

February 10, 2026

Representative Kelly  
Chairman  
House Ways & Means Committee, Subcommittee on Tax  
U.S. House of Representatives  
Washington, D.C.

Representative Thompson  
Ranking Member  
House Ways & Means Committee, Subcommittee on Tax  
U.S. House of Representatives  
Washington, D.C.

**Re: Urgent Matter – IRS Whistleblower Program Improvement Act**

Dear Chairman Kelly and Representative Thompson:

The National Whistleblower Center (“NWC”) is writing to you in your respective positions as Chairman and Ranking Member of the House Ways and Means Committee’s Subcommittee on Tax, regarding your ongoing work on the IRS Whistleblower Program Improvement Act. We write to strongly support your efforts to have the Ways and Means Committee consider and approve the IRS Whistleblower Program Improvement Act this year.

NWC has long been a strong advocate for the IRS Whistleblower Program and greatly appreciates both of your long-time leadership in supporting the goals of the whistleblower program at the IRS. Due to the success of the program, American taxpayers have seen more than \$7.5 billion returned to the Treasury and billions more in tax dollars being currently collected thanks to whistleblowers, according to the most recent IRS Whistleblower Office annual report.

As you are no doubt aware, the passage of this bill will markedly impact whether the IRS Whistleblower Program is going to be successful going forward. Key provisions include ensuring de novo review in Tax Court for whistleblowers – to ensure that whistleblowers are treated fairly. In addition, allowing for review by IRS appeals of award determinations will improve confidence in the whistleblower program – and give whistleblowers a simple means of redress.

Of particular importance is the provision in your legislation providing for interest if the IRS delays making an award. Too often whistleblowers are waiting years and years – after the IRS has collected proceeds in hand – before an award is made. Providing interest to a whistleblower when the IRS delays an award is not only equitable but will encourage the IRS to prioritize awards.

The NWC appreciates your good work in moving this legislation forward and the improvements it will make. In addition to the current language, the NWC urges you to add a provision to the bill eliminating the current dollar cap on awards for older IRS whistleblower claims. We also encourage you to remain open to exempting whistleblower awards from budget sequestration further in the negotiation process, although we understand that jurisdictional concerns prohibit including this provision in the bill's current stage.

### Removing the Cap on Awards

The NWC is concerned that the IRS Whistleblower Office continues through guidance – which has not been subject to notice and comment – to impose a cap on certain older whistleblower awards. There is nothing in the statute or the regulations that supports a cap; the cap is wholly a creation of bureaucracy.

The Whistleblower Office cap policy itself is completely nonsensical. First, the longer the whistleblower has had to wait for an award, the lower the maximum cap. Under the IRS policy, if the whistleblower has been waiting for thirty years they are capped at \$100,000; twenty years, \$2 million; and eighteen years, \$10 million. Second, the cap is the same regardless of the value of the whistleblower's information or how much taxes is brought in – so a whistleblower whose information is highly valuable and a whistleblower whose information was of marginal value are capped at the same amount. Finally, the cap on awards goes directly against the long-standing IRS policy of awarding whistleblowers based on the policy at the time of award determination *not* the policy at time of filing.

Congress imposed a cap on the IRS whistleblower program when the program was first established, but quickly repealed the cap in 1866. Congress opposed caps then and opposed caps when it passed the 2006 reforms. However, the Whistleblower Office has ignored the intent of Congress and through guidance (which did not go through notice and comment, in violation of the APA) has imposed caps on older whistleblower filings. It is particularly troubling that not only have these older whistleblowers waited over twenty-plus years for an award – but that they (unlike any other whistleblower) then have their award capped adds insult to injury.

It is difficult to imagine a more uninformed, indefensible and poorly considered policy to discourage whistleblowers to come forward. It is not surprising that the IRS has never published for notice and comment this ill-conceived cap policy without any basis in statute or regulation. Failures by the IRS to provide fair and reasonable awards for older whistleblower cases discourage today's whistleblowers from coming forward. The IRS must be seen as being committed to equal and impartial treatment of all whistleblowers.

The NWC has had to fight the efforts of numerous government agencies to impose caps on whistleblower awards, most recently the Securities and Exchange Commission (SEC) just a few years ago. The IRS Whistleblower Office cap in place already is unjustified and without support in the statute and regulations. The NWC understandably fears that there will be an effort by some at the IRS to build and expand on the cap that is already improperly in place and thus undermine the success of the IRS whistleblower program.

To be clear, no other modern whistleblower award program has a cap. False Claims Act, SEC, Commodity Futures Trading Commission (CFTC) – no cap. Only the IRS whistleblower program has a cap.

Congress has previously taken action attempting to secure more consistent treatment for IRS whistleblowers. A critical purpose of the IRS Whistleblower Office, created through the 2006 reforms along with the mandatory award requirement, was and is to provide standard procedures for whistleblowers. The 2006 Treasury Inspector General for Tax Administration (TIGTA) report on the IRS whistleblower program made a key finding that the then-whistleblower program lacked standardized procedures and limited managerial oversight. TIGTA's top recommendation was to centralize management of the whistleblower program and standardize the processing of whistleblower claims. The Joint Committee on Taxation Blue Book states in its discussion of the IRS amendments that the creation of the Whistleblower Office will address the recommendations of the TIGTA report – i.e. standardization.

In addition, the 2014 Treasury Regulations for the whistleblower program recognized the need for standardization of process, with the goal of “promoting consistency across the full range of award decisions.” Similarly, the Tax Court and the D.C. Circuit Court of Appeals have repeatedly stated their view that the establishment of the IRS Whistleblower Office was to address the arbitrary and inconsistent treatment of whistleblowers due to a lack of standardized procedures. It is far past time to end the arbitrary and inconsistent treatment of whistleblowers, as intended by Congress with the creation of the Whistleblower Office, and eliminate the cap on awards placed on those whistleblowers who have waited the longest for an award.

We ask that you add a provision to the Improvement Act which eliminates the ill-conceived IRS policy imposing a cap on older whistleblower awards, to ensure that all whistleblowers are treated the same – awarded based on the value of their information.

### Sequestration

NWC is also committed to ending the practice of reducing whistleblower awards through budget sequestration. Although the statute governing the IRS Whistleblower Program entitles qualified whistleblowers to between 15% and 30% of sanctions collected in a successful enforcement action, the inclusion of whistleblower awards in budget sequestration means that whistleblowers are consistently shortchanged from receiving the full amount they deserve. In some cases, the practice leads to whistleblower payments below the mandatory statutory minimum of 15%, directly contradicting the program's governing law.

As with the awards cap, the IRS whistleblower program is the only modern whistleblower program which reduces award percentages through budget sequestration. Whistleblowers reporting to every other agency with a modern whistleblower program receive their full share of the funds the agency recovers – funds the agency could not have recovered without the whistleblower's assistance. There is no justification for denying only IRS whistleblowers their fair share.

The 2006 TIGTA report states: “Rewards are offered both to encourage informants to provide information and, in some cases, to compensate informants for risking their personal and business relationships by providing the information.” The full and timely payment of awards is critical to ensure that the program successfully incentivizes disclosures, especially from the whistleblowers who have the most to lose by reporting. Reducing whistleblower awards through sequestration makes the IRS Whistleblower Program a less attractive place to report misconduct, and in doing so works directly against the program’s goals.

We are aware that removal of the sequestration provision is currently necessary to keep jurisdiction of the bill within Ways & Means, and for that reason are not asking you to reinstate the provision at this stage of negotiations. We instead ask that you give consideration to resolving this matter through future negotiations with the Senate – either by reinstating the sequestration provision, or, if that is not viable, by slightly increasing the award percentage offered to whistleblowers so they receive between 15% and 30% of recovered funds after sequestration.

### Conclusion

Thank you for your time and consideration of this matter. The NWC greatly appreciates your work and efforts on behalf of whistleblowers. Please feel free to directly reach out to me through my personal email, [sk@kkc.com](mailto:sk@kkc.com). Our Legal Fellow, Alice Wanamaker, can also help address any issues related to this matter. Her email is [alice.wanamaker@kkc.com](mailto:alice.wanamaker@kkc.com).

Respectfully submitted,

*/s/ Stephen M. Kohn*

Stephen M. Kohn  
Chairman of the Board of Directors  
National Whistleblower Center