

STATE OF MICHIGAN

DISSOLUTION

Corporations and Limited Liability Companies

Michigan Department of
Licensing and Regulatory Affairs
Bureau of Commercial Services

Corporation Division
www.michigan.gov/corporations



General Telephone Numbers
www.michigan.gov/corporations

Michigan Department of Licensing and Regulatory Affairs

General LARA Information(517) 373-1820
611 West Ottawa
Lansing, Michigan 48909

Corporation Division, Bureau of Commercial Services

PO Box 30054
Lansing, Michigan 48909-7554

Corporation Division Phone Number.....(517) 241-6470

Corporation Division Fax Numbers

Mich-Elf to submit documents (Must have Mich-Elf Filer account)(517) 636-6437
Mich-Elf Application (To establish or update Mich-Elf Filer account) ... (517) 241-6445
Orders for Certificates, Copies, or Information Requests.....(517) 241-0538

Michigan Department of Treasury

General Information(517) 373-3200
430 West Allegan
Treasury Building
Lansing, Michigan 48922
Tax Clearance Section(517) 636-5260

State of Michigan Office of the Attorney General

General Information(517) 373-1110
Charitable Trust Section.....(517) 373-1152
G. Mennen Williams Building, 7th Floor
611 W. Ottawa Street
P.O. Box 30212
Lansing, Michigan 48909

This brochure is intended as a simple guide to the process of dissolution for domestic profit corporations and limited liability companies (LLCs). The process of dissolving can be complicated and our hope is that this brochure will clarify the dissolution process.

The [Business Corporation Act](#) and [Limited Liability Company Act](#) provide several methods by which profit corporations and LLCs may dissolve. To facilitate your understanding of the dissolution process, this brochure is divided into two categories: voluntary dissolutions and compulsory dissolutions. Voluntary dissolutions are carried out by the corporation or LLC, while compulsory dissolutions occur without additional action by the corporation or LLC. This brochure will outline the general guidelines which must be followed to lawfully dissolve in the State of Michigan.

It is important to remember that if your company is contemplating dissolution or any other measure which deals with the winding up of a company's affairs, you should seek appropriate professional advice from a qualified professional. This brochure is not a substitute for legal advice and should be used only as a guide.

VOLUNTARY DISSOLUTIONS

For Corporations, a voluntary dissolution can occur in any of the following three ways:

- 1. By action of the incorporators or directors.**
- 2. By action of the board and the shareholders.**
- 3. By action of a shareholder.**

For LLCs, a voluntary dissolution can occur by either of the following two ways:

- 1. Upon the happening of an event specified in the articles of organization or in an operating agreement, including a vote of members.**
- 2. Upon unanimous vote of all members entitled to vote.**

The Bureau of Commercial Services, Corporation Division is the state agency where profit corporations and LLCs submit a document if they wish to voluntarily dissolve.

CORPORATE DISSOLUTION BY INCORPORATORS OR DIRECTORS

A profit corporation may dissolve by action of one or more incorporators or directors if the corporation meets all of the following conditions:

1. Has not commenced business.
2. Has not issued any shares.
3. Has no debts or other liabilities.
4. Has received no payments on subscriptions for its shares, or if it has received payments, has returned them to those entitled to them, subtracting any part disbursed for expenses.

A majority of the incorporators or directors must complete and execute a Certificate of Dissolution (form [BCS/CD-530](#)) for filing with the Bureau. The Certificate of Dissolution must state that the four above mentioned conditions have been met.

CORPORATE DISSOLUTION BY BOARD AND SHAREHOLDERS

For a corporation to dissolve by action of the board and shareholders, the board must first make a proposal to the shareholders that the corporation be dissolved. In the proposal, the board is required to recommend dissolution to the shareholders, unless due to a conflict of interest or special circumstances the board makes no recommendation and explains the reasons to the shareholders. The proposed dissolution must be submitted for approval at a meeting of the shareholders. Notice of the meeting is required to be given to all shareholders at least 10 days and no more than 60 days before the meeting. For the dissolution to occur, a majority of **issued shares entitled to vote** is needed for approval of the dissolution. If the dissolution is approved, a Certificate of Dissolution (form [BCS/CD-531](#)) must be executed and submitted to the Bureau for filing.

The Certificate of Dissolution is required to state the name of the corporation, the date and place of the meeting and a statement that the dissolution was approved by the required vote of the board and shareholders. The Certificate may contain an effective date of dissolution within 90 days after the date of delivery to the Bureau.

CORPORATE DISSOLUTION BY A SHAREHOLDER

An agreement among shareholders may contain a provision that requires dissolution at the request of one or more shareholders that complies with section [488](#) of the Business Corporation Act or due to the occurrence of a specific event. The dissolution is effected by executing and filing a Certificate of Dissolution (form [BCS/CD-531](#)) on behalf of the corporation with the Bureau. The certificate must state the name of the corporation and that the corporation is dissolved pursuant to an agreement under section 488.

LLC DISSOLUTION BY HAPPENING OF EVENT OR VOTE

If the articles of organization or operating agreement include a provision that upon the happening of a specified event, including a vote of members, or if there is a unanimous vote of all members entitled to vote, the LLC shall be dissolved. The dissolution is effected by executing and filing a Certificate of Dissolution with the Bureau.

The Certificate of Dissolution (form [BCS/CD-731](#)) must state the name of the limited liability company, the reason for the dissolution, and the effective date of the dissolution if later than the date of filing of the certificate of dissolution. Note that the effective date of dissolution cannot precede the filing date.

COMPULSORY DISSOLUTIONS

For corporations and LLCs, a compulsory dissolution can occur in any of the three following ways:

- 1. Automatically by expiration of a period of time to which the corporation or LLC is limited by its Articles of Incorporation or Articles of Organization.**
- 2. By a judgment of a circuit court.**
- 3. In addition, *for corporations only*, the corporation may be automatically dissolved for failing to file an annual report or paying the filing fee.**

AUTOMATICALLY BY EXPIRATION OF A PERIOD SPECIFIED IN ITS ARTICLES

The Articles of Incorporation or Articles of Organization may contain a provision that states that the corporation or LLC will dissolve at a specific time. When the term of existence expires, the corporation or LLC is automatically dissolved and therefore no Certificate of Dissolution is filed.

BY JUDGMENT OF A CIRCUIT COURT

A corporation or LLC may be dissolved by judgment of a circuit court in an action brought by the Attorney General or one or more directors or shareholders against the corporation, or by a member of an LLC.

Action by Attorney General

The Attorney General may bring an action in Circuit Court against a corporation or LLC if the corporation or LLC has committed any of the following acts:

1. Procured its organization through fraud.
2. Repeatedly and willfully exceeded the authority conferred upon it by law.
3. Repeatedly and willfully conducted its business in an unlawful manner.

Action by a Director or Shareholder (Corporation)

A corporation may be dissolved by a judgment entered in an action brought in a circuit court by one or more directors or one or more shareholders entitled to vote in an election of directors of the corporation, upon proof of both of the following:

1. The directors or the shareholders are unable to agree by the required vote on material matters respecting management of the corporation's affairs, or the shareholders are divided in voting power that they are unable to elect successors to any director whose term had expired.
2. The corporation is unable to function effectively in the best interests of its creditors and shareholders because of the result of conditions in subsection (1).

A copy of the court's order should be promptly forwarded to the Bureau. Dissolution is effected as specified in the order.

Action by a Member (LLC)

An LLC may be dissolved by a judgment entered in an action brought in circuit court for the county in which the registered office is located, upon application by or for a member, if it is determined that the company is unable to carry on business in conformity with the articles of organization or operating agreement.

AUTOMATICALLY FOR FAILURE TO FILE AN ANNUAL REPORT (Corporations only)

A domestic corporation will automatically be dissolved if the corporation does not file an annual report or pay the required filing fee for a period of 2 years, beginning from the date the annual report was due. The corporation will be dissolved automatically 60 days after the expiration of the 2-year period. The Bureau will notify the corporation no later than 90 days before the 2-year period has expired.

AUTOMATICALLY BY COURT ORDER

A corporation whose assets have been disposed of under court order in receivership or bankruptcy proceedings may be dissolved by order of the court. A copy of the order will be filed with the Bureau. An LLC is dissolved automatically upon the entry of a decree of judicial dissolution.

AFTER DISSOLUTION

After a corporation or LLC has dissolved, its existence continues, but only for the purpose of winding up its affairs by collecting its assets, selling assets which are not to be distributed to its shareholders or members, paying its debts and other liabilities, and doing any other activities in the liquidation of its business.

Even though the corporation or LLC is dissolved, the officers, directors and shareholders of the corporation, members and managers of the LLC still function during liquidation and the winding up of its affairs as though the dissolution had not occurred.

The directors of the corporation are not trustees of the assets and title to the corporation's assets remains in the corporation until transferred by it in the corporate name. The dissolution does not change quorum or voting requirements for the board or shareholders or alter provisions regarding election or removal of officers and directors. The corporation can sue and be sued in its corporate name and transfer shares.

For an LLC, the members or managers winding up the affairs continue to function in accordance with the procedures established by the LLC Act, the articles of organization, and operating agreement. The LLC may sue and be sued in its name and process may issue by and against the company in the same manner as if the dissolution had not occurred.

NOTIFICATION

A dissolved corporation or LLC may notify its existing claimants in writing and other claimants by publishing notice in a newspaper in the county where the corporation's or LLC's principle or registered office is located. A claimant is any person that asserts they have a claim against the corporation or LLC and asserts that the corporation or LLC rightfully owes a claim. In the notice the corporation or LLC is required to include a description of the information that must be in the claim. The claim must include the following information:

1. A mailing address where a claim can be sent.
2. The deadline, no less than 6 months after the notice has been sent or 1 year after publication in a newspaper, by which a corporation or LLC must receive the claim.
3. A statement that the claim will be barred if not received by the deadline.

The notification of claimants does not acknowledge that the corporation or LLC will accept a claim, only that claimants have a right to make a claim. A corporation or LLC may reject a claim if a claimant who was given notice does not mail the claim by the deadline or if a claimant whose claim was rejected by written notice does not commence a proceeding to enforce the claim within 90 days from the effective date of the written notice of rejection.

COURT SUPERVISION

After the dissolution of a corporation through any lawful manner, the corporation, a creditor, or a shareholder may apply to the circuit court of the county where the corporation's principle or registered office is located for a judgement that the affairs of the corporation and the liquidation of its assets continue under the supervision of the court. The court will then issue a determination on the continuation of the liquidation of the corporation's assets by its officers and directors under supervision of the court. The court also has the power to appoint a receiver to liquidate the affairs of the corporation.

For an LLC, the circuit court for the county in which the registered office is located may wind up the limited liability company's affairs on application of, and for good cause shown by, any member, his or her

legal representative, or assignee.

A dissolved corporation must pay or make a provision to pay for all of its debts, obligations and liabilities. Compliance with this provision requires that, to the extent that a reasonable estimate is possible, provision be made for those debts, obligations and liabilities anticipated to arise after the effective date of dissolution. After payment or adequate provision has been made for the corporation's debts, obligations and liabilities, the remaining assets will be distributed to shareholders according to their respective rights and interests.

Upon the winding up of an LLC, the assets, shall be distributed in the following order:

(a) To creditors, including members who are creditors, to the extent permitted by law, in satisfaction of liabilities of the limited liability company other than liabilities for distributions to members under section [304](#) or [305](#) of the LLC Act. Reasonable provision shall be made for debts, liabilities, and obligations that are not liquidated but will not be barred under section [806](#) or [807](#) of the LLC Act.

(b) Except as provided in an operating agreement, to members and former members in satisfaction of liabilities for distributions under sections [304](#) and [305](#) of the LLC Act.

(c) Except as provided in an operating agreement, all remaining assets to members and former members in accordance with their shares of distributions as determined under section [303](#) of the LLC Act.

(2) Before the assets of a limited liability company are distributed pursuant to subsection (1), the limited liability company shall file tax returns and pay tax obligations as required by [Act No. 122 of the Public Act of 1941](#), being sections 205.1 to 205.31 of the Michigan Compiled Laws.

TAX CLEARANCE REQUIREMENTS UPON DISSOLUTION

For corporations and LLCs that submit a Certificate of Dissolution for filing to the Corporation Division, the corporation or LLC must request from the Michigan Department of Treasury a certificate stating that taxes are not due, commonly referred to as a "tax clearance". This request must be made within 60 days after the Certificate of Dissolution was submitted.

The telephone number for the Michigan Department of Treasury, Tax Clearance is (517) 636-5260 and their web site address is: www.michigan.gov/treasury

CONTACTING THE BUREAU OF COMMERCIAL SERVICES

The staff here at the Bureau will be more than happy to answer questions which may arise while you are trying to dissolve a corporation or LLC, as we want this process to be as convenient as possible for you. To facilitate this filing process, the Bureau offers many different ways to contact us for assistance and to file your Certificate of Dissolution or other applicable documents. What follows is a comprehensive list of all the ways to contact us.

Website (www.michigan.gov/corporations)

The website contains document images and database information for corporations, limited liability companies, and limited partnerships. Copies of documents and reports can be viewed and/or printed at no charge.

The website also contains forms, general information, frequently asked questions, procedure manuals and a business entity search feature. In addition, questions may be submitted by email.

Telephone Services

Information about specific entities including officers and directors is available at (517) 241-6470, Monday through Friday from 8 a.m. - 5 p.m. EST. Copies of documents, certificates of good standing or other certificates may be ordered at the same number and information about filing requirements is also available.

Records: Inquiries about filing requirements for documents or annual reports and requests for information about specific entities may be faxed to (517) 241-0538.

Certificates and Copies: Orders for copies of documents, certificates of good standing, or other documents placed at (517) 241-6470 may be scheduled to fax within an hour. Requests may be submitted by fax at (517) 241-0538.

Electronic Filing

MICH-ELF: The MICH-ELF service allows all **Corporation Division documents**, other than annual reports, to be filed electronically. Using a fax machine, documents can be sent to the fax gateway 24 hours a day, seven days a week. The documents are received as electronic images and displayed on a computer screen.

Customers can obtain a filer number by completing form [BCS/CD-901](#), MICH-Elf Application, or comparable document which contains the following:

- Name, address and phone number of MICH-ELF applicant
- Fax number for return of document
- Type of credit card (At present, only VISA and MasterCard are accepted)
- Credit card number, expiration date, name of cardholder, and billing street address and zipcode
- Contact person, phone and fax number if other than applicant

Fax the completed Mich-Elf Application to (517) 241-6445.

Once the filer number is received, you may then fax your document(s) to (517) 636-6437. The filer number should be added to each future transaction, form [BCS/CD-900](#), MICH-ELF Cover Sheet may be used. First time MICH-ELF user requesting expedited service must obtain a MICH-ELF filer number prior to submitting a document for expedited service.

The document will be processed electronically and stored on optical disk (WORM - Write Once Read Many). If the document is illegible or requires modification or adjustment, the customer must submit a replacement document. MICH-ELF documents must be sent using a setting of high (or fine) resolution, namely 200 DPI (dots per inch) vertical and horizontal resolution. The document should have a half-inch border on the right-hand margin and bottom.

Filings more than ten pages transmit very slowly; therefore a maximum of ten pages can be submitted with each MICH-ELF transmission, including the fax cover sheet. Documents of more than ten pages should be mailed to P.O. Box 30054, Lansing, MI 48909-7554 or brought in person to the Bureau.

Customers may request good standing certificates and certified copies of the document being filed through MICH-ELF. The cost for the order will be charged to the customer's credit card.

FILEOnline (web/email submissions)

FILEOnline is a new service offered by the Michigan Corporation Division that allows business entities to file annual reports and annual statements from our website.

The service also allows users to submit document to our electronic filing system (MICH-ELF) from an email link (cdfilings@michigan.gov).

For more information, please see [FILEOnline](#) on our website.

Mail Services

Orders for copies or certificates, requests for information about filing requirements for documents, general information questions, requests for information on a specific entity or name availability inquiries, or documents to be filed, may be mailed to:

Department of Licensing and Regulatory Affairs
Bureau of Commercial Services
Corporation Division
P.O. Box 30054
Lansing, MI 48909-7554

Requests for information about annual report filing requirements may be mailed to:

Department of Licensing and Regulatory Affairs
Bureau of Commercial Services
Corporation Division
P.O. Box 30057
Lansing, MI 48909-7557

In Person

The Corporation Division of the Bureau of Commercial Services is located at 2501 Woodlake Circle, Okemos, MI and the Bureau is open Monday through Friday from 8 a.m. – 5 p.m. EST. Computer terminals are available for customer use to view documents or to search records on the database. Forms are also available. Documents and reports may be submitted for review, and copy and/or certificate requests can also be ordered.

Effective January 1, 2006

Fees for shares of profit corporations are substantially reduced and expedited services for documents are expanded and improved.

PROFIT CORPORATION FEES FOR SHARES REDUCED

Public Act 212 of 2005, effective January 1, 2006, signed by Governor Granholm on November 21, 2005, amended section 1062 of the Business Corporation Act. It substantially reduces the fees profit corporations pay for authorized shares greater than 60,000.

The new fees for initial authorized shares and increases in authorized shares for Michigan profit corporations and for authorized shares attributable to Michigan for foreign profit corporation* qualified to do business in Michigan are:

1-60,000	\$50
60,001-1,000,000	\$100
1,000,001-5,000,000	\$300
5,000,001-10,000,000	\$500
More than 10,000,000	\$500 for first 10,000,000 plus \$1000 for each additional 10,000,000, or portion thereof

*The former fee schedule applies to increases in authorized shares attributable to Michigan that occurred prior to January 1, 2006.

*Foreign corporations only pay for the authorized shares attributable to Michigan. At the time of application for Certificate of Authority to do business in Michigan 60,000 shares are considered initially attributable to Michigan. Additional fee is due when shares attributable to Michigan increase. The number of shares attributable to Michigan is determined by multiplying the total number of authorized shares of the foreign corporation by the most recent apportionment percentage used in the computation of the single business tax. If the corporation's business activities are confined solely to Michigan, the total number of authorized shares are considered attributable to Michigan.

24-HOUR, SAME DAY, 2-HOUR, AND 1-HOUR EXPEDITED SERVICE FOR DOCUMENTS

Public Acts 217-220, effective January 1, 2006, signed by Governor Granholm on November 21, 2005, follows Delaware and permits the customer to obtain review and filing of their document, if fileable, within the time frame that best suits the customer's needs. Expedited service is available for all documents for profit corporations, limited liability companies, limited partnerships and nonprofit corporations. First time MICH-ELF user requesting expedited service must obtain a MICH-ELF filer number prior to submitting a document for expedited service.

Complete a separate Expedited Service Request, form [BCS/CD 272](#), for each document for which expedited service is being requested.

24-hour service: Any document concerning an existing entity \$100
Formation documents and applications for certificate of authority.....\$50

Same day, other than 1 or 2 hour, must be received by 1 p.m. EST or EDT
Existing domestic entity or qualified foreign entity \$200
Formation documents and applications for certificate of authority..... \$100

2 hour on same day as request, must be received by 3 p.m. EST or EDT .. \$500

1 hour on same day as request, must be received by 4 p.m. EST or EDT \$1000

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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF COMMERCIAL SERVICES
CORPORATION DIVISION
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LARA is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.