

108TH CONGRESS
1ST SESSION

H. R. 3002

To amend the Internal Revenue Code of 1986 to suspend the tax exempt status of designated foreign terrorist groups, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 4, 2003

Mr. BEAUPREZ introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to suspend the tax exempt status of designated foreign terrorist groups, 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 “Terrorist Tax Exemp-
5 tion Suspension Act of 2003”.

6 **SEC. 2. SUSPENSION OF TAX-EXEMPT STATUS OF TER-**
7 **RORIST ORGANIZATIONS.**

8 (a) IN GENERAL.—Section 501 of the Internal Rev-
9 enue Code of 1986 (relating to exemption from tax on cor-
10 porations, certain trusts, etc.) is amended by redesign-

1 nating subsection (p) as subsection (q) and by inserting
2 after subsection (o) the following new subsection:

3 “(p) SUSPENSION OF TAX-EXEMPT STATUS OF TER-
4 RORIST ORGANIZATIONS.—

5 “(1) IN GENERAL.—The exemption from tax
6 under subsection (a) with respect to any organiza-
7 tion described in paragraph (2), and the eligibility of
8 any organization described in paragraph (2) to apply
9 for recognition of exemption under subsection (a),
10 shall be suspended during the period described in
11 paragraph (3).

12 “(2) TERRORIST ORGANIZATIONS.—An organi-
13 zation is described in this paragraph if such organi-
14 zation is designated or otherwise individually identi-
15 fied—

16 “(A) under section 212(a)(3)(B)(vi)(II) or
17 219 of the Immigration and Nationality Act as
18 a terrorist organization or foreign terrorist or-
19 ganization,

20 “(B) in or pursuant to an Executive order
21 which is related to terrorism and issued under
22 the authority of the International Emergency
23 Economic Powers Act or section 5 of the
24 United Nations Participation Act of 1945 for

1 the purpose of imposing on such organization
2 an economic or other sanction, or

3 “(C) in or pursuant to an Executive order
4 issued under the authority of any Federal law
5 if—

6 “(i) the organization is designated or
7 otherwise individually identified in or pur-
8 suant to such Executive order as sup-
9 porting or engaging in terrorist activity (as
10 defined in section 212(a)(3)(B) of the Im-
11 migration and Nationality Act) or sup-
12 porting terrorism (as defined in section
13 140(d)(2) of the Foreign Relations Author-
14 ization Act, Fiscal Years 1988 and 1989);
15 and

16 “(ii) such Executive order refers to
17 this subsection.

18 “(3) PERIOD OF SUSPENSION.—With respect to
19 any organization described in paragraph (2), the pe-
20 riod of suspension—

21 “(A) begins on the later of—

22 “(i) the date of the first publication of
23 a designation or identification described in
24 paragraph (2) with respect to such organi-
25 zation, or

1 “(ii) the date of the enactment of this
2 subsection, and

3 “(B) ends on the first date that all des-
4 ignations and identifications described in para-
5 graph (2) with respect to such organization are
6 rescinded pursuant to the law or Executive
7 order under which such designation or identi-
8 fication was made.

9 “(4) DENIAL OF DEDUCTION.—No deduction
10 shall be allowed under any provision of this title, in-
11 cluding sections 170, 545(b)(2), 556(b)(2), 642(c),
12 2055, 2106(a)(2), and 2522, with respect to any
13 contribution to an organization described in para-
14 graph (2) during the period described in paragraph
15 (3).

16 “(5) DENIAL OF ADMINISTRATIVE OR JUDICIAL
17 CHALLENGE OF SUSPENSION OR DENIAL OF DEDUC-
18 TION.—Notwithstanding section 7428 or any other
19 provision of law, no organization or other person
20 may challenge a suspension under paragraph (1), a
21 designation or identification described in paragraph
22 (2), the period of suspension described in paragraph
23 (3), or a denial of a deduction under paragraph (4)
24 in any administrative or judicial proceeding relating

1 to the Federal tax liability of such organization or
2 other person.

3 “(6) ERRONEOUS DESIGNATION.—

4 “(A) IN GENERAL.—If—

5 “(i) the tax exemption of any organi-
6 zation described in paragraph (2) is sus-
7 pended under paragraph (1),

8 “(ii) each designation and identifica-
9 tion described in paragraph (2) which has
10 been made with respect to such organiza-
11 tion is determined to be erroneous pursu-
12 ant to the law or Executive order under
13 which such designation or identification
14 was made, and

15 “(iii) the erroneous designations and
16 identifications result in an overpayment of
17 income tax for any taxable year by such
18 organization,

19 credit or refund (with interest) with respect to
20 such overpayment shall be made.

21 “(B) WAIVER OF LIMITATIONS.—If the
22 credit or refund of any overpayment of tax de-
23 scribed in subparagraph (A)(iii) is prevented at
24 any time by the operation of any law or rule of
25 law (including res judicata), such credit or re-

1 fund may nevertheless be allowed or made if the
2 claim therefor is filed before the close of the 1-
3 year period beginning on the date of the last
4 determination described in subparagraph
5 (A)(ii).

6 “(7) NOTICE OF SUSPENSIONS.—If the tax ex-
7 emption of any organization is suspended under this
8 subsection, the Internal Revenue Service shall up-
9 date the listings of tax-exempt organizations and
10 shall publish appropriate notice to taxpayers of such
11 suspension and of the fact that contributions to such
12 organization are not deductible during the period of
13 such suspension.”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to designations made before, on,
16 or after the date of the enactment of this Act.

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