



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Release Number: **200714025**

Release Date: 4/6/07

Date: January 12, 2007

Contact Person:

Identification Number:

Telephone Number:

Employer Identification Number:

UIL: 4947.02-00

Legend:

T =

Z =

Dear _____ :

This is in response to your letter dated July 11, 2005, as supplemented by your letter of August 1, 2005, requesting a ruling under section 4947(a)(2) of the Internal Revenue Code.

T was created by a trust instrument dated z. T has described itself as an ordinary complex trust taxable under sections 661 et seq. of the Code. T has represented that it has filed income tax returns and paid taxes in accordance with those provisions.

Not long ago T received a ruling from the Internal Revenue Service regarding the same transaction that is the subject of this present ruling. That earlier ruling held:

income of T paid for a purpose specified in section 170(c) will be paid pursuant to the terms of T and T will be entitled to a deduction under section 642(c) in computing taxable income of distributions of T gross income paid to qualified charitable organizations.

Presently T has the power, under the terms of its trust instrument, to distribute part or all of T's income to charitable organizations, as selected by its trustees. Thus, T proposes from time to time to distribute its income for charitable purposes.

In its ruling request, T made the following representation:

T is not exempt from tax under section 501(a) of the Code, and a deduction has not been allowed under sections 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2422 for any amounts contributed or retained in the trust (T). T has not permanently set aside any amounts for a purpose specified in section 170(c). Any trust income distributed in accordance with the terms of the trust to one or more charitable organizations will be distributed free of trust.

Ruling Requested:

T has requested the following ruling:

The distribution of T's income to charitable organizations in the exercise of the trustees power to make discretionary distributions will not result in the characterization of T as a "split interest" trust under section 4947(a)(2) of the Code.

Law and Analysis:

Section 4947(a)(2) of the Code provides in substance that 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), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522, certain private foundation rules will be applicable to such split-interest trusts including section 4941 of the Code.

Based on the representations made by T in its ruling request, we understand that T is not exempt from tax under 501(a) of the Code and further T does not hold amounts in trust devoted to charitable purposes for which as deduction was previously allowed under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522.

Conclusion:

Accordingly, based on the facts and representations submitted, we rule as follows:

The distribution of T's income to charitable organizations in exercise of the trustees' power to make discretionary distributions will not result in T being described as a trust coming under or within the provisions of section 4947(a)(2) of the Code.

We express no opinion of the tax consequences to T under any other section of the Code.

This ruling will be made available for public inspection under section 6110 of the Code after certain deletions of identifying information are made. For details, see enclosed Notice 437, *Notice of Intention to Disclose*. A copy of this ruling with deletions that we intend to make available for public inspection is attached to Notice 437. If you disagree with our proposed deletions, you should follow the instructions in Notice 437.

This ruling is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

This ruling is based on the facts as they were presented and on the understanding that there will be no material changes in these facts. Because it could help resolved questions concerning your federal income tax status, this ruling should be kept in your permanent records.

Pursuant to a power of attorney on file with this office, a copy of this ruling is being sent to your authorized representative.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Robert C. Harper, Jr.
Manager, Exempt Organizations
Technical Group 3

Enclosure
Notice 437