

NJ Offers One-Time Opportunity for Revoked Businesses

February 21, 2020

Beginning on March 1, 2020, owners of business entities incorporated, formed or qualified to do business in the State of New Jersey will have a unique opportunity to quickly address outstanding annual reports and annual report fees. If a business entity has had its privilege to do business in the State “revoked” (suspended) due to failure to pay annual report fees or file annual reports, it will have the opportunity to be “reinstated” (recover its privilege to do business in the State) via the Streamlined Business Reinstatement and Dissolution Program (“Program”) established by the Department of Treasury, Division of Revenue and Enterprise Services (the “Division”) in accordance with a statute, P.L. 2019, c. 149. The Program will entail an expedited online process to allow a business to be reinstated and/or dissolved, provided it pays a one-time \$500 fee and attests that it has satisfied all known State tax obligations. Per the statute, the Program is available to corporations, limited liability companies, limited liability partnerships and limited partnerships formed in New Jersey, as well as business entities formed in another state that have qualified to do business in New Jersey.

Generally, in order to be reinstated outside the Program, a revoked business entity must (1) file all outstanding annual reports, (2) pay all past due annual report fees, along with a reinstatement fee, and (3) for corporations only, obtain tax clearance, which entails a lengthy process. However, the Program will allow business entities to quickly come back into compliance with state requirements, since the Program does not require tax clearance or the filing of past due annual reports. Further, if a business entity has been inactive for some time, the \$500 administrative fee may be less than the past due annual report fees owed to the State.

If a business has become inactive, failure to complete the dissolution/withdrawal process can potentially result in liability to the business and/or business owner. In addition to permitting ongoing enterprises to return to compliance, the Program will, according to the Division’s public announcement (available at <https://www.state.nj.us/treasury/revenue/pdf/RevNotice-121019.pdf>), also allow business owners to complete a one-step formal dissolution to shut down inactive business entities and reduce their exposure to future liability.

Businesses utilizing the Program must be mindful of the requirement that the filer attest that the business has satisfied all known State tax obligations. Although the Division has indicated that it will provide features to help filers make accurate attestations, no further guidance regarding these features has been provided as of the date of this alert.

The expedited online filing system will become live on March 1, 2020. **However, the program will only run through June 15, 2020.** We recommend that owners of businesses either formed or doing business in the State of New Jersey review the status of their businesses so they can take advantage of this brief opportunity, if necessary. Following June 15, the statute implements additional changes, such as increasing annual fees for all business entities and requiring that all

entities complete the tax clearance process prior to reinstatement (after a certain grace period). As a result, reinstatement may become a longer and more complex process for certain entities in the future.

If you have questions about the status of your business entities or the Program, please contact Randi Schillinger, Lauren M. Limauro, Kevin Coughlin or another member of Saiber's Business Services team.