[3]; the court concentrates on protecting the companies' form and avoiding fraudulent practices. Some individuals in corporations take benefit from the fact that the company is a separate legal entity. Courts have failed to develop a consistent method for determining what circumstances justify overlooking the principles of "separation of legal personality" and "limited liability."

Corporate veils have been lifted under the following labels: single economic unit, agency, justice, fraud, national emergency, legal Cost savings, and terms. However, the conditions under which the "corporate veil" is lifted are not exhaustive. The margin is, therefore, vague and unclear[4]. Does the unclarity of when the piercing corporate veil occurs indicate that Salomon's decision was not the correct principle for courts to follow?

[1] Salomon v Salomon & Co Ltd [1897] AC
[2] Wild, C. and Weinstein, S., *Smith & Keenan's Company Law* (18th edition, Pearson, 2019) Chapter 4
[3] Easterbrook & Fischel
[4] Ibid 4