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## Family LLC

Posted by LK311 - 2007/12/31 15:59

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I am trying to set up a family LLC and I need to distribute the shares. I client wants me to sell these shares at a 50% discount, but I do not feel comfortable with such a big discount. Any advice on the percentage discount we can safely take without risking an immediate audit?

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## Re:Family LLC

Posted by steve - 2008/02/12 22:15

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Hopefully my response gets to you timely. I didnt see any other responses to your post.

Taking valuation discounts on closely held business entities has been common practice for a while. Its has also become common practice to take excessive valuation discounts. In order to determine whether the amount of the discounts is appropriate, there must be compelling non-tax reasons for the discounts, such as lack of marketability and lack of marketability, among other things.

I would retain a licensed appraiser (CVA) with experience in appraising the type of property in question and I would make sure the appraiser has had extense experience defending his appraisals in front of the IRS. My bet is that steep discounts will be audited by the IRS. Consult with an estate planning attorney in your area for more details.

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## Re:Family LLC

Posted by LK311 - 2008/02/13 23:24

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Thanks. It did get to me timely, and was a big help.

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