

117TH CONGRESS
1ST SESSION

H. R. 2909

To amend the Internal Revenue Code of 1986 to allow a one-time election for a qualified charitable distribution to a split-interest entity and to inflation adjust the limits for qualified charitable distributions.

IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2021

Mr. BEYER (for himself and Mr. KELLY of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a one-time election for a qualified charitable distribution to a split-interest entity and to inflation adjust the limits for qualified charitable distributions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ONE-TIME ELECTION FOR QUALIFIED CHARI-**
4 **TABLE DISTRIBUTION TO SPLIT-INTEREST**
5 **ENTITY; INCREASE IN QUALIFIED CHARI-**
6 **TABLE DISTRIBUTION LIMITATION.**

7 (a) ONE-TIME ELECTION FOR QUALIFIED CHARI-
8 TABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY.—

1 Section 408(d)(8) of such Code is amended by adding at
2 the end the following new subparagraph:

3 “(F) ONE-TIME ELECTION FOR QUALIFIED
4 CHARITABLE DISTRIBUTION TO SPLIT-INTEREST
5 ENTITY.—

6 “(i) IN GENERAL.—A taxpayer may
7 for a taxable year elect under this subpara-
8 graph to treat as meeting the requirement
9 of subparagraph (B)(i) any distribution
10 from an individual retirement account
11 which is made directly by the trustee to a
12 split-interest entity, but only if—

13 “(I) an election is not in effect
14 under this subparagraph for a pre-
15 ceding taxable year,

16 “(II) the aggregate amount of
17 distributions of the taxpayer with re-
18 spect to which an election under this
19 subparagraph does not exceed
20 \$50,000, and

21 “(III) such distribution meets the
22 requirements of clauses (iii) and (iv).

23 “(ii) SPLIT-INTEREST ENTITY.—For
24 purposes of this subparagraph, the term
25 ‘split-interest entity’ means—

1 “(I) a charitable remainder annu-
2 ity trust (as defined in section
3 664(d)(1)), but only if such trust is
4 funded exclusively by qualified chari-
5 table distributions,

6 “(II) a charitable remainder
7 unitrust (as defined in section
8 664(d)(2)), but only if such unitrust
9 is funded exclusively by qualified char-
10 itable distributions, or

11 “(III) a charitable gift annuity
12 (as defined in section 501(m)(5)), but
13 only if such annuity is funded exclu-
14 sively by qualified charitable distribu-
15 tions and commences fixed payments
16 of 5 percent or greater not later than
17 1 year from the date of funding.

18 “(iii) CONTRIBUTIONS MUST BE OTH-
19 ERWISE DEDUCTIBLE.—A distribution
20 meets the requirement of this clause only
21 if—

22 “(I) in the case of a distribution
23 to a charitable remainder annuity
24 trust or a charitable remainder uni-
25 trust, a deduction for the entire value

1 of the remainder interest in the dis-
2 tribution for the benefit of a specified
3 charitable organization would be al-
4 lowable under section 170 (determined
5 without regard to subsection (b)
6 thereof and this paragraph), and

7 “(II) in the case of a charitable
8 gift annuity, a deduction in an
9 amount equal to the amount of the
10 distribution reduced by the value of
11 the annuity described in section
12 501(m)(5)(B) would be allowable
13 under section 170 (determined with-
14 out regard to subsection (b) thereof
15 and this paragraph).

16 “(iv) LIMITATION ON INCOME INTER-
17 ESTS.—A distribution meets the require-
18 ments of this clause only if—

19 “(I) no person holds an income
20 interest in the split-interest entity
21 other than the individual for whose
22 benefit such account is maintained,
23 the spouse of such individual, or both,
24 and

1 “(II) the income interest in the
2 split-interest entity is nonassignable.

3 “(v) SPECIAL RULES.—

4 “(I) CHARITABLE REMAINDER
5 TRUSTS.—Notwithstanding section
6 664(b), distributions made from a
7 trust described in subclause (I) or (II)
8 of clause (ii) shall be treated as ordi-
9 nary income in the hands of the bene-
10 ficiary to whom the annuity described
11 in section 664(d)(1)(A) or the pay-
12 ment described in section
13 664(d)(2)(A) is paid.

14 “(II) CHARITABLE GIFT ANNU-
15 ITIES.—Qualified charitable distribu-
16 tions made to fund a charitable gift
17 annuity shall not be treated as an in-
18 vestment in the contract for purposes
19 of section 72(c).”.

20 (b) INFLATION ADJUSTMENT.—Section 408(d)(8) of
21 such Code, as amended by subsection (a), is amended by
22 adding at the end the following new subparagraph:

23 “(G) INFLATION ADJUSTMENT.—

24 “(i) IN GENERAL.—In the case of any
25 taxable year beginning after 2022, each of

1 the dollar amounts in subparagraphs (A)
2 and (F) shall be increased by an amount
3 equal to—

4 “(I) such dollar amount, multi-
5 plied by

6 “(II) the cost-of-living adjust-
7 ment determined under section 1(f)(3)
8 for the calendar year in which the tax-
9 able year begins, determined by sub-
10 stituting ‘calendar year 2021’ for ‘cal-
11 endar year 2016’ in subparagraph
12 (A)(ii) thereof.

13 “(ii) ROUNDING.—If any dollar
14 amount increased under clause (i) is not a
15 multiple of \$1,000, such dollar amount
16 shall be rounded to the nearest multiple of
17 \$1,000.”.

18 (c) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to distributions made in taxable
20 years ending after the date of the enactment of this Act.

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