



# Whistleblower Program

Fiscal Year 2018

Annual Report to Congress



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Last Viewed 04/07/2020

## Message from the Director

Fiscal Year (FY) 2018 was a year of transformation for the Whistleblower Office. We continued our ambitious efforts on implementing improvements and enhancements to the Whistleblower Office and the Whistleblower Program. The year wasn't without its challenges, most significant being adjustments to operations caused by the passage of Section 41108 of the Bipartisan Budget Act of 2018 (BBA of 2018), Public Law 115-123, enacted on February 9, 2018, amending Internal Revenue Code (IRC) § 7623. The addition of IRC § 7623(c) has enabled the Whistleblower Office to experience a record setting year in proceeds collected and award amounts paid since its standup in FY 2007.

This year, the Whistleblower Office made 217 awards to whistleblowers totaling \$312,207,590 (before sequestration), which includes 31 awards under IRC § 7623(b). The number of IRC § 7623(b) awards paid increased 14.8 percent compared to FY 2017. Proceeds collected were \$1,441,255,859. Included in the proceeds collected, as a result of § 7623(c), are the non-Title 26 amounts collected for criminal fines, civil forfeitures, and violations of reporting requirements amounting to \$809,915,922. Title 26 amounts collected were \$631,339,937. Award dollars to whistleblowers as a percentage of proceeds collected increased to 21.7 percent in FY 2018, up from 17.8 percent in FY 2017. Whistleblower claim numbers assigned in FY 2018 increased by 2.9 percent from those submitted in FY 2017, and closures decreased by 11.2 percent.

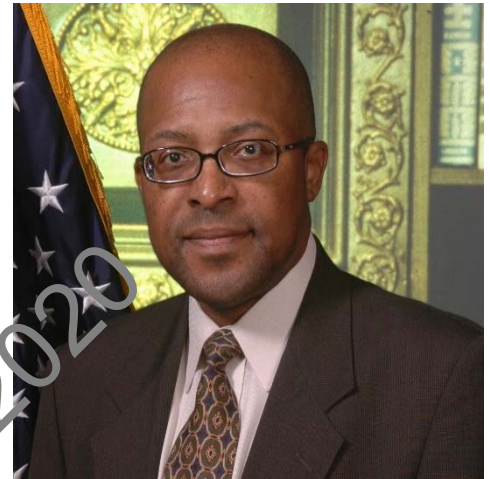
I am excited to report that one of our improvement initiatives started in FY 2017, to provide whistleblowers information about their pending claims as early as possible, has resulted in the Whistleblower Office issuing 268 Preliminary Award Recommendation Letters (PARLs) months in advance of the Refund Statute Expiration Date. Finally, to address a question that is frequently asked by whistleblowers about the number of claims that are referred to Examination, I have included a new table in this year's report. Table 2B: Receipts Selected by Operating Divisions (ODs) for Referral to Examination in FY 2018 answers the question: How many claims were submitted to the ODs for review that the ODs referred to field examination?

In closing, if you have specific and credible information about a tax noncompliance matter, I encourage you to provide this information to the Government by filing a claim on Form 211, Application for Award for Original Information, with the Whistleblower Office.



**Lee D. Martin**

Director, Whistleblower Office



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*In FY 2018, the Whistleblower Office made awards to whistleblowers exceeding \$312 Million and collected \$1.441 Billion.*

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# Background and Program Evolution

The Tax Relief and Health Care Act (TRHCA) of 2006 added IRC § 7623(b), which enacted significant changes in the Internal Revenue Service (IRS) award program for whistleblowers. TRHCA set a new framework for the consideration of whistleblower submissions and established the Whistleblower Office within the IRS to administer that framework. TRHCA requires that the Secretary of the Treasury conduct an annual study and report to Congress on the use of IRC § 7623. The results obtained include any legislative or administrative recommendations for IRC § 7623 and its application. This report discusses the IRS Whistleblower Program activities for FY 2018 in satisfaction of the reporting obligations under TRHCA.

The Whistleblower Office coordinates with other IRS units, analyzes information submitted, and makes award determinations. If a submission does not meet the criteria for IRC § 7623(b) consideration, the IRS may consider it for an award pursuant to its discretionary authority under IRC § 7623(a). A whistleblower must meet several conditions to qualify for the IRC § 7623(b) award program. The information must be:

- Signed and submitted under penalties of perjury,
- Related to an action in which the proceeds in dispute exceed \$2,000,000, and
- Related to a taxpayer, and for individual taxpayers only, one whose gross income exceeds \$200,000 for at least one of the tax years in question.

If the information meets the above conditions and substantially contributes to an administrative or judicial action that results in the collection of proceeds, the IRS will pay an award of at least 15 percent, but not more than 30 percent, of the proceeds. The award percentage increases for cases based principally on information disclosed in certain public sources or when the whistleblower planned and initiated the actions that led to the tax law violations. Whistleblowers may appeal the Whistleblower Office's award determinations under IRC § 7623(b) to the United States Tax Court (Tax Court).

The IRS pays awards from proceeds, and as such, award payments cannot be made until the taxpayer has exhausted all appeal rights and the taxpayer no longer can file a claim for refund or otherwise seek to recover the proceeds from the government. Therefore, the IRS generally cannot make award payments for several years after the whistleblower has filed a claim.

On February 9, 2018, Section 41108 of the BBA of 2018 amended IRC § 7623 by adding a new subsection (c): Proceeds—For purposes of this section, the term 'proceeds' includes—(1) penalties, interest, additions to tax, and additional amounts provided under the internal revenue laws, and (2) any proceeds arising from laws for which the Internal Revenue Service is authorized to administer, enforce, or investigate, including—(A) criminal fines and civil forfeitures, and (B) violations of reporting requirements. The amendment further provided that this definition of proceeds shall be used to determine eligibility for a mandatory award pursuant to IRC § 7623(b)(5)(B) and states that the amount of proceeds are to be “determined without regard to whether such proceeds are available to the Secretary.” The amendment applies to all claims in which a final determination for an award had not been made prior to enactment.”

# Program Developments

## Operations

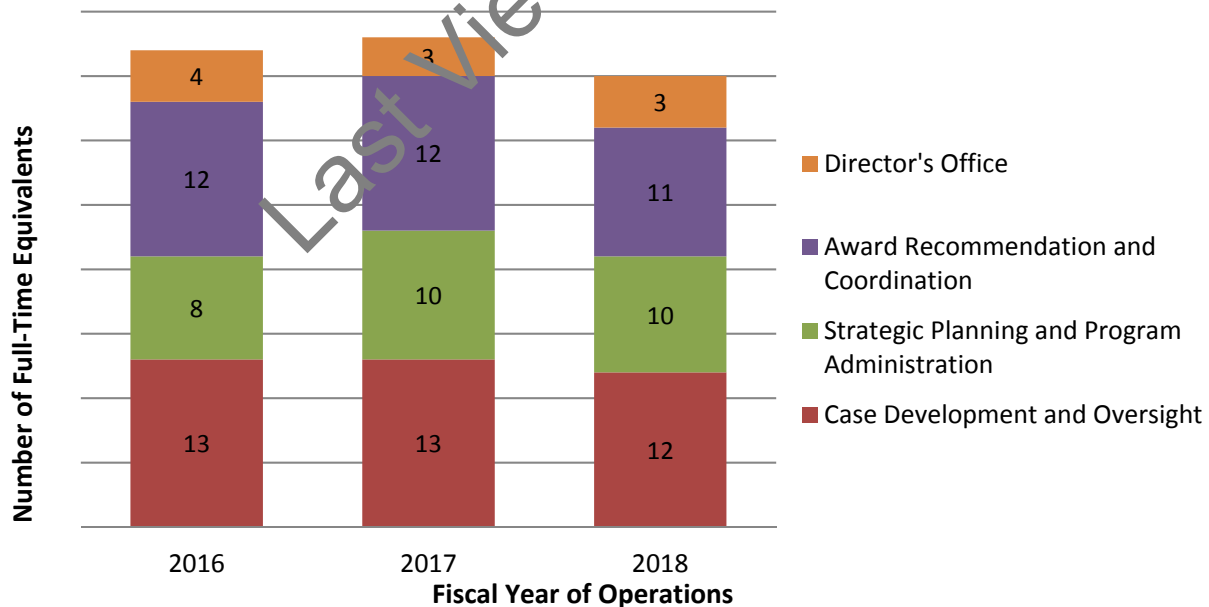
The Treasury Inspector General for Tax Administration completed an audit of the Whistleblower Office in FY 2016 that resulted in ten recommendations. The Whistleblower Office completed the final recommendation in FY 2018 and made significant revisions to Internal Revenue Manual (IRM) 25.2.1 and 25.2.2 that incorporated key guidance and updated IRM 1.1.26 to reflect changes in organizational structure.

During FY 2018, the Government Accountability Office (GAO) completed an audit of the Whistleblower Office to see how often and to what extent whistleblower claims involved cases where the Report of Foreign Bank and Financial Accounts (FBAR) penalties were assessed. GAO concluded its audit with two recommendations: 1) Modify Form 11369, Confidential Evaluation Report on Claim for Award, and its instructions to clarify documentation of how whistleblower information was used in any IRS actions taken regardless of whether the laws administered, examined, or enforced are outside of Title 26, such as FBAR penalties and 2) Develop and document improved controls for validity, completeness, and accuracy of data on FBAR examinations and enforcement actions. We agree with both recommendations and are working to implement them.

## Staffing

In FY 2018, the Whistleblower Office staff was comprised of 36 full-time employees with decades of experience in a broad array of IRS compliance programs. The Whistleblower Office was impacted by retirements and losses due to promotions. Case Development and Oversight (CDO) and Award Recommendation and Coordination (ARC) Units experienced employee turnover of nearly 20%.

Figure 1: Whistleblower Office Staffing, Fiscal Years 2016 to 2018



## Outreach and Communications

The Whistleblower Office maintains a page on the IRS Intranet for IRS personnel and provides articles for internal newsletters and speakers for professional education events. There is also a dedicated page on the IRS website, [www.irs.gov](http://www.irs.gov),<sup>1</sup> that provides information for the public about the Whistleblower Program. The website includes links to the final regulations, the Form 211, Application for Award for Original Information, and Publication 5251, The Whistleblower Claim Process and Timeline, which provides information on filing a whistleblower claim for award, the timeline for each step in the claim process, and common reasons for rejection or denial of claims.

The Whistleblower Office has continued its outreach efforts utilizing IRS social media accounts, as well as publicly subscribed newsletters. The Whistleblower Office continues to utilize Twitter, @IRSNews, @IRStaxpros, and the E-Tax Professionals Newsletter that continues to garner many views. The Whistleblower Office also shares relevant information regularly with stakeholders through its listserv.

Whistleblower Office representatives made presentations to professional groups and attended conferences representing taxpayers and whistleblowers, including the Taxpayers Against Fraud Education Fund, the National Whistleblower Day Celebration, and the New York University 10<sup>th</sup> Annual Tax Controversy Forum. By attending these functions, the Whistleblower Office obtains an outside perspective on the Whistleblower Program. The Whistleblower Office also provided consultation to other federal agencies and tax administration authorities from other nations, as they evaluated options for establishing their own whistleblower award programs.

## Administrative Priorities and Issues

### Administrative Guidance

In FY 2018, the Whistleblower Office published significant updates to IRM procedures for IRS employees responsible for handling whistleblower claims and information. The Whistleblower Office also updated and published a new version of the Form 211.

As previously discussed, Section 4108 of the BBA of 2018 amended I.R.C. § 7623. The amendments expanded the scope of proceeds for award purposes to include non-Title 26 amounts. The amendments also look to “proceeds in dispute” as a revised threshold requirement for a mandatory award. Upon the change to the law, the Whistleblower Office immediately undertook activities to assess the operational impact and to outline policies and procedures to reflect the changes in the law. This meant reviewing 29,198 open claims for potential non-Title 26 proceeds. The Whistleblower Office has since been working to update formal and informal administrative guidance to reflect IRC § 7623 amendment updates to the Whistleblower Program. During FY 2019, the Whistleblower Office will update the IRS Form 11369 and accompanying instructions to make them consistent with the current statute.

Treasury’s 2017-2018 Priority Guidance Plan anticipated updates to the whistleblower regulations. The Whistleblower Office is collaborating with the Office of Chief Counsel and Treasury on updating the existing whistleblower regulations to improve the administration of the Whistleblower Program. Treasury and the IRS will provide notice and request public comment on any proposed regulations.

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<sup>1</sup> <https://www.irs.gov/compliance/whistleblower-informant-award>



## Issues of Interest

### 1. Rules on access to and disclosure of taxpayer information could provide stronger protection for taxpayers.

Since FY 2010, the Whistleblower Office's Annual Reports have noted concerns regarding the disclosure of taxpayer information to whistleblowers. IRC § 6103 provides authority for the IRS to disclose taxpayer information to whistleblowers in certain, limited instances. Currently, the IRS uses the authority of IRC § 6103(k)(6), which provides that return information may be disclosed as part of an investigation to the extent necessary in obtaining information, to communicate with whistleblowers where appropriate. The IRS also continues to look for appropriate cases to enter agreements under IRC § 6103(n). Neither authority, however, precisely addresses the circumstances in which most disclosures to whistleblowers arise.

Additional taxpayer protections remain necessary with respect to disclosures made during the administrative award determination process and resulting appeals to the Tax Court. The IRS makes disclosures in the administrative proceeding and before the Tax Court, pursuant to the authority of IRC § 6103(h)(4). In conjunction with such disclosures, the IRS requires confidentiality agreements and the Tax Court issues protective orders to limit the ability of whistleblowers to re-disclose a taxpayer's return information. The effectiveness of these tools is limited. There is no restraint on whistleblowers re-disclosing return information following the completion of the administrative and judicial processes.

The absence of such protections has become more relevant in the context of extensive Tax Court discovery into taxpayer examination files. Notably, the taxpayer is not a party to the whistleblower litigation, and as such, the taxpayer has no knowledge of the public release of its confidential return information and no ability to protect its information.

### 2. The law does not provide for whistleblower protection.

IRC § 7623 continues to lack any statutory protections from retaliation for whistleblowers providing information to the IRS. Providing whistleblowers with a zone of protection from economic or physical harm is imperative to the success of any whistleblower program as Congress has recognized in other whistleblower statutes. No individual should suffer any reprisals for providing truthful information to the IRS.

The need for greater protection of whistleblowers is amplified as sophisticated taxpayers are increasingly attempting to learn the existence or identity of a whistleblower. The IRS remains committed to protecting the identity and even the existence of whistleblowers. Nonetheless, the current defenses available to the IRS to maintain the confidentiality of whistleblowers are limited.

### Statutory clarification needed on submitting information and claiming awards.

IRC § 7623 provides for awards, in some cases mandatory, when the IRS proceeds with an action based on a whistleblower's information. The mandatory award provisions require that information be submitted under penalty of perjury. Separately, IRC § 7623(b)(3) refers to a "claim for award" without providing any further specifics. The Whistleblower Office understands the statute to require a whistleblower to submit the claim for award, like the information, before the IRS proceeds with an action. While information comes into the IRS from a variety of sources, relatively few individuals that provide information to the IRS do so with the intent to claim an award. The claim for award is the only trigger available to the Whistleblower Office for classifying an individual as a whistleblower for purposes of IRC § 7623. The claim for award also allows the Whistleblower Office to contemporaneously track the Service's use of whistleblower information, and proactively manage the whistleblower award program. Clarifying the statutory claim filing requirement would strengthen the award program by ensuring that Whistleblower Office resources are devoted to filed claims.

# Whistleblower Program Results

Under IRC § 6103, returns and return information are confidential, unless an exception applies. There is no exception in IRC § 6103 that permits the publication of data on identifiable, individual whistleblowers. The IRS may, however, disclose information in aggregate form when the data cannot be associated with, or otherwise identify a taxpayer (or whistleblower). In compliance with these disclosure rules, summary data on awards paid, receipts, closures, and claim status appear in this report.

## Awards Paid, Fiscal Years 2016 to 2018

Table 1 provides current and historical information on awards paid and collections attributable to whistleblower information, prior to the sequestration reduction described below. The number and amounts of awards paid each year can vary significantly, especially when a small number of high-dollar claims are resolved in a single year. The year in which an award is paid is generally not the year in which collections occurred because the IRS must wait until there is a final determination of proceeds, which means that the taxpayer has exhausted all appeal rights and the taxpayer no longer can file a claim for refund or otherwise seek to recover the proceeds from the government.

In March 2013, the Office of Management and Budget issued a notice regarding the impact of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This law required reductions in expenditures, also known as sequestration, starting March 1, 2013. The applicable sequestration reduction may change from year-to-year. As applied to payments under IRC § 7623, the required reductions in FY 2018 were 6.6 percent of the amount that would otherwise have been payable. Sequestration reductions totaling \$20,605,701 were applied to awards paid during FY 2018.

Since 2007, the Whistleblower Office made awards in the amount of \$811,382,263 based on the collection of \$5,051,188,583. In FY 2018, the IRS made 217 awards, totaling \$312,207,590 prior to the sequestration reduction; the total award amount represents 21.7% of total amounts collected. In FY 2018, 31 of the award payments made involved IRC § 7623(b) claims.

FY 2018 was record setting in the proceeds collected and amount of awards paid, and the Whistleblower Office will continue to focus IRS resources on claims that lead to significant returns to the government. In some cases, individuals submit multiple claims relating to the same information. In other cases, as the Tax Court has noted, whistleblowers submit numerous claims based entirely on publicly available information—some whistleblowers have submitted hundreds of such claims. To date, the Whistleblower Office has sought to process and respond to all claims filed by whistleblowers. While it will continue to do so, the Whistleblower Office will also continue to look for ways to address duplicative or non-meritorious claims in a summary fashion, both to focus its administrative resources better and to guard against the unnecessary or inadvertent disclosure of confidential taxpayer return information.



**Table 1: Amounts Collected and Awards under IRC § 7623, Fiscal Years 2016 to 2018**

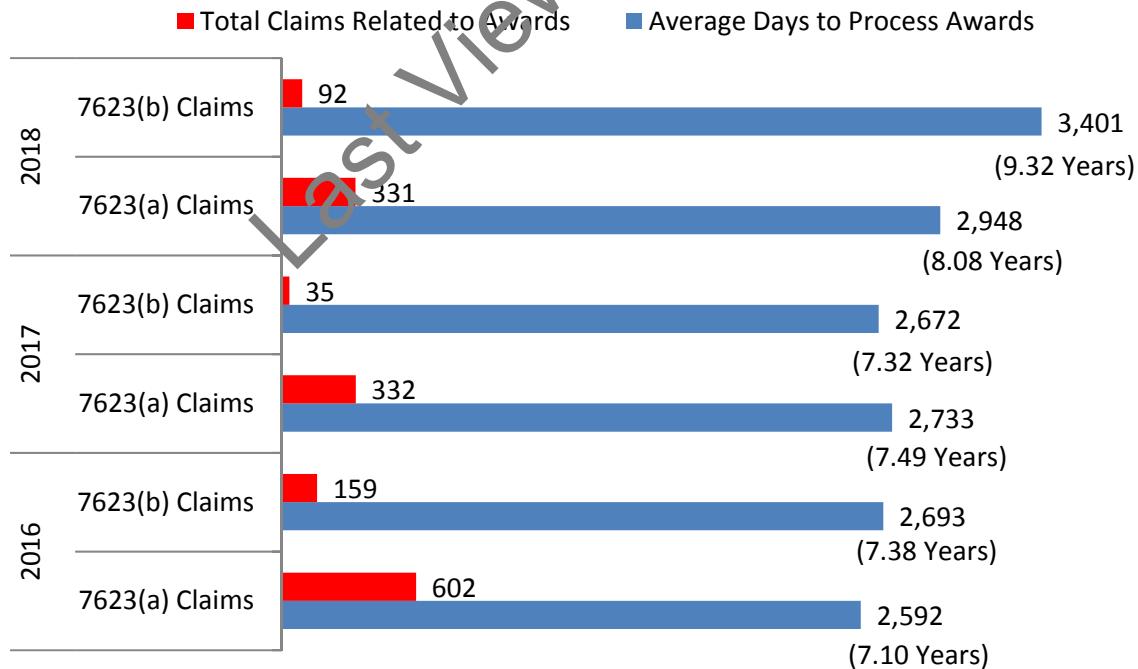
	FY 2016	FY 2017	FY 2018
<b>Total Claims Related to Awards</b>	761	367	423
<b>Total Number of Awards</b>	418	242	217
<b>Total IRC § 7623(b) Awards</b>	18	27	31
<b>Total Amounts of Awards<sup>2</sup></b>	\$61,390,910	\$33,979,873	\$312,207,590
<b>Proceeds Collected</b>	\$368,907,298	\$190,583,750	\$1,441,255,859
<b>Awards as a Percentage of Proceeds Collected</b>	16.6%	17.8%	21.7%

NOTE: Data reported as of September 30, 2018.

## Total Claims Related to Awards and Average Days to Process Awards, Fiscal Years 2016 to 2018

Figure 2 provides the average processing days for award claims paid under IRC § 7623(a) and 7623(b). Generally, the IRS does not pay awards for at least eight years after the whistleblower has filed a claim because a payment cannot be made until there is a final determination of proceeds. This is consistent with information provided to whistleblowers that awards may not be paid until several years after receipt of the claim.

**Figure 2: Total Claims Related to Awards<sup>3</sup> and Average Days to Process Awards by Claim Type, Fiscal Years 2016 to 2018**



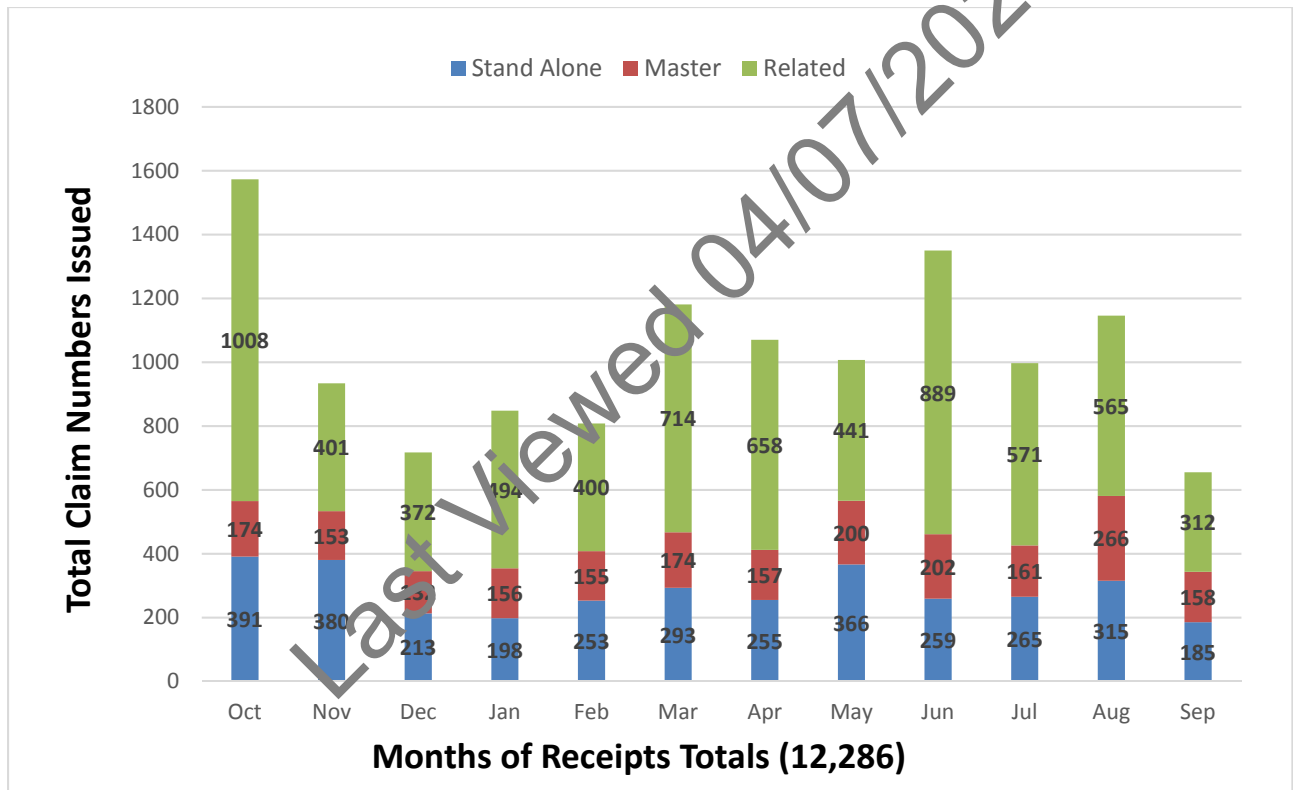
<sup>2</sup> "Total Amount of Awards" is prior to the sequestration reduction.

<sup>3</sup> Figure 2 only reflects claims paid in full as of September 30, 2018.

## Total Stand-Alone, Master, and Related Claim Numbers by Month in Fiscal Year 2018

Figure 3 identifies trends and fluctuations as they pertain to Form 211 submissions to the Whistleblower Office and claim numbers issued each month in FY 2018. Figure 3 identifies the submissions as stand-alone, master, and related claim numbers. Stand-alone claim numbers are defined as submissions identifying one taxpayer. Generally, multiple claim numbers are assigned when the claim submission identifies multiple taxpayers. When multiple taxpayers are identified, the claim is then subsequently identified by a master claim number, with related claim numbers. For each master claim number identified below, there are at least two related claim numbers.

Figure 3: Total Claim Numbers Issued by Month in Fiscal Year 2018



## Fiscal Year 2018 Receipts, by Operating Division

Table 2(A) below provides additional information on submissions received in FY 2018. This table identifies the IRS operating divisions to which claim numbers are assigned for review and action. Matters involving taxpayers with assets of more than \$10 million are under the jurisdiction of the Large Business and International Division (LB&I), while matters involving businesses and individuals that do not meet that threshold are generally assigned to Small Business and Self-Employed (SB/SE) Division. Claims involving pension plans, exempt organizations, or governmental entities are referred to Tax Exempt and Government Entities (TE/GE) Division. A claim initially assigned to LB&I, SB/SE, or TE/GE may be referred to Criminal Investigation (CI) Division if the operating division's development of the case reveals a potential criminal violation. The Whistleblower Office also makes direct referrals to CI, such as cases where the allegations relate to illegal source income or other matters where development by a civil operating division would be unnecessary or inappropriate.

The table also identifies the claim types. Claims listed as IRC § 7623(b) include any claim that appears to have the potential to exceed the \$2 million threshold under IRC § 7623(b)(5)(B), with all others classified as IRC § 7623(a) claims.

**Table 2(A): Fiscal Year 2018 Receipts, by Operating Division**

Operating Division		Claim Type <sup>4</sup>		Total
		7623(a)	7623(b)	
CI	Submissions	37	22	59
	Claim Numbers	93	289	382
LB&I	Submissions	366	117	483
	Claim Numbers	1,141	370	1,511
SB/SE	Submissions	3,566	176	3,742
	Claim Numbers	9,021	822	9,843
TE/GE	Submissions	209	68	277
	Claim Numbers	384	138	522
Not Specified <sup>5</sup>	Submissions	10	1	11
	Claim Numbers	27	1	28
Total Submissions		4,188	384	4,572
Total Claim Numbers		10,666	1,620	12,286

NOTE: Data reported as of September 30, 2018.

<sup>4</sup> The designation of a claim as a potential IRC § 7623(b) claim should not be treated as final and is contingent on the results of IRS actions that will often not be known for years and ultimately, may or may not reach the \$2 million threshold.

<sup>5</sup> The Operating Division is not specified for some claims because there may be more than one with responsibility for the issues identified, or the claim may be incomplete.

## Receipts Selected by Operating Divisions for Referral to Examination in Fiscal Year 2018

Table 2(B) shows the percentage of the claims selected by the Operating Divisions for referral to field examination as of September 30, 2018.

**Table 2(B): Receipts Selected by Operating Divisions for Referral to Examination in FY 2018**

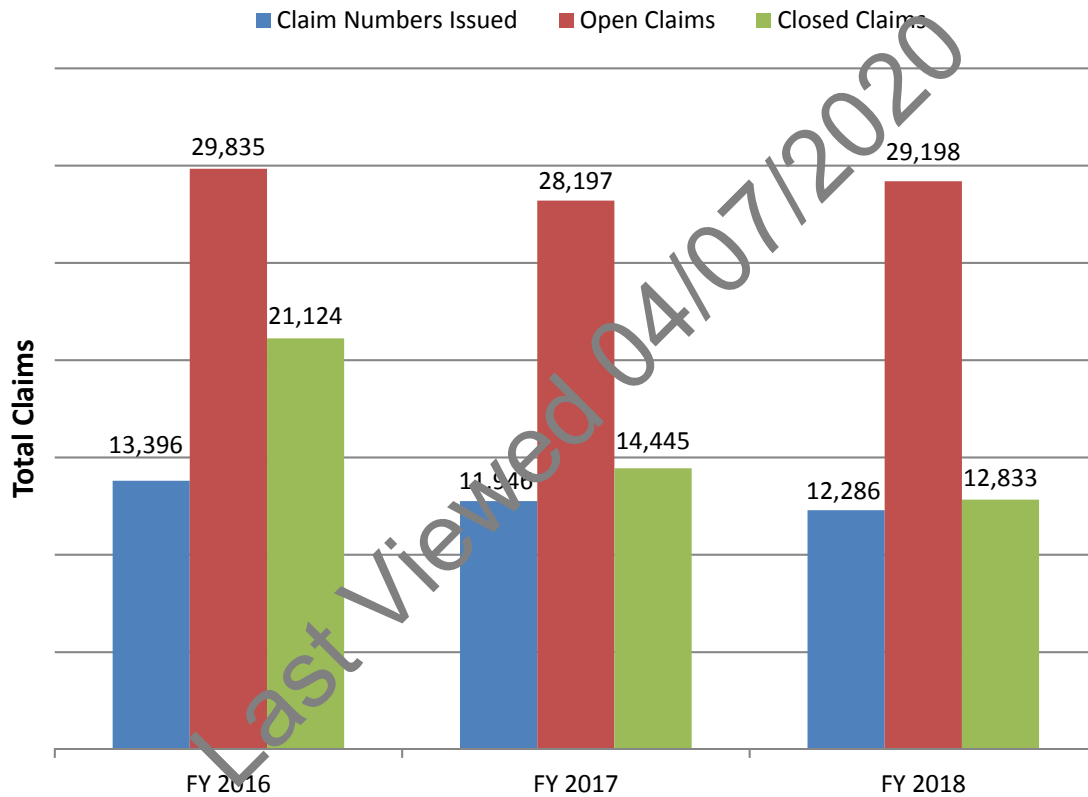
Operating Division	Claim Type	Receipts	Total Receipts Sent to Field	Percentage of Total Receipts Sent to Field
CI	7623(a)	93	70	75.27%
	7623(b)	289	43	14.88%
LB&I	7623(a)	1,141	69	6.05%
	7623(b)	370	65	17.57%
SB/SE	7623(a)	9,021	573	6.35%
	7623(b)	822	81	9.85%
TE/GE	7623(a)	384	7	1.82%
	7623(b)	138	7	5.07%
Not Specified <sup>6</sup>	7623(a)	27	-	0.00%
	7623(b)	1	-	0.00%
Total		12,286	915	7.45%

<sup>6</sup> The Operating Division is not specified for some claims because there may be more than one with responsibility for the issues identified, or the claim may be incomplete.

## Claim Numbers Issued, Open, and Closed, Fiscal Years 2016 to 2018

Figure 4 provides information on claim numbers issued, claims remaining open, and claims that were closed in each fiscal year from 2016 to 2018.

Figure 4: Claim Numbers Issued, Open, and Closed <sup>7</sup>

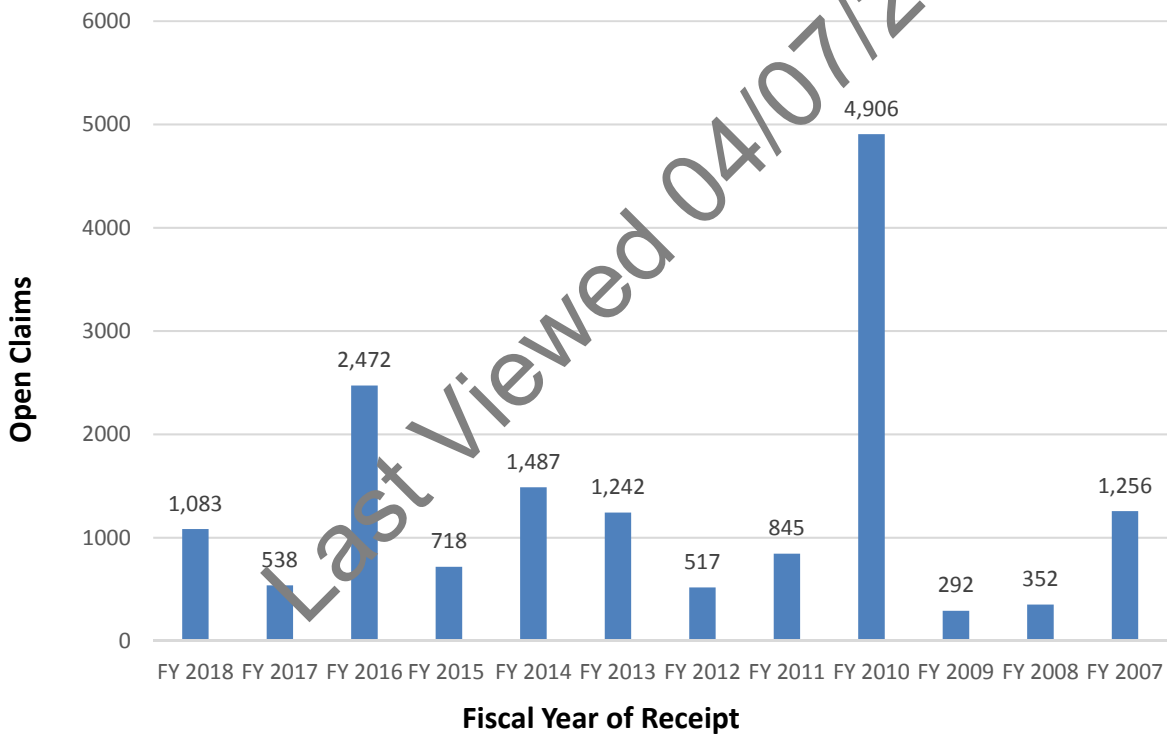


<sup>7</sup> The data presented in this table is captured as of a certain date and is a snapshot in time. Closed claims volume in FY 2016 was higher due to the elimination of backlogged inventories.

## Open IRC § 7623(b) Claims as of Fiscal Year 2018

Figure 5 shows the number of IRC § 7623(b) claims remaining open as of September 30, 2018, by year received. The Whistleblower Office uses information provided by the whistleblower to determine whether a claim has the potential to result in proceeds in dispute exceeding the \$2,000,000 threshold for IRC § 7623(b). The designation as a potential IRC § 7623(b) claim is not treated as final. The Initial Claim Evaluation (ICE) Unit conducts an initial review of the whistleblower's Form 211 submission to identify potential IRC § 7623(b) claims. ICE then forwards the potential claims to subject matter experts (SMEs) in the IRS operating divisions. The SME then determines whether the whistleblower's information will be provided to field offices for further investigation, taking into consideration the quality of the information provided, IRS enforcement priorities and, in some cases, legal limitations on the use of the information submitted.

Figure 5: Open IRC § 7623(b) Claims since Enactment





## Processes for Open IRC § 7623(a) and § 7623(b) Claims

Table 3 reflects a summary of statuses for open IRC § 7623(a) and § 7623(b) claims. For FY 2018, the statuses were organized into processing phases that provide an overview of where each claim is situated in the claim's lifecycle as of September 30, 2018.

**Table 3: Status of Open IRC § 7623(a) & § 7623(b) Claims**

Processes <sup>8</sup>	Claim Numbers
Intake/Classification 7623(a)	1,530
7623(b)	337
OD Field/Investigation 7623(a)	2,493
7623(b)	4,093
OD Field/Suspense 7623(a)	5,094
7623(b)	9,544
Appeals 7623(a)	242
7623(b)	257
Preliminary Award Evaluation 7623(a)	94
7623(b)	73
Interim Award Assessment 7623(a)	445
7623(b)	207
Collection/Suspense 7623(a)	3,140
7623(b)	796
Award/Suspense 7623(a)	398
7623(b)	288
Final Review 7623(a)	17
7623(b)	23
Litigation <sup>9</sup> 7623(a)	37
7623(b)	90
<b>Total</b>	<b>29,198</b>

NOTE: Data reported as of September 30, 2018.

<sup>8</sup> Refer to the "Glossary of Terms" for a complete description of the processing phases outlined under the "Processes" listed Table 3.

<sup>9</sup> There are closed claims that are in litigation. Table 3 identifies only open claims.

## Description of Processing Phases

<b>Intake/Classification</b>	Intake/Classification process includes claims submitted to the Initial Claim Evaluation (ICE) Unit for review and analysis. The ICE Unit builds the claims, and the claims are then sent to the ODs' classification function for further review. The primary function of this process is to determine which claims require additional review from the Whistleblower Office or the ODs. This process includes claims which have no current status, claims which require additional information, incomplete claims, new claims, and claims awaiting classification.
<b>OD Field/Investigation</b>	OD Field/Investigation process includes claims sent to the various ODs for investigation after classification's review. The current statuses included in this process are claims under OD Field Examination, claims being reviewed by the OD's Subject Matter Experts, and claims under initial review by the Criminal Investigation Division prior to accepting the claim for investigation.
<b>OD Field/Suspense</b>	Claims submitted often include multiple taxpayers, potential related taxpayers, and claims which might fall under the Tax Equity and Fiscal Responsibility Act (TEFRA). The OD Field/Suspense process includes claims which are awaiting the closure of an associated claim, to allow all claims to be closed out simultaneously. This process includes the status for claims in which the case is suspended because the OD is evaluating a bulk claim involving a large number of taxpayers, or the claim still has related claims in process, or the claims are awaiting the resolution of a TEFRA key case.
<b>Appeals</b>	This process involves the status on claims in which the taxpayer has sought review by the IRS appeals function or the courts.
<b>Preliminary Award Evaluation</b>	Preliminary Award Evaluation process involves claims with current statuses including administrative proceedings for either rejections or denials, or for PARLs.
<b>Interim Award Assessment</b>	This process includes the review of all claims which have been returned from the ODs that require additional review. The current statuses in this process include approvals for award percentages, award evaluations, final award approval, final award processing, Form 11369 award recommendation and coordination review, reviewing the results of the OD's to determine whether sufficient information exists to make an award decision, managerial PARL approval, and the review of pending rejection and denial letters.
<b>Collection/Suspense</b>	Collection/Suspense process involves the monitoring of tax accounts associated with claims for payment of the deficiencies.
<b>Award/Suspense</b>	This process includes cases which have been suspended, and cases in which the payment has been received but is awaiting final determination of proceeds.
<b>Final Review</b>	Final Review process includes Award Recommendation Memoranda and letters for rejections and denials, which have been approved, or are awaiting approval from management.
<b>Litigation</b>	The litigation process includes the claims where the whistleblower has sought litigation regarding an award determination made on the whistleblower's claim.

## Closure Reasons for Fiscal Year 2018

In FY 2018, the Whistleblower Office closed 12,833 claims, an 11.2 percent decrease from FY 2017 closures. The four most common factors for closures were:

- Rejected claims with either a non-specific, non-credible, or speculative allegation.
- The issues were below the threshold for IRS action.
- Claims denied due to the examination resulting in a “no change,” or the issues utilizing the information provided by the whistleblower resulted in a “no change.”
- The information was already known to the IRS, lack of resources to pursue a claim, or due to a survey (no tax effects).

Additional items of interest regarding the various reasons for closure are listed below:

- There may be multiple closure reasons associated with a claim.
- When a submission identifies multiple taxpayers, different closure reasons could apply to different taxpayers, based on the results of IRS actions regarding each taxpayer. For example, there may be an award paid with respect to one taxpayer and a denial due to a “no change” result with respect to another taxpayer.
- The closure reasons distinguish between examinations that find no additional taxpayer liability and those in which a liability was found on issues other than those identified by the whistleblower. Awards are paid only when the IRS takes action based on the information provided by the whistleblower. When the information provided by the whistleblower has no relevance to the adjustments, the claim is denied, and the closure reason applied is “Claim Denied - Whistleblower Issue Was ‘No Change’.”

Last Viewed: 04/07/2020

Table 4 provides a summary of the closure reasons for closures that occurred during FY 2018. The data was grouped into similar categories and is displayed as a percentage of the total closures.

**Table 4: FY 2018 Closure Reasons, All Closures from Any Year of Receipt**

Closure Reasons	Total Closures	Percent of Total Closures	Average Number of Days from Receipt to Closure
Claim Rejected - Allegations are not Specific, Credible, or are Speculative in Nature	8,262	64%	105
Claim Denied - Issues Below Threshold for IRS Action	1,405	11%	279
Claim Denied - Examination Result Was "No Change" or Whistleblower Issue Was "No Change"	573	4%	1,472
Claim Denied - Information Already Known, or Lack of Resources, or Survey Other	557	4%	960
Claim Rejected - Failure to File Form 211, or Sign Form 211 Under Penalties of Perjury, or Incomplete Form 211	554	4%	114
Claim Denied - Insufficient Time Remaining on Statute of Limitations or Statute Expired Before Form 211 Submission	436	3%	443
Claims Paid in Full in 2018	423	3%	3,046
Closed - Unable to Contact/Undeliverable Whistleblower	321	3%	2,194
Anonymous Referred to 3949-A Program	136	1%	14
Claim Denied - No Proceeds (Uncollectible)	46	Less than 1%	2,160
Administrative Error (Duplicate Records Created in Error)	42	Less than 1%	784
Closed – Other (Used as a General Closure That Does Not Fall Within One of The Specific Closure Reasons)	41	Less than 1%	1,787
Deceased Whistleblower Claims	23	Less than 1%	3,477
Closed - Non-Compliant Whistleblower	10	Less than 1%	1,869
Claim Rejected - Ineligible Whistleblower	4	Less than 1%	20
<b>Total Closures</b>	<b>12,833</b>	<b>100%</b>	

NOTE: Data reported as of September 30, 2018.