

## **The Pass-Through Premium: A New Perspective on an Old Issue**

Thursday May 10, 2012  
1:00pm - 2:40pm ET  
10:00am - 11:40am PT

Presenter:

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### **Why You Should Attend**

In pass-through entities the valuation community has perhaps its oldest, least resolved, and, some would say, most poorly defined set of challenges. Despite academic studies, exhaustive professional thought, and judicial opinion, there is still a lack of consensus in this critical area of business appraisal. Yet in the face of these challenges, new work continues to push for a solution to the conundrum of pass-through entities.

In "The Pass-Through Premium: A New Perspective on an Old Issue" appraiser Eric Barr presents new thinking on pass-through entity valuation and how the appraisal community can best overcome the long-standing barriers to consensus.

### **Agenda**

- Introduction
  - Common Practice
  - Why it is wrong to only use 0%, 40% or maximum corporate or individual tax rates
  - Standard of Value: Fair Market Value/Fair Value/Investment Value
  - Solutions
- Tax considerations
  - Pass –Through Entities (PTEs) – what are they and how are they different than C corporations?
  - Federal self-employment taxes
  - Differences between PTEs
  - Federal income tax rates are changing in 2013
  - Impact of state and local tax laws
  - Undistributed income – impact on after-tax cash flows, higher tax basis and potential valuation impact
- Terms of Transaction
  - Buying assets versus equity
  - Buying equity from a S or C Corp versus buying equity from a sole practitioner, LLC or partnership
- Factors to consider when tax-effecting a PTE:
  - Standard of Value
  - Who is the hypothetical buyer
  - Size of company's income
  - State and local income taxes
  - Year of valuation
- Conclusion

### **Learning Objectives**

- Learn which factors most impact the value of a pass-through entity
- Clarify the considerations that must be made in a pass-through entity valuation and what impact these can have
- Learn how standards of value impact pass-through entity valuation
- Learn how existing pass-through entity valuation theories and approaches get it wrong

Earn 1.5 CE Hours

**Pricing for Members/Students: \$ 180 + applicable provincial taxes**  
**Guests: \$ 190 + applicable provincial taxes**

*Registration Deadline – 12:00 AM EST – May 7, 2012*

For those that register for the webinar, we will send you an email with the webinar log-in details on May 9, 2012.

*As with all BVResources Webinars, this webinar has a U.S. focus*