

Folks: These news items provide an example of "class warfare" at work, in this case, tax evasion by the super rich.



BBC NEWS BUSINESS

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Credit Suisse target of US probe into tax dodgers

US authorities are investigating whether banking giant Credit Suisse helped US citizens evade paying taxes.



The Swiss bank said [said it had been notified](#) that it was a "target" for investigation, but argued that this was part of a "broader industry inquiry".

Credit Suisse said it would cooperate with the investigation "subject to Swiss legal obligations".

In February the US indicted four Credit Suisse bankers for helping taxpayers hide money in secret bank accounts.

At the time, Credit Suisse had said that it was not part of the investigation.

Tax crackdown

In recent years US authorities have pressured several global banks to help them fight tax evasion.

The US Department of Justice's primary target was another Swiss bank, UBS.

It threatened the Swiss bank with legal action if it failed to hand over the details of 4,450 US customers suspected of tax dodging.

Following years of intense pressure from the United States, in June last year the Swiss parliament passed legislation permitting the country's banks to share customer details with US tax authorities.

UBS ended up paying a \$780m fine, but more importantly the new legislation put an end to Switzerland's famed banking secrecy.

Earlier this year, US authorities said they were investigating the role of UK bank HSBC in helping Indian citizens living in the United States to evade taxes.

Source:

<http://www.bbc.co.uk/news/business-14165253>



IRS Ends Amnesty for Use of Overseas Tax Havens

In an interview with Jeffrey Brown IRS Commissioner Doug Shulman discusses the agency's efforts to close overseas tax shelters.

PBS Newshour Transcript / Originally aired on TV: October 15, 2009

UBS at center of investigation

KWAME HOLMAN: For many who chose amnesty, it was a letter like that from Swiss Bank UBS that prompted them to file. It warned, their account information may be disclosed to the U.S. government. The Swiss bank is at the center of the IRS' struggle to shutter foreign tax shelters.

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Earlier this year, UBS admitted it participated in a scheme to defraud the U.S., and, as part of a settlement between the U.S. and Swiss government, the bank was forced to disclose the names of some 4,500 account-holders. Michel and others say the amnesty program already is showing a payoff.

SCOTT MICHEL: There is a lot of money out there in these foreign accounts. And what the IRS is able to do in bringing people in is not just obtain the tax for the last six years and these penalty amounts, but it is bringing back into the system a pool of assets that will be taxed again and again.

KWAME HOLMAN: The IRS has opened offices in Beijing, Panama City, and Sydney to intensify its hunt for secret offshore accounts. It's all part of a larger effort by the Obama administration to crack down on tax evaders.

U.S. PRESIDENT BARACK OBAMA: Even as most American citizens and businesses meet these responsibilities, there are others who are shirking theirs. And many are aided and abetted by a broken tax system written by well-connected lobbyists on behalf of well-heeled interests and individuals.

KWAME HOLMAN: The issue also has been taken up in Congress, where Senate Democrats have been pushing for tougher laws on tax evasion.

JIM LEHRER: Jeffrey Brown takes our story from there.

JEFFREY BROWN: And joining me now is IRS Commissioner Doug Shulman. Welcome.

DOUGLAS SHULMAN, U.S. Commissioner of Internal Revenue: Thanks, Jeffrey.

JEFFREY BROWN: Do you consider this a success?

DOUGLAS SHULMAN: Oh, absolutely.

We brought 7,500 people back into the tax system. They paid back taxes and interest. It's a success in the context of being part of an overall effort that we have to crack down on offshore tax abuse.

JEFFREY BROWN: You don't actually say how much you – the total recouped. Why not? What – what – how much do you know at this point about that?

DOUGLAS SHULMAN: You know, we're – today's the last day of the voluntary disclosure program. It's going to take a while to sift through the information, do the exams we need to do, figure out the back taxes, the substantial penalties people have to pay. I – I think the other reason is, the – the real money and the real importance of this program is, people will pay a penalty and we will bring money into the system, but we will also – these people will be taxpayers in the future. This is part of an overall strategy that we have to get people back into the U.S. tax system. And it's part of our overall strategy to protect the \$2.5 trillion that the IRS needs to raise every year to fund the government.

IRS pleased with results

JEFFREY BROWN: Well, before we go to the future, let's stay with this one – stay with this program, just so we're clear for people to understand it. This is individuals. This is not U.S. corporations that you're dealing with in this – in this amnesty?

DOUGLAS SHULMAN: Yes. Yes. The – the program was for individual U.S. taxpayers who wanted to tell us what money they had overseas, bring it back, pay back taxes and penalties. So, it was about individuals. This was not a program about corporations.

JEFFREY BROWN: All right. So, I guess one big question here, 7,500 people, is that the tip of the iceberg, or is that – did you get most of what you expected to get?

DOUGLAS SHULMAN: It's hard to say.

As the commissioner of the IRS, these are 7,500 taxpayers who weren't taxpayers a year ago. So, I consider it a success. We're going to have a multi-year effort. I'm sure there's more people out there.

The whole idea of this program was that we're putting more resources, the president's asked for legislation, has given us increased budget for international enforcement. As we ramp up, we wanted to give people a one-time chance to get on the right side of the law.

We will now be going and focusing on people who didn't come in to make sure we try to bring them back to the right side of the law.

JEFFREY BROWN: And – and what did you learn so far from looking at the kind of people that came about what – about types? Is there a typical type, for example, of shelter or of person who's come in?

DOUGLAS SHULMAN: You know, there's a lot of variation in the people who have come in. It's everything from people who inherited money, couldn't sleep well at night and wanted just to come in and pay their taxes, to people who had been skimming money and – and putting it overseas.

We're going to spend the next several months really mining this data, looking at advisers that advised people, looking at institutions they worked with, looking to see if they hid the money offshore based on promotions. And, so, we're going to be trying to bring these people in, but also looking for patterns to pursue.

JEFFREY BROWN: Well, that's what I was wondering. I mean, so, you are going to take this and go – and – and look at people who allowed it, the banks themselves and the tax advisers who helped people create these shelters?

DOUGLAS SHULMAN: Absolutely.

An important part of our job is targeting our resources where we have the most leverage. And nodes, or hubs, of activity that we can focus on that have been helping multiple Americans evade taxes are good places for us to – to look. And, so, we're going to focus on these folks, focus on other people hiding taxes, but also focus on advisers and institutions that help them.

Just the beginning

JEFFREY BROWN: Now Kwame's piece, Kwame mentioned UBS, the Swiss bank that reached a settlement, and – and was going – and gave – and giving about 4,000 names of clients.

I have read in some reports where private attorneys say that that – the great many of the 7,500 who have come through are connected to UBS. Is that true? Are you able to match up the names?

DOUGLAS SHULMAN: First of all, it's too early to tell.

There are some UBS customers in there. UBS is still working to produce a list that they need to get to the Swiss government, which will be turned over to us. Once we get names from the Swiss government, those people would not have been available, able to participate in this program.

There are going to be some UBS clients, but this is not about one bank or about one country. We got people turning themselves in from 70 countries, almost every continent.

JEFFREY BROWN: Yes. But did that surprise you, that – that many countries?

DOUGLAS SHULMAN: There's been a lot of focus on Switzerland. There's been a lot of focus on places like the Cayman Islands. We also know, as we track money flows, that there's places in Asia where people are – are – are putting money. There's places in Central America. I'm very pleased that there was such a global response. I'm not that surprised.

JEFFREY BROWN: And – and how much cooperation are you getting from overseas banks, but also foreign governments, to help do this, to – if it is really global, as it appears to be?

DOUGLAS SHULMAN: So, the program just ends today. We have gotten the information. But we have really stepped up, as a government, our effort to coordinate with other governments overseas. The treasury secretary has been very focused at the G8 and the G20 of having this be top on the agenda, offshore evasion.

The IRS has set up a joint information center with countries like China, Japan, U.K. And we're now working at all levels in the government to do a lot more coordination.

We have also signed 10 treaties in the last couple of years, which are information-exchange treaties. So, when we ask for information, that tax authority will give it to us, and vice versa.

JEFFREY BROWN: You – you moved this deadline once before, but today is really it, right?

DOUGLAS SHULMAN: Yes, today...

JEFFREY BROWN: So, those who didn't come in?

DOUGLAS SHULMAN: Those who didn't come in, you know, what we're going to do is continue to ramp up our efforts. And the chances of people getting caught are much higher now than they were a year ago. And, a year from now, they are going to even be higher.

JEFFREY BROWN: But your thought is that this is just the beginning, that this, as you said, makes people taxpayers in the future, you hope?

DOUGLAS SHULMAN: Yes.

JEFFREY BROWN: Doug Shulman, IRS commissioner, thanks very much.

DOUGLAS SHULMAN: Thank you.

Source:

http://www.pbs.org/newshour/bb/business/july-dec09/taxhavens_10-15.html