



BROADER COSTS OF UNPAID TAXES

Tax revenue provides funding to build and maintain infrastructure and provide services that all households rely on, such as good schools, health care, public safety, parks, and roads and bridges. These services help create and maintain strong communities and have a direct impact on quality of life for all community members.²⁵ When tax revenues fall short, it affects both ALICE and the broader community:

- When workers delay or avoid paying taxes, it can bring unwanted and compounding financial penalties, and a long-term negative impact on credit, putting the worker, and their families, in an even more precarious financial situation. This is particularly challenging for ALICE families, who already have a hard time meeting their expenses and have no accumulated savings to draw from.
- When taxes go unpaid, it's harder for the government to invest in public services, including those that will help support and provide opportunities for low income families. In 2016, the Internal Revenue Service estimated gross tax gap – difference between what tax payers owed and what they paid - for tax years 2008-2010 was more than \$400 billion.²⁶
- When the tax revenue falls short, taxpayers must pay more to cover the shortfall and the cost of the collection efforts.²⁷

Source

²⁵ Topos (2016, March) Taxlandia Project Summary, (2016, March). Retrieved from <https://www.topospartnership.com/wp-content/uploads/2016/04/Taxlandia-Project-Summary.pdf>

²⁶ U.S. Government Accountability Office (U.S. GAO). (2019, May 9). Tax gap: Multiple strategies are needed to reduce noncompliance. Retrieved from <https://www.gao.gov/products/GAO-19-558T>

²⁷ Who Pays: A Distributional Analysis of the Tax Systems in All 50 States <https://itep.org/whopays/>

U.S. Government Accountability Office (U.S. GAO). (2012, September 10). Federal tax debts: Factors for considering a proposal to report tax debts to credit bureaus. Retrieved from <http://www.gao.gov/products/GAO-12-939>



Asset Limited, Income Constrained, Employed