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Americans Go For Whistleblowers Reward

Want some extra cash? Blow the whistle on someone who is cheating on his or her taxes and Uncle Sam will reward you. More and more Americans are turning in neighbors, colleagues, clients and employers they think are trying to evade taxes in return for some cash from the IRS. The director of the IRS whistleblowers program, Steve Whitlock says that this is being done at an average rate of eight per day.

Whitlock was speaking to a group of about 200 lawyers, investigators and government officers at a conference on offshore banking in Miami called 'Offshore Alert Financial Due Diligence Conference'. He revealed the numbers of cases where the taxes alleged to be hidden amounted to more than \$2 million were between 40 and 50 a month. Besides those, other cases alleging smaller amounts of tax evasion come up to another 200 each month.

Why the figure of \$2 million? This is because of an enactment made to the tax law in 2006 that requires the IRS to pay awards amounting to 15% to 30% in cases where more than \$2 million is owed and collected. Before this enactment came into effect, there was no fixed figure of any award to be given out and any that were paid out were entirely arbitrary. But as soon as the enactment came into force, the IRS whistleblowers office started to receive fax notices of suspected tax cheats.

In 2008, the number of suspected cases of tax dodging was 476. This year's figure is set to surpass that, although Whitlock says the figure is 'stabilizing'. Currently there are about 1,000 whistleblower submissions being investigated. They involve some 4,500 taxpayers.

It does take some time to process through the submissions, typically 5 to 7 years in order to adjudicate a claim and retrieve unpaid taxes. Only after these are settled can the awards be given out. The IRS will soon draw up guidelines to govern how awards are to be paid. The guidelines will specify positive and negative criteria for determining the quantum of the awards and allow whistleblowers to challenge the amount of awards they receive in an administrative hearing.

As a result of the whistleblowers enactment, the IRS set up a special whistleblowers office headed by Whitlock in 2007 to deal with the submissions.

If you wish to turn whistleblower, do bear in mind the fortunes of some who have gone before you. Bradley Birkenfeld blew the whistle on Igor Olenicoff whom he helped evade taxes through Swiss bank UBS (Birkenfeld was a UBS employee and the chief operator who helped Olenicoff

hide his money in UBS accounts). Birkenfeld was subsequently sentenced to 3 years and 4 months jail.

Another former bank employee, this time of Liechtenstein's LGT group, Heinrich Kieber turned informant and now lives with a new identity under a witness protection program. He has sought an award but it has not been granted yet.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.