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## Tax Law

### Alert

# Update: UBS Bank Closing U.S.-held Offshore Accounts May Cause New Hazards for Taxpayers

Last week, Swiss banking giant UBS AG (UBS) reported that it will close all secret offshore accounts held by U.S. accountholders amid growing pressure from U.S. tax authorities investigating potential tax avoidance by U.S. taxpayers. The move aids federal authorities in investigating accountholders for filing false tax returns, willful failure to disclose accounts, tax evasion and tax fraud by exposing evidence of the undisclosed accounts. As discussed earlier this month in the Williams Mullen Tax Law Team Alert, *U.S. Government Targets UBS Offshore Account Holders*, federal authorities estimate that 19,000 U.S.-held UBS accounts have been used to hide \$18 billion in assets - or \$300 million in tax liabilities - each year.



Kevin E. Thorn

UBS will either transfer the accountholder funds to other banks of the accountholder's choosing or to other accounts within UBS that are registered with the U.S. authorities. If accountholders transfer their funds to a foreign bank they are required to report transfers in excess of \$10,000 to the U.S. Treasury Department. Alternatively, UBS will mail checks for the full value of the account directly to

the accountholders. Accountholders can cash their checks and create a paper trail or not cash these checks and lose the value of their assets - effectively creating a catch-22 for the accountholder.

The closing of these offshore accounts by UBS raises the stakes for U.S. taxpayers. Specifically, by closing the accounts, UBS increases the likelihood that the IRS will identify undisclosed accounts and accountholders. Once the IRS identifies the accountholder, it can begin an investigation of the accountholder and pursue felony charges against the taxpayer for failing to report the account and pay taxes on the account's income. Any U.S. taxpayer who has an offshore UBS account and receives notice that their offshore account has been closed should contact the Williams Mullen Tax Law Team.

*For more information on this matter, see U.S. Government Targets UBS Offshore Account Holders at [www.williamsmullen.com](http://www.williamsmullen.com) or contact Kevin E. Thorn at 202.293.8114 or [kthorn@williamsmullen.com](mailto:kthorn@williamsmullen.com).*

Please visit [www.williamsmullen.com/tax](http://www.williamsmullen.com/tax) for more information about the Williams Mullen Tax Law Team.



### Tax Law Team

**Craig L. Rascoe**  
Chair, Tax Law Team  
804.783.6472  
[crascoe@williamsmullen.com](mailto:crascoe@williamsmullen.com)

**Farhad Aghdami**  
Vice-Chair, Tax Law Team  
804.783.6440  
[aghdami@williamsmullen.com](mailto:aghdami@williamsmullen.com)

**R. Stuart Broom**  
[rsbroom@williamsmullen.com](mailto:rsbroom@williamsmullen.com)

**Thomas R. Frantz**  
[tfrantz@williamsmullen.com](mailto:tfrantz@williamsmullen.com)

**J. Conrad Garcia**  
[cgarcia@williamsmullen.com](mailto:cgarcia@williamsmullen.com)

**James Philip Head**  
[jhead@williamsmullen.com](mailto:jhead@williamsmullen.com)

**Sean M. King**  
[sking@williamsmullen.com](mailto:sking@williamsmullen.com)

**Montgomery Knight, Jr.**  
[mknight@williamsmullen.com](mailto:mknight@williamsmullen.com)

**Randolph H. Lickey**  
[rlickey@williamsmullen.com](mailto:rlickey@williamsmullen.com)

**Matthew C. Marshall**  
[mmarshall@williamsmullen.com](mailto:mmarshall@williamsmullen.com)

**Charles B. Neely, Jr.**  
[cneely@williamsmullen.com](mailto:cneely@williamsmullen.com)

**Nathan Olansen**  
[nolansen@williamsmullen.com](mailto:nolansen@williamsmullen.com)

**William A. Old, Jr.**  
[wold@williamsmullen.com](mailto:wold@williamsmullen.com)

**D. Royce Powell**  
[rpowell@williamsmullen.com](mailto:rpowell@williamsmullen.com)

**Nancy S. Rendleman**  
[nrendleman@williamsmullen.com](mailto:nrendleman@williamsmullen.com)

**Robert W. Shaw**  
[rshaw@williamsmullen.com](mailto:rshaw@williamsmullen.com)

**Charles L. Steel, IV**  
[csteel@williamsmullen.com](mailto:csteel@williamsmullen.com)

**Maria S. Stefanis**  
[mstefanis@williamsmullen.com](mailto:mstefanis@williamsmullen.com)

**Heather Hoch Szajda**  
[hszajda@williamsmullen.com](mailto:hszajda@williamsmullen.com)

**Albert J. Taylor, Jr.**  
[ataylor@williamsmullen.com](mailto:ataylor@williamsmullen.com)

**Kevin E. Thorn**  
[kthorn@williamsmullen.com](mailto:kthorn@williamsmullen.com)

**John H. Turner**  
[jturner@williamsmullen.com](mailto:jturner@williamsmullen.com)

**M. Nicole Williams**  
[nwilliams@williamsmullen.com](mailto:nwilliams@williamsmullen.com)

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Editorial inquiries should be directed to Craig L. Rascoe, Editor, P.O. Box 1320  
Richmond, VA 23218, 804.783.6472, [crascoe@williamsmullen.com](mailto:crascoe@williamsmullen.com).  
[www.williamsmullen.com](http://www.williamsmullen.com)

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