19 T.C. 126 (1952)

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A gift in trust where the trustee has discretion to accelerate distribution of the corpus renders the income interest incapable of valuation, precluding the gift tax exclusion, and gifts of corpus with delayed enjoyment are future interests, also precluding the exclusion.

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Summary

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Jennie and Davis Brody created trusts for their children and grandchildren, funding them with real property. The trust agreements provided income to beneficiaries until 1967, with corpus distribution then, but trustees could accelerate corpus distribution at their discretion. The IRS assessed gift tax deficiencies, arguing against exclusions. The Tax Court held that the gifts of corpus were future interests ineligible for the gift tax exclusion. Further, the trustee's power to accelerate corpus distribution made the present income interests impossible to value, also barring the exclusion. The Court also rejected arguments that the beneficiaries' minority or trustee status altered these conclusions. Therefore, no exclusions were allowed.

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Facts

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On December 17, 1947, Jennie and Davis Brody created trusts for their six children and ten grandchildren. The trusts were funded with real property. Each trust directed the trustees to pay net income to the beneficiary until February 21, 1967, when the corpus would be distributed to the beneficiary. The trust instrument gave the trustees

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