

WGC LAWYERS

Key Steps for Buying or Selling a Business

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Buying or selling a business is a significant decision that requires careful planning, strategic thinking, and expert guidance. Understanding the key steps in the process is essential and with the right guidance and expertise, you can navigate the process with confidence.

FOR THE BUSINESS OWNER READY TO SELL

If you are looking to sell your business, the first step is determining its value and ascertaining your sale price. You should sit down with your accountant to review the financials as most businesses are sold based on profit or turnover. As well as ensuring the accuracy of your financials, your accountant may also be able to provide advice about the value of your business in consultation with your selling agent or business broker who will have knowledge of the current market.

Next, you should consider what the structure of the sale will be. Will you sell the business assets, or transfer shares or units in your company or unit trust if your business is structured through either of these entities? It's important that you discuss the structure of the sale with your accountant, so you understand the tax implications of each option. The sale of shares in a company will generally not incur stamp duty which can be an attraction for a potential buyer.

Once the structure of the deal is decided, it's time to consult with your commercial lawyer to prepare the sale agreement and guide you through negotiations with the buyer. Once negotiations are complete and the agreement is signed your commercial lawyer will take care of the finer details, from preparing the necessary documentation to transfer the business assets to determining the employee leave entitlement adjustments and conducting the final settlement.

FOR THE ASPIRING BUSINESS BUYER

Buying an established business can be a smart move, provided you've done your homework. First, be sure to engage the help of an accountant and a commercial lawyer. It is crucial that you obtain advice about your

proposed purchasing entity to ensure the right structure is used or established for you, and you understand the tax benefits or limitations. It is standard practice that the seller's lawyer prepares the sale agreement. Therefore, it is essential that you have your own lawyer review the terms to ensure that all your required conditions are included, and the agreement reflects the deal you negotiated.

Much like buying a property, buying a business follows a similar process and it is quite common for business sale agreements to include a period after the agreement is signed to obtain satisfactory finance to fund the purchase and conduct your due diligence enquiries. Due diligence is a critical phase where you will thoroughly review the business financials, customer base, and assets. Your accountant and lawyer will both play a role in assessing the due diligence findings, to ensure that you are well informed prior to satisfying the condition and proceeding with the purchase of the business.

Once all conditions are met and you are satisfied with the results of your due diligence enquiries, it's time to finalise the deal. Your lawyer will ensure that all steps are taken to transfer the business assets free of any encumbrances at settlement and will deal with all necessary settlement adjustments, including the adjustment of employee entitlements. Once settlement is complete, you will then be the proud owner of your new business.

If you're planning to buy or sell a business, we strongly recommend consulting the experienced team at WGC Lawyers to guide you through the process.

Wishing everyone a happy and safe festive season, and all the best for 2025!

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