



Bloomberg Tax Quotes Partner Jim Thomson on IRS Overstatement of Abuse in Charity-Geared Trusts

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Lathrop GPM Partner Jim Thomson was recently quoted in a piece by *Bloomberg Tax* on the IRS overstating the abuse in charity-geared trusts. Tax avoidance schemes are rare in most **charitable remainder annuity trust transactions**, even though the IRS has added certain uses of these trusts to its list of suspect transactions, tax practitioners say.

The IRS said two tax avoidance schemes using CRATs include beneficiaries avoiding recognition of ordinary income or capital gain by using a single premium immediate annuity, and trustees taking the position that a transfer of appreciated property to the trust gives it a stepped-up basis to fair market value. Jim said the CRAT technique targeted by the IRS is based on "flimsy reasoning."

"Avoiding taxes entirely is never the goal," said Thomson of using CRATs. "This regulation is unlikely to have any real effect on how we advise our clients."

Read the full article here [SUBSCRIPTION REQUIRED]: [IRS Overstates Abuse in Charity-Geared Trusts, Tax Advisers Say](#)