

Projections of Federal Tax Return Filings: Calendar Years 2010–2017

by Brett Collins

Projections of tax return filings prepared by the Internal Revenue Service (IRS) research staff show that a grand total of 236.6 million tax returns are expected to be filed with the IRS during Calendar Year (CY) 2011. This number represents an increase of 0.7 percent from the estimated CY 2010 filings of 234.9 million returns.

After CY 2011, the grand total return filings are projected to grow at an average annual rate of 1.1 percent and are expected to reach 252.2 million returns by 2017. The average rate of growth is derived mainly by the projected trends for the major return categories that comprise grand total filings, including individual income tax returns and business tax returns, such as employment tax returns, corporation tax returns, partnership returns, and estate tax returns.

In addition, the projections for the total electronic returns continue to show a steady increase over the forecast horizon. This growth of electronic filing furthers IRS's strategic goal to improve taxpayer service. For example, according to the most recent forecast, total individual electronic returns are estimated to be 69 percent of all individual income tax returns filed in 2010 and are projected to constitute 79 percent of all returns in 2017.

Trend in Grand Total Returns

Table 1 shows the most current forecasts for the major form types for Calendar Years 2010 to 2017. In preparing these forecasts, partial-year data through late summer 2010 were used to derive estimates for the year. Various elements that may affect IRS workload are carefully considered during the estimation process. These include economic and demographic trends, recent filing patterns, enacted legislation, and administrative changes. The total number of returns

filed consists of two filing mediums—paper and electronic. The “grand total” category includes a wide variety of tax forms, such as individual, fiduciary, corporation, employment, partnership, exempt organization, government entity, political organization, estate, gift, excise, estimated tax vouchers, and other forms, as described in Table 1.

“Total primary returns” include the three major tax return categories that represent the bulk of forms processed by the IRS submissions processing operations. Individual income tax returns generate 60 percent of the grand total. Employment tax returns generate 13 percent, and individual estimated tax payment vouchers made up 11 percent. In 2009, these three categories constituted approximately 84 percent of total return filings.

Figure A presents a list of the growth rates of selected tax return form types from 2010 to 2011 and the average annual change over the period from 2011 to 2017. In CY 2011, approximately 236.6 million returns are projected to be filed. This is a 0.7-percent increase over the estimated 2010 filings of 234.9 million. The increase in the grand total is reflected in the 8.4-percent increase in electronic filings from 114.6 million returns in 2010 to 124.2 million returns in 2011. Higher electronic filings are projected to result in the overall increase in total returns, despite an expected drop in paper filings, from 120.4 million returns in CY 2010 to 112.4 million returns in CY 2011, a decrease of 6.6 percent.

Figure A also shows an average annual growth rate over the period 2011–2017. The grand total's average annual growth rate is expected to be 1.1 percent, reaching 252.2 million returns in 2017. Over this forecast horizon, the growth rate in grand total return filings represents a general shift among taxpayers from paper filing to electronic filing. According to current trends, paper filings are expected to continue declining by an average annual rate of 0.6 percent to a total of 108.3 million paper returns by 2017. Meanwhile, electronic filings (“e-filed” returns) are expected to increase at an average rate of 2.5 percent, reaching 143.9 million returns in 2017.

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¹ Most of the values in Table 1 are reported in *Calendar Year Return Projections for the United States and IRS Campuses: 2010–2017*, IRS Document 6186, October 2010, National Headquarters Office of Research, Analysis, and Statistics, Internal Revenue Service, U.S. Department of the Treasury.

² Throughout the year, the Forecasting and Data Analysis (FDA) group under the IRS National Headquarters Office of Research publishes forecasts of a large number of tax return filings and other IRS workload categories. These projections provide a foundation for IRS workload estimates/resource requirements contained in budget submissions and also help with other major IRS planning and analysis efforts.

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Figure A

Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2010–2017

Type of return	Estimated 2010	Projected 2011	Percentage increase over 2010	Projected 2017	Average annual percentage increase 2011–2017
	(1)	(2)	(3)	(4)	(5)
Grand total	234,943,100	236,562,400	0.7	252,240,700	1.1
Paper grand total	120,368,500	112,409,600	-6.6	108,301,500	-0.6
Electronic grand total	114,574,600	124,152,800	8.4	143,939,200	2.5
Individual, total	141,360,800	142,111,500	0.5	153,337,000	1.3
Forms 1040, 1040A, and 1040EZ	140,402,900	141,122,600	0.5	152,155,900	1.3
Total individual paper returns	42,302,700	34,883,600	-17.5	31,073,100	-1.9
Form 1040	30,103,600	25,757,700	-14.4	24,290,300	-1.0
Form 1040A	6,602,200	4,519,000	-31.6	4,139,300	-1.5
Form 1040EZ	5,597,000	4,606,900	-17.7	2,643,400	-8.8
Total individual electronic returns	98,100,200	106,239,000	8.3	121,082,800	2.2
Online filing	34,818,600	36,638,900	5.2	40,679,000	1.8
Practitioner electronic filing	63,281,600	69,600,100	10.0	80,403,800	2.4
Forms 1040NR/NR-EZ/C/EZ-T	718,600	743,600	3.5	899,600	3.2
Forms 1040PR and 1040SS	239,300	245,300	2.5	281,500	2.3
Electronic Forms 1040PR and 1040SS	94,700	96,100	1.5	104,800	1.5
Individual estimated tax, Form 1040-ES, total	24,966,500	24,917,900	-0.2	24,458,600	-0.3
Form 1040-ES, paper	24,879,800	24,827,300	-0.2	24,320,600	-0.3
Form 1040-ES, electronic (credit card)	86,700	90,600	4.5	138,100	7.3
Partnership, Forms 1065/1065B, total	3,596,900	3,797,600	5.6	4,690,400	3.6
Paper partnership returns	2,325,600	2,383,000	2.5	2,802,200	2.7
Electronic partnership returns	1,271,300	1,414,600	11.3	1,888,200	4.9
Corporation, total	6,756,000	6,845,800	1.3	7,804,200	2.2
Paper corporation returns, total	4,564,800	4,343,900	-4.8	4,035,700	-1.2
Electronic corporation returns, total	2,191,200	2,501,900	14.2	3,768,600	7.1
Forms 1120 and 1120-A, total	2,006,000	1,983,000	-1.1	1,913,200	-0.6
Forms 1120/1120-A, electronic	567,600	657,400	15.8	912,700	5.6
Form 1120F, total	32,800	33,300	1.5	36,800	1.7
Form 1120F, electronic	3,400	5,100	50.0	13,200	17.2
Form 1120FSC, total	300	200	-33.3	100	-10.9
Form 1120H, total	227,600	232,400	2.1	268,900	2.5
Form 1120RIC, total	14,000	14,700	5.0	16,700	2.1
Form 1120S, total	4,450,000	4,554,600	2.4	5,529,200	3.3
Form 1120S, electronic	1,620,200	1,839,400	13.5	2,842,700	7.5
Forms 1120L/ND/PC/REIT/SF, total	15,300	15,800	3.3	18,500	2.7
Form 1120C, total	10,000	11,900	19.0	20,800	9.8
Employment, total	29,496,900	29,536,300	0.1	29,902,600	0.2
Paper employment returns	22,836,400	22,633,900	-0.9	22,115,600	-0.4
Electronic employment returns	6,660,500	6,902,400	3.6	7,787,000	2.0
Forms 940, 940EZ, and 940PR, total	5,732,000	5,786,600	1.0	6,133,200	1.0
Forms 940, 940EZ, and 940PR, paper	4,413,300	4,389,200	-0.5	4,458,800	0.3
Form 940, e-file/online/XML	1,318,600	1,397,400	6.0	1,674,400	3.1
Forms 941, 941PR/SS/E, total	23,192,300	23,195,000	0.0	23,290,200	0.1
Forms 941, 941PR/SS/E, paper	17,857,700	17,701,200	-0.9	17,190,300	-0.5
Form 941, e-file/online/XML	5,334,600	5,493,700	3.0	6,099,900	1.8
Forms 943, 943PR and 943SS	218,800	215,600	-1.5	198,500	-1.4
Forms 944, 944PR/SS, total	245,700	234,200	-4.7	192,000	-3.3
Forms 944, 944PR/SS, paper	238,400	222,900	-6.5	179,200	-3.6
Form 944, e-file	7,200	11,200	55.6	12,700	2.1
Form 945	106,300	102,900	-3.2	86,700	-2.8
Form CT-1	1,900	1,900	0.0	1,900	0.0

Footnotes at end of figure.

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Figure A—Continued

Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2010–2017—Continued

Type of return	Estimated 2010	Projected 2011	Percentage increase over 2010	Projected 2017	Average annual percentage increase 2011–2017
	(1)	(2)	(3)	(4)	(5)
Exempt organization, total	1,322,100	1,365,000	3.2	1,504,200	1.6
Paper exempt organization, total	783,800	761,800	-2.8	756,900	-0.1
Electronic exempt organization, total	538,400	603,200	12.0	747,300	3.6
Form 990, total	241,900	396,400	63.9	435,400	1.6
Form 990, electronic	76,500	113,900	48.9	170,500	7.0
Form 990EZ, total	353,000	210,600	-40.3	239,500	2.2
Form 990EZ, electronic	49,500	49,000	-1.0	85,000	9.6
Form 990-N	400,200	424,800	6.1	459,300	1.3
Form 990PF, total	102,700	106,100	3.3	126,700	3.0
Form 990PF, electronic	12,200	15,600	27.9	32,500	13.0
Form 990T	95,500	97,800	2.4	111,900	2.3
Form 4720	2,700	2,800	3.7	3,300	2.8
Form 5227	126,300	126,500	0.2	128,100	0.2
Supplemental documents, total	22,110,300	22,391,600	1.3	24,624,400	1.6
Form 1040X, total	4,795,100	4,840,000	0.9	5,494,100	2.1
Form 4868, total	10,593,300	10,694,500	1.0	11,592,600	1.4
Form 4868, paper	7,977,500	8,023,500	0.6	8,182,600	0.3
Form 4868, electronic	2,615,800	2,671,000	2.1	3,410,000	4.2
Credit card	57,600	58,800	2.1	75,000	4.1
E-file	2,558,200	2,612,200	2.1	3,335,000	4.2
Form 1120X	3,700	3,700	0.0	3,700	0.0
Form 5558	485,400	500,500	3.1	591,000	2.8
Form 7004, total	5,637,200	5,745,700	1.9	6,264,500	1.5
Form 7004, electronic	1,986,100	2,290,100	15.3	3,032,600	4.8
Form 8868, total	595,600	607,200	1.9	678,400	1.9
Form 8868, electronic	121,500	147,500	21.4	201,300	5.3

NOTES: For form and category definitions, 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.

Impact of Stimulus Measures on the Grand Total

American Recovery and Reinvestment Act of 2009

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) of 2009 was signed into law. The \$787 billion-plan was more than five times the cost of the prior year's Economic Stimulus Act of 2008 and included various tax relief measures, as well as new Federal spending. The consensus view reflected in the Global Insight macroeconomic forecasts used as inputs to our return filing forecasts is that the ARRA will only partially mitigate the impact of the economic downturn. Hence the forecast for CY 2010 includes an adjustment to reflect the estimated net impact of the downturn and the Federal response, resulting in a slight marginal projected decrease in the number of Forms 1040, 1040A, and 1040-EZ filed in the near term.

First-Time Homebuyer Credit

The American Recovery and Reinvestment Act (ARRA) of 2009 includes expanded benefits for first-time homebuyers. The Housing and Economic Recovery Act of 2008 established a tax credit worth up to \$7,500 to be repaid in the future. Under the ARRA, the credit amount, for homes purchased in 2009 before December 1, is \$8,000, and the credit does not have to be paid back as long as the home remains the taxpayer's primary residence for at least 3 years. Furthermore, first-time homebuyers can claim the credit on either a 2008 tax return or a 2009 tax return. If the home is purchased between April 16, 2009, and November 30, 2009, the taxpayer can still claim the credit on a 2008 tax return by requesting an extension of time to file (Form 4868) before the April 15 deadline or by filing an amended return (Form 1040-X). The projections in Table 1 include adjustments to account for the anticipated spillover volumes in 2010.

Changes in Forms 990, 990-N, and 5500-SF and Their Impact on Grand Total

Form 990 and New Form 990-N

The IRS has revised the requirement to file the Form 990 series starting from TY 2008 over a 3-year period. The filers will be allowed to file the Form 990-EZ in lieu of the Form 990. For TY 2008 (returns filed in 2009), organizations with gross receipts less than \$1.0 million and total assets less than \$2.5 million may file the Form 990-EZ. For Tax Year 2009 (returns filed in 2010), organizations with gross receipts less than \$500,000 and total assets less than \$1.25 million may file the Form 990-EZ. The Form 990-EZ filing thresholds will be adjusted permanently to gross receipts less than \$200,000 and total assets less than \$500,000 beginning with Tax Year 2010.

Table 1 shows a total of 293,408 Form 990 returns, *Return of Organization Exempt From Income Tax*, filed in 2009. In 2010, this total is expected to decline to 241,900 returns, a reduction of approximately 51,500 returns. However, Form 990-EZ filers, *Short Form Return of Organization Exempt From Income Tax*, are expected to file 353,000 returns in 2010, up by more than 95,600 from 257,391 990-EZs filed in 2009.

Beginning in CY 2008, the Pension Protection Act of 2006 requires that small organizations with gross receipts of less than \$25,000 file the new Form 990-N, also known as the “e-Postcard,” on an annual basis. If any organization meeting these requirements fails to file Form 990-N for 3 consecutive years, its tax-exempt status will be revoked. Form 990-N can only be filed electronically.

New Form 5500-SF and IRS Processing for Form 5500-EZ

The Form 5500 series are multi-agency information returns filed to satisfy reporting requirements to the IRS, the Department of Labor (DOL), and the Pension Benefit Guaranty Corporation. The Form 5500 series has been processed by the DOL since CY 2000. However, the DOL is creating a system to support the electronic filing mandate for Form 5500 returns satisfying the reporting requirements under Title I of ERISA. Since some of the IRS data needed falls outside the scope of Title I, the IRS will regain responsibility for processing portions of Form 5500 data (Form 5500-EZ) beginning January 1, 2010.

As a part of the revisions to Form 5500 series, Form 5500-SF, *Short Form Annual Return/Report of Employee Benefit Plan*, was introduced to certain small pension and welfare benefit plans. Form 5500-SF is generally available to plans that 1) have fewer than 100 participants, 2) are eligible for the small plan audit waiver, 3) hold no employer securities, 4) have 100 percent of assets in investments that have a readily determinable fair market value, and 5) are not multi-employer plans. Most Form 5500-SF filers will not be required to file any schedules. The Form 5500-SF must be filed electronically from Plan Year 2009.

Trend in Individual Tax Returns

“Individual, Total” returns include paper and electronic portions of the major individual tax returns. These are Forms 1040 and 1040-A, *U.S. Individual Income Tax Return*; 1040EZ, *Income Tax Return for Single and Joint Filers with No Dependents*; Form 1040NR, *U.S. Non-Resident Alien Income Tax Return*; Form 1040-PR, *Planilla para la Declaracion de la Contribucion Federal Sobre El Trabajo Por Cuenta Propia—Puerto Rico*; and Form 1040-SS, *U.S. Self-Employment Tax Return*. This category excludes Form 1040X, *Amended U.S. Individual Income Tax Return*, which is included under the “supplemental documents” heading.

The “Individual, Total” category constitutes the majority of tax return filings and is expected to fall to 141.4 million returns in 2010 from 143.5 million in 2009, as the impact of the Economic Stimulus Act of 2008 rapidly fades. Some residual spillover effect of the stimulus program is expected in 2010, resulting in a projected 2010 volume that remains slightly above the historical baseline.

After 2010, the “Individual, Total” series is expected to grow at an average annual rate of 1.3 percent through 2017. This projected growth is tied mainly to the expected increase in U.S. employment over the same period. At this rate, the projected number of total individual returns filed will be 153.3 million by 2017.

Trend in Individual Estimated Tax Returns

Form 1040-ES, *U.S. Estimated Tax for Individuals*, is used by individual taxpayers who need to make advance tax payments. Such filers are typically those who expect their tax withholding to be less than 90

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percent of their Federal tax liability for the year due to additional income, such as earnings from self-employment, interest, dividends, rents, and alimony. Individual taxpayers who make estimated tax payments often file more than one voucher (Form 1040-ES) during the course of the year, usually one per quarter.

Though filing volumes of Form 1040-ES are declining, the form still represents the third largest share of the 2010 grand total. In 2010, approximately 25 million individual estimated tax vouchers are expected to be filed, a decrease of 4.1 percent from the 26 million vouchers to have filed in 2009. A total of 24.5 million returns are projected to be filed in 2017, implying an average annual growth rate of -0.3 percent between 2010 and 2017.

Trend in Business and Other Tax Returns

Employment Tax Returns

Paper and electronic versions of several business-related tax forms fall under the heading of “Employment, Total” 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 Annual Federal Tax Return for Agricultural Employees*; Form 944, *Employer’s Annual Federal Tax Return* (an annualized version of Form 941); Form 945, *Annual Return of Withheld Federal Income Tax*; and Form CT-1, *Employer’s Annual Railroad Tax Return*.

In 2010, employment tax returns constitute the second largest share of the grand total and are projected to maintain this status through 2017, growing at a 0.2-percent annual rate from 2011-2017. The projected filings of Forms 940 and 941 comprise the bulk of employment tax return volume. Their projected growth over the 2010-2017 forecast period is tied mainly to the expected trends in U.S. employment and real gross domestic product.

Corporation 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 share-

holders). The remainder of corporation income tax returns are filed by entities such 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 2010, the projected number of corporation returns filed is 6.8 million. This is a -0.4-percent decrease over CY 2009. It is expected that these returns will continue to grow over the forecast horizon, reaching 7.8 million returns by CY 2017, as shown in Table 1.

Partnership Returns

Form 1065, *U.S. Partnership Return of Income*, is filed by a partnership to report income, deductions, tax credits, or losses. The projected number of these returns to have filed in CY 2010 is 3.1 million. This number, an increase of 5.1 percent over CY 2009, is projected to continue to grow at an average rate of 7.3 percent per year, reaching 4.7 million by CY 2017. Form 1065B, *U.S. Large Partnership Return of Income*, is also included in partnership returns. This form was introduced in CY 1999, and a relatively small number of Form 1065B returns have been filed to date.

Estate Tax Returns

The estate and generation-skipping transfer (GST) taxes were repealed on January 1, 2010, under Title V of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). However, the estate tax repeal, and all other provisions of EGTRRA, are scheduled to sunset on December 31, 2010. If the sunset provision is not repealed in 2011, estate tax law would return to the law in place prior to the enactment of EGTRRA on June 7, 2001. Under the prior law, the estate tax exclusion amount would have risen to \$1 million. The estimates developed in the projections reflect the provisions of EGTRRA.

Trends in Electronic Filing (e-file)

Individual Returns

As Table 1 indicates, 95.4 million individual income tax returns were filed electronically in 2009, and 98.1 million electronic returns are estimated to have been filed in 2010, a 2.9-percent increase over the prior

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year. The projection for 2011 is 106.2 million returns, which also represents a substantial 8.3-percent growth rate. From 2011 through 2017, the growth rate of individual e-filed returns is expected to stabilize at an average annual rate of 2.2 percent, resulting in a total of 121.1 million e-filed returns in 2017. The projected e-file pattern for individual returns in 2009-2012 is stronger growth in the initial forecast years, followed by a somewhat-dampened growth in the later years. This is the typical growth pattern for technology adoption and diffusion. Higher e-file growth will also be supported by a recent e-file mandate on tax return preparers that was introduced under the Worker, Homeowner, and Business Assistance Act, signed into law in November 2009. The act requires preparers who expect to file more than 10 individual tax returns (including Forms 1040, 1040A, 1040EZ, and 1041) to file them electronically beginning in CY 2011. The current phase-in plan requires preparers to electronically file tax returns starting in CY 2011, if they expect to file more than 100 individual tax returns. The threshold drops to more than 10 returns for the CY 2012 processing year. The projections in this update include our analysis of the current information available on the IRS implementation and communication plans. Projected growth in e-file is much steeper than the overall growth in total individual return filings, and, under current trends, roughly 79 percent of individual income tax returns are projected to be filed electronically by 2017.

As reported in Table 1, “Total Individual Electronic Returns” are made up of two e-file categories: i) online filing and ii) practitioner e-file. Online filing enables taxpayers to use a computer, tax preparation software, or the Internet to file their returns. Online filing includes the “Free File” option, which is accessible from the IRS Web site and involves a public-private partnership between the IRS and the Free File Alliance, a consortium of tax preparation software companies. In the case of practitioner electronic filing, taxpayers use a paid preparer to prepare and file their tax returns electronically.

Within the e-file categories, about 32.2 million people utilized online filing in 2009. That number is estimated to grow to 34.8 million in 2010, an 8.2-percent increase. Meanwhile, practitioners are expected to have electronically filed 63.3 million returns in 2010, up 0.2 percent from the 63.2 million returns filed in 2009.

Various initiatives further encourage the growth of individual electronic filing. One is the IRS “e-services” program. The e-services program is open to professional tax preparers who e-filed five or more accepted individual or business returns during a filing season. The program provides a suite of Web-based products that allow tax professionals to electronically conduct business with the IRS. These products include disclosure authorization, electronic account resolution, and a transcript delivery system. Authorized agents who submit (any of six) information returns subject to backup withholding can also make use of TIN (Taxpayer Identification Number) matching with e-services.

Business Returns

IRS also continues to enhance its business e-file programs under the Modernized e-File (MeF) platform. Most of the common business tax forms are now available for e-file either through MeF or other electronic filing systems. This includes fiduciary (Form 1041), partnership (Form 1065), corporation (Forms 1120, 1120S), employment (Forms 940, 941, and 944) and tax-exempt (Forms 990, 990-EZ, 990-PF and 990-N) returns.

Department of Treasury regulations issued in 2005 mandate electronic filing of Federal returns for some large corporations and tax-exempt organizations whose assets exceed certain dollar thresholds. However, these e-file mandates only apply to those corporations and tax-exempt entities that file at least 250 other returns with the IRS during a calendar year, such as employment returns, excise tax returns, and information reporting documents such as Forms W-2, 1099-DIV, and Schedules K-1. The e-file mandates require corporations with gross assets of at least \$50 million to e-file their Forms 1120 or 1120S returns beginning in Calendar Year 2006. Beginning in 2007, this e-file requirement expanded to corporations with at least \$10 million in gross assets.

Figure A shows that 567,600 Form 1120 and 1.6 million Form 1120S returns are estimated to have e-filed in 2010. Assuming growth patterns typical of innovative technology-based products, the forecast for 2011 is 657,400 for the former and 1.8 million for the latter. These represent increases of 15.8 percent for Form 1120 and 13.5 percent for Form 1120S. In subsequent years, e-filed Forms 1120/1120S are both expected to continue to grow rapidly, reaching

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912,700 Form 1120 returns and more than 2.8 million Form 1120S returns filed electronically in 2017.

Tax-exempt organizations with \$10 million or more in total assets were also required to electronically file their Form 990 beginning in 2007. Private foundations and charitable trusts were also impacted by changes in 2007, when they were required to electronically file their Form 990-PF, *Return of Private Foundation*, regardless of asset size. With the scope of the 2007 mandate limited to only those organizations filing at least 250 other tax returns, however, only a relatively small number of tax-exempt filers have been affected (an estimated 10,000 were covered by the mandate in 2007). The new Form 990-N also debuted in 2008, increasing the modest e-filing percentage for exempt organization category by a noticeable amount.

As indicated in Table 1, more than 346,300 Forms 990, 990EZ, 990N, and 990-PF returns were filed electronically in 2009. With the help of the 2007 mandates and the new all-electronic Form 990-N, tax-exempt e-file returns are expected to have increased to more than 538,400 in 2010, building on the dramatic increase in e-file rates for these forms seen in 2008 and 2009. In the longer term, more than 747,300 exempt organization tax returns are expected to be filed electronically by 2017.

In 2010, approximately 6.7 million employment returns are projected to be filed electronically. According to the most current forecasts, the number of e-filed returns is expected to demonstrate a steady growth pattern, and the total number of e-filed employment returns (i.e., Forms 940, 941, and 944) should approach 7.8 million by 2017, growing at an average annual rate of 2 percent over the next 6 years.

Data Sources

The reported actual volumes of returns filed in Calendar Year 2009 by form type and filing medium are based primarily on filings as recorded on the IRS master files. With a few exceptions, these volumes correspond with the fiscal year volumes reported in the *Internal Revenue Service Data Book* (Publication 55B). However, master file counts were not available in a few instances. In these cases, tallies of

actual filings were provided by program staff in the IRS operating divisions, typically from data-capture systems located in the IRS processing campuses. For Calendar Year 2010, master file data through August were generally available. The partial-year data were extrapolated in order to generate estimates for Calendar Year 2010.

Projection Methodology

Each major form type is forecasted separately using either a time series or a linear regression model. Time series models use historical data for a form type to make predictions based on the patterns exhibited by the data. Some of the most common time series models used were several types of trended exponential smoothing and lower order Box-Jenkins ARIMA models. These models were applied for such return series as corporation (Forms 1120, 1120A, and 1120S), partnership (Form 1065), and excise (Forms 720, 730, and 2290) tax returns.

In other instances, models based on linear regression analysis were used with independent (“predictor”) variables such as gross domestic product and employment. For these models, forecasts of the independent variables were provided by Global Insight, Inc. For example, linear regression models incorporating economic and demographic variables were used to project the individual income tax return series and employment Forms 940 and 941.

Legislative and administrative changes approved for future implementation and not captured in the statistical models are also factored into tax return forecasts as “off-model adjustments.” This was the case in developing the projections for the new exempt organization Form 990-N. Analysis of the impact of similar events in the past, as well as input from subject-matter experts are used to develop these “off-model adjustments.” However, such adjustments are made only for enacted tax law changes and confirmed (or reasonably certain) administrative plans and exclude initiatives that are simply under consideration. This is particularly true of e-filed returns. As a result, the e-file forecasts presented in this article are not IRS goals and should not be interpreted as precluding an alternative e-file future.

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Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2010–2017

Type of return	Actual 2009	Estimated 2010 [1]	Projected						
			2011	2012	2013	2014	2015	2016	2017
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Grand total [2]	238,303,718	234,943,100	236,562,400	239,578,200	242,744,300	245,469,200	247,717,000	249,856,900	252,240,700
Paper grand total	128,117,087	120,368,500	112,409,600	111,080,700	110,655,500	110,277,600	109,608,200	108,855,100	108,301,500
Electronic grand total	110,186,631	114,574,600	124,152,800	128,497,400	132,088,800	135,191,600	138,108,800	141,001,800	143,939,200
Total primary returns [3]	216,415,487	212,832,700	214,170,900	216,829,300	219,586,000	221,922,800	223,819,000	225,606,900	227,616,500
Individual, total [4]	143,525,712	141,360,800	142,111,500	143,915,800	146,150,000	148,213,100	149,907,800	151,484,300	153,337,000
Forms 1040, 1040A, and 1040EZ [5]	142,580,826	140,402,900	141,122,600	142,895,200	145,097,000	147,128,100	148,790,700	150,335,200	152,155,900
Total individual paper returns	47,222,531	42,302,700	34,883,600	33,390,100	32,923,300	32,659,300	32,109,300	31,488,500	31,073,100
Form 1040	32,422,102	30,103,600	25,757,700	25,246,600	25,292,700	25,206,500	24,870,400	24,553,600	24,290,300
Form 1040A	7,504,548	6,602,200	4,519,000	4,153,900	4,008,700	4,122,300	4,159,800	4,078,200	4,139,300
Form 1040EZ	7,295,881	5,597,000	4,606,900	3,989,600	3,621,900	3,330,400	3,079,000	2,856,700	2,643,400
Total individual electronic returns	95,358,295	98,100,200	106,239,000	109,505,100	112,173,700	114,468,800	116,681,400	118,846,700	121,082,800
Online filing	32,183,578	34,818,600	36,638,900	37,914,800	38,693,100	39,190,000	39,697,200	40,168,800	40,679,000
Practitioner electronic filing	63,174,717	63,281,600	69,600,100	71,590,300	73,480,600	75,278,700	76,984,200	78,677,900	80,403,800
Forms 1040NR/NR-EZ/C/EZ-T	702,607	718,600	743,600	769,200	795,600	821,600	847,600	873,600	899,600
Forms 1040PR and 1040SS	242,279	239,300	245,300	251,400	257,400	263,400	269,500	275,500	281,500
Electronic Forms 1040PR and 1040SS	94,519	94,700	96,100	97,600	99,100	100,600	102,000	103,400	104,800
Individual estimated tax, Form 1040-ES, total	26,031,320	24,966,500	24,917,900	25,279,700	25,349,800	25,183,000	24,945,600	24,732,300	24,458,600
Form 1040-ES, paper	25,946,757	24,879,800	24,827,300	25,181,100	25,243,400	25,068,700	24,823,300	24,602,100	24,320,600
Form 1040-ES, electronic (credit card)	84,563	86,700	90,600	98,500	106,400	114,300	122,300	130,200	138,100
Fiduciary (Form 1041), total	3,095,891	3,056,200	3,066,500	3,076,900	3,087,300	3,097,700	3,108,200	3,118,700	3,129,200
Paper fiduciary returns	2,314,460	2,202,300	1,944,100	1,867,400	1,818,200	1,764,700	1,708,200	1,650,800	1,595,500
Electronic fiduciary returns	781,431	853,900	1,122,400	1,209,500	1,269,100	1,333,000	1,400,000	1,467,900	1,533,700
Fiduciary estimated tax, Form 1041-ES	457,310	417,200	694,200	699,800	711,100	718,400	731,000	766,400	792,400
Partnership, Forms 1065/1065B, total	3,423,583	3,596,900	3,797,600	3,958,400	4,119,100	4,279,600	4,440,000	4,560,200	4,690,400
Paper partnership returns	2,440,384	2,325,600	2,383,000	2,422,200	2,481,900	2,558,800	2,649,600	2,720,900	2,802,200
Electronic partnership returns	983,199	1,271,300	1,414,600	1,536,200	1,637,200	1,720,800	1,790,400	1,839,300	1,888,200
Corporation, total	6,782,770	6,756,000	6,845,800	6,989,600	7,155,400	7,319,900	7,481,400	7,640,400	7,804,200
Paper corporation returns, total	5,006,639	4,564,800	4,343,900	4,232,100	4,169,600	4,128,200	4,095,500	4,064,900	4,035,700
Electronic corporation returns, total	1,776,131	2,191,200	2,501,900	2,757,500	2,985,800	3,191,700	3,385,900	3,575,500	3,768,600
Forms 1120 and 1120-A, total [6]	2,074,852	2,006,000	1,983,000	1,965,600	1,951,300	1,939,300	1,929,100	1,920,500	1,913,200
Forms 1120/1120-A, electronic	452,437	567,600	657,400	724,700	775,300	815,500	850,000	881,800	912,700
Form 1120F, total	32,107	32,800	33,300	33,900	34,500	35,100	35,600	36,200	36,800
Form 1120F, electronic	1,607	3,400	5,100	6,600	8,300	9,900	11,200	12,200	13,200
Form 1120FSC, total	323	300	200	200	200	200	100	100	100
Form 1120H, total	224,300	227,600	232,400	237,700	244,200	250,600	256,800	262,700	268,900
Form 1120RIC, total	13,248	14,000	14,700	15,200	15,600	16,000	16,300	16,500	16,700
Form 1120S, total	4,414,662	4,450,000	4,554,600	4,706,900	4,877,200	5,044,300	5,207,200	5,366,400	5,529,200
Form 1120S, electronic	1,322,087	1,620,200	1,839,400	2,026,200	2,202,200	2,366,300	2,524,600	2,681,600	2,842,700
Forms 1120L/ND/PC/REIT/SF, total	14,621	15,300	15,800	16,300	16,700	17,200	17,600	18,000	18,500
Form 1120C, total [7]	8,657	10,000	11,900	13,900	15,700	17,300	18,600	19,800	20,800
Small Corporation Election, Form 2553	410,358	383,100	359,400	339,500	322,900	309,300	298,300	289,500	282,600
"REMIC," Form 1066	33,325	33,100	34,400	36,100	38,000	40,100	42,000	44,000	46,000
Estate, Forms 706 and 706NA, total	42,366	24,700	11,600	83,400	102,300	108,100	112,900	117,600	122,900
Gift, Form 709	238,851	237,400	239,000	262,300	264,700	267,000	269,300	271,800	274,200
Employment, total [8]	30,158,258	29,496,900	29,536,300	29,589,300	29,644,400	29,704,300	29,768,300	29,835,500	29,902,600
Paper employment returns	23,469,762	22,836,400	22,633,900	22,483,100	22,358,300	22,258,900	22,186,200	22,139,300	22,115,600
Electronic employment returns	6,688,496	6,660,500	6,902,400	7,106,200	7,286,200	7,445,400	7,582,100	7,696,200	7,787,000
Forms 940, 940EZ, and 940PR, total	5,961,939	5,732,000	5,786,600	5,859,500	5,924,200	5,981,700	6,033,300	6,083,900	6,133,200
Forms 940, 940EZ, and 940PR, paper	4,688,580	4,413,300	4,389,200	4,399,600	4,408,400	4,416,800	4,426,100	4,440,100	4,458,800
Form 940, e-file/online/XML	1,273,359	1,318,600	1,397,400	1,459,900	1,515,800	1,564,900	1,607,200	1,643,800	1,674,400
Forms 941, 941PR/SS/E, total	23,477,280	23,192,300	23,195,000	23,195,700	23,196,400	23,213,300	23,236,900	23,262,800	23,290,200
Forms 941, 941PR/SS/E, paper	18,077,116	17,857,700	17,701,200	17,560,900	17,438,100	17,345,100	17,274,500	17,223,100	17,190,300
Form 941, e-file/online/XML	5,400,164	5,334,600	5,493,700	5,634,800	5,758,300	5,868,200	5,962,400	6,039,700	6,099,900
Forms 943, 943PR, and 943SS	227,341	218,800	215,600	212,600	209,600	206,700	203,900	201,200	198,500

Footnotes at end of table.

Projections of Federal Tax Return Filings: Calendar Years 2010–2017

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Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2010–2017—Continued

Type of return	Actual 2009	Estimated 2010 [1]	Projected						
			2011	2012	2013	2014	2015	2016	2017
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Employment, total [8]—continued									
Forms 944, 944PR/SS, total	376,797	245,700	234,200	219,800	215,300	206,300	200,600	196,600	192,000
Forms 944, 944PR/SS, paper	361,824	238,400	222,900	208,200	203,100	194,000	188,100	183,900	179,200
Form 944, e-file	14,973	7,200	11,200	11,500	12,100	12,300	12,500	12,700	12,700
Form 945	113,134	106,300	102,900	99,900	97,100	94,400	91,700	89,200	86,700
Form CT-1	1,767	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Form 1042 [9]	34,891	36,200	36,400	36,700	37,100	38,100	39,000	39,900	40,800
Exempt organization, total [10]	1,119,927	1,322,100	1,365,000	1,396,200	1,424,000	1,447,800	1,467,900	1,486,300	1,504,200
Paper exempt organization, total	773,615	783,800	761,800	750,100	743,800	742,100	744,300	749,400	756,900
Electronic exempt organization, total	346,312	538,400	603,200	646,200	680,200	705,700	723,600	736,800	747,300
Form 990, total	293,408	241,900	396,400	402,300	408,800	415,300	421,900	428,600	435,400
Form 990, electronic	54,249	76,500	113,900	129,700	142,100	151,800	159,400	165,500	170,500
Form 990EZ, total	257,391	353,000	210,600	215,700	220,400	225,200	229,900	234,700	239,500
Form 990EZ, electronic	35,167	49,500	49,000	58,600	66,500	72,700	77,700	81,700	85,000
Form 990-N [11]	248,358	400,200	424,800	438,900	449,200	455,600	458,200	459,000	459,300
Form 990PF, total	99,071	102,700	106,100	109,600	113,000	116,400	119,800	123,300	126,700
Form 990PF, electronic	8,538	12,200	15,600	19,100	22,400	25,500	28,300	30,700	32,500
Form 990T	93,118	95,500	97,800	100,200	102,500	104,900	107,200	109,600	111,900
Form 4720	2,582	2,700	2,800	2,900	3,000	3,000	3,100	3,200	3,300
Form 5227	125,999	126,300	126,500	126,800	127,100	127,300	127,600	127,900	128,100
Government entity, total	42,446	45,900	46,100	46,600	46,700	46,900	47,100	47,300	47,500
Form 8038	3,186	3,700	3,800	4,000	4,200	4,300	4,400	4,400	4,500
Form 8038B	NA	1,500	700	300	0	0	0	0	0
Form 8038CP	281	1,600	2,000	2,200	2,200	2,200	2,200	2,200	2,200
Form 8038G	26,791	26,800	26,900	26,900	27,000	27,000	27,100	27,100	27,200
Form 8038GC	10,448	10,400	10,300	10,300	10,200	10,200	10,200	10,200	10,200
Form 8038T	1,454	1,500	1,600	1,600	1,700	1,700	1,800	1,900	1,900
Form 8038TC	NA	100	600	1,000	1,100	1,200	1,200	1,200	1,200
Form 8328	286	300	300	300	300	300	300	300	300
Political organization, total	10,394	12,200	10,600	12,200	10,800	12,400	11,000	12,600	11,200
Form 1120POL, total	6,377	6,500	6,600	6,700	6,800	6,900	7,000	7,100	7,200
Form 1120POL, electronic	15	0	0	0	0	0	0	0	0
Form 8871 [12]	2,063	2,200	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Form 8872, total	1,954	3,500	2,000	3,500	2,000	3,500	2,000	3,500	2,000
Form 8872, electronic	1,469	2,600	1,500	2,600	1,500	2,600	1,500	2,600	1,500
Excise, total	783,926	812,800	823,000	830,400	845,200	859,700	872,200	883,900	896,300
Form 11-C	6,769	6,200	6,000	6,000	5,900	5,900	5,900	5,900	5,900
Form 720, total	92,772	89,600	86,700	84,200	82,000	80,200	78,900	78,100	78,000
Form 720, electronic	57	100	300	500	800	1,300	1,900	2,800	3,900
Form 730	38,798	38,500	38,100	37,700	37,300	36,900	36,500	36,100	35,700
Form 2290, total	634,345	668,000	682,400	693,500	711,500	728,700	743,300	756,700	769,900
Form 2290, electronic	28,956	47,800	68,400	91,000	116,900	145,000	174,400	204,700	235,500
Form 8849, total	11,242	10,500	9,700	9,100	8,500	8,000	7,500	7,100	6,700
Form 8849, electronic	1,683	1,700	1,700	1,700	1,700	1,700	1,700	1,800	1,800
Form 5330 [13]	22,983	22,900	22,900	22,900	22,900	22,900	22,900	22,900	22,900
Form 5500EZ [14]	163,294	215,300	217,100	218,800	220,300	221,400	221,900	222,000	223,000
Form 8752 [15]	37,882	36,500	35,600	34,700	33,800	33,000	32,100	31,300	30,400
Supplemental documents, total [16]	21,888,231	22,110,300	22,391,600	22,748,600	23,158,200	23,546,400	23,898,100	24,250,100	24,624,400
Form 1040X, total	4,901,898	4,795,100	4,840,000	4,919,000	5,038,600	5,153,500	5,256,500	5,369,900	5,494,100
Form 4868, total	10,415,389	10,593,300	10,694,500	10,847,400	11,019,800	11,180,600	11,319,500	11,449,800	11,592,600
Form 4868, paper	8,031,518	7,977,500	8,023,500	8,080,700	8,142,200	8,203,100	8,262,700	8,222,900	8,182,600
Form 4868, electronic	2,383,871	2,615,800	2,671,000	2,766,700	2,877,600	2,977,500	3,056,800	3,227,000	3,410,000
Credit card	52,458	57,600	58,800	60,900	63,300	65,500	67,300	71,000	75,000
E-file	2,331,413	2,558,200	2,612,200	2,705,800	2,814,300	2,912,000	2,989,600	3,156,000	3,335,000

Footnotes at end of table.

Projections of Federal Tax Return Filings: Calendar Years 2010–2017

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Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2010–2017—Continued

Type of return	Actual 2009	Estimated 2010 [1]	Projected						
			2011	2012	2013	2014	2015	2016	2017
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Supplemental documents, total [16]—continued									
Form 1120X	3,685	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
Form 5558	470,356	485,400	500,500	515,600	530,700	545,800	560,900	575,900	591,000
Form 7004, total	5,526,736	5,637,200	5,745,700	5,842,900	5,933,100	6,019,000	6,102,300	6,183,900	6,264,500
Form 7004, electronic	1,565,810	1,986,100	2,290,100	2,510,000	2,672,100	2,794,600	2,890,300	2,967,700	3,032,600
Form 8868, total	570,167	595,600	607,200	620,100	632,400	643,800	655,300	666,800	678,400
Form 8868, electronic	89,761	121,500	147,500	166,100	178,400	186,500	192,400	197,200	201,300

[1] Estimated based on information available as of August 2010.

[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, 1040C, 1040EZ, 1040EZ-T, 1040NR, 1040NR-EZ, 1040PR, and 1040SS. The Forms 1040, 1040A and 1040EZ Totals includes the marginal effects of the 2008 Economic Stimulus Package.

[5] Forms 1040/A/EZ is the sum of the paper and electronic Forms 1040, 1040A, and 1040EZ.

[6] Form 1120-A cannot be filed for tax years beginning after December 31, 2006.

[7] Form 1120C includes Form 990-C.

[8] "Employment, total" includes paper, magnetic tape and electronic Forms 940, 940EZ, 940PR, 941, 941E, 941PR, 941SS, 943, 943PR, 943SS, 944, 944PR, 944SS, 945, and CT-1.

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

[10] "Exempt organization, total" includes Forms 990, 990EZ, 990N, 990PF, 990T, 4720, and 5227. See footnote 7.

[11] Form 990-N is all electronic.

[12] Form 8871 is all electronic.

[13] Form 5330 is the Return of Excise Taxes Related to Employee Benefit Plans.

[14] IRS regained responsibility for processing Form 5500EZ from the Department of Labor beginning in 2010.

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

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

NOTES: Details may not add to totals because of rounding. Table excludes Non-Master File counts. "NA" indicates a form was not available in a given year.