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## 7,500 tax dodgers apply for IRS amnesty program

By STEPHEN OHLEMACHER (AP) – 18 minutes ago

WASHINGTON — Some 7,500 international tax dodgers have applied for an amnesty program that promises no jail time and reduced penalties for tax cheats who come forward, the Internal Revenue Service announced Wednesday.

The tax dodgers were hiding money in more than 70 countries and on every continent except Antarctica. Accounts ranged from just over \$10,000 to more than \$100 million.

Response to the program has been unprecedented, IRS Commissioner Doug Shulman said.

"The whole idea of this program was to get people in and get them on the right side of the law," Shulman said.

The IRS long has had a policy that certain tax evaders who come forward before they are contacted by the agency usually can avoid jail time as long as they agree to pay back taxes, interest and hefty penalties. Drug dealers and money launderers need not apply. But if the money was earned legally, tax evaders can usually avoid criminal prosecution.

Fewer than 100 people apply for the program in a typical year, in part because the penalties can far exceed the value of the hidden account, depending on how long the account holder has evaded U.S. taxes.

In March, the IRS began a six-month amnesty program that sweetened the offer with reduced penalties for people with undeclared assets. The program was extended once, until Thursday. Shulman said it will not be extended again.

The program is part of a larger effort by the Obama administration to crack down on Americans who evade U.S. taxes by hiding assets in overseas accounts. In August, the U.S. and Switzerland resolved a court case in which Swiss banking giant UBS AG agreed to turn over details on 4,450 accounts suspected of holding undeclared assets from American customers.

Shulman said the IRS is stepping up efforts to track the flow of illicit money from Europe to Asia, Central America and the Caribbean. The agency is also opening new offices in Beijing, Panama City and Sydney to pursue criminal cases. Staffing is being increased at other offices, he said.

Shulman said the IRS is still processing applications for the amnesty program. It is too early to know how much money will be recovered, he said.

Shulman said accounts included money from inheritances, profits skimmed from U.S. companies and profits earned overseas. Some of the tax cheats had single accounts while others had multiple accounts in different countries. Some set up corporations to make it harder to identify them, he said.

"These taxpayers are now back in the U.S. tax system," Shulman said.

Shulman said the IRS will use information from the tax cheats who have come forward to go after bankers and tax advisers who helped them hide assets. The IRS is prohibited by law from disclosing the identities of the tax cheats unless criminal charges are filed.

Tax advisers have said the program, combined with the high-profile UBS case, has generated a lot of calls from nervous tax dodgers. Shulman said applications steadily picked up as the latest deadline approached.

Sen. Carl Levin, D-Mich., applauded the IRS program but said Congress needs to do more to crack down on international tax dodgers. Levin has worked on the issue as chairman of the Senate Permanent Subcommittee on Investigations. He estimated the U.S. loses \$100 billion a year in tax revenue because of international tax cheats.

At least one advocacy group was unimpressed with the results of the IRS program.

"The IRS needs to put away the celebratory firecrackers," said Dean Zerbe, special counsel for the National Whistleblowers Center. "The amnesty program has gotten at best a thimble of the offshore tax cheats."

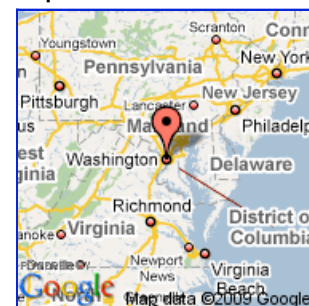
The center is unhappy with the way the IRS and the Justice Department handled the case of UBS whistleblower Bradley Birkenfeld. In August, Birkenfeld was sentenced to more than three years in federal prison, even though prosecutors said the information he provided was crucial to the UBS case.

Prosecutors gave the 44-year-old U.S. citizen credit for voluntarily disclosing illegal tactics by Swiss banking giant UBS AG and others. But they said Birkenfeld initially refused to confess his own misconduct and hoped to collect a cash reward under U.S. whistleblower laws.

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