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taxes, the fear of that potential is a strong factor that keeps most taxpayers on the level, according to a new report from WalletHub, a financial management and information website for consumers.

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Although the actual risk is very low that most Americans will face an IRS audit of their taxes, the fear of that potential is a strong factor that keeps most taxpayers on the level, according to a new report from WalletHub, a financial management and information website for consumers.

The potential penalties, interest, back taxes and possibly jail time are also significant motivators, of course. But according to the study, individual taxpayers only face about a 1 percent chance of being audited, which has dropped significantly over the past few years. However, while the number of IRS agents assigned to audits and investigations has also declined since 2010, during the past 10 years the number of Americans sentenced to prison for tax crimes has increased more than 117 percent.

Other notable findings:

- For both consumers and corporations, the smaller the income, the higher the rate of tax evasion.
- - Audited consumers who make less than \$200K pay 83% higher penalties (as a percentage of adjusted gross income) than people making more than \$200K.
  - Audited corporations that earn \$250K – \$1M pay more than 11-times higher penalties (as a percentage of adjusted gross income) than corporations earning \$10M – \$50M.

- Individual taxpayers have a 1% chance of being audited. The individual audit rate

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those who make \$25,000 – \$100,000.

- Corporations with more than \$20 billion in annual revenue are 11,300% more likely to be audited than companies with less than \$250,000 in revenue.
- 11% of individual audits result in no additional tax obligation, compared to 28% of small business audits and 27% of large corporation audits.

The full report can be read [on WalletHub.com](#).

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