

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.