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Tax Gap Projections for Tax Years 2020 and 2021

Individual Income Tax Underreporting Tax Gap by Source: Tax Year 2021 [1]

[Money amounts are in billions of dollars]

Tax Return Line Items	Tax Gap	Share of Gross Tax Gap	Share of Individual Income Tax Underreporting Tax Gap
Gross Tax Gap	\$688	100%	N/A
Individual Income Tax Underreporting Tax Gap	\$396	58%	100%
Items Subject to Substantial Information Reporting and Withholding	\$9	1%	2%
Wages, salaries, tips	\$9	1%	2%
Items Subject to Substantial Information Reporting	\$22	3%	6%
Interest income	\$1	[2]	[2]
Dividend income	\$2	[2]	[2]
State income tax refunds	[2]	[2]	[2]
Pensions & annuities	\$9	1%	2%
Unemployment Compensation	2	[2]	0.01
Taxable Social Security benefits	\$9	1%	2%
Items Subject to Some Information Reporting	\$94	14%	24%
Partnership, S-Corp, Estate & Trust, etc.	\$41	6%	10%
Alimony income	[2]	[2]	[2]
Capital gains	\$53	8%	13%
Items Subject to Little or No Information Reporting	\$167	24%	42%
Form 4797 income	\$6	1%	2%
Other income	\$20	3%	5%
Nonfarm proprietor income	\$110	16%	28%
Farm income	\$6	1%	2%
Rents & royalties	\$25	4%	6%
Total Credits	\$51	7%	13%
Child Tax Credit and Additional Child Tax Credit	\$18	3%	5%
EITC	\$27	4%	7%
Education Credits	\$3	[2]	1%
All Other Credits	\$2	[2]	1%
Other Taxes	\$5	1%	1%
Unallocated Marginal Effects	\$15	2%	4%
Income Offsets (Adjustments, Deductions, Exemptions)	\$26	4%	7%
Filing Status	\$8	1%	2%

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

[2] Less than 0.5 percent or \$0.5 billion.

N/A: not applicable; 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 4]," Publication 5869 (10-2023).

Tax Gap Estimates for Tax Years 2014–2016: Table 5

Individual Income Tax Underreporting Tax Gap by Source: Tax Years 2014–2016 [1]

[Money amounts are in billions of dollars]

Tax Return Line Items	Tax			Line Item Amount
	Tax Gap	Share of Gross Tax Gap	Share of Individual Income Tax Underreporting Tax Gap	Net Misreporting Percentage [2]
Gross Tax Gap	\$496	100%	N/A	N/A
Individual Income Tax Underreporting Tax Gap	\$278	56%	100%	17%
Items Subject to Substantial Information Reporting and Withholding	\$7	1%	2%	1%
Wages, salaries, tips	\$7	1%	2%	1%
Items Subject to Substantial Information Reporting	\$15	3%	5%	6%
Interest income	\$1	[3]	[3]	4%
Dividend income	\$1	[3]	[3]	4%
State income tax refunds	\$1	[3]	[3]	9%
Pensions & annuities	\$7	1%	2%	4%
Unemployment Compensation	[3]	[3]	[3]	12%
Taxable Social Security benefits	\$6	1%	2%	13%
Items Subject to Some Information Reporting	\$43	9%	15%	15%
Partnership, S-Corp, Estate & Trust, etc.	\$25	5%	9%	12%
Alimony income	[4]	[4]	[4]	[4]
Capital gains	\$18	4%	6%	18%
Short-term Capital Gains	\$6	1%	2%	17%
Long-term Capital Gains	\$12	2%	4%	16%
Items Subject to Little or No Information Reporting	\$126	25%	45%	55%
Form 4797 income	\$4	1%	1%	35%
Other income	\$16	3%	6%	42%
Nonfarm proprietor income	\$80	16%	29%	57%
Farm income	\$5	1%	2%	64%
Rents & royalties	\$21	4%	7%	53%
Other Taxes	\$4	1%	1%	6%
Unallocated Marginal Effects	\$11	2%	4%	N/A
Income Offsets (Adjustments, Deductions, Exemptions)	\$25	5%	9%	6%
Total Credits	\$42	9%	15%	38%
Filing Status	\$5	1%	2%	N/A

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

[2] The net misreporting percentage is the net misreported amount divided by the sum of the absolute values of the amounts that should have been reported, expressed as a percentage.

[3] Less than 0.5 percent or \$0.5 billion.

[4] The estimate is based on a very small sample size. The estimated tax gap is less than \$0.5 billion and net misreporting percentage is less than 5%.

N/A: not applicable; 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).

Tax Gap Estimates for Tax Years 2011–2013: Table 5

Individual Income Tax Underreporting Tax Gap by Source: Tax Years 2011–2013 [1]

[Money amounts are in billions of dollars]

Tax Return Line Items	Tax			Line Item Amount
	Tax Gap	Share of Gross Tax Gap	Share of Individual Income Tax Underreporting Tax Gap	Net Misreporting Percentage [2]
Gross Tax Gap	\$441	100%	N/A	N/A
Individual Income Tax Underreporting Tax Gap	\$245	56%	100%	18%
Items Subject to Substantial Information Reporting and Withholding	\$9	2%	4%	1%
Wages, salaries, tips	\$9	2%	4%	1%
Items Subject to Substantial Information Reporting	\$12	3%	5%	5%
Interest income	[3]	[3]	[3]	1%
Dividend income	\$1	[3]	1%	5%
State income tax refunds	\$1	[3]	[3]	12%
Pensions & annuities	\$5	1%	2%	3%
Unemployment Compensation	[3]	[3]	[3]	7%
Taxable Social Security benefits	\$4	1%	2%	11%
Items Subject to Some Information Reporting	\$36	8%	15%	17%
Partnership, S-Corp, Estate & Trust, etc.	\$19	4%	8%	11%
Alimony income	[4]	[4]	[4]	[4]
Capital gains [5]	\$17	4%	7%	23%
Short-term Capital Gains	\$7	2%	3%	24%
Long-term Capital Gains	\$10	2%	4%	15%
Items Subject to Little or No Information Reporting	\$109	25%	45%	55%
Form 4797 income	\$2	1%	1%	36%
Other income	\$16	4%	6%	42%
Nonfarm proprietor income	\$68	15%	28%	56%
Farm income	\$6	1%	2%	62%
Rents & royalties	\$17	4%	7%	51%
Other Taxes	\$1	[3]	1%	3%
Unallocated Marginal Effects	\$10	2%	4%	N/A
Income Offsets (Adjustments, Deductions, Exemptions)	\$20	4%	8%	5%
Total Credits	\$42	10%	17%	38%
Filing Status	\$5	1%	2%	N/A

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

[2] The net misreporting percentage is the net misreported amount divided by the sum of the absolute values of the amounts that should have been reported, expressed as a percentage.

[3] Less than 0.5 percent or \$0.5 billion.

[4] Estimate is based on very small sample size. Estimated tax gap is less than \$ 0.5 billion and NMP is less than 0.5%.

[5] The TY 2008–2010 NMP for capital gains was incorrectly reported as 27%. The correct NMP for TY 2008–2010 was 21%.

N/A: not applicable; 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).