

EFFECTIVE SEPTEMBER 1, 2023, OUR LOBBY WALK-IN HOURS WILL BE 9 A.M. - 4 P.M. (CENTRAL), MONDAY - FRIDAY.



Texas Secretary of State
Jane Nelson

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Terminations and Reinstatements FAQs

The answers to our Frequently Asked Questions are provided for informational purposes and are not intended to provide legal advice or to substitute for the advice of an attorney. If you have specific legal questions, consult your attorney.

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Terminations

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1. **How do I terminate my Texas entity?**



The entity must:

- Take the necessary internal steps to wind up its affairs. Our office cannot offer you any business or legal advice on how to wind up an entity's affairs. You may want to consult the entity's governing documents, the applicable Texas law, and/or a private attorney.
- Submit two signed copies of the certificate of termination. Our office has [forms](#) that meet the minimum statutory requirements. Use of our forms is optional.
- Unless the entity is a nonprofit corporation, attach a Certificate of Account Status for Dissolution/Termination issued by the Texas Comptroller. (See [FAQ #3](#), below). **Do not attach any printout from the Comptroller's website; this certification is not sufficient.**
- Pay the appropriate filing fee.

2. How can I terminate a corporation if the sole owner is deceased?

When a shareholder (owner) passes away, his or her shares must pass to someone else, either through the deceased shareholder's will, by law, or by the terms of a shareholders' agreement. The new shareholder would have to consent to a voluntary termination or take other action to have the corporation approve the termination under the Texas Business Organizations Code. For more information, please contact your private attorney.

3. What is a Certificate of Account Status for Dissolution/Termination? Do I need one? If so, how do I get one?

A Certificate of Account Status for Dissolution/Termination is a certificate issued by the Texas Comptroller of Public Accounts indicating that the entity has paid all taxes under Title 2 of the Tax Code, and that the certificate must be filed with the secretary of state to legally end the entity's existence.

The following entity types *must* attach a Certificate of Account Status for Dissolution/Termination to their Certificate of Termination:

- For-profit corporations
- Professional corporations (PCs)
- Limited liability companies (LLCs)
- Limited partnerships (LPs)
- Professional associations (PAs)

The following entity types are *not* required to attach a Certificate of Account Status:

- Nonprofit corporations

To request a Certificate of Account Status, use Comptroller [Form 05-359](#) (PDF, 225KB) and/or contact the Comptroller at:

Tax Assistance Section,
 Comptroller of Public Accounts
 Austin, Texas 78774-0100
 (512) 463-4600; toll-free (800) 252-1381; (TDD) (800) 248-4099
[e-mail](#)

4. Must newly taxable entities submit tax certificates when filing terminations with the secretary of state in the same manner as corporations and limited liability companies?

Yes. The Texas Business Organizations Code was amended to require tax certificates for limited partnerships and professional associations, beginning September 1, 2009.

5. Summary chart for terminating a Texas entity.

Texas Domestic Entity Type	Governed by BOC	Fee	Signer	Attach Certificate of Account Status?
For-profit or professional corporation that neither commenced business nor issued shares	Form 651 Word , PDF	\$40	One of the organizers or initial directors named in the certificate of formation; or an authorized officer.*	Yes
For-profit or professional corporation that commenced business and/or issued shares	Form 651 Word , PDF	\$40	Officer.*	Yes
Nonprofit corporation that has no members or no members with voting rights and has no assets and has not solicited any assets or otherwise engaged in activities	Form 652 Word , PDF	\$5	One of the organizers or initial directors named in the certificate of formation; or an authorized officer.*	No
Nonprofit corporation that holds assets or has solicited any assets or otherwise engaged in activities	Form 652 Word , PDF	\$5	Officer.*	No
LLC	Form 651 Word , PDF	\$40	Authorized manager or authorized member-manager.	Yes
LP	Form 651 Word , PDF	\$40	Each general partner participating in winding up; if none, then each nonpartner liquidator, or, if the	Yes

			limited partners are winding up, a majority in interest of the limited partners.	
PA	Form 651 Word , PDF	\$40	Officer.* If no living officers, the legal representative of last surviving officer.	Yes

* "Director," "Owner," "Organizer," "Incorporator," "Shareholder," and "Registered Agent" are not titles of officers.

6. My certificate of termination was rejected because I attached the wrong Certificate of Account Status. What am I supposed to attach?

The most common problems with an attachment to the certificate of termination are:

- It is the wrong type of Certificate. It must be a Certificate of Account Status required by statute stating that the entity has paid all taxes under Title 2, Tax Code, and indicating that the certificate must be filed with the secretary of state to legally end the entity's existence.
- It is just a printout from the Comptroller's website. The Certificate of Account Status that you can print out from the Comptroller's website is not sufficient to show that the entity is in good standing for purpose of legally ending the entity's existence.
- It is not valid through the effective date of the filing of the certificate of termination. For example:
 - A Certificate of Account Status that is valid through May 15th of a given year is not sufficient for purposes of filing a certificate of termination received on December 2nd of that same year.

A Certificate of Account Status that is valid through December 15th of a given year, is not sufficient for certificates of termination that are submitted to us on December 14th, with a delayed effective date of December 31st of that same year.

7. If an entity terminates, can its registered agent still be served with process?

Texas law does not specifically address this question; however, the registered agent's obligation is generally to the entity, not to the individual persons operating or owning the entity. Accordingly, it is understood that the registered agent is not obligated to accept service of process for a terminated entity unless the agent is otherwise contractually obligated to do so. Other rules may provide for service of process. For example, Rule 29 of the [Texas Rules of Civil Procedure](#) provides that service of process on a terminated corporation may be made on the president, directors, general manager, trustee, assignee, or other persons who were in charge of the corporation at the time it was dissolved.

(If you are an entity's registered agent, you may wish to consult your private attorney or contract with the represented entity regarding your particular obligations.)

For more information, see the [Registered Agent FAQs](#).

8. Does a filing entity have to inform the secretary of state that it has merged with another entity or gone out of business?

Generally, Texas law requires a filing entity to file an instrument with the secretary of state for mergers, conversions, terminations, and withdrawals.

Reinstatements

1. [If an entity is forfeited for failure to file a franchise tax report and/or pay franchise taxes, is there a time-limit for reinstatement?](#)
2. [If a domestic entity is terminated for non-tax reasons, is there a deadline for reinstatement?](#)
3. [What happens if an LP does not file its periodic report within the time specified by the secretary of state?](#)
4. [If an LP has had its certificate of formation terminated for failure to file a Periodic Report, how and when can it be reinstated?](#)

1. If an entity is forfeited for failure to file a franchise tax report and/or pay franchise taxes, is there a time-limit for reinstatement?

No. When an entity fails to file a franchise tax report and/or pay franchise taxes, the secretary of state forfeits it under the Texas Tax Code. An entity forfeited under the Tax Code can reinstate at any time (so long as the entity would otherwise continue to exist) by (1) filing the required franchise tax report, (2) paying all franchise taxes, penalties, and interest, and (3) filing an application for reinstatement (Form 801 [Word 178kb](#), [PDF 87kb](#)), accompanied by a tax clearance letter from the Texas Comptroller of Public Accounts stating that the entity has satisfied all of its franchise tax obligations and is eligible for reinstatement.

2. If a domestic entity is terminated for non-tax reasons, is there a deadline for reinstatement?

No. Effective September 1, 2023, [SB 1514 \(PDF\)](#) (88th Reg., 2023), amended § 11.202 of the Texas Business Organizations Code (BOC) to eliminate the three-year deadline to reinstate a voluntarily terminated Texas entity. SB 1514 did not make any changes to § 11.253(d) of the BOC, which provides that the certificate of reinstatement after involuntary termination may be filed at any time; however, the entity is considered to have continued in existence without interruption only if it is reinstated before the third anniversary of the date of its involuntary termination. Whether the termination was voluntary or involuntary, Form 811 ([Word](#), [PDF](#)) may be used for the certificate of reinstatement.

Type of Termination	Time Limit for Reinstatement
A voluntarily terminated domestic entity	No time limit.

An involuntarily terminated domestic entity	No time limit; however, only considered to have continued in existence without interruption if entity is reinstated within 36 months.
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3. What happens if an LP does not file its periodic report within the time specified by the secretary of state?

If an LP fails to file its periodic report within 30 days from the date that the secretary of state sends the report, it forfeits its right to transact business in Texas. While forfeited, it cannot maintain any action, suit, or proceeding in any Texas court or amend its certificate of formation or registration. It can, however, *defend* any action or suit; furthermore, forfeiture does not impair the validity of any contract.

The LP can relieve itself of forfeiture by filing the periodic report within 120 days of the date the secretary of state mailed notice of forfeiture. If the LP does not file the report within this 120-day period, the secretary of state will involuntarily terminate the domestic LP or revoke registration of a foreign LP.

4. If an LP has had its certificate of formation terminated for failure to file a Periodic Report, how and when can it be reinstated?

To reinstate its certificate of formation, the LP must file the required report (Form 804 [Word 139kb](#), [PDF 119kb](#)), pay the appropriate filing fee and late fee, and pay all fees, taxes, penalties and interest due. The report must be accompanied by a tax clearance letter from the Texas Comptroller of Public Accounts stating that the entity has satisfied all of its franchise tax obligations and is eligible for reinstatement. There is no time limit for when the LP can reinstate, so long as the entity would otherwise continue to exist.