

Ask SCORE

SEVEN LEGAL AND FINANCIAL STEPS TO CLOSING YOUR SMALL BUSINESS

For a variety of reasons, some small businesses permanently close their doors. Closing a company may be a difficult decision to make, and it can become even more challenging when a business owner does not take the proper steps.

Exiting a business involves more than just ceasing to advertise and ending sales of products and services. It also requires filing paperwork to officially dissolve your business with the state and taking care of other formalities. Failing to take care of those details could mean being on the hook for fees (and possibly fines) even when a business is not serving its customers anymore. Here are the Seven Steps to Closing a Business:

Step #1 – Dissolve Your Business Entity

Companies operating as an LLC or corporation must legally dissolve that business structure so that the state knows it is no longer in operation. This involves filing Articles of Dissolution with the Secretary of State office. Businesses with multiple owners will need to first hold a meeting with their business partners or Board of Directors to get a consensus vote on closing the business. Note that the procedures for each state and municipality may vary slightly, so it is important to research what

you need to do in each state and municipality where your business is registered.

Step #2 – Collect Money Owed to You and Sell Your Assets

As you pay suppliers and vendors what you owe them before you close your business, you will want to reach out to customers who owe you money. If you are having difficulty collecting, one option to ensure you get some of what is owed is to sell your accounts receivable to a factor. A factor will compensate you for a portion of the money that is owed you, and then they assume ownership (and the task of collecting the money) of the receivables.

Selling your business assets and inventory can also generate cash for you before you close your company. Some ways to handle this are using sites like Craigslist or eBay, holding an auction, and personally reaching out to other business owners who might need what you're selling.

Step #3 – Pay Your Outstanding Debts

Take care of outstanding bills from vendors and service providers to close out your accounts payable. If you are unable to pay what you owe, discuss your options with an attorney.

(Continued on page 12)

Finding the right Senior Living community is like finding the right dance partner.

Partner. It's such a simple word. But, most would say, it's the most important word when you're in need of Personal Care services. It's certainly how we see it at The Landing of Collegeville - like a great dance partner we know when to lead and when to follow. We're always helpful, but not obtrusive, so you get exactly what you need, when you need it.

Call (484) 270-6502 now to schedule your complimentary lunch and tour. And come see what steps we can take together.



Ask us about our Spring Special!

THE LANDING OF COLLEGEVILLE

A Whole Lotta Heart!

1421 South Collegeville Rd | Collegeville | www.TheLandingOfCollegeville.com

A LEISURE CARE PERSONAL CARE & MEMORY CARE COMMUNITY

Looking to expand your practice?

Space Available!

Call today!
484.938.8343



Main Street
Royersford, PA

We are an up-and-coming wellness center seeking an acupuncturist to share our space with.

Currently building to suit with flexible options.

Serious inquiries only.

www.centerwellness.co



- Income Tax Return Preparation
- Payroll Preparation
- Financial Statement Preparation
- Estate Planning

Call us today to schedule an appointment!

(610) 367-9372

- Tax Planning
- Bookkeeping Services
- Financial Planning
- Management Consulting

Sheila Nester & Associates, P.C.

dba Larry E. Hoffa & Company
300 East Philadelphia Avenue, Boyertown, PA 19512
www.larryhoffaandcocpa.com



**EXPERIENCE
EXPERTISE and
CUSTOMER
SERVICE
EXCELLENCE
in the Landscape
Supply Industry**



A huge selection of options for creating your outdoor retreat, including:

- Authorized EP Henry, Techno-Bloc, Belgard & CST Dealer
- Extensive natural stone selection, specializing in Pennsylvania bluestone
- Outdoor accents such as fire features and outdoor kitchens
- Mulch, topsoil, sand, and other bagged & bulk materials
- Huge indoor and outdoor displays

Pick up or Delivery

WOODWARD
Landscape Supply

661 Schuylkill Road
Phoenixville, PA
610-983-9810
www.woodwardsls.com

Ask SCORE

(Continued from page 11)

Step #4 – File Final Payroll Taxes and Pay State Sales Tax

If you have employees, after you have paid them their final wages and salaries, submit your payroll forms as usual and pay your final payroll taxes.

What if you are unable to pay what you owe in payroll taxes to the IRS? Filing an “Offer in Compromise” (<https://www.irs.gov/forms-pubs/about-form-656>) might enable you to reduce the amount that you owe. Another option to consider is agreeing to pay your tax due in installments.

Also, submit your final state sales tax forms with the tax you have collected from your customers. Then, find out what your state and municipal tax agencies require you to do to officially close out your tax account. (See additional information at the end of this article.)

Step #5 — Submit Your Final Income Tax Return

LLCs and corporations must check the “final return” box when filing their

income tax forms. Corporations also need to report shareholder allocations (and losses) on Schedule K-1 (<https://www.irs.gov/pub/irs-pdf/f1120ssk.pdf>).

Heed the deadlines for submitting final tax documents:

- LLCs – By April 15 of the year after the business dissolved or as published during the COV-19 crisis.
- Corporations – Within two months and 15 days from when the business dissolved.

Businesses that close must also close their Employer Identification Number account with the IRS (<https://www.irs.gov/businesses/small-businesses-self-employed/canceling-an-ein-closing-your-account>).

Step #6 — Cancel Business Licenses and Permits

If you have needed business licenses and permits from the federal, state, county, or local governments, notify them that your company has closed. That way, you will not be charged renewal fees or be on the hook for taxes after you are no longer doing business.



Here to Help.

If you're a small business owner searching for the financial resources to help your business, look no further than Riverfront Federal Credit Union. We're committed to supporting businesses that fuel the growth of our local economy.

Riverfront's business lending services include:

- Specialized Working Capital Lines of Credit up to \$10,000
- Owner-Occupied Building Mortgages
- Low Equipment Loan Rates

To find out more, call Kritina McCoy, Riverfront's Business Development Representative, at 484-345-4171.

Riverfront
FEDERAL CREDIT UNION
800-451-3477 RiverfrontFCU.org



NMLS ID #488114



REFERENCES
AVAILABLE

DE MEDIO'S BUILDING MAINTENANCE

30+ Years of
Service!

A Complete Janitorial Service for Commercial & Office Accounts

- Owner Supervised Staff
- No Job Too Small or Large
- Affordable Rates/Great Value
- Floor Waxing & Refinishing
- Carpet Cleaning - Upholstery Cleaning
- Weekly-Monthly-Yearly-Contracts

FULLY INSURED • FREE ESTIMATES

610-454-1450

Based in Collegetown - Serving the Route 422 Corridor

www.JDeMedio.com



Step #7 — Distribute Assets to Partners or Shareholders

Businesses that have multiple owners and money or assets left over after paying all debts should distribute them among partners or shareholders. LLCs will divide assets according to each partner's share of the business. Corporations will allocate assets according to the shares owned by each shareholder.

Additional Information

More information about what is required by the IRS is available at <https://www.irs.gov/businesses/small-businesses-self-employed/closing-a-business-checklist>.

More information about what is required by the Pennsylvania Department of Labor and Department of revenues is available in <https://www.revenue.pa.gov/Form-sandPublications/otherforms/Documents/rev-252.pdf>

Do Not Miss a Thing – GET HELP!

As you can see, closing a business comes with many responsibilities. To make sure you cover all the bases as you work through the process, SCORE recommends reaching out to legal and accounting professionals who can

provide expert guidance. Also, you might find that an online business document filing service will make submitting your dissolution paperwork and canceling licenses and permits less daunting. And, last but not least, your SCORE mentor will also be a helpful resource for insight, feedback, and encouragement.

ABOUT SCORE: Since 1964, SCORE "Mentors to America's Small Business" has helped more than 10 million aspiring entrepreneurs and small business owners through mentoring and business workshops. More than 11,000 volunteer business mentors in over 320 chapters serve their communities through entrepreneur education dedicated to the formation, growth and success of small businesses. For more information about starting or operating a small business, contact SCORE TriCounty. You can call 610.327.2673, email tricity@scorevolunteer.org or visit the website at www.tricity.score.org.



SCORE is funded in part through a Cooperative Agreement with the U.S. Small Business Administration. All opinions, conclusions, and/or recommendations expressed herein are those of the author and do not necessarily reflect the views of the SBA.

Harleysville SINCE 1915 BANK

"We Make Everything You
Value Our Priority"

Upper Providence Branch
1889 East Ridge Pike
Jo Wanamaker, Manager
610-454-0391

West Norriton Branch
2301 West Main Street
Brian Murphy, Manager
610-631-0887

Joe Bergquist, Commercial Lender
267-664-5598



harleysvillebank.com



SERVING YOUR COMMERCIAL REAL ESTATE NEEDS!

BRODE & BROOKS REALTORS



THE WOODSIDE LODGE 150 E. PARK AVENUE, SCHWENKSVILLE, PA

Built in the early 1900s, The Woodside Lodge underwent a full renovation in 2012 by Gorski Construction with no expense spared to bring this property back to its former glory. The result is a magnificent inn, restaurant and bar. There is dining for 150 in a variety of rooms offering a broad venue for private parties, plus covered porch dining for another 62 guests. The intimate bar seats 10, plus three high-top tables for another 12. A patio was built last year for special summer events.

There are nine guest accommodations including one ADA compliant guestroom and eight two-room suites — all with fireplaces. The Lodge features 9,900 SF of finished space sitting on 3+ acres and is close to the Spring Mountain Ski Resort. Offered at \$1,000,000. For further information call Pat Cichon or Ed Brooks at 215.679.4200



MICHAEL'S Classic Limousine

www.michaelsclassiclimo.com

610.929.4919



Arrive in Style!

Well-maintained,
chauffeur-driven
luxury vehicles
for any occasion.

41 North Centre Avenue
PO Box 206 Route 61,
Leesport, PA 19533

PUC-A-6410449

