

IRS to Quiz Taxpayers on Funds Abroad

Washington

Bowing to pressure from Congress and the Department of Justice, Internal Revenue Service officials will again ask taxpayers next year if they have funds in a foreign bank account.

Congressional sources said two questions dealing with foreign accounts are being restored to Form 1040, the individual income tax return, slightly more than a year after a similar question was ordered deleted by IRS Commissioner Donald Alexander.

Advance copies of the 1976 tax forms, which have been distributed to congressmen concerned with tax laws, show U.S. citizens will be asked to check a yes-or-no box to designate whether they have money in a foreign bank or trust account.

Many law enforcement officials, including veteran agents in the IRS intelligence division, have called this question an important tool in controlling the misuse of Bahamian and Swiss bank accounts

for tax evasion purposes.

"The space problems that led to the change (deleting the question) for 1975 are again present in 1976," Treasury Secretary William Simon wrote congressmen yesterday. "The only real solution to this problem is simplification of the tax law."

Simon added, however, that "after consultation with the Department of Justice, the Treasury Department (parent of IRS) has decided to ask two questions on the 1976 Form 1040, Schedule B, about foreign accounts and foreign trusts."

He said a similar question will appear on four other schedules for taxpayers in special categories.

"I believe that this decision is a reasonable solution to the problem," Simon said.

The foreign bank question, which must be answered under penalty of perjury, first appeared on tax forms for 1970. It resulted from congressional pressure to control the mushrooming abuse of overseas bank accounts by tax evaders, organized crime figures and narcotics traffickers.

However, Alexander ordered the question deleted for the 1975 year, contending there was insufficient space on the form in view of new Census Bureau questions mandated by Congress.

Los Angeles Times