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THE TAX LAWYER

TAXES 5/31/2016

### Secrecy Warnings For Everyone From Lionel Messi's Tax Fraud Trial

The opening of Spain's criminal tax trial against Argentinian athlete [Lionel Messi](#) of FC Barca May 31st has plenty of star power. Messi earns over \$50 million a year in salary and bonus, plus over \$20 million in endorsements. It makes [Messi #4](#) on the list of highest earning athletes according to [Forbes](#). He also has Golden Ball and other awards aplenty. Yet he still faces tax evasion charges that could send him to jail, along with his father Jorge Horacio Messi.

The pair are accused of using a chain of shell companies in Belize and Uruguay to avoid paying taxes on 4.16 million euros (\$4.7 million) of Messi's income from image rights from 2007-09. They face three counts of tax fraud, which could mean 22-and-a half months of jail if they are found guilty. There would also be fines based on the amounts allegedly defrauded. Jail still seems unlikely, but the stakes are still huge. It did not help that Messi's name came up again in the Panama Papers.



(Photo credit: ANESGOB)

For Americans, and increasingly for just about everyone worldwide, the key today is *transparency*. Few could have predicted the Armageddon that changed Swiss banking. In 2009, the IRS and Department of Justice sliced through the Gordian knot of bank secrecy, netting account holder names and a \$780 million penalty from UBS. Credit Suisse's [\\$2.6 billion fine](#) and U.S. felony tax charge was an astounding hit. All Swiss banks have fallen into line or closed.

Spanish prosecutors seem focused on secrecy. They say the scheme relied upon hiding the names of the real owners of companies registered in the UK, Switzerland, Uruguay and Belize. Americans are particularly unable to hide anywhere for any reason. [FATCA](#)—the Foreign Account Tax Compliance Act—requires foreign banks to reveal American accounts holding over \$50,000. Already in U.S. administrative cases with the IRS and tax prosecutions, trusts and companies are under fire.

The IRS and DOJ use these common devices to enhance the willfulness that may be present. In many ways, the cover-up is worse than the crime. Such layers can make innocent activity [willful, meaning penalties or jail](#). A key element in Messi's case is the clandestine nature of the tiered arrangement. The deal was structured to keep his name hidden. The Spanish prosecutor alleges that money was routed through U.K. and Swiss companies and then to companies in Uruguay and Belize. The reason? To make it opaque.

Mr. Messi denies the allegations. A former agent may have done the deals without his knowledge, but his father is clearly implicated too. It is likely that his father had a larger role in the tax maneuvers than did the footballer. After America's putsch in Switzerland and worldwide, secrecy itself is under attack. Movements in the UK and Brussels have made nominee ownership no longer commonplace. Nominees are straw-men listed as owners or directors of a company, but who are acting on behalf of someone else.

As secrecy itself as come under attack, this once extremely common device is now more likely to be viewed as a problem that triggers others. Lionel Messi and his father have been dogged by allegations of tax maneuvers for years now. They have tried to settle their tax case and to pay the money and move on. But the message coming from Spanish authorities has been a stern one. Whatever happens in Spain, secrecy and willfulness are now terribly intertwined.

*For alerts to future tax articles, email me at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This discussion is not legal advice.*