



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

DEPUTY COMMISSIONER

July 25, 2012

The Honorable Charles Grassley  
United States Senate  
Washington, DC 20510

Dear Senator Grassley:

I am responding to your July 20, 2012 letter to Secretary Geithner and Commissioner Shulman which raised questions about the field directive that I issued June 20, 2012, including the operations of Appeals and Collections, and interactions between IRS and other federal agencies relating to the whistleblower program.

With respect to Appeals, each taxpayer is legally afforded the opportunity to contest a compliance determination by requesting an administrative appeal. The IRS strives to ensure that all Appeals cases are reviewed on a timely basis. The Appeals function processes cases that were generated from whistleblower claims in the same manner as all other cases. Appeals works all cases in its inventory and, as a matter of equity, generally does so in order of receipt. When cases arrive in Appeals, they are assigned to case-working staff, and efforts are made to timely contact the taxpayer and resolve the case. In FY 2011, Appeals closed approximately 142,000 cases. As of June 30, 2012, the average length of time that a case is in Appeals is 195 days. The timeline for completion of a case may vary depending on the complexity of the issues involved.

My June 20, 2012, directive applies to the Collection function. Accordingly, review by subject matter experts (SME) will be completed within 90 days. The steps outlined in the directive supplement existing procedures already in place for working collection cases generated from whistleblower claims, including set timelines. In addition, Collection has criteria which prioritize cases based on amount of tax owed and other collectability factors. The Collection function also takes steps to obtain information from informants to assist in collection efforts.

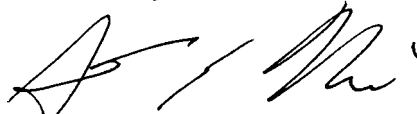
All whistleblower cases are worked in field collection. While we do not have the average time that cases are in the Collection function, with respect to all cases, on average it takes approximately 25 weeks to resolve a tax delinquency for a particular tax year in field collection (more complex cases generally take a longer time to resolve). The resolution could include, for example, full payment by the taxpayer, an installment agreement, or a determination that the taxpayer is currently not collectible. In FY 2011, field collection had approximately 1.6 million such closures. Other than full payment by the taxpayer, cases continue to remain in Collection after this point. Note that the IRS

may continue to take actions related to some or all of the balances due up until the expiration of the 10 year collection statute of limitations (and longer in cases where the statute is extended).

You also asked about IRS staff interaction with the Securities and Exchange Commission (SEC) and Department of Justice (DOJ) staff. A number of meetings have occurred in the past with these agencies and others (including a number this year) on whistleblower issues, but specific discussion of the issues to be addressed in the forthcoming regulations has not yet taken place. IRS staff have contacted these agencies and meetings are currently being scheduled to discuss the relevant issues before the regulations are published. We expect to meet with the SEC this week and with DOJ in the near future.

I hope that this additional information is helpful, and IRS staff continues to be available to support you and your staff on questions related to the whistleblower program. If you have additional questions, please contact me, or have your staff contact Catherine Barré, Director, Legislative Affairs, at (202) 622-3720.

Sincerely,



Steven T. Miller