

111TH CONGRESS
1ST SESSION

H. R. 1518

To amend the Internal Revenue Code of 1986 to impose a higher rate of tax on bonuses paid by businesses receiving TARP funds.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 2009

Mr. ISRAEL (for himself, Mr. BRALEY of Iowa, Mr. CHANDLER, Mrs. MCCARTHY of New York, and Mr. MASSA) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to impose a higher rate of tax on bonuses paid by businesses receiving TARP funds.

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 “Bailout Bonus Tax
5 Bracket Tax Act of 2009”.

6 **SEC. 2. HIGHER RATE OF TAX ON BONUSES PAID BY BUSI-**
7 **NESSES RECEIVING TARP FUNDS.**

8 (a) IN GENERAL.—Section 1 of the Internal Revenue
9 Code of 1986 (relating to tax imposed on individuals) is

1 amended by adding at the end the following new sub-
 2 section:

3 “(j) RATE OF TAX ON BONUSES PAID BY BUSI-
 4 NESSES RECEIVING TARP FUNDS.—

5 “(1) IN GENERAL.—In the case of any indi-
 6 vidual who receives a TARP bonus during the tax-
 7 able year, the tax imposed by this section shall be
 8 equal to—

9 “(A) the tax which would be imposed by
 10 this section if the taxable income of such indi-
 11 vidual for the taxable year were reduced by the
 12 TARP bonus of such individual, plus

13 “(B) the amount equal to the applicable
 14 percentage of the TARP bonus.

15 “(2) APPLICABLE PERCENTAGE.—For purposes
 16 of the subsection, the applicable percentage shall be
 17 determined under the following table:

“If the aggregate TARP bo-	The applicable percentage is:
nuses received during the	
taxable year is:	

Over \$100,000	100 percent.
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18 “(3) TARP BONUS.—For purposes of this sub-
 19 section—

20 “(A) IN GENERAL.—The term ‘TARP
 21 bonus’ means any payment in the nature of a
 22 bonus which is paid by any person if—

1 “(i) such person (or any predecessor
2 of such person) received assistance under
3 title I of division A the Emergency Eco-
4 nomic Stabilization Act of 2008 during the
5 taxable year or any prior taxable year, or

6 “(ii) such person acquired a major
7 portion of a trade or business, or the
8 major portion of a separate unit of a trade
9 or business, from any person which re-
10 ceived such assistance with respect to such
11 portion or unit.

12 “(B) CONTROLLED GROUPS.—

13 “(i) IN GENERAL.—For purposes of
14 subparagraph (A), all persons treated as a
15 single employer under subsection (a) or (b)
16 of section 52 or under subsection (m) or
17 (o) of section 414 shall be treated as one
18 person.

19 “(ii) INCLUSION OF FOREIGN COR-
20 PORATIONS.—For purposes of clause (i), in
21 applying subsections (a) and (b) of section
22 52 to this section, section 1563 shall be
23 applied without regard to subsection
24 (b)(2)(C) thereof.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years ending after the
3 date of the enactment of this Act.

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