

114TH CONGRESS
1ST SESSION

H. R. 1305

To amend the Internal Revenue Code of 1986 to limit the deductibility of excessive rates of executive compensation.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2015

Ms. LEE (for herself, Mr. CONYERS, Mr. ELLISON, Ms. SCHAKOWSKY, and Mr. POCAN) 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 limit the deductibility of excessive rates of executive compensation.

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 “Income Equity Act
5 of 2015”.

6 **SEC. 2. DENIAL OF DEDUCTION FOR PAYMENTS OF EXCES-**
7 **SIVE COMPENSATION.**

8 (a) IN GENERAL.—Section 162 of the Internal Rev-
9 enue Code of 1986 is amended by inserting after sub-
10 section (h) the following new subsection:

1 “(i) EXCESSIVE COMPENSATION.—

2 “(1) IN GENERAL.—No deduction shall be al-
3 lowed under this chapter for any excessive com-
4 pensation with respect to any full-time employee.

5 “(2) EXCESSIVE COMPENSATION.—For pur-
6 poses of this subsection, the term ‘excessive com-
7 pensation’ means, with respect to any employee, the
8 amount by which—

9 “(A) the compensation for services per-
10 formed by such employee during the taxable
11 year, exceeds

12 “(B) the greater of—

13 “(i) an amount equal to 25 times the
14 median compensation paid by the employer
15 for services performed by full-time employ-
16 ees during such taxable year, or

17 “(ii) \$500,000.

18 “(3) DEFINITIONS AND SPECIAL RULES.—For
19 purposes of this subsection—

20 “(A) COMPENSATION.—

21 “(i) IN GENERAL.—The term ‘com-
22 pensation’ includes wages, salary, deferred
23 compensation, retirement contributions,
24 options, bonuses, property, and any other

1 form of compensation or bonus that the
2 Secretary determines is appropriate.

3 “(ii) PART-YEAR EMPLOYEES.—In the
4 case of any part-year employee, the com-
5 pensation of the employee shall be com-
6 puted on an annualized basis.

7 “(B) EMPLOYER.—All persons treated as a
8 single employer under subsection (a) or (b) of
9 section 52 or subsection (m) or (o) of section
10 414 shall be treated as 1 employer.

11 “(4) REPORTING.—Each employer who provides
12 compensation in any taxable year to any employee in
13 an amount which is more than the amount described
14 in paragraph (2)(B)(i) with respect to the employer
15 for the taxable year, shall file a report with the Sec-
16 retary containing—

17 “(A) the amount described in paragraph
18 (2)(B)(i) with respect to the employer for the
19 taxable year,

20 “(B) the average pay of all non-managerial
21 employees,

22 “(C) the average pay of all executive staff,
23 and

24 “(D) the compensation of the top 5 em-
25 ployees of the company.

1 Any such report shall be filed at such time and in
2 such manner as the Secretary may require.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to taxable years beginning after
5 the date of the enactment of this Act.

○