

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.

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## 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

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## 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.

