

107TH CONGRESS
2D SESSION

S. 2087

To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for the provision of independent investment advice to employees.

IN THE SENATE OF THE UNITED STATES

APRIL 10, 2002

Mr. BINGAMAN (for himself and Ms. COLLINS) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for the provision of independent investment advice to employees.

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. EMPLOYER-PROVIDED INDEPENDENT INVEST-**
4 **MENT ADVICE.**

5 (a) IN GENERAL.—Subpart D of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 (relating to business-related credits) is amended by
8 adding at the end the following new section:

1 **“SEC. 45G. EMPLOYER-PROVIDED INDEPENDENT INVEST-**
 2 **MENT ADVICE.**

3 “(a) GENERAL RULE.—For purposes of section 38,
 4 the employer-provided independent investment advice
 5 credit determined under this section for the taxable year
 6 is an amount equal to 40 percent (60 percent in the case
 7 any small employer (as defined in section 220(c)(4))) of
 8 the qualified independent investment advice services paid
 9 for by the taxpayer in such taxable year.

10 “(b) LIMITATIONS.—For purposes of this section—

11 “(1) SERVICES TAKEN INTO ACCOUNT PER EM-
 12 PLOYEE.—The amount of qualified independent in-
 13 vestment advice services which may be taken into ac-
 14 count for any taxable year with respect to each em-
 15 ployee shall not exceed \$50.

16 “(2) TOTAL CREDIT ALLOWED PER TAX-
 17 PAYER.—The amount of the employer-provided inde-
 18 pendent investment advice credit which is allowable
 19 under subsection (a) in any taxable year (when
 20 added to such credits allowed for all preceding tax-
 21 able years) may not exceed \$50,000.

22 “(c) QUALIFIED INDEPENDENT INVESTMENT AD-
 23 VICE SERVICES.—For purposes of this section—

24 “(1) IN GENERAL.—The term ‘qualified inde-
 25 pendent investment advice services’ means, with re-
 26 spect to any employee, individualized independent in-

1 investment advice services provided by an independent
2 investment adviser who certifies to the taxpayer that
3 such employee received such services.

4 “(2) NONDISCRIMINATION.—Independent in-
5 vestment advice services shall not be treated as
6 qualified unless the provision of such services (or the
7 eligibility to receive such services) does not discrimi-
8 nate in favor of employees of the taxpayer who are
9 highly compensated employees (within the meaning
10 of section 414(q)).

11 “(d) APPLICATION OF RULES.—For purposes of this
12 section, the rules of section 45F(e) shall apply.”.

13 (b) CREDIT MADE PART OF GENERAL BUSINESS
14 CREDIT.—Subsection (b) of section 38 of the Internal
15 Revenue Code of 1986 is amended by striking “plus” at
16 the end of paragraph (14), by striking the period at the
17 end of paragraph (15) and inserting “, plus”, and by add-
18 ing at the end the following new paragraph:

19 “(16) the employer-provided independent invest-
20 ment advice credit determined under section
21 45G(a).”.

22 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of
23 the Internal Revenue Code of 1986 is amended by adding
24 at the end the following new subsection:

1 “(d) CREDIT FOR EMPLOYER-PROVIDED INDE-
2 PENDENT INVESTMENT ADVICE.—No deduction shall be
3 allowed for that portion of the expenses otherwise allow-
4 able as a deduction for the taxable year which is equal
5 to the amount of the credit determined for the taxable
6 year under section 45G(a).”.

7 (d) CLERICAL AMENDMENT.—The table of sections
8 for subpart D of part IV of subchapter A of chapter 1
9 of the Internal Revenue Code of 1986 is amended by add-
10 ing at the end the following new item:

“Sec. 45G. Employer-provided independent investment advice.”.

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to expenses paid or incurred in
13 the taxable years ending after the date of the enactment
14 of this Act.

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