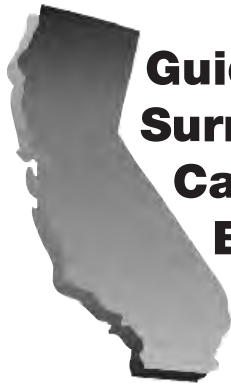


FTB Publication 1038



Guide to Dissolve, Surrender, or Cancel a California Business Entity

General Information

Business entities doing or transacting business in California or registered with the California Secretary of State (SOS) can dissolve, surrender, or cancel when they cease operations in California and need to terminate their legal existence here.

Steps to Dissolve, Surrender, or Cancel a Business Entity

Requirements for Franchise Tax Board (FTB)

1. File all delinquent tax returns and pay all tax balances, including any penalties, fees, and interest.
2. File the final/current year tax return. Check the applicable **Final Return** box on the first page of the return, and write “**final**” at the top of the first page. All tax returns remain subject to audit until the statute of limitations expires.
3. Must cease doing or transacting business in California after the final taxable year.

Requirements for Entities Registered with SOS

File the appropriate dissolution, surrender, or cancellation form(s) with the SOS within 12 months of filing your final tax return. Go to **PAGE 2** for a list of forms to file with the SOS.

- **Domestic corporations** (those originally incorporated in California) legally **dissolve**.
- **Foreign corporations** (those originally incorporated outside California) legally **surrender**.
- **Limited liability companies and partnerships** (both domestic and foreign) legally **cancel**.

Minimum Franchise or Annual Tax

Your entity may avoid the minimum franchise or annual tax for current and subsequent taxable years **if you meet all of the following requirements**:

- Timely file your final franchise or annual tax return, including extension, for the preceding taxable year.
- Must cease doing or transacting business in California after the last day of the preceding taxable year.
- File the appropriate documents with the SOS within 12 months of the filing date of your final tax return.

Domestic Public Benefit, Religious, and Mutual Benefit Corporations

To complete dissolution, all domestic public benefit, religious, and mutual benefit corporations holding charitable assets in a trust **must obtain a *Dissolution Waiver*** from the California Office of the Attorney General (AG). Refer to the California Office of the Attorney General's publication, *General Guide for Dissolving a California Nonprofit Corporation* at ag.ca.gov for more information. The *Dissolution Waiver* **must be filed** with SOS along with the other required documents.

Domestic or Foreign Nonprofit Tax-Exempt Corporations Final Tax Return Filing Requirements

The law requires tax-exempt corporations to file a final tax return. File a Form 199, *California Exempt Organization Annual Information Return*, FTB 199N, *Annual Electronic Filing Requirement for Small Exempt Organizations* (California e-Postcard), **or** Form 109, *Exempt Organization Business Income Tax Return*, whichever is appropriate. File the appropriate dissolution, surrender, or cancellation documents with SOS within 12 months of the filing date of your final tax return. Tax-exempt churches are not required to file a final return. FTB offers telephone assistance for tax-exempt corporations. Call FTB's Exempt Organizations Unit at 916.845.4171, 7 a.m. to 4:30 p.m. weekdays, except state holidays.

Suspended or Forfeited

SOS cannot accept termination documents if FTB suspended or forfeited the entity. You must complete all of the following FTB requirements before you submit your termination documents to SOS:

- Pay all outstanding balances due.
- File all delinquent tax returns.
- File FTB 3557 BC, *Application for Certificate of Revivor*, (Banks and Corporations), FTB 3557 LLC, *Application for Certificate of Revivor*, (LLCs), or FTB 3557 E, *Application for Certificate of Revivor*, (Tax-Exempt Corporations).

For more information regarding the revivor process, go to ftb.ca.gov and search for **revive my entity** or call 800.852.5711.

Forms to File with the California Secretary of State

Go to sos.ca.gov to get any of the following SOS forms or call 916.657.5448.

Domestic Stock Corporations – File one or more of the following forms:

- *Certificate of Election to Wind Up and Dissolve* (Form ELEC STK).
- *Certificate of Dissolution* (Form DISS STK).
- *Short Form Certificate of Dissolution* (Form DSF STK). You must meet specific requirements to file this form.

Qualified Foreign and Qualified Foreign Tax-Exempt Corporations – File a *Certificate of Surrender of Right to Transact Intrastate Business*.

Domestic Limited Liability Companies Organized in California – File one or more of the following forms:

- *Certificate of Dissolution* (LLC-3).
- *Certificate of Cancellation* (LLC-4/7).
- *Short Form Certificate of Cancellation* (LLC- 4/8). You must meet specific requirements to file this form.

Foreign Limited Liability Companies – File a *Limited Liability Company Certificate of Cancellation* (LLC – 4/7). A foreign limited liability company is **not eligible** to file the *Short Form Certificate of Cancellation*.

Domestic and Foreign Limited Liability Partnerships – File a *Limited Liability Partnership Notice of Change of Status* (LLP-4).

Domestic and Foreign Registered Limited Liability Partnerships – File a *Limited Liability Partnership Notice of Change of Status* (LLP-4).

Domestic Taxable Nonprofit Corporations and Domestic Tax-Exempt Corporations – File one or more of the following forms:

- *Certificate of Election to Wind Up and Dissolve* (Form ELEC NP).
- *Certificate of Dissolution* (Form DISS NP).
- A *Dissolution Waiver* obtained from the California Office of the Attorney General. For information regarding the letter or approval, call 916.445.2021.

Nonqualified Tax-Exempt Organizations – If your tax-exempt organization is not incorporated or qualified in California, SOS does not require any action to dissolve or surrender. However, the organization **must** file a final tax return with the FTB.

Forms and Publications

Go to ftb.ca.gov to get FTB forms and publications or to sos.ca.gov for SOS forms. To get AG forms, call 916.445.2021.

Connect With Us

Web: ftb.ca.gov

Phone: 800.852.5711 | 8 a.m. to 5 p.m. weekdays, except state holidays
916.845.6500 | from outside the United States

TTY/TDD: 800.822.6268 | for persons with hearing or speech impairments