



OFFICE OF  
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

MAR 14 2008

Thomas M. Sullivan  
Chief Counsel for Advocacy  
Office of Advocacy  
U.S. Small Business Administration  
409 Third Street, SW  
Washington, DC 20416

**Tom:**

Dear Mr. Sullivan:

Thank you for your February 27, 2008, letter informing us that our rules regarding the home office business deduction are among your agency's "2008 Top Ten Rules for Review and Reform." We also appreciate your including for our review the "Report on the Regulatory Flexibility Act FY 2007." These materials will be very helpful to us in considering your recommendation to provide an optional standard deduction for home-based businesses.

We look forward to working with you on this matter. If you have any questions, please do not hesitate to contact me or Andrew Keyso of my staff at 202-622-4800.

Sincerely,

A handwritten signature in black ink, appearing to read "DKorb", written over the word "Sincerely,".

Donald L. Korb  
Chief Counsel