

Letter of Business Dissolution

Date: [Insert Date]

To: [Partner's Name]

From: [Your Name]

Subject: Tax Considerations for Partnership Dissolution

Dear [Partner's Name],

As we proceed with the dissolution of our partnership, it is essential to address the tax implications arising from this decision. Below are the key considerations:

- **Asset Distribution:** The distribution of partnership assets may trigger capital gains taxes. We must determine the fair market value of the assets at the time of dissolution.
- **Liabilities:** Any outstanding liabilities need to be settled prior to the distribution of assets to avoid potential tax issues.
- **Final Tax Returns:** We will need to file a final partnership tax return (Form 1065) and issue Schedule K-1 to report each partner's share of income, deductions, and credits.
- **Tax Basis:** Each partner should review their tax basis in the partnership to understand potential tax consequences of their share of liquidating distributions.

Please let me know your availability for a meeting to further discuss these matters and ensure compliance with all tax obligations.

Thank you for your attention to these important details.

Sincerely,

[Your Name]

[Your Position/Title]

[Your Contact Information]