

Corporate Income Tax Liability for Tax Year 2016

Total Assets (In thousands of dollars)	Income Subject to Tax (in millions of dollars)	Total Income Tax After Credits (in millions of dollars)	Percentage of Income Tax After Credits to Taxable Income
Zero Assets	32,008	10,314	32.2%
\$1 under \$500.....	7,032	1,337	19.0%
\$500 under \$1,000	3,716	901	24.2%
\$1,000 under \$5,000	13,109	3,879	29.6%
\$5,000 under \$10,000.....	8,362	2,678	32.0%
\$10,000 under \$25,000.....	13,270	4,309	32.5%
\$25,000 under \$50,000.....	12,686	4,163	32.8%
\$50,000 under \$100,000.....	14,401	4,630	32.2%
\$100,000 under \$250,000	24,546	7,883	32.1%
\$250,000 under \$500,000	26,100	7,715	29.6%
\$500,000 under \$2,500,000	105,577	31,259	29.6%
\$2,500,000 or more	1,010,414	237,291	23.5%
Total	<u>1,271,221</u>	<u>316,359</u>	

Tax Gap

The tax gap is the difference between the amount of tax imposed by law and what taxpayers actually pay on time. The tax gap provides an estimate of the level of overall noncompliance and voluntary compliance during the relevant tax periods. Tax gap estimates provide periodic appraisals about the nature and extent of noncompliance for use in formulating tax administration strategies. Estimating the tax gap is inherently challenging and requires assessing the merits of alternative methods, assumptions, and data sources. There is no single approach that can be used for estimating all the components of the tax gap, so multiple methods are used. The most recent estimates covering the Tax Year 2011-2013 timeframe were released in Fiscal Year 2019.

The gross tax gap is the amount of a tax liability that is not paid voluntarily and on time. The estimated annual average gross tax gap is \$441.0 billion. The gross tax gap is comprised of three components: nonfiling, underreporting, and underpayment. The estimated gross tax gap for each of these components is \$39.0 billion, \$352.0 billion, and \$50.0 billion, respectively. The gross tax gap estimates are also segmented by type of tax; individual income tax, corporation income tax, employment tax, and estate and excise tax. The estimated gross tax gap for each of these types of tax is \$314.0 billion, \$42.0 billion, \$81.0 billion, and \$3.0 billion, respectively.

The net tax gap is the gross tax gap less tax that subsequently will be paid either late through voluntary payments or collected through IRS administrative and enforcement activities and is the portion of the gross tax gap that will not be paid. It is estimated that \$60.0 billion of the gross tax gap will eventually be paid resulting in a net tax gap of \$381.0 billion. The net tax gap estimates are also segmented by type of tax; individual income tax, corporation income tax, employment tax, and estate and excise tax. The estimated net tax gap for each of these types of tax is \$271.0 billion, \$32.0 billion, \$77.0 billion, and \$1.0 billion, respectively.

The IRS remains committed to finding ways to increase compliance and reduce the tax gap, while minimizing the burden on the vast majority of taxpayers who pay their taxes accurately and on time. For further detailed information on the Tax Gap, refer to the Treasury's financial statements.