



# ABA Subchapter S News



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## ■ ASK YOUR COLLEAGUES AT OTHER S BANKS

*Subchapter S News is starting a new column “Ask Your Colleagues at Other S Banks – Dear C.O.S.B.” so ABA Subchapter S member banks that are on the Sub S Registry can share information with, and ask questions of one another. If you have any questions you’d like to get member input on, or issues that you are dealing with (within or outside IRS or the regulatory audit process) or information that you would like to share with other ABA Sub S banks, please send it and any responses to Fran Mordi ([fmordi@aba.com](mailto:fmordi@aba.com)).*

*The question, issue or information will be posted in this newsletter and responses will be sent immediately to the inquirer. Responses will also be posted in the next edition for general readers. All names and organizations will be kept confidential. The first C.O.S.B. appears below.*

**Dear C.O.S.B.:**

Our bank would like to get some guidance from other Sub S banks on an issue relating to determining the fair value of the bank’s assets for built gain/loss purposes. We have so far received conflicting guidance. We have spoken with banks and bank consultants that seem to play down the necessity of thoroughly valuing every asset a bank has on its books at the time of Sub S status election. Are there any banks that we could speak with that have been down this road? We would like to see how other banks have handled this issue and if they did pay an outside party for valuation services and the cost of such services. If you are a bank that actually sold within the 10 year time frame, we would be very interested in finding out how the IRS treated the values determined at the Sub S election date and if you ran into any unexpected issues with the IRS.

Any information you can share on this topic would be greatly appreciated.



Subchapter S News and Special Reports are published by the American Bankers Association as a member service. For questions, please contact Fran Mordi, Tax Counsel (202-663-5317, [fmordi@aba.com](mailto:fmordi@aba.com)) or call 1-800-BANKERS. ABA Members: To unsubscribe and to manage your subscriptions, please visit ABA E-Mail Bulletins (<http://www.aba.com/Members+Only/bulletin.htm>) and check or uncheck the appropriate boxes.

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