

Taxes in Relation to Sale of Business

Characterization of the Components You Are Selling:

-Hard Assets: Paying the tax – long term v short term capital gain rate

- Inventory
 - Short term capital gain
- Goods
- Equipment
 - Long term capital gain?
- Real Estate (may be done separately)

-Blue Sky: Not usually taxed within its own category

- Name
- Location
- Momentum
- Value

“Blue Sky” Explanation:

Starting Out from Scratch:

Lots of guesses, no idea what trends will be, unpredictable valuation

“Selling for \$100” Example

Buyer – gives some other number and then an earn out over a few years

Deferred compensation

Salary

Board Fee

... Health Insurance?

