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## IRS Seeks Information on Tax Evasion in Offshore Accounts

In what is shaping up to be the biggest tax investigation in the country, the IRS is seeking more information from taxpayers who have confessed to hiding their assets in offshore accounts. Some of the information sought includes who helped them set up their accounts, how they moved their money, and where they met their advisers. Taxpayers who do not cooperate with the IRS investigations could be liable to charges of tax crimes.

The IRS conducted a voluntary disclosure program in 2009 that saw about 15,000 taxpayers step forward to declare details of their offshore accounts and pay up the taxes they owe including penalties, fines and interests. After the close of the program in October that year, another 4,000 taxpayers came forth to fess up. In addition, Swiss bank UBS paid \$780 million to the IRS after it admitted assisting American taxpayers evade taxes in their bank accounts. The bank was also compelled to disclose the details of bank accounts of 250 American customers suspected of tax evasion and later another 4,400 or so more in order to avoid civil prosecution by the IRS.

Information gleaned from those who participated in the voluntary disclosure program revealed that many offshore bank account holders siphoned away their money to foreign tax havens like Liechtenstein, Panama and Hong Kong. To avoid prosecution, the taxpayers had to disclose their offshore accounts, bankers, and advisers, as well as how they moved their money. This information has been used to indict four Europe-based bankers at Credit Suisse (CS) in February, and more recently, a US civil action against HSBC Bank.

On May 18, IRS Commissioner in a speech said, “We are mining the information we have received to date and have launched our next wave of investigations on banks, bankers, intermediaries, and taxpayers.

”In speaking to these taxpayers, the IRS learned that many of them moved money out of undeclared accounts at UBS in 2008 and 2009 and into smaller banks “to escape detection”. The four indicted bankers from Credit Suisse have yet to appear in court. According to the indictment, in 2008, the bank had ‘thousands’ of accounts with \$3 billion in assets undeclared to the IRS. But its spokesman, David Walker said the bank is not under IRS investigation and is willing to fully cooperate with US authorities.

All in all, IRS agents and prosecutors have interviewed more than 200 offshore bank clients in the course of their investigations.