

Note 20. Collections and Refunds of Federal Revenue

Collections of Federal Tax Revenue for the Year Ended September 30, 2021

(In billions of dollars)	Federal Tax Revenue Collections	Tax Year to Which Collections Relate			
		2021	2020	2019	Prior Years
Individual income tax and tax withholdings	3,593.9	2,283.0	1,231.8	43.8	35.3
Corporate income taxes	419.0	254.8	130.5	4.3	29.4
Excise taxes	83.6	63.2	19.9	0.2	0.3
Unemployment taxes	50.4	41.6	8.7	-	0.1
Customs duties	85.6	79.3	6.3	-	-
Estate and gift taxes	28.1	1.5	21.1	2.7	2.8
Railroad retirement taxes	5.3	4.2	1.1	-	-
Fines, penalties, interest, and other revenue	4.2	4.0	0.2	-	-
Subtotal	4,270.1	2,731.6	1,419.6	51.0	67.9
Less: amounts collected for non-federal entities ...	(0.5)				
Total	4,269.6				

Treasury is the government's principal revenue-collecting entity. Collections of individual income and tax withholdings include FICA/SECA and individual income taxes. These taxes are characterized as non-exchange revenue.

Excise taxes, also characterized as non-exchange revenue, consist of taxes collected for various items, such as airline tickets, gasoline products, distilled spirits and imported liquor, tobacco, firearms, and others.

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. The *Budget Act* (P.L. 93-344) requires that a list of tax expenditures be included in the annual Budget. Tax expenditures may be viewed as alternatives to other policy instruments, such as spending or regulatory programs. For example, the government supports college attendance through both spending programs and tax expenditures. The government uses Pell Grants to help low- and moderate-income students afford college and allows certain funds used to meet college expenses to grow tax free in special college savings accounts.

Tax expenditures include deductions and exclusions, which reduce the amount of income subject to tax. Examples are the deduction for mortgage interest on personal residences and the exclusion of interest on state and local bonds. Tax expenditures also include tax credits, which reduce tax liability dollar for dollar for the amount of credit. In taxable year 2021, taxpayers may claim a credit for up to \$3,600 per child under age six and up to \$3,000 per child age six through 17. Other credits are targeted at business activity, such as credits for producing electricity from renewable energy or the research and experimentation credit, which encourages businesses in the U.S. to increase investment in research activities. In addition, tax expenditures include some provisions that allow taxpayers to defer tax liability. Examples include provisions that allow immediate expensing or accelerated depreciation of certain capital investments, and others that allow taxpayers to defer their tax liability, such as the deferral of recognition of income on contributions to and income accrued within qualified retirement plans.

The total revenues reported in the Statement of Operations and Changes in Net Position and the related information reported in this note, do not include explicit line items for tax expenditures, but the total revenue amounts and budget results reflect the effect of these expenditures. Tax expenditures are discussed in this note, the unaudited MD&A, and in the unaudited Other Information section of the *Financial Report*.

Federal Tax Refunds Disbursed and Other Payments for the Year Ended September 30, 2021

(In billions of dollars)	Refunds Disbursed	Tax Year to Which Refunds Relate			
		2021	2020	2019	Prior Years
Individual income tax and tax withholdings...	1,081.2	533.3	496.9	38.3	12.7
Corporate income taxes.....	53.1	3.9	6.4	13.7	29.1
Other taxes, fines, and penalties	11.3	3.4	4.5	2.2	1.2
Total	<u>1,145.6</u>	<u>540.6</u>	<u>507.8</u>	<u>54.2</u>	<u>43.0</u>

Reconciliation of Revenue to Tax Collections for the Year Ended September 30, 2021, and 2020

(In billions of dollars)	2021	2020
Total collections of federal tax revenue	4,269.6	3,628.9
Refunds of federal taxes and other payments	(1,145.6)	(744.1)
Individual and other tax credits	804.2	436.8
Federal Insurance Contributions Act - Tax.....	(16.4)	(15.4)
Federal Reserve earnings	100.1	81.9
Change in taxes receivable	68.0	91.7
Nontax-related fines and penalties reported by entities.....	81.4	75.4
Nontax-related earned revenue	94.6	16.4
Consolidated revenue per the Statement of Operations and Changes in Net Position	<u>4,255.9</u>	<u>3,571.6</u>

Consolidated revenue in the Statement of Operations and Changes in Net Position is presented on a modified cash basis, net of tax refunds, and includes other non-tax related revenue. Refunds of federal taxes and other payments and individual and other tax credits in FY 2021 and FY 2020 include the CARES Act, CAA and ARP stimulus disbursements of \$569.5 billion and \$274.7 billion, respectively, to eligible taxpayers. Individual and other tax credits amounts are included in gross cost in the Statements of Net Cost. Refer to Note 3—Accounts Receivable, Net for further explanation of line changes in taxes receivable. The FICA – tax paid by federal entities is included in the individual income and tax withholdings line in the Collections of Federal Tax Revenue; however, it is not reported on the Statement of Operations and Changes in Net Position as these collections are intra-governmental revenue and eliminated in consolidation. The table above reconciles total revenue to federal tax collections. The above table reflects a change in presentation for FY 2021. The table presentation was reconfigured to reconcile Collections of Federal Tax Revenue to the Consolidated revenue per the Statement of Operations and Changes in Net Position.

Collections of Federal Revenue for the Year Ended September 30, 2020

(In billions of dollars)	Federal Tax Revenue Collections	Tax Year to Which Collections Relate			
		2020	2019	2018	Prior Years
Individual income tax and tax withholdings	3,127.6	1,947.9	1,118.5	33.7	27.5
Corporate income taxes	263.6	152.0	89.0	10.0	12.6
Excise taxes	96.4	72.2	23.9	0.1	0.2
Unemployment taxes	40.8	34.5	6.2	-	0.1
Customs duties	74.4	67.2	7.2	-	-
Estate and gift taxes	18.2	2.6	11.8	2.1	1.7
Railroad retirement taxes	5.2	3.8	1.4	-	-
Fines, penalties, interest and other revenue	3.2	3.1	0.1	-	-
Subtotal	<u>3,629.4</u>	<u>2,283.3</u>	<u>1,258.1</u>	<u>45.9</u>	<u>42.1</u>
Less: amounts collected for non-federal entities	<u>(0.5)</u>				
Total	<u>3,628.9</u>				

Federal Tax Refunds Disbursed and Other Payments for the Year Ended September 30, 2020

(In billions of dollars)	Refunds Disbursed	Tax Year to Which Refunds Relate			
		2020	2019	2018	Prior Years
Individual income tax and tax withholdings ...	673.4	335.6	299.3	31.0	7.5
Corporate income taxes	59.5	4.0	14.0	20.2	21.3
Other taxes, fines, and penalties	11.2	3.3	5.6	1.3	1.0
Total	<u>744.1</u>	<u>342.9</u>	<u>318.9</u>	<u>52.5</u>	<u>29.8</u>