

(B) the compensation for which is equal to or greater than the lowest rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code,

(4) a position under the House of Representatives or the Senate of the United States held by an individual receiving gross compensation at an annual rate of \$15,000 or more,

(5) an elective or appointive public office in the executive, legislative, or judicial branch of the government of a State, possession of the United States, or political subdivision or other area of any of the foregoing, or of the District of Columbia, held by an individual receiving gross compensation at an annual rate of \$20,000 or more,

(6) a position as personal or executive assistant or secretary to any of the foregoing, or

(7) a member of the Internal Revenue Service Oversight Board.

**(d) Members of family**

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.

(Added Pub. L. 91-172, title I, §101(b), Dec. 30, 1969, 83 Stat. 515; amended Pub. L. 95-227, §4(c)(2)(B), Feb. 10, 1978, 92 Stat. 22; Pub. L. 98-369, div. A, title III, §306(a), July 18, 1984, 98 Stat. 784; Pub. L. 99-514, title XVI, §1606(a), Oct. 22, 1986, 100 Stat. 2771; Pub. L. 105-206, title I, §1101(c)(1), July 22, 1998, 112 Stat. 696; Pub. L. 106-554, §1(a)(7) [title III, §319(16)], Dec. 21, 2000, 114 Stat. 2763, 2763A-647.)

**Editorial Notes**

**AMENDMENTS**

2000—Subsec. (c)(3)(B). Pub. L. 106-554 substituted “the lowest rate of basic pay for the Senior Executive Service under section 5382” for “the lowest rate of compensation prescribed for GS-16 of the General Schedule under section 5332”.

1998—Subsec. (c)(7). Pub. L. 105-206 added par. (7).

1986—Subsec. (c)(5). Pub. L. 99-514 substituted “\$20,000” for “\$15,000”.

1984—Subsec. (d). Pub. L. 98-369 amended subsec. (d) generally, substituting references to children, grandchildren, and great grandchildren for references to lineal descendants in two places.

1978—Subsecs. (a)(1), (b). Pub. L. 95-227 substituted “subchapter” for “chapter”.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF 1986 AMENDMENT**

Pub. L. 99-514, title XVI, §1606(b), Oct. 22, 1986, 100 Stat. 2771, provided that: “The amendment made by this section [amending this section] shall apply to compensation received after December 31, 1985.”

**EFFECTIVE DATE OF 1984 AMENDMENT**

Pub. L. 98-369, div. A, title III, §306(c), July 18, 1984, 98 Stat. 784, provided that: “The amendments made by this subsection [probably should be “section”, amending this section and section 6104 of this title] shall take effect on January 1, 1985.”

**EFFECTIVE DATE OF 1978 AMENDMENT**

Amendment by Pub. L. 95-227 applicable with respect to contributions, acts, and expenditures made after

Dec. 31, 1977, in and for taxable years beginning after such date, see section 4(f) of Pub. L. 95-227, set out as an Effective Date note under section 192 of this title.

**§ 4947. Application of taxes to certain nonexempt trusts**

**(a) Application of tax**

**(1) Charitable trusts**

For purposes of part II of subchapter F of chapter 1 (other than section 508(a), (b), and (c)) and for purposes of this chapter, 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), 642(c), 2055, 2106(a)(2), or 2522 (or the corresponding provisions of prior law), shall be treated as an organization described in section 501(c)(3). For purposes of section 509(a)(3)(A), such a trust shall be treated as if organized on the day on which it first becomes subject to this paragraph.

**(2) Split-interest trusts**

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), 642(c), 2055, 2106(a)(2), or 2522, section 507 (relating to termination of private foundation status), section 508(e) (relating to governing instruments) to the extent applicable to a trust described in this paragraph, section 4941 (relating to taxes on self-dealing), section 4943 (relating to taxes on excess business holdings) except as provided in subsection (b)(3), section 4944 (relating to investments which jeopardize charitable purpose) except as provided in subsection (b)(3), and section 4945 (relating to taxes on taxable expenditures) shall apply as if such trust were a private foundation. This paragraph shall not apply with respect to—

(A) any amounts payable under the terms of such trust to income beneficiaries, unless a deduction was allowed under section 170(f)(2)(B), 2055(e)(2)(B), or 2522(c)(2)(B),

(B) any amounts in trust other than amounts for which a deduction was allowed under section 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2522, if such other amounts are segregated from amounts for which no deduction was allowable, or

(C) any amounts transferred in trust before May 27, 1969.

**(3) Segregated amounts**

For purposes of paragraph (2)(B), a trust with respect to which amounts are segregated shall separately account for the various income, deduction, and other items properly attributable to each of such segregated amounts.

**(b) Special rules**

**(1) Regulations**

The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.

**(2) Limit to segregated amounts**

If any amounts in the trust are segregated within the meaning of subsection (a)(2)(B) of this section, the value of the net assets for purposes of subsections (c)(2) and (g) of section 507 shall be limited to such segregated amounts.

**(3) Sections 4943 and 4944**

Sections 4943 and 4944 shall not apply to a trust which is described in subsection (a)(2) if—

(A) all the income interest (and none of the remainder interest) of such trust is devoted solely to one or more of the purposes described in section 170(c)(2)(B), and all amounts in such trust for which a deduction was allowed under section 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2522 have an aggregate value not more than 60 percent of the aggregate fair market value of all amounts in such trusts, or

(B) a deduction was allowed under section 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2522 for amounts payable under the terms of such trust to every remainder beneficiary but not to any income beneficiary.

**(4) Section 507**

The provisions of section 507(a) shall not apply to a trust which is described in subsection (a)(2) by reason of a distribution of qualified employer securities (as defined in section 664(g)(4)) to an employee stock ownership plan (as defined in section 4975(e)(7)) in a qualified gratuitous transfer (as defined by section 664(g)).

(Added Pub. L. 91-172, title I, §101(b), Dec. 30, 1969, 83 Stat. 517; amended Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 105-34, title XV, §1530(c)(9), Aug. 5, 1997, 111 Stat. 1079; Pub. L. 107-16, title V, §542(e)(4), June 7, 2001, 115 Stat. 85; Pub. L. 108-357, title IV, §413(c)(30), Oct. 22, 2004, 118 Stat. 1509; Pub. L. 111-312, title III, §301(a), Dec. 17, 2010, 124 Stat. 3300.)

**Editorial Notes****AMENDMENTS**

2010—Subsec. (a)(2)(A). Pub. L. 111-312 amended subsec. (a)(2)(A) to read as if amendment by Pub. L. 107-16, §542(e)(4), had never been enacted. See 2001 Amendment note below.

2004—Subsecs. (a)(1), (2), (b)(3). Pub. L. 108-357 struck out “556(b)(2),” after “545(b)(2),” wherever appearing.

2001—Subsec. (a)(2)(A). Pub. L. 107-16, §542(e)(4), inserted “642(c),” after “170(f)(2)(B),”.

1997—Subsec. (b)(4). Pub. L. 105-34 added par. (4).

1976—Subsec. (b)(1). Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 2010 AMENDMENT**

Amendment by Pub. L. 111-312 applicable to estates of decedents dying, and transfers made after Dec. 31, 2009, except as otherwise provided, see section 301(e) of Pub. L. 111-312, set out as an Effective and Termination Dates of 2010 Amendment note under section 121 of this title.

**EFFECTIVE DATE OF 2004 AMENDMENT**

Amendment by Pub. L. 108-357 applicable to taxable years of foreign corporations beginning after Dec. 31,

2004, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end, see section 413(d)(1) of Pub. L. 108-357, set out as an Effective and Termination Dates of 2004 Amendments note under section 1 of this title.

**EFFECTIVE DATE OF 2001 AMENDMENT**

Amendment by Pub. L. 107-16 applicable to deductions for taxable years beginning after Dec. 31, 2009, see section 542(f)(3) of Pub. L. 107-16, set out as a note under section 121 of this title.

**EFFECTIVE DATE OF 1997 AMENDMENT**

Amendment by Pub. L. 105-34 applicable to transfers made by trusts to, or for the use of, an employee stock ownership plan after Aug. 5, 1997, see section 1530(d) of Pub. L. 105-34, set out as a note under section 401 of this title.

**§ 4948. Application of taxes and denial of exemption with respect to certain foreign organizations****(a) Tax on income of certain foreign organizations**

In lieu of the tax imposed by section 4940, there is hereby imposed for each taxable year on the gross investment income (within the meaning of section 4940(c)(2)) derived from sources within the United States (within the meaning of section 861) by every foreign organization which is a private foundation for the taxable year a tax equal to 4 percent of such income.

**(b) Certain sections inapplicable**

Section 507 (relating to termination of private foundation status), section 508 (relating to special rules with respect to section 501(c)(3) organizations), and this chapter (other than this section) shall not apply to any foreign organization which has received substantially all of its support (other than gross investment income) from sources outside the United States.

**(c) Denial of exemption to foreign organizations engaged in prohibited transactions****(1) General rule**

A foreign organization described in subsection (b) shall not be exempt from taxation under section 501(a) if it has engaged in a prohibited transaction after December 31, 1969.

**(2) Prohibited transactions**

For purposes of this subsection, the term “prohibited transaction” means any act or failure to act (other than with respect to section 4942(e)) which would subject a foreign organization described in subsection (b), or a disqualified person (as defined in section 4946) with respect thereto, to liability for a penalty under section 6684 or a tax under section 507 if such foreign organization were a domestic organization.

**(3) Taxable years affected**

(A) Except as provided in subparagraph (B), a foreign organization described in subsection (b) shall be denied exemption from taxation under section 501(a) by reason of paragraph (1) for all taxable years beginning with the taxable year during which it is notified by the Secretary that it has engaged in a prohibited transaction. The Secretary shall publish such notice in the Federal Register on the day on which he so notifies such foreign organization.