

Tax Authorities Resort to Illegal Bribes to Get Information

by Brian Mahany

Last summer I discussed the how the German government bribed a Liechtenstein bank employee to obtain confidential tax information - the names and addresses of German account holders with accounts at LGT Bank. What many did not know, however, was that Germany then apparently shared that illegally obtained information with other tax authorities, including the IRS. Guess what? The Germans are at it again.

In an apparent move to undermine Switzerland's reputation as a tax haven for foreigners with unreported income, Germany publicly announced that it will pay bribes for secret account records. German Finance Minister Wolfgang Schauble announced last week in an interview with a German newspaper that "There is no future for bank secrecy." Meanwhile, German tax officials announced that they were paying the equivalent of \$3.4 million to an informant for tax records of an estimated 1500 Germans with Swiss accountants.

More ominously, German officials said they would pay for information even if stolen or hacked and may again share that information with other governments. The U.S. has long had laws that prevent private individuals and corporations from bribing foreign officials - the Foreign Corrupt Practices Act. But what happens when the government itself turns a blind eye to corruption by the government itself?

The U.S. has not yet acknowledged bribing foreigners for stolen or hacked tax records of U.S. citizens with foreign accounts or income. But taking data from the Germans would essentially be sanctioning such illegal behavior.

Having foreign accounts and foreign source income is not illegal for Americans. But not declaring those accounts or paying tax on foreign income is. Like Germany, the United States has a huge problem with unreported income and tax evasion. No matter what your political views on taxes, the government claims it is entitled to know where your money is and how much you earn. The question today is how far will the government go to find out?

For those with unreported accounts, the answer is pretty far.

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Brian Mahany, Christopher Ertl and the tax attorneys at Mahany & Ertl help businesses and individuals with tax problems. Criminal tax investigations? Non-filers? Compliance, collections and tax lien problems? Audits? Tax Evasion? We can help. Calling (414) 704-6731 or emailing brian@mahanylaw.com connects you directly to attorney Brian Mahany.

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