



the atkinson case: no good deed goes unpunished

MSK Client Alert

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practice areas

nonprofit organizations

The IRS Regulations on charitable remainder trusts provide that in order for a trust to be treated as a charitable remainder trust, not only must the trust document meet all of the requirements of a charitable remainder trust, but the trust must "function exclusively as a charitable remainder trust from the creation of the trust". Reg. § 1.664-1(a)(4). A Tax Court case decided in July of this year dramatically illustrates that the "function exclusively" language must be taken seriously, and violation of that language destroys charitable remainder trust status and can subject the trust assets to estate tax on the death of the grantor.