

Internal Revenue Service

Department of the Treasury Washington,
DC 20224

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Date:
March 23, 2026

LEGEND

Taxpayer A =
Taxpayer B =
Taxpayer C =
Taxpayer D =
Foundation =

Company =
State A =
State B =
State C =

Dear :

This letter ruling is in response to a request from your authorized representative, submitted on August 13, 2025, requesting rulings under section 4941 of the Internal Revenue Code, supplemented by additional information submitted on March 16, 2026. You represent the facts as follows.

FACTS

Taxpayer A, Taxpayer B, Taxpayer C, and Taxpayer D (collectively, the "Taxpayers") are related individuals. Taxpayer D died after submission of this ruling request and is survived by a spouse. Company is a corporation organized under the laws of State A. The Taxpayers and other individuals related to Taxpayer A, either directly or through revocable trusts established for their benefit, own a majority of the issued and outstanding capital stock of Company ("Company Stock").

Foundation is a nonprofit corporation organized under the laws of State B and is recognized as exempt from federal income tax under section 501(c)(3). Foundation is classified as a private foundation within the meaning of section 509(a).

Each Taxpayer has established a revocable trust (each, a "Revocable Trust") under either State A or State C law, for which he is the current trustee (except with respect to Taxpayer D, whose surviving relatives are the trustees of his revocable trust) (each, a "Trustee"). Each Taxpayer has executed a last will and testament that provides that upon his death, all of his assets (other than tangibles and after certain specific bequests), including virtually all Company Stock that the Taxpayer owns, shall pass to his respective Revocable Trust (unless already funded during Taxpayer's life). If a Taxpayer is survived by his spouse, a significant portion of his Company Stock will be held in a marital trust for the benefit of the surviving spouse ("Marital Trust"). Each Revocable Trust will become irrevocable upon the respective Taxpayer's death.

Each Revocable Trust contains a charitable gifts article ("Charitable Gifts Article"). A significant amount of Company Stock will become subject to the Charitable Gifts Article under each Revocable Trust upon the death of the Taxpayer (or upon the death of the Taxpayer's surviving spouse, if applicable). Any assets becoming subject to the Charitable Gifts Article ("Charitable Gift Assets") shall be paid to one or more charitable organizations as selected in the discretion of the Trustee, and none of the Charitable Gift Assets may be distributed to a non-charitable beneficiary.

The Charitable Gifts Article requires that, within six months following the death of a Taxpayer (or the death of the Taxpayer's surviving spouse, if applicable), the Trustee make a written and irrevocable determination identifying in its sole discretion the portion of Charitable Gift Assets to distribute, if any, to Foundation and/or to other charitable organizations (the "Irrevocable Determination"). Once made, the Irrevocable Determination may not be revoked or amended. Under the laws of State A and State C, Foundation will not have any right or interest in any of the assets constituting the Charitable Gift Assets of any Revocable Trust unless and until the Trustee makes the Irrevocable Determination designating the Foundation as a beneficiary of Charitable Gift Assets.

Each Revocable Trust provides for the Trustee to make pre-residual distributions, either outright or in further trust, and each Revocable Trust contains pre-residual distributions to non-charitable beneficiaries. These distributions are separate from and in addition to the distributions to the Charitable Gifts Article and the Marital Trusts under the Revocable Trusts.

Each Taxpayer, individually and as Trustee of the applicable Revocable Trust, has entered into an option agreement with Company ("Option Agreement"). Under each Option Agreement, Company has the option, but not the obligation, to purchase Company Stock held by a Revocable Trust, Marital Trust, or a Taxpayer's estate following the death of the Taxpayer (or surviving spouse, if applicable) ("Option"). The

Option may be exercised only within fifteen months following the death of the Taxpayer (or the death of the Taxpayer's surviving spouse, as applicable).

If Company exercises an Option, the purchase price for the Company Stock will equal the fair market value of such stock at the time of the transaction, as determined by an independent appraisal obtained in accordance with the terms of the Option Agreement. The purchase price may be paid in cash, promissory note, or a combination thereof ("Consideration").

If Company does not exercise an Option with respect to Company Stock designated to pass to Foundation (or other specified charitable organizations) pursuant to an Irrevocable Determination, such Company Stock will be distributed directly to Foundation (or other specified charitable organizations).

Company, the Taxpayers, the Taxpayers' estates, the Revocable Trusts, and the current Trustees are all disqualified persons with respect to Foundation within the meaning of section 4946.

RULING REQUESTS

- 1) After the Trustee of a Revocable Trust makes an Irrevocable Determination to distribute Charitable Gift Assets to Foundation, the estate administration exception under Treas. Reg. § 53.4941(d)-1(b)(3) will be available (during a reasonable period of settlement within the meaning of Treas. Reg. § 53.4947-1(b)(2)(iv)) with respect to the exercise by Company of an Option to purchase Company Stock from such Trustee pursuant to the applicable Option Agreement, Company's purchase of such Company Stock from such Trustee in connection therewith, the tendering of the Consideration by Company to such Trustee, the receipt of the Consideration by such Trustee, and the distribution of the Consideration by such Trustee to Foundation, such that the exception to indirect self-dealing described under Treas. Reg. § 53.4941(d)-2(c)(1) will be available with respect to the future payment of principal and/or interest by Company to Foundation with respect to any note constituting the Consideration distributed by such Trustee; and
- 2) After the death of a Taxpayer, the sale of Company Stock by the estate or Revocable Trust of such Taxpayer to a family member, to any Trust for the benefit of a family member, or to Company (separate and apart from any Option Agreement), in exchange for cash during (i) the administration of the estate of such Taxpayer (and before such estate is considered terminated for Federal income tax purposes under Treas. Reg. § 1.641(b)-3(a)), or (ii) the term of the Marital Trust of the surviving spouse of such Taxpayer, will not constitute a direct or indirect act of self-dealing pursuant to section 4941 or Treas. Reg. § 53.4941(d)-1 between the estate or Revocable Trust of such Taxpayer and a disqualified person unless and until

(i) the Trustee of Taxpayer's Revocable Trust makes an Irrevocable Determination to distribute Charitable Gift Assets (comprising Company Stock) to Foundation, or
(ii) any other action is taken not described herein that creates an interest or expectancy by Foundation in Company Stock held by the estate or Revocable Trust of such Taxpayer.

LAW

Section 4941(a) imposes an excise tax on acts of self-dealing between a private foundation and a disqualified person for each year (or part thereof) in the taxable period.

Section 4941(d)(1) provides that the term self-dealing includes any direct or indirect sale or exchange of property between a private foundation and a disqualified person.

Section 4941(d)(1)(B) provides that the term self-dealing includes any direct or indirect lending of money or other extension of credit between a private foundation and a disqualified person.

Section 4941(d)(2)(F) provides that, for purposes of paragraph (1), any transaction between a private foundation and a corporation which is a disqualified person (as defined in § 4946(a)), pursuant to any liquidation, merger, redemption, recapitalization, or other corporate adjustment, organization, or reorganization, shall not be an act of self-dealing if all of the securities of the same class as that held by the foundation are subject to the same terms and such terms provide for receipt by the foundation of no less than fair market value.

Section 4946(a)(1) provides that the term disqualified person means, with respect to a private foundation, a person who is—

- A. a substantial contributor to the foundation,
- B. a foundation manager (within the meaning of subsection (b)(1),
- C. an owner of more than 20 percent of—
 - a. i. the total combined voting power of a corporation,
 - b. ii. the profits interest of a partnership, or
 - c. iii. the beneficial interest of a trust or unincorporated enterprise, which is a substantial contributor to the foundation,
- D. a member of the family (as defined in subsection (d)) of any individual described in subparagraph (A), (B), or (C),
- E. a corporation of which persons described in subparagraph (A), (B), (C), or (D) own more than 35 percent of the total combined voting power,
- F. a partnership in which persons described in subparagraph (A), (B), (C), or (D) own more than 35 percent of the profits interest, and
- G. a trust or estate in which persons described in subparagraph (A), (B), (C), or (D) hold more than 35 percent of the beneficial interest.

Section 4946(a)(2) provides that the term substantial contributor means a person who is described in § 507(d)(2) (i.e., a person who contributed or bequeathed an aggregate amount of more than \$5,000 to the private foundation if such amount is more than 2 percent of the total contributions and bequests received by the foundation before the close of the taxable year of the foundation in which the contribution or bequest is received by the foundation from such person).

Section 4946(b)(1) provides that the term foundation manager means, with respect to any private foundation, an officer, director, or trustee of a foundation (or an individual having powers or responsibilities similar to those of officers, directors, or trustees of the foundation).

Section 4946(d) provides that, for purposes of subsection (a)(1), the family of any individual shall include only his spouse, ancestors, children, grandchildren, great grandchildren, and the spouses of children, grandchildren, and great grandchildren.

Section 4947(a)(1) provides that, for purposes of chapter 42, a trust which is not exempt from tax under section 501(a), all of the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B), and for which a deduction was allowed under section 170, 545(b)(2), 652(c), 2055, 2106(a)(2), or 2522, shall be treated as an organization described in section 501(c)(3).

Section 4947(a)(2) provides in part 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)(8), and which has amounts in trust for which a deduction was allowed under section 170, 545(b)(2), 652(c), 2055, 2106(a)(2), or 2522, certain Code provisions, including section 4941, shall apply as if such trust were a private foundation. This paragraph does not apply with respect to (1) any amounts payable under the terms of such trust to income beneficiaries, unless a deduction was allowed under section 170(f)(2)(8), 2055(e)(2)(8), or 2522(c)(2)(8), or (2) any amounts in trust other than amounts for which a deduction was allowed under section 170, 545(b)(2), 652(c), 2055, 2106(a)(2), or 2522, if such amounts are segregated from amounts for which no deduction was allowable.

Treas. Reg. § 1.641(b)-3(a) provides that the period of administration or settlement of an estate is the period actually required by the administrator or executor to perform the ordinary duties of administration, such as the collection of assets and the payment of debts, taxes, legacies, and bequests, whether the period required is longer or shorter than the period specific under the applicable local law for the settlement of estates. An estate will be considered as terminated when all the assets have been distributed except for a reasonable amount which is set aside in good faith for the payment of unascertained or contingent liabilities and expenses (not including a claim by a beneficiary in the capacity of a beneficiary).

Treas. Reg. § 1.641(b)-3(b) provides that the determination of whether a trust has terminated depends on whether the property held in trust has been distributed to the persons entitled to succeed to the property upon termination of the trust rather than upon the technicality of whether or not the trustee has rendered its final accounting. A reasonable time is permitted after such event for the trustee to perform the duties necessary to complete the administration of the trust. Thus, if pursuant to the terms of the governing instrument, the trust is to terminate upon the death of the life beneficiary and the corpus is to be distributed to the remainder beneficiary, the trust continues after the death of the life beneficiary for a period reasonably necessary to a proper winding up of the affairs of the trust.

Treas. Reg. § 53.4941(d)-1(a) provides that, for purposes of section 4941, the term self-dealing means any direct or indirect transaction described in Treas. Reg. § 53.4941(d)-2.

Treas. Reg. § 53.4941(d)-1(b)(3) provides that indirect self-dealing does not include a transaction involving property in which a private foundation has an interest or expectancy, held by an estate or revocable trust, provided that:

- (i) The Administrator or executor of the estate or the trustee of the trust has the power to sell the property;
- (ii) The transaction is approved by a probate court having jurisdiction over the estate or trust, or is otherwise permitted under local law;
- (iii) The transaction occurs before the estate is considered terminated for federal income tax purposes (or in the case of a revocable trust, before it is considered subject to section 4947);
- (iv) The estate or trust receives an amount which equals or exceeds the fair market value of the private foundation's interest or expectancy in such property at the time of the transaction; and
- (v) The transaction results in the private foundation receiving an interest or expectancy at least as liquid as the one it gave up.

Treas. Reg. § 53.4941(d)-1(b)(8) provides examples to illustrate the provisions of this paragraph (b). In Example (4), A, a substantial contributor to P, a private foundation, bequeathed one-half of his estate to his spouse and one-half of his estate to P. Included in A's estate is one-third interest in AB, a partnership. The other two-thirds interest in AB is owned by B, a disqualified person with respect to P. The one-third interest in AB was subject to an option agreement when it was acquired by the estate. The executor of A's estate sells the one-third interest in AB to B pursuant to such option agreement at the price fixed in such option agreement in a sale which meets the requirements of Treas. Reg. § 53.4941 (d)-1 (b)(3). Under these circumstances, the sale does not constitute an indirect act of self-dealing between B and P.

Treas. Reg. § 53.4941(d)-2(a)(1) generally provides that the sale or exchange of property between a private foundation and a disqualified person shall constitute an act of self-dealing.

Treas. Reg. § 53.4941(d)-2(c)(1) generally provides that the lending of money or other extension of credit between a private foundation and a disqualified person shall constitute an act of self-dealing. Further, except in the case of the receipt and holding of a note pursuant to a transaction described in Treas. Reg. § 53.4941(d)-1(b)(3), an act of self-dealing occurs where a note, the obligor of which is a disqualified person, is transferred by a third party to a private foundation which becomes the creditor under the note.

Treas. Reg. § 53.4941(e)-1(e)(1)(i) provides that if a transaction between a private foundation and a disqualified person is determined to be self-dealing (as defined in section 4941(d)), for purposes of section 4941 there is generally one act of self-dealing. If, however, such transaction relates to the leasing of property, the lending of money or other extension of credit, other use of money or property, or payment of compensation, the transaction will generally be treated (for purposes of section 4941 but not section 507 or section 6684) as giving rise to an act of self-dealing on the day the transaction occurs plus an act of self-dealing of the first day of each taxable year or portion of a taxable year which is within the taxable period and which begins after the taxable year in which the transaction occurs.

Treas. Reg. § 53.4941(e)-1(f) provides that, for purposes of Treas. Reg. §§ 53.4941(a)-1 through 53.4941(f)-1, fair market value shall be determined pursuant to the provisions of Treas. Reg. § 53.4942(a)-2(c)(4).

Treas. Reg. § 53.4947-1(a) provides that the basic purpose of section 4947 is to prevent trusts which are not exempt from tax under section 501(a), all or part of the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B), and which have 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, from being used to avoid the requirements and restrictions applicable to private foundations. For purposes of this section, a trust shall be presumed (in the absence of proof to the contrary) to have amounts in trust for which a deduction was allowed under section 170, 545(b)(2), 556(b)(2), 652(c), 2055, 2106(a)(2), or 2522 if a deduction would have been allowable under one of these sections.

Treas. Reg. section 53.4947-1(b)(1)(i) provides that, for purposes of this section and Treas. Reg. § 53.4947-2, a charitable trust, within the meaning of section 4947(a)(1), is a trust which is not exempt from taxation under section 501(a), all of the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B), and for which a deduction was allowed under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522. A charitable trust (as defined in this paragraph) shall be treated as an organization described in section 501(c)(3), and, if it is

determined under section 509 that the trust is a private foundation, then Chapter 42, including section 4941, shall apply to the trust.

Treas. Reg. § 53.4947-1(b)(2)(ii)(A) provides that when an estate from which the executor or administrator is required to distribute all of the net assets in trust for charitable beneficiaries, or free of trust to such beneficiaries, is considered terminated for federal income tax purposes under Treas. Reg. § 1.641(b)-3(a), then the estate will be treated as a charitable trust under section 4947(a)(1) between the date on which the estate is considered terminated under Treas. Reg. § 1.641(b)-3(a) and the date final distribution of all the net assets is made to or for the benefit of the charitable beneficiaries.

Treas. Reg. § 53.4947-1(b)(2)(iv)(A) provides in part that a split-interest trust in which all of the unexpired interests are charitable remainder interests and in which some or all of the charitable beneficiaries are not entitled to distributions of corpus shall continue to be treated as a split-interest trust under section 4947(a)(2) rather than a charitable trust under section 4947(a)(1) for a reasonable period of settlement after the expiration of the noncharitable interest. The term reasonable period of settlement means that period reasonably required (or if shorter, actually required) by the trustee to perform the ordinary duties of administration necessary for the settlement of the trust. These duties include, for example, the collection of assets, the payment of debts, taxes, and distributions, and the determination of the rights of the subsequent beneficiaries.

Treas. Reg. § 53.4947-1(b)(2)(v) provides that a revocable trust that becomes irrevocable upon the death of the decedent-grantor, or a trust created by will, from which the trustee is required to distribute all of the net assets in trust for, or free of trust to, charitable beneficiaries is not considered a charitable trust under section 4947(a)(1) for a reasonable period of settlement (within the meaning of paragraph (b)(2)(iv)) after becoming irrevocable. After that period, the trust is considered a charitable trust under section 4947(a)(1).

Treas. Reg. § 53.4947-1(b)(2)(vi) provides that a revocable trust that becomes irrevocable upon the death of the decedent-grantor in which all of the unexpired interests are charitable and under the terms of the governing instrument of which the trustee is required to hold some or all of the net assets in trust after becoming irrevocable solely for charitable beneficiaries is not considered a trust under section 4947(a)(1) for a reasonable period of settlement (within the meaning of paragraph (b)(2)(iv) of this section) after becoming irrevocable except that section 4941 may apply if the requirements of Treas. Reg. § 53.4941(d)-1(b)(3) are not met. After that period, the trust is considered a charitable trust under section 4947(a)(1).

Treas. Reg. § 53.4947-1(c)(1)(i) provides that for purposes of this section and Treas. Reg. § 53.4947-2, a split interest trust, within the meaning of section 4947(a)(2), is a trust which is not exempt from taxation 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. A trust is one which has amounts in trust for which a deduction was allowed under section 642(c) within the meaning of section 4947(a)(2) once a deduction is allowed under section 642(c) to the trust for any amount permanently set aside.

Treas. Reg. § 53.4947-1(c)(1)(ii) provides that a split-interest trust is subject to the provisions of section 507 (except as provided in paragraph (e) of this section), 508(e) (to the extent applicable to a split-interest trust), 4941, 4943 (except as provided in section 4947(b)(3)), 4944 (except as provided in section 4947(b)(3)), and 4945 in the same manner as if such trust were a private foundation.

Treas. Reg. § 53.4947-1(c)(6)(i) provides that, subject to paragraph (c)(6)(ii), (iii), and (iv) of this section, section 4947(a)(2) applies to trusts in which some but not all unexpired interests are charitable. An estate from which the executor or administrator is required to distribute all of the net assets in trust or free of trust to both charitable and noncharitable beneficiaries will not be considered to be a split-interest trust under section 4947(a)(2) during the period of estate administration or settlement, except as provided in paragraph (c)(6)(ii) of this section. A split-interest trust created by will shall be considered a split-interest trust under section 4947(a)(2) as of the date of death of the decedent-grantor, except as provided in paragraph (c)(6)(iv) of this section.

Treas. Reg. § 53.4947-1(c)(6)(ii)(A) provides that when an estate from which the executor or administrator is required to distribute all of the net assets in trust or free of trust to both charitable and non-charitable beneficiaries is considered terminated for federal income tax purposes under Treas. Reg. § 1.641(b)-3(a), then the estate will be treated as a split-interest trust under section 4947(a)(2) (or a charitable trust under section 4947(a)(1), if applicable) between the date on which the estate is considered terminated under Treas. Reg. § 1.641(b)-3(a) and the date on which the final distribution of the net assets to the last remaining charitable beneficiary is made.

Treas. Reg. § 53.4947-1(c)(6)(iii) provides that a revocable trust that becomes irrevocable upon the death of the decedent-grantor under the terms of the governing instrument of which the trustee is required to hold some or all of the net assets in trust after becoming irrevocable for both charitable and non-charitable beneficiaries is not considered a split-interest trust under section 4947(a)(2) for a reasonable period of settlement after becoming irrevocable, except that section 4941 may apply if the requirements of Treas. Reg. § 53.4941(d)-1(b)(3) are not met. After that period, the trust is considered a split-interest trust under section 4947(a)(2). For the purposes of this (iii), the term reasonable period of settlement means that period reasonably required (or, if shorter, actually required) by the trustee to perform the ordinary duties of administration necessary for the settlement of the trust. These duties include, for example, the collection of assets, the payment of debts, taxes, and distributions, and the determination of rights of the subsequent beneficiaries.

Rev. Proc 2026-3, 2026 I.R.B. 1, section 3.01(132) provides that the Service will not issue letter rulings on whether transactions during the administration of an estate or trust meet the requirements of the exception to section 4941 set forth in Treas. Reg. § 53.4941(d)-1(b)(3) in cases in which a disqualified person issues a promissory note in exchange for property of an estate or trust. Section 3.02(4) provides that the Service will not issue letter rulings on matters involving alternate plans of proposed transactions or involving hypothetical situations.

ANALYSIS

Foundation is classified as a private foundation within the meaning of section 509(a). Each of Company, the Taxpayers, the Taxpayers' estates, the Revocable Trusts and the Trustees are disqualified persons within the meaning of section 4946(a) with respect to Foundation.

Section 4941(a) imposes an excise tax on each act of self-dealing between a disqualified person and a private foundation. Section 4941(d)(1)(A) and (B) provide that self-dealing includes a direct or indirect sale or exchange, or leasing, of property, or lending of money or other extension of credit, between a private foundation and a disqualified person.

While neither the Code nor the regulations define the term indirect self-dealing, Treas. Reg. § 53.4941(d)-1(b) describes certain transactions that are specifically excluded from indirect self-dealing, among which are certain transactions during the administration of an estate or trust.

This estate administration exception applies to transactions with respect to a private foundation's interest or expectancy in property held by an estate (or a revocable trust that has become irrevocable at the grantor's death). The reference in Treas. Reg. § 53.4941(d)-1(b)(3) to a revocable trust, including a trust which has become irrevocable on a grantor's death is intended to include certain other trusts where the assets of the trust are included in the decedent's gross estate.

The regulations do not address the issue of when a private foundation has an interest or expectancy in property held by an estate or a trust.

Prior to the making of an Irrevocable Determination, the Trustee retains sole discretionary authority to distribute trust assets among one or more charitable organizations it selects. The Trust instruments do not require the trustee to distribute any assets to Foundation. Under applicable state laws, Foundation will not have any right or interest in any of the assets constituting the Charitable Gift Assets of any Revocable Trust unless and until the Trustee makes the Irrevocable Determination.

Accordingly, prior to any Trustee(s) making of an Irrevocable Determination with respect to Foundation, any exercise of Options or other transactions with respect to Company

Stock would not be a sale, exchange, loan, or other applicable transaction between Foundation and a disqualified person under section 4941.

Once any Trustee(s) makes an Irrevocable Determination with respect to Foundation, the exercise of any applicable Option Agreement(s) by Company, and all associated transactions thereto, would constitute a transaction between a disqualified person and a private foundation within the meaning of section 4941. Therefore, any such transaction would be self-dealing unless an exception applied, such as satisfying all the conditions of the estate administration exception under Treas. Reg. § 53.4941(d)-1(b)(3). In addition, the receipt and holding of a Company note by Foundation would be self-dealing under section 4941 unless an exception applied, such as of the receipt and holding of a note pursuant to a transaction described in Treas. Reg. § 53.4941(d)-1(b)(3) as provided in Treas. Reg. § 53.4941(d)-2(c)(1).

RULINGS

Based on the representations contained herein, we rule as follows:

- 1) After the Trustee of a Revocable Trust makes an Irrevocable Determination to distribute Charitable Gift Assets to Foundation, the estate administration exception under Treas. Reg. § 53.4941(d)-1(b)(3) will be available (during a reasonable period of settlement within the meaning of Treas. Reg. § 53.4947-1(b)(2)(iv)) with respect to the exercise by Company of an Option to purchase Company Stock from such Trustee pursuant to the applicable Option Agreement, Company's purchase of such Company Stock from such Trustee in connection therewith, the tendering of the Consideration by Company to such Trustee, the receipt of the Consideration by such Trustee, and the distribution of the Consideration by such Trustee to Foundation, such that the exception to indirect self-dealing described under Treas. Reg. § 53.4941(d)-2(c)(1) will be available with respect to the future payment of principal and/or interest by Company to Foundation with respect to any note constituting the Consideration distributed by such Trustee; and
- 2) After the death of a Taxpayer, the sale of Company Stock by the estate or Revocable Trust of such Taxpayer to a family member, to any Trust for the benefit of a family member, or to Company (separate and apart from any Option Agreement), in exchange for cash during (i) the administration of the estate of such Taxpayer (and before such estate is considered terminated for Federal income tax purposes under Treas. Reg. § 1.641(b)-3(a)), or (ii) the term of the Marital Trust of the surviving spouse of such Taxpayer, will not constitute a direct or indirect act of self-dealing pursuant to section 4941 or Treas. Reg. § 53.4941(d)-1 between the estate or Revocable Trust of such Taxpayer and a disqualified person unless and until (i) the Trustee of Taxpayer's Revocable Trust

makes an Irrevocable Determination to distribute Charitable Gift Assets (comprising Company Stock) to Foundation, or (ii) any other action is taken not described herein that creates an interest or expectancy by Foundation in Company Stock held by the estate or Revocable Trust of such Taxpayer.

We are not ruling on whether any particular transaction described herein or otherwise contemplated by Company, the Taxpayers, the Revocable Trusts, the Trustees or any other disqualified person with respect to Foundation will meet the requirements of the estate administration exception under Treas. Reg. § 53.4941(d)-1(b)(3) or the loan exception under Treas. Reg. § 53.4941(d)-2(c)(1). We also are not ruling on whether section 4947 applies to any transaction described herein because we have not been asked to rule on that issue.

The rulings contained in this letter are based upon information and representations submitted by or on behalf of the Taxpayers and accompanied by penalty of perjury statements executed by an individual with authority to bind the Taxpayers and upon the understanding that there will be no material changes in the facts. While this office has not verified any of the material submitted in support of the request for these rulings, it is subject to verification on examination. The Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) will revoke or modify a letter ruling and apply the revocation retroactively if there has been a misstatement or omission of controlling facts; the facts at the time of the transaction are materially different from the controlling facts on which the ruling was based; or, in the case of a transaction involving a continuing action or series of actions, the controlling facts change during the course of the transaction. See Rev. Proc. 2026-1, 2026-1 I.R.B. 1, section 11.05.

This letter does not address the applicability of any section of the Code or Regulations to the facts submitted, other than those sections specifically described. Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

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

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to the Taxpayers' authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

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,

Don R. Spellmann
Senior Counsel
Exempt Organizations Branch 3
(Employee Benefits, Exempt Organizations,
and Employment Taxes)

cc: