

118TH CONGRESS  
1ST SESSION

# H. R. 324

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

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 12, 2023

Mr. DOGGETT (for himself, Mr. BLUMENAUER, Ms. CHU, Mr. CICILLINE, Mr. COHEN, Ms. DELAURO, Mr. DESAULNIER, Mr. ESPAILLAT, Mr. GARAMENDI, Mr. GRIJALVA, Ms. MOORE of Wisconsin, Mr. POCAN, Ms. SCHAKOWSKY, and Mrs. WATSON COLEMAN) 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 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”.

1 **SEC. 2. EXPANSION OF DENIAL OF DEDUCTION FOR CER-**  
2 **TAIN EXCESSIVE EMPLOYEE REMUNERA-**  
3 **TION.**

4 (a) IN GENERAL.—

5 (1) EXPANSION.—Section 162(m) of the Inter-  
6 nal Revenue Code of 1986 is amended—

7 (A) by striking “applicable employee remu-  
8 neration” each place it appears in paragraphs  
9 (1), (4), and (5)(E) and inserting “applicable  
10 remuneration”,

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

14 (C) by striking “employee” each place it  
15 appears in paragraph (1) and subparagraphs  
16 (A), (C)(ii), and (E) of paragraph (4) and in-  
17 serting “individual”.

18 (2) COVERED INDIVIDUAL.—Paragraph (3) of  
19 section 162(m) of such Code is amended to read as  
20 follows:

21 “(3) COVERED INDIVIDUAL.—For purposes of  
22 this subsection, the term ‘covered individual’  
23 means—

24 “(A) any individual who performs services  
25 (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.—

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

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, 2022.

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