



OFFICE OF THE CHIEF COUNSEL

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

October 14, 2009

Number: **INFO 2009-0216**
Release Date: 12/31/2009

PRESP-140398-09

UIL: 3406.00-00

Re: TAP 509-4651 Disregarded Entity Information Reporting

Dear _____ :

Thank you for your letter dated September 2, 2009 concerning the Taxpayer Advocacy Panel's recommendation to amend the Treasury Regulations to treat single member disregarded entities as entities separate from their owners for purposes of backup withholding under section 3406 of the Internal Revenue Code and the related information return filing requirements.

Published guidance plays an important role in increasing voluntary compliance by helping to clarify or simplify various requirements of the tax law. We encourage members of the tax community to make requests for published guidance with respect to any areas of the tax law that can be clarified or simplified through the published guidance process. We appreciate the time and effort the Taxpayer Advocacy Panel expended in preparing such a detailed and thorough submission concerning this recommendation.

At this time, we can assure you that your recommendation will be given careful consideration. Looking at possible solutions to the issue you have raised in your recommendation will require coordination with other Divisions within the IRS Office of Chief Counsel, other IRS Operating Divisions and the Department of Treasury. Thank you again for your recommendation, and please do not hesitate to contact me at _____ if I may be of further assistance in this matter.

Sincerely,

Lynne Camillo
Branch Chief, Employment Tax Branch 2
(Exempt Organizations/ Employment Tax/
Government Entities)
(Tax Exempt & Government Entities)



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WASHINGTON, D.C. 20224

October 16, 2009

PRESP-140398-09

Re: TAP 509-5803 Covered Employment of Children and Spouses

Dear :

Thank you for your letter dated September 28, 2009 concerning the Taxpayer Advocacy Panel's recommendation to amend the Treasury Regulations to permit single member disregarded entities to continue to be treated as disregarded for purposes of the FICA and FUTA exceptions in sections 3121(b)(3)(A) and 3306(c)(5) of the Internal Revenue Code for children under the age of 18 in the employ of their parents, and for spousal employees.

We encourage members of the tax community to make suggestions for published guidance. Your suggestion is very helpful to us, and we appreciate the time and effort the Taxpayer Advocacy Panel expended in preparing such a detailed and thorough submission that frames the issue, proposes solutions, and identifies the goal of helping small businesses remain viable in a difficult economy as a strong policy reason supporting the recommendation.

At this time, we can assure you that we are actively considering your recommendation very carefully. The issues you have identified in your submission have previously come to our attention, and we are already in the process of determining whether it would be appropriate to address this matter through the issuance of published guidance. Thank you again for your recommendation, and please do not hesitate to contact me at if I may be of further assistance in this matter.

Sincerely,

Lynne Camillo
Branch Chief, Employment Tax Branch 2
(Exempt Organizations/ Employment Tax/
Government Entities)
(Tax Exempt & Government Entities)