

FIRM OBTAINS TAX REFUND FROM IRS FOR ESTATE ASSETS UNDER AUDIT

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Recently, the Internal Revenue Service issued its Closing Letter following its audit of an estate represented by Capes, Sokol, Goodman & Sarachan. As a consequence of adjustments agreed to by the IRS during the course of the audit, a refund was issued to the estate.

The primary issue of the audit concerned whether valuable artwork, which the decedent had transferred to a family limited partnership prior to her death, should nevertheless be included among the assets of the estate and taxed at the 47% rate applicable to estates rather than the 28% rate paid by the limited partners on the appreciated value of the art when it was sold. Inclusion of the artwork in the estate would have caused a significant increase in the aggregate tax obligation.

After reviewing voluminous documentation and the arguments presented by Capes Sokol, the IRS agreed that the artwork was properly excluded from the estate. Furthermore, as a result of other issues considered in the audit, the IRS determined that the estate was due a tax refund.

Capes Sokol attorneys David V. Capes, Sanford J. Boxerman, and John S. Meyer, Jr. handled this matter.

The choice of a lawyer is an important decision and should not be based solely upon advertisements.