Entering or Leaving a Business

Tax consequences frequently come into play when a person joins or leaves an existing business, and the manner in which the transaction is structured can determine whether these consequences are favorable or unfavorable. For example:

- An employee who receives stock options may realize dramatically different tax consequences than a colleague who receives so-called "restricted stock."
- An investor who receives straight equity in a startup business may realize very different results than the same investor receiving convertible debt.
- A physician or other professional acquiring an interest in an established practice may pay much more if he simply purchases stock than if the transaction is structured with taxes in mind.
- An individual selling stock in an S corporation can face significantly different tax results depending on whether an election is made in connection with the sale.
- An individual who retires from a partnership can face vastly different tax consequences depending on whether the transaction is treated as a "sale or exchange" rather than a "liquidation."
- An individual purchasing an interest in a partnership can greatly improve his tax position by making a simple election.

In all of these situations and many more, the parties can lower the total cost of the transaction through effective tax planning. At Flaster Greenberg, this is an integral part of our practice.

Attorneys

Stephen M. Greenberg

Matthew J. Meltzer

Steven S. Poulathas

David Shechtman

Alan H. Zuckerman