

(i) by striking out “and” before “no substantial part” in subparagraph (A) (ii), and by inserting before the semicolon at the end of such subparagraph “, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office”; and

(ii) by striking out “and” before “no substantial part” in subparagraph (A) (iii), and by inserting before the semicolon at the end of such subparagraph “, and such trustee or trustees, or such fraternal society, order, or association, does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office”.

68A Stat. 410.
26 USC 2522.

(C) Section 2522(a) (relating to charitable and similar gifts of citizens or residents) is amended by striking out “and” before “no substantial part” in paragraph (2), and by inserting before the semicolon at the end of such paragraph “, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office”.

(D) Section 2522(b) (relating to charitable and similar gifts of nonresidents) is amended—

(i) by striking out “and” before “no substantial part” in paragraph (2), and by inserting before the semicolon at the end of such paragraph “, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office”; and

(ii) by inserting after “legislation” in paragraph (3) “, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office”.

(e) CHARITABLE REMAINDER TRUSTS.—

68A Stat. 220.
26 USC 661.

(1) Subpart C of part I of subchapter J of chapter 1 (relating to estates and trusts which may accumulate income or which distribute corpus) is amended by adding at the end thereof the following new section:

“SEC. 664. CHARITABLE REMAINDER TRUSTS.

“(a) GENERAL RULE.—Notwithstanding any other provision of this subchapter, the provisions of this section shall, in accordance with regulations prescribed by the Secretary or his delegate, apply in the case of a charitable remainder annuity trust and a charitable remainder unitrust.

“(b) CHARACTER OF DISTRIBUTIONS.—Amounts distributed by a charitable remainder annuity trust or by a charitable remainder unitrust shall be considered as having the following characteristics in the hands of a beneficiary to whom is paid the annuity described in subsection (d) (1) (A) or the payment described in subsection (d) (2) (A):

“(1) First, as amounts of income (other than gains, and amounts treated as gains, from the sale or other disposition of capital assets) includible in gross income to the extent of such income of the trust for the year and such undistributed income of the trust for prior years;