

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Third Party Communication: None
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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:01
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Date:
December 07, 2015

Legend

Trust =

Decedent =

Date 1 =

Date 2 =

Foundation =

Dear :

This responds to a letter dated August 18, 2014, and subsequent correspondence, requesting rulings under the Internal Revenue Code.

Facts

The information states that Decedent created Trust on Date 1 and died on Date 2. Decedent owned multiple individual retirement accounts (IRAs) at the time of his death, each of which named Trust as the sole designated beneficiary. Article VI of Trust states that Decedent's IRAs shall be distributed to Foundation, represented as being an organization described in § 170(c). Trust proposes to receive a lump sum distribution of cash from each of the IRAs and then pay that cash to Foundation within the same taxable year.

Law

Section 691(a)(1) provides that the amount of all items of gross income in respect of a decedent (IRD) which are not properly includible in respect of the taxable period in which falls the date of the decedent's death or a prior period (including the amount of all items of gross income in respect of a prior decedent, if the right to receive such amount was acquired by reason of the death of the prior decedent or by bequest, devise, or inheritance from the prior decedent) shall be included in the gross income, for the taxable year when received, of: (A) the estate of the decedent, if the right to receive the amount is acquired by the decedent's estate; (B) the person who, by reason of the death of the decedent, acquires the right to receive the amount, if the right to receive the amount is not acquired by the decedent's estate from the decedent; or (C) the person who acquires from the decedent the right to receive the amount by bequest, devise, or inheritance, if the amount is received after a distribution by the decedent's estate of such right.

Rev. Rul. 92-47, 1992-1 C.B. 198, holds that a distribution to the beneficiary of a decedent's IRA that equals the amount of the balance in the IRA at the decedent's death, less any nondeductible contributions, is IRD under § 691(a)(1) that is includible in the gross income of the beneficiary for the tax year the distribution is received.

Section 642(c)(1) provides that in the case of an estate or trust (other than a trust meeting the specifications of subpart B of part I of subchapter J of chapter 1), there shall be allowed as a deduction in computing its taxable income (in lieu of the deduction allowed by § 170(a), relating to deduction for charitable, etc. contributions and gifts) any amount of the gross income, without limitation, which pursuant to the terms of the governing instrument is, during the taxable year, paid for a purpose specified in § 170(c) (determined without regard § 170(c)(2)(A)).

Section 1.642-1(a)(1) provides that any part of the gross income of a trust which, pursuant to the terms of the governing instrument, is paid during a taxable year for a charitable purpose shall be allowed as a deduction to the trust.

Analysis and Conclusion

Based solely on the facts and representations submitted we conclude that provided that Trust pays the entire lump sum distribution to Foundation in the year received, Trust is entitled to a deduction under § 642(c)(1) equal to the amount of IRD included in Trust's gross income as a result of the distribution of the IRAs.

Except as specifically ruled herein, we express no opinion on the federal tax consequences of the transaction under the cited provisions or under any other provisions of the Code.

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

In accordance with the power of attorney on file with this office, copies of this letter are being sent to the taxpayer's authorized representative.

Sincerely,

Faith P. Colson

Faith P. Colson
Senior Counsel, Branch 1
(Passthroughs & Special Industries)

Enclosures (2)
Copy of this Letter.
Copy for § 6110 purposes