

tion [amending this section] shall apply to transfers of property after the date of the enactment of this Act [Mar. 18, 2010].”

Amendment by section 533(c) of Pub. L. 111-147 applicable to loans made, and uses of property, after Mar. 18, 2010, see section 533(e) of Pub. L. 111-147, set out as a note under section 643 of this title.

#### EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by section 6018 of Pub. L. 105-206 effective as if included in the provisions of the Small Business Job Protection Act of 1996, Pub. L. 104-188, to which such amendment relates, see section 6018(h) of Pub. L. 105-206, set out as a note under section 23 of this title.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 effective as if included in the provisions of the Small Business Job Protection Act of 1996, Pub. L. 104-188, to which it relates, see section 1601(j) of Pub. L. 105-34, set out as a note under section 23 of this title.

#### EFFECTIVE DATE OF 1996 AMENDMENT

Section 1903(g) of Pub. L. 104-188 provided that: “The amendments made by this section [amending this section] shall apply to transfers of property after February 6, 1995.”

#### EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-603 applicable with respect to employer contributions or accruals for taxable years beginning after Dec. 31, 1979, election to apply amendments retroactively with respect to foreign subsidiaries, allowance or prior deductions in case of certain 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

Section 1013(f)(1) of Pub. L. 94-455 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.	Income of an estate or trust in case of divorce, etc.
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.

#### AMENDMENT OF ANALYSIS

*For termination of amendment by section 304 of Pub. L. 111-312, see Effective and Termination Dates of 2010 Amendment note set out under section 121 of this title.*

*For termination of amendment by section 901 of Pub. L. 107-16, see Effective and Termination Dates of 2001 Amendment note set out under section 1 of this title.*

#### AMENDMENTS

2010—Pub. L. 111-312, title III, §§301(a), 304, Dec. 17, 2010, 124 Stat. 3300, 3304, temporarily 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), title IX, §901, June 7, 2001, 115 Stat. 85, 150, temporarily 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.)

#### 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.

#### 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

Section 6(c) of Pub. L. 90-630 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