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## Sale of Business

Posted by Tim46 - 2007/12/31 15:55

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Does anyone know which tax form the seller has to file after the sale of a closely held business? I recall that a form does have to be completed, but I can't determine which one it was, any help?

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## Re:Sale of Business

Posted by steve - 2008/01/02 11:15

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Give me more details.

How was the sale structured? Was is a sale/transfer of stock or sale/transfer of assets? Was there any forgiveness of debt? Was the seller a separate legal entity such as an LLC or corp or was the seller unincorporated business?

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## Re:Sale of Business

Posted by Tim46 - 2008/01/02 21:29

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The the transfer involves the sale of assets, with no forgivness of debt between two legal entities and both are corps.

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## Re:Sale of Business

Posted by steve - 2008/01/02 23:39

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Ok,

The sale of the business assets needs to be reported on the business tax return with the net realized gain/loss reported on the shareholder's K-1. In addition, both the buyer and seller need to report the sale of the assets on form 8594. This form 8594 needs to be attached to buyer and seller's tax returns so that the IRS can match the sale price, adjusted cost basis, and transfer values. This is important so that the IRS can make sure that the seller reports the appropriate amount of capital gain & depreciation recapture; while the buyer assumes the correct cost basis to begin his depreciation of the acquired assets.

It may also be necessary to remove liens on the equipment, if applicable, or attach liens on the equipment, is applicable. Check with the local state laws on UCC lien filings.

Good luck.

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