



# IRS *Whistleblower* Office

FISCAL YEAR  
**2023**  
ANNUAL REPORT

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## Scope of the Report

The Tax Relief and Health Care Act of 2006 (TRHCA 2006) requires the Internal Revenue Service (IRS) to conduct an annual study and report to Congress on the use of Internal Revenue Code (IRC) Section 7623 including an analysis of the use of IRC Section 7623, the results of the use, and any legislative or administrative recommendations regarding the provisions of IRC Section 7623 and its application. IRC Section 7623 provides for awards, in some cases mandatory, when the IRS takes action based on a whistleblower's information. Claims for award that provide specific and credible information regarding tax underpayments or violations of laws which the IRS is authorized to enforce, investigate, or administer and that lead to proceeds collected may qualify for an award. This report covers the period from October 1, 2022, through September 30, 2023.

## IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

## IRS Values

The values of the IRS are:

- **Honesty and Integrity:** We uphold the public trust in all that we do; we are honest and forthright in all our internal and external dealings.
- **Respect:** We treat each colleague, employee and taxpayer with dignity and respect.
- **Continuous Improvement:** We seek to perform the best that we can today, while embracing change, so that we perform even better in the future.
- **Inclusion:** We embrace diversity of background, experience and perspective.
- **Openness and Collaboration:** We share information and collaborate recognizing we are a team.
- **Personal Accountability:** We take responsibility for our actions and decisions and learn and grow from our achievements and mistakes.

## Whistleblower Office Vision

To effectively promote voluntary compliance and reduce the tax gap by providing excellent service to whistleblowers, taxpayers, and other stakeholders.

## Whistleblower Office Mission

To effectively administer the IRS Whistleblower Program by ensuring:

- IRS compliance functions receive and consider specific, timely, and credible whistleblower claims that identify non-compliance with tax laws or other laws the IRS is authorized to administer, enforce, or investigate;
- Whistleblowers receive required notifications timely; and
- Awards are fairly determined and timely paid.

# Message from the Director

## THIS YEAR'S REPORT

The Fiscal Year (FY) 2023 Report covers the period October 1, 2022, through September 30, 2023. New in this year's report, we've reported on the timeliness of authorized disclosures and the timeliness for issuing Preliminary Award Recommendation Letters (PARLs). We added a global breakout by continent for whistleblower claims filed for the fiscal year, and we added information regarding the IRS Whistleblower Program Improvement Plan. In addition, we've included more information on legislative and administrative recommendations for the IRS Whistleblower Program.

## FY 2023 RESULTS<sup>1</sup>

In FY 2023, the IRS paid whistleblowers 121 awards totaling \$88.8 million attributable to information that resulted in proceeds collected of \$338 million. The total dollar amount of awards paid increased from FY 2022 when \$37.8 million in awards were paid. The total number of awards paid in FY 2023, however, decreased from 132 in FY 2022 to 121 in FY 2023. Although the number of awards decreased in FY 2023, the number of claims related to those awards was 1,234 in FY 2023 compared to 396 claims in FY 2022. Indeed, the 1,234 claims related to awards

was the highest since the start of the current IRS Whistleblower Program in 2007. Awards paid as a percentage of proceeds collected increased from 14.7% in FY 2021 to 21.9% in FY 2022 and 26.3% in FY 2023.

In FY 2023, 21 Internal Revenue Code (IRC) Section 7623(b) awards were paid totaling \$86.6 million attributable to proceeds collected of \$326.3 million. That compares to 26 awards paid totaling \$34.5 million attributable to proceeds collected of \$152.7 million in FY 2022.

IRC Section 7623(a) award results decreased in FY 2023 to 100 awards paid totaling \$2.2 million attributable to proceeds collected of \$11.7 million. In FY 2022, 106 IRC Section 7623(a) awards totaling \$3.3 million attributable to collected proceeds of \$20.0 million were paid.

Average claim processing time (the time from the date a claim is received to the date an award is paid) for IRC Section 7623(b) award payments made during FY 2023 increased by 0.4% from the prior year and average claim processing time for IRC Section 7623(a) award payments increased by 5.9%. The time for paying a claim is heavily dependent on compliance actions taken with a taxpayer, the taxpayer's exercise of rights to request assistance from the Independent Office of

Appeals or to litigate disagreements with the IRS's determination, the time it takes to collect any proceeds attributable to the whistleblower, and the time for a final determination of tax.

In FY 2023, the Whistleblower Office received 6,455 submissions and built (established) 16,932 claim numbers. In FY 2022, we received 5,084 submissions and built 12,597 claim numbers.

In FY 2023, the Whistleblower Office made 5,876 authorized disclosures to whistleblowers as required by the Taxpayer First Act (TFA). In FY 2022, we made 4,115 authorized disclosures. The TFA provided an exception to the non-disclosure rules in IRC Section 6103 to require notifications to whistleblowers when a claim is referred for examination, when a taxpayer makes payments related to a tax liability attributable to information provided by the whistleblower, and generally require the IRS to share information on the status and stage of a taxpayer case related to a whistleblower claim.

I appreciate the tremendous efforts of the IRS Whistleblower Office staff, the Initial Claim Evaluation (ICE) unit, and others in the IRS who support the IRS Whistleblower Program for their role in the significant program accomplishments in FY 2023.

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<sup>1</sup> Values have been rounded throughout the document for ease of reference.

## IRS WHISTLEBLOWER PROGRAM IMPROVEMENT PLAN

The IRS Whistleblower Office is an active participant in the IRS transformation effort. The IRS's Inflation Reduction Act Strategic Operating Plan (SOP) includes a project to develop and implement a plan to improve the IRS Whistleblower Program. The IRS Whistleblower Office is developing a plan to improve the program and we're already working on implementing key initiatives, including adding staffing resources where appropriate, obtaining an improved claim management system, and improving the claim submission form and processes. Key themes of our improvement plan include ensuring that we have the right resources supported with effective tools, improving systems and processes, enhancing data effectiveness, and increasing collaboration with program stakeholders and others. The IRS Whistleblower Office is also participating in several other SOP projects.

Increasing collaboration with program stakeholders is critical to our improvement efforts. In October 2022, we held the first in-person IRS Whistleblower Program Summit at the IRS Headquarters in Washington D.C.

## OTHER EFFORTS TO IMPROVE THE IRS WHISTLEBLOWER PROGRAM

On June 8, 2023, the Treasury Inspector General for Tax Administration (TIGTA) released its report titled *“Additional Actions Are Needed to Improve Data Collection and Analysis of Whistleblower Claims and Ensure Full Compliance with the Taxpayer First Act.”* We were pleased to work collaboratively with TIGTA to reach agreement on recommendations that will help improve the program. The recommendations in TIGTA's audit report align with plans the Whistleblower Office is developing to improve the program, including obtaining better data to ensure that submissions with high-quality information are prioritized as well as improving communications with whistleblowers to keep them better informed of the status of their claims. The Whistleblower Office is implementing the recommendations agreed to with TIGTA.

Increasing collaboration with program stakeholders is critical to our improvement efforts. In October 2022, we held the first in-person IRS Whistleblower Program Summit at the IRS Headquarters in Washington D.C. Participants included the IRS Commissioner, the Deputy Commissioner Services and Enforcement, Whistleblower Office leadership and staff, leadership and staff from IRS compliance operating divisions, attorneys from IRS Counsel, Congressional staff members, whistleblower practitioners, leaders of the

Financial Crimes Enforcement Network (FinCEN) whistleblower program, and others. We held additional collaborative sessions with whistleblower practitioners to share information and to obtain feedback during FY 2023. We've also been engaging internally with compliance operating divisions, Counsel, the Transformation and Strategy Office, and others to identify and implement program improvements. In addition, we've met with leaders of IRS Whistleblower Programs in other agencies to learn about their best practices.

While we are pleased that the number of submissions increased in FY 2023, our fundamental goal is to increase the number of actionable submissions received and decrease submissions that are unlikely to result in an enforcement action. For example, the IRS received hundreds of submissions from whistleblowers who file claims that are purely speculative in nature. Often, these claims are based on an assumption that because an individual or entity owns an asset that could potentially generate income, they must not be reporting the income and expenses attributable to the asset appropriately. When the IRS reviews those claims, without even contacting taxpayers, we can determine that the taxpayers are reporting the transaction correctly and no compliance effort is warranted. The Whistleblower Office uses significant resources responding to these claimants (often repeatedly), maintaining records, and engaging in litigation to defend

an administrative enforcement decision not to pursue the information provided. The administrative burdens of these claims far outweigh any benefit of the information to the IRS. Processing claims where there is little or no potential for enforcement actions resulting in significant tax, penalties, fines, or interest collected uses valuable resources that would be better directed at identifying and assigning high-value claims, analyzing open claims to identify those where an award could be paid sooner, or issuing denial determinations earlier. We are continuing efforts to deal with low-value claim submissions more efficiently.

### **ASSISTANCE WITH BRIBERY INVESTIGATION**

The Whistleblower Office provided assistance in FY 2023 to TIGTA in a criminal investigation that involved, among other matters, an attempt to manipulate the IRS's IRS Whistleblower Program. The investigation, conducted by the FBI and TIGTA, resulted in the arrest of two external individuals. The Whistleblower Office appreciates the FBI and TIGTA's work to protect the integrity of the IRS Whistleblower Program and tax administration.

### **THE IMPORTANCE OF AN EFFECTIVE IRS WHISTLEBLOWER PROGRAM**

The IRS appreciates the valuable assistance it has received from whistleblowers and the tremendous support the whistleblower practitioner community provides to the IRS Whistleblower Program. Whistleblower information that the IRS can act on is an important component of effective tax administration as it bolsters the fair and effective enforcement of our nation's tax laws, the success of our voluntary tax system, and our efforts to reduce the tax gap. Since 2007, the Whistleblower Office has made awards of \$1.2 billion based on the collection of \$6.9 billion.

Currently, the Whistleblower Office is monitoring for the collection of several billion dollars in additional amounts assessed attributable to information submitted by whistleblowers. The continued success of the IRS Whistleblower Program is dependent on people who become aware of tax fraud and tax non-compliance and report that information to the IRS Whistleblower Office, and on the dedicated IRS workforce that supports this important program.

We encourage all individuals with specific and credible information about tax noncompliance to provide this information to the IRS by filing a claim on Form 211, *Application for Award for Original Information*, with the Whistleblower Office. The Form 211 can be found at **[IRS.gov/whistleblower](https://www.irs.gov/whistleblower)**.



## FY 2023 Snapshot

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On average, IRC Section 7623(b) Awards were paid within 67 days of the date when all regulatory requirements were met.

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New submissions processed within 15.4 days of receipt – nearly 2/3 the time of the prior year despite the substantial increase in claims built.

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Awards paid in Fiscal Year 2023 are based on \$337.9 Million in collected proceeds attributable to the whistleblowers' information.

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Awards paid in Fiscal Year 2023 more than doubled from the prior year.

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16,932 Claim Numbers built in Fiscal Year 2023. An increase of 44% compared to the average of the prior 4 years.

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Average Award % for IRC Section 7623(b) claims is the highest in program history.

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5,876 IRC 6103(k)(13)(B) authorized disclosures made – highest in program history.

# Background & Program Evolution

The Tax Relief and Health Care Act (TRHCA 2006) added IRC Section 7623(b), which enacted significant changes in the IRS award program for whistleblowers. The TRHCA 2006 set a new framework for the consideration of whistleblower submissions and established the Whistleblower Office within the IRS to administer that framework. The TRHCA 2006 requires that the Secretary of the Treasury conduct an annual study and report to Congress on the use of IRC Section 7623. The annual study and report to Congress includes any legislative or administrative recommendations for IRC Section 7623 and its application. This report discusses the IRS Whistleblower Program activities for FY 2023 in satisfaction of the reporting obligation under the TRHCA 2006.

The Whistleblower Office analyzes information submitted, coordinates with other IRS business units, and makes award determinations. If a submission does not meet the criteria for IRC Section 7623(b), the Whistleblower Office may consider it for an award pursuant to its discretionary authority under IRC Section 7623(a). A whistleblower must meet several criteria to qualify for the IRC Section 7623(b) award program. The information must be:

- Signed and submitted under penalties of perjury;
- Related to an action in which the proceeds in dispute exceed \$2,000,000; and
- If the subject of the claim is an individual, the individual's gross income must also exceed \$200,000 for any taxable year subject to such action.

If the information meets the above criteria and substantially contributes to an administrative or judicial action that results in the collection of proceeds, the IRS will generally pay an award of at least 15%, but not more than 30% of the proceeds collected. The award percentage decreases for cases based principally on information disclosed in certain public sources or when the whistleblower planned and initiated the actions that led to the tax law violations. Whistleblowers may appeal the Whistleblower Office's award determinations under IRC Section 7623(b) to the United States Tax Court (USTC).

The IRS pays awards from proceeds collected and as such, award payments cannot be made until the taxpayer has exhausted all appeal rights and the taxpayer no longer can file a claim for refund or otherwise seek to recover the proceeds from the government. Therefore, the IRS generally cannot make award payments for several years after the whistleblower has filed a claim.

The Whistleblower Office continues to apply sequestration to all award payments in accordance with the Budget Control Act of 2011, as amended by the American Tax Relief Act of 2012. This requires automatic reductions with respect to certain government payments including whistleblower award payments made under IRC Section 7623. The required reduction percentage is currently set by statute and is based on the year the award payment is made. For Fiscal Year 2023, the sequestration rate is 5.7%. The Whistleblower Office communicates the amount and nature of the reduction with respect to the award determination in the Preliminary Award Recommendation Letter, Detailed Report (when applicable), Final Award Letter, and annual sequestration rate notices.

The Whistleblower Office adopted a policy permitting the disaggregation of eligible claim submissions in an effort to issue award payments earlier. Disaggregation is when the Whistleblower Office breaks away one or more individual claim numbers from a larger claim submission for a final determination. This may occur when a claim submission is not ready for an award determination but one or more claim numbers in the claim submission are eligible for an award determination.

There are many reasons a claim submission may not be ready for an award determination (e.g., some claim numbers in the submission are still undergoing an administrative or judicial action, being monitored for collection or appeals, or waiting for a collection or refund statute to expire). Once the Whistleblower Office identifies eligible claim number(s), the Whistleblower Office may disaggregate them from the claim submission and then proceed with an administrative proceeding for the disaggregated claim numbers, including a final determination on the disaggregated claim. The determination is only final and applicable to the disaggregated claim. A separate determination will be made for the remainder of the whistleblower's claim submission.

In some cases, individuals submit multiple claims relating to the same information. In other cases, whistleblowers submit numerous claims based entirely on publicly available information—some whistleblowers have submitted hundreds of such claims. To date, the Whistleblower Office has sought to process and respond to all claims filed by whistleblowers. While it will continue to do so, the Whistleblower Office will also continue to look for ways to address duplicative or non-meritorious claims in a summary manner, both to focus its administrative resources better and further safeguard whistleblower and taxpayer return information.

### **AUGUST 2014**

On August 12, 2014, the Treasury Department and the IRS published final regulations providing comprehensive guidance for the IRS Whistleblower Program under IRC Section 7623. The regulations also provided guidance on submitting information regarding underpayments of tax or violations of the internal revenue laws and filing claims for award, as well as on the administrative proceedings applicable to claims for award under IRC Section 7623. The regulations also provided guidance on the determination and payment of awards; and defined key terms used in IRC Section 7623. Finally, the regulations confirmed the Director, officers, and employees of the Whistleblower Office are authorized to disclose return information to the extent necessary to conduct whistleblower administrative proceedings.

### **FEBRUARY 2018**

On February 9, 2018, Section 41108 of the Bipartisan Budget Act of 2018 (BBA 2018) amended IRC Section 7623, which added a new subsection:

**(c) Proceeds** – For purposes of this Section, the term ‘proceeds’ includes –

- 1.** penalties, interest, additions to tax, and additional amounts provided under the Internal Revenue laws, and
- 2.** any proceeds arising from laws for which the Internal Revenue Service is authorized to administer, enforce, or investigate, including
  - A.** criminal fines and civil forfeiture, and
  - B.** violations of reporting requirements.

BBA 2018 also amended IRC Section 7623(b)(5)(B) to limit IRC Section 7623(b) to cases in which the “proceeds” in dispute exceed \$2,000,000.

### **JULY 2019**

On July 1, 2019, Section 1405(a) of the TFA 2019 amended IRC Sections 7623 and 6103 to add several important provisions to help improve whistleblower service and to ensure the continual enforcement of the tax laws in a fair and impartial manner. In addition, TFA 2019 codified protections for whistleblowers against retaliation.



## WHISTLEBLOWER CLAIM PROCESS OVERVIEW

**Figure 1** illustrates the IRS whistleblower claim process with general time frames for various stages of the process. This outline demonstrates how there can be such a disparity in processing times of different claims.

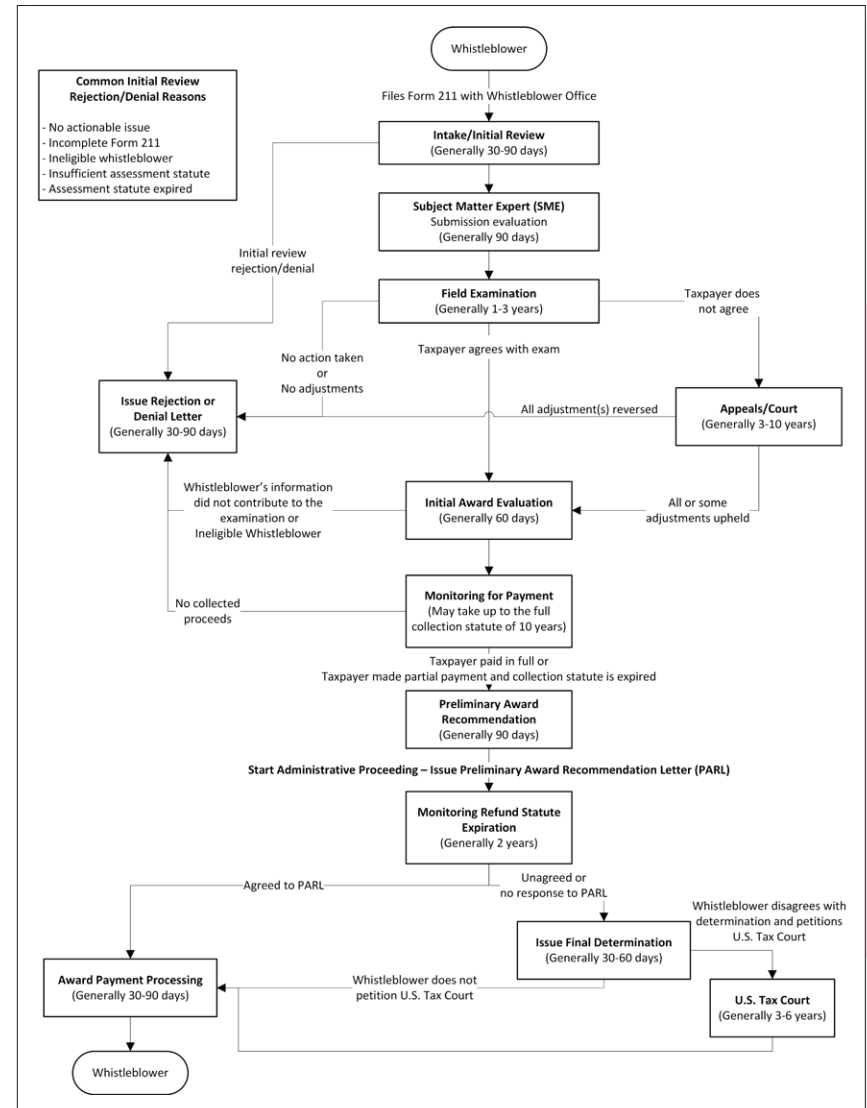
A claim generally has a shorter cycle time from receipt of the Form 211 to payment of the award if the taxpayer agrees at the closure of the examination, if the taxpayer promptly pays the assessment, and if the whistleblower agrees with the award determination.

Claim processing delays may occur if the examination is expanded into multiple years/related entities, if the taxpayer disagrees and appeal/litigate the assessment, if the taxpayer takes the full collection statute of limitations time to pay in full, if the examination issues have a longer refund statute instead of the general two years, or if the whistleblower litigates the award determination.

Other contributing factors to claim processing delays include instances of multiple whistleblowers and delayed submission of supplemental information. In cases of multiple whistleblowers involving a single administrative or judicial action, the claim cannot be paid until either all whistleblowers agree with the determination or litigation by any/all of the whistleblowers is resolved. If a whistleblower submits supplemental information after the actions have concluded or during the litigation of their award determination, then the claim processing is delayed.

On March 27, 2020, H.R. 748, Coronavirus Aid, Relief and Economic Security Act (CARES 2020) was signed into law. The enactment of CARES 2020 modified certain provisions with respect to Net Operating Losses (NOL). An NOL is created when a qualifying entity's excess tax deductions for the tax year exceeds its taxable income for that year. Under CARES 2020, an NOL from a tax year beginning in 2018, 2019, or 2020 can be carried back five years by any taxpayer entitled to an NOL deduction under IRC Section 172. This may create a significant increase in the processing time for any claim with a tax year that falls within these carryback periods. The final determination of tax date for these periods are governed by the carryback years and the respective statutes for those years. If there are losses carried back, then additional time may be necessary to monitor for collection of proceeds. FY 2023 award processing and determinations continued to be impacted by CARES 2020.

**Figure 1: Claim Processing Flowchart**



# Program Developments

## OPERATIONS AND PRIORITIES

The IRS Whistleblower Office is responsible for administering claims for award filed by whistleblowers that identify taxpayers who may not be fully compliant with tax laws or other laws the IRS is authorized to administer, enforce, or investigate. The IRS is committed to improving the IRS Whistleblower Program by increasing our capacity to use high-value whistleblower information effectively, awarding whistleblowers fairly and as soon as possible, keeping whistleblowers informed of their claim’s status and the basis for IRS decisions on claims, and strengthening our collaboration with stakeholders of the IRS Whistleblower Program.

We are taking steps to ensure the Whistleblower Office aligns with and supports efforts by other IRS business units to bring about compliance which is fair, holistic, smarter, broader, and stronger. For example, we will identify and prioritize whistleblower claims that provide insight into non-compliance by large corporations, large partnerships, high-income and high-wealth individuals, and claims related to complex, high-risk, and emerging issues along with the respective promoters/facilitators in those areas.

The Whistleblower Office is currently developing an IRS Whistleblower Program Improvement Plan. The current draft of the plan has seven objectives with four key themes:

- 1. Staffing** – Ensuring that we have the right resources supported with effective tools, technology, and training.
- 2. Systems and Processes** – Identifying improvements to the claim management system, claim filing, initial claim analysis, and in other areas.
- 3. Data and Information** – Gathering and using better data and ensuring both whistleblower and taxpayer information is effectively protected.
- 4. Collaboration** – Increasing collaboration with IRS compliance functions, with IRS Counsel, with whistleblower practitioners, and with other stakeholders to continuously improve the program.

Our intention is to ensure the plan identifies areas of significant importance while allowing flexibility to address other concerns that may have multiple aspects. We will be revisiting this plan often to consider updates as we identify additional opportunities for improvement and as we obtain additional feedback from internal and external stakeholders.

Even though the plan is still under development, we have undertaken efforts to start on some of the initiatives. Examples of efforts underway include:

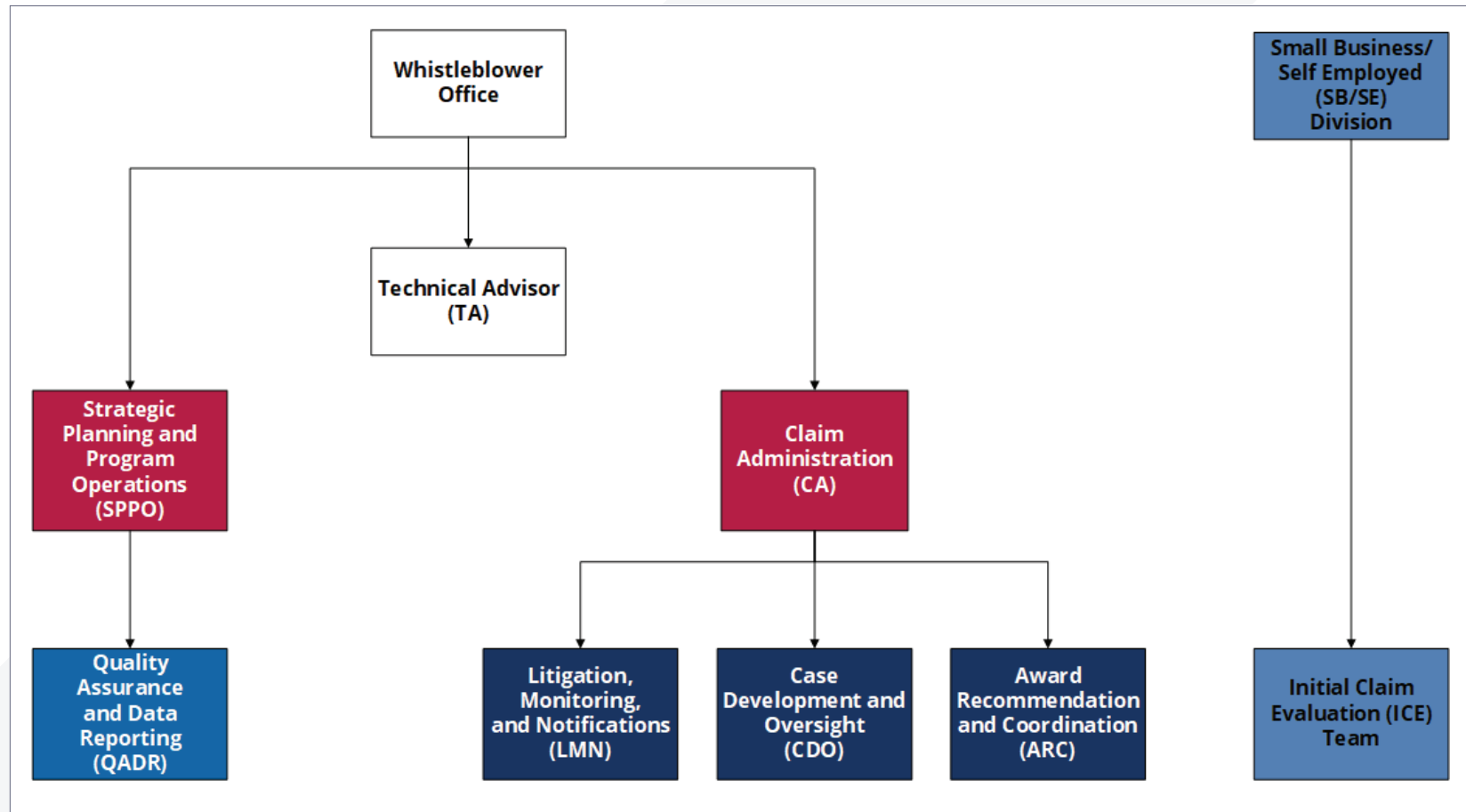
- The Whistleblower Office has identified improvements for the initial analysis of incoming claims to help ensure high-value submissions are identified and prioritized.
- We have developed new internal measures and metrics reporting as part of our effort to improve data analytics.
- We are working on revisions to the Internal Revenue Manual, procedure guides, Form 211 (Application for Award for Original Information), and Form 11369 (Confidential Evaluation Report on Claim for Award) to improve program effectiveness and claim processing efficiencies.
- We are increasing outreach and collaboration across IRS programs and business units, with Counsel, other governmental IRS Whistleblower Programs, the external whistleblower practitioner community, and with others.

## STAFFING

As of September 30, 2023, the Whistleblower Office staff was comprised of 49 full-time employees with decades of experience from a broad array of IRS compliance programs. Figure 2 below illustrates the organization of the Whistleblower Office.

The Whistleblower Office is led by the Director of the Whistleblower Office. The Whistleblower Office has two Associate Directors – one over the Strategic Planning and Program Operations function and the other over the Claim Administration function.

Figure 2: Whistleblower Office and ICE Team Organization Chart



The following outlines the primary duties of the functions listed in **Figure 2**.

- SPPO is responsible for administration of budget, policy and procedure guidance, personnel, staffing activities, and strategic planning for the Whistleblower Office.
- QADR provides quality assurance reviews of various aspects of the IRS Whistleblower Program, data validation, and preparation of the Annual Report to Congress.
- CA is primarily responsible for direction, guidance, and oversight of LMN, CDO, and ARC.
- LMN provides litigation support, payment monitoring, and required TFA 2019 Notifications for the Whistleblower Office.
- CDO is responsible for reviewing and developing information submitted by whistleblowers, coordinating with the operating divisions (OD), and issuing complex award determinations.
- ARC provides award processing for the Whistleblower Office by reviewing examination results to evaluate the whistleblower's contribution and issues award determinations.

The ICE Team, aligned under the Small Business/Self-Employed operating division, acts as the primary receipt and control function responsible for performing whistleblower claim intake, monitoring, and award payment processing.

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<sup>2</sup> <https://www.irs.gov/whistleblower>

<sup>3</sup> <https://www.irs.gov/newsroom/e-news-subscriptions>

## OUTREACH AND COMMUNICATIONS

The Whistleblower Office maintains a page on the IRS Intranet for IRS personnel and provides articles for internal newsletters and speakers for professional education events. There is also a dedicated page on the IRS website, [irs.gov](https://www.irs.gov)<sup>2</sup>, that provides information for the public about the IRS Whistleblower Program. The website includes links to the final regulations, the Form 211, and contains other useful information for whistleblowers. Individuals can sign up to receive IRS Whistleblower Program news<sup>3</sup>.

The Whistleblower Office has continued its outreach efforts utilizing IRS publicly subscribed newsletters such as @IRSNews, @IRStaxpros, and the E-Tax Professionals Newsletter that continues to garner many views. The Whistleblower Office also shares relevant information regularly with stakeholders who have signed up to receive information periodically from the Whistleblower Office.

The Whistleblower Office held a formal Whistleblower Summit in October 2022 at the IRS Headquarters in Washington D.C. The summit was attended by the IRS Commissioner, the Deputy Commissioner Services and Enforcement, Whistleblower Office leadership and staff, leadership and staff from IRS compliance operating divisions, attorneys from IRS Counsel, Congressional staff members, whistleblower practitioners, leaders of the whistleblower program at FinCEN, and others.

In April 2023, the Whistleblower Office's leadership team met in-person with leaders of IRS Whistleblower Programs at the Securities and Exchange Commission (SEC), FinCEN, and Commodity Futures Trading Commission (CFTC). Topics of discussion included program practices, challenges, and potential opportunities for change.

On July 28, 2023, Whistleblower Office released a National Whistleblower Appreciation Day statement. The statement served as an opportunity to acknowledge our appreciation for the contributions of whistleblowers as an aid to both IRS compliance efforts and to voluntary compliance.

On August 9, 2023, IR-2023-144 was issued to caution plan sponsors to be alert to ESOP compliance issues. This is the first IRS notice that connected and mentioned the Whistleblower Office to a specific issue that the IRS is interested in pursuing.

Whistleblower Office representatives delivered presentations to professional groups and conferences including the NYU Tax Controversy Forum and The Anti-Fraud Coalition Conference. By attending these functions, the Whistleblower Office obtains an outside perspective on the IRS Whistleblower Program. The Whistleblower Office also provides consultation to other federal agencies and tax administration authorities from other nations, as they evaluate options for their own IRS Whistleblower Programs.

# Legislative and Administrative Recommendations

The TRHCA 2006 requires the Service to include any legislative or administrative recommendations regarding IRC Section 7623 and its application in the Annual Report to Congress. The following legislative and administrative recommendations are not intended to be an exhaustive listing of all possible recommendations. Rather, these recommendations are the highest priority based on risks, program impact, and other considerations.

## LEGISLATIVE AND ADMINISTRATIVE RECOMMENDATIONS

### Rules on Access to and disclosure of taxpayer information could provide stronger protection for taxpayers

Since FY 2010, the Whistleblower Office’s Annual Reports have noted concerns regarding the disclosure of taxpayer information to whistleblowers. The changes to IRC Section 6103(k)(13) enacted as part of TFA 2019, summarized in Table 4 below, provided some helpful clarification regarding the government’s authority to disclose taxpayer information to whistleblowers. However, the Whistleblower Office and Chief Counsel litigators continue to face challenges in determining which information from a target taxpayer’s files may legally be disclosed to a whistleblower. These challenges were exacerbated by the USTC opinion in the case *Whistleblower 972-17W v. Commissioner*, 159 T.C. 1 (2022), in which the USTC held that in certain whistleblower appeals, IRC Section 6103(h)(4)(A) allows the disclosure of a greater portion of the target taxpayer’s returns and return information than the IRS had previously disclosed in these cases, including some returns and return information that may not be directly related to resolving an issue in the case.

At the heart of the IRS’s concerns is the fact that there are no statutory restrictions on the redisclosure of information provided to whistleblowers by the IRS during administrative or judicial proceedings. Specifically, IRC Section 6103 does not prohibit redisclosure of third-party return information disclosed by the Whistleblower Office during appointments to review the administrative claim file pursuant to Treas. Reg. Section 301.7623-3(c)(5), nor by the Office of Chief

Counsel during USTC proceedings. The IRS makes, and will continue to make, many disclosures of taxpayer information in administrative and judicial proceedings pursuant to IRC Section 6103(h)(4). The IRS is often required by USTC discovery procedures to reveal extensive portions of the examination files of the third-party taxpayers that are the subjects of the whistleblower claims. Notably, these taxpayers are not parties to whistleblower litigation, and as such, they typically do not know that their confidential returns and return information may be disclosed to whistleblowers. When required to include an expansive volume of return information in a case’s administrative record, Chief Counsel attorneys could formerly rely on IRC Section 6103(h)(4)(B) or (C) to limit disclosures to information “directly related” to an issue in the proceedings. However, the USTC opinion in *Whistleblower 972-17W* permits disclosure of a larger subset of information in whistleblower appeals.

The IRS’s concerns about the lack of clear guidance as to what third-party information is exempt from disclosure to whistleblowers under IRC Section 6103 is particularly acute because, as noted above, there are no statutory restrictions on the redisclosure of information provided to whistleblowers. In USTC, the only limits to the re-disclosure of returns or return information by the whistleblower are those that a judge may choose to impose in a particular case. The USTC will typically issue a protective order at the request of the parties, prohibiting the whistleblower from using third-party tax information provided by the IRS in another matter. However, such orders are not statutorily required, and the IRS and the Court may not always be cognizant of violations of these orders. Moreover, the IRS is aware of cases in which whistleblowers have failed to comply with these protective orders. Enforcing the order requires Chief Counsel attorneys to spend additional time and effort on a case that would otherwise be closed.

In sum, the Tax Code includes no legal restrictions concerning the re-disclosing of third-party taxpayer information disclosed during administrative and judicial processes and requires additional guidance on applying existing disclosure standards to determine what third-party return information should be disclosed.

### **Allowing information sharing within government could enhance IRS ability to use information and pay awards**

The Whistleblower Office determines awards when the Secretary proceeds with an action based on a whistleblower's information and collects proceeds. IRC Section 7623(c) defines "proceeds" to include amounts collected outside of Title 26, meaning that other agencies or government entities may be a source of proceeds. The Whistleblower Office has no express investigatory ability to acquire information from these other agencies or government entities, despite their potential involvement in an action for which an award is payable. Statutory provisions giving the Whistleblower Office investigatory authority would ensure the Whistleblower Office can appropriately determine mandatory awards on proceeds under IRC Section 7623(c).

Separately, the Whistleblower Office faces limitations on the information it can share with other agencies and government entities. This includes the Department of Labor, acting in its anti-retaliation enforcement role under IRC Section 7623(d), and other government agencies applying separate, but at times interrelated, whistleblower provisions. Provisions that would allow information sharing within the federal government for purposes of applying the whistleblower provisions would enhance the IRS's ability to use information and pay awards under IRC Section 7623.

### **Statutory clarification needed on submitting information and claiming awards**

IRC Section 7623 provides for awards, in some cases mandatory, when the IRS proceeds with an action based on a whistleblower's information. The mandatory award provisions require that a whistleblower's information be brought to the Secretary's attention and submitted under penalty of perjury. Additionally, the off-Code provisions in TRHCA 2006 establishing the Whistleblower Office require the Whistleblower Office to be responsible for initial processing of whistleblower information by providing that the Whistleblower Office "shall analyze the information received... and either investigate the matter itself or assign it to the appropriate Internal Revenue Service

office." The Whistleblower Office understands the law to require a whistleblower to file a claim with the Whistleblower Office, bringing their information to the Secretary's attention before the IRS proceeds with an action based on the whistleblower's information.

While information comes into the IRS from a wide variety of sources, relatively few individuals that provide information to the IRS do so with the intent to claim an award. The claim for award is the only trigger available to the IRS for classifying an individual as a whistleblower for purposes of IRC Section 7623. The claim for award also allows the Whistleblower Office to contemporaneously track the IRS's use of whistleblower information, and proactively manage the IRS Whistleblower Program. The USTC has held that a whistleblower can qualify for an IRC Section 7623(b) award by providing information to an IRS operating division or other Federal agency before filing a claim with the Whistleblower Office. See *Whistleblower 21276-13W v. Commissioner*, 144 T.C. 290, 300 (2015). Whistleblowers may understand this limited holding to provide for an open-ended period to file a claim with the Whistleblower Office based on information provided to the IRS.

IRC Section 7623(b)(3) currently refers to a "claim for award" without providing any further specifics. Clarifying the statutory claim filing requirement by linking it to a whistleblower's information submission would strengthen the IRS Whistleblower Program by ensuring that Whistleblower Office resources are devoted to processing whistleblower information and maintaining a contemporaneous record of the IRS's use of whistleblower information. This would also ensure whistleblowers are properly classified as such and immediately receive all the whistleblower rights and protections afforded by the law when they submit information.

### **Significant administrative resources must be allocated to claims involving information not used by the IRS**

The Whistleblower Office and IRS use significant resources to address repeat claim filings from the same individuals, who continue to submit information to the IRS after being informed that the agency is unable to



pursue their information. The administrative burdens of these repeat claims far outweigh any benefit of the information to the IRS.

The Whistleblower Office must expend resources responding to these claimants (often repeatedly), maintaining records, and engaging in litigation to defend an administrative, enforcement decision not to pursue the information provided. The USTC's review of any dispositive communication issued by the Whistleblower Office compounds the administrative burden of these claims on the agency.



# IRS Whistleblower Program Results

Under IRC Section 6103, returns and return information are confidential, unless an exception applies. There is no exception in IRC Section 6103 that permits the publication of data on identifiable, individual whistleblowers. The IRS may, however, disclose information in aggregate form when the data cannot be associated with, or otherwise identify a taxpayer (or whistleblower). In compliance with these disclosure rules, summary data on awards paid, receipts, closures, and claim status appear in this report.

## AWARDS PAID, FY 2023

**Table 1:** Amounts Collected and Awards Under IRC Section 7623, FY 2023

	IRC Section 7623(a)	IRC Section 7623(b)	Total
<b>Claims Related to Awards</b>	267	967	1,234
<b>Number of Awards</b>	100	21	121
<b>Dollar Amount of Awards Paid</b>	\$ 2,188,289	\$ 86,600,315	\$ 88,788,604
<b>Proceeds Collected for Awards Paid<sup>4</sup></b>	\$ 11,673,257	\$ 326,286,730	\$ 337,959,987
<b>Awards as a % of Proceeds Collected</b>	18.7%	26.5%	26.3%

NOTE: Data reported as of September 30, 2023

**Table 1** provides information on awards paid and collections attributable to whistleblower information, prior to the sequestration reduction described below.

In FY 2023, while only 17.4% of the number of award payments made involved IRC Section 7623(b) claims, the IRC Section 7623(b) claims comprised over 97.5% of the award amount paid. Over 70% of the awards paid (\$62.3 million) in FY 2023 were payments for disaggregated award determinations – payments the Whistleblower Office was able to make early under the Whistleblower Office’s disaggregation policy.

There was an additional \$88.6 million of uncollected assessments for claims closed in FY 2023. These are amounts assessed and attributable to the whistleblower but ultimately uncollected. If these were collected this would have equated to an additional \$13 million to \$26 million in awards based on a 15-30% award percentage. However, since the statute of limitations for collection has expired, no future collection of the proceeds is possible. Because these proceeds were not collected, these amounts were not included in the award determinations or the figures above.

<sup>4</sup> The administrative closures, defined in Closure Reasons for FY 2023, had an additional \$440,000 in proceeds collected. These are claims ready for an award determination/payment but unable to be processed because of the reason for the underlying administrative closure. These amounts were not counted in these award totals and will not be counted until the underlying awards are paid.

Pursuant to the requirements of the Budget Control Act of 2011, as amended by the American Tax Relief Act of 2012, whistleblower award payments under IRC Section 7623 are subject to sequestration. As applied to payments under IRC Section 7623, the required reductions in FY 2023 were 5.7% of the amount that would otherwise have been payable. Sequestration reductions of over \$5 million were applied to awards paid during FY 2023.

**Figure 3: Ten-Year Award Comparison**

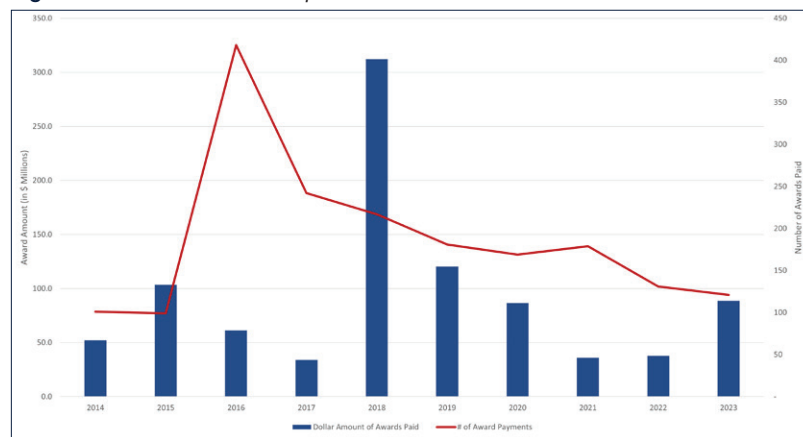


Figure 3 provides a ten-year lookback on the number of awards paid in each fiscal year and the dollar amount (in millions) for each of the respective years. The figure also illustrates that the number of awards paid doesn't necessarily correlate with the dollar amount of the awards paid in the year. In FY 2016, the Whistleblower Office paid 418 awards totaling \$61.4 million. In FY 2018, the Whistleblower Office paid 217 awards totaling \$312.2 million. The number and amounts of awards paid each year can vary significantly, especially when a small number of high-dollar claims are resolved in a single year.

The year in which an award is paid is generally not the year in which collections occurred because the IRS must wait until there is a final determination of tax, which means that the taxpayer has exhausted all appeal rights and the taxpayer no longer can file a claim for refund or otherwise seek to recover the proceeds from the government.

## IRC SECTION 7623 PAYMENT AND CLAIM PROCESSING ANALYSIS, FY 2023

The Whistleblower Office strives to issue award payments as promptly as circumstances permit. Treasury Regulation Section 301.7623-4, which governs payment of whistleblower awards, does not permit issuing the payment until there has been a final determination of tax with respect to the actions, the Whistleblower Office has determined the award, and either all appeals of the Whistleblower Office's determination are final or the whistleblower signed the waiver agreeing to the determination. The Whistleblower Office measures timeliness of the payments based on how many days it takes to issue payment once these requirements are met. In FY 2023, the IRC Section 7623(b) awards were issued, on average, 67 days of the date when all regulatory requirements were met.

**Figure 4: Average Years from Claim Receipt to Award Payment by Claim Type, FY 2023**

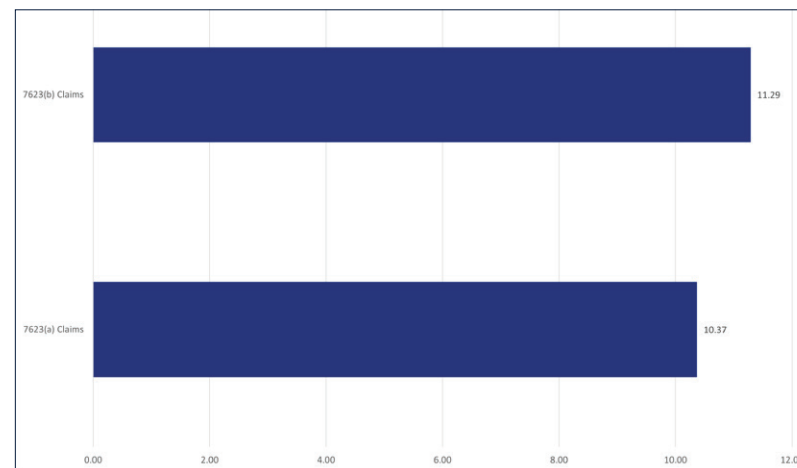
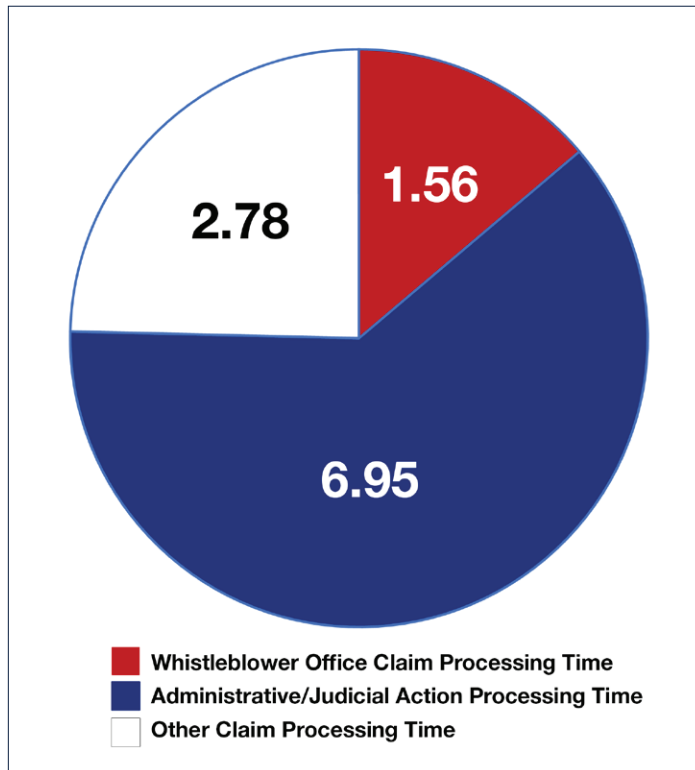


Figure 4 provides the average years from claim receipt to award payment for IRC Section 7623(a) and IRC Section 7623(b) awards paid in FY 2023.

Average claim processing time for IRC Section 7623(b) award payments made during FY 2023 increased by 0.4% from the prior year and average claim processing time for IRC Section 7623(a) award

payments increased by 5.9%. Claim processing time is measured by comparing the date the Form 211 is received (start date) and the date the award is paid (end date). There is a high likelihood that the average claim processing times will continue to increase as claim inventory continues to age while the Whistleblower Office awaits audits, exams, investigations, appeals, tech services, collection, statutes to expire, and whistleblower litigation.

**Figure 5:** IRC Section 7623(b) Average Award Claim Processing Time (in Years) by Process



**Figure 5** provides additional analysis of average award claim processing times for IRC Section 7623(b) awards paid in FY 2023. The average award claim processing time is broken into three categories:

Whistleblower Office Claim Processing Time, Administrative/Judicial

Action Processing Time, and Other Claim Processing Time.

**Whistleblower Office Processing Time** includes evaluating how the whistleblower’s information contributed to the administrative and judicial actions, determining proceeds, calculating the award, the administrative proceeding for the award, and making the award determination.

**Administrative/Judicial Action Processing Time** includes examination/investigation time and target taxpayer appeals and litigation time.

**The Other Claim Processing Time** includes the collection time, time spent waiting for the refund statute to expire, and whistleblower litigation of the award determination.

These processes do not necessarily transpire in a consecutive manner. For example, a claim may go from an audit in the field (which is counted as administrative/judicial action processing time) to the Whistleblower Office to review how the whistleblower’s information contributed to the action (which is counted as Whistleblower Office Claim Processing Time). After that, the claim may go back into an Administrative/Judicial Action Process if the audit was expanded to a new cycle, or it may go to Other Claim Processing to monitor for the collection of proceeds. Then it could go back to the Whistleblower Office for Award Evaluation (calculating the award, creating the preliminary determination, etc.). The 1.56 years of Whistleblower Office Claim Processing Time isn’t just time spent once all of the administrative actions are complete and proceeds are collected, it includes time spent working on the claim as it moves between other processes and stages of the claim’s lifecycle to ensure adequate recordation of the whistleblower’s contribution to the actions taken. This year, it took an average of 67 days (just over two months) to issue the payments once all of the regulatory requirements were met. This accounted for nearly 1/8<sup>th</sup> of the Whistleblower Office Claim Processing Time.

**Table 2:** Five Processes with the greatest impact on the Award Claim Processing Time for IRC Section 7623(b) Awards Paid in FY 2023

Claim Process	Length of Time (in Years)	
	Shortest	Longest
OD Field (Examination/ Investigation)	0.48	10.96
Collection of Proceeds	0.01	12.69
Related Claims in Process	0.04	4.73
Taxpayer Appeals/ Litigation	0.44	3.90
Waiting for Expiration of Refund Statute	0.86	1.42

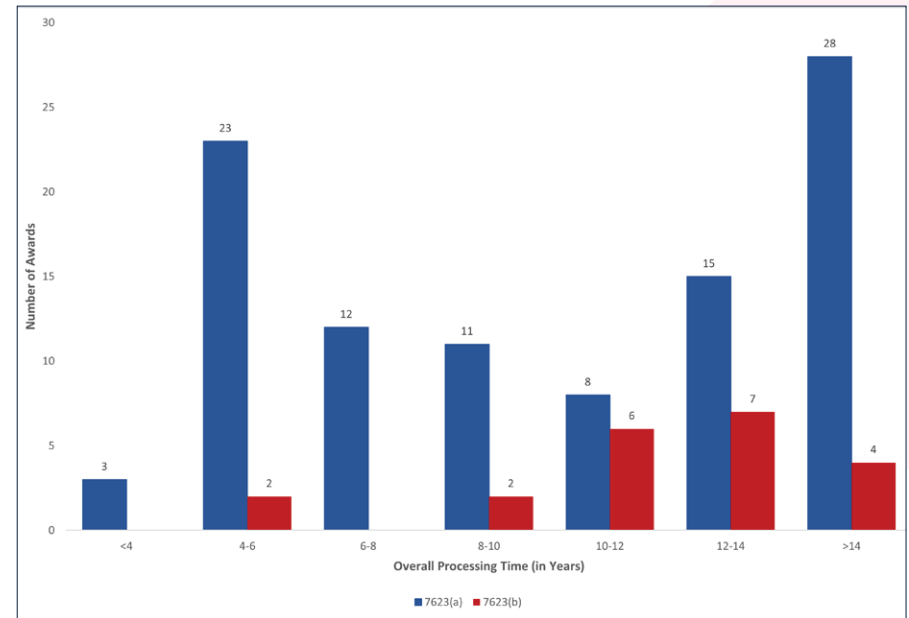
**Table 2** identifies the largest factors for the award claim processing time for IRC Section 7623(b) awards paid in FY 2023. While these factors were the largest factors for the overall population of IRC Section 7623(b) awards paid in FY 2023, these aren't necessarily the largest factors for each individual claim.

The Whistleblower Office analyzed the IRC Section 7623(b) awards paid during FY 2023 to evaluate the date the Preliminary Award Determination Letter (PARL) for IRC Section 7623(b) claims was issued and measured it against 12 months after the first date on which:

- All of the proceeds resulting from actions subject to the award recommendation have been collected, and either:
  - The statutory period for filing a claim for refund has expired, or
  - The taxpayers subject to the actions and the Secretary have agreed with finality to the tax or other liabilities for the periods at issue, and either the taxpayers have waived the right to file a claim for refund or any claim for refund has been resolved.

For the IRC Section 7623(b) awards paid in FY 2023, the PARL was issued on average 217 days prior to the date when all of the above requirements were met.

**Figure 6:** Claim Processing Breakdown from Claim Receipt to Award Payment by Claim Type, FY 2023

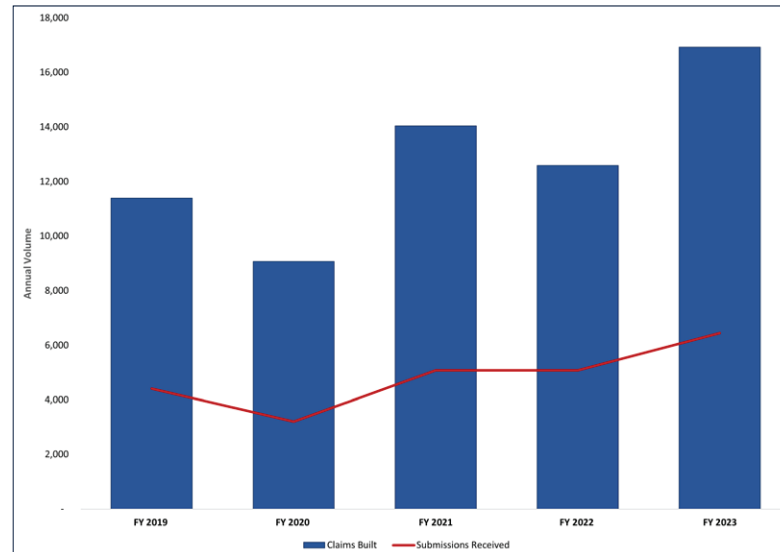


**Figure 6** provides a further breakdown of the overall processing time (in years) from claim receipt to award payment for each IRC Section 7623(a) and IRC Section 7623(b) award paid in FY 2023.

### CLAIM RECEIPT AND PROCESSING IN FY 2023

In FY 2023, the Whistleblower Office built 16,932 Claim Numbers from 6,455 submissions. On average, the new submissions were processed within 15.4 days of the date the Whistleblower Office received the submission.

**Figure 7:** 5-Year Comparison of Claims Built and Submissions received.



**Figure 7** provides a comparison of claims built and submissions received from FY 2019 through 2023. The actual number of Forms 211 received may be higher than the number of submissions received. Generally, the Whistleblower Office assigns a claim number each taxpayer related to the whistleblower’s claim.

A whistleblower’s submission may contain a single Form 211 identifying a single taxpayer (which would be counted as one submission and one claim number built), a single Form 211 identifying multiple taxpayers (which would be counted as one submission and multiple claim numbers built – one per taxpayer), or multiple Forms 211 identifying multiple taxpayers (which would be counted as one submission and multiple claim numbers built – one per taxpayer).

The submissions received and claims built were up in FY 2023 by 45% and 44%, respectively, compared to the average of the prior four years.

### TEN MOST COMMON ALLEGATIONS SUBMITTED IN FY 2023

**Table 3:** Ten Most Common Allegations Submitted in FY 2023

Ranking	Allegation
1	Unreported/Under Reported Income
2	Overstated or False Deductions
3	Failure to File Tax or Information Return
4	General Allegations of Fraud, Tax Fraud, Wire Fraud, Insurance Fraud, etc.
5	Employee vs Subcontractor
6	Rental Income
7	Under Reported Wages/Cash Under the Table
8	Capital Gains Tax
9	Money Laundering
10	International/Offshore Issues

NOTE: Data reported as of September 30, 2023

**Table 3** displays the ten most common allegations submitted on Form 211 for FY 2023.

## AUTHORIZED DISCLOSURES MADE UNDER IRC SECTION 6103(K)(13) IN FY 2023

**Table 4** explains the three types of authorized disclosures the Whistleblower Office made under IRC Section 6103(k)(13) which was enacted as part of the TFA 2019 on July 1, 2019. The Whistleblower Office’s disclosure responsibilities are as follows:

- Referred for an Audit or Exam Notice – A notice to the whistleblower if the information they provided has been referred for an audit or examination,
- Payment of Tax Notice – A notice to the whistleblower if a payment of tax is received for a tax liability related to information provided by the whistleblower, and
- Status and Stage Notice – A notice to the whistleblower on the status and stage of any action related to the information provided by the whistleblower.

The Referred for an Audit or Exam notice is mailed by the Whistleblower Office when an operating division notifies the Whistleblower Office a Form 211 is being sent out to the field for an audit or examination. The statute requires the IRS to issue this letter no later than 60 days after the Form 211 has been referred for an audit or examination. The Payment of Tax notice is sent by the Whistleblower Office after it determines a payment of tax has been received on an assessment related to information provided by the whistleblower. Statute requires the IRS to issue this letter no later than 60 days after the payment of tax has been received. Subject to the requirements and conditions prescribed by the Secretary, the Status and Stage notice is sent out as a response to a whistleblower’s written request for status and stage information. Effective July 31, 2023, the Whistleblower Office established a target timeframe to issue the Status and Stage notice within 90 days of the date of receipt of the whistleblower’s written request for status and stage information. All notices are provided to the whistleblower. If the whistleblower has a Power of Attorney (POA), then a copy of the notice may be provided to the POA.

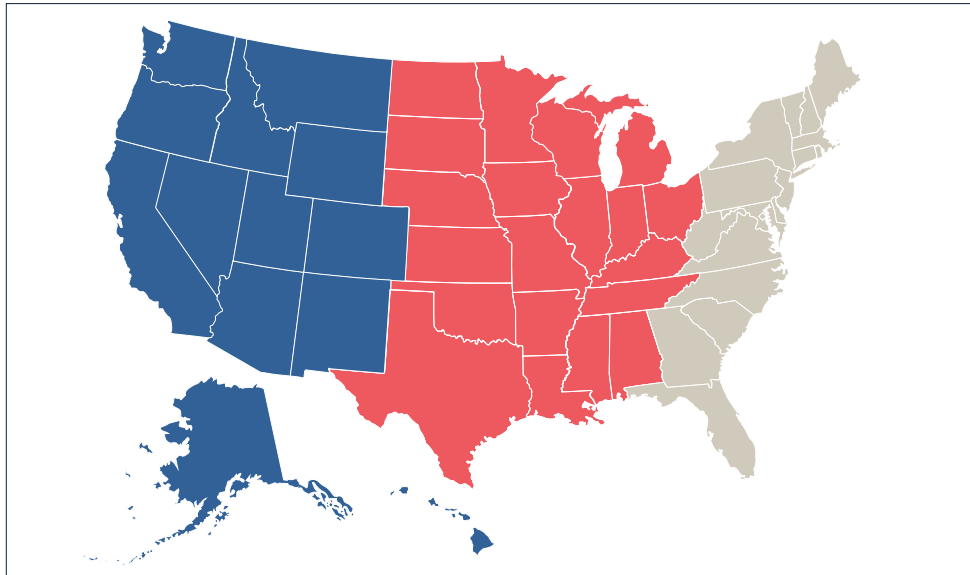
**Table 4:** Authorized Disclosures Made Under IRC 6103(k)(13) in FY 2023

Authorized Disclosure Purpose	# of Disclosures	% Timely
Referred for an Audit or Exam Notice	1,469	87.34%
Payment of Tax Notice	1,590	80.25%
Status and Stage Notice <sup>5</sup>	2,817	100%
<b>Totals</b>	<b>5,876</b>	

NOTE: Data reported as of September 30, 2023

<sup>5</sup> Status and Stage Notices were only measured for timeliness if the request was made on or after the effective date of the timeliness standard.

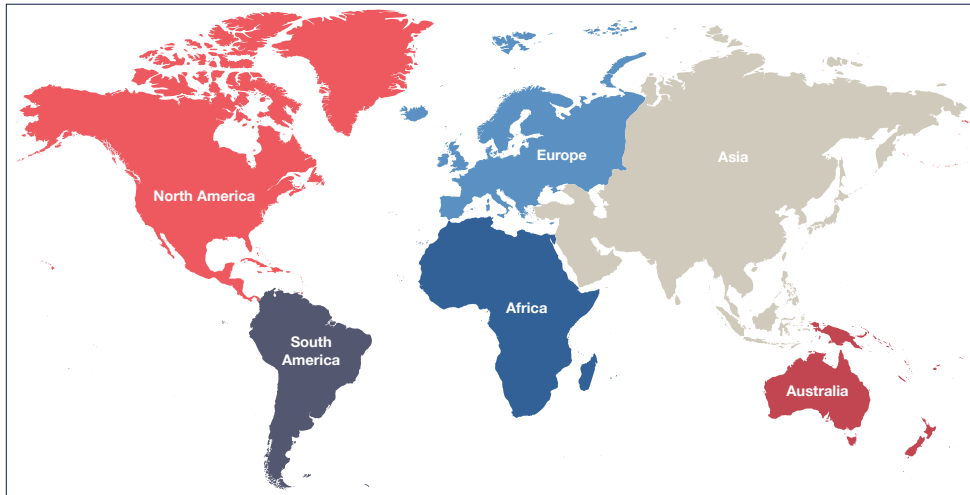
**Figure 8: Number of Whistleblowers by Geographic Region**



**Figure 8** illustrates the geographic location of all whistleblowers based in the United States by region for claims filed in FY 2023. The regions consist of the Western, Central, Eastern, and Foreign geographic locations. The data counts a distinct whistleblower only one time, regardless of whether the whistleblower submitted numerous claims throughout the fiscal year or filed a claim in conjunction with other whistleblowers.

Region	# of Whistleblowers
Western	1,401
Central	1,722
Eastern	1,856
Foreign (not shown)	112

**Figure 9: Number of Whistleblowers by Geographic Region (Worldwide)**



**Figure 9** shows the geographic location by continent of all whistleblowers for claims filed in FY 2023. The data counts a distinct whistleblower only one time, regardless of whether the whistleblower submitted numerous claims throughout the fiscal year or filed a claim in conjunction with other whistleblowers.

Continent	# of Whistleblowers
Africa	1
Asia	16
Europe	65
North America	5,002
Australia	6
South America	1

NOTE: Data reported as of September 30, 2023

## OPEN IRC SECTION 7623(A) AND 7623(B) CLAIMS

Table 5: Status of open IRC Section 7623(a) and 7623(b) Claims

Processing Phase	IRC Section 7623(a)	IRC Section 7623(b)	Total
Intake/Classification	2,280	164	2,444
OD Field <sup>6</sup>	2,655	2,649	5,304
OD Field Suspense <sup>7</sup>	7,558	5,019	12,577
Taxpayer Appeals/Litigation	170	449	619
Collection Suspense <sup>8</sup>	2,806	1,282	4,088
Preliminary Award Evaluation	476	858	1,334
Interim Award Assessment	1,324	1,363	2,687
Award Suspense	420	581	1,001
Final Review	4	7	11
Whistleblower Litigation <sup>9</sup>	38	32	70
<b>Total</b>	<b>17,731</b>	<b>12,404</b>	<b>30,135</b>

NOTE: Data reported as of September 30, 2023

<sup>6</sup> The Whistleblower Office is aware of claims in this status with adjustments attributable to the whistleblower and proceeds collected totaling hundreds of millions of dollars. The Whistleblower Office is working closely with the operating divisions on these claims to monitor when the administrative and judicial actions will be finalized. These proceeds are not counted or reported until their respective awards are paid.

<sup>7</sup> Some claims in this status have already completed their administrative and judicial actions and the taxpayers have fully paid. The Whistleblower Office is reviewing these claims to determine whether the claim(s) can be disaggregated for earlier payment. As of September 30, 2023, the claims in this status had hundreds of millions in proceeds collected. These proceeds are not counted or reported until their respective awards are paid.

<sup>8</sup> As of September 30, 2023, the Whistleblower Office is monitoring for collection of several billions in assessed amounts related to whistleblower information. The assessments being monitored for collection grew by over a quarter of a billion for Fiscal Year 2023.

<sup>9</sup> There are closed claims that are in Litigation. Table 5 only identifies open claims.

**Table 5** reflects a count of the open IRC Section 7623(a) and Section 7623(b) Claims in the various processing phases as of September 30, 2023. Open inventory increased by 2,108 claims (7.5%) from FY 2022. This change is primarily due to an 18% increase in the IRC Section 7623(a) Claims.

### Description of Processing Phases

**Intake/Classification:** Includes claims assigned to the ICE Team and the operating division (OD) classification functions. The primary function of this process is to evaluate the whistleblower's allegations to determine whether the Form 211 is complete, related to an existing claim, build the claim, assign the claim to the OD classification function, and evaluation by the OD to decide whether the information should be forwarded to the OD subject matter expert and administrative action function.

**OD Field:** Includes claims assigned to the OD subject matter experts and administrative action functions (such as examination or investigation).

**OD Field/Suspense:** Includes claims waiting for the administrative or judicial action of a related claim to close. Claims submitted often include multiple taxpayers, potential related taxpayers, or are expanded to include additional taxpayers not identified by the whistleblower. All claims in this status are awaiting the outcome of related claims which are in another processing phase.

**Taxpayer Appeals/Litigation:** This process involves the status on claims in which the taxpayer has sought review by the IRS appeals function or the courts.

**Collection Suspense:** These are claims with finalized assessments being monitored for collection of the proceeds. Claims are monitored on a monthly basis to determine whether payments of tax are made.

**Preliminary Award Evaluation:** Includes claims undergoing consideration of whether/how the whistleblower contributed to the action, calculating the recommended award percentage, preliminary award recommendation, and claims undergoing an administrative proceeding for an award determination (including rejections and denials).

**Interim Award Assessment:** Includes claims that are past the Preliminary Award Evaluation phase and the final determination is in process or issued. Includes all award determinations including rejections and denials.

**Award Suspense:** Includes claims waiting for the final determination of tax, guidance, and determination of final proceeds.

**Final Review:** Includes all award determinations, including rejections and denials, elevated to management for review and approval.

**Whistleblower Litigation:** Includes claims where the whistleblower has sought litigation regarding an award determination made on their claim. The awards for these claims cannot be paid until the appeals of the Whistleblower Office's determination are final.

## CLOSURE REASONS FOR FY 2023

Table 6: FY 2023 Closure Reasons, All Closures From Any Year of Receipt

Closure Reasons	Total Closures	% of Total Closures
Claim Denied - No Actionable Issue	10,666	72%
Claim Denied - Issues Below Threshold for IRS Action	1,813	12%
Claims Paid in Full	1,234	8%
Claim Denied – Short or Expired Assessment Statute of Limitations	614	4%
Anonymous – Referred to Form 3949-A Program	168	1%
Claim Denied - Examination Resulted in “No Change” or Whistleblower Issues resulted in "No Change"	116	<1%
Claim Rejected – Failure to Sign Form 211 Under Penalties of Perjury or Incomplete Form 211	113	<1%
Claim Denied – Surveyed by Operating Division	56	<1%
Administrative Error	26	<1%
Claim Denied – No Collected Proceeds (Uncollectable)	18	<1%
Claim Denied - Failure to File Form 211	18	<1%
Claim Denied – Information Already Known	13	<1%
Deceased Whistleblower	8	<1%
Claim Rejected – Ineligible Whistleblower	3	<1%
Closed – Unable to Contact Whistleblower	3	<1%
Closed – Other	2	<1%
Closed – Non-Compliant Whistleblower	1	<1%
<b>Total Closures</b>	<b>14,872</b>	<b>100%</b>

NOTE: Data reported as of September 30, 2023

**Table 6** provides a summary of the claim closures by closure reason for FY 2023. The data was grouped into similar categories and is displayed as a percentage of the total closures. In FY 2023, the Whistleblower Office closed 14,872 claims, a 28.2% increase from FY 2022 closures.

### Description of Closure Reasons

**Claim Denied - No Actionable Issue:** Claims assigned to and reviewed by the operating division classification functions. The operating division concluded information provided by the whistleblower was not actionable.

**Claim Denied - Issues Below Threshold for IRS Action:** Claims assigned to and reviewed by the operating division classification functions. The whistleblower's information contained valid and legitimate issues but, due to limited resources, the IRS was unable to justify an action for the assessment potential of the issues.

**Claims Paid in Full:** Claims included in the award determinations for the awards paid in FY 2023.

**Claim Denied - Short or Expired Assessment Statute of Limitations:** Claims assigned to and reviewed by the operating division classification functions. The whistleblower's information contained valid and legitimate issues but the statute of limitations for making an assessment was either too short or expired at the time the information was reviewed by the operating division and the IRS was unable to take action on the information.

**Anonymous Referred to Form 3949-A Program:** Claims filed anonymously. The Whistleblower Office was unable to process the whistleblower's information because it didn't identify a whistleblower. The information was sent as an information referral to the function that processes the Form 3949-A, Information Referral.

**Claim Denied - Examination Resulted in "No Change" or Whistleblower Issues resulted in "No Change":** Claims where the IRS took action on the whistleblower's information and either the entire action resulted in no change or action resulted in changes but not on the issues raised by the whistleblower.

**Claim Rejected - Failure to Sign Form 211 Under Penalties of Perjury or Incomplete Form 211:** Claims not signed under penalties of perjury, as required by IRC Section 7623(b)(6)(C) or didn't include sufficient information as outlined in Treasury Regulation Section 301.7623-1(c)(2) for the IRS to consider the claim.

**Claim Denied - Surveyed by Operating Division:** Claims that the operating division referred for an administrative action, but the field did not initiate action on the information.

**Administrative Error:** This is used when the Whistleblower Office inadvertently creates a duplicate record for an existing claim. All information is merged and recorded under the original claim number.

**Claim Denied - No Collected Proceeds (Uncollectible):** Claims where the IRS completed the administrative and judicial actions and the actions resulted in adjustments attributable to the whistleblower, but no proceeds were collected and statute of limitations for collecting the proceeds has expired.

**Closed - Failure to File Form 211:** Claims where an individual submits information with allegations of non-compliance with laws which the IRS is authorized to administer, enforce, or investigate but did not do so on a Form 211. The Whistleblower Office corresponded with the individual to request a Form 211 so the information can be considered a claim for an award, but a Form 211 was not received.

**Claim Denied - Information Already Known:** Claims where the operating division referred the whistleblower's information to a field group that currently had the target taxpayer under an open audit or investigation, but the field group was already aware of the issue/information raised by the whistleblower information.

**Deceased Whistleblower:** Claims ready for an award determination/payment, but the whistleblower was deceased, and the Whistleblower Office was unable to identify a point of contact for the estate in order to make the award determination/pay the award. This is an administrative closure. These claims will be reopened and processed if/when the Whistleblower Office is able to identify a point of contact for the estate. The Whistleblower Office is currently working with other functions in the IRS that specialize in processing/examining estate returns to get assistance with identifying the point of contact for the whistleblowers' estate.

**Claim Rejected - Ineligible Whistleblower:** Claims filed by individuals who are ineligible (under Treasury Regulation 301.7623-1(b)(2)) to file a claim for an award under IRC Section 7623.

**Closed - Unable to Contact Whistleblower:** Claims that were ready for an award determination/payment, but the Whistleblower Office was unable to contact the whistleblower after repeated attempts and the correspondence is being returned undeliverable. This is an administrative closure. These claims will be reopened and processed if/when the whistleblower contacts the Whistleblower Office.

**Closed - Other:** Claims that did not fall within one of the other specific closure reasons.

**Closed - Non-Compliant Whistleblower:** Claims that were ready for an award determination/payment, but the whistleblower has not filed their tax return and the whistleblower has not responded to the Whistleblower Office. This is an administrative closure. These claims will be reopened and processed if/when the whistleblower contacts the Whistleblower Office and either files their tax return or provides support for not having a filing requirement.

