

Think twice before formalizing an informal general business partnership

Reason: It can be more difficult to end the union than start it. Ending an informal partnership is simple because there is no official entity to dissolve. But a partnership formalized as a corporation, limited partnership or limited liability company must follow state laws for ending the venture and file complex paperwork for a certificate of dissolution. Partners must also meet the dissolution requirements of every state in which they do business. Many states require partnerships to notify several agencies, including those that handle taxes and workers' comp. **Advice:** To avoid possible lawsuits, notify customers, vendors and employees that you no longer have anything to do with the partnership.