

Union Calendar No. 616

118TH CONGRESS
2^D SESSION

H. R. 9495

[Report No. 118-729]

To amend the Internal Revenue Code of 1986 to postpone tax deadlines and reimburse paid late fees for United States nationals who are unlawfully or wrongfully detained or held hostage abroad, to terminate the tax-exempt status of terrorist supporting organizations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 9, 2024

Ms. TENNEY (for herself, Mr. KUSTOFF, Mr. SCHNEIDER, and Ms. TITUS) introduced the following bill; which was referred to the Committee on Ways and Means

NOVEMBER 8, 2024

Additional sponsor: Ms. MALLIOTAKIS

NOVEMBER 8, 2024

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on September 9, 2024]

A BILL

To amend the Internal Revenue Code of 1986 to postpone tax deadlines and reimburse paid late fees for United States nationals who are unlawfully or wrongfully detained or held hostage abroad, to terminate the tax-exempt status of terrorist supporting organizations, 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 “Stop Terror-Financing*
5 *and Tax Penalties on American Hostages Act”.*

6 **SEC. 2. POSTPONEMENT OF TAX DEADLINES FOR HOS-**
7 **TAGES AND INDIVIDUALS WRONGFULLY DE-**
8 **TAINED ABROAD.**

9 *(a) IN GENERAL.—Chapter 77 of the Internal Revenue*
10 *Code of 1986 is amended by inserting after section 7510*
11 *the following new section:*

12 **“SEC. 7511. TIME FOR PERFORMING CERTAIN ACTS POST-**
13 **PONED FOR HOSTAGES AND INDIVIDUALS**
14 **WRONGFULLY DETAINED ABROAD.**

15 *“(a) TIME TO BE DISREGARDED.—*

16 *“(1) IN GENERAL.—The period during which an*
17 *applicable individual was unlawfully or wrongfully*
18 *detained abroad, or held hostage abroad, shall be dis-*
19 *regarded in determining, under the internal revenue*
20 *laws, in respect of any tax liability of such indi-*
21 *vidual—*

22 *“(A) whether any of the acts described in*
23 *section 7508(a)(1) were performed within the*
24 *time prescribed thereof (determined without re-*
25 *gard to extension under any other provision of*

1 *this subtitle for periods after the initial date (as*
2 *determined by the Secretary) on which such in-*
3 *dividual was unlawfully or wrongfully detained*
4 *abroad or held hostage abroad),*

5 *“(B) the amount of any interest, penalty,*
6 *additional amount, or addition to the tax for pe-*
7 *riods after such date, and*

8 *“(C) the amount of any credit or refund.*

9 *“(2) APPLICATION TO SPOUSE.—The provisions*
10 *of paragraph (1) shall apply to the spouse of any in-*
11 *dividual entitled to the benefits of such paragraph.*

12 *“(b) APPLICABLE INDIVIDUAL.—*

13 *“(1) IN GENERAL.—For purposes of this section,*
14 *the term ‘applicable individual’ means any indi-*
15 *vidual who is—*

16 *“(A) a United States national unlawfully*
17 *or wrongfully detained abroad, as determined*
18 *under section 302 of the Robert Levinson Hos-*
19 *tage Recovery and Hostage-Taking Account-*
20 *ability Act (22 U.S.C. 1741), or*

21 *“(B) a United States national taken hostage*
22 *abroad, as determined pursuant to the findings*
23 *of the Hostage Recovery Fusion Cell (as de-*
24 *scribed in section 304 of the Robert Levinson*

1 *Hostage Recovery and Hostage-Taking Account-*
2 *ability Act (22 U.S.C. 1741b)).*

3 “(2) *INFORMATION PROVIDED TO TREASURY.—*
4 *For purposes of identifying individuals described in*
5 *paragraph (1), not later than January 1, 2025, and*
6 *annually thereafter—*

7 “(A) *the Secretary of State shall provide the*
8 *Secretary with a list of the individuals described*
9 *in paragraph (1)(A), as well as any other infor-*
10 *mation necessary to identify such individuals,*
11 *and*

12 “(B) *the Attorney General, acting through*
13 *the Hostage Recovery Fusion Cell, shall provide*
14 *the Secretary with a list of the individuals de-*
15 *scribed in paragraph (1)(B), as well as any*
16 *other information necessary to identify such in-*
17 *dividuals.*

18 “(c) *MODIFICATION OF TREASURY DATABASES AND IN-*
19 *FORMATION SYSTEMS.—The Secretary shall ensure that*
20 *databases and information systems of the Department of the*
21 *Treasury are updated as necessary to ensure that statute*
22 *expiration dates, interest and penalty accrual, and collec-*
23 *tion activities are suspended consistent with the application*
24 *of subsection (a).*

1 “(d) *REFUND AND ABATEMENT OF PENALTIES AND*
2 *FINES IMPOSED PRIOR TO IDENTIFICATION AS APPLICABLE*
3 *INDIVIDUAL.—In the case of any applicable individual—*

4 “(1) *for whom any interest, penalty, additional*
5 *amount, or addition to the tax in respect to any tax*
6 *liability for any taxable year ending during the pe-*
7 *riod described in subsection (a)(1) was assessed or col-*
8 *lected, and*

9 “(2) *who was, subsequent to such assessment or*
10 *collection, determined to be an individual described in*
11 *subparagraph (A) or (B) of subsection (b)(1),*
12 *the Secretary shall abate any such assessment and refund*
13 *any amount collected to such applicable individual in the*
14 *same manner as any refund of an overpayment of tax under*
15 *section 6402.”.*

16 “(b) *CLERICAL AMENDMENT.—The table of sections for*
17 *chapter 77 of the Internal Revenue Code of 1986 is amended*
18 *by inserting after the item relating to section 7510 the fol-*
19 *lowing new item:*

“Sec. 7511. Time for performing certain acts postponed for hostages and individ-
uals wrongfully detained abroad.”.

20 “(c) *EFFECTIVE DATE.—The amendments made by this*
21 *section shall apply to taxable years ending after the date*
22 *of enactment of this Act.*

1 **SEC. 3. REFUND AND ABATEMENT OF PENALTIES AND**
2 **FINES PAID BY ELIGIBLE INDIVIDUALS.**

3 (a) *IN GENERAL.*—Section 7511 of the Internal Rev-
4 enue Code of 1986, as added by section 2, is amended by
5 adding at the end the following new subsection:

6 “(e) *REFUND AND ABATEMENT OF PENALTIES AND*
7 *FINES PAID BY ELIGIBLE INDIVIDUALS WITH RESPECT TO*
8 *PERIODS PRIOR TO DATE OF ENACTMENT OF THIS SEC-*
9 *TION.*—

10 “(1) *IN GENERAL.*—

11 “(A) *ESTABLISHMENT.*—Not later than
12 January 1, 2025, the Secretary (in consultation
13 with the Secretary of State and the Attorney
14 General) shall establish a program to allow any
15 eligible individual (or the spouse or any depend-
16 ent (as defined in section 152) of such indi-
17 vidual) to apply for a refund or an abatement
18 of any amount described in paragraph (2) (in-
19 cluding interest) to the extent such amount was
20 attributable to the applicable period.

21 “(B) *IDENTIFICATION OF INDIVIDUALS.*—
22 Not later than January 1, 2025, the Secretary of
23 State and the Attorney General, acting through
24 the Hostage Recovery Fusion Cell (as described
25 in section 304 of the Robert Levinson Hostage

1 *Recovery and Hostage-Taking Accountability Act*
2 *(22 U.S.C. 1741b)), shall—*

3 “(i) *compile a list, based on such infor-*
4 *mation as is available, of individuals who*
5 *were applicable individuals during the ap-*
6 *plicable period, and*

7 “(ii) *provide the list described in*
8 *clause (i) to the Secretary.*

9 “(C) *NOTICE.—For purposes of carrying*
10 *out the program described in subparagraph (A),*
11 *the Secretary (in consultation with the Secretary*
12 *of State and the Attorney General) shall, with*
13 *respect to any individual identified under sub-*
14 *paragraph (B), provide notice to such indi-*
15 *vidual—*

16 “(i) *in the case of an individual who*
17 *has been released on or before the date of en-*
18 *actment of this subsection, not later than 90*
19 *days after the date of enactment of this sub-*
20 *section, or*

21 “(ii) *in the case of an individual who*
22 *is released after the date of enactment of*
23 *this subsection, not later than 90 days after*
24 *the date on which such individual is re-*
25 *leased,*

1 *that such individual may be eligible for a refund*
2 *or an abatement of any amount described in*
3 *paragraph (2) pursuant to the program de-*
4 *scribed in subparagraph (A).*

5 “(D) *AUTHORIZATION.—*

6 “(i) *IN GENERAL.—Subject to clause*
7 *(ii), in the case of any refund described in*
8 *subparagraph (A), the Secretary shall issue*
9 *such refund to the eligible individual in the*
10 *same manner as any refund of an overpay-*
11 *ment of tax.*

12 “(ii) *EXTENSION OF LIMITATION ON*
13 *TIME FOR REFUND.—With respect to any*
14 *refund under subparagraph (A)—*

15 “(I) *the 3-year period of limita-*
16 *tion prescribed by section 6511(a) shall*
17 *be extended until the end of the 1-year*
18 *period beginning on the date that the*
19 *notice described in subparagraph (C)*
20 *is provided to the eligible individual,*
21 *and*

22 “(II) *any limitation under section*
23 *6511(b)(2) shall not apply.*

24 “(2) *ELIGIBLE INDIVIDUAL.—For purposes of*
25 *this subsection, the term ‘eligible individual’ means*

1 *any applicable individual who, for any taxable year*
2 *ending during the applicable period, paid or incurred*
3 *any interest, penalty, additional amount, or addition*
4 *to the tax in respect to any tax liability for such year*
5 *of such individual based on a determination that an*
6 *act described in section 7508(a)(1) which was not*
7 *performed by the time prescribed therefor (without re-*
8 *gard to any extensions).*

9 “(3) *APPLICABLE PERIOD.*—*For purposes of this*
10 *subsection, the term ‘applicable period’ means the pe-*
11 *riod—*

12 “(A) *beginning on January 1, 2021, and*

13 “(B) *ending on the date of enactment of this*
14 *subsection.*”.

15 (b) *EFFECTIVE DATE.*—*The amendment made by this*
16 *section shall apply to taxable years ending on or before the*
17 *date of enactment of this Act.*

18 **SEC. 4. TERMINATION OF TAX-EXEMPT STATUS OF TER-**
19 **RORIST SUPPORTING ORGANIZATIONS.**

20 (a) *IN GENERAL.*—*Section 501(p) of the Internal Rev-*
21 *enue Code of 1986 is amended by adding at the end the*
22 *following new paragraph:*

23 “(8) *APPLICATION TO TERRORIST SUPPORTING*
24 *ORGANIZATIONS.*—

1 “(A) *IN GENERAL.*—For purposes of this
2 subsection, in the case of any terrorist sup-
3 porting organization—

4 “(i) such organization (and the des-
5 ignation of such organization under sub-
6 paragraph (B)) shall be treated as described
7 in paragraph (2), and

8 “(ii) the period of suspension described
9 in paragraph (3) with respect to such orga-
10 nization shall be treated as beginning on the
11 date that the Secretary designates such or-
12 ganization under subparagraph (B) and
13 ending on the date that the Secretary re-
14 scinds such designation under subparagraph
15 (D).

16 “(B) *TERRORIST SUPPORTING ORGANIZA-*
17 *TION.*—For purposes of this paragraph, the term
18 ‘terrorist supporting organization’ means any
19 organization which is designated by the Sec-
20 retary as having provided, during the 3-year pe-
21 riod ending on the date of such designation, ma-
22 terial support or resources (within the meaning
23 of section 2339B of title 18, United States Code)
24 to an organization described in paragraph (2)
25 (determined after the application of this para-

1 *graph to such organization) in excess of a de*
2 *minimis amount.*

3 “(C) *DESIGNATION PROCEDURE.*—

4 “(i) *NOTICE REQUIREMENT.*—*Prior to*
5 *designating any organization as a terrorist*
6 *supporting organization under subpara-*
7 *graph (B), the Secretary shall mail to the*
8 *most recent mailing address provided by*
9 *such organization on the organization’s an-*
10 *ual return or notice under section 6033 (or*
11 *subsequent form indicating a change of ad-*
12 *dress) a written notice which includes—*

13 “(I) *a statement that the Sec-*
14 *retary will designate such organization*
15 *as a terrorist supporting organization*
16 *unless the organization satisfies the re-*
17 *quirements of subclause (I) or (II) of*
18 *clause (ii),*

19 “(II) *the name of the organization*
20 *or organizations with respect to which*
21 *the Secretary has determined such or-*
22 *ganization provided material support*
23 *or sources as described in subpara-*
24 *graph (B), and*

1 “(III) a description of such mate-
2 rial support or resources to the extent
3 consistent with national security and
4 law enforcement interests.

5 “(ii) *OPPORTUNITY TO CURE.*—In the
6 case of any notice provided to an organiza-
7 tion under clause (i), the Secretary shall, at
8 the close of the 90-day period beginning on
9 the date that such notice was sent, designate
10 such organization as a terrorist supporting
11 organization under subparagraph (B) if
12 (and only if) such organization has not
13 (during such period)—

14 “(I) demonstrated to the satisfac-
15 tion of the Secretary that such organi-
16 zation did not provide the material
17 support or resources referred to in sub-
18 paragraph (B), or

19 “(II) made reasonable efforts to
20 have such support or resources re-
21 turned to such organization and cer-
22 tified in writing to the Secretary that
23 such organization will not provide any
24 further support or resources to organi-
25 zations described in paragraph (2).

1 *A certification under subclause (II) shall*
2 *not be treated as valid if the organization*
3 *making such certification has provided any*
4 *other such certification during the preceding*
5 *5 years.*

6 “(D) *RESCISSION.*—*The Secretary shall re-*
7 *scind a designation under subparagraph (B) if*
8 *(and only if)—*

9 “(i) *the Secretary determines that such*
10 *designation was erroneous,*

11 “(ii) *after the Secretary receives a*
12 *written certification from an organization*
13 *that such organization did not receive the*
14 *notice described in subparagraph (C)(i)—*

15 “(I) *the Secretary determines that*
16 *it is reasonable to believe that such or-*
17 *ganization did not receive such notice,*
18 *and*

19 “(II) *such organization satisfies*
20 *the requirements of subclause (I) or*
21 *(II) of subparagraph (C)(ii) (deter-*
22 *mined after taking into account the*
23 *last sentence thereof), or*

24 “(iii) *the Secretary determines, with*
25 *respect to all organizations to which the*

1 *material support or resources referred to in*
2 *subparagraph (B) were provided, the peri-*
3 *ods of suspension under paragraph (3) have*
4 *ended.*

5 *A certification described in the matter preceding*
6 *subclause (I) of clause (II) shall not be treated*
7 *as valid if the organization making such certifi-*
8 *cation has provided any other such certification*
9 *during the preceding 5 years.*

10 “(E) *ADMINISTRATIVE REVIEW BY INTER-*
11 *NAL REVENUE SERVICE INDEPENDENT OFFICE OF*
12 *APPEALS.—In the case of the designation of an*
13 *organization by the Secretary as a terrorist sup-*
14 *porting organization under subparagraph (B), a*
15 *dispute regarding such designation shall be sub-*
16 *ject to resolution by the Internal Revenue Service*
17 *Independent Office of Appeals under section*
18 *7803(e) in the same manner as if such designa-*
19 *tion were made by the Internal Revenue Service*
20 *and paragraph (5) of this subsection did not*
21 *apply.*

22 “(F) *JURISDICTION OF UNITED STATES*
23 *COURTS.—Notwithstanding paragraph (5), the*
24 *United States district courts shall have exclusive*
25 *jurisdiction to review a final determination with*

1 *respect to an organization’s designation as a ter-*
2 *rorist supporting organization under subpara-*
3 *graph (B). In the case of any such determination*
4 *which was based on classified information (as*
5 *defined in section 1(a) of the Classified Informa-*
6 *tion Procedures Act), such information may be*
7 *submitted to the reviewing court ex parte and in*
8 *camera. For purposes of this subparagraph, a*
9 *determination with respect to an organization’s*
10 *designation as a terrorist supporting organiza-*
11 *tion shall not fail to be treated as a final deter-*
12 *mination merely because such organization fails*
13 *to utilize the dispute resolution process of the In-*
14 *ternal Revenue Service Independent Office of Ap-*
15 *peals provided under subparagraph (E).”.*

16 ***(b) EFFECTIVE DATE.***—*The amendment made by this*
17 *section shall apply to designations made after the date of*
18 *the enactment of this Act in taxable years ending after such*
19 *date.*

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