

**Provided by Joel D. Hesch, Esq.  
Former Government Attorney  
Representing Whistleblowers  
www.HowToReportFraud.com**

**IRS Whistleblower Reward Program (26 U.S.C. § 7623).**

**(a) In general.**--The Secretary, under regulations prescribed by the Secretary, is authorized to pay such sums as he deems necessary for--

- (1)** detecting underpayments of tax, or
- (2)** detecting and bringing to trial and punishment persons guilty of violating the internal revenue laws or conniving at the same,

in cases where such expenses are not otherwise provided for by law. Any amount payable under the preceding sentence shall be paid from the proceeds of amounts collected by reason of the information provided, and any amount so collected shall be available for such payments.

**(b) Awards to whistleblowers.**--

**(1) In general.**--If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary's attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

**(2) Award in case of less substantial contribution.**--

**(A) In general.**--In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual's information and the role of such individual and any legal representative of such individual in contributing to such action.

**(B) Nonapplication of paragraph where individual is original source of information.**--Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

**(3) Reduction in or denial of award.**--If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Whistleblower Office shall deny any award.

**(4) Appeal of award determination.**--Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

**(5) Application of this subsection.**--This subsection shall apply with respect to any action--

**(A)** against any taxpayer, but in the case of any individual, only if such individual's gross income exceeds \$200,000 for any taxable year subject to such action, and

**(B)** if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed \$2,000,000.

**(6) Additional rules.**--

**(A) No contract necessary.**--No contract with the Internal Revenue Service is necessary for any individual to receive an award under this subsection.

**(B) Representation.**--Any individual described in paragraph (1) or (2) may be represented by counsel.

**(C) Submission of information.**--No award may be made under this subsection based on information submitted to the Secretary unless such information is submitted under penalty of perjury.

*Note: You can and should consider having an attorney specializing in government reward programs to prepare your submission. There are pitfalls you must avoid, and only a convincing application will result in a reward. In addition, the amount of the reward is based partly upon the quality of the assistance you and your attorney provide to the IRS. In addition, your attorney can negotiate the amount of a reward and contest low awards to the Tax Court.*