II

117TH CONGRESS
2D SESSION

S. 5320

To suspend the collection of income taxes and related interest and penalties from United States nationals who are unlawfully or wrongfully detained abroad and to reimburse such nationals for any penalties paid during such a detention.

IN THE SENATE OF THE UNITED STATES

DECEMBER 20, 2022

Mr. COONS (for himself and Mr. ROUNDS) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To suspend the collection of income taxes and related interest and penalties from United States nationals who are unlawfully or wrongfully detained abroad and to reimburse such nationals for any penalties paid during such a detention.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SUSPENSION OF FINES AND INTEREST ON TAX DELINQUENCIES OF CERTAIN IMPRISONED EXPATRIATES.

Section 302 of the Robert Levinson Hostage Recovery and Hostage-Taking Accountability Act (22 U.S.C. 1741) is amended by adding at the end the following:

"(e) DEFERRAL OF INCOME TAX.—

"(1) IN GENERAL.—For any United States national listed as being detained unlawfully or wrongfully abroad on the annual report required under subsection (c), the collection of Federal income tax on the income of such United States national falling due during such detention shall be deferred until the date that is 180 days after such United States national is released from detention, returns to the United States, or departs the detaining country.

"(2) REIMBURSEMENT OF PENALTIES PAID AS A RESULT OF WRONGFUL DETENTION ABROAD.—If the Commissioner of Internal Revenue, in consultation with the Secretary of State, determines that a United States national described in paragraph (1) paid penalties for the late payment of Federal income taxes that were due to be paid during the United States national's unlawful or wrongful detention, the Commissioner shall refund the amount so paid to the United States national.

"(3) ACCRUAL OF INTEREST OR PENALTY.—No interest or penalty shall accrue for the period of deferment by reason of nonpayment on any amount of tax deferred pursuant to paragraph (1).

"(4) STATUTE OF LIMITATIONS.—The running of a statute of limitations against the collection of any tax deferred pursuant to paragraph (1), by seizure or otherwise, shall be suspended until the date that is 270 days after the United States national is released from detention, returns to the United States, or departs the detaining country.

"(5) LIMITATION.—This section shall not apply to any tax imposed on employees under section 3101 of the Internal Revenue Code of 1986.".

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