



WHISTLEBLOWER OFFICE

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

June 15, 2018

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MEMORANDUM FOR WHISTLEBLOWER OFFICE EMPLOYEES

FROM: Lee D. Martin *Lee D. Martin*
DIRECTOR, WHISTLEBLOWER OFFICE

SUBJECT: Withholding Rates for Whistleblower Award Payments

This memorandum issues guidance on withholding rates for whistleblower award payments until IRM 25.2.2 is revised. Please ensure that this information is distributed to all affected employees within your organization. The following guidance supersedes IG WO-25-0518-0002 issued May 21, 2018.

Purpose: The Whistleblower Office is revising the withholding rates for whistleblower award payments, effective for payments made on or after May 21, 2018.

Background: Awards paid under IRC §7623 are includible in the gross income of the recipients and are subject to federal tax reporting and withholding requirements.

Procedural Change: Generally, whistleblower awards paid to U.S. citizens or resident aliens in excess of \$10,000 will be subject to a 24% withholding for federal income tax. Awards paid under the Whistleblower Office's Reduced Withholding Program will be withheld at the highest rate, currently 37%, after factoring in the whistleblower's IRC §62(a)(21) deductions. Payments to foreign persons will be treated as fixed, determinable, annual, or periodical (FDAP) income and withheld at 30%, subject to any reduction under an applicable exception or tax treaty.

Effect on Other Documents: This guidance will be incorporated into the above IRM sections within two years of the date of this memorandum.

Contact: Whistleblower Office employees should follow existing procedures to elevate questions through their management chain.

cc: www.irs.gov