



Tax- and Transaction-Related News and Commentary from S.Crow Collateral Corp.

## Facebook Entry: “Ginger Is Trying to Get the C453 Routine Down, But Is a Little Overwhelmed by It All”

**My Dear Dealburt:** I really appreciate all of the effort you’ve gone to, and all of the hours you’ve spent working with me, but I’m not completely confident that when the time arrives for us to perform a collateralized installment sale (“C453”, as you call it) I won’t miss a step or get out of synch with you. Besides hearing your explanations, I’ve read the publications on your Website. Even with all of that, I don’t think I would be able to explain it to anyone else. Can you help me to break through to a clear understanding, so that I’ll be ready to do my part?—Ginger

**Dear Ginger:** You are eager and determined to master all of the steps in a C453, and I know that you will succeed—in part because you will do each step with me, if I do say so myself, and in part because your advisers will have been studying, too. With their help and mine, you will know most of what you need to know, if you remember the three core things a C453 can do. Here, I’ll sing it for you while we dance: **“(1) Defer your capital gains taxes. (2) Sell for the best price, even in this market. (3) Help your buyer get financing.”** Or, “Defer taxes, best price, financing.” Remember that, and you’ve got the essential part—and anyway, I’m leading.—Dealburt



“Teach me the steps,  
sing the words to me,  
let’s orchestrate a masterpiece!”

## Why Aren’t Non-Farm Business Sales Over \$5 Million Out of Reach for a C453?

**Dear Dealburt:** On March 18 you said a C453 can be used even for business sales over \$5 million. Is there a way to mitigate the requirement in Section 453A, that the taxpayer pay interest to the IRS on that part of the capital gains tax that relates to that portion of the sales price that is over \$5 million?—Curious C.R.

**Dear Curious:** Yes, there is a way, even more than one way. One of them is the price re-set feature, in which the initial, “notional” price is, say, \$5 million, and the price re-sets to market value, whatever that might be at the time, in some later year. The 453A limitation is for non-farm business sales over \$5 million *per year per taxpayer*, so the price re-set feature both enables sales to occur in this aberrant market and can be structured to satisfy 453A.—Dealburt

## Collateralized Installment Sales

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