



WHEN RESULTS COUNT

ESTATE AND GIFT E-FLASH

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Estate of Morton B. Harper v. Commissioner T.C. Memo 2000-202, June 30, 2000.

This case was an attempt by the IRS to invoke §2704(b) to disregard, for valuation purposes, limited partnership restrictions they claimed were more restrictive than California law. The limited partnership agreement had some fairly standard partnership restrictions.

According to the Tax Court, "In our recent opinion in [Kerr v. Commissioner, 113 T.C. 449 \(1999\)](#), we held that provisions in a partnership agreement substantially similar to those in issue in the instant case were not more restrictive than the requirements of the applicable limited partnership law of the State of Texas. Respondent does not dispute that the provisions of the limited partnership agreement in the instant case are substantially similar to those at issue in Kerr. Moreover, respondent does not dispute that there is no substantial difference between California and Texas law with respect to the liquidation of a limited partnership. Unable to distinguish the facts or the law at issue in Kerr, respondent urges this Court to reconsider our opinion in that case. Because the facts of the instant case are indistinguishable from those in issue in Kerr, we need not reiterate our analysis undertaken in Kerr, which we adopt in this opinion. Accordingly, we hold that the limitations on liquidation contained in the partnership agreement are not applicable restrictions within the meaning of section 2704 (b) and, consequently, must be taken into account in valuing the limited partnership interests in issue in the instant case. Therefore we shall deny respondent's motion for partial summary judgment."

[Click Here for a Complete Copy of the Case](#)

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