Estate of Insinga v. Commissioner, 157 T. C. No. 8 (2021)

The U. S. Tax Court ruled that whistleblower claims survive the death of the whistleblower, allowing the estate to continue pursuing the claim. This decision clarifies that the court retains jurisdiction over whistleblower cases even after the petitioner's death, ensuring that whistleblower awards can still be pursued posthumously.

Parties

Joseph A. Insinga, the original petitioner, filed a whistleblower claim against the Commissioner of Internal Revenue. Upon Insinga's death, his estate, represented by Amanda Gilmore as personal representative, sought substitution to continue the claim in the Tax Court.

Facts

Joseph A. Insinga filed a whistleblower claim with the IRS Whistleblower Office, naming multiple target taxpayers. The IRS denied the claim, leading Insinga to appeal to the U. S. Tax Court under I. R. C. sec. 7623(b)(4). At the time of his death in 2021, Insinga's claim regarding two target taxpayers was still pending. His estate, through its appointed representative, moved to substitute the estate for Insinga to continue prosecuting the claim.

Procedural History

Insinga filed a petition in the Tax Court on April 25, 2013, challenging the IRS Whistleblower Office's denial of his claim. The case progressed with cross-motions for partial summary judgment and motions to compel discovery. Insinga amended his petition in September 2017 to focus on two entities. Following his death, the estate filed a motion to substitute the estate as petitioner, which was not opposed by the Commissioner.

Issue(s)

Whether the Tax Court's jurisdiction over a whistleblower's petition filed pursuant to I. R. C. sec. 7623(b)(4) is extinguished by the death of the petitioner-whistleblower?

Whether a whistleblower's claim survives the death of the whistleblower?

Whether the estate of a deceased whistleblower has standing to be substituted as petitioner?

Rule(s) of Law

I. R. C. sec. 7623(b)(4) grants the Tax Court jurisdiction over appeals of

© 2025 SCOTUSreports.com. All rights reserved.

whistleblower award determinations. Federal common law presumes that rights of action under federal statutes survive a plaintiff's death if the statute is remedial, not penal. The court applied a three-factor test to determine whether a statute is remedial or penal, examining the purpose of the statute, the recipient of recovery, and the proportionality of recovery to harm.

Holding

The Tax Court held that its jurisdiction over a whistleblower's petition under I. R. C. sec. 7623(b)(4) is not extinguished by the death of the petitioner-whistleblower. The court further held that the whistleblower's claim survives his death and that the estate has standing to be substituted as petitioner.

Reasoning

The court reasoned that the prerequisites for Tax Court jurisdiction in whistleblower cases were met with the issuance of a final determination by the IRS Whistleblower Office and the filing of a petition by the whistleblower. The court found no explicit statutory provision addressing the survival of whistleblower claims upon the death of the whistleblower, leading to the application of federal common law presumptions favoring survival of remedial claims. The court analyzed section 7623(b) using the three-factor test and concluded it served a remedial purpose by incentivizing whistleblowers and compensating them for potential harms, thereby ensuring the survival of the claim. The court also noted consistency with IRS regulatory guidance on substitution in administrative proceedings before the Whistleblower Office. The estate's standing to pursue the claim was affirmed, aligning with precedents allowing estates to continue actions in federal courts.

Disposition

The Tax Court granted the motion to substitute the Estate of Joseph A. Insinga as petitioner and to change the case caption accordingly, allowing the estate to continue the whistleblower claim.

Significance/Impact

This decision establishes that whistleblower claims under I. R. C. sec. 7623(b) are not extinguished by the death of the whistleblower, ensuring that such claims can be pursued posthumously by the estate. It clarifies the Tax Court's jurisdiction in these circumstances and reinforces the remedial nature of whistleblower awards, potentially encouraging more individuals to come forward with information about tax noncompliance. The ruling may impact how whistleblower claims are handled administratively and judicially, particularly in terms of estate planning and the administration of whistleblower awards.

© 2025 SCOTUSreports.com. All rights reserved.