

U.S. News & World Report Quotes Mark Matthews on Tax Havens

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Mark E. Matthews spoke with *U.S. News & World Report* on how tax havens are legal, but when taxpayers and banks use tax havens and do not properly report financial information they can face stiff consequences. Mr. Matthews works with thousands of individual clients and several bank clients to help them come into compliance with U.S. enforcement actions. For the full article, please visit *U.S. News & World Report's* website.

Excerpt taken from the article.

Using tax havens to your advantage isn't illegal. Mark Matthews, formerly chief of criminal investigations for the Internal Revenue Service and now an attorney at Caplin & Drysdale in the District of Columbia, says tax havens are legal for "the vast majority of economic and financial activity."

Although the term "tax haven" is arguably a dirty phrase nowadays, there are certainly legitimate uses of them.

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Historically, accurate reporting has been tough to enforce. Famously secretive Swiss banks, for instance, weren't required to give up their clients' names to the U.S. government. The banking secrecy afforded by tax havens has facilitated "financial crimes like tax evasion, money laundering and Foreign Corrupt Practices Act violations," Matthews says.

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Consequences can be stiff for offenders.

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Depending on the crime, prison sentences can range from 5 to 20 years. But if you earned the money legally, there's "generally an IRS disclosure program available to avoid prosecution and publicity, although with likely stiff financial penalties," Matthews says.

"The government is also interested in third parties such as bankers, advisors and the like who come forward to cooperate even if they may have helped Americans hide money," Matthews says.

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