



# TaxNewsFlash

## United States

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### **Legislative update: Ways and Means Republicans request withdrawal of proposed section 2704 regulations**

Republican members of the House Ways and Means Committee today sent a letter to Treasury Secretary Lew requesting that Treasury withdraw proposed regulations relating to the valuation of interests in certain family controlled corporations, partnerships, and other entities for purposes of the estate, gift, and generation-skipping transfer taxes. No Democrats signed the letter.

The letter expresses concern that the proposed regulations are inconsistent with congressional intent and urges that “any new proposal in this area should be clearly defined and narrowly targeted within the reach of the applicable statutory rules.”

Read a [release](#) from Ways and Means Committee Chairman Kevin Brady that includes the full text of the letter to Secretary Lew.

#### **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. For an initial discussion about the proposed regulations, read [TaxNewsFlash-United States](#).

In September 2016, 41 Senate Republicans sent a letter to Treasury Secretary Lew requesting that the proposed regulations be withdrawn.

House Republicans also have introduced two bills relating to the proposed regulations—[H.R. 6042](#) and [H.R. 6100](#). No Democrats have sponsored either of these bills, and it is not clear whether the House or Senate may act on any legislative proposals relating to the proposed regulations this year. For more information about the Senate Republican letter and the two House bills, read [TaxNewsFlash-United States](#).

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