

## WHAT IS BUSINESS SALE AGREEMENT?: MAIN ISSUES AND CLAUSES

The Business Sale Agreement is used for anyone who wants to purchase or sell a business or the assets comprising all or part of a business. In this document, pertinent identifying details will be entered, such as whether the parties are individuals or businesses (most often, in Business Sale Agreements, it is a company selling to a company, but of course, individuals may sell off their businesses, as well), and their respective addresses and contact information.

This type of agreement, also called [Business Sale and Purchase Agreement](#) is essential when two parties are discussing the sale and transfer of a business. Business sales can be structured through what is called an asset sale, which means that all of the assets of the business are sold, and therefore, control and ownership of the business is sold. They can also be structured through share sales, which means that all of the shares of the business are sold, and therefore, control and ownership is transferred. In a share sale, all of the shares of the business must be sold in order to transfer control. In this situation where the shares of the company are being sold, the [Sale and Purchase Share Agreement](#) must be used.

### WHAT ARE THE MAIN ISSUES?

A good Business Sale Agreement will have all of the details of the parties transaction written down, including, but not limited to:

- **Identifying the assets** included in the sale and any that are excluded.
- **The price and its calculation:** this may include stock and other items that have to be valued and agreed before the sale is completed.
- **Payment terms.** The purchaser may want these to include withholding part of the price for some months.
- **Warranties:** the seller will give warranties about the business as well as a disclosure letter that e.g. refers to any claims or problems that the buyer should know about. And the buyer needs to get access on a confidential basis to do their own due diligence on the business, accounts and other records.
- **Completion:** details of the action needed when the deal is finalized should be set out: handing over documents, transfers of contracts, employment issues etc. need to be considered carefully.
- **Notifying customers and suppliers** can be important for continuity and this needs a co-operative approach between seller and buyer.

- **Restrictions on completion** or poaching of staff are often imposed on the seller.

#### **WHAT DETAILED TERMS DOES THE AGREEMENT CONTAIN?**

This Business Sale Agreement template will help cover everything that needs to be addressed before the sale of the business goes through. The agreement contains clauses covering:

- Definitions.
- Sale and purchase.
- Sale price.
- Conduct of business before completion.
- Action after Completion.
- Debts and Liabilities.
- Contracts and employees.
- Non-competition.
- Confidentiality.
- General provisions.
- Law and jurisdiction.

In conclusion, the Business Sale Agreement will help cover everything that needs to be addressed before the sale of the business goes through.



To obtain the model of Business Sale Agreement click on:  
[\*\*BUSINESS SALE AND PURCHASE AGREEMENT\*\*](#)

# NEGOTIATION AND ETIQUETTE GUIDES IN 70 COUNTRIES



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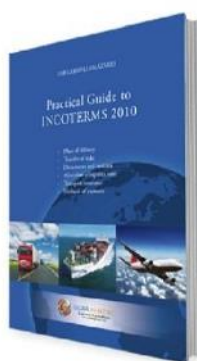


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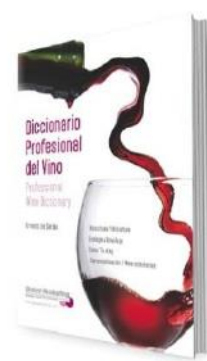
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