IRS's Comprehensive Approach to Compliance Measurement

by

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Background

The National Research Program (NRP) is a comprehensive effort by the IRS to measure—at a strategic level—the voluntary filing, reporting and payment compliance behaviors of U.S. taxpayers. As we pointed out in an earlier paper (Brown and Mazur, 2003), measuring taxpayer compliance for the Internal Revenue Service (IRS) is analogous to measuring the net profit for a private sector business.[1] Both are summary, bottom-line measures of the effectiveness of the organization. A company's management would have a very incomplete picture of the organization's operations without being able to compute net profits on a periodic basis. Similarly, the IRS could have a very distorted view of its operations if it did not develop up-to-date measures of taxpayer compliance.

Taxpayer compliance is a multi-faceted measure. One theoretically appealing way to define taxpayer compliance is to consider three distinct types of compliance: payment compliance; filing compliance; and reporting compliance.[2] These three mutually exclusive and exhaustive measures together provide a comprehensive look at overall taxpayer compliance, which would feed into estimates of the Tax Gap (the difference between taxes paid and taxes owed for all federal taxes and all taxpayers).

The chart in the Appendix, called the Tax Gap Map, provides a detailed look at the components of the tax gap, which for tax year 1998 was estimated at just over $280 billion,[3] along with an indication of the reliability of the estimates. There are three characteristics of the Tax Gap Map worth noting. First, definitive data exists only for a few component items, primarily the estimates of payment compliance and those for reporting compliance for the Earned Income Tax Credit and for Duplicate Dependents.[4] The other estimates all represent projections from earlier studies, primarily the Taxpayer Compliance Measurement Program (TCMP) studies done by the IRS in the 1980s and earlier. Second, these projections from dated compliance studies cannot possibly account for all the changes (tax and non-tax) that have taken place over the passing years. Therefore, the estimates should be viewed as rough guides to the magnitude of the tax gap components, despite the seeming precision of the estimates. Third, despite the imprecision of the estimates, it is likely that the largest components of the tax gap are noncompliance with the reporting requirements for the individual income tax and employment taxes. This should not be surprising given that these are the two largest components for federal tax revenue.[5]

There are very few instances of recent reporting compliance estimates, which are based on specific, targeted studies the IRS has conducted. One example is the Earned Income Tax Credit, where the IRS has conducted fairly reliable compliance studies for tax years 1997 and 1999.[6] In general, though, the most recent comprehensive studies on reporting compliance relate to tax years the late 1980s. As the IRS conducts studies of payment, filing, and reporting compliance, the estimates of tax gap components will be updated and refined and confidence in the estimates will grow.

The IRS is charged with maintaining the integrity of the federal tax system, the IRS must realize its organizational goals and strategic objectives. To meet this challenge, the IRS strategic planning and budgeting process provides a formal, structured environment for establishing strategic direction, determining resource levels to support the priorities and projects stemming from that direction, and evaluating performance results. It is both cyclical and iterative, and is dependent upon rigorous research and analysis.[7]

As part of the strategic planning process, the IRS requires regular estimates of taxpayer compliance with federal income tax laws, along with contributing factors, since patterns of noncompliance in the population can be expected to change over time. Developing these measures, and making them available on a regular basis will permit the IRS rely on the compliance measures as strategic performance indicators.

The three measures provide different views of the compliance puzzle, and when placed next to one another provide a comprehensive picture of the overall level of compliance. The filing compliance measure tracks the percent of required returns that are timely filed. The reporting compliance measure tracks the percent of true tax liability that is correctly reported. The payment compliance measure tracks the percent of reported tax that is timely paid. The remainder of this paper provides a closer examination of the specific compliance measures followed by a discussion of how the strategic compliance measures relate to existing operational measures that target enforcement of the Tax Code.

Filing Compliance

The NRP filing compliance measures will ultimately provide information about the number of U.S. taxpayers who voluntarily file their tax returns in a timely manner, as well as an estimate of the uncollected tax revenue associated with taxpayers not meeting their filing responsibilities.

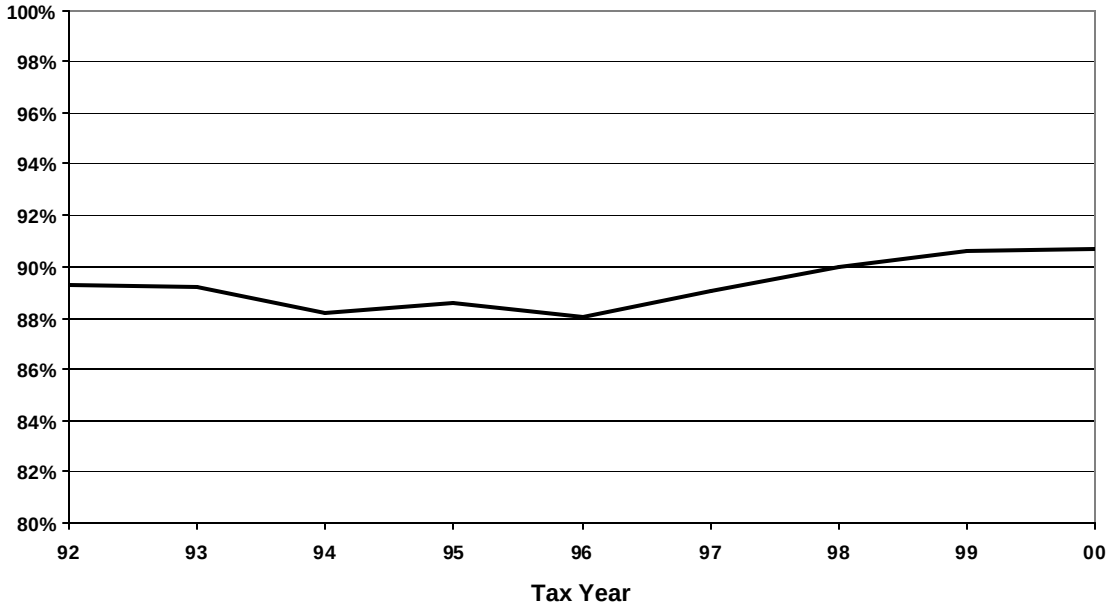
The IRS has developed two strategic filing compliance measures: the Filing Rate and the Nonfiling Tax Gap. The IRS has defined the Filing Rate as the percentage of the taxpayer population with a filing requirement that filed timely returns, while the Nonfiling Tax Gap is the dollar amount of unpaid taxes due from delinquent and non-filed returns. The two measures are somewhat complementary to one another in that the Filing Rate captures the frequency of voluntary filing compliance while the Nonfiling Tax Gap captures the dollar amount of taxes foregone attributed to filing noncompliance.

The Filing Rate calculation for individual taxpayers uses data from two sources: the Current Population Survey (CPS) from the Census Bureau and a database maintained by the IRS. The denominator (the number of those with a filing requirement) is estimated from the CPS. The numerator (the number of returns with a filing requirement that are filed timely) is estimated from IRS sources.

The Nonfiling Tax Gap is the difference between what non-files owed in tax less what they may have already paid (for example, through withholding). For individuals it will be estimated using Census and IRS data. The CPS will again be used to estimate the amount of taxes owed by taxpayers with a filing liability. The IRS data will be used to determine which taxpayers filed and how much they paid in tax if they did not file. Due to the concerns for data co-mingling, IRS will not perform this analysis and will receive only summary tables for the nonfiling estimates.

The issue of filing compliance is not trivial. As the following chart shows, the Filing Rate for individual taxpayers in tax year 2000 was estimated to be 90.7 percent. And while the Filing Rate appears to have climbed in the four most recent consecutive years[8], we estimate that more than 11 million taxpayers are either filing their returns late or not at all.

Figure 1
Individual Income Tax Filing Rates: Tax Years 1992 through 2000



The data that drives the strategic filing compliance measures have a several fairly small limitations, with the most prominent of these being the scope of coverage. The Filing Rate and Nonfiling Tax Gap are available for individual taxpayers only, and it is unlikely that we could provide a breakdown of individual filers into smaller groupings, such as small business owners or wage-earners. Data sources for tax entities other than individuals simply do not exist, and reporting inconsistencies make it difficult to determine the grouping to which a nonfiler belongs.[9]

A second limitation to the Filing Rate data is their development time. The IRS will publish the Filing Rate on an annual basis (by tax year), but each release will occur about 18 months after the end of each tax year. For example, the IRS announced the Filing Rate for tax year 2000 in October 2002.[10]

Status

The IRS has completed development of the Filing Rate measure and reports it annually at the end of each fiscal year. The Filing Rate now exists from Tax Year 1992 through Tax Year 2000. Data for Tax Year 2001 will be available at the end of September 2003.

The IRS is awaiting summary-level tables from the Non-filing Tax Gap study for 2001 to create data the measure. The IRS will have payment data for non-filers (such as withholding) to complement the Non-filing Tax Gap by the end of calendar 2003.

Payment Compliance

The IRS has developed two strategic payment compliance measures: the Voluntary Payment Compliance Rate (VPCR) and the Cumulative Payment Compliance Rate (CPCR). The IRS has defined the VPCR as the percentage of the total tax paid timely on timely filed returns relative to the total tax reported on timely filed returns, while the CPCR is defined as the percentage of tax paid on timely filed returns to a given date relative to the total tax reported on timely filed returns. The IRS designed the cumulative measure (CPCR) to account for the revenue flow associated with timely filed returns over time.[11] The two measures complement one another in that the VPCR captures the initial payment compliance of timely filers while the CPCR captures subsequent payments associated with those timely filed returns.

Both the VPCR and the CPCR use the IRS master file databases as the source of the data for their calculations. Unlike the filing and reporting compliance measures, the IRS possesses complete payment compliance data for each taxpayer and can develop payment compliance measures relying solely on internal data.

As the following Table shows, the IRS estimates that the VPCR for all taxpayers in Tax Year 2000 was 98.7 percent, up slightly from the VPCR in the two previous years. While that percentage is reasonably high, it means that business and individual taxpayers did not forward to the IRS in a timely manner more than $31 billion identified on their tax returns as the tax liability.

Table 1
Payment Compliance Rates
(Tax Gap figures are in $Millions)

	All Taxpayers All Taxes		
	1999	2000	2001
Gross Underpayment Tax Gap	$36,403	$41,156	$31,654
VPCR	98.4%	98.4%	98.7%
Net Underpayment Tax Gap After 1 Year	$14,697	$15,775	
CPCR	99.4%	99.4%	
Net Underpayment Tax Gap After 2 Years	$13,764		
CPCR	99.4%		

Because the data for the payment compliance measures cover the entire population of timely filers, the only limits on the analysis using these measures would be those associated with the reliability of the data and the programs to access the data.[12] At present, the NRP Office creates tables that report the VPCR and CPCR by IRS Operating Division, by tax year, and by type of tax to meet the IRS needs for strategic performance measures.

Status

The IRS has completed development and programming and is now generating both the Voluntary and Cumulative Payment Compliance Rates on a regular basis. The IRS has both measures for Tax Years 1999 through 2001. The preliminary VPCR for Tax Year 2002 will be available in October 2003, with the final measure available in January 2004.

Reporting Compliance

The most widely known program under NRP is a reporting compliance measurement study of individual taxpayers. NRP has designed a study that will provide the same level of reporting compliance data as the earlier Taxpayer Compliance Measurement Programs (TCMP) and will also significantly reduce burden levels of participating taxpayers.

The IRS's reporting compliance measure (the Voluntary Reporting Rate) is the proportion of tax liability accurately reported on timely filed returns. Past reporting compliance studies for the individual income tax (the last of which was conducted for tax year 1988) yielded reporting compliance estimates in the 91 percent to 92 percent range. In these previous reporting compliance studies, IRS generally reported the

Voluntary Compliance Level (VCL), which included only the amounts of tax liability under-reported in the denominator. However, note that the denominator of the VRR includes an estimate of the amount of tax misreported.[13] This refinement of the compliance measure more appropriately accounts for inadvertent over-reporting of income and, hence tax liability.

There are two categories of data sources related to reporting compliance. The first is the source of the data the IRS will use for its case building and classification exercises. The second is the source of the data the IRS will use to create the various strategic reporting compliance measures.

Case building is the process of adding information from a variety of systems and data sources (known as case building tools) to the case file, both from IRS and non-IRS sources, prior to the examiner contacting the taxpayer (if necessary). Case building allows the IRS to make maximum use of available data and to focus taxpayer contacts on items that cannot otherwise be verified. This is a key element of the approach to reduce taxpayer burden. Some examples of the information use in case building are prior year tax returns, banking reports on large cash transactions, and data on real estate transactions

Many of the case building tools to be used by NRP are not new, but have been successfully used by various areas of the IRS. What is new and unique about NRP case building is that the data sources are collectively applied to each return in the sample in a way that facilitates improved analysis and enhanced decision making by NRP examiners. These examiners all received training to understand and use these tools and have been given management support and sufficient time to maximize use of the data.[14]

The second category is that data the IRS will use to compute the VRR. The data for the strategic reporting compliance measures will come from the NRP study itself. Since access to the data is fundamental to its use, the IRS plans to ensure that the NRP results are easily accessible to analysts throughout the Service.

Obviously, the NRP reporting compliance study has numerous analytical purposes. The sample design will yield a wealth of information, but it will not provide enough data to answer all potential questions regarding individual income tax compliance, given resource and burden constraints.[15]

It is also important to realize that the last national compliance study conducted by the IRS was based on Tax Year 1988 filings, and used a substantially different method for auditing taxpayers. Furthermore, there

have been many tax law and economic changes over the past 13 years, so any analyses comparing the TY1988 and TY2001 data must be viewed with caution.

Status

The individual income tax compliance study is in full swing. The IRS has selected the entire sample of 46,860 returns, has built case files for virtually the entire sample, and has trained the classifier and examiner work forces that will conduct those aspects of the study. Classifiers had reviewed more than 42,000 returns by the end of May, and examiners had contacted more than half the study participants during that time. By early June, the IRS had closed nearly 5,000 cases, including those returns accepted at classification. The IRS expects preliminary results from the study to be available sometime in calendar year 2004.

Interaction among the Measures

The NRP strategic measures examine different aspects of compliance behavior and are designed to complement one another. The design of the measures prevents any double-counting of noncompliance in the estimate of the Tax Gap. For example, by eliminating delinquent returns from the payment and reporting compliance measures the IRS ensures that late- or non-filing issues do not affect those other measures. The three classes of compliance measures are designed to answer three questions in order.

1. Did the taxpayer file on time?

   If the answer to this question is no, the associated noncompliance is captured by the filing compliance measures. If the answer is yes, one can proceed to the next question.

2. Did the taxpayer report his/her tax liability accurately?

   If the answer to this question is no, the associated noncompliance is captured by the filing compliance measures. After determining the appropriate reporting compliance, one can proceed to the next question.

3. Did the taxpayer pay the full amount he/she reported as tax liability?

   If the answer to this question is no, the associated noncompliance is captured by the payment compliance measures.

Each form of noncompliance will affect the overall Tax Gap. The following table illustrates the relationships between the measures using a hypothetical case of ten taxpayers, each with a tax liability of

$1,000. In the baseline (optimal) case, each of the ten taxpayers is fully compliant with regard the strategic filing, reporting and payment measures. In this case there is no Tax Gap. In the next three columns, we examine the impact on the Tax Gap by three types of noncompliance in isolation, each of which leaves the overall voluntary compliance rate (the percentage of what the IRS receives in tax revenue to the total due to the IRS) at 90 percent or higher. The final column points to the impact of the Tax Gap and the overall voluntary compliance rate when these various forms of noncompliance combine. The compounding of minimal noncompliance may yield a significant drop in the overall compliance rate.

Table 2
Interaction of IRS Compliance Measures and Impacts on the Tax Gap

Baseline Case	Filing Compliance	Reporting Compliance	Payment Compliance	Cumulative Effects
Each taxpayer files and pays timely, and reports accurately	One taxpayer fails to file.	One taxpayer under reports tax liability by $150; another under reports tax liability by $300.	Three taxpayers pay only $900 of their $1,000 liability.	One nonfiler, two under reporters, three under payments
Filing Rate = 10 filed timely / 10 required to file = 100%	Filing Rate = 9/10 = 90%	Filing Rate = 10/10 = 100%	Filing Rate = 10/10 = 100%	Filing Rate = 9/10 = 90%
Voluntary Reporting Rate (VRR) = $10,000 reported / $10,000 liability = 100%	VRR = $9,000/$9,000 = 100%	VRR = $9,550/$10,000 = 95.5%	VRR = $10,000/$10,000 = 100%	VRR = $8550/$9,000 = 95.0%
Voluntary Payment Compliance Rate (VPCR) = $10,000 paid timely / $10,000 reported = 100%	VPCR = $9,000/$9,000 = 100%	VPCR = $9,550/$9,550 = 100%	VPCR = $9,7000/$10,000 = 97%	VPCR = $8,250/$8,550 = 96.7%
Treasury receives $10,000 of potential $10,000. Voluntary Compliance Rate (VCR) = $10,000/$10,000 = 100%	Treasury receives $9,000 of potential $10,000. VCR = $9,000/$10,000 = 90%	Treasury receives $9,550 of potential $10,000 VCR = $9,550/$10,000 = 95.5%	Treasury receives $9,700 of potential $10,000. VCR = $9,700/$10,000 = 97%	Treasury receives $8,250 of a potential $10,000. VCR = $8,250/$10,000 = 82.5%
Tax Gap = $0	Nonfiling Tax Gap = $1,000	Underreporting Tax Gap = $450	Underpayment Tax Gap = $300	Nonfiling Gap = $1,000 Underreporting Gap = $450 Underpayment Gap = $300 Total Tax Gap = $1,750

Uses of Strategic Compliance Measures

The primary use of these strategic measures is to provide the Commissioner and other senior IRS executives with an indication of the current state (and recent trends) of the voluntary compliance behaviors of U.S. taxpayers. The ultimate goal of the measures is to provide benchmarks against which the IRS can evaluate the effectiveness of programs designed to improve taxpayer compliance with the Tax Code.

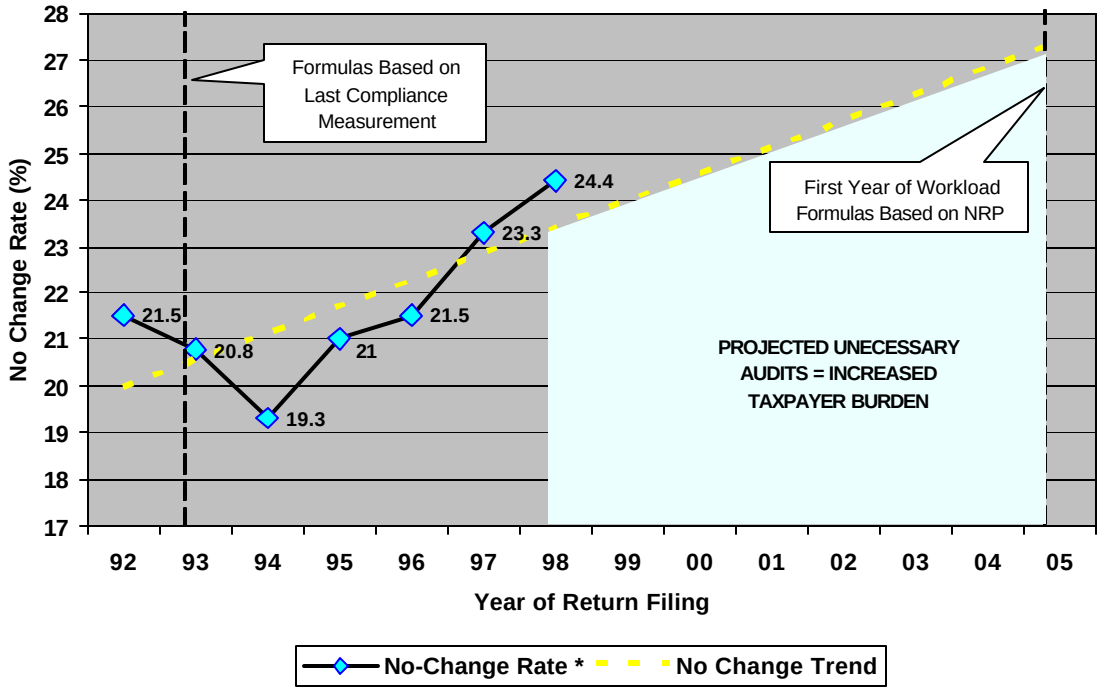
The Filing Rate and Nonfiling Tax Gap will assist IRS management in the evaluation of efforts to improve voluntary filing compliance. As the IRS undertakes specific operational filing compliance efforts, the Filing Rate and Nonfiling Tax Gap could provide a means of assessing the effectiveness of those

operational measures. However, this is predicated on developing linkages between the operational efforts and the strategic measures.

Similarly, the VPCR and CPCR will help the IRS evaluate efforts to improve voluntary payment compliance. We foresee an eventual linkage between operational payment compliance measures and these strategic measures, and when that occurs, the VPCR and CPCR could provide a means of assessing the effectiveness of those operational efforts.

The reporting compliance study of individual taxpayers has several desired outcomes or goals. One goal is to gather the sort of strategic information about taxpayer compliance behavior that will allow the IRS to better allocate its resources to enforcement and other activities. A second goal recognizes the deterioration of the workload selection formulas in use, due to the reliance on dated data. In recent years, the percentage of audits closed with no tax change has been increasing (see Figure 2 below). The increased "no change" rate means that the IRS is devoting resources to unproductive examinations and that compliant taxpayers are being unnecessarily burdened. A third goal is to collect data that will provide insight into the causes of reporting errors, to aid in providing improved taxpayer service. For example, if examinations turn up systematic compliance errors on particular items for otherwise compliant taxpayers, the IRS may be able to address the source of these errors through redesigned forms, better communications, improved taxpayer education, or perhaps even through legislative changes. Finally, a fourth goal of the individual taxpayer reporting compliance study is to develop data that can be used to update IRS estimates of the tax gap. As mentioned earlier, most of the estimates for individual tax gap components are based on old data and studies.

Figure 2
As Workload Selection Formulas Age, the Number of No-Change Audits Rise



Differences between Strategic Measures and Operational Measures

It is important to realize that the compliance measures developed as part of the NRP are strategic measures. These measures support the IRS's strategic goal of improving taxpayers' voluntary compliance with the Tax Code; as such, NRP defined the measures to focus on the voluntary nature of taxpayer compliance. These measures have a different focus than those designed to provide insight into how well the IRS does in meeting its day-to-day operating compliance obligations. These operational compliance measures concern themselves with the enforcement activities associated with compelling non-compliant taxpayers to meet their tax obligations. The two serve very different purposes.

We illustrate these differences by focusing on filing compliance, though a similar explanation would apply to the other two compliance measures. Much of the work going on in the IRS with regard to addressing concerns with filing compliance is operational in nature. These efforts are geared toward securing delinquent returns, collecting the tax due, and reducing nonfiling through various pre-filing outreaches. For example, an individual taxpayer files one year and then fails to file the following year. The IRS would try

to investigate the reasons why that taxpayer failed to file, and would take actions to collect any/all tax associated with those returns. Or, suppose a taxpayer requests an Employer Identification Number and then fails to file or pay any employment taxes. The IRS might investigate whether the taxpayer hired employees and, if so, would then pursue any employment and income taxes associated with the business.

The common threads running through each of these examples are that the IRS knew the nonfiling taxpayer, and that the IRS' efforts are targeted at contacting them as appropriate. The IRS would take similar approaches to late filers.

The primary concern of the strategic filing compliance measures, on the other hand, is not collecting taxes from late or delinquent returns. Instead, the purpose of the Filing Rate is to monitor the percentage of the taxpayer population that files timely to detect any substantial shifts. The Nonfiling Tax Gap will identify the overall shortfall in tax revenues associated with tax returns that come in late or not at all. These measures are descriptive rather than prescriptive (e.g., enforcement-oriented), and will provide the IRS with a means of evaluating efforts to educate the taxpaying public in its filing responsibilities. These strategic measures will not supplant the operational measures currently in use; hopefully, these measures will complement each other.

The major difference between the two types of measures is the population of taxpayers that they cover. Operational measures concentrate on known taxpayers, while strategic measures seek to cover the entire population—including those who are unknown to IRS. Obviously, programs intended to promote filing among those who are so far unknown to us would be radically different from programs dealing with known nonfilers and late filers. However, well-designed operational efforts should lead to improved strategic performance measures, everything else being equal. Developing linkages between operational and strategic measures will indicate how this will occur.

Summary

The National Research Program represents the commitment the IRS has made to improve the efficiency and fairness of the tax administration process. With measures of strategic compliance the IRS will be able to make more informed strategic decisions about workload allocation, resource planning and taxpayer

communication and support. These measures will also provide a benchmark against which the IRS can measure the effectiveness of programs to promote voluntary compliance with the Tax Code.

The NRP has made significant progress in the development and delivery of its strategic measures. The IRS now has Filing Rate measures for Tax Years 1992 through 2000, and Voluntary and Cumulative Payment Compliance Rates for Tax Years 1999 through 2001. Mechanisms are in place to deliver these measures on an ongoing basis. NRP is currently engaged in a significant research effort to obtain estimates of reporting compliance on individual income tax returns. Future reporting compliance studies are likely, with an initial focus on business returns, which have not been systematically studied in this way since the mid-1980s.

Endnotes

[1] This earlier paper covered some of the concepts discussed in this paper, but the intended audience was quite different.
[2] "Report to Congress on the Current State of Knowledge about Federal Tax Noncompliance," Internal Revenue Service, Department of the Treasury, February 2000, page 3.
[3] The tax gap is a portrayal of noncompliance with the Tax Code that has been estimated by the IRS. The chart in the Appendix provides a breakdown of the components of the tax gap. The Report to Congress on overall compliance referenced in footnote 2 provides an explanation of how the IRS attempts to measure the tax gap.
[4] The IRS has engaged in several research efforts examining the compliance behaviors related to these topics. The most recent Earned Income Tax Credit compliance study is "Compliance Estimates for Earned Income Tax Credit Claimed on 1999 Returns," Internal Revenue Service, Department of the Treasury, February 28, 2002.
[5] For Fiscal Year 2002, individual income tax revenue was $858 billion and employment tax revenue was $701 billion, as reported in the Budget of the United States Government, Fiscal Year 2004, Historical Tables, pages 29-30.
[6] "Compliance Estimates for Earned Income Tax Credit Claimed on 1997 Returns," Internal Revenue Service, Department of the Treasury, September 2000, and "Compliance Estimates for Earned Income Tax Credit Claimed on 1999 Returns," Internal Revenue Service, Department of the Treasury, February 28, 2002.
[7] IRS Strategic Plan (Fiscal Years 2000-2005) p. 87
[8] While the trend is upward, the IRS has not determined whether the year to year changes are statistically significant.
[9] A good example of this predicament is when proprietors fail to report any business income. These individuals may appear in IRS data to be wage earners, but will appear in Census data to be self employed. Moreover, the primary way the IRS knows that an entity (whether an individual acting as a small business or a corporation) might have an employment tax-filing requirement is when that entity requests an Employer Identification Number. Without that request, the IRS may not know whether an entity should be filing employment tax forms. Indeed, not even all entities with EINs have an employment tax-filing requirement (for example, those with no employees).
[10] The issue is the development time needed to create the data. Using IRS data on individual income tax filers as an example, the filing deadline for individual income tax is April 15, so the very earliest the IRS could sample data is approximately four months after the end of a given tax year. Taxpayers, however, can and do file for extensions, which can push the filing deadline back to October, ten months after the end of the tax year. The IRS then needs to wait for all data to enter its computer systems, which can take another two to four months. Following that, the database administrators test the data to ensure that it is correct, which can involve several additional months. In the end, the entire process takes 18 months from the close of the tax year until reliable data is ready for analysis. A similar situation exists for the capture of CPS data.
[11] The CPCR focuses only on the tax due and ignores interest and penalties.
[12] The challenge in developing these measures is not in the availability of data, but in the definitions of what is (or is not) a payment and what is (or is not) a late payment. There are many additional payments, credits, adjustments and other items that can affect reported income and reported tax on a return, and the IRS takes great pains in determining whether and how a transaction impacts the VPCR and CPCR. For example, the IRS master file database treats the Earned Income Tax Credit (EITC) as a payment that reduces the income tax that a taxpayer owes. By that definition, the EITC would appear in both the numerator and the denominator of the VPCR and the CPCR. The EITC, however, is not truly a payment of taxes, and NRP and the NHQ Office of Research decided that the best way to treat it was as a direct reduction to the total tax reported. The payment compliance calculations, then, subtract any EITC from the total tax reported on the return and then take the ratio of timely payments to the adjusted total tax reported.
[13] The amount misreported is the net of the amounts underreported and the amounts over reported.
[14] Paramount in the access and use of taxpayer data by NRP examiners is that taxpayer privacy is maintained, and that only the data necessary to help make a compliance determination be used.
[15] While a sample of nearly 47,000 individual income tax returns will provide a wealth of data, it will limit the IRS' ability to examine non-compliance in great detail. For instance, the sample will likely not yield

enough observations to provide insights to non-compliance for some specific line items, or even on some of the less frequently filed Forms. Geographic breakdowns of non-compliance may be problematic because the sample was designed to be national in scope. The data may not yield statistically reliable compliance estimates for specific industries or other groupings of individual taxpayers.

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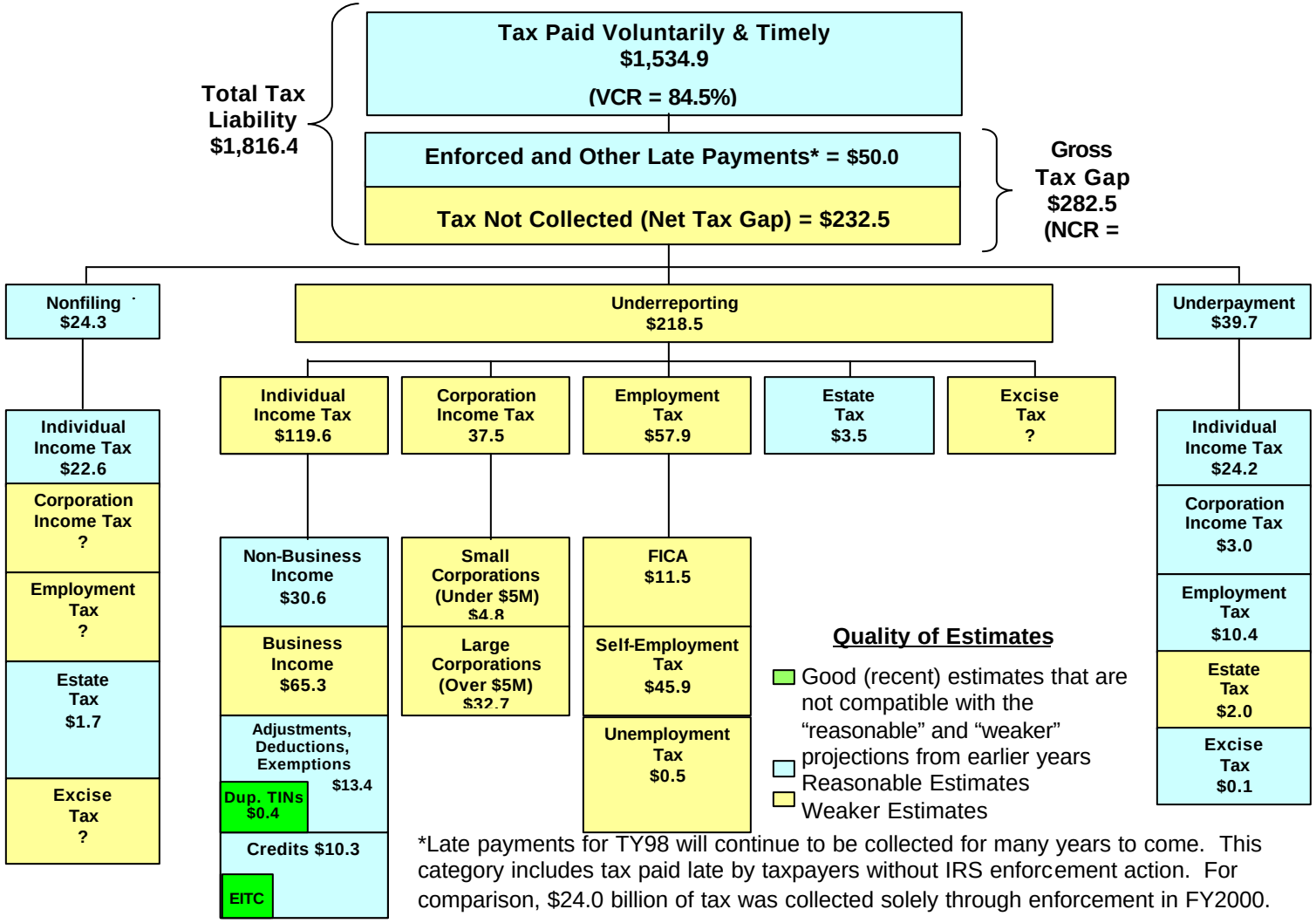
Appendix

Tax Gap Map for Tax Year 1998 *($ in Billions)*

Assumes constant compliance rates since the 1980s



*Late payments for TY98 will continue to be collected for many years to come. This category includes tax paid late by taxpayers without IRS enforcement action. For comparison, $24.0 billion of tax was collected solely through enforcement in FY2000.