

# CHECKLIST FOR CLOSING YOUR BUSINESS IN AUSTRALIA

There are a range of methods for exiting your business. These include:

- selling your business
- merging with another business
- passing it on to family members or key staff
- liquidating the business
- closing the doors.

For some business owners, the best option is closing the doors. This basically involves:

- selling the business assets
- paying off all outstanding debts
- retaining any surplus cash.

Closing the doors may be the best option where:

- the owner no longer wants to run the business and where without the owner, there is no business
- the business is not making enough money to keep going
- the owner wants to get out of a business quickly
- the lease on the business premises is expiring and a suitable alternative is not available
- there is no one interested in buying the business.

Closing a business is however not simply a matter of shutting the doors and handing the keys back to the landlord. This checklist sets out the actions business owners need to consider when closing their business.

For tips on other ways of exiting your business look at CPA Australia's [Guide for Exiting your business](#).

Key decisions	Tips or links to further information	Complete
Is your business still viable?	<ul style="list-style-type: none"><li>• Pass your financial data to your accountant for advice.</li><li>• Consider if your business is <a href="#">showing warning signs it is in trouble</a>.</li><li>• Consider whether your business can exist without you.</li></ul>	
Decide to close your business	<p>If you no longer want to run your business or it is in financial difficulty, first explore whether you can:</p> <ul style="list-style-type: none"><li>• sell your entire business</li><li>• merge with another business</li><li>• pass it on to someone else.</li></ul> <p>You are likely to get more value out of your business this way. See <a href="#">CPA Australia's Guide to Exiting your Business</a>.</p>	
Set a closing date	<p>The sooner you set a closing date, the more notice you can give to employees, suppliers and clients.</p>	

Finance	Tips and links to further information	Complete
<b>Decide if you will sell or dispose of any business assets, including stock</b>	<ul style="list-style-type: none"> <li>Identify what business assets can be sold. Do your research on indicative selling prices and which platform is best to sell your assets on.</li> <li>Consider selling excess stock at a discount, such as through a 'closing down' sale.</li> </ul>	
<b>Collect outstanding debts owed to you</b>	<ul style="list-style-type: none"> <li>Seek payment of money owing to you before announcing your plan to close the business.</li> <li>Offer discounts for immediate payment.</li> <li>Consider selling any outstanding debts you can't collect to a debt collection company.</li> </ul>	
<b>Pay off all obligations</b>	<ul style="list-style-type: none"> <li>Pay off all debts and invoices.</li> <li>If your business is having difficulty paying outstanding debts, speak to an insolvency practitioner or lawyer about your options as soon as possible.</li> <li>Some existing employee entitlements can be taken on by the new business owner. Visit the Fair Work Ombudsman website for more information on <a href="#">When businesses change owners</a>.</li> </ul>	
<b>Notify your lenders</b>	<ul style="list-style-type: none"> <li>Pay off outstanding loans and close any credit facilities your business has such as an overdraft.</li> <li><a href="#">Close any business accounts</a> you have in your business's name</li> </ul>	
<b>End finance and operating leases</b>	<ul style="list-style-type: none"> <li>Finalise any finance and operating leases you have such as over a motor vehicle, or plant and equipment.</li> </ul>	
<b>Finalise any outstanding jobs and customer commitments</b>	<ul style="list-style-type: none"> <li>Complete your unfinished jobs and make sure you are paid for that work.</li> <li>If you can't finish all your jobs, refund any money paid to date, negotiate a refund and pay any cancellation fees that are required.</li> <li>Seek to sell any unfinished jobs to another business.</li> </ul>	
Lease	Tips and links to further information	Complete
<b>End the lease agreement for your business premises</b>	<ul style="list-style-type: none"> <li>If you are terminating your business lease early, check your lease agreement for an early termination clause.</li> <li>Negotiate an early lease termination with your landlord. Landlords are not obliged to release you from the lease and may require you to pay rent and other costs until the end of the lease term. Landlords may however be willing to negotiate if for example you can find a tenant to take over your lease.</li> <li>Consider subleasing the whole premises if allowed under the lease agreement.</li> </ul>	
<b>Communicating the closure</b>	Tips and links to further information	Complete

<p><b>Notify employees and contractors of closure</b></p>	<ul style="list-style-type: none"> <li>• Communicate the change early to help employees with the change.</li> <li>• Provide official notice that you will close the business to your employees or provide payment in lieu of notice.</li> <li>• Finalise payments to employees including entitlement payments, employment termination payments and employee tax payments.</li> <li>• Read <a href="#">How to manage employees when you sell or close your business</a>.</li> <li>• Visit the Fair Work Ombudsman website for more information about your obligations to your employees on: <ul style="list-style-type: none"> <li>○ <a href="#">notice and final pay</a></li> <li>○ <a href="#">redundancy</a></li> <li>○ <a href="#">employee entitlements on a transfer of business</a></li> </ul> </li> <li>• You can also use the <a href="#">Fair Work Ombudsman’s Notice and Redundancy Calculator</a> to work out: <ul style="list-style-type: none"> <li>○ how much notice you need to give your employees</li> <li>○ what to include in their final pay.</li> </ul> </li> </ul>	
<p><b>Notify customers</b></p>	<ul style="list-style-type: none"> <li>• Place a notice of your pending closure in your window, social media and on your website.</li> <li>• For key customers, you may like to tell them personally.</li> </ul>	
<p><b>Notify suppliers</b></p>	<ul style="list-style-type: none"> <li>• Inform suppliers directly of the pending closure.</li> <li>• Advise suppliers when your last orders are likely to be.</li> <li>• Pay any outstanding supplier obligations.</li> </ul>	
<p><b>Tax obligations</b></p>	<p><b>Tips and links to further information</b></p>	<p><b>Complete</b></p>
<p><b>Lodgment and payment</b></p>	<p>Make sure all of your tax lodgment and payment obligations are met including:</p> <ul style="list-style-type: none"> <li>• outstanding activity statements</li> <li>• outstanding instalment notices</li> <li>• final income tax returns.</li> </ul>	
<p><b>Refunds</b></p>	<ul style="list-style-type: none"> <li>• Request refunds for accounts where your final tax position is in credit.</li> </ul>	
<p><b>Cancel pay as you go (PAYG) withholding registrations</b></p>	<ul style="list-style-type: none"> <li>• Cancel pay as you go (PAYG) withholding registrations through your tax agent, the ATO Business Portal or by phoning the ATOs business line.</li> <li>• <a href="#">Find out more</a> about cancelling your PAYG registration.</li> </ul>	
<p><b>Cancel your ABN</b></p>	<ul style="list-style-type: none"> <li>• Cancel your ABN within 28 days of ceasing business after the above three steps have been undertaken.</li> <li>• You can cancel your ABN through your tax agent or online using your myGovID.</li> <li>• <a href="#">Find out more</a> about cancelling an ABN.</li> </ul>	
<p><b>Cancel your GST registration and other tax registrations including fuel tax credits</b></p>	<ul style="list-style-type: none"> <li>• If you permanently close your business, you must apply to cancel your GST registration within 21 days of ceasing business activities.</li> <li>• <a href="#">Find out more</a> about cancelling your GST registration.</li> </ul>	

<b>Finalise employee and contractor tax and superannuation obligations</b>	<ul style="list-style-type: none"> <li>You must continue to meet your tax obligations until your business is closed.</li> <li>For employers, obligations that must be finalised include: <ul style="list-style-type: none"> <li>Pay and you go (PAYG)</li> <li>Superannuation</li> <li>Eligible termination payments, including paying outstanding wages, accrued annual leave and redundancy.</li> </ul> </li> <li>The Fair Work Ombudsman has information on your obligations when <a href="#">Ending employment</a>.</li> </ul>	
<b>Keeping your records</b>	<p>You will have to keep records relating to:</p> <ul style="list-style-type: none"> <li>sales (including the sale of your assets) and purchases</li> <li>payments to employees</li> <li>payments to other businesses.</li> </ul> <p>You need to keep these records for five years from when you prepared or obtained the records, or completed the transactions or acts those records relate to, whichever is later.</p>	
<b>Seek advice on the tax implications of closing your business and selling the business's assets</b>	<ul style="list-style-type: none"> <li>Tax issues on closing a business can be complex, therefore you should seek advice from your tax agent.</li> <li><a href="#">Find out more</a> on the common topics you may need to consider when closing a business, including this high-level <a href="#">overview from the ATO</a>.</li> <li>There may be GST and capital gains tax implications when you dispose of your business assets.</li> <li>Payments, loans and debts forgiven by a private company to shareholders and their associates may be treated as dividends under Division 7A. On closing a business you may have a distributable surplus. The ATO has a <a href="#">Division 7A calculator and decision tool</a>.</li> </ul>	
<b>Cancel your state-based tax obligations, including payroll tax</b>	<p>Before cancelling your payroll tax registrations, you will need to lodge any outstanding returns and pay outstanding debts.</p> <p>Below are links to information on how to cancel your payroll tax obligations:</p> <ul style="list-style-type: none"> <li><a href="#">ACT</a></li> <li><a href="#">New South Wales</a></li> <li><a href="#">Northern Territory</a></li> <li><a href="#">Queensland</a></li> <li><a href="#">South Australia</a></li> <li><a href="#">Tasmania</a></li> <li><a href="#">Victoria</a> (although there is no specific information on cancelling a registration)</li> <li><a href="#">Western Australia</a></li> </ul>	
<b>Legal obligations</b>	<b>Tips and links to further information</b>	<b>Complete</b>
<b>Cancel your business name</b>	<ul style="list-style-type: none"> <li><a href="#">Create an ASIC Connect account</a> if you don't have one and <a href="#">link your business name to your ASIC Connect account</a>.</li> <li><a href="#">Ensure your address with ASIC is up to date</a></li> <li><a href="#">Ensure you have authorisation to cancel from the business name holder</a></li> <li><a href="#">Find out more</a> on the steps to cancel your business name from ASIC.</li> </ul>	
<b>Deregister your company</b>	<p>Before seeking to deregister your company, you should:</p> <ul style="list-style-type: none"> <li>pay any outstanding fees and penalties due to ASIC</li> <li>close any bank accounts in the company's name</li> <li>all transfers of company property are registered and no property is registered in the company's name</li> </ul>	

	<ul style="list-style-type: none"> <li>ensure all registered business names held by the company are cancelled or transferred</li> <li>ensure any licenses held by the company are cancelled or ceased.</li> </ul> <p>Following that, you should:</p> <ul style="list-style-type: none"> <li>apply for deregistration at least two weeks before your company's annual review fee due date</li> <li>lodge the <a href="#">Application for voluntary deregistration of a company form</a> together with the deregistration fee.</li> </ul> <p><a href="#">Find out more</a> on voluntarily deregistering your company.</p>	
<b>Cancel any licensing and permits</b>	<ul style="list-style-type: none"> <li>If your business holds any licenses, registrations or permits, contact the licensing or registration authority to cancel.</li> </ul>	
<b>Cancel your workers' compensation insurance policy.</b>	<p>Contact your workers' compensation insurer for details on how to cancel your insurance policy. Specific information is available for the following states:</p> <ul style="list-style-type: none"> <li><a href="#">NSW</a></li> <li><a href="#">Queensland</a></li> <li><a href="#">South Australia</a></li> <li><a href="#">Western Australia</a></li> </ul> <p>For other states and territories, contact your insurer or read your insurance policy.</p>	
<b>Employment obligations</b>	<b>Tips and links to further information</b>	<b>Complete</b>
<b>Assess your obligations to your employees under the Fair Work Act</b>	<p>If employment ends because the business closes down permanently, the employee may be entitled to redundancy pay.</p> <p>The Fair Work Ombudsman has information and advice about your workplace obligations, including when employment ends or businesses change hands. See:</p> <ul style="list-style-type: none"> <li><a href="#">Information on ending employment</a></li> <li><a href="#">Notice and redundancy calculator</a></li> <li><a href="#">Notice and final pay</a></li> <li><a href="#">Redundancy</a></li> <li><a href="#">Employee entitlements on a transfer of business</a></li> <li><a href="#">Pay slips and record keeping requirements.</a></li> </ul> <p>Where your business closure will result in the redundancy of 15 or more staff, you need to give written notice to Services Australia. More information, and a notification template, can be found on the <a href="#">Services Australia website</a>.</p> <p>If the business is changing owners, see the Fair Work Ombudsman website for more information about <a href="#">When businesses change owners</a>.</p> <p>Employment obligations can be complex. You may therefore need to seek the support of a lawyer with expertise employment matters.</p>	
<b>Explore what assistance may be available to help staff find new work or get financial assistance</b>	<ul style="list-style-type: none"> <li>For example, the <a href="#">MyFuture website</a> or the <a href="#">JobActive website</a></li> <li>Employees may be able to access financial assistance to cover certain unpaid employment entitlements if they lose their job due to a liquidation or bankruptcy of their employer. Find out more and let any relevant employees know about the <a href="#">Fair Entitlement Guarantee (FEG)</a>.</li> </ul>	

Tying up loose-ends	Tips and links to further information	Complete
<b>Disconnect services such as water, electricity, phonelines and web hosting</b>	Contact your local suppliers	
<b>Remove online presence such as social media, company domain and email</b>	<ul style="list-style-type: none"> <li>• <a href="#">How to cancel a domain name</a></li> <li>• <a href="#">How to erase your social media presence</a></li> </ul>	
<b>Cancel insurance policies related to your business that are no longer relevant but consider insurance you may need post-closure such as run-off cover</b>	Run-off cover is a term used by the insurance industry to describe how a business will reduce (or run-off) its liability to its clients after it has ceased operating. See CPA Australia's <a href="#">run-off cover fact sheet for more information</a> .	
<b>Redirect your mail</b>	<a href="#">Find out more on how to do this with Australia Post.</a>	
Look after yourself	Resources and links to further information	Complete
<b>Seek financial advice</b>	Speak to a licensed financial adviser on your financial future. For more tips, visit the MoneySmart website.	
<b>Ensure you are maintaining your mental wellbeing</b>	<a href="#">Advice from Beyond Blue</a> and other <a href="#">mental health and wellbeing resources</a> .	