

Reg. 1.679-5(c), Example 2

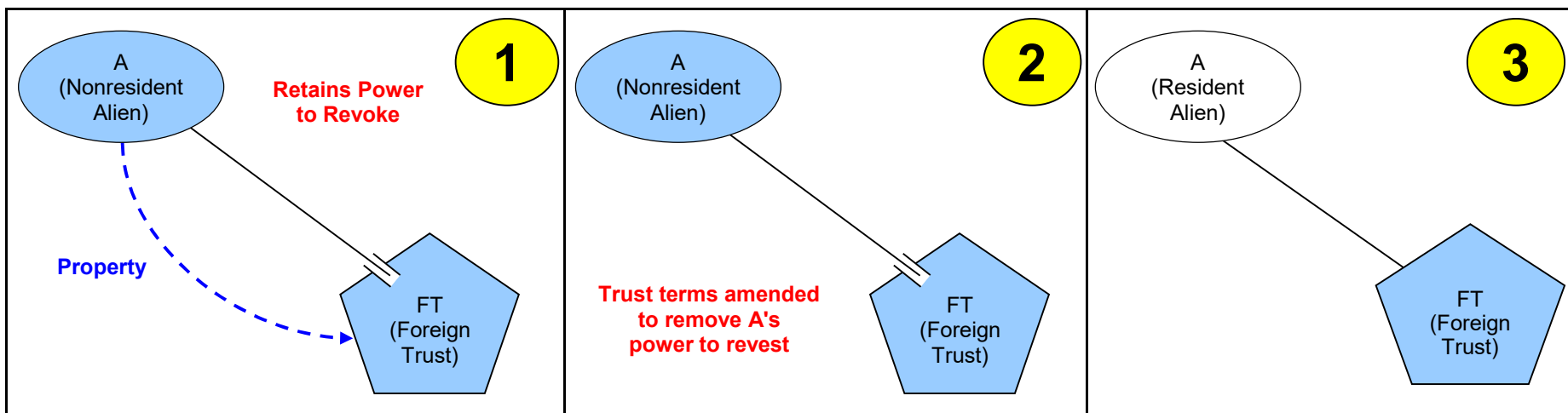
Pre-Immigration Trust - NRA Loses Power to Revest & Then Becomes RA

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Transfer to Trust (Jan. 1, 2002)

Loses Power to Revest (Jan. 1, 2008)

Move to U.S. (Jan. 1, 2010)



Means grantor trust with respect to that person

On January 1, 2002, A, a nonresident alien individual, transfers property to a foreign trust, FT. A has the power to revest absolutely in himself the title to such property transferred and is treated as the owner of the trust pursuant to sections 676 and 672(f). On January 1, 2008, the terms of FT are amended to remove A's power to revest in himself title to the property transferred, and A ceases to be treated as the owner of FT. On January 1, 2010, A becomes a resident of the United States. A is treated as having originally transferred the property to FT on January 1, 2008. Because this date is within five years of A's residency starting date, A is deemed to have made a transfer to the foreign trust on January 1, 2010, his residency starting date. The property deemed transferred to the foreign trust on January 1, 2010, includes the undistributed net income of the trust, as defined in section 665(a), attributable to the property deemed transferred.

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