similar to those in the preceding sentence.'' See Codification note above.

Subsec. (f). Pub. L. 109–280, §1241(b), added subsec. (f). See Codification note above.

1978—Subsec. (e). Pub. L. 95–345 inserted provision relating to payments with respect to securities loans.

1975—Subsec. (a)(2)(B). Pub. L. 94–81 designated existing provisions as cl. (i) and added cl. (ii).

EFFECTIVE DATE OF 2006 AMENDMENT

Pub. L. 109–280, title XII, §1221(c), Aug. 17, 2006, 120 Stat. 1089, provided that: ''The amendments made by this section [amending this section and section 4940 of this title] shall apply to taxable years beginning after the date of the enactment of this Act [Aug. 17, 2006].''

Pub. L. 109–280, title XII, §1241(e), Aug. 17, 2006, 120 Stat. 1103, provided that:

''(1) IN GENERAL.—The amendments made by subsections (a) and (b) [amending this section] shall take effect on the date of the enactment of this Act [Aug. 17, 2006].

''(2) CHARITABLE TRUSTS WHICH ARE TYPE III SUPPORTING ORGANIZATIONS.—Subsection (c) [enacting provisions set out as a note below] shall take effect—

''(A) in the case of trusts operated in connection with an organization described in paragraph (1) or (2) of section 509(a) of the Internal Revenue Code of 1986 on the date of the enactment of this Act, on the date that is one year after the date of the enactment of this Act, and

''(B) in the case of any other trust, on the date of the enactment of this Act.''

EFFECTIVE DATE OF 1978 AMENDMENT

Section 2(e) of Pub. L. 95–345, as amended by Pub. L. 99–514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: ''The amendments made by this section [enacting section 1058 of this title and amending sections 509, 512, 514, 851, and 4940 of this title] apply with respect to—

''(1) amounts received after December 31, 1976, as payments with respect to securities loans (as defined in section 512(a)(5) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954]), and

''(2) transfers of securities, under agreements described in section 1058 of such Code, occurring after such date.''

EFFECTIVE DATE OF 1975 AMENDMENT

Section 3(b) of Pub. L. 94–81 provided that: ''The amendment made by this section [amending this section] shall apply to unrelated business taxable income derived from trades and businesses which are acquired by the organization after June 30, 1975.''

EFFECTIVE DATE

Section effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91–172, set out as a note under section 4940 of this title.

SAVINGS PROVISION

Applicability of subsec. (a) of this section to testamentary trusts, see section 101(*l*)(7) of Pub. L. 91–172, set out as a note under section 4940 of this title.

CHARITABLE TRUSTS WHICH ARE TYPE III SUPPORTING ORGANIZATIONS

Pub. L. 109–280, title XII, §1241(c), Aug. 17, 2006, 120 Stat. 1103, provided that: ''For purposes of section 509(a)(3)(B)(iii) of the Internal Revenue Code of 1986, an organization which is a trust shall not be considered to be operated in connection with any organization described in paragraph (1) or (2) of section 509(a) of such Code solely because—

''(1) it is a charitable trust under State law,

''(2) the supported organization (as defined in section 509(f)(3) of such Code) is a beneficiary of such trust, and

''(3) the supported organization (as so defined) has the power to enforce the trust and compel an accounting.''

PAYOUT REQUIREMENTS FOR TYPE III SUPPORTING ORGANIZATIONS

Pub. L. 109–280, title XII, §1241(d), Aug. 17, 2006, 120 Stat. 1103, provided that:

''(1) IN GENERAL.—The Secretary of the Treasury shall promulgate new regulations under section 509 of the Internal Revenue Code of 1986 on payments required by type III supporting organizations which are not functionally integrated type III supporting organizations. Such regulations shall require such organizations to make distributions of a percentage of either income or assets to supported organizations (as defined in section 509(f)(3) of such Code) in order to ensure that a significant amount is paid to such organizations.

''(2) TYPE III SUPPORTING ORGANIZATION; FUNCTIONALLY INTEGRATED TYPE III SUPPORTING ORGANIZATION.—For purposes of paragraph (1), the terms 'type III supporting organization' and 'functionally integrated type III supporting organization' have the meanings given such terms under subparagraphs (A) and (B) section 4943(f)(5) of the Internal Revenue Code of 1986 (as added by this Act), respectively.''

PART III—TAXATION OF BUSINESS INCOME OF CERTAIN EXEMPT ORGANIZATIONS

Sec.
511. Imposition of tax on unrelated business income of charitable organizations, etc.[1]
512. Unrelated business taxable income.
513. Unrelated trade or business.
514. Unrelated debt-financed income.
515. Taxes of foreign countries and possessions of the United States.

AMENDMENTS

1969—Pub. L. 91–172, title I, §§101(a), 121(d)(3)(C), Dec. 30, 1969, 83 Stat. 492, 548, substituted ''PART III'' for ''PART II'' as part designation and substituted ''Unrelated debt-financed income'' for ''Business leases'' in item 514.

§511. Imposition of tax on unrelated business income of charitable, etc., organizations

(a) Charitable, etc., organizations taxable at corporation rates

(1) Imposition of tax

There is hereby imposed for each taxable year on the unrelated business taxable income (as defined in section 512) of every organization described in paragraph (2) a tax computed as provided in section 11. In making such computation for purposes of this section, the term ''taxable income'' as used in section 11 shall be read as ''unrelated business taxable income''.

(2) Organizations subject to tax

(A) Organizations described in sections 401(a) and 501(c)

The tax imposed by paragraph (1) shall apply in the case of any organization (other than a trust described in subsection (b) or an organization described in section 501(c)(1)) which is exempt, except as provided in this part or part II (relating to private foundations), from taxation under this subtitle by reason of section 501(a).

(B) State colleges and universities

The tax imposed by paragraph (1) shall apply in the case of any college or university which is an agency or instrumentality of

[1] So in original. Does not conform to section catchline.