

Whistleblower Reward Program

The information in this document was previously published as a Tax Alert for the Whistleblower Reward Program (9/30/2021). This publication has been renamed “Technical Bulletin No. 45 Whistleblower Reward Program” and the content has been updated.

I. General

The Whistleblower Reward Program (“the Program”) offers a financial incentive for whistleblowers who provide original information leading to the assessment of a significant Maryland tax liability. This Technical Bulletin describes eligibility for the Program, the method for filing claims, and the criteria used to determine the amount of any award issued to a qualifying whistleblower.

Any individual filing a claim under the Program is strongly encouraged to review the full text of the law, which can be found in Tax-General Article §§ 1-401 through 1-408, Annotated Code of Maryland. Potential whistleblowers should be aware that while their identities are protected to the fullest extent provided for by law—and are not subject to disclosure under the Public Information Act—the Comptroller may share their information as required by a court order or with appropriate government authorities.

II. Definitions

In this Technical Bulletin, the following terms have the meaning indicated.

A. Covered Enforcement Action:

An enforcement action brought by the Comptroller with taxes in dispute exceeding \$250,000 and which concerns:

- the State and county income tax liability of an individual or a married couple filing jointly whose federal adjusted gross income is at least \$250,000; OR
- the State and county tax liability of a business—including anyone liable for the business’ State taxes—whose annual gross receipts or sales are at least \$2,000,000.

B. Original Information:

Information which is:

- derived from the whistleblower’s independent knowledge or analysis;
- not known to the Comptroller from any source other than the whistleblower;
- not exclusively derived from an allegation made in the media or a government hearing, report, audit, or investigation, unless the whistleblower was the original source; AND
- provided to the Comptroller in a sworn affidavit for the first time on or after October 1, 2021.

C. Related Action:

Any judicial or administrative action brought by a State or local agency or entity based on the original information provided by a whistleblower to the Comptroller.

D. Sworn Affidavit:

A written statement the contents of which are affirmed under the penalties of perjury to be true and correct to the best of the whistleblower's knowledge, information, and belief.

E. Whistleblower:

An individual or entity who provides information—in a sworn affidavit—relating to a violation of State tax law, rule, or regulation. The violation may have already occurred, be occurring, or be about to occur. A whistleblower may provide the information to a law enforcement agency before providing it to the Comptroller.

III. Eligibility for Award and Method of Filing

To be eligible for an award under the Program, a whistleblower must voluntarily provide original information to the Comptroller in a sworn affidavit which results in a final assessment in a covered enforcement action, or successful outcome against a taxpayer in a related action.

Failure to submit a sworn affidavit may make a whistleblower ineligible to participate in the Program. Whistleblowers may submit their sworn affidavits as follows:

A. For information related to a covered enforcement action regarding the State and county tax liability of a business only:

Report online at <https://marylandtaxes.gov/whistle-blower.php>.

The online form can be used to report all types of business fraud, not just fraud which qualifies for a whistleblower award. **Do not use this online form to submit information about fraud committed by individuals.**

Regardless of the type of business fraud you are reporting, complete all fields to the best of your knowledge. If you wish to be considered for a whistleblower complaint award, you must indicate that on the form, upload a sworn affidavit, and provide your contact information. If you wish to submit the complaint anonymously, provide the contact information for the Maryland-licensed attorney submitting the complaint on your behalf. In order to qualify for an award, you must eventually reveal your identity, but you may submit the initial complaint through an attorney.

B. For information related to a covered enforcement action regarding the State and county income tax liability of an individual or married couple:

By mail to:

Comptroller of Maryland
Compliance Division
ATTN: Tax Whistleblower Program
7 St. Paul Street
Baltimore, MD 21202

By email to: Whistleblower@marylandtaxes.gov

Within fifteen (15) days of receiving original information provided by a whistleblower, the Comptroller's Office will provide written notice to the whistleblower—or to their attorney if they are represented—confirming receipt of the information and identifying an agency employee as a point of contact.

Questions about the Program should be submitted in writing to the addresses above or by calling 410-767-1501 or 1-800-492-1752. Potential whistleblowers may not make their report by

phone. Disclosing original information via phone may disqualify a whistleblower from eligibility for an award under the Program.

IV. Award Criteria

If the information provided results in a covered enforcement action or related action, the Comptroller will determine the award amount. The amount of the award shall be at least 15% but not more than 30% of the taxes, penalties, and interest collected as a result of the information provided by the whistleblower. When determining the amount of the award within those bounds, the Comptroller will consider:

- the significance of the information provided;
- the degree of assistance provided by the whistleblower or their representative;
- the amount of unpaid taxes owed to the State that may be recovered;
- the interest of the State in deterring violations of the law and encouraging whistleblowers; AND
- any additional factors which may be established by regulation.

If multiple whistleblowers are eligible for an award arising out of the same action, the agency will determine the allocation of the award among them. Subsequent whistleblowers reporting the same underlying violation of law will only be entitled to an award if their information adds significantly to that previously received.

V. Award Exclusion

An award may not be provided if the Comptroller determines that the whistleblower:

- acquired the information through their position with a law enforcement or regulatory agency;
- was convicted of a criminal violation related to the covered enforcement action or related action;
- could have been convicted of a criminal violation or been held personally liable for the tax liability had the original information been provided prior to the expiration of any applicable statute of limitations; OR
- submitted information containing knowingly false, fictitious, or fraudulent statements, documents, or data.

VI. Challenging an Award

A whistleblower may challenge the Comptroller's determination of an award within forty-five (45) days of the date the award determination is made. In this action, the whistleblower may not challenge:

- the decision to conduct or the method of conducting an investigation arising from the information received;
- the amount of unpaid taxes, penalties, or interest due as a result of the investigation;
- the result of a covered enforcement action or related action; OR
- any settlement between the State and a person having a tax liability arising from the information received.

VII. Questions and Answers

A. Does every submission by a whistleblower trigger an enforcement action?

No. The Comptroller will independently evaluate every submission and determine whether an assessment or other enforcement action is warranted under the laws of Maryland.

B. Is an award issued through the Whistleblower Program taxable income?

Yes. Any monetary award issued in connection with the Whistleblower Program is taxable income for both federal and Maryland purposes.

C. Can I submit my whistleblower complaint anonymously?

Yes, but you must be represented by a Maryland-licensed attorney to file anonymously. You may be required to disclose your name—and any other information the Comptroller requires—prior to receiving an award under the Program.

D. I participated in the Whistleblower Program. Will I be compensated for my expenses or attorney's fees incurred?

No. You will not receive compensation for any costs or attorney's fees incurred to investigate, document, prepare, or submit a claim for an award under the Program.

Compliance Division
7 St. Paul Street, Baltimore, MD 21202
Telephone: **410-767-1501**
www.marylandtaxes.gov

For the deaf or hard of hearing: call via Maryland Relay at 711 in Maryland
or 1-800-735-2258

If you need reasonable accommodation for a disability, please contact us before you visit.
If you need the information in this publication in an alternate format, contact the Comptroller's Office.