

Of the total number of Rhode Island tax returns with a Shared Responsibility Payment (“Penalty”), what portion is attributable to various adjusted gross income brackets?

Adjusted Gross Income	2014	2015	PP Change
Under \$1	0.4%	**	-
\$1 - \$10,000	5.1%	0.6%	-4.5
\$10,000 - \$25,000	44.7%	39.4%	-5.2
\$25,000 - \$50,000	37.4%	43.3%	5.9
\$50,000 - \$75,000	8.2%	11.0%	2.8
\$75,000 - \$100,000	2.3%	3.3%	1.0
\$100,000 - \$200,000	1.5%	2.2%	0.6
\$200,000 - \$500,000	0.3%	0.3%	0.0
\$500,000 - \$1,000,000	0.0%	0.0%	0.0
\$1,000,000+	**	**	-
Total*	100.0%	100.1%	-

* Totals may not sum to 100.0% due to rounding.
 ** Not shown to avoid disclosure of information about specific taxpayers. However, the data are combined with data in an adjacent size class, as appropriate, and included in the appropriate totals.

SOURCE: IRS, Statistics of Income Division, Individual Master File System, August 2016; RIPEC calculations.

Adjusted Gross Income	2014	2015	PP Change
<\$1 - \$10,000**	5.5%	0.6%	-4.9
\$10,000 - \$25,000	44.7%	39.4%	-5.2
\$25,000 - \$50,000	37.4%	43.3%	5.9
\$50,000 - \$75,000	8.2%	11.0%	2.8
\$75,000 - \$100,000	2.3%	3.3%	1.0
\$100,000 - \$200,000	1.5%	2.2%	0.6
\$200,000 - \$500,000	0.3%	0.3%	0.0
\$500,000+**	0.0%	0.0%	0.0
Total*	100.0%	100.1%	-

* Totals may not sum to 100.0% due to rounding.
 ** "\$1 - \$10,000" was combined with "\$10,000 - \$25,000" and "\$500,000 - \$1,000,000" was combined with "\$1,000,000+" due to small sample size.

SOURCE: IRS, Statistics of Income Division, Individual Master File System, August 2016; RIPEC calculations.

- Tax filers making less than \$50,000 per year in adjusted gross income account for the vast majority of the penalties in Rhode Island (87.6% in 2014 and 83.3% in 2015)
- Between 2014 and 2015 there was a shift in the distribution of penalties from lower-income tax filers to middle-income tax filers
 - Between 2014 and 2015, the portion of penalties attributable to tax filers making less than \$25,000 declined by 10.2 percentage points
 - The portion of penalties attributable to tax filers in the \$25,000-\$50,000 bracket increased by 5.9 percentage points, and the portion attributable to those in the \$50,000-\$75,000 bracket increased by 2.8 percentage points

Of the total dollars Rhode Island tax filers paid in penalties, what portion is attributable to various adjusted gross income brackets?

Adjusted Gross Income	2014	2015	PP Change
Under \$1	0.2%	**	-
\$1 - \$10,000	2.5%	0.4%	-2.1
\$10,000 - \$25,000	23.2%	24.9%	1.7
\$25,000 - \$50,000	38.6%	39.1%	0.5
\$50,000 - \$75,000	16.7%	17.7%	1.0
\$75,000 - \$100,000	7.2%	7.5%	0.3
\$100,000 - \$200,000	7.5%	7.7%	0.2
\$200,000 - \$500,000	2.9%	2.2%	-0.7
\$500,000 - \$1,000,000	1.1%	0.5%	0.0
\$1,000,000+	**	**	-
Total*	100.0%	100.0%	-

* Totals may not sum to 100.0% due to rounding.
 ** Not shown to avoid disclosure of information about specific taxpayers. However, the data are combined with data in an adjacent size class, as appropriate, and included in the appropriate totals.

SOURCE: IRS, Statistics of Income Division, Individual Master File System, August 2016; RIPEC calculations.

Adjusted Gross Income	2014	2015	PP Change
<\$1 - \$10,000**	2.7%	0.4%	-2.3
\$10,000 - \$25,000	23.2%	24.9%	1.7
\$25,000 - \$50,000	38.6%	39.1%	0.5
\$50,000 - \$75,000	16.7%	17.7%	1.0
\$75,000 - \$100,000	7.2%	7.5%	0.3
\$100,000 - \$200,000	7.5%	7.7%	0.2
\$200,000 - \$500,000	2.9%	2.2%	-0.7
\$500,000+**	1.1%	0.5%	-0.6
Total*	100.0%	100.0%	-

* Totals may not sum to 100.0% due to rounding.
 ** "Under \$1" was combined with "\$1 - \$10,000" and "\$500,000 - \$1,000,000" was combined with "\$1,000,000+" due to small sample size.

SOURCE: IRS, Statistics of Income Division, Individual Master File System, August 2016; RIPEC calculations.

- Tax filers making less than \$50,000 per year in adjusted gross income account for almost two-thirds of Rhode Island’s total penalty dollars (64.5% in 2014 and 64.4% in 2015).
- Between 2014 and 2015, there was a shift in the distribution of penalty dollars paid by tax filers from both the upper- and lower-income brackets towards the middle-income brackets
 - The portion of penalty dollars paid by filers making less than \$10,000 per year declined by 2.3 percentage points
 - The portion of penalty dollars paid by filers making \$200,000 or more per year declined by 1.3 percentage points
 - The portion of penalty dollars paid by filers with income between \$10,000 and \$200,000 increased by 3.7 percentage points
 - The largest increases occurred in the \$10,000-\$25,000 bracket (1.7 percentage points) and the \$50,000-\$75,000 bracket (1.0 percentage point)