



Robert W. Wood

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Swiss Banks Disclosure Of Americans, Many More Expected By End Of Year

Valiant Holding, Berner Kantonalbank, and Vontobel Holding AG are the first Swiss banks to accept the harsh deal that will mean full disclosure of American accounts. The deal was not offered to the 14 Swiss banks that remain under the dark cloud of a U.S. investigation. The 14 include such giants as Credit Suisse, Julius Baer, and Pictet & Cie. Criminal

indictments and even corporate death remain possible for some of those 14. In that sense, the more than 300 other Swiss banks are the lucky ones. Indeed, many of them are likely to rush to sign on before the December 31, 2013 U.S. deadline. They may have little choice.

After all the experience of UBS, Wegelin and Bank Frey suggest that resistance is expensive and may even be downright futile. In 2009, UBS paid \$780 million to the IRS and handed over thousands of American names. Many other banks followed suit, some quietly, some not.

There also may be little choice for Americans holding undisclosed funds in Switzerland or anywhere else. Disclosure seems inevitable. To sign on to the



(Photo credit: malias)

deal the U.S. and Switzerland announced in August, Swiss banks only have until December 31, 2013. See [DOJ: United States and Switzerland Issue Joint Statement Regarding Tax Evasion Investigations](#).

They must reveal all cross-border activities and close the accounts of Americans evading taxes. The 3 tiers of penalties are no picnic, but they are vastly better than a full-blown U.S. investigation with potential tax evasion charges. Participating banks are required to provide details on American accounts. They must also inform on the banks that transferred money into secret accounts or that accepted money when secret accounts were closed. See [Signed Joint Statement and Program](#).

The new deal doesn't apply to the 14 Swiss banks already under criminal investigation. See [Swiss Agree on Penalties for Banks That Aided Tax Cheats](#). But it does cover everyone else. What's more, participant banks are eligible for non-prosecution agreements. See [Swiss Disclosure Deal—'No Secrets Now'](#).

The fines for banks are set in tiers. Banks that held accounts as of August 1, 2008, must pay a fine equal to 20% of the top dollar value of all non-disclosed accounts. That goes up to 30% for secret accounts opened after August 1, 2008 but before March 2009. The highest tier of penalties is 50% for accounts opened after that.

The 3-tier penalty punishes more recent violators most harshly. Of course, American account holders also remain in the crosshairs. Increasingly, account holders have nowhere to go. That makes the IRS voluntary disclosure program look even more compelling.

Disclosure and penalties are vastly better than the alternative. Discovery now seems nearly certain, even for closed accounts. For Americans who fail to step forward, the IRS and Department of Justice warn of their vast resources. See [Is Closing Foreign Bank Accounts An Alternative To Disclosure?](#)

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.