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Client Alert

Swiss Government Reveals Criteria it Will Use to Choose Which UBS Account Holders it Will Disclose to the IRS

After months of uncertainty following the Swiss government's agreement to release the names of thousands of U.S. citizens who have, or had, unreported offshore UBS accounts, the Swiss government has identified the following three (3) main categories of UBS account holders which they will disclose to the IRS:

- U.S. taxpayers who have, or had, direct ownership of an undisclosed UBS account which had a balance of at least 1,000,000 Swiss Francs at any time from 2001-2008, even if the account is now closed;
- U.S. taxpayers with direct, or indirect, ownership of an undisclosed UBS account which had a balance of at least 250,000 Swiss Francs at any point during 2001-2008 if the account was deemed suspicious. Suspicious accounts include those held through trusts, corporations, or foundations; accounts with special cell phones or credit cards attached thereto to ease access and help ensure security; and accounts where the individual account holders did not disclose their U.S. citizenship when opening the account; and
- U.S. taxpayers with indirect ownership of an undisclosed UBS account that generated an

average of 100,000 Swiss Francs per year in interest, dividends and capital gains for any three (3) year period from 1998-2008.

Now that the specific criteria has been released, more taxpayers are expected to come forward and join the roughly 14,700 other taxpayers that previously disclosed their unreported accounts in the hopes of leniency. Even though the deadline to voluntarily disclose offshore accounts to the IRS has passed, the IRS is still accepting disclosures and has indicated that they are less likely to prosecute individuals criminally if they voluntarily disclose information. While no official number has been given, the IRS estimates that they have already raised billions in revenue from fines and back taxes owed on the already disclosed accounts.

Our Firm is intimately involved in monitoring these events and will continue to provide you with pertinent updates as more information becomes available. If you have any questions about the matters covered in this Client Alert, or wish to schedule a private consultation, please call Terrence A. Oved, Esq. of Oved & Oved LLP by telephone at 212.226.2376 or contact by email at terry@ovedlaw.com.

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