

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Date of Communication: Not Applicable

Person To Contact: _____, ID No.

Telephone Number:

Refer Reply To:
CC:PT&E:B04
PLR-115114-25

Date:
March 18, 2026

In Re:

Legend

Settlor =
Spouse =
Trust =

Accounting Firm 1 =
Accounting Firm 2 =
Accounting Firm 1 =
Accounting Firm 2 =
Date 1 =
Date 2 =
Date 3 =
Date 4 =
Year =
X =
Y =
Z =

Dear _____ :

This letter responds to your authorized representative's letter that we received on July 15, 2025, 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 make an election under § 2632(c)(5)(A)(ii).

The facts and representations submitted are as follows:

Settlor established an irrevocable trust, Trust, on Date 1. The terms of Trust provide that during the lifetime of Settlor, the income of the trust estate is to be added to and become principal. After the death of Settlor and Spouse (the Settlers), the trustee is to divide the trust into two equal shares for the respective benefit of the Settlers' two children and their descendants. Each share will be administered by the trustee as separate trusts. Trust has GST tax potential.

Trust further provides that after the death of the Settlers, the trustee is to distribute for the benefit of a child a portion of the net income of that child's trust, quarterly or at more frequent intervals. If at least x years have passed since the Settlers' death, the trustee will not distribute principal of a child's trust for the benefit of that child unless the trustee, in its discretion, determines that such distribution is necessary for the child's proper support, health, maintenance, and education.

Trust also provides that when a child attains the age of y, the trustee is to distribute all of the annual income to the child. Upon the death of a child, the trustee will distribute any remaining balance of the trust income to such persons or entities as such child will appoint under a limited power of appointment.

It is represented that Trust's purpose is to hold property in trust during the children's lifetimes and for the benefit of their descendants. It is further represented that there have been no distributions from Trust since its execution.

On Date 2 in Year (a date before January 1, 2001), Settlor and Spouse each funded Trust with total combined assets in the amount of \$z. Settlor and Spouse each elected to gift split pursuant to § 2513 of the Code. Settlor and Spouse retained Accounting Firm 1 to prepare their respective Forms 709, United States Gift (and Generation-Skipping Transfer) Tax Returns, for Year. However, Accounting Firm 1 did not advise Settlor and Spouse of the need to allocate GST election to the transfers. Hence, no allocation of GST exemption was applied to Settlers' Year transfers to Trust on the respective Forms 709 for Year.

On Date 3, Settlor and Spouse retained Accounting Firm 2 which determined that GST exemption should have been allocated to the Year transfers.

On Date 4, Spouse died. It is represented that there were no direct skips, taxable distributions, or taxable terminations due to Spouse's death.

Settlor requests an extension of time pursuant to § 2642(g) and § 26.2642-7 to allocate GST exemption to Trust for the Year transfers.

LAW AND ANALYSIS

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

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), as in effect for the years at issue in the present case, provided 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 the manner in which allocations are to be made shall be prescribed by forms or regulations issued by the Secretary.

Section 2641(a) defines the applicable rate as the product of the maximum federal estate tax rate and the inclusion ratio with respect to the transfer.

Section 2642(a)(1) provides that the inclusion ratio with respect to any property transferred in a generation-skipping transfer is the excess (if any) of one over the "applicable fraction." Under 2642(a)(1), the applicable fraction is defined as a fraction the numerator of which is the amount of the GST exemption allocated to the trust (or to property transferred in a direct skip), and the denominator of which is the value of the property transferred to the trust (or involved in the direct skip), reduced by the sum of any federal estate tax or state death tax actually recovered from the trust attributable to such property and any charitable deduction allowed under § 2055 or 2522 with respect to such property.

Section 2642(b)(1)(A) provides that, except as provided in § 2642(f), if the allocation of the GST exemption to any transfers of property is made on a gift tax return filed on or before the date prescribed by § 6075(b) for such transfer or is deemed to be made under § 2632(b)(1) or (c)(1) the value of such property for purposes of § 2642(a) shall be its value as finally determined for purposes of chapter 12 (within the meaning of § 2001(f)(2)), or, in the case of an allocation deemed to have been made at the close of

an estate tax inclusion period, its value at the time of the close of the estate tax inclusion period.

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 on the facts submitted and the representations made, we conclude that the requirements of § 26.2642-7 have been satisfied. Therefore, Settlor is granted an extension of time of 120 days from the date of this letter to allocate GST exemption to Trust. The allocation will be effective as of the date of Settlor's transfer to Trust, and the value of the transfer as determined for federal gift tax purposes will be used in determining the amount of GST exemption to be allocated to Trust.

The allocation of GST exemption should be made on an amended Form 709 for Year. 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. You should attach a copy of this letter to the amended Form 709.

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

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) provides that it may not be used or cited as precedent.

Sincerely,

Leslie H. Finlow

[Leslie H. Finlow]
Senior Technician Reviewer, Branch 4
Office of the Associate Chief Counsel
(Passthroughs, Trusts, and Estates)

Enclosure:

Copy for § 6110 purposes

cc:

cc: