

R. Dissolutions and Withdrawals (Articles 14 and 15 of G.S. Chapter 55, G.S. 105-127)

1. Dissolutions (17 NCAC 05C.2101)

a. Voluntary Dissolution

A corporation is dissolved immediately upon the effective date of filing the articles of dissolution with the Secretary of State. Although a tax clearance is no longer a part of the Secretary of State's voluntary dissolution process, this in no way relieves the corporation of its liability to file all tax reports and returns due and pay all taxes due the Department of Revenue. The Department will continue to notify a corporation of any unfulfilled tax requirements.

After the end of the year in which dissolution occurs, a dissolved corporation is not subject to the annual franchise tax unless the corporation engages in business activities not connected to winding up and liquidating its business and affairs.

b. Administrative Dissolution

The Secretary of State may administratively dissolve corporations for various non-compliance reasons. Once this dissolution occurs, the corporation may apply to the Secretary of State for reinstatement. The administrative dissolution in no way relieves the corporation of its liability to file all reports and returns due and pay all taxes due the Department.

2. Withdrawals

Before a foreign corporation is permitted to withdraw its certificate of authority to do business in North Carolina, it must file all tax reports and returns due and pay all taxes due. The same general procedure of notifying a corporation that is dissolving of any unfulfilled tax requirements will also be followed for corporations withdrawing from North Carolina.

Note: A corporation that is dissolving or withdrawing is required to file a final income tax return within the statutory due dates for filing returns after the close of business in this State. In this final return, the corporation must include in income any unrealized, deferred or unreported profit from installment sales and pay the tax due with such return. For information on statutory due dates, see Subject "Filing of Returns and Payment of Taxes."