



March 30, 2009

The Honorable John McHugh  
U.S. House of Representatives  
2366 Rayburn House Office Building  
Washington, D.C. 20515

Dear Representative McHugh:

On behalf of the National Small Business Association, I would like to thank you for your leadership in crafting the *Home Office Deduction Simplification Act (H.R. 1509)*. As the nation's oldest nonpartisan small business advocacy group, NSBA reaches more than 150,000 small businesses nation-wide, and our members continue to highlight tax relief as a top priority.

The slowing U.S. economy has contributed to increased numbers of sole proprietorship businesses—including home-based businesses—by nearly 50 percent in the last 15 years, according to the IRS. Even as more Americans work from home, many of them appear to be missing out on valuable home office tax deductions. While many home based businesses would like to take advantage of the home office deduction they are entitled to under the Internal Revenue Code, most avoid taking the deduction because of the law's complexity, its record keeping requirements, and most importantly, their fear of being audited. For example, according to the IRS of the nearly 20 million Schedule C filers for 2003, only about 2.7 million claimed the deduction, despite the fact that nearly 8 million taxpayers use one or more rooms in their home for business purposes.

The fact that so few small business owners are taking the deduction indicates its complexity and ineffectiveness. *H.R. 1509* offers taxpayers a simpler, optional method of calculating the home office deduction. Allowing eligible individuals to take a standard deduction of \$1,500 instead of itemizing their return, will increase compliance and reduce administrative costs for many small businesses. NSBA believes a standard deduction for the use of a home office is an excellent step towards tax simplification for the myriad of home-based businesses in our nation.

NSBA supports *H.R. 1509* as it will have a positive impact on the business community and we look forward to working with you to bring this legislation to the House floor for consideration.

Sincerely,

A handwritten signature in black ink that reads "Todd McCracken". The signature is stylized, with the first name "Todd" written in a cursive-like font and the last name "McCracken" written in a more blocky, cursive style.

Todd McCracken  
President