



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

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Dear :

This letter responds to your request for information dated November 16, 2005. In your letter you requested information on paragraphs (b) and (c) of section 2501 of the Internal Revenue Code.

Paragraph (b) of I.R.C. section 2501 states that a donor who is a citizen of the United States and a resident of a possession thereof shall, for purposes of the tax imposed by this chapter, be considered a "citizen" of the United States within the meaning of that term wherever used in this title unless he acquired his United States citizenship solely by reason of (1) his being a citizen of such possession of the United States, or (2) his birth or residence within such possession of the United States.

Paragraph (c) of I.R.C. section 2501 states that a donor who is a citizen of the United States and a resident of a possession thereof shall, for purposes of the tax imposed by this chapter, be considered a "nonresident not a citizen of the United States" within the meaning of that term wherever used in this title, but only if such donor acquired his United States citizenship solely by reason of (1) his being a citizen of such possession of the United States, or (2) his birth or residence within such possession of the United States.

In addition, you may find it useful to view Treasury Regulation sections 25.2501-1(c) and (d), which contain examples of the application of section 2501(b) and 2501(c).

This information letter is advisory only and has no binding effect on the Internal Revenue Service. It is intended for informational purposes only and does not constitute a ruling. If you would like a definitive determination concerning a particular set of facts, you must comply with the requirements for obtaining a private letter ruling that are set forth in Rev. Proc. 2005-1, §2.04, 2005-1 IRB 7 (Jan. 3, 2005).

If you have any additional questions, please contact \_\_\_\_\_ at \_\_\_\_\_ .

Sincerely,

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Elizabeth U. Karzon  
Chief, Branch 1  
(Office of Chief Counsel, International)