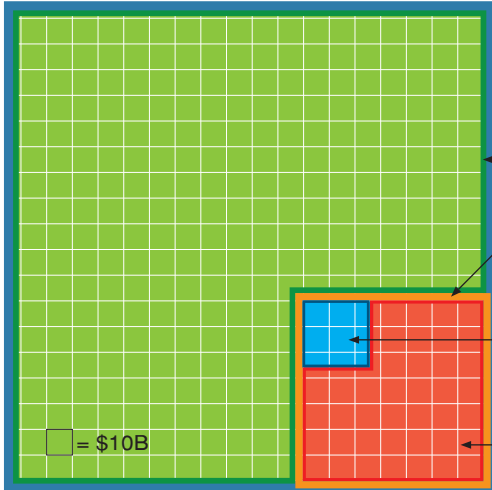


Tax Gap Estimates for Tax Years 2014–2016

(Money amounts are in billions of dollars; estimates are annual average amounts.)



Research, Applied Analytics & Statistics



Estimated Total True Tax Liability*

\$3,307B

Tax Paid Voluntarily & Timely

\$2,811B 85.0% Voluntary Compliance Rate (VCR)

Gross Tax Gap

\$496B

Enforced & Other Late Payments

\$68B

Net Tax Gap (Tax Not Collected)

\$428B 87.0% Net Compliance Rate (NCR)



Calculating the Net Tax Gap

Nonfiling
Underreporting
+ Underpayment

Gross Tax Gap

– Enforced & Other Late Payments

Net Tax Gap

Total True Tax Liability	Tax Paid Voluntarily & Timely	Gross Tax Gap						Enforced & Other Late Payments	Net Tax Gap (Tax Not Collected)
		Nonfiling	Underreporting	Underpayment	Gross Tax Gap				
\$3,307	\$2,811	\$39	+\$398	+\$59	= \$496	– \$68	= \$428		
By Type of Tax									
Individual Income Tax	Individual Income Tax	Individual Income Tax	Individual Income Tax	Individual Income Tax	Individual Income Tax	Individual Income Tax	Individual Income Tax	Individual Income Tax	
\$1,740	\$1,383	\$32	+\$278	+\$47	= \$357	– \$51	= \$306		
		Business Income	Non-Business Income	Credits	Income Offsets [1]	Filing Status	Other Taxes [2]	Unallocated Marginal Effects [3]	
		\$130	\$60	\$42	\$25	\$5	\$4	\$11	
Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	
\$354	\$313	#	+\$37	+\$4	= \$41	– \$8	= \$34		
		Large Corporations	Small Corporations						
		\$23	\$14						
Employment Tax	Employment Tax	Employment Tax [4]	Employment Tax	Employment Tax	Employment Tax	Employment Tax	Employment Tax	Employment Tax	
\$1,131	\$1,038	\$7	+\$82	+\$5	= \$93	– \$6	= \$87		
		Self-Employment Tax	FICA & Uncollected FICA TAX	FUTA					
		\$53	\$28	\$1					
Estate Tax	Estate Tax	Estate Tax	Estate Tax	Estate Tax	Estate Tax	Estate Tax	Estate Tax	Estate Tax	
\$22	\$17	\$<0.5	+\$1	+\$3	= \$5	– \$3	= \$2		

NOTES:

- * Totals include Excise Tax.
- #—No estimate.
- Detail may not add to totals due to rounding.
- [1] Includes adjustments, deductions, and exemptions.
- [2] Includes 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).
- [3] 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 differences if the marginal tax rates are different in these two situations.
- [4] Self-employment tax only.

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