



NOTICE OF LEGISLATIVE CHANGE

- Elimination of Tax Clearance Certificate Requirement - (Assembly Bill 2341)

Effective September 29, 2006 Assembly Bill 2341 (AB 2341) amended California law to eliminate the requirement of a terminating corporation, limited liability company or limited liability partnership to obtain a Tax Clearance Certificate from the Franchise Tax Board. AB 2341 also requires the termination document filed with the Secretary of State to include an additional statement¹, as follows:

- **For the Certificate of Dissolution of a domestic corporation or the Certificate of Surrender of a qualified foreign corporation:** "A final franchise tax return, as described by Section 23332 of the Revenue and Taxation Code, has been or will be filed with the Franchise Tax Board, as required under Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code."
- **For the Certificate of Cancellation of a domestic limited liability company:** "A final franchise tax return, as described by Section 23332 of the Revenue and Taxation Code, or a final annual tax return, as described by Section 17947 of the Revenue and Taxation Code, has been or will be filed with the Franchise Tax Board, as required under Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code."
- **For the Notice of Status Change of a registered or foreign limited liability partnership:** "A final annual tax return, as described by Section 17948.3 of the Revenue and Taxation Code, has been or will be filed with the Franchise Tax Board, as required under Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code."

Termination documents received on or after September 29, 2006 must include the additional statement as discussed above. Revised forms are available on the Secretary of State's website at http://www.sos.ca.gov/business/bpd_forms.htm. For information regarding final tax returns, please contact the Franchise Tax Board at (800) 852-5711 (from within the U.S.) or (916) 845-6500 (from outside the U.S.) or visit their website at <http://www.ftb.ca.gov>.

AB 2341 also eliminates the requirement of a merging corporation, limited liability company or limited liability partnership to obtain a Tax Clearance Certificate from the Franchise Tax Board.

A complete copy of AB 2341 is available on the California Legislative Counsel's website at <http://www.leginfo.ca.gov/bilinfo.html>.

¹ The additional statement is not required for a registered foreign limited liability company filing pursuant to Corporations Code section 17455 or a foreign limited liability partnership filing pursuant to Corporations Code section 16960(c).