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Client Alert: Business Relocation - Converting Your Entity to a Florida Domicile

Florida has long been a magnet for businesses seeking a favorable economic climate, lower tax burdens, and a pro-business regulatory environment. For entities looking to leverage these advantages by relocating, converting an existing business into a Florida-domiciled entity offers a streamlined pathway. This article provides a comprehensive overview of the legal framework and practical steps involved in effectuating a business conversion to Florida, ensuring continuity while establishing a new legal domicile.

Florida law permits the “conversion” (sometimes referred to as “domestication”) of various foreign entities into a Florida entity – including corporations and limited liability companies. This process allows you to seamlessly transition your business’s legal domicile to Florida without the complexities of dissolving one entity and forming another. A properly executed conversion *preserves the existing assets, liabilities, contracts and federal employer identification number* of the original entity, ensuring operational continuity, provided the laws of the entity’s original jurisdiction also permit such a conversion.

Your Practical Roadmap to Florida Business Conversion

- 1. Confirm Permissibility in Your Current Jurisdiction.** Before anything else, you must verify that the laws of your business’s current state of domicile explicitly allow for its conversion into a Florida entity. If the jurisdiction does not allow for conversion, there are other avenues that you can consider, such as merging your converting entity with and into a newly formed Florida entity.
- 2. Draft a Plan of Conversion.** This critical legal document outlines the terms and conditions of the conversion. Key elements typically include:
 - The name and type of your original entity.

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- The original state of incorporation of the converting entity.
- The proposed name of the Florida entity.
- The original date your business was formed.
- A provision adopting new Florida governing documents (Articles of Organization for an LLC or Articles of Incorporation for a Corporation).
- An affirmation that the ownership structure (owners, members, or shareholders) and their respective equity interests will remain unchanged post-conversion.
- A provision acknowledging that the plan of conversion has been approved by your entity's owners.

3. Secure All Necessary Approvals. Before any external filings, the Plan of Conversion must be formally approved by your business's owners, members, or shareholders. This approval must strictly adhere to your entity's existing governing documents (such as an operating agreement or bylaws) and the laws of its current state of formation. This may involve a formal vote or written consents.

4. File Articles of Conversion with the Florida Department of State. This is where you officially initiate the conversion in Florida. You'll file this document with the **Florida Department of State**. The Articles of Conversion will require specific information, including:

- The name and type of your converting entity.
- The original state of incorporation of the entity.
- The proposed name of the Florida entity.
- The original date your business was formed.
- A statement confirming the conversion was approved in accordance with the laws of its jurisdiction of incorporation or organization.
- An acknowledgement that the converted entity agrees to pay any owners with appraisal rights the amounts they are legally entitled to.

5. Submit New Florida Governing Documents. Concurrently with or immediately following the filing of the Articles of Conversion, you'll file the foundational documents for your newly domiciled Florida entity:

- For **LLCs**, this is your **Articles of Organization**, which must include a Florida registered agent and the names of current managers or authorized members.
- For **Corporations**, this is your **Articles of Incorporation**, requiring a Florida registered agent, names of officers and directors, the number of authorized shares, and the entity's principal place of business in Florida.

6. Fulfill Requirements in Your Original Jurisdiction. It's crucial to notify your original state of your entity's departure. This usually involves filing a certificate of withdrawal, cancellation, or similar document to formally cease your business's registration as a domestic entity in that state.

7. Update Internal Documents. After conversion, update your entity's internal governing documents, such as your operating agreement (for LLCs) or bylaws (for corporations), to reflect Florida law and your new status as a Florida entity.

8. Obtain New Licenses and Permits (if applicable). While conversion generally maintains the entity's continuity, some state or local licenses and permits may need to be updated or re-applied for under your new Florida entity status.

9. Notify Stakeholders. Notify the IRS, banks, creditors, customers and vendors of the change in your

entity's domicile.

10. Review Existing Contracts and Agreements. Though existing contracts generally remain valid, it's a best practice to review all current agreements—particularly loan documents— for any clauses that might be triggered by a change in corporate domicile or require notification or consent from the other party.

Converting your business to Florida represents a significant strategic decision. By following these steps, you can achieve a streamlined transition and establish a solid legal foundation for your operations within the state. Relocating your company to Florida may also serve as an important factor in establishing Florida residency. Given the legal intricacies involved, engaging experienced legal counsel is highly recommended to ensure full compliance and a truly seamless process.

Please do not hesitate to reach out to the author of this article or a member of our team for more information.