

Georgia Non-Profit Foundations And Charities - Don't Lose Your Charitable Status For Failing To File Annual Registration

by Edward H. Brown

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Many small corporations, and particularly non-profit charities and foundations, are often somewhat lackadaisical in taking care of the annual corporate registration requirements with the State of Georgia. Failure to file the annual corporate registration will result in administrative dissolution of the entity by the State. In the past, this was an inconvenience, but could always be rectified. Reinstatement was permitted by simply paying all of the back fees, and there was no time limit on reinstatement. However, the State of Georgia has now modified the law to provide that reinstatement can only be accomplished within five years after the effective date of the administrative dissolution.

Why is this important? While the new law applies to all corporations, it is particularly important for charitable entities and private foundations. The Internal Revenue Service has made clear that a charitable entity that is administratively dissolved but is reinstated does not have to reapply for tax exemption. At the same time, however, the IRS has stated that if an entity is permanently dissolved, the newly formed entity will have to apply for a tax exemption. Consequently, if your charity or foundation is administratively dissolved and you fail to reinstate within five years, you lose your tax exempt status. The result would be that any net income earned would not be exempt from tax and contributions made to the entity will not be deductible charitable contributions.

In short, pay attention to the postcard from the Georgia Secretary of State and be sure to keep your annual corporate registration current. The costs of failing to do so just increased.

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