

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

...

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

...

#### **(10) Stock in qualifying lending and finance business treated as stock in an active trade or business company**

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

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

##### **(i) Stock in qualifying lending and finance business treated as stock in an active trade or business company**

For purposes of this section, any asset used in a qualifying lending and finance business shall be treated as an asset which is used in carrying on a trade or business.

##### **(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) 5 equal installments allowed**

For purposes of applying subsection (a)(1), “5” shall be substituted for “10”.

##### **(B) Definitions**

For purposes of this paragraph—

##### **(i) Qualifying lending and finance business**

The term “qualifying lending and finance business” means a lending and finance business, if—

(I) based on all the facts and circumstances immediately before the date of the decedent’s death, there was substantial activity with respect to the lending and finance business, or

(II) during at least 3 of the 5 taxable years ending before the date of the decedent’s death, such business had at least 1 full-time employee substantially all of whose services were the active management of such business, 10 full-time, nonowner employees substantially all of whose services were directly related to such business, and \$5,000,000 in gross receipts from activities described in clause (i).

##### **(ii) Lending and finance business**

The term “lending and finance business” means a trade or business of—

(I) making loans,

(II) purchasing or discounting accounts receivable, notes, or installment obligations,

(III) engaging in rental and leasing of real and tangible personal property, including entering into leases and purchasing, servicing, and disposing of leases and leased assets,

(IV) rendering services or making facilities available in the ordinary course of a lending or finance business, and

(V) rendering services or making facilities available in connection with activities described in subclauses (I) through (IV) carried on by the corporation rendering services or making facilities available, or another corporation which is a member of the same affiliated group (as defined in section 1504 without regard to section 1504(b)(3)).

**(iii) Limitation**

The term “qualifying lending and finance business” shall not include any interest in an entity, if the stock or debt of such entity or a controlled group (as defined in section 267(f)(1)) of which such entity was a member was readily tradable on an established securities market or secondary market (as defined by the Secretary) at any time within 3 years before the date of the decedent’s death.