

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:ITA:B06  
PLR-103681-16

Date:  
October 24, 2016

Attn:

Re:

Legend

Taxpayer = EIN:

Dear :

As discussed in our telephone conversation with Taxpayer's authorized representatives on January 15, 2016, we are revoking Private Letter Ruling 200607017 dated March 7, 2005. In addition, this letter limits the retroactive effect of the revocation pursuant to § 7805(b) of the Internal Revenue Code.

In Private Letter Ruling 200607017, the Internal Revenue Service held that the stipends that Taxpayer paid to its research fellows using grants other than those authorized under the National Research Service Award (NRSA) program did not constitute "wages" for employment tax purposes, and were not subject to social security taxation under §§ 3101, 3111 and 3121(a).

The Service has recently determined that Private Letter Ruling 200607017 is not in accord with the current views of the Service. Amounts paid to research fellows under non-NRSA grants that are compensatory in nature constitute a payment for services, are "wages" for employment tax purposes, and are subject to social security taxation under §§ 3101, 3111 and 3121(a).

Accordingly, Private Letter Ruling 200607017 is revoked. Pursuant to the authority granted under § 7805(b), this revocation will apply to Taxpayer's taxable periods beginning on or after the date of this letter. This letter does not constitute an adverse letter ruling with respect to the issue addressed in Private Letter Ruling 200607017.

In accordance with the power of attorney on file with our office, we are sending copies of this letter to Taxpayer's authorized representatives. In addition, we are sending a copy of this letter to the appropriate operating division director.

Sincerely,

William A. Jackson  
Chief, Branch 5  
Office of Associate Chief Counsel  
(Income Tax & Accounting)

Enclosures

Copy of this letter  
Copy for § 6110 purposes

cc: