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Year-End Compensation Planning in Light of the House Tax Reform Proposal and Proposed Changes to the Taxation of Stock Options

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Over the past week, Republican lawmakers in the House of Representatives have proposed sweeping tax reform legislation, including a series of amendments to the initially proposed bill. As companies enter their year-end compensation planning to develop compensation programs for 2018, they may wish to keep in mind certain aspects of the proposed legislation that may dramatically change how companies choose to compensate employees, executives and directors. A memorandum outlining these issues is available here.

Additionally, a blog post summarizing changes proposed by Representative Brady's amendment to the bill relating to the taxation of stock options and restricted stock units granted by private companies is available here.

The House tax reform bill is still undergoing changes through the mark-up process in the House, and the Senate is expected to release its own bill later this week, which may include different provisions relating to compensation and employee benefits.

If you are interested in staying abreast of tax developments, the full tax reform and transition blog and a link to subscribe can be found at https://www.taxreformandtransition.com/.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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