

# Financial Expert Update

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## Solutions to Financial & Information Issues in Legal, Litigation & Tax Matters

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Kentner Sellers provides litigation consulting, valuation and expert services to help make sense of complex financial, economic and information issues. To each assignment we bring experience, credibility, objectivity, and creative thinking to help the attorney and their client work towards the best strategies and information solutions.

### We Can Help You With...

#### Matters Such as These Now in Process:

- ◆ Lost profits from a business partner diverting customers away.
- ◆ Contested value of a dealership business in a divorce matter, involving a careful earnings analysis and asset review.
- ◆ Calculation of potential lost wages claimed by a plaintiff in the event the court rules in a wrongful discharge matter.
- ◆ Stock value and deal structure assistance for a minority shareholder wishing to retire without a strong corporate buy/sell agreement in place.
- ◆ A financial expert report for federal court regarding financial transactions and defense of a fraudulent transfer claim.
- ◆ Succession plan including two business valuations, a five-year financial plan, and a retirement plan for a father gifting and selling his businesses to his son.
- ◆ Health care practice business valuation, including consideration of personal, professional and entity goodwill values.
- ◆ Valuing a portion of a business and helping structure its sale, including non-competition and other provisions for the business owner.
- ◆ Valuation of shares of stock in a business for recapitalization as voting and non-voting shares for succession planning.

### Watch Out for Ohio's new CAT Tax

Ohio substantially changed its business tax structure effective July 1, 2005. All Ohio taxpayers with more than \$150,000 in Ohio gross receipts in a calendar year will be subject to a new Commercial Activity Tax (CAT). Some businesses owned by someone who owns more than 50% of another company may also be subject to the CAT, even if the taxpayer has less than \$150,000 in annual receipts (such as an 85% business owner who also leases her building to the business).

CAT is slated to replace Ohio's corporate income and personal property taxes, with a CAT phase-in and corporate income and personal property tax phase-out through 2010. The CAT rate (subject to increase) will be .0026 of receipts, after full phase-in in 2009. In addition, Ohio's individual income tax rates will be reduced 21% as phased-in through 2009.

Exclusions from the Ohio definition of Gross Receipts include (a) damages received as the result of litigation in excess of amounts that, if received without litigation, would be gross receipts, and (b) compensation.

For qualifying taxpayers, the Ohio CAT registration was due November 15, and tax return filing is due February 10, 2006. Please call us if you want more information.





## KENTNER SELLERS

### EXPERT ADVICE for FINANCIAL MATTERS - CPAs Experienced in Court, Tax, & Financial Issues

- ✓ Expert Witness for Financial, Valuation & Tax Matters
- ✓ Business Valuation for Buy/Sell, Divorce, Litigation, Taxes
- ✓ Damages & Lost Profits Analysis; Financial & Tax Planning
- ✓ Over 20 Years Experience Serving Area Attorneys

### In the Courts

**IRS continues tax and discount challenges to family partnerships** - In a series of estate tax cases in 2005, the U.S. Tax Courts continued to attack the business purpose and validity of the operations, and valuation discounts declared in the gifting and inheritance of interests in family partnerships. Issues included distributions in favor of the elder generation of partners, mixing personal assets in with the partnership's business assets, contributing nearly all an individual's wealth into the partnership, gifting ownership and then maintaining control and the benefits of the partnership assets, deathbed transfers, and making continual lifestyle payments for a partner out of the partnership.

**Damages matters** – Recent cases across the nation include rulings about the following:

- Damages period relates to mitigation actions.
- Lost profits should be calculated using non-speculative figures, using history if reliable.
- Lost revenues should consider effects of economy and industry trends.
- Unjust enrichment considers offender's profits.
- Lost goodwill is awardable if quantified in a lost profits or damages analysis.
- Ohio contractor granted lost profits in City contract award (Cementech v Fairlawn).

Find our litigation and valuation resources at  
[www.kentnersellers.com/expert.htm](http://www.kentnersellers.com/expert.htm)

### Valuation Solutions

Kentner Sellers delivers logical solutions to help make sense of the complex valuation issues involved with closely-held business. With years of valuation experience, we add insight into business operations and professional objectivity to help fairly analyze and communicate the options and opportunities involved with business valuation issues.

### Financial Expert Solutions for Litigation Matters

Kentner Sellers can help attorneys, the courts, and clients make sense of the financial and economic issues involved in legal matters and legal agreements. Our practical background in consulting and in the court room helps us deliver quality and timely work when you need it.



### Financial Experts

**Greg Toman, CPA/ABV** – Greg has provided litigation and business valuation services for over 20 years, helping attorneys and clients in legal and tax matters with analysis, research, reports, investigations, and expert testimony. Greg earned the Accreditation in Business Valuation (ABV) from the American Institute of CPAs, and has participated in the AICPA National Valuation or Litigation Conferences in each of the last six years.

**Jon Stangel, CPA/ABV** – Jon's work with family and closely held businesses gives him a special knack with business valuation, damages, profits, and ownership matters. Jon specializes in working with manufacturing and construction issues, especially in financial damage claims and lost profits issues. Jon also is Accredited (ABV). [jstangel@kentnersellers.com](mailto:jstangel@kentnersellers.com)

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