July 21, 2017

Department of the Treasury
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

RE: Comments regarding Notice 2017-38: Implementation of Executive Order 13789 (Identifying and Reducing Tax Regulatory Burdens)

The National Federation of Independent Business (NFIB) submits these comments for the record to the Internal Revenue Service (IRS) regarding Notice 2017-38: “Implementation of Executive Order 13789 (Identifying and Reducing Tax Regulatory Burdens),” issued on July 7, 2017.¹

NFIB is the nation’s leading small business advocacy association, representing small and independent businesses in Washington, DC, and all 50 state capitals. A nonprofit, nonpartisan organization founded in 1943, NFIB’s mission is to promote and protect the right of its members to own, operate, and grow their businesses.

On April 21, 2017, President Trump issued Executive Order 13789, “Identifying and Reducing Tax Regulatory Burdens.”² The order directed the Secretary of the Treasury to review all “significant tax regulations” issued on or after January 1, 2016. In Notice 2017-38, IRS identifies eight regulations that “meet the criteria of the President’s order and qualify as significant in view of the Presidential priorities for tax regulation outlined in Executive Order 13789.”

Of the eight regulations identified, one is of particular concern to NFIB; the “Proposed Regulations under Section 2704 on Restrictions on Liquidation of an Interest for Estate, Gift and Generation-Skipping Transfer Taxes” (proposed Section 2704 regulations or regulations).³ The proposed Section 2704 regulations, if finalized, would unfairly disadvantage family-owned businesses. The regulations also exceed the authority granted to the Treasury Department by Congress in the Internal Revenue Code.

¹ Available at: https://www.irs.gov/pub/irs-drop/n-17-38.pdf.
² 82 Fed. Reg. 19317
³ REG-163113-02 (81 Fed. Reg. 51413)
NFIB submitted comments to IRS on the proposed Section 2704 regulations on November 2, 2016. A copy of those comments is attached for reference and should be considered part of NFIB’s submission related to Notice 2017-38. NFIB recommended that IRS withdraw the proposed Section 2704 regulations during the public comment period and continues to recommend the withdrawal of the regulations under the review initiated by E.O. 13789, for the reasons provided in our 2016 comments.

NFIB appreciates IRS reviewing the proposed Section 2704 regulations as part of its review under E.O. 13789.

Sincerely,

[Signature]

Daniel Bosch
Senior Manager, Regulatory Policy