

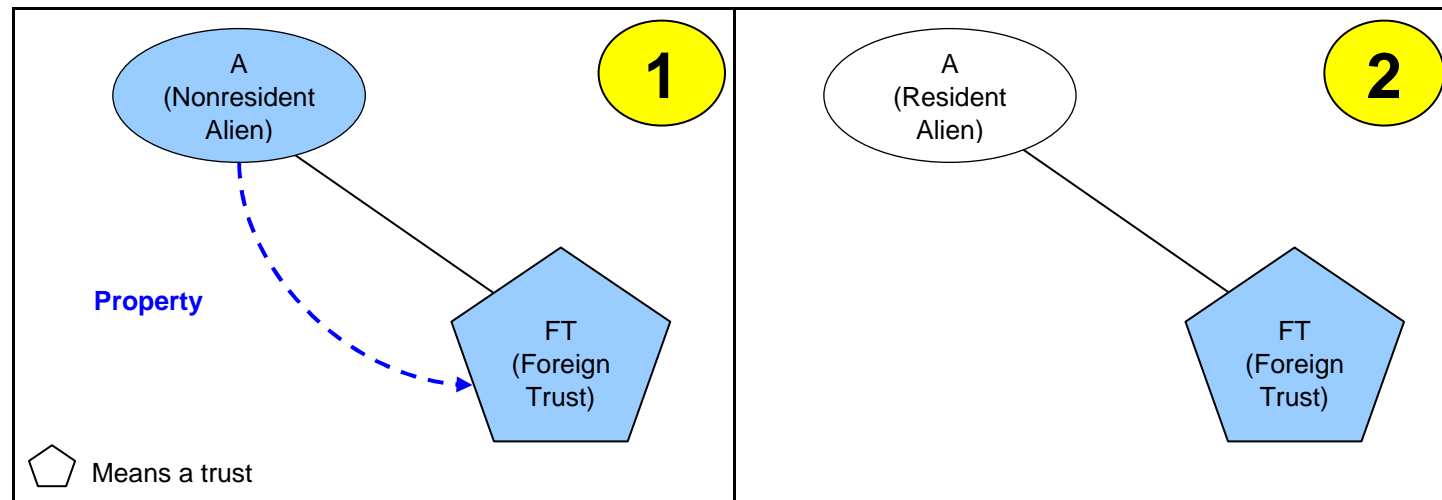
**Reg. 1.679-5(c),
Example 1**

**Pre-Immigration Trust - NRA
Becomes Resident Alien**

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Transfer to Trust (Jan. 1, 2002)

Move to U.S. (Jan. 1, 2006)



On January 1, 2002, A, a nonresident alien individual, transfers property to a foreign trust, FT. On January 1, 2006, A becomes a resident of the United States within the meaning of section 7701(b)(1)(A) and has a residency starting date of January 1, 2006, within the meaning of section 7701(b)(2)(A). A is treated as a U.S. transferor and is deemed to transfer the property to FT on January 1, 2006. The property deemed transferred to FT on January 1, 2006, includes the undistributed net income of the trust, as defined in section 665(a), attributable to the property originally transferred.

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