



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

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[REDACTED]

Dear [REDACTED]:

I am responding to your letter [REDACTED], to Congressman [REDACTED] regarding the taxation of social security disability benefits.

Prior to 1984, certain disability payments were excluded from an employee's gross income under section 105(d) of the Internal Revenue Code. Then, the Social Security Act Amendments of 1983 repealed this limited exclusion of disability payments. Since 1984, social security disability payments have been treated in the same manner as other social security benefits. "Social Security benefits" are amounts received under title II of the Social Security Act, which includes social security disability payments. [86(d)(1) of the Internal Revenue Code].

Up to 85 percent of a taxpayer's social security benefits may be included in gross income. The amount depends on the total amount of the taxpayer's benefits and other income. Enclosed is a copy of Publication 915, Social Security and Equivalent Railroad Retirement Benefits, which provides more detailed information on the income tax rules for social security benefits. [Section 86(a)].

I hope this information is helpful to you. If you have any further questions, please contact Robyn L. Mathis (ID No. 50-15986) of my staff at (202) 622-6040.

Sincerely,

JERRY E. HOLMES  
Chief, Employment Tax Branch 2  
Tax Exempt and Government Entities  
Office of Assistant Chief Counsel  
(Exempt Organizations/Employment  
Tax/Government Entities)

Enclosure

cc: The Honorable [REDACTED]