

## **OVERVIEW**

In addition to our “Qui Tam” Whistleblower Practice, we represent "tax whistleblowers" pursuant to the IRS Code's Whistleblower provisions. The law is designed to reward whistleblowers who reveal people who cheat on their taxes. The IRS whistleblowers provisions provide an excellent tool for our clients to secure large monetary rewards.

This IRS law, enacted in late December 2006, creates rewards to the whistleblower of 15% to 30% of the government's recovery of taxes, interest, and penalties when the taxpayers' income has been under-reported or underpaid and the whistleblower first brought this to the attention of the IRS. The whistleblower program differs from the False Claims Act qui tam provisions. The IRS program allows for payments to the whistleblower of up to 10% of the government's recovery, even if the whistleblower is not an "original source" of the information.

IRS whistleblower clients include executives, health care professionals and accountants. Our clients are heroic in their efforts to expose fraud. We are well-suited to help clients because, as qui tam lawyers and tax attorneys, we have the experience to advise our whistleblower clients on these legal claims.

## **HOW THE LAW WORKS**

Under the code, the IRS considers not only the back tax amount, but also interest and penalties. The combination of these could be significant. The law caps the reward to an informant of 30% of all collected proceeds. The law also allows an above-the-line deduction for attorney's fees and costs paid by and/or on behalf of the individual involved in the submission of information. The IRS has created, per statutory mandate, a Whistleblower Office to administer the mandatory reward program.

A whistleblower is eligible for an award under the IRS program if the violations of the tax laws involves tax, penalties and interest of over \$2 million and if the case involves an individual, only if such individual's gross income exceeds \$200,000.00 for any taxable year subject to such action.

This high threshold eliminates small claims.

The process begins with the submission of IRS Form 211 and requires submission of the informant's information under penalty of perjury. If the ultimate reward is not satisfactory to the client it can be appealed to the U.S. Tax Court. We are experienced in the analysis of the data, preparation of the requisite form and representation of a claimant before the IRS.

**STATUTORY PROVISIONS**

<http://www.rewardtax.com/files/Tax-Whistleblower-Statute.pdf>