



A Guide For Qualifying Foreign Corporations

(Revised in Illinois July 2014)

JESSE WHITE
Illinois Secretary of State

HELPING YOU TO QUALIFY YOUR FOREIGN CORPORATION



My office provides this booklet to help you understand the process of registering as a foreign corporation qualified to do business in Illinois. It also explains what you must do to keep your corporation in good standing with the Office of the Secretary of State.

My office is not authorized to determine whether your foreign corporation must apply for Authority to Transact Business in Illinois. Such a determination requires a legal opinion based on careful analysis of the Business Corporation Act and court decisions, which have interpreted what constitutes “transacting” or “doing” business in this state. If you are unsure of your obligations, I strongly urge you to consult an attorney.

If after reviewing this booklet you have further questions about qualifying your corporation in Illinois, please contact my Department of Business Services, Corporations Division, at 217-782-1834 or 217-782-6961.

A handwritten signature in cursive script that reads "Jesse White". The signature is written in black ink and is positioned above the printed name.

Jesse White
Illinois Secretary of State

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DEFINITION

A foreign corporation is a corporation organized under the laws of a state or country other than Illinois. When a foreign corporation transacts business in Illinois, it must qualify to do business by procuring an Authority to Transact Business in Illinois from the Secretary of State's Department of Business Services (§13.05).

Generally, foreign corporations may transact in Illinois the same kinds of business as Illinois corporations. They may not, however, act in certain fiduciary capacities and may not transact the business of banking, insurance, suretyship, or of a building and loan (§3.05, 13.05).

The provisions of the Business Corporation Act apply to all foreign corporations. Such corporations enjoy the same, but no greater, rights and privileges as Illinois corporations, and are subject to the same duties, restrictions, penalties and liabilities imposed upon Illinois corporations of like character (§13.10).

Before the Secretary of State issues an Authority to Transact Business in Illinois, three items must be submitted to the Department of Business Services:

1. Application for Authority, form BCA 13.15 (*in duplicate*);
2. Recent certified copy of Articles of Incorporation and all amendments and mergers;
3. Check for all applicable license fees, franchise taxes, filing fees, penalties and interest (*certified check, cashier's check, Illinois attorney's check or money order*).

Each item will be explained on the following pages.

FILING TIPS

CORPORATE NAME: The true corporate name of a foreign corporation must be distinguishable on the records of the Secretary of State from the corporate name or assumed corporate name of any existing Illinois corporation, any Illinois-qualified foreign corporation, or any name that is reserved or registered. When the true name of your foreign corporation is not available, an Application for Authority may be issued only if your corporation adopts and agrees to transact business in Illinois under an assumed corporate name.

The corporate name must contain one of the following words or abbreviations: Incorporated, Inc., Corporation, Corp., Company, Co., Limited or Ltd.

REGISTERED AGENT/OFFICE: Every foreign corporation must maintain a **registered agent and registered office** in Illinois upon whom service of process on the corporation may be made and to whom official correspondence from the Secretary of State may be sent. The **registered agent** may be any person, Illinois resident or corporation specifically authorized by its **Articles of Incorporation** to act as **registered agent** for other corporations. The **registered address** must be in Illinois and must include a street address, not just a post office box number.

CORPORATE PURPOSE: Your **application** may not use an “all-inclusive” general statement of purpose, unless (1) your **Articles of Incorporation** include such a statement and (2) it is stated on the **application** substantially as follows: “To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of (state), and permitted under the Illinois Business Corporation Act of 1983.”

PAID-IN CAPITAL: Paid-in capital is the amount of money or other property paid to the corporation for, or on account of, the issued shares, less expenses incurred with the issuance of shares, plus any cash or other consideration contributed to the corporation. Consequently, the amount of paid-in capital can never be \$0, as there must always be at least one issued share.

PROPERTY: For the purpose of computing franchise tax, “property” means gross assets of the corporation — real, personal, tangible, intangible or mixed — without qualification.

BUSINESS: For the purpose of computing franchise tax, “business” means gross revenues of the corporation from whatever source derived.

QUALIFYING AS A FOREIGN CORPORATION

APPLICATION: Use form **BCA 13.15** to apply for an Authority to Transact Business in Illinois. This form, completed in duplicate, requests the following:

- True corporate name (Item 1)
- Date and state of incorporation (Item 2)
- Registered agent and registered office in Illinois (Item 4)
- Names and addresses of directors and officers (Item 6)
- Purpose to be pursued in the transaction of business in Illinois (Item 7)
- Authorized and issued shares of each class (Item 8)
- Total paid-in capital (Item 9)
- Estimated amounts of property and business (Item 11)

Applicants also must answer questions on the form about whether business has been transacted prior to procuring the **Authority to Transact Business in Illinois**, what proportion of property will be located in Illinois, and what proportion of business will be conducted in Illinois.

CERTIFIED COPY: Along with the two copies of the application, you must submit a recent (**within the last 90 days**) certified copy of your corporation's **Articles of Incorporation**, as amended. Certification of a copy means that the official charged with approving incorporations in your state or country must copy all corporate charter documents in his possession and attach them to his certificate or seal stating that this copy is true, correct or complete. A certificate of good standing does not satisfy this requirement.

Corporations whose Articles of Incorporation are not in English must provide **both** an original language **certified copy** and a **translated copy** approved by the U.S. Consul in the foreign jurisdiction. Corporations formed under the laws of one of the foreign countries that are parties to the 1961 Hague Convention must attach the appropriate **apostille** to the certified copy rather than the **approval** from the U.S. Consul.

FEES AND TAXES: An Application for Authority will be filed only after all fees and taxes required by law have been paid to this office. The

minimum amount due for a foreign corporation that has not already started business in Illinois is **\$175**. This amount will vary depending upon the corporation's paid-in capital and the proportion of property and business that will be located in Illinois. Due to the nature of the calculations involved, fees and taxes cannot be computed by telephone or in advance of a review of the application. Upon submission of a completed **application** and the **certified copy**, the Department of Business Services will promptly compute the amount due and notify you.

NOTE — Until the corporation's first Annual Report is filed, the allocation factor derived from Item 11 of form BCA 13.15 will determine the basis of additional fees, which may become due because of an increase in the corporations paid-in capital. Therefore, every effort should be made to provide the most accurate estimates of property and business possible. Each year after qualification, the corporation must file an Annual Report. At that time, the allocation factor may be updated to reflect the actual percentage of the corporation's involvement in Illinois. (See the sections on Annual Report and form BCA-14.30.)

PENALTIES: The Illinois Business Corporation Act prescribes monetary and other penalties for any corporation that transacts business in Illinois before it obtains an **Application for Authority**. In addition to fees and franchise taxes, there is a penalty of \$200, plus \$5 per month, or 10 percent of fees and taxes, whichever is greater. In addition, late payment interest of 2 percent per month accrues against the corporation until qualification. Outstanding franchise taxes constitute a lien on the real and personal property of the corporation. Any foreign corporation required to have an **Application for Authority** also will not be permitted to maintain a civil action in any court of Illinois until it has procured one.

Sec. 13.75. Activities that do not constitute transacting business.

Without excluding other activities that may not constitute doing business in this State, a foreign corporation shall not be considered to be transacting business in this State, for purposes of this Article 13, by reason of carrying on in this State any one or more of the following activities:

- (1) maintaining, defending, or settling any proceeding;
- (2) holding meetings of the board of directors or shareholders or carrying on other activities concerning internal corporate affairs;
- (3) maintaining bank accounts;
- (4) maintaining offices or agencies for the transfer, exchange, and registration of the corporation's own securities or maintaining trustees or depositaries with respect to those securities;
- (5) selling through independent contractors;
- (6) soliciting or obtaining orders, whether by mail or through employees or agents or otherwise, if orders require acceptance outside this State before they become contracts;
- (7) (blank)
- (8) (blank)
- (9) owning, without more, real or personal property;
- (10) conducting an isolated transaction that is completed within 120 days and that is not one in the course of repeated transactions of a like nature; or
- (11) having a corporate officer or director who is a resident of this State.

Added by P.A. 90-421, eff. 1-1-98.

Amended by P.A. 93-0059, eff. 7-1-03.

MAINTAINING AUTHORITY TO TRANSACTION BUSINESS IN ILLINOIS

ANNUAL REPORT/ANNUAL FRANCHISE TAX: Each year, beginning with the year following issuance of the **Authority to Transact Business in Illinois**, every foreign corporation must file an **Annual Report**, along with a \$75 filing fee, and pay an **annual franchise tax**, which is a minimum of \$25. The Annual Report and annual franchise tax payment are due prior to the first day of the corporation's anniversary month (the month in which the Certificate of Authority was issued). The pre-printed form will be sent to the registered office in Illinois approximately 60 days before it is due.

OTHER REPORTS AND FILINGS: Qualified foreign corporations must submit the following within the time required by statute:

- A **statement** anytime the registered agent or registered office in Illinois is changed.
- A **report** not later than (1) the time its **Annual Report** is required to be filed and (2) not later than the time of filing **Articles of Merger** reporting any changes in the issued shares or paid-in capital (§14.30).
- **Certified copies** of any amendments to the **Articles of Incorporation** or of any merger to which the corporation may be a party.

REVOCAION: Failure to file an **Annual Report** and pay the **annual franchise tax**, and failure to file any other report or document required by statute will result in the revocation of the **Authority to Transact Business in Illinois**. This **revocation** may have severe consequences, including loss of the registration of the corporate name with the Secretary of State, loss of the right to maintain lawsuits in Illinois, imposition of liens on corporate property, and possible personal liability of directors and officers.

FOR MORE INFORMATION

For applications and other forms, please contact:

Chicago

Office of the Secretary of State
Department of Business Services
69 W. Washington, Ste. 1240
Chicago, IL 60602
Office Hours: 8:30 a.m. – 5 p.m.

Corporate Information 312-793-3380
8:30 a.m. – noon and 1:30 p.m. – 4:30 p.m.

Springfield

Office of the Secretary of State
Department of Business Services
328 Howlett Building
Springfield, IL 62756
Office Hours: 8 a.m. – 4:30 p.m.

Form Requests 217-782-6961

Corporate Information 217-782-7880
9 a.m. – noon and 1 p.m. – 4:30 p.m.

Name Availability 217-782-9520
8 a.m. – noon and 1 p.m. – 4:30 p.m.

Document Filing (foreign qualification) 217-782-1834
217-782-6961

Annual Reports & Franchise Taxes 217-782-7808

Certified Copies, Certificates of Good Standing 217-782-6875

Uniform Commercial Code 217-782-7518

Reinstatements (foreign) 217-782-1837

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SECRETARY OF STATE

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