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Credit Suisse Delivers 130 Clients Data to IRS

According to a report by Swiss weekly Sonntagszeitung on Sunday, Swiss banking giant Credit Suisse will hand over banking details of 130 of its US clients suspected of tax evasion to the US Justice Department after the IRS formally requested for information of such account holders. Last week, Credit Suisse confirmed that the IRS requested information on its clients who indirectly held accounts with the bank through corporations and the Swiss government had directed the bank to release the data. But the bank declined to say when it would comply with the directive.

Over the last two years, the famed notion of Swiss banking secrecy that made Switzerland the world's foremost country for offshore bank accounts of wealthy individuals and companies seeking to evade taxes in their home countries has been dispelled. 2009 was the landmark year when UBS Bank of Switzerland was found guilty of abetting wealthy Americans dodge taxes through depositing their taxable assets in UBS bank accounts.

As a result, UBS was fined and paid \$780 million to escape criminal prosecution and cancellation of its license in the US. On top of that, the bank was made to hand over banking details of 4,450 of its American clients suspected of tax evasion.

Since then, the IRS has been spreading their dragnet to pull in more suspected tax evaders who deposit their assets in other Swiss banks and offshore banks in other countries as well. As a result, Credit Suisse Bank is one of the banks now under investigation. Others are Julius Baer and several other regional banks numbering at least eleven.

The Swiss government has been negotiating an agreement with the US government to cover its entire banking industry comprising of about 355 banks that hold \$2.1 trillion in assets. The Swiss hope to hammer out a deal by December 5, the date the next scheduled sitting of the Swiss parliament is due to reconvene.

Last week, Credit Suisse said it would hand over account information to the Swiss government for their perusal, who will then give the incriminated clients a chance to appeal. After that, the Swiss government will deliver the information to the IRS, a process that could take months, according to a Swiss government official.

Taxpayers who wish to appeal against the release of their information need to report submit their appeal to the US Justice Department. Obviously, this would reveal their identity to the US government, so challenging the handover would be futile unless you innocent of tax evasion, in which case, the government would already know of your Swiss account.