17 T.C. 409 (1951)

A trust corpus is not includible in a decedent's gross estate under Section 811(d)(2) of the Internal Revenue Code when the power to invade the corpus is limited by a fixed external standard, enforceable by the beneficiary, even if the trustee has discretion over its application.

Summary

The Tax Court held that the corpora of three trusts were not includible in the decedent's gross estate. The IRS argued that the trusts were incomplete transfers because the trustees had the power to invade the corpus for the beneficiaries' maintenance and support and because of spendthrift provisions. The court reasoned that because the power to invade the corpus was limited by an ascertainable standard ("proper maintenance and support") and was for the benefit of someone other than the grantor, the grantor lacked the requisite control over the corpus for it to be included in his estate. The court also dismissed the argument related to the spendthrift provision.

Facts

The decedent, Robert W. Wier, established three trusts during his lifetime. The trust instruments granted the trustees the discretion to invade the corpus if the income was insufficient for the "proper maintenance and support" of the income beneficiaries. Each trust also contained a "spendthrift" provision. The IRS argued that the trust corpora should be included in Wier's gross estate for estate tax purposes, asserting that the transfers were incomplete due to the trustee's power to invade the corpus and the spendthrift clauses.

Procedural History

The Commissioner of Internal Revenue determined a deficiency in the estate tax paid by the Estate of Robert W. Wier. The estate petitioned the Tax Court for a redetermination of the deficiency. The Tax Court reviewed the Commissioner's determination.

Issue(s)

1. Whether the trust corpora are includible in the decedent's gross estate under Section 811(d)(2) of the Internal Revenue Code because of the power vested in the trustees to invade the corpus for the beneficiaries'

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