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THE TAX LAWYER

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Tax Evasion Trial For Merkel Ally, Bayern Munich Football President Uli Hoeness

Uli Hoeness is close to royalty in football circles. In Germany, Mr. Hoeness was a household name for over 40 years. He started as a player, helping win West Germany the World Cup in 1974. He eventually became team manager of Bayern Munich, and since 2009, has served as President of the Club.

But he has hosted TV talk shows and figured in politics too, much to the current chagrin of Chancellor Angela Merkel. His arrest in 2013 rocked sports and politics in Germany. Police searched his lakeside villa, arrested him and later released him on five million euros' bail. And now Mr. Hoeness goes on trial for seven charges of evading 3.5 million euros (\$4.8 million) in taxes.

As has occurred in similar American trials, Mr. Hoeness is accused of having stashed money in Switzerland. Given the high amounts involved, if he is convicted, he could face jail time. The maximum punishment for major tax fraud is 10 years jail, but shorter terms which can be suspended are far more common. See [Germany's Bayern football boss to face tax trial](#).



Chancellor of the Federal Republic of Germany Dr. Angela Merkel signing autographs on the open door day at the Bundeskanzleramt in Berlin, Germany (Photo credit: Wikipedia)

A key issue could be whether his stepping forward and amending his taxes in 2013 to fix the problem will undermine the criminal case against him. The same issue has arisen under U.S. law. The issue even arose in the high profile case of Beanie Babies Founder Ty Warner, where it came up at sentencing that he had applied for amnesty.

But when Warner applied for amnesty in 2009, he was rejected because the IRS already had his identity. After Beanie Babies founder H. [Ty Warner](#) plead guilty to tax evasion, he was sentenced on [January 13 to 2 years of probation](#) and 500 hours of community service, but not to jail. So the feds have appealed to the Seventh Circuit. Prosecutors say Warner, Forbes' 209th richest American worth \$2.6 billion, should be jailed.

Few people are turned down, but the IRS policy is not to accept taxpayers who are already being investigated. Mr. Warner ([#209 on Forbes 400 list](#)) was not the first Forbes 400 member facing tax charges. Leandro Rizutto ([#296](#)), founder of Conair, and Igor M. Olenicoff ([#184](#)), a California real estate developer, were two others. In general, stepping forward to the IRS will not automatically prevent an American tax prosecution if the IRS was already on to the person when they confessed.

The law in Germany has been more favorable to taxpayers than U.S. law. In that sense, the prosecution of Mr. Hoeness could break new ground. And there are suggestions that prosecutors want this case to be a sea change.

Despite its proximity to Switzerland, Germany has lagged the U.S. in its pursuit of taxpayers hiding money in Switzerland and elsewhere. Yet it is clear that Germany has tried to say “me too” following American success with the issue. In 2011, Germany and Switzerland agreed on steps to tax Germans’ wealth hidden in Swiss banks by early 2013.

But that was delayed when in late 2012, the German opposition in late 2012 argued against allowing those guilty of tax evasion to get off easily via an anonymous settlement. Hoeness admitted to having been a compulsive stock market “gambler” and remains popular. And public interest in the case is high.

You can reach 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.