

## Internal Revenue Service

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Department of the Treasury  
Washington, DC 20224

Third Party Communication: None  
Date of Communication: Not Applicable

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CC:PSI:B02  
PLR-134332-13  
Date:  
January 22, 2014

Trust A =

Trust B =

A =

B =

Date 1 =

Date 2

State =

x =

Dear

This responds to a letter dated July 30, 2013, submitted by Trust A and Trust B, requesting a ruling under § 664 of the Internal Revenue Code concerning the consolidation of Trust A and Trust B.

A and B created Trust 1 on Date 1 and Trust 2 on Date 2 under the laws of State. Both Trust A and Trust B are represented as qualifying as charitable remainder unitrusts under § 664.

The terms of Trust A and Trust B are substantially identical. Trust A and Trust B both have the same trustees, A and B. Trust A and Trust B both have the same unitrust

amount that is equal to x % of the net fair market value of the trust estate valued as of the last day of each taxable year. Trust A and Trust B both have the same income beneficiaries, A and B. Payments from both Trust A and Trust B are to continue as long as A or B is alive. Upon the death of the second of A or B to die, Trust A and Trust B both provide that corpus is to be distributed to specified charities. A and B reserve the power to change the charitable remainder beneficiary so long as said beneficiary is a charitable organization. Trust A and Trust B currently both specify identical charitable remainder beneficiaries.

The trustees propose to consolidate Trust A and Trust B by transferring all the assets of Trust B to Trust A. Trust A and Trust B represent that the purpose of the proposed consolidation is to eliminate duplicative administrative time and expenses as well as the filing of duplicative state and federal tax returns.

Section 664(c) provides, generally, that a charitable remainder unitrust shall be exempt from federal income tax.

Section 664(d)(2) provides that a charitable remainder unitrust is a trust (A) from which a fixed percentage (which is not less than 5 percent nor more than 50 percent) of the net fair market value of its assets, valued annually, is to be paid, not less often than annually, to one or more persons (at least one of which is not an organization described in § 170(c) and, in the case of individuals, only to an individual who is living at the time of the creation of the trust) for a term of years (not in excess of 20 years) or for the life or lives of such individual or individuals, (B) from which no amount other than the payments described in § 664(d)(2)(A) and other than qualified gratuitous transfers described in § 664(d)(2)(C) may be paid to or for the use of any person other than an organization described in § 170(c), (C) following the termination of payments described in § 664(d)(2)(A), the remainder interest in the trust is to be transferred to, or for the use of, an organization described in § 170(c) or is to be retained by the trust for such a use or, to the extent the remainder interest is in qualified employer securities (as defined in § 664(g)(4)), all or part of such securities are to be transferred to an employee stock ownership plan (as defined by § 664(g)), and (D) with respect to each contribution of property to the trust, the value (determined under § 7520), of such remainder interest in such property is at least 10 percent of the net fair market value of such property as of the date such property is contributed to the trust.

Based solely on the facts and representations submitted, we conclude that the consolidation of Trust B into Trust A will terminate that status of Trust B as a charitable remainder unitrust, but will not cause Trust A to fail to qualify as charitable remainder trust under § 664.

Except as specifically set forth above, no opinion is expressed concerning the federal tax consequences of the facts of the transaction described above under any other provision of the Code, in particular §§ 61, 507, 1001, 4941, 4945, and 4947. We

express no opinion on whether Trust A otherwise qualifies as a charitable remainder trust under § 664 or whether the separate trusts each otherwise qualify as charitable remainder trusts under § 664.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Sincerely,

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

Enclosures: 2  
Copy of this letter  
Copy for § 6110 purposes

cc: