

The Walking Dead: Administrative Tax Forfeitures

2014 LLCs, LPs and Partnerships
University of Texas School of Law
July 10-11, 2014
Austin, Texas

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Acknowledgment

The presenter gratefully acknowledges the assistance of Carmen I. Flores, Director, Business and Public Filings Division, Office of the Secretary of State of Texas. Several of these slides were originally prepared by Director Flores for a previous presentation on a similar topic at the University of Texas School of Law Conference on LLCs, LPs and Partnerships 2012.

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Involuntary Terminations & Forfeitures by SOS

- *Chapter 11 Business Organizations Code*
 - ***Failure to maintain registered agent or office***
 - Failure to timely file a report (e.g., annual statement for a professional association is due by June 30)
 - Failure to pay or dishonored payment of formation filing fee
- Chapter 22 Business Organizations Code
 - Failure to file nonprofit periodic report when due
- *Chapter 153 Business Organizations Code*
 - ***Failure to file limited partnership periodic report when due***
- *Chapter 171 Tax Code*

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Involuntary Terminations & Forfeitures by SOS

- *Involuntary Terminations under Business Organizations Code*
 - A total of 6,578 entities were involuntarily terminated in 2013
 - This total included 620 LLCs and 9 LPs
 - The SOS is currently in a cycle of enforcing the periodic report requirement for nonprofit corporations; in 2012, a cycle of periodic reporting for LPs was being completed, and 6,237 LPs were involuntarily terminated in 2012
- *Chapter 171 Tax Code*
 - A total of 73,445 taxable entities were forfeited in 2013
 - A total of 76,376 taxable entities were forfeited in 2012
 - Of these totals, more than half were LLCs and LPs

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Administrative Forfeiture of Privileges and Existence Under Texas Tax Code



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Administrative Tax Forfeitures

Tax Code §§ 171.251-171.2515

- Franchise tax reports are due annually on May 15th.
- If the franchise tax report is not timely filed or an extension is not requested, the Comptroller will notify the entity of its delinquency.
- The Comptroller will forfeit the entity's privileges (right to transact business in the state) if the entity does not file the required reports or pay tax within 45 days after the date of the delinquency notice.



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First appeared as part of the conference materials for the
2014 LLCs, LPs and Partnerships session

"The Walking Dead, Part II: Inadvertent Terminations of LLCs and LPs"