

**Publications**

# Tax Reform Changes to §162(m) Impact Executive Pay at Public Companies

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On December 22, 2017, President Trump signed into law a comprehensive tax reform bill, H.R. 1, which was originally known as the Tax Cuts and Jobs Act (the 2017 tax act). While the headlines in the popular press focus on the major changes affecting businesses and individuals, the act also impacts many of the Internal Revenue Code provisions regarding executive compensation. In particular, it significantly expanded the applicability of §162(m), which limits a publicly held corporation's ability to deduct certain compensation paid to top executives.

This article discusses these changes to §162(m) and what they mean for public companies.

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