



Robert W. Wood

THE TAX LAWYER

TAXES | 5/10/2013

Brits, IRS And Aussie's Mount New Joint Offshore Tax Attack

Wouldn't it be nice if for one whole week there weren't some cataclysmic new development in the war against offshore tax evasion? Yet the hits keep on coming. Now the U.S., Australia and U.K. tax authorizes are speaking with a single oddly accented voice. That's right, they are sharing tax information about trusts, companies and assets throughout the world. The IRS announced it here: [IRS](#).

[Australia and United Kingdom Engaged in Cooperative Effort to Combat Offshore Tax Evasion.](#)

How much data are we talking about? 400GB of data shows the use of tax evasion schemes via companies and trusts. It is reportedly the biggest tranche of information ever received by the British government about offshore tax evasion. The data is already in use in active investigations.

Each country has a trove of data from Singapore, British Virgin Islands, Cayman and Cook Islands and more. They'll share the identities of the owners of these entities plus (and this is a new twist) of all those advisors out there who helped set them up. The IRS, Australian Tax Office and the U.K.'s Revenue & Customs authorities have a plan to share the data.



It's a Small World (Photo credit: Averain)

Of course, the 3 watchdogs give a kind of fine print disclaimer. After all, it is not illegal to hold assets through offshore entities. It's what you do with them that counts. Often, they warn, such offshore arrangements are used to avoid or evade taxes. That's so with the principal amounts squirreled away somewhere and with earnings produced by the assets.

We all know that it is ultimately the beneficial owners who are at risk, and that risk includes potential criminal penalties. But what about the advisors who promoted and helped implement these structures? They too can be subject to civil and criminal actions.

The IRS points out yet again that U.S. taxpayers holding assets through offshore entities should come clean, including participating in the IRS Offshore Voluntary Disclosure Program where appropriate. Remember, there's the potential of criminal prosecution.

As to advisers, reports say the Brits have already identified more than 200 accountants, lawyers and other professional advisers in the U.K. who advise on setting up these structures. They can now expect scrutiny too.

The IRS, British and Australian governments now are saying in unison something that, as Chancellor George Osborne put it, "The message is simple: if you evade tax, we're coming after you."

Contact me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.