

118TH CONGRESS
1ST SESSION

S. _____

To amend the Internal Revenue Code of 1986 to disallow deductions for certain payments relating to defamation suits.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice
and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to disallow deductions for certain payments relating to defamation suits.

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 “Denying Expenditures
5 for False Accusations with Malicious Effect (DEFAME)
6 Act”.

7 **SEC. 2. DISALLOWANCE OF DEDUCTION FOR CERTAIN PAY-**
8 **MENTS RELATING TO DEFAMATION SUITS.**

9 (a) IN GENERAL.—Section 162 is amended by insert-
10 ing after subsection (h) the following new subsection:

1 “(i) CERTAIN PAYMENTS RELATING TO DEFAMA-
2 TION LAWSUITS.—

3 “(1) IN GENERAL.—In the case of an applicable
4 corporation, no deduction otherwise allowable shall
5 be allowed under this chapter for any nondeductible
6 defamation payment.

7 “(2) APPLICABLE CORPORATION.—For pur-
8 poses of this subsection, the term ‘applicable cor-
9 poration’ means any corporation for which the gross
10 income for the preceding taxable year exceeds
11 \$10,000,000,000.

12 “(3) NONDEDUCTIBLE DEFAMATION PAY-
13 MENT.—For purposes of this subsection—

14 “(A) IN GENERAL.—The term ‘nondeduct-
15 ible defamation payment’ means—

16 “(i) any applicable defamation suit
17 payment,

18 “(ii) any payment for attorneys’ fees
19 in connection with a suit for which an ap-
20 plicable defamation suit payment was
21 made, and

22 “(iii) so much of any payment of an
23 insurance premium which is in excess of
24 the amount of such premium determined
25 without regard to any suit for which an

1 applicable defamation suit payment was
2 made.

3 “(B) APPLICABLE DEFAMATION SUIT PAY-
4 MENT.—The term ‘applicable defamation suit
5 payment’ means any payment—

6 “(i) which is made—

7 “(I) in connection with a suit for
8 defamation which requires proof of ac-
9 tual malice to succeed on the merits,
10 and

11 “(II) pursuant to a settlement or
12 court order, and

13 “(ii) which, when aggregated with all
14 other payments described in clause (i) with
15 respect to the same suit, exceeds
16 \$500,000,000.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to payments made after December
19 31, 2022, in taxable years ending after such date.