

106TH CONGRESS
1ST SESSION

H. R. 630

To amend the Internal Revenue Code of 1986 to reiterate the denial of the charitable contribution deduction for transfers associated with split-dollar insurance arrangements.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 1999

Mr. ARCHER (for himself and Mr. RANGEL) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to reiterate the denial of the charitable contribution deduction for transfers associated with split-dollar insurance arrangements.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CHARITABLE SPLIT-DOLLAR LIFE INSURANCE,**

4 **ANNUITY, AND ENDOWMENT CONTRACTS.**

5 (a) IN GENERAL.—Subsection (f) of section 170 of
6 the Internal Revenue Code of 1986 (relating to disallow-
7 ance of deduction in certain cases and special rules) is

1 amended by adding at the end the following new para-
2 graph:

3 “(10) SPLIT-DOLLAR LIFE INSURANCE, ANNU-
4 ITY, AND ENDOWMENT CONTRACTS.—

5 “(A) IN GENERAL.—Nothing in this sec-
6 tion or in section 545(b)(2), 556(b)(2), 642(c),
7 2055, 2106(a)(2), or 2522 shall be construed to
8 allow a deduction, and no deduction shall be al-
9 lowed, for any transfer to or for the use of an
10 organization described in subsection (c) if in
11 connection with such transfer—

12 “(i) the organization directly or indi-
13 rectly pays, or has previously paid, any
14 premium on any personal benefit contract
15 with respect to the transferor, or

16 “(ii) there is an understanding or ex-
17 pectation that any person will directly or
18 indirectly pay any premium on any per-
19 sonal benefit contract with respect to the
20 transferor.

21 “(B) PERSONAL BENEFIT CONTRACT.—
22 For purposes of subparagraph (A), the term
23 ‘personal benefit contract’ means, with respect
24 to the transferor, any life insurance, annuity, or
25 endowment contract if any direct or indirect

1 beneficiary under such contract is the trans-
2 feror, any member of the transferor's family, or
3 any other person (other than an organization
4 described in subsection (c)) designated by the
5 transferor.

6 “(C) EXCISE TAX ON PREMIUMS PAID.—

7 “(i) IN GENERAL.—There is hereby
8 imposed on any organization described in
9 subsection (c) an excise tax equal to the
10 premiums paid by such organization on
11 any life insurance, annuity, or endowment
12 contract if the payment of premiums on
13 such contract is in connection with a trans-
14 fer for which a deduction is not allowable
15 under subparagraph (A).

16 “(ii) PAYMENTS BY OTHER PER-
17 SONS.—For purposes of clause (i), pay-
18 ments made by any other person pursuant
19 to an understanding or expectation re-
20 ferred to in subparagraph (A) shall be
21 treated as made by the organization.

22 “(iii) REPORTING.—Any organization
23 on which tax is imposed by clause (i) with
24 respect to any premium shall file an an-
25 nual return which includes—

1 “(I) the amount of such pre-
2 miums paid during the year and the
3 name and TIN of each beneficiary
4 under the contract to which the pre-
5 mium relates, and

6 “(II) such other information as
7 the Secretary may require.

8 The penalties applicable to returns re-
9 quired under section 6033 shall apply to
10 returns required under this clause. Returns
11 required under this clause shall be fur-
12 nished at such time and in such manner as
13 the Secretary shall by forms or regulations
14 require.

15 “(D) REGULATIONS.—The Secretary shall
16 prescribe such regulations as may be necessary
17 to carry out the purposes of this paragraph.”

18 (b) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as otherwise pro-
20 vided in this subsection, the amendment made by
21 this section shall apply to transfers made after Feb-
22 ruary 8, 1999.

23 (2) EXCISE TAX.—Except as provided in para-
24 graph (3) of this subsection, section 170(f)(10)(C)
25 of the Internal Revenue Code of 1986 (as added by

1 this section) shall apply to premiums paid after the
2 date of the enactment of this Act.

3 (3) REPORTING.—Clause (iii) of such section
4 170(f)(10)(C) shall apply to premiums paid after
5 February 8, 1999 (determined as if the tax imposed
6 by such section applies to premiums paid after such
7 date).

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