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Sen. Grassley To IRS: Whistleblower Office Is A Disgrace

You've probably read about IRS whistleblowers cashing in for reporting suspected tax fraud. It may *seem* to be a *new* development, but IRS whistleblowing incentives started in [1867](#)! Still, big changes in 2006 raised the stakes materially, adding new [Section 7623\(b\)](#).



Senator Chuck Grassley (Image credit: AFP/Getty Images via @daylife)

Under it, awards to whistleblowers are no longer discretionary. Now, the whistleblower *“shall”* receive 15 to 30 percent of the collected proceeds. That's *shall, not may*. But getting the money has proven nearly impossible.

There are many whistleblowers but few are getting money out of the process. See [Patient Tax Tattletales Can Earn Big](#). The IRS created a [Whistleblower Office](#) reporting to the IRS Commissioner to implement the law. See [Whistleblower/Informant Award](#). But progress is slow.

Senate Finance Committee Ranking Member Charles Grassley (R-Iowa) can't understand why the IRS Whistleblower Office has been slow to process cases and make rewards. In this [press release](#), he expresses disappointment. He's not the only one. Claims aren't the problem, says the feisty Senator from Iowa.

But unpaid whistleblowers are demoralized and might stop coming forward, he asserts. Meanwhile, Grassley believes IRS time and money are being spent in ways that don't produce. Whistleblower personnel go to conferences—19 IRS employees went to a recent conference in Miami. See [IRS Presence at Offshore Alert Conference Criticized](#). But for a contrary view, see [Keep Heat On IRS Commissioner Shulman: whistleblowers needed to uncover offshore tax abuses](#).

Here are some of Senator Grassley's missives about the Whistleblower Office:

- [Senator Grassley Letter to IRS Commissioner Shulman, Treasury Secretary Geithner](#) (Apr. 30, 2012)
- [IRS Commissioner Shulman Letter to Senator Grassley](#) (Nov. 22, 2011)
- [Senator Grassley Letter to IRS Commissioner Shulman](#) (Sept. 13, 2011)
- [Senator Grassley Letter to Treasury Secretary Geithner](#) (June 21, 2010)

File Away. Whistleblowers can start the ball rolling by reporting to the IRS on [Form 3949-A](#), Information Referral, or by letter to the IRS. Be sure to include specifics: who, what, how, when, how much and other details. Your identity can be kept confidential.

Ka-Ching! Whistleblowers can also report fraud to the IRS on [Form 211](#), Application for Award for Original Information. Follow the procedures in [Notice 2008-4](#). How important is this topic?

The entire Swiss banking industry was brought to its knees because of a [whistleblower](#). That individual still expects to receive a nice chunk of change for the tax dollars his actions are bringing into Treasury Department coffers. See [Tax Informants Are On The Loose](#). There are likely to be many big tax collections traceable to the actions of whistleblowers.

For more, see:

[Patient Tax Tattletales Can Earn Big](#)

[Want To Be An IRS Whistleblower? Be Patient](#)

[IRS To Whistleblowers: “Thanks, But We’re Withholding!”](#)

[IRS: How to Choose a Tax Preparer and Avoid Preparer Fraud](#)

[IRS: How Do You Report Suspected Tax Fraud Activity?](#)

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