



<http://www.azbuslaw.com/aop/arizona-business-dissolution/>

## **Dissolving a Business in Arizona**

At The Law Offices of Donald W. Hudspeth, we put our 30-plus years of Arizona business law experience to work for you to make dissolving your business as quick, painless, and profitable as possible.

### **Dissolving a partnership**

Before you take steps to dissolve your partnership—general, limited, or limited liability—get state and federal income tax advice, and make sure you fully understand the financial ramifications of shutting down your business. If you are a partner in a general partnership, or are the general partner in a limited partnership, you may be responsible for some of your partnership's debts even after dissolution. On the other hand, if your business still has assets after you have paid off all creditors, the government will view any dividends of the dissolution as income and tax them as such.

Next, get an agreement to dissolve or terminate the partnership in writing, if you are a partner in a multi-member partnership where not all the partners are close family. The written dissolution agreement should include details about payment of final expenses, the timing of the assignment of assets, who gets what, when the partnership will cease activity, and when the partnership will notify the [Arizona Corporation Commission](#).

Finally, pay off all creditors with remaining partnership assets before you file Articles of Dissolution with the Arizona Corporation Commission. Arizona law does not permit partnership members to make further payments to themselves and leave creditors out in the cold when dissolving a partnership.

### **Dissolving a corporation**

If your corporation has not issued shares or commenced business, the majority of initial directors or incorporators may simply dissolve the corporation by filing Articles of Dissolution with the Arizona Corporation Commission. If the corporation has already commenced business, **Arizona corporate dissolution** becomes a bit more complex.

Once shares are issued, the board of directors may propose dissolution to the shareholders. The board must notify each shareholder—regardless of voting rights—of the proposal and the shareholders meeting which will vote on the issue. Unless the articles of incorporation or the board of directors require otherwise, a majority vote for dissolution is sufficient for the board to proceed to dissolve the corporation.

Article of Dissolution must be published, and all fines and fees paid, before the Arizona Corporation Commission will consider the corporation dissolved. Dissolved corporations do not cease to exist, but continue to function only to the extent necessary to wind down their business. This includes collecting outstanding debts, paying off creditors, disposing of properties that will not or cannot be distributed to the shareholders, and distributing remaining assets to the shareholders according to their interests.

Dissolution can be as easy as signing forms (if all the owners do it) or as difficult as a long divorce. If “partnership” dispute arises, early legal counsel is important. Unilateral dissolution or removal of one member by another is not legal effective and may give rise to legal claims.

## **Protect yourself from personal liability and work with expert Arizona business lawyers**

Located in midtown Phoenix, The Law Offices of Donald W. Hudspeth serve the business community throughout Arizona. Many of our [Phoenix business law attorneys](#) have personal experience as small business owners or high-level private sector employees, and we draw on our personal experience every day to make sure we fully understand the goals and interests of our clients.

**If you are thinking about dissolving an Arizona corporation or partnership, call us at 602-265-7997, toll free at 866-696-2033 or [contact us online](#) today to arrange an initial consultation about how to proceed.**

**The Law Offices of Donald W. Hudspeth, P.C.**

**Business Law & Commercial Litigation**

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**“The Business of Our Firm is Business”**

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