

## Jointly owned business and divorce

**My husband and I own and operate a joint business together. We're likely going to get divorced soon, and I'm curious about how the business will be affected. Will things be complicated and messy?**

In our experience, one of you will buy the other out of their share of the business, and you'll both part ways. The issue becomes similar to that of a [self-employed spouse scenario](#). It's generally recommended that a forensic accountant be retained to perform a business valuation. The involvement of the forensic accountant is simply to determine what the business is worth and what a proper buyout amount should be.

The issue becomes complicated when dealing with a business that may not be entirely community property. You should expect that the forensic accountant will need information so they can properly evaluate the business, including the profit and loss statements, balance sheets, internal financial documents, bank statements, and any other related documents. If your husband isn't cooperative in furnishing this information, you should expect court intervention.

You should start thinking of whether or not it makes sense to buy your husband out for the maximum 50% value of the community if you are also going to be paying spousal support. If you're going to be paying spousal support to him, you're going to be drawing money away from the profits of the business to do so. Fortunately, California has recognized that this form of double dipping is not always fair, and special consideration should be taken in such situations. This doesn't mean you can completely avoid or terminate support, but it may mean that you can decrease support or decrease the buyout so you can afford to handle both (should you be faced with this outcome).

While many of these cases do settle, parties on each side should expect that a court trial may be necessary to resolve these issues. While settlement is the preferred course of action, you should expect that issues will be litigated through the divorce process – discovery will be completed, business valuations will be determined, and ultimately the case will proceed with a trial.