

Delaware C-Corp Dissolution Checklist

Whether you're shutting down to move on to something new or wrapping up after a successful exit, doing it right matters. An incomplete dissolution can leave you liable for annual fees, taxes, and penalties long after you've moved on. This checklist ensures your Delaware C-Corp is dissolved properly with Inkle by your side at every step.

CATEGORY	STEP	NOTES	INKLE FEES	GOV. FEES
LAWYER	Dissolution Plan Document	Not mandatory (only required if any complex priced rounds have been done). You will need an attorney for this, who will charge separately.	N/A	NIL
DISSOLUTION PACKAGE (takes just a few hours to submit and 1-3 days to get stamped copy back)	US entity board consent authorising the dissolution	Inkle will send all Directors this resolution via Inkle Chat. Please provide the names and emails of all Directors.		NIL
	US entity stockholder consent authorizing the dissolution	Inkle will send all Shareholders this resolution via Inkle Chat. Please provide the names and emails of all Shareholders.		NIL
	Delaware franchise tax clearance	Delaware will not accept your dissolution certificate until every Annual Franchise Tax Report is filed and all franchise tax is paid, including for the year you dissolve. Check the final figure with the Franchise Tax Section before you file. This is the most common reason dissolution filings get rejected.	Included in books work	Franchise tax due
	Secretary of State dissolution certificate	After getting the board and stockholder consent documents, you have to file for dissolution with the State of Delaware. Ask Inkle to do this, or do it yourself by downloading the form from https://corp.delaware.gov/disso09 and file it here https://icis.corp.delaware.gov/ecorp2/ . Use Form 275 unless you had no stock issued, in which case you can use the Short Form, which is much cheaper. Ask for expedited filing (costs more). After a few days, you will receive the dissolution certificate by snail mail only.	\$350	\$204 long form \$10 short form
NORMAL ANNUAL WORK	Books & tax filings	Your books need to be current through to the final distribution, not just to the day you stopped trading. The liquidating distributions are taxable events and have to be recorded. Allow one week to one month. Final tax returns are a separate step, covered on page 2.	varies (see quote)	NIL
WINDING UP (takes as long as you take)	Inform your investors	Write to them informing them of your decision.	-	-
	Inform US entity employees	Inform any US entity employees and end employment contracts and contractor contracts.	-	-
	Send out stamped Dissolution Certificate	To all shareholders, Directors etc.	-	-

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WINDING UP (takes as long as you take)	IRS Dissolution Notice - Form 966	Due within 30 days of the date your board and stockholders sign the resolution, not 30 days from the Delaware filing. Attach a certified copy of the resolution; we provide the secretary's certificate. <u>Form 966</u> cannot be e-filed. Post it separately from your tax return to the IRS service center that handles your Form 1120. If your principal office is outside the US, that is PO Box 409101, Ogden, UT 84409. Use USPS, as couriers cannot deliver to IRS PO boxes, and send it certified. If you amend the plan later, a second Form 966 is due within 30 days.	-	-
	Foreign Qualified in Cal or elsewhere?	If you registered in another state, you have to formally surrender that registration. Stopping business is not enough; the state will keep billing you. In California, file Form SURC through bizfileOnline.sos.ca.gov. There is no filing fee. Two conditions apply. Your company must be active with the Secretary of State to file, so a suspended entity has to be revived first. And you must file your final Form 100 and pay the \$800 minimum franchise tax for the final year, otherwise the FTB keeps the entity active and the \$800 continues every year. See FTB Publication 1038. File within 12 months of your final California return. Other states have their own forms and often their own clearance requirements.(eg. for California, see here: http://www.sos.ca.gov/business/corp/pdf/foreign/corp-surr.pdf)	-	-
	US Payroll	Tell your payroll provider. They will file the final returns with the state and IRS. Confirm the last Form 941 is marked final and that W-2s and the W-3 go out.	-	-
	Pension or Benefit Plans	Terminate any retirement plan or HSA. A closed 401(k) usually needs a final Form 5500; check with your administrator.	-	-
	Claims	If you think there are debts you owe, give 60 days to allow claimants to claim on your company. Possible newspaper filings required. Review and resolve the claims, and lawsuits if any.	-	-
	Liquidate illiquid assets	After dissolution, you start by selling all hard assets like furniture and all illiquid assets like IP and domains. Selling to yourself is also fine, but your duty is to maximise liquidation recovery for the shareholders. Consult your lawyer (or ask us for an intro) for selling off subsidiary shareholdings and IP etc.	-	-
		Send out all the remaining funds in order of seniority: 1) Creditors (including convertible note holders) until fully satisfied, and then 2) Shareholders in proportion to their shareholding.	-	-

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WINDING UP (takes as long as you take)	Report the distributions	Liquidating distributions of \$600 or more are reportable, on Form 1099-DIV for US shareholders and possibly Form 1042-S for non-US shareholders. Please tell us before the money goes out. It is much harder to correct afterwards.	Included	NIL
	Foreign shareholder and subsidiary reporting	If your company is 25% or more foreign owned, your final Form 1120 still needs Form 5472, and the distributions to your foreign shareholder are reportable transactions. The penalty for missing it is \$25,000. If you own a foreign subsidiary being wound up at the same time, a final Form 5471 is due, with a \$10,000 penalty. Please flag your structure to us early.	Included	NIL
	Final federal and state tax returns	Separate from Form 966, and the step that actually closes you out with the IRS. Your tax year ends only once you have stopped trading, dissolved, and hold no assets. The Delaware filing date does not end it, and neither does state law keeping you alive for winding up. Because your liquidating distributions are reported on this return, it comes after winding up rather than before. The deadline is the 15th day of the fourth month after that point. A company that finishes on 4 January files by 15 May, not the following April. Form 7004 extends it. Tick the final return box on Form 1120 and on every state return, but only once you genuinely hold nothing. If your certificate goes in one year and distributions land in the next, you have another return year to file. Send us your intended final distribution date and we will work the deadlines back from it.	Varies (see quote)	NIL
	Close bank accounts	Close once the balance is zero, after final distributions and after any final tax is paid. Closing early leaves you unable to settle the last bill.	-	-
		Close all other 3rd party gateways, PayPal etc.	-	-
	USPS redirection	Inform USPS of any redirected mail-forwarding address, if you have closed your old office, so that you receive timely notices.	-	-
	Close your IRS business account	Once the final return is filed and any tax paid, write to the IRS to close the account. We can prepare the letter. Your EIN is never cancelled and stays with the entity permanently, but closing the account stops the IRS expecting returns from a company that no longer exists.	Included	NIL
	Inform all	Inform all parties that the dissolution is finished. Inform Dun & Bradstreet to remove the entity from their DUNS register.	-	NIL