

STOP SUBSIDIES FOR HUGE CEO BONUSES

- Corporate CEOs avoid paying taxes on multimillion dollar bonuses—forcing taxpayers to subsidize massive compensation for already-wealthy executives.
- Congress should pass a bill that would close the loophole, so corporate CEOs pay their fair share just like the rest of us.

Ask your Member of Congress to co-sponsor the Stop Subsidizing Multimillion Dollar Corporate Bonuses Act (H.R. 2103/S. 1127).

While companies squeeze every penny they can get out of workers' pay, a few top executives receive massive bonuses. The federal tax code subsidizes these huge bonuses, making it harder to address the growing CEO-to-worker pay gap.

How are bonuses subsidized?

Under current law, tax-deductible executive salaries are capped at \$1 million—except for “performance-based” compensation. That loophole allows companies to claim that multimillion dollar CEO bonuses are performance-based, and avoid paying taxes on them.

Why should we close the CEO bonus loophole?

1. By limiting the tax advantages that companies get from huge executive paydays, closing the loophole will make it more likely that companies will shift more pay from executives to workers.

2. CEOs push for risky policies that drive up short-term profits in order to get a bigger bonus. This drive for immediate profit led Wall Street banks to make huge financial gambles, contributing to the massive crisis in 2008.

3. Closing the loophole can raise real money—estimated at as much as \$50 billion over the next decade that could allow all students to refinance their student loans, helping end the cycle of student debt.

It's a big problem with a straightforward solution: bonuses need to also be treated as salary, subject to the \$1 million cap on tax deductibility.

