

## **§ 6166. Extension of time for payment of estate tax where estate consists largely of interest in closely held business**

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### **(b) Definitions and special rules**

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#### **(8) Stock in holding company treated as business company stock in certain cases**

##### **(A) In general**

If the executor elects the benefits of this paragraph, then—

##### **(i) Holding company stock treated as business company stock**

For purposes of this section, the portion of the stock of any holding company which represents direct ownership (or indirect ownership through 1 or more other holding companies) by such company in a business company shall be deemed to be stock in such business company.

##### **(ii) 5-year deferral for principal not to apply**

The executor shall be treated as having selected under subsection (a)(3) the date prescribed by section 6151(a).

##### **(iii) 2-percent interest rate not to apply**

For purposes of applying section 6601(j), the 2-percent portion (as defined in such section) shall be treated as being zero.

##### **(B) All stock must be non-readily-tradable stock**

##### **(i) In general**

No stock shall be taken into account for purposes of applying this paragraph unless it is non-readily-tradable stock (within the meaning of paragraph (7)(B)).

##### **(ii) Special application where only holding company stock is non-readily-tradable stock**

If the requirements of clause (i) are not met, but all of the stock of each holding company taken into account is non-readily-tradable, then this paragraph shall apply, but subsection (a)(1) shall be applied by substituting “5” for “10”.

##### **(C) Application of voting stock requirement of paragraph (1)(C)(i)**

For purposes of clause (i) of paragraph (1)(C), the deemed stock resulting from the application of subparagraph (A) shall be treated as voting stock to the extent that voting stock in the holding company owns directly (or through the voting stock of 1 or more other holding companies) voting stock in the business company.

##### **(D) Definitions**

For purposes of this paragraph—

##### **(i) Holding company**

The term “holding company” means any corporation holding stock in another corporation.

##### **(ii) Business company**

The term “business company” means any corporation carrying on a trade or business.