



News

For Clients & Friends of GSRP, LLP

IRS PROPOSES NEW REGULATIONS: WHAT YOU NEED TO KNOW

23 August 2016

Dear Clients:

On August 4th, 2016, the United States Treasury Department issued proposed regulations to Section 2704 of the Internal Revenue Code. These new regulations, if put into effect as currently written, will significantly impact the ability of taxpayers and their advisors to utilize previously available valuation discounts when determining the value of interests in family-owned limited partnerships, limited liability companies, and corporations for gift, estate, and generation-skipping transfer tax purposes. **That is to say, some strategies that estate planners use to decrease the burden of gift taxes for lifetime transfers and estate taxes after a taxpayer's death may no longer be viable if the proposed regulations become final.**

There will be a brief period of time before these new regulations become final during which clients can take advantage of valuation discounts for commonly used estate planning strategies. Gifting plans, if desired, should be enacted with expediency, as they may no longer be valid after the regulations become final. By way of example: taxpayers who created family limited partnerships with the intention of transferring their interests at a later date will, after the passage of these regulations, potentially no longer be able to discount the value of the gift.

The proposed regulations could go into effect as early as the first quarter of 2017, after a scheduled public hearing on December 1st. It is not yet known whether they will undergo changes before being officially enacted. As always, a holistic and well-considered estate plan is crucial in planning for your family's future. We invite you to reach out to your attorney at Giordani, Swanger, Ripp & Phillips LLP for a better understanding of these new regulations, and to have a discussion about how your estate planning goals might be attained.

We thank you for your time, and appreciate the opportunity to serve you.

For more information or to schedule a meeting to discuss your situation, please contact the following:

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Sincerely,
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