United States person demonstrates that specific conditions are satisfied. GM and her daughter, M, are both nonresident aliens. M's daughter, D, is a resident alien. GM creates and funds FT for the benefit of her children. On July 1, 2001, FT makes a gratuitous transfer of cash of 1,000X to M. On January 1, 2002, M makes a gratuitous transfer of cash of 1,000X to D.

M receives annual income of 5000X from her own investments and M has given D 1000X at the beginning of each year for the past ten years. Based on this and additional information provided by D, D demonstrates to the satisfaction of the Commissioner that M has a relationship with D that establishes a reasonable basis for concluding that M would make a gratuitous transfer to D, that M acted independently of GM and the trustee of FT, that M is not an agent of D under generally applicable United States agency principles, and that D timely complied with the reporting requirements of section 6039F. FT will not be deemed under Treas. Reg. §1.643(h)-1(a)(2) to have made a distribution to D.

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