



Closing a Business in North Dakota

Closing your business can be a difficult choice to make, but sometimes it's necessary. This document provides information and general guidance on items that need to be addressed in the closing process.

This is not a all-inclusive list and should not be considered a substitute for obtaining legal, accounting or tax advice specific to your business.

- Decide to close.** Sole proprietors can decide on their own, but any type of partnership or limited liability company requires the co-owners to agree. Follow your articles of organization and document with a written agreement. If your business is a corporation, the board of directors would need to draft and approve a resolution to dissolve the business, then hold a meeting where minutes are documented and shareholders vote on it.
- Collect money owed to you.** Make collection attempts before you announce your plan to close your business. It can be much harder to collect accounts receivable after a business is closed. Factoring companies may buy your accounts receivables at a discount.
- Notify and pay employees.** Employees must be paid all final wages no later than the regular payday the wages would be due. (N.D. Cent. Code § 34-14)
 - **Comply with employment and labor laws.** Reference the [Worker Adjustment and Retraining Notification Act \(WARN\)](#) for requirements on notifying employees.
 - **Job Service of North Dakota.** Visit <https://www.jobsnd.com/unemployment-business-tax/employers-guide/employer-responsibilities-employee-separations> for more information.
- Notify creditors and pay outstanding debts.**
 - If you owe on a commercial loan, talk to your lender right away.
 - Notify your landlord within the required time stated in your lease – at least 30 days.
 - Notify any equipment lessors of your intent to cease operations.
 - Pay your vendors and service providers to close out your accounts payable and notify them in writing your intent to close. Return any deposits or payments for goods not delivered or service not rendered.
- Notify Customers and Social Media Followers.**
 - **Be Open.** Be honest and speak directly about your choice.
 - **Thank Your Customers.** Showing your appreciation is a simple way to keep the closure positive.
 - **Consider Your Social Media Accounts.** Do you need a way for former customers to ask questions about the products they once purchased? Keeping pages up when no one is managing them, could lead to hacking or spamming of your former customers. Archiving the data associated with your accounts is also a consideration; this would preserve a record of your interactions with customers and the content that was published. If you decide to leave them up, commit to checking on them regularly.
- Sell company assets.** Be sure to collect company property, including mobile devices, cars, and computers from your employees as well.
 - A “going out of business” sale or an auction may be an option. Again, talk to your lender first. Collateral liens may limit your options for selling certain assets.

- ❑ **Cancel registrations, permits, licenses, and business names.** Protect your finances and reputation by canceling any of these that you no longer need, including your trade name. These could be at the federal, state, county, and/or local government level.
 - For information on cancelling a North Dakota trade name, visit <https://sos.nd.gov/business/business-services/trade-name-franchise-name/north-dakota-trade-name-faqs>.
- ❑ **Resolve tax obligations.** Handle final returns for income tax and sales tax. Notify federal and state tax agencies, and [follow this IRS checklist](https://www.irs.gov/businesses/small-businesses-self-employed/closing-a-business-checklist). (<https://www.irs.gov/businesses/small-businesses-self-employed/closing-a-business-checklist>)
 - File a final North Dakota Sales, Use, and Gross Receipts Tax return within 15 days following the closing of the business. Additional information can be found at <https://www.nd.gov/tax/faqs/articles/206/>.
 - For information regarding your Employer Identification Number (EIN), visit <https://www.irs.gov/businesses/small-businesses-self-employed/canceling-an-ein-closing-your-account>.
- ❑ **Close your business bank accounts.** Work with your bank and close your bank accounts only after all transactions and scheduled payments have come through and have posted.
- ❑ **Leave contact information with former business contacts, colleagues, and employees.**
- ❑ **File dissolution documents.** Failure to legally dissolve an LLC or corporation with the Secretary of State for any state you're registered in will expose you to continued taxes and filing requirements. If your company is registered to do business in any other state outside of your home state, you must file an application of withdrawal (also referred to as a certificate of termination) in those states.
- ❑ **Maintain records.** You may be legally required to maintain tax and employment records, among other files. Common guidelines advise keeping records for anywhere from three to seven years.

Don't Miss a Thing - Get Help. Closing a business comes with many responsibilities. This list is not comprehensive in its coverage and should not be considered a substitute for obtaining legal, accounting or tax advice specific to your business. **Reach out to legal and accounting professionals who can provide expert guidance.**

Get free business counseling:

To help find local counseling assistance, the Small Business Administration's [counseling tool](https://www.sba.gov/tools/local-assistance) (<https://www.sba.gov/tools/local-assistance>) can connect you with guidance in planning your exit strategy.

- **SCORE Mentors** – www.score.org
- **N.D. Small Business Development Centers (NDSBDC)** – www.ndsbdc.org
- **N.D. Women's Business Center (ND WBC)** – www.ndwbc.com
- **N.D. Veteran Business Outreach Center (VBOC of the Dakotas)** – www.und.edu/dakotasvboc