

GAO Highlights

Highlights of [GAO-16-20](#), a report to congressional requesters.

Why GAO Did This Study

Tax whistleblowers who report on the underpayment of taxes by others have helped IRS collect almost \$2 billion in additional revenue since 2011, when the first high-dollar claim was paid under the expanded program that pays qualifying whistleblowers a minimum of 15 percent of the collected proceeds. These revenues help reduce the estimated \$450 billion tax gap—the difference between taxes owed and those paid on time.

GAO was asked to review several aspects of the whistleblower program. Among other things, this report (1) assesses the WO claim review process, (2) assesses how the WO determines awards, (3) evaluates how the WO communicates with external stakeholders, and (4) evaluates IRS's policies and procedures for protecting whistleblowers. GAO reviewed the files of all 17 awards paid under 26 U.S.C. § 7623(b) through June 30, 2015; reviewed IRS data; reviewed relevant laws and regulations, and the WO's policies, procedures and publications; and interviewed IRS officials, five whistleblowers that independently approached GAO, and nine whistleblower attorneys who were recommended by IRS or other attorneys.

What GAO Recommends

Congress should consider providing whistleblowers with legal protections against retaliation from employers. GAO makes ten recommendations to IRS including, tracking dates, strengthening and documenting procedures for award payments and whistleblower protections, and improving external communications. IRS agreed with our recommendations.

View [GAO-16-20](#). For more information, contact James R. McTigue, Jr. at (202) 512-9110 or mctiguej@gao.gov.

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IRS WHISTLEBLOWER PROGRAM

Billions Collected, but Timeliness and Communication Concerns May Discourage Whistleblowers

What GAO Found

The Internal Revenue Service (IRS) Whistleblower Office (WO) is responsible for processing thousands of tax whistleblower claims annually for two related whistleblower programs: for claims of \$2 million or less, the 7623(a) program, and for claims over \$2 million, the 7623(b) program. The whistleblower claim review process takes several years to complete, and GAO found that the WO is not using available capabilities to track and monitor key dates in its claim management system. Without available information on key dates related to award review and payments, the WO is unable to assess its performance against timeliness targets and risks unnecessarily delaying award payments.

Between fiscal year 2011 and June 30, 2015, the WO awarded over \$315 million to whistleblowers—the bulk of which was for the 7623(b) claims, which were first paid in fiscal year 2011, 4 years after the program started. In a review of the 17 paid 7623(b) award claim files, GAO found that the WO made errors in determining some awards, resulting in over- and underpayments totaling approximately \$100,000. In response to errors, IRS began corrective actions, including ensuring total collected proceeds are verified before making award payments. However, the WO has not documented this new procedure, putting it at risk of making additional errors in award payments.

**Number of Whistleblower Awards, Proceeds Collected, and Award Amounts
Fiscal Year 2011 to June 30, 2015**

	7623(a) claims	7623(b) claims	Total
Total Awards	483	17	500
Total Collected Proceeds	\$843 million	\$1,039 million	\$1,882 million
Total Award Amount	\$54 million	\$261 million	\$315 million

Source: GAO analysis of IRS data. | GAO-16-20

The WO's communication with stakeholders, including whistleblowers, is limited due to delayed annual reports to Congress, incomplete data, and limited program information for whistleblowers. Delays in issuing the annual reports have resulted in last minute revisions that introduced discrepancies and inconsistent reporting periods that preclude year-over-year comparisons. The WO is addressing some data gaps and has published two fact sheets to provide more information to the whistleblower community; however, the fact sheets do not include information on key aspects of the program, such as time ranges for steps in the review process. Until changes are made to the annual report and fact sheets, the utility of these publications is limited.

IRS and the WO take steps to protect whistleblowers and the information they submit, but GAO found gaps in IRS and WO procedures. For example, the WO did not have documented controls in place for sending mail, and at least once sent sensitive mail to an incorrect address that also had a return address indicating the letter was from the WO. This potentially compromised the identities of whistleblowers. The WO has said it has since changed how they label return addresses, but has not documented this policy. Further, tax whistleblowers do not have statutory protections against retaliation from employers. IRS and the whistleblower community support such protections, noting that inadequate protections may discourage whistleblowers from coming forward.