

United States Government Other Information (Unaudited) for the Years Ended September 30, 2014, and 2013

Unexpended Balances of Budget Authority

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, 2014, and 2013, are \$871.6 billion and \$834.9 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 In no-year accounts, the unobligated balance is carried forward until specifically rescinded by law, or the head of the agency concerned determines that the purposes for which it was provided have been accomplished and disbursements have not been made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, 2014, and 2013, are \$1,399.5 billion and \$1,373.8 billion, respectively.

The President's Fiscal Year 2016 Budget (issued on February 2, 2015) is located at www.whitehouse.gov/omb and includes the actual unexpended balances of budget authority for fiscal year 2014 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 2012

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.....	37,096	82,510	2,290	2,224	62	2.8%
\$15,000 under \$30,000	30,519	670,097	18,787	21,957	616	2.8%
\$30,000 under \$50,000	25,325	989,413	54,739	39,069	2,161	5.5%
\$50,000 under \$100,000	31,089	2,215,015	192,091	71,248	6,179	8.7%
\$100,000 under \$200,000	15,647	2,100,003	265,391	134,211	16,961	12.6%
\$200,000 under \$500,000	4,154	1,186,751	231,596	285,689	55,753	19.5%
\$500,000 or more.....	1,098	1,856,342	423,133	1,690,658	385,367	22.8%
Total.....	144,928	9,100,131	1,188,027			

Corporation Income Tax Liability for Tax Year 2011

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	14,156	4,889	34.5%
\$1 under \$500	6,264	1,181	18.9%
\$500 under \$1,000	3,243	752	23.2%
\$1,000 under \$5,000	10,715	3,061	28.6%
\$5,000 under \$10,000	6,834	2,217	32.4%
\$10,000 under \$25,000	10,493	3,417	32.6%
\$25,000 under \$50,000	10,425	3,385	32.5%
\$50,000 under \$100,000	12,413	4,029	32.5%
\$100,000 under \$250,000	23,342	7,308	31.3%
\$250,000 under \$500,000	26,194	7,945	30.3%
\$500,000 under \$2,500,000	109,134	31,542	28.9%
\$2,500,000 or more.....	761,180	151,168	19.9%
Total.....	994,393	220,894	

Tax Gap

The tax gap is the difference between what taxpayers should pay and what they actually pay due to not filing tax returns, not paying their reported tax liability on time, or failing to report their correct tax liability. The tax gap, about \$450.0 billion based on updated fiscal year 2006 estimates, represents the amount of noncompliance with the tax laws. Underreporting of income tax, employment taxes, and other taxes represents 84 percent of the gross tax gap. 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 (i.e., 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). Of these three components, only the underpayment gap is observed; the nonfiling gap and the underreporting gap must be estimated. 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. Obviously, 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 noncompliance).

Unmatched Transactions and Balances

(in millions of dollars)	Fiscal Year 2014	Fiscal Year 2013
Change in intragovernmental unmatched balances:		
Debt/investment.....	25.2	5.5
Interest payable/receivable.....	0.7	4.9
Loans payable/receivable.....	(8.7)	(9.0)
Benefit program contributions payable/receivable	106.3	(207.3)
Accounts payable/receivable.....	(318.6)	831.2
Advances from/to others & deferred credits/prepayments	209.4	506.6
Transfers payable/receivable	10.2	(178.7)
	<u>24.5</u>	<u>953.2</u>
Unmatched intragovernmental transactions:		
Federal securities interest revenue/expense—investment exchange.....	73.5	8.8
Borrowings interest revenue/expense-exchange	(31.4)	9.4
Borrowings gains/losses.....	583.0	(19.7)
Nonexpenditure transfers-in/out	1,473.1	123.1
Expenditure transfers-in/out	(131.4)	110.3
Transfers-in/out without reimbursement.....	127.2	(537.2)
Imputed financing source/cost.....	(18.7)	(25.7)
Benefit program revenue/cost	(1,277.7)	(240.1)
	<u>797.6</u>	<u>(571.1)</u>
General fund transactions:		
Fund balance with Treasury	(5,980.5)	(2,935.2)
Appropriations of unavailable special or trust fund receipts— transfers-out/in	0.9	(48.0)
Appropriations received/warrants issued	55,219.0	19,010.9
Other taxes and receipts/trust fund warrants	(19,053.9)	(16,672.0)
Custodial and non-entity collections transferred out/in	(7,431.5)	19,767.2
Other General Fund transactions	(3,218.2)	(29,326.9)
	<u>19,535.8</u>	<u>(10,204.0)</u>
Net intra-agency reporting errors and restatements*	-	801.6
Unmatched transactions and balances, net.....	<u><u>20,357.9</u></u>	<u><u>(9,020.3)</u></u>
<p>() Parentheses indicate a decrease to Net Position. * Beginning in fiscal year 2014, amounts have been reflected above in the applicable lines.</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. In addition, included in the “General Fund Transactions” section are certain intragovernmental accounts, primarily related to agency unreconciled transactions with the General Fund. 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.

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