

United States Government Other Information (Unaudited) for the Years Ended September 30, 2023, and 2022

Tax Burden

The IRC provides for progressive tax rates, whereby higher earned income is generally subject to higher tax rates. The following tables present the latest available information on income tax and related income, deductions, and credit for individuals by income level, and for corporations by size of assets.

Individual Income Tax Liability for Tax Year 2021						
Adjusted Gross Income	Number of Taxable Returns (In thousands)	Adjusted Gross Income (In millions of dollars)	Total Income Tax (In millions of dollars)	Average Adjusted Gross Income per Return (In whole dollars)	Average Income Tax per Return (In whole dollars)	Income Tax as a Percentage of Adjusted Gross Income
Under \$15,000	30,714	160,421	535	5,223	17	0.3%
\$15,000 under \$30,000	27,410	610,846	12,033	22,286	439	2.0%
\$30,000 under \$50,000	28,926	1,135,403	50,662	39,252	1,751	4.5%
\$50,000 under \$100,000	37,547	2,681,108	200,702	71,407	5,345	7.5%
\$100,000 under \$200,000	24,180	3,318,595	367,380	137,245	15,194	11.1%
\$200,000 under \$500,000	3,728	828,814	123,563	222,321	33,145	14.9%
\$500,000 or more	7,888	6,117,860	1,421,518	775,591	180,213	23.2%
Total	160,393	14,853,047	2,176,393			

Corporate Income Tax Liability for Tax Year 2020			
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	21,064	4,439	21.1%
\$1 under \$500	6,908	1,426	20.6%
\$500 under \$1,000	4,364	886	20.3%
\$1,000 under \$5,000	21,444	4,312	20.1%
\$5,000 under \$10,000	13,079	2,640	20.2%
\$10,000 under \$25,000	19,851	3,900	19.6%
\$25,000 under \$50,000	17,342	3,389	19.5%
\$50,000 under \$100,000	19,750	3,854	19.5%
\$100,000 under \$250,000	33,865	6,584	19.4%
\$250,000 under \$500,000	32,033	6,189	19.3%
\$500,000 under \$2,500,000	117,758	21,388	18.2%
\$2,500,000 or more	1,472,847	217,604	14.8%
Total	1,780,305	276,611	

Tax Gap

The gross tax gap is the difference between the amount of tax imposed by law and what taxpayers actually pay on time and/or timely. The tax gap provides an estimate of the level of overall noncompliance 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. Given the complexity of the tax system and available data, a single approach cannot be used for estimating all the components of the tax gap. The most recent estimates covering the tax year 2014-2016 timeframe were released in FY 2023. In October 2023, the tax gap projections were issued for tax year 2020 and 2021. The tax gap projections for tax years 2020 and 2021 assume compliance behavior that has not changed since the 2014-2016 tax gap estimates.

The gross tax gap is the amount of a tax liability that is not paid voluntarily and on time. The projected gross tax gap increased to \$688.0 billion in tax year 2021. The gross tax gap is comprised of three components: non-filing, underreporting, and underpayment. The projected gross tax gap for each of these components is \$77.0 billion, \$542.0 billion, and \$68.0 billion, respectively. The gross tax gap projections are also segmented by type of tax: individual income tax, corporation income tax, employment tax, and estate and excise tax. The projected gross tax gap for each of these types of tax is \$520.0 billion, \$45.0 billion, \$118.0 billion, and \$4.0 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 projected that \$63.0 billion of the gross tax gap will eventually be paid resulting in a net tax gap of \$625.0 billion. The net tax gap projections are also segmented by type of tax: individual income tax, corporation income tax, employment tax, and estate and excise tax. The projected net tax gap for each of these types of tax is \$475.0 billion, \$37.0 billion, \$112.0 billion, and \$1.0 billion, respectively.¹ For additional information on the tax gap, refer to Treasury's financial statements.

Tax Expenditures

As discussed in greater detail in Note 19—Collections and Refunds of Federal Revenue, tax and other revenues reported reflect the effects of tax expenditures, which are special exclusions, exemptions, deductions, tax credits, preferential tax rates, and tax deferrals that allow individuals and businesses to reduce taxes they may otherwise owe.

¹ Individual amounts may not add to totals due to rounding.