



# CLOSING A SMALL BUSINESS.

Even after a company has stopped trading as a business, it will still be registered with ASIC. To save both time and money you might decide to formally close your business by having it deregistered. Here are the different types of company deregistration in Australia (Australian Securities and Investments Commission, 2020).

- [Voluntary deregistration](#)
- [Winding up a solvent company](#)
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- [External administration](#)
- [Cancelling your business name](#)

## VOLUNTARY DEREGISTRATION

A company can be deregistered in Australia if it meets all these requirements:

- all owners (shareholders) of the company agree to deregister the company
- the company is not carrying on business
- the company's assets are worth less than \$1000
- the company has no outstanding liabilities
- the company is not involved in any legal proceedings, and
- the company has paid all fees and penalties payable under the Corporations Act, such as company renewal and late payment fees.

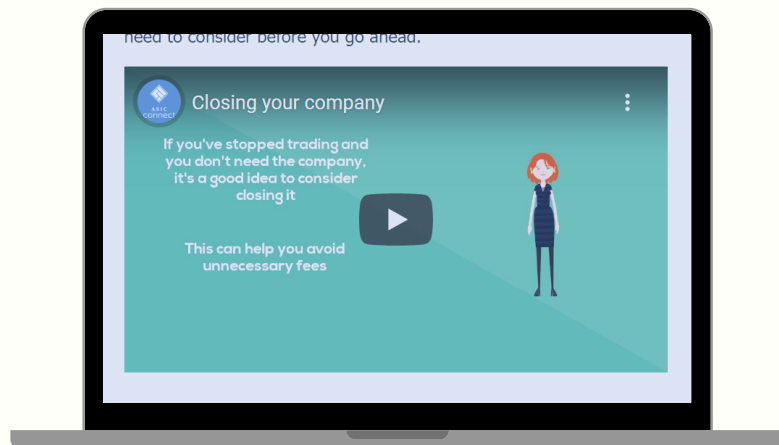
When a company is deregistered, it is removed from the register of companies and is unable to trade. A deregistered company ceases to exist as a legal entity and can no longer do anything in its own right.

A deregistered company can be reinstated.

A reinstated company returns the company to registered status as

if it were never deregistered (Australian Securities and Investments Commission, 2020).

[Find out how to voluntarily deregister a company.](#)



*This video explains when a company can be closed, how to start the closure process and what you need to consider before you go ahead.*

## WINDING UP A SOLVENT COMPANY

The owners (shareholders) can close a solvent company using a members' voluntary winding-up process, which involves:

- the orderly winding-up of the company's affairs
- the appointment of a liquidator to manage the process of realising the company's assets
- closing or selling the business
- payment of its debts (if any), and
- distribution of surplus assets (if any) to owners (shareholders).



[Find out how to wind up a solvent company.](#)

## ASIC - INITIATED DE-REGISTRATION

ASIC can initiate deregistration of a company when it has not:

- paid its annual review fee for at least 12 months after the payment due date
- responded to a company compliance notice (return of particulars) at least 6 months after the response was required, has not lodged any other document in the last 18 months and we have no reason to believe the company is carrying on business, or
- has not lodged any other document in the last 18 months and we have no reason to believe the company is carrying on business (Australian Securities and Investments Commission, 2020).

[Find out more about ASIC-initiated deregistration.](#)

## EXTERNAL ADMINISTRATION

Companies can be closed down after they have been placed in liquidation. This happens when the company cannot repay its debts in full. An external administrator (such as a liquidator) is appointed to undertake this process.

No matter which method is used to close down a company, deregistration will always be the final step in the process.

[Find out more about insolvency.](#)

## CANCELLING YOUR BUSINESS NAME

If you have a registered business name and have stopped trading as a business, you may also need to cancel your business name (Australian Securities and Investments Commission, 2020).

## RELATED LINKS:

- [What is external administration?](#)
- [Insolvency guidance for directors](#)
- [Illegal phoenix activity – when a failed company is rebirthed](#)
- [Trouble with Debt? Help for your personal finances](#)

The above information as been taken from the Australian Security and Investment Commissions website (ASIC), For more information please visit the ASIC: <https://asic.gov.au/>

References:

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