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IRS Reads Swiss Bankers Like An Open Book

It's hard to be brave when you're staring down the barrel of a gun. It's easier long afterwards, cozy and at home. Swiss banks may be sounding more bullish now after the cat of Swiss bank secrecy is irretrievably out of the bag. Nowadays some—like the CEO of UBS AG—are saying the IRS and others have put 20,000 Swiss jobs at risk. See [Paper: UBS Head Calls Tax Flap 'Economic War.'](#)

True, but some things can't be changed. The mess started when the IRS backed UBS into a corner and broke the back of Swiss bank secrecy like a twig. That was followed by several successive IRS amnesty programs, first in 2009, second in 2011, and finally in early 2012.

The latter amnesty is still available and doesn't even have an announced termination date. About 30,000 taxpayers came forward over the last 2 years to disclose Swiss and other accounts. See [What's Next for Offshore Accounts?](#) The IRS knows there's a much larger number who haven't. And the IRS is doing something about it. See [It's Not Too Late To Disclose Foreign Accounts.](#)



The more traditional route to getting details is to make banks disclose. With UBS and HSBC, the IRS and DOJ compelled the banks to cough up the data. See [IRS Will Find Your Offshore Account](#). Being presented with a John Doe summons or subpoena can give little quarter. See [IRS Summons? Meet John Doe](#).

More recently, the IRS leans directly on U.S. customers to produce their **own** bank records. A grand jury subpoena issued to an individual suspected of overseas banking requires turning over the suspect's **own** bank account statements with the highest annual balances. See [IRS Makes Swiss Cheese Of Swiss Banks](#). But IRS pressure on institutions remains.

Take Wegelin, the oldest Swiss private bank. Do [Swiss bankers' nerves fray after Wegelin indictment](#)? Founded in 1741, this was one storm it could not weather and it was quickly sold. Customers who left UBS for the small and more discrete world of private banking found no succor.

Fortunately, while one IRS amnesty program for foreign accounts ended [September 9, 2011](#), another emerged. See [New IRS Offshore Amnesty Announced: Third Time's A Charm](#). Thousands who disclosed may be wondering if they did the right thing. Clearly yes. See [It's Not Too Late To Disclose Foreign Accounts](#).

The global reach of the IRS is getting stronger. [FATCA's](#) new set of disclosure rules puts a huge number of foreign institutions in the IRS compliance crosshairs. See [Expats Call For FACTA Repeal](#). While UBS and even [HSBC](#) may think they have passed the worst of it it's [Credit Suisse's](#) turn. See [Credit Suisse Is 'Target' of Inquiry](#) and [Credit Suisse In Justice Department Crosshairs](#). Investigations against at least 11 banks are still pending. UBS AG had to pay a \$780 million fine and hand over 4,450 clients' files. See [IRS Makes Swiss Cheese Of Swiss Banks](#).

Switzerland insists it won't make **automatic** transfers of information on foreign account holders, some a semblance of bank secrecy remains in place. The banks' rivals seek a share of their combined foreign assets of 2.2 trillion Swiss francs (\$2.42 trillion), forcing UBS to cut costs. Still, the IRS pursuit of suspected tax evaders suffered a set back when a Swiss court blocked the handover of one unnamed bank client's data to U.S. authorities.

The Federal Administrative Court [ruled](#) that a 1996 treaty between Switzerland and the U.S. doesn't allow the IRS to request account details of potential tax cheats without clear evidence of fraudulent intent. See [Swiss court delivers blow to U.S. tax deal](#).

For more, see:

[Amnesty Program Yields Millions More in Back Taxes](#)

[Should You File FBAR For The First Time?](#)

[IRS Voluntary Disclosure A Mistake For Some](#)

["Quiet" Foreign Account Disclosure Not Enough](#)

[5 Nations Join U.S. In Tax Evasion Crackdown](#)

[With Indictments, IRS Will Get More Data From Swiss](#)

[FATCA Makes Banks Shut Out Americans](#)

[Ten Things To Know About Offshore Bank Accounts](#)

[Is Closing Foreign Bank Accounts An Alternative To Disclosure?](#)

[10 IRS Rules for Stress-Free Foreign Accounts](#)

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