

111TH CONGRESS
1ST SESSION

S. 1007

To amend the Internal Revenue Code of 1986 to deny a deduction for excessive compensation of any employee of an employer.

IN THE SENATE OF THE UNITED STATES

MAY 7, 2009

Mr. DURBIN introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

JUNE 2, 2009

Committee discharged; referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to deny a deduction for excessive compensation of any employee of an employer.

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 “Excessive Pay Capped
5 Deduction Act of 2009”.

1 **SEC. 2. DENIAL OF DEDUCTION FOR PAYMENTS OF EXCES-**
 2 **SIVE COMPENSATION.**

3 (a) IN GENERAL.—Section 162 of the Internal Rev-
 4 enue Code of 1986 is amended by inserting after sub-
 5 section (h) the following new subsection:

6 “(i) EXCESSIVE COMPENSATION.—

7 “(1) IN GENERAL.—No deduction shall be al-
 8 lowed under this chapter for any excessive com-
 9 pensation for any employee of the taxpayer.

10 “(2) EXCESSIVE COMPENSATION.—For pur-
 11 poses of this subsection, the term ‘excessive com-
 12 pensation’ means, with respect to any employee, the
 13 amount by which the compensation for services per-
 14 formed by such employee during the taxable year ex-
 15 ceeds the amount which is equal to 100 times the
 16 amount of the average compensation for services
 17 performed by all employees of the taxpayer during
 18 the taxable year.

19 “(3) OTHER DEFINITIONS AND SPECIAL
 20 RULES.—

21 “(A) COMPENSATION.—

22 “(i) IN GENERAL.—For purposes of
 23 this subsection, the term ‘compensation’
 24 includes wages, salary, fees, commissions,
 25 fringe benefits, deferred compensation, re-
 26 tirement contributions, options, bonuses,

1 property, and any other form of remunera-
2 tion that the Secretary determines is ap-
3 propriate.

4 “(ii) PART-TIME AND PART-YEAR EM-
5 PLOYEES.—In the case of any employee
6 which is a part-time employee of the tax-
7 payer or which is not employed by the tax-
8 payer for a full taxable year, the com-
9 pensation of such employee shall be cal-
10 culated for purposes of this subparagraph
11 on an annualized basis.

12 “(B) EMPLOYER.—All persons treated as a
13 single employer under subsection (a) or (b) of
14 section 52 or subsection (m) or (o) of section
15 414 shall be treated as a single taxpayer for
16 purposes of this subsection.

17 “(4) REPORTING.—Each employer that pro-
18 vides any excessive compensation to any employee
19 during a taxable year shall file a report with the
20 Secretary with respect to such taxable year includ-
21 ing—

22 “(A) the amount of compensation of the
23 employee of the taxpayer receiving the lowest
24 amount of compensation during such taxable
25 year,

1 “(B) the amount of compensation of the
2 employee of the taxpayer receiving the highest
3 amount of compensation during such taxable
4 year,

5 “(C) the average compensation of all em-
6 ployees of the taxpayer during such taxable
7 year,

8 “(D) the number of employees of the tax-
9 payer who are receiving compensation that is
10 more than 100 times the average compensation
11 of all employees of the taxpayer during such
12 taxable year, and

13 “(E) the amounts of compensation of the
14 employees described in subparagraph (D) dur-
15 ing such taxable year.

16 Such report shall be filed at such time and in such
17 manner as the Secretary may require.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to taxable years beginning after
20 the date of the enactment of this Act.

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