

Corporation Liquidation Checklist

Disclaimer: This checklist is provided to help you liquidate your corporation. Due to the various policy and legislative changes that occur frequently, some of these steps may not apply to your corporation. Additionally, there may be other steps that are required by your corporation that are not covered here. As always, legal counsel is strongly advised.

- Obtain a copy of shareholders' plan of liquidation.
- File Form 966 with the IRS within 30 days of the adoption date of the plan of liquidation. Be sure to include a copy of the plan of liquidation with Form 966.
- Calculate the corporation's federal/state tax on the liquidation of the assets distributed to shareholders. Calculate as if the assets were sold at fair market value. Be sure to include the FMV of goodwill and cash basis accounts receivable.
- Calculate the shareholder(s)' federal/state tax on the liquidation of the assets distributed to shareholders. Calculate as if the shareholder(s)' stock were sold for the fair market value of the assets. Again, be sure to include the FMV of goodwill and cash basis accounts receivable.
- File necessary documents of dissolution with the Secretary of State or State Corporate Administrator.
- Complete closure of business, including either paying or arranging for payment of final debts of the corporation.
- Distribute remaining assets to shareholders.
- File all final payroll reports, including Forms 941, 940, and W-2's, as well as any state payroll returns.
- File final state sales tax and property tax returns.
- Notify all government agencies of the termination of the corporation.
- File final federal and state corporate tax returns.
- File Forms 1099-DIV for the amount of the distributions to shareholders.