

# IRS News Release

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## **IRS to Receive Unprecedented Amount of Information In UBS Agreement**

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WASHINGTON — The Internal Revenue Service and the Department of Justice today announced the successful negotiation of an agreement that will result in the IRS receiving an unprecedented amount of information on United States holders of accounts at the Swiss bank UBS.

As a result of this agreement, the IRS will receive substantially all of the accounts that it was interested in when it initiated the John Doe summons against UBS.

Under the agreement, the IRS will submit a treaty request to the Swiss government describing the accounts for which it is requesting information. The Swiss government will then direct UBS to initiate procedures to turn over information on thousands of accounts to the IRS. The IRS will receive information on accounts of various amounts and types, including bank-only accounts, custody accounts in which securities or other investment assets were held and offshore company nominee accounts through which an individual indirectly held beneficial ownership in the accounts.

Also, the agreement retains the U.S. Government's right, if the results are significantly lower than expected and other measures fail, to seek appropriate judicial remedies, including resuming actions to enforce the John Doe summons.

The agreement involves a number of simultaneous legal actions:

- The judicial enforcement of the John Doe summons will be dismissed. While this enforcement motion will be withdrawn, the underlying summons remains in effect.
- Upon receiving the treaty request, the Swiss government will direct UBS to notify account holders that their information is included in the IRS treaty request. It is expected that these notices will be sent on a rolling basis with some being sent over the coming weeks and others over the coming months. Receipt of this notice will not by itself preclude the account holder from coming into the IRS under the Voluntary Disclosure Program.

In addition, the Swiss Government has agreed to review and process additional requests for information for other banks regarding their account holders to the extent

that such a request is based on a pattern of facts and circumstances equivalent to those of the UBS case.

Information provided to the IRS through this process will be thoroughly examined for all potential civil and criminal tax violations. The IRS will assess any additional tax, interest and a number of applicable penalties. This includes the penalty for the willful failure to file an FBAR. This penalty can be up to 50 percent of the value of the account for each year an FBAR was not filed.

The IRS will also recommend criminal prosecution in those cases where the facts warrant such an action. To date, the IRS and the Department of Justice have successfully prosecuted four United States customers of UBS whose information was provided to the IRS by UBS as part of the Deferred Prosecution Agreement.

Individuals whose information is obtained by the IRS through this process will, by longstanding policy, not be eligible for the voluntary disclosure program.