



HOW TO CLOSE A BUSINESS

Research Network Tip Sheet

Whether you own a New York business or own an out-of-state company that does business in New York, the decision to close that business involves very specific steps. Failure to follow these guidelines could incur serious penalties, both legal and financial.

Steps to Closing a Business

1. Decide to close – as opposed to selling, transferring ownership, or filing for bankruptcy.
2. File dissolution documents.
3. Cancel registrations, permits, licenses, and business names.
4. Comply with employment and labor laws.
5. Resolve financial obligations.
6. Maintain records.

Step 1 - Decide to Close If you are a sole proprietor, you can close on your own, but a partnership of any kind requires agreement from *all* parties. It's crucial to note that if you fail to legally dissolve an LLC or corporation in any state you registered, your business is still responsible for filing and paying taxes. Also, failing to dissolve a business exposes you to creditors still collecting debts and leaving you exposed to future lawsuits.

Step 2 - File Dissolution Documents Depending on the type of company (New York State Corporation, New York State Non-For-Profit Corporation, or Foreign Business Corporation), you may need to file a Certificate of Dissolution with the New York Department of State or a Certificate of Surrender of Authority to Collect Sales Tax, and if your business is located in New York City, you must also file a Request For Consent To Dissolution with the NYC Department of Finance

Step 3 - Cancel Registrations, Permits, Licenses, and Business Names This will protect your finances and reputation after you close your business. These include fictitious names or dba statements, seller's permits or resale licenses, and business licenses.

Step 4 - Comply with Employment and Labor Laws You will need to notify and pay your employees, as well as contact the NYS Department of Labor Unemployment Insurance Division to file a Discontinuance of Business IA 15 Form (Change of Business Information for the Unemployment Insurance Program). The *Employer's Guide to Advance Notice of Closings and Layoffs*, published by the U.S. Department of Labor in conjunction with the Worker Adjustment and Retraining Notification (WARN) Act, is an essential resource.

Step 5 – Resolve Financial Obligations These include obligations to landlords, creditors, customers and suppliers. You will need to resolve all debts and taxes before dissolving your business, including filing a final business tax return.

Step 6 – Maintain Records Check with New York State and Federal laws for specific requirements but keeping files for between three and seven years helps protect against future audits and lawsuits.

While you will find links to state and federal websites, along with essential forms & instructions on the following page, it is recommended that during this complicated process you still consult with experts, including your attorney, your accountant or tax professional, and your SBDC Business Advisor.

Useful Links

New York City Department of Finance, Collection Division – General Corporation Tax (GCT) (<https://www1.nyc.gov/site/finance/taxes/business-general-corporation-tax-gct.page>).

New York Small Business Development Center (SBDC) (<http://www.nyssbdc.org/>).

New York State Department of Labor – Unemployment Insurance Information for Employers (<https://dol.ny.gov/unemployment/employer-unemployment-insurance-information>)

New York State Department of State, Division of Corporations, State Records and UCC (<https://www.dos.ny.gov/corps/index.html>)

New York State Department of Taxation & Finance – Close or End A Business (https://www.tax.ny.gov/bus/doingbus/ending_business.htm).

U.S. Small Business Administration (SBA) Business Guide (<https://www.sba.gov/business-guide>).

Essential Forms & Instructions

- **NYC Department of Finance, Collection Division**
[Request For Consent To Dissolution](#)
- **NYS Department of Labor, Unemployment Insurance Division**
[Change of Business Information for the Unemployment Insurance Program](#)
- **NYS Department of State, Division of Corporations, State Records and UCC**
[Certificate of Dissolution](#)
- **NYS Department of State, Division of Corporations, State Records and UCC**
[Voluntary Dissolution of a New York Business Corporation](#)
- **NYS Department of Taxation & Finance**
[Instructions for voluntary dissolution of a New York Corporation \(TR-125\)](#)
- **NYS Department of Taxation & Finance**
[Voluntary dissolution of New York State not-for-profit corporations](#)
- **NYS Department of Taxation & Finance**
[Instructions for surrender of authority by a foreign business corporation \(TR-199\)](#)
- **NYS Department of Taxation & Finance**
[Affidavit for Surrender of Authority for Foreign Corporations \(TR-193.1\)](#)
- **U.S. Department of Labor**
Worker Adjustment and Retraining Notification (WARN) Act
[Employer's Guide to Advance Notice of Closings and Layoffs](#)