

## Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:PT&E:B04

PLR-100844-25

Date:

July 01, 2025

### LEGEND

|                 |   |
|-----------------|---|
| Spouse          | = |
| Decedent        | = |
| Child 1         | = |
| Child 2         | = |
| Child 3         | = |
| Attorney        | = |
| Law Firm        | = |
| Accounting Firm | = |
| Date 1          | = |
| Date 2          | = |
| Date 3          | = |
| Year 1          | = |
| Year 2          | = |
| Year 3          | = |
| Trust           | = |
| <u>X</u>        | = |

Dear :

This letter responds to your authorized representative's letter dated December 20, 2024, and subsequent correspondence, requesting an extension of time under § 2642(g) of the Internal Revenue Code (Code) and § 26.2642-7 of the Generation-Skipping Transfer (GST) Tax Regulations to allocate GST exemption to a transfer to a trust.

The facts and representations submitted are summarized as follows:

On Date 1, in Year 1 (a date prior to December 31, 2000), Decedent established Trust for the benefit of Child 1, Child 2, Child 3 and the descendants of such children (collectively, Descendants). Trust has GST tax potential. On Date 2, in Year 1 (a date prior to December 31, 2000), Decedent made a gift of X to Trust. On their Year 1 Forms 709 United States Gift (and Generation-Skipping Transfer) Tax Returns, Spouse and Decedent elected to treat the Year 1 gifts as made one-half by each of them under § 2513 of the Code.

Spouse and Decedent retained Attorney and Law Firm to create Trust and to coordinate with Accounting Firm regarding the Year 1 transfer of X to Trust. Spouse and Decedent retained Accounting Firm to prepare Forms 709 to report the Year 1 transfer of X to Trust. In preparing the Year 1 Forms 709, Accounting Firm failed to report the Year 1 transfer of X to Trust. Thus, Accounting Firm did not allocate Spouse's and Decedent's respective GST exemptions to the transfer of X made in Year 1 to Trust.

Decedent died on Date 3 in Year 2. In Year 3, after a request for information from Attorney regarding the Year 1 Forms 709 for the Spouse and Decedent, Spouse discovers that the transfer of X in Year 1 was not reported on the Year 1 Forms 709, and Spouse's GST exemption was not allocated to the Year 1 transfer of X to Trust.

Spouse represents that Spouse had sufficient GST exemption available to allocate to the Year 1 transfer of X to Trust.

Spouse requests an extension of time under § 2642(g) and § 26.2642-7 to allocate Spouse's GST exemption to the Year 1 transfer of X to Trust.

### LAW AND ANALYSIS

Section 2513(a)(1) provides, generally, that, if the parties consent, a gift made by one spouse to any person other than the donor's spouse shall, for gift tax purposes, be considered as made one-half by the donor and one-half by the donor's spouse.

Section 2652(a)(2) provides that if, under § 2513, one-half of a gift is treated as made by an individual and one-half of such gift is treated as made by the spouse of such individual, such gift shall be so treated for purposes of chapter 13.

Section 2601 imposes a tax on every generation-skipping transfer. A generation skipping transfer is defined under § 2611(a) as, (1) a taxable distribution, (2) a taxable termination, and (3) a direct skip.

Section 2602 provides that the amount of the tax imposed by § 2601 is the taxable amount multiplied by the applicable rate.

Section 2631(a), in effect at the time of the transfer, provides that, for purposes of determining the inclusion ratio, every individual shall be allowed a GST exemption of \$1,000,000 which may be allocated by such individual (or his executor) to any property with respect to which such individual is the transferor.

Section 2631(b) provides that any allocation under § 2631(a), once made, shall be irrevocable.

Section 2632(a)(1) provides that an individual's GST exemption may be allocated at any time on or before the date prescribed for filing the estate tax return for such individual's estate (determined with regard to extensions), regardless of whether such return is required to be filed. Section 2632(a)(2) provides that allocations are to be made as prescribed by forms or regulations issued by the Secretary.

Section 26.2632-1(b)(4)(i) of the Generation-Skipping Transfer Tax Regulations provides that an allocation of GST exemption to property transferred during the transferor's lifetime, other than in a direct skip, is made on Form 709.

Section 2642(b)(1), as in effect at the time of the transfer, provides, in part, that, except as provided under § 2642(f), if the allocation of the GST exemption to any property is made on a gift tax return filed on or before the date prescribed by §6075(b), (A) the value of such property for purposes of §2642(a) shall be its value for purposes of chapter 12 and (B) such allocation shall be effective on or after the date of such transfer.

Section 2642(g)(1)(A) provides that the Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make an allocation of GST exemption described in § 2642(b)(1) or (2), and an election under § 2632(b)(3) or (c)(5). Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of the enactment of § 2642(g).

Section 2642(g)(1)(B) provides that in determining whether to grant relief under this paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant. For purposes of determining whether to grant relief under this paragraph, the time for making the allocation (or election) shall be treated as if not expressly prescribed by statute.

Section 26.2642-7 of the Generation-Skipping Transfer Tax Regulations sets forth the procedures for requesting an extension of time to make an allocation of GST exemption described in § 2642(b)(1) or (2), and an election under § 2632(b)(3) or (c)(5), and the standards used to determine whether relief may be granted.

Section 26.2642-7(d)(1) provides that requests for relief will be granted when and to the extent that the transferor or the executor of the transferor's estate provides evidence establishing to the satisfaction of the IRS that the transferor or the executor of the transferor's estate acted reasonably and in good faith, and that the grant of relief will not prejudice the interests of the government.

Section 26.2642-7(d)(2) provides a nonexclusive list of factors that will be considered in determining whether the transferor or the executor of the transferor's estate acted reasonably and in good faith for purposes of § 26.2642-7, including reasonable reliance by the transferor or the executor of the transferor's estate on the advice of a qualified tax professional

Based solely on the information submitted and the representations made, we conclude that the requirements of § 26.2642-7 have been satisfied. Therefore, Spouse is granted an extension of time of 120 days from the date of this letter to allocate Spouse's GST exemption to the Year 1 transfer of X to Trust.

The allocation of GST exemption should be made on an amended Form 709 for Year 1. The Form 709 should be filed with the Internal Revenue Service at the following address: Internal Revenue Service Center, ATTN: E&G, Stop 824G, 7940 Kentucky Drive, Florence, KY 41042-2915. A copy of this letter should be attached to the Form 709.

Except as expressly provided herein, we neither express nor imply any opinion concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

The rulings contained in this letter are based upon information and representations submitted by the Taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

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

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

*Melissa C. Liquerman*

By: \_\_\_\_\_  
Melissa C. Liquerman  
Senior Counsel, Branch 4  
Office of the Associate Chief Counsel  
(Passthroughs, Trusts, and Estates)

Enclosure

Copy for § 6110 purposes

cc:

cc:

cc: