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Internal Revenue Code Section 530A(c)(2)(B)(iii)

Trump accounts

(a) General rule.

Except as provided in this section or under regulations or guidance established by the Secretary, a Trump account shall be treated for purposes of this title in the same manner as an individual retirement account under section 408(a) .

(b) Trump account.

For purposes of this section-

(1) In general.

The term "Trump account" means an individual retirement account (as defined in section 408(a)) which is not designated as a Roth IRA and which meets the following requirements:

(A) The account-

(i) is created or organized by the Secretary for the exclusive benefit of an eligible individual or such eligible individual's beneficiaries, or

(ii) is-

(I) created or organized in the United States for the exclusive benefit of an individual who has not attained the age of 18 before the end of the calendar year, or such individual's beneficiaries, and

(II) funded by a qualified rollover contribution.

(B) The account is designated (in such manner as the Secretary shall prescribe) at the time of the establishment of the account as a Trump account.

(C) The written governing instrument creating the account meets the following requirements:

(i) No contribution will be accepted-

(I) before the date that is 12 months after the date of the enactment of this section, or

(II) in the case of a contribution made in any calendar year before the calendar year in which the account beneficiary attains age 18, if such contribution would result in aggregate contributions (other than exempt contributions) for such calendar year in excess of the contribution limit specified in subsection (c)(2)(A) .

(ii) Except as provided in subsection (d) , no distribution will be allowed before the first day of the calendar year in which the account beneficiary attains age 18.

(iii) No part of the account funds will be invested in any asset other than an eligible investment during any period before the first day of the calendar year in which the account beneficiary attains age 18.

(2) Eligible individual.

The term "eligible individual" means any individual-

(A) who has not attained the age of 18 before the close of the calendar year in which the election under subparagraph (C) is made,

(B) for whom a social security number (within the meaning of section 24(h)(7)) has been issued before the date on which an election under subsection (C) is made, and

(C) for whom-

(i) an election is made under this subparagraph by the Secretary if the Secretary determines (based on information available to the Secretary from tax returns or otherwise) that such individual meets the requirements of subparagraphs (A) and (B) and no prior election has been made for such individual under clause (ii), or

(ii) an election is made under this subparagraph by a person other than the Secretary (at such time and in such manner as the Secretary may prescribe) for the establishment of a Trump account if no prior election has been made for such individual under clause (i).

(3) Eligible investment.

(A) In general. The term "eligible investment" means any mutual fund or exchange traded fund which-

(i) tracks the returns of a qualified index,

(ii) does not use leverage,

(iii) does not have annual fees and expenses of more than 0.1 percent of the balance of the investment in the fund, and

(iv) meets such other criteria as the Secretary determines appropriate for purposes of this section.

(B) Qualified index. The term "qualified index" means-

(i) the Standard and Poor's 500 stock market index, or

(ii) any other index-

(I) which is comprised of equity investments in primarily United States companies, and

(II) for which regulated futures contracts (as defined in section 1256(g)(1)) are traded on a qualified board or exchange (as defined in section 1256(g)(7)).

Such term shall not include any industry or sector-specific index, but may include an index based on market capitalization.

(4) Account beneficiary.

The term "account beneficiary" means the individual on whose behalf the Trump account was established.

(c) Treatment of contributions.

(1) No deduction allowed.

No deduction shall be allowed under section 219 for any contribution which is made before the first day of the calendar year in which the account beneficiary attains age 18.

(2) Contribution limit.

In the case of any contribution made before the calendar year in which the account beneficiary attains age 18-

(A) In general. The aggregate amount of contributions (other than exempt contributions) for such calendar year shall not exceed \$5,000.

(B) Exempt contribution. For purposes of this paragraph, the term "exempt contribution" means-

(i) a qualified rollover contribution,

(ii) any qualified general contribution, or

(iii) any contribution provided under section 6434 .

(C) Cost-of-living adjustment.

(i) In general. In the case of any taxable year after 2027, the \$5,000 amount under subparagraph (A) shall be increased by an amount equal to-

(I) such dollar amount, multiplied by

(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting "calendar year 2026" for "calendar year 2016" in subparagraph (A)(ii) thereof.

(ii) Rounding. If any increase under this subparagraph is not a multiple of \$100, such amount shall be rounded to the next lowest multiple of \$100.

(3) Timing of contributions.

Section 219(f)(3) shall not apply to any contribution made to a Trump account for any taxable year ending before the calendar year in which the account beneficiary attains age 18.

(d) Distributions.

(1) In general.

Except as otherwise provided in this subsection, no distribution shall be allowed before the first day of the calendar year in which the account beneficiary attains age 18.

(2) Tax treatment of allowable distributions.

For purposes of applying section 72 to any amount distributed from a Trump account, the investment in the contract shall not include-

(A) any qualified general contribution,

(B) any contribution provided under section 6434 , and

(C) the amount of any contribution which is excluded from gross income under section 128 .

(3) Qualified rollover contributions.

Paragraph (1) shall not apply to any distribution which is a qualified rollover contribution and the amount of such distribution shall not be included in the gross income of the beneficiary.

(4) Qualified able rollover contributions.

(A) In general. Paragraph (1) shall not apply to any distribution which is a qualified ABLE rollover contribution and the amount of such distribution shall not be included in the gross income of the beneficiary.

(B) Qualified able rollover contribution. For purposes of this section, the term "qualified ABLE rollover contribution" means an amount which is paid during the calendar year in which the account beneficiary attains age 17 in a direct trustee-to-trustee transfer from a Trump account maintained for the benefit of the account beneficiary to an ABLE account (as defined in section 529A(e)(6)) for the benefit of the such account beneficiary, but only if the amount of such payment is equal to the entire balance of the Trump account from which the payment is made.

(5) Distributions of excess contributions.

In the case of any contribution which is made before the calendar year in which the account beneficiary attains age 18 and which is in excess of the limitation in effect under subsection (c)(2)(A) for the calendar year-

(A) paragraph (1) shall not apply to the distribution of such excess,

(B) the amount of such distribution shall not be included in gross income of the account beneficiary, and

(C) the tax imposed by this chapter on the distributee for the taxable year in which the distribution is made shall be increased by 100 percent of the amount of net income attributable to such excess (determined without regard to subparagraph (B)).

(6) Treatment of death of account beneficiary.

If, by reason of the death of the account beneficiary before the first day of the calendar year in which the account beneficiary attains age 18, any person acquires the account beneficiary's interest in the Trump account-

(A) paragraph (1) shall not apply,

(B) such account shall cease to be a Trump account as of the date of death, and

(C) an amount equal to the fair market value of the assets (reduced by the investment in the contract) in such account on such date shall-

(i) if such person is not the estate of such beneficiary, be includible in such person's gross income for the taxable year which includes such date, or

(ii) if such person is the estate of such beneficiary, be includible in such beneficiary's gross income for the last taxable year of such beneficiary.

(e) Qualified rollover contribution.

For purposes of this section, the term "qualified rollover contribution" means an amount which is paid in a direct trustee-to-trustee transfer from a Trump account maintained for the benefit of the account beneficiary to a Trump account maintained for such beneficiary, but only if the amount of such payment is equal to the entire balance of the Trump account from which the payment is made.

(f) Qualified general contribution.

For purposes of this section-

(1) In general.

The term "qualified general contribution" means any contribution which-

(A) is made by the Secretary pursuant to a general funding contribution,

(B) is made to the Trump account of an account beneficiary in the qualified class of account beneficiaries specified in the general funding contribution, and

(C) is in an amount which is equal to the ratio of-

(i) the amount of such general funding contribution, to

(ii) the number of account beneficiaries in such qualified class.

(2) General funding contribution.

The term "general funding contribution" means a contribution which-

(A) is made by-

(i) an entity described in section 170(c)(1) (other than a possession of the United States or a political subdivision thereof) or an Indian tribal government, or

(ii) an organization described in section 501(c)(3) and exempt from tax under section 501(a), and

(B) which specifies a qualified class of account beneficiaries to whom such contribution is to be distributed.

(3) Qualified class.

(A) In general. The term "qualified class" means any of the following:

(i) All account beneficiaries who have not attained the age of 18 before the close of the calendar year in which the contribution is made.

(ii) All account beneficiaries who have not attained the age of 18 before the close of the calendar year in which the contribution is made and who reside in one or more States or other qualified geographic areas specified by the terms of the general funding contribution.

(iii) All account beneficiaries who have not attained the age of 18 before the close of the calendar year in which the contribution is made and who were born in one or more calendar years specified by the terms of the general funding contribution.

(B) Qualified geographic area. The term "qualified geographic area" means any geographic area in which not less than 5,000 account beneficiaries reside and which is designated by the Secretary as a qualified geographic area under this subparagraph.

(g) Trustee selection.

In the case of any Trump account created or organized by the Secretary, the Secretary shall take into account the following criteria in selecting the trustee:

(1) The history of reliability and regulatory compliance of the trustee.

(2) The customer service experience of the trustee.

(3) The costs imposed by the trustee on the account or the account beneficiary.

(h) Other special rules and coordination with individual retirement account rules.

(1) In general.

The rules of subsections (k) and (p) of section 408 shall not apply to a Trump account, and the rules of subsections (d) and (i) of section 408 shall not apply to a Trump account for any taxable year beginning before the calendar year in which the account beneficiary attains age 18.

(2) Custodial accounts.

In the case of a Trump account, section 408(h) shall be applied by substituting "a Trump account described in section 530A(b)(1)" for "an individual retirement account described in subsection (a)".

(3) Contributions.

In the case of any taxable year beginning before the first day of the calendar year in which the account beneficiary attains age 18, a contribution to a Trump account shall not be taken into account in applying any contribution limit to any individual retirement plan other than a Trump account.

(4) Distributions.

Section 408(d)(2) shall be applied separately with respect to Trump Accounts and other individual retirement plans.

(5) Excess contributions.

For purposes of applying section 4973(b) to a Trump account for any taxable year beginning before the first day of the calendar year in which the account beneficiary attains age 18, the term "excess contributions" means the sum of-

- (A) the amount by which the amount contributed to the account for the calendar year in which taxable year begins exceeds the amount permitted to be contributed to the account under subsection (c)(2) , and
- (B) the amount determined under this paragraph for the preceding taxable year.

For purposes of this paragraph, the excess contributions for a taxable year are reduced by the distributions to which subsection (d)(5) applies that are made during the taxable year or by the date prescribed by law (including extensions of time) for filing the account beneficiary's return for the taxable year.

(i) Reports.

(1) In general.

The trustee of a Trump account shall make such reports regarding such account to the Secretary and to the beneficiary of the account at such time and in such manner as may be required by the Secretary. Such reports shall include information with respect to-

- (A) contributions (including the amount and source of any contribution in excess of \$25 made from a person other than the Secretary, the account beneficiary, or the parent or legal guardian of the account beneficiary),
- (B) distributions (including distributions which are qualified rollover contributions),
- (C) the fair market value of the account,
- (D) the investment in the contract with respect to such account, and
- (E) such other matters as the Secretary may require.

(2) Qualified rollover contributions.

Not later than 30 days after the date of any qualified rollover contribution, the trustee of the Trump account to which the contribution was made shall make a report to the Secretary. Such report shall include-

- (A) the name, address, and social security number of the account beneficiary,
- (B) the name and address of such trustee,
- (C) the account number,
- (D) the routing number of the trustee, and
- (E) such other information as the Secretary may require.

(3) Period of reporting.

This subsection shall not apply to any period after the calendar year in which the beneficiary attains age 17.