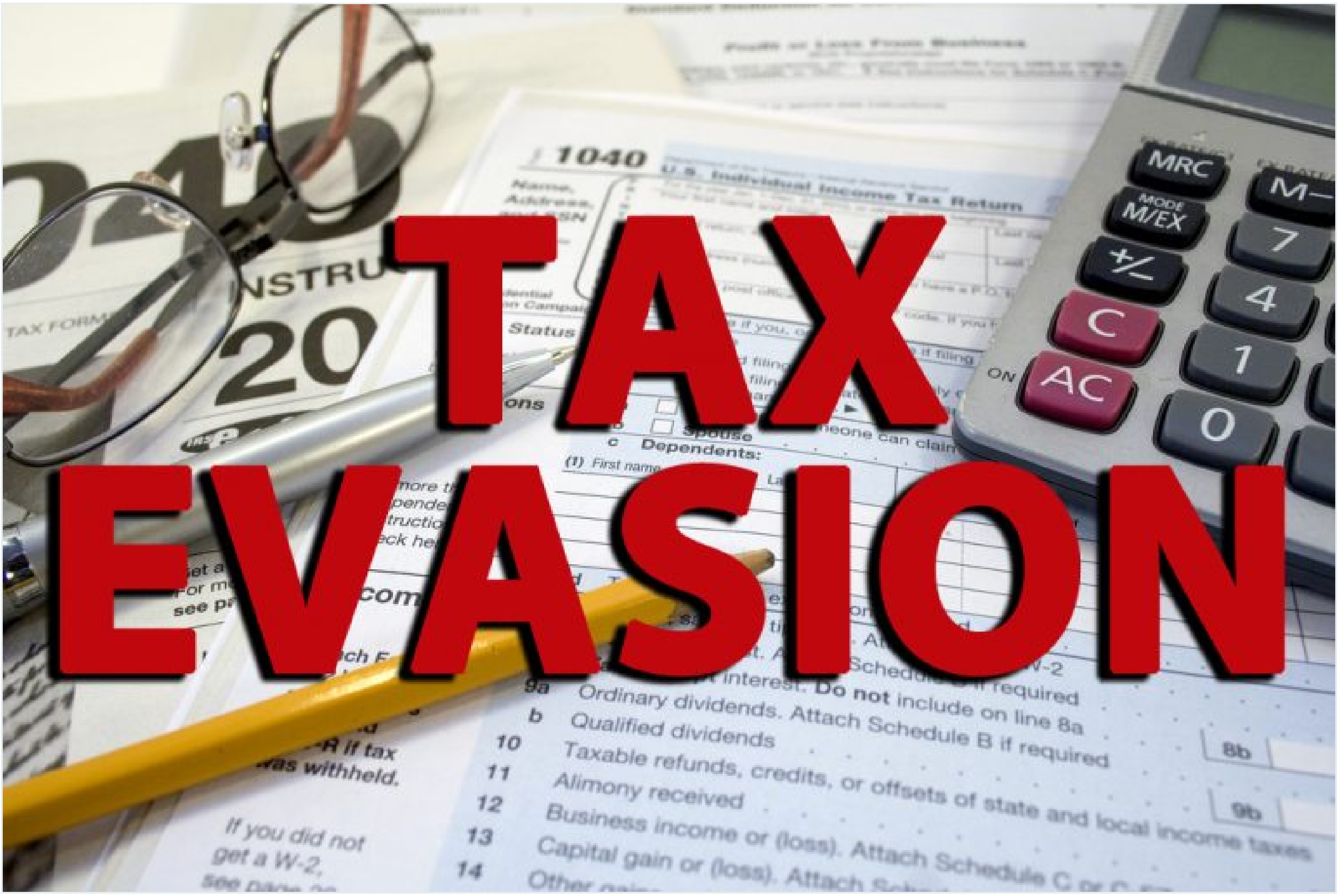
Feb. 17, 2017



The Internal Revenue Service says that hiding money or assets in unreported offshore accounts remains on its 2017 list of tax scams known as the "Dirty Dozen."

Since the first Offshore Voluntary Disclosure Program (OVDP) opened in 2009, there have been more than 55,800 disclosures and the IRS has collected more than $9.9 billion from this initiative alone.

In addition, another 48,000 taxpayers have made use of separate streamlined procedures to correct prior non-willful omissions and meet their federal tax obligations, paying approximately $450 million in taxes, interest and penalties. The

system."

Compiled annually, the "Dirty Dozen" lists a variety of common scams that taxpayers may encounter anytime, but many of these schemes peak during filing season as people prepare their tax returns or hire people to help with their taxes.

Illegal scams can lead to significant penalties as well as interest and possible criminal prosecution. The IRS Criminal Investigation Division works closely with the Department of Justice to shut down scams and prosecute the criminals behind them.

Hiding Income Offshore

Over the years, numerous individuals have been identified as evading U.S. taxes by attempting to hide income in offshore banks, brokerage accounts or nominee entities. Then access the funds using debit cards, credit cards or wire transfers. Others have employed foreign trusts, employee-leasing schemes, private annuities or insurance plans for the same purpose.

The IRS uses information gained from its investigations to pursue taxpayers with undeclared accounts, as well as bankers and others suspected of helping clients hide their assets overseas.

While there are legitimate reasons for maintaining financial accounts abroad, there are reporting requirements that need to be fulfilled. U.S. taxpayers who maintain such accounts and who do not comply with reporting requirements are breaking the law and risk significant fines, as well as the possibility of criminal prosecution.

Since 2009, tens of thousands of individuals have come forward to voluntarily disclose their foreign financial accounts, taking advantage of special opportunities to comply with the U.S. tax system and resolve their tax obligations. And, with new foreign account reporting requirements being phased in over the next few years,

Under the Foreign Account Tax Compliance Act (FATCA) and the network of intergovernmental agreements between the U.S. and partner jurisdictions, automatic third-party account reporting has entered its second year. The IRS continues to receive more information regarding potential non-compliance by U.S. persons because of the Department of Justice's Swiss Bank Program. This information makes it less likely that offshore financial accounts will go unnoticed by the IRS.

Potential civil penalties increase substantially if U.S. taxpayers associated with participating banks wait to apply to OVDP to resolve their tax obligations.