



# GMS Flash Alert



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## United States - Final Rule on Tax Debts and Revocation/Denial of Passports

On December 9, 2019, the U.S. Department of State issued a final rule related to the revocation or denial of passports due to serious tax debts.<sup>1</sup> (For prior coverage, see [GMS Flash Alert 2019-154](#), October 8, 2019.) The final rule clarifies the application of 22 United States Code (U.S.C.) § 2714 and Internal Revenue Code (I.R.C.) § 7345, which incorporates statutory denial and revocation requirements for certain individuals with seriously delinquent tax debt or who submit passport applications without correct and valid Social Security numbers.<sup>2</sup>

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### WHY THIS MATTERS

Under I.R.C. § 7345, taxpayers certified by the Internal Revenue Service as having seriously delinquent tax debt may not be issued a passport, except a passport for direct return to the United States.<sup>3</sup> The final rule by the State Department makes clear that this will generally be the case, except under limited circumstances.<sup>4</sup> This could present issues for organizations with employees who are U.S. passport holders and U.S. taxpayers that they are trying to move around the world in the event such employees are found to have seriously delinquent tax debt. Pursuant to the final rule, the State Department may exercise discretion to issue passports without geographical limitation, if it determines that either an emergency circumstance or a humanitarian reasons exists.<sup>5</sup>

The final rule is to prevent 22 U.S.C. § 2714 from being more narrowly applied than originally intended. Currently, there is no guidance as to what the State Department will consider in its determination of “emergency circumstance” or “humanitarian reason.”

For a more in-depth discussion of the rules and procedure under I.R.C. § 7345, see our previous report in [Flash Alert 2019-154](#).

## FOOTNOTES:

1 See 22 C.F.R. § 51.60(h). For the final rule published on December 9, 2019 in the *Federal Register*, click [here](#).

2 See 22 U.S.C. §§ 2714, 7345

3 See 22 C.F.R. § 51.60(h).

4 Id.

5 Id.

\* \* \* \*

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