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Grassley, Wyden Introduce IRS Whistleblower Improvements Act of 2017

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WASHINGTON – Sen. Chuck Grassley and Sen. Ron Wyden today introduced bipartisan legislation to improve IRS communication with tax fraud whistleblowers and protect those whistleblowers from workplace retaliation.

“Whistleblowers have helped the IRS recover more than \$3 billion for the taxpayers that otherwise would have been lost to fraud,” Grassley said. “Whistleblowers have the potential to help even more. They need assurances that putting their jobs at risk carries protections. They also need better communication about where their cases stand so they’re not sitting in limbo. This bill will offer a welcome mat to those who are too often treated like skunks at a picnic.”

“Whistleblowers are a crucial line of defense against waste, fraud and abuse,” said Wyden. “This legislation will strengthen protections for employees of companies who come forward to report tax evasion. Empowering these whistleblowers is key to rooting out bad actors who are breaking the law by dodging their taxes.”

The IRS Whistleblower Improvements Act of 2017 is based on the Grassley-Wyden amendment included in the Taxpayer Protection Act of 2016. The Taxpayer Protection Act, along with the Grassley-Wyden amendment, passed the Finance Committee in April 2016 but was never considered by the full Senate.

The measure would: (1) increase communication between the IRS and whistleblowers, while protecting taxpayer privacy, and (2) provide legal protections to whistleblowers from employers retaliating against them for disclosing tax abuses.

To increase communication, the bill specifically would allow the IRS to exchange information with whistleblowers where doing so would be helpful to an investigation. It would further require the IRS to provide status updates to whistleblowers at significant points in the review process and allow for further updates at the discretion of the IRS. It does this while ensuring that the confidentiality of this information is maintained. Whistleblowers have expressed concern and frustration in their inability to receive information from the IRS on the status of their cases, which may take years to resolve. Since these individuals often put their livelihoods on the line to come forward, poor communication adds to their anxiety and is a disincentive to others with knowledge of high dollar tax fraud.

To protect whistleblowers from employer retaliation, the bill extends anti-retaliation provisions to IRS whistleblowers that are currently afforded to whistleblowers under other whistleblower laws, such as the False Claims Act and Sarbanes-Oxley. Tax whistleblowers may be easily identified within their firms as having specific knowledge of tax fraud. Extending the protections to tax whistleblowers that apply to whistleblowers in

other fields is a matter of fairness and in the interest of U.S. taxpayers who benefit from such whistleblowing, Grassley and Wyden said.

The IRS Whistleblower Improvements Act of 2017 will be assigned to the Finance Committee, where Grassley is a senior member and former chairman, and Wyden is ranking member.

Grassley successfully enacted much-needed updates to the IRS whistleblower program in 2006. The improvements have led to the [recovery](#) of more than \$3 billion in taxes that otherwise would have been lost to fraud. The IRS has made some progress in improving its treatment of whistleblowers, due to congressional oversight, but challenges remain. The potential is strong to recover much more in fraud proceeds if the IRS continues to improve its procedures, and Congress delivers the improvements in the Grassley-Wyden legislation.

Two well-known pro-whistleblower groups endorsed the legislation.

“Honest taxpayers are the true victim of every tax fraud. This reform provides critical protection for those courageous enough to risk losing their jobs to report illegal tax schemes. The legislation closes a loophole in whistleblower law that currently fails to provide any protection for those who report tax fraud. This bill is urgently needed,” said Stephen M. Kohn, Executive Director, National Whistleblower Center.

“These amendments will significantly strengthen the fraud-fighting potential of the IRS Whistleblower statute and promote the public-private partnerships that the law was originally enacted to foster,” said Robert Patten, President and CEO of Taxpayers Against Fraud. “In particular, the anti-retaliation provisions will encourage more citizens to come forward and will result in the recovery of significant funds that would otherwise be lost to tax fraud.”

Grassley and Wyden are among the founding members of the bipartisan Senate Whistleblower Protection Caucus. Grassley is chairman and Wyden is vice-chairman.

The text of the IRS Whistleblower Improvements Act of 2017 is available [here](#).