

Assorted GST Issues

For discussion at the Philadelphia Bar Association Tax Committee of the Probate Section
May 20, 2014

1. Miscellaneous Exemption Allocation Questions:

- a. When if ever, should you elect out of the automatic allocations rules with respect to a short term GRAT pouring into a trust that could meet the definition of a GST trust? (See outline titled “The ETIP Rule and its “Remote Possibility” Exception: The Authorities.”)
- b. If a gift in trust that is wholly ineligible for gift splitting is made in a calendar year for which the spouses agree to gift split, is the donor the transferor of the entire trust or is each spouse treated as transferor of one-half of the trust? (See outline titled “Gift Splitting for GST Purposes for Trusts in Which the Spouse has an Interest: The Authorities.”)
- c. Can you allocate a current year’s inflation increase to a prior year’s gift before the due date of the prior year’s tax return? If so, what is the effective date and what is the valuation date? (See September 11, 2013 paper by Beth Kaufman titled Allocation of Indexed GST Exemption.”)

2. The Administration’s HEET Proposal (See the outline titled “Thoughts about the Administration Proposal to Modify Generation-Skipping Transfer (GST) Tax Treatment of Health And Education Exclusion Trusts (HEETs)”.)

3. Discussion Topic:

In light of portability, should we be less reluctant to allocate GST exemption to QTIPs so as to use portability on the first death? (See outline titled “How Portability Has Changed GST Planning.”)