



## **Estate Planning Alert: Section 2704 Proposes Limiting Valuation Discounts**

The IRS released much anticipated proposed regulation under Section 2704 of the Internal Revenue Code on August 2<sup>nd</sup>, 2016, which if finalized, would greatly limit the use of valuation discounts when transferring interests in many types of family owned entities. This proposal was first indicated in May of 2015. These proposed regulations would make very significant changes to the valuation of interests in family limited partnerships and other family controlled entities for estate, gift and generation skipping transfer tax purposes. The regulations primarily focus on treating the lapse of voting or liquidation rights as an additional transfer and disregarding certain restrictions on liquidation in determining the fair market value of a transferred interest, which will directly affect valuation discounts.

The IRS scheduled a public hearing on December 1<sup>st</sup>, 2016 regarding the proposed regulations. If the regulations are finalized, they will not become effective for at least 30 days. This gives us a window of opportunity to explore how you may be able to utilize this estate planning technique before the regulations are potentially finalized. We at United Asset Strategies, are available to discuss this estate planning technique and the complex new proposed regulations. This planning opportunity may be closing at the end of this year, so please contact United Asset Strategies to learn more.