



# Tax Reduction Letter

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## Whistleblower - Informant Award

The IRS Whistleblower Office pays money to people who blow the whistle on persons who fail to pay the tax that they owe. If the IRS uses information provided by the whistleblower, it can award the whistleblower up to 30 percent of the additional tax, penalty and other amounts it collects.

### News from the Whistleblower Office

- The Secretary of the Treasury reports to Congress each fiscal year on the use of Internal Revenue Code section 7623. The Whistleblower Office [Report to Congress](#) for the fiscal year ending September 30, 2015 was released on February 10, 2016. [Reports for prior years](#) are also available.
- The IRS Whistleblower Office is testing a [proposal](#) to send annual letters to whistleblowers to notify them that the IRS still has their claim under consideration. Letters will be sent in March and April 2015.
- [Commissioner Koskinen Statement regarding Whistleblower Program dated August 20, 2014](#)
- [Deputy Commissioner for Services and Enforcement Memorandum dated August 20, 2014](#)
- [Treasury issued final regulations to implement section 7623 effective on August 12, 2014](#): The regulations generally apply to claims that are open as of the effective date. Section 301.7623-4, which contains the rules for determining the amount and payment of awards, applies to claims for award under section 7623(b) that are open as of August 12, 2014, and to information submitted after that date. The amount and payment of awards under 7623(a) for information received prior to August 12, 2014 will be paid under the rules described in the Internal Revenue Manual.

### Sequester Notices

- [Fiscal 2016 Sequester Notice from Whistleblower Office effective October 1, 2015](#): Impact on whistleblower payments.
- [Fiscal 2015 Sequester Notice from Whistleblower Office dated October 1, 2014](#): Impact on whistleblower payments.
- [Fiscal 2014 Sequester Notice from Whistleblower Office dated October 1, 2013](#): Impact on whistleblower payments.
- [Fiscal 2013 Sequester Notice from Whistleblower Office dated March 1, 2013](#): Impact on whistleblower payments.

### Information About Submitting a Whistleblower Claim

#### Who can get an award?

The IRS may pay awards to people who provide specific and credible information to the IRS if the information results in the collection of taxes, penalties, interest or other amounts from the noncompliant taxpayer.

The IRS is looking for solid information, not an “educated guess” or unsupported speculation. We are also looking for a significant Federal tax issue - this is not a program for resolving personal problems or disputes about a business relationship.

#### What are the rules for getting an award?

The law provides for two types of awards. If the taxes, penalties, interest and other amounts in dispute exceed \$2 million, and a few other qualifications are met, the IRS will pay 15 percent to 30 percent of the amount collected. If the case deals with an individual, his or her annual gross income must be more than \$200,000. If the whistleblower disagrees with the outcome of the claim, he or she can appeal to the Tax Court. These rules are found at Internal Revenue Code [IRC Section 7623\(b\)](#) - Whistleblower Rules.

The IRS also has an award program for other whistleblowers - generally those who do not meet the dollar thresholds of \$2 million in dispute or cases involving individual taxpayers with gross income of less than \$200,000. The awards through this program are less, with a maximum award of 15 percent up to \$10 million. In addition, the awards are discretionary and the informant cannot dispute the outcome of the claim in Tax Court. The rules for these cases are found at Internal Revenue Code [IRC Section 7623\(a\)](#) - Informant Claims Program, and some of the rules are different from those that apply to cases involving more than \$2 million.

If you decide to submit information and seek an award for doing so, use [IRS Form 211](#). The same form is used for both award programs.

## More Information

- [What Happens to a Claim](#) for an Informant Award (Whistleblower)  
Procedures used and the criteria followed to identify and process informant cases.
- [Whistleblower Law](#)  
A brief synopsis of what the new whistleblower law entails. This is the most significant change to the Service's approach to informant awards in 140 years.
- [How Do You File](#) a Whistleblower Award Claim  
Step by step procedures to follow to file an informant claim for award.
- [Confidentiality and Disclosure](#) for Whistleblowers  
The rules governing confidentiality of informant information.
- [IRC Section 7623\(b\)](#) - Whistleblower Rules  
The requirements of the new rules enacted in IRC Section 7623(b), the Whistleblower Program.
- [IRC Section 7623\(a\)](#) - Informant Claims Program  
The requirement of the rules governing claims that do not meet the requirements of the provisions in the whistleblower program under IRC Section 7623(b). These claims are part of the Informant Claims Program.
- [IRS Form 211](#)  
Application for Award for Original Information.
- [History of the Whistleblower/Informant Program](#)  
Historical information on the evolution of the concept of paying for leads from its inception up to the current law followed today.
- [Whistleblower Office Annual Reports](#)
- [Reporting other information to the IRS](#)
- [Whistleblower Office At-a-Glance](#)

## Whistleblower Internal Revenue Manual

- [IRM 25.2.1, Receiving Information](#) — This chapter provides procedures and guidance for all Service personnel to follow when receiving information dealing with whistleblowers' claims for award.
- [IRM 25.2.2, Whistleblower Awards](#) — This chapter provides procedures and guidance for all Service personnel to follow when dealing with payment of whistleblowers' claims for award.

## Historical Information

- [Deputy Commissioner for Services and Enforcement Memorandum dated June 20, 2012](#)
- IRM 25.2.2 - Interim Guidance - General Changes  
Whistleblower Office has reissued a memorandum to employees on June 6, 2014 changing and/or clarifying procedures involving collected proceeds, corresponding with whistleblowers and representatives confirming termination, timing of award determinations, award computation, and funding awards. The guidance became effective on August 1, 2012.
- IRM 25.2.2 – Interim Guidance - Whistleblower Award Administrative Proceeding  
Whistleblower Office has reissued a memorandum to employees on June 6, 2014 regarding procedural changes to IRM 25.2.2.8 Whistleblower Award Administrative Proceeding. The guidance became effective on August 1, 2012.
- IRM 25.2.2 – Interim Guidance - Whistleblower Withholding Program  
Whistleblower Office has reissued a memorandum to employees on June 6, 2014 providing guidance on the new Whistleblower Withholding Program. The guidance became effective on August 1, 2012.

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