



## Demystifying Valuation Discounts

“**H**ow much of a valuation discount can I get when valuing my company?” This is a question probably posed by many of your clients, especially regarding the most commonly applied discounts, lack of control and lack of marketability. Many clients believe that discounts for these items are nearly automatic. In reality, discounts must be well-supported by both the facts of the specific matter and the results of the established body of empirical evidence that attempts to quantify the various valuation discounts.

An opposing party, whether it is the IRS, a withdrawing owner, or a divorcing spouse, will not (and should not) accept valuation discounts that are not properly buttressed by a thorough analysis. Therefore, it is very important that the business appraiser base the discount conclusion on the available evidence, linking the findings of the empirical studies to the facts and circumstances at hand.

There are a number of circumstances where discounts may not apply at all - for example, in dissenting or oppressed shareholder actions, divorce actions, and several other

circumstances. There are also some valuation methods that, by their nature, result in a value that needs no further discounts, as they are already incorporated into the application of the method. In these cases, the discount is appropriate, but it is not explicitly visible.

*Gettry Marcus' valuation reports are supported by a thorough analysis and proper application of the relevant data, including information derived to determine valuation discounts. In this way, valuation opinions are best suited to withstand scrutiny. To learn more about Gettry Marcus' Business Valuation and Litigation Support Group, and how we might be able to help you better understand valuation discounts, contact us at [info@gettrymarcus.com](mailto:info@gettrymarcus.com).*

To learn more about Gettry Marcus visit [www.gettrymarcus.com](http://www.gettrymarcus.com)

The information contained in this communication is provided for informational purposes only, and should not be construed as legal or accounting advice on any subject matter. It is not intended or written to be used, and it cannot be used, for a particular matter. These articles are prepared to present matters of general interest relating to business valuation, forensic accounting and litigation support topics. They do not render an opinion by Gettry Marcus CPA, P.C. (Gettry Marcus), its partners, or employees on any technical matter; but rather are of an educational nature. Gettry Marcus disclaims all liability with respect to actions taken or not taken based on any or all of the contents of this communication.