

Via Electronic Mail and FedEx

June 26, 2014

The Honorable John A. Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Re: Final Rule – Section 67 Limitations on Estates and Trusts

Dear Commissioner Koskinen:

The undersigned bankers associations urge the Internal Revenue Service to grant temporary relief from the final regulations promulgated under Code section 67(e). The rule provides guidance on the costs incurred by estates or non-grantor trusts that are subject to the 2-percent floor for miscellaneous itemized deductions.

Many of our member banks, when acting as trustee of a trust or executor of an estate, charge a fiduciary fee that is now subject to the rule. Of particular significance is the rule's requirement to "unbundle" the investment advisory portion of these fees for tax purposes. Although the rule does allow for any reasonable method of allocation, banks and trust companies still must carefully determine how this allocation can be done fairly, consistently, accurately and in keeping with their fiduciary duties owed as a trustee or executor.

The rule applies to tax years beginning on or after May 9, 2014, which would appear to apply immediately to any non-grantor trust created after May 8, and an estate of a decedent who dies after May 8. We therefore urge the IRS to extend the effective date to tax years beginning on or after January 1, 2015. Such an effective date will give banks and trust companies the necessary time needed to prepare for compliance with the rule.

Respectfully,

American Bankers Association
Delaware Bankers Association
Georgia Bankers Association
Illinois Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Mississippi Bankers Association
New Mexico Bankers Association

New York Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
South Carolina Bankers Association
Texas Bankers Association
Virginia Bankers Association
Wyoming Bankers Association