

Internal Revenue Service

Number: **202632011**

Release Date: 8/7/2026

Index Number: 2642.07-00

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-118848-25

Date:

May 12, 2026

Re:

Legend

Taxpayer =

Trust =

Date =

Year 1 =

Year 2 =

Attorney 1 =

Attorney 2 =

Accountant =

x =

Dear :

This letter responds to your authorized representative's letter dated October 16, 2025, and subsequent correspondence, requesting an extension of time under § 2642(g) of the Internal Revenue 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:

In Year 1, Taxpayer engaged Attorney 1 for estate planning advice. Based on Attorney 1's advice, on Date, in Year 1, Taxpayer formed an irrevocable trust, Trust, and made a transfer of \$x to Trust. Taxpayer created Trust for the primary benefit of Taxpayer's children and for Taxpayer's children's descendants as successor beneficiaries.

Taxpayer engaged Accountant to prepare Taxpayer's Year 1 Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return. Prior to filing Taxpayer's Year 1 Form 709, Attorney 1 communicated to Accountant Taxpayer's intent that transfers to

Trust would be exempt from GST tax. On Taxpayer's Year 1 Form 709, as prepared by Accountant, Taxpayer failed to elect to treat Trust as a GST trust and, alternatively, failed to affirmatively allocate Taxpayer's GST exemption to the Year 1 transfer. Because of these errors, no allocation of GST exemption was applied to Taxpayer's Year 1 transfer of \$x to Trust.

In Year 2, Taxpayer retained Attorney 2 for general estate planning services. While reviewing Taxpayer's file, Attorney 2 discovered the failure to either elect under § 2632(c)(5)(A)(ii) to treat Trust as a GST trust or affirmatively allocate GST exemption to the Year 1 transfer.

Taxpayer represents that Taxpayer made no other gifts to Trust which are subject to the GST tax or to which GST exemption was or should have been allocated. Further, Taxpayer represents that no taxable distribution or taxable termination has occurred with respect to Trust.

Taxpayer requests an extension of time pursuant to § 2642(g) and § 26.2642-7 to elect under § 2632(c)(5)(A)(ii) to treat Trust as a GST trust.

LAW AND ANALYSIS

Section 2601 provides that a tax is imposed on every generation-skipping transfer (GST). Section 2611(a) provides that the term "generation-skipping transfer" means: (1) a taxable distribution, (2) a taxable termination, and (3) a direct skip.

Section 2602 provides that the amount of GST tax is the taxable amount multiplied by the applicable rate. 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 2631(a) provides that, for purposes of determining the inclusion ratio, every individual shall be allowed a GST exemption amount 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 any allocation by an individual of his GST exemption under § 2631(a) may be made 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 a return is required to be filed. Section 2632(a)(2) provides that the Secretary shall prescribe by forms or regulations the manner in which any allocation is to be made.

Section 2632(c)(1) provides that if any individual makes an indirect skip during such individual's lifetime, any unused portion of such individual's GST exemption shall be allocated to the property transferred to the extent necessary to make the inclusion ratio

for such property zero. If the amount of the indirect skip exceeds such unused portion, the entire unused portion shall be allocated to the property transferred.

Section 2632(c)(3)(A) provides that the term “indirect skip” means any transfer of property (other than a direct skip) subject to the tax imposed by chapter 12 made to a GST trust. Section 2632(c)(3)(B) provides, in relevant part, that the term “GST trust” means a trust that could have a GST with respect to the transferor unless an exception listed in § 2632(c)(3)(B)(i)-(vi) applies.

Section 2632(c)(5)(A)(ii) provides that an individual may elect to treat any trust as a GST trust for purposes of this subsection with respect to any or all transfers made by such individual to such trust.

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)(2), the applicable fraction is defined as a fraction, the numerator of which is the amount of the GST exemption allocated to the trust (or in the case of a direct skip, allocated to the property transferred in such 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)-(B) 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, and such allocation shall be effective on and after the date of such transfer, or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such 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 Internal Revenue Service 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: (i) the intent of the transferor to timely allocate GST exemption to a transfer or to timely make an election under § 2632(b)(3) or (c)(5); (ii) intervening events beyond the control of the transferor that caused the failure to allocate GST exemption to a transfer or to make an election under § 2632(b)(3) or (c)(5); (iii) lack of awareness, despite the exercise of reasonable diligence, by the transferor or the executor of the transferor's estate of the need to allocate GST exemption to the transfer, taking into account the experience of the transferor or the executor of the transferor's estate and the complexity of the GST tax issue, as the cause of the failure to allocate GST exemption to a transfer or to make an election under § 2632(b)(3) or (c)(5); (iv) consistency by the transferor with regard to the allocation of the transferor's GST exemption to one or more trusts or skip persons; and (v) reasonable reliance by the transferor or the executor of the transferor's estate on the advice of a qualified tax professional.

Section 26.2642-7(d)(3) provides a nonexclusive list of factors that will be considered to determine whether the interests of the government would be prejudiced for purposes of § 26.2642-7, including: (i) an attempt to benefit from hindsight; (ii) the timing of the request for relief, including any delay by the transferor or the executor of the transferor's estate in the filing of the request for relief that was intended to deprive the Internal Revenue Service of a sufficient period of time in which to challenge any element of the transfer that is the subject of the request for relief; (iii) the occurrence and effect of an intervening taxable termination or taxable distribution between the time for making a timely allocation of GST exemption or a timely election described in § 2632(b)(3) or (c)(5) and the time at which the request for relief was filed; and (iv) certain circumstances involving the expiration of a period of limitations on the assessment or collection of transfer taxes.

Based on the facts submitted and the representations made, we conclude that the requirements of § 26.2642-7 have been satisfied. Therefore, Taxpayer is granted an

extension of time of 120 days from the date of this letter to elect to treat Trust as a GST trust. As a result of the election, the automatic allocation rules of § 2632(c) apply to allocate Taxpayer's available GST exemption to the Year 1 transfer to Trust. The allocation will be effective as of Date, the date of Taxpayer'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 election to treat Trust as a GST trust 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.

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,

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: