

January 14, 2014 /**24-7PressRelease**/ -- The old adage is "all good things must come to an end." For California business owners looking to close shop, ending a venture may come with mixed emotions. Pride at its accomplishments, worry about the future and potential legal obligations may all factor into the closing of a business. Whether selling a business or dissolving one, however, proper planning can smooth the transition and allow an owner or owners the chance to move on with life after the end of a business. Ending a business' liabilities can also give struggling owners a chance to begin again without burdening future opportunities.

Dissolving, surrendering or canceling a business

One option for business owners who wish to begin again with a fresh financial start is a [business dissolution](#)

. Long-time owners may benefit from resolving a business' liability before moving on with a different project or job opportunity. This option is also good for people who have purchased an existing business and wish to do business under a different name.

Struggling businesses may wish to seek bankruptcy protection in addition to ending the business. Dissolving, surrendering or canceling a business does not end its tax obligations or financial liabilities, which is why many seek Chapter 11 protection. However, no matter its financial circumstances, any California corporation may dissolve if voted upon by the majority of its shareholders. Foreign corporations doing business in California must surrender its business with the Secretary of State's Office. Limited liability companies and partnerships may legally cancel their businesses. To what extent a business must pay off creditors after dissolution is a matter of individual circumstances.

Once dissolved, there is a "winding up" period wherein a company's assets are divided to appropriate shareholders, owners and creditors. A business must also file tax returns and pay appropriate taxes for all years it existed as a business. A business must notify its creditors of its pending dissolution or cancellation.

Selling or transferring a business

Another option for owners seeking to retire or pursue other opportunities is to sell a business. This too requires certain legal actions and precautions in order to accomplish a smooth transition between owners. Ownership must plan well in advance of selling a business, as often the first month or two of putting a business on the market are the most important.

Closing a business entity in California

Written by Australian Business

A business should obtain an accurate valuation of the business before putting it on the market. This is best done by obtaining a professional valuation expert in order to get a realistic number. A business must also decide whether to sell as an entity or to simply sell off its assets. As a seller, selling as an entity is favorable because it simplifies the process and allows for the buyer to assume liabilities. Conversely, a buyer may wish to purchase business assets so it can pick and choose the most valuable parts of a business without adding liabilities to its new venture.

A [buy-sell agreement](#) must be carefully drafted in order that all parties ensure they know what they are agreeing to. A buyer will need to conduct due diligence to ensure all representations made in the buy-sell agreement are accurate.

Merger and acquisition help

As with running a business itself, often the most important parts of winding up or selling a business are in the details. Business owners and shareholders interested in terminating or selling a business should consult with an experienced business law attorney to discuss their situation and best steps moving forward.

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