

104TH CONGRESS
1ST SESSION

S. 327

To amend the Internal Revenue Code of 1986 to provide clarification for the deductibility of expenses incurred by a taxpayer in connection with the business use of the home.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 1 (legislative day, JANUARY 30), 1995

Mr. HATCH (for himself, Mr. BAUCUS, Mr. EXON, Mr. LIEBERMAN, Mr. GRASSLEY, Mr. JOHNSTON, and Mr. KERREY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide clarification for the deductibility of expenses incurred by a taxpayer in connection with the business use of the home.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Home Office Deduc-
5 tion Act of 1995”.

1 **SEC. 2. CLARIFICATION OF DEFINITION OF PRINCIPAL**
2 **PLACE OF BUSINESS.**

3 Subsection (f) of section 280A of the Internal Reve-
4 nue Code of 1986 is amended by redesignating paragraphs
5 (2), (3), and (4) as paragraphs (3), (4), and (5), respec-
6 tively, and by inserting after paragraph (1) the following
7 new paragraph:

8 “(2) PRINCIPAL PLACE OF BUSINESS.—For
9 purposes of subsection (c), a home office shall in any
10 case qualify as the principal place of business if—

11 “(A) the office is the location where the
12 taxpayer’s essential administrative or manage-
13 ment activities are conducted on a regular and
14 systematic (and not incidental) basis by the tax-
15 payer, and

16 “(B) the office is necessary because the
17 taxpayer has no other location for the perform-
18 ance of the essential administrative or manage-
19 ment activities of the business.”

20 **SEC. 3. TREATMENT OF STORAGE OF PRODUCT SAMPLES.**

21 Paragraph (2) of section 280A(c) of the Internal Rev-
22 enue Code of 1986 is amended by striking “inventory”
23 and inserting “inventory or product samples”.

1 **SEC. 4. EFFECTIVE DATE.**

2 The amendments made by this Act shall apply to tax-
3 able years beginning after December 31, 1991.

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