

Valuation News

January/February 2002

As part of our ongoing effort to provide valuable information to our growing network of Attorneys and CPAs, Crandall & Brackett, Ltd., publishes this Quarterly "Valuation News" to present recent developments in the valuation field. If you have any questions or comments, please do not hesitate to give us a call. (Telephone 630-653-7922, Fax 630-653-7804, E-mail robert@crandall-brackett.com, web-site www.crandall-brackett.com)

2001 ...

2001 and 2000 were banner years for taxpayers and family limited partnerships. We have listed a few on the backside of this newsletter. Full tax court opinions are available at www.taxcourt.gov for all cases after January 1, 1999. Most cases had poor taxpayer facts, but yet the taxpayer prevailed.

IRS

The IRS has issued a final draft of their new valuation standards and taken comments. They indicate they will be issuing these standards in final form by mid-2002. One of the issues raised is a requirement to attempt to settle with the taxpayer prior to preparation of their own report. This may prove to be an Achilles' heel.

IRS SETTLEMENTS

Willamette has updated their analysis of IRS settlements in matters involving family limited partnerships. You may wish to visit their information on line at www.willamette.com, select publications, select presentations, then select Update of FLP Discount Settlement Presentation.

NACVA

The National Association of Certified Valuation Analysts is hosting their 9th Annual Conference on May 23 and 24, 2002, in San Diego, California. Their recent conferences have been well attended, over 500 attendees, and include a very broad selection of topics, including case law updates. NACVA.com has more information.

SHANNON PRATT...

has published a new book with an interesting discussion of voting/non-voting stock discounts. A reasonable case is made for minimal difference to small minority shareholders, but a very significant discount to large minority shareholders.

BEEN WAIVING YOUR FLAG LATELY?

If the flags you have been displaying your national pride with lately are becoming worn and tattered, be aware that there are very specific flag etiquette rules with respect to disposal. Your local Elks Lodge (Wheaton's BPO Elks Lodge 2258, telephone number (630) 653-5298) will be pleased to assist with the proper disposal of these items. A small donation might be appropriate.

Please remember... The Arthur L. Crandall Award for Excellence in Accounting at Roosevelt University. Should you wish to contribute to its success, please contact us or send your donations to Roosevelt University (Development Office 430 South Michigan Avenue, Chicago, Illinois 60605).

Interesting Cases:

Strangi vs. Commissioner
November 30, 2000, 115 TC No. 35
Re: Discussed use of Family Limited Partnership near date of death - taxpayer prevailed.

Knight vs. Commissioner
November 30, 2000, 115 TC No. 36
Re: Value of Family Limited Partnership with differing types of real estate.

W. W. Jones vs. Commissioner
March 6, 2001, 116 TC No. 11
Re: Court cited Strangi and Kerr

*Crandall & Brackett, Ltd. and its predecessors have been serving
Attorneys, CPAs and Estate Planners since 1965.*

**Our practice is business valuations - always performed in conjunction with the
Company's accountant and/or attorney.**

*Our 24 hour availability and extensive library have been invaluable to
attorneys and CPAs alike.*

Call us with your questions or for a quote on a valuation project.

Tel: (630) 653-7922 FAX: 653-7804

e-mail: robert@crandall-brackett.com

web-site: www.crandall-brackett.com