§ 4947. Application of taxes to certain nonexempt trusts

(a) Application of tax

(1) Charitable trusts

For purposes of part II of subchapter F of chapter 1 (other than section 508 (a), (b), and (c)) and for purposes of this chapter, a trust which is not exempt from taxation under section 501 (a), all of the unexpired interests in which are devoted to one or more of the purposes described in section 170 (c)(2)(B), and for which a deduction was allowed under section 170, 545 (b)(2), 642 (c), 2055, 2106 (a)(2), or 2522 (or the corresponding provisions of prior law), shall be treated as an organization described in section 501 (c)(3). For purposes of section 509 (a)(3)(A), such a trust shall be treated as if organized on the day on which it first becomes subject to this paragraph.

(2) Split-interest trusts

In the case of a trust which is not exempt from tax under section 501 (a), not all of the unexpired interests in which are devoted to one or more of the purposes described in section 170 (c)(2)(B), and which has amounts in trust for which a deduction was allowed under section 170, 545 (b)(2), 642 (c), 2055, 2106 (a)(2), or 2522, section 507 (relating to termination of private foundation status), section 508 (e) (relating to governing instruments) to the extent applicable to a trust described in this paragraph, section 4941 (relating to taxes on self-dealing), section 4943 (relating to taxes on excess business holdings) except as provided in subsection (b)(3), section 4944 (relating to investments which jeopardize charitable purpose) except as provided in subsection (b)(3), and section 4945 (relating to taxes on taxable expenditures) shall apply as if such trust were a private foundation. This paragraph shall not apply with respect to—

(A) any amounts payable under the terms of such trust to income beneficiaries, unless a deduction was allowed under section 170 (f)(2)(B), 2055 (e)(2)(B), or 2522 (c)(2)(B),
(B) any amounts in trust other than amounts for which a deduction was allowed under section 170, 545 (b)(2), 642 (c), 2055, 2106 (a)(2), or 2522, if such other amounts are segregated from amounts for which no deduction was allowable, or
(C) any amounts transferred in trust before May 27, 1969.

(3) Segregated amounts

For purposes of paragraph (2)(B), a trust with respect to which amounts are segregated shall separately account for the various income, deduction, and other items properly attributable to each of such segregated amounts.

(b) Special rules

(1) Regulations

The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.

(2) Limit to segregated amounts

If any amounts in the trust are segregated within the meaning of subsection (a)(2)(B) of this section, the value of the net assets for purposes of subsections (c)(2) and (g) of section 507 shall be limited to such segregated amounts.

(3) Sections 4943 and 4944

Sections 4943 and 4944 shall not apply to a trust which is described in subsection (a)(2) if—
(A) all the income interest (and none of the remainder interest) of such trust is devoted solely
to one or more of the purposes described in section 170 (c)(2)(B), and all amounts in such
trust for which a deduction was allowed under section 170, 545 (b)(2), 642 (c), 2055, 2106
(a)(2), or 2522 have an aggregate value not more than 60 percent of the aggregate fair market
value of all amounts in such trusts, or

(B) a deduction was allowed under section 170, 545 (b)(2), 642 (c), 2055, 2106 (a)(2), or
2522 for amounts payable under the terms of such trust to every remainder beneficiary but
not to any income beneficiary.

(4) Section 507

The provisions of section 507 (a) shall not apply to a trust which is described in subsection (a)(2)
by reason of a distribution of qualified employer securities (as defined in section 664 (g)(4)) to an
employee stock ownership plan (as defined in section 4975 (e)(7)) in a qualified gratuitous transfer
(as defined by section 664 (g)).

3300.)
Amendment by Pub. L. 107–16 inapplicable to estates of decedents dying, gifts made, or generation skipping transfers after Dec. 31, 2012, and the Internal Revenue Code of 1986 to be applied and administered to such estates, gifts, and transfers as if such amendment had never been enacted, see section 901 of Pub. L. 107–16, set out as a note under section 1 of this title.

Effective Date of 1997 Amendment

Amendment by Pub. L. 105–34 applicable to transfers made by trusts to, or for the use of, an employee stock ownership plan after Aug. 5, 1997, see section 1530(d) of Pub. L. 105–34, set out as a note under section 401 of this title.