

Foreign Trusts, 2006

by Daniel S. Holik

The Statistics of Income (SOI) study of 2006 foreign trust information returns (Forms 3520 and 3520-A) is consistent with substantial and increasing interest in foreign investment by U.S. taxpayers. From 1990 through 2006, the number of Form 3520 returns filed reporting foreign “grantor” and “nongrantor” trust transactions and certain foreign gifts rose from 133 to 7,956 (almost 5,900 percent), while the number of Form 3520-A foreign “grantor” trust returns filed rose from 291 to 3,819 (over 1,200 percent) (Figure A).¹

U.S. “persons” transferred nearly \$1,642 million in assets to all foreign trusts in 2006.² Transfers to trusts created in Jersey, the Cook Islands, Liechtenstein, St. Christopher/Nevis, the Bahamas, and New Zealand accounted for nearly 64 percent of the total transferred assets. U.S. persons reported receiving distributions of \$2,878 million from foreign nongrantor trusts in 2006.

In addition, 3,819 foreign grantor trusts reported total assets of \$31,888 million, distributions of \$1,802 million, and net income of \$1,941 million for 2006. By comparison, for 2002, the last previous year for which extensive statistics were published, 2,550 foreign grantor trusts reported total assets of \$14,976 million, distributions of \$884 million, and net income of \$359 million.³ Finally, in transactions generally separate from foreign trust activity, U.S. persons received \$2,891 million of gifts or bequests from nonresident aliens, foreign estates, foreign corporations, and foreign partnerships during 2006.

Foreign Trust Information Returns

There are two returns—Form 3520, *Annual Return To Report Transactions With Foreign Trusts and*

Receipt of Certain Foreign Gifts, and Form 3520-A, *Annual Information Return of Foreign Trust With a U.S. Owner*—used to report information about foreign trusts and gifts. Form 3520 must be filed by U.S. persons to report transfers to and distributions from foreign trusts, as well as the receipt of certain foreign gifts. Form 3520-A must be filed annually by all foreign trusts with at least one U.S. owner. Each Form 3520-A represents one unique foreign grantor trust and provides beneficiary, income statement, and balance sheet information.

Legislation

The Small Business Job Protection Act of 1996 (Public Law 104-188) made substantial modifications to the tax law governing foreign trusts in response to concerns of taxpayer abuse.⁴ This law expanded information reporting requirements for U.S. persons who make transfers to foreign trusts and for U.S. owners of foreign trusts. In addition, the act added new reporting requirements for U.S. beneficiaries of foreign trusts, extensively revised the civil penalties for failure to file information with respect to foreign trusts, and added civil penalties for failure to report certain transfers to foreign entities. The act also created reporting requirements for U.S. persons who receive large gifts from foreign persons.⁵

This SOI study of foreign trusts includes all foreign trust returns (Forms 3520 and 3520-A) filed with tax periods ending during Calendar Year 2006. It is the third SOI study of foreign trust returns since the 1996 modifications to the law.⁶

Trust Taxation

In general, trusts are fiduciary arrangements created by persons (the “grantors”) who transfer their control of property to other persons (the “trustees”) subject to an obligation to protect and use that property for the benefit of a different group of persons (the

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¹ Additional information about Form 3520 and Form 3520-A is included in the “Foreign Trust Information Returns” section of this article. A “grantor” trust is a trust in which the grantor retains certain elements of control over the use of trust property or trust income. The grantor is then treated as the owner of the portion of the trust to which his or her power or interest applies. A “nongrantor” trust is one in which the grantor does not retain any control over the trust assets or income, and the grantor is not treated as the owner by the Internal Revenue Code. Generally, the income from a nongrantor trust is taxed to the beneficiaries as it is distributed. Additional information about grantor and nongrantor trusts is included in the “Trust Taxation” section of this article.

² A U.S. “person” is any citizen or resident of the United States, a domestic partnership or corporation, or any estate or trust that is not considered foreign. See Internal Revenue Code section 7701 for more information regarding the definition of U.S. persons. A “foreign person” (or entity) is defined as a person other than a U.S. person.

³ For more information about foreign trusts for 1998 and 2002, see Holik, Daniel S., “Foreign Trusts, 1998,” *Statistics of Income Bulletin*, Fall 2001, Volume 21, Number 2 and Holik, Daniel S., “Foreign Trusts, 2002,” *Statistics of Income Bulletin*, Summer 2005, Volume 25, Number 1. Throughout this article, comparisons are made between the published 1998, 2002, and 2006 data.

⁴ For a discussion of Congressional concerns about abusive foreign trust arrangements, see the *General Explanation of Tax Legislation Enacted in the 104th Congress*, Joint Committee on Taxation, December 16, 1996, pp. 267-278. In 1997, the Internal Revenue Service issued Notice 97-24, which describes abusive trust arrangements.

⁵ Adapted from Internal Revenue Service Notice 97-34, *Information Reporting on Transactions With Foreign Trusts and on Large Foreign Gifts*.

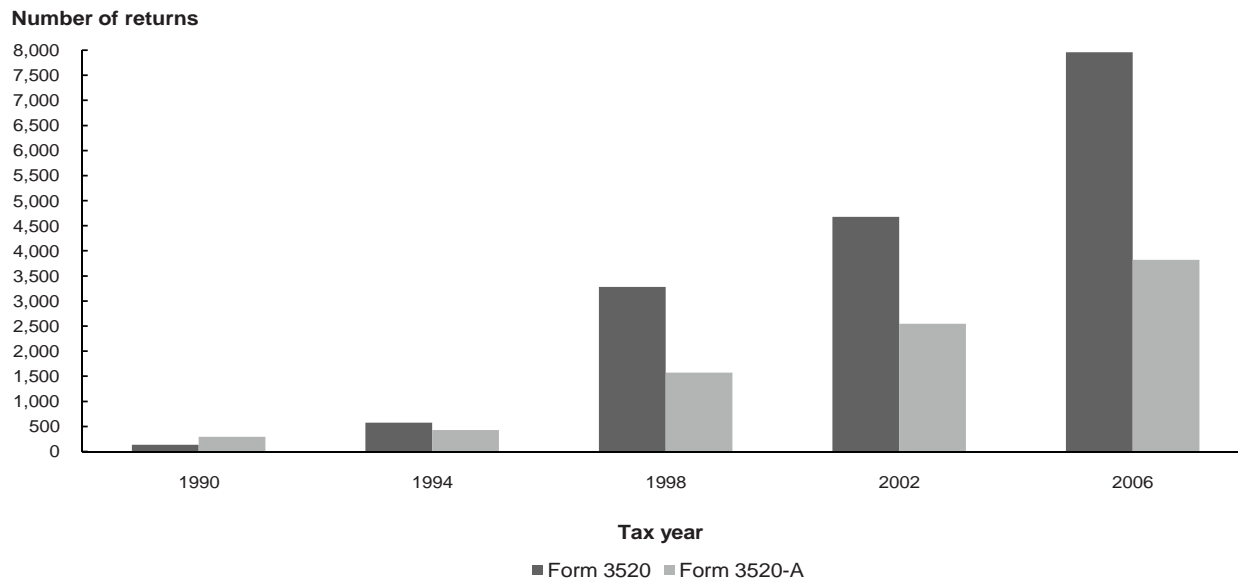
⁶ SOI foreign trust studies have been conducted since 1979 and are currently conducted once every 4 years. Recent studies were conducted for 1998 and 2002.

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Figure A

Number of Returns Reporting Trust Transactions and Certain Gifts (Forms 3520) and Number of Foreign Grantor Trust Returns (Forms 3520-A), by Selected Tax Years, 1990-2006



“beneficiaries”).⁷ The property (or “corpus”) can be real, personal, or intangible. The trust arrangement can be an “inter vivos trust” created by a living grantor, or a “testamentary trust” created as the result of the grantor’s will. A transfer to a trust may be permanent (irrevocable) or may be reversible (revocable).

For a trust to exist, there must be separation of its ownership interests, vested in the trustee(s), from its beneficial interests. One person cannot be the grantor, trustee, and sole beneficiary of a trust all at the same time. Trusts may have multiple grantors, trustees, and beneficiaries. In general, when trusts have multiple grantors or beneficiaries, there is a separation of interests between grantors and beneficiaries, and a valid trust arrangement exists.

The fiduciary nature of a trust imposes substantial responsibilities on the trustee(s), including a duty to act solely in the interest of the beneficiary. The powers, duties, restrictions, and obligations of the trust, as well as the rights of the beneficiary, are

based on the provisions of the trust agreement and the laws of the jurisdiction in which the trust was created. The beneficiary has the right to benefit from the trust’s property, usually through receipt of the income produced from investments made by the trustee(s), or from the distribution of the trust property itself.

There are numerous types of trust arrangements, reflecting different motives of their grantors. Trusts are commonly employed for commercial, estate planning, and charitable purposes. Commercial trusts may be created as structures for profit-making enterprises, investment activities, and liquidation of assets. In estate planning, trusts may arrange transfer of property at death, provide for family members’ well-being, structure access to assets and income, and avoid probate. Charitable trusts may be used to fund charitable organizations while providing certain income or tax benefits to the grantor or other noncharitable beneficiaries.⁸ The flexibility of

⁷ Certain trust arrangements may benefit charities in addition to other beneficiaries. See the discussion of charitable trusts in this section.

⁸ A comprehensive discussion of the types of trust arrangements is outside the scope of this article. For additional information on certain trust arrangements, see Schreiber, Lisa, “Split-Interest Trusts, Filing Year 2007,” *Statistics of Income Bulletin*, Winter 2009, Volume 28, Number 3; Belmonte, Cynthia, “Private Foundations and Charitable Trusts, Tax Year 2006,” in this volume; and Schreiber, Lisa, “Fiduciary Income Tax Returns, Filing Years 2003 and 2004,” *Statistics of Income Bulletin*, Fall 2005, Volume 25, Number 1.

trust arrangements, as shown by these examples, is one reason trusts are increasing in popularity.

A trust may be “foreign” or “domestic.” Under current law, a trust is treated as foreign unless two conditions both apply: 1) a court in the United States exercises primary supervision over the trust; and 2) one or more persons in the United States have authority to control all substantial decisions of the trust. The creation of a trust may result in U.S. income tax obligation on the grantor, the trust, and/or the beneficiary. In general, domestic trusts are taxed as U.S. citizens or residents, whereas foreign trusts are taxed as nonresident aliens.

Factors a grantor might consider in selecting a jurisdiction in which to create a trust include the political and economic stability of a country, available banking and trust facilities, applicable trust laws, and tax laws. For example, foreign trusts may be created by U.S. persons seeking to take advantage of favorable treatment of property in certain jurisdictions.⁹ These countries generally have property, tax, and privacy laws favorable to foreign persons. For instance, they may seek to attract foreign investment by having no income tax or by offering low income tax rates. In addition, their courts may refuse to honor adverse judgements made in other jurisdictions. Also, it is not uncommon for certain jurisdictions to have bank or commercial secrecy laws that prevent foreign governments from obtaining financial information about persons transacting business in their countries.

A trust may be a “grantor” or “nongrantor” trust (see Notes and References, Note 1). The grantor may also hold a reversionary interest in the trust, meaning that the grantor has a right to future enjoyment of trust property. The grantor is then treated as the “owner” of the portion of the trust to which his or her power or interest applies.¹⁰ Generally, the grantor trust’s income and expenses attributable to the U.S. owner must be included on the owner’s U.S. income tax return. In addition, under “grantor trust rules,” foreign trusts to which U.S. persons have transferred property are treated as grantor trusts if they have any U.S. beneficiaries.¹¹

A nongrantor trust is one in which the grantor does not retain any control over the trust assets or income, and the grantor is not treated as the owner by the Internal Revenue Code. Generally, the income from a nongrantor trust is taxed to the beneficiaries as it is distributed.

Filing Characteristics of Forms 3520

A Form 3520 must be filed by any U.S. person who: 1) transferred money or other property to a foreign trust after August 20, 1996; or 2) held a “qualified obligation” (note) from a foreign trust which was issued after August 20, 1996; or 3) was a U.S. owner of all or part of a foreign trust at any time during the tax year; or 4) received a distribution from a foreign trust; or 5) received a loan from a foreign trust after August 20, 1996; or 6) received certain gifts or inheritances from a foreign person after August 20, 1996.¹² Since a foreign trust may have more than one U.S. owner and more than one U.S. beneficiary, multiple Forms 3520 may relate to one foreign trust (which, in turn, would file one Form 3520-A, if it had a U.S. owner).

More than 90 percent of U.S. persons filing Form 3520 were individuals (Figure B). Other filing entities included corporations, executors, partnerships, and domestic trusts. The majority of Forms 3520 filed reported trust transactions or trust ownership, although 33 percent of Forms 3520 related to gift or bequest transactions (Figure C).

Figure B

Forms 3520, by Type of Filer, Tax Year 2006

Type of filer	Number of returns	Percentage of total
Total	7,956	100.0
Corporations	86	1.1
Executors	23	0.3
Individuals	7,176	90.2
Partnerships	144	1.8
Trusts	527	6.6

⁹ For a discussion of these issues, see *Consolidated Application Note, Guidance In Applying the 1998 Report to Preferential Tax Regimes*, Center for Tax Policy and Administration, Organization for Economic Co-operation and Development (OECD), March 22, 2004; and *Harmful Tax Competition, An Emerging Global Issue* (1998), Organization for Economic Co-operation and Development (OECD).

¹⁰ See the Explanation of Selected Terms section of this article for a definition of “owner” of a foreign trust.

¹¹ Grantor trust rules are contained in sections 671 through 679 of the Internal Revenue Code.

¹² Forms 3520 filed by U.S. persons receiving certain gifts or bequests generally do not represent transactions with related foreign trusts.

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Figure C

Forms 3520, by Type of Transaction, Tax Year 2006

Type of transaction [1]	Number of transactions	Percentage of total
Total	8,302	100.0
Trust transactions, total	5,200	62.6
Grantor trust	3,374	40.6
Nongrantor trust	1,241	14.9
Unknown trust	585	7.0
Gift or bequest transactions	2,748	33.1
Transaction not specified	354	4.3

[1] Taxpayers may use a particular Form 3520 to report both trust and gift or bequest transactions. Consequently, the sum of total trust transactions, gift or bequest transactions, and unspecified transactions is greater than the total number of Forms 3520 filed, which was 7,956 for Tax Year 2006.

NOTE: Detail may not add to total because of rounding.

Gratuitous Transfers to Foreign Trusts Reported on Form 3520

Gratuitous transfers are transactions in which property is transferred to a foreign trust for less than fair market value or for no consideration in return. Gratuitous transfers are a common method for U.S. persons establishing new foreign trusts or adding assets to an extant trust to transfer control of property to the foreign trust. For 2006, \$1,642 million in gratuitous transfers were reported by U.S. persons on 752 Forms 3520.

Table 1 presents the fair market value of transferred property, classified by the country in which the foreign trust was created. The total value of transferred property varied widely by country, ranging from a low of \$0.2 million for trusts created in Panama to a high of nearly \$236 million for trusts created in Jersey. Aggregate transfers of over \$100 million were also reported to trusts created in the Cook Islands, Liechtenstein, St. Christopher/Nevis, the Bahamas, and New Zealand.

Figure D presents historical information about property gratuitously transferred to foreign trusts for 1990 through 2006. During that time, the total value

of transferred property rose from \$273 million per year for Tax Year 1990 to a high of \$2,190 million per year for Tax Year 2002. For the period from 1990 through 1998 and for 2006, the average transfer per trust was approximately \$2 million. For 2002, however, the average transfer per trust was approximately \$5 million.

In addition to gratuitous transfers, property may be transferred by U.S. persons to a related foreign trust in exchange for a “qualified” obligation (or note) from the trust. For these cases, “arm’s length” relationships are established between the foreign trusts and the persons holding the obligations.¹³ For 2006, there were 8 such transfers, with the fair market value of the obligations totaling \$5 million. These transfers are excluded from the data shown in Figure D and Table 1.

Distributions from Nongrantor Foreign Trusts to U.S. Persons Reported on Form 3520

Distributions of \$2,878 million from nongrantor trusts were reported on Forms 3520 for 2006, an increase from the \$311 million of nongrantor trust distributions reported for 2002. (Distributions from grantor trusts reported on Form 3520-A will be discussed in a later section of this article).¹⁴ Table 2 presents the value of these distributions classified by selected country of the foreign trust. The largest amount of distributions, \$1,956 million, was attributable to trusts located in Switzerland. Other countries with large aggregate distributions were Liechtenstein (\$315 million), the United Kingdom and Northern Ireland (\$106 million), and Bermuda (\$104 million).

In addition to, and separate from, these distributions, foreign trusts loaned approximately \$531 million to U.S. persons. A loan from a foreign trust is treated as a distribution unless the obligation issued is a “qualified” obligation, i.e., an obligation that is reflective of an arm’s-length relationship between the trust and taxpayer.

There are special “throwback rules” that apply to distributions from foreign trusts. In general, these rules are designed to prevent the accumulation of

¹³ In an “arm’s-length” relationship, the parties in the relationship are on equal footing, free and independent of each other, and without some special relationship to each other. Hence, an agreement between two parties in an “arm’s-length” relationship reflects fair, realistic conditions and requirements. The Internal Revenue Regulations relating to “qualified” obligations of foreign trusts are intended to impose an “arm’s-length” relationship between the foreign trust and the person holding the obligation. Consequently, the interest rates and maturity of qualified obligations must reflect market conditions.

¹⁴ This article shows separate distribution amounts for taxpayers filing Forms 3520 and Forms 3520-A. These separate statistics do not represent duplicate amounts of distributions from the same transactions. Instructions for the 2006 Form 3520 specify that distributions properly reported by a foreign grantor trust on Form 3520-A need not be separately disclosed again on Form 3520 by a beneficiary. In addition, the distribution amount presented for Form 3520 filers is for nongrantor trusts only.

Figure D

Forms 3520 With Gratuitous Transfers: Number and Total and Average Transfer Values, Selected Tax Years, 1990-2006

[Money amounts are in thousands of dollars]

Tax year	Number of returns with transfers	Transfer value [1]	
		Total	Average
	(1)	(2)	(3)
1990	133	272,663	2,050
1994	321	614,269	1,914
1998	384	851,828	2,218
2002	429	2,189,627	5,104
2006	752	1,641,981	2,183

[1] Fair market value. Amounts are in current dollars.

income by a trust during the trust’s high-income years for distribution to beneficiaries during the trust’s low-income years in order to minimize beneficiaries’ tax liability by taking advantage of the structure of the marginal tax rates. If distributions from a foreign trust exceed a certain amount for a tax year—generally, the “distributable net income” of the trust in that year—the excess is considered to be an “accumulation distribution.”

The throwback rules are designed to tax beneficiaries on accumulation distributions at a rate equal to the rate that would have been in effect had the income been distributed in the year it was earned by the trust.¹⁵ This tax is computed on Form 4970, *Tax on Accumulation Distribution of Trusts*. An interest charge is also imposed on the tax calculated on accumulation distributions, based on the length of time the tax has been deferred. For 2006, approximately \$105 million were treated as accumulation distributions, and the tax attributable to such accumulation distributions (including interest) was \$9 million.

Gifts or Bequests From Foreign Persons Reported on Form 3520

U.S. taxpayers were also required to file Form 3520 if they received either: 1) more than \$100,000 from a nonresident alien individual or foreign estate that was treated as a gift or bequest, or 2) more than \$12,760 that was treated as a gift from a foreign corporation

or partnership. Recipients of gifts or bequests were required to aggregate separate gifts from related foreign persons during 2006 in order to ascertain if the \$100,000 or \$12,760 threshold amounts had been met. For 2006, \$2,869 million were reported as gifts or bequests from nonresident alien individuals or foreign estates, while \$22 million were reported as gifts from foreign corporations or foreign partnerships. No U.S. tax was imposed on these gifts or bequests. The total value of gifts or bequests for 2006 (\$2,891 million) is an increase of more than 25 percent from the value of gifts or bequests for 2002 (\$2,305 million).

Filing Characteristics of Form 3520-A—Foreign Trusts With U.S. Owners

For 2006, 3,819 Form 3520-A information returns were filed with the Internal Revenue Service. These returns relate to foreign trusts having at least one U.S. owner under the grantor trust rules of Internal Revenue Code sections 671 through 679. The substantial increase in the number of Forms 3520-A filed (from 291 for Tax Year 1990 to 3,819 for Tax Year 2006) reflects increased foreign trust activity by U.S. taxpayers, i.e., foreign grantor trusts have become a more common part of taxpayers’ investment portfolios.

Table 3 presents income statement, expense, distribution, and balance sheet items for these returns classified by the size of the net income or loss of

¹⁵ The rules for calculation of “accumulation distributions” for foreign trusts are complex, and outside the scope of this article. See Internal Revenue Code sections 665 through 667 for additional information.

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the foreign trust. Net income or loss of the foreign trust may be used as one measure of the return on trust assets. For 2006, foreign trusts showed a wide distribution of net income, from returns with a net loss (deficit) to returns with income greater than \$10 million. The returns with large net income may reflect the use of foreign trusts as investment vehicles by corporate or partnership entities.

Total income of \$2,450 million and total expenses of \$509 million were reported on all returns. Most of the income (or loss) reported was investment-related, including interest, dividends, capital gains, and partnership income. Aggregate gains were reported in short-term and long-term capital gain (less loss) and ordinary gain (less loss) income categories. These gains may be the result of a general increase in global equity asset prices that began in 2002 and continued through 2006.¹⁶ After deducting expenses, net income of \$1,941 million was reported—an average of approximately \$0.5 million per trust. The aggregate value of \$1,802 million of distributions was smaller than the aggregate size of net income.

The largest specific asset items reported on Form 3520-A were other marketable and nonmarketable securities. Together, these two groups of assets comprised nearly 35 percent of the \$31,888 million in total assets. Average total assets per trust (in current dollars) rose from approximately \$0.5 million per trust for 1990 to \$8.4 million per trust for 2006. The largest liability item, \$1,232 million of mortgages and notes payable, made up nearly 43 percent of total liabilities. The total net worth reported, \$29,008 million, was comprised of \$16,254 million of contributions to the trust corpus, \$2,504 million of accumulated trust income, and \$10,251 million of other net worth.

Table 4 presents the Form 3520-A data classified by the country in which the trust or trustee was located. Mexico, the Cook Islands, St. Christopher/Nevis, and Bermuda were the most popular jurisdictions for trust location. However, the data show trusts located across the world. Foreign trusts located in the Cayman Islands showed the largest total income (\$777 million), and trusts located in Mexico held the most assets (\$9,091 million). Most of the income for the Cayman Islands trusts was

net long-term capital gain income. In addition, the largest aggregate distribution amount, \$404 million, was attributable to trusts located in the Cayman Islands. Distributions in excess of \$100 million were also reported for trusts located in the Isle of Man, Mexico, Argentina, Bermuda, and the Cook Islands.

The composition of trust assets differs by country and may be reflective of many factors, including the different investment opportunities each country afforded. For example, 48 percent of cash assets were held in the Cook Islands, the Cayman Islands, the Bahamas, and Liechtenstein. A large portion (over 52 percent) of marketable securities assets were held in the Cayman Islands, the Cook Islands, Switzerland, the Bahamas, and Liechtenstein while the largest portions of nonmarketable securities assets were held in the Bahamas, the Cayman Islands, the United Kingdom and Northern Ireland, and Switzerland. Over 30 percent of real property assets were held in Mexico.

Summary

The 2006 foreign trust statistics, reported on Forms 3520 and 3520-A, is consistent with substantial and increasing interest in Foreign investment by U.S. taxpayers. From 1990 through 2006, the number of Form 3520 returns filed reporting foreign trust transactions and certain foreign gifts rose from 133 returns for 1990 to 7,956 returns for 2006 while the number of Form 3520-A foreign grantor trust returns filed rose from 291 returns for 1990 to 3,819 returns for 2006. The total value of property transferred, as reported on Form 3520, rose from \$273 million for 1990 to \$1,642 million for 2006. During the same period, net income reported by foreign grantor trusts increased from \$3 million to \$1,941 million, and total assets of these trusts increased from \$154 million to \$31,888 million. In addition, for 2006, U.S. persons reported \$2,878 million of distributions from foreign nongrantor trusts and \$2,891 million of foreign gifts and bequests.

Data Sources and Limitations

The statistics for 2006 presented in this article were based on all Forms 3520 and 3520-A with tax periods that ended during Calendar Year 2006 filed at the

¹⁶ For a discussion of global equity market conditions from 2002 through 2006, see *Financial Market Trends*, No. 93, November 2007, Organization for Economic Cooperation and Development (OECD).

Internal Revenue Service's Philadelphia and Ogden Submissions Processing Centers.¹⁷ All returns were used for the statistics. Consequently, the data are not subject to sampling error. However, certain returns filed were unable to be located for the study. In addition, other returns for Calendar Year 2006 were filed too late to be included in the study. Hence, data from missing and late-filed returns were not included in the statistics presented.

The data may, however, contain nonsampling errors. For instance, since Forms 3520 and 3520-A are information returns, taxpayer reporting, as originally filed, was occasionally incomplete. Where possible, inconsistencies in the data were resolved to conform to provisions of the Internal Revenue Code. In cases where information reported was not internally consistent, other data on the return were used to resolve errors. For example, in certain cases, U.S. addresses were reported for the "foreign" grantor trust. In such cases, the location of the trustee was used as a proxy for the location of the grantor trust.

The statistics shown in Table 1 pertaining to Forms 3520 with gratuitous transfers were classified by selected country in which the foreign trust was created. However, the country in which the foreign trust was created was unavailable for the statistics pertaining to Forms 3520 with nongrantor trust distributions shown in Table 2. Consequently, these statistics were classified by deriving the country of the foreign trust from the trust's address.

Since a foreign trust may have more than one owner and more than one beneficiary, multiple Form 3520 filings may relate to the one Form 3520-A filed. In these cases, an attempt was made to match and verify information between the Forms 3520 and the Form 3520-A. However, certain returns were unavailable for the statistics, and it was not always possible to match the information.

This study (as well as the 1998 and 2002 studies) did not include returns filed by owners of Canadian Registered Retirement Savings Plan (RRSP) trusts. The current filing requirements for Forms 3520 and 3520-A exclude filings for RRSP trusts if the trust would qualify for treaty benefits under the Convention Between the United States and Canada with Respect to Taxes on Income and Capital. Other previous SOI studies of foreign trusts have included RRSP trusts, and data for these trusts are included in the statistics cited in this article for 1990 and 1994. However, for

those study years, the aggregate income, asset, and distribution values reported for RRSP trusts were small in comparison to other trusts located in different jurisdictions. As a result, comparisons using the 1990 and 1994 data are not significantly affected by the exclusion of RRSP trusts for 1998, 2002, and 2006.

Explanation of Selected Terms

Beneficiary—The person who is to receive the benefits (usually income or tangible property) from the trust. A beneficiary may be the person who created the trust. A trust can have multiple beneficiaries.

Corpus—The property that is held in trust. For tax purposes, this property is distinguishable from accumulations of income by the trust.

Distributable net income—Distributable net income (DNI) generally is the annual net income of a trust before any deduction for distribution to beneficiaries.

Executor—A person named in a will by the decedent for responsibility to execute the terms of the will.

Grantor—The grantor (or creator or settlor) is the person who places property (corpus) in trust. In the case of a revocable trust, the grantor is treated as the owner of the portion of the trust to which his or her power or retained interest applies. A grantor may add assets to a trust after it is established in exchange for beneficial interest in it.

Owner—An owner of a foreign trust is the person who is treated as owning any of the assets of a foreign trust under the grantor trust rules contained in sections 671 through 679 of the Internal Revenue Code.

Trustee—A trustee holds legal title to the assets placed in trust and has the power to manage and control the property. The trustee has a fiduciary duty to exercise these powers for the benefit of the beneficiaries according to the terms of the governing instrument. The discretion allowed the trustee may range from very broad to strictly limited.

Trust instrument—The legal document that names the parties and establishes the duties and powers of the trustee and the rights of the beneficiaries.

Trust protector—An optional third party, which is usually responsible for monitoring the trustee's performance and can replace the trustee under specified conditions.

U.S. person—The term "U.S. person" includes individuals, corporations, partnerships, trusts, and estates. Individuals include U.S. citizens and residents.

¹⁷ U.S. taxpayers who receive distributions characterized as accumulation distributions file Form 4970 to compute tax on such distributions. The tax amount computed on Form 4970 is then carried over to Form 3520.

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Table 1. Forms 3520 With Gratuitous Transfers: Number and Total and Average Transfer Values, by Selected Country Where Trust Was Created, Tax Year 2006

[Money amounts are in thousands of dollars]

Country or area	Number of returns with transfers	Transfer value [1]	
		Total	Average
	(1)	(2)	(3)
All countries	752	1,641,981	2,183
Australia	13	11,205	862
Bahamas	37	132,182	3,572
Belize	21	42,399	2,019
Bermuda	33	65,666	1,990
British Virgin Islands	6	86,255	14,376
Canada	37	36,496	986
Cayman Islands	22	85,962	3,907
Cook Islands	74	227,387	3,073
Gibraltar	4	37,308	9,327
Guernsey	4	26,032	6,508
Isle of Man	34	42,491	1,250
Jersey	24	235,954	9,831
Liechtenstein	29	196,654	6,781
Mexico	81	54,866	677
Netherlands Antilles	5	537	107
New Zealand	19	118,469	6,235
Panama	3	229	76
St. Christopher/Nevis	129	138,298	1,072
St. Vincent and Grenadines	3	1,754	585
Switzerland	3	2,892	964
Turks and Caicos Islands	9	3,408	379
United Kingdom and Northern Ireland	26	12,398	477
Not specified or other	136	83,139	611

[1] Fair market value.

NOTES: Detail may not add to total because of rounding. Form 3520 is entitled: *Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts.*

Gratuitous transfers are transactions in which property is transferred to foreign trusts for less than fair market value, or for no consideration in return.

Table 2. Forms 3520 With Nongrantor Trust Distributions: Number and Value of Distributions, by Selected Country of Foreign Trust, Tax Year 2006

[Money amounts are in thousands of dollars]

Country or area	Number of returns with distributions	Distributions
All countries	1,200	2,877,742
Australia	8	395
Bahamas	101	65,019
Bermuda	157	103,514
British Virgin Islands	28	14,735
Canada	148	28,972
Cayman Islands	107	46,619
Channel Islands	39	59,864
Guernsey	39	49,312
Isle of Man	5	5,711
Jersey	38	36,596
Liechtenstein	90	314,622
Netherlands Antilles	11	3,323
Panama	4	1,913
South Africa, Republic of	29	3,120
Switzerland	130	1,955,575
United Kingdom and Northern Ireland	161	106,000
Not specified or other	105	82,453

NOTES: Detail may not add to total because of rounding. Form 3520 is entitled: *Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts*.

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Table 3. Form 3520-A, Foreign Trusts with a U.S. Owner: Income, Expenses, and Balance Sheet Items, by Size of Net Income or Deficit, Tax Year 2006

[Money amounts are in thousands of dollars]

Size of net income (loss)	Number of returns	Income			
		Total	Interest	Dividends	Rents
	(1)	(2)	(3)	(4)	(5)
All returns	3,819	2,450,046	360,423	305,552	133,719
Zero or net deficit	1,805	166,054	21,678	80,489	104,266
\$1 under \$25,000	740	15,511	8,911	2,228	1,882
\$25,000 under \$50,000	222	12,871	4,491	2,868	1,806
\$50,000 under \$100,000	258	23,936	7,920	6,007	1,231
\$100,000 under \$250,000	287	62,926	19,828	10,424	4,328
\$250,000 under \$500,000	163	69,142	23,013	13,216	2,607
\$500,000 under \$1,000,000	121	107,211	21,642	15,542	7,488
\$1,000,000 under \$5,000,000	168	426,584	87,129	46,781	9,846
\$5,000,000 under \$10,000,000	21	167,162	5,723	54,445	265
\$10,000,000 under \$50,000,000	27	640,936	62,634	60,870	[1]
\$50,000,000 and over	7	757,714	97,453	12,683	0

Size of net income (loss)	Income—continued				
	Partnership net income (loss)	Net short-term capital gain (loss)	Net long-term capital gain (loss)	Ordinary gain (loss)	Other income (loss)
	(6)	(7)	(8)	(9)	(10)
All returns	410,345	125,958	734,709	34,084	345,256
Zero or net deficit	-15,086	-4,765	-17,616	-5,995	3,082
\$1 under \$25,000	185	407	1,135	21	742
\$25,000 under \$50,000	355	846	848	169	1,489
\$50,000 under \$100,000	35	1,035	5,462	-202	2,448
\$100,000 under \$250,000	-2,578	3,448	19,562	-153	8,067
\$250,000 under \$500,000	-1,586	4,045	22,422	918	4,506
\$500,000 under \$1,000,000	4,618	7,162	27,935	1,711	21,113
\$1,000,000 under \$5,000,000	32,537	30,458	160,574	8,936	50,323
\$5,000,000 under \$10,000,000	16,139	3,161	79,140	253	8,036
\$10,000,000 under \$50,000,000	21,025	49,149	301,046	28,426	117,786
\$50,000,000 and over	354,700	31,012	134,202	0	127,664

Footnotes at end of table.

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Table 3. Form 3520-A, Foreign Trusts with a U.S. Owner: Income, Expenses, and Balance Sheet Items, by Size of Net Income or Deficit, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Size of net income (loss)	Expenses				
	Total	Interest	Foreign taxes paid	State and local taxes paid	Amortization and depreciation
	(11)	(12)	(13)	(14)	(15)
All returns	509,370	197,291	11,185	2,138	30,400
Zero or net deficit	287,809	133,798	1,594	1,134	26,336
\$1 under \$25,000	9,504	5,490	149	39	276
\$25,000 under \$50,000	4,791	837	105	31	102
\$50,000 under \$100,000	5,332	637	239	103	167
\$100,000 under \$250,000	17,876	5,007	600	218	226
\$250,000 under \$500,000	11,174	2,226	858	97	241
\$500,000 under \$1,000,000	25,399	5,703	715	34	429
\$1,000,000 under \$5,000,000	56,960	16,181	1,754	475	1,806
\$5,000,000 under \$10,000,000	9,797	2,506	2,989	5	44
\$10,000,000 under \$50,000,000	33,240	18,725	1,046	0	674
\$50,000,000 and over	47,488	6,181	1,135	[1]	97

Size of net income (loss)	Expenses—continued			Net income (loss)	Distributions
	Trustee and advisor fees	Charitable contributions	Other		
	(16)	(17)	(18)	(19)	(20)
All returns	30,113	37,398	200,845	1,940,677	1,801,699
Zero or net deficit	5,893	2,956	116,098	-121,755	338,574
\$1 under \$25,000	1,668	1	1,881	6,007	57,882
\$25,000 under \$50,000	1,487	2	2,228	8,081	38,268
\$50,000 under \$100,000	1,894	36	2,255	18,604	25,496
\$100,000 under \$250,000	3,294	525	8,006	45,050	91,562
\$250,000 under \$500,000	2,329	353	5,069	57,967	102,638
\$500,000 under \$1,000,000	2,510	16	15,992	81,812	66,737
\$1,000,000 under \$5,000,000	6,826	5,370	24,547	369,624	195,730
\$5,000,000 under \$10,000,000	909	780	2,564	157,364	176,921
\$10,000,000 under \$50,000,000	3,137	8	9,649	607,697	257,055
\$50,000,000 and over	167	27,351	12,555	710,226	450,837

Footnotes at end of table.

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Table 3. Form 3520-A, Foreign Trusts with a U.S. Owner: Income, Expenses, and Balance Sheet Items, by Size of Net Income or Deficit, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Size of net income (loss)	Assets					
	Total [2]	Cash	Accounts receivable	Mortgages and notes receivable	Inventories	Government obligations
	(21)	(22)	(23)	(24)	(25)	(26)
All returns	31,887,505	1,349,402	491,615	2,099,351	88,028	432,949
Zero or net deficit	6,127,985	133,109	409,532	641,514	87,436	59,239
\$1 under \$25,000	592,151	45,134	11,704	79,739	37	14,543
\$25,000 under \$50,000	576,745	74,220	1,726	20,476	0	36,594
\$50,000 under \$100,000	727,526	115,990	948	27,719	63	57,253
\$100,000 under \$250,000	1,386,239	136,165	16,285	86,113	492	78,236
\$250,000 under \$500,000	1,352,715	130,032	28,188	71,714	0	76,280
\$500,000 under \$1,000,000	1,529,590	126,792	11,015	149,621	0	24,531
\$1,000,000 under \$5,000,000	4,736,894	349,354	10,605	544,638	0	86,273
\$5,000,000 under \$10,000,000	1,344,553	13,058	1,158	89,454	0	0
\$10,000,000 under \$50,000,000	9,659,486	144,570	454	377,932	0	0
\$50,000,000 and over	3,853,622	80,977	0	10,432	0	0

Size of net income (loss)	Assets—continued					
	Marketable securities	Nonmarketable securities	Depreciable assets	Accumulated depreciation	Real property	Other
	(27)	(28)	(29)	(30)	(31)	(32)
All returns	5,816,019	5,261,494	901,144	103,912	759,208	14,809,129
Zero or net deficit	464,363	523,111	752,136	91,056	487,038	2,673,884
\$1 under \$25,000	152,491	40,403	13,225	969	60,118	178,034
\$25,000 under \$50,000	138,588	194,773	3,217	653	12,494	95,242
\$50,000 under \$100,000	291,568	81,441	6,043	1,029	43,674	102,573
\$100,000 under \$250,000	358,408	328,076	10,959	711	28,651	343,505
\$250,000 under \$500,000	511,130	219,644	6,855	944	32,781	277,047
\$500,000 under \$1,000,000	515,130	261,364	69,545	16	22,879	348,728
\$1,000,000 under \$5,000,000	1,382,855	1,279,213	39,161	8,534	55,680	999,290
\$5,000,000 under \$10,000,000	175,588	832,170	2	0	0	233,122
\$10,000,000 under \$50,000,000	1,825,837	665,813	0	0	15,893	6,628,988
\$50,000,000 and over	62	835,486	0	0	0	2,928,715

Footnotes at end of table.

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Table 3. Form 3520-A, Foreign Trusts with a U.S. Owner: Income, Expenses, and Balance Sheet Items, by Size of Net Income or Deficit, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Size of net income (loss)	Liabilities				
	Total [2]	Accounts payable	Contributions, gifts, and grants payable	Mortgages and notes payable	Other
	(33)	(34)	(35)	(36)	(37)
All returns	2,879,391	415,809	9,560	1,232,157	1,222,725
Zero or net deficit	2,266,059	379,431	3,591	854,987	1,028,906
\$1 under \$25,000	130,136	4,584	336	61,712	63,515
\$25,000 under \$50,000	19,778	1,272	0	16,254	2,252
\$50,000 under \$100,000	24,555	2,569	4	19,830	2,142
\$100,000 under \$250,000	114,622	4,517	1,174	95,417	13,513
\$250,000 under \$500,000	37,739	1,990	96	17,375	18,277
\$500,000 under \$1,000,000	100,898	2,690	0	87,248	10,968
\$1,000,000 under \$5,000,000	138,721	18,274	4,360	79,334	36,753
\$5,000,000 under \$10,000,000	17,320	78	0	0	17,242
\$10,000,000 under \$50,000,000	26,745	405	0	0	26,341
\$50,000,000 and over	2,818	0	0	0	2,818

Size of net income (loss)	Net worth			
	Total [2]	Contributions to trust corpus	Accumulated trust income (loss)	Other
	(38)	(39)	(40)	(41)
All returns	29,008,114	16,253,996	2,503,524	10,250,595
Zero or net deficit	3,861,926	3,540,007	-71,462	393,381
\$1 under \$25,000	462,015	422,827	-10,919	50,108
\$25,000 under \$50,000	556,967	366,707	146,045	44,215
\$50,000 under \$100,000	702,971	576,615	45,475	80,881
\$100,000 under \$250,000	1,271,617	923,418	113,405	234,795
\$250,000 under \$500,000	1,314,975	1,068,406	223,830	22,740
\$500,000 under \$1,000,000	1,428,692	913,392	237,641	277,658
\$1,000,000 under \$5,000,000	4,598,173	3,372,234	519,840	706,100
\$5,000,000 under \$10,000,000	1,327,233	1,097,344	132,907	96,982
\$10,000,000 under \$50,000,000	9,632,741	3,270,202	795,345	5,567,193
\$50,000,000 and over	3,850,804	702,845	371,419	2,776,540

[1] Less than \$500.

[2] The data are based on unaudited Forms 3520-A. The sum of balance sheet components may not equal total assets, total liabilities, or total net worth due to taxpayer reporting discrepancies, including the filing of incomplete balance sheets.

NOTES: Detail may not add to totals because of rounding. Form 3520-A is entitled: *Annual Information Return of Foreign Trust With a U.S. Owner.*

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Table 4. Forms 3520-A, Foreign Trusts With a U.S. Owner: Income, Expenses, and Balance Sheet Items, Classified by Selected Country of Trust or Trustee, Tax Year 2006

[Money amounts are in thousands of dollars]

Country or area	Number of returns	Income			
		Total	Interest	Dividends	Rents
	[1]	(2)	(3)	(4)	(5)
All countries	3,819	2,450,046	360,423	305,552	133,719
Argentina	3	13,436	13,436	0	0
Australia	59	27,901	1,142	3,458	1,156
Bahamas	203	209,055	27,458	20,288	321
Barbados	8	2,891	3,468	1,807	[1]
Belize	104	21,493	4,776	1,933	987
Bermuda	312	78,726	9,940	7,111	1,282
British Virgin Islands	52	16,770	2,518	1,350	436
Canada	155	114,449	3,226	13,939	74,614
Cayman Islands	227	777,266	41,536	122,824	1,337
Channel Islands	102	29,648	7,492	4,451	397
Cook Islands	460	240,942	39,354	20,985	2,885
Costa Rica	24	25	17	6	0
Cyprus	3	66	9	0	0
Germany	4	127	26	120	4
Gibraltar	31	16,107	3,570	1,791	0
Guam	10	1,184	72	22	304
Guernsey	52	37,381	5,109	1,456	446
Hong Kong	8	148	117	68	0
India	6	86	44	25	0
Isle of Man	109	181,176	9,681	5,420	16
Jersey	65	34,503	12,139	3,434	12,799
Liechtenstein	104	135,883	12,634	9,917	230
Mauritius	11	3,007	1,344	222	122
Mexico	509	153,689	75,926	31,031	5,351
Monaco	3	197	197	0	0
Netherlands	4	1,723	66	844	20
Netherlands Antilles	8	935	10	0	0
New Zealand	40	36,263	1,068	5,896	10,387
Panama	15	350	312	47	0
South Africa, Republic of	19	1,060	424	86	47
St. Christopher/Nevis	349	28,353	10,605	2,885	4,472
St. Vincent and Grenadines	9	6,347	380	155	0
Switzerland	40	59,177	8,855	11,198	15
Turks and Caicos Islands	15	3,870	697	251	14
United Kingdom and Northern Ireland	99	37,190	13,902	7,559	9,638
Not specified or other	597	178,621	48,879	24,975	6,440

Footnotes at end of table.

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Table 4. Forms 3520-A, Foreign Trusts With a U.S. Owner: Income, Expenses, and Balance Sheet Items, Classified by Selected Country of Trust or Trustee, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Country or area	Income—continued				
	Partnership net income (loss)	Net short-term capital gain (loss)	Net long-term capital gain (loss)	Ordinary gain (loss)	Other income (loss)
	(6)	(7)	(8)	(9)	(10)
All countries	410,345	125,958	734,709	34,084	345,256
Argentina	0	0	0	0	0
Australia	-1,328	12	11,930	0	11,531
Bahamas	2,032	4,466	15,838	1,029	137,623
Barbados	-7,675	1,645	3,660	0	-13
Belize	1,383	767	5,034	-231	6,844
Bermuda	3,230	1,151	45,439	117	10,457
British Virgin Islands	577	-231	11,037	-108	1,191
Canada	3,920	243	12,469	57	5,983
Cayman Islands	207,588	49,930	273,694	1,150	79,205
Channel Islands	66	2,638	13,232	-1,344	2,716
Cook Islands	2,414	7,009	141,789	2,725	23,782
Costa Rica	-15	[1]	17	0	0
Cyprus	0	0	0	0	58
Germany	-1	51	-72	-1	0
Gibraltar	4	185	6,279	0	4,278
Guam	684	3	49	31	18
Guernsey	2,821	673	21,804	-160	5,231
Hong Kong	0	-29	7	0	-13
India	0	5	12	0	0
Isle of Man	133,851	9,392	21,222	26	1,567
Jersey	-3,268	10,986	4,644	-77	-6,153
Liechtenstein	49,054	7,935	28,603	75	27,436
Mauritius	-88	61	1,287	0	59
Mexico	55	0	10,458	27,564	3,305
Monaco	0	0	0	0	0
Netherlands	0	206	0	0	588
Netherlands Antilles	0	0	0	0	925
New Zealand	5,253	109	12,597	151	802
Panama	0	0	-24	0	16
South Africa, Republic of	0	6	497	0	0
St. Christopher/Nevis	-800	3,980	4,190	575	2,446
St. Vincent and Grenadines	799	5	4,996	[1]	12
Switzerland	96	2,702	34,342	-8	1,977
Turks and Caicos Islands	2	220	1,779	0	907
United Kingdom and Northern Ireland	-3,744	885	5,322	349	3,279
Not specified or other	13,433	20,953	42,578	2,164	19,200

Footnotes at end of table.

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Table 4. Forms 3520-A, Foreign Trusts With a U.S. Owner: Income, Expenses, and Balance Sheet Items, Classified by Selected Country of Trust or Trustee, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Country or area	Expenses				
	Total	Interest	Foreign taxes paid	State and local taxes paid	Amortization and depreciation
	(11)	(12)	(13)	(14)	(15)
All countries	509,370	197,291	11,185	2,138	30,400
Argentina	0	0	0	0	0
Australia	12,436	898	541	0	769
Bahamas	33,944	10,153	152	21	1,020
Barbados	1,826	566	95	10	0
Belize	5,679	3,349	30	49	19
Bermuda	15,119	3,189	233	20	280
British Virgin Islands	1,186	365	16	149	1
Canada	97,334	37,309	2,470	6	13,314
Cayman Islands	146,179	86,691	1,273	75	1,455
Channel Islands	4,464	767	135	12	127
Cook Islands	30,625	12,564	358	902	890
Costa Rica	14	0	0	0	0
Cyprus	6	0	0	0	0
Germany	144	91	5	0	0
Gibraltar	2,954	776	61	0	8
Guam	128	22	17	26	37
Guernsey	7,885	586	76	7	61
Hong Kong	82	0	1	0	0
India	2	0	2	0	0
Isle of Man	6,644	2,504	233	14	20
Jersey	20,719	9,231	197	27	5,853
Liechtenstein	8,392	424	632	36	292
Mauritius	365	51	11	1	1
Mexico	18,044	4,929	526	9	3,764
Monaco	27	0	0	0	0
Netherlands	53	0	7	0	0
Netherlands Antilles	117	0	0	0	20
New Zealand	18,068	72	433	8	537
Panama	101	4	5	0	9
South Africa, Republic of	87	6	28	[1]	[1]
St. Christopher/Nevis	11,435	1,911	475	261	796
St. Vincent and Grenadines	630	2	0	[1]	44
Switzerland	6,848	1,847	650	0	0
Turks and Caicos Islands	1,465	341	4	0	0
United Kingdom and Northern Ireland	15,683	6,122	232	20	53
Not specified or other	40,686	12,523	2,285	483	1,032

Footnotes at end of table.

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Table 4. Forms 3520-A, Foreign Trusts With a U.S. Owner: Income, Expenses, and Balance Sheet Items, Classified by Selected Country of Trust or Trustee, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Country or area	Expenses—continued			Net income (loss)	Distributions
	Trustee and advisor fees	Charitable contributions	Other		
	(16)	(17)	(18)	(19)	(20)
All countries	30,113	37,398	200,845	1,940,677	1,801,699
Argentina	0	0	0	13,436	191,511
Australia	35	326	9,867	15,465	4,022
Bahamas	2,332	13	20,253	175,111	78,199
Barbados	39	0	1,115	1,065	5,559
Belize	248	543	1,442	15,813	49,273
Bermuda	2,394	1,763	7,241	63,607	140,096
British Virgin Islands	310	0	345	15,584	5,675
Canada	1,576	782	41,876	17,115	24,858
Cayman Islands	2,000	27,346	27,339	631,087	403,760
Channel Islands	1,818	6	1,599	25,184	17,717
Cook Islands	4,289	262	11,360	210,317	114,112
Costa Rica	1	0	13	11	0
Cyprus	0	0	6	60	0
Germany	0	0	49	-17	0
Gibraltar	920	0	1,189	13,153	8,507
Guam	11	3	11	1,056	385
Guernsey	755	100	6,300	29,496	41,832
Hong Kong	37	0	44	66	14
India	0	0	0	84	0
Isle of Man	1,017	2	2,855	174,531	265,143
Jersey	1,858	10	3,542	13,785	19,213
Liechtenstein	1,679	5	5,324	127,491	16,355
Mauritius	239	0	62	2,642	0
Mexico	195	0	8,621	135,646	199,645
Monaco	17	0	10	170	0
Netherlands	3	0	43	1,670	1,180
Netherlands Antilles	0	0	98	817	532
New Zealand	133	11	16,875	18,194	20,192
Panama	77	0	7	249	1,798
South Africa, Republic of	18	0	34	974	781
St. Christopher/Nevis	1,652	1,026	5,315	16,918	41,944
St. Vincent and Grenadines	169	3	412	5,717	2,721
Switzerland	3,501	475	375	52,329	18,079
Turks and Caicos Islands	112	0	1,008	2,406	613
United Kingdom and Northern Ireland	536	2,604	6,116	21,507	32,705
Not specified or other	2,145	2,119	20,099	137,937	95,277

Footnotes at end of table.

Foreign Trusts, 2006

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Table 4. Forms 3520-A, Foreign Trusts With a U.S. Owner: Income, Expenses, and Balance Sheet Items, Classified by Selected Country of Trust or Trustee, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Country or area	Assets					
	Total [2]	Cash	Accounts receivable	Mortgages and notes receivable	Inventories	Government obligations
	(21)	(22)	(23)	(24)	(25)	(26)
All countries	31,887,505	1,349,402	491,615	2,099,351	88,028	432,949
Argentina	198,003	2	65	197,810	0	0
Australia	93,493	25,032	1,406	1,487	6,660	0
Bahamas	2,136,515	122,380	8,054	58,598	0	54,302
Barbados	168,781	3,018	2	36,214	0	0
Belize	271,022	21,593	1	6,531	0	28,113
Bermuda	1,175,140	40,433	2,545	122,056	37	35,621
British Virgin Islands	291,142	13,178	485	47,986	63	0
Canada	648,663	17,137	4,335	45,426	0	1,376
Cayman Islands	4,409,004	170,697	351,060	32,441	297	8,468
Channel Islands	621,612	108,651	165	41,344	0	4,397
Cook Islands	2,478,021	240,354	11,828	54,713	0	67,203
Costa Rica	7,478	138	0	0	0	0
Cyprus	7,300	[1]	0	0	0	0
Germany	11,365	553	0	0	0	0
Gibraltar	315,618	85,728	59	1,745	0	3,104
Guam	12,440	1,533	0	75	0	0
Guernsey	694,248	49,027	74,809	93,051	0	8
Hong Kong	8,303	1,352	0	0	0	999
India	7,727	[1]	0	0	0	2,412
Isle of Man	967,881	45,543	506	230,095	58	1,248
Jersey	792,953	36,299	17,114	106,065	0	4,034
Liechtenstein	1,427,556	119,858	1,662	312,413	79,087	15,393
Mauritius	54,899	1,212	182	0	0	0
Mexico	9,091,446	1,550	0	132,278	0	7
Monaco	63,320	293	55	400	0	0
Netherlands	122,654	2,600	36	0	0	0
Netherlands Antilles	2,040	214	0	618	0	0
New Zealand	121,991	5,148	1,754	5	1,552	4,138
Panama	12,888	564	0	500	0	0
South Africa, Republic of	22,501	2,630	12	326	0	0
St. Christopher/Nevis	791,275	50,045	2,363	61,838	0	11,904
St. Vincent and Grenadines	25,314	1,341	0	0	0	4,723
Switzerland	1,200,211	61,012	2,015	25,664	0	23,290
Turks and Caicos Islands	35,957	2,897	17	6,168	0	0
United Kingdom and Northern Ireland	1,120,701	54,968	761	445	[1]	4,136
Not specified or other	2,478,046	62,417	10,323	483,060	273	158,071

Footnotes at end of table.

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Table 4. Forms 3520-A, Foreign Trusts With a U.S. Owner: Income, Expenses, and Balance Sheet Items, Classified by Selected Country of Trust or Trustee, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Country or area	Assets—continued					
	Marketable securities	Non-marketable securities	Depreciable assets	Accumulated depreciation	Real property	Other
	(27)	(28)	(29)	(30)	(31)	(32)
All countries	5,816,019	5,261,494	901,144	103,912	759,208	14,809,129
Argentina	0	0	0	0	125	0
Australia	10,003	9,218	19,058	5,289	10,141	15,776
Bahamas	422,726	1,242,930	30,914	1,056	18,023	184,884
Barbados	6,004	58,407	0	0	0	65,136
Belize	87,985	29,346	554	44	4,118	92,826
Bermuda	358,538	291,804	4,786	967	24,400	296,023
British Virgin Islands	117,352	30,488	341	16	37,720	43,554
Canada	75,256	23,917	405,600	54,402	7,540	122,480
Cayman Islands	1,101,204	632,723	19,694	3,934	11,443	2,086,968
Channel Islands	190,186	59,158	2,687	385	13,784	201,626
Cook Islands	636,814	331,485	12,112	4,621	119,923	1,017,025
Costa Rica	100	0	0	0	0	7,263
Cyprus	0	7,300	0	0	0	0
Germany	4,756	0	0	0	852	5,204
Gibraltar	108,157	1,378	0	0	1,254	114,193
Guam	2,903	2,135	2,154	319	439	3,520
Guernsey	70,840	201,147	4,950	286	1,040	199,668
Hong Kong	4,159	1,793	0	0	0	0
India	5,314	0	0	0	0	0
Isle of Man	293,448	123,061	0	0	19,667	253,286
Jersey	241,179	40,732	111,620	12,743	46,819	203,239
Liechtenstein	412,843	37,255	0	0	2,355	446,730
Mauritius	30,147	22,698	21	3	16	626
Mexico	4,606	6,455	118,800	9,632	228,932	8,608,452
Monaco	38,092	17,500	0	0	3,186	3,793
Netherlands	1,253	117,783	0	0	741	240
Netherlands Antilles	570	0	660	20	0	0
New Zealand	18,159	6,147	6,291	1,499	60,475	19,821
Panama	2,082	5,056	193	9	1,280	3,221
South Africa, Republic of	2,834	395	1	0	1,158	15,145
St. Christopher/Nevis	164,027	78,296	29,741	1,357	24,662	369,244
St. Vincent and Grenadines	6,639	645	0	0	0	11,965
Switzerland	462,464	597,432	0	0	4,200	24,132
Turks and Caicos Islands	11,968	7,175	1,201	77	5,899	709
United Kingdom and Northern Ireland	226,291	607,154	75,622	45	17,198	134,171
Not specified or other	697,119	670,481	54,147	7,205	91,817	258,210

Footnotes at end of table.

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Table 4. Forms 3520-A, Foreign Trusts With a U.S. Owner: Income, Expenses, and Balance Sheet Items, Classified by Selected Country of Trust or Trustee, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Country or area	Liabilities				
	Total [2]	Accounts payable	Contributions, gifts, and grants payable	Mortgages and notes payable	Other
	(33)	(34)	(35)	(36)	(37)
All countries	2,879,391	415,809	9,560	1,232,157	1,222,725
Argentina	0	0	0	0	0
Australia	38,296	1,197	591	12,624	23,885
Bahamas	66,970	310	2	61,144	5,521
Barbados	0	0	0	0	0
Belize	32,567	23,526	0	6,510	2,532
Bermuda	41,042	3,980	0	27,275	9,785
British Virgin Islands	62,583	105	0	57,836	4,642
Canada	479,487	6,484	338	348,611	124,053
Cayman Islands	1,245,254	341,672	4,361	25,498	874,550
Channel Islands	22,115	951	0	19,550	1,612
Cook Islands	75,962	181	0	72,233	3,550
Costa Rica	0	0	0	0	0
Cyprus	0	0	0	0	0
Germany	13	0	0	13	0
Gibraltar	34,143	30	0	32,711	1,401
Guam	225	48	0	0	177
Guernsey	25,344	10,105	0	8,078	7,161
Hong Kong	0	0	0	0	0
India	0	0	0	0	0
Isle of Man	28,931	9,285	0	12,763	6,883
Jersey	119,471	612	0	109,412	9,447
Liechtenstein	9,659	239	128	1,627	7,665
Mauritius	857	61	0	7	790
Mexico	70,892	2,214	194	64,457	4,026
Monaco	21,293	0	0	21,293	0
Netherlands	3	0	0	3	0
Netherlands Antilles	658	0	0	658	0
New Zealand	139,265	1,438	3,363	121,018	13,456
Panama	1,166	1,012	0	0	154
South Africa, Republic of	1,095	23	0	265	816
St. Christopher/Nevis	60,341	1,232	0	48,499	10,608
St. Vincent and Grenadines	61	61	0	0	[1]
Switzerland	32,325	6	0	1,537	30,782
Turks and Caicos Islands	4,871	142	0	4,729	0
United Kingdom and Northern Ireland	135,543	6,993	487	127,026	1,037
Not specified or other	128,960	3,901	96	46,779	78,191

Footnotes at end of table.

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Table 4. Forms 3520-A, Foreign Trusts With a U.S. Owner: Income, Expenses, and Balance Sheet Items, Classified by Selected Country of Trust or Trustee, Tax Year 2006—Continued

[Money amounts are in thousands of dollars]

Country or area	Net worth			
	Total [2]	Contributions to trust corpus	Accumulated trust income (loss)	Other
	(38)	(39)	(40)	(41)
All countries	29,008,114	16,253,996	2,503,524	10,250,595
Argentina	198,003	197,937	65	0
Australia	55,197	31,137	11,131	12,929
Bahamas	2,069,545	1,332,935	648,500	88,110
Barbados	168,781	164,754	3,974	54
Belize	238,455	200,649	62,650	-24,844
Bermuda	1,134,099	652,334	167,906	313,860
British Virgin Islands	228,560	221,720	8,929	-2,089
Canada	169,176	121,189	-2,793	50,780
Cayman Islands	3,163,750	2,387,477	694,255	82,017
Channel Islands	599,496	473,029	34,236	92,231
Cook Islands	2,402,059	1,972,055	361,166	68,839
Costa Rica	7,478	6,117	21	1,339
Cyprus	7,300	7,300	0	0
Germany	11,352	6,680	4,673	0
Gibraltar	281,476	259,384	7,532	14,559
Guam	12,215	7,617	3,374	1,224
Guernsey	668,904	357,710	63,740	247,454
Hong Kong	8,303	3,233	3,100	1,970
India	7,727	7,643	84	0
Isle of Man	938,950	696,633	135,966	106,351
Jersey	673,481	584,353	51,246	37,882
Liechtenstein	1,417,896	1,005,587	301,067	111,242
Mauritius	54,042	26,801	4,656	22,586
Mexico	9,020,554	1,938,168	-12,042	7,094,429
Monaco	42,027	3,535	0	38,492
Netherlands	122,651	34,728	130	87,793
Netherlands Antilles	1,382	555	812	15
New Zealand	-17,274	-24,125	15,701	-8,850
Panama	11,722	14,025	-543	-1,760
South Africa, Republic of	21,406	15,970	953	4,483
St. Christopher/Nevis	730,934	603,010	-7,105	135,029
St. Vincent and Grenadines	25,253	21,164	3,761	328
Switzerland	1,167,886	572,038	-163,971	759,818
Turks and Caicos Islands	31,086	26,261	271	4,553
United Kingdom and Northern Ireland	985,158	888,861	22,319	73,977
Not specified or other	2,349,085	1,435,533	77,760	835,792

[1] Less than \$500.

[2] The data are based on unaudited Forms 3520-A. The sum of balance sheet components may not equal total assets, total liabilities, or total net worth due to taxpayer reporting discrepancies, including the filing of incomplete balance sheets.

NOTES: Detail may not add to totals because of rounding. Form 3520-A is entitled: *Annual Information Return of Foreign Trust With a U.S. Owner*.