

**Sec. 12-701(a)(10)-4. Treatment of set-asides for charitable purposes**

(a) The Connecticut fiduciary adjustment does not include any modification or portion thereof attributable to any amount which is paid or permanently set aside during the taxable year for a charitable purpose specified in section 170(c) of the Internal Revenue Code to a charitable or governmental organization in accordance with the terms of the governing instrument of the trust or estate. If the charitable organization is specifically designated in the governing instrument as a distributee of a particular item of income, or portion thereof, in respect of which a modification would ordinarily be required under § 12-701(a)(10)-2 or § 12-701(a)(10)-3 of this Part, (1) no part of such modification is to be included in the Connecticut fiduciary adjustment; (2) the excluded portion of such modification is that proportion of the modification as the amount paid or payable to the charitable organization bears to the total income of the trust or estate; and (3) no fiduciary adjustment is thereafter allocated to the charitable beneficiary.

(b) *Example:*

The governing instrument of a resident trust provides that the income of the trust is to be divided as follows: one-third to a charitable organization, one-third to a designated beneficiary, and the remaining one-third to be accumulated for later distribution to a minor. The income of the trust for the 1992 taxable year includes interest on California bonds of \$9,000 and ordinary dividend income of \$15,000. Based on these facts, the Connecticut fiduciary adjustment and the modification under this section would be determined in the following manner:

Connecticut fiduciary adjustment before modification under this section (total California bond interest) . . . . .	\$9,000
Less: Portion attributable to the charitable payment or set-aside computed as follows:	
(Total income paid or set aside for the charitable organization)	
$\frac{\$8,000}{\$24,000}$	× \$9,000 (Charitable payment or set aside) =
	<u>\$3,000</u>
(Total income of the trust)	
Connecticut fiduciary adjustment after modification under this section .	\$6,000

(c) While this section pertains to Section 12-701(a)(10) of the general statutes, for purposes of supplementary interpretation, as the phrase is used in Section 12-2 of the general statutes, the adoption of this section is authorized by Section 12-740(a) of the general statutes.