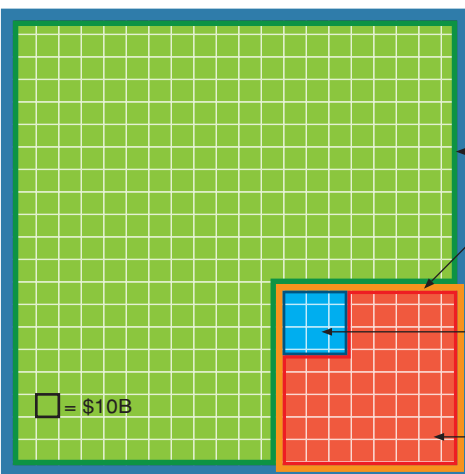


Tax Gap Projections for Tax Year 2020

(Money amounts are in billions of dollars. These figures will be updated as more complete compliance data become available.)



Research, Applied Analytics & Statistics



Estimated Total True Tax Liability*
\$3,902B

Tax Paid Voluntarily & Timely
\$3,301B 84.6% Voluntary Compliance Rate (VCR)

Gross Tax Gap
\$601B

Enforced & Other Late Payments
\$63B

Net Tax Gap (Tax Not Collected)
\$539B 86.2% 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					
\$3,902	\$3,301	\$52	+\$480			+\$69	= \$601	-\$63	= \$539			
By Type of Tax												
Individual Income Tax	Individual Income Tax	Individual Income Tax	Individual Income Tax						Individual Income Tax	Individual Income Tax		
\$2,148	\$1,700	\$42	+\$348						+\$58	= \$448	-\$45	= \$403
			Business Income	Non-Business Income	Credits	Income Offsets [1]	Filing Status	Other Taxes [2]	Unallocated Marginal Effects [3]			
			\$158	\$94	\$47	\$27	\$7	\$3	\$14			
Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	Corporation Income Tax						Corporation Income Tax	Corporation Income Tax		
\$326	\$283	#	+\$38						+\$6	= \$44	-\$8	= \$35
			Large Corporations	Small Corporations								
			\$21	\$17								
Employment Tax	Employment Tax	Employment Tax [4]	Employment Tax						Employment Tax	Employment Tax		
\$1,343	\$1,238	\$7	+\$93						+\$4	= \$105	-\$6	= \$99
			Self-Employment Tax	FICA & Uncollected FICA TAX	FUTA							
			\$59	\$34	\$1							
Estate Tax	Estate Tax	Estate Tax	Estate Tax						Estate Tax	Estate Tax		
\$24	\$20	\$2	+\$1						+\$1	= \$4	-\$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 taxes (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.

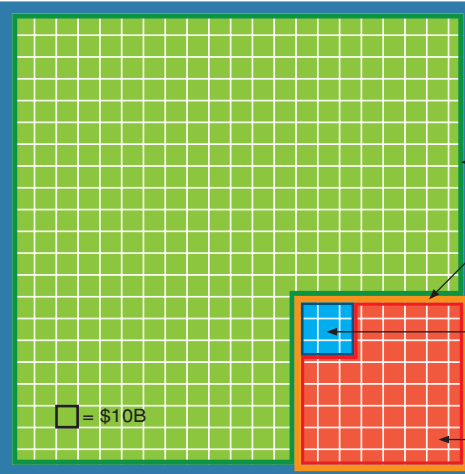
[4] Self-employment tax only.

Tax Gap Projections for Tax Year 2021

(Money amounts are in billions of dollars. These figures will be updated as more complete compliance data become available.)



Research, Applied Analytics & Statistics



Estimated Total True Tax Liability*
\$4,565B

Tax Paid Voluntarily & Timely
\$3,877B 84.9% Voluntary Compliance Rate (VCR)

Gross Tax Gap
\$688B

Enforced & Other Late Payments
\$63B

Net Tax Gap (Tax Not Collected)
\$625B 86.3% 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		
\$4,565	\$3,877	\$77	+\$542			+\$68	= \$688	-\$63	= \$625
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
\$2,721	\$2,201	\$67	+\$396			+\$57	= \$520	-\$45	= \$475
			Business Income	Non-Business Income	Credits	Income Offsets [1]	Filing Status	Other Taxes [2]	Unallocated Marginal Effects [3]
			\$182	\$110	\$51	\$26	\$8	\$5	\$15
Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	Corporation Income Tax			Corporation Income Tax	Corporation Income Tax	Corporation Income Tax	Corporation Income Tax
\$304	\$259	#	+\$40			+\$5	= \$45	-\$8	= \$37
			Large Corporations	Small Corporations					
			\$19	\$21					
Employment Tax	Employment Tax	Employment Tax [4]	Employment Tax			Employment Tax	Employment Tax	Employment Tax	Employment Tax
\$1,455	\$1,337	\$9	+\$105			+\$4	= \$118	-\$6	= \$112
			Self-Employment Tax	FICA & Uncollected FICA TAX	FUTA				
			\$68	\$36	\$1				
Estate Tax	Estate Tax	Estate Tax	Estate Tax			Estate Tax	Estate Tax	Estate Tax	Estate Tax
\$21	\$17	\$2	+\$1			+\$2	= \$4	-\$3	= \$1

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 taxes (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.