

Corporate Income Tax Liability for Tax Year 2015

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	21,291	6,627	31.1%
\$1 under \$500.....	8,606	1,619	18.8%
\$500 under \$1,000	3,942	974	24.7%
\$1,000 under \$5,000	13,667	4,273	31.3%
\$5,000 under \$10,000.....	8,581	2,793	32.5%
\$10,000 under \$25,000.....	13,120	4,306	32.8%
\$25,000 under \$50,000.....	12,890	4,210	32.7%
\$50,000 under \$100,000	15,296	4,948	32.3%
\$100,000 under \$250,000	25,377	8,017	31.6%
\$250,000 under \$500,000	27,404	8,477	30.9%
\$500,000 under \$2,500,000	110,454	32,281	29.2%
\$2,500,000 or more	1,114,453	251,097	22.5%
Total	<u>1,375,081</u>	<u>329,622</u>	

Tax Gap

The tax gap is the difference between what taxpayers should pay and what they actually pay on time. The most recent estimate of the annual gross tax gap, based on a study released in 2016, is about \$458.0 billion for the Tax Year 2008-2010 timeframe. This amount represents the amount of noncompliance with tax laws. This study also estimated that \$52.0 billion of the gross tax gap would eventually be collected, resulting in a net tax gap of \$406.0 billion. 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.

The tax gap is the aggregate amount of tax (excluding interest and penalties) that is imposed by the tax laws for any given tax year but is not paid voluntarily and timely. The tax gap arises from three types of noncompliance: not filing required tax returns on time or at all (the nonfiling gap), underreporting the correct amount of tax on timely filed returns (the underreporting gap), and not paying on time the full amount reported on timely filed returns (the underpayment gap). Underreporting of income tax, employment taxes, and other taxes represents 84.5 percent of the gross tax gap. Each instance of noncompliance by a taxpayer contributes to the tax gap, whether or not the IRS detects it, and whether or not the taxpayer is even aware of the noncompliance. Some of the tax gap arises from intentional (willful) noncompliance, and some of it arises from unintentional mistakes.

The collection gap is the cumulative amount of assessed tax, penalties, and interest that has been assessed over many years, but has not been paid by a certain point in time and which the IRS expects to remain uncollectible. In essence, it represents the difference between the total balance of unpaid assessments and the net taxes receivable reported on IRS's balance sheet. The tax gap and the collection gap are related and overlapping concepts, but they have significant differences. The collection gap is a cumulative balance sheet concept for a particular point in time, while the tax gap is like an income statement item for a single year. Moreover, the tax gap estimates include all noncompliance, while the collection gap includes only amounts that have been assessed (a small portion of all non-compliance).