

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 9496
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 “End Tax Penalties
3 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, 2027, 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) SPECIAL RULE FOR OVERPAYMENTS.—

1 “(1) IN GENERAL.—Subsection (a) shall not
2 apply for purposes of determining the amount of in-
3 terest on any overpayment of tax.

4 “(2) SPECIAL RULES.—If an individual is enti-
5 tled to the benefits of subsection (a) with respect to
6 any return and such return is timely filed (deter-
7 mined after the application of such subsection), sub-
8 sections (b)(3) and (e) of section 6611 shall not
9 apply.

10 “(d) MODIFICATION OF TREASURY DATABASES AND
11 INFORMATION SYSTEMS.—The Secretary shall ensure that
12 databases and information systems of the Department of
13 the Treasury are updated as necessary to ensure that stat-
14 ute expiration dates, interest and penalty accrual, and col-
15 lection activities are suspended consistent with the appli-
16 cation of subsection (a).

17 “(e) REFUND AND ABATEMENT OF PENALTIES AND
18 FINES IMPOSED PRIOR TO IDENTIFICATION AS APPLICA-
19 BLE INDIVIDUAL.—In the case of any applicable indi-
20 vidual—

21 “(1) for whom any interest, penalty, additional
22 amount, or addition to the tax in respect to any tax
23 liability for any taxable year ending during the pe-
24 riod described in subsection (a)(1) was assessed or
25 collected, and

1 “(A) ESTABLISHMENT.—Not later than
2 January 1, 2027, the Secretary (in consultation
3 with the Secretary of State and the Attorney
4 General) shall establish a program to allow any
5 eligible individual (or the spouse or any depend-
6 ent (as defined in section 152) of such indi-
7 vidual) to apply for a refund or an abatement
8 of any amount described in paragraph (2) (in-
9 cluding interest) to the extent such amount was
10 attributable to the applicable period.

11 “(B) IDENTIFICATION OF INDIVIDUALS.—
12 Not later than January 1, 2027, the Secretary
13 of State and the Attorney General, acting
14 through the Hostage Recovery Fusion Cell (as
15 described in section 304 of the Robert Levinson
16 Hostage Recovery and Hostage-Taking Ac-
17 countability Act (22 U.S.C. 1741b)), shall—

18 “(i) compile a list, based on such in-
19 formation as is available, of individuals
20 who were eligible individuals during the ap-
21 plicable period, and

22 “(ii) provide the list described in
23 clause (i) to the Secretary.

24 “(C) NOTICE.—For purposes of carrying
25 out the program described in subparagraph (A),

1 the Secretary (in consultation with the Sec-
2 retary of State and the Attorney General) shall,
3 with respect to any individual identified under
4 subparagraph (B), provide notice to such indi-
5 vidual—

6 “(i) in the case of an individual who
7 has been released on or before the date of
8 the enactment of this subsection, not later
9 than 90 days after the date of the enact-
10 ment of this subsection, or

11 “(ii) in the case of an individual who
12 is released after the date of the enactment
13 of this subsection, not later than 90 days
14 after the date on which such individual is
15 released,

16 that such individual may be eligible for a refund
17 or an abatement of any amount described in
18 paragraph (2) pursuant to the program de-
19 scribed in subparagraph (A).

20 “(D) AUTHORIZATION.—

21 “(i) IN GENERAL.—Subject to clause
22 (ii), in the case of any refund described in
23 subparagraph (A), the Secretary shall
24 issue such refund to the eligible individual

1 in the same manner as any refund of an
2 overpayment of tax.

3 “(ii) EXTENSION OF LIMITATION ON
4 TIME FOR REFUND.—With respect to any
5 refund under subparagraph (A)—

6 “(I) the 3-year period of limita-
7 tion prescribed by section 6511(a)
8 shall be extended until the end of the
9 1-year period beginning on the date
10 that the notice described in subpara-
11 graph (C) is provided to the eligible
12 individual, and

13 “(II) any limitation under section
14 6511(b)(2) shall not apply.

15 “(2) ELIGIBLE INDIVIDUAL.—For purposes of
16 this subsection, the term ‘eligible individual’ means
17 any applicable individual who, for any taxable year
18 ending during the applicable period, paid or incurred
19 any interest, penalty, additional amount, or addition
20 to the tax in respect to any tax liability for such
21 year of such individual based on a determination
22 that an act described in section 7508(a)(1) was not
23 performed by the time prescribed therefor (without
24 regard to any extensions).

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

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

5 “(B) ending on the date of the enactment
6 of this subsection.”.

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

