

BUSINESS CLOSING CHECKLIST

****Review this checklist in advance with your CPA/tax advisor and business attorney to ensure all matters applicable to your specific facts and circumstances have been covered****

- Collect outstanding accounts receivable** (before you notify customers you're going out of business). This may be difficult due to the economic dislocation caused by the coronavirus pandemic, but attempt to collect as much as possible.
- Sell off inventory.** If possible, consider a "going out of business" sale. Alternatively, you could donate your inventory to charity--for example, a restaurant could donate food to a food bank. Such donations are deductible. If your business is a C corporation, the corporation takes the deduction. Otherwise, it is a personal deduction the business owners' take on their personal returns. *For more information on claiming a personal deduction, see [New Rules for Charitable Contribution Deductions Under the CARES Act](#).*
- 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.
- 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.
- Terminate your commercial lease.** Give your landlord the required notice stated in your lease -- at least 30 days. Due to the pandemic, some landlords may agree to defer your final lease payment.
- Close all vendor related accounts.** Terminate utilities if they are separately billed.
- Determine timing on closing down digital assets such as websites, email addresses, social media content, etc.
- Notify and pay your employees.** Give employees some notice if possible. If you need an 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. Note that, if you obtained a coronavirus-related paycheck protection program loan, you may have to pay it all back if you lay off your employees during the eight-week period after obtaining the loan. *See the [SBA guide to the Paycheck Protection Program](#).*
- Liquidate your business assets in an orderly fashion.
- 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. Due to the coronavirus pandemic, some creditors may accept less than the full amount owed in return for prompt payment. Ask for letters indicating that your bills are paid in full as you pay off each creditor.

- Make your final federal and state payroll deposits.** As a result of the coronavirus pandemic, employers are allowed to defer 50% of the employer's portion of Social Security payroll taxes until 2021 and 2022. The deferral applies to deposits and payments otherwise due March 27, 2020 through December 31, 2020. See the [IRS FAQs](#) for details.
- Submit final sales tax forms and funds due up to the closeout date.
- Cancel your business credit cards and subscriptions.
- 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.)
- Cancel state or county permits and licenses,** including your seller's permit, business license, and fictitious or assumed business name. Take appropriate measures to suspend or cancel professional specific licensing (medical offices, real estate, etc)
- File your final employment-related tax returns:**
 - IRS Form 940
 - IRS Form 941
 - state tax withholding and wage reporting forms
- File your final income tax returns,** checking the box stating that this is your final return.
- Close out any ancillary tax accounts** (state, local, etc) if final returns did not make it clear to avoid tax controversy issues or arbitrary assessment filings by taxing agencies
- 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*.
- Retain detailed records of any distributed assets to shareholders (other than cash)
- Leave contact information with former business contacts, colleagues, and employees.
- Carefully distribute any remaining assets to yourself and any other owners.
- Close your business bank account and any other accounts.
- 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. (This doesn't apply to sole proprietors.)
- Keep all documentation regarding the close out for 7 years, or as appropriate based on the law and your governing jurisdiction.