

IRS & TAX

Whistleblowers who have knowledge of a fraudulent scheme to avoid federal taxes should consider filing a claim under the IRS Whistleblower program. Under the IRS Whistleblower law, whistleblowers who provide the IRS with information regarding tax violations can receive between 15 and 30% of the funds recovered.

The IRS Whistleblower Program has successfully been used to recover tax dollars lost to fraud. In 2022 alone, the IRS collected more than \$172.7 million in unpaid taxes because of submissions made to the Whistleblower program, awarding \$37.8 million to whistleblowers.

The IRS Whistleblower Program mandates awards for whistleblowers if the amount of the reported tax violation at least \$2 million (counting tax, penalties, interest, additions to tax, and other amounts in dispute). If the alleged tax violator is an individual, the IRS whistleblower law applies if the individual has a gross income greater than \$200,000 for the relevant taxable year.

i. Who Can Be a Whistleblower?

In general, any individual who makes a "substantial contribution" to the IRS about a tax underpayment of at least the statutory threshold amount can receive a whistleblower award under the IRS Whistleblower Program.

ii. How to File a Claim

An IRS whistleblower does not file a case in federal court to initiate their action. Instead, an IRS whistleblower makes a submission to the IRS Whistleblower Office.

The submission includes the whistleblower describing the alleged tax violation, the amount of money at stake, how the whistleblower learned of the violation, the whistleblower's relationship with the alleged violator, and if the whistleblower was involved in a governmental or legal proceeding with the alleged violator.

Once the submission is made to the IRS, the IRS Whistleblower Office will review the allegations and decide whether or not to pursue a legal or administrative action, such as an audit or investigation, against the alleged violator. If the IRS chooses to pursue an action against the violator, the whistleblower is not eligible to receive an award until the entire amount determined to be owed to the IRS is collected.

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If you would like to speak to a member of our whistleblower group about a potential whistleblower matter, please contact us to schedule a case evaluation. All case evaluations are confidential and free.

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