

111TH CONGRESS  
1ST SESSION

# H. R. 1542

To amend the Internal Revenue Code of 1986 to impose a 100 percent tax on bonuses paid by businesses that receive TARP assistance and are majority owned by the Federal Government.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2009

Mrs. MALONEY (for herself, Mr. POMEROY, Mr. ENGEL, Ms. HIRONO, Mr. HIGGINS, and Mr. SPACE) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to impose a 100 percent tax on bonuses paid by businesses that receive TARP assistance and are majority owned by the Federal Government.

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. 100 PERCENT TAX ON BONUSES PAID BY BUSI-**  
4 **NESSES THAT RECEIVE TARP ASSISTANCE**  
5 **AND ARE MAJORITY OWNED BY THE FED-**  
6 **ERAL GOVERNMENT.**

7 (a) IN GENERAL.—Section 1 of the Internal Revenue  
8 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) 100 PERCENT TAX ON BONUSES PAID BY BUSI-  
 4 NESSES THAT RECEIVE TARP ASSISTANCE AND ARE MA-  
 5 JORITY OWNED BY THE FEDERAL GOVERNMENT.—

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

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

14 “(B) the amount equal to such bonus.

15 “(2) BONUS.—For purposes of this sub-  
 16 section—

17 “(A) IN GENERAL.—The term ‘bonus’  
 18 means any payment in the nature of a bonus  
 19 which is paid by a person if—

20 “(i) such person (or any predecessor  
 21 of such person) received assistance under  
 22 title I of division A of the Emergency Eco-  
 23 nomic Stabilization Act of 2008 during the  
 24 taxable year or any prior taxable year, and

1 “(ii) at the time such bonus is paid  
2 the ownership interest of the Federal Gov-  
3 ernment in such person is—

4 “(I) in the case of a corporation,  
5 greater than 50 percent of the stock  
6 of such person (by vote or value),

7 “(II) in the case of a partner-  
8 ship, greater than 50 percent or more  
9 of the profits interests or capital in-  
10 terests in such person, and

11 “(III) in any other case, greater  
12 than 50 percent or more of the bene-  
13 ficial interests in such person.

14 “(B) EXCEPTION.—The term ‘bonus’ does  
15 not include compensation in the nature of a  
16 commission or salary.

17 “(C) CONTROLLED GROUPS.—

18 “(i) IN GENERAL.—For purposes of  
19 subparagraph (A), all persons treated as a  
20 single employer under subsection (a) or (b)  
21 of section 52 or under subsection (m) or  
22 (o) of section 414 shall be treated as one  
23 person.

24 “(ii) INCLUSION OF FOREIGN COR-  
25 PORATIONS.—For purposes of clause (i), in

1           applying subsections (a) and (b) of section  
2           52 to this section, section 1563 shall be  
3           applied without regard to subsection  
4           (b)(2)(C) thereof.

5           “(3) REGULATIONS.—The Secretary shall issue  
6           such regulations or other guidance as may be nec-  
7           essary to carry out this subsection.”.

8           (b) EFFECTIVE DATE.—The amendment made by  
9           this section shall apply to taxable years beginning after  
10          December 31, 2008.

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