

Glenn Hegar Texas Comptroller of Public Accounts



Reinstating or Terminating a Business

Both Texas-formed and out of state entities registered with the Texas Secretary of State (SOS) must satisfy **all** state tax filing requirements before they can reinstate, terminate, merge or convert a business. These requirements are detailed below. Note the filing due dates to avoid late penalties.

▼ Reinstating Your Entity

To satisfy all requirements to reinstate your entity, first submit these items to the Comptroller's office.

- **Step 1.** File any Annual Franchise Tax and (Public or Ownership) Information Report forms.
- **Step 2.** Pay any tax, penalty and interest payments due.
- Steps 1 and 2 must be completed before continuing to Step 3.
- **Step 3.** Complete and submit Form 05-391, *Tax Clearance Letter Request for Reinstatement* [comptroller.texas.gov/forms/05-391.pdf], via mail or online using Webfile.
- Then, submit these items to the SOS (see Connecting with the Secretary of State section below).
- **Step 4.** Submit Form 05-377, *Tax Clearance Letter*, once you receive it from the Comptroller's office.
- **Step 5.** Submit SOS reinstatement forms.
- Step 6. Pay SOS filing fees.
- ▼ Terminating/Withdrawing/Merging Your Entity

To satisfy all requirements to terminate, withdraw or merge your entity, first submit these items to the Comptroller's office.

- **Step 1.** File any Annual Franchise Tax and (Public or Ownership) Information Report forms.
- **Step 2.** Pay any tax, penalty and interest payments due.
- **Step 3.** File a Final Franchise Tax Report to report your entity's accounting data starting the day after its last annual report accounting period ended to within 60 days of the entity's termination date.
- Steps 1–3 must be completed before continuing to Step 4.

Step 4. Complete and submit Form 05-359, Request for Certificate of Account Status to Terminate a Taxable Entity's Existence in Texas or Registration [comptroller.texas.gov/forms/05-359.pdf], or request the certificate online using Webfile.

Then, submit these items to the SOS (see Connecting with the Secretary of State section below) by the filing deadline: on or before closing time the last business day of the year (usually Dec. 31) that your entity is terminating/withdrawing/merging.

Step 5. Submit Form 05-305, *Certificate of Account Status to Terminate Texas Registration*, once you receive it from the Comptroller's office. This certificate is valid only through Dec. 31 of the year issued.

Step 6. Complete and submit SOS Termination forms.

Step 7. Pay SOS filing fees.

▼ Converting Your Entity

Taxable entity converting to another taxable entity

You must complete the following steps.

- Step 1. Have an account in good standing (not owe any franchise tax, penalty or interest payment).
- **Step 2.** File any annual franchise tax report.
- **Step 3.** File the appropriate, signed information report for the year in which the documents are filed with the SOS.

No final report is due, and a certificate of account status is not required, because the converted entity continues to file franchise tax reports.

Taxable entity converting to a non-taxable entity

In addition to **Steps 1–3** above, you must show that all franchise tax responsibilities have been satisfied by including

- a statement in the documents filed with SOS that the surviving entity is responsible for the franchise tax OR a certificate of account status [comptroller.texas.gov/forms/05-359.pdf] issued by the Comptroller
- a final franchise tax report for the year in which the documents are filed with the Secretary of State

Connecting with the Secretary of State

You can submit information to the SOS office online using SOSDirect or SOSUpload and via fax or mail. Call 512-463-5555, email corpinfo@sos.texas.gov [mailto:corpinfo@sos.texas.gov] or visit

Request certificate of account status or tax clearance letter

Request certificates of account status to terminate a business or request tax clearance letters to reinstate a business by using Webfile, our online system. Learn more about these requests. [comptroller.texas.gov/taxes/franchise/certificate-letter-request.php]