

mation concerning transactions with other persons) is amended by adding at the end thereof the following new section:

"SEC. 6048. RETURNS AS TO CREATION OF OR TRANSFERS TO CERTAIN FOREIGN TRUSTS.

"(a) GENERAL RULE.—On or before the 90th day after—

"(1) the creation of any foreign trust by a United States person, or

"(2) the transfer of any money or property to a foreign trust by a United States person, the grantor in the case of an inter vivos trust, the fiduciary of an estate in the case of a testamentary trust, or the transferor, as the case may be, shall make a return in compliance with the provisions of subsection (b).

"(b) FORM AND CONTENTS OF RETURNS.—The returns required by subsection (a) shall be in such form and shall set forth, in respect of the foreign trust, such information as the Secretary or his delegate prescribes by regulation as necessary for carrying out the provisions of the income tax laws.

"(c) CROSS REFERENCES.—

"(1) For provisions relating to penalties for violations of this section, see sections 6677 and 7203.

"(2) For definition of the term 'foreign trust created by a United States person', see section 643(d)."

(g) FAILURE TO FILE INFORMATION RETURNS.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"SEC. 6677. FAILURE TO FILE INFORMATION RETURNS WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

"(a) CIVIL PENALTY.—In addition to any criminal penalty provided by law, any person required to file a return under section 6048 who fails to file such return at the time provided in such section, or who files a return which does not show the information required pursuant to such section, shall pay a penalty equal to 5 percent of the amount transferred to a trust, but not more than \$1,000, unless it is shown that such failure is due to reasonable cause.

"(b) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, and gift taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a)."

(h) UNITED STATES PERSON DEFINED.—Section 7701(a) is amended by adding at the end thereof the following new paragraphs:

"(30) UNITED STATES PERSON.—The term 'United States person' means—

"(A) a citizen or resident of the United States,

"(B) a domestic partnership,

"(C) a domestic corporation, and

"(D) any estate or trust (other than a foreign estate or foreign trust, within the meaning of section 7701(a) (31)).

"(31) FOREIGN ESTATE OR TRUST.—The terms 'foreign estate' and 'foreign trust' mean an estate or trust, as the case may be, the income of which from sources without the United States is not includible in gross income under subtitle A."

(i) TECHNICAL AMENDMENTS.—

(1) The table of sections for subpart D of subchapter J of chapter 1 (relating to treatment of excess distributions by trusts) is amended by adding at the end thereof

"Sec. 669. Special rules applicable to certain foreign trusts."

Infra; 26 USC 7203.

Ante, p. 985.

26 USC 6651-6659.

26 USC 6211-6216.

26 USC 7701.