

# Projections of Returns To Be Filed in Calendar Years 2001-2008

Data Release

According to the most recent projections of tax return filings made by the Internal Revenue Service (IRS), the grand total of all tax returns filed in Calendar Year (CY) 2002 will be 232.0 million. This number is expected to increase at an approximate rate of 1.5 percent annually through CY 2008. By 2008, the number of return filings should reach 254.5 million. The individual income tax return volume, which makes up the largest component of the grand total, is expected to be 132.7 million in CY 2002, and grow at an average annual rate of 1.5 percent before reaching 145.3 million in CY 2008.

These projections, along with all other major IRS tax return forecasts, are presented in Table 1. They are made by IRS research staff under the National Headquarters Office of Research, Analysis, and Statistics of Income. The IRS uses these projections in planning, budgeting, and resource allocation decisions, as well as for other information and analysis needs.

Table 1 presents annual projections by major form type through CY 2008. Generally, the CY 2001 figures represent estimates based on return filings through August 2001, while the CY 2002--2008 forecasts are produced with econometric models. The "grand total" figure is a summation of "total primary returns" and "supplemental documents." "Total primary returns" contain the bulk of the IRS returns processing workload and include the three largest return categories: individual income tax returns, employment tax returns, and individual estimated tax payment vouchers. These three form types account for over 93 percent of the "total primary returns." For CY 2002, the IRS forecasts approximately 214.4 million "total primary returns" to be filed, a 1.2-percent increase over the estimated CY 2001 volume. The IRS projects "total primary returns" to continue to grow at a 1.3-percent average annual growth rate through CY 2008. "Supplemental documents" consist mainly of amended returns and requests for filing extensions by individuals and corporations. These are expected to increase an average of 3.9 percent per year through CY 2008.

"Total individual returns" include paper and electronic versions of the individual income tax returns (Forms 1040, 1040A, and 1040EZ, as well as Forms 1040NR, 1040 PR, and 1040SS). These volumes will grow 1.5 percent annually through CY 2008, on average. The electronic returns within this category include filings by tax practitioners, self-prepared returns filed electronically "online," and TeleFile. (Returns filed via TeleFile are transmitted by the taxpayer using a touch-tone telephone. Filers of Form 1040EZ can opt to use TeleFile in lieu of a paper return.)

"Individual estimated tax, Form 1040ES" is the second of the three largest categories within the "total primary returns." These forms are filed by taxpayers who wish to make advanced payments, and who expect their withholding and other credits to be less than 90 percent of their tax for the year. Approximately 38.0 million estimated quarterly tax vouchers are expected in CY 2002.

The third major group, "employment tax" returns, includes an assortment of returns employers are required to file--most notably Form 940 (unemployment compensation) and Form 941 (employers' quarterly Federal tax). Employment return volumes also include various non-paper media--namely electronic ("e-file"), TeleFile, and magnetic tape.

Common factors used in preparing IRS form volume forecasts are recent filing patterns, economic and demographic historical and forecast trends (provided by Data Resources, Inc.--Wharton Econometric Forecasting Associates), enacted legislation, and planned administrative changes. A variety of statistical methods are employed in the forecasts' production, including regression analysis, weighted moving averages, and other time series models incorporating historically observed growth rates. In some cases, "off-model adjustments" are also factored into the forecasts to account for legislative or administrative changes not captured by the above-mentioned statistical techniques. However, these adjustments are

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made only for legislative or administrative changes already enacted or reasonably certain to be enacted.

Since these projections are extrapolations of historical trends and confirmed legislative and administrative changes, they should not be considered as goals. Projections of electronically filed returns are no exception. Forecasts of e-file returns are based largely on the assumption that past filing patterns will hold true in the future. However, Congress and the IRS have envisioned a more efficient and effective filing future that includes an increasingly large number of e-file returns. Accordingly, the IRS is pursu-

ing several strategies to increase future e-file volumes above those projected. Many of these e-file initiatives are still evolving and are not definite. Therefore, they cannot be reflected in the forecasts.

All the return volumes presented in Table 1 are taken from the 2001 update of *Calendar Year Return Projections for the United States and IRS Centers: 2001-2008*, IRS Document 6186. More detail and explanations of these projections can be found in that document, which typically is posted on the Statistics of Income Division web page (under the "Tax Stats" option) at [www.irs.gov](http://www.irs.gov).

SOURCE: IRS, Statistics of Income Bulletin, Winter 2001-2002, Publication 1136 (Rev. 3-2002).

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**Table 1.--Number of Returns Filed, or To Be Filed, With the Internal Revenue Service, Calendar Years 2000-2008**

[Numbers of returns are in thousands]

Type of return	Actual 2000	Estimated <sup>1</sup> 2001	Projected						
			2002	2003	2004	2005	2006	2007	2008
			(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Grand total</b> .....	<b>226,564</b>	<b>228,671</b>	<b>231,956</b>	<b>235,610</b>	<b>239,485</b>	<b>243,404</b>	<b>247,115</b>	<b>251,011</b>	<b>254,494</b>
<b>Total primary returns</b> .....	<b>210,730</b>	<b>211,810</b>	<b>214,390</b>	<b>217,326</b>	<b>220,462</b>	<b>223,634</b>	<b>226,599</b>	<b>229,734</b>	<b>232,473</b>
Individual income tax, total.....	127,657	130,581	132,653	134,626	136,854	139,101	141,184	143,419	145,266
Forms 1040, 1040A, 1040EZ, and 1040PC, total <sup>2</sup> ..	127,097	129,948	131,991	133,935	136,135	138,352	140,407	142,613	144,431
Paper individual returns.....	91,695	89,751	87,061	84,134	82,052	80,330	78,839	77,966	77,138
Electronically-filed individual returns.....	35,402	40,197	44,931	49,802	54,083	58,022	61,567	64,647	67,293
Forms 1040NR, 1040PR, and 1040SS.....	560	633	662	690	719	748	777	806	835
Individual estimated tax, Form 1040-ES .....	39,517	37,613	38,009	38,544	39,078	39,613	40,148	40,682	41,217
Estate and trust income tax, Form 1041, total.....	3,529	3,855	3,648	3,741	3,835	3,928	4,021	4,114	4,207
Paper estate and trust income tax returns.....	2,422	2,408	2,354	2,331	2,309	2,286	2,263	2,240	2,217
Magnetic tape/e-file estate and trust income tax returns.....	1,107	1,448	1,294	1,410	1,526	1,642	1,758	1,874	1,990
Estate and trust estimated income tax, Form 1041-ES.	933	872	868	863	859	854	850	845	841
Partnership, Forms 1065 and 1065B.....	2,067	2,161	2,247	2,327	2,403	2,475	2,544	2,609	2,673
Paper partnership returns.....	2,067	2,150	2,218	2,253	2,214	2,226	2,237	2,260	2,275
Electronically-filed partnership returns.....	N/A	11	29	74	189	249	306	349	398
Corporation income tax, total.....	5,470	5,572	5,661	5,749	5,845	5,946	6,049	6,154	6,260
Form 1120.....	2,162	2,142	2,114	2,091	2,072	2,056	2,042	2,031	2,022
Form 1120-A.....	246	240	237	234	231	228	226	223	220
Form 1120F.....	22	23	24	24	24	25	25	25	26
Form 1120-FSC <sup>3</sup> .....	5	5	5	1	N/A	N/A	N/A	N/A	N/A
Form 1120-H.....	124	131	135	139	144	149	154	159	165
Form 1120-POL.....	6	6	6	6	7	7	7	7	7
Form 1120-RIC.....	10	11	12	13	13	14	15	16	16
Form 1120S.....	2,887	3,004	3,119	3,232	3,345	3,458	3,570	3,683	3,795
Other.....	8	8	9	9	9	10	10	10	11
Estate tax, Forms 706 and 706NA <sup>4</sup> .....	124	131	107	114	85	90	65	69	72
Gift tax, Form 709 <sup>5</sup> .....	309	305	321	336	351	366	380	395	410
Employment tax, total.....	28,841	29,041	29,160	29,263	29,343	29,406	29,455	29,494	29,525
By filing medium:									
Paper employment returns.....	24,633	24,483	24,091	23,796	23,483	23,144	22,783	22,406	22,017
Magnetic tape/e-file employment returns.....	4,209	4,558	5,069	5,467	5,860	6,262	6,672	7,088	7,508
By form type:									
Forms 940, 940EZ, and 940PR.....	5,463	5,512	5,519	5,531	5,544	5,556	5,569	5,581	5,594
Forms 941, 941PR/SS/E/magnetic tape/e-file/TeleFile, total.....	22,890	23,060	23,190	23,290	23,367	23,426	23,472	23,507	23,534
Forms 943 and 943 PR.....	306	291	284	276	268	259	251	243	235
Form 945.....	180	176	166	165	163	163	162	162	161
Form CT-1.....	2	2	2	1	1	1	1	1	1
Form 1042 <sup>6</sup> .....	25	27	28	28	29	29	29	30	30

Footnotes at end of table.

# Projections of Returns To Be Filed in Calendar Years 2001-2008

**Table 1.--Number of Returns Filed, or To Be Filed, With the Internal Revenue Service, Calendar Years 2000-2008--Continued**

[Numbers of returns are in thousands]

Type of return	Actual	Estimated <sup>1</sup>	Projected						
	2000	2001	2002	2003	2004	2005	2006	2007	2008
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total primary returns--continued</b>									
Tax exempt organization, total <sup>7</sup> .....	699	739	768	798	827	856	886	915	944
Forms 990 and 990EZ.....	462	487	502	517	532	548	563	578	593
Form 990-PF.....	70	74	77	80	84	87	90	93	96
Form 990-T.....	53	59	61	62	64	66	68	69	71
Forms 990C, 4720, and 5227.....	115	119	128	137	147	156	166	175	185
Employee plan, total <sup>8</sup> .....	658	7	N/A						
Form 5500.....	210	1	N/A						
Form 5500-C/R.....	374	5	N/A						
Form 5500EZ.....	75	1	N/A						
Excise tax <sup>9</sup> .....	853	860	877	895	914	933	954	974	995
Form 8752 <sup>10</sup> .....	49	46	44	43	41	39	37	35	33
<b>Supplemental documents.....</b>	<b>15,834</b>	<b>16,862</b>	<b>17,566</b>	<b>18,284</b>	<b>19,023</b>	<b>19,770</b>	<b>20,515</b>	<b>21,277</b>	<b>22,021</b>
Form 1040X <sup>11</sup> .....	3,222	3,346	3,514	3,681	3,849	4,016	4,184	4,352	4,519
Form 4868 <sup>12</sup> .....	7,314	7,925	8,226	8,537	8,860	9,188	9,515	9,851	10,176
Form 2688 <sup>13</sup> .....	2,482	2,678	2,819	2,961	3,112	3,267	3,421	3,582	3,736
Form 1120X <sup>14</sup> .....	14	13	13	12	12	11	11	11	10
Form 7004 <sup>15</sup> .....	2,802	2,900	2,995	3,092	3,190	3,287	3,385	3,483	3,580

<sup>1</sup> Estimate is based on return information collected through August of 2001.

<sup>2</sup> Includes electronically-filed Individual returns.

<sup>3</sup> As a result of the Foreign Sales Corporation Repeal and Extraterritorial Income Act of 2000, no Forms 1120-FSC are expected to be filed after 2003.

<sup>4</sup> U.S. Estate Tax Return.

<sup>5</sup> U.S. Gift Tax Return.

<sup>6</sup> Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

<sup>7</sup> Includes Returns of Organizations Exempt from Income Tax (Forms 990, 990EZ, 990C, 990PF, 990T, 4720, and 5227).

<sup>8</sup> Employee Plans return counts are phased out by 2002 due to a shift in processing responsibilities from IRS to the U.S. Department of Labor.

<sup>9</sup> Includes Forms 11C, 720, 730, and 2290.

<sup>10</sup> Form 8752 is filed by all partnerships and S corporations electing to either maintain or establish any taxable year other than the required calendar year.

<sup>11</sup> Amended U.S. individual income tax return.

<sup>12</sup> Application for automatic extension of time to file U.S. individual income tax return.

<sup>13</sup> Application for additional extension of time to file U.S. individual income tax return.

<sup>14</sup> Amended U.S. corporation income tax return.

<sup>15</sup> Application for automatic extension of time to file U.S. corporation income tax return.

NOTES: Detail may not add to totals because of rounding.

N/A means not applicable.