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Tax anxiety grows with national election uncertainty

Premium content from South Florida Business Journal by Paul Brinkmann, Reporter

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If you have plans to sell a business or give money to children, you might want to do it quickly – perhaps before the November election.

That was the point hammered home at a June 1 breakfast conference in Fort Lauderdale hosted by the **Gunster** law firm.

At the B Ocean Hotel on a rainy day, attorneys and their clients held a powwow about “the impending tax storm.”

Their basic point was that the upcoming national election will be very close, and there is a lot of uncertainty surrounding future tax policy.

The Bush tax cuts currently are set to expire on Jan. 1. Even if some cuts are extended, others may not be. Many could have a big impact on wealthy people and business owners.

The Gunster conference echoed rising talk about the tax cuts on the national scene. On June 5, former President [Bill Clinton](#) said the tax cuts should be temporarily renewed to give lawmakers time to craft a longer-term extension that should exclude the wealthy. President [Barack Obama](#) has opposed renewing the tax cuts for those earning over \$250,000 a year.

Some practical advice came from Gunster attorney [Bob White](#), who said any business owners planning to sell part or all of their company should not delay. He acknowledged the current economy may not be the best environment to sell, but waiting until next year could mean paying a much higher tax.

"People come to me and say, 'I'm meeting with my lender next week about selling, what should I do?' and it's just a huge mess sometimes," White said. "Getting your house in order is important, and that can mean six months of prep time, at least. If you wait until after the November election, it's probably not going to be enough time."

Several at the conference suggested electing Republicans could help prevent taxes from rising in general. Former U.S. Sen. [George Lemieux](#), a Republican running for Senate and chairman of Gunster, said both houses of Congress were split fairly evenly and were fairly "dysfunctional" while he was in Washington. He said the tipping point came when Massachusetts voters elected Republican [Scott Brown](#) to the Senate, ending the Democrats' 60-vote majority.

A guest at the conference, [Jeff McMillen](#) of Akin Gump in Washington, said the level of uncertainty about taxes, health care and national debt is extremely high now and "it's really starting to catch up to people."

"Don't be surprised if we see nothing change in the lame duck session of Congress later this year, no matter how the election goes," McMillen said.

He noted that allowing all the Bush tax cuts to expire suddenly could result in a 2 percent or greater drag on the economy, which is now growing at less than 2 percent.

Other local tax professionals said it is unlikely anyone will support a wholesale rollback from the Bush cuts.

"No one is talking about raising the income tax to the upper limit," said [Jeff Mutnik](#), director of taxation and financial services with Berkowitz Pollack & Brant. Mutnik was not at the Gunster conference, but spoke to the Business Journal in an interview. He said his firm is also fielding more calls from clients who want to engage in estate or gift planning ahead of the election.

Mutnik said business owners who must sell in the next few years "may want to lower your price to sell quickly, and avoid paying higher tax." Of estate planning, he said: "There are ways to lock in your current tax rate."

[Craig Farlie](#), managing director of Farlie Turner & Co., gave an overview of the mergers and acquisitions market at the conference. He said of the tax issues: "Don't let the tax tail wag the dog, but don't be an ostrich either."