

## PENSION PROTECTION ACT OF 2006: NEW EXCISE TAXES AND PENALTIES

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**P**enalty excise taxes have been increased for exempt-organization managers involved in self-dealing or in excess-benefit transactions.

■ A 20% excise tax on the sponsoring institution will now be imposed on a taxable distribution from a donor-advised fund to a person if the distribution is for any purpose other than one specified under the charitable contribution definitions of IRC section 170(c)(2)(B), or if the sponsoring organization does not exercise expenditure responsibility as defined under IRC section 4945(h) with respect to such distribution.

■ The substantial valuation misstatement percentage for income taxes is lowered from 200% to 150%. The substantial valuation misstatement percentage for estate or gift taxes is raised from 50% to 65%.

■ There is a new civil penalty on any person who prepares an appraisal to be used in conjunction with a return or claim for refund who knows, or reasonably should have known, that the claimed value of the appraised property results in a substantial valuation misstatement or a gross valuation misstatement. □