

Nonprofit Administrative Dissolution of Nonprofit Corporations Formed in California

Beginning January 1, 2017, the California Franchise Tax Board (FTB) will move forward to administratively dissolve certain nonprofit corporations deemed to be “inactive” by the State.¹

Who is affected?

Qualified nonprofit corporations that are “suspended” or “forfeited” by the FTB for a period of 48 continuous months or more and are no longer in business.

What will be done?

We will mail a contact letter to selected nonprofit corporations informing them of the pending administrative dissolution to the last known valid mailing address. A list of the selected corporations pending administrative dissolution will be posted on the California Secretary of State (SOS) website. If a corporation does not have a known valid mailing address, notification will only occur by the posting on the SOS website.

Corporations will have 60 days to object in writing to the pending administrative dissolution.

What happens if the corporation objects?

If the corporation objects in writing during the 60 day notice period, then it will have 90 days from the date of the written notice to pay any owed taxes, penalties, and interest and file any missing returns and a current Statement of Information with the SOS, or it will be administratively dissolved/surrendered at the end of the 90 day period. (The FTB is authorized to grant one 90 day extension.)

Additional information will be made available on the FTB [Charities and Nonprofits](#) webpage to provide guidance to nonprofit corporations on the administrative dissolution process as procedures are developed.

For more information about tax requirements and/or applying for tax-exempt status, visit ftb.ca.gov and search for **Charities**, or contact our Exempt Organizations Unit at **916.845.4171**, 7 a.m. to 4:30 p.m. weekdays, except state holidays.

DISCLAIMER

This material is presented with the understanding that the author is providing basic information only, and assumes no liability whatsoever in connection with its use. Tax laws are constantly changing, are subject to differing interpretations, and the facts and circumstances in any particular situation may not be the same as those presented here. Therefore, we urge you to do additional research and make sure that you are fully informed and knowledgeable before using the information contained herein.

¹ Assembly Bill 557 (Stats. 2015, ch. 363), which becomes effective January 1, 2017, provides for the administrative dissolution of qualified inactive nonprofit corporations.