

103^D CONGRESS
1ST SESSION

H. R. 771

To amend the Internal Revenue Code of 1986 to ensure that charitable beneficiaries of charitable remainder trusts are aware of their interests in such trusts.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1993

Mr. GIBBONS 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 ensure that charitable beneficiaries of charitable remainder trusts are aware of their interests in such trusts.

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. REQUIRED NOTICES TO CHARITABLE BENE-**
4 **FICIARIES OF CHARITABLE REMAINDER**
5 **TRUSTS.**

6 (a) GENERAL RULE.—

7 (1) Section 6036 is amended—

1 (A) by striking “Every receiver” and in-
2 serting “(a) GENERAL RULE.—Every receiver”,
3 and

4 (B) by adding at the end thereof the fol-
5 lowing new subsection:

6 “(b) SPECIAL RULE FOR TRANSFERS OF REMAINDER
7 INTERESTS DESCRIBED IN SECTION 2055(e)(2)(A).—In
8 the case of an estate claiming a charitable contribution
9 deduction for the value of a transfer of a remainder inter-
10 est in property described in section 2055(e)(2)(A), the ex-
11 ecutor or other fiduciary shall provide written notices to
12 each organization described in section 2055(a) which has
13 such an interest in the time and manner set forth in the
14 following paragraphs:

15 “(1) QUALIFICATION NOTICE.—Within 60 days
16 of the date of the executor’s qualification, the chari-
17 table beneficiary shall be notified of such qualifica-
18 tion and such notice shall include—

19 “(A) the name, address, and date of death
20 of the decedent;

21 “(B) the name, address, and identification
22 number of each fiduciary of the estate;

23 “(C) the name and address of each chari-
24 table beneficiary;

1 “(D) a copy of the governing instrument
2 relating to the transfer in trust; and

3 “(E) a description of the interest to which
4 such charitable organization may be entitled,
5 and any preliminary statements (if required by
6 law) on the financial condition of the estate.

7 “(2) TAX RETURN FILING NOTICE.—On or be-
8 fore the due date for the filing of a Federal estate
9 tax return on which a charitable deduction is
10 claimed, the charitable beneficiary shall be notified
11 of such filing and such notice shall include—

12 “(A) a copy of the pertinent parts of the
13 Federal estate tax return, and

14 “(B) such other information as may be re-
15 quired by form or regulation.

16 If any notice is provided to a charitable beneficiary under
17 paragraph (1), no notice shall be required to be provided
18 to such beneficiary under paragraph (2) unless such bene-
19 ficiary agrees to reimburse the executor or other fiduciary
20 for the reasonable costs of providing such notice.”

21 (2) Section 6034A is amended by adding at the
22 end thereof the following new subsection:

23 “(c) ANNUAL NOTICE TO CHARITABLE REMAINDER
24 BENEFICIARY.—

1 “(1) IN GENERAL.—The fiduciary of any chari-
2 table remainder trust required to file any return
3 under chapter 61 for any taxable year shall on or
4 before the date on which such return is required to
5 be filed, furnish each charitable beneficiary—

6 “(A) a copy of such return (including all
7 schedules), and

8 “(B) such other information (or deletions)
9 for purposes of carrying out the internal reve-
10 nue laws as the Secretary may require.

11 If a fiduciary furnishes the information required under the
12 preceding sentence to any charitable beneficiary with re-
13 spect to any trust taxable year, such fiduciary shall not
14 be required to furnish information under the preceding
15 sentence to such beneficiary with respect to any subse-
16 quent trust taxable year unless such beneficiary agrees to
17 reimburse such fiduciary for the reasonable costs of fur-
18 nishing such information.

19 “(2) PENALTIES.—

**“For provisions relating to the failure to furnish
 on a timely or complete basis the information re-
 quired under paragraph (1), see section 6652(c).”**

20 (b) PENALTIES.—

21 (1) Paragraph (2) of section 6652(c) is amend-
22 ed to read as follows:

1 “(2) RETURNS UNDER SECTION 6034 OR 6043(b)
2 AND NOTICES UNDER SECTION 6034A(c) OR
3 6036(b).—

4 “(A) PENALTY ON ORGANIZATION, TRUST,
5 OR FIDUCIARY.—In the case of—

6 “(i) a failure to file a return required
7 under section 6034 (relating to returns by
8 certain trusts) or section 6043(b) relating
9 to terminations, etc., of exempt organiza-
10 tions),

11 “(ii) a failure to furnish any notice re-
12 quired under section 6034A(c) (relating to
13 annual notice to charitable remainder ben-
14 eficiary), or

15 “(iii) a failure to furnish any notice
16 required under section 6036(b) (relating to
17 a qualification notice or tax return filing
18 notice),

19 on the date and in the manner prescribed there-
20 fore (determined with regard to any extension
21 of time for filing), there shall be paid by the or-
22 ganization, trust, or fiduciary failing to file
23 such return (or furnish such notice) \$10 for
24 each day during which such failure continues,
25 but the total amount imposed under this sub-

1 paragraph on any organization, trust, or fidu-
2 ciary for failure to file any 1 return or furnish
3 any 1 notice) shall not exceed \$5,000.

4 “(B) MANAGERS.—The Secretary may
5 make written demand on an organization, trust,
6 or fiduciary failing to file any return (or furnish
7 any notice) under subparagraph (A) specifying
8 therein a reasonable future date by which such
9 filing (or furnishing) shall be made for purposes
10 of this subparagraph. If such filing (or furnish-
11 ing) is not made on or before such date, there
12 shall be paid by the person responsible for fail-
13 ing to so file (or furnish) \$10 for each day after
14 the expiration of the time specified in the writ-
15 ten demand during which such failure contin-
16 ues, but the total amount imposed under this
17 subparagraph on all persons for failure to file
18 any 1 return or furnish any 1 notice) shall not
19 exceed \$5,000.”

20 (c) EFFECTIVE DATE.—

21 “(c) EFFECTIVE DATE.—The amendment made to
22 section 6034A shall take effect with respect to returns for
23 taxable years beginning after December 31, 1992. The
24 amendment made to section 6036 shall take effect for de-
25 cedents dying after January 6, 1993; *Provided, however,*

1 That the fiduciary or executor of any estate of a decedent
2 dying after December 31, 1989, which claimed or is claim-
3 ing a charitable deduction for the value of transfer of a
4 remainder interest in property described in section
5 2055(e)(2)(A) shall provide a qualification notice to the
6 charitable remainder beneficiary not later than December
7 31, 1994.”

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