



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

COMMISSIONER

July 30, 2007

Number: **INFO 2007-0040**
Release Date: 9/28/2007

CONEX-133107-07
UIL: 62.02-05

The Honorable Jim Matheson
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Matheson:

I am responding to a letter dated July 9, 2007, signed by you and your colleagues, requesting that we include specific guidance on the application of the accountable plan rules to tool reimbursement plans on our next priority guidance plan. We are finalizing the 2007-2008 Priority Guidance Plan.

We have been aware for some time of taxpayers' interest for further technical discussion of how the accountable plan rules under Internal Revenue Code section 62(c) apply to tool reimbursement plans. In 2000, we issued a Coordinated Issue Paper (CIP) for the Motor Vehicle Industry that dealt specifically with tool reimbursements, and in 2005, we issued Revenue Ruling 2005-52 that addressed the tax consequences of a typical tool reimbursement plan under the applicable Treasury Department regulations. From responses we have received to these items and from enforcement work we are doing on tool reimbursement plans, we know that some taxpayers have additional questions, like the ones you listed in your letter, on the application of the statute and regulations. Compliance with the accountable plan requirements of section 62 depend on the specific facts related to how companies operate their expense reimbursement arrangements. We will consider whether published guidance or other written legal advice might address these questions in light of the array of fact patterns that we have encountered through our enforcement efforts.

We will continue to communicate with stakeholders on how the accountable plan rules apply to the specific fact patterns we have seen. We look forward to working with you to help taxpayers understand the accountable plan requirements and implement arrangements that satisfy the law.

I am sending a similar letter to your colleagues. I hope this information is helpful.
Please contact me or call _____, Director, Office of Legislative Affairs, at (_____)
if you need further assistance.

Sincerely,

Kevin M. Brown
Acting Commissioner



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INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

COMMISSIONER

July 30, 2007

CONEX-133107-07
UIL: 62.02-05

The Honorable Rob Bishop
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Bishop:

I am responding to a letter dated July 9, 2007, signed by you and your colleagues, requesting that we include specific guidance on the application of the accountable plan rules to tool reimbursement plans on our next priority guidance plan. We are finalizing the 2007-2008 Priority Guidance Plan.

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July 30, 2007

COMMISSIONER

The Honorable Chris Cannon
U.S. House of Representatives
Washington, DC 20515

CONEX-133107-07
UIL: 62.02-05

Dear Mr. Cannon:

I am responding to a letter dated July 9, 2007, signed by you and your colleagues, requesting that we include specific guidance on the application of the accountable plan rules to tool reimbursement plans on our next priority guidance plan. We are finalizing the 2007-2008 Priority Guidance Plan.

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July 30, 2007

COMMISSIONER

The Honorable Orrin G. Hatch
United States Senate
Washington, DC 20510

CONEX-133107-07
UIL: 62.02-05

Dear Senator Hatch:

I am responding to a letter dated July 9, 2007, signed by you and your colleagues, requesting that we include specific guidance on the application of the accountable plan rules to tool reimbursement plans on our next priority guidance plan. We are finalizing the 2007-2008 Priority Guidance Plan.

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Kevin M. Brown
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July 30, 2007

COMMISSIONER

The Honorable Robert Bennett
United States Senate
Washington, DC 20510

CONEX-133107-07
UIL: 62.02-05

Dear Senator Bennett:

I am responding to a letter dated July 9, 2007, signed by you and your colleagues, requesting that we include specific guidance on the application of the accountable plan rules to tool reimbursement plans on our next priority guidance plan. We are finalizing the 2007-2008 Priority Guidance Plan.

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