**Client Business Closures**

Whether it’s due to hardship, unexpected external events, natural disaster, illness, change of structure or retirement, most accounting technicians will have to help clients with business closure at some stage.

Accounting technicians can work with the business owner and staff to close the business and complete financial affairs neatly. If you have clients facing business closure, discuss the tasks you can do for them and the benefits of tidying up business obligations properly.

As it is a stressful time for most owners facing business closure, the finances and compliance matters are often neglected and left for the tax agent to sort out much later when the tax return is done. By then, the business owner may have lost interest and possibly even relevant business records, making it more troublesome to wind up the business.

Encourage your clients to work with you to close the business affairs appropriately, so they do not have this stress to deal with any longer than needed.

Note that different processes are required if a business is being sold, particularly where employees are concerned.

A business can be voluntarily closed, whether it is solvent or insolvent. If liquidators are engaged to assist with the closing process, you may be asked to help them. This is a separate engagement to what you may have in place with your client.

Be sure to get a written agreement signed by the liquidators so that you can be assured of payment for your services. It’s not uncommon for bookkeepers to assist the liquidator in good faith but then end up not being paid by either the business owner or liquidator. If there is a lot of work involved in winding up the business, it's a good idea to discuss payment with the business owner first, so they understand what’s involved and the estimated cost.

**What can Accounting Technicians Do for Insolvency?**

As the accounting technician you will have a close understanding of the financial performance of your clients.

You may be aware of insolvency issues before the owners are willing to acknowledge them. You are in a position to initiate conversations with the business owners and discuss their options or advise them to seek other professional help if you do not want to talk about insolvency – it may be a difficult conversation.

* Regularly review financial reports and raise issues or potential problems.
* Ask questions and check if the owner is already discussing these areas of concern with their tax agent or other financial advisor.
* Discuss any director personal guarantees that may exist with suppliers.
* Discuss relevant [ATO lodgment and payment deferrals](https://www.ato.gov.au/General/COVID-19/Support-for-tax-professionals/).
* Address any unpaid superannuation, PAYGW and GST in relation to [ATO director penalties](https://www.ato.gov.au/business/your-workers/in-detail/director-penalty-regime/).
* Provide [ASIC COVID-19 regulatory information](https://asic.gov.au/about-asic/news-centre/articles/covid-19-regulatory-information/) to directors and business owners.
* Provide insolvency information from the [Australian Financial Security Authority](https://www.afsa.gov.au/insolvency) and [Australian Securities & Investments Commission](https://asic.gov.au/regulatory-resources/insolvency/).
* There may be many options to save the business that the business owner has not considered. Whether it is you, the tax agent and/or an insolvency advisor (liquidator), encourage the business owner to get advice about all options to facilitate business survival.
* Let them know of support services available such as [Beyond Blue](https://www.beyondblue.org.au/) and [Heads Up](https://www.headsup.org.au/).

Initiating conversations early may prevent businesses actually having to engage liquidators or go bankrupt.

If the business owner does talk to liquidators before talking to the tax or BAS agent, whilst this may be a surprise, try to give the owner the benefit of the doubt… they may feel too close to you or the tax agent to want to have that conversation! They may find it easier to talk about the possibility of liquidation with someone who is not close to the business or them personally.

If you can offer support to the business owner and work with the insolvency advisor, it is possible that the business might continue trading and you may be able to continue with an even better relationship in future.

**Checklist for Business Closure**

Assuming the business owner has met with the tax agent and decided that closure is the best option, (rather than selling or pausing the business), there are many tasks to attend to.

* Decide on the closing date with the tax agent.
* Sell or dispose of stock.
* Complete customer orders and projects or hand over (or sell) to another business to supply.
* Collect payments and any outstanding debts from customers; use a debt collector if needed.
* Pay suppliers.
* Finalise loan and credit card payments.
* Notify staff, suppliers and customers of the closure date.
* Give required notice period to staff and finalise employee termination payments.
* Notify insurers and receive refunds if applicable.
* Notify business premises agent or owner, utility providers and Australia Post.
* Close or redirect the business website, social media accounts and email addresses.
* Lodge final BAS, STP and tax returns when due.
* Pay final liabilities for superannuation, GST, income tax and any other payments owed to the ATO or State Revenue Office.
* Close business bank accounts and credit cards.
* Cancel ABN and tax registrations.
* Deregister company
* Cancel software subscriptions once the final tax return is done.

Remind the business owner that all business records must be kept for seven years from the last tax return date.

[ATO Changing, selling or closing your business – things to consider](https://www.ato.gov.au/Business/Changing%2C-selling-or-closing-your-business/In-detail/Things-to-consider/)