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LEGAL UPDATES

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Proposed Regulations Could Mean Higher Taxes for Family-Owned Businesses

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CHRISTINE H. DEMAREA
KANSAS CITY:
816.983.8186
CHRISTINE.DEMAREA@
HUSCHBLACKWELL.COM

On August 2, 2016, the U.S. Department of Treasury proposed regulations that could significantly impact taxation of family-owned businesses and family farms. If enacted, the regulations likely would mean higher tax bills when shares of family-controlled entities are transferred.

The new rules appear to spell the end of minority or marketability valuation discounts for family-controlled companies, partnerships and limited liability companies for gift, estate or generation-skipping taxes.

While this could dramatically curtail several estate planning and business succession planning options, there is still time to take action, including making gifts and transfers, before the detrimental tax treatment takes effect.

What This Means to You

Due to the potentially large impact on family-controlled businesses and farms, challenges to the proposed regulations are expected. The public hearing on the proposed regulations will be held December 1, 2016, and the regulations will not become final until at least 30 days thereafter. If you have a business or family farm that might be impacted by the new regulations, you should consider implementing a business succession plan now so that you can utilize valuation discounts before the proposed regulations become final.

Contact Us

For more information on how the proposed changes may impact your estate or business, please contact Christine H. DeMarea at 816.983.8186 or another member of Husch Blackwell's Private Wealth team.