

Major Changes to Pennsylvania Corporate Law Part 1: Annual Reports

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UPDATE: Since the original publication of this Alert, the Pennsylvania Department of State has clarified that, due to a change in the State's interpretation of Section 146 of Act 122, the effective date for Pennsylvania's annual report requirement will not begin until calendar year 2025. Thus, beginning January 1, 2025, all Pennsylvania domestic filing entities, registered foreign entities, and general partnerships will be required to submit an annual report to the Pennsylvania Department of State. If you have questions, please contact any member of the [Barley Snyder Business Practice Group](#).

This is Part 1 of a multipart series that will provide a summary of the key changes coming to Pennsylvania as a result of changes to the Pennsylvania Business Corporation Law (Title 15). Part 1 discusses the annual reporting requirements.

On November 3, 2022, House Bill 2057 was signed into law as [Act 122](#), generating a number of changes to Title 15 of the Pennsylvania Consolidated Statutes, commonly referred to as the Associations Code. The Title 15 update went into effect on January 2, 2023, with certain key provisions set to go into effect at a later date. This is the first substantial update to Title 15 in years, resulting in significant changes to the governing laws of all domestic and foreign entities formed under the laws of Pennsylvania.

One substantial change that will affect all entities is the shift from decennial filings to annual filings. Starting in the year 2024, all Pennsylvania domestic filing entities, registered foreign entities, and general partnerships will be required to submit an annual report to the Pennsylvania Department of State. The filing deadline is determined by the type of entity:

- Corporations, both domestic and foreign, for profit and nonprofit, must file *prior* to June 30.
- Limited liability companies, both domestic and foreign, must file *prior* to September 30.
- All other entities required to file annual reports must do so *on or before* December 31.
- New entities must first file in the calendar year after which they become subject to the filing requirements.

It is imperative that entities review their registered office address or registered agent information listed on the [Department of State's website](#) to ensure that it is up to date. The Department of State will use that information to mail notices to each entity required to file an annual report at least two months before the annual report is due. Failure of an entity to file an annual report within six months of the applicable deadline will result in the State administratively dissolving or canceling the entity. The State is providing a three-year transition period whereby it is giving entities three years to come into compliance with the annual filing requirement before

imposing the administrative dissolution or cancellation. Beginning in the year 2027, any entity which has failed to file its annual reports will be at risk of administrative dissolution or cancellation.

During the process of the State administratively dissolving or canceling an entity, the State may impose limitations on how the entity may continue to operate during the administrative dissolution period. Additionally, the entity's name will become available for another entity to claim. Any entity administratively dissolved or canceled has an opportunity for reinstatement upon providing the appropriate application, paying the reinstatement fee, and paying a fee for each delinquent annual report that was not previously filed. An application for reinstatement does not guarantee that the entity's original name will be available, and the reinstated entity may have to register with a different name.

Some of the other changes included in Title 15 are a new ratification process for certain defective shareholder approvals, timing rules for the resignation of directors, when officers or shareholders may call a special meeting to elect directors, guidelines regarding the use of technology by all entities, enhanced ability to act during "emergencies," a revision to the business judgment rule, and more.

If you have any questions about the Title 15 updates that went into effect January 2, 2023 or would like assistance in updating the formation documents for your entity, which may include articles of incorporation, certificate of organization, certificate of limited partnership, operating agreements, bylaws, limited partnership agreements or other "organizational documents" as a result of these updates, please contact attorney [Charmaine Nyman](#), paralegal [Katie Koehle](#) or any member of the [Barley Snyder Business Practice Group](#).

Stay tuned for additional alerts discussing how these changes could impact your entity and how Barley Snyder can help ensure compliance with the Pennsylvania Business Corporation Law updates. Also, be on the lookout for future alerts regarding how these changes could affect your privacy as a business owner.

WRITTEN BY:



Charmaine E. Nyman

Associate

Tel: (717) 299-5205

Email: cnyman@barley.com



Katie M. Koehle

Paralegal

Tel: (717) 399-1507

Email: kkoehle@barley.com