Checklist for Closing Your Business: 20 Things You Need to Do

It can take months to wind up a business properly. You need a closing plan that will offer the most protection possible to your personal assets, your credit, and your reputation in the community—and to those of your spouse, cosigners, and lenders. If you simply close down and let the pieces fall where they may, you could end up haunted by unnecessary headaches, lawsuits, and debts for years.



- [ ] 1. Collect outstanding accounts receivable (before you notify customers you're going out of business).
- [ ] 2. Sell off inventory. Consider a "going out of business" sale.
- [ ] 3. Notify your creditors (suppliers, lenders, service providers, and utilities). Doing this the right way limits the amount of time a creditor can ask for a debt.
- [ ] 4. Notify your customers and deal with any remaining contractual obligations. Remember to return any deposits or payments for goods not delivered or services not rendered.
- [ ] 5. Terminate your commercial lease. Give your landlord the required notice stated in your lease -- at least 30 days.
- [ ] 6. Notify and pay your employees. Give employees some notice if possible. If you need a finance employee to help wind up the business, offer the employee a small bonus to stay until the very end. Plan to pay employees their last paychecks on their last day, with the value of accrued, unused vacation days if your state requires it.
- [ ] 7. Liquidate your business assets in an orderly fashion.
- [ ] 8. Settle or pay your debts to the extent possible, prioritized to protect your personal liability -- money owed to your landlord, bank, suppliers, utilities, and service providers. Ask for letters indicating that your bills are paid in full as you pay off each creditor.
- [ ] 9. Make your final federal and state payroll deposits.
- [ ] 10. Submit final sales tax forms and funds due up to the closeout date.
- [ ] 11. Cancel your business credit cards and subscriptions.

- [ ] 12. Comply with "bulk sales laws," if required. (If you sold your inventory, you may need to notify your creditors a specific number of days before you close your business, and in some states, to publish a notice of your impending closure in a local newspaper.)
- [ ] 13. Close your business bank account and any other accounts.
- [ ] 14. Cancel state or county permits and licenses, including your seller's permit, business license, and fictitious or assumed business name.
- [ ] 15. File your final employment-related tax returns: IRS Form 940 IRS, Form 941, state tax withholding and wage reporting forms.
- [ ] 16. File your final income tax returns, checking the box stating that this is your final return.
- [ ] 17. If you sold business assets, file IRS Form 4797, Sales of Business Property or, if you sell the bulk of your business assets to one buyer, file IRS Form 8594, Asset Acquisition Statement.
- [ ] 18. Leave contact information with former business contacts, colleagues, and employees.
- [ ] 19. Carefully distribute any remaining assets to yourself and any other owners.
- [ ] 20. Dissolve your corporation or LLC or partnership: File the required forms, such as a "certificate of dissolution" You may have to obtain a "tax clearance" first.

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