

CLOSING A BUSINESS

CHECKLIST: Dissolution and Winding Up

Whatever the form of your business, you will need to follow an organized plan for closing your doors. Your plan, in most instances will have to follow guidelines set forth in your state statutes, the Internal Revenue Code, and state and local tax authority regulations. The following checklist is adopted from the Model Business Corporation Act and is specific to corporations. Not all corporations will be required to follow every procedure, and some state laws may require additional procedures. Consequently, it is a good idea to hire an attorney for assistance. If you do not have a corporation, your state laws will probably require many fewer procedures than set forth below.

- ✓ Vote for dissolution.
- ✓ Contact your commercial insurance agent, notify him/her of the dissolution and determine the best protection against third-party lawsuits that may arise after your dissolve.
- ✓ Surrender your Certificate of Authority to transact business.
- ✓ File the appropriate forms with the IRS.
- ✓ Determine whether you will need to file IRS forms at a later date.
- ✓ Notify your secretary of state of the dissolution of your business—this may take the form of Articles of Dissolution and/or a Notice of Intent to Dissolve.
- ✓ Notify your secretary of state that you are discontinuing the use of an assumed or trade name.
- ✓ Obtain and file a good-standing certificate with your state tax authority.
- ✓ Publish notice of your business's intent to dissolve.
- ✓ Collect your assets.
- ✓ Sell or donate property that you are not going to distribute to shareholders/partners.

- ✓ Pay the debts you know about.
- ✓ Determine whether state statutes require that you notify creditors or the public of your dissolution.
- ✓ Distribute the remaining property to your shareholders/partners.
- ✓ File an additional notice with your secretary of state stating that all debts have been paid and all assets have been distributed.
- ✓ Determine the statutory time limits for third parties to bring suit against you and plan accordingly.