

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

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> CC:ITA:B04:VJDriscoll CONEX-112201-05

The Honorable Ralph Regula Member, U.S. House of Representatives 4150 Belden Village Street, NW Suite 408 Canton, OH 44718-2553

Attention: Mr. Rob Mullen

Dear Congressman Regula:

I am responding to your letter dated February 14, 2005, to the Taxpayer Advocate in Cleveland, Ohio, on behalf of your constituent,

questioned Chief Counsel Advice 200347004, which stated that the providers of respite care were taxable on the payments they received. The Chief Counsel Advice provided general advice on the treatment of respite care payments and did not address payments received by any specific provider.

On March 17, 2005, Victoria Driscoll of this office spoke with She explained that § 131 of the Internal Revenue Code is limited to the exclusion of certain foster care payments and that it does not exclude payments for respite care. She discussed the facts of respite care program, including the fact that the placement of the child continued with the foster care parent during the period of respite care, and that the foster care parent continued to receive payment for the period of respite care. In response to question about whether he would receive a written response, Ms. Driscoll told him that she would reply to his inquiry through your office.

I hope this information is helpful. If you have any questions, please call Victoria Driscoll at (202) 622-4920.

Sincerely,

Robert M. Brown Associate Chief Counsel (Income Tax & Accounting)