

UNITED STATES TAX COURT  
WASHINGTON, DC 20217 PA

GREGORY CHARLES KRUG, )  
 )  
 Petitioner(s), )  
 )  
 v. ) Docket No. 13502-17W.  
 )  
 COMMISSIONER OF INTERNAL REVENUE, )  
 )  
 Respondent )  
 )

**ORDER**

Respondent has moved for summary judgement (motion). By order dated May 29, 2008, we set the motion for hearing at the trial session of the Court starting on June 4, 2018, in Los Angeles, California. There was no appearance by or on behalf of petitioner. Counsel for respondent appeared and was heard on the motion. As indicated in the transcript of the hearing, the Court was not satisfied with counsel’s explanation of why payments for the services of inmates are not subject to withholding for employment taxes. We said that we would order respondent to provide a better explanation. The Court also instructed counsel to consider Kasper v. Commissioner, 150 T.C. \_\_ (filed Feb. 9, 2018), and our discussion therein of what constitutes an adequate explanation of the Whistleblower Office’s determination to reject an award application. See, in particular, the discussion in Kasper, slip. op. p. 27, of the explanation why an award was denied (“because the tip was about unpaid wages \* \* \* a Department of Labor issue, not an IRS issue because no tax is owed on unpaid wages.”). We held that the explanation “was neither arbitrary nor capricious nor an abuse of discretion.” The explanation allowed us to find no error in the Whistleblower Office’s rejection of the whistleblower’s reward application. It is, therefore

ORDERED that respondent shall on or before August 3, 2018 file a memorandum addressing (as discussed above and in the transcript of the hearing) the Court’s concerns with respect to the motion. It is further

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ORDERED that petitioner shall on or before August 3, 2018 file with the Court a memorandum in support of his position relating to the motion. It is further

ORDERED that respondent's Motion for Summary Judgment filed February 7, 2018 is taken under advisement.

**(Signed) James S. Halpern  
Judge**

Dated: Washington, D.C.  
June 11, 2018