

Buying or Selling a Business

What to be aware of

Every business in New Zealand is different, with different markets, customers, assets and liabilities. Whether you're buying a new business or selling an existing one, it's important that you are fully aware of the requirements and complexities of the process. There are many issues to consider - finance, leases, taxation, GST, business structures, staff and the operation of a business.

Buying a Business

Before buying a business, it is prudent to ask yourself:

- Will this be a good investment?
- Will it generate a good income?
- Why is the business for sale?
- Do the premises comply with zoning, building and health code requirements?
- Will the business be operated as a sole trader, a limited liability company or a trading trust?
- What are the lease conditions?
- What will my tax liabilities be?

Agreement for Sale and Purchase

The key document is the Agreement for Sale and Purchase. It is essential that your lawyer drafts this agreement in order to fully protect your interests in the transaction. It also ensures you are able to cancel the agreement if certain terms or conditions are not met once you have signed it. The agreement can include any conditions that need to be fulfilled before the sale is complete. For example, the landlord of the building in which the business is situated will need to give their consent for an assignment of the lease to the purchaser. The agreement records the exact detail of the business purchase/sale, so your lawyer will be able to ensure your requirements are adequately met.

Business Structure

You can operate your business as a sole trader, a partnership or a joint venture; or you can form a company to purchase the business and hold the assets. The separation of your business and personal affairs is a key element when deciding on your business structure. We are able to advise you on the options available so you can make an informed decision.

How can we help you?

Other ways we can help you include:

- Advising who to contact for other professional services (such as banks and accountants)
- Preparing applications for licences and resource consents
- Checking lease, zoning and licensing requirements
- Drafting lease documentation
- Preparing employment agreements and terms of trade with suppliers
- Explaining finance and bank documentation
- Advising on effective dispute resolution

At ARL Lawyers we have experience in advising our clients on the sale or purchase of businesses. Going into business involves an element of risk. Utilising our services can help you minimise the risk. Your business transaction, whether buying or selling, will significantly affect your livelihood so it's in your best interests to consult someone who has experience in this area.

We are able to explain the process to you, ensuring you are fully informed when you make this decision.

If you require more information contact our Personal Planning and Business Solutions Team.