

Table 26. Civil Penalties Assessed and Abated, by Type of Tax and Type of Penalty, Fiscal Year 2020

[Money amounts are in thousands of dollars]

Type of tax and type of penalty	Civil penalties assessed [1]		Civil penalties abated [2]		% of Total Civil Penalties	
	Number	Amount	Number	Amount		
	(1)	(2)	(3)	(4)		
Civil penalties, total	40,509,512	31,370,740	3,824,582	23,881,496		
Individual and estate and trust income taxes:						
Civil penalties, total [3]	33,976,400	14,100,811	2,729,818	1,701,166	83.873%	
Accuracy [4]	422,972	842,606	33,903	171,177		
Bad check	1,083,365	99,437	194,907	20,959		
Delinquency	2,431,105	3,260,209	274,651	760,473		
Estimated tax	10,715,948	2,584,316	222,858	102,431		
Failure to pay	19,319,073	7,137,998	2,003,195	634,706		
Fraud	1,330	113,034	129	6,615		
Other [5]	2,607	63,210	175	4,804		
Partnership income taxes:						
Civil penalties, total	349,534	2,464,824	162,077	2,238,175		0.863%
Bad check	725	31	d	d		
Delinquency	348,805	2,464,694	159,937	2,213,537		
Estimated tax	0	0	0	0		
Failure to file electronically	d	d	42	18,674		
Failure to pay	d	d	d	d		
Failure to provide information [6]	d	d	2,043	5,940		
Other [5]	0	0	0	0		
Corporation income taxes:						
Civil penalties, total [7]	587,511	1,429,504	160,133	1,198,210	1.450%	
Accuracy [4]	2,423	53,964	d	d		
Bad check	11,111	16,909	1,281	9,856		
Delinquency	51,682	356,495	94,318	486,925		
Estimated tax	235,454	395,982	9,221	211,526		
Failure to pay	286,725	589,311	54,181	468,629		
Fraud	59	8,932	d	d		
Other	57	7,910	831	2,143		
S corporation income taxes:						
Civil penalties, total	441,286	635,766	58,678	62,981	1.089%	
Bad check	0	0	0	0		
Delinquency	438,681	633,174	58,456	62,441		
Estimated tax	1,367	1,130	0	0		
Failure to file electronically [8]	0	0	0	0		
Failure to pay	1,238	1,461	222	540		
Failure to provide information	0	0	0	0		
Other	0	0	0	0		
Employment taxes:						
Civil penalties, total [9]	4,341,094	6,090,902	576,514	16,849,500	10.716%	
Accuracy [4]	1,027	2,955	d	d		
Bad check	288,860	49,460	15,395	21,244		
Delinquency	577,228	752,352	63,250	280,168		
Estimated tax	8,030	27,133	809	4,437,782		
Failure to pay	2,430,338	1,151,115	301,504	1,134,454		
Federal tax deposits	1,035,480	4,106,008	195,519	10,975,550		
Fraud	74	1,119	0	0		
Other	57	761	d	d		
Excise taxes and tax-exempt organizations and trusts:						
Civil penalties, total [10]	627,708	496,208	112,095	172,810	1.550%	
Accuracy [4]	429	24,925	53	127		
Bad check	6,901	1,986	269	1,188		
Daily delinquency [11]	36,584	136,826	21,411	85,666		
Delinquency	196,969	43,405	14,775	17,561		
Estimated tax	11,012	3,696	303	567		
Failure to pay	360,637	98,964	68,137	11,316		
Federal tax deposits	1,142	17,975	317	10,552		
Fraud	33	2,198	0	0		
Other	14,001	166,233	6,830	45,833		
Estate and gift taxes:						
Civil penalties, total [12]	3,043	1,211,955	1,927	591,307	0.008%	
Accuracy [4]	47	34,526	d	d		
Bad check	11	79	d	d		
Delinquency	1,075	1,089,425	679	563,023		
Failure to pay	1,858	85,302	1,205	26,482		
Fraud	0	0	0	0		
Other	52	2,624	38	900		
Nonreturn penalties [13]	162,956	4,540,771	25,540	1,007,547		

d—Not shown to avoid disclosure of information. However, the data are included in the appropriate totals.

[1] Assessments of penalties included here were recorded in Fiscal Year 2020 regardless of the tax year to which the penalties may apply.

[2] Abatements of penalties included here were recorded in Fiscal Year 2020 regardless of the tax year to which the penalties may apply. An abatement is a reduction of assessed penalties. The IRS may approve an abatement of a penalty for: IRS error; reasonable cause; administrative and collection costs not warranting collection of penalty; discharge of penalty in bankruptcy; and the IRS's acceptance of partial payment of assessed penalty. Numbers and amounts represent only the portion of assessed penalties that were abated.

[3] Represents penalties associated with the Form 1040 series (individual income tax return series) and Form 1041 (estate and trust income tax return).

[4] Represents penalties for negligence; substantial understatement of income tax; substantial valuation misstatement; substantial understatement of pension liabilities; substantial estate or gift tax valuation understatement (under Internal Revenue Code section 6662); understatement of reportable transactions (under Internal Revenue Code section 6662A); and underpayment of stamp tax (under Internal Revenue Code section 6653).

[5] Represents penalties related to failure to supply taxpayer identification number and failure to report tip income.

[6] Represents penalties associated with failure to provide information on Forms 1065 (partnership return) or 8752 (required payment or refund for a partnership under Internal Revenue Code section 7519), or failure to file electronically Form 1065-B (large partnership return).

[7] Represents penalties associated with the Form 1120 series (corporation income tax return series) and Form 990-T (tax-exempt organization unrelated business income tax return).

[8] Represents penalties associated with failure to file electronically on Forms 1120-S or 8752 (required payment or refund for an S corporation under Internal Revenue Code section 7519).

[9] Represents penalties associated with Forms 940 (employer's Federal unemployment tax return); 941 (employer's tax return for income and Social Security taxes withheld for other than household and agricultural employees); 943 (employer's tax return for agricultural employees); 944 (employer's tax return); 945 (tax return for withheld income tax from nonpayroll distributions); 1040, Schedule H (household employment taxes); 1042 (tax return of withheld income tax on U.S.-source income of foreign persons); and CT-1 (railroad retirement tax return).

[10] Represents penalties associated with Forms 11-C (occupational tax and registration for wagering return); 720 (excise tax return); 730 (excise tax return for wagering); 990 (tax-exempt organization information return); 990-PF (private foundation return); 1041-A (information return of charitable contribution deductions by certain trusts); 2290 (heavy highway vehicle use tax return); 4720 (excise tax return of charities and other persons); and 5227 (split-interest trust information return); and 8886-T (disclosure by tax-exempt entity regarding prohibited tax shelter transaction).

[11] Represents penalties under Internal Revenue Code sections 6652(c)(2)(A) and (B) related to tax-exempt organizations or trusts. Penalties are assessed on a daily basis for failure to file Forms 990 (tax-exempt organization information return); 1041-A (information return of charitable contribution deductions by certain trusts); 5227 (split-interest trust information return); or 8886-T (disclosure by tax-exempt entity regarding prohibited tax shelter transaction).

[12] Represents penalties associated with Forms 706 (estate tax return) and 709 (gift tax return).

[13] Represents various penalties assessed and abated for a wide range of noncompliant behaviors, such as noncompliance related to tax return preparers and to information returns (e.g., Forms 1099, W-2, 3520-A, 8027, and 8300), as well as aiding and abetting; frivolous return filings; and misuse of dyed fuel. Also includes trust fund recovery penalties. Withheld income and employment taxes, including Social Security taxes, railroad retirement taxes, or collected excise taxes, are collectively called trust fund taxes because employers actually hold the employee's money in trust until they make a Federal tax deposit in that amount. Trust fund recovery penalties are assessed when these employment taxes are not collected, accounted for, and paid timely. The amount of trust fund recovery penalties credited in Fiscal Year 2020 was \$628,107,771 and is included in the amount abated.

NOTES:

Detail may not add to totals because of rounding.

Due to the Covid-19 pandemic, the IRS suspended most collection activities, including assessing many penalties, from March 30, 2020, through July 15, 2020, in order to provide relief to taxpayers and to ensure the health and safety of both taxpayers and IRS employees. Additionally, the closure of IRS offices and service centers led to delays in timely processing of checks or forms received by mail. To provide fair and equitable treatment, IRS provided relief from some penalties

SOURCE: Chief Financial Officer, Custodial Financial Management.