

Business Checklist

Private Corporations

1. Are salaries, bonuses and related employment benefits the principal current return received by shareholder-employees on their shares, or are significant dividends distributed regularly?
2. Death and disability interrupt or terminate a shareholder-employee's compensation. Has the effect of these events on the income of shareholders' families been provided for?
3. Do the shares of the corporation meet the requirements for trustee investments?
4. Are the shares of the corporation freely transferable?
5. Is there a market for the stock of the corporation?
6. Is there a majority shareholder? Are there minority shareholders?
7. If the shares of the corporation had to be sold to meet estate settlement costs, will a reasonable price be obtained, and in cash?
8. What will the effect on continuing shareholders if the shares of the corporation were sold to an outsider?
9. Is a child of a shareholder active in the business? May one become active?
10. What effect will sale of his/her parents' shares to an outsider have on the child's prospects?
11. Do shareholders presently guarantee any debts of the corporation?
12. How will death of a shareholder-guarantor affect the credit of the corporation?
13. How will death of a shareholder-employee affect the profits of the corporation?
14. Is the corporation presently claiming the small business deduction?
15. If a share redemption buy/sell agreement currently exists, is it grandfathered under the "stop-loss" rules?