

118TH CONGRESS  
2D SESSION

# H. R. 9495

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IN THE SENATE OF THE UNITED STATES

DECEMBER 2, 2024

Received

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## AN ACT

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 Rev-  
10 enue Code of 1986 is amended by inserting after section  
11 7510 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  
17 an applicable individual was unlawfully or wrongfully  
18 detained abroad, or held hostage abroad, shall be  
19 disregarded in determining, under the internal rev-  
20 enue 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  
7           periods 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 sec-  
14                 tion, 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 hos-  
22                         tage abroad, as determined pursuant to the  
23                         findings of the Hostage Recovery Fusion Cell  
24                         (as described in section 304 of the Robert

1           Levinson Hostage Recovery and Hostage-Tak-  
2           ing Accountability 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  
8                   the Secretary with a list of the individuals de-  
9                   scribed in paragraph (1)(A), as well as any  
10                  other information necessary to identify such in-  
11                  dividuals, 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  
19           INFORMATION SYSTEMS.—The Secretary shall ensure that  
20           databases and information systems of the Department of  
21           the Treasury are updated as necessary to ensure that stat-  
22           ute expiration dates, interest and penalty accrual, and col-  
23           lection activities are suspended consistent with the appli-  
24           cation of subsection (a).

1       “(d) REFUND AND ABATEMENT OF PENALTIES AND  
2 FINES IMPOSED PRIOR TO IDENTIFICATION AS APPLICA-  
3 BLE INDIVIDUAL.—In the case of any applicable indi-  
4 vidual—

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

10          “(2) who was, subsequent to such assessment  
11 or collection, determined to be an individual de-  
12 scribed in subparagraph (A) or (B) of subsection  
13 (b)(1),

14 the Secretary shall abate any such assessment and refund  
15 any amount collected to such applicable individual in the  
16 same manner as any refund of an overpayment of tax  
17 under section 6402.”.

18       (b) CLERICAL AMENDMENT.—The table of sections  
19 for chapter 77 of the Internal Revenue Code of 1986 is  
20 amended by inserting after the item relating to section  
21 7510 the following new item:

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

22       (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years ending after the  
24 date 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  
5 by adding at the end the following new subsection:

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

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  
23 of State and the Attorney General, acting  
24 through the Hostage Recovery Fusion Cell (as  
25 described in section 304 of the Robert Levinson

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

3 “(i) compile a list, based on such in-  
4 formation as is available, of individuals  
5 who were applicable individuals during the  
6 applicable 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 Sec-  
12 retary of State and the Attorney General) shall,  
13 with respect to any individual identified under  
14 subparagraph (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  
18 enactment of this subsection, not later  
19 than 90 days after the date of enactment  
20 of this subsection, 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  
24 after the date on which such individual is  
25 released,

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  
9 issue such refund to the eligible individual  
10 in the same manner as any refund of an  
11 overpayment 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)  
17 shall be extended until the end of the  
18 1-year period beginning on the date  
19 that the notice described in subpara-  
20 graph (C) is provided to the eligible  
21 individual, 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  
5 year of such individual based on a determination  
6 that an act described in section 7508(a)(1) which  
7 was not performed by the time prescribed therefor  
8 (without regard to any extensions).

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

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

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

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to taxable years ending on or be-  
17 fore the 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  
21 Revenue Code of 1986 is amended by adding at the end  
22 the 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 de-  
7 scribed in paragraph (2), and

8           “(ii) the period of suspension de-  
9 scribed in paragraph (3) with respect to  
10 such organization shall be treated as begin-  
11 ning on the date that the Secretary des-  
12 ignates such organization under subpara-  
13 graph (B) and ending on the date that the  
14 Secretary rescinds such designation under  
15 subparagraph (D).

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

1           this paragraph to such organization) in excess  
2           of a de 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          nual return or notice under section 6033  
11          (or subsequent form indicating a change of  
12          address) 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  
17           requirements of subclause (I) or (II)  
18           of clause (ii),

19                           “(II) the name of the organiza-  
20           tion or organizations with respect to  
21           which the Secretary has determined  
22           such organization provided material  
23           support or sources as described in  
24           subparagraph (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,  
8                   at the close of the 90-day period beginning  
9                   on the date that such notice was sent, des-  
10                  ignate such organization as a terrorist sup-  
11                  porting organization under subparagraph  
12                  (B) if (and only if) such organization has  
13                  not (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  
18                   subparagraph (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 orga-  
25                   nizations 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 pre-  
5           ceding 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  
10                  such 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  
16                          that it is reasonable to believe that  
17                          such organization did not receive such  
18                          notice, 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  
2 in subparagraph (B) were provided, the pe-  
3 riods of suspension under paragraph (3)  
4 have ended.

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

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

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

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

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

Passed the House of Representatives November 21,  
2024.

Attest: KEVIN F. MCCUMBER,  
*Clerk.*