



November 20, 2010

IRS to Charge More

The IRS confirmed that they intend to initiate criminal charges against some of approximately 4,000 American taxpayers whose details have been turned over by Swiss bank UBS under a treaty between the Swiss and American governments in 2009. These 4,000 taxpayers are UBS account holders suspected of evading taxes by keeping their assets in overseas bank accounts.

In addition, the 4,000 taxpayers will be subject to a 'full-blown audit' and are liable to full tax repayments and penalties unless they are among the 15,000 taxpayers who have voluntarily declared their earnings during the IRS voluntary disclosure period last year.

Since the voluntary disclosure program ended, another 3,000 account holders have stepped forward to make tax returns. The IRS kept up the pressure when it announced that it would make more than a dozen criminal charges against various individuals. The IRS and Justice Department are discussing the details of how to handle these UBS clients.

The IRS has assured that there will be more action to come after they received information from UBS and the voluntary disclosures. According to the IRS, the information gathered revealed 'numerous other banks,

advisors and promoters from around the world' are involved. IRS Commissioner, Doug Shulman confirmed that the tax evasion is not limited to one country or bank. Other banks that have shown similar patterns are also being pursued.

In a related high-profile case, the father and son duo of Mauricio Cohen Assor and Leon Cohen-Levy sold their hotel in New York, channeled the profits of \$33 million to their HSBC bank account overseas which was under the name of a Panamanian company and did not report the money. Both men have since been convicted but Shulman declined to comment on the case.

The IRS recently announced it was withdrawing its legal action against UBS. Last month, the IRS also dismissed a parallel tax evasion case against UBS. The Swiss bank had paid a fine of \$780 million upon admission that their officers had travelled to the United States to assist wealthy US clients dodge taxes.

Ultimately, the IRS expects details on more than 7,500 American account holders. Some of them have made appeals in Swiss courts. The Swiss embassy stated that information will be handed over as the Swiss courts make their rulings.

Clearly, the IRS has been able to recoup tax revenue from its actions but Commissioner Shulman stated that it was more important to get the thousands of American taxpayers back into the system to properly report their earnings and pay taxes for years to come.