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CONTACT

Austin Bramwell
Partner
212-530-5466
abramwell@milbank.com

Georgiana Slade
Partner
212-530-5616
gslade@milbank.com

David Stoll
Partner
212-530-5880
dstoll@milbank.com

Trusts and Estates Group Client Alert: Proposed Regulations Aim To Eliminate Many Valuation Discounts

The IRS has published proposed regulations that, when issued in final form, will severely curtail the use of valuation discounts in order to transfer interests in family-controlled entities, such as corporations, partnerships, and limited liability companies, to family members at reduced gift and estate tax cost. The new valuation rules would apply regardless of whether an entity conducts an active business. In some cases, they may apply to transfers of a manager's interests in a private equity or hedge fund.

The new valuation rules will apply to transfers occurring after the date the regulations are published in final form. That date will not occur until after a public hearing scheduled for December 1, 2016. **Please contact us if you wish to take advantage of traditional valuation discounts for transfers of interests in family-controlled entities.**

**TRUSTS AND ESTATES
GROUP**

Please feel free to discuss any aspects of this Client Alert with your regular Milbank contacts or any of the members of our Trusts and Estates Group.

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NEW YORK
28 Liberty Street, New York, NY 10005

Austin Bramwell	abramwell@milbank.com	+1-212-530-5466
Georgiana Slade	gslade@milbank.com	+1-212-530-5616
James S. Sligar	jsligar@milbank.com	+1-212-530-5839
David J. Stoll	dstoll@milbank.com	+1-212-530-5880
Henri S. Benaim	hbenaim@milbank.com	+1-212-530-5269
Sean M. Imfeld	simfeld@milbank.com	+1-212-530-5322
Mohineet K. Khosla	mkhosla@milbank.com	+1-212-530-5601
Katie Lynagh	klynagh@milbank.com	+1-212-530-5435
Bich-Nga H. Nguyen	bnguyen@milbank.com	+1-212-530-5886
Leah Socash	lsocash@milbank.com	+1-212-530-5386
Marceline B. Tempesta	mtempesta@milbank.com	+1-212-530-5887
