



Michael Sardar

Partner

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Biography

Michael Sardar has extensive experience on a wide range of tax controversy and white-collar criminal defense matters. Michael represents clients in all stages of civil and criminal tax controversies before the Internal Revenue Service (IRS), state tax authorities, the Department of Justice, and local prosecutors.

Michael also represents and advises taxpayers facing audits and investigations of noncompliance with IRS foreign bank and asset reporting requirements, utilizing his skill, creative thinking, and deep knowledge of the law in this area. In addition, Michael has a great deal of experience representing corporate and individual taxpayers making voluntary disclosures of unreported income to the IRS and state tax authorities. He has also represented scores of clients with unreported foreign assets, enabling the repatriation of over half a billion dollars of offshore assets through the IRS Offshore Voluntary Disclosure Program, the Streamlined Compliance Procedures, and the IRS' current Voluntary Disclosure Practice.

Michael represents clients in criminal tax investigations, including those involving allegations of willful nondisclosure of foreign bank accounts and under-reporting of income. He also represents clients in various white collar criminal matters, such as customs fraud and bank fraud, and he advises clients in connection with internal investigations regarding corporate and entity noncompliance. Michael represents taxpayers in New York State and City residency audits and investigations, including those involving the sourcing of income for multi-state taxpayers, and he has represented clients in connection with tax investigations conducted by the New York State Attorney General's Office. Michael has also advised many nonprofit organizations on federal and state tax issues including general tax exemption and Unrelated Business Income Tax (UBIT). Additionally, Michael represents clients in gift and estate tax audits, where he is called upon to assist taxpayers in challenging the IRS's valuation of gifts and bequests and/or the includability of certain transfers.

Michael joined Kostelanetz LLP in 2009, and was named partner in January 2019. Prior to joining our firm, Michael was an attorney with Heller Ehrman LLP, where his practice was focused on transactional tax matters.

Michael is Co-Chair of the Federal Bar Association (FBA) Section on Taxation, New York Chapter. He also serves as Co-Chair of the Subcommittee on Offshore Enforcement of the ABA Committee on Civil and Criminal Tax Penalties. He is a former Vice-Chair of the New York County Lawyers' Association (NYCLA) Taxation Committee. Michael lectures and writes frequently on tax controversy topics, including foreign asset reporting and non-compliance.

Michael graduated summa cum laude from Baruch College in 2004 with a bachelor's degree in Business Administration and received his law degree from Cornell University Law School in 2007.

Education

- Baruch College, BBA in Marketing Management (2004), summa cum laude
- Cornell Law School, J.D. (2007)

Bar Admissions

- New York State
- District Court – Southern District of New York
- District Court – Eastern District of New York
- United States Tax Court

Awards & Recognition

- Best Lawyers — Litigation and Controversy – Tax in New York
- Super Lawyers — Tax in New York

Representative Matters

- Mr. Sardar represented a client at sentencing in connection with allegations of fraudulent check cashing and achieved a non-jail sentence for the client who was facing up to 18 months in jail under U.S. Sentencing Guidelines.
- Mr. Sardar convinced the Tax Division of the Department of Justice to discontinue a criminal investigation relating to a client's purported failure to properly report over \$50 million of foreign assets on income tax returns and Foreign Bank Account Reports (FBARs).
- Mr. Sardar represented a telecom executive who disclosed to the IRS \$50 million in previously unreported foreign bank accounts and convinced the IRS that the client's noncompliance was not willful, thereby saving the client more than \$10 million in penalties.
- Mr. Sardar represented a client in connection with allegations of customs fraud.
- Mr. Sardar represented a client at sentencing in connection with a wire fraud charge, and secured a non-jail sentence for the client, who was facing 33-41 months imprisonment under the U.S. Sentencing Guidelines.
- Mr. Sardar convinced the New York County District Attorney's Office to abandon a criminal investigation of his client and successfully resolved the case in a civil manner.
- Mr. Sardar successfully represented an alleged "responsible officer" taxpayer who was assessed large penalties for unpaid withholding tax. The entire assessment was canceled, despite the fact that all of the taxpayer's statutory and regulatory remedies were time-barred.
- Mr. Sardar represented a wife in innocent spouse proceedings before the IRS and NYS. She was deemed an innocent spouse as to all taxes previously assessed.
- Mr. Sardar secured credit for \$3 million in taxes withheld on taxpayer's foreign account, a demand the IRS had previously denied.
- Mr. Sardar successfully sought the return of cash seized from his client by U.S. Customs and Border Protection.
- Mr. Sardar successfully represented taxpayers in connection with a criminal referral to the Criminal Investigation Division (CI) of the IRS, and resolved the matter civilly with no significant penalties against the taxpayers.
- Mr. Sardar represented a taxpayer in connection with an IRS criminal investigation, which had been initiated by a whistle blower who was cooperating with the IRS. Mr. Sardar convinced the IRS Criminal Investigation Division to terminate the investigation with no charges against his client.

- Mr. Sardar secured a favorable non-jail sentence for a client facing federal criminal charges relating to undeclared foreign bank accounts.
- Mr. Sardar successfully represented an attorney who was under criminal investigation by the IRS for under-reporting his practice's income and resolved the matter civilly.

Publications

- Claiming Residency in Puerto Rico May Spur More State-Based Tax Audits (April 8, 2025)
- Michael Sardar Quoted in Tax Notes on Proposed Foreign Trust and Gift Regulations (November 4, 2024)
- IRS Criminal Probe Spells Uncertainty For Malta Pension Plans (July 31, 2023)
- New IRS Cryptocurrency Enforcement Efforts And Opportunities To Become Compliant (January 17, 2020)
- Could The Tax Cuts And Jobs Act Mean More State Income Tax Audits? (May 1, 2019)
- IRS Issues New Guidance For Offshore Voluntary Disclosures (April 1, 2019)
- Federal Courts Disagree On Whether The 50% Willful FBAR Penalty Is Illegal (October 22, 2018)
- Digital Currency: Taxation, Enforcement, And The John Doe Summons (September 19, 2017)
- A Tax Return Do-Over? (July 1, 2016)
- What Constitutes 'Willfulness' for Purposes of the FBAR Failure-to-File Penalty, Journal of Taxation (September 2010)
- Analysis of the Penalties for Willful Failure to File Reports of Foreign Bank Accounts, New York University 68th Institute on Federal Taxation (May 2010)
- Minimizing Penalties for Unreported Foreign Accounts, Business Crimes Bulletin (April 2010)
- The FBAR and the Fifth Amendment, Journal of Taxation (September 2009)