

Calendar No. 36

111TH CONGRESS
1ST SESSION**H. R. 1586**

IN THE SENATE OF THE UNITED STATES

MARCH 19, 2009

Received and read the first time

MARCH 23, 2009

Read the second time and placed on the calendar

AN ACT

To impose an additional tax on bonuses received from certain
TARP recipients.

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. BONUSES RECEIVED FROM CERTAIN TARP RE-**
4 **CIPIENTS.**

5 (a) IN GENERAL.—In the case of an employee or
6 former employee of a covered TARP recipient, the tax im-
7 posed by chapter 1 of the Internal Revenue Code of 1986
8 for any taxable year shall not be less than the sum of—

9 (1) the tax that would be determined under
10 such chapter if the taxable income of the taxpayer

1 for such taxable year were reduced (but not below
2 zero) by the TARP bonus received by the taxpayer
3 during such taxable year, plus

4 (2) 90 percent of the TARP bonus received by
5 the taxpayer during such taxable year.

6 (b) TARP BONUS.—For purposes of this section—

7 (1) IN GENERAL.—The term “TARP bonus”
8 means, with respect to any individual for any taxable
9 year, the lesser of—

10 (A) the aggregate disqualified bonus pay-
11 ments received from covered TARP recipients
12 during such taxable year, or

13 (B) the excess of—

14 (i) the adjusted gross income of the
15 taxpayer for such taxable year, over

16 (ii) \$250,000 (\$125,000 in the case of
17 a married individual filing a separate re-
18 turn).

19 (2) DISQUALIFIED BONUS PAYMENT.—

20 (A) IN GENERAL.—The term “disqualified
21 bonus payment” means any retention payment,
22 incentive payment, or other bonus which is in
23 addition to any amount payable to such indi-
24 vidual for service performed by such individual

1 at a regular hourly, daily, weekly, monthly, or
2 similar periodic rate.

3 (B) EXCEPTIONS.—Such term shall not in-
4 clude commissions, welfare or fringe benefits, or
5 expense reimbursements.

6 (C) WAIVER OR RETURN OF PAYMENTS.—
7 Such term shall not include any amount if the
8 employee irrevocably waives the employee’s enti-
9 tlement to such payment, or the employee re-
10 turns such payment to the employer, before the
11 close of the taxable year in which such payment
12 is due. The preceding sentence shall not apply
13 if the employee receives any benefit from the
14 employer in connection with the waiver or re-
15 turn of such payment.

16 (3) REIMBURSEMENT OF TAX TREATED AS
17 TARP BONUS.—Any reimbursement by a covered
18 TARP recipient of the tax imposed under subsection
19 (a) shall be treated as a disqualified bonus payment
20 to the taxpayer liable for such tax.

21 (c) COVERED TARP RECIPIENT.—For purposes of
22 this section—

23 (1) IN GENERAL.—The term “covered TARP
24 recipient” means—

1 (A) any person who receives after Decem-
2 ber 31, 2007, capital infusions under the Emer-
3 gency Economic Stabilization Act of 2008
4 which, in the aggregate, exceed \$5,000,000,000,

5 (B) the Federal National Mortgage Asso-
6 ciation and the Federal Home Loan Mortgage
7 Corporation,

8 (C) any person who is a member of the
9 same affiliated group (as defined in section
10 1504 of the Internal Revenue Code of 1986, de-
11 termined without regard to paragraphs (2) and
12 (3) of subsection (b)) as a person described in
13 subparagraph (A) or (B), and

14 (D) any partnership if more than 50 per-
15 cent of the capital or profits interests of such
16 partnership are owned directly or indirectly by
17 one or more persons described in subparagraph
18 (A), (B), or (C).

19 (2) EXCEPTION FOR TARP RECIPIENTS WHO
20 REPAY ASSISTANCE.—A person shall be treated as
21 described in paragraph (1)(A) for any period only
22 if—

23 (A) the excess of the aggregate amount of
24 capital infusions described in paragraph (1)(A)
25 with respect to such person over the amounts

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