

created after June 18 are treated punitively as if there never were any reason for employing them except tax avoidance. The Bar Association finds it tiresome to have to reiterate over and over again in argument with tax policy officials at the federal level that there are other uses and reasons for trusts than tax avoidance and that these uses are of everyday application. In the 1968-1969 amendments it was recognized that an infant's trust was a legitimate device. There was also recognition in the estate tax context of a trust for an incapable person. It is suggested that the revenue has nothing to fear from the creation of further types of trusts to be treated on a less punitive basis both as to the time when the trust is deemed to dispose of its capital assets and as to the applicable rate of tax on accumulating income. The Bar Association would suggest that the two categories most urgently required are the category of a protective trust and the category of infant's trust. In each case conditions could be established to protect the revenue while at the same time leaving criteria which could be met in ordinary cases. The Bar Association considers that flexibility could be obtained in this connection by building in the possibility of prescribing categories of trusts by regulation and in this way making provision in the future not only for the two types mentioned, but also for other types. The required amendment is extremely simple.