

Closing a California Business Entity?

Here are the steps to dissolve, surrender or cancel a business entity:

- File delinquent tax returns.
- File the final/current year tax return. On this tax return's first page, check the box labeled "Final Return." Exception for a nonprofit tax-exempt church or tax-exempt corporation; these organizations do not have to file a final tax return if its three-year gross receipts average is under \$25,000. A final tax return must be filed if the gross exceeds this average, if the organization is a private foundation, or if the organization has a non-member or unrelated business income.
- Pay all tax balances, including any penalties, fees and interest.
- Do not conduct or transact business in California after the final taxable year.
- File the appropriate dissolution, surrender or cancellation form(s) with the Secretary of State (SOS) within one year of filing your final business' income tax return. The correct forms are available online at www.sos.ca.gov, or by contacting the SOS at (916) 657-5448. Mail certified and keep proof of filing.
- If the business entity is suspended or forfeited, it must revive before it can file dissolution, surrender or cancellation forms with the SOS. A suspended entity continues to accrue the \$800 minimum tax indefinitely while the business is suspended.