

United States Government Other Information (Unaudited) for the Years Ended September 30, 2016, and 2015

Unexpended Balances of Budget Authority

For the past two fiscal years, the President's budget has been available before the publication date of the *Financial Report*. However, the President's Fiscal Year 2018 Budget will not be released before publication of the *Financial Report* for fiscal year 2016. The President's budget with actual unexpended balances of budget authority for fiscal year 2016 is expected to be released in February 2017. Therefore, unexpended balances of budget authority reported below reflect the amounts previously published in the 2015 *Financial Report*.

The President's budget and the federal budget process largely use a distinct administrative process of accounting, through which federal agencies control, monitor, and report on the status of funds at their disposal. Government agencies can be granted authority to enter into obligations that result in immediate or future outlays by law; this authority is known as budget authority. Unexpended balances of budget authority consist of the unobligated and obligated, but unliquidated balances.

Unobligated balances, including amounts for trust funds, are the cumulative amount of budgeted balances that are not contractually committed or bound legally by the government and that remain available for obligation. At the end of each fiscal year, unobligated balances that are still available for new obligations are carried forward to the start of the next fiscal year. Unobligated balances that are expiring (i.e., are not available for new obligation) are canceled and not carried forward to the start of the next fiscal year. The total unobligated balances as of September 30, 2015, and 2014, are \$896.0 billion and \$871.6 billion, respectively.

Obligated balances refer to the balances where there have been legally binding action but for which payment has not yet been made; however, payment will be required in the future. By law, obligated balances are either no-year, or available to pay unpaid expenses (normally for five expired years, after which the obligated balances are canceled). In no-year accounts, the unobligated balance is carried forward until specifically rescinded by law, or the head of the agency concerned or the President determines that the purposes for which it was provided have been accomplished and disbursements have not been made against the appropriation for two consecutive years. Therefore, the obligated balances that are still available are carried forward to the start of the next fiscal year. The total obligated balances as of September 30, 2015, and 2014, are \$1,413.5 billion and \$1,399.5 billion, respectively.

The President's Fiscal Year 2017 Budget (issued on February 9, 2016) is located at www.whitehouse.gov/omb and includes the actual unexpended balances of budget authority for fiscal year 2015 in the supplemental materials section under "Balances of Budget Authority."

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.

Individual Income Tax Liability for Tax Year 2014

Adjusted Gross Income (AGI)	Number of Taxable Returns (In thousands)	AGI (in millions of dollars)	Total Income Tax (in millions of dollars)	Average AGI Per Return (in whole dollars)	Average Income Tax per Return (in whole dollars)	Income Tax as a Percentage of AGI
Under \$15,000	36,377	72,237	1,968	1,986	54	2.7%
\$15,000 under \$30,000	30,212	665,587	18,657	22,031	618	2.8%
\$30,000 under \$50,000	26,072	1,021,446	56,423	39,178	2,164	5.5%
\$50,000 under \$100,000	32,221	2,303,583	201,406	71,493	6,251	8.7%
\$100,000 under \$200,000	17,501	2,361,756	297,112	134,950	16,977	12.6%
\$200,000 under \$500,000	4,979	1,419,777	276,487	285,153	55,531	19.5%
\$500,000 or more	1,245	1,926,649	525,744	1,547,509	422,284	27.3%
Total	148,607	9,771,035	1,377,797			

Corporation Income Tax Liability for Tax Year 2013

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	43,388	11,044	25.5%
\$1 under \$500	6,981	1,364	19.5%
\$500 under \$1,000	4,100	1,035	25.2%
\$1,000 under \$5,000	11,476	3,376	29.4%
\$5,000 under \$10,000	7,737	2,502	32.3%
\$10,000 under \$25,000	12,949	4,236	32.7%
\$25,000 under \$50,000	12,133	3,918	32.3%
\$50,000 under \$100,000	14,511	4,666	32.2%
\$100,000 under \$250,000	25,250	8,047	31.9%
\$250,000 under \$500,000	29,332	9,040	30.8%
\$500,000 under \$2,500,000	133,541	39,321	29.4%
\$2,500,000 or more	957,085	204,808	21.4%
Total	1,258,483	293,357	

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 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 2016	Fiscal Year 2015
Change in intragovernmental unmatched balances:		
Debt/investment.....	3.8	(32.0)
Interest payable/receivable*.....	(2.7)	1.8
Interest payable/receivable-loans and not otherwise classified* ..	6.5	-
Accounts payable/receivable capital transfers.....	(13.4)	2.8
Loans payable/receivable.....	(1.1)	(1.6)
Benefit program contributions payable/receivable.....	12.4	33.7
Accounts payable/receivable	167.6	314.4
Advances from/to others & deferred credits/prepayments.....	(301.7)	(295.6)
Transfers payable/receivable.....	14.5	24.0
Other assets/liabilities.....	1,976.1	(4,360.1)
Fund balance with Treasury.....	1,074.7	(11,961.6)
Asset for custodial and non-entity asset/liability	13,727.7	(12,065.1)
	<u>16,664.4</u>	<u>(28,339.3)</u>
Unmatched intragovernmental transactions:		
Federal securities interest revenue/expense-investment exchange	(12.5)	4.0
Borrowings interest revenue/expense-exchange	2.9	(36.4)
Borrowings gains/losses.....	(9.0)	903.7
Nonexpenditure transfers-in/out.....	2,218.1	(99.8)
Expenditure transfers-in/out.....	426.9	643.2
Nonexpenditure transfers-in/out capital transfers.....	-	5.9
Transfers-in/out without reimbursement.....	208.3	157.0
Imputed financing source/cost.....	(0.1)	(55.7)
Benefit program revenue/cost	(906.2)	(938.6)
Nonreciprocating**	(19,150.9)	58,767.6
Other non-budgetary financing sources for debt accruals/amortization**	-	-
Appropriations expended**	(361.3)	-
Appropriations used	300.3	(28,928.3)
Appropriations received/warrants issued.....	3,296.0	5,835.6
Appropriations of unavailable special or trust fund receipts transferred out/in.....	(3.0)	(0.2)
Custodial and non-entity collections transferred out/in.....	(11,445.5)	(2,886.5)
Other taxes and receipts/trust fund warrants	(2,787.6)	(2,984.6)
Accrual amounts collected/transferred in.....	5.0	(6,382.3)
Other.....	(113.7)	(772.5)
	<u>(28,332.3)</u>	<u>23,232.1</u>
Unmatched transactions and balances, net	<u>(11,667.9)</u>	<u>(5,107.2)</u>
<p>() Parentheses indicate a decrease to Net Position.</p> <p>* The fiscal year 2015 amounts for interest payable/receivable-loans and not otherwise classified are included under "Interest payable/receivable."</p> <p>** The fiscal year 2015 amounts for other non-budgetary financing sources for debt accruals/amortization and appropriations expended are included under "Nonreciprocating."</p>		

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.

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 reconciled. 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 reconcile intragovernmental transactions. The federal community considers the identification and accurate reporting of intragovernmental activity a priority.

This page is intentionally blank.