

# **The Restaurateur's Compass: A Guide to Opening and Closing Establishments in Boston**

Opening a restaurant in Boston is an endeavor that demands meticulous planning and adherence to a complex web of legal and regulatory requirements. This guide serves as a comprehensive resource for aspiring restaurateurs, navigating the critical stages from initial business formation and licensing to operational compliance and the intricate process of business closure. Understanding and proactively addressing these requirements is paramount to establishing a successful and legally sound culinary venture in the city.

## **I. Establishing Your Restaurant: The Opening Process**

The journey to opening a restaurant in Boston begins with foundational business decisions and progresses through a series of state and local registrations, permits, and inspections.

### **A. Business Formation and Registration**

The initial step involves defining the legal structure of the business and registering it with the appropriate authorities.

#### **1. Choosing a Business Structure**

The selection of a business structure significantly impacts liability, taxation, and operational flexibility. Common structures include sole proprietorships, partnerships, Limited Liability Companies (LLCs), and corporations.[1]

- **Sole Proprietorship:** This structure is simple to form and offers complete control to the owner. However, it does not create a separate legal entity, meaning the owner's personal assets are not distinct from business liabilities, exposing them to unlimited personal liability for business debts.[1, 2] Raising capital can also be challenging as stock cannot be sold, and banks may be hesitant to lend.[1]
- **Partnership (General Partnership, Limited Partnership, Limited Liability Partnership - LLP):** Partnerships are suitable for businesses with multiple owners. General partnerships, like sole proprietorships, expose all partners to unlimited liability for business debts. Limited partnerships have one general partner with unlimited liability and other partners with limited liability, typically with limited control. LLPs offer limited liability to all owners, protecting them from partnership debts and the actions of other partners.[1, 2] Profits are generally passed through to personal tax returns, and general partners may pay self-employment taxes.[1]
- **Limited Liability Company (LLC):** An LLC combines the liability protection of a corporation with the pass-through taxation benefits of a partnership. Members are generally shielded from personal liability for business debts, protecting personal assets. LLCs are recognized as separate legal entities, capable of entering contracts and owning property independently.[1, 2] While offering flexibility in management, LLCs require state filings and potentially an operating agreement, making them more complex than sole proprietorships or general partnerships.[2] Members are considered self-employed and must pay self-employment taxes.[1]
- **Corporation:** Corporations provide robust limited liability protection, shielding shareholders from personal liability for corporate debts, except in specific circumstances like personal guarantees.[2] Corporations are separate legal entities, allowing them to sue, be sued, and own property independently. They offer perpetual existence, unaffected by changes in ownership, and can raise capital through stock and bond issuance.[2] Management is structured with a board of directors, requiring formalities like regular meetings and record-keeping.[2]

Consulting with legal and financial professionals is advisable to select the most appropriate structure, as converting later can incur tax consequences and complications.[1]

## 2. Federal and State Registrations

After determining the business structure, federal and state registrations are necessary.

- **Employer Identification Number (EIN):** Most businesses, including sole proprietors with employees, require an EIN from the IRS for tax purposes.[3] An EIN can be obtained online, by fax, or by mail. Online applications are processed immediately for U.S. businesses with a valid Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) for the responsible party.[4, 5] Fax applications may take up to four

business days, while mailed applications can take about four weeks.[4, 5] A new EIN is generally required if the business ownership or structure changes.[4] If a business needs to file a tax return or make a payment before receiving an EIN, it should write "Applied For" and the application date in the EIN space.[4, 5]

- **MassTaxConnect Registration:** Businesses must register online with MassTaxConnect to file and pay taxes to the Massachusetts Department of Revenue (DOR).[3] This includes registering for necessary taxes based on the business type.[3] Upon approval, a mailed registration certificate may be received.[3]
- **Massachusetts Secretary of the Commonwealth Registration:** Corporations and LLCs must file Articles of Incorporation or Articles of Organization with the Massachusetts Secretary of the Commonwealth.[6, 7] This involves selecting an original business name, which cannot be similar to existing names unless a letter of consent is obtained.[6] Corporate names must include "Incorporated," "Corporation," or "Limited" or their abbreviations.[6] There are filing fees for these documents, and annual reports are required thereafter.[7] Massachusetts does not have a state general business license.[7]

### 3. City of Boston Business Certificate

Boston businesses must obtain a business certificate through the City Clerk's office, which needs to be renewed every four years.[8] The application requires the business name and address, names and addresses of interested parties, and a copy of the lease agreement with signatures and dates.[8] The filing fee is \$65, with an additional \$35 for non-Massachusetts residents.[8] Payment can be made in person (cash, credit/debit with fee, checks/money orders) or by mail.[8] Food truck vendors have additional requirements, including health and fire permits, a Hawkers and Peddlers License, a commissary kitchen agreement, and a Certificate of Liability Insurance.[8] Construction-related businesses have specific contractor registration and license requirements.[8]

## B. Location, Zoning, and Property Considerations

Selecting the right location involves understanding and complying with Boston's zoning laws and building regulations.

### 1. Zoning Laws and Permitted Uses

Zoning laws dictate where specific businesses can operate and impose restrictions on their activities.[9, 10] Restaurants are generally permitted in commercial or mixed-use zones, but regulations can vary significantly by location and neighborhood district.[9, 10, 11, 12]

- **Researching Local Zoning:** It is critical to research local zoning laws before selecting a location to avoid costly disruptions.[9] This includes understanding specific restrictions on operating hours, noise, or alcohol sales that could impact the business model..[10] The Boston Redevelopment Authority's searchable map can be used to check zoning online by parcel designation.[18] Contacting the city or county zoning office to verify property zoning for a restaurant is essential, and a zoning verification letter can provide additional confirmation.[9]
- **Allowed, Conditional, and Forbidden Uses:** Boston's Zoning Code specifies whether "Restaurant" uses are "Allowed," "Conditional," or "Forbidden" in different neighborhood districts (Articles 38-73).[18]
  - An "Allowed" use means it is permitted as a matter of right, subject to general requirements.[11]
  - A "Conditional" use may be authorized by the Board of Appeal under specific conditions.[11]
  - A "Forbidden" use is generally not permitted.[11]
- **Conditional Use Permits (CUP):** If your desired location is in a zone where restaurant use is not outright permitted but may be allowed with conditions, you'll need to apply for a Conditional Use Permit (CUP).[9] This allows you to operate as long as certain conditions are met.[9] Obtaining a CUP involves applying through your local planning commission or zoning office, and the process typically includes a public hearing to address concerns from nearby residents or businesses regarding noise, parking, or traffic.[9] Approval can take time, and a CUP usually comes with specific conditions, such as limitations on operating hours, capacity, or outdoor seating, which must be strictly followed.[9] To change the zoning or use, a Long Form must be filed online, and an appeal can be made to the Zoning Board of Appeal if the use is conditional or forbidden at that location.[18] The Zoning Board of Appeal can be contacted at (617) 635-4775.[114]
- **Restaurant Size Definitions:** The Boston Zoning Code distinguishes between "Restaurant - Small" and "Restaurant - Large." A "Restaurant - Large" is defined as having a total gross floor area exceeding 2,500 square feet per restaurant.[19]

## 2. Building and Construction Permits

Renovations or new construction necessitate obtaining specific permits to ensure compliance with safety and accessibility standards.

- **Building Permits:** Any renovations or construction for a restaurant require building permits from the local planning or building department.[9] Zoning compliance is checked as part of this process, and renovations must adhere to building codes for fire safety, sanitation, and accessibility (ADA compliance).[9]
- **Signage Permits:** Installing storefront signs or awnings often requires a separate permit, with size, design, and lighting subject to zoning regulations.[9, 13] Temporary signs for sales or events lasting more than 15 days, affixed to windows and not exceeding 30% of the window area, do not require a permit.[13] State permits for "on-premise" advertising of one's own business are not needed.[20]
- **Massachusetts State Building Code (780 CMR):** This code, which includes state-specific amendments to international model codes, regulates all structures not covered by residential regulations, including commercial kitchens.[21, 115] While there is no strict minimum square footage for a commercial kitchen, it must be large enough for safe and efficient operation.[22] Kitchen layouts must include separate zones for preparation, cooking, dishwashing, and storage to prevent cross-contamination and ensure employee safety.[18, 22, 23] Commercial kitchens also require adequate ventilation and exhaust systems to remove heat, steam, and odors, and must have durable, easy-to-clean flooring and wall materials.[22] All cooking appliances and equipment must be commercial-grade and meet safety standards, such as NSF-certified equipment.[18, 22, 23]
- **Fire Department Approvals:** The Boston Fire Department issues permits and handles inspections related to fire prevention. This includes requirements for commercial cooking equipment cleaning, fire suppression systems, exit signs, emergency lighting, and rubbish handling.[57, 24] For restaurants with a capacity of 50 or more people, a Place of Assembly permit from the Fire Department is required.[25, 18]

### 3. Parking and Accessibility

Compliance with parking and accessibility standards is crucial for legal operation.

- **Parking Requirements:** Boston's zoning laws often mandate a minimum number of parking spaces. For retail spaces, this is generally one parking space per 500-1,000 square feet, depending on the district.[26] For restaurants with seating, the requirement is typically 0.3 spaces per seat, or 4.0 spaces per seat for "Other Restaurant Uses".[27] Requirements can vary by district, including Neighborhood Shopping, Downtown, Neighborhood Design Overlay, Main Streets, and Special Purpose Districts.[26] If a restaurant cannot meet these requirements, a variance may be needed to deviate from zoning standards.[9, 11] Parking areas must be paved, graded, and drained to prevent water and dust runoff onto public areas.[29] Options like shared parking agreements, payment in lieu of parking, transportation demand management, and valet services can

help satisfy parking requirements.[26, 30]

- **Loading Bay Requirements:** Off-street loading facilities are required based on the gross floor area. For Group II Uses (which typically include restaurants), 0 loading bays are required for areas up to 14,999 square feet, and 1 bay for 15,000 to 49,999 square feet.[29] Each loading bay must be at least 10 feet wide, 25 feet long, and 14 feet high.[29] Loading bays within 50 feet of a residential district must be enclosed if the use involves regular night operations.[29]
- **ADA Compliance:** Restaurants must be accessible to individuals with disabilities, adhering to both federal ADA standards and stricter Massachusetts state accessibility laws, including Architectural Access Board (AAB) regulations..[31, 28] This encompasses accessible entrances (level access or ramps with proper slope), minimum door widths (32 inches), slip-resistant flooring, and accessible pathways (36 inches minimum width)..[31] Accessible restrooms, service counters, and dining areas are also critical..[31] Digital platforms, such as websites and online menus, must also be accessible, complying with Web Content Accessibility Guidelines (WCAG) 2.1 Level AA standards and being compatible with screen readers..[31] Regular accessibility audits are recommended to identify and address barriers proactively..[31]

#### 4. Commercial Property Taxes

Commercial property taxes in Boston are based on the assessed market value of the property, determined annually by the Assessing Department..[32, 33, 34] The city uses a property tax classification system with different rates for residential and commercial properties..[32] The tax rate is applied per thousand dollars of property value and appears on the third-quarter tax bill..[32] The law limits annual property tax increases to 2.5% of the full cash value of all taxable property (levy ceiling) and generally to 2.5% year-over-year (levy limit), with exceptions for new growth or voter-approved overrides..[32] For Fiscal Year 2024, the commercial tax rate was \$25.27 per thousand dollars of value.[35]

## II. Essential Licenses and Permits

Operating a restaurant in Boston requires obtaining a series of specific licenses and permits from various city and state agencies.

## A. Common Victualler License

A Common Victualler License is required for businesses that cook, prepare, and serve food to the general public and offer seating or lodging..[36, 37]

- **Application Process:** If the address doesn't already have a Licensing Board-approved restaurant, you need to attend a public hearing to get your license..[25] Applications should be submitted at least four weeks before the planned opening or changes..[25] Required documents include a copy of your lease agreement, an 8 ½-inch by 11-inch copy of your floor plan, and a corporate summary if you're a corporation..[25] The annual fee is \$100 plus \$1 for each seat in your restaurant, or \$210 if you only do takeout food..[25] Payment can be made by checks or money orders payable to the City of Boston, but only when instructed by Licensing Staff.[25]
- **Key Dependencies:** Obtaining this license is a prerequisite for receiving a Health Permit (Food Establishment) from the Inspectional Services Health Division..[25, 38] Only a manager, owner, or stockholder listed on the Common Victualler license may sign the application..[25, 38] Renewal is annual by the end of October..[25]

## B. Food Service Permit (Health Permit)

A Food Service Permit, also known as a Food Establishment Permit or Food Facility Health Permit, is mandatory for serving food to the public..[9, 14]

- **Application Process:** Businesses must apply for a permit and undergo an inspection before serving food..[14] For new construction or significant alterations, plans must be reviewed by the Health Division..[18, 14, 39, 40] This review requires a completed application, payment for your permit fees, four sets of site plans, a copy of your equipment specifications from the manufacturer (NSF/UL approved), a Food Plan Review Worksheet, a copy of your menu with consumer advisories (if they apply to you), and a building permit signed by inspectors..[18, 14, 39]
- **Required Certifications:** A copy of the Certificate of Occupancy and a Certificate of Inspection from the Building Division is needed..[14, 39] Additionally, a Certified Food Protection Manager (CFPM) certificate and Allergen Awareness Certification are mandatory for at least one on-site manager or supervisor..[14, 39, 40]
- **Inspections:** Food service establishments are inspected at least once, usually twice, per year..[14, 41] New restaurants cannot open without an inspection and approval from the Health Division..[41]



## C. Liquor License Permit

A liquor license is required for establishments handling alcoholic beverages, including retail pouring or package sales..[42, 37]

- **Types of Licenses:** Licenses are categorized by consumption (On-Premise or Off-Premise) and alcohol type (e.g., All Alcoholic Beverages, Wine and Malt Beverages)..[37] They can be issued seasonally or annually..[37]
- **Application Process:** The process involves both local and state approval. Applicants complete an online application on the Alcoholic Beverages Control Commission (ABCC) website, pay the state fee, and then submit it to the local Licensing Board for a public hearing..[42, 43, 44] The local board reviews the application and, if approved, forwards it to the ABCC for final state approval..[42, 44] This entire process can typically take anywhere from four to 12 weeks depending on the application type, components, and volume of applications.[42, 44]
- **Compliance:** Licenses are issued on the condition of full compliance with these Regulations, the Regulations of the Massachusetts Alcoholic Beverage Control Commission (“the ABCC”) and the provisions of any applicable provision of the Massachusetts General Laws.[45] Any changes to the license, such as a new manager, altered premises, or transfer, require a new application and review..[42, 46] A Certificate of Good Standing (COGS) from the Massachusetts Department of Revenue is required for certain transactions to confirm tax compliance.[43]

## D. Entertainment Licenses

Restaurants hosting public shows, live music, or amplified sound typically require an entertainment license..[37]

- **Types:** Licenses can be annual (e.g., for DJs, bands, TVs, jukeboxes) or one-time for specific events..[47, 48]
- **Application Process:** For one-time licenses, the application must be signed by the Boston police captain from the district where the event is held..[47] Required documents may include the venue's Building Inspection Certificate and Place of Assembly Permit (if over 49 people), and a certificate of Liability Insurance..[47] Applications should be submitted at least two weeks before the event..[47] Fees apply, though tax-exempt non-profits may request a waiver..[47]
- **Compliance:** Entertainment activities are regulated to maintain safety and order, with checks for increased traffic, disruptive activities, or noise levels..[49] Violations can lead to warnings, probation, or license suspension/revocation..[49]



## E. Outdoor Dining Permits

Restaurants seeking to expand seating capacity through outdoor patios require an Outdoor Dining Permit..<sup>[15]</sup>

- **Application Cycle:** The program typically runs from May 1 to October 31, with applications opening in advance..<sup>[15]</sup>
- **Requirements:** Outdoor seating on private property will require an updated Inspection Certificate listing the patio capacity or a Use of Premises permit from the Inspectional Services Department..<sup>[25]</sup> Outdoor seating on public property will require an Outdoor Dining permit, which is reviewed by several City departments..<sup>[25]</sup> Fees are charged monthly for patios on public property (\$199 per month for Common Victualler only, \$399 per month with alcohol)..<sup>[15]</sup> The city reserves the right to enforce or revoke permits at its discretion..<sup>[15]</sup>

## F. Sales Tax Permit

Businesses selling tangible goods or offering services, including meals, need to register for sales and use taxes with the Massachusetts Department of Revenue (DOR)..<sup>[50, 51, 52]</sup>

- **Registration:** This is done online via MassTaxConnect..<sup>[3, 51]</sup> A Sales and Use Tax Registration Certificate (Form ST-1) is issued for each business location and must be displayed prominently..<sup>[3, 50]</sup>
- **Filing and Payment:** Returns for sales and meals tax are due monthly by the 30th day following the reporting month, and must be filed and paid electronically..<sup>[50, 53]</sup> Penalties and interest apply for late filing or payment..<sup>[50, 53]</sup>

## III. Operational Compliance

Maintaining compliance is an ongoing responsibility that extends beyond initial licensing to daily operations, employee management, and financial reporting.

## A. Food Safety and Health Regulations

Adherence to food safety and health regulations is critical for public health and legal operation.

- **Massachusetts State Sanitary Code (105 CMR 590.000):** Administered by the Health Division of the Boston Inspectional Services Department, this code regulates food service practices and restaurant management..[54, 41, 55] It incorporates sections of the FDA Food Code.[55]
- **Key Requirements:**
  - **Certified Food Protection Manager (CFPM):** Each food establishment must employ at least one on-site manager or supervisor who is a CFPM, demonstrating proficiency through an accredited certification examination..[39, 40, 54, 41]
  - **Allergen Awareness Training:** Required for CFPMs..[39, 40]
  - **Personal Hygiene:** Food employees must practice good personal hygiene, including frequent handwashing, avoiding food preparation when ill or with open wounds, and wearing clean clothing and hair restraints..[56]
  - **Time and Temperature Control:** Foods must be kept out of the "Danger Zone" (41°F - 135°F) during receiving, preparation, and holding..[56] Specific cooking temperatures for various foods are mandated..[56]
  - **Cross-Contamination Prevention:** Prevent bare-hand contact with ready-to-eat foods, separate raw and cooked foods, and clean and sanitize food contact surfaces regularly..[56]
  - **Approved Sources:** Only safe, potable water and food from approved sources should be used..[56] Food prepared in private homes or from bulging/dented cans is prohibited..[56]
  - **Inspections:** Food service establishments are inspected at least once, often twice, annually by certified food safety inspectors..[14, 41]

## B. Fire Safety and Building Codes

Ensuring a safe environment involves compliance with fire safety and building regulations.

- **Fire Prevention Requirements:** Regulations cover commercial cooking equipment cleaning and inspections (requiring licensed professionals), fire suppression systems, exit signs, emergency lighting, rubbish handling, and flammability of decorations..[57] Carbon monoxide and dioxide detectors are not state-mandated for restaurants but are recommended for safety.[57]
- **Building Code Compliance:** The Massachusetts State Building Code (780 CMR) sets

standards for structural integrity, sanitation, and accessibility..[21, 115] This includes requirements for kitchen size and layout, ventilation, plumbing, waste management, and equipment.[18, 22, 23]

## C. Americans with Disabilities Act (ADA) Compliance

Compliance with ADA and Massachusetts accessibility laws is crucial to avoid discrimination claims.

- **Dual Compliance:** Boston businesses must adhere to both federal ADA standards and the often stricter Massachusetts state accessibility laws, including Architectural Access Board (AAB) regulations..[31, 28]
- **Key Areas:** This includes accessible entrances, minimum door widths, slip-resistant flooring, accessible pathways (minimum 36-inch width), and accessible restrooms..[31] For businesses with 15 or more employees, Title I of the ADA requires reasonable accommodations for employees with disabilities and accessible HR processes..[31] Digital platforms, such as websites and online menus, must also be accessible, complying with Web Content Accessibility Guidelines (WCAG) 2.1 Level AA standards and being compatible with screen readers..[31] Regular accessibility audits are recommended to identify and address barriers proactively..[31]

## D. Employment Laws and Regulations

Restaurants must comply with both federal and state employment laws regarding wages, hours, and worker protections.

- **Federal Laws (FLSA, OSHA, EEO, FMLA):**
  - **Fair Labor Standards Act (FLSA):** Restaurants/fast food businesses with annual gross sales from one or more establishments that total at least \$500,000 are subject to the FLSA.[58] It mandates a federal minimum wage of not less than \$7.25 per hour (effective July 24, 2009) and overtime pay (1.5 times regular rate for hours over 40 per week) for non-exempt workers..[58, 59] Deductions made from wages for items such as cash shortages, required uniforms, or customer walk-outs are illegal if the deduction reduces the employee's wages below the minimum wage or cuts into overtime pay.[58] Tipped employees must receive at least \$2.13 an hour in direct wages, and the employer must ensure that the amount of tips received is enough to meet the remainder of the minimum wage.[58, 59]
  - **Youth Employment:** Restrictions apply to minors, including limits on hours and

prohibited hazardous jobs.[58, 59] For example, 14 and 15-year-olds may work in restaurants outside of school hours for limited periods and under specified conditions, but generally cannot perform cooking and baking.[58, 59]

- **Occupational Safety and Health Administration (OSHA):** OSHA establishes safety rules for all food service establishments to prevent injuries, illnesses, and deaths. This includes periodic workplace inspections, access to appropriate safety tools and equipment (e.g., PPE), proper hazard communication, and fire safety equipment.[59]
- **Equal Employment Opportunity (EEO):** Prohibits discrimination in hiring, pay, or other employment terms based on protected characteristics.[60]
- **Family and Medical Leave Act (FMLA):** Applies to employers with 50 or more employees within 75 miles, providing eligible employees with job-protected leave.[59]

- **Massachusetts State Laws:**

- **Minimum Wage and Tips:** The Massachusetts minimum wage is \$15/hour (as of January 1, 2023), with a service rate of \$6.75/hour for tipped workers who make more than \$20 a month in tips..[60] The average hourly tips, plus the hourly service rate paid to the worker, must add up to the minimum wage per each shift..[60, 61, 62] Employers, owners, and employees with managerial or supervisory responsibilities must never take any of your tips.[60, 62] Employers that violate the tip pool statute are liable for the full minimum wage and liquidated damages totaling three times the amount of the worker's unpaid wages, plus costs and attorney's fees.[60, 61]
- **Overtime:** Generally, employees working more than 40 hours per week must be paid 1.5 times their regular rate.[60]
- **Payment Frequency and Paystubs:** Hourly employees must be paid weekly or bi-weekly, within 6 or 7 days after the pay period ends..[60, 62] Paystubs must include the employer's and employee's name, date of payment, hours worked, hourly rate, and all deductions or increases.[60, 62]
- **Deductions:** An employer cannot deduct money from an employee's pay unless legally allowed (e.g., taxes) or requested by the employee for their own benefit.[60, 62] Business costs (e.g., supplies, materials, tools) cannot be deducted.[60, 62]
- **Reporting Pay:** Employees scheduled for 3 or more hours who report to work on time but are sent home early must be paid for at least 3 hours at no less than minimum wage.[60, 62]
- **Meal Breaks:** Most employees who work more than 6 hours must get a 30-minute meal break, free from duties and able to leave the workplace. If, at the employer's request, an employee agrees to work or stay at the workplace during the meal break, the employee must be paid for that time.[60]
- **Workers' Compensation Insurance:** All Massachusetts employers, regardless of hours worked or full/part-time status, are legally obligated to provide workers' compensation insurance coverage for all employees..[63, 64] Sole proprietors, LLC members, and LLP partners are generally exempt unless they elect coverage.[63, 64] Employers must post the name of their workers' compensation carrier in common areas.[63] Failure to carry coverage can result in stop-work orders and fines.[63, 64]
- **Unemployment Insurance (UI):** Most Massachusetts employers are required by law

to pay contributions (SUTA tax) to the UI Trust Fund..[65] Businesses employing one or more individuals and paying \$1,500 or more in wages must register for a UI tax account.[65] Employers must submit quarterly wage detail reports and UI payments.[66, 67] They are also required to post information on employees' UI coverage.[65] When an employee files a claim, the employer has 10 days to respond to the Department of Unemployment Assistance (DUA)'s request for information; failure to do so can result in losing the right to participate in proceedings or appeal determinations.[68, 69]

## IV. Closing Your Restaurant: The Exit Process

Deciding to close a restaurant involves a structured process to ensure legal and financial obligations are met, minimizing potential liabilities.

### A. Legal Dissolution and Financial Obligations

Properly dissolving the business entity and resolving financial commitments are paramount.

#### 1. Filing Articles of Dissolution

The first formal step is to file Articles of Dissolution with the Massachusetts Secretary of the Commonwealth..[70, 71, 72]

- **Corporations:** File Form PC (Certificate of Dissolution by Voluntary Action).[70]
- **LLCs:** File Form LLC-105 (Certificate of Cancellation).[70, 73, 74]
- **Purpose:** This informs the state government that the business is closing down and will cease to function after the state specified. Failing to take this step will mean that the legal and corporate obligations of the company will continue, and that the company will likely become noncompliant and subject to sanctions, fees, or other penalties.[70]

#### 2. Notifying Creditors

The dissolving company then has to notify any person or entity that it is indebted to, inform them of the business' pending termination, and giving them a reasonable deadline for submitting their claims..[70] While Massachusetts law does not explicitly require LLCs to notify creditors of dissolution, it is highly advisable to do so and even publish a notice in a local newspaper to help protect against future liability.[74] Creditors generally have a deadline to file a "proof of claim" in bankruptcy cases.[75]

### 3. Liquidating Assets and Satisfying Liabilities

Assets must be liquidated to cover outstanding financial liabilities..[70]

- **Asset Sale:** This may involve a "going out of business sale" for inventory or selling capital assets..[70, 76] Transparency during this process is important, particularly if there is a chance that not all of the company's creditors