



News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS, Australia and United Kingdom Engaged in Cooperative Effort to Combat Offshore Tax Evasion

IR-2013-48, May 9, 2013

WASHINGTON — The tax administrations from the United States, Australia and the United Kingdom announced today a plan to share tax information involving a multitude of trusts and companies holding assets on behalf of residents in jurisdictions throughout the world.

The three nations have each acquired a substantial amount of data revealing extensive use of such entities organized in a number of jurisdictions including Singapore, the British Virgin Islands, Cayman Islands and the Cook Islands. The data contains both the identities of the individual owners of these entities, as well as the advisors who assisted in establishing the entity structure.

The IRS, Australian Tax Office and HM Revenue & Customs have been working together to analyze this data and have uncovered information that may be relevant to tax administrations of other jurisdictions. Thus, they have developed a plan for sharing the data, as well as their preliminary analysis, if requested by those other tax administrations.

"This is part of a wider effort by the IRS and other tax administrations to pursue international tax evasion," said IRS Acting Commissioner Steven T. Miller. "Our cooperative work with the United Kingdom and Australia reflects a bigger goal of leaving no safe haven for people trying to illegally evade taxes."

There is nothing illegal about holding assets through offshore entities; however, such offshore arrangements are often used to avoid or evade tax liabilities on income represented by the principal or on the income generated by the underlying assets. In addition, advisors may be subject to civil penalties or criminal prosecution for promoting such arrangements as a means to avoid or evade tax liability or circumvent information reporting requirements.

It is expected that this multilateral cooperation and coordinated effort will allow many countries to efficiently process this information and effectively enforce any laws that may have been broken. Increasingly, tax administrations are working together in this way to assist one another in identifying non-compliance with the tax laws.

U.S. taxpayers holding assets through offshore entities are encouraged to review their tax obligations with respect to these holdings, seek professional advice if necessary, and to participate in the IRS Offshore Voluntary Disclosure Program where appropriate. Failure to do so may result in significant penalties and possibly criminal prosecution.