

IS YOUR CORPORATION READY TO CLOSE UP SHOP?

Regardless of the reason for terminating a corporation, there's more to it than just putting up a "Closed" sign

Without proper termination, your corporation could be liable for:



Taxes & Annual Reports



Lawsuits



Identity Fraud Issues

STEP 1 Dissolution

Obtain shareholder approval

- > Board of directors adopts resolution to dissolve and shareholders approve at shareholders meeting OR
- > Unanimous shareholder consent without director actions
- > Check governing statute and corporate documents for specific procedure

Filing Articles of Dissolution — after which regular business stops and "winding up" begins



STEP 2 Winding Up

Typical tasks include

- > Notifying creditors and making payment arrangements
- > Closing out bank accounts
- > Paying federal, state, and local taxes and filing final tax returns and reports
- > Canceling licenses, permits, and assumed names
- > Withdrawing from states in which the corporation was qualified to do business (file any due annual reports, pay franchise taxes, and file an application for withdrawal)
- > Selling or disposing of the business property and assets
- > Distributing remaining assets to shareholders



STEP 3 Termination

The corporation's existence ceases when winding up is completed.

- > Some states require the filing of a document acknowledging completion of the winding up tasks
- > Some states require the obtaining of a tax clearance — which is evidence that the corporation is current on filing tax returns and paying its taxes



CT's experts can help with many of these steps. Go to CTcorporation.com to learn more.