



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

OFFICE OF
CHIEF COUNSEL

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The Honorable Cathy McMorris Rodgers
U.S. House of Representatives
Washington, DC 20510

Dear Ms. Rodgers:

Thank you for your recent letter about the IRS and Department of Treasury's proposed revenue ruling that addresses the self-employment tax treatment of payments under the Conservation Reserve Program (CRP).

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

The proposed revenue ruling reflects what we 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 comments on the proposed revenue ruling. We will consider all the comments we receive, including yours, 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,

Nancy J. Marks
Division Counsel
Associate Chief Counsel
(Tax Exempt and Government Entities)