



Insights: Publications

Deducting Family Office Investment Expenses After Lender

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In 2017, two tax developments sent shockwaves throughout the family office community. First, the Tax Court, in *Lender Management v. Commissioner*, held that a multi-generational family office was a trade or business and could take above-the-line deductions for operating expenses it incurred. Second, Congress passed the 2017 Tax Act (commonly known as “TCJA”²) which disallowed operating expenses for taxpayers engaged in a profit-seeking activity like investing. Before the TCJA, taxpayers had an incentive to argue they were engaged in a trade or business: expenses would be fully deductible if they were and limited if they were only engaged in a profit-seeking activity. But the combination of *Lender* and the 2017 Tax Act made that incentive even greater for family offices.