

SUBTITLE A. INCOME TAXES
CHAPTER 1. NORMAL TAXES AND SURTAXES
SUBCHAPTER B. COMPUTATION OF TAXABLE INCOME
PART VI. ITEMIZED DEDUCTIONS FOR INDIVIDUALS AND CORPORATIONS

IRC Sec. 170

Sec. 170. Charitable, etc., contributions and gifts [Caution: See prospective amendment notes below.].

(f) Disallowance of deduction in certain cases and special rules.

(1) In general. No deduction shall be allowed under this section for a contribution to or for the use of an organization or trust described in section 508(d) or 4948(c)(4) [[26 USCS § 508\(d\)](#) or [4948\(c\)\(4\)](#)] subject to the conditions specified in such sections.

(2) Contributions of property placed in trust.

(A) Remainder interest. In the case of property transferred in trust, no deduction shall be allowed under this section for the value of a contribution of a remainder interest unless the trust is a charitable remainder annuity trust or a charitable remainder unitrust (described in section 664 [[26 USCS § 664](#)]), or a pooled income fund (described in section 642(c)(5) [[26 USCS § 642\(c\)\(5\)](#)]).

(B) Income interests, etc. No deduction shall be allowed under this section for the value of any interest in property (other than a remainder interest) transferred in trust unless the interest is in the form of a guaranteed annuity or the trust instrument specifies that the interest is a fixed percentage distributed yearly of the fair market value of the trust property (to be determined yearly) and the grantor is treated as the owner of such interest for purposes of applying section 671 [[26 USCS § 671](#)]. If the donor ceases to be treated as the owner of such an interest for purposes of applying section 671 [[26 USCS § 671](#)], at the time the donor ceases to be so treated, the donor shall for purposes of this chapter [[26 USCS §§ 1](#) et seq.] be considered as having received an amount of income equal to the amount of any deduction he received under this section for the contribution reduced by the discounted value of all amounts of income earned by the trust and taxable to him before the time at which he ceases to be treated as the owner of the interest. Such amounts of income shall be discounted to the date of the contribution. The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subparagraph.

(C) Denial of deduction in case of payments by certain trusts. In any case in which a deduction is allowed under this section for the value of an interest in property described in subparagraph (B), transferred in trust, no deduction shall be allowed under this section to the grantor or any other person for the amount of any contribution made by the trust with respect to such interest.

(D) Exception. This paragraph shall not apply in a case in which the value of all interests in property transferred in trust are deductible under subsection (a).

(3) Denial of deduction in case of certain contributions of partial interests in property.

(A) In general. In the case of a contribution (not made by a transfer in trust) of an interest in property which consists of less than the taxpayer's entire interest in such property, a deduction shall be allowed under this section only to the extent that the value of the interest contributed would be allowable as a deduction under this section if such interest had been transferred in trust. For purposes of this subparagraph, a contribution by a taxpayer of the right to use property shall be treated as a contribution of less than the taxpayer's entire interest in such property.

(B) Exceptions. Subparagraph (A) shall not apply to--
(i) a contribution of a remainder interest in a personal residence or farm,
(ii) a contribution of an undivided portion of the taxpayer's entire interest in property, and
(iii) a qualified conservation contribution.

(4) Valuation of remainder interest in real property. For purposes of this section, in determining the value of a remainder interest in real property, depreciation (computed on the straight line method) and depletion of such property shall be taken into account, and such value shall be discounted at a rate of 6 percent per annum, except that the Secretary may prescribe a different rate.

(5) Reduction for certain interest. If, in connection with any charitable contribution, a liability is assumed by the recipient or by any other person, or if a charitable contribution is of property which is subject to a liability, then, to the extent necessary to avoid the duplication of amounts, the amount taken into account for purposes of this section as the amount of the charitable contribution--

(A) shall be reduced for interest (i) which has been paid (or is to be paid) by the taxpayer,

(ii) which is attributable to the liability, and

(iii) which is attributable to any period after the making of the contribution,
and

(B) in the case of a bond, shall be further reduced for interest (i) which has been paid (or is to be paid) by the taxpayer on indebtedness incurred or continued to purchase or carry such bond, and (ii) which is attributable to any period before the making of the contribution.

The reduction pursuant to subparagraph (B) shall not exceed the interest (including interest equivalent) on the bond which is attributable to any period before the making of the contribution and which is not (under the taxpayer's method of accounting) includible in the gross income of the taxpayer for any taxable year. For purposes of this paragraph, the term "bond" means any bond, debenture, note, or certificate or other evidence of indebtedness.

(6) Deductions for out-of-pocket expenditures. No deduction shall be allowed under this section for an out-of-pocket expenditure made by any person on behalf of an organization described in subsection (c) (other than an organization described in section 501(h)(5) [\[26 USCS § 501\(h\)\(5\)\]](#) (relating to churches, etc.)) if the expenditure is made for the purpose of influencing legislation (within the meaning of section 501(c)(3) [\[26 USCS § 501\(c\)\(3\)\]](#)).
