20 T.C. 579 (1953)

Gifts to a trust do not qualify for the gift tax exclusion under 26 U.S.C. § 1003(b)(3) if the trust instrument grants the trustees discretionary powers that significantly restrict the beneficiary's present access to the trust corpus or income.

Summary

Genevieve Gilmore sought a redetermination of gift tax, arguing that gifts made to trusts for her grandchildren qualified for the gift tax exclusion. The trust instruments initially appeared to give the beneficiaries outright ownership, but later provisions granted the trustees broad discretionary powers over distributions, particularly concerning beneficiaries deemed

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