

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

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CONEX-121292-05

The Honorable J. Randy Forbes Member, U.S. House of Representatives 425-H South Main Street Emporia, VA 23847

Dear Congressman Forbes:

Thank you for your letter dated April 8, 2005, concerning the payments made to tobacco quota holders and producers under the Fair and Equitable Tobacco Reform Act of 2004 (FETRA). You asked how we will treat the payments for federal tax purposes.

We expect to publish guidance on the taxation of FETRA payments in the near future.

I appreciate your comments. If you have further questions, please call me or Identification Number, at (202) 622-4920.

Sincerely,

Michael J. Montemurro Acting Branch Chief Office of Associate Chief Counsel (Income Tax and Accounting)