

111TH CONGRESS
1ST SESSION

H. R. 1572

To amend the Internal Revenue Code of 1986 to impose a 90 percent tax on bonuses paid by business that receive TARP assistance.

IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2009

Mr. THOMPSON of California 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 impose a 90 percent tax on bonuses paid by business that receive TARP assistance.

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 “Taxpayer Protection
5 Act”.

6 **SEC. 2. 90 PERCENT TAX ON BONUSES PAID BY BUSINESSES**
7 **THAT RECEIVE TARP ASSISTANCE.**

8 (a) IN GENERAL.—Section 1 of the Internal Revenue
9 Code of 1986 (relating to tax imposed on individuals) is

1 amended by adding at the end the following new sub-
2 section:

3 “(j) 90 PERCENT TAX ON BONUSES PAID BY BUSI-
4 NESSES THAT RECEIVE TARP ASSISTANCE.—

5 “(1) IN GENERAL.—In the case of any indi-
6 vidual who receives a bonus during the taxable year
7 from a TARP business, the tax imposed by this sec-
8 tion shall be equal to—

9 “(A) the tax which would be imposed by
10 this section if the taxable income of such indi-
11 vidual for the taxable year were reduced by
12 such bonus, plus

13 “(B) the amount equal to 90 percent of
14 such bonus.

15 “(2) TARP BUSINESS.—For purposes of this
16 subsection—

17 “(A) IN GENERAL.—The term ‘TARP
18 business’ means any person (or any predecessor
19 of such person) who received assistance under
20 title I of division A the Emergency Economic
21 Stabilization Act of 2008 during the taxable
22 year or any prior taxable year.

23 “(B) CONTROLLED GROUPS.—

24 “(i) IN GENERAL.—For purposes of
25 subparagraph (A), all persons treated as a

1 single employer under subsection (a) or (b)
2 of section 52 or under subsection (m) or
3 (o) of section 414 shall be treated as one
4 person.

5 “(ii) INCLUSION OF FOREIGN COR-
6 PORATIONS.—For purposes of clause (i), in
7 applying subsections (a) and (b) of section
8 52 to this section, section 1563 shall be
9 applied without regard to subsection
10 (b)(2)(C) thereof.

11 “(3) BONUS.—For purposes of this subsection,
12 a bonus does not include any amount payable to an
13 individual for services performed by such individual
14 at a regular hourly, daily, weekly, monthly, or simi-
15 lar periodic rate, and does not include payments to
16 an employee as commissions, welfare and fringe ben-
17 efits, or expense reimbursements.

18 “(4) APPLICATION.—Paragraph (1) shall not
19 apply to any bonus paid by a TARP business after
20 the date on which such business has repaid to the
21 United States all of the assistance such business re-
22 ceived under title I of division A the Emergency
23 Economic Stabilization Act of 2008.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2008.

○