

## **BUSINESS CLOSING CHECKLIST (SOLE PROPRIETORSHIP)**

### **Preliminary Steps**

- If applicable, focus on selling off inventory and collecting on Accounts Receivable (you can offer incentives in order to accelerate these processes)
- Pay any bills that are due (and determine billing cycles so you don't receive unanticipated bills from creditors after the business has closed); ask for letters indicating that your bills are paid in full as you pay off each creditor
- Notify any additional creditors that the business is closing, and give them a process for submitting their claims for payment and a deadline after which further claims will be barred (90-180 days notice is typically required, depending on the state)
- Notify employees/independent contractors
- Notify trusted customers (after Receivables are collected)

### **Accounting + Legal**

- Have an accountant calculate what federal and state taxes are owed as of the date of closing; pay these taxes off
- Seek an accountant's advice about the [specific tax filings](#) that will need to be done, and what the timing of these needs to be (some are due immediately, others may be due at the end of the year in which you close the business)
- Once the above steps are completed, notify the IRS that you will be closing the business and releasing your EIN number (see here for [notification requirements](#))
- Notify the State of Virginia and [file state paperwork](#) to close the business
- If you're registered to do business in any other states, officially notify those states also
- If you have any DBAs, notify the State Corporation Commission of the cancellation of your fictitious name - in Virginia, this is called a release ([see last question on this page](#))
- If applicable, cancel state sales tax and unemployment tax registrations
- Notify the city/county where you have a business license and see if any paperwork needs to be filed in order to officially notify them of the closure; determine whether any city/county business tax is due
- Ask your accountant how long you need to maintain different types of [business records](#), and keep them in a safe place for the requisite amount of time

### **Miscellaneous**

- Close the business bank account
- Cancel any business credit cards
- Notify your insurance company (general liability, auto, commercial property, workers comp, and anything else you might carry)
- Notify the post office and set up mail forwarding
- Notify any utilities, internet/phone, etc. that the business pays for
- Cancel any monthly/weekly subscription services
- Cancel any other registrations, memberships or permits the business may have