

# United States Government Other Information (Unaudited) for the Years Ended September 30, 2017, and 2016

## Tax Burden

The Internal Revenue Code 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.

<b>Individual Income Tax Liability for Tax Year 2015</b>						
<b>Adjusted Gross Income (AGI)</b>	<b>Number of Taxable Returns</b> (In thousands)	<b>AGI</b> (in millions of dollars)	<b>Total Income Tax</b> (in millions of dollars)	<b>Average AGI Per Return</b> (in whole dollars)	<b>Average Income Tax per Return</b> (in whole dollars)	<b>Income Tax as a Percentage of AGI</b>
Under \$15,000 .....	35,824	61,630	2,033	1,720	57	3.3%
\$15,000 under \$30,000 .....	30,043	662,661	18,468	22,057	615	2.8%
\$30,000 under \$50,000 .....	26,539	1,040,372	57,698	39,202	2,174	5.5%
\$50,000 under \$100,000 .....	32,802	2,339,474	205,693	71,321	6,271	8.8%
\$100,000 under \$200,000 ...	18,533	2,506,498	316,350	135,245	17,070	12.6%
\$200,000 under \$500,000 ...	5,428	1,546,515	299,832	284,914	55,238	19.4%
\$500,000 or more .....	1,324	2,053,160	557,817	1,550,725	421,312	27.2%
<b>Total .....</b>	<b>150,493</b>	<b>10,210,310</b>	<b>1,457,891</b>			

### Corporation Income Tax Liability for Tax Year 2014

Total Assets	Income Subject to Tax	Total Income Tax After Credits	Percentage of Income Tax After Credits to Taxable Income
(In thousands of dollars)	(in millions of dollars)	(in millions of dollars)	
Zero Assets .....	16,236	5,347	32.9%
\$1 under \$500.....	8,728	1,786	20.5%
\$500 under \$1,000 .....	3,787	918	24.2%
\$1,000 under \$5,000 .....	13,567	4,080	30.1%
\$5,000 under \$10,000.....	8,587	2,802	32.6%
\$10,000 under \$25,000.....	13,741	4,526	32.9%
\$25,000 under \$50,000.....	12,827	4,170	32.5%
\$50,000 under \$100,000 .....	15,225	4,919	32.3%
\$100,000 under \$250,000 .....	32,119	8,303	25.9%
\$250,000 under \$500,000 .....	29,921	9,453	31.6%
\$500,000 under \$2,500,000 .....	120,328	35,316	29.3%
\$2,500,000 or more .....	1,126,109	254,458	22.6%
Total .....	<u>1,401,175</u>	<u>336,078</u>	

## Tax Gap

The tax gap is the difference between what taxpayers should pay and what they actually pay on time. The tax gap, about \$458.0 billion annually based on updated estimates, represents the amount of noncompliance with the tax laws. It is estimated that \$52.0 billion of the gross tax gap will 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 the IRS' 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).

## Unmatched Transactions and Balances

(in millions of dollars)	Fiscal Year 2017	Restated Fiscal Year 2016
<b>Change in intragovernmental unmatched balances:</b>		
Debt/investment .....	(4,145.3)	4,130.3
Interest payable/receivable .....	-	18.6
Interest payable/receivable-loans and not otherwise classified ..	-	6.5
Accounts payable/receivable capital transfers .....	-	(13.4)
Loans payable/receivable .....	-	(1.1)
Benefit program contributions payable/receivable .....	10.6	12.4
Accounts payable/receivable .....	(574.9)	167.6
Advances from/to others & deferred credits/prepayments .....	61.2	(301.7)
Transfers payable/receivable .....	(50.2)	14.5
Other assets/liabilities .....	-	1,976.1
Fund balance with Treasury .....	399.0	1,074.7
Asset for custodial and non-entity asset/liability .....	-	13,727.7
	<u>(4,299.6)</u>	<u>20,812.2</u>
<b>Unmatched intragovernmental transactions:</b>		
Federal securities interest revenue/expense-investment exchange .....	-	(629.2)
Borrowings interest revenue/expense-exchange .....	-	2.9
Borrowings gains/losses .....	-	(9.0)
Non-expenditure transfers-in/out .....	(438.4)	2,218.2
Expenditure transfers-in/out .....	688.2	426.9
Transfers-in/out without reimbursement .....	(89.5)	208.3
Imputed financing source/cost .....	-	(0.1)
Benefit program revenue/cost .....	(896.3)	(906.1)
Non-reciprocating* .....	8,914.8	(19,150.8)
Revenue and other financing sources* .....	297.4	-
Appropriations expended .....	342.4	(361.3)
Appropriations used .....	(342.4)	300.3
Appropriations received/warrants issued .....	(390.1)	3,296.0
Appropriations of unavailable special or trust fund receipts transferred out/in .....	-	(3.0)
Custodial and non-entity collections transferred out/in .....	(6,865.6)	(11,445.5)
Other taxes and receipts/trust fund warrants .....	-	(2,787.6)
Accrual amounts collected/transferred in .....	-	5.0
Other .....	501.4	(113.7)
	<u>1,721.9</u>	<u>(28,948.7)</u>
Unmatched transactions and balances, net .....	<u>(2,577.7)</u>	<u>(8,136.5)</u>
( ) Parentheses indicate a decrease to Net Position.		
* The fiscal year 2016 amounts for revenue and other financing sources are included under "Non-reciprocating."		

The Statement of Operations and Changes in Net Position includes an amount for unmatched transactions and balances that result from the consolidation of federal reporting entities. Transactions between federal entities must be eliminated in consolidation to calculate the financial position of the government. Many of the amounts included in the table represent intragovernmental activity and balances that differed between federal agency trading partners and often totaled significantly more in the absolute than the net amounts shown. The table also reflects other consolidating adjustments and other adjustments that contributed to the unmatched transactions and balances amount. In fiscal year 2017, a number of lines in the unmatched transactions and balances table were adjusted to zero after intragovernmental difference analysis determined they were immaterial at or below \$0.1 billion. The adjustments were added to, subtracted from, gross cost in the Statement of Net Cost.

Unmatched transactions and balances between federal entities impact not only in the period in which differences originate but also in the periods where differences are resolved. As a result, it would not be proper to conclude that increases or decreases in the unmatched amounts shown in the “Unmatched Transactions and Balances” table reflect improvements or deteriorations in the Government’s ability to resolve intragovernmental transactions. The federal community considers the identification and accurate reporting of intragovernmental activity a priority.