



## LIMITED LIABILITY COMPANIES

### California Tax Information

Registration of a limited liability company (LLC) with the California Secretary of State (SOS) will obligate an LLC that is not taxed as a corporation to pay to the Franchise Tax Board (FTB) an annual minimum tax of \$800.00 and a fee based on the annual total income of the entity. The tax and fee are required to be paid for the taxable year of registration and each taxable year, or part thereof, until a Certificate of Cancellation is filed with the SOS. (Rev. and Tax. Code §§ 17941 and 17942.) An LLC is not subject to the taxes and fees imposed by Revenue and Taxation Code sections 17941 and 17942 if the LLC did no business in California during the taxable year and the taxable year was 15 days or less. (Rev. and Tax. Code § 17946.)

An LLC that is taxed as a corporation generally determines its California income under the Corporation Tax Law commencing with Revenue and Taxation Code section 23001.

PLEASE NOTE: A domestic nonprofit LLC is a taxable entity and subject to the tax requirements stated above unless the LLC has applied for tax-exempt status and the FTB determines the LLC qualifies for tax-exempt status. Therefore, until such a determination is made, a nonprofit LLC must file a return and pay the associated tax (and, if applicable, the fee) every year until the LLC is formally cancelled. If the LLC intends to seek tax exempt status:

- At the time of filing its Articles of Organization with the SOS, the LLC must include, in an attachment to that document, additional statements as required by the law under which the LLC is seeking exemption. Please refer to the FTB’s Exemption Application Booklet (FTB 3500 Booklet) for information regarding the required statements and for suggested language.
- After filing its Articles of Organization with the SOS, the LLC may apply for tax-exempt status by mailing an Exemption Application (Form FTB 3500), along with an endorsed copy of the Articles of Organization and all other required supporting documentation, to the FTB, P.O. Box 942857, Sacramento, California 94257-4041.
- The FTB 3500 Booklet and Form FTB 3500 can be accessed from the FTB’s website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or can be requested by calling the FTB at 1-800-338-0505. For further information regarding franchise tax exemption, refer to the FTB’s website or call the FTB at (916) 845-4171.

For further information regarding franchise tax requirements, please contact the FTB at:

|  |                |
|--|----------------|
| From within the United States (toll free) .....      | (800) 852-5711 |
| From outside the United States (not toll free) ..... | (916) 845-6500 |
| Automated Toll Free Phone Service .....              | (800) 338-0505 |

### Professional Services Information

A domestic or foreign LLC may not render professional services. (Corp. Code § 17375.) “Professional services” are defined in California Corporations Code sections 13401(a) and 13401.3 as:

Any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, the Osteopathic Act or the Yacht and Ship Brokers Act.

If your business is required to be licensed, registered or certified, it is recommended that you contact the appropriate licensing authority before filing with the SOS’s office in order to determine whether your services are considered professional.

## CALIFORNIA SECRETARY OF STATE CONVERSION INFORMATION

A domestic (California) stock corporation (Corp) can convert into a California other business entity; a California limited liability company (LLC), limited partnership (LP) or general partnership (GP) can convert into a California or foreign other business entity; and a foreign business entity can convert into a California Corp, LLC, LP or registered GP if the conversion is permitted under the laws of the jurisdiction of the foreign business entity. (California Corporations Code commencing with Sections [1150](#), [15677.1](#), [15911.01](#), [16901](#) and [17540.1](#).) Note: A California Corp cannot convert to a foreign entity.

The following table identifies the correct document or form to be used and the fee required based on the specific type of conversion:

| Document/Form   | Converting Entity   | Converted Entity  | Filing Fee  |
|---|---|-------------------|---|
| Articles of Incorporation containing a statement of conversion. Article samples are available for the following conversions: <ul style="list-style-type: none"> <li>• <a href="#">Converting from a California LLC</a></li> <li>• <a href="#">Converting from a California LP</a></li> <li>• <a href="#">Converting from a California GP</a></li> <li>• <a href="#">Converting from a Foreign Entity</a></li> </ul> | California LLC, LP or GP; or Foreign Corp, LLC, LP, GP or Other Business Entity | California Corp   | \$150   |
| Limited Liability Company Articles of Organization – Conversion <ul style="list-style-type: none"> <li>• <a href="#">Form LLC-1A</a></li> </ul>   | California Corp, LP, GP; or Foreign Corp, LLC, LP, GP or Other Business Entity  | California LLC    | \$150 if California Corp involved;<br>\$70 for all others |
| Certificate of Limited Partnership - Conversion <ul style="list-style-type: none"> <li>• <a href="#">Form LP-1A</a></li> </ul>  | California Corp, LLC, GP; or Foreign Corp, LLC, LP, GP or Other Business Entity | California LP     | \$150 if California Corp involved;<br>\$70 for all others |
| General Partnership Statement of Partnership Authority - Conversion <ul style="list-style-type: none"> <li>• <a href="#">Form GP-1A</a></li> </ul>  | California Corp, LLC, LP; or Foreign Corp, LLC, LP or Other Business Entity     | Registered GP     | \$150 if California Corp involved;<br>\$70 for all others |
| Certificate of Conversion <ul style="list-style-type: none"> <li>• <a href="#">Form CONV-1A</a></li> </ul>  | California Corp, LLC, LP; or Foreign Corp, LLC, LP or Other Business Entity     | Non-registered GP | \$150 if California Corp involved;<br>\$30 for all others |
|   | California LLC, LP, or Registered California GP                                 | Foreign Entity    | \$30  |

The following table clarifies the signature requirements for specific types of conversion filings:

| Converting Entity | Signatories   |
|-------------------|---|
| California Corp   | Executed and acknowledged by the chairman of the board, the president or any vice president <b>AND</b> the secretary, the chief financial officer, the treasurer or any assistant secretary or assistant treasurer. (California Corporations Code section <a href="#">1155(b)</a> .)  |
| California LLC    | Executed and acknowledged by all the managers, unless a lesser number is provided in the articles of organization or the operating agreement. (California Corporations Code section <a href="#">17540.6(b)</a> .)   |
| California LP     | Executed and acknowledged by all general partners, unless a lesser number is provided in the certificate of limited partnership. (California Corporations Code section <a href="#">15677.6(b)</a> or <a href="#">15911.06(b)</a> .) Note: Signing a document on behalf of a converting LP that is subject to the Uniform Limited Partnership Act of 2008 constitutes an affirmation under penalty of perjury that the facts stated in the document are true. (California Corporations Code section <a href="#">15902.08(b)</a> .) |
| California GP     | Executed by at least two partners. (California Corporations Code section <a href="#">16105(c)</a> .)  |
| Foreign Entity    | According to the laws of the foreign jurisdiction.  |

## INSTRUCTIONS FOR COMPLETING THE ARTICLES OF ORGANIZATION - CONVERSION (FORM LLC-1A)

For easier completion, this form is available on the Secretary of State's website at <http://www.sos.ca.gov/business/> and can be viewed, filled in and printed from your computer. The completed form along with the applicable fees can be mailed to Secretary of State, Document Filing Support Unit, 1500 11th Street, 3rd Floor, Sacramento, CA 95814 or delivered in person to the Sacramento office. If you are not completing this form online, please type or legibly print in black or blue ink. This form is filed only in the Sacramento office.

**LEGAL AUTHORITY:** Statutory provisions for conversion purposes are found in the California Corporations Code commencing with sections [1150](#), [15677.1](#), [15911.01](#), [16901](#) and [17540.1](#). All statutory references are to the California Corporations Code, unless otherwise stated. **Note:** If the converting entity is a domestic (California) limited partnership governed by the Uniform Limited Partnership Act of 2008 (Act of 2008), signing Form LLC-1A constitutes an affirmation under penalty of perjury that the facts stated in the document are true. (Section [15902.08\(b\)](#).)

- Form LLC-1A may be used for the following conversions: Any California or foreign corporation, foreign limited liability company, California or foreign limited partnership, California or foreign general partnership, or foreign other business entity converting into a California limited liability company.
- The conversion may be effected ONLY if: (1) the state laws of the converting entity and converted entity expressly permit the formation of that converted entity pursuant to a conversion; and (2) the conversion complies with all other applicable California and foreign laws.

**PROFESSIONAL SERVICES:** Pursuant to Section [17375](#), a California limited liability company may not render professional services, as defined in Sections [13401\(a\)](#) and [13401.3](#). Professional services are defined as any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, the Osteopathic Act or the Yacht and Ship Brokers Act. If your business is required to be licensed, certified or registered, it is recommended that you contact the appropriate licensing authority before filing with the Secretary of State's office in order to determine whether your services are considered professional. For licensing requirements in the state of California, please refer to the CalGold website at <http://www.calgold.ca.gov/> or the California Department of Consumer Affairs website at <http://www.dca.ca.gov/>.

**ACT OF 2008:** A California limited partnership is subject to the Act of 2008: (1) if it was formed on or after January 1, 2008; or (2) if it was formed prior to January 1, 2008, and has elected to be governed by the Act of 2008. Effective January 1, 2010, all California limited partnerships will be subject to the Act of 2008. The Act of 2008 can be found in the California Corporations Code commencing with Section [15900](#).

**FEES:** If a California corporation is the converting entity, the filing fee is \$150.00. For all other conversions, the filing fee is \$70.00. There is an additional \$15.00 special handling fee for processing a document delivered in person to the Sacramento office. The special handling fee must be remitted separately for each submittal and will be retained whether the document is filed or rejected. The preclearance and/or expedited filing of a document within a guaranteed time frame can be requested for an additional fee (in lieu of the special handling fee). Please refer to the Secretary of State's website at <http://www.sos.ca.gov/business/precexp.htm> for detailed information regarding preclearance and expedited filing services. The special handling fee or preclearance and expedited filing services are not applicable to documents submitted by mail. Check(s) should be made payable to the Secretary of State.

**MINIMUM TAX REQUIREMENT:** Filing this document shall obligate most limited liability companies to pay an annual minimum tax of \$800.00 to the Franchise Tax Board pursuant to California Revenue and Taxation Code section [17941](#).

### **Complete the Limited Liability Company Articles of Organization – Conversion (Form LLC-1A) as follows:**

- Item 1.** Enter the name of the limited liability company. The name must end with the words "Limited Liability Company," or the abbreviations "LLC" or "L.L.C." The words "Limited" and "Company" may be abbreviated to "Ltd." and "Co.," respectively. The name of the limited liability company may not contain the words "bank," "trust," "trustee," "incorporated," "inc.," "corporation," or "corp.," and must not contain the words "insurer" or "insurance company" or any other words suggesting that it is in the business of issuing policies of insurance and assuming insurance risks. (Sections [17051](#) and [17052](#).)
- Item 2.** This statement is required by statute and should not be altered. Provisions limiting or restricting the business of the limited liability company may be included as an attachment. (Section [17051](#).)

- Item 3.** Check the appropriate provision indicating whether the limited liability company is to be managed by one manager, more than one manager, or all the limited liability company member(s). (Section 17051.)
- Item 4.** If the converting entity is a California limited partnership, enter the mailing address, including the zip code, of the chief executive office of the limited liability company. (Section 15677.6 or 15911.06.) Please do not abbreviate the name of the city.
- Item 5.** Enter the name of the agent for service of process in California. (Section 17061.) An agent is an individual, whether or not affiliated with the limited liability company, who resides in California or a corporation designated to accept service of process if the limited liability company is sued. The agent should agree to accept service of process on behalf of the limited liability company prior to designation. If a corporation is designated as agent, that corporation must have previously filed with the California Secretary of State, a certificate pursuant to California Corporations Code section 1505. Note: **A limited liability company cannot act as its own agent** and no domestic or foreign corporation may file pursuant to Section 1505 unless the corporation is currently authorized to engage in business in California and is in good standing on the records of the California Secretary of State.
- Item 6.** If the designated agent for service of process is an individual, enter the agent's business or residential address in California. Please do not enter "in care of" (c/o) or abbreviate the name of the city. (Section 17061.) Do not complete Item 6 if the agent is a corporation.
- Item 7.** If the converting entity is a California limited partnership, enter the mailing address, including the zip code, of the designated agent for service of process. **Note:** The mailing address is required whether the designated agent is an individual or a corporation. (Section 15677.6 or 15911.06.) **If the designated agent is an individual**, check the box and omit the mailing address if the agent's mailing address is the same as the business or residential address in Item 6.
- Item 8.** Enter the exact name of the converting entity.
- Item 9.** Enter the form of the converting entity (i.e., limited partnership, corporation, etc.)
- Item 10.** Enter the jurisdiction (state or country) in which the converting entity was formed or organized.
- Item 11.** Enter the file number issued to the converting entity by the California Secretary of State, if any.
- Item 12.** This statement is required by statute and should not be altered. If a vote was required pursuant to the applicable law, specify the class and the number of outstanding interests of each class entitled to vote on the conversion and the percentage vote required for each class. Attach additional pages, if necessary.
- Item 13.** Attach any other information to be included in the Articles of Organization of the converted entity, provided that the information is not inconsistent with law. Also, attach additional conversion information required by the laws of the state of the converting entity, if any.
- Item 14.** Form LLC-1A must be signed as required by the applicable statutes, as follows:
- **If the converting entity is a California corporation:** Form LLC-1A must be signed and acknowledged by the chairman of the board, the president or any vice president AND the secretary, the chief financial officer, the treasurer or any assistant secretary or assistant treasurer. (Section 1155(b).)
  - **If the converting entity is a California limited partnership:** Form LLC-1A must be signed and acknowledged by all general partners, unless a lesser number is provided in the Certificate of Limited Partnership. (Section 15677.6(b) or 15911.06(b).)
  - **If the converting entity is a California general partnership:** Form LLC-1A must be signed under penalty of perjury by at least two partners. (Section 16105(c).)
  - **If the converting entity is a foreign other business entity,** Form LLC-1A must be signed according to the laws of the foreign jurisdiction.

If additional signature space is necessary, the signatures may be made on an attachment to Form LLC-1A.

Any attachments to Form LLC-1A are incorporated by reference and made part of Form LLC-1A. All attachments should be 8 ½" x 11", one-sided and legible.



State of California Secretary of State

LLC-1A

File # \_\_\_\_\_

LIMITED LIABILITY COMPANY ARTICLES OF ORGANIZATION - CONVERSION

IMPORTANT — Read all instructions before completing this form.

This Space For Filing Use Only

CONVERTED ENTITY INFORMATION

- 1. NAME OF LIMITED LIABILITY COMPANY... 2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY... 3. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY... 4. MAILING ADDRESS OF THE CHIEF EXECUTIVE OFFICE... 5. NAME OF AGENT FOR SERVICE OF PROCESS... 6. IF AN INDIVIDUAL, ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CA... 7. MAILING ADDRESS OF AGENT FOR SERVICE OF PROCESS... THE MAILING ADDRESS OF THE AGENT FOR SERVICE OF PROCESS IS THE SAME AS THE AGENT'S BUSINESS OR RESIDENTIAL ADDRESS IN ITEM 6.

CONVERTING ENTITY INFORMATION

- 8. NAME OF CONVERTING ENTITY... 9. FORM OF ENTITY... 10. JURISDICTION... 11. CA SECRETARY OF STATE FILE NUMBER, IF ANY... 12. THE PRINCIPAL TERMS OF THE PLAN OF CONVERSION WERE APPROVED BY A VOTE OF THE NUMBER OF INTERESTS OR SHARES OF EACH CLASS THAT EQUALED OR EXCEEDED THE VOTE REQUIRED. IF A VOTE WAS REQUIRED, PROVIDE THE FOLLOWING FOR EACH CLASS: STATE THE CLASS AND NUMBER OF OUTSTANDING INTERESTS ENTITLED TO VOTE AND THE PERCENTAGE VOTE REQUIRED OF EACH CLASS

ADDITIONAL INFORMATION

- 13. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE. 14. I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT OF MY OWN KNOWLEDGE. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

DATE

SIGNATURE OF AUTHORIZED PERSON

TYPE OR PRINT NAME AND TITLE OF AUTHORIZED PERSON

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