

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 9495
OFFERED BY MR. SMITH OF MISSOURI**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Stop Terror-Financing
3 and Tax Penalties on American Hostages Act”.

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

7 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
8 enue Code of 1986 is amended by inserting after section
9 7510 the following new section:

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

13 “(a) TIME TO BE DISREGARDED.—

14 “(1) IN GENERAL.—The period during which
15 an applicable individual was unlawfully or wrongfully
16 detained abroad, or held hostage abroad, shall be
17 disregarded in determining, under the internal rev-

1 enue laws, in respect of any tax liability of such indi-
2 vidual—

3 “(A) whether any of the acts described in
4 section 7508(a)(1) were performed within the
5 time prescribed thereof (determined without re-
6 gard to extension under any other provision of
7 this subtitle for periods after the initial date (as
8 determined by the Secretary) on which such in-
9 dividual was unlawfully or wrongfully detained
10 abroad or held hostage abroad),

11 “(B) the amount of any interest, penalty,
12 additional amount, or addition to the tax for
13 periods after such date, and

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

15 “(2) APPLICATION TO SPOUSE.—The provisions
16 of paragraph (1) shall apply to the spouse of any in-
17 dividual entitled to the benefits of such paragraph.

18 “(b) APPLICABLE INDIVIDUAL.—

19 “(1) IN GENERAL.—For purposes of this sec-
20 tion, the term ‘applicable individual’ means any indi-
21 vidual who is—

22 “(A) a United States national unlawfully
23 or wrongfully detained abroad, as determined
24 under section 302 of the Robert Levinson Hos-

1 tage Recovery and Hostage-Taking Account-
2 ability Act (22 U.S.C. 1741), or

3 “(B) a United States national taken hos-
4 tage abroad, as determined pursuant to the
5 findings of the Hostage Recovery Fusion Cell
6 (as described in section 304 of the Robert
7 Levinson Hostage Recovery and Hostage-Tak-
8 ing Accountability Act (22 U.S.C. 1741b)).

9 “(2) INFORMATION PROVIDED TO TREASURY.—
10 For purposes of identifying individuals described in
11 paragraph (1), not later than January 1, 2025, and
12 annually thereafter—

13 “(A) the Secretary of State shall provide
14 the Secretary with a list of the individuals de-
15 scribed in paragraph (1)(A), as well as any
16 other information necessary to identify such in-
17 dividuals, and

18 “(B) the Attorney General, acting through
19 the Hostage Recovery Fusion Cell, shall provide
20 the Secretary with a list of the individuals de-
21 scribed in paragraph (1)(B), as well as any
22 other information necessary to identify such in-
23 dividuals.

24 “(c) MODIFICATION OF TREASURY DATABASES AND
25 INFORMATION SYSTEMS.—The Secretary shall ensure that

1 databases and information systems of the Department of
2 the Treasury are updated as necessary to ensure that stat-
3 ute expiration dates, interest and penalty accrual, and col-
4 lection activities are suspended consistent with the appli-
5 cation of subsection (a).

6 “(d) REFUND AND ABATEMENT OF PENALTIES AND
7 FINES IMPOSED PRIOR TO IDENTIFICATION AS APPLICA-
8 BLE INDIVIDUAL.—In the case of any applicable indi-
9 vidual—

10 “(1) for whom any interest, penalty, additional
11 amount, or addition to the tax in respect to any tax
12 liability for any taxable year ending during the pe-
13 riod described in subsection (a)(1) was assessed or
14 collected, and

15 “(2) who was, subsequent to such assessment
16 or collection, determined to be an individual de-
17 scribed in subparagraph (A) or (B) of subsection
18 (b)(1),

19 the Secretary shall abate any such assessment and refund
20 any amount collected to such applicable individual in the
21 same manner as any refund of an overpayment of tax
22 under section 6402.”.

23 (b) CLERICAL AMENDMENT.—The table of sections
24 for chapter 77 of the Internal Revenue Code of 1986 is

1 amended by inserting after the item relating to section
2 7510 the following new item:

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

3 (c) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years ending after the
5 date of enactment of this Act.

6 **SEC. 3. REFUND AND ABATEMENT OF PENALTIES AND**
7 **FINES PAID BY ELIGIBLE INDIVIDUALS.**

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

11 “(e) **REFUND AND ABATEMENT OF PENALTIES AND**
12 **FINES PAID BY ELIGIBLE INDIVIDUALS WITH RESPECT**
13 **TO PERIODS PRIOR TO DATE OF ENACTMENT OF THIS**
14 **SECTION.**—

15 “(1) **IN GENERAL.**—

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

1 including interest) to the extent such amount was
2 attributable to the applicable period.

3 “(B) IDENTIFICATION OF INDIVIDUALS.—
4 Not later than January 1, 2025, the Secretary
5 of State and the Attorney General, acting
6 through the Hostage Recovery Fusion Cell (as
7 described in section 304 of the Robert Levinson
8 Hostage Recovery and Hostage-Taking Ac-
9 countability Act (22 U.S.C. 1741b)), shall—

10 “(i) compile a list, based on such in-
11 formation as is available, of individuals
12 who were applicable individuals during the
13 applicable period, and

14 “(ii) provide the list described in
15 clause (i) to the Secretary.

16 “(C) NOTICE.—For purposes of carrying
17 out the program described in subparagraph (A),
18 the Secretary (in consultation with the Sec-
19 retary of State and the Attorney General) shall,
20 with respect to any individual identified under
21 subparagraph (B), provide notice to such indi-
22 vidual—

23 “(i) in the case of an individual who
24 has been released on or before the date of
25 enactment of this subsection, not later

1 than 90 days after the date of enactment
2 of this subsection, or

3 “(ii) in the case of an individual who
4 is released after the date of enactment of
5 this subsection, not later than 90 days
6 after the date on which such individual is
7 released,

8 that such individual may be eligible for a refund
9 or an abatement of any amount described in
10 paragraph (2) pursuant to the program de-
11 scribed in subparagraph (A).

12 “(D) AUTHORIZATION.—

13 “(i) IN GENERAL.—Subject to clause
14 (ii), in the case of any refund described in
15 subparagraph (A), the Secretary shall
16 issue such refund to the eligible individual
17 in the same manner as any refund of an
18 overpayment of tax.

19 “(ii) EXTENSION OF LIMITATION ON
20 TIME FOR REFUND.—With respect to any
21 refund under subparagraph (A)—

22 “(I) the 3-year period of limita-
23 tion prescribed by section 6511(a)
24 shall be extended until the end of the
25 1-year period beginning on the date

1 that the notice described in subpara-
2 graph (C) is provided to the eligible
3 individual, and

4 “(II) any limitation under section
5 6511(b)(2) shall not apply.

6 “(2) ELIGIBLE INDIVIDUAL.—For purposes of
7 this subsection, the term ‘eligible individual’ means
8 any applicable individual who, for any taxable year
9 ending during the applicable period, paid or incurred
10 any interest, penalty, additional amount, or addition
11 to the tax in respect to any tax liability for such
12 year of such individual based on a determination
13 that an act described in section 7508(a)(1) which
14 was not performed by the time prescribed therefor
15 (without regard to any extensions).

16 “(3) APPLICABLE PERIOD.—For purposes of
17 this subsection, the term ‘applicable period’ means
18 the period—

19 “(A) beginning on January 1, 2021, and

20 “(B) ending on the date of enactment of
21 this subsection.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to taxable years ending on or be-
24 fore the date of enactment of this Act.

1 **SEC. 4. TERMINATION OF TAX-EXEMPT STATUS OF TER-**
2 **RORIST SUPPORTING ORGANIZATIONS.**

3 (a) IN GENERAL.—Section 501(p) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following new paragraph:

6 “(8) APPLICATION TO TERRORIST SUPPORTING
7 ORGANIZATIONS.—

8 “(A) IN GENERAL.—For purposes of this
9 subsection, in the case of any terrorist sup-
10 porting organization—

11 “(i) such organization (and the des-
12 ignation of such organization under sub-
13 paragraph (B)) shall be treated as de-
14 scribed in paragraph (2), and

15 “(ii) the period of suspension de-
16 scribed in paragraph (3) with respect to
17 such organization shall be treated as begin-
18 ning on the date that the Secretary des-
19 ignates such organization under subpara-
20 graph (B) and ending on the date that the
21 Secretary rescinds such designation under
22 subparagraph (D).

23 “(B) TERRORIST SUPPORTING ORGANIZA-
24 TION.—For purposes of this paragraph, the
25 term ‘terrorist supporting organization’ means
26 any organization which is designated by the

1 Secretary as having provided, during the 3-year
2 period ending on the date of such designation,
3 material support or resources (within the mean-
4 ing of section 2339B of title 18, United States
5 Code) to an organization described in para-
6 graph (2) (determined after the application of
7 this paragraph to such organization) in excess
8 of a de minimis amount.

9 “(C) DESIGNATION PROCEDURE.—

10 “(i) NOTICE REQUIREMENT.—Prior to
11 designating any organization as a terrorist
12 supporting organization under subpara-
13 graph (B), the Secretary shall mail to the
14 most recent mailing address provided by
15 such organization on the organization’s an-
16 nual return or notice under section 6033
17 (or subsequent form indicating a change of
18 address) a written notice which includes—

19 “(I) a statement that the Sec-
20 retary will designate such organization
21 as a terrorist supporting organization
22 unless the organization satisfies the
23 requirements of subclause (I) or (II)
24 of clause (ii),

1 “(II) the name of the organiza-
2 tion or organizations with respect to
3 which the Secretary has determined
4 such organization provided material
5 support or sources as described in
6 subparagraph (B), and

7 “(III) a description of such mate-
8 rial support or resources to the extent
9 consistent with national security and
10 law enforcement interests.

11 “(ii) OPPORTUNITY TO CURE.—In the
12 case of any notice provided to an organiza-
13 tion under clause (i), the Secretary shall,
14 at the close of the 90-day period beginning
15 on the date that such notice was sent, des-
16 ignate such organization as a terrorist sup-
17 porting organization under subparagraph
18 (B) if (and only if) such organization has
19 not (during such period)—

20 “(I) demonstrated to the satisfac-
21 tion of the Secretary that such organi-
22 zation did not provide the material
23 support or resources referred to in
24 subparagraph (B), or

1 “(II) made reasonable efforts to
2 have such support or resources re-
3 turned to such organization and cer-
4 tified in writing to the Secretary that
5 such organization will not provide any
6 further support or resources to orga-
7 nizations described in paragraph (2).

8 A certification under subclause (II) shall
9 not be treated as valid if the organization
10 making such certification has provided any
11 other such certification during the pre-
12 ceding 5 years.

13 “(D) RESCISSION.—The Secretary shall re-
14 scind a designation under subparagraph (B) if
15 (and only if)—

16 “(i) the Secretary determines that
17 such designation was erroneous,

18 “(ii) after the Secretary receives a
19 written certification from an organization
20 that such organization did not receive the
21 notice described in subparagraph (C)(i)—

22 “(I) the Secretary determines
23 that it is reasonable to believe that
24 such organization did not receive such
25 notice, and

1 “(II) such organization satisfies
2 the requirements of subclause (I) or
3 (II) of subparagraph (C)(ii) (deter-
4 mined after taking into account the
5 last sentence thereof), or

6 “(iii) the Secretary determines, with
7 respect to all organizations to which the
8 material support or resources referred to
9 in subparagraph (B) were provided, the pe-
10 riods of suspension under paragraph (3)
11 have ended.

12 A certification described in the matter pre-
13 ceding subclause (I) of clause (II) shall not be
14 treated as valid if the organization making such
15 certification has provided any other such certifi-
16 cation during the preceding 5 years.

17 “(E) ADMINISTRATIVE REVIEW BY INTER-
18 NAL REVENUE SERVICE INDEPENDENT OFFICE
19 OF APPEALS.—In the case of the designation of
20 an organization by the Secretary as a terrorist
21 supporting organization under subparagraph
22 (B), a dispute regarding such designation shall
23 be subject to resolution by the Internal Revenue
24 Service Independent Office of Appeals under
25 section 7803(e) in the same manner as if such

1 designation were made by the Internal Revenue
2 Service and paragraph (5) of this subsection
3 did not apply.

4 “(F) JURISDICTION OF UNITED STATES
5 COURTS.—Notwithstanding paragraph (5), the
6 United States district courts shall have exclu-
7 sive jurisdiction to review a final determination
8 with respect to an organization’s designation as
9 a terrorist supporting organization under sub-
10 paragraph (B). In the case of any such deter-
11 mination which was based on classified informa-
12 tion (as defined in section 1(a) of the Classified
13 Information Procedures Act), such information
14 may be submitted to the reviewing court ex
15 parte and in camera. For purposes of this sub-
16 paragraph, a determination with respect to an
17 organization’s designation as a terrorist sup-
18 porting organization shall not fail to be treated
19 as a final determination merely because such
20 organization fails to utilize the dispute resolu-
21 tion process of the Internal Revenue Service
22 Independent Office of Appeals provided under
23 subparagraph (E).”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 this section shall apply to designations made after the date

1 of the enactment of this Act in taxable years ending after
2 such date.

