



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

OFFICE OF THE CHIEF COUNSEL

July 16, 2012

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UILC: 61.00-00; 131.00-00

Dear :

This letter responds to your inquiry dated June 13, 2012, to Senator Jeanne Shaheen. You wrote about payments that you receive for the care of your adult disabled son. You have treated these payments as nontaxable difficulty of care payments. Senator Shaheen asked us to respond to your inquiry.

A foster care provider may exclude from income qualified foster care payments, including difficulty of care payments (section 131 of the Internal Revenue Code). The IRS has taken the position in Program Manager Technical Advice that a biological parent of a disabled child may not exclude payments under section 131, because care by a biological parent is not foster care (PMTA 2010-007).

The IRS has posted Q&As on "family caregivers" on its website. See <http://www.irs.gov/businesses/small/article/0,,id=229048,00.html> . You may also find information on paying your taxes in the attached excerpt from the Instructions to Form 1040 and at www.irs.gov.

We hope this information is helpful. If you have any questions, please contact
at . or

Sincerely,

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

Enclosure

cc: The Honorable Jeanne Shaheen
Attention: