

118TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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

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**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.