



March 18, 2009

VIA ELECTRONIC MAIL AND FACSIMILE

The Honorable John McHugh
United States House of Representatives
Washington, DC 20515

The Honorable Kurt Schrader
United States House of Representatives
Washington, DC 20515

Re: H.R. 1509: Home Office Deduction Simplification Act

Dear Congressman McHugh and Congressman Schrader:

I am writing to commend you on the introduction of the “Home Office Deduction Simplification Act.” Members of the small business community frequently appeal to the Office of Advocacy for relief from tax requirements that are disproportionately burdensome for small businesses. According to research published by my office, tax compliance is 67 percent more burdensome for the smallest businesses compared to their larger competitors.¹ Tax complexity, combined with the fact that 53 percent of America’s small businesses are home-based, compels our support for H.R. 1509. On June 25, 2008, Advocacy submitted a comment letter in support of similar legislation introduced last year by Congressman McHugh, H.R. 6214, the “Home Office Deduction Simplification Act of 2008.”²

Congress established the Office of Advocacy under Pub. L. 94-305 to represent the views of small businesses before federal agencies and Congress. The Office of Advocacy is an independent office within the U.S. Small Business Administration. Thus, the views expressed in this letter do not necessarily reflect the views of the U.S. Small Business Administration (SBA) or official administration policy.

H.R. 1509 is consistent with information received by my office from our small business stakeholders that the home office business deduction is one of the top rules in need of review and reform. Currently, small businesses are not able to take full advantage of the home office business deduction because of its complexity. Your legislation will fix this problem. Moreover,

¹ W. Mark Crain, *The Impact of Federal Regulations on Small Firms* (2005), available at <http://www.sba.gov/advo/research/rs264tot.pdf>.

² Advocacy legislative comment letters available at http://www.sba.gov/advo/laws/comments/leg_comments08.html.

the legislation is consistent with the President's recent initiative to provide more working capital to small businesses.

I look forward to working with you on this and other issues of importance to the small business community. If you have questions about the content of this letter, please do not hesitate to contact me or my office's tax counsel, Dillon Taylor. He may be reached at (202) 401-9787 or Dillon.Taylor@sba.gov.

Sincerely,

/s/

Shawne Carter McGibbon
Acting Chief Counsel for Advocacy