

S 506

Stop Tax Haven Abuse Act

Congress: 111 (2009–2011, Ended)

Chamber: Senate

Policy Area: Taxation

Introduced: Mar 2, 2009

Current Status: Read twice and referred to the Committee on Finance.

Latest Action: Read twice and referred to the Committee on Finance. (Mar 2, 2009)

Official Text: https://www.congress.gov/bill/111th-congress/senate-bill/506

Sponsor

Name: Sen. Levin, Carl [D-MI]

Party: Democratic • State: MI • Chamber: Senate

Cosponsors (5 total)

Cosponsor	Party / State	Role	Date Joined
Sen. McCaskill, Claire [D-MO]	D · MO		Mar 2, 2009
Sen. Nelson, Bill [D-FL]	D · FL		Mar 2, 2009
Sen. Whitehouse, Sheldon [D-RI]	D · RI		Mar 2, 2009
Sen. Shaheen, Jeanne [D-NH]	D · NH		Mar 4, 2009
Sen. Sanders, Bernard [I-VT]	I · VT		Mar 18, 2009

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Mar 2, 2009

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
111 S 2955	Related bill	Jan 26, 2010: Read twice and referred to the Committee on Finance.
111 HR 1265	Identical bill	Mar 16, 2009: Referred to the Subcommittee on Courts and Competition Policy.

Stop Tax Haven Abuse Act - Amends Internal Revenue Code provisions relating to tax shelter activities to: (1) establish legal presumptions against the validity of transactions involving offshore secrecy jurisdictions (i.e., foreign tax havens identified in this Act and by the Secretary of the Treasury); (2) impose restrictions on foreign jurisdictions, financial institutions, or international transactions that are of primary money laundering concern or that impede U.S. tax enforcement; (3) treat certain foreign corporations managed and controlled primarily in the United States as domestic corporations; (4) increase the period for Internal Revenue Service (IRS) review of tax returns involving offshore secrecy jurisdictions; (5) require tax withholding agents and financial institutions to report certain information about beneficial owners of foreign-owned financial accounts and accounts established in offshore secrecy jurisdictions; (6) disallow tax advisor opinions validating transactions in offshore secrecy jurisdictions; (7) subject dividend equivalents and substitute dividends to the 30% tax on foreign income; and (8) impose reporting requirements for transactions involving a passive foreign investment company.

Amends the Securities Exchange Act of 1934 and other federal enactments to impose a penalty for failure to disclose holdings or transactions involving a foreign entity.

Requires the Secretary of the Treasury to publish a final rule requiring unregistered investment companies, including hedge funds or private equity funds, to establish anti-money laundering programs, and to submit suspicious activity reports.

Modifies requirements for certain third party summonses used to obtain information in tax investigations that do not identify the person with respect to whose liability the summons is issued (John Doe summons).

Increases penalties for promoting abusive tax shelters and for aiding and abetting the understatement of tax liability.

Prohibits the patenting of tax planning inventions.

Prohibits tax advisor contingent fee agreements for obtaining tax savings or benefits.

Allows increased disclosure of tax information for enforcement purposes.

Directs the Secretary to impose standards for written tax opinions by tax practitioners.

Denies tax deductions for certain fines and penalties for violations of law and for interest paid on certain understatements of tax.

Sets forth rules for the application of the economic substance doctrine and imposes penalties for underpayments of tax due to transactions lacking economic substance.

Actions Timeline

- **Mar 2, 2009:** Introduced in Senate
- **Mar 2, 2009:** Sponsor introductory remarks on measure. (CR S2624-2638)
- **Mar 2, 2009:** Read twice and referred to the Committee on Finance.