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Valuating business assets in marital property division by Tycoo Staris

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Texas is a no-fault divorce state. A husband or wife in Texas can obtain a divorce without having to prove that one party caused the breakup of the marriage. But it is also possible for a divorce to be granted on the basis of one party declaring the other is at fault. Grounds for fault include adultery, cruel treatment and abandonment.

A Dallas divorce lawyer or a Dallas Complex Divorce Attorney can help individuals seeking to dissolve their marriage. One of the issues that must be resolved during a divorce is marital property division. In Texas, it is presumed that every piece of property possessed by either spouse during the course of their marriage is community property. But there are some exceptions, including property owned or claimed by a spouse before marriage and property acquired during the marriage by gift or inheritance.

The dissolution of marriage in Texas requires the courts to divide the spouses community and quasi-community property in an equitable manner. Among the kinds of property that may need to be divided in a divorce are business assets. Such property needs proper valuation before it's divided, and one of the challenges in valuing business assets is determining whether a business is actually community property. It often happens that one party thinks the business is an asset not eligible to be divided as part of the divorce. But such actions as a refinance, a change in business entity, or an incorporation could have converted the business to community property.

One of the best ways to valuating a business that is being contested as community property is to hire an independent business appraiser CPA with an Accredited in Business Valuation (ABV) credential or a certified professional. A CPA will look through all the records of the business including tax returns, financial statements, and reports for the last five years and determine the company's intangible and tangible net assets; such an expert will then determine an appropriate rate of return for these assets and will calculate the excess earnings. After finding a proper capitalization rate for the excess earnings (that which remains after taking into account normal costs, return on assets and salaries), the appraiser can place a value on the intangible asset known as "goodwill."

"Commercial goodwill" is defined as the capacity of a business to sustain a healthy commercial or professional relationship; examples of this kind of this attribute include the ability to attract and maintain clients, or a reputation for superior service or skill. "Personal goodwill" describes the nontransferable ability of an individual to attract and maintain customers or clients due to his or her skill or reputation for honesty, intelligence, craftsmanship. The value of each of these types of intangible assets can impact the overall value of the business for divorce purposes. The difference between getting a proper valuation and not getting one can mean thousands, even millions, of dollars to spouses and their families.

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The right a Dallas Complex Divorce Attorney is out there for you. Take your time when researching options to ensure you find the right one.

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