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The IRS Reconsiders Its Rulings on Incomplete Gift Non-grantor Trusts

In IR 2007-127, the IRS announced it was reconsidering the ruling position it had taken in a series of private letter rulings, which concluded that the non-grantor beneficiary/members of trust distribution committees do not possess a general power of appointment by reason of their joint distribution power. The announcement is important because it represents a broadside attack on the critical path taken by practitioners in structuring irrevocable trusts, which are incomplete gifts on the part of the trust's grantor, to be recognized as separate taxpayers for income tax purposes. Neal Gerber Eisenberg partner and Private Wealth Services chair Lawrence I. Richman authored an article that appears in the January/February 2008 edition of *CCH's Journal of Passthrough Entities*.

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