CONGRESSMAN BOB BEAUPREZ
COLORADO – 7ᵀᴴ DISTRICT

PRESS RELEASE

FOR IMMEDIATE RELEASE   CONTACT: ALLEN FULLER
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Beauprez Introduces Bill to Stop Terrorist Tax Exemptions
Bill would stop terror charities from claiming tax exemptions

Washington, DC – In the post-9/11 world, it seems ironic that the same non-profit labeled by the State Department as a Terrorist Organization could still claim tax-exemptions from the IRS.

But Congressman Bob Beauprez (CO-07) recently discovered the irony and has introduced legislation in the House of Representatives to close a loophole in current law and suspend the tax-exempt status of terrorist organizations.

"Fighting the War on Terror means fighting on all fronts," Beauprez said. "This bill adds an arrow to our quiver and stops foreign terrorists from taking advantage of American charities."

As introduced, the Terrorist Tax Exemption Suspension Act of 2003, would amend the Internal Revenue Code of 1986 to suspend the tax-exempt status of designated foreign terrorist groups. Designated foreign terrorist groups are those identified either through the Immigration and Nationality Act or by executive order.

Currently, the Internal Revenue Service revokes an organization's tax-exempt status only after it has conducted an examination of the organization, issued a letter proposing revocation to the organization and allowed the organization to exhaust the administrative appeal process. If the organization is designated 501 (c)(3), then the revocation is immediately subject to judicial review under section 7428.

Since the Federal government investigates organizations before putting them on the terrorist list, a separate IRS examination is redundant.

Under the bill, tax-exempt status would be suspended from the day a group is identified until its designation is rescinded. If it turns out that an organization has been erroneously labeled as a terrorist organization, then the organization will be issued a refund with interest.