

5 MAY 1980

MDC

II

96TH CONGRESS  
2D SESSION

# S. 2581

*Hostage  
bill no action  
ASB*

To amend title 5 of the United States Code and the Internal Revenue Code of 1954 to provide certain benefits to individuals held hostage in Iran and to similarly situated individuals.

---

## IN THE SENATE OF THE UNITED STATES

APRIL 17 (legislative day, JANUARY 3), 1980

Mr. CHURCH introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend title 5 of the United States Code and the Internal Revenue Code of 1954 to provide certain benefits to individuals held hostage in Iran and to similarly situated individuals.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Hostage Relief Act of
- 4 1980".



ber 4, 1979, for necessary travel, rest and recuperation, private medical care, and other expenses related to the ordeal of the employee. Reimbursements under this subsection shall not exceed \$25,000 in any calendar year for any such employee, including all of his or her dependents, and shall not cover that portion of any expenses which may be paid for by insurance.

“(c) A spouse of an employee who is in a missing status on or after November 4, 1979, is entitled, under regulations prescribed by the President, to reimbursement for expenses incurred for tuition, books, fees, and subsistence while attending an educational or training institution. Reimbursement shall not exceed the maximum amount authorized to be paid to or on behalf of spouses of missing members of the Armed Forces under section 1731 of chapter 35, title 38, United States Code. Reimbursement under this subsection may be made for attendance at educational courses or training between the ninety-first day the employee is in a missing status and the end of the semester which follows the return of the employee to United States control, but not to exceed a total of forty-five months. Educational assistance shall be discontinued under this subsection to any individual if such individual's conduct or educational progress is unsatisfactory under standards comparable to those established pursuant to section 1724 of title 38, United States Code.

1       “(d) Notwithstanding section 2105 or section 5561(2),  
2 for purposes of this section, the term ‘employee’ means—

3               “(1) an individual who is appointed in the civil  
4 service or the uniformed services (other than the  
5 Armed Forces), or

6               “(2) a citizen or resident alien of the United  
7 States whose presence abroad is for the purpose of  
8 performing a Federal function, as determined, by rule,  
9 by the Secretary of State.

10 **“§ 5570. Extension of applicability of certain provisions of**  
11 **the Soldiers’ and Sailors’ Civil Relief Act of**  
12 **1940**

13       “Pursuant to rules to be issued by the Secretary of  
14 State, a citizen or resident alien of the United States who is  
15 in a missing status on or after November 4, 1979, is entitled  
16 to the benefits provided by the Soldiers’ and Sailors’ Civil  
17 Relief Act of 1940 (50 U.S.C. App. 501 et seq.), except for  
18 the benefits provided by sections 104, 105, 106, 401 through  
19 408, 501 through 512, and 514. To carry out this section,  
20 when referred to in such Act the term ‘person in the military  
21 service’ is deemed to include any such citizen or resident  
22 alien, and the term ‘period of military service’ is deemed to  
23 include the period during which such citizen or resident alien  
24 is in a missing status as the result of a hostile action against  
25 the United States as determined by the Secretary of State or

1 is precluded from reasonable postal communications as the  
2 result of hostile actions against a diplomatic mission, consular  
3 mission, or other Foreign Service post of the United States  
4 as determined by the Secretary of State. To carry out this  
5 section, when referred to in such Act, references to the Sec-  
6 retary of the Army, the Secretary of the Navy, the Adminis-  
7 trator of Veterans' Affairs, and the Veterans' Administration  
8 are deemed to be references to the Secretary of State. A  
9 citizen or resident alien is deemed to be in a missing status if  
10 the individual satisfies the requirement of subparagraph (A),  
11 (B), (C), (D), or (E) of paragraph (5) of section 5561, but, in  
12 the case of an employee, does not include the status of an  
13 employee for a period during which such employee is offi-  
14 cially determined to be absent from his post of duty without  
15 authority."

16 (b) The analysis for chapter 55 of title 5, United States  
17 Code, is amended by inserting after the item relating to sec-  
18 tion 5568 the following new items:

"5569. Savings program, training, and reimbursement of expenses.

"5570. Extension of applicability of certain provisions of the Soldiers' and Sailors'  
Civil Relief Act of 1940."

19 (c) Subsections (b) and (c) of section 5569 of title 5 of  
20 the United States Code shall be applicable to all citizens and  
21 resident aliens of the United States determined by the Secre-  
22 tary of State to be held hostage in Teheran at any time  
23 during November 1979 and to their dependents and spouses,

1 as the case may be, whether or not such citizens and resident  
 2 aliens are Federal employees for purposes of such subsec-  
 3 tions. Any reimbursements with respect to any such individ-  
 4 uals under such subsections shall be made by the Secretary of  
 5 State.

6 (d) Paragraph (2) of section 5561 of title 5, United  
 7 States Code, is amended by inserting “, except with respect  
 8 to section 5569,” after “means”.

9 EFFECTIVE DATE

10 SEC. 103. The amendments made by section 101 shall  
 11 apply to taxable years ending on or after December 31,  
 12 1979, and the amendments made by section 102 shall take  
 13 effect on November 4, 1979.

14 TITLE II—AMENDMENTS TO THE INTERNAL  
 15 REVENUE CODE OF 1954

16 CERTAIN PAY RECEIVED BY HOSPITALIZED FEDERAL  
 17 EMPLOYEES

18 SEC. 201. Section 112 of the Internal Revenue Code of  
 19 1954 (relating to certain combat pay of members of the  
 20 Armed Forces) is amended by inserting at the end thereof the  
 21 following new subsection:

22 “(e) FOREIGN HOSTILE ACTIONS.—

23 “(1) FEDERAL EMPLOYEES.—Gross income does  
 24 not include compensation received for active service as

1 an employee for any month during any part of which  
2 such employee—

3 “(A) was in a missing status as the result of  
4 any hostile action against the United States, or

5 “(B) was hospitalized as a result of wounds,  
6 injury, disease, or partial or total physical or  
7 mental disablement incurred during a hostile  
8 action against the United States; but this subpara-  
9 graph shall not apply for any month beginning  
10 more than 2 years after the date of the termina-  
11 tion of the hostile action.

12 “(2) DEFINITIONS.—For purposes of paragraph  
13 (1)—

14 “(A) HOSTILE ACTION.—The term ‘hostile  
15 action against the United States’ means an action  
16 abroad which is directed against the United States  
17 and occurs on or after November 1, 1979, which  
18 the Secretary of State identifies in a letter to the  
19 Secretary and which letter is published in the  
20 Federal Register.

21 “(B) FEDERAL EMPLOYEE.—The terms  
22 ‘active service’ and ‘missing status’ have the re-  
23 spective meanings given to such terms by section  
24 5561 of title 5 of the United States Code, and the  
25 term ‘employee’ has the meaning given to such

1 term by section 5569(d) of title 5 of the United  
2 States Code.”.

3 INCOME TAXES OF FEDERAL EMPLOYEES ON DEATH RE-  
4 SULTING FROM HOSTILE ACTIONS IN FOREIGN COUN-  
5 TRIES

6 SEC. 202. Section 692 of the Internal Revenue Code of  
7 1954 (relating to income taxes of members of Armed Forces  
8 on death) is amended by inserting at the end thereof the fol-  
9 lowing new subsection:

10 “(c) FOREIGN HOSTILE ACTIONS.—

11 “(1) GENERAL RULE.—In the case of any indi-  
12 vidual who dies on or after November 1, 1979, while  
13 in active service as an employee, if such death oc-  
14 curred as a result of wounds, injury, disease, or partial  
15 or total physical or mental disablement incurred during  
16 a hostile action against the United States—

17 “(A) any tax imposed by this subtitle shall  
18 not apply with respect to the taxable year in  
19 which falls the date of such individual's death, or  
20 with respect to any prior taxable year ending on  
21 or after the first day such individual was in a  
22 missing status within the meaning of section  
23 112(e); and

24 “(B) any tax under this subtitle which is  
25 unpaid at the date of such individual's death (in-

1 including interest, additions to the tax, and addi-  
2 tional amounts) shall not be assessed, and if as-  
3 sessed the assessment shall be abated, and if col-  
4 lected shall be credited or refunded as an over-  
5 payment.

6 For purposes of this paragraph, the date of death shall  
7 be treated as being not earlier than the date on which  
8 a determination of such individual's death is made  
9 under section 5565 of title 5 of the United States  
10 Code. This paragraph shall not apply for any taxable  
11 year beginning more than 2 years after the date of ter-  
12 mination of the hostile action as determined for pur-  
13 poses of section 112(e).

14 “(2) DEFINITIONS.—For purposes of paragraph  
15 (1), the term ‘active service’ has the meaning given to  
16 such term by section 5561 of title 5 of the United  
17 States Code, the term ‘employee’ has the meaning  
18 given to such term by section 5569(d) of title 5 of the  
19 United States Code, and the term ‘hostile action  
20 against the United States’ has the meaning given to  
21 such term by section 112(e)(2)(A).”

1 JOINT RETURN WHERE INDIVIDUAL IS IN A MISSING  
2 STATUS

3 SEC. 203. (a) Paragraph (1) of section 6013(f) of the  
4 Internal Revenue Code of 1954 (relating to election by  
5 spouse) is amended—

6 (1) by inserting “or as the result of a hostile  
7 action against the United States (as determined for  
8 purposes of section 112(e))” after “section 112)” in  
9 subparagraph (A); and

10 (2) by inserting “or which begins on or before the  
11 day which is 2 years after the date as determined for  
12 purposes of section 112(e) as the date of termination of  
13 the missing status of such individual” after “zone” in  
14 subparagraph (B).

15 (b) Paragraph (3) of section 6013(f) of the Internal Rev-  
16 enue Code of 1954 (relating to missing status) is amended by  
17 inserting at the end thereof the following new subparagraph:

18 “(C) CITIZENS AND RESIDENT ALIENS.—A  
19 citizen or resident alien of the United States  
20 (other than an individual referred to in subpara-  
21 graph (A) or (B)) is in a missing status for any  
22 period during which such individual satisfies the  
23 requirement of subparagraph (A), (B), (C), (D), or  
24 (E) of paragraph (5) of section 5561 of title 5 of

1 the United States Code as determined by the Sec-  
2 retary of State.”.

3 FEDERAL TAX DEFERMENT

4 SEC. 204. (a) Section 7508(a) of the Internal Revenue  
5 Code of 1954 (relating to time to be disregarded) is amended  
6 to read as follows:

7 “(a) TIME TO BE DISREGARDED.—In the case of—

8 “(1) an individual serving in the Armed Forces of  
9 the United States, or serving in support of such Armed  
10 Forces, in an area designated by the President of the  
11 United States by Executive order as a ‘combat zone’  
12 for purposes of section 112, at any time during the  
13 period designated by the President by Executive order  
14 as the period of combatant activities in such zone for  
15 purposes of such section, or hospitalized outside the  
16 United States as a result of injury received while serv-  
17 ing in such an area during such time, the period of  
18 service in such area, plus the period of continuous hos-  
19 pitalization outside the United States attributable to  
20 such injury; or

21 “(2) a citizen or resident alien of the United  
22 States who is in a missing status within the meaning of  
23 section 112(e) or hospitalized outside the United States  
24 as the result of wounds, injury, disease, or partial or  
25 total physical or mental disablement incurred during a

1 hostile action against the United States within the  
2 meaning of section 112(e), the period of such missing  
3 status plus the period of continuous hospitalization out-  
4 side the United States attributable to such wounds,  
5 injury, disease, or disablement; and

6 the next 180 days thereafter shall be disregarded in deter-  
7 mining, under the internal revenue laws, in respect of any tax  
8 liability (including any interest, penalty, additional amount,  
9 or addition to the tax) of such individual—

10 “(A) Whether any of the following acts was per-  
11 formed within the time prescribed therefor:

12 “(i) Filing any return of income, estate, or  
13 gift tax (except income tax withheld at source and  
14 income tax imposed by subtitle C or any law su-  
15 perseded thereby);

16 “(ii) Payment of any income, estate, or gift  
17 tax (except income tax withheld at source and  
18 income tax imposed by subtitle C or any law su-  
19 perseded thereby) or any installment thereof or of  
20 any other liability to the United States in respect  
21 thereof;

22 “(iii) Filing a petition with the Tax Court for  
23 redetermination of a deficiency, or for review of a  
24 decision rendered by the Tax Court;

1           “(iv) Allowance of a credit or refund of any  
2 tax;

3           “(v) Filing a claim for credit or refund of any  
4 tax;

5           “(vi) Bringing suit upon any such claim for  
6 credit or refund;

7           “(vii) Assessment of any tax;

8           “(viii) Giving or making any notice or  
9 demand for the payment of any tax, or with re-  
10 spect to any liability to the United States in re-  
11 spect of any tax;

12           “(ix) Collection, by the Secretary, by levy or  
13 otherwise, of the amount of any liability in respect  
14 of any tax;

15           “(x) Bringing suit by the United States, or  
16 any officer on its behalf, in respect of any liability  
17 in respect of any tax; and

18           “(xi) Any other act required or permitted  
19 under the internal revenue laws specified in regu-  
20 lations prescribed under this section by the Secre-  
21 tary;

22           (B) The amount of any credit or refund (including  
23 interest).

24 In the case of a citizen or resident alien of the United States  
25 who is not an employee within the meaning of section

1 5569(d) of title 5 of the United States Code, such individual  
2 is in a missing status for purposes of this subsection for any  
3 period during which such individual satisfies the requirement  
4 of subparagraph (A), (B), (C), (D), or (E) of paragraph (5) of  
5 section 5561 of title 5 of the United States Code as deter-  
6 mined by the Secretary of State.”.

7 (b) Section 7508(b) of the Internal Revenue Code of  
8 1954 (relating to application to spouse) is amended by strik-  
9 ing out “or” at the end of paragraph (1), by striking out the  
10 period at the end of paragraph (2) and inserting in lieu there-  
11 of “, or”, and by inserting at the end thereof the following  
12 new paragraph:

13 “(3) more than 2 years after the date as deter-  
14 mined for purposes of section 112(e) as the date of ter-  
15 mination of the missing status of the individual.”.

16 (c) Section 7508(c) of the Internal Revenue Code of  
17 1954 (relating to missing status) is amended by inserting  
18 “(1)” after “(a)” both times it appears therein.

19 **APPLICABILITY TO ALL TEHERAN HOSTAGES**

20 **SEC. 205.** Except as provided by the next sentence, the  
21 amendments made by sections 201 and 202 to sections 112  
22 and 692, respectively, of the Internal Revenue Code of 1954  
23 shall be applicable to all citizens and resident aliens of the  
24 United States determined by the Secretary of State to be  
25 held hostage in Teheran at any time during November 1979,

1 whether or not such citizens or resident aliens are Federal  
2 employees for purposes of such sections. For purposes of the  
3 preceding sentence, the compensation of such individuals who  
4 are not Federal employees which exceeds the daily equiva-  
5 lent of the annual rate of basic pay in effect for level V of the  
6 Executive Schedule shall not be excluded from such individ-  
7 ual's gross income.

8

EFFECTIVE DATE

9 SEC. 206. The amendments made by this title shall  
10 apply to taxable years ending on or after December 31,  
11 1979.

○