



Administrative Change to Process for New York Professional Corporations Seeking Conversion into Design Professional Corporations

This RMF Law Alert aims to outline recent administrative challenges faced when attempting to convert a Professional Corporation (PC) into a Design Professional Corporation (DPC) under New York law.

I. Background

As background, DPCs are a business structure utilized by licensed professionals, such as architects, engineers, land surveyors and landscape architects, to conduct business. DPCs and PCs are structured to shield the personal assets of shareholders from liability for debts of the business. By law, PCs *do not* allow for non-licensed owners to hold an equity interest. However, DPCs do allow for such. Stakeholders in a PC – specifically those interested in allowing for a non-licensed individual, such as a key employee, to own a portion of the business – may be inclined to explore the benefits of converting to a DPC.

II. Process for Conversion

Pursuant to New York law, a New York PC in good standing is permitted to convert into a DPC by amending its Certificate of Incorporation and following specific procedures outlined by the New York State Education Department Office of the Professions.

Amongst the requirements, PCs seeking conversion must file a Certificate of Amendment, which must include certain specific disclosures as set forth on the New York State Education Department Office of the Professions website (to review the required disclosures, click [here](#)), preparation and submission of a moral character attestation form and a name change to reflect that the to-be-converted DPC's name ends with either "design professional corporation" or "DPC."

Additionally, the New York Department of State (NYDOS) requires that a Corporate Tax Search be obtained from the New York State Department of Taxation and Finance and that such Corporate Tax Search be submitted with the entity's amendment documentation before approving the conversion from PC into DPC. **However, as of approximately August 15, 2024, the New York State Department of Taxation and Finance is no longer accommodating such requests and has ceased issuing Corporate Tax Searches.**

III. Solution

Attempts to clarify this change with the NYDOS has led to confusion and delays in filing amendments. PCs undergoing conversion should be aware that requests for a Corporate Tax Search are outdated. **PCs attempting similar conversions should request the converting entity's Consolidated Statement of Tax Liabilities in place of the Corporate Tax Search.**

The NYDOS has not clarified this change in their online resources, nor has this revised requirement been codified. Given the lack of clear guidance, companies may face delays or rejections. Seeking legal assistance early in the process can help navigate these hurdles.

In addition to the matters set forth within, there are other requirements that may have to be met for a PC to be converted to a DPC.

The corporate professionals at RMF are here to help. If you have any questions about converting your entity or any other corporate concern, please contact:

Alexandra C. McCormack, Esq.
516.663.6653
amccormack@rmfpc.com

Russell H. Stern, Esq.
516.663.6582
rstern@rmfpc.com

Sandra L. McGrath
516.663.6681
smcgrath@rmfpc.com