

Topic: Fees and Taxes on Shares of For-Profit Corporations

Question by: Allison Clark

Jurisdiction: Ohio

Date: 21 January 2011

Jurisdiction	Question(s)						
	<p>Ohio law requires for-profit corporations to pay a fee/incorporation tax on shares being issued. We also require a fee/tax on increases in shares.</p> <p>Do other states have a similar fee or tax? If so, could you provide a reference to the statute?</p>						
Manitoba							
Corporations Canada	Federal business corporation legislation in Canada does not impose a fee or a tax based on the number of shares or an increase in the number.						
Alabama							
Alaska							
Arizona							
Arkansas							
California							
Colorado	The Colorado Secretary of State's office does not charge fees based on the number of shares.						
Connecticut							
Delaware							
District of Columbia	<p>In the District of Columbia we charge business incorporation/amendment based on the number of shares. We used to calculate the fees individually but switched to flat rates last year.</p> <table border="1" data-bbox="420 1185 1312 1378"><thead><tr><th data-bbox="420 1185 976 1242">Filing Name</th><th data-bbox="976 1185 1312 1242">Current Fee</th></tr></thead><tbody><tr><td colspan="2" data-bbox="420 1242 1312 1315">Business Corporations</td></tr><tr><td colspan="2" data-bbox="420 1315 1312 1378">(a) Filing articles of incorporation:</td></tr></tbody></table>	Filing Name	Current Fee	Business Corporations		(a) Filing articles of incorporation:	
Filing Name	Current Fee						
Business Corporations							
(a) Filing articles of incorporation:							

	"(1) For a corporation with authorized capital up to 100,000	\$203.50	
	"(2) For a corporation with authorized capital of more than 100,000	\$550	
	"(3) For a corporation with authorized capital of more than 500,000	\$1100	
	"(4) For a corporation with authorized capital of more than 1,000,000	\$1650	
	(b) Amendment to articles of incorporation or restated articles of incorporation:	\$203.50	
	(1) For a corporation with authorized capital up to 100,000	\$203.50	
	(2) For a corporation with authorized capital of more than 100,000	\$550	
	(3) For a corporation with authorized capital of more than 500,000	\$1100	
	(4) For a corporation with authorized capital of more than 1,000,000	\$1650	
Florida	Florida did require a fee based on the number of shares reported by new profit corporations but did away with it in the early 90's. There currently is no fee or tax based on the number of shares issued or authorized in Florida.		
Georgia			
Hawaii	For Hawaii, corporations have Statement of Issuance of Shares of Preferred Shares or Special Classes In Series, \$25 filing fee, HRS 414-72 and Articles of Amendment to increase authorized capital, \$25 filing fee, HRS 414-286. [§414-72] Terms of class or series determined by board of directors. (a) If and to the extent the articles of incorporation so		

	<p>provide, the board of directors may determine, in whole or part, the preferences, limitations, and relative rights (within the limits set forth in section 414-71) of:</p> <ul style="list-style-type: none"> (1) Any class of shares before the issuance of any shares of that class; or (2) One or more series within a class before the issuance of any shares of that series. <p>(b) Each series of a class must be given a distinguishing designation.</p> <p>(c) All shares of a series must have preferences, limitations, and relative rights identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of other series of the same class.</p> <p>(d) Before issuing any shares of a class or series created under this section, the corporation must deliver to the department director for filing an articles of amendment, or a resolution, which is effective without shareholder action, that sets forth:</p> <ul style="list-style-type: none"> (1) The name of the corporation; (2) The text of the amendment or resolution determining the terms of the class or series or shares; (3) The date it was adopted; and (4) A statement that the amendment or resolution was duly adopted by the board of directors. <p>Upon the filing of the articles of amendment or resolution by the department director, it shall constitute an amendment of the articles of incorporation. [L 2000, c 244, pt of §1]</p> <p>[§414-286] Articles of amendment. A corporation amending its articles of incorporation shall deliver to the department director for filing articles of amendment setting forth:</p> <ul style="list-style-type: none"> (1) The name of the corporation; (2) The text of each amendment adopted; (3) If an amendment provides for an exchange, reclassification, or cancellation of issued shares, a statement that provisions necessary to effect the exchange, reclassification, or cancellation have been made; (4) The date of each amendment's adoption; (5) If an amendment was adopted by the incorporators or board of directors without shareholder action, a statement to that effect and that shareholder action was not required; and (6) If an amendment was approved by the shareholders: <ul style="list-style-type: none"> (A) The designation, number of outstanding shares, number of votes entitled to be cast by each voting group entitled to vote separately on the amendment, and number of votes of each voting group indisputably represented at the meeting; and (B) Either the total number of votes cast for and against the amendment by each voting group entitled to vote separately on the amendment or the total number of undisputed votes cast for the amendment by each voting group and a statement that the number cast for the amendment by each voting group was sufficient for approval by that voting group. [L 2000, c 244, pt of §1]
Idaho	
Illinois	
Indiana	
Iowa	
Kansas	Kansas does not base the fee charged on the number of shares of stock. I can't comment on the tax part as that would be our revenue department not the secretary of state's office. It's an interesting concept though.
Kentucky	

Louisiana	Louisiana does not have a similar fee or tax.
Maine	Maine no longer has a fee or tax on shares issued.
Maryland	
Massachusetts	Massachusetts does. Our fee structure is as follows: \$275 dollars for 275,000 shares, \$ 100 for each additional 100,000 shares. If corporation files electronically the fee is \$250 for \$275,000 shares, \$100 for each additional 100,000 shares. The fee is set by regulation at 801 CMR 4.02. The formula for an increase is a minimum \$100 fee for the first 100,000 shares.
Michigan	
Minnesota	Minnesota does not have such a fee or tax.
Mississippi	
Missouri	In Missouri, the incorporation fee is based on the number of shares authorized in Chapter 351.065 RSMo, as provided in the link below. In addition to the fees stated in 351.065, there is a Technology Trust Fund fee of \$5.00 for each filing, including the articles of incorporation. The minimum fee for filing articles of incorporation for a for profit is \$58.00. http://www.moga.mo.gov/statutes/c300-399/3510000065.htm
Montana	Montana does not have a fee/incorporation tax on shares being issued. Nor do we have such a fee/tax on increased number of shares.
Nebraska	
Nevada	Nevada's fees are based on the par value of authorized shares calculated at no less than .001 (they can have a smaller par value but fees are computed based on no less than .001.) No par shares receive a \$1 per share valuation. Corporations are charged for additional shares if more authorized through amendment, etc.
New Hampshire	New Hampshire had that provision until entire chapter was re-written in 1993.
New Jersey	
New Mexico	
New York	In NY Tax Law section 180 provides a tax on the shares of for profit corporations. The tax is collected at incorporation or when amending to increase or change the authorized number of shares. Tax Law § 180. Organization tax; taxes on changes of capital. 1. (a) Imposition. Every stock corporation incorporated under any law of this state and every corporation formed under the business corporation law of this state shall pay a tax of one-twentieth of one per centum upon the amount of the par value of all the shares with a par value which it is authorized to issue and a tax of five cents on each share without a par value which it is authorized to issue, and a like tax upon any shares subsequently authorized, except as hereinafter provided.
North Carolina	
North Dakota	North Dakota used to charge for-profit corporations a fee predicated on the number of authorized shares and the par value thereof. In 2007, we amended our statutes going to a flat fee.
Ohio	
Oklahoma	
Oregon	

Pennsylvania	
Rhode Island	<p>Rhode Island charges domestic and foreign business corporations a license fee based on the corporation's number of shares which it has authority to issue or the increase in the number of shares which it has authority to issue by amendment or merger.</p> <p>The minimum license fee for less than 75,000,000 authorized shares is \$160.00. For 75,000,000 shares or greater a fee of 1/5 cent per share for each authorized share is charged.</p> <p>See RIGL 7-1.2-1602 for statutory authority.</p> <p>§ 7-1.2-1602 Fees and charges payable to the secretary of state upon filing, certifying or copying of papers. – (a) The secretary of state shall charge and collect for filing:</p> <ol style="list-style-type: none"> (1) Articles of incorporation and issuing a certificate of incorporation, seventy dollars (\$70.00). (2) Articles of amendment and issuing a certificate of amendment, fifty dollars (\$50.00). (3) Restated articles of incorporation, seventy dollars (\$70.00). (4) Articles of merger or consolidation and issuing a certificate of merger or consolidation, one hundred dollars (\$100). (5) An application to reserve a corporate name, fifty dollars (\$50.00). (6) A notice of transfer of a reserved corporate name, fifty dollars (\$50.00). (7) Filing a statement of change of registered agent and registered office or filing a statement of change of registered agent, twenty dollars (\$20.00). (ii) Filing a statement of change of registered office only, without fee. (8) A statement of the establishment of a series of shares, ten dollars (\$10.00). (9) A statement of cancellation of shares, ten dollars (\$10.00). (10) A statement of reduction of stated capital, ten dollars (\$10.00). (11) A statement of intent to dissolve, without fee. (12) A statement of revocation of voluntary dissolution proceedings, ten dollars (\$10.00). (13) Articles of dissolution, fifty dollars (\$50.00). (14) An application of a foreign corporation for a certificate of authority to transact business in this state and issuing a certificate of authority, one hundred fifty dollars (\$150). (15) An application of a foreign corporation for an amended certificate of authority to transact business in this state and issuing an amended certificate of authority, seventy-five dollars (\$75.00). (16) A copy of an amendment to the articles of incorporation of a foreign corporation holding a certificate of authority to transact business in this state, fifty dollars (\$50.00). (17) A copy of articles of merger of a foreign corporation holding a certificate of authority to transact business in this state, fifty dollars (\$50.00). (18) An application for withdrawal of a foreign corporation and issuing a certificate of withdrawal, fifty dollars (\$50.00). (19) An annual report, fifty dollars (\$50.00). (20) Registered name application, fifty dollars (\$50.00). (21) Certificate of good standing/letter of status, twenty dollars (\$20.00). (22) Certificate of fact, thirty dollars (\$30.00). (23) Any other statement or report, except an annual report, of a domestic or foreign corporation, ten dollars (\$10.00). <p>(b) The secretary of state shall charge and collect:</p>

(1) To withdraw the certificate of revocation or a corporation, whether domestic or foreign, a penalty in the amount of fifty dollars (\$50.00) for each year or part of a year that has elapsed since the issuance of the certificate of revocation.

(2) For furnishing a certified copy of any document, instrument, or paper relating to a corporation, fifteen cents (\$.15) per page and ten dollars (\$10.00) for the certificate and affixing the seal to it.

(3) At the time of any service of process on him or her as resident agent of a corporation, fifteen dollars (\$15.00), which amount may be recovered as taxable costs by the party to the suit or action making the service if the party prevails in the suit or action.

(c) The secretary of state shall charge and collect from each domestic corporation license fees, based on the number of shares which it has authority to issue or the increase in the number of shares which it has authority to issue, at the time of:

- (i) Filing articles of incorporation;
- (ii) Filing articles of amendment increasing the number of authorized shares; and
- (iii) Filing articles of merger increasing the number of authorized shares which the surviving or new corporation, if a domestic corporation, has the authority to issue above the aggregate number of shares which the constituent domestic corporations and constituent foreign corporations authorized to transact business in this state had authority to issue.

(2) The license fees charged to a domestic corporation are as follows:

- (i) One hundred sixty dollars (\$160) for less than seventy-five million (75,000,000) authorized shares and
- (ii) One-fifth (1/5) cent per share of each authorized share for seventy-five million (75,000,000) shares or greater.

(3) The above license fee calculations also apply when a corporation files an amendment or merger showing an increase in authorized shares.

(d) The secretary of state shall charge and collect from each foreign corporation license fees at the time of:

- (i) Filing an application for a certificate of authority to transact business in this state;
- (ii) Filing articles of amendment which increased the number of authorized shares; and
- (iii) Filing articles of merger which increased the number of authorized shares which the surviving or new corporation, if a foreign corporation, has authority to issue above the aggregate number of shares which the constituent domestic corporations and constituent foreign corporations authorized to transact business in this state had authority to issue.

(2) The license fees charged to a foreign corporation are as follows:

- (i) One hundred sixty dollars (\$160) for less than seventy-five million (75,000,000) authorized shares represented in the State of Rhode Island and
- (ii) One-fifth (1/5) cent per share of each authorized share for 75,000,000 shares or greater.

(3) The above license fee calculations also apply when a corporation files an amendment or merger showing an increase in authorized shares.

(4) The number of authorized shares represented in this state is that proportion of its total authorized shares which the sum of the value of its property located in this state and the gross amount of business transacted by it at or from places of business in this state bears to the sum of the value of all of its property, wherever located, and the gross amount of its business, wherever transacted. The proportion is determined from information contained in the application for a certificate of authority to transact business in this state or in the application for an amended certificate of authority to transact business in this state.

South Carolina	
South Dakota	
Tennessee	

Texas	Texas does not have a similar fee or tax.
Utah	The only fee we charge in Utah is for the amendment to the articles of incorporation , no specific fee for share changes.
Vermont	
Virginia	Virginia collects a charter or entrance fee based on the number of shares the Virginia or foreign corporation is <u>authorized to issue</u> under its articles or certificate of incorporation, as amended. See http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+13.1-615.1
Washington	Washington does not have a similar fee or tax.
West Virginia	
Wisconsin	
Wyoming	

Additional comments:

Full text of email:

Good Afternoon –

Ohio law requires for-profit corporations to pay a fee/incorporation tax on shares being issued. We also require a fee/tax on increases in shares.

Do other states have a similar fee or tax? If so, could you provide a reference to the statute?

Thanks!

Allison

Allison A. Clark
 Director of Business Services
 Ohio Secretary of State, Jon Husted's Office
 180 East Broad Street, 16th Floor
 Columbus, Ohio 43215

Tel. 614-466-0952

Fax 614-485-7609

aclark@sos.state.oh.us