

Selected Developments in the Estate, Gift & GST Area

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Generation-Skipping Transfer Tax – Opt Out Regulations

- Proposed regulations -- guidance for 2632(c) election out of deemed allocation (Prop. Treas. Reg. Section 26-2632-1(b))
 - Election Out of the Automatic Allocation of GST Exemption
 - Election to Treat a Trust as a “GST Trust”

Generation-Skipping Transfer Tax – Alternate 9100 relief regulations

- Rev Proc. 2004-46, 2004-31 IRB 142 (Aug. 2, 2004) providing alternate method for obtaining extension of time to make allocation of GST exemption
 - Procedure for Alternate Relief
 - Eligibility Requirements
 - Transitional Rule for Pending Ruling Requests
 - Subsequent Estate Tax Inclusion Period

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Generation-Skipping Transfer Tax – Qualified Severance

- Proposed regulations on Qualified Severance under Section 2642
 - Qualified Severance
 - Fractional Basis
 - Same Succession of Interests
 - Reporting
 - Income Tax

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Generation-Skipping Transfer Tax – Pre-deceased parent rule

- Proposed regs on pre-deceased parent rule 2651-1 & -2 re 2651(e) 9/2/04
 - Pre-deceased parent rule
 - Individuals assigned to more than one generation
 - Corresponding generational adjustment

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Estate Tax

- Rev. Proc. 2004-47 simplified method for making late reverse QTIP election
 - Reverse QTIP Election
 - Request to Make Late Reverse QTIP Election

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Gift Tax – GRAT Regs

- GRAT regulations under 25.2702-2 & -3 modified
 - GRAT regulations revised to conform to *Walton*
 - Spousal revocable trust

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Gift Tax – Payment of Grantor Trust Tax

- Rev. Rul. 2004-64 re payment of tax on grantor trust
 - No gift on payment of income tax
 - Estate tax inclusion under certain circumstances

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Charitable Giving – CRT Ordering Rules

- CRT Ordering Rules
 - Ordering rule
 - Purpose of proposed regulations under IRC Section 664(b)

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Charitable Giving – Private Foundation Income

- Notice 2004-35
 - Distributions from trusts and estates will not retain their character in the hands of private foundation for calculation of net investment income
- Notice 2004-36
 - Distributable amount not to include full amount of income portion of distribution from split-interest charitable trust consistent with *Ann Jackson Family Foundation*.

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Charitable Giving – IRS Initiative to Scrutinize EO Compensation Practices

- IRS announces enforcement effort
 - Purposes
 - Address questionable compensation practices
 - Increase awareness
 - Learn about EO processes
 - 2000 charities to be examined during 2004-2005