



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

OFFICE OF
CHIEF COUNSEL

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[REDACTED]

Dear [REDACTED]:

This responds to your letter dated February 20, 2002. Your inquiry concerns the federal income tax rules for social security benefits.

The income tax treatment of social security benefits is governed by section 86(a) of the Internal Revenue Code. Section 86(a) was added to the Code by the Social Security Amendments Act of 1983 and provides that a portion of social security benefits may be subject to income tax when a taxpayer's adjusted gross income exceeds a certain dollar limitation effective after December 31, 1983. See Public Law 98-21, Section 121(a) codified at 26 U.S.C. § 86.

We have enclosed Publication 915, Social Security and Equivalent Railroad Retirement Benefits, which explains in detail when and how a taxpayer is taxed on a portion of social security benefits.

We are unable to determine from the social security benefits statements you provided why there is a slight increase in the amount of benefits you receive in December or January. We recommend that you contact the Social Security Administration for an explanation.

We hope this information is useful to you. The attorney assigned to this matter is
Stephen Suetterlein He can be reached at (202) 622-6040.

Sincerely,
LYNNE CAMILLO
Chief, Employment Tax Branch 2
Office of the Assistant Chief Counsel
(Exempt Organizations/Employment Tax/
Government Entities)