

News from Senator

BOB DOLE



(R - Kansas)

2213 Dirksen Building, Washington, D.C. 20510

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CONTACT: BOB WAITE

(202) 224-8953

DOLE WILL ACT TO REVERSE NEW IRS REGULATIONS

HUTCHINSON, KS. -- Today Senator Bob Dole (R.-Kansas) announced that he will introduce legislation to reverse three major anti-taxpayers positions recently announced by the Internal Revenue Service.

The new proposed IRS regulations would deny a person normal tax benefits associated with rental property if he rents a house, condominium or other dwelling unit to a close relative -- even if the relative pays full market rates. "This family rental tax makes no sense where a relative is paying the same rent as any stranger would. This is a prime example of anti-family bias that should be banished from our tax laws," said Dole.

For example, if an individual rents to a stranger, he can take all related expenses as a tax deduction. However, as soon as that individual rents the same property, for the same price, to his mother or son, the IRS says he has to limit his tax deduction.

A second IRS position contained in the same regulation that the Dole bill would prohibit forcing all members of a family, including children, to work on maintenance or repair of a vacation home in order for a family to take all normal tax deductions for expenses incurred in renting the property to others. "This is another example of an administrative agency overreaching its authority to come up with an absurd result," said Dole.

A third related issue to be addressed by the new legislation is home office business expenses. Under the IRS interpretation of current law, an individual cannot take a tax deduction for expenses incurred in maintaining a business office in the home unless the office is used for the business in which the individual spends most of his time.

In response to this IRS rule, Senator Dole states, "We should not penalize people who have to have a second job in order to make ends meet. If a person uses part of his home to conduct a business in his spare time, the related expenses should be deductible, just as they are for other businesses. What the person does at his primary job is irrelevant to this issue."

Senator Dole has already been successful in temporarily stopping the IRS from implementing these rules. On September 26th, Senator Dole, joined by Senator Armstrong of Colorado, offered an amendment to our temporary appropriations bill to deny the IRS funds to implement or enforce these rules until December 15th. The Senate accepted the amendment without objection and it was subsequently adopted by the House of Representatives.