



## THE LANDLORD'S EXPANDING IRS "OFFSHORE" SHAKEDOWN! <sup>TM</sup>©2007

*New IRS Exposure on OFFSHORE Tax & Asset Protection - Update!*  
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### Landlord's Expanding IRS Shakedown!

The landlord's circle of liability is expanding. Landlords today are facing ever growing new I.R.S. tax traps and trends. Today we will discuss a few new critical tax changes from our 'OFFSHORE - I.R.S. Traps and Trends'<sup>TM</sup> report.

### I.R.S. Traps & Trends<sup>TM</sup> - OFFSHORE Tax & Asset Protection - Update

There is a serious trend afoot that should concern every taxpayer, especially landlords. Laws get dangerous when "factual presumptions" are imputed against the taxpayer or landlord. Recent U.S. Congressional hearings in late 2006 and most recently in February 2007 have set a trend in tax and asset protection law that you should know about. Notably, the hearings were termed: *"Tax Haven Abuses, The Enablers, The Tools and Secrecy Hearing; and the most recent bill termed: "Stop Tax Haven Abuse Act"*.

The "Stop Tax Haven Abuse Act"! A bi-partisan bill called the *"Stop Tax Haven Abuse Act"* was introduced by Senator Carl Levin (D-Mich.), Senator Norm Coleman (R-Minn.) and Senator Barack Obama (D-Ill.) on February 17, 2007 to stop offshore tax haven abuse and domestic and related offshore tax shelter abuses.

Offshore Tax Traps & Trends! <sup>TM</sup> If you have implemented any offshore tax or asset protection plan, you should seek immediate legal review of your situation. Section 101 (new Subchapter F Section 7492 of the Internal Revenue Code of 1986) of the law would add rebuttable factual *"evidentiary presumptions"* in tax and securities proceedings that will automatically find facts against your interest. These facts include finding that you (U.S. grantor): (1) have exercised *"control"* over the entity; (2) have received previously *'unreported taxable income'* in the year of any transfer (even if you call it a loan); (3) are the *beneficial owner and exercised control regardless if* you are not even listed as "owner" or "beneficiary"; (4) are *required to report and disclose* any account in an Offshore Secrecy Jurisdiction (even if below the current reporting FBAR amount of \$10,000). Non-U.S. witnesses may no longer submit evidence by declaration to support your rebuttal. They must appear in person with 'clear and convincing evidence'. Section 101 also adds an "initial" list of 34 Offshore Secrecy Jurisdictions that invoke the new legal requirements. The list is currently as follows subject to addition and change by the Treasury Secretary:

Anguilla	Cayman Islands	Isle of Man	Samoa
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Antigua	Cook Islands	Jersey	St. Kitts
Barbuda	Costa Rica	Latvia Lichtenstein	Nevis
Aruba	Cyprus	Luxembourg	St. Lucia
Bahamas	Dominica	Malta	St. Vincent/ Grenadines
Barbados	Gibraltar	Nauru	Singapore
Belize	Grenada	Netherlands	Switzerland
Bermuda	Guernsey/Sark/Alderney	Antilles	Turks / Caicos
British Virgin Islands	Hong Kong	Panama	Vanuatu

Section 103 extends by doubling the time the IRS has to investigate and assess additional taxes from 3 years to **6 years**. Section 104 would require disclosure of offshore accounts, transactions and entities by banks or securities (brokerage) firms – where it believes any **“beneficial owner”** of a foreign-owned financial account is a U.S. taxpayer. **Section 105 does away with the so called “trust protector” concept or benefit.** It attributes all powers and interests held by the trust protector to the maker or grantor of the trust. The **receiver or user** of any property or cash of a foreign trust (or entity or credit card) will be **treated as the beneficiary** of that trust or transaction. Taxable trust distributions will now also include loans of real estate, marketable securities, and personal property of any kind, including artwork, furnishings and jewelry. Foreign trusts with current or future U.S. beneficiaries, including **contingent U.S. beneficiaries will be considered taxable grantor trusts**. Section 204 will enhance the John Doe summonses by allowing the court to “presume” that any summons concerning an Offshore Secrecy Jurisdiction has a **reasonable basis to believe that the taxpayer has failed to comply with tax laws.**



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