**Checklist for closing a business**

**CHECKLIST**

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# Checklist for closing a business

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| Prepare to close | |
| **Set an end date** for when you’ll stop selling products and services: |  |
| **Set a second end date** (at least 30 days later) for when you’ll have completed all the actions: |  |
| **Check your business premises lease**  Check, for example:   * expiry dates and notice periods * fees involved if you break lease * bank guarantee or security for the bond * if you have to return the premises to how it looked when you started your tenancy.   Note: Leases can be complex and may have strict conditions and penalties if you need to break them early. Your solicitor can help with this process. |  |
| **Check your vehicle leases**  Check, for example:   * expiry dates and notice periods * if you can afford the repayments after you close your business * if you need to negotiate with the lessor/financier to sell the vehicle or refinance and reduce monthly repayments. |  |
| **Equipment leases**  Check, for example:   * expiry dates and notice periods * if you need to pay out the remaining term of the contract * the arrangements to return the equipment – do you, for example need to have it serviced or professionally cleaned? |  |
| **List your assets**  Prepare a list of your current business assets and remaining stock to get a [professional valuation](https://www.ato.gov.au/law/view/document?docid=SGM/market_val&anchor=2.1&anchor=2.1#2.1). |  |
| **Communicate a simple, factual message** to inform people of:   * your business closure date * who to contact if they have questions * reason for closure, if relevant.   Consider informing:   * employees * customers * suppliers * insurance companies * banks * consultants and advisers * creditors * contractors * utility providers * procurement departments (for any remaining contracts your business holds). |  |
| **Collect any** [**outstanding payments**](https://www.business.qld.gov.au/running-business/finance/essentials/cash-flow-payments) from customers. |  |
| **Notify the** [**Australian Taxation Office**](https://www.ato.gov.au/) that you are closing your business. |  |
| Close down operations | |
| **Cancel utilities and other overheads**  (You can request payment arrangements for final bills)   * Water * Gas * Electricity * Phone * Internet and website hosting * EFTPOS terminal and online payment gateways * Online software or membership subscriptions * Waste collection * Cleaning services * Insurance policies, including WorkCover * Any other services |  |
| **Stop operations**   * Stop all production/manufacturing * End all marketing campaigns * Delete your website or upload a business closure notice onto the site * Stop selling products/services * End staff [employment](https://www.business.qld.gov.au/running-business/employing/dismissal-redundancy) |  |
| **Sell or transfer your business assets**  You could hold a closing down sale or advertise online to sell the stock, equipment, furniture and fixtures and fittings you no longer need.  Consider:   * if you want to keep some of the assets yourself * if you will sell the assets before closing the business to pay debts * what your business constitution states regarding offloading assets – some organisations must donate their assets to a charity * if there will be a premises security bond owing to the business on exit * if the business is still owed money.   **Note:** if your assets are encumbered (under a finance agreement), you must use the proceeds of the sale to pay out the remaining finance and early termination fees. |  |
| **Take care of your liabilities**  Pay out your business debts or make realistically affordable payment arrangements. Consider:   * cancelling or transferring supplier arrangements * the remaining term on loans or finance arrangements * if you will you be transferring some liabilities to yourself personally (e.g. vehicle) * if you have debt with the ATO that you must continue to pay even after closing the business * if you can you consolidate the debts to reduce monthly repayments * if you need financial advice to negotiate debt arrears. |  |
| [**Calculate and arrange final payments**](https://www.ato.gov.au/Business/Engaging-a-worker/In-detail/Taxation-of-termination-payments/) **to employees**  Also issue:   * payment summaries * separation certificates. |  |
| **Prepare final business financial statements and lodge tax returns** |  |
| **Cancel remaining terms** of government contracts or project works involving other parties and process any outstanding acquittals |  |
| **Close your business's bank accounts** |  |
| [**Cancel your Australian Business Number (ABN)**](https://www.abr.gov.au/business-super-funds-charities/updating-or-cancelling-your-abn/cancel-your-abn) |  |
| **Cancel industry-specific licenses** (e.g., food, liquor) |  |
| **Cancel registrations** (e.g., vehicle, industry memberships) |  |
| Manage your records | |
| [**Securely store your business records**](https://www.business.qld.gov.au/running-business/finance/essentials/record-keeping)  It’s recommended to keep all hard copies and electronic copies (e.g., on cloud-based storage) of business records for a minimum of 7 years after your business closes. |  |
| **Destroy personal records**  You must destroy customers’ personal records, unless you’re legally required to retain them:   * shred, pulp or destroy the paper on which the personal information is recorded and place the files in a security garbage bin * securely delete any electronic record or file from computer systems to ensure it cannot be retrieved. |  |