

104TH CONGRESS
1ST SESSION

H. R. 32

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

JANUARY 4, 1995

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 a written notice 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 paragraph:

15 “(1) TAX RETURN FILING NOTICE.—On or be-
16 fore the due date for the filing of a Federal estate
17 tax return on which a charitable deduction is
18 claimed, the charitable beneficiary shall be notified
19 of such filing and such notice shall include—

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

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

24 “(C) the name and address of each chari-
25 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) Section 6034A is amended by adding at the
8 end thereof the following new subsection:

9 “(c) ANNUAL NOTICE TO CHARITABLE REMAINDER
10 BENEFICIARY.—

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

16 “(A) a copy of such return (including all
17 schedules), and

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

21 If a fiduciary furnishes the information required under the
22 preceding sentence to any charitable beneficiary with re-
23 spect to any trust taxable year, such fiduciary shall not
24 be required to furnish information under the preceding
25 sentence to such beneficiary with respect to any subse-

1 quent trust taxable year unless such beneficiary agrees to
2 reimburse such fiduciary for the reasonable costs of fur-
3 nishing such information.

4 “(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).**”

5 (b) PENALTIES.—

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

8 “(2) RETURNS UNDER SECTION 6034 OR 6043(b)
9 AND NOTICES UNDER SECTION 6034A(c) OR
10 6036(b).—

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

13 “(i) a failure to file a return required
14 under section 6034 (relating to returns by
15 certain trusts) or section 6043(b) relating
16 to terminations, etc., of exempt organiza-
17 tions),

18 “(ii) a failure to furnish any notice re-
19 quired under section 6034A(c) (relating to
20 annual notice to charitable remainder ben-
21 eficiary), or

22 “(iii) a failure to furnish any notice
23 required under section 6036(b) (relating to
24 tax return filing notice),

1 on the date and in the manner prescribed there-
2 fore (determined with regard to any extension
3 of time for filing), there shall be paid by the or-
4 ganization, trust, or fiduciary failing to file
5 such return (or furnish such notice) \$10 for
6 each day during which such failure continues,
7 but the total amount imposed under this sub-
8 paragraph on any organization, trust, or fidu-
9 ciary for failure to file any 1 return or furnish
10 any 1 notice) shall not exceed \$5,000.

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

1 any 1 return or furnish any 1 notice) shall not
2 exceed \$5,000.”

3 (c) EFFECTIVE DATE.—

4 “(c) EFFECTIVE DATE.—The amendment made to
5 section 6034A shall take effect with respect to returns for
6 taxable years beginning after December 31, 1994. The
7 amendment made to section 6036 shall take effect for de-
8 cedents dying after January 6, 1995; *Provided, however,*
9 That the fiduciary or executor of any estate of a decedent
10 dying after December 31, 1989, which claimed or is claim-
11 ing a charitable deduction for the value of transfer of a
12 remainder interest in property described in section
13 2055(e)(2)(A) shall provide a qualification notice to the
14 charitable remainder beneficiary not later than December
15 31, 1996.”

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