



April 15, 2013

Mr. Steven T. Miller  
Acting Commissioner  
Internal Revenue Service  
Room 5203  
P.O. Box 7604  
Washington, D.C. 20044

ATTN: CC:PA:LPD:PR  
Submitted via email

RE: Rev. Proc. 2013-13  
26 CFR 01.105

Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability

Mr. Miller,

The National Association for the Self-Employed respectfully submits these comments in response to the Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability (26 CFR 601.105).

We appreciate the opportunity to comment.

## **BACKGROUND**

The NASE represents the 22 million self-employed and micro-business owners (10 employees or fewer), providing educational resources for those looking to start and grow their businesses. Founded in 1981, the association has been the sole voice advocating for America's small businesses in all areas of public policy, especially in the area of the tax inequities faced by the self-employed, for the past 30 years.

For well over a decade, the National Association for the Self-Employed has implored the U.S. Department of Treasury, the Small Business Administration, Internal Revenue Service, and Congress, to address the complex nature of the Home Office Deduction. The cumbersome process for calculating the deduction, involving both direct and indirect expenses, deterred nearly half of home-based business from completing the IRS Form 8829.

## **PROPOSED SIMPLIFICATION OF HOME OFFICE DEDUCTION**

With over half of all small businesses being run out of the home, the home office deduction is an important tax benefit for business owners. Unfortunately, the complexity and paperwork burden associated with the home office deduction drives many qualifying business owners to forgo this tax assistance.

Key hurdles faced by the self-employed in taking this deduction are the strict qualifying requirements, the complexity of the form and instructions, and the underlying fear that employing this tax benefit will flag them for review or audit by the IRS.

The NASE estimates that nearly half of the 9 million home-based businesses do not elect to complete the IRS Form 8829 (Standard Deduction for Expenses for Business Use of Your Home) due to the complex nature of the instructions.

Therefore, the NASE supports the simplification proposed by the Department and IRS that would allow, starting in the 2013 tax year, a new simplified deduction calculation for those with a home office, used regularly and exclusively for business, resulting in a \$1,500 standard deduction. Based on a \$5 per square foot calculation which has been advanced by the NASE for the last decade, allowable space would be capped at 300 square feet.

It is our hope that the IRS will convert Form 8829 into a one-page EZ form allowing for the self-employed individual to easily calculate the square footage calculation and benefit from this long over due tax simplification.

### NEW EZ FORM: Proposed Format

<b>Standard Deduction For Expenses for Business Use of Your Home</b>		OMB No. 1545-0074
Form <b>8829-EZ</b> Department of the Treasury Internal Revenue Service (99)	<p>► File only with Schedule C (Form 1040). Use a separate Form 8829 for each home you used for business during the year.</p> <p>► Information about Form 8829 and its separate instructions is at <a href="http://www.irs.gov/form8829">www.irs.gov/form8829</a>.</p>	<p><b>2012</b> Attachment Sequence No. <b>176</b></p>
Name(s) of proprietor(s)		Your social security number
<b>Part I Part of Your Home Used for Business</b>		
1 Area used regularly and exclusively for business, Enter the square footage of your home office		1
<b>Part II YES or NO</b>		
	YES	NO
1 Did you use the space in your home regularly for business?	<input type="checkbox"/>	<input type="checkbox"/>
2 Did you use the space in your home exclusively for business?	<input type="checkbox"/>	<input type="checkbox"/>
If you checked 'Yes' to both questions continue to Part III. If you checked "No" to either question STOP here, you do not qualify for the home office deduction.		
<b>Part III The Math</b>		
Multiply Line 1 by \$5 and enter here	2	
	3	\$1,500
Enter the smaller of lines 2 and 3 here and on Schedule C, Line 30	4	

Estimated time to complete this form.....2 minutes

## CONCLUSION

The NASE applauds the Department and IRS for proposing this simplification that will make it easier for those qualified home-based businesses to accurately and quickly calculate the deduction starting in tax year 2013.

It is our hope that this is the beginning of the Department and IRS's attempt to find additional simplifications that would benefit the American taxpayer and provide much needed relief for the self-employed that are continually challenged by an outdated, complex tax code that creates compliance challenges. We look forward to working with the Department and IRS to continue to find ways to ensure the tax code is equitable for America's 22 million self-employed.

Respectfully,

A handwritten signature in black ink that reads "K. Arslan". The signature is written in a cursive, flowing style.

Kristie Arslan, President & CEO  
National Association for the Self-Employed