

IRS Doubles Whistleblower Awards, Proposes Program Improvements

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The Internal Revenue Service Whistleblower Program (the “IRS Whistleblower Program”) is becoming more efficient and employee friendly, according to the [IRS 2015 Annual Report](#) to Congress (the “2015 Annual Report”), which was released on Feb. 16 of this year. The earliest incarnation of the IRS Whistleblower Program dates back to 1867, making it among the oldest whistleblower programs in the country. Despite its age, however, it has been slow to evolve and consistently faulted for being too slow, inefficient and difficult to navigate.

Significantly, however, in the 2015 Annual Report, the IRS announced a recent uptick in whistleblower payouts and several proposed program revisions that signal that the lethargy and inefficiency that has long plagued the program may be on its way out.

In this post, we’ll provide a summary of the report’s takeaways and provide some insights into what the future might hold for the [IRS Whistleblower Program](#).

IRS Nearly Doubles Whistleblower Awards In 2015

According to the 2015 Annual Report, the IRS paid out more than \$103 million in whistleblower awards, before sequestration, for fiscal year 2015. This number is almost double the \$54 million and \$52 million that it paid out in 2013 and 2014, respectively. Even though claims received in fiscal year 2015 were down from those submitted in 2014, total claims closed in 2015 increased by 27 percent, a positive sign that the program is processing claims faster. While only time will tell whether the increase in awards will be the rule or the exception, this recent trend is promising for individuals seeking to blow the whistle on tax fraud in the coming year.

IRS Vows to Make Improvements to Whistleblower Program

New changes outlined in the 2015 Annual Report indicate that the IRS is taking steps to ensure that the uptick in whistleblower awards continues. These proposed changes include:

Reduced Processing Times: One of the biggest criticisms of the IRS Whistleblower Program has been the extraordinary length of time it takes the IRS to process whistleblower claims. Although the agency notes in the 2015 Annual Report that the processing time for claims will continue to be time-intensive due to the time necessary to complete an investigation and permit the taxpayer to exhaust his or her appeal rights, it emphasized that that it is actively “pursuing opportunities to reduce the lifecycle of whistleblower claims through process improvements.” Reductions in the time it takes the agency to process claims will benefit whistleblowers and the public alike, both of whom have an interest in the quick and efficient adjudication of tax fraud.



Improved External Educational Materials: In addition to process improvements, the 2015 Annual Report also states that the IRS whistleblower office intends to improve its external educational materials to provide more detail and insight into best practices when submitting a tip. Tax fraud is a complicated area for even the most astute professional. Not surprisingly, therefore, over half of all rejected IRS whistleblower claims are thrown out because the allegations made in the submission are not “specific, credible, or are speculative in nature.” While there is no doubt that some of these claims lack merit, a great many of these claims also fail because of user error resulting from the historically opaque nature of the program. Improved external educational materials will help individuals seeking to file an IRS whistleblower tip to better navigate this complicated field and ensure that viable tips are not dismissed.

The Addition of an Anti-Retaliation Provision: Finally, and importantly, the 2015 Annual Report includes a call to Congress to enact an anti-retaliation provision for individuals who submit tips to the IRS Whistleblower Program. Unlike most other whistleblower award programs that protect employees who provide information to the respective program from retaliation, the IRS Whistleblower Program does not currently have such protections in place. Even though the proposed IRS Whistleblower Program anti-retaliation provision has been in the administration’s budget since 2014, the 2015 Annual Report highlights the critical need for strong protections for whistleblowers and emphasizes that such protection is among the key “pillars of a successful whistleblower program and sound tax administration.” Continued advocacy for this important provision is critical to ensuring that individuals who blow the whistle on tax fraud are able to do so without the threat of retaliation from their employer.