

As Engrossed: 3/7/91, 3/27/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Scott**

A BILL ACT 1046 OF 1991
SENATE BILL 101

For An Act To Be Entitled

8 *"AN ACT TO ELIMINATE INITIAL FRANCHISE TAX FILINGS; TO*
9 *CHANGE THE DATE FOR FRANCHISE TAX REPORT FILING AND*
10 *PAYMENT TO JUNE 1; TO ELIMINATE EXTENSION OF TIME FOR*
11 *FILING FRANCHISE TAX REPORTS; TO PROVIDE THAT NO PENALTY*
12 *OR INTEREST SHALL ACCRUE ON DELINQUENT FRANCHISE TAX UNTIL*
13 *AFTER JUNE 1; TO PROVIDE THAT THE SECRETARY OF STATE SHALL*
14 *ISSUE PROCLAMATIONS REVOKING CORPORATE CHARTERS; TO*
15 *PROVIDE THAT NO REINSTATEMENT OF CORPORATIONS SHALL BE*
16 *ALLOWED AFTER FIFTEEN (15) YEARS; AND FOR OTHER PURPOSES."*

17
18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

19
20 SECTION 1. Arkansas Code 26-54-105 is hereby amended to read as
21 follows:

22 "26-54-105. Franchise tax reports.

23 (a) The Secretary of State shall furnish report forms to each
24 corporation subject to the provisions of this chapter by mailing them to the
25 corporation's last known address on or before February 1 of each year.

26 (b) Any corporation that fails to receive the report forms by March 20
27 of the reporting year shall make written request for them to the Secretary of
28 State on or before March 31.

29 (c) Each corporation subject to the requirements of this chapter shall
30 file a franchise tax report with the Secretary of State which shows its
31 condition and status as of the close of business on December 31 last preceding
32 and other information required by the Secretary of State. The franchise tax
33 as computed on the report shall be remitted with the franchise tax report on
34 or before June 1 of the reporting year.

35 (d) (1) Every corporation that dissolves or withdraws prior to June 1 of
36 the reporting year shall not be required to pay the franchise tax for the year

1 in which dissolved or withdrawn.

2 (2) Any newly formed corporation shall not be required to file a
3 franchise tax report until the calendar year immediately following the
4 calendar year of incorporation.

5 (e) Where the par value of the shares of a corporation is required to
6 be stated in any franchise tax report and the shares of the corporation are
7 without par value, the number of shares shall be stated. For the purpose of
8 computing the franchise tax prescribed by this chapter, such shares of no par
9 value shall be considered to be of the par value of twenty-five dollars
10 (\$25.00) per share.

11 (f) Each corporation which pays its tax computed by the full assessment
12 of capital stock or property shall not be required to report the value of its
13 real and personal property within or without this state.

14 (g) (1) Every franchise tax report shall contain the following
15 statement: 'I declare, under the penalties of perjury, that the foregoing
16 statements are true to the best of my knowledge and belief.'

17 (2) This statement shall be signed by the president,
18 vice-president, secretary, treasurer, or controller of the corporation."
19

20 SECTION 2. Arkansas Code 26-54-106 is hereby amended to read as
21 follows:

22 "26-54-106. Failure to furnish information - Assessment of Tax.

23 (a) Each corporation, the tax for which is fixed in lump sums by this
24 chapter, which fails or refuses to furnish the information necessary to make a
25 proper determination of the tax due on or before June 1 of the reporting year,
26 may be assessed a tax equal to the tax previously paid by the corporation,
27 plus one hundred dollars (\$100) in addition to any penalty that may apply.

28 (b) (1) Each other corporation which fails or refuses to file its report
29 or fails or refuses to furnish the information necessary to make a proper
30 determination of the tax due, on or before June 1 of the reporting year, may
31 be assessed a tax.

32 (2) The tax assessed shall be the lesser of the maximum rate
33 provided in this chapter for the corporation based on its entire outstanding
34 capital stock, whether or not all or only a part of its capital is employed in
35 Arkansas, or double the last previous year's tax.

1 (3) In no event shall the corporation pay less than twenty-five
2 dollars (\$25.00) in addition to any penalty that may apply.

3 (c) If a corporation subsequently furnishes the information necessary
4 to make a proper determination of the tax due for the reporting year under
5 Arkansas Code 26-54-104 together with all penalties and interest which apply,
6 the Secretary of State shall abate the tax assessed under the terms of this
7 section."

8
9 SECTION 3. Arkansas Code 26-54-107 is hereby amended to read as
10 follows:

11 "26-54-107. Computation of tax - Penalty - Relief.

12 (a) (1) The Secretary of State from the information reported and from
13 any other information received by him bearing upon the subject shall compute
14 the amount of tax of each corporation at the rate or rates provided by this
15 chapter.

16 (b) If the taxpayer fails to comply with the filing and remittance
17 requirements prescribed in Arkansas Code 26-54-105(c) by June 1, the Secretary
18 of State shall assess the corporation for the additional tax due and a penalty
19 of ten percent (10%) of the total amount of the deficiency, in addition to
20 interest to be collected on the deficiency at the rate of ten percent (10%)
21 per annum. On or before November 1 of each year, the Secretary of State shall
22 mail notice to the corporation at its last known address stating that the
23 corporation is subject to forfeiture of its corporate charter under Arkansas
24 Code 26-54-111 for the failure to pay corporate franchise tax.

25 (c) (1) A corporation may seek relief from any proposed assessment of
26 taxes pursuant to the Arkansas Administrative Procedure Act, 25-15-201 et seq.

27 (2) Except as provided in Arkansas Code 26-54-106(c), this method
28 shall be the exclusive method for seeking relief."

29
30 SECTION 4. Arkansas Code 26-54-111 is hereby amended to read as
31 follows:

32 "26-54-111. Charter forfeiture for failure to pay tax - Procedure.

33 (a) On or before January 1 of each year, the Secretary of State shall
34 issue a proclamation proclaiming as forfeited the corporate charters or
35 authorities, as the case may be, of all corporations, both domestic and

1 foreign which, according to his records, are delinquent in the payment of the
2 annual franchise tax for any prior year.

3 (b) A copy of the proclamation, or applicable portion thereof, shall be
4 furnished to each other official or agency of the state which is authorized to
5 issue corporation charters or authorities. Upon their receipt of the
6 proclamation, the several officials shall at once correct their respective
7 records in accordance with the proclamation."

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9 SECTION 5. Arkansas Code 26-54-112 is hereby amended to read as
10 follows:

11 "26-54-112. Reinstatement of corporations.

12 (a) (1) Any corporation whose charter or permit authority to do business
13 in the state has been declared forfeited by proclamation of the Governor or
14 the Secretary of State may be reinstated to all its rights, powers, and
15 property.

16 (2) The reinstatement shall be made after the filing of all
17 delinquent franchise tax reports satisfactory to the Secretary of State and
18 the payment of all taxes and penalties due for each year of delinquency.
19 However, no reinstatement shall be allowed after fifteen (15) years from the
20 date the charter or permit authority to do business in the state has been
21 declared forfeited by proclamation of the Governor or the Secretary of State.

22 (b) (1) If the Secretary of State issued the original corporate charter,
23 permit, or authority, the Secretary of State shall reinstate the corporation
24 upon payment by the corporation of all amounts due, as provided in subsection
25 (a) of this section.

26 (2) If the original corporate charter, permit, or authority was issued
27 by an official other than the Secretary of State, the official shall reinstate
28 the corporation upon the corporation's filing with the official the receipt of
29 the Secretary of State showing payment of all amounts due, as provided in
30 subsection (a) of this section. Thereafter, the corporation shall stand in
31 all respects as though its name had never been declared forfeited."

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33 SECTION 6. The provisions of this act shall be effective on and after
34 January 1, 1992.

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