



# TaxNewsFlash

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## IRS releases “tax gap” estimates

The IRS today released a new set of “tax gap” estimates on tax years 2011, 2012, and 2013. The gross tax gap is the difference between the true tax liability for a given period and the amount of tax that is paid on time.

According to today’s IRS release—[IR-2019-159](#)—the tax compliance rate is “substantially unchanged” from prior years.

The IRS reported that:

- The average gross tax gap was estimated at \$441 billion per year based on data from tax years 2011, 2012, and 2013. After late payments and enforcement efforts were factored in, the net tax gap was estimated at \$381 billion.
- The tax gap estimates translate to about 83.6%, of taxes paid voluntarily and on time, which is in line with recent levels. The new estimate is essentially unchanged from a revised tax year 2008-2010 estimate of 83.8%.
- After enforcement efforts are taken into account, the estimated share of taxes eventually paid is 85.8% for both periods (in line with the TY 2001 estimate of 83.7% and the TY 2006 estimate of 82.3%.
- The IRS currently collects more than \$3 trillion annually in taxes, penalties, interest, and user fees. A one percentage-point increase in voluntary compliance would bring in about \$30 billion in additional tax receipts.
- Over the years, tax gap studies have “consistently demonstrated” that third-party reporting significantly raises voluntary compliance, and compliance rises even higher when income payments are also subject to withholding.

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