

116TH CONGRESS  
1ST SESSION

# S. 2268

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

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## IN THE SENATE OF THE UNITED STATES

JULY 25, 2019

Mr. REED (for himself, Mr. BLUMENTHAL, Mr. WHITEHOUSE, Mr. MERKLEY, Ms. BALDWIN, Ms. WARREN, Mr. VAN HOLLEN, and Mr. BROWN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the denial of deduction for certain excessive 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 REMUNERATION.**

8 (a) IN GENERAL.—

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

3                   (A) by striking “applicable employee remun-  
4                   eration” each place it appears in paragraphs  
5                   (1), (4), and (5)(E) and inserting “applicable  
6                   remuneration”;

7                   (B) by striking “covered employee” each  
8                   place it appears in paragraphs (1) and (4) and  
9                   inserting “covered individual”; and

10                  (C) by striking “employee” each place it  
11                  appears in paragraph (1) and subparagraphs  
12                  (A), (C)(ii), and (E) of paragraph (4) and in-  
13                  serting “individual”.

14           (2) COVERED INDIVIDUAL.—Paragraph (3) of  
15           section 162(m) of such Code is amended to read as  
16           follows:

17                   “(3) COVERED INDIVIDUAL.—For purposes of  
18                   this subsection, the term ‘covered individual’  
19                   means—

20                           “(A) any individual who performs services  
21                           (directly or indirectly) for the taxpayer (or any  
22                           predecessor) for any taxable year beginning  
23                           after December 31, 2019, or

24                           “(B) any employee—

1           “(i) who was the principal executive  
2           officer or principal financial officer of the  
3           taxpayer (or any predecessor) at any time  
4           during any preceding taxable year begin-  
5           ning after December 31, 2016, and before  
6           January 1, 2020, or who was an individual  
7           acting in such a capacity, or

8           “(ii) the total compensation of whom  
9           for any taxable year described in clause (i)  
10          was required to be reported to shareholders  
11          under the Securities Exchange Act of 1934  
12          by reason of such individual being among  
13          the 3 highest compensated officers for the  
14          taxable year (other than any individual de-  
15          scribed in clause (i)).

16          Such term shall include any employee who would be  
17          described in subparagraph (B)(ii) if the reporting  
18          described in such subparagraph were required as so  
19          described.”.

20               (3) CONFORMING AMENDMENTS.—

21               (A) The heading for section 162(m) of the  
22               Internal Revenue Code of 1986 is amended by  
23               striking “EMPLOYEE”.

24               (B) The heading for section 162(m)(4) is  
25               amended by striking “EMPLOYEE”.

1 (b) MODIFICATION OF DEFINITION OF PUBLICLY  
2 HELD CORPORATION.—Section 162(m)(2) of the Internal  
3 Revenue Code of 1986 is amended—

4 (1) by inserting “, with respect to any taxable  
5 year,” after “means”; and

6 (2) by striking subparagraph (B) and inserting  
7 the following:

8 “(B) that was required to file reports  
9 under section 15(d) of such Act (15 U.S.C.  
10 78o(d)) at any time during the 3-taxable year  
11 period ending with such taxable year.”.

12 (c) REGULATORY AUTHORITY.—

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

16 “(7) REGULATIONS.—The Secretary may pre-  
17 scribe such guidance, rules, or regulations as are  
18 necessary to carry out the purposes of this sub-  
19 section, including regulations—

20 “(A) with respect to reporting, and

21 “(B) to prevent avoidance of the purposes  
22 of this section by providing compensation  
23 through a pass-through or other entity.”.

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

4           (d) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years beginning after  
6 December 31, 2019.

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