



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

OFFICE OF THE CHIEF COUNSEL

February 28, 2011

Number: **2011-0017**
Release Date: 3/25/2011

CONEX-104500-11

UIL: 162.00-00

The Honorable Robert Menendez
United States Senator
One Gateway Center, 11th Floor
Newark, New Jersey 07102

Attention:

Dear Senator Menendez:

I am responding to a letter dated January 24, 2011, from your constituent, . In the letter, she asked whether she may deduct compensation she receives for services she renders as a nurse under section 162 of the Internal Revenue Code.

Section 162 permits a taxpayer to deduct all ordinary and necessary business expenses the taxpayer pays during the taxable year. The salary or other compensation that receives for rendering personal services is *income, not an expense* she pays. Because the compensation receives for her personal services is *not an expense*, she may not deduct the compensation under section 162 of the Internal Revenue Code.

The compensation that receives for rendering nursing services is taxable income under section 61 of the Internal Revenue Code, unless excludable under another statutory provision. We are not aware of any applicable exclusion provision.

I hope this information is helpful. If you have any questions, please contact me or at .

Sincerely,

George J. Blaine
Associate Chief Counsel
(Income Tax & Accounting)