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New Amnesty Program for Tax Cheats

The IRS has unveiled its newest amnesty program designed to give opportunity for American taxpayers who have not been paying their taxes on offshore assets to step forward and disclose their accounts in exchange for amnesty from criminal prosecution.

A statement from the IRS assured people contemplating joining the amnesty program, "When a taxpayer truthfully, timely, and completely complies with all provisions of the voluntary disclosure practice, the IRS will not recommend criminal prosecution to the Department of Justice."

Anyone intending to do so has until August 31.

There has been lots of speculation on the amnesty program since IRS Commissioner Doug Shulman mentioned it not too long ago. Furthermore, the popularity of programs encouraging wealthy Americans to start overseas bank accounts has precipitated a widening crackdown by the IRS on such accounts. But the terms of this newest amnesty program is rather different from the previous ones.

They are stricter.

Those who participate in the program will have to pay a penalty of 25% of

the highest bank account balance between 2003 and 2010. The normal rate of penalty is 50%. If your balance does not exceed \$75,000 in any year, you qualify for a lesser penalty of 12.5%.

In addition, participants will also have to pay back taxes and interests for up to 8 years plus delinquency and accuracy-related penalties.

What started as a dispute with Swiss bank UBS has now been widened to include other banks like HSBC, smaller Swiss banks and some banks in Asia. The US accused UBS of covertly advising wealthy American taxpayers on how to evade taxes by starting bank accounts with them usually through nominee companies registered overseas. The US government wanted details of such bank accounts held by Americans but UBS initially refused to comply on grounds that such disclosure would violate Swiss banking laws. After a prolonged dispute, UBS paid a substantial fine of \$780 million and handed over thousands of bank account details to the US.

That was in 2009. Back then, the IRS conducted the first amnesty program that ended on October 15, 2009 which saw 15,000 American taxpayers participate. After the close of the program another 3,000 more stepped forward to declare their offshore assets.

According to the IRS, "The overall penalty structure for 2011 is higher, meaning that people who did not come in through the 2009 voluntary disclosure program will not be rewarded for waiting".