

"Discounting Discounts," 56 Tax Law. 461, Winter 2003

December 31, 2002

In *Estate of Jones v. Commissioner*, the Tax Court considered the transfer of interests in two family limited partnerships to the taxpayer's children. The court held that the initial transfers of property to the partnership were not gifts upon formation, that the transfer of partnership interests to the taxpayer's children were gifts rather than assignments, and that section 2704 did not apply to the transaction. Furthermore, the Tax Court reduced significantly the discounts claimed by the taxpayer when valuing the transferred interests.

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