



The Franchise Valuations Reporter



Our Expertise

Within the franchise, distribution and dealership context, we are experts in:

- Finance, Accounting and Tax
- Damages, Valuations & Expert Testimony
- Cyber Security and E-discovery of Electronically Stored Information

We offer a free initial consultation. If any readers have questions, you are welcome to email or phone us and we will provide our best answer as quickly as possible.

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DISCLAIMER

The information provided in this newsletter is for informational purposes only and should not be construed as legal or expert advice which can only be obtained from appropriate professionals. Franchise Valuations, Ltd. and Franchise Technology Risk Management provide such expert advice on the topics addressed herein.

Please visit our websites at
www.FranchiseValuations.com
 and
www.ftm.biz

Succession Planning for Franchisees

The estate tax is coming back in 2011. What are some ways franchisees can plan for it?

Now that the mid-term elections are over and Congress will be re-convening, there is no doubt that some action will be taken with respect to the estate tax. But succession and estate planning for franchises is not just a matter of tax planning: considering the transfer itself is primary.

Franchisees must review: (1) restrictions on the transfer imposed by the franchise agreement; (2) pros and cons of spousal transfers; (3) valuing the franchise; and (4) deferring the payment of estate taxes.

One popular planning tool used by franchisees is the Family Limited Partnership which enables a business owner to make detailed provisions for the management of his or her assets after death while minimizing tax exposure.

[More on Succession Planning. . .](#)

I was recently interviewed on this topic by Paul Segreto, president of FranchisEssentials. To hear the entire interview, which was broadcast November 11, 2010, on BlogTalkRadio, just click on the link below.

[To hear the interview. . .](#)

Nexus Notes

Amazon scores a pyrrhic victory over the North Carolina Department of Revenue in its battle over sales taxes on internet transactions.

There has been a new development in the ongoing dispute between NC and Amazon over the nearly 50 million sales that Amazon made to North Carolina residents from August 1, 2003 to February 28, 2010, apparently without collecting or remitting any North Carolina sales and use taxes. At issue was the conflict between a state's taxing authority and Amazon customers' right of privacy as to what books they purchased.

[More on this development in NC plus recent decisions affecting New York City and Connecticut. . .](#)

CyberCrime

For an extensive review of the difference between cyber crime and cyber warfare we recommend Seymour M. Hersh, "The Online Threat: Is Cyber War Real?", in the November 1, 2010, issue of *The New Yorker*. Hersh points out that up to \$1 trillion worth of intangible assets are stolen each year. Franchise companies, which consist mainly of intangible assets, are particularly susceptible to such crimes. For an assessment of your franchise's vulnerability, contact our resident expert, [Henry Chan](#).

Also, these recent news reports are worthy of note:

[Cyberspace Under Siege: Law firms are likely targets for attacks seeking to steal information off computer systems](#)

[Cyberwar Chief Calls for Secure Computer Network](#)

[U.K. Arrests 19 for Major Bank Hack](#)

[Accounts Raided in Global Bank Hack](#)