

IRS Whistleblower Program Paid More than \$103M to Whistleblowers in FY2015

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The [IRS Whistleblower Program's annual report for FY 2015](#) reveals that the IRS paid more than \$103 million to whistleblowers in FY 2015. This is a substantial increase in awards compared to the \$52 million in FY 2014. The increase appears attributable to the increase in the average award percentage issued to whistleblowers. In FY 2015, whistleblowers received an average award of 20.6% of the tax underpayments collected by the IRS. This percentage award is far greater than the 16.9% in FY 2014 and 15.7% in FY 2013.



IRS Whistleblower Office director Lee D. Martin noted “FY 2015 was a big year for awards under the Whistleblower Program, with 99 awards made to whistleblowers totaling more than \$103 million before sequestration, which reduced the total payouts.”

While the increase in percentage of awards is a positive sign for the program, the IRS received far fewer tips than in previous years. In FY 2015, the IRS received 12,078 tips from whistleblowers as compared to 14,474 in FY 2014. This decrease of 17% may be a result of the timely process of a tax whistleblower claim.

Currently, the average lifecycle of an IRS whistleblower claim is six years. The IRS plans to focus on streamlining the process to reduce this time period. The IRS has identified and is implementing several improvements to increase efficiencies, including process improvements, better communication with whistleblowers and their attorneys, and updating and expanding best practices for submitting a claim. Although the claims process needs improvements, it should be noted that 79%

of the claims closed in FY 2015 related to tips received in FY 2014 and FY 2015.

Sen. Chuck Grassley, R-Iowa, who authored the provisions to strengthen the IRS whistleblower program, had some positive comments about the annual report, and noted some areas of concern:

“The uptick in awards paid out under the mandatory award program is good news. Whistleblowers have long been frustrated with the lack of awards, which may be part of the reason claims were down 17 percent from previous years. I hope the increase in awards will reverse this trend and send a signal of things to come. I also was glad to see positive statements about the program by the new director of the whistleblower office, as well as his effort to release this report in a much more timely manner than in previous years. The information about the whistleblower program is helpful for the public and for Congress in knowing how the whistleblower office is performing. I appreciate that the report adopted GAO recommendations that will make it easier for Congress and others to evaluate the program from year to year. But I’m concerned that it looks as if the IRS has dropped some of the more detailed information it provided before about how long it takes claims to move through each step of the process. That’s an important data point. Whistleblowers often put their livelihoods on the line to point out tax fraud, and they need assurances that the IRS will move their cases along as quickly as possible.”

Overall, the IRS Whistleblower Program appears to be headed for another successful year in FY 2016. By increasing award percentages and decreasing the lifecycle of claims, the IRS will encourage whistleblowers to come forward with critical information about large-scale tax underpayments.

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