

IRS Commissioner Doug Shulman
Statement on UBS / Voluntary Disclosure Program
(Nov. 16, 2010)

Today, I'm pleased to announce the IRS has withdrawn the John Doe Summons in the UBS AG matter. We are taking this action in light of our success in obtaining the account holder information we sought through the summons and obtained under the August 2009 agreement with the Swiss government and UBS. We appreciate the help and assistance of the Swiss government and UBS during this process.

In addition, I'd especially like to thank the team at the U.S. Justice Department, for its tremendous work and support. We could not have done this without them. Working together, we were able to assure that the agreement was successfully implemented and the United States expectations under this landmark agreement were realized. We look forward to continued partnership with Justice as we continue our work.

Today's announcement is yet another milestone in our ground-breaking efforts in the international tax compliance arena. Not only are we breaking through the walls of international bank secrecy, we are producing real results for U.S. taxpayers.

I can't say this enough: When people cheat on their taxes, the vast majority of honest U.S. taxpayers suffer the consequences and have to make up the difference

The John Doe Summons in the UBS case was just one piece of a much larger effort underway here at the IRS on international issues. There are many elements to it.

As part of our efforts, we have renamed and reshaped our large corporate division into the Large Business and International Division in order to further emphasize and specialize our international and offshore banking efforts. We also continue to work closely with other governments through the Organization for Economic Co-Operation and Development.

Today, I want to give you an update on our high-profile efforts that touch on our continuing offshore banking efforts.

First, here is an update on our offshore voluntary disclosure program:

We have had thousands more taxpayers come in through our voluntary disclosure program since our special program ended last year. We had approximately 15,000 voluntary disclosures from individuals who came in before the VDP program ended.

And these voluntary disclosures continue. Since the special program closed, we have received an additional 3,000 voluntary disclosures from individuals with bank accounts from around the world. This is a significant development to get this many people – now over 18,000 individuals and counting - back into our tax system.

We are finding that many of these voluntary disclosure cases involve significant amounts of previously unpaid tax. Account sizes and taxes vary considerably from case to case, but the closed cases so far have averaged more than \$200,000 in tax collections per case, which includes back taxes, interest and penalties. But collecting additional revenue for past misdeeds is not the only important consideration here – regardless of account size, it is important that we are bringing thousands of U.S. taxpayers back into the system so they properly report and pay their taxes for years to come on their offshore accounts.

Second, let me update you on the results of the UBS AG agreement between the United States and Switzerland reached in August 2009.

As part of this agreement, the IRS has received approximately 4,000 UBS treaty-request accounts so far. We will get even more after the remaining account-holder appeals have been decided by the Swiss Federal Administrative Court.

These UBS treaty request account holders face a full-blown audit – and potentially more, depending on the circumstances – unless they came in through the voluntary disclosure program first.

The IRS expects the final count of UBS AG accounts received from various sources to exceed 7,500. This covers the entire spectrum, including accounts turned over outside the treaty request process under the February 2009 deferred-prosecution agreement and the offshore voluntary-disclosure program.

The VDP and UBS matters are significant, but there is obviously more to come. We have been scouring the vast quantity of data we received from the VDP applicants and from various other sources. Although more data mining is still to be done, this information has already proved invaluable in supplementing and corroborating prior leads, as well as developing new leads, involving numerous banks, advisors and promoters from around the world. And this remains just the start. As I have said from the beginning, this has never been about one bank or one country. We've produced results and will continue to produce results.

To conclude, we are sending a clear message to taxpayers that we are serious about tax compliance. We will tirelessly pursue anyone who tries to use international borders to their advantage and cheat honest taxpayers. As I've said throughout my tenure as Commissioner, combating international tax evasion will continue to be a top priority. We have additional cases and banks in our sights right now. This issue is not going away, and those who try to skirt U.S. tax laws by hiding assets and income offshore, and the banks and advisors who help them do it, will find themselves increasingly at risk due to our efforts in this area.