

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:

ID No.

Telephone Number:

Refer Reply To:

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Date: June 23, 2006

Taxpayer =

Decedent =

Trust =

D1 =

Dear \_\_\_\_\_ :

This letter responds to a letter dated January 25, 2006, submitted on behalf of Taxpayer by its authorized representative, requesting a ruling under § 691 of the Internal Revenue Code.

The information submitted states that Decedent, who died on D1, was a participant in a qualified profit sharing plan (the Plan). Trust is the named beneficiary of the Decedent's interest in the Plan, and Taxpayer is the beneficiary of the Trust. The Taxpayer further represents that the Trust is a qualified terminable interest property trust under § 2056(b)(7)(B)(i).

Section 691(a)(1) of the Code provides that the amount of all items of gross income in respect of a decedent (IRD) which are not properly includible in respect of the taxable period in which falls the date of the decedent's death or a prior period (including the amount of all items of gross income in respect of a prior decedent, if the right to receive such amount was acquired by reason of the death of the prior decedent or by bequest, devise, or inheritance from the prior decedent) shall be included in the gross income, for the taxable year when received, of: (A) the estate of the decedent, if the right to receive the amount is acquired by the decedent's estate from the decedent; (B) the person who, by reason of the death of the decedent, acquires the right to receive the amount, if the right to receive the amount is not acquired by the decedent's estate from the decedent; or (C) the person who acquires from the decedent the right to

receive the amount by bequest, devise, or inheritance, if the amount is received after a distribution by the decedent's estate of such right.

Section 691(a)(2) provides that if a right, described in § 691(a)(1), to receive an amount is transferred by the estate of the decedent or a person who received such right by reason of the death of the decedent or by bequest, devise, or inheritance from the decedent, there shall be included in the gross income of the estate or such person, as the case may be, for the taxable period in which the transfer occurs, the fair market value of such right at the time of such transfer plus the amount by which any consideration for the transfer exceeds such fair market value. For purposes of this paragraph, the term "transfer" includes sale, exchange, or other disposition, or the satisfaction of an installment obligation at other than face value, but does not include transmission at death to the estate of the decedent or a transfer to a person pursuant to the right of such person to receive such amount by reason of the death of the decedent or by bequest, devise, or inheritance from the decedent.

Based solely on the facts and representations submitted, we conclude that the designation of the Trust as the beneficiary of Decedent's account balance in the Plan will not result in the acceleration of IRD at the time the assets from the Plan pass into the Trust and that Taxpayer will only include the amounts of IRD in the Plan in Taxpayer's gross income when Taxpayer receives a distribution or distributions from the Trust.

Except as specifically ruled above, we express no opinion concerning the federal tax consequences of the transactions described above under any other provisions of the Code, including whether Trust constitutes a qualified terminable interest property trust under § 2056(b)(7)(B)(i).

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent. Pursuant to a power of attorney on file, a copy of this letter is being sent to Taxpayer's authorized representative.

Sincerely,

Bradford R. Poston  
Senior Counsel, Branch 2  
Office of the Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures: 2

Copy of this letter  
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