



Fidelity Charitable®

Unrelated Business Income Tax Overview and Questionnaire

Although generally exempt from income tax, as a tax-exempt entity, the Fidelity Charitable® (“FC”) is nevertheless obligated to pay income taxes on Unrelated Business Taxable Income (“UBTI”). Most often, UBTI arises in connection with a contribution of interests (the “Asset”) of an entity that is a “pass-through entity” for income tax purposes, such as a partnership, S Corporation, or LLC (the “Entity”), and most often with respect to those entities in connection with “debt-financed income.” This overview describes the process by which Fidelity Charitable® will (1) determine the amount of UBTI, (2) pay applicable taxes, and (3) assess your Giving Account® or, in the case of a third-party contribution, such as a contribution from a trust or legal entity in which the Giving Account® holder has an interest, the Giving Account that will be funded with proceeds from the Asset¹ (the “Applicable Giving Account”) for that amount.

In general, UBTI can be incurred in connection with contributions of interests in pass-through entities, based on:

- (1) The portion of the proceeds of the sale of the Asset attributable to “debt-financed income” determined under Section 514 of the Code, taxed at the applicable capital gains rate (with respect to which Fidelity Charitable will escrow an amount equal to the estimated tax attributable to the sale of the donated Asset), and
- (2) UBTI allocated by the Entity to Fidelity Charitable during the period that the Entity holds the Asset.

Determining the amount of UBTI depends on specific facts with respect to the Entity. Fidelity Charitable uses this questionnaire to gather information necessary to estimate and ultimately determine the actual tax, if any, imposed. You should consult your tax advisor as well as an authorized representative of the Entity, who can provide reliable information about the Entity when completing this questionnaire.

As part of this process, as outlined in Fidelity Charitable’s Policy Guidelines and the Complex Asset Letter of Understanding that you executed, Fidelity Charitable will set aside in escrow a portion of the Applicable Giving Account to cover the estimated and ultimately the tax actually paid (and will release any excess amounts from escrow in accordance with the timeline defined in the Letter of Understanding). Fidelity Charitable reserves the right to request additional contributions in the event that the Applicable Giving Account contains insufficient funds to pay such tax. Accurately completing this questionnaire will enable Fidelity Charitable to minimize the amount set aside in escrow and ultimately paid from the Applicable Giving Account.

Fidelity Charitable retains sole and absolute discretion over determining the amount to be set aside in escrow, and over the determination and payment of any tax on UBTI and the release of any escrow. In no event shall alternative calculations proposed by you or your tax advisors require Fidelity Charitable to modify any such payments or decisions with respect to the escrow. In addition to these complicated and fact-specific matters related to UBTI, each donor should consult the donor’s tax and legal advisors with respect to the donor’s own tax treatment, including but not limited to issues such as contributions of S Corporation stock, gain that would have been short-term capital gain to the donor, nonrecourse debt of the Entity, and unrealized receivables or inventory of the Entity. Neither Fidelity Charitable nor Fidelity provides tax or legal advice.





The purpose of this questionnaire is to gather information to estimate and ultimately pay the correct amount of tax, if any, that Fidelity Charitable will owe on UBTI attributable to your contribution of the Asset identified below. Fidelity Charitable will determine the tax due based on the information available to it in completing its tax returns. You should consult your tax advisor as well as an authorized representative of the Entity, who can provide reliable information about the Entity, when completing this questionnaire. Please provide contact information in case Fidelity Charitable has additional questions, and sign below. Fidelity Charitable may rely on the information you and the authorized representative of the Entity provide to estimate the tax due (to escrow only the appropriate amount) and then to determine the amount of tax when filing returns (and releasing any excess amounts from escrow).

Part I

(to be completed by the Donor or Donor-Authorized Representative)

Donor Name: _____

Description of the Asset to be contributed to Fidelity Charitable:

Estimated value of the Asset being contributed to Fidelity Charitable: \$ _____

Donor basis in contributed Asset: \$ _____ Date the donor acquired the contributed Asset: _____

Entity Name: _____ Entity Tax Status: C Corp S Corp Partnership

If the Entity is an S Corp, when was the "S Election" made? _____

Is the donor considered an active or passive participant in the Entity within the meaning of IRC § 469?

Active Passive

Estimated total value of Entity: \$ _____

How was the above value determined (internal calculations, recent sales or offers, valuation, etc.)?

In an eventual sale of the Entity, is the transaction likely to be taxed as a stock sale or an asset sale?

Stock Asset





Part II

(to be completed by the Donor or Donor-Authorized Representative)

Fidelity Charitable may need to contact your tax advisor after your contribution is monetized, to obtain final information as needed to calculate and pay tax. Please provide contact information for your individual tax advisor below.

Tax Advisor Name: _____

Address: _____

Phone: _____ Email: _____

Please forward the two most recent K-1s you received from the Entity to CAGService@fmr.com.

I hereby certify that the above information is accurate and complete to the best of my knowledge on this date:

Donor Signature

Date

Donor Name:

Donor Title:

Phone:

Email:





Fidelity Charitable requires Parts III, IV, and V to be completed by an Authorized Representative of the Entity. Please provide contact information for this Authorized Representative, as after your contribution is monetized, Fidelity Charitable may need to obtain final information to calculate and pay tax. Please ensure that the Entity's Authorized Representative completes Parts III, IV, and V below.

CFO / Tax Accounting Representative at Entity ("Authorized Representative"):

Name: _____

Address: _____

Phone: _____ Email: _____

Part III

(to be completed by the Entity's Authorized Representative)

Does the Entity hold any "hot assets" (such as "inventory" and "unrealized receivables," in each case, as such terms are defined in Section 751 in the Internal Revenue Code)?

Yes No *If yes, what percentage of the proceeds will be attributable to hot assets?* _____

Beyond these hot assets, would the remainder of the sale proceeds be considered long-term capital gains?
 Yes No

Does the Entity typically make distributions on an annual basis?

Yes No *If yes, what is the percentage of income that is distributed?* _____

List the states where the Entity files an income tax return and the percentage of the Entity's income apportioned to each such state:

Does the Entity own any foreign corporations or foreign partnerships?

Yes No *If yes, in what countries:* _____





Part IV (LLC or LP)

(to be completed by the Entity's Authorized Representative)

Does the Entity have existing acquisition debt? (Acquisition debt is debt used to acquire or improve property held to produce income.)

Yes No If so, what is the highest amount of acquisition debt over the prior 12-month period? \$ _____

When was this acquisition debt incurred? _____

Has this acquisition debt been refinanced?

Yes No If yes, what was the most recent refinancing date? _____

What is the tax basis of the assets/investments owned by the Entity? _____

Part V

(to be completed by the Entity's Authorized Representative)

Solely with respect to Parts III and, if applicable, IV above, I hereby certify that the above information is accurate and complete to the best of my knowledge on this date. In the event of a merger, stock sale, reorganization, or sale of all or substantially all the assets of the Entity, I further agree to provide Fidelity Charitable ("FC") and its advisors with written confirmation of the information requested in Parts II and III above as of the date of such transaction's closing as well as any other information FC may reasonably request for tax or financial reporting purposes. I further acknowledge receipt of FC's IRS Form W-9 identifying its tax-exempt status and agree to cause the Entity and/or its tax preparers to (1) include any and all unrelated business taxable income in box 20V (even if the number is zero) of FC's Form K-1 from the Entity and (2) promptly mail such K-1s to the following address with an email copy to CAGService@fmr.com:

Fidelity Investments Charitable Gift Fund
Attn: CAG Service
200 Seaport Blvd., Mailzone NM43A
Boston, MA 02210

Entity Name (printed) _____

By: _____ Title: _____
Signature of Authorized Representative

Name: _____ Date: _____

Phone: _____ Email: _____

¹Assets are often taxed at the applicable tax rate on ordinary income. To account for such UBTI, Fidelity Charitable will generally escrow 50% of all tax liability distributions and other nonliquidating distributions it receives during its holding period.

Fidelity Charitable is the brand name for the Fidelity Investments® Charitable Gift Fund, an independent public charity with a donor-advised fund program. Various Fidelity companies provide services to Fidelity Charitable. The Fidelity Charitable name and logo and Fidelity are registered service marks of FMR LLC, used by Fidelity Charitable under license. Giving Account is a registered service mark of the Trustees of Fidelity Charitable.
© 2022 FMR LLC. All rights reserved. 800537.6.0

