



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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[REDACTED]

Dear [REDACTED]

This responds to your letter dated July 16, 2001, concerning publishing information about the tax requirements for frequent flyer miles earned on employer-paid business travel. You recommended that information be published in the Internal Revenue Manual.

The Internal Revenue Manual provides information on Internal Revenue Service operating procedures and policies. This is different from Treasury Regulations which expand on the Internal Revenue Code and provide guidance and examples on how the tax law should be implemented. If the Internal Revenue Service publishes guidance on the taxation of frequent flyer miles, it will likely be in the form of a regulation, a revenue ruling or other published guidance, rather than in the Internal Revenue manual. We have previously corresponded with you concerning regulations and the Guidance Plan on May 4, 2001.

We hope this information is useful to you. We appreciate your interest in this matter. The attorney assigned to this matter is [REDACTED]. He can be reached at (202) 622-6040.

Sincerely,

Jerry E. Holmes
Chief, Employment Tax Branch 2
Office of the Assistant Chief Counsel
(Exempt Organizations/Employment Tax/
Government Entities)