

119TH CONGRESS  
2D SESSION

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To provide additional support to whistleblowers who report information about noncompliance with Federal tax laws.

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IN THE SENATE OF THE UNITED STATES

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Mr. GRASSLEY (for himself and Mr. WYDEN) introduced the following bill; which was read twice and referred to the Committee on

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**A BILL**

To provide additional support to whistleblowers who report information about noncompliance with Federal tax laws.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “IRS Whistleblower  
5 Program Improvement Act”.

6 **SEC. 2. STANDARD AND SCOPE OF REVIEW OF WHISTLE-**  
7 **BLOWER AWARD DETERMINATIONS.**

8 (a) IN GENERAL.—Paragraph (4) of section 7623(b)  
9 of the Internal Revenue Code of 1986 is amended—

1           (1) by striking “appealed to” and inserting “re-  
2           viewed by”; and

3           (2) by adding at the end the following: “Any re-  
4           view by the Tax Court under the preceding sentence  
5           shall be de novo and shall be based on the adminis-  
6           trative record established at the time of the original  
7           determination and any additional newly discovered  
8           or previously unavailable evidence.”.

9           (b) CONFORMING AMENDMENT.—The heading of  
10          paragraph (4) of section 7623(b) of the Internal Revenue  
11          Code of 1986 is amended by striking “APPEAL” and in-  
12          serting “REVIEW”.

13          (c) EFFECTIVE DATE.—The amendments made by  
14          this section shall apply to petitions under section  
15          7623(b)(4) of the Internal Revenue Code of 1986 which  
16          are pending on, or filed on or after, the date of the enact-  
17          ment of this Act.

18          **SEC. 3. EXEMPTION FROM SEQUESTRATION.**

19          (a) IN GENERAL.—Section 255 of the Balanced  
20          Budget and Emergency Deficit Control Act of 1985 (2  
21          U.S.C. 905) is amended—

22                 (1) by redesignating subsection (k) as sub-  
23                 section (l); and

24                 (2) by inserting after subsection (j) the fol-  
25                 lowing:

1           “(k) AWARDS TO WHISTLEBLOWERS.—An award au-  
2 thORIZED under section 7623 of the Internal Revenue Code  
3 of 1986 shall be exempt from reduction under any order  
4 issued under this part.”.

5           (b) APPLICABILITY.—The amendment made by this  
6 section shall apply to any sequestration order issued under  
7 the Balanced Budget and Emergency Deficit Control Act  
8 of 1985 (2 U.S.C. 900 et seq.) after the date of enactment  
9 of this Act.

10 **SEC. 4. WHISTLEBLOWER PRIVACY PROTECTIONS.**

11           (a) IN GENERAL.—Paragraph (6) of section 7623(b)  
12 of the Internal Revenue Code of 1986 is amended by add-  
13 ing at the end the following new subparagraph:

14                       “(D) WHISTLEBLOWER ANONYMITY BE-  
15                       FORE THE TAX COURT.—Notwithstanding sec-  
16                       tions 7458 and 7461, a whistleblower shall pro-  
17                       ceed anonymously before the Tax Court for all  
18                       proceedings under this section absent a finding  
19                       by the Tax Court that a societal interest exists  
20                       for disclosing the whistleblower’s identity which  
21                       exceeds the potential harm disclosure could  
22                       cause to the whistleblower.”.

23           (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall apply to petitions filed with the Tax

1 Court which are pending on, or filed on or after, the date  
2 of the enactment of this Act.

3 **SEC. 5. MODIFICATION OF IRS WHISTLEBLOWER REPORT.**

4 (a) IN GENERAL.—Section 406(c) of division A of the  
5 Tax Relief and Health Care Act of 2006 is amended by  
6 striking “such use,” in paragraph (1) and inserting “such  
7 use (which shall include a list and descriptions of the top  
8 tax avoidance schemes, not to exceed 10, disclosed by  
9 whistleblowers during such year),”.

10 (b) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to reports for fiscal years ending  
12 after the enactment of this Act.

13 **SEC. 6. INTEREST ON WHISTLEBLOWER AWARDS.**

14 (a) IN GENERAL.—Section 7623(b) of the Internal  
15 Revenue Code of 1986 is amended by adding at the end  
16 the following new paragraph:

17 “(7) INTEREST.—

18 “(A) IN GENERAL.—If the Secretary has  
19 not provided notice to an individual described in  
20 paragraph (1) of a preliminary award rec-  
21 ommendation before the applicable date, the  
22 amount of any award under this subsection  
23 shall include interest from such date at the  
24 overpayment rate under section 6621(a).

1           “(B) EXCEPTION.—No interest shall ac-  
2           crue under this paragraph after the date on  
3           which the Secretary provides notice to the indi-  
4           vidual of a preliminary award recommendation.

5           “(C) APPLICABLE DATE.—For purposes of  
6           this paragraph, the applicable date is the date  
7           that is 12 months after the first date on  
8           which—

9                   “(i) all of the proceeds resulting from  
10                  actions subject to the award recommenda-  
11                  tion have been collected, and

12                  “(ii) either—

13                           “(I) the statutory period for fil-  
14                           ing a claim or suit for refund has ex-  
15                           pired, or

16                           “(II) the taxpayers subject to the  
17                           actions and the Secretary have agreed  
18                           with finality to the tax or other liabil-  
19                           ities for the periods at issue, and ei-  
20                           ther the taxpayers have waived the  
21                           right to file a claim or suit for refund  
22                           or any claim or suit for refund has  
23                           been resolved.”.

24           (b) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall take effect 180 days after the date  
3 of the enactment of this Act.

4           (2) SPECIAL RULE.—If, as of the date de-  
5 scribed in paragraph (1)—

6           (A) the Secretary has not provided notice  
7 to the individual of a preliminary award rec-  
8 ommendation as described in paragraph (7)(A)  
9 of section 7623(b) of the Internal Revenue  
10 Code of 1986, as added by this Act, and

11           (B) the applicable date provided in para-  
12 graph (7)(C) of such section, as so added, has  
13 passed,

14 the applicable date for purposes of such paragraph  
15 (7)(C) is the date that is 12 months after the date  
16 described in paragraph (1).

17 **SEC. 7. CORRECTION REGARDING DEDUCTIONS FOR AT-**  
18 **TORNEY'S FEES.**

19           (a) IN GENERAL.—Section 62(a)(21)(A)(i) of the In-  
20 ternal Revenue Code of 1986 is amended by striking  
21 “7623(b)” and inserting “7623”.

22           (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to taxable years ending after the  
24 date of the enactment of this Act.