Practice Support Tip – Closing a Law Practice – Checklist

Closing a law practice rather than selling is becoming more common for a variety of reasons including:

- certainty about the date;
- having a managed process;
- inability to locate a buyer; and
- potentially better outcomes for clients.

Practitioners need to consider the following when closing a law practice:

- notify clients of the intended closure and provide them with a list of practitioners who may be able to assist with future matters;
- undertake a risk analysis of all current files and advise clients of any critical dates;
- arrange for the transfer of open files;
- where the practice is the solicitor on record, make arrangements to file the appropriate form to withdraw from the record;
- arrange for the retention, transfer or destruction of closed client files ensuring compliance with Rule 14 of the *Australian Solicitors Conduct Rules 2012*;
- arrange for collection or transfer of safe custody documents;
- check the practice's obligations in relation to employee entitlements;
- check the practice's obligations in relation to all leases and supply agreements;
- cancel any business name owned by the practice;
- seek advice in relation to the practice's obligations to the ATO and/or ASIC;
- check with Lexon regarding run-off insurance and possible top-up insurance;
- ensure all undertakings given by the practice have been honoured;
- where the practice operates a trust account refer to chapter 17 of the QLS Trust Accounting Guide and consider your obligations to the financial institution where your practice's account is held;
- notify the QLS at least 14 days prior to the intended closure date [s.63 (1) *Legal Profession Regulation 2007*)]; and
- where the practice is an Incorporated Legal Practice, the corporation must give notice to the QLS within 14 days after the corporation stops engaging on legal practice (QLS form 25).

You should also consider whether:

- You are an executor for any client?
- You are a donee of a power of attorney?
- Your practice is the registered office of any client company?

and If necessary, make appropriate arrangements.

Mark Illidge
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