

insights

TYPES NOT MAPPED YET October 25, 2022 | TTR not mapped yet | Steve B. Gorin, Mariquita L. Barbieri LLM

Loan Guarantees; Debt in Capital Structure; Ordinary Income on Sale of Business

Webinar

Drawn from Steve Gorin's 3rd quarter 2022 newsletter, this course discusses loan guarantees, recent developments in debt as part of a business' capital structure, state estate tax, and ordinary income on sale of a pass-through business.

Proposed regulations regarding a loan guarantee generating a debt of the estate motivated Steve to research cases in depth on the estate and gift tax consequences. We will start with legal basics of loan guarantees, discuss their estate and gift tax consequences, and review any income tax deduction allowable when the guarantor has to pay but can't recover from the debtor.

Our discussion of debt as part of a business' capital structure will begin with a recent case where debt that included bonus interest on the sale of the secured asset would be recharacterized as equity to some extent. Next is an overview of limitations on deducting business interest. Then we return to whether an arrangement is a business or something else, whether that arrangement is by form a loan, a partnership, or trust.

We will conclude discussing ordinary income generated when a pass-through entity is sold. First, we will compare the sale of a pass-through entity to the sale of Code § 1202 small business stock. Next, we will discuss how depreciation recapture and a cash method taxpayer's accounts receivable can generate ordinary income. We will conclude discussing how to work around the ordinary income issue and whether doing so is worthwhile.

CLE

The live presentation of this webinar was approved for 1.5 hours of general CLE credit in California, Illinois, and Texas; 1.8 hours of general CLE credit in Missouri; and 1.5 hours of professional practice CLE credit in New York. CLE credit is no longer available for this recording.

Presenters:

[Steve Gorin](#)

[Mariquita Barbieri, LLM](#)

[For technical materials supporting the slides, please see Steve's newsletter](#)

authorsTest

steve

Steve B. Gorin

mariquita

Mariquita L. Barbieri LLM