

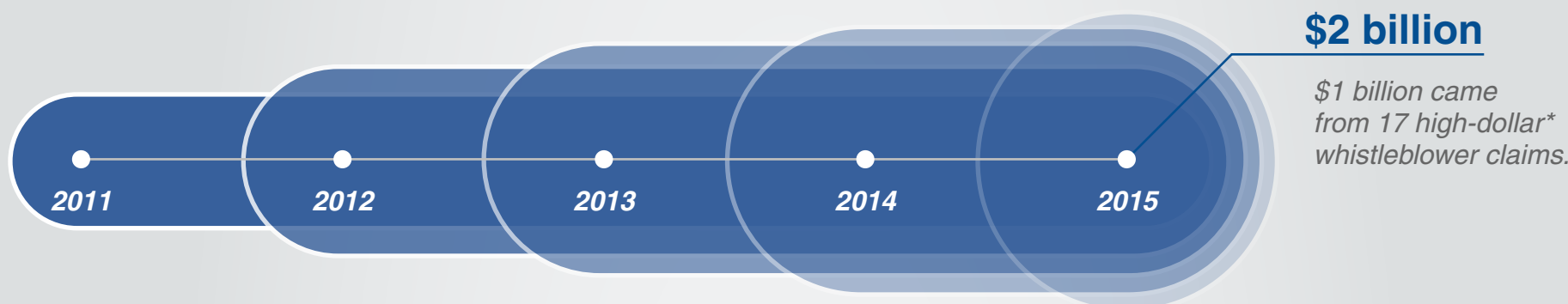
Tax Whistleblowers

Tax whistleblowers help the IRS collect billions in underreported taxes. Just how well is the IRS whistleblower program working?

AN OVERVIEW FROM GAO-16-20

Whistleblowers provide a much-needed service.

Since 2011, whistleblower claims have helped the IRS recover almost \$2 billion in taxes that may have gone uncollected.

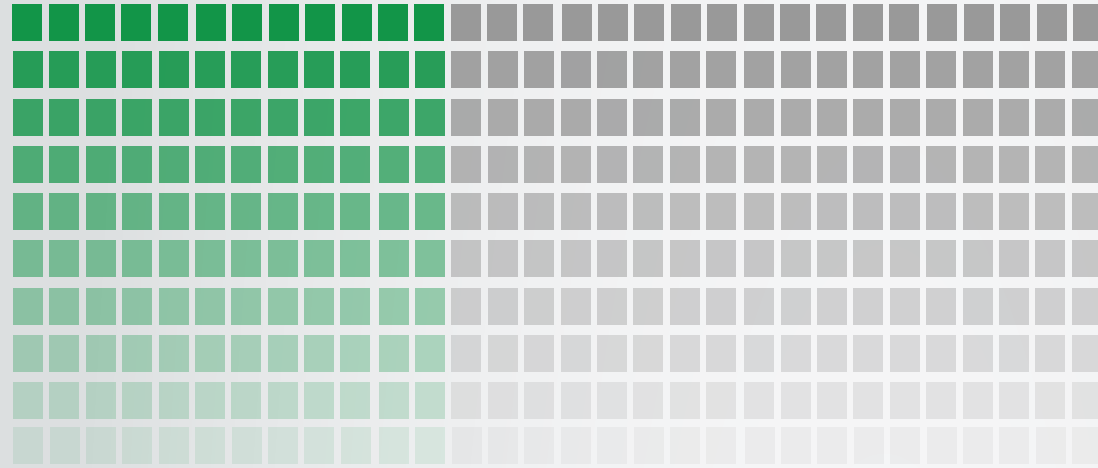


Whistleblowers have been rewarded with \$315 million for the information they provided.

\$261 million
17 high-dollar claims

\$54 million
483 other claims

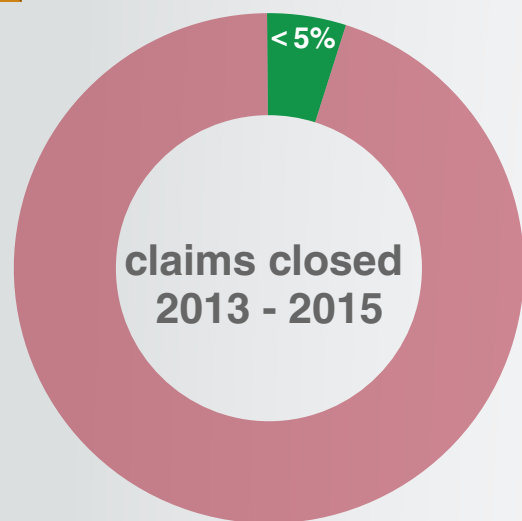
The IRS is still evaluating over 30,000 whistleblower claims. More than **12,000** of these are **high-dollar claims**. These claims could help further reduce the tax gap – the difference between taxes owed and taxes paid – and the federal deficit.



But we found issues that, if resolved, could help the IRS maximize the benefit provided by whistleblowers.

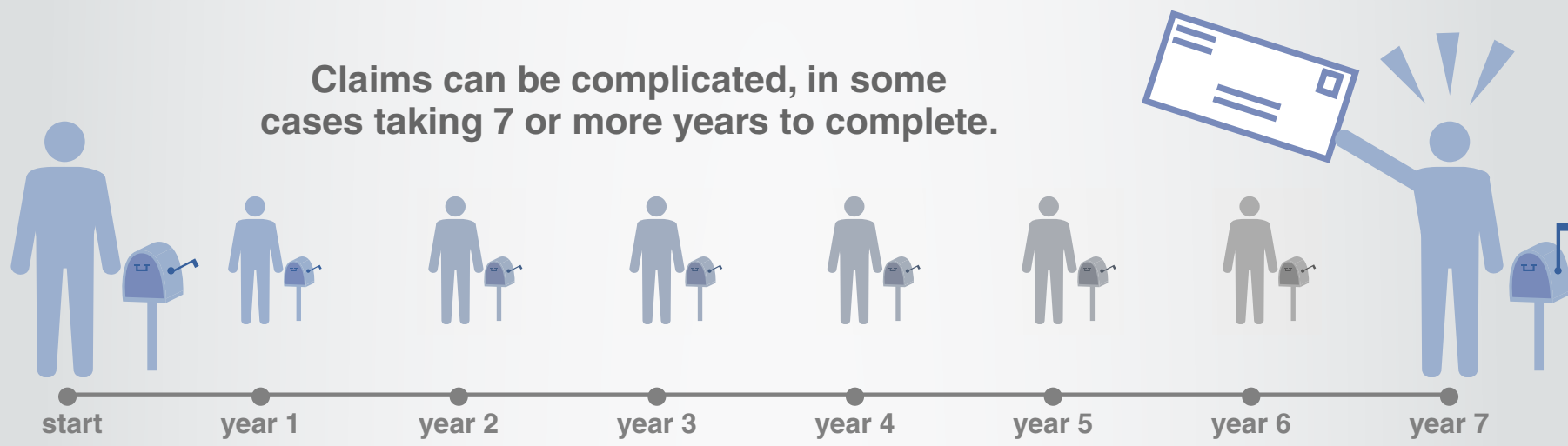
*High-dollar claims are those that allege over \$2 million in tax noncompliance.

The IRS is facing a backlog of claims.



The IRS evaluates every claim it receives, but **many claims do not pan out**. **Less than 5%** of all claims closed between 2013 and August 5, 2015, have resulted in an **award payment**.

Claims can be complicated, in some cases taking 7 or more years to complete.



More claims are coming in every year. In 2015, the backlog reached over **11,000** claims in 3 areas:

Initial review

Review of whistleblower contribution to examination

Rejection and denial processing.

Streamlining plans were put on hold and staffing has not kept pace with the workload.



IRS communications are limited.



Untimely reports and inconsistent data complicate congressional oversight.



Prohibitions on sharing taxpayer information keep whistleblowers in the dark—sometimes for years.



The IRS has not leveraged its authority to enter into disclosure contracts with whistleblowers to obtain more information.

Whistleblowers could be better protected.

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The IRS retained whistleblower information in taxpayer files against policy.



The IRS has mailed sensitive information—including names of whistleblowers—to the wrong addresses.



The IRS miscalculated award payments for 3 of the 17 claims we reviewed, delaying full payments to some whistleblowers.



Unlike other whistleblowers, tax whistleblowers lack legal protections from employer retaliation.

Our recommendations



Congress should consider passing tax whistleblower retaliation protections.



The IRS should better protect whistleblowers' information.



The IRS should provide better information to Congress and whistleblowers.



The IRS should streamline its workflows and improve data capture.



The IRS should strengthen award calculation procedures.

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