

Daily Tax Report ®

IRS Will Expand Reach to Singapore, Double Netherlands Presence

By Laura Davison

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The Internal Revenue Service is adding criminal investigation officers in foreign financial centers as the U.S. increases pressure on tax evaders and money launderers.

The IRS will soon station an agent focused on criminal tax evasion in Singapore, detail an employee to Australia and add a second official in the Netherlands. The agency also recently posted an agent, officially known as an attache, in Dubai.

"We're constantly looking at the money flows, where we think the money and the financial centers are," Don Fort, who leads the IRS's criminal investigations unit, said in Washington Thursday at an American Institute of Certified Public Accountants event. In total, the IRS has 25 agents abroad, he said.

The agency is increasingly focusing on tax enforcement since Commissioner Charles Rettig and the agency's top lawyer Michael Desmond joined the IRS in the past year. Rettig and Desmond, both former tax litigators, tout prosecuting criminal cases and shutting down tax shelters as a high priority.

Asia and the Middle East are becoming more popular as places for wealthy European and North Americans to stash their money as governments crack down on Caribbean tax havens, including the U.S. Virgin Islands and Belize. For example, about 19% of the wealth in Singapore is owned by North Americans, according to a 2018 Deloitte study.

The IRS has honed in on individuals using cryptocurrencies to avoid taxes domestically and abroad. The agency said last week it identified "dozens" of potential criminals after meeting with tax enforcement officials from several other nations.

It's a type of tax avoidance the IRS will continue to pursue, Fort said. An estimated 21 million people own virtual currencies, such as Bitcoin, but fewer than 900 reported the holding on their tax returns in 2015, Fort said.

The IRS has referred hundreds of fewer tax cases for prosecution in recent years as the agency had its budget cut by lawmakers. In seeking additional funds, the commissioner said he's making the case to Congress that the IRS will prioritize criminal tax enforcement.

"Those matters will never be underfunded no matter what happens to us on the rest of the operation," Rettig said.

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