



COMMISSIONER

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

February 12, 2007

Number: **INFO 2007-0012**

Release Date: 3/30/2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Chuck Hagel
United States Senate
Washington, D.C. 20510

Dear Senator Hagel:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Pat Roberts
United States Senate
Washington, D.C. 20510

Dear Senator Roberts:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Byron Dorgan
United States Senate
Washington, D.C. 20510

Dear Senator Dorgan:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Max Baucus
United States Senate
Washington, D.C. 20510

Dear Senator Baucus:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Kent Conrad
United States Senate
Washington, D.C. 20510

Dear Senator Conrad:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Richard Durbin
United States Senate
Washington, D.C. 20510

Dear Senator Durbin:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Sam Brownback
United States Senate
Washington, D.C. 20510

Dear Senator Brownback:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Larry Craig
United States Senate
Washington, D.C. 20510

Dear Senator Craig:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Christopher Bond
United States Senate
Washington, D.C. 20510

Dear Senator Bond:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Tom Harkin
United States Senate
Washington, D.C. 20510

Dear Senator Harkin:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Mary Landrieu
United States Senate
Washington, D.C. 20510

Dear Senator Landrieu:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Ken Salazar
United States Senate
Washington, D.C. 20510

Dear Senator Salazar:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Patty Murray
United States Senate
Washington, D.C. 20510

Dear Senator Murray:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Benjamin Nelson
United States Senate
Washington, D.C. 20510

Dear Senator Nelson:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Amy Klobuchar
United States Senate
Washington, D.C. 20510

Dear Senator Klobuchar:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Wayne Allard
United States Senate
Washington, D.C. 20510

Dear Senator Allard:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Norm Coleman
United States Senate
Washington, D.C. 20510

Dear Senator Coleman:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable John Thune
United States Senate
Washington, D.C. 20510

Dear Senator Thune:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W. Everson



COMMISSIONER

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

February 12, 2007

CONEX-103480-07

UIL 1402.00-00

The Honorable Carl Levin
United States Senate
Washington, D.C. 20510

Dear Senator Levin:

Thank you for your recent letter concerning 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. We are aware of the decision of the U.S. Tax Court regarding this issue, as well as the holding of the U.S. Court of Appeals that overruled that decision. It was the lack of clarity in this area that prompted the IRS and Department of Treasury to seek public input on guidance to address this issue.

The proposed revenue ruling that resulted from this project reflects what the IRS and the Department of Treasury 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.

As you know, we have requested comments regarding the proposed revenue ruling and will take all comments received, including yours, into account as part of the process finalizing the ruling.

If you would like to discuss this further, please contact me, or your staff may contact
() , Assistant Chief Counsel (Exempt Organizations/Employment Tax/Government Entities) at
() .

Sincerely,

Mark W Everson