

**BUY-SELL AGREEMENTS
FOR
CLOSELY HELD BUSINESS AND PROFESSIONAL ORGANIZATIONS:
TAX AND PRACTICAL CONSIDERATIONS -WITH FORMS**

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TABLE OF CONTENTS

	<u>Page</u>
I. Introduction	1
A. In General	1
B. Overview of Matters to Consider	2
C. Matters Covered by Agreement	3
1. Retention of Control	3
2. Creation of Market and Funding Mechanism	3
3. Establish Purchase Price and Estate Tax Value	3
4. Restrictions on Business Operations and Voting	3
II. Establishment of Estate Tax Value	4
A. In General	4
B. Chapter 14 – Special Valuation Rules	4
1. In General	4
2. Section 2703	5
3. Legislative History	5
4. Treatment of Existing Agreements	6
5. Practical Considerations	6
C. Current Law (Including §2703)	7
D. Review of All Requirements	7
1. Estate’s Obligation to Sell	8
2. Methods for Establishing the Purchase Price	8
a. Fixed Value	9
b. Appraisal Value	9
c. Formula Method of Value	10
d. Agreed Value (with “back-up”)	11
3. Lifetime Transfers	11
a. Practical Considerations	12
b. Adoption of Agreement by New Purchaser	12
4. “Bona Fide Business Arrangement” Test	12

III.	Selecting Type of Buy-Sell Agreement	14
	A. Life Insurance Considerations	14
	1. Amount of Insurance	14
	2. Multiple Policies	14
	3. Ownership	15
	4. Proportionality	15
	B. Tax Considerations	15
	1. Basis	16
	2. Alternative Minimum Tax	16
	3. Accumulated Earnings	16
	C. Other Factors	16
IV.	Designing The Agreement - Business and Personal Factors	16
	A. In General	16
	B. Restrictions on Lifetime Transfers	17
	1. Transfer with Consent	17
	2. Permitted Transfer to a Limited Class	17
	3. Encumbrances	17
	C. “Trigger” Events	17
	1. Death	17
	2. Disability	18
	a. Definition of “Disability”	18
	3. Termination of Employment	18
	4. Voluntary Transfers	19
	5. Involuntary Transfers	19
	D. Option vs. Obligation	20
	E. Voting Restrictions	20
V.	Funding the Agreement	21
	A. In General	21
	B. Installment Sales	21
	C. Funding Delayed Until “Trigger” Event	22
	D. Accumulation of Funds	22
	E. Shareholders as Purchasers	23
	F. Hybrid Funding	23
VI.	Alternative Minimum Tax – Effect on Life Insurance	23
	A. In General	23
	B. The AMT Formula	24
	1. The “Book Income” Adjustment	24
	2. The “Earnings” or “ACE” Adjustment	24
	3. Accounting for Life Insurance	24
	C. Effect on Life Insurance	25
	1. Cash Value	25
	2. Death Benefit	25
	D. Planning: Suggestions	25

VII.	Role of Advisor – Possible Conflict	26
VIII.	Partnership Buy-Sell Agreements	27
	A. Cross-purchase vs. Partnership Purchase	27
	B. Insurance	28
	C. Section 754	28
IX.	Special Concerns of S Corporations	28
	A. In General	28
	B. S Corporation Requirements	28
	C. Estates as Shareholders	29
	D. Trusts as Shareholders	29
	1. Grantor Trusts	29
	2. Qualified Subchapter S Trusts (QSSTs)	30
	3. Other Trusts	30
	4. Conflict of Interest	31
	5. Inadvertent Terminations	31
	E. One Class of Stock	31
	1. Letter Ruling 8506114	31
	2. Letter Ruling 8528049	33
	3. Revenue Ruling 85-161, 1985-41 I.R.B. 22	33
	4. Debt of S Corporation	34
	a. “Straight Debt”	34
	b. State Laws	34
	5. History of Proposed Regulations	35
	6. Final Regulations	35
	F. Handling Problems Unique to S Corporations	36
	1. Voting Restrictions	36
	2. Restrictions on Transfers	36
	3. Restrictions on Corporate Activities	37
	4. Distribution of Earnings	38
	5. Election to “Close the Books”	38
	a. Examples	38
	b. Agreement to “Close the Books”	39
X.	Restructuring Agreement After S Election	39
	A. In General	39
	B. Continuation of Redemption Agreement	40
	C. Cross-purchase Agreement	41
	D. Changing from “Redemption” to “Cross-purchase”	41
	1. Shareholders as “Partners”	42
	2. Buy-out Life Insurance Trust	42
	E. Termination of S status	43
	F. Review of Existing Agreements	43
XI.	Conclusion	44

Exhibits

Exhibit “A” Appraisal Method Valuation of Real Estate Partnership	45
Exhibit “A-1” Modified Book Value Method – Adjusted for Accounts Receivable and Termination Pay	46
Exhibit “A-2” Modified Book Value Method – Adjusted for Leasehold Improvements	
Exhibit “B-1” Formula Method (Based on Asset Value and Earnings)	
Exhibit “B-2” Formula Method (Based on Higher of “Fixed Price” or “Earnings” Value)	
Exhibit “C” Agreed Value with Automatic Back-up Adjustment	47
Exhibit “C-1” Agreed Value with Automatic Back-up Valuation Method	
Exhibit “D” Option in Corporation and Shareholders to Purchase During Lifetime	48 51
Exhibit “E” Permission to Gift Shares to Family Members and Pledge Shares As Security for Loans	52
Exhibit “E-1” Redemption of Stock in Family Owned Clinic from Surviving Spouse	53 55
Exhibit “F” Obligation to Sell and Obligation to Purchase Shares Upon Death of a Shareholder	56
Exhibit “G” Obligation to Purchase Stock on Disability of Shareholder	57
Exhibit “G-1” Required Purchase and Sale of a Physician’s Interest in Partnership Owning the Medical Office Upon Termination of Employment by the Professional Corporation	58
Exhibit “G-2” Options to Purchase Physician’s Interest in Partnership Owning Medical Office Upon Termination of Employment by Professional Corporation with Requirement to Purchase if Options not Exercised in Five (5) Years	59 60
Exhibit “H” Installment Sale Evidenced by Secured Promissory Note with Restrictions on Corporate Activity	62
Exhibit “I” Purchase Price Payable in Cash to Extent of Life Insurance with Balance in Installments	
Exhibit “J” Purchased Stock Held as Security for Corporation’s Installment Note and Restrictions on Corporate Activity	64
Exhibit “K” Engagement Letter	67
Exhibit “L” Provisions to Protect S Status of Corporation	
Exhibit “M” Provisions Regarding Distribution of S Corporation Income To Shareholders	69
Exhibit “N” Requirement of Shareholder’s Election to Close the Books	71
Exhibit “O” Buyout Life Insurance Trust	74 75
	76
	77

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I. Introduction

A. In General. In advising a closely held business, whether it be a professional or a business organization, it is always important to integrate the needs and capabilities of the business with the personal, business and estate plans of each of the owners. Of particular importance is the need for an adequate amount of liquid funds to be available at the time of an owner's death or earlier withdrawal and the owners' wishes regarding future control and ownership of the businesses. The "Buy-Sell Agreement" is a frequently utilized mechanism for dealing with these and other business and estate planning issues. In addition to providing for the purchase and sale of the business or practice interest, the buy-sell agreement will often deal with certain business arrangements between the owners.

A Buy-Sell Agreement is typically a separate document; however, some or all of the "buy-sell" provisions may be contained in the Corporation's articles of incorporation and by-laws, the partnership agreement, the limited liability company's operating agreement, and/or employment agreements. Used in its broadest sense, a "Buy-Sell Agreement" represents the total of all agreements between the owners of a closely held business or professional group regarding the control of the business, the identities of the shareholders, the transfer of ownership, and a variety of other business and financial matters.

In structuring a buy-sell agreement it is important that the planning objectives of the owners be