

IT AUDITS PLUMMET AS IRS LOSES AGENTS TO BUDGET CUTS

WASHINGTON: As millions of Americans file their income tax returns, their chances of getting audited by the IRS have rarely been so low. The number of people audited by the IRS in 2016 year dropped for the sixth straight year, to just over 1 million. The last time so few people were audited was 2004. Since then, the US has added about 30 million people.

The IRS blames budget cuts as money for the agency shrank from \$12.2 billion in 2010 to \$11.2 billion last year. Over that period, the agency has lost more than 17,000 employees, including nearly 7,000 enforcement agents. A little more than 80,000 people work at the IRS.

IRS Commissioner John Koskinen said budget cuts are costing the federal government between \$4 billion and \$8 billion a year in uncollected taxes. "We are the only agency if you give us more people and money, we give you more money back," Koskinen said in an interview.

So is it safe to cheat on your taxes? Not necessarily, according to tax experts. "I don't think it's open season for people to cheat," said Joseph Perry, a partner at the accounting firm Marcum. "I think there are a certain group of people that will always try to push the envelope to get away with things that they think they can get away with."

As Koskinen put it: "If you're a taxpayer, you don't want to roll the roulette wheel and have the little white ball land on your number because then we're not very happy." Most people don't have much of an opportunity to cheat on their taxes because the IRS collects a lot of information to verify taxpayers' finances. Employers report wages, banks report interest, brokerages report capital gains and lenders report mortgage interest.

In 2016, the number of people audited by the IRS dropped by 16 percent from the year before. Just 0.7 percent of individuals were audited, either in person or by mail. That's the lowest audit rate since 2003. The higher your income, the more likely you are to get audited. The IRS audited 1.7 percent of returns that reported more than \$200,000 in income. Agents audited 5.8 percent of returns that reported more than \$1 million in income.

Both audit rates were steep declines from the year before. The most well-known audit in Washington is one on President Donald Trump, who has cited it in refusing to release his tax returns. The IRS, however, has said an audit would not prevent an individual from releasing the returns.

Corporate audits were down by 17 percent last year. Just 0.49 percent of corporations were audited, the lowest rate in at least a decade. Republicans in Congress

began cutting money at the IRS after they took control of both the House and Senate in the 2010 elections. They became more enthusiastic about the spending cuts after it became public that the agency had improperly singled out conservative political groups for extra scrutiny when they applied for tax-exempt status during the 2010 and 2012 elections.

Koskinen was not at the IRS when the political groups were mistreated, but some Republicans in Congress have been unhappy with his cooperation in their investigations.

When asked about IRS money, many Republican lawmakers inevitably mention the mistreatment of conservative groups. "Go look at all the areas where they've wasted money, mismanaged taxpayer resources," said Rep. Jim Jordan, R-Ohio. "Not to mention the fact that, you know, one of the reasons we went after them so hard is they did target people for their political views." Democrats argue that it's a costly move. "You know, when somebody doesn't pay, that means that others pay more," said Rep.

Richard Neal of Massachusetts, the top Democrat on tax-writing House Ways and Means Committee. "But I think there's no question that the majority (Republicans) here and apparently the president, they have had a target on the IRS." Tony Reardon, president of the National Treasury Employees Union, which represents IRS workers, questioned Trump's proposal to increase military spending by billions while the GOP targets the IRS.

"The IRS collects 93 percent of our nation's revenue. You cannot increase defense spending and cut IRS funding at the same time. It does not add up," Reardon said. Most federal agencies are bracing for budget cuts under the Trump administration, though Koskinen said he is making the case that the IRS already "gave at the office." It's unclear, however, how much influence Koskinen will have in the Trump administration. He was appointed by President Barack Obama and his term ends in November.

Treasury Secretary Steven Mnuchin offered the IRS a bone at his confirmation hearing when he acknowledged that adding agents would increase tax revenues. The department oversees the IRS, and Mnuchin was appointed by Trump. "I can assure you that the president-elect understands the concept of where we add people and we make money," Mnuchin said at the hearing, which was held before Trump's inauguration. "He'll get that completely. That's a very quick conversation with Donald Trump." —AP



ZAIN ENTERS JOINT VENTURE WITH CAR-SHARING SPECIALIST YOYO

ZAIN POSITIONING ITSELF TO BENEFIT FROM \$30BN GLOBAL MARKET BY 2020

BARCELONA: Zain Group, the leading mobile telecom innovator across the Middle East and Africa, announces a joint venture with YOYO, (www.driveyoyo.com) one of the most innovative digital startups in Turkey, to bring an exciting car sharing club model initially to Bahrain, and later expanded across the Zain regional footprint and the MENA region.

It is forecasted that the total car sharing market globally could reach as high as \$30 billion in 2020, fulfilling the prediction of Ford Executive Chairman Bill Ford, great-grandson of Henry Ford who is quoted as saying: "The future of transportation will be a blend of things like car sharing, public transportation, and private car ownership."

The agreement was penciled during a ceremony during the Mobile World Congress in Barcelona attended by Zain Group CEO, Scott Gegenheimer; Zain Bahrain GM Mohammed Zainalabedin; Emre Gurkan, Zain Group Chief Strategy and Development Officer and Berkman Cavusoglu, Co-Founder and CEO of YOYO.

YOYO is a vehicle sharing club in which registered members, via an app on their smartphones, are easily able to reserve and use vehicles as they require, even for an hour or as long as they require. The way the YOYO service works is that a customer can select a vehicle from any location in the city in which the service is available and reserve it for any time period. Doors of the hired vehicle are unlocked by the customer's membership card or mobile application, with the vehicle's keys found inside. The members can return back their cars to another parking station and leave the cars by locking again from their smartphones; without any hassle.

From Zain's perspective, this joint venture of participating in the fast growing "shared economy" vertical, underlines the company's culture of innovation as it looks to bring new and appeal-

ing services to the region. Zain believes the ease-of-use of the YOYO application and the logistical convenience of the service it provides are key differentiators that will drive its success across the region.

Commenting on the joint venture agreement with YOYO, Scott Gegenheimer, Zain Group CEO said, "We are enthusiastic about delivering new business models to our customers and to the region in general, and we look forward to our customers in Bahrain having the first experience of this compelling new service."

Gegenheimer continued, "It really is a special case when a service can be delivered that makes people's lives easier, while at the same time having a positive social impact on issues such as pollution and congestion. We already have a successful agreement in place with UBER, and we believe this latest arrangement with YOYO has every potential for rapid adoption across our markets and beyond."

Zain Bahrain General Manager, Mohammed Zainalabedin said, "Zain Bahrain is determined to offer its customer the latest in digital services that improve their livelihoods and their mobile experience. We believe the Bahrain community will welcome the YoYo car sharing service, and we are excited by the impending launch of this service to our customers. Zain Bahrain is keen to play its role in maintaining the Kingdom's leading position in the region's telecommunication sector."

Berkman Cavusoglu, Co-Founder and CEO of YOYO said, "We believe momentum for car-sharing services is gathering pace all the time, and for us this is a perfect opportunity to expand into new markets such as the Middle East. For the last three years, we have been very heavily focused on younger demographics of people aged between 25-35, and now we are keen to also explore foreign markets and move into the

B2B space. We feel our joint venture with Zain Group will help us achieve both of these strategic objectives, and we are obviously very excited to be partnering with a telco with the reach and reputation that Zain possesses."

YOYO already counts over 20,000 members in Turkey, who use the service regularly, with more than 200 unique reservations being registered every day. The car-sharing customer base is forecast to grow to be nearly 15 million in Europe by 2020, with there being nearly 240,000 shared chartering vehicles across the continent by that time.

Zain is confident that such a service will be welcomed by many commuters across all its markets, as it provides a simple, cost-efficient and effective option for road travel in addition to supporting the reduction of congestion and pollution.

The joint venture with YOYO builds on the programs launched under Zain's Digital Frontier and Innovation (ZDFI) initiative, which was established in 2014. ZDFI is charged with launching Zain into the digital space with the view to growing the company through new innovative business streams, which add to the company's financial viability and market capitalization. ZDFI focuses on the areas of innovation; digital services; corporate venturing; and smart cities, with the ultimate aim of Zain becoming a regional innovation trendsetter.

Zain is a leading telecommunications operator across the Middle East and Africa, providing mobile voice and data services to over 47 million active customers as of 31 December, 2016. With a commercial presence in 8 countries, Zain operates in: Kuwait, Bahrain, Iraq, Jordan, Saudi Arabia, Sudan and South Sudan. In Lebanon, the group manages 'touch' on behalf of the government. In Morocco, Zain has a 15.5% stake in 'INWI', through a joint venture.



WASHINGTON: In this March 22, 2013 file photo, the exterior of the Internal Revenue Service building in Washington. —AP

UKRAINE REACHES PRELIMINARY AGREEMENT WITH IMF

KIEV: The International Monetary Fund said Saturday it had reached a preliminary agreement with Ukraine that could see the war-scarred and cashed-starved nation receive fresh aid in the first half of the year.

The news was particularly good for the ex-Soviet republic because the IMF statement referred to a loan of \$1 billion (0.9 billion euros) and not the lesser sums discussed in earlier months.

Ukraine also gets the reprieve of not having to go through the unpopular measure of raising its pension age to get the cash. The step had been initially demanded by the IMF but strongly opposed to by Ukrainian lawmakers who want to avoid a voter backlash.

"The IMF staff has reached agreement with the Ukrainian authorities on an updated Memorandum of Economic and Financial Policies," the Fund's Ukrainian mission chief Ron van Rooden said in the statement. "This paves the way for consideration of the third review of the arrangement under the Extended Fund Facility (EFF) by the IMF's Executive Board ... In the second half of March," the statement said in reference to a \$1 billion loan.

The IMF's board usually follows through with such preliminary agreements and disburses aid once all the details have been hashed out.

The IMF had dragged its feet in disbursing help to Ukraine because of its unwillingness to follow through on tough belt-tightening measures.

It is far behind schedule since striking the \$17.5 billion deal in the first

half of 2015. Ukraine has thus far seen only \$7.3 billion of that money.

Fighting economic stagnation

This has forced the pro-Western government to step up its pressure and ram through detested legislation such as the raising of utility bills. Those had previously been state-subsidized and posed an extra burden on Ukraine's shallow coffers. The country has also repeatedly failed in its efforts to launch a meaningful privatization drive that could help fill in the budget gap.

Attempts to put up land for sale have also been resisted by nationalist lawmakers and their allies who comprise a powerful contingent of the chamber. Yet Ukraine has also seen some welcome news.

Advice from the IMF has helped it pull out of a tailspin 2014-2015 recession that saw the economy shrink by an astonishing 17 percent. Annualized inflation reached nearly 50 percent in the most dire days. The IMF did not provide any details about what concessions Kiev may have made in this round.

Ukraine is waging a multi-front battle against economic stagnation and a Russian-backed insurgency in the east of the country that has claimed more than 10,000 lives. The nearly three-year war is at a stalemate and shows few signs of reaching a resolution. Sporadic upsurges in violence such as last month's flareup in the town of Avdiivka claim dozens of lives. But the economy of one of Europe's poorest countries grew by about one percent last year and is on course to expand by 2.2 percent in 2017. —AFP

CALIFORNIA HIGH-SPEED RAIL READY TO LAY SOME TRACK

SACRAMENTO, Calif: After years of prep work, Gov. Jerry Brown's finance department decided Friday that California's \$64 billion high-speed rail project is ready to lay some track.

The administration approved the rail authority's request to spend \$2.6 billion on work in the Central Valley. The decision lets the authority ask the state treasurer's office to sell a portion of the nearly \$10 billion in bonds voters approved in 2008 for a bullet train. However, the first 29-mile segment of track isn't expected to be completed until at least August 2019.

The bullet train's long-term prospects remain clouded because of uncertainty over funding and several pending lawsuits. Significant federal help is required, and the Republican-controlled Congress does not support the project. Private money also is needed but none has been secured yet.

The treasurer previously issued \$1.15 billion of the bonds that went for administration and on work to connect the new system to existing tracks, leaving the bulk of the money unspent. Finance Director Michael Cohen approved the Central Valley



The supports for a 1,600-foot-viaduct to carry high-speed rail trains across the Fresno River are seen under construction near Madera, Calif. —AP

plan while downplaying a Federal Railroad Administration risk analysis that included a worst-case scenario for the costs of the project. He instead cited the authority's more optimistic analysis and an independent consultant's review that he said found that "the cost estimates and contingencies in this plan are reasonable."

Brown is a vocal advocate of the

rail project, and his administration includes the finance department, so Friday's decision is not surprising. The authority will ask the state treasurer to sell a portion of the bonds this spring to help pay for construction of 119 miles of rail in the Central Valley from Madera to Shafter, authority spokeswoman Lisa Marie Alley said.

Cohen delayed a decision on the

authority's related request for \$600 million for Caltrain in the San Francisco Bay Area. Bullet trains travel on electrified rails, and the California authority's business plan calls for the two systems to share lines along the Peninsula Corridor in the Bay Area.

Cohen said in a separate letter that he is waiting because the Federal Transit Administration last month delayed a decision on whether to approve a \$650 million federal grant for electrification.

"The state's substantial investment in this critical infrastructure improvement project is ready to move forward, the only remaining piece is action by the federal government on their contribution," Alley said in a statement referring to the Federal Transit Administration's delay. Congressional Republicans have urged the administration to reject the application, and the agency said last month that it is deferring a ruling until the project is considered as part of President Donald Trump's budget. Although congressional Republicans oppose the plan, Trump has previously spoken positively about high-speed rail. —AP

BURGAN BANK ANNOUNCES WINNERS OF YAWMI DRAW

KUWAIT: Burgan Bank, the second largest in terms of assets, announced today the names of the daily draw winners of its Yawmi account draw, each taking home a cash-prize of KD 5,000.

The lucky winners are:

1. Jaber Aasi Rafia Khalaf
2. Ayad Sulaiman Salamah Shalash
3. Abdulwahab Abdulsamad Taqi
4. Sakena Yaqoub Yousef Murad

In addition to the daily draw, Burgan Bank also offers a Quarterly Draw with more chances to win higher rewards, offering the chance to one lucky customer to win KD 125,000 every three months. The Yawmi Account offers daily and quarterly draws, wherein the quarterly draw requires cus-

tomers to maintain a minimum amount of KD 500 in their account for two months prior to the draw



date. Additionally, every KD 10 in the account will entitle customers to one chance of winning. If the account balance is KD 500 and above, the account holder will be qualified for both the quarterly and daily draws.

Burgan Bank encourages everyone to open a Yawmi account and/or increase their deposit to maximize their chances of becoming a winner. The higher the level of the deposit, the higher the likelihood to win.

For more information on opening a Yawmi account, the new quarterly draw or on any of the bank's products and services, customers are urged to visit their nearest Burgan Bank branch. Customers can also log on to Burgan Bank's www.burgan.com for further information.