



# AMERICANS *for* TAX REFORM

November 1, 2016

The Honorable Jacob J. Lew  
United States Treasury Secretary  
United States Department of the Treasury  
1500 Pennsylvania Avenue N.W.  
Washington, DC 20220

Re: Estate, Gift, and Generation-Skipping Transfer Taxes: Restrictions on Liquidation of an Interest  
– REG-163113-02

Dear Secretary Lew:

I write in opposition to the proposed regulation restricting the use of two Death Tax valuation discounts under Section 2704 of the Internal Revenue Code. The proposed changes widen the scope of the Death tax to make it much more difficult for families to claim these two important provisions. **As a result, the rule would increase the Death Tax for many families.**

The Death Tax hurts economic growth, is unpopular with the American people, and its repeal is supported by a majority of the U.S. House of Representatives. **I urge you to side with the will of the American people and withdraw this regulation.**

Families hit with the Death Tax are allowed two discounts when determining the value of their estate: a lack of control discount and a lack of marketability discount. A lack of control discount can be claimed when a family holds a minority ownership stake in an asset, resulting in the asset holding less value on the open market. A lack of marketability discount applies when an asset held by the family cannot easily be liquidated because of market barriers.

**At a basic level, Americans know that the Death Tax is not fair.** It is a tax you pay on savings you have already paid taxes on at least once, and potentially more than once. Those who are hit hardest generally are first and second generation small business owners, because the truly wealthy can avoid the tax through an army of accountants, attorneys, and charitable planners.

**The Death Tax is bad for jobs and the economy.** This regulation would disproportionately affect family businesses and threaten to put many out of business. The IRS has historically valued family businesses higher than CPA firms, resulting in higher estate and gift taxes for the family. According to the Tax Foundation, repealing the Death Tax would create 159,000 jobs and significantly increase wages, GDP, and capital investment.

**The intense opposition to the Death Tax is unquestionable.** In poll after poll, the Death Tax has consistently been opposed by nearly 70 percent of adults, registered voters, and likely voters. The House of Representatives even voted to repeal the Death Tax last year with a bipartisan vote of 240-179.

I urge you to listen to the voices of the American people and the elected Congress and work to repeal the Death Tax and withdraw this regulation.

Onward,

Grover G. Norquist  
President, Americans for Tax Reform

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