

**RESOURCES**

## The Infamous Annual Report

Every year in North Carolina for-profit companies are required to file an annual report with the Secretary of State. This requirement often times is a headache for business owners, frequently resulting in the owner forgetting to file the company’s annual report. As a result, the dreaded administrative dissolution process is initiated by the Secretary of State. The goal of this article is to provide individuals with a basic understanding of the filing process and simplify the process so that it is less of a hassle each year.

The annual report filing requirement stems from section 55-16-22 of the North Carolina General Statutes for Corporations and section 57D-2-24 for LLCs. The main purpose behind the filing requirement is to keep an accurate record of business information so that it is available to the public. In other words, it is simply a way for the Secretary of State to provide the public with up to date information about a company’s name, address, registered agent, etc. Below you will find a chart providing an overview of the filing requirements for each type of entity:

ENTITY TYPE	ANNUAL REPORT DUE DATE	FILING FEE
For Profit Corporations	Due on the 15 <sup>th</sup> day of the 4 <sup>th</sup> month following the company’s fiscal year end.	Online \$20.00
	Alternatively, the annual report may be filed with the NC Department of Revenue when the Corporation files its tax return.	Paper \$25.00
Limited Liability Companies (LLC or L3C)	Due on April 15 <sup>th</sup> each year following the year of creation.	Online \$202.00 Paper \$200.00
Partnerships (LLP or LLLP)	Due on the 15 <sup>th</sup> day of the 4 <sup>th</sup> month following the company’s fiscal year end.	Online \$202.00 Paper \$200.00
Cooperative Associations (with Common Stock)	Due on March 1 <sup>st</sup> each year with a copy to the Marketing Division at the NC Department of Agriculture.	Paper Only \$10.00

Additionally, the following entities do not have to file an annual report: Professional Corporations, Professional Limited Liability Companies, Nonprofit Corporations, Limited Partnerships, General Partnerships (not registered at the Secretary of State’s Office), and Sole Proprietorships (not registered at the Secretary of State’s Office).

For individuals planning to form a new LLC, consider forming the LLC in January of a given year. This in effect gives the LLC a “free” year without having to file an annual report. This stems from the fact that an LLC’s first annual report is not due until April 15th of the year following creation. Consider, for example, a situation in which articles of organization are filed for a new LLC in December of a given year. That LLC’s first annual report is due April 15th of the following year, only four months after creation. On the other hand, if articles of organization are filed for a new LLC in January of a given year, that LLC does not have to file its first annual report until April 15th of the following year, or sixteen months after creation. This can be a useful strategy for a new company to extend the time period for filing its first annual report.

Hopefully this helps clarify the annual report filing requirement. For detailed information about how to submit your annual report online, click the link to download the Secretary of State’s Online Annual Report Filing Instructions.

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