IRS and Treasury Department Announce Withdrawal of Proposed 2704 Regulations

Articles October 4, 2017

Today, October 4, 2017, in its *Second Report to the President Identifying and Reducing Tax Regulatory Burdens* [link can be found here: https://www.treasury.gov/press-center/press-releases/Documents/2018-03004_Tax_EO_report.pdf], the U.S. Department of the Treasury announced that it is recommending the complete withdrawal of the proposed 2704 regulations. These regulations, announced August 4, 2016, were aimed at the purported abuses of applying artificial valuation discounts in family-controlled entities and in connection to estate, gift, and generation-skipping transfer taxes.

Seemingly taking into account the views widely held by commenters, Treasury and the IRS announce that they “now believe that the proposed regulations’ approach to the problem of artificial valuation discounts is unworkable.” As such, Treasury and the IRS believe the proposed regulations “should be withdrawn in their entirety.” Withdrawal of the proposed regulations is expected to be published shortly in the Federal Register.

This is welcome news to closely-held business owners and their families. Where significant succession and estate planning options are now preserved, it is critically important that these options continue to be fully considered.

If you would like more information on this announcement, or would like to discuss how these issues might impact your family business, please contact Brian Kahle or a member of the Tucker Arensberg, PC succession planning or estate and trust practice groups today.