

see section 301(c) of Pub. L. 95-600, set out as a note under section 11 of this title.

Pub. L. 95-600, title IV, §403(d)(3), Nov. 6, 1978, 92 Stat. 2869, provided that: "The amendments made by paragraphs (2), (3), and (4) of subsection (c) [amending this section and sections 857 and 904 of this title] shall take effect on the date of the enactment of this Act [Nov. 6, 1978]."

Pub. L. 95-600, title VII, §701(n)(2), Nov. 6, 1978, 92 Stat. 2907, provided that: "The amendment made by paragraph (1) [amending this section] shall apply to taxable years beginning after December 31, 1973."

#### EFFECTIVE DATE

Pub. L. 94-455, title XXI, §2101(e), Oct. 4, 1976, 90 Stat. 1899, provided that: "Except as provided in subsection (f)(2) [set out as a note under section 216 of this title], the amendments made by this section [enacting this section and amending sections 216 and 6012 of this title] shall apply to taxable years beginning after December 31, 1973."

### PART VIII—HIGHER EDUCATION SAVINGS ENTITIES

Sec.

529. Qualified tuition programs.  
530. Coverdell education savings accounts.

#### AMENDMENTS

2004—Pub. L. 108-311, title IV, §408(b)(2), Oct. 4, 2004, 118 Stat. 1192, amended directory language of Pub. L. 107-22, §1(a)(6). See 2001 Amendment note below.

2001—Pub. L. 107-22, §1(a)(6), July 26, 2001, 115 Stat. 196, as amended by Pub. L. 108-311, title IV, §408(b)(2), Oct. 4, 2004, 118 Stat. 1192, substituted "Coverdell education savings accounts" for "Education individual retirement accounts" in item 530.

Pub. L. 107-16, title IV, §402(a)(4)(E), June 7, 2001, 115 Stat. 61, struck out "State" before "tuition" in item 529.

1997—Pub. L. 105-34, title II, §§211(e)(1)(A), 213(e)(3), Aug. 5, 1997, 111 Stat. 812, 817, substituted "HIGHER EDUCATION SAVINGS ENTITIES" for "QUALIFIED STATE TUITION PROGRAMS" in heading and added item 530.

### § 529. Qualified tuition programs

#### (a) General rule

A qualified tuition program shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such program shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

#### (b) Qualified tuition program

For purposes of this section—

##### (1) In general

The term "qualified tuition program" means a program established and maintained by a State or agency or instrumentality thereof or by 1 or more eligible educational institutions—

(A) under which a person—

(i) may purchase tuition credits or certificates on behalf of a designated beneficiary which entitle the beneficiary to the waiver or payment of qualified higher education expenses of the beneficiary, or

(ii) in the case of a program established and maintained by a State or agency or instrumentality thereof, may make contributions to an account which is established for the purpose of meeting the

qualified higher education expenses of the designated beneficiary of the account, and

(B) which meets the other requirements of this subsection.

Except to the extent provided in regulations, a program established and maintained by 1 or more eligible educational institutions shall not be treated as a qualified tuition program unless such program provides that amounts are held in a qualified trust and such program has received a ruling or determination that such program meets the applicable requirements for a qualified tuition program. For purposes of the preceding sentence, the term "qualified trust" means a trust which is created or organized in the United States for the exclusive benefit of designated beneficiaries and with respect to which the requirements of paragraphs (2) and (5) of section 408(a) are met.

#### (2) Cash contributions

A program shall not be treated as a qualified tuition program unless it provides that purchases or contributions may only be made in cash.

#### (3) Separate accounting

A program shall not be treated as a qualified tuition program unless it provides separate accounting for each designated beneficiary.

#### (4) No investment direction

A program shall not be treated as a qualified tuition program unless it provides that any contributor to, or designated beneficiary under, such program may not directly or indirectly direct the investment of any contributions to the program (or any earnings thereon).

#### (5) No pledging of interest as security

A program shall not be treated as a qualified tuition program if it allows any interest in the program or any portion thereof to be used as security for a loan.

#### (6) Prohibition on excess contributions

A program shall not be treated as a qualified tuition program unless it provides adequate safeguards to prevent contributions on behalf of a designated beneficiary in excess of those necessary to provide for the qualified higher education expenses of the beneficiary.

#### (c) Tax treatment of designated beneficiaries and contributors

##### (1) In general

Except as otherwise provided in this subsection, no amount shall be includible in gross income of—

(A) a designated beneficiary under a qualified tuition program, or

(B) a contributor to such program on behalf of a designated beneficiary,

with respect to any distribution or earnings under such program.

##### (2) Gift tax treatment of contributions

For purposes of chapters 12 and 13—

##### (A) In general

Any contribution to a qualified tuition program on behalf of any designated beneficiary—