

119TH CONGRESS
2D SESSION

S. 4639

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

IN THE SENATE OF THE UNITED STATES

MAY 21, 2026

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

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.

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