

# TaxNewsFlash

## United States

No. 2016-438

July 12, 2016

### **Legislative update: Senate Republicans request withdrawal of proposed section 2704 regulations**

Forty-one Senate Republicans today sent a letter to Treasury Secretary Lew requesting that Treasury withdraw proposed regulations relating to the valuation of interests in corporations, partnerships, and other entities for purposes of the estate, gift, and generation-skipping transfer taxes.

The senators' letter requests that "...any regulations that Treasury may issue in the future more directly target perceived abuses in the valuation of transferred interests in family businesses."

Senators signing the letter include Senator Orrin Hatch (R-UT), the chairman of the Senate Finance Committee, and Senator John Thune (R-SD) and other members of the Finance Committee. No Democrats signed the letter.

Read a [release](#) from Senate Finance Committee Chairman Orrin Hatch that includes full text of the letter to Secretary Lew.

### **House Republican proposals**

In the House, Republicans have introduced two bills relating to the proposed regulations.

- Rep. Sensenbrenner (R-WI) introduced [H.R. 6042](#), a bill to nullify the proposed regulations and any substantially similar regulations promulgated. The bill has one Republican cosponsor.
- Rep. Davidson (R-OH) introduced [H.R. 6100](#), a bill to prevent the proposed regulations from having any force or effect and to prevent any federal funds from being used to finalize, implement, or administer them. H.R. 6100 currently has 60 sponsors, all of whom are Republicans.

No Democrats have sponsored either of these bills. It is not clear whether the House or the Senate will act on any legislative proposals relating to the proposed regulations this year.

## Background

In early August 2016, the Treasury and IRS released a notice of proposed rulemaking (REG-163113-02) concerning the valuation of interests in corporations, partnership, and other entities for purposes of the estate, gift, and generation-skipping transfer taxes.

Specifically, the proposed regulations address the treatment of certain lapsing rights and restrictions on liquidations in determining the value of the transferred interests, and are intended to prevent under-valuation of these transferred interests.

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