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## **IRS Collects Half a Billion Dollars from OVDI**

As another feather in the IRS' cap, the recently concluded Offshore Voluntary Disclosure Initiative (OVDI) amnesty program has netted in at least half a billion dollars in taxes. The OVDI is a program where taxpayers with assets in overseas bank accounts are given a period of time to declare them in exchange for a waiver of criminal charges against them. Punishment in the form of penalties, interests and fines will still be meted out, though. About 12,000 taxpayers have participated in the program this time, stepping forward to declare taxable income stashed in offshore bank accounts and other financial instruments.

In 2009, the same amnesty program drew participation from about 15,000 taxpayers as part of the IRS' efforts to weed out tax evaders who use offshore bank accounts to hide their money. The 12,000 who took part this year would be subjected to a higher penalty compared to those two years ago. This year, the IRS added a penalty equal to 25% of the highest balance of the overseas account from 2003 to 2010. This is over and above the fine of repaying as much as eight years of back taxes.

Altogether the IRS has collected about \$2.7 billion in taxes and penalties from the amnesty programs to-date. Most international lawyers agree that the OVDI has achieved its objectives. According to IRS Commissioner Doug Shulman, the amnesty program has exceeded the IRS' expectations in terms of number of taxpayers participating.

In 2009, besides the money collected from participants in the amnesty program, the US government also fined UBS Bank of Switzerland \$780 million for assisting US taxpayers in hiding their assets in their bank accounts and forced it to divulge banking information of some 4,500 American UBS clients suspected of tax evasion. Although the Swiss government has yet to authorize the release of information on those accounts, Commissioner Shulman said that the IRS would continue to pressure tax evaders to come forward or face prosecution.

In a recent statement, Shulman told a news conference, “The world has clearly changed. We have pierced international bank secrecy laws, and we’re making a serious dent in offshore tax evasion.”

Tax evasion using offshore bank accounts and other financial instruments has been costing the US government tens of billions of dollars in lost revenue every year. To combat this menace, the IRS has recently opened 3 international offices to track US taxpayers’ money hidden overseas and has been collaborating closely with the Justice Department to bring criminal charges against major offenders.

It is unlikely that the IRS will hold another amnesty program, but Commissioner Shulman said the IRS will continue aggressive efforts to nab tax evaders.