



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

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Dear

Thank you for your letter to Secretary Lew and Acting Commissioner Werfel dated August 6, 2013, expressing concern that the Internal Revenue Service (IRS) has changed its policy on the taxation of per capita payments from trust assets, such as timber, and requesting clarification of the IRS' views on this matter.

As you know, the IRS has released guidance stating that per capita payments that Indian tribes make to their members pursuant to certain tribal trust settlement payments are not taxable income. Notice 2013-1, 2013-3 I.R.B. 281. Since the release of that guidance, tribes and tribal organizations have asked the IRS to publish additional guidance clarifying the federal tax treatment of payments, such as per capita payments from timber trust assets, made by tribes pursuant to the Per Capita Act, Pub. L. No. 98-64. Pursuant to Executive Order 13175, we intend to consult with tribal officials early in the process of developing any published guidance on this topic.

I hope this information is helpful. If we can assist you further, please contact me or
at

Sincerely,

Michael J. Montemurro
Chief, Branch 4
Office of Associate Chief Counsel
(Income Tax & Accounting)