

ANNUAL REPORTS COMING TO PENNSYLVANIA AND OTHER UPDATES TO THE PENNSYLVANIA ASSOCIATIONS CODE: PART 2—ANNUAL REPORTS

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U.S. Corporate Alert

By: W. H. Snyder, David M. Aceto, Michael M. Storm, Jacqueline A. Lydic

On 3 November 2022, Governor Wolf signed House Bill 2057 into law as Act 122. The act made numerous amendments to Title 15 of the Pennsylvania Consolidated Statutes, known as the “Associations Code” (the Title 15 Update).¹ This multipart series provides a summary of the key changes coming to Pennsylvania through the Title 15 Update. [Part 1](#) provided a high-level summary of the key changes. This second part discusses the annual report requirements. The Title 15 Update went into effect on 2 January 2023,² with certain key provisions, including annual reporting requirements, going into effect at a later date.³

SUMMARY

The Title 15 Update adopts annual reports, replacing the previous decennial filing.⁴ All entities formed in Pennsylvania and all entities registered to do business in Pennsylvania must file annual reports with the Pennsylvania Department of State starting in 2025.⁵ The annual deadline is determined by the entity type: (a) corporations (both for profit and nonprofit) must file before 1 July; (b) limited liability companies must file before 1 October; and (c) all other entities⁶ must file on or before 31 December.⁷

ANNUAL REPORTS

Prior to the Title 15 Update, Pennsylvania was the only state that did not require entities to file either an annual or biennial report. Instead, Pennsylvania required a decennial filing. Starting in the year 2025,⁸ for a fee of US\$7 (for most entities),⁹ all Pennsylvania domestic filing entities,¹⁰ general partnerships that are domestic limited liability partnerships or domestic electing partnerships, and registered foreign associations will be required to submit an annual report to the Pennsylvania Department of State. Newly formed entities and newly registered entities will be required to file their first annual report the calendar year after their formation or registration in Pennsylvania. Entities can expect, but should not rely on, receipt of a two-month reminder notice from the Pennsylvania Department of State, with the caveat that failure to receive such notice does not excuse the entity from its filing obligation.¹¹ The annual report must state the following information:

- Name of the entity and jurisdiction of formation;
- Name of its commercial registered office provider or the address of its registered office in Pennsylvania;
- Name of at least one director or manager (or entity equivalent);

- Names and titles of principal officers (if any);
- Address of its principal office; and
- Entity number or similar identifier issued by the Pennsylvania Department of State.¹²

The filing deadline is determined by entity type. Corporations, both for profit and nonprofit, must file prior to 1 July. Limited liability companies must file prior to 1 October. All other entities that are required to file an annual report must do so on or before 31 December.¹³ Entities may file the report either electronically or through a paper filing. With the exception of nonprofit entities, for which there is no fee,¹⁴ the fee for either method is US\$7. Instead of filing a change of registered office form (or any other applicable form), entities may now update their registered office information on file with the Pennsylvania Department of State through an annual report reflecting such updated information.¹⁵ The option to update such information through other filings remains.¹⁶

The consequence of failure to file an annual report by a Pennsylvania entity is the commencement of the process for administrative dissolution (for most entities) or cancellation (for certain types of general partnership).¹⁷ During the time that the entity is administratively dissolved or canceled, the entity's name becomes available for another entity to claim and the entity's activities are limited to those necessary to wind up its activities and affairs and liquidate its assets (or to seek reinstatement). If, during the period of dissolution or cancellation, the entity's name is claimed by another entity, the reinstated entity must register under a different name once it is reinstated.¹⁸

The process for administrative dissolution or cancellation is the following. Six months after the deadline to file has passed, the Pennsylvania Department of State is required to deliver a notice of failure to file an annual report to any noncomplying entity.¹⁹ An entity must correct such failure within 60 days of receipt of the notice; otherwise, the Pennsylvania Department of State will administratively dissolve or cancel the entity by filing a statement of administrative dissolution or a statement of administration cancellation and then deliver a copy of the statement to the entity. An entity may correct the dissolution or cancellation by applying for reinstatement, which requires the entity to (a) file a reinstatement application, (b) file the most recent annual report not filed (or a statement that the dissolution or cancellation was in error), (c) pay fees for each annual report not filed (US\$15 each), and (d) pay a reinstatement fee (US\$35 if filed electronically, US\$40 if a paper filing).²⁰

If the Pennsylvania Department of State rejects the application for reinstatement or otherwise fails to reinstate the entity following receipt of the application, the entity may seek judicial review of the rejection or failure to reinstate.²¹

For a non-Pennsylvania association registered to do business in Pennsylvania, the consequence of failing to file the annual report is termination of its registration to do business in Pennsylvania.²² This provision will take effect with respect to reports due on or after 2 January 2026.²³

As with other events giving rise to potential termination of registration in Pennsylvania, the Pennsylvania Department of State must file a notice of termination and deliver a copy of the notice to the association's registered office or, if it has no registered office, to its principal office. The notice must state the effective date of the termination, which must be at least 60 days from the delivery of the copy of the notice, and the grounds for termination. The registered foreign association will have the ability to cure the grounds for termination if it acts before the effective date of the notice of termination.²⁴

CONCLUSION

The Title 15 Update brings annual report requirements to Pennsylvania. While Pennsylvania and Pennsylvania-registered foreign entities must now file an annual report, the process is simple, inexpensive, and intuitive.

Please contact the authors of this client alert or your primary contact at the firm for further insight with respect to the Title 15 Update. The next part in this multipart series will discuss the changes relating to renunciation of business opportunities, fiduciary duties, the business judgment rule, and forum selection.

FOOTNOTES

¹ H.B. 2057, Gen. Assemb., Reg. Sess. (Pa. 2022). Act 122 also made conforming changes to Title 54 (Names).

² 1 PA. CONS. STAT. § 1701(a)(5); see also H.B. 2057, § 112.

³ See, e.g., H.B. 2057, § 5 (adding § 146(h) to the Associations Code).

⁴ *Id.* at § 5 (adding § 146(a) to the Associations Code).

⁵ *Id.* (adding § 146(h) to the Associations Code). Due to confusion surrounding the effective date for annual reports, the Pennsylvania Department of State clarified that annual report filings will not be required until the calendar year 2025. See, Annual Reports in Pennsylvania, Pa. Dept. of State (April 25, 2023), <https://www.dos.pa.gov/BusinessCharities/Business/Resources/Pages/Annual-Reports.aspx>.

⁶ This includes corporations, limited liability partnerships, limited partnerships, electing partnerships, professional associations, and business trusts. See 15 PA. CONS. STAT. § 102(a).

⁷ H.B. 2057, § 5 (adding § 146(c) to the Associations Code).

⁸ *Id.* at § 5 (adding § 146(h) to the Associations Code). Due to confusion surrounding the effective date for annual reports, the Pennsylvania Department of State clarified that annual report filings will not be required until the calendar year 2025. See, Annual Reports in Pennsylvania, Pa. Dept. of State (April 25, 2023), <https://www.dos.pa.gov/BusinessCharities/Business/Resources/Pages/Annual-Reports.aspx>.

⁹ H.B. 2057, § 7 (adding § 153(a)(18)(ii) to the Associations Code). There is no fee for nonprofit entities. *Id.* (adding § 153(a)(18)(i)).

¹⁰ Domestic filing entities include corporations, limited liability partnerships, limited partnerships, electing partnerships, professional associations, and business trusts. See 15 PA. CONS. STAT. § 102(a).

¹¹ H.B. 2057, § 5 (adding § 146(a), (c), (g) to the Associations Code).

¹² *Id.* (adding § 146(a) to the Associations Code).

¹³ *Id.* (adding § 146(c) to the Associations Code).

¹⁴ *Id.* at § 7 (adding § 153(a)(18)(i)–(iii)).

¹⁵ *Id.* at § 5 (adding § 146(e) to the Associations Code).

¹⁶ *Id.* at § 34 (amending § 1507 of the Associations Code); *id.* at § 77 (amending § 5507 of the Associations Code); *id.* at § 101 (amending § 8625 of the Associations Code); *id.* at § 105 (amending § 8825 of the Associations

Code).

¹⁷ *Id.* at § 19 (adding § 381 to the Associations Code). 15 PA. CONS. STAT. § 102(a).

¹⁸ *Id.* at § 9 (amending the Associations Code § 207 as it relates to the entity's name); *id.* at § 19 (adding to the Associations Code § 382(d)(1) to provide limitations on an entity's activities).

¹⁹ *Id.* at § 19 (adding § 382(a) to the Associations Code).

²⁰ *Id.* (adding §§ 382(a)–(b) and 383 to the Associations Code).

²¹ *Id.* at § 19 (adding § 384 to the Associations Code); see also 15 PA. CONS. STAT. § 137 (Court to pass upon rejection of documents by the Pennsylvania Department of State).

²² *Id.* at § 23 (amending § 419 of the Associations Code).

²³ *Id.* at § 23 (adding § 419(e) to the Associations Code).

²⁴ 15 PA. CONS. STAT. § 419(b)–(d).

KEY CONTACTS



W. H. SNYDER
PARTNER

PITTSBURGH
+1.412.355.6720
HENRY.SNYDER@KLGATES.COM



DAVID M. ACETO
OF COUNSEL

PITTSBURGH
+1.412.355.6742
DAVID.ACETO@KLGATES.COM



MICHAEL M. STORM
ASSOCIATE

PITTSBURGH
+1.412.355.3715
MIKE.STORM@KLGATES.COM

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