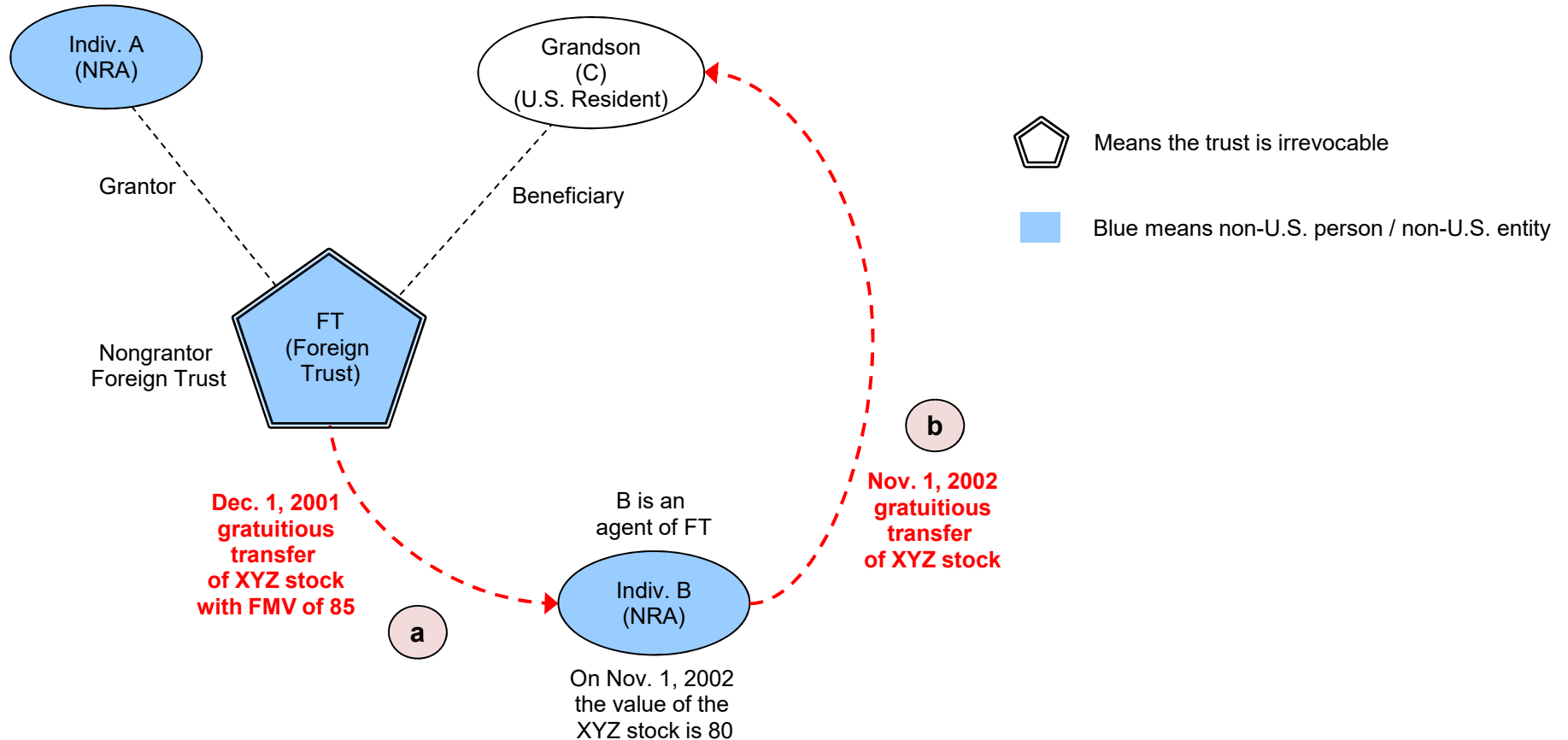


**Reg. 1.643(h)-1(g),
Example 10**

**Intermediary As Agent of
Trust; Decrease in FMV**

Copyright © 2016 Andrew Mitchel LLC
International Tax Services
www.andrewmitchel.com



Intermediary as agent of trust; decrease in FMV. A, a nonresident alien, created and funded FT for the benefit of his children and their descendants. On December 1, 2001, FT makes a gratuitous transfer of XYZ stock with a fair market value of 85X to B, a nonresident alien. On November 1, 2002, the value of the XYZ stock is only 80X. B transfers the XYZ stock to C in a gratuitous transfer. Under Treas. Reg. §1.643(h)-1(c)(1), FT is deemed to have distributed XYZ stock with a value of 80X to C on November 1, 2002.