



News

Lawmakers Introduce Bill to Crack Down on Tax Evaders

October 27, 2009

By [Colby Adams](#)

The chairmen of the Senate Finance and House Ways and Means committees unveiled legislation Tuesday designed to help the I.R.S. find tax evaders with assets housed in offshore jurisdictions.

The Foreign Account Tax Compliance Act (FATCA), authored by Sen. Max Baucus (D-MT) and Rep. Charles Rangel (D-NY), would require U.S. tax payers to report offshore accounts with more than \$50,000. The bill would also impose a 30% withholding tax on the assets of foreign financial institutions that don't disclose the identities of their U.S. clients.

The measure would net \$8.5 billion in additional tax revenue over the next decade, according to estimates released concurrently by Congress' Joint Committee on Taxation. The Senate's Permanent Subcommittee on Investigations estimates that tax evasion costs the U.S. Treasury Department \$100 billion in lost revenue annually.

If enacted, the bill would clamp down on tax evaders, according to Kenneth L. Bryant, managing director of Bryant & Associates, LLC, an anti-money laundering consultancy based in Hayesville, NC.

"If you are going offshore solely for the purpose of tax evasion, this bill will definitely put a bigger crimp on you and your business," said Bryant. "They are putting teeth in tax investigations."

Baucus circulated a draft proposal with similar provisions in March. At the time, lawmakers widely considered the proposal to be competing legislation with the Stop Tax Haven Abuse Act, introduced by Senator Carl Levin (D-MI) earlier that month and supported by then Sen. Barack Obama in 2008.

The Baucus-Rangel bill has a better chance of passing because of broader support, said Bruce Zagaris, a partner at Washington, D.C.-based law firm Berliner, Corcoran & Rowe.

"This is a combination of the Levin bill, the Obama budget proposal, and the Baucus draft legislation," said Zagaris. "It includes more reporting requirements and covers both taxpayers themselves as well as offending institutions."

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French Banks to Shut Operations in Tax Havens, Others Likely to Follow

France's decision to shut down French banks in jurisdictions on a European Union tax haven blacklist will likely be mirrored by other countries, according to tax analysts.

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Tax Evasion Likely to Become Predicate Crime of Laundering, Say Hill Staffers

Plans to make tax evasion a predicate crime of money laundering will likely be successful despite speculation that broader financial regulatory reform is foundering, say Capitol Hill staffers.

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Lawmakers Will Impose Tax Evasion, Hedge Fund Requirements, Says Former Congressional Counsel

Financial regulation is in the early stages of undergoing its biggest change since the passage of the U.S. Patriot Act, according to Mike Flowers, a former counsel for the U.S. Permanent Subcommittee on Investigations.

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March 23, 2009

Global Tax Enforcement Undergoing 'Fundamental Change,' Says OECD Official

OECD official Jeffrey Owens spoke with reporter Brian Monroe about why tax evasion has grown in importance, and how the recent fine against Swiss bank UBS has been a wakeup call for some banks.

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March 9, 2009

Lawmakers Introduce Bill to Reverse Supreme Court Ruling, Tie Tax Evasion to Laundering

The U.S. Senate is considering an anti-fraud bill that would broaden the application of money laundering laws to include the gross receipts of crimes and money funneled offshore to avoid taxes.

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February 6, 2009

U.K. Organization Publishing "Secrecy Jurisdiction" List Dinging U.S., Britain

A U.K.-based financial transparency advocacy group is set to publish a list next month of the 60 most abusive tax havens that will include U.S. states and British cities and territories.

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October 9, 2009

Proponents of the Baucus proposals said that the measure better targeted the problem by imposing requirements on individual tax payers rather than financial institutions.

But in a statement issued Tuesday, Rep. Lloyd Doggett (D-TX) argued that the new measure doesn't go far enough. Doggett introduced an identical companion bill to the Stop Tax Haven Abuse Act in March 2009.

"While pleased that this proposal incorporates a number of elements from our bill and adds other desirable provisions, FATCA omits action on multinational corporate tax evasion," he said.

On Tuesday, Levin issued a statement expressing his qualified support for the Baucus-Rangel bill. "When their committees move to markup, I hope to work with my colleagues to strengthen the Baucus-Rangel bill by adding some of the measures from the [Stop Tax Haven Abuse Act]," said Sen. Levin.

Sen. Levin still plans on promoting the Stop Tax Haven Abuse Act as a means of generating revenue for healthcare reform, according to Kathleen Long, his spokesperson.

The Baucus-Rangel proposal does not include one of the Stop Tax Haven Abuse Act's more controversial provisions, the so-called blacklist of countries and legal jurisdictions suspected of facilitating tax evasion.

The Foreign Account Tax Compliance Act is not yet scheduled for markups, according to Dan Virkstis, a spokesman for the Senate Finance Committee.

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Tax Evasion, Asset Recovery Likely to Be Most Common MLAT Requests of Foreign Countries

Information on tax evasion and asset recovery cases will likely top data-sharing requests filed by foreign governments with the United States over the next three to five years, say analysts.

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"Nothing But Good" to Come From Access to UBS Accounts, Says Former IRS Agent

It is an exciting time for IRS investigators who are now able to examine the UBS AG accounts of over 4,500 U.S. citizens suspected of hiding assets offshore, according to John Everett, a licensed criminal investigator and certified fraud examiner based in Agoura Hills, California.

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U.S. Lawmaker Calls for a "System of Sanctions" Against Banks That Aid Tax Evasion

The head of the Senate's powerful Permanent Subcommittee on Investigations is pushing for the establishment of international agreements to penalize banks known to help tax evaders.

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In Wake of UBS Tax Deal, Other Countries Seek Secret Swiss Bank Data

As many as a dozen countries are expected to press UBS AG for information on tax evaders following the bank's settlement last week with the United States, say tax analysts.

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August 28, 2009

UBS Agrees to Hand Over Details on Nearly 4,500 Accounts

Switzerland's largest bank agreed Wednesday to release details to the United States on 4,450 accounts held by U.S. taxpayers suspected of failing to report a total of \$18 billion in revenue, the parties said.

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August 19, 2009

U.S., UBS Ink Deal in International Tax Dispute

The United States and UBS AG said Wednesday that they had reached an agreement over whether U.S. investigators could access data on the bank's tax evading American clients.

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August 12, 2009

U.K. to Investigate Potential Tax Evaders in Liechtenstein

British investors suspected of tax evasion through investments in Liechtenstein must either disclose their assets or find banks outside of the European principality, according to a tax agreement announced Tuesday.

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August 11, 2009

U.S., UBS Say Issues 'Remain to be Solved' in Tax Evasion Settlement

The United States and UBS AG asked a Miami judge Friday to again delay a tax evasion hearing so the parties could hash out the