

funded branch plans, and time and manner for making elections, see section 2(e) of Pub. L. 96-603, set out as an Effective Date note under section 404A of this title.

#### EFFECTIVE DATE

Pub. L. 94-455, title X, §1013(f)(1), Oct. 4, 1976, 90 Stat. 1616, provided that: “The amendments made by this section (other than subsection (c)) [enacting this section and amending sections 643, 678, 6048, and 6678 of this title] shall apply to taxable years ending after December 31, 1975, but only in the case of—

- “(A) foreign trusts created after May 21, 1974, and
- “(B) transfers of property to foreign trusts after May 21, 1974.”

#### SUBPART F—MISCELLANEOUS

Sec.	
681.	Limitation on charitable deduction.
[682.]	Repealed.]
683.	Use of trust as an exchange fund.
684.	Recognition of gain on certain transfers to certain foreign trusts and estates.
685.	Treatment of funeral trusts.

#### Editorial Notes

##### AMENDMENTS

2017—Pub. L. 115-97, title I, §11051(b)(1)(C), Dec. 22, 2017, 131 Stat. 2089, struck out item 682 “Income of an estate or trust in case of divorce, etc.”

2010—Pub. L. 111-312, title III, §301(a), Dec. 17, 2010, 124 Stat. 3300, amended analysis to read as if amendment by Pub. L. 107-16, §542(e)(1)(D), had never been enacted. See 2001 Amendment note below.

2001—Pub. L. 107-16, title V, §542(e)(1)(D), June 7, 2001, 115 Stat. 85, inserted “and nonresident aliens” after “estates” in item 684.

1997—Pub. L. 105-34, title XI, §1131(c)(6), title XIII, §1309(b), Aug. 5, 1997, 111 Stat. 980, 1043, added items 684 and 685.

1976—Pub. L. 94-455, title XXI, §2131(e)(2), Oct. 4, 1976, 90 Stat. 1924, substituted “Use of trust as an exchange fund” for “Applicability of provisions” in item 683.

#### § 681. Limitation on charitable deduction

##### (a) Trade or business income

In computing the deduction allowable under section 642(c) to a trust, no amount otherwise allowable under section 642(c) as a deduction shall be allowed as a deduction with respect to income of the taxable year which is allocable to its unrelated business income for such year. For purposes of the preceding sentence, the term “unrelated business income” means an amount equal to the amount which, if such trust were exempt from tax under section 501(a) by reason of section 501(c)(3), would be computed as its unrelated business taxable income under section 512 (relating to income derived from certain business activities and from certain property acquired with borrowed funds).

##### (b) Cross reference

**For disallowance of certain charitable, etc., deductions otherwise allowable under section 642(c), see sections 508(d) and 4948(c)(4).**

(Aug. 16, 1954, ch. 736, 68A Stat. 232; Pub. L. 90-630, §6(b), Oct. 22, 1968, 82 Stat. 1330; Pub. L. 91-172, title I, §§101(j)(18), (19), 121(d)(2)(B), Dec. 30, 1969, 83 Stat. 528, 547.)

#### Editorial Notes

##### AMENDMENTS

1969—Subsec. (a). Pub. L. 91-172, §121(d)(2)(B), substituted reference to certain property acquired with borrowed funds for reference to certain leases.

Subsec. (b). Pub. L. 91-172, §101(j)(18), (19), redesignated subsec. (d) as (b) and substituted “sections 518(d) and 4948(c)(4)” for “section 503(e)”. Former subsec. (b), dealing generally with the operation of trusts, was struck out.

Subsec. (c). Pub. L. 91-172, §101(j)(18), struck out subsec. (c) dealing with accumulated income.

Subsec. (d). Pub. L. 91-172, §101(j)(19), redesignated subsec. (d) as (b).

1968—Subsec. (c). Pub. L. 90-630 inserted provision that par. (1) does not apply to income attributable to property transferred to a trust before January 1, 1951, by the creator thereof if the trust was irrevocable on such date and if the income is required to be accumulated pursuant to the mandatory terms of the instrument creating the trust.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by section 101(j)(18), (19) of Pub. L. 91-172 effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91-172, set out as an Effective Date note under section 4940 of this title.

Amendment by section 121(d)(2)(B) of Pub. L. 91-172 applicable to taxable years beginning after Dec. 31, 1969, see section 121(g) of Pub. L. 91-172, set out as a note under section 511 of this title.

##### EFFECTIVE DATE OF 1968 AMENDMENT

Pub. L. 90-630, §6(c), Oct. 22, 1968, 82 Stat. 1330, provided that: “The amendments made by subsection (a) [amending section 504 of this title] and (b) [amending this section] shall apply with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954. For purposes of sections 3814 and 162(g)(4) of the Internal Revenue Code of 1939, provisions having the same effect as such amendments shall be treated as included in such sections effective with respect to taxable years beginning after December 31, 1950.”

#### [§ 682. Repealed. Pub. L. 115-97, title I, § 11051(b)(1)(C), Dec. 22, 2017, 131 Stat. 2089]

Section, Aug. 16, 1954, ch. 736, 68A Stat. 234; Pub. L. 98-369, div. A, title IV, §422(d)(2), July 18, 1984, 98 Stat. 798, related to income of an estate or trust in case of divorce.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF REPEAL

Repeal applicable to any divorce or separation instrument (as defined in former section 71(b)(2) of this title as in effect before Dec. 22, 2017) executed after Dec. 31, 2018, and to such instruments executed on or before Dec. 31, 2018, and modified after Dec. 31, 2018, if the modification expressly provides that the amendment made by section 11051 of Pub. L. 115-97 applies to such modification, see section 11051(c) of Pub. L. 115-97, set out as an Effective Date of 2017 Amendment note under section 61 of this title.

#### § 683. Use of trust as an exchange fund

##### (a) General rule

Except as provided in subsection (b), if property is transferred to a trust in exchange for an interest in other trust property and if the trust would be an investment company (within the meaning of section 351) if it were a corporation, then gain shall be recognized to the transferor.

##### (b) Exception for pooled income funds

Subsection (a) shall not apply to any transfer to a pooled income fund (within the meaning of section 642(c)(5)).

(Aug. 16, 1954, ch. 736, 68A Stat. 235; Pub. L. 94-455, title XXI, §2131(e)(1), Oct. 4, 1976, 90 Stat. 1924.)