

Michael Rozbruch's...

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Obama Administration Goes After Tax Cheats

The president outlines a plan to work with overseas banks and target tax cheats. He also wants to hire 800 new IRS agents to hunt down those not complying

Just months into office, President Barack Obama has publicly announced the targets of his administrations:

Worldwide terrorist networks? Check.

Guantanamo Bay? Check.

Carbon emissions? Check.

Tax cheats? Che— Say what?!

That's right. Among President Obama's high-value targets are tax cheats who hide money in overseas bank accounts. On May 4, at the White House Grand Foyer, President Obama laid out his new measures to go after tax cheats, no matter where they stash their cash.

"One of these measures would let the IRS know how much income Americans are generating in overseas accounts by requiring overseas banks to provide 1099s for their American clients, just like Americans have to do for their bank accounts here in this country," Obama said. "If financial institutions won't cooperate with us, we will assume that they are sheltering money in tax havens, and act accordingly. And to ensure that the IRS has the tools it needs to enforce our laws, we're seeking to hire nearly 800 more IRS agents to detect and pursue American tax evaders abroad."

Now, that's big news in the world of tax compliance. Not only does the Obama administration want to force overseas banks to disclose the holdings of U.S. customers, but it also plans to hire 800 new agents to sniff out tax cheats living on American soil.

For those who thought Obama would be easier on tax compliance than President George W. Bush —

who made a name for himself as an advocate for aggressive tax compliance — they received a rude awakening in May. In fact, Obama has positioned himself to be even more aggressive on tax cheats than his predecessor.

What's more, Obama likely will have the tools do it. A decade ago, forcing overseas banks to file 1099s would have sounded ridiculous. Today, it sounds plausible. Here's why: As a result of our global financial meltdown, banks are working with governments like never before. In addition, even notoriously secret Swiss banks are cooperating. Earlier this year, UBS, the largest bank in Switzerland, agreed to provide the U.S. government with the names of those it suspects of using its accounts to evade paying taxes in the United States.

And those 800 new IRS agents? Not hard to find a budget line item for them, considering Washington is funneling billions out of the Treasury as part of the economic stimulus package.

So if ever the U.S. government sounded a warning to tax cheats, it came in May, when Obama declared a sort of war on those who refuse to pay their fair share.

If you are among them, now is a good time to come forward and wave the white flag.

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