

Family Limited Partnerships/LLCs

“Bona fide sale”

- Helps if partnership deal was negotiated
- Helps if kids contributed something to company
- Helps if nontax purpose for partnership/LLC
 - Boilerplate reasons may not be enough
 - Limited liability
 - Centralizing management
 - Facilitating gift-giving
 - Better nontax reasons:
 - Resolving real squabbles about control
 - Perpetuating stock-picking system
 - Setting up future public offering of ownership interests

“Full and adequate consideration”

- Courts tend to go easy on taxpayers
- Discounts do not prevent finding of “full and adequate consideration”
- Initial partner capital accounts must reflect FMVs of assets each partner contributes
- Helps if estate can point to benefits enjoyed by partners, such as pooling of assets