

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.

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## 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

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## 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

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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

beneficiary under such contract is the transferor, any member of the transferor's family, or any other person (other than an organization described in subsection (c)) designated by the transferor.

“(C) EXCISE TAX ON PREMIUMS PAID.—

“(i) IN GENERAL.—There is hereby imposed on any organization described in subsection (c) an excise tax equal to the premiums paid by such organization on any life insurance, annuity, or endowment contract if the payment of premiums on such contract is in connection with a transfer for which a deduction is not allowable under subparagraph (A).

“(ii) PAYMENTS BY OTHER PERSONS.—For purposes of clause (i), payments made by any other person pursuant to an understanding or expectation referred to in subparagraph (A) shall be treated as made by the organization.

“(iii) REPORTING.—Any organization on which tax is imposed by clause (i) with respect to any premium shall file an annual 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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