

117TH CONGRESS
1ST SESSION

H. R. 697

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 HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2021

Mr. DOGGETT (for himself, Mr. BLUMENAUER, Mr. CICILLINE, Mr. COHEN, Mr. DEFAZIO, Ms. DELAURO, Mr. DESAULNIER, Mr. ESPAILLAT, Mr. GARAMENDI, Mr. GRIJALVA, Ms. MOORE of Wisconsin, Mr. PRICE of North Carolina, Ms. SCHAKOWSKY, and Mrs. WATSON COLEMAN) 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 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 sserting “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, 2020.

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