

# Hanging up the keys

## What to do when going out of business is the only option

I've written columns to help you build your business and columns to help you plan for retirement. But with high fuel costs and a slowing economy, more owner/operators are deciding that neither success nor retirement is in the cards. They're going out of business. Whether you're a sole proprietor, partnership, or corporation, there are deliberate steps you should take to properly close your business. Your accountant can guide you through the process but I'll list some of the major points for you to consider.

### Contact the CRA

You need to tell the Canada Revenue Agency (CRA) to close

### Tax Talk

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your Business Number and all related accounts for payroll, GST/HST, and corporate income tax. You can do this by completing Form RC145, *Request to close business number accounts*. Send it to your local CRA tax services office or call the CRA Business Window at 800-959-5525.

### Payroll

There are four steps to wrapping up

your obligations as an employer:

1. Remit all CPP contributions, EI premiums, and income tax withheld within seven days of the day your business ends;

2. Include a short note that states your Business Number and that you are closing your business;

3. Prepare and give a Record of Employment to each former employee;

4. Complete and file the necessary T4 slips and summaries within 30 days of the day your business ends. Distribute copies of the T4 or T4A slips to your former employees.

Also, you may want to confirm with your provincial labour standards agency to ensure that you have met their requirements.

### GST/HST

When you decide to close your business, you no longer need to be registered for GST/HST. File all outstanding GST/HST returns and pay any amounts owing up to and including the day your busi-

ness ends.

The complicated part is the handling of your truck, trailer, or other equipment on these final returns. When you own capital property at the time of closing a GST/HST account, CRA deems you to have sold the equipment on your final return and expects you to pay the GST/HST.

Capital property includes land, buildings, vehicles, and computers. As a result, CRA has "change of use" rules that may apply.

For example, say you have a service vehicle on your books and claimed GST/HST refunds when you purchased it.

When you close the business you have to pay GST/HST on the fair market value of the vehicle because you're changing the use from commercial to non-commercial. You have to pay the GST/HST just as if you bought it from the company.

There is a way to manage at least part of this mess: CRA Form GST44, *Election Concerning the Acquisition of a Business or Part of a Business*.

You can use this form when you are selling your business assets to another person.

To qualify, the buyer must purchase all or substantially all (at least 90% or more) ownership, possession, or use of the seller's property necessary to carry on the business.

In a one-truck operation, selling the truck represents 100% of the property, so this election is applicable.

File the election form together with the GST/HST return for the reporting period in which the sale was made. You should also keep a copy of this election form in your records.

### Corporate income tax

Send an application for dissolution to the government body that governs the affairs of your corporation.

You should also file a final tax return and send CRA a copy of the articles of dissolution. Otherwise, CRA will consider that the company still exists and it will continue to expect tax filings each year.

If you decide to give up being an owner/operator, I hope you come out of the experience alright. Trucking is a cyclical business and owner/operators are like an elastic band, stretching and contracting with available capacity. I've seen many former owner/operators get back into it. Hopefully, you will too.

The next time the elastic stretches out, and there are more owner/operators on the road, everyone needs to be diligent about making as much money as possible to enjoy the next wave of good fortune and stay afloat when times get tough. □

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