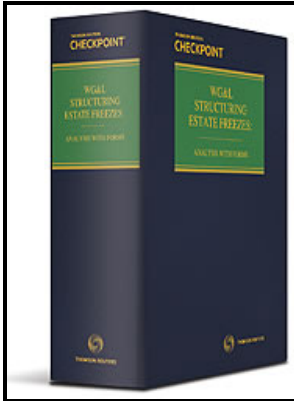


# Structuring estate freezes under chapter 14 - final regulations

Warren Gorham Lamont - Structuring estate freezes under chapter 14 (1993 edition)



Description: -

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Estate planning -- United States.

Family corporations -- Taxation -- United States.

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Notes: Includes index.

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Tags: #Estate #Planning #and #Carried #Interest

## Final regs on carried interest issued

Thus, such activity will be properly accounted for in the DCO bankruptcy, and members will not be disadvantaged. Two acts in the drama have been concluded.

## Special Valuation Rules, With Chapter 14: Code Secs. 2701

This assures the Service that some gift tax will be paid on an estate freeze transaction in the event the transferor is able to substantially value the preferred interest. An additional risk related to increased discretion is the possibility that parties that are dissatisfied with the trustee's exercise of discretion may challenge it in court, potentially leading to increased litigation costs.

## Estate freeze transfers of a family business or farm.

It did not have the ability to generate a finished, fully calculated return. It asked the Commission to amend proposed § 190.

## Estate freeze transfers of a family business or farm.

The stock received from the corporation in the 351 transfer was split between the senior family member and his son and three other parties who received one share each. The Quick Reference Card was more useful.

## Special Valuation Rules, With Chapter 14: Code Secs. 2701

**NEW LAW PLANNING** In most cases, an outright freeze transaction should not be undertaken until guidance is provided as to the discount rate used 1 to compute the special value of preferred stock retained in a freeze transaction and 2 to compound unpaid dividends or distributions on the retained interest. ISDA suggested that further engagement could help ensure that these subtleties and nuances would not result in any unintended consequences, and that they are broadly understood by all entities that could be impacted by a DCO's insolvency or resolution.

## **CPA Journal Online**

Accordingly, after consideration of the comments, and for the reasons stated above, the Commission is adopting § 190. CME, while noting their preference for simply deleting the three-day limitation, observed that protection of customer property held in delivery accounts should be addressed in a direct and transparent manner through a separate rulemaking. As such, they provide that gain will be recognized on a transfer to a related person, either by the owner taxpayer or the passthrough entity through which the owner taxpayer owns an API, only when long-term capital gain is recognized under Chapter 1 of the code for the transfer.

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The use of guarantee funds in the manner specified in proposed § 190. This term was previously used to refer to contracts that are not traded on designated contract markets, but the definition excluded cleared swaps. CME recommended that the Commission address through a separate rulemaking the broader issues around whether customer property carried in delivery accounts should be subject to any special customer protections, such as requirements that FCMs should hold such property in custody accounts or limitations on how long cash or cash equivalents should be held in delivery accounts that are not subject to custody requirements.

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