# Internal Revenue Service

Index Nos. 671.00-00 2501.00-00 170.00-00 2033.00-00 2601.00-00 Number: **199922007** Release Date: 6/4/1999

# **Department of the Treasury**

Washington, DC 20224

Person to Contact:

**Telephone Number:** 

**Refer Reply To:** 

CC:DOM:P&SI:7:PLR-104151-98 **Date:** February 10, 1999

Re:

SSN:

Legend: Year 1: Date 1: Taxpayer: Trust: Foundation: Bank: Daughter:

:

Dear

This letter responds to your , , letter and subsequent submissions on behalf of Taxpayer, requesting certain rulings concerning the estate, gift, generation-skipping transfer and income tax consequences related to Taxpayer's creation of a trust intended to qualify as a charitable lead unitrust.

The facts, as represented, are as follows. In Year 1, Taxpayer created two irrevocable trusts, Trust and Foundation. Trust is a split-interest trust which is intended to qualify as a charitable lead unitrust. The sole corporate trustee of Trust is Bank. Foundation is an irrevocable charitable trust which is intended to qualify as a private foundation. Taxpayer's daughter, Daughter, is sole trustee of Foundation. You represent that Foundation requested and received recognition as a tax exempt organization under section 501(c)(3) of the Internal Revenue Code. The terms of Trust provide that Trust will pay a 5% unitrust amount each year to Foundation for a ten-year term. Upon the expiration of the ten-year term, Trust assets will be divided into separate shares for the benefit of Taxpayer's grandchildren. Other than Foundation and Taxpayer's grandchildren, no other person or entity has an interest in Trust.

Trust is intended to qualify as a charitable lead unitrust under sections 170(f)(2)(B), 2522(c)(2)(B), and 2055(e)(2)(B). Article I, Section A of Trust provides that, for a ten-year period (the "Charitable Term") commencing on the date of execution of the trust agreement (Date 1), Trustee shall pay to Foundation in each taxable year of Trust a unitrust amount equal to five percent (5%) of the net fair market value of the assets of the trust, valued as of the first day of each taxable year.

Article I, Section A of Trust provides that if, at the time of any distribution within the ten-year term, Foundation is not an organization described in sections 170(c), 2055(a), and 2522(a), the trustee is required to distribute the unitrust amount to qualifying charitable organizations described in those sections, such charities to be selected at the sole discretion of the trustee. Article III of Trust expressly prohibits the trustee from exercising any power or discretion granted by law or by Trust that would be inconsistent with qualification of the interests of the recipient as a unitrust interest within the meaning of section 25.2522(c)-3(c)(2)(vii) of the Gift Tax Regulations.

Article I, Section B, paragraph 2 of Trust provides that for any short taxable year, the trustee shall prorate the unitrust amount on a daily basis. Paragraph 4 of Section B further provides that nothing in the instrument shall be construed to restrict the trustee from investing the trust assets in a manner that would result in the annual realization of a reasonable amount of net income or gain from the sale or disposition of the trust assets.

During the Charitable Term, Article I, Section B, Paragraph 3 of Trust prohibits the trustee from engaging in any act of self-dealing as defined in section 4941, retaining any excess business holdings as defined in section 4943(c), retaining any investments that would subject Trust to tax under section 4944, or making any taxable expenditures as defined in section 4945(d). This section further provides that the trustee shall distribute property of Trust at such time or times and in such manner as not to subject Trust to tax under section 4942.

Article I, Section B, Paragraph 10 of Trust provides that all determinations on the net fair market value of Trust assets shall take into account all accrued assets and liabilities and shall be made in accordance with generally accepted fiduciary accounting principles and any United States Treasury requirements governing charitable lead unitrusts. This section further provides that in the case of any conflict, Treasury requirements shall prevail over generally accepted fiduciary accounting principles and any inconsistent provisions of the agreement.

Article V of Trust expressly provides that Taxpayer does not reserve, but expressly and specifically renounces, any and all rights to alter, amend, or revoke Trust or any term or provisions thereof. Taxpayer can never be trustee of Trust.

You represent that Taxpayer has no plan or intention to become, and will not agree to be appointed, an officer or Trustee of Foundation, and that Taxpayer will not participate in or influence the future selection of beneficiaries to receive distributions from Foundation.

During the term of Trust, Article V of Trust provides that taxpayer shall have the power, in a nonfiduciary capacity, to reacquire or exchange any property of Trust by substituting other property of equivalent value to that of the replaced principal within the meaning of section 675(4)(C). The replaced principal shall be delivered to Taxpayer upon receipt of the substitute property by the trustee. This power is held in Taxpayer's individual capacity and, subject to the requirement of equal and equivalent value, Taxpayer may exercise the power in Taxpayer's sole discretion, without the approval or consent of anyone in a fiduciary capacity.

Article I, Section C of provides that, upon expiration of the Charitable Term, Trustee shall divide the remaining net income, if any, and principal of Trust not required to be paid out in satisfaction of the final unitrust payment, into a sufficient number of equal shares for each grandchild of Taxpayer then living and one share for each grandchild who is deceased but has one or more descendants who are then living. That section further provides that each share so created shall constitute a separate trust, to be held under the terms of Trust.

You have requested the following rulings:

(1) Taxpayer will be treated as the owner of the entire Trust under sections 671 and 675.

(2) Trust will qualify as a charitable lead unitrust for purposes of the gift tax charitable deduction under section 2522(c)(2)(B).

(3) Trust will qualify as a charitable lead unitrust for purposes of the income tax charitable deduction under section 170(f)(2)(B).

(4) Taxpayer will be entitled to deduct as a charitable contribution for income tax purposes the present value of the unitrust interest in the taxable year in which Trust is created and funded.

(5) Trust assets will not be included in Taxpayer's gross estate for federal estate tax purposes.

(6) The initial transfer to Trust is not a direct skip for generation-skipping transfer (GST) tax purposes under sections 2612 and 2613.

(7) For purposes of computing the inclusion ratio for GST purposes under section 2642, the value of the transferred property included in the denominator of the applicable fraction is equal to the fair market value of the property transferred by Taxpayer less the present value of the unitrust interest payable to Foundation.

(8) There will be no estate tax inclusion period under section 2642(f)(3) with respect to the transferred property.

### Ruling Request 1:

Section 671 provides that if the grantor or another person is treated as the owner of any portion of a trust, there shall be included in computing the taxable income and credits of the grantor or the other person those items of income, deductions, and credits against tax of the trust which are attributable to that portion of the trust to the extent that such items would be taken into account in computing the taxable income or credits against tax of an individual.

Section 1.671-3(b) of the Income Tax Regulations provides that if a grantor is treated as the owner of a portion of a trust, that portion may or may not include both ordinary income and other income allocable to corpus. Section 1.671-3(b)(3) provides that if the grantor is treated as an owner under section 675 of the Code because of a power over corpus, then the grantor includes both ordinary and other income allocable to corpus in the portion the grantor is treated as owning.

Section 675(4) provides that the grantor shall be treated as the owner of any portion of a trust in respect of which a power of administration is exercisable in a nonfiduciary capacity by any person without the approval or consent of any person in a fiduciary capacity. For purposes of section 675(4), the term "power of administration" includes a power to reacquire the trust corpus by substituting other property of an equivalent value.

Section 1.675-1(a) provides that the grantor is treated as the owner of any portion of a trust if, under the terms of the trust instrument or circumstances attendant on its operation, administrative control is exercisable primarily for the benefit of the grantor rather than the beneficiaries of the trust.

Section 1.675-1(b)(4) provides that the circumstances that cause administrative controls to be considered exercisable primarily for the benefit of the grantor are the existence of certain powers of administration exercisable in a nonfiduciary capacity by any nonadverse party without the approval or consent of any person in a fiduciary capacity. The term "powers of administration" means, among other powers, a power to reacquire the trust corpus by substituting other property of an equivalent value. If a power is exercisable by a person as trustee, it is presumed that the power is exercisable in a fiduciary capacity primarily in the interests of the beneficiaries. If a power is not exercisable by a person as trustee, the determination of whether the power is exercisable in a fiduciary or nonfiduciary capacity depends on all the terms of the trust and the circumstances surrounding its creation and administration.

In the present case, the circumstances surrounding the administration of Trust will determine whether the power of administration is exercisable in a fiduciary or nonfiduciary capacity. This is a question of fact, the determination of which must be deferred until the federal income tax returns of the parties involved have been examined by the office of the District Director where the returns are filed. Therefore, we cannot determine at this time whether Taxpayer will be treated as the owner of Trust under section 675(4) of the Code. Provided that the circumstances indicate that the power of administration is exercisable in a nonfiduciary capacity, Taxpayer will be treated as the owner of entire Trust under section 675.

#### <u>Ruling Request 2</u>:

Section 2501 provides that a tax, computed as provided in section 2502, is hereby imposed for each calendar year on the transfer of property by gift during such calendar year by any individual, resident or nonresident.

Section 2511(a) provides, in part, that subject to limitations contained in chapter 12, the tax imposed by section 2501 shall apply whether the transfer is in trust or

otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible.

Section 2522(a) provides that, in computing an individual's taxable gifts for the calendar year, a deduction shall be allowed for the amount of all gifts to or for the use of certain governmental entities, certain corporations organized and operated exclusively for religious, charitable, scientific, or educational purposes, and certain other fraternal organizations.

Section 2522(c)(2)(B) provides that, where a transfer is made to both charitable and noncharitable persons or entities, no deduction shall be allowed for the charitable portion of the gift unless, in the case of interests other than charitable remainder interests, such interest is in the form of a guaranteed annuity or is a fixed percentage distributed yearly of the fair market value of property (to be determined yearly).

Section 25.2522(c)-3(c)(2)(vii) states that the term "unitrust interest" means the right pursuant to the instrument of transfer to receive a payment, not less often than annually, of a fixed percentage of the net fair market value, determined annually, of the property which funds the unitrust interest. In computing the net fair market value of the property which funds the unitrust interest, all assets and liabilities shall be taken into account without regard to whether particular items are taken into account in determining the income from the property. The net fair market value of the property which funds the unitrust interest may be determined on any one date during the year or by taking the average of valuations made on more than one date during the year, provided that the same valuation date or dates and valuation methods are used each year. Payments under a unitrust interest may be paid for a specified term or for the life or lives of a named individual or individuals, each of whom must be living at the date of the gift and can be ascertained at such date. Where the charitable interest in the form of a unitrust interest is in trust, the charitable interest will generally not be considered a unitrust interest if any amount other than an amount in payment of a unitrust interest may be paid by the trust for a private purpose before the expiration of all the income interests for a charitable purpose.

Section 25.2522(c)-3(d)(1) provides that the amount of the deduction in the case of a contribution of a partial interest in property to which section 2522 applies is the fair market value of the partial interest on the date of the gift. The fair market value of an annuity, life estate, term for years, remainder, reversion, or unitrust interest is its present value.

Section 25.2522(c)-3(d)(2)(v) provides that the present value of a unitrust interest is to be determined by subtracting the present value of all interests in the transferred property other than the unitrust interest from the fair market value of the transferred property.

Under the terms of Trust, a qualified charitable organization or organizations are given the irrevocable right to receive annually, for a specified term of ten years, a fixed percentage of the net fair market value, determined annually, of the property that funds the unitrust interest. It has been represented that Taxpayer is not, and will not become, an officer or trustee of Foundation (the designated charitable organization) and will not participate in how Foundation distributes its funds.

Based upon the facts submitted and the representations made, we conclude that Taxpayer has made a completed gift of the unitrust interest under section 2511 and that the interest is a unitrust interest within the meaning of section 2522(c)(2)(B) and the regulations thereunder. Accordingly, we conclude that a gift tax charitable deduction under section 2522(a) will be allowed in an amount equal to the present value of the unitrust interest determined as of the date of the funding of Trust. The amount of the charitable deduction will be determined under section 25.2522(c)-3(d)(2)(v).

## <u>Issue 3</u>:

Section 170(f)(2)(B) provides that no charitable contribution deduction is allowed for the value of any interest in property (other than a remainder interest) transferred in trust unless the interest is in the form of a guaranteed annuity or the trust instrument specifies that the interest is a fixed percentage distributed yearly of the fair market value of the trust property (to be determined yearly) and the grantor is treated as the owner of the interest for purposes of applying section 671.

Section 1.170A-6(c)(2)(ii)(A) treats an income interest as a "unitrust interest" only if it is an irrevocable right pursuant to the governing instrument of the trust to receive payment, not less often than annually, of a fixed percentage of the net fair market value of the trust assets, determined annually. This regulation provides that in computing the net fair market value of the trust assets, all assets and liabilities shall be taken into account without regard to whether particular items are taken into account in determining the income of the trust. The regulation further provides that the net fair market value of the trust assets may be determined on any one date during the year or by taking the average of valuations made on more than one date during the year, provided that the same valuation date or dates and valuation methods are used each year.

With exceptions not relevant here, section 1.170A-6(c)(2)(ii)(D) provides, in general, that an income interest will not be considered a unitrust interest if any amount (other than the unitrust interest payment) may be paid by the trust for a private purpose before the expiration of all the income interests for a charitable purpose.

Under the terms of Trust, the trustee is required to pay to Foundation, or if it is not a qualified section 170(c) organization, to a donee that meets such requirements, a determinable amount equal to five percent (5%) of the net fair market value of the Trust assets. Such amount is determined as of the first day of each taxable year of Trust and is payable annually at the end of each calendar year for a term of ten Therefore, a charity will have an irrevocable right to vears. receive the unitrust amount. In addition, Trust expressly prohibits the trustee from engaging in any act that would disqualify the payment as a unitrust interest. This is because Article III of Trust expressly prohibits the trustee from exercising any power or discretion granted by law or by the Trust agreement that would be inconsistent with qualification of the interest as a unitrust interest within the meaning of section 25.2522(c)-3(c)(2)(vii), and the requirements of section 25.2522(c)-3(c)(2)(vii)(e) are comparable to the requirements of section 1.170A-6(c)(2)(ii)(D). Therefore, payments to private interests are prohibited during the charitable term.

Article I, Section A of the Trust agreement provides that the trustee will pay a unitrust amount determined using the net fair market value of the assets valued as of the first day of each taxable year of Trust. Section 1.170A-6(c)(2)(ii)(A) provides that the same valuation date or dates and valuation methods must be used each year. The first day of the initial short taxable year of Trust was a different date from the first day of subsequent taxable years. Nevertheless, this section of the Trust agreement is consistent with the regulation, since the dates for determining the net fair market value of the assets were determined on the date Trust was created, and this is a reasonable way to use the first day of each taxable year as the date for valuing the assets of Trust.

The governing instrument of a charitable lead unitrust must meet certain requirements. Section 1.170A-6(c)(2)(ii)(E). Under sections 4947(a)(2) and 508(e), with certain exceptions in section 4947(b)(3), the governing instrument of a charitable lead unitrust must include provisions the effects of which are (A) to require its income for each taxable year to be distributed at such time and in such manner as not to subject the trust to tax under section 4942, and (B) to prohibit the trust from engaging in any act of self-dealing (as defined in section 4941(d)), from retaining any excess business holdings (as defined in

section 4943(c)), from making any investments in such manner as to subject the trust to tax under section 4944, and from making any taxable expenditures (as defined in section 4945(d)). Article I, Section B, paragraph 3 of the Trust contains these requirements.

Provided that Taxpayer is treated as the owner of the unitrust interest for purposes of section 671 and that, if any payments are made by Trust to Foundation, Foundation is recognized by the Service as an entity described in section 170(c), Trust will qualify as a charitable lead unitrust for purposes of the income tax charitable contribution deduction under section 170(f)(2)(B).

#### <u>Ruling Request 4</u>:

Section 170(a)(1) provides that there will be allowed as a deduction any charitable contribution payment of which is made within the taxable year.

Section 170(c)(2) provides, in part, that the term "charitable contribution" means a contribution or gift to or for the use of a corporation, trust, or community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, literary or educational purposes.

Section 1.170A-1(c) provides that if a charitable contribution is made in property other than money, the amount of the contribution is the fair market value of the property at the time of the contribution reduced as provided in section 170(e)(1) and §1.170A-4.

Section 170(f)(2)(B) provides that no charitable contribution deduction is allowed for the value of any interest in property (other than a remainder interest) transferred in trust unless the interest is in the form of a guaranteed annuity or the trust instrument specifies that the interest is a fixed percentage distributed yearly of the fair market value of the trust property (to be determined yearly) and the grantor is treated as the owner of the interest for purposes of applying section 671.

Section 1.170A-6(c)(3)(ii) provides that the deduction allowed by section 170(f)(2)(B) for a charitable contribution of a unitrust interest is limited to the fair market value of such interest on the date of contribution. This regulation further provides that the fair market value of the unitrust interest shall be determined by subtracting the present value of all other interests in the transferred property (other than the unitrust interest) from the fair market value of the transferred property.

Provided that Taxpayer is treated as the owner of the unitrust interest for purposes of section 671 and that, if any payments are made by Trust to Foundation, Foundation is recognized by the Service as an entity described in section 170(c), Taxpayer will be entitled to deduct as a charitable contribution for federal income tax purposes, pursuant to section 170(f)(2)(B), the present value, as of the time of the contribution, of the unitrust interest in the taxable year in which the Trust is created and funded, determined in accordance with section 1.170A-6(c)(3)(ii) and subject to the applicable limitations of section 170 including section 170(b) and 170(e)(1) and subject to any applicable limitations under other sections of the Code.

### <u>Ruling Request 5</u>:

Section 2033 provides that the value of the gross estate shall include the value of all property to the extent of the interest therein of the decedent at the time of his death.

Section 2035(a) provides that if: (1) the decedent made a transfer (by trust or otherwise) of an interest in any property, or relinquished a power with respect to any property, during the 3-year period ending on the date of the decedent's death; and (2) the value of such property (or an interest therein) would have been included in the decedent's gross estate under sections 2036, 2037, 2038, or 2042, if such transferred interest or relinquished power had been retained by the decedent on the date of his death, the value of the gross estate shall include the value of any property (or interest therein) which would have been so included.

Section 2036(a) provides that the value of the gross estate shall include the value of all property to the extent of any interest therein of which the decedent has at any time made a transfer (except in the case of a bona fide sale for an adequate and full consideration in money or money's worth), by trust or otherwise, under which he has retained for his life or for any period not ascertainable without reference to his death or any period which does not in fact end before his death (1) the possession or enjoyment of, or the right to the income from, the property, or (2) the right, either alone or in conjunction with any person, to designate the persons who shall possess or enjoy the property or the income therefrom. Section 2038(a)(1) provides that the value of the gross estate shall include the value of all property to the extent of any interest therein of which the decedent has at any time made a transfer (except in the case of a bona fide sale for an adequate and full consideration in money or money's worth), by trust or otherwise, where the enjoyment thereof was subject at his death to any change through the exercise of a power (in whatever capacity exercisable) by the decedent alone or by the decedent in conjunction with any other person (without regard to when or from what source the decedent acquired such power), to alter, amend, revoke, or terminate, or where any such power is relinquished during the 3-year period ending on the date of the decedent's death.

Based on its terms, Trust is irrevocable. A fixed percentage of the value of the property transferred to Trust will be distributed to Foundation during the ten year charitable lead term and, thereafter, the corpus and remaining income will pass in further trust for the benefit of Taxpayer's descendants. Taxpayer retains no interest or reversion in Trust, and no right to alter, amend, or revoke the trusts. Taxpayer cannot serve as trustee of Trust.

Accordingly, based upon the information submitted and the representations made and assuming there is no understanding, express or implied, between Taxpayer and the officers and directors of Foundation regarding the disposition of the amounts received by Trust, we conclude that upon Taxpayer's death, no portion of the principal of Trust will be includible in Taxpayer's gross estate for federal estate tax purposes.

## Ruling Request 6:

Section 2601 imposes a tax on every generation-skipping transfer. Section 2611 provides that a generation-skipping transfer means a taxable distribution, a taxable termination, or a direct skip.

Section 2612(a)(1) provides that a taxable termination occurs when an interest in a trust terminates (by death, lapse of time, release of power, or otherwise) unless immediately after such termination, a non-skip person has an interest in such property or at no time after such termination may a distribution (including distributions on termination) be made from such trust to a skip person.

Section 2612(b) provides that a taxable distribution means any transfer from a trust to a skip person (other than a taxable termination or a direct skip). Section 2612(c) provides that a direct skip means a transfer (subject to estate or gift tax) of an interest in property to a skip person.

Section 2613(a) provides that the term "skip person" means (1) a natural person assigned to a generation that is two or more generations below the generation assignment of the transferor or (2) a trust if all interests in such trust are held by skip persons.

Section 2651(b) provides, in general, that an individual who is a lineal descendant of a grandparent of the transferor shall be assigned to that generation which results from comparing the number of generations between the grandparent and such individual with the number of generations between the grandparent and the transferor.

Section 2651(f)(2) provides that except as provided in section 2651(f)(3), if an estate, trust, partnership, corporation, or other entity has an interest in property, each individual having a beneficial interest in such entity shall be treated as having an interest in such property and shall be assigned to a generation under the foregoing provisions of this subsection.

Section 2651(f)(3) provides that any organization described in section 511(a)(2), any charitable trust described in section 511(b)(2), and any governmental entity, shall be assigned to the transferor's generation.

In the present case, the charitable beneficiary of the lead unitrust interest is assigned to the Taxpayer's generation and therefore is not a skip person. Because all the interests in Trust are not held by skip persons, Trust is not a skip person under section 2613(a)(2). Therefore, Taxpayer's initial transfer of assets to Trust is not a direct skip under section 2612(c).

#### Ruling Request 7:

Section 2602 provides that the generation-skipping transfer tax is computed by multiplying the taxable amount (defined in sections 2621 through 2624) by the applicable rate (defined in sections 2641 and 2642).

Section 2641 defines the applicable rate as the maximum federal estate tax rate under section 2001 multiplied by the inclusion ratio with respect to the transfer.

Section 2642(a)(1) provides that the inclusion ratio with respect to any property transferred in a generation-skipping

transfer (other than a direct skip) shall be the excess (if any) of 1 over the applicable fraction determined for the trust from which such transfer is made.

Section 2642(a)(2) provides (for transfers other than direct skips), that the applicable fraction is a fraction, the numerator of which is the amount of the GST exemption allocated to the trust, and the denominator of which is the value of property transferred to the trust reduced by the sum of any federal estate tax or state death tax actually recovered from the trust attributable to such property and by any charitable deduction allowed under sections 2055 or 2522 with respect to such property.

Section 26.2642-1(c) provides that the denominator of the applicable fraction is the value of the property transferred to the trust reduced by the sum of (i) any federal estate tax and any state death tax incurred by reason of the transfer that is chargeable to the trust and is actually recovered from the trust, (ii) the amount of any charitable deduction allowed under section 2055, 2106, or 2522 with respect to such transfer, and (iii) in the case of a direct skip, the value of the portion of the transfer that is a nontaxable gift.

Because a gift tax charitable deduction under section 2522(a) will be allowed in an amount equal to the present value of the unitrust interest determined as of the date of the funding of the charitable lead trust, we conclude that the value of the transferred property included in the denominator of the applicable fraction is equal to the fair market value of the property transferred by Taxpayer less the present value of the unitrust interest payable to Foundation.

#### Ruling Request 8:

Section 2642(b)(1) provides that, except as provided in section 2642(f), if the allocation of the GST exemption to any property (other than a direct skip) is made on a timely gift tax return, the value of the property shall be its value for gift tax purposes and the allocation shall be effective as of the date the property is transferred.

Section 2642(f)(1) provides in general that for purposes of determining the inclusion ratio, if an individual makes an inter vivos transfer of property, and the value of such property would be includible in the individual's gross estate for federal estate tax purposes if the individual died immediately after making such transfer (other than by reason of section 2035), any allocation of GST exemption to such property shall not be made before the close of the estate tax inclusion period. Section 2642(f)(3) provides that the term "estate tax inclusion period" means any period after the transfer described in section 2642(f)(1) during which the value of the property involved in such transfer would be includible in the transferor's gross estate for federal estate tax purposes if he died.

As discussed above, as of the date of transfer, no portion of Trust is includible in Taxpayer's estate. Therefore, there will be no estate tax inclusion period under section 2642(f)(3) with respect to property transferred by Taxpayer to Trust.

This ruling is based on the facts and applicable law in effect on the date of this letter. If there is a change in material fact or law (local or federal) before the death of Taxpayer, the estate tax ruling will have no force or effect. If Taxpayer is in doubt whether there has been a change of material fact or law, a request for reconsideration of this ruling should be submitted.

Except as we have specifically ruled herein, we express or imply no opinion on the federal tax consequences of this transaction under the cited provisions of the Code or under any other provision of the Code. We specifically express no opinion on the tax consequences to the transferor or Trust if persons other than Taxpayer transfer property to Trust.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Sincerely,

Frances Schafer

Frances Schafer Badge Number 50-06420 Counsel to the Assistant Chief Counsel (Passthroughs and Special Industries)

Enclosure: Copy for § 6110 purposes