

# 9 Reasons Why You May Want or Need a Business Valuation in 2010

Many business owners mistakenly believe they only want or need a business valuation when they sell their business. In addition to estimating the selling price of your business, a business valuation is often used to resolve disputes related to estate and gift taxation, divorce litigation, bankruptcy, retirement planning, financial and tax reporting, subchapter S conversions, buy-sell agreements, simple personal financial management and many other business and legal purposes:

<p><b>Marital Dissolution (Divorce)</b> Your business is typically your largest joint marital asset and the most complex to value. A business valuation will either be court appointed or voluntarily engaged, to facilitate a friendly and fair distribution settlement.</p>	<p><b>Estate &amp; Gift Tax</b> If you have a partnership / LLC interests then the gifting of closely held stock necessitates an independent valuation, to provide an objective analysis as to the fair market value of the business at the time of the ownership transition.</p>	<p><b>Shareholder and Partnership Buyouts and Disputes</b> If you or a partner/shareholder decide to leave the partnership or offer an equity position to someone else then a proper third-party valuation can assist in a quicker, fair and amicable transaction.</p>
<p><b>Buy-Sell Agreements</b> Many buy/sell agreements require a business valuation so that your or their ownership will be transferred at fair market value. Agreements between partners or shareholders should be based upon an independent business appraisal rather than a rule of thumb formula because formulas may yield an unrealistic value.</p>	<p><b>Subchapter S Conversions</b> If you're planning to convert from "C" to "S" or "LLC" corporate status, you should have a valuation done as of the conversion date to determine the tax calculation for the IRS. If your company is sold prior to the ten year holding period, there is a tax due on the built-in gain of value from the date of conversion.</p>	<p><b>Bankruptcy</b> Bankruptcy is a legal admission of the inability of an individual or company's ability to meet and pay their liabilities. Therefore knowing the bankruptcy value of your business and its assets is critical to the restructuring process and are influential to maintaining the confidence of your creditors' committee or trustee.</p>
<p><b>Personal Financial Management</b> Your business represents a typical owner's single most valuable asset. Despite this, most business owners have no realistic concept of the true market value. A business valuation empowers you to make informed critical decisions, such as proper timing to pursue an exit strategy.</p>	<p><b>Commercial or Project Financing</b> Increasingly local banks and lenders will request an independent market valuation prior to approving a small business loan or credit line. A business valuation is a instrumental tool to include in a loan package when approaching lenders to negotiate your rate and loan terms.</p>	<p><b>Financial and Tax Reporting</b> Certain financial &amp; tax reporting situations necessitate an independent valuation services. When your company offers &amp; issues stock options, or transfers or sells equity interests, a valuation is required to report related compensation expense and the recipients to accurately report income.</p>

## FREE CONFIDENTIAL CONSULTATION

If you are planning for or suddenly find yourself in one or more of these situations, please contact us for a free confidential discussion to see if a business valuation is needed or required.