

The Statistics of Income Division: 90 Years of Producing Tax Statistics

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Today's Presentation:

- Introduction and brief history of SOI
- SOI operations
- Program highlights
- Future plans



What Does SOI Do?

- ❑ Primary source of U.S. tax data
- ❑ Collects data from 110 tax returns and information documents
- ❑ Incorporates some IRS Master File data
- ❑ Edits extensive additional data from forms, schedules and attachments
- ❑ Products
 - Micro data files
 - Public-use files
 - Tables and analysis: www.irs.gov/taxstats



SOI Milestones

- ❑ IRC Section 6108, 1918
- ❑ First computer, 1954
- ❑ Quarterly *SOI Bulletin*, 1981
- ❑ Statistical Information Services, 1989
- ❑ Electronic Bulletin Board, 1992
- ❑ Tax Stats pages on irs.gov, 1996



SOI Customers – Micro Data

- ❑ Treasury Office of Tax Analysis
- ❑ Congressional Joint Committee on Taxation
- ❑ Bureau of Economic Analysis
- ❑ Federal Reserve Board of Governors
- ❑ Government Accountability Office
- ❑ National Agricultural Research Service
- ❑ Census Bureau
- ❑ State government agencies
- ❑ IRS



SOI Samples

- ❑ Stratified random samples selected for most studies; few population files
- ❑ Returns Transaction File serves as sampling frame
- ❑ Most samples drawn weekly
- ❑ Data extracted from original filed, pre-audit returns



SOI Data Collection Systems

- Data collected in 1 of 5 submissions processing centers
- Oracle-based GUI applications used to gather and edit data
- Some projects incorporate split screen technology
 - Combine scanned image and GUI edit system on a single 24 inch wide-aspect monitor
 - Display image using Adobe Acrobat or specially adapted ORACLE programs
 - Synchronize image and edit system on screen
 - Online access to instructions, dictionaries, other tools

Private Foundation 990-PF Study

SCPL: 290712000507 EIN: 941196182 RETURN YR: 2006

Part I II & III IV-V VI-VII VIII X/XI-XII XIII-XIV XVI_A XVII_B Summary

Filing Status Code: Accounting Period: 0612 H. Type Organization: J. Accounting Method: A Sample Code: 17
 Name of Org: BOTHIN FOUNDATION D. Foreign Organization: N Comd:
 State: CA Zip Code: 94115 FMV Assets: 39,056,557 E. Termination 507(b)(1)(A): N Reject Code:
 F. 507(b)(1)(B): N

	(a)	(b)	(c)	(d)
Part I Analysis of Revenue and Expenses				
1 Contributions, gifts, grants	0			
2 Distributions from split-interest trusts				
3 Interest on Savings	12,088			
4 Dividends and Interest	929,794			
5a Gross Rents	0			
5b Net rental income or loss				
6a Net Gain or Loss from sale of assets	0			
6b Gross sales price for all assets on line 6a		2,116,467		
7 Capital Gain Net Income				
8 Net short-term gain				
9 Income modifications				
10a Gross sales less returns and allowances				
10b Less: cost of goods sold				
10c Gross Profit or (loss)	0			
11 Other Income	1,439			
12 Total Revenue Add lines 1-11	943,321	3,059,788		
13 Compensation of Officers, directors, trustees	235			214
14 Other Employee Salaries & Wages	0			0
15 Pension plans, employee benefits	0			0
16a Legal Fees	0			0
16b Accounting Fees	28,684			11,828
16c Other Professional Fees	564,728			255,502
17 Interest	0			0
18 Taxes	61,648			0
19 Depreciation and Depletion	0			0
20 Occupancy	0			0
21 Travel, Conferences, meetings	2,868			2,725
22 Printing and Publications	0			0
23 Other Expenses	0			0
24 Total operating and administrative expenses Add lines 13 through 23				1,810,804
25 Contributions, gifts, grants paid	1,493,535			1,540,535
26 Total Expenses & Disbursements Add lines 24 and 25	2,151,698	326,245		1,810,804
27 Subtract line 26 from line 12				
27a Excess Revenue/Exp	-1,208,377	2,733,543		
27b Net Investment Income				
27c Adjusted Net Income				

Form 990-PF Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation 2006

Name of foundation: THE BOTHIN FOUNDATION
 Address: 1660 BUSH STREET, SAN FRANCISCO, CA 94109
 Telephone number: (415) 561-6540
 Employer identification number: 94-1196182

Part I Analysis of Revenue and Expenses

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received				N/A
2 Interest on savings and temporary cash investments	12,088	12,088		STATEMENT 1
3 Dividends and interest from securities	929,794	929,794		STATEMENT 2
4a Gross rents				
4b Net rental income or (loss)				
5a Net gain or (loss) from sale of assets not on line 10		2,116,467		
5b Gross sales price for all assets on line 6a				
5c Capital gain net income from Part IV, line 2		2,116,467		
6 Net short-term capital gain				
7 Income modifications				
8 Gross sales less returns and allowances				
8a Less: Cost of goods sold				
8b Gross profit or (loss)				
9 Other income	1,439	1,439		STATEMENT 3
10 Total, Add lines 1 through 11	3,059,788	3,059,788		
11 Compensation of officers, directors, trustees, etc				0
12 Other employee salaries and wages				0
13 Pension plans, employee benefits				0
14a Legal fees				11,828
14b Accounting fees	23,656	11,828		11,828
14c Other professional fees	544,425	294,362		250,063
15 Interest				0
16 Taxes	61,648	0		0
17 Depreciation and depletion				0
18 Occupancy				0
19 Travel, conferences, and meetings	2,868	143		2,725
20 Printing and publications				0
21 Other expenses	25,566	19,912		5,653
22 Total operating and administrative expenses. Add lines 13 through 23	558,163	326,245		270,269
23 Contributions, gifts, grants paid	1,493,535			1,540,535
24 Total expenses and disbursements. Add lines 24 and 25	2,151,698	326,245		1,810,804
25 Subtract line 24 from line 12				
26 Excess of revenue over expenses and disbursements	908,090			
27 Net investment income (if negative, enter -0-)		2,733,543		
28 Adjusted net income (if negative, enter -0-)				N/A

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LHA: Fair Privacy Act and Paperwork Reduction Act Notice, see the instructions. Form 990-PF (2006)

22591023 758661 08030 2006.06010 THE BOTHIN FOUNDATION 080301



Data Quality Assurance

- **Correct taxpayer errors**
 - **Invalid entries**
 - **Reallocate values to correct lines**
 - **Use attached documentation for more complete data**
- **Test for valid code values**
- **Check mathematical consistency**
 - **Field A + Field B = Field C**
- **Select quality review samples**
- **Perform post-edit consistency checks**



SOI Programs

- ❑ **Individual Income Tax**
- ❑ **Corporation Income Tax**
- ❑ **Special Studies**
- ❑ **Publications and Data Dissemination**
- ❑ **Information Technology and Statistical Support**



Individual Income Tax Program

- Collect data from Forms 1040, 1040A and 1040EZ;
 - Schedules A, B, C, D, E, F, H, J, R and SE
 - Forms 1116 (F), 2106, 2439 (S), 2441, 2555 (F), 3800, 3903, 4136, 4137, 4562, 4684 (S), 4797 (S), 4835, 4952, 4972, 5329, 5695, 5884, 5884-A, 6198, 6251, 6252 (S), 6781 (S), 8283, 8396, 8582, 8586, 8606, 8609-A, 8615, 8801, 8812, 8814, 8824 (S), 8839, 8844, 8853, 8863, 8864, 8880, 8885, 8888, 8889, 8901, 8903, 8913, 8914



Individual Income Tax Program

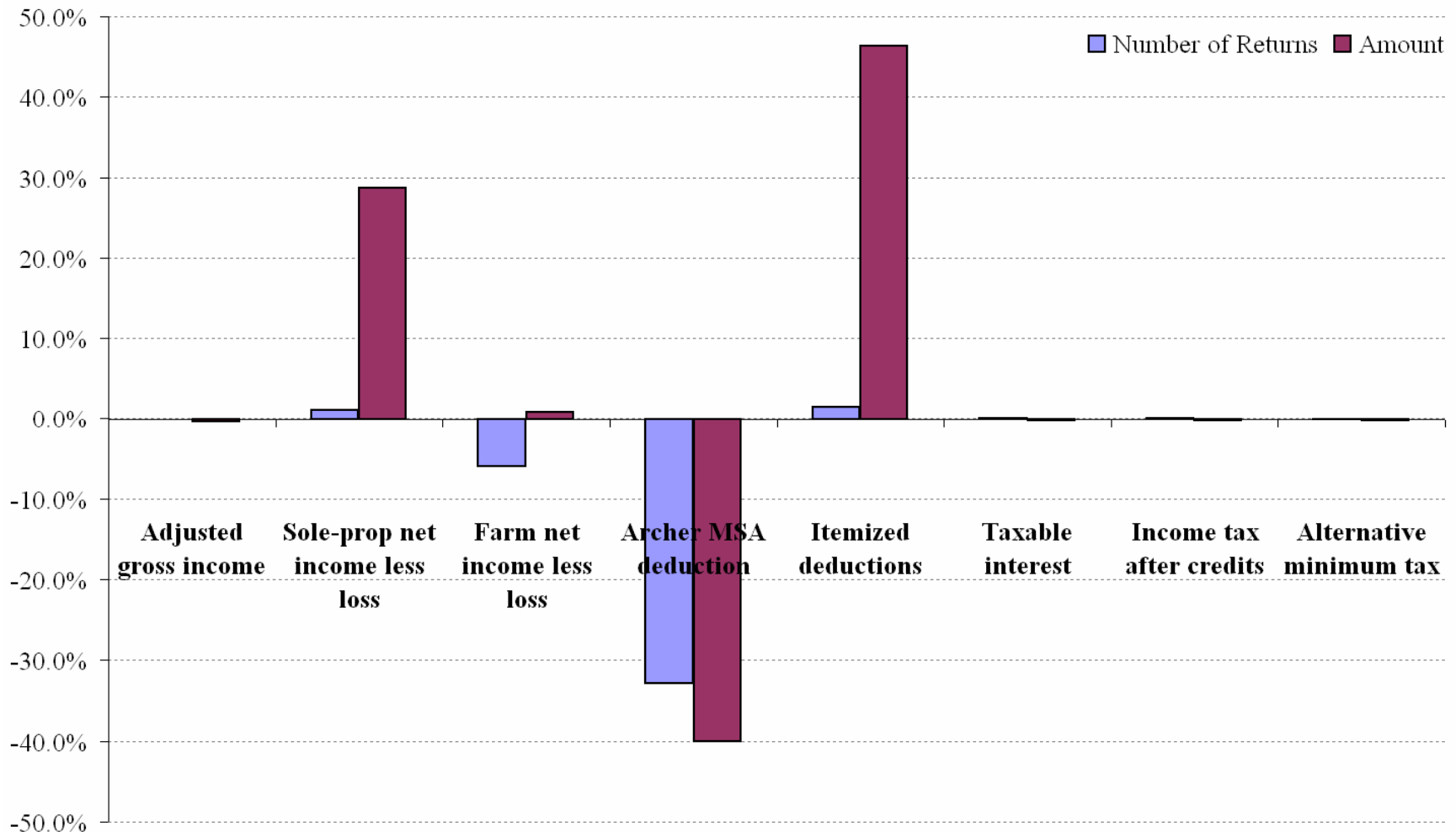
- ❑ 290,000 returns sampled from population of 134 million
- ❑ Embedded panels
- ❑ 40 percent filed electronically
- ❑ 2,550 data items (850 from Master File)
- ❑ Correct errors, reallocate some items
- ❑ E-file data processing



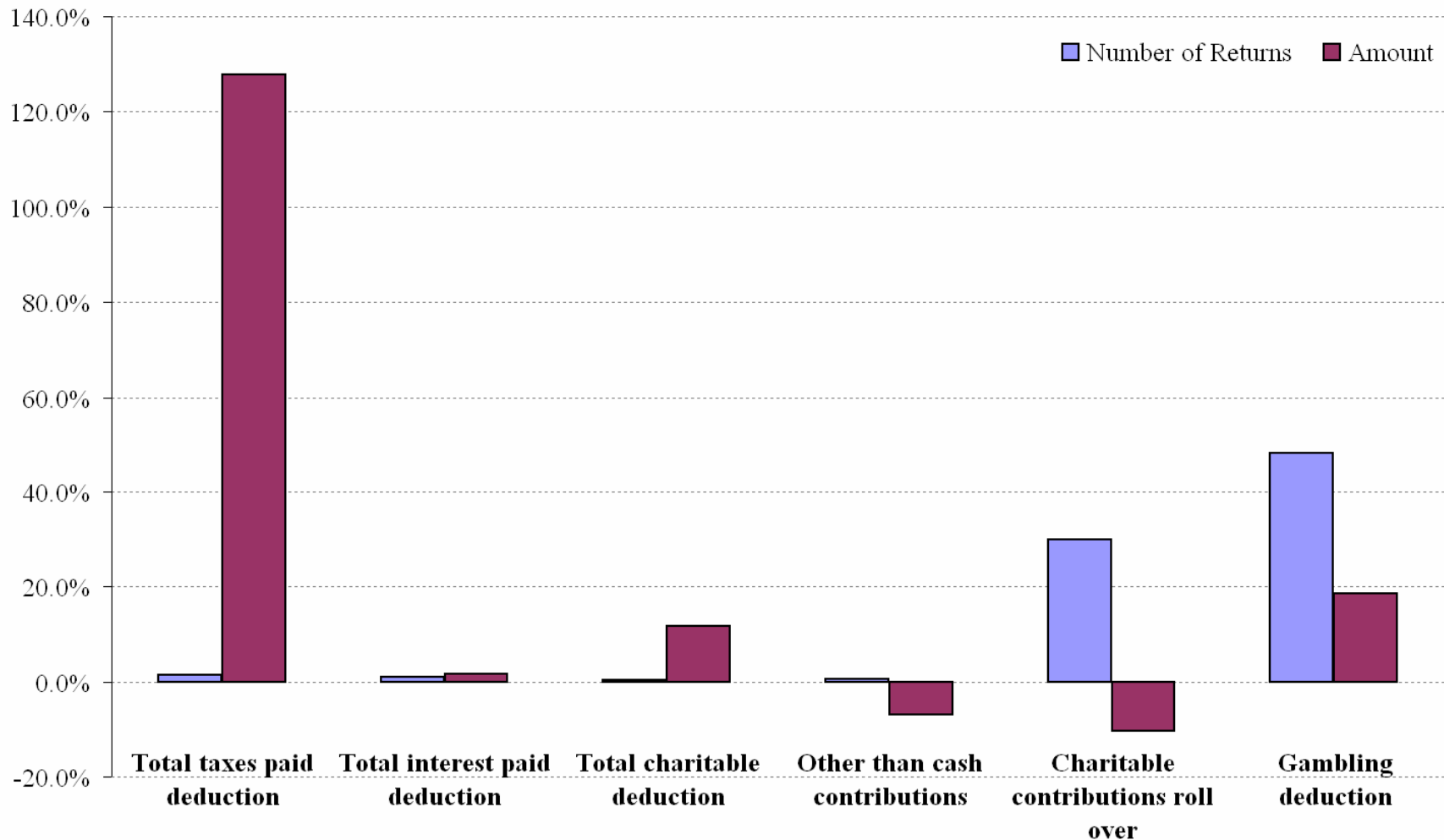
Individual Income Tax Program

- **Special studies:**
 - **Sales of Capital Assets**
 - **Non-cash charitable contributions**
 - **W-2 data studies**
 - **Individual Retirement Arrangements**
 - **Top 400 income**
 - **Distributional analysis**
 - **Farm sole proprietorships**
 - **Panel studies**
- **Public-use files**

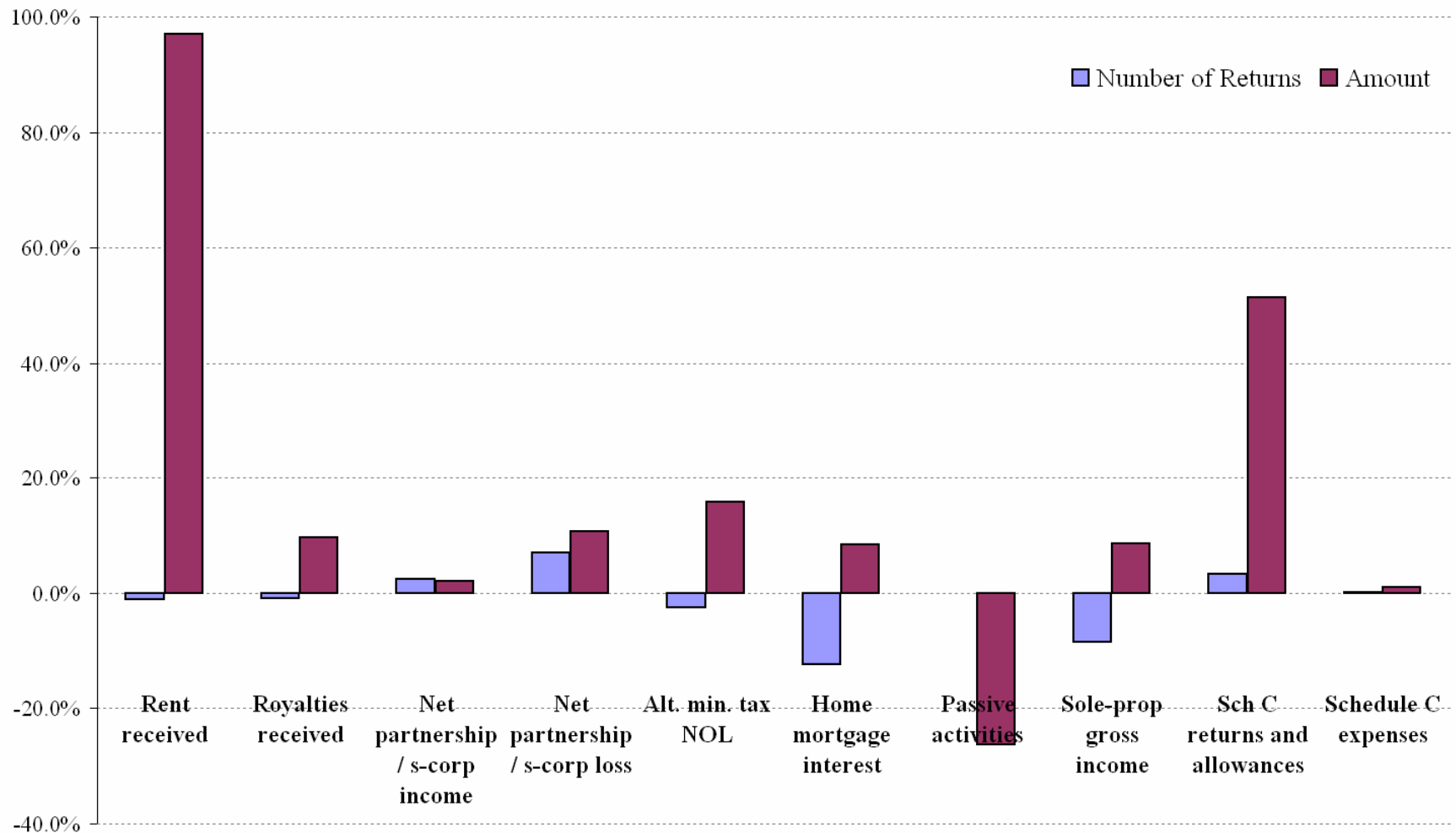
Percent Differences, SOI vs. Master File Data, Selected Form 1040 Items



Percent Differences, SOI vs. Master File Data, Selected Schedule A Items



Percent Differences, SOI vs. Master File Data, Selected Schedule C, D and E Items

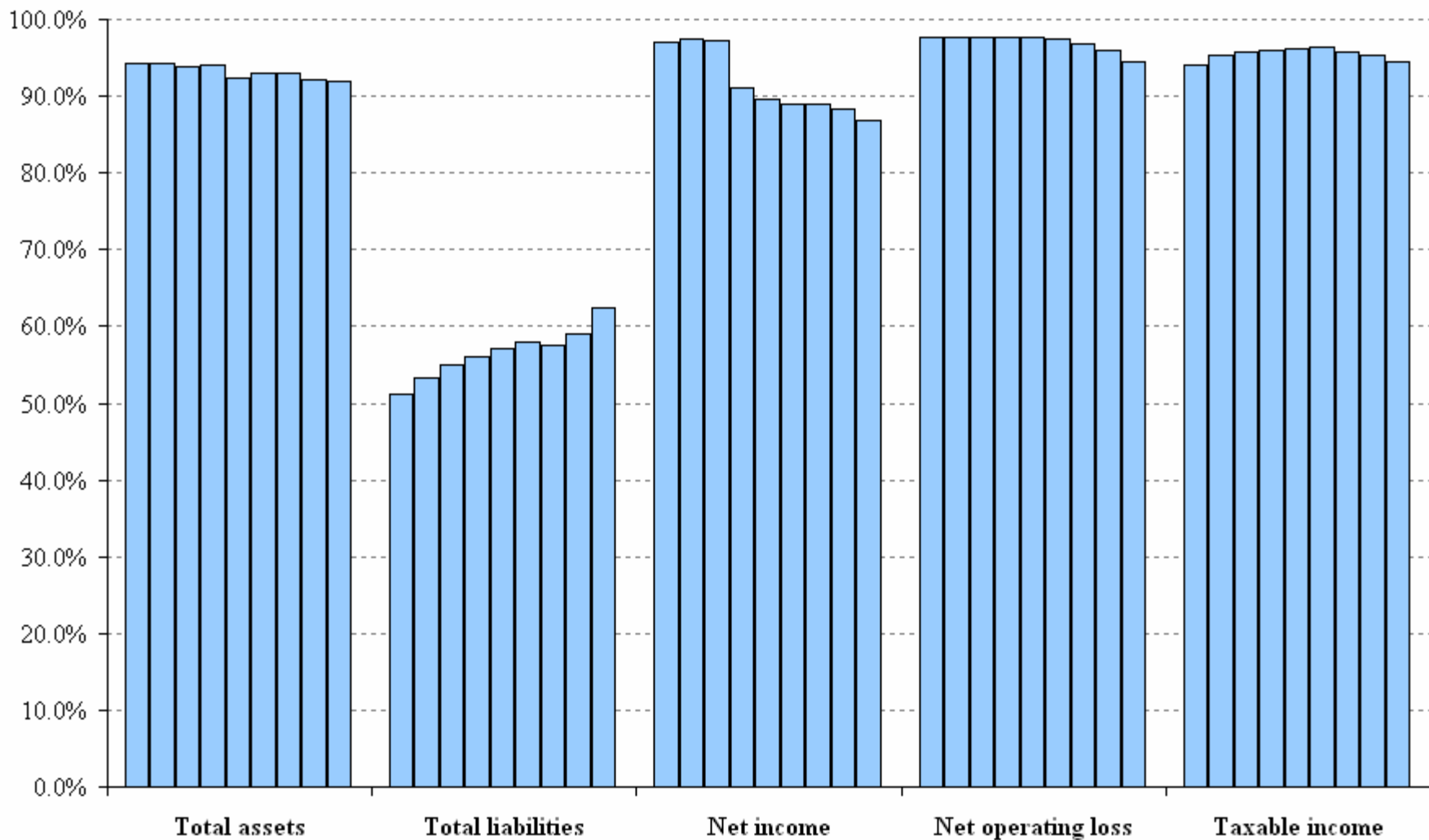




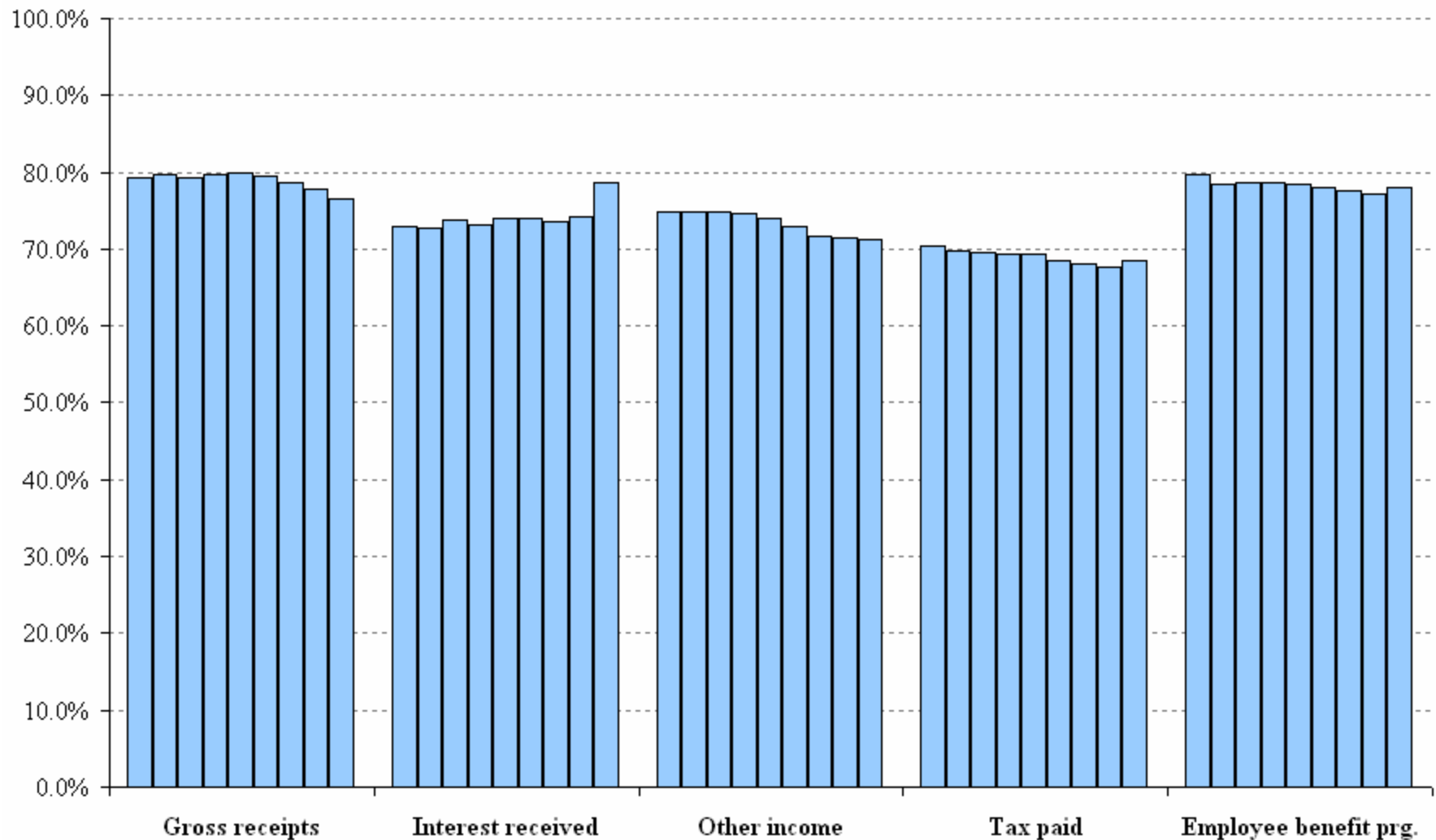
Corporation Income Tax Program

- ❑ 1,900 unique codes and items; approximately 280 available on Master File.
- ❑ Reallocate data items to improve consistency across industries
- ❑ Correct errors
- ❑ Collect data from attached documentation

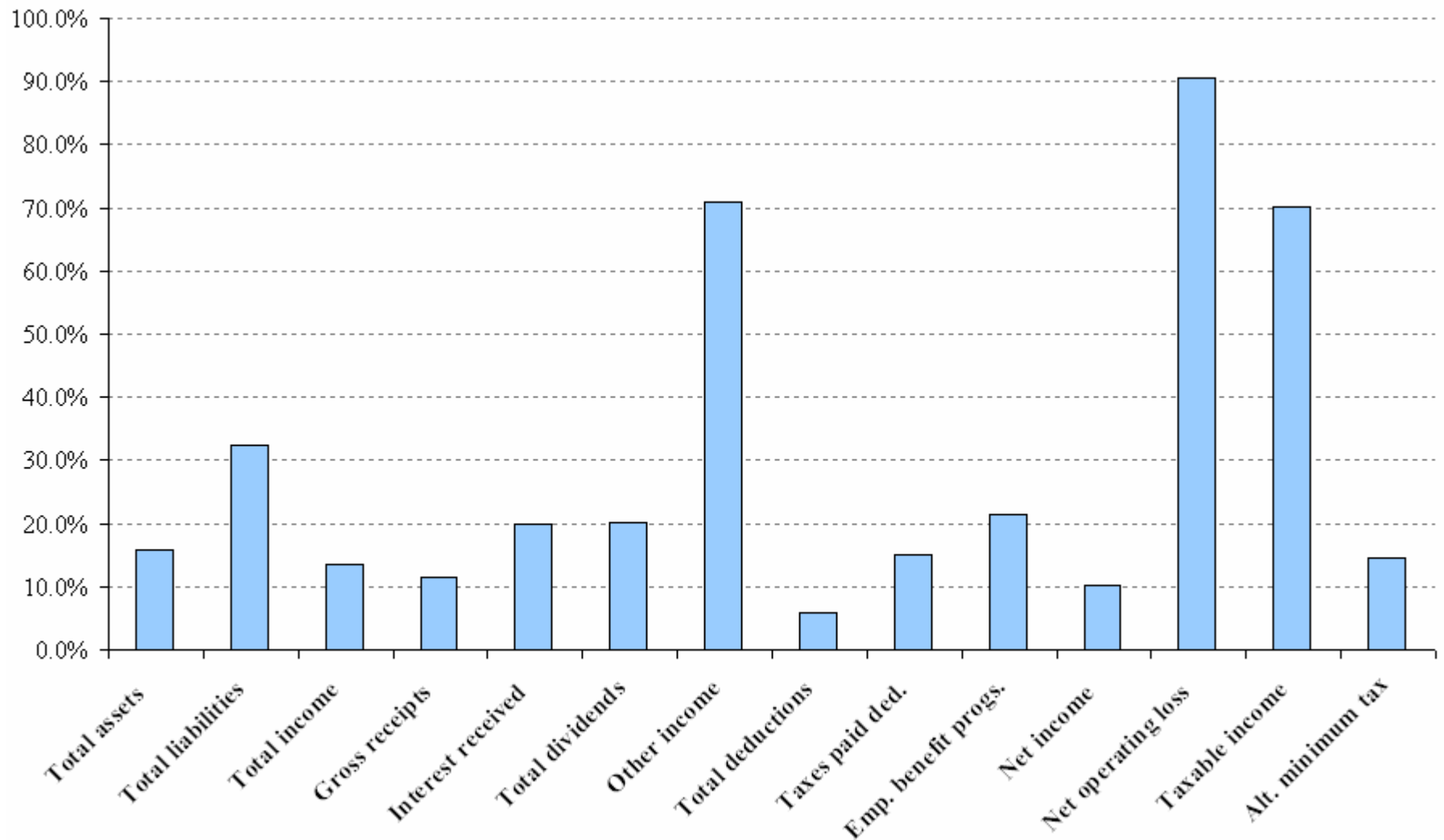
Percent Agreement, SOI vs. Master File, Form 1120 Data, 2005-1997



Percent Agreement, SOI vs. Master File, Form 1120 Data, 2005-1997 (cont.)



Absolute Difference as a Percentage of SOI Estimates, Form 1120 Data 2005





Partnership Study

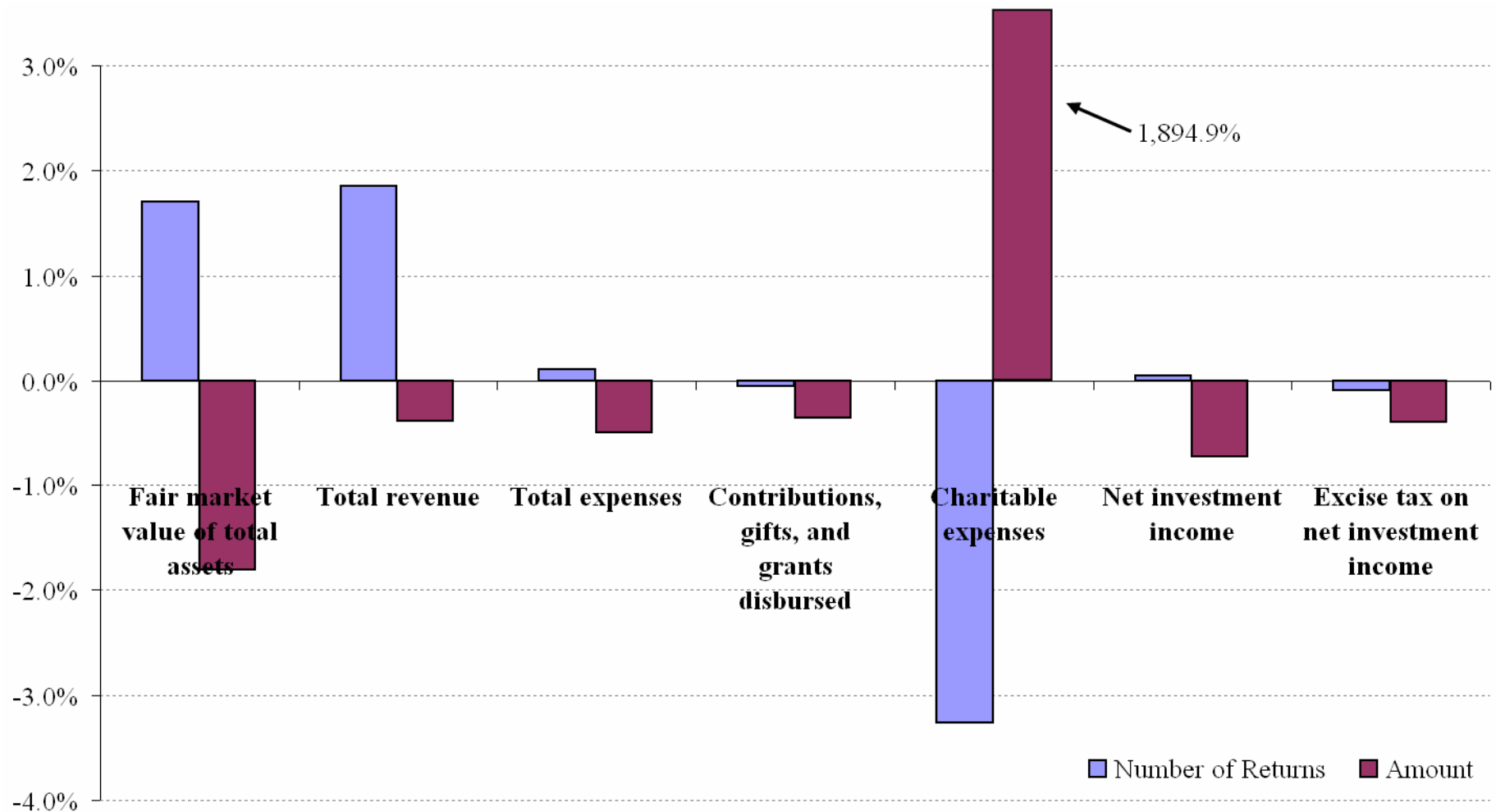
- ❑ Data from Form 1065, 1065-B
- ❑ Sample 44,000 out of population of 2.9 million
- ❑ SOI edits 450 unique codes and items; Master File has about 117



Special Studies

- ❑ Foreign taxes: attachments to Forms 1120, 1065; foreign trusts, partnership withholding.
- ❑ Estate and gift taxes
- ❑ Tax-exempt organizations, unrelated business income
- ❑ Tax-exempt bonds
- ❑ Split-interest trusts

Percent Differences, SOI vs. Masterfile, Selected Private Foundation Data Items





Summary, Differences Between SOI Estimates and Master File Values

- ❑ Content expanded
- ❑ Taxpayer and transcription errors corrected
- ❑ Values reallocated to improve analytical properties
- ❑ Data tested to reduce non-sampling error



Statistical Information Services (SIS)

- ❑ A team of 4 economists and statisticians who are available to answer questions from all SOI customers, including media and the public.
- ❑ Receives and answers phone calls, faxes and e-mail requests, as well as requests via Tax Stats and IRS On-Line Help Desk.
- ❑ Responds to about 2,000 customer requests per calendar year.




SOI Publications

- Quarterly *Statistics of Income* Bulletin
 - 4 to 8 articles per issue
- *IRS Data Book*
 - The IRS annual report
- *IRS Research Bulletin*
 - Compilation of papers given at the annual IRS Research Conference
- SOI paper series
 - Research presented at professional conferences
- *SOI Individual Income Tax Returns*
- *SOI Corporation Income Tax Returns*
- *SOI Corporation Source Book*

Tax Stats on www.irs.gov

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United States Department of the Treasury

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Current Dissemination Initiatives

- Introduced SOI Paper Series**
- Continue to encourage short articles on current topics**
- Introduce information-layering project**
- Continue to work toward full compliance with accessibility standards**
- Implement “dynamic tables” application**
- Create web pages for children, students and teachers**
- Expand availability of metadata and use of hyperlinks**



The Future – Data Sources

- ❑ More returns and information documents will be filed electronically
- ❑ Improvements in Master File data due to electronic filing will increase use of population files
- ❑ Cost savings will enable larger sample sizes



The Future – Field Operations

- ❑ Electronic data or digital images created from paper returns will be primary data sources
- ❑ Optical Character Recognition or Intelligent Character Recognition will be used to capture data from scanned images of paper-filed returns
- ❑ Editors will work mainly to assign codes, reallocate items and resolve data inconsistencies rather than transcribe data
- ❑ Prior-year data will be used to identify and correct data anomalies



The Future - Products

- ❑ Improvements in technology and increased use of electronic filing will allow SOI to produce more data, more quickly and more efficiently
- ❑ Increased sample sizes will allow small area estimates
- ❑ Population files will allow for creation of ad hoc panels, linkage of data items across tax form types and research on infrequent data items
- ❑ Data will be available in real time



Selected References

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