6 T.C. 227 (1946)

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Bank deposits in a U.S. bank are not considered property within the United States for estate tax purposes when held “for” a non-resident alien, even if the account is not in the alien’s name and there is no direct contractual relationship between the alien and the bank.

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Summary

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The Tax Court addressed whether funds belonging to a Czechoslovakian citizen held in a New York bank account were subject to U.S. estate tax. The funds were deposited by a friend, Kroner, in his own name and his son’s, for the benefit of Weiss, who was held in a German concentration camp. The court held that the funds were deposited “for” Weiss within the meaning of Internal Revenue Code Section 863(b), and thus, were not considered property situated within the United States for estate tax purposes, despite the lack of a direct contractual relationship between Weiss and the bank. The court emphasized the intent and beneficial ownership of the funds.

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Facts

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Karl Weiss, a Czechoslovakian citizen, was held in a German concentration camp. Prior to the German invasion, Weiss had entrusted funds to his business partner, Leo Kroner. Kroner immigrated to the U.S. and deposited Weiss’s money in a New York bank account under Kroner’s and his son’s names. The bank was not informed of Weiss’s ownership, but several business associates knew the funds belonged to Weiss and were held solely for his benefit. Kroner attempted to use the funds to facilitate Weiss’s immigration to Cuba before Weiss died in the concentration camp.

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Procedural History

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The Commissioner of Internal Revenue determined a deficiency in Weiss's estate tax, arguing that the funds in the New York bank account constituted property situated within the United States. The estate's administratrix, Norman, contested this determination, leading to a case before the United States Tax Court.

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Issue(s)

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Whether funds deposited in a U.S. bank account by a U.S. resident in his own name, but solely for the benefit of a non-resident alien, are considered deposited "for" the non-resident alien within the meaning of Section 863(b) of the Internal Revenue Code, such that the funds are not deemed property situated within the U.S. for estate tax purposes.

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Holding

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No, because the term

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