

Projections of Returns To Be Filed in Calendar Years 2002-2009

by Terry Manzi

Each year, a number of tax return forecasts are prepared by the Internal Revenue Service (IRS) research staff under the National Headquarters Office of Research, Analysis, and Statistics. These projections of the number of returns to be filed include categories of tax forms within the individual, tax-exempt, and business returns areas. The information provided by these projections is a valuable resource for IRS planning, budgeting, and resource allocation needs. This update represents projections made in the fall of 2002.

Table 1 represents the most current forecasts for the major form types that are projected. The grand total of all tax returns to be filed in Calendar Year (CY) 2003 is expected to be 230.6 million. This volume is projected to increase at an approximate annual rate of 1.7 percent through CY 2009, at which time the number of return filings is expected to reach 253.6 million.

In preparing these projections, various factors that may affect IRS workload are carefully reviewed. These include recent filing patterns, economic and demographic trends, enacted legislation, and administrative changes. In these latest projections, partial-year data through late summer 2002 are factored into most forecast models. Legislative and administrative changes approved for future implementation are also factored in the forecasts as “off-model” adjustments. These “adjustments” are explained in more detail in the later part of the article.

The Future of Alternative Filing

The IRS Restructuring and Reform Act of 1998 encourages the promotion of paperless filing--including IRS and private industry partnering efforts. For example, in keeping with that law, a consortium of private sector companies has been formed to provide free electronic tax filing for certain individual returns. This free service, scheduled to start in the CY 2003 filing season, will be available to 60 percent or more of taxpayers. Qualifying taxpayers will be able to access various web sites of consortium member companies through links provided on the IRS home page (www.irs.gov).

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The IRS will also provide incentives for practitioners to increase electronic filing (e-filing) by offering them web-based products that allow electronic interactions with the IRS. The electronic services products give qualifying members access to the following activities: **electronic account resolution**--allows authorized practitioners to submit inquiries for their clients' individual/business tax accounts, **disclosure authorization**--allows authorized practitioners to electronically submit Power of Attorney or Tax Information Authorization over the Internet, **transcript delivery system**--speeds request and delivery of taxpayer return/account information, and **taxpayer identification number (TIN) matching**--allows taxpayers subject to backup withholding to match name and TIN combinations with IRS records. These products will be accessible from the IRS home page.

There are also an increasing number of programs to provide paperless filing in the business returns area. For example, more business friendly e-file tax software is slated for implementation in CY 2003. Also, new e-file options for exempt organization (Forms 990) and corporate income tax (Forms 1120) returns will be available, beginning in CY 2004. The new e-file software initiative will lead to the phase-out of the current e-file, online filed, and magnetic-tape filing options in the employment returns (Forms 941 and 940) area.

The introduction of major new products to the e-file/e-commerce environment, such as the initiatives described above, results in upward adjustments to the projected baseline e-file volumes. However, it is not possible to quantify all likely future developments in the e-file arena, as some IRS plans are still in their infancy, and some technological adaptations are still mostly speculative. Thus, the e-file forecasts of IRS research staff merely reflect extrapolations of existing trends and what is known about future developments. As such, they should not be interpreted as the agency's goals used to preclude an alternative e-file future more in line with targeted levels sought by Congress.

Projection Highlights

Grand Total Returns, Primary Returns, Supplemental Documents

The “grand total” figure encompasses “total primary

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returns” and “supplemental documents.” “Total primary returns” account for 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 constitute 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 presents a complete list of yearly projections by form type and medium of filing through CY 2009. In CY 2003, approximately 212.5 million returns are projected to fall under “total primary returns,” and 18.1 million under “supplemental documents.” As shown in Figure A, these forecasts reflect an increase of 2.2 percent in primary returns and 3.9 percent in supplemental returns over CY 2002. Figure A also shows an average annual growth rate from CY 2002 through CY 2009 for “total primary returns” and “supplemental documents” of 1.5 percent and 3.6 percent, respectively.

Individual Income Tax Returns

“Total individual returns” are defined as: paper and electronic versions of the major individual income tax returns, Forms 1040, 1040A, 1040EZ; Form 1040NR, *U.S. Non-Resident Alien Income Tax Return*; Form 1040PR, *Planilla para la Declaracion de la Contribucion Federal Sobre El Trabajo Por Cuenta Propia--Puerto Rico*; and 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.

In CY 2003, the number of “total individual returns” filed is projected to reach 132.3 million and grow at an average annual rate of 1.5 percent until CY 2009. At this rate, the projected number of “total individual returns” will reach 145.3 million by CY 2009, with 84.0 million projected to be filed electronically.

Total Individual Electronic Returns

Total individual electronic (e-file) returns include individual income tax returns filed via TeleFile, or the “standard” electronic method, as described below. The projected number of individual returns to be filed electronically in CY 2003 is 54.3 million. Under

current trends, this number is expected to grow at an average rate of 8.8 percent per year. Notably, the projected e-file pattern for CY 2003 to 2009 is actually one of stronger growth in the initial forecasted years, followed by a dampened growth in the later years, as is customary in the growth pattern for an innovative commercial product.

Standard Electronic Returns

Standard e-file returns are non-TeleFile returns (defined below) filed through an authorized third party, or what is termed an “electronic return originator” (ERO). In general, standard e-file returns are filed either through tax practitioners or from a home computer via an online filing option that routes the return to an ERO. In CY 2002, standard e-file returns are projected to make up 42.6 million of the total individual returns filed. This reflects a relatively large increase (19 percent) over CY 2001. Online filing, particularly, is the fastest growing component of e-file. CY 2002 shows a 38-percent jump over CY 2001 in online filed returns, and it is expected that CY 2003 will see a jump of another 46.5 percent, aided greatly by the new consortium offering free e-file options over the Internet. The strong continued rise of standard e-file returns, in general, is attributable to all the promotion and aggressive product innovations from both the IRS and private industry.

TeleFile

Returns filed via the TeleFile program are transmitted by the filer using a touch-tone telephone. A large share of filers of Form 1040EZ can opt to file, using TeleFile in lieu of a paper return. Unlike standard e-file, however, TeleFile volumes should drop by 0.24 million returns, or 5.5 percent, in CY 2002, and are expected to drop another 4.7 percent in CY 2003. This decline is attributable to several factors, including the migration to other e-file options.

Individual Electronic Returns by Form Type

The strength of the average annual growth rate of electronically-filed individual income tax returns (8.8 percent through CY 2009) compared to that of total individual income tax returns (1.5 percent) is a clear indication that taxpayers may be switching, increasingly, to an electronic filing option. To date, most individual e-file returns reflect taxpayers with less complicated tax situations. As a result, and as illustrated in Figure B, of the 54.3 million total indi-

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Figure A

Projection Overview of Returns To Be Filed for Calendar Years 2002-2009

Type of return	2003 projection	Percentage increase, from 2002	Average annual percentage increase, 2003-2009	Type of return	2003 projection	Percentage increase, from 2002	Average annual percentage increase, 2003-2009
	(1)	(2)	(3)		(1)	(2)	(3)
Grand total.....	230,560,200	0.023	0.017	Total primary returns--continued			
Total primary returns.....	212,471,200	0.022	0.015	Employment tax--continued			
Individual income tax, total.....	132,332,000	0.008	0.015	Forms 941, 941PR/SS/E, total.....	23,319,300	0.010	0.008
Forms 1040, 1040A, and 1040EZ	131,685,800	0.008	0.015	Paper Forms 941, 941PR/SS/E.....	18,678,100	-0.005	-0.007
Total Paper Individual Returns.....	77,376,300	-0.077	-0.045	Magnetic tape Form 941	785,100	-0.128	N/A
Paper Form 1040.....	56,401,900	-0.049	-0.041	Form 941 e-file/online/XML.....	2,949,500	0.163	0.125
Paper Form 1040A.....	11,568,300	-0.167	-0.077	Form 941 TEL.....	906,500	0.008	0.012
Paper Form 1040EZ.....	9,406,100	-0.115	-0.031	Forms 943 and 943 PR.....	270,700	-0.044	-0.043
Total individual electronic returns.....	54,309,500	0.161	0.088	Form 945.....	171,400	-0.013	-0.014
Online filing.....	13,794,400	0.465	0.164	Form CT-1.....	1,600	-0.059	-0.037
Practitioner electronic filing.....	36,536,700	0.100	0.075	Form 1042.....	26,200	0.012	0.005
TeleFile.....	3,978,400	-0.047	-0.048	Tax-exempt organization, total.....	1,119,200	0.016	0.016
Forms 1040NR, 1040PR, and 1040SS.....	646,200	0.037	0.033	Paper exempt organization	1,119,200	0.016	-0.005
Individual estimated tax, Form 1040-ES, total....	35,696,700	0.091	0.024	Electronic exempt organization	--	--	--
Paper Form 1040-ES.....	35,605,200	0.090	0.023	Forms 990/EZ/C/PF/T, 4720, and 5227.....	773,500	0.033	0.030
Electronic (credit card) Form 1040-ES.....	91,500	1.194	0.325	Forms 990, total.....	374,900	0.032	0.029
Estate and trust income tax (Form 1041), total....	3,778,100	0.018	0.020	Electronic Form 990	--	--	--
Paper fiduciary returns.....	2,425,200	-0.004	0.000	Forms 990EZ, total.....	134,200	0.018	0.017
Electronic /magnetic tape fiduciary returns..	1,352,900	0.060	0.052	Electronic Forms 990EZ	--	--	--
Fiduciary estimated tax, Form 1041-ES.....	798,000	0.016	0.013	Form 990C.....	3,500	-0.054	-0.039
Partnership, Forms 1065 and 1065B.....	2,348,200	0.040	0.033	Form 990PF.....	77,900	0.030	0.028
Paper partnership returns.....	2,270,600	0.020	0.010	Form 990T.....	49,900	0.016	0.016
Electronically-filed partnership returns.....	77,600	1.471	0.564	Form 4720.....	1,500	--	0.027
Corporation income tax, total.....	5,829,500	0.020	0.020	Form 5227.....	131,500	0.061	0.053
Paper corporation returns.....	5,829,500	0.020	-0.007	Forms 8038/G/GC/T, 5330, 5558, 8328, 8871, and 8872, total.....	345,700	-0.019	-0.019
Electronically-filed corporation returns.....	--	--	N/A	Form 8038.....	4,400	-0.022	-0.020
Form 1120, total.....	2,091,200	-0.014	-0.007	Form 8038G.....	27,900	0.007	0.009
Form 1120A, total.....	218,700	-0.032	-0.020	Form 8038GC.....	9,100	-0.071	-0.051
Electronic Form 1120/1120A.....	--	--	N/A	Form 8038T.....	1,000	--	--
Form 1120F.....	23,600	0.031	0.011	Form 5330.....	28,700	-0.017	-0.017
Form 1120FSC.....	700	-0.854	N/A	Form 5558.....	266,400	-0.021	-0.022
Form 1120H.....	126,900	0.027	0.031	Form 8328.....	200	--	--
Form 1120POL, total.....	8,500	0.024	0.012	Form 8871.....	1,800	--	--
Electronic Form 1120POL.....	--	--	N/A	Form 8872.....	6,100	--	--
Form 1120RIC.....	12,300	0.051	0.044	Employee plans.....	N/A	N/A	N/A
Form 1120S, total.....	3,339,200	0.047	0.038	Excise tax.....	859,300	0.010	0.010
Electronic Form 1120S.....	--	--	N/A	Form 8752.....	42	-0.050	-0.047
Forms 1120L/PC/REIT/SF.....	8,600	0.036	0.026	Supplemental documents.....	18,089,000	0.039	0.036
Estate tax, Forms 706, and 706NA, total.....	78,100	-0.375	-0.095	Form 1040X.....	3,759,000	0.058	0.051
Gift tax, Form 709.....	274,400	0.076	0.038	Form 4868, total.....	8,554,500	0.034	0.031
Employment tax, total.....	29,289,500	0.008	0.007	Paper Form 4868.....	7,499,900	0.009	0.010
Paper employment returns.....	23,732,000	-0.009	-0.010	Electronic Form 4868.....	1,054,700	0.250	0.154
Magnetic tape employment returns.....	1,225,900	-0.086	N/A	Credit card Form 4868.....	23,500	0.035	0.016
Electronic returns	4,331,500	0.153	0.122	Form 4868 e-file.....	421,200	0.256	0.156
Forms 940, 940EZ and 940PR, total.....	5,526,500	0.006	0.003	Form 4868 TeleFile.....	609,900	0.256	0.156
Paper Forms 940, 940EZ, and 940PR...	4,610,200	-0.026	-0.023	Form 2688.....	2,761,100	0.038	0.035
Magnetic tape Form 940.....	440,800	N/A	N/A	Form 1120X.....	14,100	-0.034	-0.036
Form 940 e-file/online/XML.....	475,500	0.477	0.304	Form 7004.....	3,000,300	0.032	0.029

N/A--Not applicable.

NOTES: 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 total due to rounding.

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vidual e-file returns projected to be filed in CY 2003, only about 39 percent (21.3 million) will have the characteristics of the more complicated “long” Form 1040, if filed on paper. In contrast, 26 percent (14.1 million) will have the characteristics of the “short” Form 1040EZ returns, and another 35 percent (18.9 million) will have the characteristics of the other “short” return, Form 1040A.

Individual Estimated Tax Vouchers

Form 1040ES, *Estimated Tax for Individuals*, is used by filers who need to make advance tax payments and who expect their tax withholdings to be less than 90 percent of their tax for the year in which they are filing. Individual taxpayers typically file more than one voucher (Form 1040ES) during the course of the year, usually one per quarter. The number of Forms 1040ES filed actually dropped in CY 2002. The suspected reasons for this drop include recent tax law changes which reduced tax liabilities and the dramatic slump in the stock market which has greatly reduced the amount of capital gains being realized, as well as the “sluggish” economic recovery. However, approximately 35.7

million individual estimated tax vouchers are expected to be filed in CY 2003, a projected growth of about 9.1 percent over CY 2002. This return category is expected to grow at an average annual rate of 2.4 percent over the entire period from CY 2002 to CY 2009. In CY 2009, about 38.5 million individual estimated tax vouchers are projected to be filed.

Employment Tax Returns

Paper and electronic versions of several tax forms fall under the heading of employment tax returns. These forms include: Form 940 series, *Employer’s Annual Federal Unemployment (FUTA) Tax Return*; Form 941 series, *Employer’s Quarterly Federal Tax Return*; Form 943 series, *Employer’s Quarterly Federal Tax Return for Agricultural Employees*; Form 945, *Annual Return of Withheld Federal Income Tax*; and Form CT-1, *Employer’s Annual Railroad Tax Return*.

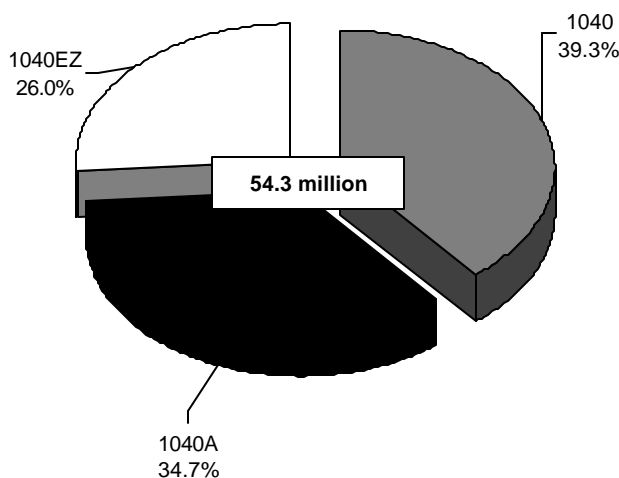
Employment tax returns make up the third largest component of the “total primary returns” figure, after individual income tax returns and individual estimated tax vouchers. Approximately 29.3 million employment tax returns are projected to be filed in CY 2003. This represents an increase of 0.8 percent over CY 2002. The number is expected to grow at an annual rate of 0.7 percent until CY 2009, when it is projected to reach 30.5 million. The relatively slow rate reflected for this series is based on actual filing experience in recent years, and particularly the slow increase projected for the two largest components, the Form 940 and Form 941 return series.

The Form 941 return series is the largest in the employment tax category, with about 80 percent of the total. In CY 2003, an estimated 23.3 million returns from the Form 941 return series are expected to be filed. The e-file and TeleFile components of the 941 return types are expected to reach 2.9 million and 0.9 million, respectively, in CY 2003.

Both Form 940 and Form 941 have a magnetic tape filing component. Form 940 returns filed by magnetic tape are projected to stay at about 441 thousand in CY 2003, while Form 941 magnetic-tape filings are expected to drop to 785 thousand returns. Both Forms 940 and 941 magnetic-tape filing will undergo major program changes in their respective electronic filing categories. In particular, when magnetic-tape filing in these areas will be phased out over the next few years, these business returns filers

Figure B

Electronically-Filed Individual Income Tax Returns by Form Type, Projections for Calendar Year 2003



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are expected to switch over to the enhanced e-file option based on new e-filing software.

Return filings of Form 1042 (*Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*) are not included in the above total employment tax figure. They are, instead, reported separately in Table 1. Approximately 26.2 thousand Form 1042 returns are expected to be filed in CY 2003. The projected volume is expected to grow slowly to about 26.8 thousand by CY 2009.

Employee Plans Returns

Employee plans returns are filed by employers or other administrators of employee pension plans to report information on the benefits they provide. Employee plan returns include *Annual Return/Report of Employee Benefits Plan* (with more than 100 participants) (Form 5500), *Annual Return/Report of Employee Benefits Plan* (with fewer than 100 participants) (Form 5500C/R), and *Annual Return of One Participant Pension Benefit Plan* (Form 5500EZ). However, in July 2000, the Department of Labor assumed the responsibility for processing all employee plan returns associated with Return Year 1999 and beyond so as to capture more of the data on the return than IRS could provide. The IRS continued to be responsible for processing returns filed up to and including those for Return Year 1998--a responsibility which was concluded by July 2001. The IRS will continue to handle other administrative responsibilities regarding employee plan returns (but not their submission processing). The forecasts included in Table 1 reflect this phase-out of IRS submission processing of EP returns.

Partnership Returns

Form 1065, *U.S. Partnership Return of Income*, and Form 1065B, *U.S. Large Partnership Return of Income*, are filed by partnerships to report income, deductions, tax credits, or losses. The projected number of these returns to be filed in CY 2003 is 2.3 million. This number, an increase of 4.0 percent over CY 2002, is projected to keep increasing at an average rate of 3.3 percent per year. The number of partnership returns filed is expected to increase to 2.8 million by CY 2009.

Corporation Income Tax Returns

Corporation income tax returns include a number of form types. The vast majority of these returns are

filed on Form 1120, *U.S. Corporation Income Tax Return*, Form 1120A, *U.S. Corporation Short-Form 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). The remainder of corporation income tax returns are filed by such entities as homeowners' associations (Form 1120H), foreign corporations (Form 1120F), and real estate investment trusts (Form 1120REIT), among others. Amended returns (Form 1120X) are not included under corporation income tax returns but are instead listed under "supplemental documents." In CY 2003, the projected number of corporation returns filed is 5.8 million. This is nearly a 2.0-percent increase over CY 2002. It is expected that these returns will continue to increase, to 6.6 million by CY 2009, as Table 1 shows. However, as the detail in Figure A also illustrates, this growth in total corporation return filings is primarily tied to the upward trend in Form 1120S filings, whereas filings of Forms 1120 and 1120A are actually projected to decline.

Excise Tax Returns

Excise tax returns include the following four return types: Form 11C, *Occupational Tax and Registration Return for Wagering*; Form 720, *Quarterly Federal Excise Tax Return*; Form 730, *Tax on Wagering*; and Form 2290, *Heavy Vehicle Use Tax Return*. The total number of excise tax returns filed with the IRS is projected to be 859 thousand in CY 2003. That number is expected to grow to 912 thousand by CY 2009.

Tax-Exempt Organization Returns

The category "exempt organization" traditionally included Form 990 series returns, plus Form 4720, *Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code* and Form 5227, *Split-Interest Trust Information Return*--all reflecting various returns for organizations exempt from income tax. However, in response to IRS resource-planning needs, this return category has been expanded and now includes the following additional returns: Form 5330, *Return of Initial Excise Taxes Related to Employee Benefit Plans*; Form 5558, *Application for Extension of Time To File Certain Employee Plans Returns*; Form 8038, *Information Return for*

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Tax-Exempt Private Activity Bond Issues; Form 8038G, Information Return for Government Purpose Tax-Exempt Bond Issues; Form 8038GC, Consolidated Information Return for Small Tax-Exempt Government Bond Issues; Form 8038T, Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate; Form 8328, Carry Forward Election of Unused Private Activity Bond Volume Cap; Form 8871, Political Organization Notice of Section 527 Status; and Form 8872 Political Organization Report of Contributions and Expenditures. The addition of these forms affects (raises) the reported Exempt Organization figures in Table 1 (for all years shown) as well as the corresponding “total primary total” and “grand total”—compared to research staff forecasts done in prior years. The newly-defined total for exempt organization returns is projected to be just over 1.1 million in CY 2003 and to grow to over 1.2 million by 2009.

EstateTaxReturns

The Economic Growth and Tax Relief Reconciliation Act of 2001 had significant impact on estate tax (Forms 706/706NA) law. The tax relief act reduces estate tax liability by raising the allowable exempt amount of taxable estates and by lowering the maximum tax rate for years 2002 thorough 2009. Under current law, the estate tax will be repealed on all estates where the year of death is 2010. In 2011, however, under existing law, estate tax will then revert to the law in place before June 7, 2001. The effects of this new tax law account for the projected downward trend in estate tax return filings.

NewSubmissionProcessingCenterAlignments

The IRS is continuing its modernization efforts, begun in CY 2001, to realign and consolidate its ten submission processing centers for paper returns. Cincinnati and Ogden centers will discontinue accepting individual returns and process virtually all business and certain other returns, starting in CY 2003. Included are such returns as employment tax, estate and trust income tax, tax-exempt organization, employee plans, partnership, estate, gift, and corporation tax returns. The Brookhaven center will process fewer individual returns in CY 2003 than it did in CY 2002, and will cease to exist as a submission processing center in CY 2004. All paper individual tax returns and related forms, such as the individual estimated tax vouchers,

will be then redistributed and processed in the remaining seven centers.

IRS modernization plans for the realignment of the processing of electronically-filed returns are also currently under way, although final decisions are pending in many program areas.

ProjectionMethodology

A variety of statistical methods are employed in the production of the projections represented in this article. In general, each unique return (form) type has its own forecasting methodology. Among the forecasting models employed are regression analyses, exponential smoothing techniques, weighted moving averages, and other time series models that incorporate historically observed growth rates.

Partial-year data through late summer of CY 2002 were generally available at the time these projections were made. These partial-year data were extrapolated for the full year and factored into the models.

RegressionAnalysis

One of the common methods the IRS staff uses in forecasting is econometric modeling. It is used when a solid statistical relationship can be formed between the historical filings of a tax return and an economic or demographic independent variable. Some examples of these independent variables include estimates of personal income, and employment, as provided by Global Insight, Inc. These variables, where applicable, are lagged 1 year to reflect their effect on the filings of the tax return for the specific tax year.

TimeSeriesAnalysis

In the case where no statistically relevant relationship can be found between the filing pattern of a form type and an independent variable(s), the research staff then employs trend extrapolation methods. The two most common forms of these time series models are weighted moving averages and exponential smoothing.

GrowthRates

If the actual recorded data are insufficient to form the basis for a reliable statistical projection model, then simple growth rates are used as the final approach. This method assumes that, for a given form type, a previously observed growth pattern will

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continue into the future for a limited number of years. Should historical data be nonexistent or the data prove to be ineffective in deriving any growth pattern assumption, the pattern for a related form with an established trend is used as a proxy.

Off-Model Adjustments

“Off-model adjustment” is a term used to describe additional changes occasionally made to the initial projection generated by the statistical model. These changes are typically made in the case of legislative or administrative changes that will have effects in the future and which the statistical forecasting models are not designed to take into account. These off-model adjustments are estimated from other available data or the judgment of knowledgeable program staff. The projections of estate tax returns (Form 706 series) provide a clear example of such off-model adjustments. The projection for estate tax returns reflects adjustments for the estimated impact of the Economic Growth and Tax Relief Reconciliation Act of 2001, which gradually reduces this tax, in stages. However, most legislative or administrative changes must be formally enacted in order to be factored into the forecasts developed by the IRS research staff.

Notes and References

- [1] All values in Table 1 are taken from the 2002 update of *Calendar Year Return Projections for the United States and IRS Centers: 2002-2009*, IRS Document 6186, November 2002, National Headquarters Office of Research, Analysis, and Statistics, Internal Revenue Service, U.S. Department of the Treasury.
- [2] These values are taken from the Fall 2002 update of *Calendar Year Projections of Individual Returns by Major Processing Categories*, Document 6187, October 2002,

National Headquarters Office of Research, Analysis, and Statistics, Internal Revenue Service, U.S. Department of the Treasury. Detail does not add to totals because of rounding.

- [3] Magnetic tape refers to returns filed and processed on magnetic tape at the IRS submission processing centers.
- [4] In July 2000, the Department of Labor assumed the responsibility for processing all employee plans returns associated with Return Year 1999 and beyond so as to capture more of the data on the return than IRS could provide). The forecasts included in Table 1 reflect the phaseout of IRS submission processing of EP returns.
- [5] The Tax-Exempt return category has been expanded and now includes the following additional returns: Form 5330, *Return of Initial Excise Taxes Related to Employee Benefit Plans*; Form 5558, *Application for Extension of Time To File Certain Employee Plans Returns*; Form 8038, *Information Return for Tax-Exempt Private Activity Bond Issues*; Form 8038G, *Information Return for Government Purpose Tax-Exempt Bond Issues*; Form 8038GC, *Consolidated Information Return for Small Tax-Exempt Government Bond Issues*; Form 8038T, *Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate*; Form 8328, *Carry Forward Election of Unused Private Activity Bond Volume Cap*; Form 8871, *Political Organization Notice of Section 527 Status*; and Form 8872, *Political Organization Report of Contributions and Expenditures*. These additional forms raise the reported Exempt Organization figures in Table 1 (for all years shown) as well as the corresponding “total primary total” and “grand total”—compared to research staff forecasts done in prior years.

SOURCE: IRS, Statistics of Income Bulletin, Winter 2002-2003, Publication 1136 (Rev. 4-2003).

Projections of Returns To Be Filed in Calendar Years 2002-2009

Table 1.--Number of Returns Filed, or To Be Filed, With the Internal Revenue Service, Calendar Years 2001-2009

[Numbers of returns are in thousands]

Type of return	Actual	Estimated ¹	Projected						
	2001	2002	2003	2004	2005	2006	2007	2008	2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Grand total. ²	229,933	225,298	230,560	234,822	239,340	243,442	246,772	250,171	253,635
Total primary returns. ³	213,071	207,889	212,471	216,054	219,879	223,291	225,932	228,638	231,400
Individual income tax, total. ⁴	130,094	131,248	132,332	134,603	137,142	139,323	141,309	143,287	145,333
Forms 1040, 1040A, and 1040EZ. ⁵	129,445	130,625	131,686	133,934	136,449	138,608	140,570	142,526	144,549
Paper Individual returns, total.....	89,238	83,830	77,376	73,481 ⁶	69,858	66,718	64,069	61,930	60,503
Paper Form 1040.....	62,452	59,303	56,402	53,962	51,276	48,670	46,834	45,188	44,120
Paper Form 1040A.....	15,209	13,893	11,568	10,441	9,688	9,208	8,529	8,158	7,874
Paper Form 1040EZ.....	11,577	10,634	9,406	9,078	8,893	8,840	8,705	8,585	8,509
Electronically-filed Individual returns, total.....	40,207	46,795	54,310	60,453	66,592	71,890	76,502	80,596	84,046
Online filing.....	6,831	9,415	13,794	16,590	19,314	21,541	23,340	24,823	26,104
Practitioner electronic filing.....	28,957	33,204	36,537	40,074	43,669	46,913	49,890	52,659	54,978
TeleFile.....	4,419	4,176	3,978	3,790	3,609	3,437	3,272	3,114	2,963
Forms 1040NR, 1040PR, and 1040SS.....	649	623	646	669	692	715	738	761	784
Individual estimated tax, Form 1040-ES, total.....	39,023	32,715	35,697	36,442	37,187	37,932	38,118	38,304	38,490
Paper Form 1040-ES.....	38,983	32,673	35,605	36,326	37,046	37,765	37,925	38,085	38,244
Electronic (credit card) Form 1040-ES.....	40	42	92	116	141	167	194	220	246
Estate and trust income tax, Form 1041, total.....	3,919	3,711	3,778	3,857	3,936	4,015	4,093	4,172	4,251
Paper estate and trust income tax returns.....	2,447	2,435	2,425	2,427	2,429	2,431	2,433	2,435	2,437
Electronic/magnetic tape estate and trust income tax returns.....	1,472	1,276	1,353	1,430	1,507	1,583	1,660	1,737	1,814
Fiduciary estimated tax, Form 1041-ES.....	933	786	798	810	821	831	842	851	861
Partnership, Forms 1065 and 1065B.....	2,165	2,258	2,348	2,436	2,522	2,605	2,686	2,764	2,841
Paper partnership returns.....	2,156	2,226	2,271	2,239	2,263	2,287	2,323	2,352	2,379
Electronically-filed partnership returns.....	9	31	78	197	259	318	362	413	462
Corporation income tax, total.....	5,561	5,717	5,830	5,957	6,082	6,207	6,329	6,450	6,570
Paper corporation returns.....	5,561	5,717	5,830	5,789	5,771	5,698	5,570	5,487	5,429
Electronically-filed corporation returns.....	N/A	N/A	--	168	311	508	759	964	1,141
Form 1120, total.....	2,129	2,121	2,091	2,074	2,060	2,048	2,038	2,030	2,024
Form 1120A, total.....	236	226	219	213	208	204	201	199	197
Electronic Form 1120/1120A.....	--	--	--	67	121	192	280	348	404
Form 1120F..... ⁶	23	23	24	24	24	24	25	25	25
Form 1120-FSC.....	5	5	1	N/A	N/A	N/A	N/A	N/A	N/A
Form 1120-H.....	120	124	127	131	135	140	144	149	154
Form 1120-POL, total.....	7	8	9	9	9	9	9	9	9
Electronic Form 1120-POL.....	N/A	N/A	--	N/A	1	1	2	2	2
Form 1120-RIC.....	11	12	12	13	13	14	15	15	16
Form 1120S, total.....	3,023	3,190	3,339	3,484	3,624	3,758	3,887	4,013	4,136
Electronic Form 1120S.....	N/A	N/A	--	101	190	315	477	613	734
Forms 1120L/PC/REIT/SF.....	8	8	9	9	9	9	10	10	10
Estate tax, Forms 706, and 706NA, total.....	122	125	78	83	66	70	49	51	54
Gift tax, Form 709.....	304	255	274	285	296	306	315	323	331
Employment tax, total. ⁷	28,936	29,053	29,290	29,511	29,731	29,881	30,045	30,261	30,470
Paper employment returns.....	24,111	23,954	23,732	23,469	23,270	22,981	22,659	22,466	22,258
Magnetic tape employment returns.....	2,071	1,342	1,226	148	N/A	N/A	N/A	N/A	N/A
Electronic employment returns.....	2,754	3,758	4,332	5,893	6,461	6,899	7,386	7,795	8,212
Forms 940, 940EZ, and 940PR, total.....	5,545	5,495	5,527	5,540	5,554	5,566	5,579	5,591	5,602
Paper Forms 940, 940EZ, and 940PR.....	4,830	4,732	4,610	4,436	4,350	4,247	4,111	4,066	4,022
Magnetic tape Forms 940.....	684	441	441	44	N/A	N/A	N/A	N/A	N/A
Forms 940 e-file/online/XML.....	31	322	476	1,060	1,204	1,319	1,468	1,525	1,581
Forms 941, 941PR/SS/E, total.....	22,920	23,099	23,319	23,539	23,759	23,909	24,073	24,291	24,500
Paper Forms 941, 941PR/SS/E.....	18,810	18,763	18,678	18,602	18,503	18,329	18,155	18,020	17,869
Magnetic tape Form 941.....	1,387	901	785	104	N/A	N/A	N/A	N/A	N/A
Form 941 e-file/online/XML.....	1,878	2,536	2,950	3,919	4,332	4,646	4,972	5,310	5,657
Form 941 TEL.....	845	900	907	913	925	935	947	960	975

Footnotes at end of table

Projections of Returns To Be Filed in Calendar Years 2002-2009

Table 1.--Number of Returns Filed, or To Be Filed, With the Internal Revenue Service, Calendar Years 2001-2009--Continued

[Numbers of returns are in thousands]

Type of return	Actual	Estimated ¹	Projected						
	2001	2002	2003	2004	2005	2006	2007	2008	2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total primary returns--continued									
Employment tax, by form type--continued									
Forms 943 and 943 PR.....	291	283	271	260	250	239	229	218	208
Form 945.....	178	174	171	169	167	165	162	160	158
Form CT-1.....	2	2	2	2	2	2	1	1	1
Form 1042 ⁸	26	26	26	26	26	27	27	27	27
Tax-exempt organization, total ⁹	1,080	1,101	1,119	1,138	1,156	1,174	1,193	1,211	1,230
Paper exempt organization.....	1,080	1,101	1,119	1,091	1,080	1,073	1,065	1,059	1,061
Electronic exempt organization.....	N/A	N/A	N/A	47	76	102	128	152	169
Forms 990/EZ/C/PF/T, 4720, and 5227, total.....	724	749	774	798	823	848	873	897	922
Forms 990, total.....	352	363	375	387	398	410	422	433	445
Electronic Forms 990.....	N/A	N/A	N/A	39	62	82	102	121	134
Forms 990EZ, total.....	129	132	134	137	139	141	144	146	149
Electronic Forms 990EZ.....	N/A	N/A	N/A	7	14	20	26	32	35
Form 990C.....	4	4	4	3	3	3	3	3	3
Form 990PF.....	73	76	78	80	83	85	87	89	92
Form 990T.....	48	49	50	51	52	52	53	54	55
Form 4720.....	2	2	2	2	2	2	2	2	2
Form 5227.....	116	124	132	139	147	154	162	170	177
Forms 8038/G/GC/T, 5330, 5558,									
8328, 8871, and 8872, total.....	356	352	346	339	333	327	320	314	308
Form 8038.....	5	5	4	4	4	4	4	4	4
Form 8038G.....	28	28	28	28	29	29	29	29	30
Form 8038GC.....	11	10	9	9	8	8	7	7	7
Form 8038T.....	1	1	1	1	1	1	1	1	1
Form 5330.....	28	29	29	28	28	27	27	26	26
Form 5558.....	274	272	266	261	255	250	244	238	233
Form 8328.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Form 8871.....	2	2	2	2	2	2	2	2	2
Form 8872.....	6	6	6	6	6	6	6	6	6
Employee plans ¹⁰	46	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Excise tax ¹¹	815	851	859	868	877	886	894	903	912
Form 8752 ¹²	47	44	42	40	38	36	34	33	32
Supplemental documents¹³	16,862	17,408	18,089	18,768	19,462	20,151	20,840	21,534	22,235
Form 1040X.....	3,467	3,551	3,759	3,964	4,182	4,394	4,605	4,819	5,039
Form 4868, total.....	7,926	8,274	8,555	8,836	9,118	9,401	9,685	9,970	10,255
Paper Form 4868.....	7,468	7,430	7,500	7,528	7,582	7,658	7,752	7,863	7,988
Electronic Form 4868.....	458	844	1,055	1,307	1,536	1,744	1,933	2,107	2,267
Credit card Form 4868.....	22	23	24	24	25	25	25	25	25
Form 4868 e-file.....	253	335	421	524	617	702	779	850	916
Form 4868 TeleFile.....	183	486	610	759	894	1,017	1,129	1,231	1,326
Form 2688.....	2,557	2,661	2,761	2,862	2,964	3,066	3,168	3,271	3,375
Form 1120X.....	15	15	14	14	13	13	12	12	11
Form 7004.....	2,896	2,908	3,000	3,093	3,185	3,277	3,370	3,462	3,554

N/A--Not applicable.

¹ Estimate is based on return information collected through August 2002.

² Grand total is the sum of Total primary returns and Supplemental documents.

³ Total primary returns is the sum of all returns, excluding Supplemental documents.

⁴ Individual total is the sum of paper and electronic Forms 1040, 1040A, 1040EZ, 1040NR, 1040PR, and 1040SS.

⁵ Forms 1040/A/EZ are the sum of the paper and electronic Forms 1040, 1040A, and 1040EZ. Form 1040 PC was discontinued in CY 2000.

⁶ Form 1120FSC returns are not expected after CY 2003 due to legislative changes.

⁷ Employment tax includes paper, magnetic-tape, and electronic Forms 940, 940EZ, 940PR, 941, 941PR, 941SS, 943, 943PR, 945, and CT-1.

⁸ Form 1042 is the Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

⁹ Exempt organization includes Forms 990, 990EZ, 990T, 990C, 990PF, 4720, 5227, and the following new Forms 5330, 5558, 8038, 8038G, 8038GC, 8038T, 8328, 8871, and 8872.

¹⁰ Employee plans include paper and electronic Forms 5500, 5500EZ, and 5500C/R. IRS processing of this return series is phased out by July 2001, reflecting the gradual transfer of processing responsibilities to the Department of Labor.

¹¹ Excise tax includes Forms 11C, 720, 730, and 2290.

¹² Form 8752 is Required Payment or Refund Under Section 7519, a computation of payment or refund by partnership or S corporation.

¹³ Supplemental documents consist mainly of applications for extensions of time to file and amended tax returns.

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