

Highlights of [GAO-13-479](#), a report to congressional requesters

Why GAO Did This Study

By one measure, tax expenditures resulted in an estimated \$1 trillion of revenue forgone by the federal government in fiscal year 2011. GAO has recommended greater scrutiny of tax expenditures, as periodic reviews could help determine how well specific tax expenditures achieve their goals and how their benefits and costs compare to those of other programs with similar goals. To assist with this, GAO recently issued a guide ([GAO-13-167SP](#)) for evaluating the performance of tax expenditures. GAO was asked to identify data needed for evaluating tax expenditures and its availability. This report: (1) determines the information available from IRS for evaluating tax expenditures; and (2) compares, for a few case studies, the information identified by federal agencies for evaluating outlay programs with similar purposes to tax expenditures. To address these objectives, GAO analyzed 173 tax expenditures, and information from IRS tax forms, federal agency performance reports, and prior GAO reports.

What GAO Recommends

GAO made no recommendations in this report. IRS provided technical comments that were incorporated as appropriate.

View [GAO-13-479](#). For more information, contact James R. White at (202) 512-9110 or whitej@gao.gov.

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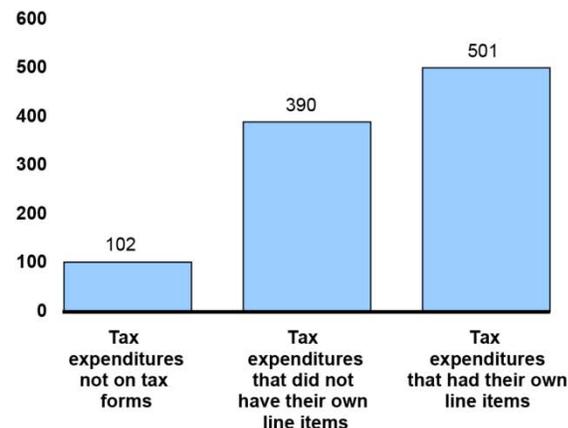
TAX EXPENDITURES

IRS Data Available for Evaluations Are Limited

What GAO Found

Internal Revenue Service (IRS) data are not sufficient for identifying who claims a tax expenditure and how much they claim for \$492 billion or almost half the dollar value of all tax expenditures that GAO examined. Such basic data are not available at IRS for tax expenditures because they do not have their own line item on a tax form. This included \$102 billion of tax expenditures that were not on tax forms, such as the exclusion of interest on life insurance savings, and \$390 billion of tax expenditures that were on tax forms but did not have their own line items, such as the credit for holding clean renewable energy bonds which is aggregated with other credits on a single line item.

Tax Expenditures on Tax Forms by Estimated Dollar Amount, Fiscal Year 2011
Dollars in billions



Source: GAO analysis of IRS tax forms and Treasury tax expenditure amounts.

In four cases in which the Office of Management and Budget (OMB) identified outlay programs and comparable tax expenditure programs that shared similar purposes, the related agencies produced performance measures and goals only for the outlay programs and not for the comparable tax expenditures. For example, OMB identified the Alternative Technology Vehicle Credit as having a comparable purpose to the Department of Energy (DOE) Vehicle Technologies outlay program—both are intended to create more fuel efficient modes of transportation. DOE produced a performance measure and goal for the outlay program—petroleum consumption reduced by 570 million gallons per year by 2011—as required under the provisions of the Government Performance and Results Act of 1993 and the Government Performance and Results Act Modernization Act of 2010. However, DOE did not produce measures and goals for the comparable tax expenditure as neither act requires DOE or other federal agencies to do so. Although IRS is responsible for administering these tax expenditures, it is required by law, unless otherwise directed by Congress, to collect only data which are required for administration of the tax code. GAO has recommended that the agencies responsible for tax expenditures be identified and the lack of credible performance data be addressed.