

From the desk of Jeanne M. Kerkstra, Esq., CPA

**Viewpoint
Late Breaking News**

The IRS case against UBS involves an unprecedented piercing of Swiss banking secrecy laws because of alleged outrageous behavior by UBS bankers unauthorized to conduct banking activities in the U.S. One example is how two UBS bankers dressed as tourists, we're told, came to the U.S. to visit a wealthy client and told customs that one was here to visit his brother. Another example is how a UBS banker brought jewelry back into the U.S. for a client in a toothpaste container. The jewelry allegedly had been purchased by the UBS banker out of the country at the direction of the U.S. client with undisclosed, unreported U.S. income.

Previously, about 250 names of U.S. taxpayers had been released to the IRS. The IRS is pressing UBS for the release of an additional 52,000 names. This allegedly represents more than \$14 billion in unreported U.S. income. The Swiss government has informed UBS that it will take criminal action against UBS if it turns over the remaining 52,000 names sought by the IRS. We were supposed to learn on August 3 the terms of an agreement reached between the IRS and UBS. This has been postponed until August 10. It is anticipated that this will be further postponed until after the end of the current IRS tax amnesty program which ends on September 23. The loss of income that UBS manages on behalf of its wealthy clients has been staggering. It is estimated that UBS has already lost \$150 billion of funds because of clients' confidentiality concerns. In one week the IRS got 400 requests for the amnesty program. That is 4 times more than what they received in all of last year.

As noted above, Vegas is betting that there will be no disclosure of any settlement between the IRS and UBS until after the close of the current IRS tax amnesty program. To take part it involves a very short tell-all form. See off-shore voluntary disclosure form. What does that mean? If a taxpayer turns himself in during the amnesty program, then he is looking at paying in full the tax, interest and penalties. However, he is looking at only civil penalties. By taking part in the amnesty program, he will not be subject to criminal sanctions.

Everything you do once you contact the IRS, including completing the **voluntary** disclosure form, can be used against you by the IRS. Its importance cannot be understated. Now is not the time to take chances. Have unsurpassed representation before the IRS! Call us today!

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