

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **INFO 2006-0048**

Release Date: 9/29/2006

Index Number: 671.00-00, 676.00-00

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:PSI:B01 – GENIN-128848-05

Date:

May 17, 2006

Dear _____ :

This letter responds to your letter, dated May 2, 2005, requesting information on the federal income tax consequences of the transfer of United States Series EE and I savings bonds to a revocable trust.

Your letter stated that you are the owner of Series EE and I savings bonds. Your letter also stated that you have created a revocable living trust of which you are the trustee and owner. You intend to contribute the Series EE and I bonds to the trust. The information in this letter is based solely upon the facts and representations made in your letter. We have not examined the savings bonds or the trust. Therefore, while we are unable to issue a letter ruling at this time, we are furnishing the following general information in response to your request.

In general, the owner of EE and I series bonds may defer reporting the accrued interest on the bonds on the owner's federal income tax return, until the earlier of when the bonds are cashed, mature, or are disposed of. If the owner of savings bonds transfers them to a trust, and the transferor is considered the owner of the trust (i.e., a "grantor trust") for federal income tax purposes, the transferor may continue to defer reporting interest accrued each year. For example, a transferor is treated as the owner of the trust if the transferor can revoke the trust. The transferor must include the total interest accrued in his or her income when the bonds are cashed or finally mature, whichever is earlier.

This letter implies no opinion concerning any other federal tax issues in connection with the transfer of savings bonds into the trust, or any other federal tax issues which exist regarding the trust.

We appreciate this opportunity to provide you with assistance. Please keep a copy of this letter for your records. We have included a copy of pages 54-59 of IRS

Publication 17, Federal Income Tax of Individuals, providing tax information on your U.S. savings bonds.

If you have further questions concerning any matter addressed in this letter, please contact us at () (not a toll free number).

Sincerely,

Audrey Ellis
Senior Counsel, Branch 1
Office of the Associate Chief Counsel
(Passthroughs and Special Industries)

Encl:

cc: