

CHARITABLE TRUSTEES POWERS ACT (EXCERPT)
Act 78 of 1971

14.275 Tax exemption, deduction, or credit; distributions; prohibited conduct.

Sec. 5.

(1) In the exercise of his powers including the powers granted by this act, a trustee has a duty to act with due regard to his obligation as a fiduciary, including a duty not to exercise any power in such a way as to deprive the trust of an otherwise available tax exemption, deduction or credit for tax purposes or deprive a donor of a trust asset of a tax deduction or credit or operate to impose a tax upon a donor, trust or other person. "Tax" includes, but is not limited to, any federal, state or local excise, income, gift, estate or inheritance tax.

(2) A trustee of a private foundation trust, except as provided in section 7, shall make distributions at such time and in such manner as not to subject the trust to tax under section 4942 of the IRC.

(3) A trustee of a private foundation trust or a split interest trust, to the extent that the split interest trust is subject to the provisions of section 4947(a)(2) of the IRC, in the exercise of his powers, except as provided in sections 6 and 7, shall not:

- (a) Engage in any act of self-dealing as defined in section 4941(d) of the IRC.
- (b) Retain any excess business holdings as defined in section 4943(c) of the IRC.
- (c) Make any investments in such manner as to subject the foundation to tax under section 4944 of the IRC.
- (d) Make any taxable expenditures as defined in section 4945(d) of the IRC.

History: 1971, Act 78, Imd. Eff. July 31, 1971