ALERT: Annual Business Renewals and the Minnesota Business Snapshot

This is a reminder that annual renewals for *all* Minnesota limited liability companies, limited liability partnerships, limited partnerships, for-profit and non-profit corporations, cooperatives, assumed name certificates, and foreign business registrations must be filed with the Minnesota Secretary of State no later than **December 31, 2016**. Failure to timely renew can lead to confusion or delay in certain business transactions, additional costs, administrative dissolution or termination, and even the loss of entity name.

Businesses filing their annual renewals online this year will, for the first time, be presented with a brief "Business Survey" requesting certain employee, ownership, operational, and financial data. **Please note that this survey is not part of the mandatory renewal process, and participation is purely voluntary.** In deciding whether to provide information requested by the survey, businesses should be aware that all responses are public under state law and that the Secretary of State's Office plans to package and sell the data beginning in early 2017.

ALERT: New Rules Expand Overtime Pay Eligibility

The U.S. Department of Labor recently issued new rules raising the salary threshold required to qualify for the "white collar" exemption under the Fair Labor Standards Act to $47,476 per year or $913 per week. The new salary level is more than double the current $23,660 annual or $455 weekly cutoff to qualify for exemptions for executive, administrative, and professional employees.

Employers are now faced with the challenge, before **December 1, 2016**, of analyzing the status of all employees who earn less than the new salary threshold, but who were previously exempt from overtime, to determine how they will be paid going forward. Employers will have to consider whether to increase the salaries of those employees to meet the new salary threshold or to reclassify them as non-exempt and thus eligible for overtime.

ALERT: Proposed Changes to IRS Regulations May Limit or Eliminate Valuation Discounts for Family-Owned Businesses

Currently, individuals can transfer ownership interests in family-owned businesses to other family members at a reduced tax cost by relying on valuation discounts. The value of interests transferred to family members is usually discounted because of various restrictions imposed on the new owner's ability to participate in management, transfer his or her ownership interests, or compel the sale of the business. The proposed rule change, if adopted, may effectively eliminate discounts for restrictions on the new owner's ability to:

- Participate in management (lack of control)
- Transfer ownership interests (lack of marketability)
- Force a distribution or sale

In addition, if the new rules are adopted, the rules will also expand the circumstances where changes to voting and liquidation rights associated with ownership interests in the family-owned businesses will be subject to gift or estate tax.

The public hearing on the proposed regulations is scheduled for **December 1, 2016**, and the new regulations (if adopted) are expected to become effective in 2017. However, because of the uncertainty about if and when the proposed rule change will be adopted, we encourage owners of family businesses to evaluate options for transferring ownership interests to family members sooner rather than later to ensure valuation discounts can be used before any new regulations are adopted.

If you would like assistance in assuring best practices in any of these areas, please contact your attorney at Moss & Barnett.