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Switzerland Notifies First 500 Suspected Tax Cheats

The process has begun as the IRS finally dismantles what was once considered the safest tax haven for America's wealthiest individuals

It's begun.

Authorities in Switzerland have notified the first 500 Swiss bank clients whose names they are set to turn over to the United States government for suspected tax evasion.

Those 500 people will have met strict criteria established by Swiss authorities, which include holding over 1 million Swiss francs at any time between 2001 and 2008, the use of false documents or other fraudulent actions, and accounts that earned an average of 100,000 francs a year for the last three years.

Under Swiss law, the taxpayers who are notified will have 30 days to appeal to Switzerland's administrative court.

In the world of tax evasion and tax compliance, this is unprecedented — arguably the biggest tax story of the decade.

For centuries, Switzerland built a reputation of neutrality that extended to its banking system, creating an independent enclave of banks immune from outside pressure. It was, by all accounts, the world's greatest tax haven — a place for millionaires and despots alike to safely stash their fortunes.

But all that has changed, thanks to a whistleblower and the U.S. Attorney's Office, which won an agreement from the Swiss government to release the names and account information of U.S. taxpayers suspected of hiding money in the luxurious Alps.

Those 500 people who received the first notices from Zurich have every reason to be scared. Amnesty is over for these taxpayers, and the IRS has made it clear that punishment will be harsh.

In fact, following announcement of the deal to obtain banking information from Switzerland, IRS Commissioner Doug Shulman said in a prepared statement: "Once the Swiss government turns over names, all bets are off."

But truth be told, only the most elite of American capitalists could afford the option of hiding money behind once-impenetrable Swiss banking veil.

But just because you don't have an account in Zurich doesn't mean you shouldn't find this news important. In fact, if you're in any way cheating on your taxes, you should be terribly concerned.

Here's the simple reason why: For more than a half-century, a Swiss bank account was seen, even by IRS agents, as a walled castle. But in crashing through the gate, the IRS has proven that no tax-evasion scheme is immune from being toppled and, most important, from being prosecuted.

Just ask the tens of thousands of Americans who were using a Caribbean bank account linked to a U.S. credit card to evade taxes. Now that the IRS has their information thanks to a separate deal with the credit card companies, they have every reason to be sorry.

For the average person cheating on their taxes, the news from Switzerland should sound like a warning bell.

If they can get these guys, you better believe they can get you.

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