

16-Apr-24

Tax Gap Projections for Tax Years 2020 and 2021

Tax Gap Projections for Tax Years 2020 and 2021 [1]

[Money amounts are in billions of dollars]

Tax Gap Component	TY 2020		TY 2021	
	Amount	Share of Gross Tax Gap	Amount	Share of Gross Tax Gap
Estimated Total True Tax	\$3,902		\$4,565	
Gross Tax Gap	\$601		\$688	
<i>Voluntary Compliance Rate</i>	84.6%		84.9%	
Enforced and Other Late Payments	\$63	100%	\$63	100%
Net Tax Gap	\$539		\$625	
<i>Net Compliance Rate</i>	86.2%		86.3%	
Nonfiling Gap	\$52	9%	\$77	11%
Individual Income Tax	\$42	7%	\$67	10%
Self-Employment Tax	\$7	1%	\$9	1%
Estate Tax	[3]	[2]	[3]	[2]
Underreporting Gap	\$480	80%	\$542	79%
Individual Income Tax	\$348	58%	\$396	58%
Non-Business Income	\$94	16%	\$110	16%
Business Income	\$158	26%	\$182	26%
Adjustments, Deductions, Exemptions	\$27	4%	\$26	4%
Filing Status	\$7	1%	\$8	1%
Other Taxes [4]	\$3	1%	\$5	1%
Unallocated Marginal Effects [5]	\$14	2%	\$15	2%
Credits	\$47	8%	\$51	7%
Corporation Income Tax	\$38	6%	\$40	6%
Small Corporations (assets under \$10M)	\$17	3%	\$21	3%
Large Corporations (assets of \$10M or more)	\$21	3%	\$19	3%
Employment Tax	\$93	15%	\$105	15%
Self-Employment Tax	\$59	10%	\$68	10%
Uncollected Social Security and Medicare Tax	[3]	[2]	[3]	[2]
FICA and FUTA Tax	\$34	6%	\$36	5%
Estate Tax	\$1	[2]	\$1	[2]
Underpayment Gap	\$69	11%	\$68	10%
Individual Income Tax	\$58	10%	\$57	8%
Corporation Income Tax	\$6	1%	\$5	1%
Employment Tax	\$4	1%	\$4	1%
Estate Tax	\$1	[2]	\$2	[2]
Excise Tax	[3]	[2]	[3]	[2]

[1] These figures will be updated as more complete compliance data become available.

[2] Less than 0.5 percent.

[3] Less than \$0.5 billion.

[4] The Other taxes component includes the Alternative Minimum Tax, Excess APTC Repayment, and taxes reported in the "Other Taxes" section of the Form 1040 except for self-employment tax and unreported Social Security and Medicare tax (which are included in the employment tax gap estimates).

[5] The Unallocated marginal effects component reflects the difference between (1) the estimate of the individual income tax underreporting tax gap where underreported tax is calculated based on all misreporting combined and (2) the estimate of the individual income tax underreporting tax gap based on the sum of the tax gaps associated with each line item where the line item tax gap is calculated based on the misreporting of that item only. There may be a difference whenever more than one line item has been misreported on the same return and the combined misreporting results in a higher marginal tax rate than when the tax on the misreported amounts is calculated separately.

Detail may not add to total due to rounding.

Source: Internal Revenue Service, "Federal Tax Compliance Research: Tax Gap Projections for Tax Years 2020 and 2021 [Table 3]," Publication 5869 (10-2023).

17-May-23

Tax Gap Estimates for Tax Years 2014–2016: Table 2

Tax Gap Estimates for Tax Years 2014–2016 [1]

[Money amounts are in billions of dollars]

Tax Gap Component	TY 2014–2016 [1]	Share of Gross Tax Gap
Estimated Total True Tax	\$3,307	
Gross Tax Gap	\$496	
<i>Voluntary Compliance Rate</i>	85.0%	100%
Enforced and Other Late Payments	\$68	
Net Tax Gap	\$428	
<i>Net Compliance Rate</i>	87.0%	
Nonfiling Gap	\$39	8%
Individual Income Tax	\$32	7%
Self-Employment Tax	\$7	1%
Estate Tax	[3]	[2]
Underreporting Gap	\$398	80%
Individual Income Tax	\$278	56%
Non-Business Income	\$60	12%
Business Income	\$130	26%
Adjustments, Deductions, Exemptions	\$25	5%
Filing Status	\$5	1%
Other Taxes [4]	\$4	1%
Unallocated Marginal Effects [5]	\$11	2%
Credits	\$42	9%
Corporation Income Tax	\$37	7%
Small Corporations (assets under \$10M)	\$14	3%
Large Corporations (assets of \$10M or more)	\$23	5%
Employment Tax	\$82	17%
Self-Employment Tax	\$53	11%
Uncollected Social Security and Medicare Tax	[3]	[2]
FICA and Unemployment Tax	\$29	6%
Estate Tax	\$1	[2]
Underpayment Gap	\$59	12%
Individual Income Tax	\$47	9%
Corporation Income Tax	\$4	1%
Employment Tax	\$5	1%
Estate Tax	\$3	1%
Excise Tax	[3]	[2]

[1] The estimates are the annual averages for the Tax Years 2014–2016 timeframe.

[2] Less than 0.5 percent.

[3] Less than \$0.5 billion.

[4] Other taxes include the Alternative Minimum Tax and taxes reported in the “Other Taxes” section of the Form 1040 except for self-employment tax and unreported social security and Medicare tax (which are included in the employment tax gap estimates).

[5] Unallocated marginal effects is the difference between (1) the estimate of the individual income tax underreporting tax gap where underreported tax is calculated based on all misreporting combined and (2) the estimate of the individual income tax underreporting tax gap based on the sum of the tax gaps associated with each line item where the line item tax gap is calculated based on the misreporting of that item only. There may be a difference whenever more than one line item has been misreported on the same return and the combined misreporting results in a higher marginal tax rate than when the tax on the misreported amounts is calculated separately.

Detail may not add to total due to rounding.

Source: Internal Revenue Service, "Federal Tax Compliance Research: Tax Gap Estimates for Tax Years 2014–2016," Publication 1415 (Rev. 10-2022).

14-Oct-19

Tax Gap Estimates for Tax Years 2011–2013: Table 2

Tax Gap Estimates for Tax Years 2011–2013 [1]

[Money amounts are in billions of dollars]

Tax Gap Component	TY 2011–2013 [1]	Share of Gross Tax Gap
Estimated Total True Tax	\$2,683	
Gross Tax Gap	\$441	
<i>Voluntary Compliance Rate</i>	83.6%	100%
Enforced and Other Late Payments	\$60	
Net Tax Gap	\$381	
<i>Net Compliance Rate</i>	85.8%	
Nonfiling Gap	\$39	9%
Individual Income Tax	\$31	7%
Self-Employment Tax	\$6	1%
Estate Tax	\$2	[2]
Underreporting Gap	\$352	80%
Individual Income Tax	\$245	56%
Non-Business Income	\$57	13%
Business Income	\$110	25%
Adjustments, Deductions, Exemptions	\$20	4%
Filing Status	\$5	1%
Other Taxes [4]	\$1	[2]
Unallocated Marginal Effects [5]	\$10	2%
Credits	\$42	10%
Corporation Income Tax	\$37	8%
Small Corporations (assets under \$10M)	\$11	2%
Large Corporations (assets of \$10M or more)	\$26	6%
Employment Tax	\$69	16%
Self-Employment Tax	\$45	10%
Uncollected Social Security and Medicare Tax	\$1	[2]
FICA and Unemployment Tax	\$24	5%
Estate Tax	\$1	[2]
Underpayment Gap	\$50	11%
Individual Income Tax	\$38	9%
Corporation Income Tax	\$5	1%
Employment Tax	\$6	1%
Estate Tax	[3]	[2]
Excise Tax	[3]	[2]

[1] The estimates are the annual averages for the Tax Years 2011–2013 timeframe.

[2] Less than 0.5 percent.

[3] Less than \$0.5 billion.

[4] Other taxes include the Alternative Minimum Tax and taxes reported in the "Other Taxes" section of the Form 1040 except for self-employment tax and unreported social security and Medicare tax (which are included in the employment tax gap estimates).

[5] Unallocated marginal effects is the difference between (1) the estimate of the individual income tax underreporting tax gap where underreported tax is calculated based on all misreporting combined and (2) the estimate of the individual income tax underreporting tax gap based on the sum of the tax gaps associated with each line item where the line item tax gap is calculated based on the misreporting of that item only. There may be a difference whenever more than one line item has been misreported on the same return and the combined misreporting results in a higher marginal tax rate than when the tax on the misreported amounts is calculated separately.

Detail may not add to total due to rounding.

SOURCE: Internal Revenue Service, "Federal Tax Compliance Research: Tax Gap Estimates for Tax Years 2011–2013," Publication 1415 (Rev. 9-2019).