



DEPUTY COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

June 20, 2012

MEMORANDUM FOR COMMISSIONER, LARGE BUSINESS AND INTERNATIONAL
DIVISION
COMMISSIONER, SMALL BUSINESS/SELF-EMPLOYED
DIVISION
COMMISSIONER, TAX EXEMPT AND GOVERNMENT
ENTITIES DIVISION
COMMISSIONER WAGE AND INVESTMENT DIVISION
CHIEF, CRIMINAL INVESTIGATION DIVISION
DIRECTOR, WHISTLEBLOWER OFFICE

FROM: Steven T. Miller *Steven T. Miller*
Deputy Commissioner for Services and Enforcement

SUBJECT: IRS Whistleblower Program

The IRS Whistleblower Office was established in 2007, in response to amendments to the legal authority for paying awards to individuals who report suspected tax compliance issues. Since that time, thousands of whistleblowers have reported hundreds of millions of dollars in suspected tax compliance issues, resulting in a wide range of audits and investigations. Some of these audits and investigations have yielded significant results, demonstrating that whistleblower information can be an important tool in our compliance programs.

My office is working with the Whistleblower Office and with internal and external stakeholders on a comprehensive review of operating guidelines and procedures. The objective of the review is to improve the timeliness and quality of decisions as the Service evaluates and acts on whistleblower information. The key principles behind these guidelines and procedures include:

- Whistleblowers can provide valuable leads, and often offer unique insights into taxpayer activity. The IRS will act on specific and credible information regarding tax compliance issues when that information can be corroborated, as part of our balanced tax enforcement program.
 - Timely action is essential. Substantive review of the information offered by whistleblowers, and legal review of any evidentiary issues, needs to be a priority for those assigned to this work.
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- Some whistleblowers have insights and information that can help the Service understand complex issues or hidden relationships. Debriefing, whether in person or by telephone, is an important component of the evaluation of whistleblower information prior to a decision on whether the information should be referred to the field for audit or investigation. My expectation is that debriefings will be the rule not the exception. Further, with appropriate controls, interaction with a whistleblower during an examination can assist in timely and correct resolution of issues. A contract for services under section 6103(n) may be used when disclosure of taxpayer information is necessary to obtain a whistleblower's insights and expertise into complex technical or factual issues.

One result of the review of operating guidelines and procedures will be a set of expectations for timely action on whistleblower submissions. These expectations will provide flexibility to address unique facts and circumstances, but will also provide for reporting on aged cases. Until the review is completed and new procedures are implemented, I ask that the following timelines be adhered to and that information be included in Business Performance Review (BPR) reports:

- Whistleblower Office—claims received should be initially evaluated by the Whistleblower Office within 90 days.
- Operating Divisions and Criminal Investigation—review by subject matter experts should be completed within 90 days of receipt.
- Whistleblower Office—whistleblowers should be notified of an award decision within 90 days of when collected proceeds can be finally determined.

I understand that there will be times when these timelines cannot be met, and exceptions will be necessary to ensure that the decision on whether to proceed to an audit or investigation considers all relevant information. Reporting in the BPRs will outline compliance with these timelines and overall timeliness of the process. BPR reports should include data on subject matter expert reviews that are suspended pending receipt of a risk analysis opinion. The Office of Chief Counsel has established controls and reporting requirements for its risk analysis opinions. My office will track this area as well. The Chief Counsel concurs in making this area a priority.

Timely and comprehensive evaluation of information provided by whistleblowers is essential to the success of this program. This is a shared responsibility of the Whistleblower Office, the Operating Divisions, and CI. Please give this subject your personal attention so that the Service can take full advantage of whistleblower information in our compliance programs.

cc: Chief Counsel
