

BOXERMAN QUOTED ON IRS HUNT FOR FOREIGN BANK ACCOUNTS UNTAXED ASSETS

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U.S. Citizens with Assets in Foreign Bank Accounts Seeking Help from Attorneys to Avoid Huge Civil and Criminal Sanctions

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U.S. citizens believing that their money is safe from Internal Revenue Service taxation because it is deposited in "hidden" overseas bank accounts, such as in Switzerland, are dealing with an aggressive U.S. government initiative that may cost them devastating financial penalties and back tax payments.

The U.S. government is now chasing billions of dollars in untaxed assets currently deposited at banks in about 50 countries with the help of the Foreign Account Tax Compliance Act (FATCA). "FATCA greatly increases U.S. government access to information about bank and other financial accounts held by U.S. taxpayers overseas," says Sanford J. Boxerman of Capes, Sokol, Goodman & Sarachan, P.C. in St. Louis.

"People worried about civil and criminal sanctions are seeking advice from attorneys and CPAs right now because the consequences of discovery by the U.S. government of hidden assets can be severe, to say the least," says Boxerman, who handles white collar criminal cases and civil and criminal tax controversies.

Last week, the U.S. government released a list of 49 nations, including Bermuda, Cayman Islands, Switzerland and other U.S. tax havens that comply with, or soon will comply with FATCA, a 2010 law that impacts U.S. citizens with more than \$50,000 in financial assets in offshore bank accounts and investments, including undeclared earnings or income.

Overseas financial institutions including banks, financial custodians, transfer agents and

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hedge funds are lining up to become FATCA-compliant to avoid potential sanctions that include a 30 percent withholding tax on US-sourced income and regulatory enforcement actions, says Boxerman. He notes that the IRS expects 750,000 foreign financial institutions to register for FATCA compliance by the government's May 5, 2014, deadline.

"A voluntary disclosure to the IRS of overseas financial assets can, in many cases, be the best way for U.S. taxpayers to potentially avoid prosecution by the U.S. government and some civil penalties as well," says Boxerman. "Both the IRS and the U.S. Department of Justice are making international tax evasion a much higher priority than in the past."

FATCA's scope is enormous. The issues for attorneys and clients in the U.S. loom large as FATCA's net continues to expand worldwide.

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