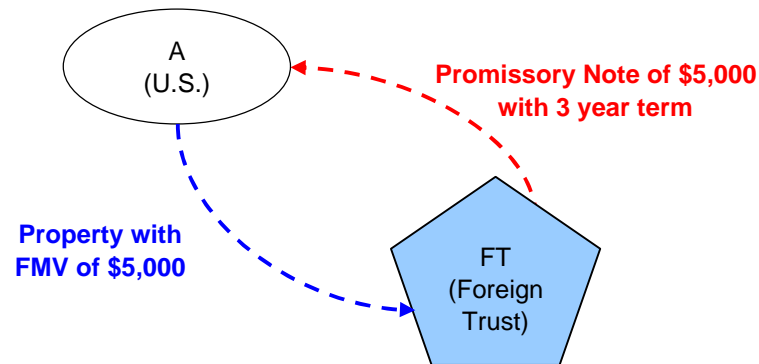


**Reg. 1.679-4(d)(7),  
Example 5**

**Transfer of Property to Foreign  
Trust for 3 Year Term Obligation**

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⬡ Means a trust

A is a U.S. resident and FT is a foreign trust. A transfers property that has a fair market value of 5000X to FT in exchange for an obligation of the trust. The term of the obligation is 3 years. A is a related person (as defined in Reg. 1.679-1(c)(5)) with respect to FT.

Assuming the other requirements of Reg. 1.679-4(d)(1) are satisfied, the obligation is a qualified obligation and its adjusted issue price is taken into account for purposes of determining whether A's transfer is eligible for the fair market value exception of Reg. 1.679-4(a)(4).

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