

*T.D. 8644*

Treasury Decisions  
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## Rules and Regulations

DEPARTMENT OF THE TREASURY  
Internal Revenue Service (IRS)

**26 CFR Parts 26, 301, and 602****61 FR 29653; RIN 1545-AJ11; 1545-AL75; 1545-AO89****Generation-Skipping Transfer Tax; Correction****T.D. 8644****DATE:** June 12, 1996**ACTION:** Correction to final regulations.**SUMMARY:** This document contains corrections to final regulations [**TD 8644**] which were published in the **Federal Register** for Wednesday, December 27, 1995 (60 FR 66898). The final regulations relate to generation-skipping transfer tax.**EFFECTIVE DATE:** December 27, 1995.**FOR FURTHER INFORMATION CONTACT:** Jim Hogan (202) 622-3090 (not a toll-free number).**SUPPLEMENTARY INFORMATION:****Background**

The final regulations that are subject to these corrections are under chapter 13 of the Internal Revenue Code.

**Need for Correction**

As published, the final regulations [**TD 8644**] contain errors that are in need of clarification.

**Correction of Publication**

Accordingly, the publication of final regulations which are the subject of FR Doc. 95-30873 is corrected as follows:

1. On page 66899, column 1, in the preamble under the paragraph heading "Uniform Statutory Rule Against Perpetuities", line 13, the language "alienation of a interest in property for a" is corrected to read "alienation of an interest in property for a".
2. On page 66902, column 1, in the preamble under the paragraph heading "Division of a Single Trust Into Separate Trusts", paragraph 3, line 3 from the bottom, the language "for under the original trusts. Thus, a" is corrected to read "for under the original trust. Thus, a".

**§ 26.2601-1 -- [Corrected]**

2a. On page 66907, column 2, § 26.2601-1, paragraph (b)(1)(v)(D), *Example 2*, eighth line from the bottom of the paragraph, the language, "of the first addition), \$ 200,000 (.2 / " is corrected to read "of the first addition), \$ 200,000 (.2x".

3. On page 66907, column 2, § 26.2601-1, paragraph (b)(1)(v)(D), *Example 4*, eighth line from the bottom of the column, the language "GGC, for life. Upon GGC's death the" is corrected to read "GGC, for life. Upon GGC's death, the".

4. On page 66907, column 3, § 26.2601-1, paragraph (b)(1)(v)(D), *Example 5*, line 3, the language "Assume the same facts as in *Example 3*," is corrected to read "Assume the same facts as in *Example 4*,".

5. On page 66909, column 2, § 26.2601-1, paragraphs (b)(3)(iii) introductory text, (b)(3)(iii)(A), (b)(3)(iii)(A)(1), (b)(3)(iii)(A)(2), (b)(3)(iii)(B), (b)(3)(iii)(C) are correctly designated (b)(3)(iii)(A) introductory text, (b)(3)(iii)(A)(1), (b)(3)(iii)(A)(1)(i), (b)(3)(iii)(A)(1)(ii), (b)(3)(iii)(A)(2), and (b)(3)(iii)(A)(3), respectively.

6. On page 66909, column 2, § 26.2601-1, newly designated paragraph (b)(3)(iii)(A)(3) is corrected and paragraph (b)(3)(iii)(B) is added to read as follows:

**§ 26.2601-1 -- Effective dates.**

\* \* \* \* \*

(b) \* \* \*

(3) \* \* \*

(iii) \* \* \*

(A) \* \* \*

(3) Any judgement or decree relating to the decedent's incompetency that was made after October 22, 1986.

(B) Such items in paragraphs (b)(3)(iii) (A), (B), and (C) of this section will be considered relevant, but not determinative, in establishing the decedent's state of competency.

7. On page 66909, column 3, § 26.2601-1, paragraph (b)(4)(i), line 5, the language "rules in paragraph (b) (2) or (3) of this" is corrected to read "rules in paragraph (b) (1), (2) or (3) of this".

8. On page 66910, column 2, § 26.2601-1, paragraph (c), line 5 from the top of the column, the language "on or after [December 27, 1995]." is corrected to read "on or after December 27, 1995.".

**§ 26.2612-1 -- [Corrected]**

9. On page 66910, column 3, § 26.2612-1, paragraph (a)(2)(ii), lines 5 and 6, the language "the transferor would be assigned to a lower generation by reason of that" is corrected to read "the lineal descendant would be assigned to a higher generation by reason of that".

10. On page 66910, column 3, § 26.2612-1, paragraph (b)(1)(i), last 3 lines are corrected by removing the language "(i.e., a new transferor is determined with respect to the property)".

**§ 26.2632-1 -- [Corrected]**

11. On page 66914, column 3, § 26.2632-1, paragraph (d)(1), line 3 from the top of the column, the language "706 or Form 706NA and is effective as" is corrected to read "706, Form 706NA or Form 709 (filed on or before the due date of the transferor's estate tax return) and is effective as".

**§ 26.2642-2 -- [Corrected]**

12. On page 66916, column 2, § 26.2642-2, paragraph (b)(3)(ii)(B), line 6, the language "date of death and the date of" is corrected to read "valuation date and the date of".

**§ 26.2642-4 -- [Corrected]**

13. On page 66917, column 3, § 26.2642-4, paragraph (a)(3), lines 5 through 9 from the top of the column, the language "not allocated to the trust, the applicable fraction immediately before death is not changed, if the trust was not subject to an ETIP at the time GST exemption was allocated to the trust. The denominator" is corrected to read "not allocated to the trust, then, except as provided in this paragraph (a)(3), the applicable fraction immediately before death is not changed, if the trust was not subject to an ETIP at the time GST exemption was allocated to the trust. In any event, the denominator".

14. On page 66918, column 2, § 26.2642-4, paragraph (b), paragraph (i) of *Example 5*, the last line, the language "is .50 (1-(\$ 100,000/\$ 200,000) = .50)" is corrected to read "is .50 (1-(\$ 100,000/\$ 200,000))".

**§ 26.2652-1 -- [Corrected]**

15. On page 66918, column 3, § 26.2652-1, paragraph (a)(2), line 2, the language "*or gift tax*. For purposes of this section," is corrected to read "*or gift tax*. For purposes of this chapter,".

16. On page 66919, column 1, § 26.2652-1, paragraph (a)(2), line 3 from the top of the column, the language "2501(a). A transfer is subject to Federal" is corrected to read "2501(a) (without regard to exemptions, exclusions, deductions, and credits). A transfer is subject to Federal".

17. On page 66919, columns 1 and 2, § 26.2652-1, paragraph (a)(6) *Example 1*, last two lines in column 1 and first line in column 2, the language "benefit of T's grandchild. The transfer is a completed gift under § 25.2511-2 of this chapter. Thus, for purposes of chapter 13, T" is corrected to read "benefit of T's grandchild. The transfer is subject to Federal gift tax because a gift tax is imposed under section 2501(a) (without regard to exemptions, exclusions, deductions, and credits). Thus, for purposes of chapter 13, T".

18. On page 66919, column 2, § 26.2652-1, paragraph (a)(6), *Example 5*, lines 13 and 14, the language "transfer by T is a completed transfer within the meaning of § 25.2511-2 of this chapter" is corrected to read "transfer by T is subject to Federal gift tax because a gift tax is imposed under section 2501(a) (without regard to exemptions, exclusions, deductions, and credits)".

**§ 26.2654-1 -- [Corrected]**

19. On page 66921, column 2, § 26.2654-1, paragraph (a)(1)(ii)(A), last line, the language "person; or" is corrected to read "person; and".

20. On page 66922, column 2, § 26.2654-1, paragraph (a)(5), *Example 6*, line 10 from the top of the column, the language "contribution is  $\frac{3}{4}$  ( $(\frac{2}{3} \times \$ 180,000) +$ " is corrected to read "contribution is  $\frac{3}{4}$  ( $(\frac{2}{3} \times \$ 180,000) +$ ".

21. On page 66922, column 2, § 26.2654-1, paragraph (a)(5), *Example 8*, line 4 from the bottom of the paragraph, the language "same if, the trust instrument provided that" is corrected to read "same if the trust instrument provided that".

22. On page 66922, column 2, § 26.2654-1, paragraph (b)(1)(ii)(A), lines 1 and 2, the language "(A) The terms of each of the new trusts provide for the same succession of" is corrected to read "(A) The terms of the new trusts provide in the aggregate for the same succession of".

23. On page 66922, column 3, § 26.2654-1, paragraph (b)(1)(ii)(C)(1), line 2 from the bottom of

the paragraph, the language "measured from the date of death to the" is corrected to read "measured from the valuation date to the".

**§ 26.2662-1 -- [Corrected]**

24. On page 66923, column 3, § 26.2662-1, paragraph (c)(2)(vi), *Example 1*, line 6, the language "T's grandchild GC, was named the sole" is corrected to read "T's grandchild, GC, was named the sole".

**§ 26.2663-2 -- [Corrected]**

25. On page 66925, column 1, § 26.2663-2, paragraph (c)(2), the last line, the language "the trust)." is corrected to read "the trust)).".

26. On page 66925, column 2, § 26.2663-2, paragraph (d), *Example 3*, line 8 from the bottom of the paragraph, the language "Generation-Skipping Transfer) Tax return" is corrected to read "Generation-Skipping Transfer) Tax Return".


27. On page 66925, column 3, § 26.2663-2, paragraph (e), line 11, the language "prescribed in section 2632(c). Thus, an" is corrected to read "prescribed in section 2632(c). Thus, a".

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