The Wall Street Journal Quotes Scott Michel: New Risks for Advisers with Clients Who Own Unreported Overseas Assets

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The Wall Street Journal spoke with Scott D. Michel concerning a new phase of the Foreign Account Tax Compliance Act that goes into effect beginning July 1, 2014, and requires foreign banks and other financial firms to report to the Internal Revenue Service on their U.S. customers and most of their assets. U.S. taxpayers, and their financial or tax advisers, are under more pressure to report their assets and comply with IRS rules or face the possibility of tax penalties, back taxes, and even criminal charges. For the complete article, please visit *The Wall Street Journal's* website.

Excerpt taken from the article.

Indeed, the rules are now quite complex and hold many traps for the unwary--and the penalties can be quite steep, said Scott Michel, a partner in the Washington, D.C., office of law firm Caplin & Drysdale.

"Advisers should be alert to anything in a client profile that suggests international activity, and suggest to clients that they provide full information about all foreign activity for the required filings," he said.

Advisers can be in a bind, however, if they learn about accounts unknown to the IRS. They don't have the kind of immunity an attorney gets under the attorney-client privilege, and could be subpoenaed if the IRS or Justice Department were to pursue more information about a client, Mr. Michel pointed out.

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