



CLIENT ALERT
JUNE 2010

SWISS PARLIAMENT PASSES LAW CODIFYING SETTLEMENT AGREEMENT BETWEEN THE UNITED STATES AND UBS

Following months of political maneuvering, on Thursday, June 17, 2010 the Swiss Parliament formally ratified the 2009 Settlement Agreement between the U.S. and UBS (the "Settlement"). This new development has officially cleared the legal hurdles preventing UBS from disclosing to the IRS the names of 4,450 UBS account holders that have engaged in certain acts of tax fraud, defined to include situations where U.S. taxpayers: (i) hid their ownership of the account through corporations, trusts and other similar entities; or (ii) maintained an account of over 1,000,000 Swiss Francs without filing the necessary W-9 tax form.

This final vote of approval comes just a week after the Swiss Lower House rejected an earlier version of the law. The swift action of the Swiss Parliament to push through the approval of the Settlement is indicative of the broad popular support in Switzerland to assist the U.S. government's attempts to chase down U.S. tax evaders.

The codification of the Settlement could have a significant effect on the Swiss tradition of bank secrecy as other Swiss banks are likely to follow suit and enter similar agreements with the U.S. government. The vote will impact the ability of U.S. tax regulators to pursue U.S. citizens who use Swiss accounts to evade paying taxes. Hoping to avoid steep penalties or criminal prosecution, a number of U.S. citizens have already come forward under an IRS amnesty program.

The law was drafted as a response to the recent Swiss Administrative Court ruling holding that U.S. taxpayers who failed to file the appropriate tax forms with the IRS disclosing their Swiss accounts were merely guilty of tax evasion and not tax fraud.

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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