



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

OFFICE OF THE CHIEF COUNSEL

May 12, 2011

Number: **2011-0040**
Release Date: 6/24/2011

CONEX-113179-11

UIL: 86.00-00

Dear _____ :

I am responding to your inquiry dated February 14, 2011, on the federal income tax treatment of social security benefits you receive from the Netherlands.

You wrote that you receive social security benefits from the Netherlands in addition to the social security benefits you receive from the United States. A percentage of a taxpayer's social security benefits are taxable if the taxpayer meets certain conditions (section 86 of the Internal Revenue Code). You asked if you should add the Dutch benefits and the U.S. benefits together in order to calculate the amount of taxable social security benefits for U.S. income tax purposes.

Under paragraph 4 of Article 19 of the income tax convention between the United States and the Netherlands (the Contracting States), payments made by one of the States under the provisions of its social security system to a resident of the other State or to a U.S. citizen will be taxable only in the paying State. Under this provision, only the Netherlands can tax the Dutch social security benefits. Thus, a U.S. taxpayer should not add the Dutch social security benefits to the U.S. benefits for purposes of calculating the percentage of taxable social security benefits under section 86 of the Code.

I hope this information is helpful. If you need further assistance, please call
at .

Sincerely,

Paul Carlino
Branch Chief, Employment Tax,
Branch 1
Division Counsel/Associate Chief Counsel
(Tax Exempt & Government Entities)