



STATE OF KANSAS

Office of the Attorney General

1st Floor, State Capitol Bldg. (913) 296-2215 Topeka, Kansas 66612

Curt T. Schneider
Attorney General

December 23, 1975

ATTORNEY GENERAL OPINION NO. 75--474

The Honorable Elwill M. Shanahan
Secretary of State
2nd Floor - State Capitol Building
Topeka, Kansas 66612

Attn: Mr. Sherman Parks

Re: Corporations--Annual Reports

Synopsis: A corporation which has filed a certificate of dissolution several months, but less than a year, after the end of its tax period, for which full tax period an annual report has been duly filed and the franchise tax paid in full, has no duty under the Kansas general corporation code to file a further report, and has no further liability for payment of a franchise tax for the unreported period falling between the end of the fully reported tax period and the date of filing the certificate of dissolution.

* * *

Dear Secretary Shanahan:

You advise that the question has arisen whether a corporation which has filed a certificate of dissolution several months, but less than one year, after the end of its tax period, for which full tax period an annual report has been duly filed, is required to file an additional report for that unreported period between the end of the tax period and the date of dissolution. You pose the example of a corporation which has a tax period ending on July 31, 1975. The corporation files a certificate of dissolution on December 31, 1975. The annual report for the tax period ending July 31, 1975, was timely filed on November 1, 1975, and the appropriate franchise tax paid at that time.

K.S.A. 17-7503 provides in pertinent part thus:

"(a) Every domestic corporation organized for profit shall make an annual report in writing to the secretary of state, showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing The reports . . . shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return"

Similar provisions are found in K.S.A. 17-7504 and -7505, relating to nonprofit and foreign corporations respectively. Subparagraph (c) of K.S.A. 17-7503 prescribes the franchise tax liability of corporations subject thereto:

"At the time of filing such annual report it shall be the duty of each domestic corporation organized for profit to pay to the secretary of state an annual franchise tax in an amount equal to one dollar (\$1) for each one thousand dollars (\$1,000) of the corporation's shareholder's equity attributable to Kansas"

A corporation has no duty to file an annual report, and it has no liability for payment of the franchise tax, except as prescribed by statute. We can find no statutory provision which requires a corporation to file a report, whether it be denominated "annual" or otherwise, for any period of less than a year which falls between the end of a tax period for which an annual report has been duly filed and the franchise tax paid in full, and the date a certificate of dissolution is filed.

As you point out, dissolution does not relieve a corporation from any liability for corporate fees and taxes which are due or assessable. K.S.A. 17-6806 states thus:

"No corporation shall be dissolved under this act until all corporate fees and taxes due to or assessable by the state have been paid by the corporation."

The Honorable Elwill M. Shanahan
Page Three
December 23, 1975

There appears to be, however, no statutory authority for assessing any franchise tax liability other than that specifically fixed by, e.g., K.S.A. 17-7503(c) in the case of domestic corporations. There is no authority for assessing a prorated portion of the annual franchise tax for any period less than a year falling between the end of a tax period which has been fully reported, and for which the annual franchise tax has been paid in full, and the filing of a certificate of dissolution.

Accordingly, we agree fully with your view that in the instance of the corporation with a tax period ending July 31, 1975, and ending as described above in the first paragraph, that no further franchise tax liability has accrued and that no further report is required by law to be filed for the unreported period between July 31, 1975, and December 31, 1975.

Yours very truly,



CURT T. SCHNEIDER
Attorney General

CTS:JRM:kj