



# Client Alert

November 07, 2017

## AUTHORS

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## SUBJECT

OVDP  
Streamlined Program  
Tax Compliance

## PARADISE PAPERS: MORE INQUIRIES INTO THE GLOBAL ELITE

The ICIJ released what is now known as the “Paradise Papers,” which claim to reveal tax avoidance strategies of the rich and famous.<sup>1</sup> In particular, the papers claim to:

- Reveal offshore interests and activities of more than 120 politicians and world leaders, including Queen Elizabeth II, and 13 advisers, major donors and members of U.S. President Donald J. Trump's administration;
- Expose the tax engineering of more than 100 multinational corporations, including Apple, Nike and Botox-maker Allergan;
- Reveal tax haven shopping sprees by multinational companies in Africa and Asia that use shell companies in Mauritius and Singapore to reduce taxes;
- Shine a light on secretive deals and hidden companies connected to Glencore, the world's largest commodity trader, and provides detailed accounts of the company's negotiations in the Democratic Republic of the Congo for valuable mineral resources; and
- Provide details of how owners of jets and yachts, including royalty and sports stars, used Isle of Man tax-avoidance structures.

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<sup>1</sup> See <https://www.icij.org/investigations/paradise-papers/>.

Appleby appears to be the law firm at the heart of the leak. It is an offshore law firm with around 470 people, having 10 offices, primarily in offshore tax havens. It apparently had 31,000 US clients.

While many of items highlighted by the papers are legitimate tax planning strategies and therefore should not be correlated with a negative connotation notwithstanding media bias, we encourage our clients to review the release and to compare them with their tax filing obligations. Clients ensnared by the release of these documents should make sure they have filed all requisite forms with respect to their offshore holdings. The US requires substantial information reporting relating to offshore holdings and activities. Failure to file the appropriate forms may result in significant penalties. For example, willful intent to file an FBAR may result in penalties up to fifty percent (50%) of the account balance. We also encourage our clients that have any offshore holdings to review their historical compliance, notwithstanding the use of Appleby. It appears that attacks on offshore service providers will continue and may only get worse. The desire to obtain confidential information for political or nefarious gains is real and should be taken seriously.

Should you have any questions relating to this release or need assistance, feel free to contact us. We would be happy to assist.

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## ABOUT US

Our law firm focuses on domestic and international taxation, real estate, corporate, immigration, and trust and estate matters. Our clients primarily consist of high-net worth individuals, family offices, and multinational companies. We look forward to assisting you.

## CONTACTS

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