

CHIEF COUNSEL

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

Nov 15 2004

Number: **INFO 2004-0179** Release Date: 12/31/04

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CONEX-152605-04 UILC: 3121.04-16

Dear

This letter responds to the inquiry dated September 27, 2004, from you and Senator on behalf of the and the

. You wrote about the Service's 2004-2005 Guidance Priority Plan (Plan).

You asked us to reexamine and clarify the rules determining whether certain agent-drivers and commission drivers of are statutory employees (section 3121(d)(3)(A) of the Internal Revenue Code (the Code)). You also asked us to reconsider the position we took in General Counsel Memorandum (GCM) 39853 (June 20, 1991), which concludes that route ownership is not an investment in facilities that exempts a worker from statutory employee status if the investment is substantial. The requested that we put reconsideration of the GCM on the IRS's 2004-2005 Plan.

The Department of Treasury Office of Tax Policy and the IRS released the 2004-2005 Plan on July 26, 2004. We received many suggestions for items to be included in the Plan. Consideration of items for the Plan was made at the highest levels of the IRS. Although the reexamination and clarification of the rules for determining whether certain agent-drivers and commission drivers of are statutory employees was not included, projects can be added through the course of the year. We will make note of your suggestion and keep it in mind when we are asked to propose projects that could be added to the Plan. Thank you for your letter. If you have further questions, please contact me at of my staff at

Sincerely,

Catherine E. Livingston Associate Chief Counsel (Tax Exempt and Government Entities)