(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R. ______

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

Mr. BEYER introduced the following bill; which was referred to the Committee on ________________

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY; INCREASE IN QUALIFIED CHARITABLE DISTRIBUTION LIMITATION.

(a) ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY.—Section 408(d)(8) of such Code is amended by adding at the end the following new subparagraph:

"(F) ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY.—

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

"(I) an election is not in effect under this subparagraph for a preceding taxable year,

"(II) the aggregate amount of distributions of the taxpayer with respect to which an election under this subparagraph does not exceed $50,000, and

"(III) such distribution meets the requirements of clauses (iii) and (iv).

"(ii) SPLIT-INTEREST ENTITY.—For purposes of this subparagraph, the term 'split-interest entity' means—

"(I) a charitable remainder annuity trust (as defined in section 664(d)(1)), but only if such trust is funded exclusively by qualified charitable distributions,

"(II) a charitable remainder unitrust (as defined in section 664(d)(2)), but only if such unitrust is funded exclusively by qualified charitable distributions, or

"(III) a charitable gift annuity (as defined in section 501(m)(5)), but only if such annuity is funded exclusively by qualified charitable distributions and commences fixed payments of 5 percent or greater not later than 1 year from the date of funding.

"(iii) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—A distribution meets the requirement of this clause only if—

"(I) in the case of a distribution to a charitable remainder annuity trust or a charitable remainder unitrust, a deduction for the entire value of the remainder interest in the distribution for the benefit of a specified charitable organization would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph), and

"(II) in the case of a charitable gift annuity, a deduction in an amount equal to the amount of the distribution reduced by the value of the annuity described in section 501(m)(5)(B) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

"(iv) LIMITATION ON INCOME INTERESTS.—A distribution meets the requirements of this clause only if—

"(I) no person holds an income interest in the split-interest entity other than the individual for whose benefit such account is maintained, the spouse of such individual, or both, and

"(II) the income interest in the split-interest entity is nonassignable.

"(v) SPECIAL RULES.—

"(I) CHARITABLE REMAINDER TRUSTS.—Notwithstanding section 664(b), distributions made from a trust described in subclause (I) or (II) of clause (ii) shall be treated as ordinary income in the hands of the beneficiary to whom the annuity described in section 664(d)(1)(A) or the payment described in section 664(d)(2)(A) is paid.

"(II) CHARITABLE GIFT ANNUITIES.—Qualified charitable distributions made to fund a charitable gift annuity shall not be treated as an investment in the contract for purposes of section 72(c).".

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

"(G) INFLATION ADJUSTMENT.—

"(i) IN GENERAL.—In the case of any taxable year beginning after 2022, each of the dollar amounts in subparagraphs (A) and (F) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2021' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(ii) ROUNDING.—If any dollar amount increased under clause (i) is not a multiple of $1,000, such dollar amount shall be rounded to the nearest multiple of $1,000.".

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