



UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

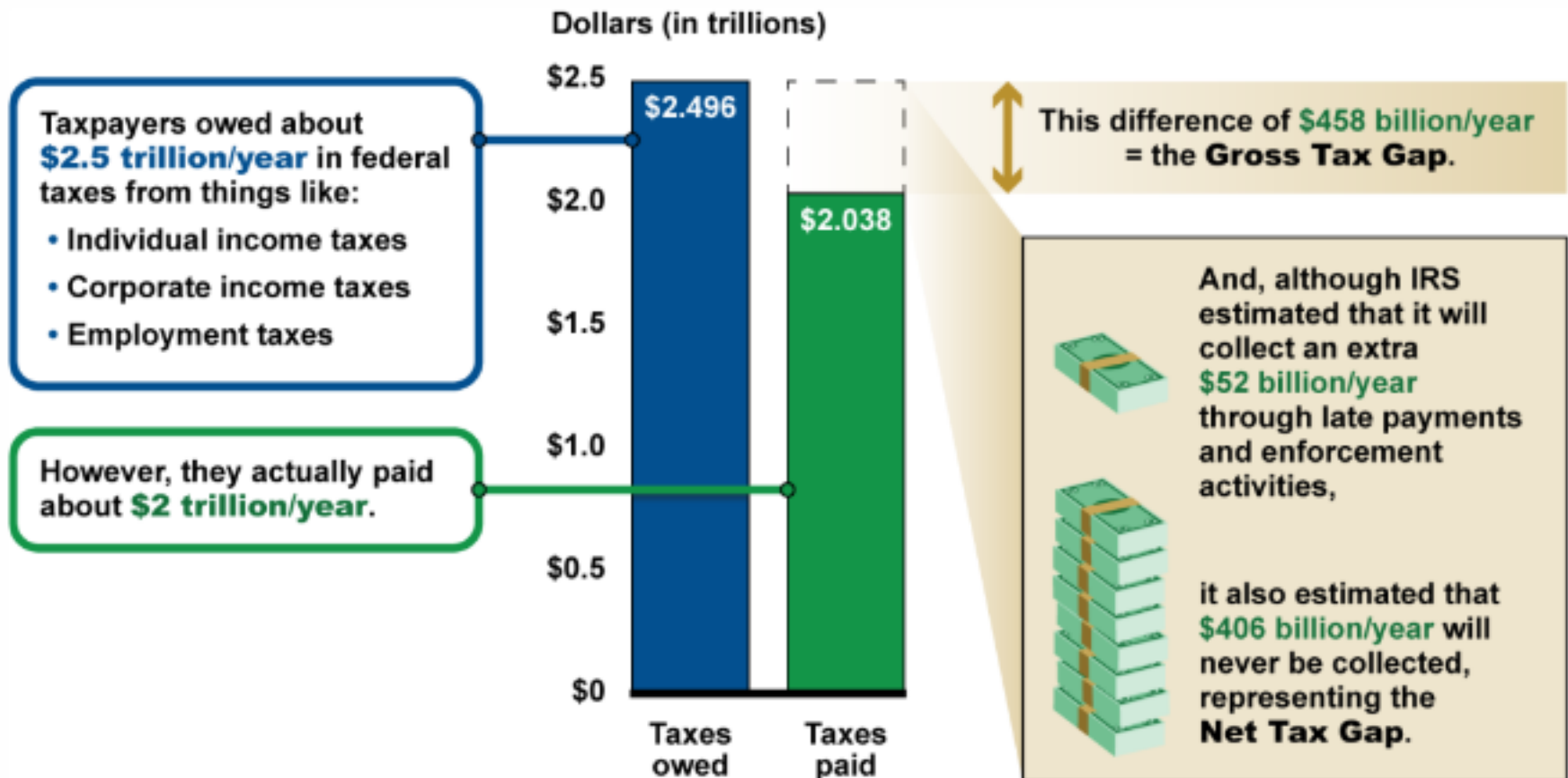
The State of Federal Tax Compliance

James McTigue, Director, Tax Issues
GAO, Strategic Issues Team



Measuring Tax Compliance

The “Tax Gap”

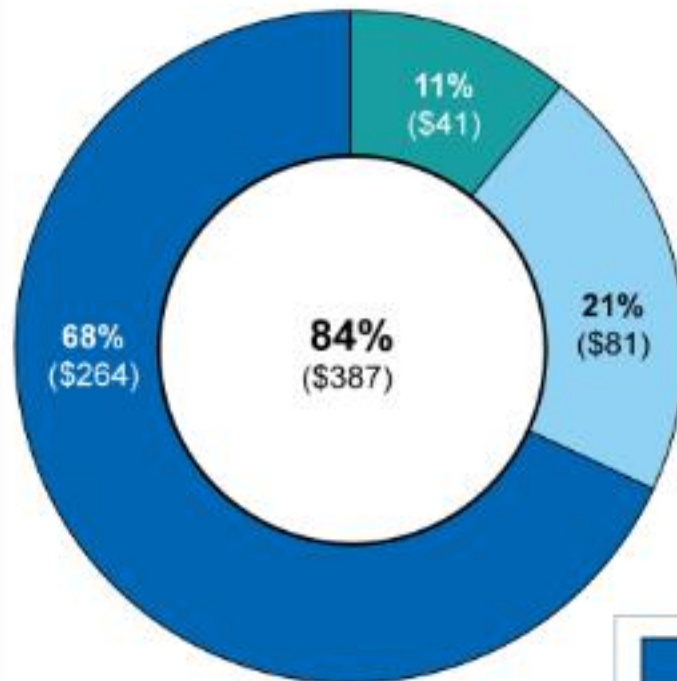


Measuring Tax Compliance

The “Tax Gap”

Underreporting

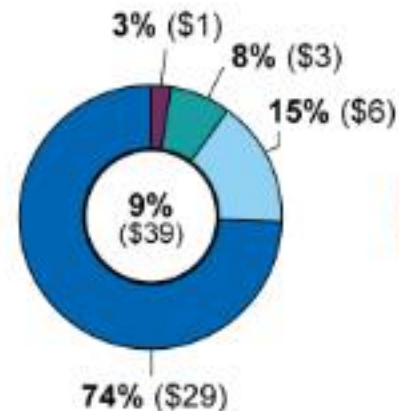
Underreporting of tax liabilities on timely filed tax returns



Dollars in Billions

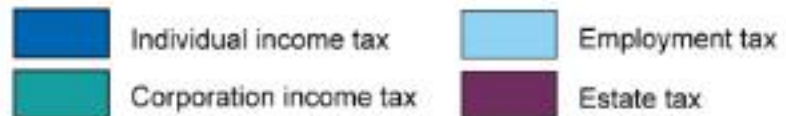
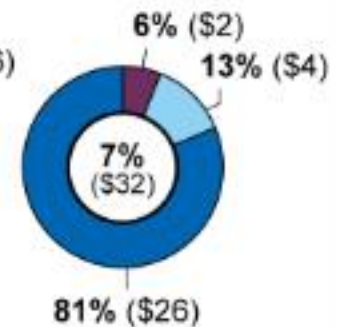
Underpayment

Underpayment of taxes due from timely filed returns



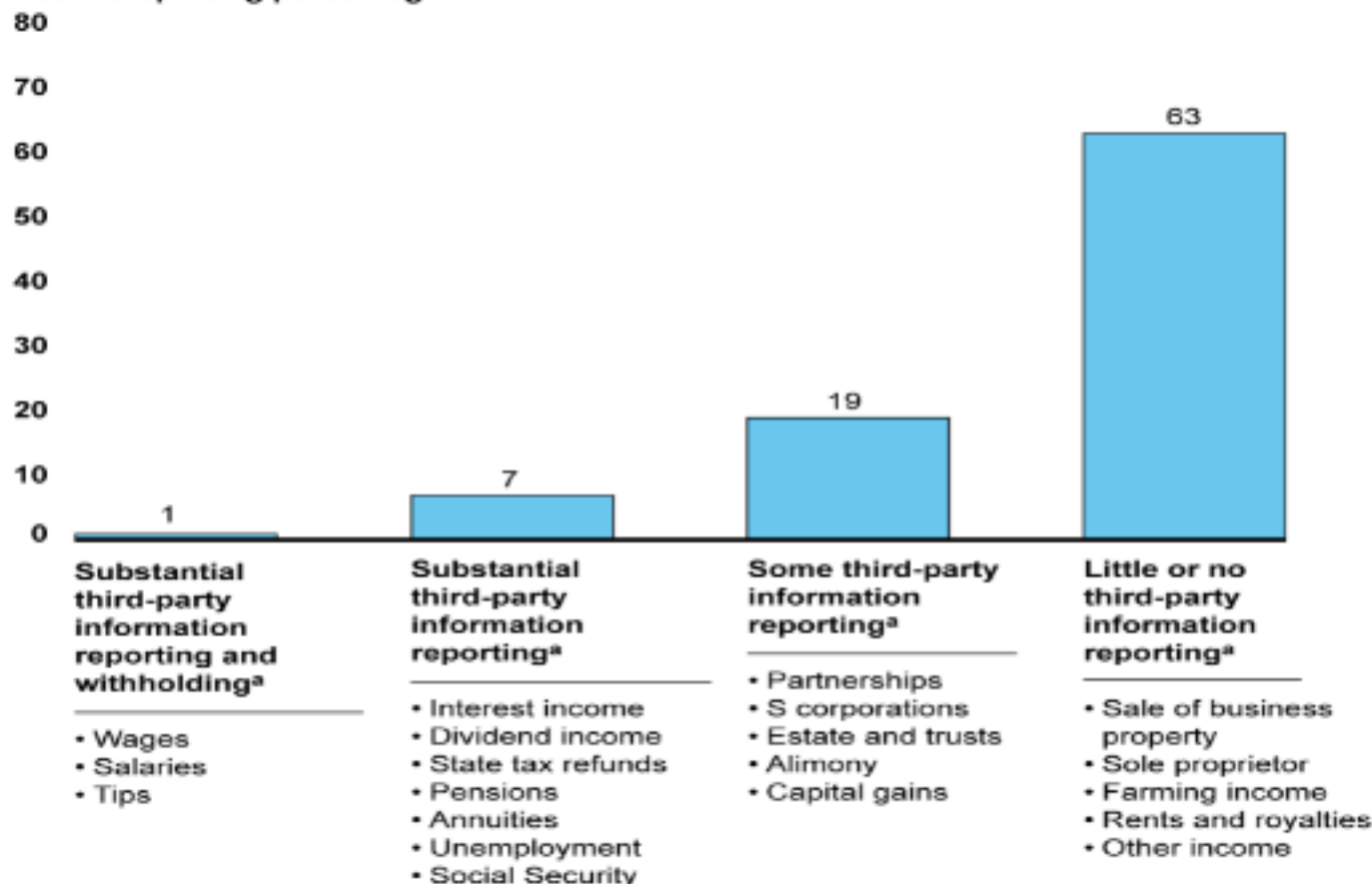
Nonfiling

When a taxpayer fails to file a required tax return altogether or on time



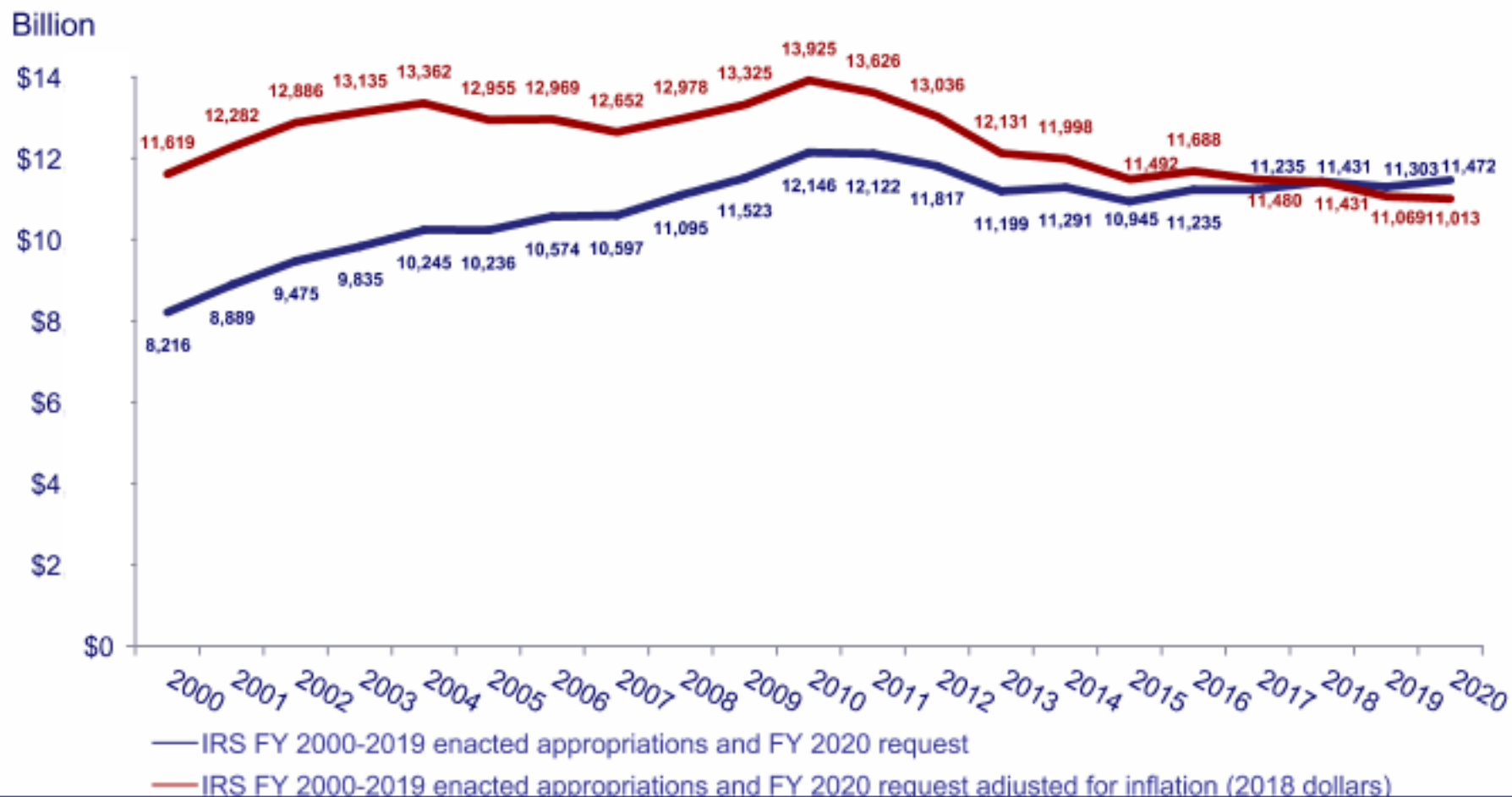
Withholding and Third-Party Reporting Enhances Compliance

Net misreporting percentage

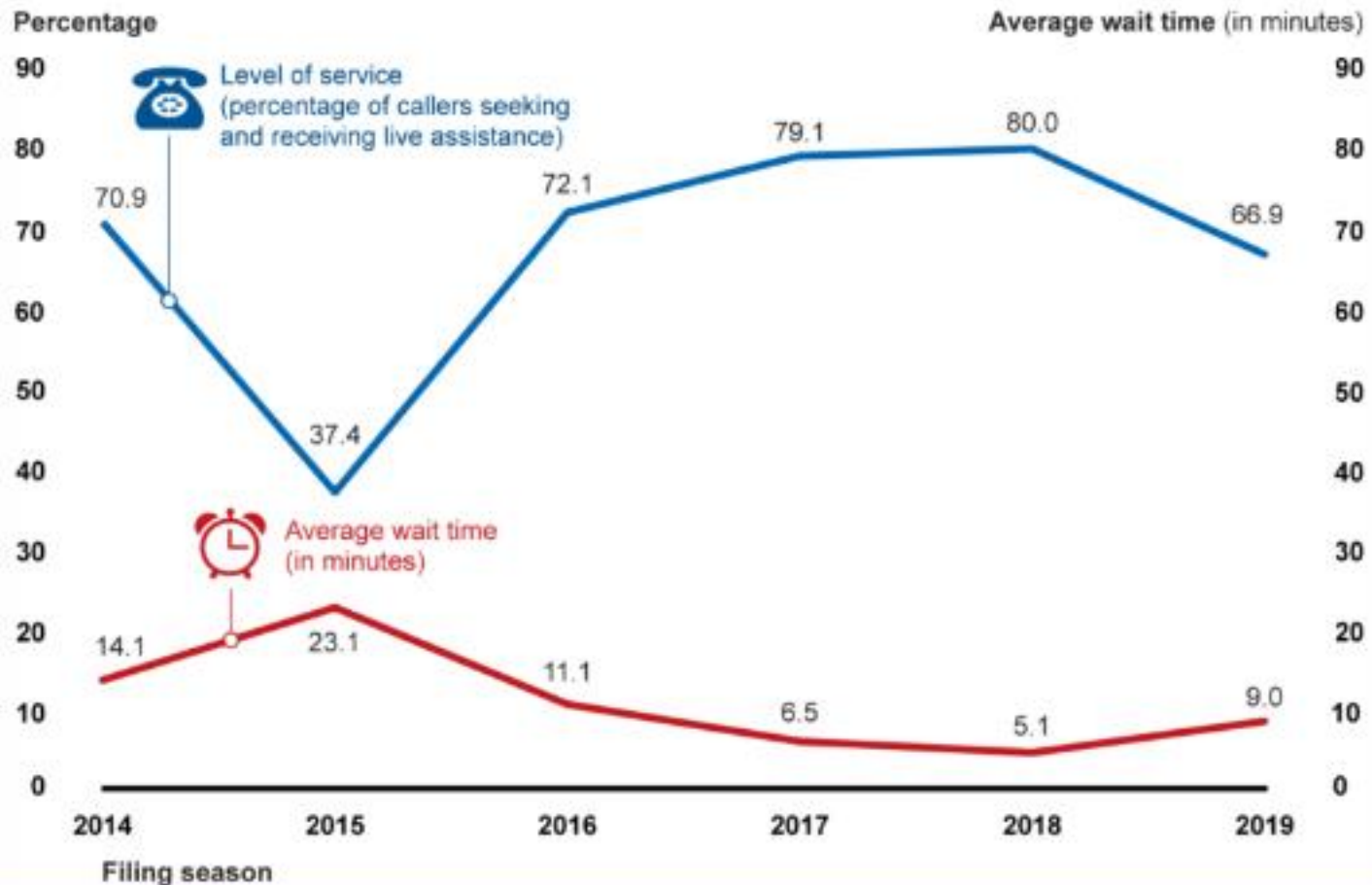


Source: GAO analysis of Internal Revenue Service (IRS) information. | GAO-19-558T

IRS Funding Has Been Reduced Since 2010



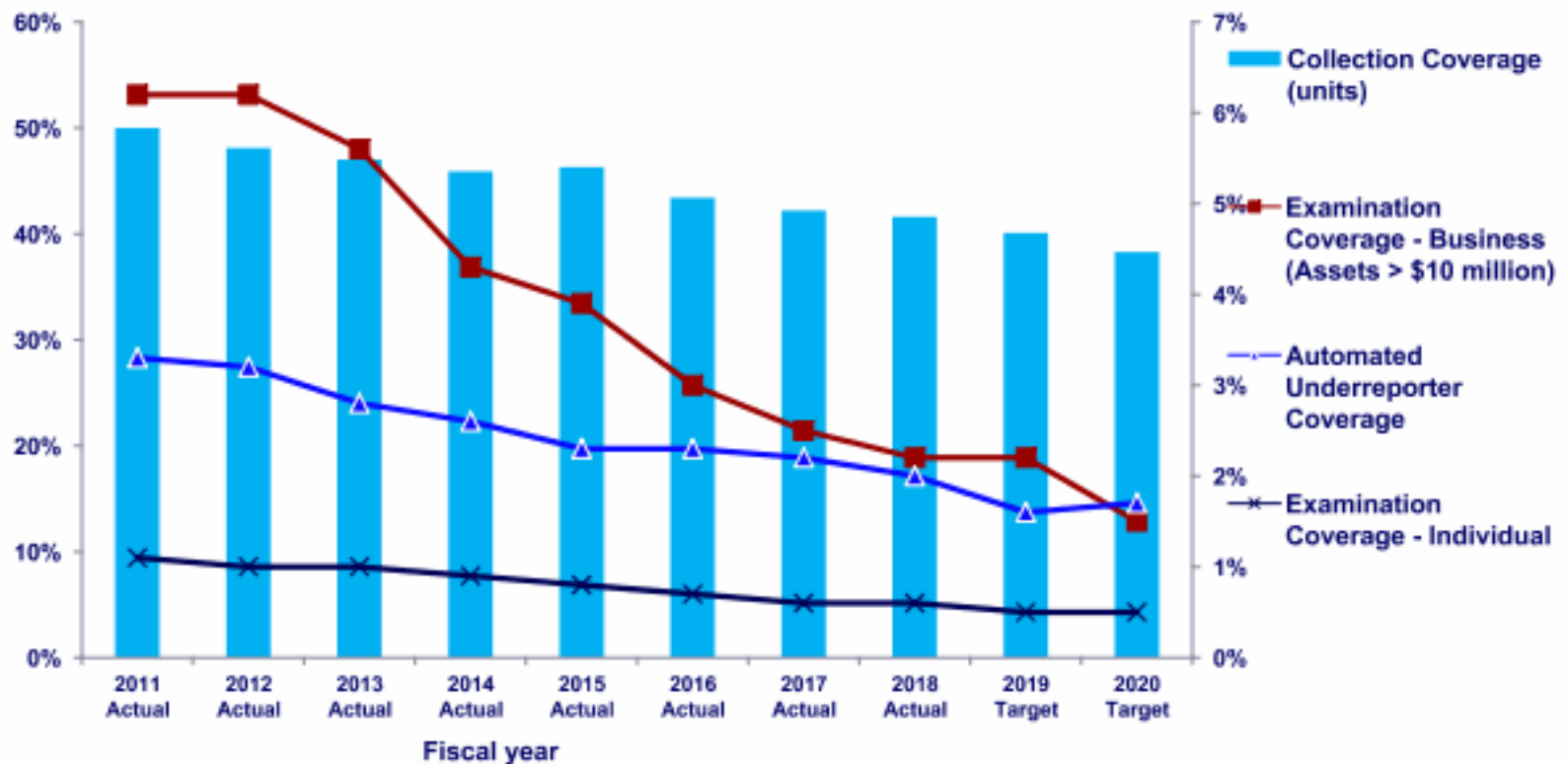
Taxpayer Service Has Been Inconsistent and Strained



Examination and Collection Rates Have Plummeted

Collection coverage

Other coverage measures



Multiple Strategies Are Needed to Reduce the Tax Gap

- Recommendations to IRS and Congress
- Tax Cuts and Jobs Act
- Taxpayer First Act



UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

The U.S. Government Accountability Office

The U.S. Government Accountability Office is an independent, nonpartisan agency that works for Congress. Often called the "congressional watchdog," GAO examines how taxpayer dollars are spent and provides Congress and federal agencies with objective, reliable information to help the government save money and work more efficiently.

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GAO, Strategic Issues Team**

