**Cecil v. Commissioner – The Last Resort for Tax Affecting**

**William H. Frazier, ASA**

Outline of Presentation

1. Overview
   1. History of the Biltmore House
   2. The family
2. The Biltmore Corporation
   1. History and governance
   2. Operations
   3. Ownership
3. The Transfer
4. The Appraisals
   1. Hawkins (taxpayer)
   2. Adams (taxpayer)
   3. Morrison (IRS)
5. Tax Affecting
   1. The simple math
   2. The taxpayer’s argument
   3. The IRS argument
   4. Overview of the cases
   5. The Tax Court’s view (for many years)
   6. What changed?
   7. The Van Vleet (SEAM) method
   8. The decline of the S Corp benefit
   9. The conditionality of future use of Tax Affecting
6. Other Lessons from Cecil
   1. DLOM is chosen with no explanation
      1. Nothing learned here
      2. The Court divorces valuation factors from DLOM
         1. Anti-Mandelbaum
         2. Counter intuitive
   2. The Court agrees with taxpayers that valuation approaches are mutually exclusive