



OFFICE OF
CHIEF COUNSEL

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

April 9, 2007

Number: **INFO 2007-0019**

Release Date: 6/29/2007

UIL 1402.00-00

CONEX 112538-07

The Honorable Wally Herger
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Herger:

I am responding to your inquiry dated March 1, 2007, on behalf of your constituent, . He wrote about our proposal to address the self-employment tax treatment of payments under the Conservation Reserve Program (CRP).

We appreciate comments. The lack of clarity in this area prompted the IRS and the Department of Treasury to seek public input on guidance for this issue.

The proposed revenue ruling reflects what we and the Department of Treasury believe is the proper interpretation based on existing statutory and case law. We believe that, barring specific statutory language exempting CRP payments from self-employment income, these payments are subject to self-employment tax as income derived from a trade or business.

We have requested public comments on the proposed revenue ruling. We will consider all the comments we receive, including , as we finalize the ruling.

I hope this information is helpful. If you would like to discuss this further, please contact me or at () .

Sincerely,
Marie Cashman
Special Counsel
(Exempt Organizations/ Employment
Tax/Government Entities)