



**Robert W. Wood**  
THE TAX LAWYER

TAXES | 4/08/2014

## Report Says IRS Whistleblower Claims Can Languish For Years

Is anyone listening at the IRS Whistleblower office? The office has its hands full, and yet payments to whistleblowers dropped precipitously in 2013. In all, the IRS paid \$53 million to whistleblowers in 2013, down from \$125 million in 2012. So says the [annual report](#) by the IRS Whistleblower Office.

The IRS paid fewer claims too, only paying 122 of them in 2013, down from 128 in 2012. Many would-be whistleblowers should be attracted to the payouts, even if they are down. But the office is notoriously slow to complete claims processing. See [IRS Whistleblower Office Issues Annual Report to Congress](#).

Indeed, the report reveals that 799 claims received before 2007 **still** remain open. The statistics are not much better for claims received in 2007 and later years. 1,373 claims filed in 2007 remain open, 1,060 claims from 2008 are still open, 2,025 claims from 2009, 6,253 from 2010, 2,308 from 2011, and 3,095 from 2012 are still open.

That means a very long wait, years, which is at least better than a rejection. And a rejection is also a frequent occurrence. Although UBS whistleblower [Bradley Birkenfeld](#) collected a whopping \$104 million in 2012, most claims fizzle. Birkenfeld was the domino that brought banks and U.S. taxpayers to their knees before the IRS and Justice Department.



But since then, many claimants hoping to cash in on key information have come up empty. Coming up empty doesn't necessarily mean the information with which the IRS is supplied is no good. It may mean that the IRS is too busy, that the IRS has trouble getting information, or is not persistent enough in following it through. And the whistleblower is kept entirely in the dark about the investigation.

The IRS created a [Whistleblower Office](#) reporting to the IRS Commissioner to implement the law. See [Whistleblower/Informant Award](#). But critics—including Sen. Grassley of Iowa—have rebuked the IRS Whistleblower Office for being slow to process cases and make rewards.

Some disgruntled whistleblowers have even gone to court to try to roust the IRS. But such court actions almost invariably fail. There is no easy answer. Sen. Grassley has long said that the processing times are too long and that the payouts are few and far between.

He has said that IRS agents refuse to fully utilize the dirt they are given. Meanwhile, the risks to whistleblowers are palpable. They put their whole careers on the line only to wait for years in the dark, often to receive nothing.

Upon vetting the current IRS Commissioner when he was a nominee, Senator Grassley made no secret of his affinity for whistleblowers and his disappointment over the IRS. Senator Grassley has repeatedly asked about all the billions of tax dollars out there that aren't getting collected. More recently, he has expressed the concern that the tips may start to dry up.

Here are key figures from the IRS Whistleblower Program.

<b>Amounts Collected and Awards Paid</b>					
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Awards paid</b>	110	97	97	128	122
<b>Collections over \$2M</b>	5	9	4	12	6
<b>Total amount of awards paid</b>	\$5,851,608	\$18,746,327	\$8,008,430	\$125,355,799	\$53,054,302
<b>Amounts collected</b>	\$206,032,872	\$464,695,459	\$48,047,500	\$592,498,294	\$367,042,420
<b>Awards paid as a percentage of amounts collected</b>	2.8%	4.0%	16.7%	21.2%	14.6%

<b>Claims Received by Fiscal Year of Receipt</b>								
	<b>Pre-2007</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Total claims received</b>	1,177	1,463	1,923	6,991	13,155	8,084	9,239	9,268
<b>Claims open</b>	799	1,373	1,060	2,025	6,253	2,308	3,095	5,417

*You can reach me at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*