



March 7, 2025

Ms. Amy Gleason
Acting Administrator
Department of Government Efficiency
Washington, D.C.

RE: IRS Whistleblower Program – An Opportunity For Efficiency

Dear Ms. Gleason:

As the Department of Government Efficiency (DOGE) conducts its review of the Internal Revenue Service (IRS), the National Whistleblower Center (NWC) wanted to bring to the attention of you and your staff the possibilities for significant efficiencies at the IRS that can be realized through support and improvements of the IRS whistleblower program. These efficiencies and having the IRS whistleblower program reach its full potential will help better target limited IRS examination resources on those evading tax, and, as important, will also help reduce unnecessary audits of honest taxpayers.

The modern IRS whistleblower program was created by Senator Charles E. Grassley (R-IA) in 2006 – incentivizing and encouraging tax whistleblowers to come forward with information about tax evasion. In brief, the 2006 law provides a mandatory award of 15-30% to the whistleblower of collected proceeds if the IRS takes action as to a taxpayer based on the whistleblower's information.

The benefits of encouraging tax whistleblowers for the efficiency of the IRS are clear:

A 2006 Treasury Inspector General for Tax Administration (TIGTA) report found that “examinations initiated based on informant information had high dollar yield per hour and a lower no-change rate when compared to returns selected using the IRS’ primary method of selecting returns, the Discriminant Function (DIF).”

Whistleblower-based examinations were found to bring in \$946 per hour, as opposed to DIF-selected returns brought in only \$548 per hour.

The no-change rate was only 12 percent for whistleblower-based audits, while it was 17 percent for DIF-selected audits. NOTE: The most recent IRS initiative to audit high-end taxpayers saw a no-change rate of 47 percent.

The report further found “the cost/benefit ratio of the [whistleblower] Program compared favorably with other IRS enforcement programs.” The report found that the IRS incurred slightly more than 4 cents in cost for each dollar collected from the whistleblower program, compared to a cost of greater than 10 cents per dollar collected for all enforcement programs.

These results have only gotten better with the creation of the mandatory whistleblower program in 2006. The tax whistleblower program is widely credited and recognized as critical in the IRS’ successful efforts to bring in billions of dollars in illegal offshore accounts. Further, a recent academic study of the New York state tax qui tam program published in *Management Science* underscores that a successful whistleblower program will bring in billions of dollars by encouraging greater voluntary compliance by taxpayers.

The NWC was especially pleased that Treasury Secretary Scott Bessent recently stated his support for the IRS Whistleblower program – responding to Senator Grassley’s statement at the Secretary’s confirmation hearing in support of the program that the whistleblower program has brought in billions and “. . . could raise billions more if the IRS would use it to its full potential. So I hope I can count on you, if you’re confirmed, to be supportive of this whistleblower program and work to ensure its full use to its full potential.” Secretary Bessent responded, “Senator Grassley, we are in complete alignment on this program.” The purpose of this letter and attached memorandum is to assist the administration in having the whistleblower program meet its full potential.

The administration has recognized the great value of encouraging whistleblowers to come forward, directly encouraging them to do so under the False Claims Act in President Trump’s recently issued Executive Order 14173.

Finally, the new administration benefits from the reforms of the whistleblower program and especially the IRS Whistleblower Office (WBO) that were first initiated by President Trump’s previous appointee as Commissioner of the IRS, Charles Rettig, who recognized the possibilities of the IRS whistleblower program and initiated important changes to the program – not least ensuring that the IRS WBO benefits from energetic and engaged staff and leadership.

The NWC appreciates the DOGE engaging with the IRS whistleblower program to ensure that it meets its full potential – addressing tax evasion and benefitting taxpayers who comply with the tax laws. We hope the attached memorandum will assist you in your work and the NWC is happy to meet with you or answer any questions that you or your team may have. Thank you for your consideration. Please do not hesitate to contact us if you have any questions Dean Zerbe at dean.zerbe@allintgroup.com or Stephen Kohn at sk@whistleblowers.org.

Sincerely yours,

/s/
Stephen Kohn
Chairman of the Board of Directors

/s/
Dean Zerbe
Senior Policy Analyst

cc: Chairman Charles E. Grassley