

**§ 1.642(a)(3)-3**

time of receipt of dividends by a beneficiary are applicable to dividends received by an estate or trust prior to January 1, 1965, and accordingly, such dividends are deemed to be received by the beneficiary (even though received after December 31, 1964) on the same dates that the estate or trust received them for purposes of determining the credit under section 34 or the exclusion under section 116.

[T.D. 6777, 29 FR 17808, Dec. 16, 1964]

**§ 1.642(a)(3)-3 Cross reference.**

See § 1.683-2(c) for examples relating to the treatment of dividends received by an estate or trust during a fiscal year beginning in 1953 and ending in 1954.

**§ 1.642(b)-1 Deduction for personal exemption.**

In lieu of the deduction for personal exemptions provided by section 151:

(a) An estate is allowed a deduction of \$600.

(b) A trust which, under its governing instrument, is required to distribute currently all of its income for the taxable year is allowed a deduction of \$300, and

(c) All other trusts are allowed a deduction of \$100.

A trust which, under its governing instrument, is required to distribute all of its income currently is allowed a deduction of \$300, even though it also distributes amounts other than income in the taxable year and even though it may be required to make distributions which would qualify for the charitable contributions deduction under section 642(c) (and therefore does not qualify as a "simple trust" under sections 651-652). A trust for the payment of an annuity is allowed a deduction of \$300 in a taxable year in which the amount of the annuity required to be paid equals or exceeds all the income of the trust for the taxable year. For the meaning of the term *income required to be distributed currently*, see § 1.651(a)-2.

**§ 1.642(c)-0 Effective dates.**

The provisions of section 642(c) (other than section 642(c)(5)) and of §§ 1.642(c)-1 through 1.642(c)-4 apply to amounts paid, permanently set aside, or to be

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used for a charitable purpose in taxable years beginning after December 31, 1969. The provisions of section 642(c)(5) and of §§ 1.642(c)-5 through 1.642(c)-7 apply to transfers in trust made after July 31, 1969. For provisions relating to amounts paid, permanently set aside, or to be used for a charitable purpose in taxable years beginning before January 1, 1970, see 26 CFR 1.642(c)-1 through 1.642(c)-4 (Rev. as of Jan. 1, 1971).

[T.D. 7357, 40 FR 23739, June 2, 1975]

**§ 1.642(c)-1 Unlimited deduction for amounts paid for a charitable purpose.**

(a) *In general.* (1) Any part of the gross income of an estate, or trust which, pursuant to the terms of the governing instrument is paid (or treated under paragraph (b) of this section as paid) during the taxable year for a purpose specified in section 170(c) shall be allowed as a deduction to such estate or trust in lieu of the limited charitable contributions deduction authorized by section 170(a). In applying this paragraph without reference to paragraph (b) of this section, a deduction shall be allowed for an amount paid during the taxable year in respect of gross income received in a previous taxable year, but only if no deduction was allowed for any previous taxable year to the estate or trust, or in the case of a section 645 election, to a related estate, as defined under § 1.645-1(b), for the amount so paid.

(2) In determining whether an amount is paid for a purpose specified in section 170(c)(2) the provisions of section 170(c)(2)(A) shall not be taken into account. Thus, an amount paid to a corporation, trust, or community chest, fund, or foundation otherwise described in section 170(c)(2) shall be considered paid for a purpose specified in section 170(c) even though the corporation, trust, or community chest, fund, or foundation is not created or organized in the United States, any State, the District of Columbia, or any possession of the United States.

(3) See section 642(c)(6) and § 1.642(c)-4 for disallowance of a deduction under this section to a trust which is, or is treated under section 4947(a)(1) as though it were a private foundation (as