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 ASICforms, 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.

Subject to any agreement, a partnership may end or be dissolved for many reasons including:

- The resignation or retirement of a partner when the partnership was created for an indefinite time period.
- The completion of the fixed term of the partnership.
- The completion of the project for which the partnership was created.
- A partner dying or becoming bankrupt.

TIP: You should seek legal advice before making a decision to end a partnership, especially if there is any element of dispute. You can also seek assistance from the Small Business Development Corporation to help you resolve the dispute.

The process for ending a partnership will depend on whether there is a formal agreement that can be followed.

If there is no partnership agreement, the process will be guided by the Partnership Act 1895.
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

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.