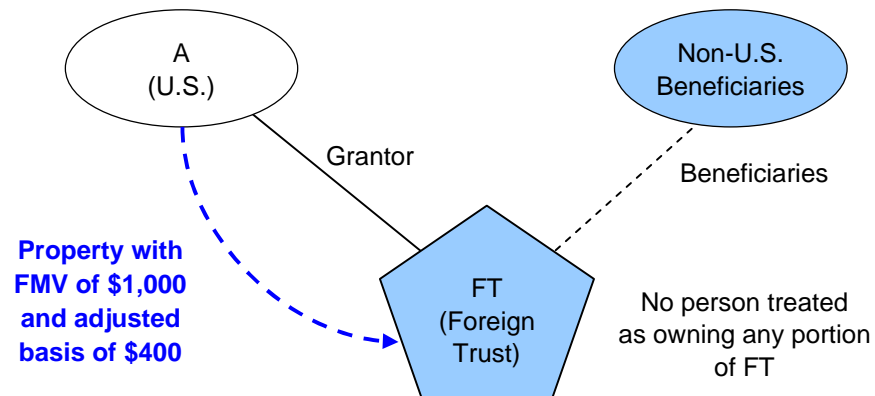


**Reg. 1.684-1(d),
Example 1**

**Gain on Transfer of Property
to Non-Grantor Foreign Trust**

Copyright © 2010 Andrew Mitchel LLC
International Tax Services
www.andrewmitchel.com



⬠ Means a trust

A is a U.S. person and FT is a foreign trust. A transfers property that has a fair market value of 1000X to FT. A's adjusted basis in the property is 400X. FT has no U.S. beneficiary within the meaning of Reg. 1.679-2, and no person is treated as owning any portion of FT. A recognizes gain at the time of the transfer equal to 600X.

[HUNDREDS of additional charts at www.andrewmitchel.com](http://www.andrewmitchel.com)