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## 7,500 offshore tax evaders come clean

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By [Kim Dixon](#)

WASHINGTON (Reuters) - Some 7,500 wealthy Americans turned over information about hidden overseas assets, including some valued at more than \$100 million, ahead of a tax amnesty program's Thursday deadline, the top U.S. tax collector said.

Doug Shulman, commissioner of the Internal Revenue Service, said his agency would expand its crackdown on offshore tax evasion and will open new criminal investigation offices in Beijing, Panama and Sydney, Australia. The amnesty plan revealed accounts in 70 countries.

"You add all of this up and it means increased risk for anyone still hiding assets offshore," Shulman told reporters at a Wednesday briefing.

"The IRS has new momentum in this entire area and in the coming months our efforts will only intensify," he said.

Roughly 7,500 Americans have taken part in the amnesty program, he said, more than double the participation reported a few weeks ago. The amnesty deadline was extended once and will not be extended again.

In the past, without the special program, about 100 people came forward annually.

Under the amnesty program that began in September, tax cheats can declare offshore accounts and income, pay reduced fines and, in general, get immunity from criminal prosecution. The program turned up undeclared offshore accounts ranging from \$10,000 to more than \$100 million, Shulman said.

At the heart of the U.S. offshore tax effort is the government's investigation of UBS AG (UBSN.VX: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)). The giant Swiss bank earlier this year settled a criminal probe by paying \$780 million and admitting it helped U.S. citizens evade taxes.

In August, the bank agreed to turn over 4,450 names of clients with undisclosed offshore accounts to end a related civil lawsuit.

Shulman said government investigators would scour the 7,500 accounts declared in the amnesty program to detect financial advisers who promoted and otherwise helped Americans skirt their tax obligations.

"This entire effort is not just about UBS," Shulman said.

### WAS IT VOLUNTARY?

Some wanted more information about results of the program before calling it a success.

Senator Carl Levin, a Democrat and chairman of the Senate Permanent Subcommittee on Investigations, has estimated the U.S. loses \$100 billion annually from international tax evasion. He questioned how many of the individuals came forward without nudging from banks.

"The IRS revealed today that (at least) one person alone disclosed foreign accounts with more than \$100 million in assets, but didn't say whether that individual acted after being informed by their bank that their name was being given to the United States," said Levin, who is a sponsor of offshore tax abuse legislation.

"If that is what happened, it doesn't count as a voluntary disclosure in my book," he said.

A lawyer for Bradley Birkenfeld, a UBS whistleblower turned government informant, wanted to know more about the size of the accounts revealed to the IRS, in particular how many were small accounts closer to the \$10,000 figure.

"The IRS needs to put away the celebratory firecrackers," Dean Zerbe, special counsel for the National Whistleblowers Center said.

Other information absent is the total assets estimated to be recouped from the program, and how much money there really is overseas, Zerbe said.

#### MORE BANKS? WAKE UP CALL

Assets in the accounts that were voluntarily declared to the IRS include inheritance money, international business transactions and profit scams by U.S. business, Shulman said.

Private tax lawyers say a large majority of those coming forward are UBS clients, but they are also seeing customers of Credit Suisse Group AG (CSGN.VX: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), HSBC Holdings Plc (HSBA.L: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) and others.

UBS sent letters to clients last month to tell them their account information could be turned over to the U.S. government. That contributed to the last-minute rush to participate in the IRS amnesty program, the lawyers said.

"It's clearly the ultimate wake-up call because it says you will be turned in," said William Sharp, a Florida attorney for some who have sought amnesty. "I think people have finally looked at these letters and said, 'Wow, I'm going to get turned in.'"

Stoking that fear are 150 criminal tax cases that the U.S. Justice Department said it is preparing to file against evaders. The cases are likely to spring from the initial 250 names that UBS handed to the U.S. government as part of its February criminal settlement.

(Additional reporting by [Pascal Fletcher](#) in Miami; Editing Bernard Orr)

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