

# WHEN IT COMES TO BANKING, “DON’T ASK, DON’T TELL” IS THE BEST POLICY (OFFSHORE ACCOUNTS)

by Brian Mahany

Government tax authorities asking banks and credit card companies for information on foreign account holders is hardly news these days. The I.R.S. does it, so do Germany, Britain and many other countries. Officials want to know when their citizens transfer wealth overseas or open foreign accounts. Generally the practice is legal if the accounts and activity are disclosed. Australia, however, has taken their quest to root out unreported accounts to a new level.

Published news reports indicate that the Australia Tax Office is asking banks if any customers have merely asked about setting up foreign accounts. “Asked,” not opened.

Assistant Tax Commissioner Malcolm Allen is quoted as saying that his agency will begin investigating bank customers that merely had offshore conversations with their bankers. This means merely mentioning to your banker that some of your money is stashed overseas or asking how one opens a bank account in the Caymans may get you audited. Even if you never actually open a foreign account!

Is there a lesson here? Absolutely!

Just ASKING QUESTIONS about offshore banking may get you audited. Obviously, complying with federal reporting requirements is always the single best approach to avoid unwanted scrutiny and possible prosecution. If you are unsure what to do, however, then “Don’t ask, Don’t tell” may be the best policy. It certainly is the best policy with respect to your banker. Do not ask about opening an offshore account and do not tell them if you have opened one without proper disclosure.

Government officials have long claimed that a tremendous amount of unreported offshore income never gets taxed each year. As long as there are “tax havens” and “secrecy jurisdictions,” the tax police will continue to be creative in their methods to ferret out these accounts.

Of course, offshore investing and banking is legal. Many invest overseas to diversify risk, thwart vexatious litigation risks at home or to better keep their affairs private. The U.S. government requires Americans to disclose offshore accounts to the Treasury and report any foreign source income.

If you think offshore investing is for you, speak to a qualified lawyer, financial planner or CPA. Think twice, however, about talking to your banker. If you find yourself with existing unreported accounts or income, speak only to a lawyer. Financial planners and accountants are generally obligated to not disclose confidential client information but they can be compelled to

answer questions in a formal investigation.

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MahanyLaw assists U.S. citizens protect their hard-earned wealth. We focus on global asset protection strategies. Many of our clients have unreported income, unreported offshore accounts or are undergoing an audit. From compliance work, to audit defense, to U.S. Tax Court litigation to defense of tax evasion prosecutions, MahanyLaw is a full-service tax boutique law firm. We work tirelessly to keep our clients out of jail and minimize their tax obligations.

From our offices in Milwaukee, Portland and California, we have protected the rights of people across the US. We also assist those with unreported accounts. Principal Attorney Brian Mahany can be reached directly at 414-704-6731 or via email at [brian@mahanyl原因.com](mailto:brian@mahanyl原因.com).

