

Business as Charitable Engine

Did you know that you can help to further the mission and work of Dallas Theological Seminary using the equity in your business? Whether you plan to be involved in the business long-term or you are considering a sale in the near future, there are ways in which you can use your business to accomplish your giving desires while significantly reducing your taxes.

“GIVE & HOLD”

Donating Business Equity to Fund Ministry:

1. **Up to 30% AGI Deduction Limitation** for gifts of appreciated assets, including C Corp, S Corp, LLC
2. **Tax Savings can be significant**, with top bracket at 37%.
Example: \$300,000 donation = \$111,000 tax savings.
3. **Gift Value is typically 2% to 3% of business value** to maximize gift and annual deduction.
4. **Donor maintains complete control of business.** No control is ever relinquished.
5. **Capital gains tax is avoided** when the business is ultimately sold.



“GIVE & SELL”

Managing Tax Liability at the Time of Sale:

1. **The Capital Gains Tax** on the sale of a business can be as high as 23.8%. (The Biden administration is proposing increasing the top rate to 39.6%.) Much of the value is gain.
2. A **Liquidation Event** can represent the owner's largest lifetime tax liability, and also his greatest lifetime cash windfall.
3. **Careful planning** may allow the business owner to turn some of the tax liability into significant gifts to ministry.
4. **Donating Business Assets or Shares to Charity** prior to sale can significantly reduce the capital gains tax while simultaneously providing an income tax deduction. A Donor Advised Fund could receive assets and allow for subsequent distribution to ministry.

5. **UBIT can be a challenge** when donating shares of certain businesses, such as S Corp stock, Partnerships, and LLC shares. However, there are ways of addressing this issue so that the UBIT is minimized.
6. **When a Business is Sold**, there is only so much the business owner and family can receive. The rest will go to the IRS or to ministry. A well-planned sale can minimize taxes while maximizing resources for ministry, all with minimal impact to the family.

Estate and gift planning information is offered as a service to friends of Dallas Theological Seminary. Communications with Gift Planning staff are not intended as, nor should they be construed to be, legal or tax advice and are offered for educational purposes only. We encourage you to seek legal and/or tax advice from your professional advisors prior to making any planned gift.