Resigning from a partnership

A partnership set up for an indefinite time period allows a partner to resign or retire at any time by giving written notice to the other partner(s). The resignation will trigger the partnership to be dissolved.

How to dissolve a partnership.

- **Prepare a notice of resignation** and provide a copy to all partners. See sample letter overleaf.
- **Publish the notice of dissolution** in the *Government Gazette* and a local newspaper. This will alert other people to the dissolution and protect the resigning partner from creditors who do business with the other partners after the notice date.
- **If the business name is to be retained** by the remaining partner(s) use *ASIC Connect* to add or remove partners or change the name and address of a partner.
- **If the partnership will cease trading** and has a registered business name, use *ASIC Connect* to cancel the business name.
- **If the remaining partner(s) are unwilling to dissolve the partnership** and refuse to sign ASIC forms, the resigning partner can complete a statutory declaration signed by a Justice of the Peace. The declaration should outline the circumstances and reasons for submitting an incomplete form. ASIC will then investigate to confirm the situation.

Resigning from a partnership

A partnership set up for an indefinite time period allows a partner to resign or retire at any time by giving written notice to the other partner(s). The resignation will trigger the partnership to be dissolved.

How to dissolve a partnership.

- **Prepare a notice of resignation** and provide a copy to all partners. See sample letter overleaf.
- **Publish the notice of dissolution** in the *Government Gazette* and a local newspaper. This will alert other people to the dissolution and protect the resigning partner from creditors who do business with the other partners after the notice date.
- **If the business name is to be retained** by the remaining partner(s) use *ASIC Connect* to add or remove partners or change the name and address of a partner.
- **If the partnership will cease trading** and has a registered business name, use *ASIC Connect* to cancel the business name.
- **If the remaining partner(s) are unwilling to dissolve the partnership** and refuse to sign ASIC forms, the resigning partner can complete a statutory declaration signed by a Justice of the Peace. The declaration should outline the circumstances and reasons for submitting an incomplete form. ASIC will then investigate to confirm the situation.
Sample letter: notice of resignation of a partner

Notice of resignation of a partner

Partnership Act 1895

Notice of discontinuance of partnership

Take notice that as from [date] the partnership of John Citizen of [address] and Mary Citizen of [address] in the State of Western Australia who traded as [business name] was dissolved.

John Citizen has resigned from the partnership. Mary Citizen will continue to operate the business under the name of [business name] and shall be responsible for all the debts and liabilities thereof.

Dated: [current date]

_____________________ John Citizen
_____________________ Mary Citizen

Start to wind down your business activities

You should have the business independently valued. Your accountant can recommend a suitable business appraiser or valuer, or look for one online.

Make sure that all debts are paid and distribute the assets. Unless a partnership agreement states otherwise, all partners are entitled an equal share of the assets and profits of the business. Partners must also contribute equally towards any business losses.

You should advise other interested parties that the partnership is ending. These may include employees, customers, bank, landlord, debtors, suppliers, utility providers and insurance companies. Arrange to close any accounts and agreements that are in the partnership name.

Closing your business

You will still have certain obligations even after the business has closed.

You will need to ensure you complete your final tax return, cancel your GST registration (if applicable) and finalise superannuation payments, if you employed staff. It is important to discuss your obligations with your accountant or the ATO.

Ensure you meet your legal obligations in regards to keeping records related to your business activities, including records of sales and purchases, employee records, and payments to other businesses.

If your business has a lease, you’ll need to end the lease agreement. Depending on the conditions of your lease, you may still need to pay rent and other costs up until the end of the lease term. You may be able to negotiate an early termination with your landlord.

Another option may be to transfer the lease to a new tenant if this is allowed under your agreement. You should seek advice from your lawyer or one of our commercial tenancy business advisers if you are unsure about your options.