

TAX AND WEALTH ADVISOR ALERT: THE TIME TO SELL MIGHT BE NOW

Individuals who own Qualified Small Business Stock (QSBS), depending on when the corporation was formed, may have the ability to sell the stock without paying tax.

A company is a "Qualified Small Business" if it is a C corporation, and its assets do not exceed \$50,000,000. Stock is "Qualified Small Business Stock" if it is held by the creators of the business. For qualified small business stock acquired from September 28, 2010 through the end of 2014, the IRS permits a 100% exclusion of the gain up to a maximum of the greater of \$10 million or 10 times the taxpayer's basis in the stock, provided that the taxpayer has held the stock for at least five years. Stated another way, starting on September 28, 2015, taxpayers who have held Qualified Small Business Stock for five years will be able to cash out tax-free.

If you own qualified small business stock, you have a golden opportunity to cash out without paying any taxes. The following chart shows the percentage of tax that will be excluded from the sale, based upon the date of the corporation's creation:

Federal Exclusion of Gain on Qualified Small Business Stock		
Acquisition Period	Percent Exclusion (From Regular Tax)	AMT Add-Back Percentage
Before February 18, 2009	50%	7%
February 18, 2009 - September 27, 2010	75%	7%
September 28, 2010 - December 31, 2014	100%	0%
January 1, 2015 and later	50%	7%