

113TH CONGRESS
2D SESSION

H. R. 3970

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

JANUARY 29, 2014

Mr. DOGGETT 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”.

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

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

6 (B) by striking “such employee” each
7 place it appears in subparagraphs (A) and (G)
8 of paragraph (4) and inserting “such indi-
9 vidual”.

10 (2) COVERED INDIVIDUAL.—Paragraph (3) of
11 section 162(m) of such Code is amended to read as
12 follows:

13 “(3) COVERED INDIVIDUAL.—For purposes of
14 this subsection, the term ‘covered individual’ means
15 any individual who is an officer, director, or em-
16 ployee of the taxpayer or a former officer, director,
17 or employee of the taxpayer.”.

18 (3) CONFORMING AMENDMENTS.—

19 (A) Section 48D(b)(3)(A) of such Code is
20 amended by inserting “(as in effect for taxable
21 years beginning before January 1, 2014)” after
22 “section 162(m)(3)”.

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

1 taxable years beginning before January 1,
2 2014)” 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) that has a class of securities reg-
2 istered under section 12 of such Act (15 U.S.C.
3 78l), 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, 2013.

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