

## Note - In Pursuit of Offshore Tax Evaders: The Increased Importance of International Cooperation in Tax Treaty Negotiations After United States v. UBS AG, 9 Cardozo Pub. L. Pol'y & Ethics J. 157

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### Introduction

In the United States, income "from whatever source derived" is taxable. 1 Ultimately, "domestic United States taxpayers are taxed on their worldwide income." 2 The Internal Revenue Code 3 (IRC) provides many legal provisions allowing Americans to lower their taxable income and tax due. 4 In the case of foreign income, this often includes a foreign tax credit for taxes paid to a foreign nation. 5 However, as evidenced by the multitude of successful prosecutions for tax crimes - most famously, perhaps, against Chicago gangster Al Capone, 6 Survivor 7 winner Richard Hatch, 8 former NYPD Commissioner Bernard Kerik, 9 and actor Wesley Snipes, 10 among others - some Americans use illegal methods to avoid paying taxes. This, put simply, is tax evasion, and it is up to the Internal Revenue Service (IRS) and the Tax Division of the United States Department of Justice (DOJ) to enforce the IRC against those who engage in such illegal methods. 11

Enforcement of the tax code, and punishment for evaders when appropriate, has important policy considerations at its core. 12 Income taxes are the largest source of revenue for the United States. 13 The government wants the money to which it feels it is entitled (and needs 14). From a social perspective, notions of fairness play a role in the government's policy decision to pursue tax evaders. 15 This is because "[a] postulate of any system of taxation is that the burden of paying the tax should ...