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**THE TAX WHISTLEBLOWER REWARD PROGRAM TURNS TO THREE**

Three years after the creation of the Tax Whistleblower Reward Program, the Internal Revenue Service (“IRS”) has announced that it has received thousands and thousands of tips from informants desiring to expose the under-reporting of tax. The plea of Congress, to the American people to expose taxpayers who underreport and fail to pay tax or otherwise commit tax fraud, is more successful than expected.

Recently the IRS announced that the Tax Whistleblower Reward Program is more successful than anticipated. A large spike in submitted claims in 2009 shows that the new whistleblower law is working as it was intended and the law's initial success is attributed to the public's awareness of the law.

In December 2006, Congress turned to the American people to expose taxpayers (i.e., individuals, businesses, estates, and trusts) who underreport and fail to pay tax. As part of the Tax Whistleblower Reward Program, the United States announced that it will reward any person who provides information that leads to the identification of \$2 million or more of unreported tax, including interest and penalties. This legislation guaranteed that any person who provides useful information will receive a minimum of 15%, and a maximum of 30%, of the amount that the IRS actually collects.

The IRS Whistleblower Office has acknowledged that the issue of confidentiality of informants is a major issue of concern that still needs to be addressed. In December, the U.S. Tax Court modified its Rule 340 to allow informants to challenge award determinations of the IRS, without the disclosure of the identity of the informant. Under the new rule, an informant's name and other identifying information will not become a matter of public record.

Our firm represents tax informants under the Tax Whistleblower Reward Program. Our goal is to increase the chances of award by carefully evaluating your claim. In addition to completing Form 211, we will do the following:

- Determine the statute of limitations in the matter for the years about which you have information and what years are realistically at issue;
- Realistically estimate the unpaid tax based upon information you provide, determine the type and amount of penalty likely to be imposed by the IRS, and calculate the interest on the tax and penalty, in an effort to determine if the case meets the minimum threshold; and

- Present the facts and issues in a simplified and easily understood manner, supported by documentation or other detailed information that will give credibility to the submission of information;

We also evaluate the following risks:

- If the tax whistleblower's involvement in the underpayment of tax by a taxpayer might subject the whistleblower to criminal prosecution;
- If the tax whistleblower obtained information and documentation while employed by or working as an independent contractor for the taxpayer, whether the gathering of such information might subject the whistleblower to damages for violating "fiduciary duties", breach of contract, theft, etc.; and
- If the tax whistleblower is an accountant or lawyer, whether or not such information is subject to "privilege" or confidentiality such that the whistleblower might lose his/her license.

To increase the reward under IRC 7623 from 15% to the maximum 30% we will present your information along with the following documents we prepare:

- "Administrative File" similar to what is normally created by the IRS in an examination;
- "Audit plan" for the IRS to follow;
- Information Document Requests (IDRs)/Summonses normally issued by the IRS, in order further to develop the case on behalf of the IRS;
- Witness identities whose testimony may be necessary at trial, certified documents for the benefit of the IRS in proving its case, and providing the IRS with other relevant documents as though the case were going to be litigated by your whistleblower attorney; and
- Legal tax opinion providing the facts and legal analysis. If you decide to hire an attorney, you should get an attorney who can best maximize your reward and minimize your exposure.

We advise our clients so that they can make an informed decision, before submitting a claim, in cases where an informant's testimony may be necessary to secure a reward. Once the case is accepted by the IRS, the IRS could issue a subpoena requiring an informant's testimony in the U.S. Tax Court proceedings. Our clients are aware of and consider this contingency prior to submission of a case to the IRS under the Tax Whistleblower Reward Program.

In the United States of America, a small percentage of taxpayers (i.e., individuals, businesses, trusts, and estates) underreport and fail to pay up to \$400 billion in

taxes every year, according to a study released by the IRS. This small group is comprised of an elitist group of wealthy Americans and businesses who neglect or refuse to pay their fair share of tax and who undermine the stability of the country to satisfy their own personal greed. This missing revenue causes unnecessary increases in annual deficits, national debt, and national interest payments. In the end, this missing revenue must be made up by honest Americans through higher taxes.

Information regarding a wide range of tax issues, both criminal and non-criminal in nature, may lead to a reward under the Tax Whistleblower Reward Program. A common misperception is that, in order to be entitled to a reward under this Program, you must possess information regarding tax fraud or criminal tax evasion. However, this Program is not limited to issues rising to the level of tax fraud or criminal tax evasion.

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