

# Projections of Returns To Be Filed in Calendar Years 1999–2005

by Frank Zaffino

The most recent projections made by the Internal Revenue Service (IRS) of tax returns to be filed in Calendar Year (CY) 1999 indicate that the grand total, or sum of all major tax return categories, will be 228.2 million. This number is then expected to grow at 1.24 percent annually until CY 2005, when the grand total return count is expected to reach 245.2 million.

The IRS research staff, under the Assistant Commissioner of Research and Statistics of Income, annually prepares projections of tax returns to be filed by major form type, as observed in Table 1 [1]. These projections are used in IRS planning, budgeting, and resource allocation decisions, and in meeting other information and analysis needs. Recent filing patterns, current economic and demographic trends, enacted legislation, and planned administrative changes are all reflected in these forecasts. However, legislation or administrative initiatives still under consideration are generally not incorporated into the projections due to uncertainty in their eventual outcome. The projections discussed in this article were made in the fall of 1998, at which time actual data through July 1998 were generally available.

## Alternative Filing Future

The projections included here are extrapolations of historical trends for the respective form types, plus relevant administrative and legislative changes. The forecasts are not intended as goals. The number of electronically-filed, or *e-file*, returns are no exception. Forecasts of *e-file* returns assume that past filing trends will hold true in the future. Assumptions such as these are common in the field of statistical forecasting and form a prudent basis for planning. However, Congress and the IRS have articulated a vision for more effective and efficient return filings in the future. This includes an increasingly large number of *e-file* returns. Accordingly, the IRS is exploring numerous strategies to increase *e-file* volumes above those projected in this article, but because many of the *e-file* initiatives are not

definite, they are not reflected in the projections.

## Projection Highlights

### Grand Total Returns, Primary Returns, Supplemental Documents

The “grand total” figure is a summation of “total primary returns” and “supplemental documents.” Most of the IRS returns processing workload is considered “primary returns.” This includes the three largest return categories: individual income tax returns, employment tax returns, and individual estimated tax payment vouchers. These three form types comprise over 90 percent of the “total primary returns.” “Supplemental documents” consist mainly of amended returns and requests for filing extensions by individuals and corporations.

Table 1 shows a complete list of yearly projections by form type through CY 2005. For CY 1999, approximately 211.9 million returns are projected to fall under the category of “total primary returns,” and 16.3 million to fall under “supplemental documents.” Figure A shows that these numbers reflect an increase over CY 1998 by 1.7 percent and 5.6 percent, respectively. As displayed in Figure A, the number of returns for CY 1999 through CY 2005 for “total primary returns” is projected to grow by an average of 1.0 percent, and “supplemental documents” are expected to grow by an average of 4.7 percent.

### Individual Income Tax Returns

“Total individual returns” are defined as the following: (1) paper and electronic versions of the major individual income tax returns, Forms 1040, 1040A, 1040EZ, 1040PC; (2) Form 1040NR, *U.S. Nonresident Alien Income Tax Return*; (3) Form 1040PR, *Planilla Para La Declaracion De La Contribucion Federal Sobre El Trabajo Por Cuenta Propia—Puerto Rico*; and (4) Form 1040SS, *U.S. Self-Employment Tax Return—U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), or Puerto Rico*. This heading excludes Form 1040X, *Individual Amended Return*, which is included under the “supplemental documents” heading.

The projected return count for total individual tax returns for CY 1999 is 126.1 million returns, an increase of nearly 2.3 percent from CY 1998. Individual returns are then projected to increase at an

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# Projections of Returns To Be Filed in Calendar Years 1999-2005

Figure A

## Projection Overview for Calendar Years 1999-2005

[Numbers of returns are in thousands]

Type of return	1999 Projection	Percentage increase from 1998 <sup>1</sup>	Average annual percentage increase, 1999-2005	Type of return	1999 Projection	Percentage increase from 1998 <sup>1</sup>	Average annual percentage increase, 1999-2005
	(1)	(2)	(3)		(1)	(2)	(3)
<b>Grand total <sup>2</sup>.....</b>	<b>228,199</b>	<b>1.96</b>	<b>1.24</b>	<b>Total primary returns--continued</b>			
<b>Total primary returns <sup>2</sup>.....</b>	<b>211,922</b>	<b>1.69</b>	<b>0.98</b>	Employment tax, total.....	29,469	0.72	0.62
Individual income tax, total.....	126,111	2.27	1.20	Paper, Forms 941, 940 series, total.....	24,343	-1.57	-0.71
Forms 1040, 1040A, 1040EZ, and 1040PC, total ..	125,601	2.26	1.19	Magnetic tape returns, Forms 941, 940 series, total.....	2,141	-1.82	15.48
Total paper returns.....	95,996	-2.31	-1.04	E-file and TeleFile returns, Forms 941, total.....	2,464	35.37	1.30
Paper Form 1040.....	61,407	-0.19	-0.42	Forms 940, 940EZ, and 940PR, total.....	5,510	0.53	0.68
Paper Form 1040A.....	14,467	-12.34	-4.57	Paper Forms 940, 940EZ, and 940PR.....	4,918	-0.82	-0.82
Paper Form 1040EZ.....	11,397	-10.85	-5.42	Magnetic tape returns, Form 940.....	592	13.28	13.15
Paper Form 1040PC.....	8,725	17.01	6.21	Forms 941, 941PR, 941SS, and 941E, total.....	23,439	0.81	0.65
Electronically-filed returns, total.....	29,605	20.56	8.41	Paper Forms 941, 941PR, 941SS, and 941E.....	19,426	-1.76	-0.69
Standard e-file.....	22,988	23.61	9.34	Magnetic tape returns, Form 941 .....	1,549	-6.58	16.37
TeleFile.....	6,617	11.04	5.17	E-file returns, Form 941 .....	1,318	40.01	0.92
Forms 1040NR, 1040PR, and 1040SS, total.....	510	5.22	4.81	TeleFile returns, Form 941 .....	1,146	30.40	1.73
Individual estimated tax, Form 1040-ES.....	41,121	0.35	0.56	Forms 943 and 943 PR.....	325	-1.84	-2.23
Fiduciary income tax, Forms 1041 and 1041S, total..	3,406	1.55	1.28	Form 945.....	193	0.84	0.64
Paper Forms 1041 and 1041S.....	2,267	-2.84	-3.31	Form CT-1.....	2	4.76	2.27
E-file returns, Forms 1041 and 1041S.....	1,139	11.59	10.39	Form 1042 .....	27	2.29	2.43
Fiduciary estimated tax, Form 1041-ES.....	1,122	1.54	1.28	Tax-exempt organization .....	694	3.79	3.72
Partnership, Form 1065.....	1,927	4.51	4.04	Employee plan, total <sup>3</sup> .....	1,300	0.29	-62.82
Corporation income tax, total.....	5,428	2.40	2.70	Form 5500.....	205	0.54	-56.50
Form 1120.....	2,291	0.67	1.38	Form 5500-C/R.....	849	--	-62.14
Form 1120-A.....	276	-0.07	-1.12	Form 5500EZ.....	246	1.07	-70.61
Form 1120F.....	22	--	2.38	Excise tax .....	864	3.46	3.86
Form 1120-FSC.....	5	3.85	6.48	Form 8752 .....	50	-4.91	-4.73
Form 1120-H.....	116	4.41	4.21	<b>Supplemental documents <sup>2</sup>.....</b>	<b>16,277</b>	<b>5.60</b>	<b>4.65</b>
Form 1120-POL.....	6	-5.00	-2.05	Form 1040X .....	2,883	5.17	4.91
Form 1120-RIC.....	9	2.17	1.95	Form 4868 .....	7,876	6.39	4.32
Form 1120S.....	2,695	4.13	4.16	Form 2688 .....	2,805	6.49	6.09
Other.....	7	2.86	4.40	Form 1120X .....	16	-7.43	-4.12
Estate tax, Forms 706 and 706NA.....	125	10.02	9.25	Form 7004 .....	2,696	3.01	3.92
Gift tax, Form 709.....	277	6.33	4.87				

<sup>1</sup> Based on estimated final counts of returns filed in Calendar Year 1998.

<sup>2</sup> Excluded from all totals are Forms CT-2, 941M, 990BL, and 1120-IC-DISC. Also excluded are withholding and information documents, such as Form W-2 and the Form 1099 series and related forms.

<sup>3</sup> The average annual percentage increase for employee plan returns is only calculated through Calendar Year 2001 due to the gradual phaseout of the processing of these returns by the Internal Revenue Service (see the text discussion).

NOTE: For definitions of most of the form numbers, see the text discussion and the footnotes to Table 1, at the end of this article. Detail may not add to totals due to rounding.

average of 1.2 percent per year over the CY 1999-CY 2005 period. By CY 2005, the total individual income tax return volume is projected to reach 135.2 million, which includes an expectation of over 44 million filed electronically.

### Total Individual Electronic Returns

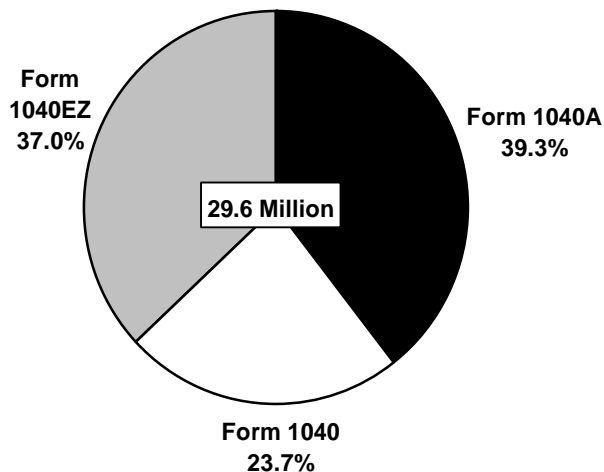
Total individual electronic returns include standard electronic filings (*e-file*) and TeleFile (described

below). Total individual electronic filings are predicted to be 29.6 million in CY 1999. The average annual growth rate for CY 1999 and beyond is about 8.4 percent, far outstripping the corresponding growth in total individual returns (1.2 percent).

Figure B provides some insight into electronic returns with regard to form type that could otherwise have been filed on paper. Of the 29.6 million total electronic returns projected for CY 1999, about 39.3

Figure B

**Electronically-Filed Individual Income Tax Returns by Form Type, Projections for Calendar Year 1999**



percent, or 11.6 million, could be filed using Form 1040A. Also, 37.0 percent, or 10.9 million, could be filed using Form 1040EZ, and 23.7 percent, or about 7 million, could be filed using Form 1040 [2].

**Standard Electronic Returns**

Standard *e-file* returns are non-TeleFile returns transmitted through an authorized third party, or what is termed an *electronic return originator*. Standard *e-file* returns are returns filed from a home computer via an “on-line” filing option. About 23.0 million standard *e-file* returns are expected to be filed in CY 1999. This number is expected to increase at an average annual rate of 9.3 percent through CY 2005.

**TeleFile**

The TeleFile program refers to technology that allows certain taxpayers to file their Form 1040EZ returns via touch-tone phone. In CY 1999, about 6.6 million individual returns are expected to be filed using TeleFile. This is an 11.0-percent increase from CY 1998. The number is expected to continue to increase at an average annual rate of 5.2 percent over the projected time horizon.

**Total Paper Individual Returns**

A total of 96.0 million Forms 1040, 1040A, 1040EZ, and 1040PC are projected to be filed on paper in CY 1999, and individual paper returns are expected to decrease at an average rate of 1.0 percent per year between CY 1999 and CY 2005. This decline is the result of more taxpayers filing electronically.

Form 1040 (long form) is the largest return type in the individual series. Around 61.4 million paper Form 1040 returns are projected to be filed in CY 1999. The projections for this count beyond CY 1999 call for a decrease at an average annual rate of 0.4 percent.

The return count for paper Form 1040A, a shorter version of Form 1040, in CY 1999 is projected to decline by 2.0 million returns from the CY 1998 return count to a total of 14.5 million in CY 1999. This decline is expected to continue at an average annual rate of 4.6 percent per year.

Compared to CY 1998, paper Forms 1040EZ are expected to decline in CY 1999 to 11.4 million returns. Over the CY 1999 to CY 2005 period, the decline is expected to be around 5.4 percent. This downward revision is also due to a greater share of returns being filed electronically, via both standard *e-file* and TeleFile, compared to prior estimates.

Form 1040PC is a variable-length individual income tax return filed by taxpayers or their paid return preparers. It is generated from IRS-approved computer software and reflects a condensed format, rather than a traditional tax form. This is often more convenient for taxpayers and tax return preparers who use return preparation software and must file Forms 1040, 1040A, or 1040EZ. Form 1040PC returns are predicted to reach 8.7 million in CY 1999. This is 17.0 percent more than for CY 1998. The number of these returns filed is expected to grow at an average annual rate of 6.2 percent after CY 1999. Form 1040PC is the only individual paper return expected to increase in the coming years. This is due mainly to expectations about the continued proliferation of personal computers and their use by more and more taxpayers and preparers to complete returns.

Examination of Figure A also indicates that paper Forms 1040A and 1040EZ are expected to decline in volume much more rapidly than the standard paper Form 1040. This is based on the assump-

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tion that filers of the simpler returns will gradually move to *e-file*. However, IRS is pursuing various strategies to increase e-filing of more complex returns, strategies that could change the outlook reflected in the current projections.

### Individual Estimated Tax Returns

Form 1040ES, *Estimated Tax for Individuals*, is filed by taxpayers making advance tax payments. It is used by those who expect withholding to be less than 90 percent of their tax for the return year. Filings for Form 1040ES are expected to reach 41.1 million in Filing Year 1999, an increase of 0.4 percent from the 1998 return year. The number of these returns is estimated to increase by an average annual rate of 0.6 percent between CY 1999 and CY 2005. However, filings of Form 1040ES are impacted by tax law changes and expectations of future income realization. As a result, the historical trend has been erratic, making forecasts of this return series particularly problematic.

### Employment Tax Returns

After individual income tax returns and individual estimated tax vouchers, employment tax returns are the third largest return category processed by the IRS. The return types included in employment tax returns are: *Employer's Annual Federal Unemployment (FUTA) Tax Return* (Form 940 return series); *Employer's Quarterly Federal Tax Return* (Form 941 return series); *Employer's Annual Tax Return for Agricultural Employees* (Form 943 return series); *Annual Return of Federal Withheld Income Tax* (Form 945); and *Employer's Annual Railroad Retirement and Unemployment Repayment Tax Return* (Form CT-1).

The projection for CY 1999 for all employment tax returns is 29.5 million. It is expected to grow at an average annual rate of about 0.6 percent from CY 1999 through CY 2005. The Form 941 series is the largest in the employment category, with about 80 percent of the total per year. There are 23.4 million returns in this series projected to be filed in CY 1999.

*E-file* and Telefile are both newer methods of filing Form 941 and join magnetic tape in the category of alternative filing [3]. They are all expected to grow rapidly in coming years, as can be observed in Table 1. This is largely due to the cooperation of

business taxpayers with several IRS initiatives to promote their use. As a result of this growth in *e-file*, as well as longer-term growth in filings on magnetic tape, paper filings for employment returns are expected to decline at an average rate of 0.7 percent per year over the forecast period.

### Employee Plan Returns

Employee plan returns are used by employers or other administrators of employee pension plans to report information concerning benefits they provide [4]. However, by July 2001, IRS will no longer process employee plan returns. Instead, beginning in July 2000, a vendor under contract to the Department of Labor will process all employee plan returns filed in CY 1999 and beyond. The IRS is still responsible for processing employee plan returns up to and including Return Year 1998, which will be filed from July 1999 to July 2001. This decision explains the gradual phaseout of employee plan returns observed in Table 1. The expected number of returns to be processed in CY 1999 is 1.3 million. This number should drop to 579,000 in CY 2000 and 23,000 in CY 2001.

### Partnership Returns

Any taxpayer reporting income, deductions, tax credits, or losses from the operation of a partnership must use *U.S. Partnership Return of Income*, Form 1065. The number of these forms expected to be filed in CY 1999 is 1.9 million. This represents a growth of 4.5 percent over CY 1998. Partnership returns are then expected to continue to increase by 4.0 percent per year until CY 2005, at which point they are expected to reach 2.4 million. This forecast contrasts with the overall downward trend in partnership return filings experienced during the first half of the 1990's.

### Corporation Income Tax Returns

Corporation income tax returns include a number of various form types. The vast majority of these returns are either Form 1120, *U.S. Corporation Income Tax Return*, or Form 1120S, *U.S. Income Tax Return for an S Corporation* (returns filed by qualifying corporations electing to be taxed through shareholders). However, also included among those required to file a corporate return are homeowners'

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associations (Form 1120-H), real estate investment trusts (Form 1120-REIT), and others. Excluded from this heading are amended returns (Form 1120X), which are included under “supplemental documents.” The number of corporate tax returns filed is expected to grow to 5.4 million in CY 1999. In absolute terms, most of the expected growth in the corporation returns between CY 1999 and CY 2005 (881,000) is attributable to Form 1120S (673,000).

### Excise Tax Returns

Excise tax returns include the following four return types: (1) *Special Tax Return and Application for Registry-Wagering* (Form 11C); (2) *Quarterly Federal Excise Tax Return* (Form 720); (3) *Tax on Wagering* (Form 730); and (4) *Heavy Vehicle Use Tax Return* (Form 2290). Excise tax projections exclude returns processed by the Bureau of Alcohol, Tobacco and Firearms. The total number of IRS excise tax returns is expected to increase at an average annual rate of 3.9 percent from CY 1999 to CY 2005.

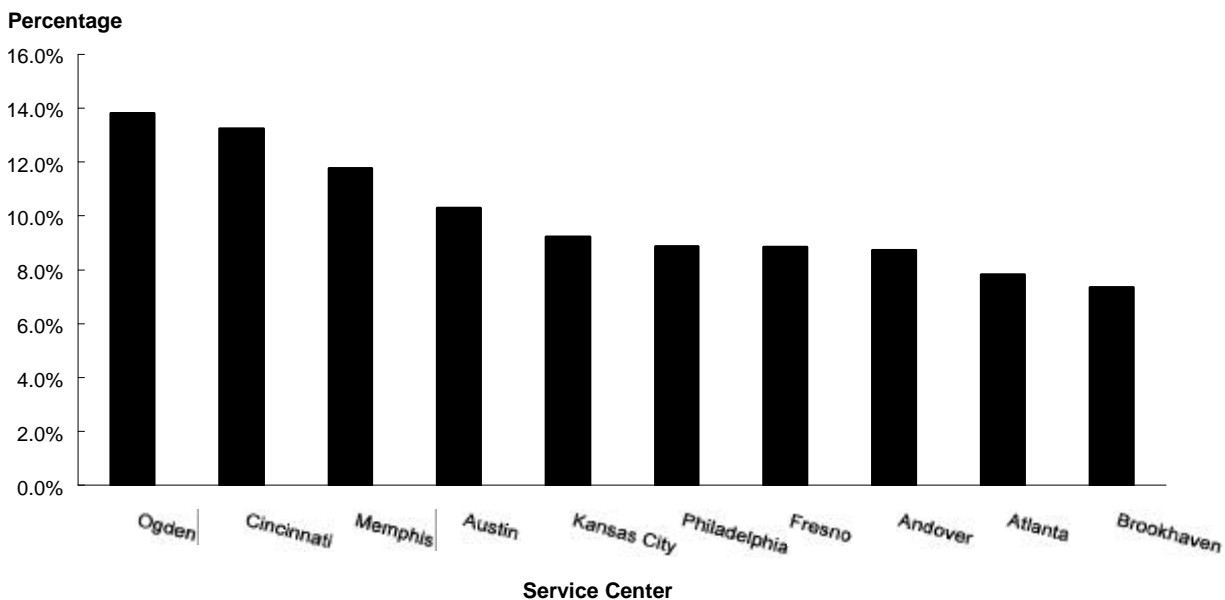
### Processing Locations

In general, tax returns received by IRS are processed at one of ten locations, or service centers. An important aspect of return filing procedures is that not all varieties of tax returns are processed at all ten IRS service centers. In some instances, one or a handful of service centers will process all of a certain return type regardless of the location of the taxpayer. For instance, all individual income tax returns filed via *e-file* or TeleFile are processed only in Andover (Massachusetts), Austin (Texas), Cincinnati (Ohio), Memphis (Tennessee), and Ogden (Utah) service centers. The following other form types are also processed only at selected locations: exempt organization tax returns, processed only at the Ogden service center; excise tax returns, processed only at the Cincinnati service center; and employee plan tax returns, only at the Atlanta (Georgia), Brookhaven (New York), and Memphis service centers.

As a result, some service centers process significantly more returns than others (as shown in Figure C), and service center volumes are generally not an

Figure C

Returns Processed in IRS Service Centers as a Percentage of All Returns Filed, Projections for Calendar Year 1999



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accurate reflection of the number of return filers for a specific geographic area of the country.

### **Projection Methodology**

Regression and time series models, in conjunction with growth rates, were used in deriving the various return projections. Available relevant data, both historical and topical, were used in the forecasts. CY 1998 return counts were estimated using actual return counts available up to July 1998 and extrapolated for the full year.

### **Regression Models**

Regression analysis is commonly employed when there is a sound and relevant statistical relationship between one or more economic or demographic independent indicators and tax return filings. Some examples of commonly-used independent variables are total civilian employment, personal income, Gross Domestic Product (GDP), and total population, to name a few. Where applicable, these independent variables are used with a lag one year to reflect the economic climate covered by the information reported on the tax return for the specific tax year.

### **Time Series Analysis**

When no statistically relevant relationship can be established between the number of returns filed and an economic or demographic variable (or if the forecasts appear unreliable), then time series analysis becomes the next most viable technique for generating the projections. The two most popular techniques employed by IRS are moving averages and exponential smoothing.

### **Growth Rates**

If a return series has a very short historical period, then simple growth rates would be employed for the forecast. This method implies that, for a given form, a prior growth pattern will continue in the future for a limited set of years. Alternatively, it assumes that a

new return type will grow at a rate similar to that of a related return with an established pattern.

### **Off-Model Adjustments**

The term "off-model adjustments" refers to adjustments made to the initial forecasts generated from the techniques mentioned above. They are sometimes necessary when return filings are directly affected by legislative or administrative changes that the above techniques are not designed to take into account. To be included in IRS forecasts, the legislative or administrative changes must be formally enacted or otherwise approved at the time the projections are made.

### **Notes and References**

- [1] All values in Table 1 are taken from the 1998 update of *Calendar Year Return Projections for the United States and Service Centers: 1998-2005*, IRS Document 6186, U.S. Department of the Treasury, Internal Revenue Service, Assistant Commissioner (Research and Statistics of Income).
- [2] These values are taken from the fall 1998 update of *Calendar Year Projections of Individual Returns by Major Processing Categories*, Document 6187, U.S. Department of the Treasury, Internal Revenue Service, Assistant Commissioner (Research and Statistics of Income).
- [3] Magnetic tape refers to returns filed and processed on magnetic tape at the service centers.
- [4] Employee plan returns include *Annual Return/Report of Employee Benefits Plan (for more than 100 participants)* (Form 5500); *Annual Return/Report of Employee Benefits Plan (for less than 100 participants)* (Form 5500C/R); and *Annual Return of One Participant Retirement Plan* (Form 5500EZ).

SOURCE: IRS, Statistics of Income Bulletin, Publication 1136, Winter 1998-1999.

# Projections of Returns To Be Filed in Calendar Years 1999-2005

**Table 1.--Number of Returns Filed, or To Be Filed, With the Internal Revenue Service, Calendar Years 1997-2005**

[Numbers of returns are in thousands]

Type of return	Actual	Estimated <sup>1</sup>	Projected						
	1997	1998	1999	2000	2001	2002	2003	2004	2005
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Grand total <sup>2</sup>.....</b>	<b>217,916</b>	<b>223,815</b>	<b>228,199</b>	<b>231,055</b>	<b>233,262</b>	<b>235,929</b>	<b>238,749</b>	<b>242,022</b>	<b>245,236</b>
<b>Total primary returns <sup>2</sup>.....</b>	<b>203,398</b>	<b>208,401</b>	<b>211,922</b>	<b>213,939</b>	<b>215,395</b>	<b>217,323</b>	<b>219,410</b>	<b>221,896</b>	<b>224,413</b>
Individual income tax, total <sup>3</sup> .....	120,782	123,309	126,111	128,049	129,291	130,515	131,847	133,542	135,219
Forms 1040, 1040A, 1040EZ, and 1040PC, total.....	120,343	122,823	125,601	127,514	128,731	129,930	131,238	132,908	134,562
Total paper returns.....	101,207	98,267	95,996	95,061	93,635	92,494	91,474	90,766	90,023
Paper Form 1040.....	61,020	61,522	61,407	61,176	60,605	60,084	59,790	59,837	59,856
Paper Form 1040A.....	17,336	16,504	14,467	13,518	12,713	12,130	11,551	11,023	10,502
Paper Form 1040EZ.....	14,452	12,785	11,397	10,647	9,952	9,370	8,805	8,205	7,690
Paper Form 1040PC.....	8,399	7,456	8,725	9,720	10,365	10,910	11,329	11,700	11,975
Electronically-filed returns, total.....	19,136	24,557	29,605	32,453	35,096	37,436	39,764	42,143	44,539
Standard e-file.....	14,450	18,598	22,988	25,405	27,749	29,778	31,782	33,828	35,871
TeleFile.....	4,686	5,959	6,617	7,048	7,347	7,658	7,981	8,315	8,668
Forms 1040NR, 1040PR, and 1040SS, total.....	439	485	510	535	560	585	609	634	658
Individual estimated tax, Form 1040-ES.....	39,021	40,978	41,121	41,353	41,585	41,817	42,049	42,282	42,514
Fiduciary income tax, Forms 1041 and 1041S, total.....	3,315	3,354	3,406	3,456	3,503	3,548	3,589	3,629	3,667
Paper Forms 1041 and 1041S.....	2,384	2,333	2,267	2,199	2,127	2,053	1,977	1,898	1,817
E-file returns, Forms 1041 and 1041S.....	931	1,021	1,139	1,258	1,376	1,495	1,613	1,731	1,850
Fiduciary estimated tax, Form 1041-ES.....	834	1,105	1,122	1,139	1,154	1,169	1,182	1,195	1,208
Partnership, Form 1065.....	1,755	1,844	1,927	2,008	2,088	2,167	2,244	2,319	2,393
Corporation income tax, total..... <sup>4</sup>	5,149	5,301	5,428	5,583	5,710	5,847	5,989	6,152	6,309
Form 1120.....	2,250	2,275	2,291	2,316	2,349	2,382	2,415	2,448	2,480
Form 1120-A.....	294	277	276	273	271	268	265	262	258
Form 1120F.....	22	22	22	23	23	24	24	25	26
Form 1120-FSC.....	5	5	5	6	6	6	7	7	8
Form 1120-H.....	108	111	116	121	126	131	135	140	145
Form 1120-POL.....	6	6	6	6	5	5	5	5	5
Form 1120-RIC.....	9	9	9	10	10	10	10	10	11
Form 1120S.....	2,450	2,588	2,695	2,821	2,912	3,013	3,120	3,247	3,368
Other.....	7	7	7	8	8	8	8	9	9
Estate tax, Forms 706 and 706NA.....	102	114	125	137	148	160	171	183	195
Gift tax, Form 709.....	256	261	277	292	304	318	331	344	358
Employment tax, total.....	29,045	29,257	29,469	29,659	29,845	29,987	30,153	30,336	30,571
Paper Forms 941, 940 series, total.....	25,657	24,731	24,343	24,163	23,991	23,788	23,608	23,437	23,301
Magnetic tape returns, Forms 941, 940 series, total.....	2,167	2,181	2,141	2,463	2,790	3,116	3,447	3,783	4,130
E-file and TeleFile returns, Form 941, total.....	685	1,820	2,464	2,519	2,555	2,580	2,602	2,626	2,656
Forms 940, 940EZ, and 940PR, total.....	5,439	5,481	5,510	5,546	5,584	5,625	5,666	5,704	5,735
Paper Forms 940, 940EZ, and 940PR.....	4,991	4,958	4,918	4,880	4,840	4,804	4,766	4,724	4,676
Magnetic tape returns, Form 940.....	448	523	592	667	744	821	900	980	1,059
Forms 941, 941PR, 941SS, and 941E, total.....	23,071	23,251	23,439	23,598	23,753	23,860	23,991	24,142	24,351
Paper Forms 941, 941PR, 941SS, and 941E.....	20,666	19,773	19,426	19,283	19,151	18,984	18,842	18,713	18,625
Magnetic tape returns, Form 941.....	1,719	1,658	1,549	1,797	2,046	2,295	2,546	2,803	3,071
E-file returns, Form 941.....	519	941	1,318	1,333	1,345	1,355	1,366	1,377	1,391
TeleFile returns, Form 941.....	166	879	1,146	1,186	1,210	1,225	1,236	1,249	1,265
Forms 943 and 943 PR.....	339	332	325	318	311	304	296	289	282
Form 945.....	195	191	193	194	195	196	197	198	200
Form CT-1.....	2	2	2	2	2	2	2	3	3

Footnotes at end of table.

# Projections of Returns To Be Filed in Calendar Years 1999-2005

**Table 1.--Number of Returns Filed, or To Be Filed, With the Internal Revenue Service, Calendar Years 1997-2005--Continued**

[Numbers of returns are in thousands]

Type of return	Actual 1997	Estimated <sup>1</sup> 1998	Projected						
			1999	2000	2001	2002	2003	2004	2005
			(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total primary returns <sup>2</sup>--continued</b>									
Form 1042 <sup>5</sup> .....	26	26	27	28	28	29	29	30	31
Tax-exempt organization <sup>6</sup> .....	639	668	694	720	745	771	797	823	849
Employee plan, total <sup>7</sup> .....	1,618	1,297	1,300	579	23	--	--	--	--
Form 5500.....	256	204	205	142	6	--	--	--	--
Form 5500-C/R.....	1,088	849	849	403	16	--	--	--	--
Form 5500EZ.....	274	244	246	34	1	--	--	--	--
Excise tax <sup>8</sup> .....	801	835	864	890	924	955	987	1,022	1,064
Form 8752 <sup>9</sup> .....	56	53	50	48	45	43	41	38	36
<b>Supplemental documents <sup>2</sup>.....</b>	<b>14,518</b>	<b>15,414</b>	<b>16,277</b>	<b>17,116</b>	<b>17,867</b>	<b>18,607</b>	<b>19,339</b>	<b>20,125</b>	<b>20,824</b>
Form 1040X <sup>10</sup> .....	2,606	2,742	2,883	3,025	3,167	3,308	3,450	3,592	3,733
Form 4868 <sup>11</sup> .....	6,913	7,403	7,876	8,293	8,647	8,978	9,296	9,648	9,917
Form 2688 <sup>12</sup> .....	2,467	2,634	2,805	2,976	3,147	3,318	3,489	3,660	3,831
Form 1120X <sup>13</sup> .....	18	18	16	15	15	14	13	13	12
Form 7004 <sup>14</sup> .....	2,514	2,618	2,696	2,806	2,891	2,988	3,090	3,213	3,330

<sup>1</sup> Estimated based on information available as of July 1998.

<sup>2</sup> Excluded from all totals are Forms CT-2, 941M, 990BL, and 1120-IC-DISC. Also excluded are withholding and information documents, such as Form W-2 and the Form 1099 series and related forms.

<sup>3</sup> Form 1040X is included under Supplemental Documents, below.

<sup>4</sup> Form 1120X is included under Supplemental Documents, below.

<sup>5</sup> Form 1042 is the annual withholding tax return for U.S.-source income of foreign persons.

<sup>6</sup> Includes Forms 990, 990EZ, 990PC, 990PF, 990T (exempt organization business income tax return), 4720, and 5227.

<sup>7</sup> IRS processing of Form 5500 series returns is being phased out by Calendar Year 2001, reflecting the gradual transfer of processing responsibilities to the Department of Labor.

<sup>8</sup> Includes Forms 11C, 720, 730, and 2290. Therefore, excise tax returns filed with the Bureau of Alcohol, Tobacco and Firearms are excluded.

<sup>9</sup> Form 8752 is filed by partnerships and S Corporations electing either to maintain or establish any taxable year other than the required calendar year.

<sup>10</sup> Amended individual income tax return.

<sup>11</sup> Application for automatic extension of time in which to file individual income tax return.

<sup>12</sup> Application for additional extension of time in which to file individual income tax return.

<sup>13</sup> Amended corporation income tax return.

<sup>14</sup> Application for extension of time to file corporation income tax return.

NOTES: Most form numbers mentioned in this table are defined in the text discussion. Detail may not add to totals because of rounding.