

DISSOLUTION

Steps for Dissolving a Michigan Corporation



**MICHIGAN
COMMUNITY
RESOURCES**

**MILLER
CANFIELD**

Step 1: Approve Dissolution

- Directors vote to dissolve entity;
- Send shareholders notice of a meeting to vote on proposal to dissolve; and
- Shareholders approve dissolution.

Step 2: File a Certificate of Dissolution with LARA (CSCL/CD-531)

The certificate of dissolution is filed any time **after the corporation authorizes dissolution.**

- The effective date of dissolution is the date LARA receives the certificate, not the filing date. The effective date will be evidenced by LARA's date stamp on the certificate.
- There is a \$10.00 filing fee
- The certificate of dissolution and the filing fee can be submitted online at Corporations Online Filing System (COFS) or by mail to:

Michigan Department of Licensing and Regulatory Affairs
Corporations, Securities & Commercial Licensing Bureau
Corporations Division
P.O. Box 30054
Lansing, MI 48909

Step 3: Request Tax Clearance from the Michigan Department of Treasury (Form 5156)

- The request must be done within 60 days of filing the certificate of dissolution. The tax clearance certificate will verify that all state taxes have been paid.
- Form must be mailed to:

Michigan Department of Treasury
Tax Clearance Section
PO Box 30778
Lansing, MI 48909-8278

Step 4: File Notice of Discontinuance with the Michigan Department of Treasury (Form 163)

- Form must be mailed to:

Michigan Department of Treasury
Registration Section
PO Box 30778
Lansing, MI 48909-8278

Step 5: Wind Up

During the winding up period the entity must:

- Collect its assets;
- Sell or otherwise transfer, with or without security, assets that will not be distributed in kind to its members;
- Pay its debts and other liabilities; and
- Do all other acts related to liquidation of its business and affairs.

Step 6: Provide Notice of Dissolution to Potential Claimants and Known Claimants

A. Notice to Potential Claimants (sample notice provided below)

- By providing notice to potential claimants, any unknown claimant and any claimant with a contingent claim is barred from enforcing that claim one year after the notice is published.
- The notice can be published any time **after the effective date of dissolution**. The notice must:
 - o Be published **once** in a newspaper of general circulation in the county where your corporation's principal office in Michigan is, or was last, located; and
 - o State that claims against the corporation are barred if the claimant does not commence a proceeding to enforce the claim within one year after the publication date of the newspaper notice.

Any claim that is not commenced within one year of the publication date is barred. This notice does not bar any known claimants with an existing claim.

B. Notice to Existing Claimants (sample notice provided below)

- Existing claim means any claim or right against the corporation, liquidated or unliquidated. It does not mean a contingent liability, or a claim based on an event occurring after the effective date of dissolution.
- By providing written notice to existing claimants, such claimant will be barred from enforcing that claim against your corporation six months after the effective date of the notice.
- Effective date of the written notice is the earliest of the following:
 - o The date it is received;
 - o Five days after its deposit in the United States mail, as evidenced by the postmark, if it is mailed postpaid and correctly addressed; or
 - o The date shown on the return receipt, if the notice is sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.
- A description of the information that must be included in a claim. The corporation may demand sufficient information to permit it to make a reasonable judgment whether the claim should be accepted or rejected;
- A mailing address where a claim may be sent;
- The deadline, which may not be less than 6 months from the effective date of the written notice, by which the dissolved corporation must receive the claim; and

- A statement that the claim will be barred if not received by the deadline.

Recommendation: Send the notice by first class mail and set the effective date at least 6.5 months from the date that the notice is put in the mail.

Step 7: Claim Procedure for Known Claimants

- If a claim is filed by a known claimant, the corporation may reject the claim. If the claim is rejected, the claimant has 90 days from the effective date of the written notice to commence a proceeding. If the proceeding is not filed within 90 days, the rejected claim is barred.

Step 8: File Federal Tax Documents

- For more information and the IRS' list of filings when closing a business is available online at: <https://www.irs.gov/businesses/small-businesses-self-employed/closing-a-business-checklist>
- Common tax obligations can include:
 - IRS Form 966
 - Federal income tax return
 - IRS Form 1099 and 1096
 - IRS Forms W-2 and W-3

Step 9: Distribution of Assets

- The corporation first must pay all of its debts, obligations and liabilities. The balance may then be paid, in cash or in kind, the shareholders in accordance with percentage of ownership.
- Do not pay any claim that is not filed timely.
- Provisions do not need to be made for any debt, obligation or liability that is anticipated to be barred by the published notice of dissolution.

This publication is intended to provide general information and is not a substitute for legal advice. For more information about Michigan Community Resources, please visit www.mi-community.org.

SAMPLE NOTICE TO ALL PERSONS WHO MAY HAVE CLAIMS AGAINST [CORPORATION NAME]

How to use this template:

The specific information to insert is [in brackets in red text]. Once the information has been inserted, the brackets and bracketed text should be deleted and modified to a black font.



Notice is hereby given, pursuant to Section 450.1842a of the Michigan Business Corporation Act, as amended, to all persons who may have claims against [INSERT CORPORATION NAME] (the "Corporation") that the Corporation was dissolved by written consent of the shareholders effective on [INSERT DATE].

NOTE: A claim against the Corporation will be barred unless a proceeding to enforce the claim is commenced within one (1) year after the publication date of this newspaper notice.

[INSERT COMPANY NAME]

By: [INSERT REPRESENTATIVE'S NAME]

Its: [INSERT REPRESENTATIVE'S TITLE]

SAMPLE WRITTEN NOTICE TO KNOWN CLAIMANTS

How to use this template:

The specific information to insert is [in brackets in red text]. Once the information has been inserted, the brackets and bracketed text should be deleted and modified to a black font.



Notice is hereby given, pursuant to Section 450.1841a of the Michigan Compiled Laws, Business Corporation Act to all persons who have claims against [INSERT CORPORATION NAME], a Michigan corporation (the "Corporation") that the Corporation was dissolved effective [INSERT DATE].

Any person having a claim against the Corporation must submit to the Corporation a written statement setting forth sufficient information to inform the Corporation of the identity of the claimant and the substance of the claim and to allow the Corporation to reasonably determine whether to accept or reject the claim. This information must include: (1) the basis of the claim and how it arose, (2) the date or dates on which the claim arose, (3) the amount of the claim (if known) or a reasonable estimate of the amount of the claim, and (4) the name and address of the claimant. Accompanying the description of the claim shall be copies of all invoices, statements, billing or other documentation which evidence the claim. All claims and supporting material must be submitted to the Corporation, at the following address:

[INSERT CORPORATION NAME]
[INSERT ATTN: (INDIVIDUAL NAME)]
[INSERT ADDRESS]
[INSERT CITY, STATE, ZIP]

If the written statement and any supporting materials received from a claimant do not provide sufficient information, the Corporation may demand additional information to permit it to make a reasonable judgment as to whether a claim should be accepted or rejected.

The Corporation must receive the written statement of claim, together with supporting documentation, no later than [insert date that is least 6.5 months plus days after the letter is mailed by first class mail]. Any claim not received by such date will be barred, as a matter of law, in accordance with MCL 450.1841a(3).