

Offshore tax evasion hunt continues as more Swiss banks enter prosecution agreements

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(Photo : Photo by Win McNamee/Getty Images) WASHINGTON, DC - JULY 22: The Internal Revenue Service Building is shown July 22, 2013 in Washington, DC. Due to current shortfalls in the federal budget, all Internal Revenue Service operations are closed today, with another furlough day scheduled for next month.

Thanks to American taxpayers evading federal taxes by channelling their income into secret foreign bank accounts in over 70 countries, the IRS is short of billions of dollars every year.

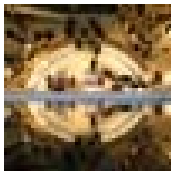
But the hunt is on; it's heightening, and bank secrecy is only a thing of the past as more and more Swiss banks have entered deferred prosecution agreements with the

U.S. government; now, banks are finally asking if you're compliant with the IRS because of the Foreign Account Tax Compliance Act (FATCA), which forces banks to hand over American taxpayers in order to avoid getting penalized by the IRS.

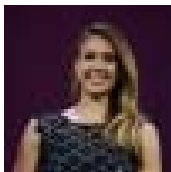
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As Robert Wood has reported on [Forbes.com](#), FATCA is not the only data source that the IRS relies on to reveal secret non-tax paying accounts. They have a deep well of "40,000 voluntary disclosures, whistleblowers, banks under investigation and cooperative witnesses."

The latest news is IRS keeps updating its list on places where offshore accounts can pay 50% penalty, which was based on the measurement of highest account balance in eight years, in its long-running Offshore Voluntary Disclosure Program (OVDP). So the smart money suggests disclosure is the best path. OVDP also still has the highest degree of safety. Presently, taxpayers in the 2014 OVDP face a 50% penalty if they had accounts from the 44 banks listed by the IRS, which was reported on [Forbes.com](#).

An example of how bitter the IRS and the US government medicine could taste like, according to [CNS Business](#), is what Schroder Bank AG, a Swiss-based bank, and its Cayman subsidiary, are going through right now. The US Department of Justice itself is making sure that the bank will cooperate in any civil or criminal proceedings.

Not only that, the bank has to pay \$10 million in penalty just to avoid criminal charges related to the secret accounts it has harboured for years. To top things off, the bank and its Cayman subsidiary are in the process of getting shut down.

In a statement, Acting Deputy Assistant Attorney General Larry J. Wszalek from the DoJ Tax Division said, "As today's agreement reflects, Swiss banks continue to lift the veil of secrecy surrounding bank accounts opened and maintained for US individuals in the names of sham structures such as trusts, foundations and foreign corporations.

Wszalek also assured that the department's prosecutors and the IRS are thoroughly going after every lead they have in order to investigate and prosecute individuals or entities that evaded or assisted in the evasion of federal tax obligations.