



ULTIMATE
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Selling a Business Factsheet

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Selling your business is a big decision, and there's multiple things you need to be aware of/prepare for before you list it for sale.

We have compiled the below checklist as a guide to the steps for selling. It may not be comprehensive for your situation, we encourage you to seek specialist advice before proceeding.

Make sure selling is the right choice

Potential buyers will ask you why you are selling your business. Think about the reason behind your decision to sell and make sure it's the right one for you.

If you own the business with other people, have you discussed succession planning and exit strategies with them?

If you're selling because of financial problems, consider getting professional advice from a business adviser. Selling your business may result in more obligations you need to pay, such as employee entitlements or tax amounts from asset sales.



Speak to your accountant

Have you spoken with your accountant in relation to the financial status of the business and tax implications of a sale (e.g. GST, capital gains and stamp duty implications)?

Decide what's for sale

Make sure you identify and agree on exactly what to include in the sale. Knowing what's for sale will help you value your business. Speak with your solicitor in relation to the transferability of the components that make up the business. Items could include property, vehicles, equipment, hire contracts, intellectual property, social media etc.



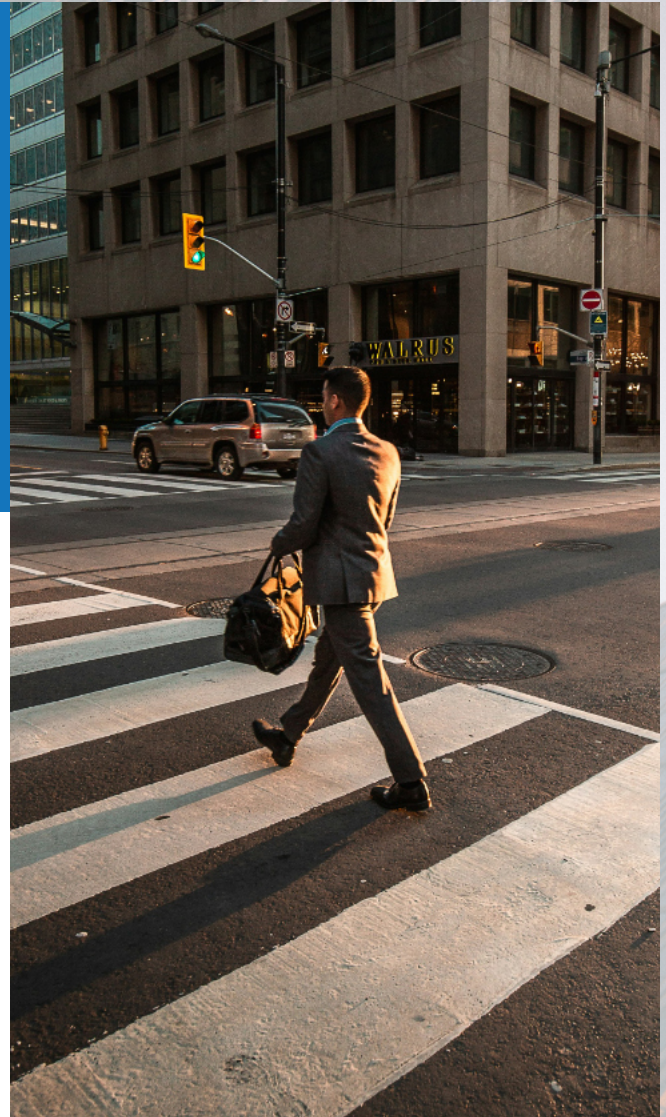
Get your affairs in order

Have you checked to see if all relevant licences, permits and consents are up to date, or if you have any litigation pending? This will make your business more attractive to buyers.

Value your business

Valuing your business is about working out how much your business is worth so you can set the right price when selling.

There are different ways to value your business. We suggest using a professional to assist with this step.



Items the buyers may request from you

Savvy buyers should be requesting the following, so it is best to have these prepared in advance.

- certified financial statements for the previous three years
- current balance sheet to identify assets and liabilities
- business valuation add back schedule from the seller for any personal/specific owner costs, etc
- sales reports from your point of sales systems such as Shopify, Square, etc to confirm these match against your financial statements
- a list of the plant, equipment, fixtures and fittings the vendor intends to sell, along with the current valuation and associated warranties and guarantees.
- copy of the lease agreement (if the premises are leased)
- copy of the franchisor's agreement and disclosure statement (if the business is a franchise)

Find buyers for your business

The way you advertise will depend on your business type, industry and contacts. You'll also need to decide if potential buyers should complete a confidentiality agreement prior to discussing any details.



Negotiate the sale

When negotiating the sale, make sure the information you give about your business is accurate and true. You and the buyer need to agree on things, including the:

- sale price
- deposit amount (usually 10% of the sale price)
- settlement period
- handover training (if any) for the buyer
- arrangements for existing staff

Prepare the sale contract

A business sale agreement is a legally binding contract between you and the buyer. It sets out terms, such as:

- the sale price
- the method of payment
- the handover date and details
- the details of assets included in the sale, such as property, equipment, fixtures, fittings or stock
- any conditions that you and the buyer must meet for the sale to go ahead
- any restraint clauses, such as confidentiality or non-compete clauses, to stop you competing directly against the business after you sell

Consider getting a legal professional, such as lawyer, to draw up the sale contract for you and make sure you understand all of the contract's terms and conditions before you sign it.



Take care of your employees

It's important to talk with your employees about the sale of the business. Let them know if:

- the transfer of the business to new owners ends their employment with you
- the new owner may offer them a job – known as transferring employees.

Under the Fair Work Act 2009, you must give employees written notice that their employment is ending with you or a payment instead of notice. This includes employees who are transferring to the new owner.

When employees transfer with the business, you need to give the new owner all relevant employee information. There are some employee entitlements that the new owner must recognise and others they don't.



Finalise your tax and legal obligations

Capital gains tax (CGT) and goods and services tax (GST) may apply to the sale of your business. Speak to your accountant about your obligations.

Transfer your business to the new owner

Once your business is sold, you need to transfer your business to the new owner. You need to:

- transfer leases, licenses and permits
- finalise tax returns, business activity statements (BAS) and instalment notices
- cancel your Australian Business Number (ABN)
- transfer or cancel your business name

Until the transfer to the new owner happens, you're still responsible for any lease agreements and obligations that are part of the business.

License transfers can take up to 12 months, so it's important to plan for this early in the sale process.

Thank You

For your Business

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