INTERNAL REVENUE SERVICE

WHISTLEBLOWER OFFICE

ANNUAL REPORT TO CONGRESS ON THE USE OF SECTION 7623

Annual Report to Congress on the Use of Section 7623

I. Executive Summary

The Tax Relief and Health Care Act of 2006 (the Act) enacted significant changes in the IRS award program for whistleblowers. For information provided to the IRS after December 19, 2006, new section 7623(b) generally requires the IRS to pay awards if information an individual provides substantially contributes to the collection of tax, penalties, interest, and other amounts when the amounts in dispute are more than $2 million. The law sets award ranges based on percentages of the collected proceeds, and established a Whistleblower Office within the IRS to administer those awards.

The Secretary of the Treasury must conduct a study and report to the Congress each year on the use of section 7623, including an analysis of the use of section 7623 and the results obtained, as well as any legislative or administrative recommendations for section 7623 and its application (section 406(c) of the Act). The first report discussed the progress the IRS Whistleblower Office has made in the first 12 months of its existence, through January 31, 2008. This report discusses program activities for the fiscal year ended September 30, 2008, a period that overlaps the first reporting period. It includes a review of the law and regulations applicable to whistleblower awards, changes made in program administration since the Act, a description of internal and external program guidance required, and data on awards paid. Because the IRS pays awards from collected proceeds, after the completion of an audit or investigation and the taxpayer has exhausted all appeal rights, the IRS may not make payments for several years after the whistleblower has filed the claim. All award payments made during FY 2008 resulted from claims filed under the prior law.

The primary purpose behind the Act was to provide incentives for people with knowledge of significant tax noncompliance to provide that information to the IRS. Data is not currently available regarding the number of whistleblower claims made prior to the enactment of section 7623(b) that would have qualified for the mandatory awards under the new statute, but the initial results suggest that whistleblowers with significant knowledge are coming forward as a result of the changes to the award program. We received claims that appear to meet the section 7623(b) criteria on 46 taxpayers in the first three months of FY 2008. By the end of the fiscal year, that number grew to 1,246. Of the 994 claims in which the individual made a specific allegation about the amount of the underpayment, 228 alleged the underpayment of $10 million or more, and 64 alleged the underpayment of $100 million or more. Many of the individuals submitting this information claim to have inside knowledge of the transactions they are reporting, and often provide extensive documentation to support their claims. It is too early to tell how many of the 1,246 cases will result in collected proceeds, and whether the whistleblowers' estimates of the amounts in dispute are accurate.

II. Program History

A. Prior Law and Policy

The IRS has had the authority to pay awards to whistleblowers[1] for many years. What is now section 7623(a)[2] of the Code has its origins in legislation enacted in 1867. The original law provided the Secretary with the authority "to pay such sums as he deems necessary for detecting and bringing to trial and punishment persons guilty of violating the internal revenue laws or conniving at the same." Before 1996, the IRS made payments from appropriated funds. The 1996 amendments expanded the purposes for which the IRS may pay awards, adding "detecting underpayments of tax" as a basis for making an award and changed the source of funds from IRS operating funds to proceeds of amounts collected from the taxpayer (other than interest).[3]

Before the 2006 amendments to section 7623, awards to whistleblowers were discretionary, and IRS policy determined the amount.[4] The policy provided a framework for assessing the contribution of the information to the collection of proceeds from a taxpayer, and allowed for awards of 1 percent, 10 percent or 15 percent of proceeds. The published policy set a cap on awards at $10,000,000, but the IRS waived this cap from time to time under "special agreements" with a whistleblower.

The Internal Revenue Manual (IRM) provided several grounds for rejecting a claim for award, including participation in the evasion scheme that was the subject of the report provided by the whistleblower. Common reasons for rejecting claims included:

- The information provided was of no value.
- The IRS already had the information or the information was available in public records.
- No collection of taxes and penalties existed from which the IRS could pay an award.

The information might be of no value because it did not provide a sufficient basis for initiating an examination or investigation of the issue presented, or because the examination resulted in a "no change" finding.

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[1] The IRS has generally referred to individuals who submit information under section 7623 as "informants," and referred to the program as the "Informant Claims Program." As the law now refers to "whistleblowers," this report will use that term except where the term "informant" appears in an office title or published document.

[2] The 2006 amendments re-designated the prior section 7623 as section 7623(a), added new provisions as section 7623(b), and included program administration requirements that were not incorporated into the Internal Revenue Code. The appendix to this report reprints section 7623, as amended, as well as additional provisions in the Act that were not incorporated into the Internal Revenue Code.

[3] The IRS has separate authority to pay informant expenses from appropriated funds available for confidential criminal investigation expenditures. The IRS makes those payments under authorities delegated to Criminal Investigation and are not within the scope of the Whistleblower Office or this report to the Congress.

[4] Regulations implementing what is now section 7623(a) appear at 26 CFR 301.7623-1. The IRS issued the most recent version of the policy in 2004, as Policy Statement P-4-27.

B. 2006 Amendments

Section 406 of the Tax Relief and Health Care Act of 2006 (Section 406 of the Act) (PL 109-432) created section 7623(b). This section set a new framework for the consideration of whistleblower submissions and established the Whistleblower Office within the IRS to administer that framework. Operating at the direction of the Commissioner of the IRS, the Whistleblower Office coordinates and consults with other divisions of the IRS, analyzes information submitted, and makes award determinations. The statute provides that the Whistleblower Office may investigate the claim itself, or assign it to the appropriate IRS office for investigation. The Whistleblower Office does not currently investigate claims itself. Individuals may appeal Whistleblower Office determinations to the US Tax Court.

A whistleblower must meet several conditions to qualify for the section 7623(b) award program[5]. To qualify for a whistleblower award under section 7623(b), the information must:

- Relate to a tax noncompliance matter in which the tax, penalties, interest, additions to tax and additional amounts in dispute exceed $2,000,000; and
- Relate to a taxpayer, and in the case of an individual taxpayer, one whose gross income exceeds $200,000 for at least one of the tax years in question

If the information meets the above conditions and substantially contributes to a decision to take administrative or judicial action that results in the collection of tax, penalties, interest, additions to tax and additional amounts, the IRS will pay an award of at least 15 percent, but not more than 30 percent of the collected proceeds resulting from administrative or judicial actions (including related actions) or from any settlement in response to an administrative or judicial action. The maximum award percentage decreases to 10 percent for cases based principally on specific allegations disclosed in certain public information sources (such as government audit reports), and the Whistleblower Office can also reduce the percentage if the whistleblower planned and initiated the actions that led to the underpayment of tax.

C. Implementing the Amendments

On December 19, 2007, Notice 2008-4, 2008-2 Internal Revenue Bulletin 253[6], provided initial guidance on how to submit information to the IRS. Case intake grew dramatically and continuously (see Table 1, below) through the rest of the year. The IRS continued to develop and revise operating procedures to ensure the proper review of each submission. Under the law, individuals may appeal award determinations under section 7623(b) to the Tax Court. Procedures established to evaluate whistleblower submissions make a clear distinction between determinations the Whistleblower Office makes (such as eligibility for an award or the amount of an award) and tax administration decisions (such as the scope of an examination or investigation, or the assessment of taxes, penalties, and interest). The whistleblower has no role in tax

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[5] If the submission does not meet the criteria for section 7623(b) consideration, The IRS may consider it for an award under the pre-Act discretionary authority (what is now section 7623(a)).

[6] http://www.irs.gov/pub/irs-drop/n-08-04.pdf

administration decisions, and may not appeal or otherwise challenge an IRS tax administration decision.

III. FY 2008 Program Developments

A. Staffing

During this fiscal year, the Whistleblower Office staff grew from 4 to 14. The current staff includes ten analysts with decades of experience in a broad array of IRS compliance programs.

B. Program Analysis

The IRS reviewed the pre-amendment Informant Awards Program to understand its strengths and weaknesses, the existing program controls, and the status of improvement initiatives. This review included a comprehensive study of regulations, policies and guidelines, prior internal and external oversight reports, and case files on recent award decisions. The Director of the Whistleblower Office and his staff met with IRS employees familiar with the Informant Awards Program, including those involved in receipt and analysis of informant submissions, those who conduct or supervise examinations and investigations based on those submissions, and those involved in award decisions and payment. They also met with attorneys who represent whistleblowers to discuss individual cases as well as broader program perspectives. As the number of submissions grew during the year, the Whistleblower Office, the Operating Divisions and Counsel assessed the adequacy of the initial process design, to identify areas in need of adjustment. This analysis, which is continuing, has influenced decisions on initial case processing protocols as well as longer term program design priorities.

C. Program Design

Because whistleblower submissions began arriving almost immediately after the enactment of section 7623(b), and the number of submissions grew substantially throughout the fiscal year, the whistleblower program design prioritized the intake and analysis of whistleblower submissions.

Working with the IRS Operating Divisions, the Criminal Investigation Division, and the Office of Chief Counsel, the Whistleblower Office designed an intake process that includes initial review by Whistleblower Office staff and an evaluation by Operating Division subject matter experts. The Operating Division subject matter experts determine whether the information the whistleblower submitted warrants initiation of an examination of the reported issues. Each IRS Operating Division also has a Division Counsel. Division Counsel attorneys provide advice on technical tax issues as well as any legal issues that could limit the IRS's ability to use some or all of the information the whistleblower provided. For example, information a whistleblower provided may be subject to an evidentiary limitation such as the "attorney-client privilege" or the "federally authorized tax practitioner" privilege under section 7525 of the Code. A Division Counsel attorney assists the subject matter expert in reviewing the information provided to determine if any of the information is subject to an evidentiary limitation and whether

an exception to that limitation may apply. In addition, as part of the subject matter expert's analysis, the whistleblower may be asked to meet to discuss the submission, to ensure that the IRS fully understands the issues and that the individual has submitted all relevant information.

D. Program guidance

The IRS issued Notice 2008-4 on January 14, 2008. Notice 2008-4 provides initial guidance on how to submit information to the IRS. A revision to Form 211 "Application for Award for Original Information[7]" accompanied this notice. The notice addresses the most pressing guidance requirements—how to submit information, and the criteria that the IRS will apply to determine whether the information qualifies under section 7623(b). The notice includes the requirement that an individual submit the information under penalty of perjury and defines ineligible submissions. A submission may be ineligible because the person submitting it is disqualified (e.g., a federal employee who learned of the tax noncompliance in the course of performing his or her duties), or because the information does not provide a basis for IRS action. The latter category includes information that is speculative or that the IRS already knows. The notice also describes information that the whistleblower should include that the IRS will need to evaluate the submission.

The Form 211 revision incorporates the provisions of the law and the notice and helps whistleblowers present information that is essential to evaluate whether a submission meets the requirements of section 7623(b). One change to the form, a new address for submissions, reflects an important change in processing whistleblower information. Under the revision, all Forms 211 are sent directly to the Whistleblower Office for review to determine whether they appear to qualify under section 7623(b). The Whistleblower Office sends all those that do not appear to qualify to the Informant Claims Examination Unit in Ogden, UT, for processing as potential section 7623(a) claims.

When setting up the Whistleblower Office, the IRS adapted an existing correspondence control system as an interim case management system. In July 2008, the IRS awarded a contract for a new commercial-off-the-shelf case management system. This new system will enhance visibility of cases in process, allow greater insight into trends in issues presented and taxpayers affected by whistleblower submissions, and allow the phase-out of a legacy system that does not meet the demands of the enhanced section 7623 program.

The IRS established a working group led by the Whistleblower Office, with representatives from the Operating Divisions, Criminal Investigation Division, and the Office of Chief Counsel. The working group addresses the detailed steps needed to implement the changes in the relevant law, including updates, revisions or replacements for regulations, policies, operating procedures, and forms for whistleblower awards. This year, the IRS completed a comprehensive review of Internal Revenue Manual (IRM) provisions of section 7623, and published revisions on December 30, 2008. In addition, the IRS published a Privacy Impact Assessment and a Privacy Act System of

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[7] http://www.irs.gov/pub/irs-pdf/f211.pdf

Records Notice for the whistleblower program. Publication of both the Privacy Impact Assessment and the Privacy Act System of Records Notice are essential steps in establishing program controls as required by the law and regulation.

In July 2008, the Whistleblower Executive Board held its first meeting. The Director of the Whistleblower Office chairs the Board, which includes the Deputy Chief Counsel-Operations, Division Commissioners or Deputies from Large and Mid Size Business and Small Business/Self Employed, and their Division Counsel. It provides a forum to ensure consistency in implementation of whistleblower program guidance, highlight emerging policy issues, and integrate the whistleblower program with other IRS programs and priorities.

The Act that added section 7623(b) and required the creation of a Whistleblower Office to administer the new program left the prior law intact. As a result, two categories of whistleblower award cases exist—those that qualify under the "shall pay" provisions of section 7623(b), and those that the IRS "may pay" under the discretionary authority of section 7623(a). This second group includes all submissions received before the effective date of the Act, as well as more recent submissions that do not meet the section 7623(b) criteria. The Act requires that the Whistleblower Office make award determinations under section 7623(b), while IRS delegation orders assigned decision authority for awards on what are now section 7623(a) cases to field executives. To promote consistency in the award program and avoid the confusion that could ensue from operating two distinct programs, the IRS changed the delegation orders so that the Director of the Whistleblower Office makes all award determinations. The IRS has amended procedures and forms and rewritten the applicable sections of the IRM to reflect this change.

E. Program Operations

As noted above, in December 2007, the IRS directed that all section 7623 submissions go first to the Whistleblower Office. The Whistleblower Office reviews the information to identify matters that appear to meet the section 7623(b) criteria, and forwards those that do not to the Informant Claims Examination unit in Ogden for further action. That unit evaluates all submissions to determine whether the information offered may materially contribute to the assessment or collection of unpaid taxes, penalties, interest, and other amounts.

During Fiscal Year 2008, the IRS received 476 whistleblower submissions relating to 1,246 taxpayers[8] that appeared to meet the $2 million of tax, penalties, interest, and additions to tax threshold in section 7623(b). Of the 994 cases where the individual made a specific allegation about the amount of the underpayment, 228 alleged the underpayment of $10 million or more and 64 alleged the underpayment of $100 million or more. Many of the individuals submitting information to the IRS claimed to have inside knowledge of the reported transactions, often with extensive documentation to

[8] The Whistleblower Office often receives submissions that allege underpayment of tax by more than one taxpayer. In most cases, the IRS must evaluate the liability of each taxpayer individually—a single audit or investigation cannot resolve the issues for all taxpayers identified in the submission. Thus, for most purposes, the relevant statistic is the number of taxpayers identified rather than the number of claims submitted.

support their claims. It is too early to tell how many of the 1,246 cases will result in collected proceeds after examination or investigation, as the amounts alleged reflect only the whistleblower's estimate of the potential recovery. Only 8 of 198 full paid claims in 2008 involved collections of more than $2 million, and only 3 involved collections of more than $10 million. However, since all of the claims paid in 2008 were submitted under the old Informant Award Program, this data does not assist in making estimates about the claims brought under the revised statute.

(Table 1)

FY 2008 MONTHLY RECEIPTS

	Submissions	Taxpayers Identified		Submissions	Taxpayers Identified
October 2007	16	16	**April 2008**	70	72
November 2007	20	20	**May 2008**	78	178
December 2007	10	10	**June 2008**	97	97
January 2008	50	50	**July 2008**	204	243
February 2008	87	88	**August 2008**	162	284
March 2008	52	52	**September 2008**	136	136

F. Outreach and Communications

The IRS developed a communications plan to address outreach to both the public and IRS personnel on changes in the whistleblower program. The plan includes efforts to identify opportunities for improvement and potential barriers to change, and to manage expectations for the scope and pace of change. The Whistleblower Office has a page on the IRS intranet to make information available to IRS personnel, and provides articles for internal newsletters and speakers for professional education events to reach employees who are most likely to deal with a whistleblower case. A dedicated page on the public www.irs.gov website contains information for the public about the purpose of the Whistleblower Program, how to make a submission, and what the whistleblower should expect after making a submission, as well as links to Notice 2008-4 and Form 211[9]. The Whistleblower Office also makes presentations to professional groups involved in the representation of taxpayers and whistleblowers, both to describe program developments and to obtain outside perspectives on the program.

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[9] http://www.irs.gov/compliance/article/0,,id=180171,00.html

IV. Priorities for Fiscal Year 2009

For Fiscal Year 2009, the IRS has identified four priority initiatives for the whistleblower program:

1. Revise and update published guidance;
2. Develop baseline information;
3. Enhance communications; and
4. Build program stability.

The first initiative is to revise and update formal published guidance for section 7623. The IRS revised internal operating procedures in FY 2008, and will review and revise them during FY 2009 as experience processing cases warrants. The IRS is developing additional guidance that includes criteria for making award determinations and updating the current regulations that predate the 2006 amendment of section 7623.

The second initiative is to develop baseline information on process efficiency and effectiveness. This information will form the basis for performance measures and continued program improvement.

The third initiative, to enhance communications, is a multi-faceted initiative. Under this initiative, the IRS will improve communications among IRS personnel who work on whistleblower program issues. In addition to policy and procedural guidance, the Whistleblower Office will host a conference to share lessons learned and identify areas for additional improvements. An intranet site provides a ready source for program information, which the IRS will update to address frequently asked questions. Further, the IRS will continue to reach out to the various stakeholders for feedback and recommendations on program development and implementation issues, which will communicate our efforts to develop new regulations and other guidance for the program.

The fourth initiative builds on the other three. It focuses on building program stability so that the IRS can make appropriate and timely tax administration decisions on whistleblower submissions. The fact that the amendments to section 7623 were effective on the date of enactment meant that the first wave of submissions arrived before the IRS had the opportunity to develop the new program. The surge in cases after the first quarter of FY 2008, required further adjustments in process and personnel committed to the program, both in the Whistleblower Office and in the Operating Divisions. During FY 2009, the IRS will keep process and procedure changes to a minimum. This should permit experienced personnel to focus on moving cases through the process to a decision, rather than having to adjust to meet evolving program demands.

V. Whistleblower Awards Paid

The table below provides information on informant claims paid. To date, all awards paid by the IRS have been based on information received prior to December 20, 2006, the date of the enactment of section 406 of the Act. Therefore, all of the awards, including those paid in 2008, have been paid based on the prior law, what is now section 7623(a). Thus, the applicable award percentages were those established in IRS policy, not the higher percentages set by the new law.

(Table 2)

Amounts Collected and Awards Paid under 7623(a) FY 2004-2008

	2004	2005	2006	2007	2008
Cases Received	5,380	2,740	4,295	2,751	3,704
Awards Paid	259	169	220	227	198
Collections over $2 million	NA	NA	NA	12	8
Amount of Awards Paid [10]	$4,585,143	$7,602,685	$24,184,458	$13,600,205	$22,370,756
Amounts Collected	$74,130,794	$93,677,606	$258,590,435	$181,784,287	$155,985,834

[10] The amount of awards paid includes fully paid awards and partially paid awards. In FY 2008, 21 informants received partial payments totaling $3.7 million.

VI. Appendix: Revised Section 7623 and other provisions of law

A. Revised 26 USC Section 7323

TITLE 26 - INTERNAL REVENUE CODE

Subtitle F - Procedure and Administration

CHAPTER 78 - DISCOVERY OF LIABILITY AND ENFORCEMENT OF TITLE

Subchapter B - General Powers and Duties

Sec. 7623. Expenses of detection of underpayments and fraud, etc.

(a) In General- The Secretary, under regulations prescribed by the Secretary, is authorized to pay such sums as he deems necessary for -

(1) detecting underpayments of tax, or

(2) detecting and bringing to trial and punishment persons guilty of violating the internal revenue laws or conniving at the same,

in cases where such expenses are not otherwise provided for by law. Any amount payable under the preceding sentence shall be paid from the proceeds of amounts collected by reason of the information provided, and any amount so collected shall be available for such payments.

(b) Awards to Whistleblowers-

(1) IN GENERAL- If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary's attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

(2) AWARD IN CASE OF LESS SUBSTANTIAL CONTRIBUTION-

(A) IN GENERAL- In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual's information and the role of such individual and any legal representative of such individual in contributing to such action.

(B) NONAPPLICATION OF PARAGRAPH WHERE INDIVIDUAL IS ORIGINAL SOURCE OF INFORMATION- Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

(3) REDUCTION IN OR DENIAL OF AWARD- If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and

initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Whistleblower Office shall deny any award.

(4) APPEAL OF AWARD DETERMINATION- Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

(5) APPLICATION OF THIS SUBSECTION- This subsection shall apply with respect to any action--

(A) against any taxpayer, but in the case of any individual, only if such individual's gross income exceeds $200,000 for any taxable year subject to such action, and

(B) if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed $2,000,000.

(6) ADDITIONAL RULES-

(A) NO CONTRACT NECESSARY- No contract with the Internal Revenue Service is necessary for any individual to receive an award under this subsection.

(B) REPRESENTATION- Any individual described in paragraph (1) or (2) may be represented by counsel.

(C) SUBMISSION OF INFORMATION- No award may be made under this subsection based on information submitted to the Secretary unless such information is submitted under penalty of perjury.'.

B. Other provisions of Section 406 of the Tax Relief and Health Care Act of 2006

(a)(2) ASSIGNMENT TO SPECIAL TRIAL JUDGES-

(A) IN GENERAL- Section 7443A(b) (relating to proceedings which may be assigned to special trial judges) is amended by striking `and' at the end of paragraph (5), by redesignating paragraph (6) as paragraph (7), and by inserting after paragraph (5) the following new paragraph:

(6) any proceeding under section 7623(b)(4), and'.

(B) CONFORMING AMENDMENT- Section 7443A(c) is amended by striking `or (5)' and inserting `(5), or (6)'.

(3) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES- Subsection (a) of section 62 (relating to general rule defining adjusted gross income) is amended by inserting after paragraph (20) the following new paragraph:

`(21) ATTORNEYS FEES RELATING TO AWARDS TO WHISTLEBLOWERS- Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any award under section 7623(b) (relating to awards to whistleblowers). The preceding sentence shall not apply to any deduction in excess of the amount includible in the taxpayer's gross income for the taxable year on account of such award.'.

(b) Whistleblower Office-

(1) IN GENERAL- Not later than the date which is 12 months after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance for the operation of a whistleblower program to be administered in the Internal Revenue Service by an office to be known as the `Whistleblower Office' which--

(A) shall at all times operate at the direction of the Commissioner of Internal Revenue and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner of Internal Revenue,

(B) shall analyze information received from any individual described in section 7623(b) of the Internal Revenue Code of 1986 and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office, and

(C) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual.

(2) REQUEST FOR ASSISTANCE- The guidance issued under paragraph (1) shall specify that any assistance requested under paragraph (1)(C) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under paragraph (1)(A). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

(c) Report by Secretary- The Secretary of the Treasury shall each year conduct a study and report to Congress on the use of section 7623 of the Internal Revenue Code of 1986, including--

(1) an analysis of the use of such section during the preceding year and the results of such use, and

(2) any legislative or administrative recommendations regarding the provisions of such section and its application.

(d) Effective Date- The amendments made by subsection (a) shall apply to information provided on or after the date of the enactment of this Act.