



## **H.R. 7959, *IRS Whistleblower Program Improvement Act*** **Rep. Mike Kelly (R-PA), Rep. Mike Thompson (D-CA)**

### **Background:**

- The IRS Whistleblower Program is a critical tax enforcement tool that leverages insider knowledge to recover billions in unpaid taxes, deterring noncompliance and closing a tax gap that the IRS cannot fully address through its own audit capacity.
  - Since 2007, **the IRS has collected over \$7.37 billion** attributable to whistleblower information.
- Whistleblower claims **help make the IRS audit selection process more efficient** by directing scarce enforcement resources toward high-value, high-probability targets.
- The **IRS Whistleblower Program is a critical anti-fraud tool**, relying on individuals with inside knowledge of tax evasion and fraud schemes to alert the IRS to noncompliance that would otherwise go undetected.
- **Improvements can be made to the IRS Whistleblower Program** to improve whistleblower protections, ensure fairer judicial review, and incentivize timely program administration.

### **H.R. 7959, *IRS Whistleblower Program Improvement Act*:**

- Provides for a **more favorable standard of review in whistleblower appeals** before the U.S. Tax Court, allowing new evidence to be admitted to the record.
  - The current standard of review has been interpreted to be “abuse of discretion,” which is a standard highly deferential to the IRS.
- **Protects whistleblowers from being compelled to identify themselves publicly** when pursuing appeals before the court.
  - Allows whistleblowers to proceed anonymously in Tax Court when challenging an IRS action.
- **Strengthens the program’s annual report to Congress** to better equip tax writers with the information needed to identify areas most in need of legislative action.
- Encourages **timely award payments by imposing interest** if the IRS fails to issue a preliminary award recommendation within 12 months.
- **Aligns the tax treatment of attorney’s fees for IRS whistleblowers** with the standard applied under other federal whistleblower programs.