



## Franchise Tax Account Status

The Comptroller has historically issued Certificates of Account Status (“good standing”) in response to inquiries about the status of an entity’s franchise tax account. The ability to search the franchise tax status of an entity is also available on the Comptroller’s public website, Window on State Government.

In the past, being “in good standing,” or being able to obtain a Certificate of Account Status, meant that all franchise tax filing requirements had been met and no franchise tax was due.

With the revision of the franchise tax in 2008, businesses found themselves “in bad standing” for franchise tax purposes due to a paperwork error or omission, rather than a failure to file the report or pay the tax due. The Comptroller worked with companies and business organizations to discuss the problems this caused. A key issue was that franchise tax status was posted online possibly before the affected company received notice in the mail. Another was that bad standing could complicate a company’s ability to complete a business transaction. As a result of these discussions, the Comptroller has refined how it determines franchise tax account status.

Effective May 5, 2013, an online search on “franchise tax account status” will return whether that entity’s right to transact business in Texas is intact.

The Comptroller is required by law to forfeit a company’s right to transact business in Texas if the company has not filed a franchise tax report or paid a franchise tax required under Chapter 171.

The law also requires the Comptroller to give at least 45 days after the notice of pending forfeiture is mailed before the actual forfeiture. Any franchise tax deficiencies must be cured during that period to avoid the forfeiture of the right to transact business in Texas.

As noted in the January Tax Policy News, we are making conforming changes to our franchise tax account status page. You will be able to print the results page from a search.

To request a certificate required by the Business Organizations Code for filing termination and similar documents with the Secretary of State, complete Form 05-359 (PDF, 225KB) .