

105TH CONGRESS
1ST SESSION

S. 406

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

MARCH 5, 1997

Mr. HATCH (for himself, Mr. BAUCUS, Mr. ALLARD, Mr. BOND, Mr. LIEBERMAN, and Mr. BURNS) 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 1997”.

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

3 Section 280A(f) of the Internal Revenue Code of
4 1986 is amended—

5 (1) by redesignating paragraphs (2), (3), and
6 (4) as paragraphs (3), (4), and (5), respectively; and

7 (2) by inserting after paragraph (1) the follow-
8 ing:

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

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

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

21 **SEC. 3. EFFECTIVE DATE.**

22 The amendments made by this Act shall apply to tax-
23 able years beginning after December 31, 1996.

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