



October 11, 2017

# Treasury Department to Withdraw Proposed Regulations Under Section 2704

BUSINESS ADVISORS, BUSINESS VALUATION  
BY SCHNEIDER DOWNS PROFESSIONAL

We have been providing you with information and updates on proposed regulations under Section 2704 of the Internal Revenue Code since August 2016, which can be found here:

[The IRS is Rewriting the Rules on Valuation Discounts - August 30, 2016](#)

[Update on Proposed Regulations Affecting Valuation Discounts - December 6, 2016](#)

[Update on Proposed Tax Regulations Under Section 2704 - August 3, 2017](#)

As discussed in those articles, the proposed regulations under section 2704 appeared to put an end to, or significantly reduce, the use of discounts for lack of marketability and lack of control that are often applied when transferring ownership interests in certain family-owned businesses.

On October 2, 2017, the Department of the Treasury released its [second report, \*Identifying and Reducing Tax Regulatory Burdens\*](#), in response to President Trump's executive order earlier in the year calling for review of all "significant tax regulations." In the Treasury's report, eight proposed regulations, including Section 2704, are discussed along with its findings.

In this report, the Treasury announced that it plans to withdraw the 2704 regulations in their entirety. While the issuance of the report does not in and of itself result in a formal withdrawal of the regulations, the withdrawal will become official once it is published to Federal Register, which is expected to occur soon.

We will continue to monitor additional information and news regarding Section 2704 and provide updates on any new developments. For additional questions, [contact Schneider Downs](#) or [visit the Our Thoughts On blog](#).

## You've heard our thoughts... We'd like to hear yours

The Schneider Downs Our Thoughts On blog exists to create a dialogue on issues that are important to organizations and individuals. While we enjoy sharing our ideas and insights, we're especially interested in what you may have to say. If you have a question or a comment about this article – or any article from the Our Thoughts On blog – we hope you'll share it with us. After all, a dialogue is an exchange of ideas, and we'd like to hear from you. Email us at [contactSD@schneiderdowns.com](mailto:contactSD@schneiderdowns.com).

Material discussed is meant for informational purposes only, and it is not to be construed as

investment, tax, or legal advice. Please note that individual situations can vary. Therefore, this information should be relied upon when coordinated with individual professional advice.

© 2024 Schneider Downs. All rights-reserved. All content on this site is property of Schneider Downs unless otherwise noted and should not be used without [written permission](#).