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“Tip of the Month”

Closing Your Business – What Should You Do?

You’ve decided to close your business. There is more to do than to simply close the doors. There are certain actions that you need to do. Follow the steps to closing your business.

1. Decide to close. Follow your articles of organization and document with a written agreement.
2. File dissolution documents.
3. Cancel registrations, permits, licenses, and business names.
4. Comply with employment and labor laws. Federal and State - Worker Adjustment and Retraining Notification Act (WARN) for establishments with 100 employees or more (60 days’ notice requirement). State law – must pay terminated employees within 72 hours.
5. Resolve financial obligations. Handle final returns for income tax and sales tax. Cancel your Employer Identification Number, notify federal and state tax agencies, and follow the IRS checklist below.
6. Maintain records. You may be legally required to maintain tax and employment records, among other files. Common guidelines advise keeping records for anywhere from three to seven years.

IRS Checklist

1. Make final federal tax deposits
2. File final quarterly or annual employment tax form.
3. Issue final wage and withholding information to employees
4. Report information from W-2s issued.
5. File final tip income and allocated tips information return.
6. Report capital gains or losses.
7. Report partner's/shareholder's shares.
8. File final employee pension/benefit plan.
9. Issue payment information to sub-contractors.
10. Report information from 1099s issued.
11. Report corporate dissolution or liquidation. (Form 966)
12. Consider allowing S corporation election to terminate.
13. Report business asset sales.
14. Report the sale or exchange of property used in your trade or business.

If you need assistance with closing your business, please contact the attorneys at Mesmer & Deleault at 603-668-1971, or by email at mailbox@biz-patlaw.com.

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