

REPLY TO:

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- ☐ 721 FEDERAL BUILDING
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United States Senate

CHARLES E. GRASSLEY

WASHINGTON, DC 20510-1501

July 20, 2012

REPLY TO:

- ☐ 103 FEDERAL COURTHOUSE BUILDING
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- ☐ 210 WATERLOO BUILDING
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(319) 232-6657
- ☐ 131 WEST 3RD STREET
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(563) 322-4331
- ☐ 307 FEDERAL BUILDING
8 SOUTH 6TH STREET
COUNCIL BLUFFS, IA 51501-4204
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The Honorable Timothy F. Geithner
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Douglas L. Shulman
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Secretary Geithner and Commissioner Shulman:

Thank you for continuing to make your staff available to meet and speak with my staff about the Internal Revenue Service (IRS) whistleblower program. The recent responses to my June 21, 2012, letter have provided much needed information but unfortunately raise more questions.

While I am encouraged by the number and amounts of whistleblower awards paid under the old statute, I am very troubled by the estimates for awards expected to be paid out under the new statute. It appears that, as of now, less than a dozen whistleblower awards will be paid out under the new statute by September 30, 2014 – eight years from when the reforms were enacted.

The most recent response from Commissioner Shulman was the first I became aware of possible delays with the Appeals and Collections functions. Since these functions were not included in Deputy Commissioner Miller's June 20, 2012, Field Directive, I would appreciate understanding what the processing timelines are for these functions and would appreciate responses to the following.

- 1) Are taxpayer cases resulting from whistleblower claims in Appeals and Collections processed differently than other cases?
- 2) What is the average time for cases are in these functions?
- 3) Are cases referred to Collections placed in the regular collections queue or are they prioritized for assignment?

Separately, Acting Assistant Secretary Emily McMahon's response did not provide the information I requested regarding coordination with the Securities and Exchange Commission and the Department of Justice. Specifically, have those responsible for writing the regulations, especially staff of the Treasury Office of Tax Policy and Office of Chief Counsel, met with the Securities and Exchange Commission to discuss regulations, including those related to defining planners and initiators? The response indicates that IRS has met with officials from these agencies. Is IRS drafting the regulations that Treasury expects to release this fall? I would appreciate receiving clarification of this response and the dates of meetings as I initially requested.

RANKING MEMBER,
JUDICIARY

Committee Assignments:

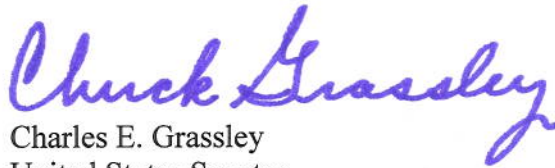
AGRICULTURE
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CO-CHAIRMAN,
INTERNATIONAL NARCOTICS
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Finally, the information I received from you as well as numerous whistleblowers leads me to believe that statutory changes may be needed to improve the IRS whistleblower program. The rights afforded to taxpayers to challenge IRS determinations combined with the privacy protections and restrictions on rewarding whistleblowers only after IRS collects proceeds from taxpayers may deter whistleblowers from filing claims. As I consider next steps, I would appreciate your commitment to make your staff available to work with my staff and stakeholders to study these issues and propose solutions. This may include participation in a roundtable discussion that I am considering sponsoring.

Thank you for your continued cooperation with my inquiry. If you have any questions, please do not hesitate to contact me or my staff.

Sincerely,



Charles E. Grassley
United States Senator

cc: The Honorable J. Russell George
The Honorable Gene L. Dodaro