**Title: IRS Magnets in Estate and Gift Business Appraisals** | 1-hour

**Course Description:** Business appraisals are often a key component in estate planning. Stemming disputes with the IRS over the values of privately held business interests are not uncommon. Frequent triggers for these disputes include (1) the discount for lack of liquidity and marketability (“DLOM”) applied by the appraiser to a non-controlling minority interest in the subject business, and (2) tax affecting applied by the appraiser to earnings in a pass-through entity. This presentation is designed to inform and empower tax and estate planning professionals to reduce their clients’ exposure to IRS disputes over business appraisal, and to better defend clients against existing IRS appraisal challenges, regardless of the status of the case (i.e. audit, appeals, United States Tax Court).

Learning Objectives/The following topics will be discussed:

* Understanding the common areas of IRS attack on business valuations
* Recognizing deficiencies in these areas of appraisals before submission to the IRS
* Discerning how to reduce valuation audit risk
* Settling or litigating valuation disputes with the IRS

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| **Hour One** |  |
| 20 minutes | * Valuation discounts   + What is a Discount for Lack of Liquidity and Marketability (“DLOM”)?   + Why does the IRS attack the DLOM?   + What is most reliable way to develop DLOM? Qualitative vs. quantitative |
| 20 minutes | * Tax affecting of earnings in pass-through entities   + What is tax affecting?   + When is tax affecting appropriate?   + Why is the IRS’ argument against tax affecting?   + What does the US Tax Court say about tax affecting? |
| 20 minutes | * You’re in a valuation dispute with the IRS – now what?   + Should I attempt to settle?   + The IRS is being unreasonable. Now what?   + What tool(s) should I use to fight the IRS? |