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Closing your business

Closing your business is an important milestone. Here's how to handle:

- tax requirements
- any business debts
- company registration, if this applies to your business.

It's also a good idea to talk to an advisor. They can help you prepare a to-do list relevant to your business, and offer support and advice along the way.

What you have to do largely depends on:

- your business structure, eg sole trader, partnership, company
- if you are GST registered
- if you have employees.

This Inland Revenue video on closing down your business is a good starting point.

If you are owed money, get debtors to pay up before announcing you're closing.

There's less incentive to make repayments if you're no longer in business.

Closing a company

When shutting down a company:

- File all income tax returns up to when you stop trading and notify Inland Revenue of the closure.
- If registered for GST and/or as an employer with Inland Revenue, file all returns up to the date you stop operating, then deregister — otherwise you'll have to file nil returns.
- Pay any taxes owed on time to avoid penalties.
- If you have shareholders, talk to an accountant about any tax implications for them.

You'll also need to apply to be taken off the Companies Register. But first, check your company details are correct on the register, and make sure your company has:

- stopped trading
- paid all business debts
- distributed all company assets
- checked liabilities, eg rental agreements
- no creditors trying to liquidate it — see Insolvency and involuntary liquidation for details.
- confirmation that Inland Revenue has no objections — see Income tax for business and organisations on Inland Revenue's website for details.

[Companies Register\(external link\) \(https://companies-register.companiesoffice.govt.nz/\)](https://companies-register.companiesoffice.govt.nz/) - New Zealand Companies Office

[Removing a company from the Register\(external link\) \(https://companies-register.companiesoffice.govt.nz/help-centre/closing-a-company/\)](https://companies-register.companiesoffice.govt.nz/help-centre/closing-a-company/) — New Zealand Companies Office

[Closing down a company\(external link\) \(https://www.ird.govt.nz/employing-staff/closing-down-a-company/\)](https://www.ird.govt.nz/employing-staff/closing-down-a-company/) — Inland Revenue

[Insolvency and involuntary liquidation \(/tax-and-accounting/closing-down/insolvency-and-involuntary-closure/\)](/tax-and-accounting/closing-down/insolvency-and-involuntary-closure/)

Once you officially shut your business, keep your business records for at least seven years.

This applies to all business types — companies, sole traders and partnerships. See [Keeping tax records for tips and advice](#).

[Keeping tax records \(/tax-and-accounting/tax-time-tips/keeping-tax-records\)](#)

Sole traders

When stopping work as a sole trader:

- File your tax return at the end of the financial year, even if you stopped operating partway through the year.
- If registered for GST and/or as an employer with Inland Revenue, file all returns up to the date you stop operating, and then deregister — otherwise you'll have to file nil returns.
- Let your accountant or advisor know that you'll no longer be self-employed.

[Cancelling your GST registration \(external link\) \(http://www.ird.govt.nz/gst/cancelling/cancelling-index.html\)](http://www.ird.govt.nz/gst/cancelling/cancelling-index.html) — Inland Revenue

Leaving a partnership

When you leave or dissolve a business partnership:

- File a final income tax return for the partnership.
- Show your share of the partnership income or loss in your personal tax return.
- If registered for GST and/or as an employer with Inland Revenue, file all returns up to the date you stop operating.
- Split joint-owned assets (or proceeds from their sale) according to your deed of partnership.

Talk to Inland Revenue or an accountant about rules for leaving a partnership, particularly if the partnership will continue after your departure.

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