

IRS News Release

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IRS Shows Continued Progress on International Tax Evasion

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WASHINGTON — The Internal Revenue Service continues to make strong progress in combating international tax evasion, with new details announced today showing the recently completed offshore program pushed the total number of voluntary disclosures up to 30,000 since 2009. In all, 12,000 new applications came in from the 2011 offshore program that closed last week.

The IRS also announced today it has collected \$2.2 billion so far from people who participated in the 2009 program, reflecting closures of about 80 percent of the cases from the initial offshore program. On top of that, the IRS has collected an additional \$500 million in taxes and interest as down payments for the 2011 program – a figure that will increase because it doesn't yet include penalties.

“By any measure, we are in the middle of an unprecedented period for our global international tax enforcement efforts,” said IRS Commissioner Doug Shulman. “We have pierced international bank secrecy laws, and we are making a serious dent in offshore tax evasion.”

Global tax enforcement is a top priority at the IRS, and Shulman noted progress on multiple fronts, including ground-breaking international tax agreements and increased cooperation with other governments. In addition, the IRS and Justice Department have increased efforts involving criminal investigation of international tax evasion.

The combination of efforts helped support the 2011 Offshore Voluntary Disclosure Initiative (OVDI), which ended on Sept. 9. The 2011 effort followed the strong response to the 2009 Offshore Voluntary Disclosure Program (OVDP) that ended on Oct. 15, 2009. The programs gave U.S. taxpayers with undisclosed assets or income offshore a second chance to get compliant with the U.S. tax system, pay their fair share and avoid potential criminal charges.

The 2009 program led to about 15,000 voluntary disclosures and another 3,000 applicants who came in after the deadline, but were allowed to participate in the 2011 initiative. Beyond that, the 2011 program has generated an additional 12,000 voluntary disclosures, with some additional applications still being counted. All together from these efforts, taxpayers came forward and made 30,000 voluntary disclosures.

“My goal all along was to get people back into the U.S. tax system,” Shulman said. “Not only are we bringing people back into the U.S. tax system, we are bringing revenue into the U.S. Treasury and turning the tide against offshore tax evasion.”

In new figures announced today from the 2009 offshore program, the IRS has \$2.2 billion in hand from taxes, interest and penalties representing about 80 percent of the 2009 cases that have closed. These cases come from every corner of the world, with bank accounts covering 140 countries.

The IRS is starting to work through the 2011 applications. The \$500 million in payments so far from the 2011 program brings the total collected through the offshore programs to \$2.7 billion.

“This dollar figure will grow in the months ahead,” Shulman said. “But just as importantly, we have changed the risk calculus. Americans now understand that if they try to hide assets overseas, the chances of being caught continue to increase.”

The financial impact can be seen in a variety of other areas beyond the 2009 and 2011 programs.

- **Criminal prosecutions.** People hiding assets offshore have received jail sentences running for months or years, and they have been ordered to pay hundreds of thousands and even millions of dollars.
- **UBS.** UBS AG, Switzerland’s largest bank, agreed in 2009 to pay \$780 million in fines, penalties, interest and restitution as part of a deferred prosecution agreement with the U.S. government.

The two disclosure programs provided the IRS with a wealth of information on various banks and advisors assisting people with offshore tax evasion, and the IRS will use this information to continue its international enforcement efforts.