

Managing the Risk of Being Placed on the US Treasury Department's Sanctions In Liberia

The United States fights corruption and bribery around the world by imposing sanctions using the Magnitsky Act, usually through the US Treasury. The Act empowers the United States to impose sanctions on corrupt foreign officials by placing hold on their assets and freezing their bank accounts. In recent times also, US Embassies around the world are requesting their allies to prosecute those placed on the Magnitsky sanctions in their various countries. To avoid the risk of being placed on Treasury Sanctions, it is important for businesses operating in Liberia, along with Liberian politicians to be transparent and compliant with regulatory and tax laws. Doing so reduces the risk of sanctions and will also prevent corruption charges and help you maintain a face of integrity; with the soul goal of contributing to building an ethical business environment. By following proper disclosure requirements and working with qualified lobbyist and accountants, companies can help ensure that they are not inadvertently involved in any corrupt practices.

The Department of Treasury of the United States may place individuals or entities on the sanctions list for various reasons, including perceived tax evasion, perceive fraud, or other financial crimes, regardless of the jurisdiction. This can happen to anyone who fails to comply with tax laws or engages in illegal financial activities that the Treasury considers unethical. If you have specific concerns about your tax status or think you may be on a sanctions list, it's essential to consult with a tax professional or legal advisor who can help you navigate the situation. It is important to ensure that your tax responsibilities are met to avoid any potential issues with the IRS.

The United States takes no chances and do not think that the US or Europeans Business you deal with will not report the transaction to their Revenue Agency, particularly where the deal has gone wrong. This is how effective tax administration fights corruption, and American accountants in handling disclosure requirements, sometimes exposes corruption. For example, in dealing with business development cost, American accountants have the tendency to treat bribery and negotiation cost incurred outside the US as expenses. However, Research and Development Costs based on disclosure standards are treated differently. Not all expenses are deducted readily! The normal standard is that business development as well as research costs be recognized as expenses as they are incurred. But cost associated with activities that have future use, such as materials equipment, etc. are not expensed but are capitalized.

In carrying on various statutory and tax health check reviews, tax examiners and auditors usually look for high cost among foreign transaction source documents. The suspect action is so selected because material and equipment cost are usually higher than the usual meeting and conferencing expense. By doing so, any high cost that is not equipment or material cost is an immediate red flag for further review and investigation. After flagging all of such payments and doing some investigations, the tax analyst will reject all of such expenses from being deducted. This is one way in which the US contributes to reducing corruption, as they identify such cost as bribery that is committed in other countries. They

then deny the particular US Company the option of taking a tax deduction, unless their files can prove otherwise, and simultaneously place the foreign participant on sanction. This is how effective tax administration may prove to be a great tool for fighting corruption.

The same approach could be applied to filers who under report income but live expensive lifestyle. Therefore, when you see the US Treasury laying out sanctions, don't ask how they got the information. Their business/es report everything to their authorities and they are making the report so that they can reduce their taxes and maximize profit.

Liberian businesspersons and politicians can avoid all of this by dealing with lobbying firm, such as McJames & Francis Management Solutions, LLC. Our services at McJames include Tax Advisory, Lobbying and Regulatory Compliance Services. At McJames & Francis, we provide representation services for our clients to various government ministries and agencies, as well as to other taxing jurisdictions, if necessary. Although a businessperson may elect to represent himself/herself, which is risky, it is important to have someone else who has the relevant expertise to do the representation. For more information, feel free to visit our website at: www.mcjamesandfrancis.com.