

other will not be denied the gift-splitting privilege provided by section 1000(f) of the Internal Revenue Code of 1939 if they have signified their consent to treat all gifts made by them to third party donees as having been made one-half by each spouse and if they are otherwise qualified to apply that privilege with respect to the gifts in question.

SECTION 1003(b).—NET GIFTS: EXCLUSIONS FROM GIFTS

REGULATIONS 108, SECTION 86.10: Total amount of gifts. Rev. Rul. 55-303

Where a gift is made in trust the terms of which provide that the trustee is to pay the income to three designated beneficiaries for their lives in such portions as he in his sole discretion shall determine, with remainder over to others, it is held that the value of the right to the income to be distributed to a particular beneficiary is not susceptible of determination. Under such circumstances, no exclusion is allowable under section 1003(b) (3) of the Internal Revenue Code of 1939 with respect to the gifts made of the right to receive income from the property transferred. See *Helvering v. Mary M. Hutchings*, 312 U. S. 393, Ct. D. 1493, C. B. 1941-1, 438; *Welch v. Paine et al.*, 130 Fed. (2d) 990; *United States v. Arthur Pelzer*, 312 U. S. 399, Ct. D. 1495, C. B. 1941-1, 441; and *Fondren et al. v. Commissioner*, 324 U. S. 18, Ct. D. 1627, C. B. 1945, 421.

REGULATIONS 108, SECTION 86.10: Total amount of gifts.

Transfer or assignment of a policy of insurance to a donee as absolute owner. See Rev. Rul. 55-408, page 113.

SECTION 1005.—GIFTS MADE IN PROPERTY

REGULATIONS 108, SECTION 86.19: Valuation of property. Rev. Rul. 55-278
(Also Section 42; Regulations 118, Section 39.42-1.)

Series E United States savings bonds registered in the names of A and B in the alternative as coowners, which A had purchased in 1948 entirely with his own funds, were reissued in 1953 in the name of B alone in order to effect a gift to him of A's coownership therein. *Held*, (1) the redemption value of the bonds at the time reissued is the proper value to be used by A with respect to such gift for Federal gift tax purposes; and (2) the interest (increment in value) that had accrued (as earned) on the bonds before their reissue is all includible in A's gross income, for Federal income tax purposes, for his taxable year or period wherein he made such gift, except such interest as he has properly returned as income previously.

Advice has been requested relative to the proper value to be used by A, for Federal gift tax purposes, where Series E United States