

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 1877

To amend the Internal Revenue Code of 1986 to clarify the deductibility of interest and similar amounts attributable to deferred compensation.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 28 (legislative day, FEBRUARY 22), 1994

Mr. PRYOR introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to clarify the deductibility of interest and similar amounts attributable to deferred 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. DEDUCTION OF INTEREST AND SIMILAR**  
4                       **AMOUNTS ATTRIBUTABLE TO DEFERRED**  
5                       **COMPENSATION.**

6       (a) IN GENERAL.—Section 404 of the Internal Reve-  
7       nue Code of 1986 (relating to deductions for compensation  
8       under a deferred payment plan) is amended by adding at  
9       the end the following new subsection:

1       “(m) DEDUCTIBILITY OF INTEREST AND SIMILAR  
2 AMOUNTS ACCRUED WITH RESPECT TO DEFERRED COM-  
3 PENSATION.—

4           “(1) IN GENERAL.—For purposes of this chap-  
5 ter, the determination of the taxable year in which  
6 a deduction is allowed for amounts described in  
7 paragraph (2) shall be made under this section and  
8 in the same manner as if such amounts were com-  
9 pensation.

10          “(2) APPLICABLE AMOUNTS.—An amount is de-  
11 scribed in this paragraph if it is—

12           “(A) interest or a similar amount based on  
13 the time value of money, and

14           “(B) an integral part of the method used  
15 to calculate the total amount of deferred com-  
16 pensation to be paid.”.

17          “(b) EFFECTIVE DATE.—The amendment made by  
18 this section shall apply to amounts accruing in taxable  
19 years beginning before, on, or after the date of the enact-  
20 ment of this Act.

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