

insights

TYPES NOT MAPPED YET October 26, 2021 | TTR not mapped yet | Steve B. Gorin

Note Modifications; Reorganizing Private Business; Trust Sale of Business Interests

Webinar

Drawn from Steve Gorin's 3rd quarter 2021 newsletter, this course discusses whether a note modification is an exchange, which may be particularly important to irrevocable grantor trust planning if the House tax bill to fund infrastructure passes; selected common reorganizations of private businesses and IRS Practice Units addressing partnership tax issues; and planning for an irrevocable trust selling a pass-through entity to avoid tax traps and take advantage of opportunities.

We will discuss which note modifications constitute an exchange, plans to pay in kind rather than with cash, and strategic issues in trying to discount notes. We will analyze how these inform planning if the House tax bill is enacted, but this knowledge is important whether or not it is enacted.

Then we will turn to reorganizing private businesses. Although one proposal would allow certain pre-1997 S corporations to convert tax-free to partnership income taxation, we will discuss how to migrate future increases in value and perhaps most of the current value to partnership taxation even without this change. This will also include a 2021 letter ruling on how to isolate risky elements of a business from less risky components. We will briefly review IRS Practice Units issued in 2020-2021 relating to selected partnership issues and where to find them in Steve's materials.

Finally, we will discuss planning to avoid tax traps and take advantage of opportunities when a trust sells stock in an S corporation, including timing for turning off grantor trust powers, watching for mismatches between expectations when selling and what appears on each owner's K-1, and not only anticipatory but also retroactive planning for QSSTs. We will also mention how some of that differs from planning for the sale of a partnership interest.

CLE

The live presentation of this webinar was approved for 1.5 hours of general CLE credit in California, Illinois, and Texas; 1.8 hours of general CLE credit in Missouri; and 1.5 hours of professional practice CLE credit in New York. CLE credit is no longer available for this recording.

Presenter

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