

115TH CONGRESS
1ST SESSION

S. 82

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 SENATE OF THE UNITED STATES

JANUARY 10, 2017

Mr. REED (for himself and Mr. BLUMENTHAL) introduced the following bill;
which was read twice and referred to the Committee on Finance

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”.

6 **SEC. 2. EXPANSION OF DENIAL OF DEDUCTION FOR CER-**
7 **TAIN EXCESSIVE EMPLOYEE REMUNERA-**
8 **TION.**

9 (a) APPLICATION TO ALL CURRENT AND FORMER
10 EMPLOYEES.—

(1) IN GENERAL.—Section 162(m) of the Internal Revenue Code of 1986 is amended—

(A) by striking “covered employee” each place it appears in paragraphs (1) and (4) and inserting “covered individual”, and

(B) by striking “such employee” each place it appears in subparagraphs (A) and (G) of paragraph (4) and inserting “such 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 any individual who is an officer, director, or employee of the taxpayer or a former officer, director, or employee of the taxpayer.”.

(3) CONFORMING AMENDMENTS.—

(A) Section 48D(b)(3)(A) of such Code is amended by inserting “(as in effect for taxable years beginning before January 1, 2018)” after “section 162(m)(3)”.

(B) Section 409A(b)(3)(D)(ii) of such Code is amended by inserting “(as in effect for

1 taxable years beginning before January 1,
 2 2018)” after “section 162(m)(3)”.

3 (b) EXPANSION OF APPLICABLE EMPLOYEE REMU-
 4 NERATION.—

5 (1) ELIMINATION OF EXCEPTION FOR COMMIS-
 6 SION-BASED PAY.—

7 (A) IN GENERAL.—Paragraph (4) of sec-
 8 tion 162(m) of such Code, as amended by sub-
 9 section (a), is amended by striking subpara-
 10 graph (B) and by redesignating subparagraphs
 11 (C) through (G) as subparagraphs (B) through
 12 (F), respectively.

13 (B) CONFORMING AMENDMENTS.—

14 (i) Section 162(m)(5) of such Code is
 15 amended—

16 (I) by striking “subparagraphs
 17 (B), (C), and (D) thereof” in sub-
 18 paragraph (E) and inserting “sub-
 19 paragraphs (B) and (C) thereof”, and

20 (II) by striking “subparagraphs
 21 (F) and (G)” in subparagraph (G)
 22 and inserting “subparagraphs (E) and
 23 (F)”.

24 (ii) Section 162(m)(6) of such Code is
 25 amended—

1 (I) by striking “subparagraphs
 2 (B), (C), and (D) thereof” in sub-
 3 paragraph (D) and inserting “sub-
 4 paragraphs (B) and (C) thereof”, and
 5 (II) by striking “subparagraphs
 6 (F) and (G)” in subparagraph (G)
 7 and inserting “subparagraphs (E) and
 8 (F)”.

9 (2) INCLUSION OF PERFORMANCE-BASED COM-
 10 PENSATION.—

11 (A) IN GENERAL.—Paragraph (4) of sec-
 12 tion 162(m) of the Internal Revenue Code of
 13 1986, as amended by subsection (a) and para-
 14 graph (1) of this subsection, is amended by
 15 striking subparagraph (B) and redesignating
 16 subparagraphs (C) through (F) as subpara-
 17 graphs (B) through (E), respectively.

18 (B) CONFORMING AMENDMENTS.—

19 (i) Section 162(m)(5) of such Code,
 20 as amended by paragraph (1), is amend-
 21 ed—

22 (I) by striking “subparagraphs
 23 (B) and (C) thereof” in subparagraph
 24 (E) and inserting “subparagraph (B)
 25 thereof”, and

1 (II) by striking “subparagraphs
 2 (E) and (F)” in subparagraph (G)
 3 and inserting “subparagraphs (D) and
 4 (E)”.

5 (ii) Section 162(m)(6) of such Code,
 6 as amended by paragraph (1), is amend-
 7 ed—

8 (I) by striking “subparagraphs
 9 (B) and (C) thereof” in subparagraph
 10 (D) and inserting “subparagraph (B)
 11 thereof”, and

12 (II) by striking “subparagraphs
 13 (E) and (F)” in subparagraph (G)
 14 and inserting “subparagraphs (D) and
 15 (E)”.

16 (c) EXPANSION OF APPLICABLE EMPLOYER.—Para-
 17 graph (2) of section 162(m) of the Internal Revenue Code
 18 of 1986 is amended to read as follows:

19 “(2) PUBLICLY HELD CORPORATION.—For pur-
 20 poses of this subsection, the term ‘publicly held cor-
 21 poration’ means any corporation which is an issuer
 22 (as defined in section 3 of the Securities Exchange
 23 Act of 1934 (15 U.S.C. 78c))—

1 “(A) the securities of which are registered
 2 under section 12 of such Act (15 U.S.C. 78l),
 3 or

4 “(B) that is required to file reports under
 5 section 15(d) of such Act (15 U.S.C. 780(d)).”.

6 (d) REGULATORY AUTHORITY.—

7 (1) IN GENERAL.—Section 162(m) of the Inter-
 8 nal Revenue Code of 1986 is amended by adding at
 9 the end the following new paragraph:

10 “(7) REGULATIONS.—The Secretary may pre-
 11 scribe such guidance, rules, or regulations, including
 12 with respect to reporting, as are necessary to carry
 13 out the purposes of this subsection.”.

14 (2) CONFORMING AMENDMENT.—Paragraph (6)
 15 of section 162(m) of such Code is amended by strik-
 16 ing subparagraph (H).

17 (e) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to taxable years beginning after
 19 December 31, 2017.

○