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IRS Wants You To Report Abusive Tax Promotions Or Preparers



You've probably read about IRS whistleblowers and trying to cash in on reporting suspected tax fraud. There's lots of this occurring now, although very few taxpayers end up getting money out of the process. See [Patient Tax Tattletales Can Earn Big](#).

You 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 about who, what, how, when, amounts and any other helpful information. 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, and may be eligible for a reward. Follow the procedures in [Notice 2008-4](#), Claims are submitted to the IRS Whistleblower Office under [Section 7623](#). The IRS created a [Whistleblower Office](#) reporting to the IRS Commissioner to implement the law. See [Whistleblower/Informant Award](#).

Since then a [cottage industry](#) of tax whistleblowers and their lawyers has sprung up. Although there was a long dry spell, the [first award](#) has been paid. See [IRS Pays First Enhanced Whistleblower Award](#). But the IRS is also concerned about tax preparers and promoters of tax scams.

Report More! The IRS has recently posted new [Form 14242](#), “Report Suspected Abusive Tax Promotions or Preparers,” on its website. This form is supposed to be used by taxpayers to report tax avoidance schemes or tax return preparers who promote them. How is this different from the whistleblower information?

For one, you won’t get a reward by filing Form 14242. The IRS says the information they are seeking with Form 14242 is similar to that sought by the whistleblower statute. But recall that a whistleblower who provides information to IRS is eligible to receive between 15 to 30% of the collected proceeds (including penalties, interest, additions to tax, and additional amounts).

Bottom line, Form 14242 is one more form the IRS has in its arsenal to combat abusive tax practices and tax shelters. The IRS already has a variety of ways it combat tax shelters and those who promote them. These include abusive tax shelter promotion penalties under Code [Section 6700](#), injunctions against abusive tax shelter promoters, penalties for failure to disclose reportable transactions and more. See [When IRS Requires You To Report On Yourself](#).

For more, see:

[Proposed Collection; Comment Request For Form 14242](#)

[Abusive Return Preparer — Criminal Investigation](#)

[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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