

105TH CONGRESS
1ST SESSION

S. 703

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

IN THE SENATE OF THE UNITED STATES

MAY 6, 1997

Mr. ALLARD 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 clarify 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. CLARIFICATION OF DEFINITION OF PRINCIPAL**
4 **PLACE OF BUSINESS.**

5 (a) IN GENERAL.—Subsection (f) of section 280A of
6 the Internal Revenue Code of 1986 (relating to definitions
7 and special rules) is amended by redesignating paragraphs
8 (2), (3), and (4) as paragraphs (3), (4), and (5), respec-

1 tively, and by inserting after paragraph (1) the following
 2 new paragraph:

3 “(2) PRINCIPAL PLACE OF BUSINESS.—For
 4 purposes of subsection (c)(1)(A), a home office shall
 5 in any case qualify as a principal place of business
 6 if—

7 “(A) the office is a place of business which
 8 is used by the taxpayer for the administrative
 9 or management activities of any trade or busi-
 10 ness of the taxpayer, and

11 “(B) there is no other fixed location of
 12 such trade or business where the taxpayer con-
 13 ducts substantial administrative or management
 14 activities of such trade or business.”

15 (b) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to taxable years ending after the
 17 date of enactment of this Act.

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