

# ESTATE AND GIFT TAX VALUATION SERVICES

For many business owners, an interest in a privately held company is one of the largest, if not the largest, asset they own. Therefore, gift and estate tax valuation, planning and documentation are paramount if the business owner plans to transfer an ownership interest(s) to the next generation.

One of the most important steps in this process, whether it is for gifting or estate tax purposes, is determining the fair market value of any ownership interest being transferred and documenting the analyses and work performed in the form of a valuation report.

Ultimately, the IRS will review that valuation report for accuracy to determine the taxpayer's estate/gift tax liability, if any. Additionally, this valuation allows the taxpayer to meet the IRS' adequate disclosure requirements.

If these requirements are met, there is a three-year statute of limitations to audit any transfer made. Otherwise, there is no statute of limitations, and the transfer could remain subject to audit indefinitely. Therefore, a supportable, well documented valuation report is critical.

Our experienced team has the expertise to deliver valuations which allow our clients to address short and long-term estate planning objectives within the framework of the IRS requirements.

## Our Approach

Schneider Downs implements a robust process to help business owners determine the fair market value of an asset for gift and estate tax valuations resulting in an analysis that can withstand IRS scrutiny. Our process is guided by Revenue Ruling 59-60, which provides significant background and information regarding the approaches, methods, and factors to be considered in estate tax and gift tax valuations.

## Background Research and Analysis

- » Conduct interviews with key stakeholders.
- » Define the entity structure and impact on fair market value.
- » Gather pertinent information, including historical financial statements, corporate documents, company history, details on competitors and customer data.
- » Perform a detailed financial analysis which includes industry data and economic factors.



Valuations for gift and estate tax require specific documentation to meet IRS requirements.



Schneider Downs has performed 100's of gift and estate tax valuations and understands what is necessary to meet all of these IRS requirements.

## Application of Valuation Methodologies

- » Asset and Cost Approaches
- » Income Approach
- » Market Approach

## Application of Discounts and Premiums

- » Apply applicable discounts or premiums, including, but not limited to, discounts for lack of control and lack of marketability, nonvoting stock discounts and voting stock premiums.

## Why Schneider Downs?

With our experience conducting valuations for gift and estate tax purposes, Schneider Downs has the expertise to help organizations of all sizes and industries meet the complex challenges of business valuation.

Our team of certified valuation professionals offer more than 50 collective years of experience and receive continuing education to stay current on key changes, trends and issues in estate and gift valuation. Additionally, the valuation team is supported by Schneider Downs' estate tax group which allows us to understand the interplay of key legal, technical, and valuation issues.

## About Schneider Downs Valuation Services

The valuation of any business or asset is a complex task that includes, among other things, detailed financial analyses, a deep understanding of the subject company and the industry/economic environment in which it operates, and the application of multiple valuation techniques. Our valuation professionals deliver an ideal balance of industry knowledge with the deep-rooted experience necessary to provide our clients with service excellence in a broad range of valuation services.

For more information on, contact us at [contacts@schneiderdowns.com](mailto:contacts@schneiderdowns.com) or visit [www.schneiderdowns.com/business-valuation-services](http://www.schneiderdowns.com/business-valuation-services).



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