

SUPPLEMENTARY DOCUMENT

OMB Control Number 1545-1902
Qualified Severance of a Trust for Generation-Skipping Transfer
(GST) Tax Purposes
TD 9348 & TD 9421

Response to Terms of Clearance:

The regulation requires taxpayers to report a qualified severance by filing a Form 706-GS(T), or such other form that may be published by the Internal Revenue Service in the future that is specifically designated to be utilized to report qualified severances. Form 706-GS(T) is included as an instrument under this ICR.

Where Form 706-GS(T) is used, the filer should attach a Notice of Qualified Severance to the return that clearly identifies the trust that is being severed and the new trusts created as a result of the severance. The Notice must provide the inclusion ratio of the trust that was severed and the inclusion ratios of the new trusts resulting from the severance. The Notice should also provide the information outlined in section 2643-6(e) of the IRC.

The Internal Revenue Service has not developed an official notice or document fulfilling the requirements of section 2642-6(e) of the IRC. Therefore, the document must contain the following information:

(e) Reporting a qualified severance—(1) In general. A qualified severance is reported by filing Form 706-GS(T), "Generation-Skipping Transfer Tax Return for Terminations," (or such other form as may be provided from time to time by the Internal Revenue Service (IRS) for the purpose of reporting a qualified severance). Unless otherwise provided in the applicable form or instructions, the IRS requests that the filer write "Qualified Severance" at the top of the form and attach a Notice of Qualified Severance (Notice). The return and attached Notice should be filed by April 15th of the year immediately following the year during which the severance occurred or by the last day of the period covered by an extension of time, if an extension of time is granted, to file such form.

(2) Information concerning the original trust. The Notice should provide, with respect to the original trust that was

severed—(i) The name of the transferor; (ii) The name and date of creation of the original trust; (iii) The tax identification number of the original trust; and (iv) The inclusion ratio before the severance.

(3) *Information concerning each new trust.* The Notice should provide, with respect to each of the resulting trusts created by the severance— (i) The name and tax identification number of the trust; (ii) The date of severance (within the meaning of paragraph (c) of this section); (iii) The fraction of the total assets of the original trust received by the resulting trust; (iv) Other details explaining the basis for the funding of the resulting trust (a fraction of the total fair market value of the assets on the date of severance, or a fraction of each asset); and (v) The inclusion ratio.