[118H324]

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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to expand the denial of deduction for certain excessive employee remuneration, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. DOGGETT introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to expand the denial of deduction for certain excessive employee remuneration, and for other purposes.

1   *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4   This Act may be cited as the ''Stop Subsidizing Mul-

5 timillion Dollar Corporate Bonuses Act''.

2

SEC. 2. EXPANSION OF DENIAL OF DEDUCTION FOR CER-

TAIN EXCESSIVE EMPLOYEE REMUNERA-

TION.

(a) IN GENERAL.—

(1) EXPANSION.—Section 162(m) of the Inter-

nal Revenue Code of 1986 is amended—

(A) by striking "applicable employee remu-

neration" each place it appears in paragraphs

(1), (4), and (5)(E) and inserting "applicable

remuneration",

(B) by striking "covered employee" each

place it appears in paragraphs (1) and (4) and

inserting "covered individual", and

(C) by striking "employee" each place it

appears in paragraph (1) and subparagraphs

(A), (C)(ii), and (E) of paragraph (4) and in-

serting "individual".

(2) COVERED INDIVIDUAL.—Paragraph (3) of

section 162(m) of such Code is amended to read as

follows:

"(3) COVERED INDIVIDUAL.—For purposes of

this subsection, the term 'covered individual'

means—

"(A) any individual who performs services

(directly or indirectly) for the taxpayer (or any

1 predecessor) for any taxable year beginning

2 after December 31, 2020, or

3 "(B) any employee—

4 "(i) who was the principal executive

5 officer or principal financial officer of the

6 taxpayer (or any predecessor) at any time

7 during any preceding taxable year begin-

8 ning after December 31, 2016, and before

9 January 1, 2021, or who was an individual

10 acting in such a capacity, or

11 "(ii) the total compensation of whom

12 for any taxable year described in clause (i)

13 was required to be reported to shareholders

14 under the Securities Exchange Act of 1934

15 by reason of such individual being among

16 the 3 highest compensated officers for the

17 taxable year (other than any individual de-

18 scribed in clause (i)).

19 Such term shall include any employee who would be

20 described in subparagraph (B)(ii) if the reporting

21 described in such subparagraph were required as so

22 described.".

23 (3) CONFORMING AMENDMENTS.—

4

1   (A) The heading for section 162(m) of the

2   Internal Revenue Code of 1986 is amended by

3   striking "EMPLOYEE".

4   (B) The heading for section 162(m)(4) is

5   amended by striking "EMPLOYEE".

6   (b) MODIFICATION OF DEFINITION OF PUBLICLY

7 HELD CORPORATION.—Section 162(m)(2) of the Internal

8 Revenue Code of 1986 is amended—

9   (1) by inserting ", with respect to any taxable

10   year," after "means", and

11   (2) by striking subparagraph (B) and inserting

12   the following:

13   "(B) that was required to file reports

14   under section 15(d) of such Act (15 U.S.C.

15   78o(d)) at any time during the 3-taxable year

16   period ending with such taxable year.".

17   (c) REGULATORY AUTHORITY.—

18   (1) IN GENERAL.—Section 162(m) of the Inter-

19   nal Revenue Code of 1986 is amended by adding at

20   the end the following new paragraph:

21   "(7) REGULATIONS.—The Secretary may pre-

22   scribe such guidance, rules, or regulations as are

23   necessary to carry out the purposes of this sub-

24   section, including regulations—

25   "(A) with respect to reporting, and

5

1   "(B) to prevent avoidance of the purposes

2   of this section by providing compensation

3   through a pass-through or other entity.".

4   (2) CONFORMING AMENDMENT.—Paragraph (6)

5 of section 162(m) of such Code is amended by strik-

6 ing subparagraph (H).

7   (d) EFFECTIVE DATE.—The amendments made by

8 this section shall apply to taxable years beginning after

9 December 31, 2024.