

119TH CONGRESS
1ST SESSION

H. R. 4739

To amend the Internal Revenue Code of 1986 to provide a reduced rate of tax for corporations that maintain a plan for distributing equity to employees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2025

Mr. SUOZZI (for himself, Mr. KELLY of Pennsylvania, Mr. THOMPSON of California, Mr. FITZPATRICK, Mr. LARSON of Connecticut, Ms. MALLIOTAKIS, Mr. PANETTA, Ms. TENNEY, Ms. SEWELL, Mr. SMUCKER, and Mr. HORSFORD) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a reduced rate of tax for corporations that maintain a plan for distributing equity to employees, and for other purposes.

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 “Share Holder Alloca-
5 tion for Rewards to Employees Plan Act” or as the
6 “SHARE Plan Act”.

1 **SEC. 2. REDUCED RATE OF TAX FOR CORPORATIONS THAT**
2 **MAINTAIN A PLAN FOR DISTRIBUTING EQ-**
3 **UITY TO EMPLOYEES.**

4 (a) IN GENERAL.—Part II of subchapter A of chap-
5 ter 1 of the Internal Revenue Code of 1986 is amended
6 by redesignating section 12 as section 13 and by inserting
7 after section 11 the following new new section:

8 **“SEC. 12. REDUCED RATE OF TAX FOR CORPORATIONS**
9 **MAINTAINING SHARE PLANS.**

10 “(a) IN GENERAL.—In the case of any corporation
11 which is a SHARE corporation for any taxable year, the
12 rate of tax under section 11(b) shall be 3 percentage
13 points less than the rate of tax otherwise in effect under
14 such section. The preceding sentence shall not apply to
15 any SHARE corporation for any taxable year, if the appli-
16 cation of such sentence to such taxable year would cause
17 the aggregate income tax reductions for such taxable year
18 and all preceding taxable years of such corporation by rea-
19 son of this section to exceed the aggregate market value
20 of stock described in subsection (c)(1)(A) (determined as
21 of the date of issue of such stock) with respect to such
22 corporation.

23 “(b) SHARE CORPORATION.—For purposes of this
24 section—

1 “(1) IN GENERAL.—The term ‘SHARE cor-
2 poration’ means, with respect to any taxable year,
3 any corporation—

4 “(A) which has an average of 500 or more
5 full-time employees resident in the United
6 States during such taxable year,

7 “(B) which (as of the close of such taxable
8 year) is domiciled in the United States,

9 “(C) which demonstrates to the satisfac-
10 tion of the Secretary that such corporation (as
11 of the close of such taxable year) has—

12 “(i) a SHARE ratio of not less than
13 5 percent, or

14 “(ii) made distributions of common
15 stock of such corporation to employees of
16 such corporation pursuant to a SHARE
17 plan during such taxable year which in the
18 aggregate equals or exceeds 1 percent of
19 the aggregate outstanding shares of com-
20 mon stock of such corporation (other than
21 shares held by such corporation), and

22 “(D) in the case of any corporation the
23 common stock of which is not (as of the close
24 of such taxable year) regularly traded on an es-
25 tablished securities market, which demonstrates

1 to the satisfaction of the Secretary that such
2 corporation has—

3 “(i) conducted (as of the close of such
4 taxable year) a valid market valuation of
5 such corporation, and

6 “(ii) provided employees with ade-
7 quate opportunities during such taxable
8 year to liquidate the employee’s holdings of
9 such corporation’s stock at the fair market
10 value of such stock.

11 “(2) SAFE HARBOR FOR ELECTIVE LIMITATION
12 ON AMOUNT OF STOCK GRANTED TO EACH EM-
13 PLOYEE.—

14 “(A) IN GENERAL.—A corporation shall
15 not be treated as failing to meet the require-
16 ment of paragraph (1)(C) solely because the
17 SHARE plan of such corporation provides that
18 the amount of common stock of such corpora-
19 tion distributed under such plan to each em-
20 ployee shall not exceed \$250,000 (determined
21 on the basis of the fair market value of each
22 share on the date of issuance of such share).

23 “(B) ADJUSTMENT.—In the case of any
24 taxable year beginning after December 31,
25 2025, the Secretary shall annually adjust the

1 \$250,000 amount specified in subparagraph (A)
2 to take into account national private sector
3 wage growth (determined with respect to a base
4 year of 2024).

5 “(c) SHARE RATIO.—For purposes of this section—

6 “(1) IN GENERAL.—The term ‘SHARE ratio’
7 means, with respect to any corporation for any tax-
8 able year, the ratio (expressed as a percentage) of—

9 “(A) the aggregate shares of common
10 stock of such corporation which have been
11 granted to participating employees of such cor-
12 poration pursuant to a SHARE plan during
13 such taxable year or any prior taxable year, di-
14 vided by

15 “(B) the aggregate outstanding shares of
16 common stock of such corporation (other than
17 shares held by such corporation).

18 “(2) TREATMENT OF CERTAIN GRANTS BEFORE
19 ESTABLISHMENT OF SHARE PLAN.—If such corpora-
20 tion demonstrates to the satisfaction of the Sec-
21 retary that, during the 10 years preceding the date
22 of the enactment of this section, such corporation
23 made grants of common stock to eligible employees
24 of such corporation which were not in exchange for
25 compensation (other than service as an employee),

1 such stock shall be taken into account under para-
2 graph (1)(A).

3 “(3) TREATMENT OF CONVERTIBLE STOCK.—In
4 the case of any class of stock of any corporation
5 which may be converted to common stock, such
6 stock shall be taken into account as common stock
7 under paragraphs (1)(B) and (2) on a fully diluted
8 basis.

9 “(4) EXCLUSION OF INCENTIVE EQUITY.—

10 “(A) IN GENERAL.—Incentive equity shall
11 not be taken into account under subparagraph
12 (A) or (B) of paragraph (1) (including any
13 stock which would otherwise be so taken into
14 account by reason of paragraph (2) or (3)).

15 “(B) INCENTIVE EQUITY.—For purposes
16 of this paragraph, the term ‘incentive equity’
17 means any performance-based restricted stock
18 granted to an employee of the corporation, any
19 stock acquired pursuant to a performance-based
20 incentive stock option granted to an employee
21 of the corporation, or any similar grant of per-
22 formance-based stock or convertible equity.

23 “(5) TREATMENT OF FORFEITED STOCK.—In
24 the case of any stock which is forfeited (by reason
25 of a failure to vest or otherwise), such stock shall

1 not be taken into account under paragraph (1) after
2 the second calendar year following the calendar year
3 in which such stock is so forfeited.

4 “(d) SHARE PLAN.—For purposes of this section—

5 “(1) IN GENERAL.—The term ‘SHARE plan’
6 means, with respect to any corporation, a plan which
7 provides for making periodic distributions of com-
8 mon stock of such corporation to each participating
9 employee of such corporation (determined as the
10 date of each such periodic distribution).

11 “(2) PARTICIPATING EMPLOYEES.—

12 “(A) IN GENERAL.—The term ‘partici-
13 pating employee’ means, with respect to any
14 corporation, any eligible employee of such cor-
15 poration who is treated as a participating em-
16 ployee under the terms of the plan.

17 “(B) 80-PERCENT REQUIREMENT.—A plan
18 shall not be treated as a SHARE plan unless,
19 with respect to each periodic distribution made
20 under such plan, the lowest compensated 80
21 percent of eligible employees of such corpora-
22 tion are participating employees with respect to
23 such distribution.

24 “(3) ELIGIBLE EMPLOYEE.—The term ‘eligible
25 employee’ means, with respect to any corporation,

1 any full-time employee who is based in the United
2 States and who does not receive \$250,000 or more
3 in annual cash compensation from such corporation
4 (determined without regard to SHARE plan stock).
5 The \$250,000 amount specified in the preceding
6 sentence shall be adjusted as provided in subsection
7 (b)(2)(B).

8 “(4) COMMON STOCK.—

9 “(A) IN GENERAL.—The term ‘common
10 stock’ means, with respect to any corporation,
11 stock which has the same economic and voting
12 rights as the most widely held (determined
13 without regard to any stock issued under the
14 SHARE plan) common stock of such corpora-
15 tion which has both economic and voting rights.

16 “(B) SUBSTITUTION OF INDEX-BASED MU-
17 TUAL FUNDS OR ETFs.—Shares of an index-
18 based mutual fund or exchange traded fund
19 shall be treated for purposes of this section in
20 the same manner as shares of common stock
21 issued by the corporation referred to in sub-
22 paragraph (A) in the same ratio that the fair
23 market value of such shares of the index-based
24 mutual fund or exchange traded fund bears to
25 the fair market value of such shares of common

1 stock, determined as of the date that such
2 shares of the index-based mutual fund or ex-
3 change traded fund are distributed to the em-
4 ployee.

5 “(5) DISTRIBUTION REQUIREMENTS.—

6 “(A) IN GENERAL.—A plan shall not be
7 treated as a SHARE plan unless the distribu-
8 tions made under such plan—

9 “(i) are made without compensation
10 (other than service as an employee),

11 “(ii) except as provided in subpara-
12 graph (B), are made in equal amounts to
13 each participating employee (determined in
14 the aggregate with respect to any calendar
15 year and properly adjusted with respect
16 any employee not employed at all times
17 during such calendar year),

18 “(iii) vest in the employee after such
19 period of employment of the employee by
20 the distributing corporation as may be
21 specified in such plan, except that the pe-
22 riod so specified—

23 “(I) may not exceed 5 years and
24 the employer may elect whether to
25 treat periods of employment occurring

1 before the establishment of the plan
2 as counting toward such period, and

3 “(II) shall be treated as satisfied
4 upon retirement, termination of em-
5 ployment without cause, or change in
6 control of the corporation, and

7 “(iv) may be sold or transferred with-
8 out restriction once vested.

9 “(B) ADJUSTMENTS FOR PERIOD OF SERV-
10 ICE.—The requirement of subparagraph (A)(ii)
11 shall be treated as met if such requirement is
12 met when applied separately to groups of par-
13 ticipating employees divided (under the terms of
14 the corporation’s SHARE plan) on the basis of
15 the period for which such employees have been
16 employed by the distributing corporation.

17 “(e) PUBLICATION BY TREASURY.—The Secretary
18 shall make publicly available with respect to each taxable
19 year a list of corporations which the Secretary has identi-
20 fied as SHARE corporations.

21 “(f) DEDUCTION FOR SHARE PLAN STOCK DIS-
22 TRIBUTIONS.—SHARE corporations shall be allowed a de-
23 duction equal to the fair market value (determined as of
24 distribution) of stock distributed pursuant to a SHARE
25 plan during the taxable year.

1 “(g) CORPORATE RIGHT TO IMPLEMENT SHARE
2 PLAN.—Notwithstanding any other provision of Federal,
3 State, or local law, a corporation shall not be prevented
4 or enjoined from, or subject to any monetary or other pen-
5 alty or damages for, establishing, maintaining, or making
6 distributions of stock pursuant to, a SHARE plan.

7 “(h) AGGREGATION RULES.—In the case of any con-
8 trolled group (within the meaning of section 1563(a)), the
9 Secretary may issue such regulations or other guidance
10 as the Secretary determines to be appropriate for purposes
11 of applying the provisions of this section to such group,
12 including regulations or other guidance that coordinates
13 or consolidates the SHARE plans of the corporations in
14 such group or allows or requires employees of any corpora-
15 tion in such group to receive stock of another corporation
16 in such group pursuant to such SHARE plans.”.

17 (b) CLERICAL AMENDMENT.—The table of sections
18 for part II of subchapter A of chapter 1 of the Internal
19 Revenue Code of 1986 is amended by redesignating the
20 item relating to section 12 as an item relating to section
21 13 and by inserting after the item relating to section 11
22 the following new item:

“Sec. 12. Reduced rate of tax for corporations maintaining SHARE plans.”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning more
25 than 1 year after the date of the enactment of this Act.

1 **SEC. 3. DISTRIBUTIONS OF STOCK ISSUED UNDER SHARE**
2 **PLANS EXCLUDED FROM GROSS INCOME.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1986 is amended
5 by inserting after section 139I the following new section:

6 **“SEC. 139J. SHARE PLAN DISTRIBUTIONS.**

7 “(a) IN GENERAL.—Gross income shall not include
8 any SHARE plan stock received by an employee under a
9 SHARE plan.

10 “(b) DEFINITIONS RELATED TO SHARE PLANS.—
11 For purposes of this section—

12 “(1) SHARE PLAN.—The term ‘SHARE plan’
13 has the meaning given such term in section 12.

14 “(2) SHARE PLAN STOCK.—The term
15 ‘SHARE plan stock’ means, with respect to any em-
16 ployee, stock received by such employee under a
17 SHARE plan.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for part III of subchapter B of chapter 1 of the Internal
20 Revenue Code of 1986 is amended by inserting after the
21 item relating to section 139I the following new item:

“Sec. 139J. SHARE plan distributions.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to stock received after the date
24 of the enactment of this Act.

○