

Scott Michel Comments on Impact of First Swiss Bank to Settle Under U.S. Tax Program

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Thomson Reuters quoted Scott D. Michel concerning BSI SA, a Swiss private bank, avoiding prosecution for suspected tax related offenses and becoming the first bank to reach a deal in the U.S. Department of Justice's voluntary disclosure program. As part of the deal, BSI paid a \$211 million penalty and agreed to cooperate in any related criminal or civil proceedings. The agreement will also increase the penalty for participants in the IRS Offshore Disclosure Program who held accounts at BSI. For the complete article, please visit *Thomson Reuters's* website.

Excerpt taken from the article.

BSI, one of Switzerland's largest private banks, apparently had more U.S. account holders than many other banks in the program, a reason for the sizeable penalty, according to Washington, D.C., attorney Scott Michel, who represents banks and individuals who have made voluntary disclosures.

Sixty or 70 other Swiss banks are expected to strike similar agreements with the Justice Department in the coming months, Michel said.

The BSI agreement also has substantial implications for account holders, the lawyer noted.

If a U.S. taxpayer has an unreported account at a Swiss bank and enters the offshore disclosure program, the account holder has to pay a penalty equal to 27.5 percent of the high balance in the account, he said.

However, once a bank becomes the publicly announced subject of an investigation or enforcement action, including the execution of a non-prosecution agreement, the 27.5 percent penalty facing a taxpayer who holds an undisclosed account rises to 50 percent.

"For any American with an unreported account at BSI, their effective cost has essentially doubled today," Michel pointed out.

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