

1981

Annual
Report

Commissioner of
Internal Revenue
and the
Chief Counsel for the
Internal Revenue Service

IRS

Note:

Statistical data used in the text and tables of this volume are on a fiscal year basis, unless otherwise noted. For example, data headed "1981" pertain to the fiscal year ended Sept. 30, 1981.

Graphs, charts and text figures have been rounded and may not compute precisely compared to the statistical tables, which are based on unrounded figures.

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IRS

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Map —Internal Revenue Service Regions,
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Regional and District Offices/Inside back cover

This annual report reflects an expanding tax system that has significantly enlarged the Internal Revenue Service's workload. The increase in the number of returns filed and the amount of gross revenue collected is evidence that our self-assessment tax system remains vigorous and healthy. Some of the information in this report indicates areas in which the growth of the tax system has measurably challenged our capabilities.

When I became Commissioner of Internal Revenue in March 1981 our compliance programs were being challenged by illegal tax protesters, abusive tax shelters and increasing amounts of delinquent taxes. There were backlogs in projects in regulations, appeals and litigation. The IRS was working to implement changing tax laws and administer an ever-growing tax system.

To deter illegal tax protesters we issued regulations to discourage the submission of fraudulent Forms W-4 claiming excessive allowances or exemption. We also took prompt and firm action against the promoters of illegal tax protest schemes.

Abusive tax shelter returns are still a compliance problem and we are looking at ways to reduce the stress they may place on our appeals and litigation functions. The Economic Recovery Tax Act of 1981 is helping us curb the growth of abusive shelters. To decrease the number of tax shelter cases that reach the courts we have revised our methods of dealing with these cases in the administrative appeals process. This new approach should have a significant, favorable effect on our case workload in this area.

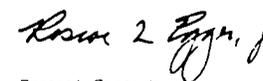
We are trimming the regulations process to expedite drafting and review and to set priorities so that those regulations with greatest impact are considered earlier.

The rise in delinquent tax accounts over the past few years has caused us to adopt debt collection techniques that have proven successful in the private sector and we are moving ahead with automated collection equipment to increase efficiency and reduce paperwork.

We have found that the solution to many of the administrative problems facing the IRS today is greater and more effective use of our computers and increased office automation. The day of looking merely to a larger workforce to get the job done is behind us. We intend to make the most of machine technology to help us accomplish our mission. We are confident that we can do the things we do with fewer people than we have had in the past.

I am committed to the President's program of increasing efficiency and reducing the cost of government. The IRS has a record of efficient, innovative management and we are looking, and will continue to look, at ways to build on that record so the American public will continue to have responsive, effective tax administration at the lowest possible cost.

This annual report, my first as Commissioner, combines the Commissioner's and Chief Counsel's annual reports into one publication. The 1981 annual report also lists a new district, formed in response to the growing population and economy of the Houston, Texas, area. However, it was established so late in the fiscal year that individual statistics for it are not available for this report.



Roscoe L. Egger, Jr.
Commissioner of Internal Revenue

Returns Received

The Internal Revenue Service received and processed 166.5 million tax returns and supplemental documents during 1981. Over 94 million, or 56.5 percent, of all returns filed this year were individual income tax returns. Of these, 36.9 million individual taxpayers filed short Forms 1040A and 57.1 million used Forms 1040.

**Number of Returns Filed
by Principal Type of Return**
(Figures in thousands. For details
see Statistical Table 6.)

Type of Return	1980	1981
Grand Total	143,446	166,528
Income Tax, Total	107,803	130,555
Individual	93,128	94,018
Declaration of estimated tax	8,699	130,347
Fiduciary	1,877	1,917
Partnership	1,390	1,467
Corporation	2,709	2,806
Estate Tax	148	146
Gift Tax	216	199
Employment Tax	26,440	26,063
Exempt Organization	444	409
Employee Plans	792	790
Alcohol, Tobacco and Firearms	547	522
Excise Tax	909	971
Supplemental Documents²	6,064	6,817
Non-Master File Returns³	83	56

²Data revised from previous annual report.

¹The increase in volume since 1980 results from a change of count.

for declaration of estimated tax data—the number of taxpayers was shown in 1980 whereas the number of documents is shown in 1981.

²Includes Forms 1040X, 1120X, 2688, 4868, 7004, 7005, 1041A and 990AR.

³Includes Forms 941M, 941NMI, CT-2, 949, 949A, 990BL, 6069, 1042, 1120DISC and 720M.

Mathematical Correction

As a result of checking the mathematics on 91.4 million individual returns the IRS issued refunds or credits to 3.2 million taxpayers who made mistakes that overstated their tax liabilities by \$778 million, an average of \$242 per return. On 3.9 million returns taxpayers understated their tax liability by \$1.2 billion, an average of \$315.

Error rates for Forms 1040 and 1040A rose slightly in 1981, with 6.7 percent of the 1040As processed having mathematical errors, compared to 6.3 percent for 1980. The error rate for Forms 1040 was 8 percent in 1981, 7.5 percent in 1980. The five most frequent taxpayer errors involved the earned income credit, use of tax tables, calculation of the balance due or refund, Form W-2 withholding and itemizing deductions.

In checking estimated tax payments claimed on individual income tax returns the IRS found that taxpayers had underclaimed \$446 million and overclaimed \$950 million.

**Individual Income Tax Returns
Mathematically Verified**
(In thousands)

	1980	1981
Number Verified by Computer*	88,945	91,427
Number of returns on which mathematical errors were detected	6,468	7,118
Percent of returns with mathematical errors	7.3	7.8
Returns with Decrease:		
Number	2,912	3,212
Amount	\$590,832	\$778,229
Average amount	\$202.91	\$242.29
Returns with Increase:		
Number	3,556	3,906
Amount	\$1,119,633	\$1,232,352
Average amount	\$314.88	\$315.47

* Does not include Forms 1040C, 1042, prior year returns or non-computes.

Net Internal Revenue Collections (In thousands of dollars)

Source	Gross Collections	Refunds ¹	Net Collections	
			Amount	Percent of Total
Grand Total	606,799,103	62,249,788	544,549,314	100.0
Corporation income taxes	73,733,156	12,596,020	61,137,136	11.2
Individual income taxes	332,850,146	*48,617,044	284,233,102	52.2
Employment taxes, total	152,885,816	581,181	152,304,634	28.0
Old-age, survivors', disability and hospital insurance	146,529,366	515,480	146,013,886	26.8
Railroad retirement	2,710,994	7,075	2,703,918	0.5
Unemployment insurance	3,645,456	58,626	3,586,830	0.7
Estate and gift taxes	6,910,386	123,849	6,786,537	1.2
Excise taxes	40,419,598	331,694	40,087,904	7.4

¹ Does not include interest paid on refunds. In the narrative the total refund figure of \$63.3 billion includes \$1.1 billion interest.

* Refunds of Forms 1040 and 1040A including withheld taxes, minus FICA.

Tax Receipts

Gross tax receipts in 1981 rose to \$606.8 billion, an increase of \$87.4 billion—16.8 percent—over 1980. The gain was larger than the previous record \$60.6 billion increase in 1979.

Income taxes accounted for over two-thirds of all tax receipts. Individual income taxes of \$332.9 billion reflected an increase of \$45.3 billion, or 15.8 percent, over the prior year. Corporation income tax receipts were \$73.7 billion, up \$1.4 billion, or 1.9 percent.

Social security, self-employment, federal unemployment and railroad retirement taxes totaled \$152.9 billion, up \$24.6 billion or 19.1 percent, from 1980. This rise reflects an increase in the social security tax rate from 12.26 to 13.3 percent on Jan. 1, 1981, and an increase in the taxable earnings base from \$25,900 in 1980 to \$29,700 in 1981.

Excise tax revenue rose to \$40.4 billion, up by \$15.8 billion, or 64.2 percent, over last year. The sharp increase was due primarily to receipts from the windfall profit tax. During 1981 the IRS processed 5,342 quarterly and annual excise

tax returns reporting \$16.9 billion of windfall profit tax.

Estate and gift taxes increased by \$412 million—6.3 percent—to \$6.9 billion.

Refunds

The IRS paid a total of \$63.3 billion in refunds to 73.6 million taxpayers. In 1980, 74.5 million refunds totaling \$54 billion were paid. This year refunds to 71.3 million filers of Forms 1040 and 1040A were \$48.4 billion including interest. Individual refunds averaged \$679, compared to an average of \$614 paid to 72.3 million individual taxpayers in 1980. Refunds to taxpayers also included 4.9 million checks totaling \$1.3 billion for taxpayers who claimed the earned income credit.

Penalties

The law provides for the IRS to charge penalties such as those for failure to pay, paying with bad checks, filing late, negligence and fraud. In 1981 the IRS imposed 22 million penalties for a total of \$3 billion. For details see Statistical Table 14.

Gross Internal Revenue Collections (In thousands of dollars. For details see Statistical Table 1.)

Source	Percent of 1981 Collections	1980	1981	Increase or Decrease	
				Amount	Percent
Grand Total	100.0	519,375,273	606,799,103	87,423,829	16.8
Income Taxes, Total	67.0	359,927,392	406,583,302	46,655,910	13.0
Corporation	12.2	72,379,610	73,733,156	1,353,546	1.9
Individual, total	54.9	*287,547,782	*332,850,146	45,302,364	15.8
Withheld by employers ³	42.2	*223,801,608	*256,006,407	32,204,799	14.4
Other ³	12.7	63,746,174	76,843,739	13,097,565	20.5
Employment Taxes, Total	25.2	*128,330,479	152,885,816	24,555,337	19.1
Old-age, survivors', disability and hospital insurance, total	24.1	122,486,499	146,529,366	24,042,867	19.6
Federal insurance contributions	23.2	116,763,618	140,488,605	23,724,988	20.3
Self-employment insurance contributions	1.0	5,722,881	6,040,760	317,880	5.6
Unemployment insurance	0.6	3,309,000	3,645,456	336,456	10.2
Railroad retirement	0.4	2,534,981	2,710,994	176,013	6.9
Estate and Gift Taxes	1.1	6,498,381	6,910,386	412,005	6.3
Excise Taxes, Total	6.7	24,619,021	40,419,598	15,800,577	64.2
Alcohol	0.9	5,704,768	5,688,413	-16,355	-0.3
Tobacco	0.4	2,446,416	2,583,857	137,441	5.6
Other	5.3	16,467,837	32,147,329	15,679,491	95.2

¹ Includes Presidential Election Campaign Fund amounting to \$38,831,653.

² Includes Presidential Election Campaign Fund amounting to \$40,956,589.

³ Estimated collections of individual income tax withheld are not reported separately from old-age, survivors', disability and hospital insurance (OASDHI) taxes on wages and salaries. Similarly, collections of individual income tax not withheld are combined with OASDHI taxes on self-

employment income. The amount of OASDHI tax collections shown is based on estimates made by the Secretary of the Treasury pursuant to the provisions of sec. 201(a) of the Social Security Act as amended and includes all OASDHI taxes. The estimates shown for the two categories of individual income taxes were derived by subtracting the OASDHI tax estimates from the combined totals reported.
⁴ Data revised from previous annual report.

Flow of Returns Received and Refunds Issued

Individual Income Tax *

(Cumulative numbers in thousands)

1980	Jan	Feb	Mar	Apr	May	June
Returns Received						
Number	9,731	38,250	55,827	88,769	89,981	91,432
Percent	10.6	41.8	61.1	97.1	98.4	100
Refunds Issued						
Number	986	13,190	35,439	56,408	67,353	69,028
Percent	1.4	19.1	51.3	81.7	97.6	100
1981						
Returns Received						
Number	7,755	36,743	54,319	89,154	90,879	92,639
Percent	8.4	39.7	58.6	96.2	98.1	100
Refunds Issued						
Number	794	12,082	34,614	55,583	65,911	67,578
Percent	1.2	17.9	51.2	82.3	97.5	100

* This chart represents cumulative 1040 and 1040A returns received in the service centers during the six-month filing period from January through June.

Tax Credits

Earned income credits (EIC) of \$2 billion were claimed by 6.9 million low-income taxpayers who maintain a home for themselves and at least one dependent. Employees have the option of receiving the EIC in their paychecks rather than waiting for a refund after filing an individual income tax return at the end of the tax year. Employers reported on 28,122 employment tax returns that \$19.2 million had been paid out in advance EICs during 1981.

This year taxpayers claimed \$553 million in credits on 4.6 million returns for energy conservation and renewable energy-source expenditures made on their residences.

The business energy investment tax credit, for investments in solar- and wind-energy property placed in service between Sept. 30, 1978, and Dec. 31, 1979, initially was refundable. Credits in excess of taxpayers' tax liability resulted in refunds. For property placed in service after Dec. 31, 1979, the credit is limited to the amount of the tax liability. This year taxpayers were allowed \$1.9 million to satisfy tax liabilities and refunded \$277,416 in excess of tax liabilities.

Employers claimed \$189 million on 124,000 returns for the targeted-jobs tax credit in 1981. This credit is designed to encourage employment of specific groups.

Presidential Election Campaign Fund

This year 27 million individual income tax returns had designations for the Presidential Election Campaign Fund—28.7 percent of the returns processed. Designations amounted to \$41 million, compared to \$38.8 million designated in 1980 on 25.3 million individual tax returns, or 27.4 percent of those processed. The cumulative amount credited to the fund since its inception in 1972 is \$287.2 million.

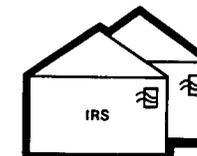
Combined Annual Wage Reporting

Combined annual wage reporting reduces the reporting burden for employers while still satisfying the needs of the IRS and the Social Security Administration (SSA). During 1980 the IRS began a program to ensure that the amounts reported on employment tax returns filed with the IRS and Forms W-2 filed with SSA agreed. This reconciliation was undertaken to assure that the correct tax had been reported and that the employees received the correct social security coverage with SSA. From the start of the program in January 1980 through Sept. 30, 1981, \$327.6 million in additional tax have been assessed.

Processing Pipeline



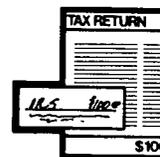
Returns are delivered to the regional service centers.



Envelopes are opened and returns counted.



Returns are sorted by type of return.



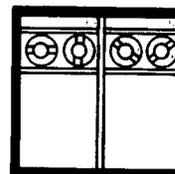
Tax returns and accompanying checks are compared.



Returns are edited and coded for computer processing.



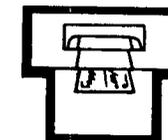
Tax return information is placed on magnetic tape for computer processing.



IRS computers check returns for mathematical accuracy.



Tapes are sent to the National Computer Center for account posting and settlement.



Tapes of refunds are sent to the Treasury Department Disbursing Center for issuance of checks directly to taxpayers.

Once a tax return reaches one of ten IRS service centers it travels through a series of processing steps known as "the pipeline."

While many parts of the pipeline shown here are automated for faster processing and faster refunds, people are involved every step of the way.

Write, Call or Walk In

This year the IRS received about 36 million telephone, 8.7 million walk-in and 106,000 written inquiries from taxpayers requesting information about their rights and obligations and available tax benefits. In 1980 the IRS responded to 35 million telephone, 8 million walk-in and 102,000 written inquiries.

Almost 60 percent of this year's 44.8 million inquiries, 26.7 million requests for assistance, occurred between January 1 and April 25—21 million phone calls, 5 million walk-in inquiries and 36,000 items of correspondence. A quality check of 205,000 telephone responses and other help given by IRS assisters during this same period found an overall accuracy rate of over 97 percent.

Toll-Free Telephone Assistance

Nearly all of the telephone calls received during the 1981 tax return filing period were made through the toll-free telephone system that allows taxpayers throughout the United States to call the IRS for information without paying long-distance charges.

Over 86 percent of these telephone calls are answered by front-line assisters. Calls requiring computer or technical assistance are referred to IRS employees who have specialized training. This year the IRS answered 3.4 million taxpayer account and problem resolution referrals and 2.7 million technical referrals.

Special equipment allows hearing-impaired taxpayers throughout the nation, Puerto Rico and the Virgin Islands to receive toll-free tax assistance, and in 1981, 2,310 taxpayers received such assistance.

Walk-In Service

Walk-in taxpayer assistance was offered at inner-city, business-district, suburban and rural locations in 680 permanent offices and 146 temporary offices during the filing period. In addition, over 37,000 banks and Postal Service locations helped distribute more than 248 million tax forms and instructions.

The IRS provided foreign language assistance at 201 of its 826 taxpayer service offices. Spanish language assistance was offered at 151 of these offices by 587 employees while 105 offices and 441 employees helped taxpayers in other languages.

Disaster Assistance

In 1981 the IRS provided help in preparing amended returns and casualty loss claims and

in getting refunds to taxpayers faster in 10 states and 35 counties affected by floods, hurricanes, tornadoes and other major disasters.

Educating Taxpayers

Understanding Taxes and similar programs reached more than 5.5 million high-school and college students last year. IRS-sponsored workshops for 41,000 small-business owners helped make taxpayers aware of their tax rights and responsibilities. In addition, over 550 institutes were held for tax practitioners.

Through the volunteer income tax assistance program (VITA) the IRS recruits, trains and supports volunteers who prepare tax returns for low-income, non-English speaking and military taxpayers. This year 293,000 federal income tax returns were prepared by 37,000 volunteers. In 1980, as a result of the tax counseling for the elderly program, the IRS entered into agreements with nonprofit organizations to provide free tax help to individuals age 60 and over using volunteers who were reimbursed for out-of-pocket expenses. During 1981, 10,000 volunteers prepared 79,000 federal income tax returns through this program.

Informing Taxpayers

Television networks and local television broadcasters provided free air time worth an estimated \$5.5 million for this year's IRS public service announcements.

National publications received 9,200 specialized issuances from the IRS to use in advising readers of their responsibilities and benefits. The material was designed for specific groups and covered items of particular interest on such subjects as child-care credits for working parents, information for homeowners, tax consequences of selling precious metals and tax responsibilities of small business owners.

The IRS issued 7,300 news releases and responded to nearly 21,000 media inquiries through the National Office and 75 field locations.

Clarifying Notices

To improve the clarity of the computer-generated notices and letters sent to taxpayers, the IRS reviewed over 900 notices and letters and recommended changes to almost 300 of them. Changes were made to three of the highest volume notices. These were tested and used during 1981 and reaction of taxpayers and practitioners was favorable. Other revised notices will be phased in starting in January 1982.

Making Information Available

During calendar year 1980 the IRS processed 12,651 requests under the Freedom of Information Act for IRS documents—an increase of 37 percent over 1979. Of this total, 7,350 were granted in full, 1,628 were granted in part and 3,673 were either incomplete requests or requests denied in full. The National Office reading room serviced approximately 29,000 additional requests for documents available to the public, including returns of exempt organizations, pension plans and private letter rulings—a 6.5-percent decrease from the prior year.

Under the Privacy Act of 1974 individuals made 334 requests for access to records about themselves. The IRS permitted full access in 96 of these requests and granted partial access in 28. The remaining 210 were either incomplete or were denied in full.



Approximately 1,970 disclosures of tax information were made to the Department of Justice, 187,000 to federal, state and local child-support enforcement agencies and 68.5 million to state tax agencies under specific disclosure provisions in the tax law.

The IRS has agreements with 93 state tax agencies for reciprocal exchange of confidential information. This federal-state exchange program increases tax revenues, reduces duplicate examinations and increases taxpayer compliance for both state tax agencies and the IRS. This year the IRS approved implementation agreements with 63 state tax agencies to identify more precisely the information to be exchanged and limit disclosures to information that is needed and used.

Helping Other Countries

In 1981 the IRS continued to provide long-term tax administration advisory assistance to Egypt, Liberia and Sierra Leone and started new

projects in Saudi Arabia and Trinidad and Tobago. Short-term projects were conducted for Ecuador, Guatemala, Jamaica, Jordan and Saudi Arabia. Most of the projects were funded by the Agency for International Development.

This year 532 officials from 79 countries visited the IRS for orientation and observation programs. Since 1963 over 6,350 visitors from 142 countries have participated in these programs. The IRS also presented a seven-week seminar in tax administration for tax officials from six countries.

High-level IRS officials addressed various assemblies and conferences of the Inter-American Center of Tax Administrators and the Caribbean Organization of Tax Administrators.

Problem Resolution

This year 318,179 individual taxpayer problems were resolved by the problem resolution program (PRP), which was established nationwide in 1977 to bring special attention to persistent taxpayer problems and complaints not promptly or properly resolved through normal procedures. PRP also identifies underlying causes of taxpayer difficulties so that organizational, procedural or systemic problems can be identified and corrected.

Each of the IRS's 59 districts, 10 service centers and seven regional offices and the office of international operations has a problem resolution officer. The taxpayer ombudsman, who is on the Commissioner's immediate staff, administers PRP nationwide, represents taxpayers' interests and concerns within the IRS decision-making process, reviews IRS policies and procedures for possible adverse effects on taxpayers, proposes ideas on tax administration to benefit taxpayers and represents taxpayers' views in the design of tax forms and instructions.

Forms and Publications

Public hearings held in Philadelphia, St. Louis, Dallas and Los Angeles resulted in many suggestions on how to simplify the federal tax forms and instructions.

The IRS distributed many taxpayer information publications free of charge, including 3.1 million copies of *Your Federal Income Tax*, 1.2 million copies of the *Tax Guide for Small Business*, 763,000 copies of the *Farmer's Tax Guide* and 69,200 copies of the *Tax Guide for Commercial Fishermen*. Additional tax materials were furnished to 7.9 million taxpayers, 240,000 tax practitioners and 438,000 employers. The IRS publishes more than 90 booklets—three in Spanish—on specific tax topics.

Examinations

During 1981 the IRS used a new system—total positive income (TPI) and total gross receipts (TGR)—to group individual returns for examination selection. TPI, which is used for non-business returns, is the sum of all positive income values appearing on a return, with losses treated as zero. Under the previous adjusted gross income system (AGI), losses reduced income items with the result that high-income returns with tax shelter losses were grouped with low-income returns for examination purposes.

TGR is the sum of business gross receipts and is used to class business returns, which are further classed according to Schedule C (Business or Profession) or Schedule F (Farm). Under the new system returns of taxpayers who are predominantly wage earners but have a small amount of business income are classed as non-business.

Examination results for 1981 are grouped into classes by TPI and TGR. Previously returns were grouped according to AGI. Therefore examination data from previous annual reports cannot be compared to this year's on a class-by-class basis.

Examination and Correction Results

The IRS examined 1,930,292 returns in 1981, of which 1,768,774 were examined in district offices or at the taxpayers' residences or places of business by tax auditors or revenue agents—a decrease of 215,450 returns from 1980. The remaining 161,518 returns were examined in service centers, a decrease of 33,555 from 1980.

Revenue agents examined 557,084 returns at the taxpayers' residences or places of business—a decrease of 58,587 returns or 9.5 percent from last year. Tax auditors examined 1,211,690 returns in IRS offices, a decrease of 156,863 returns or 11.5 percent from 1980.

Examination coverage of income, estate and gift tax returns was 1.84 percent, compared to 2.12 percent in 1980.

The IRS examination program resulted in recommendations for additional tax and penalties of \$10.5 billion, compared to \$9.4 billion in 1980. Of that total, individual income tax returns accounted for \$2.6 billion, corporate income tax returns for \$6.3 billion, fiduciary returns for \$38.8 million, estate and gift returns for \$1.4 billion and employment and excise returns for \$125 million.

The examination program also disclosed overassessments on 114,994 returns resulting in refunds of \$395 million.

In addition to the examination program, 814,023 returns were verified or corrected during the year through correspondence from the service centers, including 668,610 that resulted from the matching of information documents. This is an increase of 280,977 returns or 53 percent over 1980. Recommended additional tax and penalties totaled \$205 million, compared to \$123 million in 1980.

Statistical tables 7 and 8 show examination activity for 1981 and 1980.

Windfall Profit Tax

In 1981 the IRS trained more than 700 enforcement and technical personnel in both basic oil and gas issues and in windfall profit tax administration. In addition, 370 employees were trained to respond to taxpayer inquiries and questions relating to the tax. Windfall profit tax liabilities reported on excise tax returns processed through Sept. 30, 1981, amounted to some \$16.9 billion.

Large Corporations

At the end of 1981 there were 942 large corporation cases in the national coordinated examination program (CEP) and 536 cases in the regional CEP with a combined average number of open years for each case of 2.73, compared to a 3.0 objective. Recommended tax deficiencies and penalties totaled \$4.33 billion during 1981, compared to \$4.35 billion for 1980.

The industry specialization program included 13 designated industries in 1981 encompassing 458 of the national CEP cases with 83 issues being coordinated.

Tax Shelters

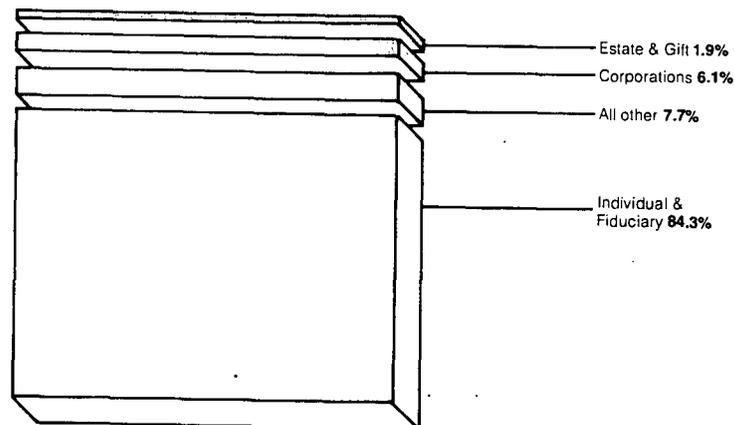
As of Sept. 30, 1981, 248,828 returns with tax shelter issues were in the examination process, an increase of 74,584 returns over the prior period. During 1981, 49,474 returns were closed after examination with recommended tax and penalties of \$593.5 million.

In 1981 the appeals division received a total of 19,116 tax shelter returns. At the end of the year 15,081 returns with tax shelter issues were in the appeals process—up 9,743 over 1980. As of Sept. 30, 1981, there were 8,572 civil cases docketed for court action.

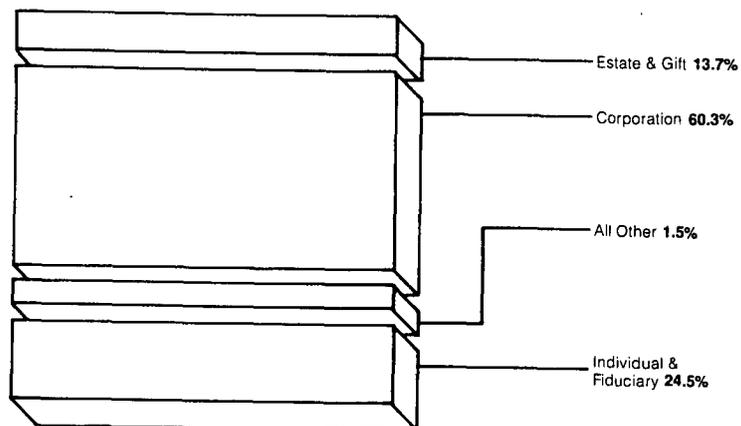
Special examination groups for commodity shelters were established in 1981, and procedures were revised to expedite processing of returns.

Tax Returns Audited by Revenue Agents and Tax Auditors (District Examination Divisions)

Returns Examined by Type of Tax



Dollar Recommendations by Type of Tax



There were 136 criminal investigations in process of tax shelter promoters and operators for fraudulent transactions at the end of September 1981. During the year 39 indictments and informations were returned, eight of which resulted in conviction on criminal charges. Federal grand juries have been established primarily to consider tax shelter-related crimes.

The Economic Recovery Tax Act of 1981 provides penalty provisions for excessive values assigned to properties that create inflated deductions. The Act also provides a disallowance for losses in excess of gains for commodity straddles, and interest and carrying charges for commodity straddles are to be a capital expenditure, rather than a current deduction, and must be added to the cost basis.

W-4 Program

The W-4 program was refined this year. It was established in 1980 to check abuses by employees who file incorrect withholding allowance certificates with employers to avoid having income tax withheld from wages.

The IRS expanded the monitoring of employer compliance with the regulations by requiring district collection and examination divisions to conduct compliance checks during contacts with business taxpayers. In addition, a computer system is being developed to identify employers with large payrolls who have not submitted Forms W-4 to the IRS. A program also is being established to follow up automatically on certain W-4 filers who failed to file 1980 income tax returns.

In March 1981 regulations were issued to prevent abuses by some employees who were filing successively false Forms W-4 after being notified by the IRS that the previous form was not acceptable. The regulations provide that the IRS will advise the employer that the employee may not claim total exemption from withholding or claim withholding allowances in excess of a number specified by the IRS.

A legislative proposal to increase the civil penalty for filing false Forms W-4 was included in the Economic Recovery Tax Act of 1981. The Act increased from \$50 to \$500 the civil penalty for filing false information with respect to wage withholding. It also increased from \$500 to \$1,000 the criminal penalty for willfully failing to supply information or for willfully supplying falsified information in connection with wage withholding.

Unreported Income Program

IRS unreported income programs have resulted in the identification of more than 24,000 returns. Examination results reflect a noncompliance rate of 83 percent. The newest and most significant programs in this area are district information-gathering projects on unreported income, of which there are more than 235 projects nationwide. There also are 16 regional projects and one national project.

Additionally, the IRS is working to develop the capability to identify potential unreported income on filed returns through its discriminant function (DIF) scoring system and will begin testing several DIF unreported income formulas in 1982.

Fraud Program

During 1980, and continuing in 1981, the IRS revised program emphasis, procedures and training to increase the number and quality of fraud referrals. This resulted in a 12-percent increase in the number of examination division referrals for each 1,000 returns examined for the 12-month period ending June 30, 1981.

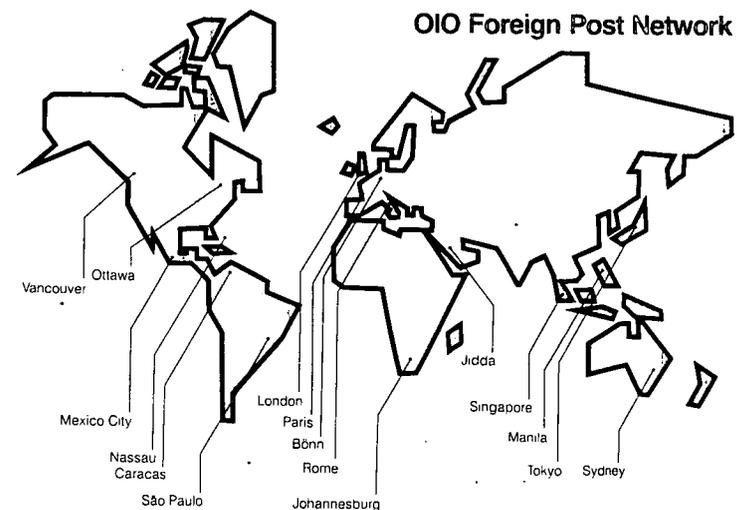
The number of recommendations for assertion of the civil fraud penalty, which is equal to 50 percent of the underpayment of tax, increased by 21 percent for the year ending June 30, 1981.

International Enforcement

Examinations of business operations outside the U.S.—the majority involving multinational corporations—are handled by approximately 235 international examiners located in 13 key districts.

In 1981 international examiners specially trained in the complex international provisions of the *Internal Revenue Code*, tax treaties and foreign tax statutes participated in the examination of 2,900 returns, and their recommended adjustments and penalties reached a record high of \$2.8 billion, up 56 percent from 1980.

With the cooperation of the aluminum industry the IRS in 1981 developed guidelines and price indexing systems that will relieve the burden of repeated examinations of complex issues involving the allocation of taxable income from multinational operations. This innovative approach to income allocation problems should promote voluntary compliance and the prompt payment of taxes properly due the U.S. The IRS now is considering developing similar guidelines for other industries.



Joint Efforts with Treaty Partners

The IRS established its fifth simultaneous examination program in 1981 with the Kingdom of Norway. Programs exist with Canada, the United Kingdom, France and Germany.

In September 1981 IRS representatives met with tax administrators of European and Pacific Basin income tax treaty partners to discuss international technical and tax administration matters and improve cooperation.

International Operations

The office of international operations (OIO) has foreign posts located in 16 key cities around the world. These foreign posts are headed by revenue service representatives (RSRs), who manage the examination, collection and taxpayer service programs at the posts. In addition, they conduct specialized investigations in support of U.S. domestic examination and criminal cases. RSRs also serve as liaisons with foreign tax authorities in both treaty and nontreaty countries.

Compliance Overseas

In 1981 OIO examined over 18,500 returns and recommended additional tax and penalty assessments of nearly \$950 million.

Assisting Taxpayers Abroad

Approximately 113,000 taxpayers in 133 cities in 76 countries sought tax assistance and 1,563 taxpayers attended 68 tax seminars conducted by the IRS. Seven military tax workshops attracted 583 participants, who, in turn, helped armed services personnel prepare their own tax returns.

Appeals

The number of cases received in Appeals continued to increase—from 53,467 in 1980 to 58,505 in 1981. To minimize taxpayer inconvenience conferences were held at 36 Appeals offices, 60 suboffices and over 500 other locations.

Nondocketed workload increased two percent and there was a 38-percent increase in docketed cases. Small cases, those involving proposed deficiencies of less than \$2,500, continued to be a large part of Appeals work, accounting for over 52 percent of receipts in 1981. Disposals also increased from 49,971 cases in 1980 to 53,260 in 1981. In nondocketed cases 83 percent were closed by agreement, approximately the same as last year. In docketed cases 57 percent were agreed in Appeals, which is

four percent lower than for 1980, due to an increase in the number of tax shelter and illegal tax protester cases moving through the system. The combined agreement rate for Appeals and district counsel, including those cases dismissed by the Tax Court, was 89 percent.

Ending inventory in Appeals increased from 36,047 cases in 1980 to 39,254 at the end of 1981, 40 percent of which were small cases. The proposed tax liability increased from \$8.7 billion to \$11.6 billion. Cases with proposed deficiencies exceeding \$1 million represented 87 percent of dollars in inventory even though they comprised only three percent of total cases.

A taxpayer whose request for abatement of certain penalty assessments is denied by a service center or district office may request an appeals conference. During 1981 Appeals disposed of 7,554 penalty appeals, compared to 8,338 penalty appeals cases considered in 1980. Penalties of \$23 million were protested, and of this amount, \$14 million were abated by Appeals.

Appeals, in cooperation with the Office of Chief Counsel, is putting its inventory on computers to establish better control, particularly over related cases in widely separated offices. Computerization also will produce reports that permit timely evaluation of Appeals operations and reduce clerical staffing.

Criminal Investigation

A total of 5,838 investigations were initiated in the general and special enforcement programs of the criminal investigation division (CID) in 1981. The general enforcement program identifies income tax evasion cases with prosecution potential. This program also provides for balanced criminal tax enforcement and geographical and occupational coverage of various types of alleged violations of the tax laws. During the year priority enforcement efforts included investigating individuals who filed multiple claims for tax refunds, illegal tax protesters and promoters of fraudulent tax shelters.

The special enforcement program identifies and investigates those individuals who derive substantial income from illegal activities and violate the tax laws. This program also includes the federal strike force program against organized crime, the high-level drug leaders project, waging tax enforcement and other efforts against racketeers.

In Florida a cash-flow project is concentrating on criminal investigations of money launderers and corrupt bank officials who violate currency laws by using financial institutions to deposit proceeds from narcotics trafficking.

Prosecutions were recommended in 1,978 investigations out of the 5,481 completed. Grand juries indicted or U.S. attorneys filed informations on 1,785 taxpayers. Prosecution was successfully completed in 1,494 cases.

Taxpayers entered guilty pleas in 1,152 cases, 60 pleaded *nolo contendere* and 282 were convicted after trial. Acquittals and dismissals totaled 81 and 142, respectively. Of the 1,615 taxpayers sentenced during the year, 802, or 49.7 percent, received jail sentences.

Of these totals, the special enforcement program accounted for 1,478 completed investigations, 696 prosecution recommendations and 323 convictions or pleas of guilty to tax charges.

Results of Criminal Action in Tax Fraud Cases

Action	Number of Defendants	
	1980	1981
Plea of guilty or <i>nolo contendere</i>	1,337	1,212
Convicted after trial	264	282
Acquitted	80	81
Not-processed or dismissed	193	142
Total Dispositions	1,874	1,717
Indictments & informations	1,832	1,785
Percentage of jail sentences to total sentenced	46.5	49.7

Cooperation With Other Agencies

The IRS participates in the federal strike force program against organized crime. Investigations in the 15 strike forces, located in 25 cities, are coordinated by attorneys from the Department of Justice. CID also participates in financial investigative task forces established by U.S. attorneys to coordinate the various federal law enforcement agencies' efforts against major narcotics organizations. Additionally, IRS special agents are detailed to the Drug Enforcement Administration (DEA) to identify narcotics traffickers subject to the internal revenue laws.

The IRS also provided training in financial investigative techniques to investigators for the DEA, the U.S. Air Force Office of Special Investigations, the U.S. Naval Intelligence Service and other federal, state and local law enforcement agencies.

Narcotics Traffickers

Since 1980 the IRS has more than doubled the number of staff years involved in investigations of high-level drug traffickers, financiers and money launderers in its special enforcement program. As of Sept. 30, 1981, the inventory of high-level drug trafficker cases included 399 grand jury investigations, most of which are being conducted jointly with other federal agencies. There are 838 high-level drug traffickers under investigation and another 131 undergoing IRS and Department of Justice review before indictment. In 1981, 110 indictments or informations were returned on high-level drug traffickers. There were 50 convictions and 39 received jail sentences, with 74 percent averaging four years.

Illegal Tax Protesters

Illegal forms of tax protest have been a growing concern to the IRS with illegal tax protesters using a variety of schemes to evade payment of taxes. Beginning in early 1979 the IRS established a comprehensive program to identify illegal tax protester schemes and to take appropriate action through examination, criminal investigation and collection programs to assure compliance with the tax laws.

As of June 30, 1981, 13,600 illegal tax protester returns were under examination. During 1981, 429 criminal investigations were begun on illegal tax protesters, 168 indictments or informations were returned, 120 were convicted and 141 were sentenced, with 60 percent receiving jail sentences.

Collection

During 1981 the IRS disposed of 2.2 million delinquent accounts and collected \$5.9 billion in overdue taxes. Of that sum, \$2.2 billion were collected in response to computer notices sent to taxpayers and \$3.4 billion were collected on delinquent accounts. Overdue taxes of \$285 million were collected when 1.5 million delinquent returns, involving \$1.8 billion in additional assessments, were secured.

The collection division concentrated its research and analysis efforts this year on methods of improving efficiency. In 1980 a group of IRS and Treasury officials conducted a study and recommended legislative and procedural changes for reducing the number of accounts receivable and increasing processing efficiency. Many of the recommendations were reviewed and adopted in 1981, such as improving the readability of forms and adopting certain successful debt collection techniques used by the private sector.

This also was the first full year that the collection quality review system operated nationwide. Besides identifying areas where the quality of work needs to be improved, the system eliminates certain review responsibilities of first-line managers allowing them to concentrate on more direct involvement with daily operations.

Results of Direct Enforcement on Delinquent Accounts and Returns

	1980	1981
Delinquent Taxes Collected¹		
From delinquent accounts	\$3,995.9	\$3,435.3
From notices	\$2,003.7	\$2,148.6
From delinquent returns secured	2-	\$285.4
Delinquent Returns Secured²		
By collection division	1,362.4	1,518.7
By examination division	48.1	45.4

Additional Tax, Penalty and Interest Assessed on Delinquent Returns (Net of prepaid credits)¹		
By collection division	*\$1,278.0	\$1,803.1
By examination division	\$55.6	\$54.1

¹ millions

² Data not available.

³ thousands

* Data revised from previous annual report to exclude prepaid tax credits.

Service Center Collection

The service center collection branches handle computer delinquency notices, the first step in communication with taxpayers who have not filed or paid their taxes. Many district office procedures were reviewed to determine which actions might be performed more efficiently by the service centers. As a result the service center collection branches absorbed several steps in the initial processing of delinquent accounts and returns. Procedures such as associating taxpayer correspondence, screening cases to see that a final notice has been sent and verifying taxpayers' employment are now performed by the service centers allowing district offices to redirect resources to higher priority work.

District Collection

If taxpayers do not resolve delinquent accounts or delinquent return investigations in response to notices from the service centers, these cases are transferred to district offices. In 1981 district

collection functions served 740,103 notices of levy and 502,894 notices of federal tax lien and conducted 8,848 seizures.

Most delinquent accounts and delinquency investigations transferred to the districts are first worked by clerical and paraprofessional employees in the collection office function, which in 1981 closed over 57 percent of delinquent accounts and over 67 percent of delinquent return investigations.

More difficult delinquent accounts and return investigations that cannot be resolved in the collection office function are referred to the collection field function. In 1981 revenue officers in the field function closed 335,000 delinquent return investigations and 967,000 delinquent accounts.

During 1981 Collection emphasized improving existing telephone systems to deal more efficiently and responsively with delinquent taxpayers. Several projects also were undertaken to reduce the paperwork burden on taxpayers and on district collection operations.

The special procedures function advises district collection personnel on technical and legal issues and files claims in bankruptcy, probate and other types of insolvency cases. Recent changes in the bankruptcy laws and the coinciding increase in the number of bankruptcy petitions filed have had impact on the special procedures function. In 1979, the last year under the old bankruptcy laws, there were some 240,000 petitions filed. In 1980, under the new law, this figure climbed to over 421,000, and in 1981 there were over 500,000 petitions filed.

Accounts Receivable

The collection division began work this year on an automated telephone system that uses the latest computer technology to manage accounts. Paper documents will largely be eliminated and replaced by computerized information available through computer terminals. The system also will feature automatic dialing and should result in higher productivity, quicker resolution of accounts and increased revenue.

Delinquent Returns

Improvements were made to delinquent returns programs in 1981 with greater emphasis now placed on matching information documents and tax returns. Methods of identifying and contacting taxpayers who have failed to file income tax returns were improved, and nonfilers are now detected earlier. Notices also were revised to emphasize the need to file returns on time. Use of information from the states to resolve delinquencies also was improved.



Procedures to cope with windfall profit tax were implemented this year. Additionally, returns compliance programs concentrated on identifying delinquencies in unemployment and highway-use taxes and on the compliance problems of workers in the construction industry and self-employed taxpayers.

Information Returns Program

The IRS received 645 million information documents in its tax year 1980 information returns program including over 184 million Forms W-2 received and processed by the Social Security Administration and 64 million pre-1974 Series E savings bonds from the Bureau of Public Debt. More than 397 million information returns received from businesses and organizations reporting interest, dividends and other payments also were involved.

Over 336 million of the information documents were submitted on magnetic media. The IRS will continue to match most information returns submitted on magnetic media to verify that correct amounts are reported on taxpayers' returns. Of the information returns submitted this year on paper approximately 26 percent will be matched, and 84 percent of the combined magnetic media and paper receipts will be matched.

In 1981 the IRS notified over 1.2 million taxpayers of potential discrepancies between income reported on their tax returns and income reported on information returns. Also, 1.6 million taxpayers were sent notices of apparent failure to file tax returns based on information returns.

This year the IRS began associating information returns with cases of taxpayers who filed income tax returns in previous years but failed to do so for the current year.

Information Returns Reported on Magnetic Media

Tax Year	Documents (thousands)	Reporting Entities
1967	36,492	1,048
1968	47,686	2,426
1969	58,951	2,963
1970	68,300	4,637
1971	91,449	8,504
1972	115,008	12,758
1973	144,533	13,128
1974*	185,554	21,862
1975*	216,839	32,486
1976*	248,106	35,013
1977*	275,423	39,980
1978*	269,936	38,417
1979*	303,978	43,840
1980*	336,672	33,956

*Data revised from previous annual report.

* Calendar year data. Data for 1973 and before cover the 6-month period January through June.

Note: For 1978 and subsequent years the volumes shown do not include Forms W-2 and W-2P processed by the Social Security Administration under the combined annual wage reporting system.

Employee Plans

During 1981 the IRS continued a taxpayer compliance measurement program (TCMP) for employee benefit plan returns to ensure compliance with the Employee Retirement Income Security Act of 1974 (ERISA). Data gathered during the TCMP examinations will be used for planning future examination programs, improving the selection of returns for examination and identifying needed changes to the Forms 5500 series of employee plan returns and instructions. Under the program approximately 18,000 Forms 5500 and 5500C returns with plan years beginning in 1978 were examined.

A detailed plan termination standards worksheet was developed this year to ensure the protection of the rights and benefits of plan participants in terminating plans. It will provide employee plans specialists with comprehensive guidelines to

identify terminating plan problems. A training course also was developed for employee plans specialists that covers the review of terminating plans.

A revenue procedure issued this year establishes optional application procedures for plan administrators to obtain determination letters on amendments to employee plans that already have received favorable determination letters. The revenue procedure provides for the use of a short form to apply for determination for amendments of plans thus facilitating the processing of the determination request by the IRS and requiring less time for completion by the applicant.

Revised Forms 5500C and 5500K and new short Form 5500R were mailed to filers in January of this year to begin triennial filing for plan years beginning in 1980. Forms 5500C and 5500K now are required to be filed only once every three years with the Form 5500R filed in the intervening years.

Through the coordinated compliance agreement with the Department of Labor (DOL) the IRS virtually eliminated duplication of examinations between the two agencies during 1981. For the first time cases involving fiduciary actions that violate the exclusive benefit rule were referred to DOL when the IRS concluded that a plan should be disqualified.

The review of employee benefit plans was begun in 1981 under a program established to bring plans into full compliance with ERISA. The program protects the benefits of plan participants by providing varying degrees of relief from sanctions for plans that agree to comply with ERISA and, where necessary, retroactively provide benefits to which plan participants would have been otherwise entitled if ERISA had been complied with in a timely manner.

A post-review program, which was started in 1980, has helped to ensure that all IRS employee plan key district offices uniformly apply the law and IRS procedures when issuing determination letters on qualification of plans. Under this program determination letters issued by key districts on the qualification of plans and the tax-exempt status of related trusts are subject to selection for post-review by the National Office. During the first year of operation, which ended June 30, 1981, 2,097 cases were reviewed.

In 1981, 5 regulations and 51 revenue rulings and procedures were issued as well as 2,855 National Office opinion letters on master and prototype plans dealing with Keogh plans, corporate plans and individual retirement accounts and annuities. The IRS also has completed a review of pre-ERISA revenue rulings for modification, restatement, obsolescence or revocation.

The rulings resulting from that review are being made public.

Advance determination letters are issued by the IRS on the qualification of pension, profit-sharing and other employee benefit plans. During the year 132,370 determination letters were issued on corporate and self-employed plans. Also, 20,207 plans were examined to determine the qualification of plans in operation, to verify the employers' allowable deduction for contributions to plans and to assure that the rights and benefits of plan participants are protected.

Exempt Organizations

Twenty-seven states, the District of Columbia and the IRS agreed in 1981 to use a revised Form 990, Return of Organization Exempt from Income Tax, to enable exempt organizations to file the same form with both federal and state governments. The new form substantially reduces recordkeeping and financial reporting obligations for those organizations while providing greater accountability, more uniform information on charitable organizations and full disclosure of financial funding agreements.

The charitable trusts and solicitations subcommittee of the National Association of Attorneys General and the National Association of State Charity Officials have endorsed the use of the revised Form 990 to meet IRS and state reporting requirements. A Form 990 advisory committee, comprising IRS and state officials and representatives of those organizations that use or prepare the form, is being established to review future revisions.

The IRS continued exchanging enforcement information, as allowed by law, with state attorneys general on charitable trusts and other exempt organizations. Several state representatives also participated in IRS exempt organizations training sessions.

In 1980 the District Court for the District of Columbia in the case of *Green v. Regan* supplemented and modified a 1971 injunction prohibiting the IRS from recognizing racially discriminatory schools as tax exempt. Under the court order the IRS is prohibited from recognizing or continuing the tax-exempt status of private schools in the State of Mississippi that have been adjudicated discriminatory or have been formed or expanded at the time of public school desegregation and cannot demonstrate that they are not racially discriminatory.

Enforcement of the injunction continued during 1981. Each private school located in Mississippi and exempt from income tax was contacted to determine whether its admissions policies were

racially discriminatory under the standards set forth by the court. Action has been completed on all private schools that are not church-related. By its order of May 14, 1981, the court granted intervention to the Clarksdale Baptist Church in *Green v. Regan*. On July 13, 1981, the court suspended application of its 1980 order to church-related private schools pending resolution of the issues raised by the intervenor. The IRS therefore has suspended action on the church-related schools until the outcome of this litigation.

Congress prohibited the use of any funds during 1980 to carry out a proposed revenue procedure published on Aug. 22, 1978, or to adopt new procedures that would cause the loss of tax exempt status to a private school. A joint resolution extended the restriction to 1981.

Section 501(c)(9) regulations were adopted for the first time in 1981. Section 501(c)(9) of the *Internal Revenue Code* exempts from tax voluntary employee associations that provide their members with life, sick or accident insurance and similar benefits.

Two revenue rulings on environmental issues were published. The first holds that an organization whose principal activity consists of instituting litigation as a party plaintiff to enforce environmental legislation, if otherwise qualified, is operated exclusively for charitable purposes and is exempt from federal income tax under section 501(c)(3). The second ruling holds that organizations that mediate international environmental disputes also are exempt.

In another ruling the IRS held that publication of a newsletter containing congressional incumbents' voting records on selected issues does not constitute participation or intervention in any political campaign within the meaning of section 501(c)(3).

During 1981 the IRS exempt organizations activity issued or revised 52 revenue rulings and procedures, 291 technical advice memoranda, examined 20,102 exempt organization returns and participated in the issuance or revision of 10 regulations. In addition, the IRS acted on 53,938 applications, reapplications and requests for rulings from organizations.

Research and Operations Analysis

During 1981 the first editions of the IRS strategic plan and the research plan were developed. The unreported income research group continued its updating of the 1979 IRS report "Estimates of Income Unreported on Individual Income Tax Returns." Special emphasis is being placed on improving estimates of unreported income using a consumer expenditure survey approach and developing comprehensive estimates of unreported income for individuals engaged in illegal activities.

Major Research Projects

The IRS established a permanent research group this year to improve the information returns program. Several key studies in this area were completed in 1981 on reporting of income on information documents for tax years 1975 and 1976, reporting of gambling winnings, extending information reporting to bearer instruments and the feasibility of an information returns program for interest and dividends paid to corporations. Throughout 1981 the IRS continued studies to measure compliance in reporting nonemployee compensation on the new Form 1099-NEC.

The IRS contracted with an outside firm in 1979 to simplify the individual income tax forms. Prototype forms were developed and have been tested on volunteers using hypothetical tax situations. Some of these new forms will be tested in actual use as official tax return forms for tax year 1981. A comprehensive review of the format of information returns also was begun to study forms consolidation, simplification and other improvements that could reduce the filing burden of payers, provide correct, easy-to-understand information to payees and facilitate IRS matching of information reports against tax returns.

Research has continued on compliance with some of the approximately 90 *Internal Revenue Code* sections that allow taxpayers to defer certain tax consequences to future years. These studies include deferred gains on installment sales, recapture of certain deductions on housing projects insured by the Department of Housing and Urban Development and tracking of business losses in activities that may not be engaged in for profit.

The state income tax refund study, completed during 1981, uncovered a compliance problem that can be monitored by computers. In addition, computerized tracking systems have been set up to monitor the once-in-a-lifetime exclusion of gain from the sale of a principal residence and the maximum dollar limitations on residential energy credits.

Taxpayer Compliance Measurement

This year the IRS started taxpayer compliance measurement program (TCMP) examinations on a sample of corporation income tax returns filed in 1981. A survey of potential nonfilers of individual income tax returns also was started. TCMP results are used to plan enforcement programs, allocate IRS resources, improve tax forms and instructions and develop mathematical scoring formulas used by computers to select returns for examination. TCMP examinations continued this year on randomly selected employee plan Forms 5500 and 5500C, 1979 individual income tax returns and exempt organization Form 990 series. A TCMP program for partnership returns filed in 1982 is planned.

Workload Scoring Systems

Because it is essential that the mathematical scoring, or discriminant function (DIF), techniques remain at the "state of the art," two outside firms were engaged to research alternative mathematical/statistical methods of computer scoring and selecting cases to be examined. These contracts were completed in July 1981.

Revised DIF formulas based on data from a TCMP survey of corporate returns were developed this year for selecting these returns for audit. DIF-type formulas also were developed to enhance the efficiency and effectiveness of collection operations by identifying accounts receivable and nonfiler cases to be worked.

A study of the joint IRS/Social Security Administration combined annual wage reporting program, which reconciles Forms W-2 and various employment tax forms, resulted in development of a formula for selecting cases to be worked.

Productivity Management

The IRS continued to explore ways to increase output and reduce costs while maintaining or enhancing the quality of the work product. One major productivity improvement project undertaken in 1981 was a study of large-volume clerical processing and support operations in IRS district offices. This study brought IRS case processing experts together with industrial engineers from an outside consultant firm to analyze the document and data processing operations that occur before and after returns are audited or delinquent accounts collected. The study should result in recommendations for improved processing techniques that can be tested in 1982.

Through the IRS's productivity enhancement fund, financing was made available for 11 productivity improvement projects including pur-

chase of computer software needed to begin a computer-monitored incentive pay plan at the Philadelphia Service Center and the implementation of a microfiche system for Appeals records in the National Office.

Statistics

Statistics of income (SOI) publications issued in 1981 included individual income tax returns for 1978, sole proprietorship and partnership returns for 1977 and corporation income tax returns for 1976. A preliminary report for corporations for 1977 also was published. Preliminary data for individuals for 1979 and sole proprietorships and partnerships for 1978 were included in the July 1981 issue of the *SOI Bulletin*, the first in a new series of quarterly reports. The *SOI Bulletin* contains selected data formerly contained in the preliminary SOI reports, which have been discontinued. It also will be used for presenting key data in advance of, or instead of, the more detailed SOI reports.

This year the IRS published its first supplemental report presenting data by country for the foreign earned income and foreign tax credits of U.S. individuals. Another supplemental report provided information by industry and country on foreign subsidiaries of U.S. corporations.

SOI publications can be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Preliminary statistics for unincorporated businesses for 1979, along with complete 1977 and preliminary 1978 corporate data, were provided to the Treasury Office of Tax Analysis (OTA) and the congressional Joint Committee on Taxation for use in revenue estimating and analyzing existing and proposed tax legislation. The data also were provided to the Department of Commerce's Bureau of Economic Analysis for use in updating the national income and product accounts.

The IRS furnished statistics to OTA for congressionally mandated annual reports covering domestic international sales corporations, international boycott participation and taxation of domestic corporations on their operations in Puerto Rico and U.S. possessions. Data also were provided on the taxation of Americans working abroad and on income of nonresident aliens and the U.S. taxes withheld on that income.

Other data provided to OTA for special reports to Congress included statistics on the 1980 crude oil windfall profit tax, 1979 corporate jobs credit and 1977 and 1979 sales of capital assets by individuals. Work also was completed on a five-year survey of individual taxpayers for use in

OTA's analysis of capital gain or loss transaction patterns and on the initial results of collating estate tax returns for 1976 with income tax returns of decedents and beneficiaries.

Legislative Analysis

This year the IRS developed 22 implementation plans detailing responsibilities of various functions in administering new tax legislation including the Economic Recovery Tax Act of 1981.

Technical Activities

During the year the IRS acted on 32,030 requests for letter rulings and technical advice including 21,423 requests for changes in accounting methods and periods.

Letter rulings are written statements issued to taxpayers interpreting and applying tax law to specific sets of facts. Such rulings provide guidance concerning the tax effect of proposed transactions. Letter rulings are not precedents and may not be relied upon by taxpayers other than the recipient of the ruling.

Technical advice is issued by the National Office at the request of district offices to provide guidance on the proper application of the tax laws to specific facts in connection with audits of taxpayers' returns or claims for refund or credit.

The IRS also issued 395 revenue rulings and revenue procedures. Revenue rulings are interpretations of the tax laws published in the weekly *Internal Revenue Bulletin* to inform and guide taxpayers, practitioners and IRS personnel.

Revenue Rulings and Revenue Procedures Published

Type	Number
Administrative	19
Employment taxes	10
Estate and gift taxes	39
Excise taxes	25
Exempt organizations	52
Income taxes	177
Employee plans	69
Tax conventions	4
Total	395

Procedures Updated

During 1981 the IRS issued a revenue procedure that contained major changes and amplifications of the general procedures under section

Requests for Tax Rulings and Technical Advice (Closings)

Subject	Total	Taxpayers' Requests	Field Requests
Total	32,030	30,745	1,285
Administrative provisions	140	86	54
Changes in accounting methods	7,893	7,893	—
Changes in accounting periods	13,530	13,530	—
Earnings and profits determinations	1,328	1,328	—
Employment and self-employment taxes	1,169	528	641
Engineering questions	184	147	37
Estate and gift taxes	708	564	144
Excise taxes	121	62	59
Individual income tax matters	2,465	2,362	103
Corporation tax matters	4,492	4,245	247

1.446-1(e) of the Income Tax Regulations for taxpayers' requesting the Commissioner's consent to changes in methods of accounting. The revised procedures encourage changes to proper methods of accounting by shortening or eliminating the period of time over which adjustments to income will be permitted when the use of an improper method is found by the IRS during an examination. Two of the seven checklist revenue procedures for issuing letter rulings on *Internal Revenue Code* Subchapter C transactions—Corporate Distributions and Adjustments—also were updated in 1981. The remaining checklists will be revised in 1982 to reduce their complexity.

Internal Revenue Bulletin

During 1981 the weekly *Internal Revenue Bulletin* published 331 revenue rulings, 64 revenue procedures, 19 public laws relating to internal revenue matters, 20 congressional committee reports, 71 Treasury decisions containing new or amended regulations, 8 delegation orders, 2 Treasury Department Orders, 32 notices of suspensions and disbarment from practice before the IRS, 260 announcements of general interest and 8 court decisions.

This year the IRS began publication in the *Bulletin* of proposed regulations. *Bulletin* contents of a permanent nature are published semiannually in *Cumulative Bulletins*. Both are available through the Superintendent of Documents.

Continuing Professional Education

The National Office began an advanced training program in 1981 to broaden the education and

improve the skills of attorneys and tax law specialists in Technical and Chief Counsel. The New York University School of Law was selected to provide the training.

The curriculum for 1981 consisted of eight short courses in tax law along traditional law school lines with students being tested and graded.

Internal Audit

Additional revenue of \$526.6 million accrued to the IRS in 1981 through action on internal audit reports directly related to collection, enforcement of the tax laws and processing of returns. Since the beginning of the coordinated audit approach, which provides evaluation of IRS programs on a national or regional basis, these audits have yielded \$1.98 billion. Many corrective actions result in annual recurring savings, which have totaled \$1.5 billion since 1977. IRS management also is taking long-term actions to implement internal audit recommendations that will realize an additional \$498.6 million in revenue and cost savings, all of which will have recurring benefits.

In 1981, 51 coordinated internal audits were completed resulting in more efficient operations, more effective programs and procedures and stronger internal controls. A specialized group of internal auditors also was established to review the planning and management of the IRS coordinated examination program to assist management in ensuring quality examinations and the efficient use of resources.

Abstracts of Internal Audit findings were distributed monthly to IRS officials to alert them to areas that may need increased management at-

tion. Top management also received reports on the implementation and effectiveness of actions taken in response to General Accounting Office reviews of IRS activities.

Internal Security

The internal security division's investigations to protect the integrity of the IRS resulted in the arrest or indictment of 125 taxpayers and tax practitioners and 44 current or former IRS employees. There were convictions or guilty pleas in the cases of 131 individuals arrested or indicted in 1981 or earlier. Of these convictions, 26 were for bribery and 31 for assault while the rest involved conspiracy to defraud the government, embezzlement, impersonation of a federal officer, narcotics and other offenses.

An 18-month investigation of illegal trafficking in narcotics at an IRS service center resulted in the arrest of 18 individuals in a three-state area. Seventeen of those arrested, including four former employees and eight building guards, were convicted and sentenced to prison terms ranging up to one year.

A 31-month undercover investigation into organized crime's attempts to compromise the integrity of IRS operations led to the indictment of eight organized crime figures and their associates for bribery and related offenses. Playing "a corrupt employee," an IRS special agent made numerous contacts with underworld characters in schemes to "fix" criminal cases and other proceedings. Almost \$50,000 in bribe payments were made by the suspects.

Operating independently, two employees at the same IRS office embezzled several thousand dollars by issuing fictitious receipts for the taxes they collected. Both former employees are facing prosecution for embezzlement.

The division completed 4,721 background investigations of employees during the year and conducted police record checks on all persons considered for temporary appointments. These investigations and record searches resulted in the rejection of 127 job applicants and administrative actions against 439 employees. In addition, the division conducted 524 investigations involving alleged employee misconduct with 136 resulting in exoneration of the employees involved.

Assaults and threats against IRS employees decreased from 508 in 1980 to 455 in 1981.

Integrity Program

To deter waste, fraud and abuse Inspection completed 44 audits of areas particularly susceptible to integrity violations, such as activities where cash is handled and where control weak-

nesses increase the potential for integrity breaches.

As a result of nationally coordinated projects, controls were strengthened over the examination of employee tax returns, accounts reported currently not collectible and collection revenue representative activities. Audits of high-risk areas resulted in the strengthening of controls in collecting and depositing delinquent taxes, securing delinquent returns, controlling seized property and determining and assessing tax deficiencies.

Internal control seminars were conducted nationwide to increase employee recognition of integrity matters, to develop a better understanding of the role and responsibilities of inspection and to increase management's awareness of its internal control responsibilities.

In addition, 21,000 employees were advised of potential corruption hazards through awareness presentations, internal control seminars and conferences with all levels of management.

Inspection conducted 533 integrity probes and tests of high-risk IRS activities.

Resources Management

Modernization was begun in 1981 of the IRS payroll/personnel system, which will include direct terminal input and the latest data-base management concepts.

Fiscal Management

During 1981 savings of about \$669,000 were reported and verified through a management-generated savings program that rewards managers who cut costs. This procedure allows managers to reapply half of the savings resulting from their cost-cutting initiatives to programs under their control that they determine to be most in need of additional resources. The balance is applied to Servicewide problems or is given up in the next year's budget. This program is part of Servicewide productivity efforts that altogether yielded savings over 1980 of 1,040 staff years valued at \$16.1 million—about 1.2 percent of 1980 staffing.

Personnel

Job elements and performance standards were developed for all IRS positions as required by the Civil Service Reform Act of 1978. All IRS managers and employees also were trained in the new performance appraisal procedures based on these elements and standards.

Recruitment

In addition to normal recruitment and staffing activities the IRS has adopted several programs to make employment opportunities available to many people who previously faced limited job opportunities or were excluded from the federal workforce. Goals for the employment of individuals on a part-time basis have been exceeded. Many of these part-time employees are individuals who have responsibilities that prevent them from working a full 40-hour week.

In addition, the IRS employs 2,600 severely handicapped employees and disabled veterans. As funding has permitted, special equipment has been purchased to assist handicapped employees in the performance of their duties.

The cooperative education and junior fellowship programs in 1981 provided work-study opportunities to 848 students, most of whom were majoring in business-related fields. Eighty-seven percent of the cooperative education students who have completed their programs with the IRS over the past several years have become permanent employees.



Labor Relations

Negotiations with the National Treasury Employees Union (NTEU) were concluded and resulted in two master labor agreements. The first agreement covers those bargaining unit employees in the service centers, the Data Center and the National Computer Center. The second agreement covers those bargaining unit employees in the National Office, regions and districts. In addition, separate negotiations with NTEU also resulted in agreements covering the implementation of the performance appraisal system under the Civil Service Reform Act of 1978 and the test of various flexitime plans in the IRS.

Awards and Recognition

Southeast Regional Commissioner Harold A. McGuffin was one of 25 federal executives to receive the Senior Executive Service (SES) Distinguished Rank Award from the President. Southwest Regional Commissioner James I. Owens, Midwest Regional Commissioner Roger L. Plate and Brookhaven Service Center Director Thomas J. Laycock received SES Meritorious Rank Awards from the director of the Office of Personnel Management.

This year 23 Commissioner's Awards and nearly 13,000 awards to employees for adopted suggestions, sustained superior performance and other special acts or services that saved about \$2.8 million were presented under the IRS incentive awards program.

Forty-nine Presidential Letters of Commendation were received by IRS employees recognizing their contributions to more efficient government operations. The Department of Treasury also recognized nine IRS employees for their accomplishments.

Centralized Services

The IRS is developing automated systems for word processing and microfiling employee plans and exempt organizations administrative case files and is testing automated equipment to improve the remittance deposit operation.

During 1981 the IRS continued its efforts to improve its district office centralized services function through effective use of resources, accurate and timely processing of remittances, improved efficiency in computer-terminal processing operations, adequate controls in teller-area operations and continued efforts to eliminate tax deficiencies barred by the statute of limitations.

A major study of the methods and procedures of centralized services by Arthur Young and Company began in May 1981.

Facilities Management

In 1980 the IRS began a major building program in support of the service center replacement system, which involves the replacement of almost all automatic data processing equipment in the 10 service centers. The designs for the first group of five service centers were completed in 1980 and construction started in 1981. The designs for the second group of five service centers are underway with construction to be started in 1982. This project is expected to be completed by May 1983 when the last of the new computer rooms at each of the 10 service centers will be finished.

Efforts to conserve energy are continuing in the service centers. All service centers are implementing the recommendations of the joint IRS/General Services Administration task force on energy conservation, which conducted surveys in all service centers from May 1979 to March 1980. For 1980 the total energy consumption for the service centers was 15 percent less than in 1975, which meant a cost savings of \$1.5 million for 1980.

During 1981 savings of \$667,000 in telecommunications costs were achieved through cost-reduction efforts in the federal telecommunications system and commercial long-distance calling volumes and telephone switchboard replacement projects.

Paperwork Management

The IRS continued its efforts to eliminate unnecessary internal management reporting canceling 46 reports in 1981 for annual savings of approximately \$382,000.

Disposing of some 225,000 cubic feet of records and retiring nearly 460,000 cubic feet to federal record centers resulted in the release of space and equipment valued at \$7.2 million.

New computer programs were developed in 1981 to presort large volume mailouts into ZIP-

code sequence so that lower cost third-class bulk-mail rates can be used. The system will accommodate both individual and business taxpayer mailings and will be programmed to include new carrier route information. The 1981 individual tax packages were the first mailing under the new system, which resulted in estimated postage savings of \$2.4 million.

Safety Statistics

The IRS had 4.4 disabling injuries per million staff hours worked in calendar year 1980, compared to a 4.5 rate the year before. IRS employees drove 121 million miles with an accident rate of 4.5 accidents per million miles driven. In 1979 employees also drove 121 million miles, but had a 5.2 accident rate.

Security

During 1981 the IRS issued new standards to assure protection and confidentiality for taxpayer information and reviewed safeguards used to protect taxpayer data stored and processed in IRS computer systems. Changes were made to the IRS tax data retrieval system to improve the automated protection from employee abuse or misuse. The IRS also began a risk analysis program to determine the least costly methods for prevention of loss, alteration or unauthorized disclosure of sensitive tax data.

Training

This year the IRS conducted over 500 training courses providing some 138,000 instances of job-related opportunities for individual training.

Revenue agents are now being trained in the system for controlling all tax shelter cases. A course on commodity shelters for agents and appeals officers enables them to recognize potential issues, gather the necessary verification and apply the law. A revised course for special agents uses job-oriented practical exercises, in-



terviewing and other skills that more quickly prepare them for duty.

A training program has been developed to help employees recognize and report possible violations of federal nontax criminal laws. Employees are trained to report promptly all indications of possible nontax crimes to their disclosure officers so they can determine whether or not the information may be disclosed under current law.

The "Training in the Mid-80s" study—which will attempt to reduce travel and per diem costs and improve the quality of instruction by placing a significant portion of training at the local offices through the use of self-instruction and computers—will be tested in the Southeast Region in the fall of 1982.

The IRS began a management practices course for first-line managers that replaces the existing basic management training. The new training uses behavioral modeling techniques to assist students and will reduce classroom training by three days resulting in annual travel and per diem savings of \$140,000 and annual participant time savings of 280 staff weeks.

Equal Employment Opportunity

From July 1980 to July 1981 full-time regular employment in the IRS decreased by nearly 4.5 percent. While there was some decrease in the numbers of women and minorities employed, the representation of women increased from 52.7 to 53.3 percent and minorities from 20 to 21 percent. At GS-13 and above representation of women went from 6.5 to 7.9 percent and of minorities from 7.0 to 7.8 percent.

The employment of women and minorities in key occupations also showed improvement during this same period even though total employment in these occupations declined. Revenue agents went from 14.9 to 16.2 percent for women and from 11.7 to 12.2 percent for minorities; criminal investigators from 6.7 to 7.8 percent for women and from 7.5 to 8.4 percent for minorities; and attorneys from 13.9 to 16.6 percent for women and from 6.1 to 7.4 percent for minorities.

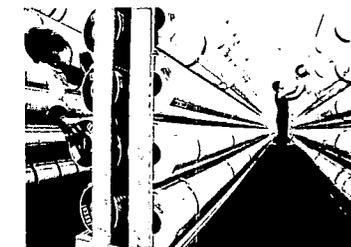
Data Services

The equipment replacement program continues on schedule in its second year. This program is a three-phase, long-range plan to replace obsolete computer equipment used in tax return processing.

The service center replacement system (SCRS) contract was awarded on June 12, 1981. This contract will provide a single computer system to replace the two systems in each of the 10 service centers and an additional system for pro-

gram development and testing. Conversion of the more than 1,000 programs began in March 1980 using a high-level computer language. This effort expanded significantly in 1981. Full implementation of SCRS is scheduled for January 1985.

The microfilm replacement system will automate the current research process and improve the privacy protection of taxpayer data. This phase will be implemented in all service centers by August 1983. The master file replacement system will modernize equipment at the National Computer Center. This replacement will not require an extensive program conversion and will be implemented by January 1983.



Another step in equipment modernization was taken this year when the IRS decided to accelerate the replacement of the service center direct data entry system and combine it with an automated error correction system.

National Computer Center

The completion of the addition and renovation project at the National Computer Center provides 150,000 more square feet. The project includes a system to capture the heat generated by the computer systems and use it throughout the building. In addition, a 3,150-kilowatt turbine generator will be used to support electrical needs for approximately 70,000 square feet including the 150,000-volume tape library.

As of July 1981 the number of taxpayer accounts on the individual master file had grown to 119.6 million—a two-percent increase over July 1980. The business master file was purged and the number of taxpayer accounts decreased two percent from 1980. It contains 22.4 million accounts including 911,898 exempt organization accounts. The employee plan and individual retirement account master files contain 1.4 million and 307,022 accounts respectively. For tax year 1980, 328 million information documents were processed by the information returns selection system.

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Table 1.—Internal revenue collections by sources and by internal revenue regions and districts, states and other areas (In thousands of dollars)

Internal revenue regions and districts, states and other areas. 1 (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Total internal revenue collections	Corporation income tax 2	Individual income and employment taxes				
			Total	Income tax withheld and SECA 3,4,5	Income tax withheld and FICA 3,4,5	Railroad Retirement	Unemployment insurance 6
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	606,799,103	73,733,156	485,735,862	82,884,499	396,495,012	2,710,994	3,645,456
North-Atlantic Region	105,618,508	17,166,285	83,840,845	11,353,946	71,753,827	68,687	661,478
Alabama (See (c) below)	9,263,379	1,522,546	7,302,537	1,028,801	6,273,736	—	70,517
Augusta (Marye)	1,522,546	—	1,522,546	—	1,522,546	—	15,202
Boston (Massachusetts)	15,389,341	2,020,433	12,969,459	1,828,303	10,921,912	—	101,547
Brooklyn (See (c) below)	9,201,408	—	9,201,408	2,098,316	6,103,092	—	37,000
Buffalo (See (c) below)	8,078,518	1,321,867	6,467,878	959,735	5,468,069	—	682
Burlington (Vermont)	660,337	58,736	589,734	134,103	445,534	—	7,967
Hartford 4 (Connecticut)	16,584,968	2,751,591	13,201,297	1,968,099	11,633,244	—	109,169
Manhattan (See (c) below)	43,906,219	9,010,244	31,885,856	3,346,735	28,315,267	—	2,131
Portsmouth (New Hampshire)	1,697,378	146,391	1,490,865	297,535	1,191,735	—	77
Providence (Rhode Island)	235,456	—	235,456	95,817	1,630,388	—	24,819
Mid-Atlantic Region	80,402,858	7,840,120	66,640,847	9,850,624	55,347,130	861,712	571,281
Baltimore 4 (Maryland & D.C.)	15,782,900	752,988	14,265,245	1,812,556	12,151,566	—	257,570
Newark 4 (New Jersey)	20,207,124	2,724,569	16,313,690	2,308,505	13,104,533	—	166,030
Philadelphia (See (e) below)	18,336,855	1,759,973	15,390,039	2,229,981	12,693,058	—	299,838
Pittsburgh (See (e) below)	14,271,916	1,360,612	11,185,568	1,199,594	9,843,692	—	37,422
Richmond (Virginia)	8,752,278	849,734	7,692,890	1,559,600	6,145,234	—	121,782
Wilmington (Delaware)	2,051,585	421,244	1,583,114	219,389	1,349,057	—	13,490
Southeast Region	57,244,596	6,073,113	47,576,849	10,587,063	36,401,514	193,065	414,307
Atlanta (Georgia)	2,763,688	1,232,107	1,502,206	8,102,206	1,648,248	—	55,018
Birmingham (Alabama)	5,184,392	473,392	4,482,698	801,627	3,643,249	—	35,404
Columbia (South Carolina)	3,918,487	386,599	3,447,061	584,909	2,829,905	—	31,690
Greensboro (North Carolina)	10,727,993	1,792,018	8,935,975	1,311,311	6,405,252	—	675
Jackson (Mississippi)	2,306,260	224,943	1,994,670	354,998	1,519,664	—	17,493
Jacksonville 4 (Florida)	18,878,857	1,569,733	16,411,015	4,905,123	11,204,533	183,817	117,742
Nashville 4 (Tennessee)	6,463,109	826,215	5,302,281	1,141,307	3,960,384	—	44,260
Central Region	81,554,700	9,250,282	65,933,587	8,278,221	57,189,020	91,584	396,651
Cincinnati 4 (See (d) below)	12,008,600	1,612,966	9,998,540	1,281,331	8,596,745	—	128
Cleveland (See (d) below)	22,476,002	3,925,637	18,942,769	1,781,762	13,660,020	—	34,508
Detroit (Michigan)	26,653,834	2,017,020	23,127,577	2,288,983	21,163,967	—	122,000
Indianapolis (Indiana)	11,956,195	876,500	10,532,424	1,606,702	8,860,700	—	10,133
Louisville (Kentucky)	5,332,250	534,613	4,697,567	829,616	3,767,951	—	32,756
Petersburg (West Virginia)	2,136,019	181,286	1,866,230	1,461,230	429,000	—	13,915
Midwest Region	89,951,744	10,801,309	74,598,798	11,239,440	61,789,478	999,603	570,277
Abcdeen (South Dakota)	61,514	—	61,514	—	61,514	—	5,026
Chicago 4 (See (b) below)	35,180,802	4,345,346	28,905,990	3,458,304	24,843,752	—	285,992
Des Moines (Iowa)	4,916,224	631,200	4,105,422	1,230,460	2,847,293	—	1,511
Fargo (North Dakota)	182,766	—	182,766	—	182,766	—	26,156
Milwaukee (Wisconsin)	10,633,278	1,342,203	8,642,002	1,285,083	7,300,897	—	2,290
Omaha (Nebraska)	3,794,682	447,433	3,199,409	627,005	2,380,581	—	172,127
St. Louis (Missouri)	14,398,944	1,683,186	12,047,984	1,549,386	10,157,694	—	161,206
St. Paul (Minnesota)	12,941,513	1,552,988	11,008,642	1,272,083	9,350,666	—	318,123
Springfield (See (b) below)	6,026,916	729,747	5,005,566	1,176,667	3,784,046	—	6,357
Southwest Region	88,972,596	11,779,734	62,576,990	13,664,819	48,226,292	278,549	415,030
Albuquerque (New Mexico)	1,694,569	119,233	1,478,166	350,679	1,116,756	—	85
Austin 4 (See (f) below)	27,322,031	3,811,328	17,894,296	3,749,211	13,939,088	—	28,522
Cheyenne (Wyoming)	1,151,465	75,112	775,408	253,512	516,897	—	4,996
Dallas (See (f) below)	21,078,566	3,915,358	13,857,923	3,539,466	10,193,024	—	22,074
Denver (Colorado)	9,478,452	480,974	8,480,696	1,180,531	7,223,413	—	36,752
Little Rock (Arkansas)	2,642,790	291,955	2,169,139	597,868	1,580,806	—	18,911
New Orleans (Louisiana)	6,433,349	1,125,873	5,128,773	1,526,785	3,204,192	—	2,087
Oklahoma City (Oklahoma)	11,453,547	1,564,774	6,708,939	1,377,145	5,299,530	—	280
Wichita (Kansas)	5,716,738	585,126	4,445,850	1,119,804	3,120,505	—	188,010
Western Region	96,033,656	10,086,096	79,529,739	15,141,216	63,640,942	187,890	569,992
Anchorage (Alaska)	1,110,714	50,024	1,047,296	167,951	873,796	—	5,580
Boise (Idaho)	1,710,784	161,956	1,522,788	261,319	1,248,105	—	1,154
Helena (Montana)	1,065,294	75,509	929,564	279,153	643,257	—	521
Honolulu (Hawaii)	1,826,363	182,667	1,606,039	307,889	1,288,388	—	11,751
Los Angeles (See (a) below)	36,721,045	4,892,340	30,713,306	5,894,185	24,577,488	—	2,369
Phoenix (Arizona)	4,194,456	264,946	3,860,815	864,037	2,965,481	—	506
Portland 4 (Oregon)	5,321,144	321,237	4,881,129	875,883	3,970,794	—	3,456
Reno (Nevada)	1,995,948	240,774	1,708,047	418,113	1,277,858	—	14,074
Salt Lake City (Utah)	2,163,774	219,829	1,871,738	514,006	1,358,772	—	2,153
San Francisco 4 (See (a) below)	28,426,870	2,899,493	22,881,707	4,176,928	18,300,543	—	177,050
Seattle (Washington)	9,495,254	677,530	8,507,311	1,583,742	6,867,499	—	56,261
Office of International Operations	4,787,894	161,748	4,236,240	973,271	1,736,782	—	6,300
Puerto Rico	852,561	20,415	592,191	34,842	529,251	—	27,997
Other	1,915,333	141,333	1,744,500	538,329	1,197,530	—	6,300
Undistributed:							
Federal tax deposits 4	-403,238	5,904	-384,552	—	-384,592	—	688
Gasoline, lubricating oil and excess FICA credits 4	660,572	59,594	600,978	600,978	—	—	—
Transferred to Government of Guam 4	13,381	—	—	—	—	—	13,381
Withheld taxes of federal employees	-56,720	—	-56,720	—	-56,720	—	—
Clearing account for excise taxes—aviation fuel and oil—Air Force and Navy	-41	—	—	—	—	—	—
Presidential election campaign fund 11	40,957	—	40,957	—	40,957	—	—
Other 11	13,878	—	13,878	—	13,878	—	—
Earned income credits 11	3,893,052	406,680	2,469,244	1,622,918	820,024	—	26,301
Totals for states not shown above							
(a) California	67,149,915	7,891,833	53,505,013	10,071,113	42,967,921	179,359	376,620
(b) Illinois	41,207,718	5,076,093	33,911,576	4,634,370	28,627,797	344,330	305,079
(c) New York	67,572,524	11,795,127	52,177,763	6,839,864	44,890,094	56,547	391,258
(d) Ohio	34,484,683	5,536,829	25,908,999	3,262,099	22,556,947	—	174,843
(e) Pennsylvania	32,608,771	3,120,665	26,575,607	2,536,751	23,726,521	—	337,520
(f) Texas	48,400,597	7,526,687	31,692,219	7,266,677	24,132,092	50,596	220,854

Table 1.—Continued
(In thousands of dollars)

Table 1.—Continued (In thousands of dollars). Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses at bottom of table.)

Table 1.—Continued
(In thousands of dollars)

Table 1.—Continued (In thousands of dollars). Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses at bottom of table.)

Tobacco taxes				
Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Total	Cigarettes ¹⁰	Cigars ¹¹	Other ¹²
	(23)	(24)	(25)	(26)
United States, total	2,593,857	2,538,674	40,742	4,441
North-Atlantic Region	2,441	454	390	1,597
Albany	91	-	91	2
Augusta	-	-	-	445
Boston	446	-	-	-
Brooklyn	25	-	-	-
Buffalo	-	24	-	-
Burlington	-	-	-	-
Hartford	280	-	-	-
Manhattan	1,537	430	18	1,149
Portsmouth	-	-	-	-
Providence	-	-	-	-
Mid-Atlantic Region	766,066	751,297	13,823	945
Baltimore ¹³	657	-	-	657
Newark ¹⁴	277	-	-	18
Philadelphia	13,456	-	-	13,456
Pittsburgh	342	-	-	342
Richmond	751,334	-	-	8
Wilmington	-	751,297	-	30
Southeast Region	1,408,933	1,390,692	17,010	1,230
Atlanta	135,127	132,377	3,750	542
Birmingham	3,995	-	-	3,995
Columbia	7	7	-	-
Greensboro	1,245,341	1,244,309	63	398
Jackson	22,868	14,000	8,578	290
Jacksonville ¹⁵	-	-	-	542
Nashville ¹⁶	397,591	396,186	1,401	2
Central Region	-	-	-	-
Cincinnati ¹⁷	-	-	-	2
Cleveland	428	-	-	2
Detroit	1	-	-	416
Indianapolis	5,234	4,852	381	2
Louisville	391,753	391,334	418	2
Parkinson	175	-	-	175
Midwest Region	269	-	-	263
Aberdeen	-	-	-	262
Chicago ¹⁸	262	-	-	-
Des Moines	-	-	-	6
Fargo	6	-	-	6
Minneapolis	-	-	-	6
Omaha	-	-	-	6
St. Louis	-	-	-	6
St. Paul	-	-	-	6
Springfield	-	-	-	6
Southeast Region	315	-	-	93
Albuquerque	-	-	-	216
Austin ¹⁹	289	7	216	67
Cheyenne	-	-	-	67
Denver	-	-	-	67
Little Rock	-	-	-	26
New Orleans	26	-	-	-
Oklahoma City	-	-	-	26
Wichita	-	-	-	26
Western Region	354	-	-	312
Anchorage	1	-	-	1
Bose	-	-	-	6
Helena	-	-	-	6
Honolulu	2	-	-	2
Los Angeles	316	1	39	276
Portland ²⁰	8	-	-	8
Reno	-	-	-	8
Salt Lake City	20	-	-	18
San Francisco ²¹	2	-	-	2
Seattle	7,888	33	7,856	2
Puerto Rico	7,888	33	7,856	2
Other	-	-	-	-
Undistributed:	-	-	-	-
Federal tax deposits ²²	-	-	-	-
Gasoline, lubricating oil and excess FICA credits ²³	-	-	-	-
Transferred to Government of Guam	-	-	-	-
Withheld taxes of federal employees	-	-	-	-
Clearing account for excise taxes—aviation fuel and oil—Air Force and Navy	-	-	-	-
Presidential election campaign fund ²⁴	-	-	-	-
Earned income credits ²⁵	-	-	-	-
Other ²⁶	-	-	-	-
Totals for states not shown above	-	-	-	-
(a) California	336	1	40	285
(b) Illinois	262	-	-	262
(c) New York	1,715	454	109	1,151
(d) Ohio	428	-	2	426
(e) Pennsylvania	13,798	-	13,797	2
(f) Texas	289	7	216	67

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Manufacturers excise taxes						Special fuels taxes		
	Total ¹⁰	Gasoline	Lubricating oil, etc.	Tires (wholly or in part of rubber)	Motor vehicle chassis, bodies, parts and accessories	Black lung	Recreational excise taxes	Total ¹¹	Non-commercial aviation fuel-gasoline
	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)
United States, total	6,089,000	4,007,956	100,760	668,902	913,724	237,097	158,054	587,486	3,917
North-Atlantic Region	786,941	409,941	10,616	163,394	248,792	9,552	34,872	252	252
Albany	6,940	6,533	-	69	297	-	41	1,771	14
Augusta	10,514	9,770	-	537	1,537	-	53	1,955	11
Boston	53,254	40,893	471	319	1,550	248	11,764	5,390	33
Brooklyn	18,481	15,841	40	1,069	1,952	-	779	2,202	35
Buffalo	72,268	24,659	97	42,549	3,202	-	1,780	8,101	90
Burlington	2,286	2,083	-	61	8	-	133	672	7
Hartford	161,757	19,397	177	54,392	7,618	6,876	70,890	3,904	36
Manhattan	450,527	285,985	9,821	66,125	77,429	323	10,652	8,765	16
Portsmouth	5,076	2,751	1	129	174	-	2,021	1,439	3
Providence	4,685	2,227	10	64	2,009	3	779	1,083	5
Mid-Atlantic Region	742,404	433,822	21,353	90,840	109,399	76,620	10,682	63,585	273
Baltimore ¹²	90,615	35,389	538	51,258	741	2,404	276	6,266	44
Newark ¹³	78,987	44,423	6,088	9,188	14,650	253	4,369	9,588	83
Philadelphia	241,811	114,244	4,972	25,235	85,682	9,590	13,278	10,726	44
Pittsburgh	282,703	216,850	8,702	41,447	65,665	45,222	64	22,586	33
Richmond	45,612	20,037	22	799	1,520	19,226	4,048	10,682	41
Wilmington	2,676	2,670	-	14	112	-	51	1,746	3
Southeast Region	261,185	183,828	998	18,509	38,094	14,959	6,235	83,470	778
Atlanta	41,448	31,681	142	8,646	181	43	15,582	153	153
Birmingham	37,891	19,005	26	6,538	26	194	6,786	67	67
Columbia	37,296	22,544	3	12,245	563	-	1,867	4,496	40
Greensboro	71,307	62,213	84	1,787	6,893	79	14,778	54	
Jackson	4,012	2,422	14	240	1,192	-	90	13,285	26
Jacksonville ¹⁴	31,064	22,201	377	1,361	3,467	22	3,521	15,708	437
Nashville ¹⁵	38,197	22,261	340	530	5,307	6,484	200	20,846	51
Central Region	1,134,214	457,098	7,814	330,351	246,833	87,088	4,008	78,783	518
Cincinnati ¹⁶	32,988	18,181	50	4,077	3,710	6,901	79	7,381	50
Cleveland	581,047	204,445	1,876	338,844	25,200	10,112	438	27,138	438
Detroit	298,017	103,958	475	57,878	6,539	5,778	2,656	11,379	275
Indianapolis	74,031	37,940	119	2,275	27,585	4,671	764	16,900	67
Louisville	131,563	89,494	5,250	3,508	33,021	50	13,205	33	
Parkinson	16,559	3,169	45	1,325	11,805	20	2,302	34	
Midwest Region	905,242	603,077	11,189	12,272	224,142	33,792	20,568	94,444	474
Aberdeen	6,100	6,676	-	3	1,982	-	8	2,277	7
Chicago ¹⁷	482,374	277,556	6,060	3,001	179,868	9,671	6,199	25,734	74
Des Moines	39,200	27,007	158	5,589	5,257	430	692	9,416	60
Fargo	4,187	3,324	-	221	629	-	1	3,246	23
Minneapolis	97,082	77,760	223	546	16,651	45	1,831	11,767	66
Omaha	17,313	10,050	70	22	1,993	46	357	6,241	46
St. Louis	91,852	62,949	1,218	7,275	7,180	17,837	679	17,889	65
St. Paul	123,160	102,649	3,448	109	6,076	26	10,248	10,235	62
Springfield	41,163	35,997	10	22	3,886	50	650	7,539	44
Southeast Region	1,325,488	1,218,790	32,159	21,137	45,710	21,776	5,015	124,419	1,653
Albuquerque	15,979	13,830	-	24	112	793	34	5,065	144
Austin ¹⁸	95,940	57,268	17,249	95	6,046	4,962	184	33,089	231
Cheyenne	21,951	20,886	3	9	19	1,919	115	4,470	46
Denver	326,716	301,357	7,677	1,423	15,107	4,982	693	649	163
Little Rock	56,329	37,027	141	360	12,113	6,214	471	7,768	798
New Orleans	35,837	31,365	79	63	1,681	111	2,566	60	
Oklahoma City	14,124	9,917	21	2,665	356	672	4,612	6,699	89
Wichita	234,948	218,388	6,396	46	5,936	6,068	221	14,283	118
Western Region	975,217	728,880	16,798	42,115	159,167	15,450	14,306	110,068	443
Anchorage	235	10	1	4	12	208	-	506	100
Bose	3,886	2,897	-	98	308	-	523	3,993	42
Helena	5,340	1,624	1	38	585	2,796	48	3,006	36
Honolulu	1,894	1,518	-	273	49	-	44	1,322	6
Los Angeles	530,574	453,659	10,361	38,443	21,927	1,420	4,768	37,903	425
Portland ¹⁹	5,758	5,445	-	165	11	22	2,532	54	
Reno	51,858	5,290	85	513	43,087	3,964	923	9,039	93
Salt Lake City	2,936	2,776	-	11	184	-	22	2,532	54
San Francisco ²⁰	16,482	8,207	-	182	509	3,577	6,108	11,810	116
Seattle	249,433	230,157	6,328	2,268	7,559	2,314	687	29,826	257
Office of International Operations	102,273	15,315	24	271	84,752	1,170	1,489	6,043	78
Other	691	336	-	290	33	30	1	60	-
Puerto Rico	3	-	-	-	-	-	3	1	-
Undistributed:	688	336	-	290	33	30	1	58	-
Federal tax deposits ²¹	-	-	-	-	-	-	-	-	-
Gasoline, lubricating oil and excess FICA credits ²²	-	-	-	-	-	-	-	-	-
Transferred to Government of Guam	-	-	-	-	-	-	-	-	-
Withheld taxes of federal employees	-	-	-	-	-	-	-	-	-
Clearing account for excise taxes—aviation fuel and oil—Air Force and Navy	-	-	-	-	-	-	-	-	-
Presidential election campaign fund ²³	-	-	-	-	-	-	-	-	-
Earned income credits ²⁴	-	-	-	-	-	-	-	-	-
Other ²⁵	-	-	-	-	-	-	-	-	-
Totals for states not shown above	-44,240	-25,425	-168						

Table 1.—Continued
(In thousands of dollars)

Table 1.—Continued (In thousands of dollars). Columns: Special fuels taxes—Continued, Miscellaneous excise taxes, Internal revenue regions and districts, states and other areas. Rows: United States, total; North-Atlantic Region; Mid-Atlantic Region; Southeast Region; Central Region; Midwest Region; Southwest Region; Western Region; Other. Includes sub-totals for states not shown above.

Totals for states not shown above. Rows: (a) California, (b) Illinois, (c) New York, (d) Ohio, (e) Pennsylvania, (f) Texas. Columns: Commercial aviation fuel, Diesel and special motor fuels, Total, Telephone and telewriter services, Transportation of persons by air, Use of international air travel facilities, Transportation of property by air.

Table 1.—Continued
(In thousands of dollars)

Table 1.—Continued (In thousands of dollars). Columns: Miscellaneous excise taxes—Continued, Internal revenue regions and districts, states and other areas. Rows: United States, total; North-Atlantic Region; Mid-Atlantic Region; Southeast Region; Central Region; Midwest Region; Southwest Region; Western Region; Other. Includes sub-totals for states not shown above.

Totals for states not shown above. Rows: (a) California, (b) Illinois, (c) New York, (d) Ohio, (e) Pennsylvania, (f) Texas. Columns: Wagering taxes, Use tax on highway motor vehicles, Use tax on civil aircraft, Private foundations net investment income, Windfall Profit Tax, Other, Unclassified excise tax.

Table 2.—Internal revenue collections by sources
(In thousands of dollars)

Sources of revenue	1980	1981
Grand total, all sources	519,375,273	606,799,103
Corporation income taxes, total ¹⁸	72,379,610	73,733,156
Regular	72,346,551	73,682,166
Exempt organization business income tax	33,059	40,991
Individual income and employment taxes, total	415,878,261	485,735,992
Income tax not withheld and SECA ^{19,20}	89,469,055	82,684,499
Income tax withheld and FICA ^{21,22}	340,585,226	398,405,012
Rainfall retirement, total ²³	2,534,981	2,719,994
Unemployment insurance ²⁴	3,309,000	3,545,456
Estate tax ²⁵	6,282,247	6,694,641
Gift tax ²⁶	216,134	216,134
Excise taxes, total	24,610,021	40,418,598
Alcohol taxes, total	5,794,768	5,688,413
Distilled spirits taxes, total	3,945,377	3,637,640
Imported (collected by Customs, rates same as domestic)	529,314	558,225
Domestic, \$10.50 per proof gallon or wine gallon when below proof ²⁷	3,289,366	3,260,614
Rectification, 30 cents per proof gallon ²⁸	6,950	10
Occupational taxes		
Nonbeverage manufacturers of spirits, \$25, \$50, \$100, per year	88	89
Rectifiers	2	-
Less than 20,000 proof gallons, \$110 per year ²⁹	3	-
20,000 proof gallons or more, \$220 per year ³⁰	16,782	17,331
Retail dealer (distilled spirits, wines and beer), \$54 per year	1,262	1,328
Wholesale dealer (distilled spirits, wines and beer), \$25 per year	5	6
Manufacturers of stills, \$55 per year	3	5
Stills or condensers manufactured, \$22 each	203	32
Securities, pennant, etc.	45	18
Wine taxes, total	211,538	244,445
Imported (collected by Customs, rates same as domestic)	37,179	41,093
Domestic (still wines, 17 cents, 67 cents, \$2.25 per wine gallon, sparkling wines, \$3.40, artificially carbonated wines, \$2.40; liqueurs, cordials, \$1.92) ³¹	174,314	203,334
Occupational taxes		
Brewers		
Loss less than 500 barrels, \$55 per year	1	3
500 barrels or more, \$110 per year	1,850	1,781
Retail dealers in beer, \$24 per year (includes invited retail dealer in distilled spirits, wine and beer, \$2.20 and \$4.50 per month)	552	527
Wholesale dealers in beer, \$1.23 per year	2,446,416	2,583,857
Tobacco taxes, total	2,402,857	2,538,874
Cigarettes, total ³²	2,402,847	2,538,650
Large (Class A), \$4 per thousand, except if over 6 1/2 inches long \$4 per thousand for each 2 3/4 inches or fraction thereof	10	15
Payments	1	6
Cigars, total ³³	39,500	40,742
Large cigars, total	38,439	39,690
Wholesale price not more than \$225.294 per thousand, \$1 1/2 percent	33,564	34,947
Wholesale price more than \$225.294 per thousand, \$20 per thousand	4,775	4,743
Small cigars, 75 cents per thousand	1,048	1,024
Payments	13	27
Imported cigars, cigarettes, cigarette papers and cigarette tubes (collected by Customs, rates same as domestic)	2,714	3,195
Macellaneous tobacco	15	15
Cigarette papers and tubes, paper one-half cent per 50, tubes 1 cent per 50	1,344	1,232

Table 2.—Continued
(In thousands of dollars)

Sources of revenue	1980	1981
Excise taxes—Continued		
Manufacturer's excise taxes, total	6,487,421	6,089,000
Gasoline, 4 cents per gallon	4,218,147	4,007,956
Lubricating oil, etc., 6 cents per gallon	108,402	100,760
Tires (wholly or in part of rubber), inner tubes, and tread rubber		
Tires, highway type, 9.75 cents per pound, other, 4.875 cents per pound except laminated tires (other than type used on highway vehicles), 1 cent per pound ³⁴	635,440	623,242
Inner tubes, 10 cents per pound	26,870	26,870
Tread rubber, 5 cents per pound	20,314	20,181
Motor vehicles, chassis, bodies, parts, and accessories:		
Passenger automobiles, chassis, bodies, etc., 7 percent	306	-800
Trucks, and buses, chassis, bodies, etc., 10 percent	853,538	687,265
Parts and accessories for trucks and buses, 8 percent	234,852	227,259
Pistols and revolvers, 10 percent	22,120	26,650
Fishing rods, creels, etc., 10 percent	33,640	32,143
Bows and arrows, 11 percent	6,222	7,192
Firearms (other than pistols and revolvers), 11 percent	40,856	51,704
Shells and cartridges, 11 percent	33,583	40,365
Black lung, total	251,288	237,097
Underground mined coal - 50¢ per ton	120,261	103,690
Underground mined coal - 2% of price per ton	37,386	21,406
Surface mined coal - 25¢ per ton	75,662	77,428
Surface mined coal - 2% of price per ton	17,979	34,573
Fuel economy, \$200 to \$650 ³⁵	1,743	na
Alcohol sold as but not used as fuel ³⁶	-	2,505
Other ³⁷	-	-
Special fuels, total	680,144	547,486
Noncommercial aviation gasoline, 3 cents per gallon ³⁸	10,805	3,917
Noncommercial aviation fuel other than gasoline, 7 cents per gallon ³⁹	36,626	11,806
Diesel and special motor fuels, 4 cents per gallon (in some instances 2 cents per gallon)	512,718	553,107
Inland waterway fuel, 4 cents per gallon ⁴⁰	na	18,656
Other ⁴¹	-	-
Miscellaneous excise taxes, total	6,359,198	10,773,803
Telephone and teletypewriter exchange services, 2 percent ⁴²	1,117,834	998,503
Transportation of persons by air, 5 percent ⁴³	1,565,971	1,280,732
Transportation of property by air, 5 percent ⁴⁴	84,971	14,214
Use of international air-travel facilities, \$3 per person ⁴⁵	97,395	31,883
Non-operated gaming devices, \$250 per device per year ⁴⁶	840	169
Wagering taxes:		
Occupational tax, \$500 per year	1,079	1,074
Wagers, 2 percent of amount wagered	10,972	12,089
Use tax on highway vehicles weighing over 20,000 pounds, \$3 per 1,000 pounds per year (installment privileges permitted)	263,272	266,225
Use tax on civil aircraft, \$25 per year with an additional 2 cents per pound on nonturbine engine powered over 2,500 pounds or 3 1/2 cents per pound on turbine engine powered ⁴⁷	17,583	6,656
Firearms transfer and occupational taxes ⁴⁸	1,093	794
Foreign insurance, 1¢ or 4¢ per dollar of premium	74,830	74,882
Exempt organizations, total	93,233	89,866
Net investment income, 2 percent	65,280	84,045
Self dealing, 5 percent on self-dealer, lesser of \$10,000 or 2 1/2 percent on foundation manager	239	2,576
Excess business holdings, 5 percent on foundation	67	44
Taxable expenditures, 10 percent on foundation, lesser of \$5,000 or 2 1/2 percent on foundation manager	117	150
Failure to timely file certain information returns, \$10 per day up to a maximum of \$5,000	1,552	1,910
Failure to distribute income, 15 percent of undistributed income	976	1,158
Investments which jeopardize charitable purpose, 5 percent on foundation, lesser of \$5,000 or 5 percent on foundation manager	2	4
Employee pension plans, total	2,844	4,485
Excess contributions to an IRA, 6 percent of excess amount	684	956
Tax on underdistributions from an IRA, 50 percent of underdistribution	103	153
Prohibited transactions, 5 percent of prohibited transaction	542	1,140
Tax on excess contributions to an HR-10 Plan, 6 percent of excess amount	33	81
Failure to meet funding standards, 5 percent of funding deficiency	672	1,120
Tax on excess contributions to custodial account, 6 percent of excess amount	53	40
Failure to file registration statement, \$1 per day up to \$5,000	34	55
Failure to file notification of change, \$1 per day up to \$5,000	6	6
Failure to file statement required by section 6047 or 6058, \$10 per day up to \$5,000	711	932
Failure to furnish actuarial report, \$1,000 each failure	42	-
Failure to provide IRA reports, \$10 each failure	41	-
Black lung benefit trusts, total	-	-
Taxes on lobbying expenditures, 25 percent of taxable lobbying expenditures	12	10
Windfall profits, total, 30 percent to 70 percent of windfall profits	3,051,719	16,930,548
Quarterly return amounts	-	18,825,988
Annual return amounts	-	4,580
Environmental taxes, total ⁴⁹	-	61,264
Petroleum, 0.79 cent a barrel	-	10,878
Chemicals, 22 cents to \$4.87 per ton	-	50,386
Other ⁵⁰	270	388
Unclassified excise taxes ⁵¹	3,061,075	6,697,040

Table 3.—Internal revenue collections by principal sources
(In thousands of dollars)

Fiscal year	Income and profits taxes									
	Total internal revenue collections	Total	Corporation income and profits taxes ¹	Individual income taxes ²	Employment taxes ³	Estate and gift taxes ⁴	Alcohol taxes ⁵	Tobacco taxes ⁶	Manufacturers excise taxes	All other taxes ⁷
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1946	40,672,097	31,258,128	12,553,602	18,704,526	1,700,828	676,832	2,526,165	1,165,519	922,671	2,421,944
1947	39,108,386	29,019,756	9,676,459	19,343,297	2,024,365	778,291	2,474,762	1,237,768	1,425,260	2,147,184
1948	41,864,542	31,172,181	10,174,410	20,997,781	2,381,342	899,345	2,555,327	1,300,280	1,649,234	2,206,823
1949	40,463,126	29,905,491	11,563,669	18,351,822	2,476,113	796,538	2,210,607	1,321,876	1,771,533	2,290,969
1950	38,957,132	28,007,659	10,854,351	17,153,308	2,644,575	706,227	2,219,202	1,328,464	1,836,053	2,214,951
1951	50,445,686	37,384,879	14,387,589	22,997,309	3,627,479	729,730	2,546,808	1,380,396	2,383,677	2,842,719
1952	65,009,586	50,741,017	21,466,910	29,274,107	4,464,264	833,147	2,549,120	1,565,162	2,348,943	3,507,333
1953	63,686,535	54,130,732	21,599,515	32,531,217	4,718,403	891,284	2,780,925	1,654,811	2,862,768	2,847,452
1954	69,919,891	54,360,014	21,546,322	32,813,691	5,107,823	935,121	2,783,012	1,580,229	2,689,133	2,464,859
1955	66,288,692	49,914,826	18,264,720	31,650,106	6,219,665	936,267	2,742,840	1,571,213	2,685,016	2,018,866
1956	75,112,649	56,636,164	21,298,322	35,337,842	7,295,784	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380
1957	80,171,971	60,560,425	21,530,653	39,029,772	7,580,522	1,377,899	2,973,195	1,614,050	3,761,925	2,243,856
1958	79,978,476	59,101,874	20,533,316	38,568,559	8,644,386	1,410,925	2,846,461	1,734,021	3,974,135	2,166,675
1959	79,797,873	58,626,254	18,091,509	40,534,744	8,853,744	1,352,962	3,002,096	1,806,616	3,958,789	1,997,292
1960	91,774,892	67,125,126	22,179,414	44,945,711	11,158,569	1,626,348	3,153,714	1,931,504	4,735,129	2,004,394
1961	94,401,086	67,617,941	21,764,540	45,853,001	12,502,451	1,816,392	3,212,801	1,991,117	4,896,802	1,963,582
1962	99,409,839	71,945,305	21,295,711	50,649,594	12,708,171	2,035,187	3,341,282	2,025,736	5,120,340	2,046,817
1963	105,925,395	75,323,714	22,338,134	52,985,581	15,004,486	2,187,457	3,441,656	2,079,237	5,610,309	2,278,536
1964	112,300,237	78,891,218	24,300,863	54,590,354	17,002,504	2,416,303	3,577,499	2,052,545	6,020,543	2,299,945
1965	114,434,634	79,922,016	26,131,334	53,660,683	17,104,306	2,745,532	3,772,634	2,148,594	6,418,145	2,452,406
1966	128,879,961	82,131,794	30,834,243	61,297,552	20,256,133	3,093,822	3,814,378	2,073,956	5,613,869	1,895,909
1967	148,374,815	104,288,420	34,917,825	69,370,595	28,958,241	3,014,406	4,075,723	2,079,869	5,478,347	2,479,806
1968	152,558,038	108,148,565	29,896,520	78,252,045	29,085,098	3,091,979	4,287,237	2,122,277	5,715,870	2,196,909
1969	187,919,580	135,778,052	38,337,646	97,440,406	33,068,657	3,530,065	4,555,560	2,137,585	6,501,146	2,348,495
1970	195,772,096	138,688,568	35,036,983	103,651,585	37,449,188	3,680,076	4,746,382	2,094,212	6,683,061	2,380,609
1971	191,647,198	131,072,374	30,319,953	100,752,421	39,918,690	3,794,283	4,800,482	2,206,585	6,684,799	3,179,985
1972	209,855,737	143,804,732	34,925,546	108,879,186	43,714,001	5,499,969	5,110,001	2,207,273	5,728,657	3,801,104
1973	237,704,120	164,157,315	39,045,309	125,112,006	52,081,709	4,975,862	5,149,513	2,276,951	5,395,750	3,750,104
1974	266,952,254	184,648,094	41,744,444	142,903,650	62,093,632	5,100,675	5,398,477	2,437,005	5,742,154	3,572,217
1975	293,822,726	202,146,097	45,746,660	156,399,437	70,140,309	4,969,079	5,250,658	2,315,090	5,515,611	3,665,182
1976	302,519,782	205,751,753	48,782,656	156,969,097	74,202,853	5,307,466	5,427,722	2,487,894	5,486,106	3,855,998
1977 (T ¹)	75,422,780	49,587,484	8,606,905	39,978,579	19,822,041	1,465,247	1,305,841	622,821	1,543,339	1,046,007
1977	358,139,417	246,805,067	60,049,804	186,755,263	86,076,316	7,425,325	5,406,633	2,398,501	8,096,682	3,958,893
1978	397,763,889	278,430,288	65,380,145	213,050,144	97,281,653	5,381,499	5,612,715	2,450,919	6,555,681	4,045,639
1979	460,412,185	322,993,733	71,447,876	251,545,857	112,849,874	5,519,074	5,647,924	2,495,517	7,057,812	3,848,450
1980	519,375,273	359,927,382	72,379,610	287,547,782	128,330,480	6,498,381	5,704,768	2,446,416	6,487,421	9,980,416
1981	606,799,103	406,593,302	73,733,156	332,860,146	152,865,816	6,910,386	5,688,413	2,583,857	6,089,000	26,556,329

¹ Transition quarter.

Footnotes for Tables 1-3

¹ Less than \$500.

² Revised.

Note: Totals may not add due to rounding. State and district data for 1981 are not directly comparable with previous years. For 1981 amounts are classified by state and district where taxpayers reside rather than, as for 1980 and prior, where taxpayers made payments.

1. The receipts in the various states do not indicate the federal tax burden of each since in many instances taxes are collected in one state from residents of another state. For example, withholding taxes reported by employers located near state lines may include substantial amounts withheld from salaries of employees who reside in neighboring states. Also, the taxes of some corporations are paid from a principal office, although their operations may be located in another state or throughout several states.

2. Includes taxes on unrelated business income of exempt organizations.

3. Collections of individual income tax not withheld include old-age, survivors', disability and hospital insurance taxes on self-employment income (SECA). Similarly, the collections of individual income tax withheld are reported in combined amounts with old-age, survivors', disability and hospital insurance taxes (FICA) on salaries and wages. Estimated separate national totals for individual income tax and for old-age, survivors', disability and hospital insurance taxes are shown in the text table (Gross Internal Revenue Collections) on page 7 and are used in obtaining national totals for individual income taxes and employment taxes in Table 3.

4. Self-employment tax and taxes imposed by the Federal Insurance Contributions Act are applicable with respect to Guam and American Samoa. Amounts of such taxes collected in Guam and American Samoa are combined with similar taxes reported for "Office of International Operations—Other."

5. Includes fiduciary income tax collections of \$2.2 billion.

6. Beginning with fiscal year 1957, the United States total was adjusted to exclude withheld individual income taxes transferred to the Government of Guam in accordance with the provisions of Public Law 830, approved Aug. 1, 1950, (84 Stat. 392). This adjustment was terminated by Public Law 95-348, and the 1981 figure closes the account.

7. Includes net adjustment of \$12.7 million made by the Department of the Treasury.

8. This district is designated to report all revenue collections received from taxpayers residing outside of the area serviced by its Internal Revenue Service Center.

9. Tax payments made to banks, under the federal tax deposit (FTD) system, are included in the internal revenue collections for the period in which the FTD is purchased. However, such payments are not classified by internal revenue districts (nor by tax subclasses to which excise tax payments relate) until the FTD payment is applied to the taxpayer's liability.

10. Represents credits allowable on income tax returns for certain gasoline and lubricating oil tax payments and for excess payments under the Federal Insurance Contribution Act (FICA).

11. Designations by taxpayers of a portion of their taxes to the presidential election campaign fund are not collections, as such, because they do not affect taxpayer liability. Transfers of amounts to this fund are made on a national basis only and therefore have no effect on district and regional collection data.

12. Represents amounts offset against outstanding tax liabilities other than those for Forms 1040 and 1040A on which the credits are claimed.

13. Includes amounts contained in the national totals but not classified by state or district as of Sept. 30, 1981. Negative excise tax detail amounts reflect adjustments due to a change in the method of classifying payments (see general note which precedes footnotes). Also includes amounts transferred to special accounts for Puerto Rico, the Virgin Islands and the Northern Mariana Islands.

14. Detail does not add to total because total includes amounts of miscellaneous collections not shown separately.

15. Amounts of internal revenue taxes collected on Puerto Rican products transported to the United States or consumed on the island (less refunds, drawbacks and expenses) are transferred to the Treasury of Puerto Rico under provisions of secs. 7652(a)(3) and 5314(a)(4) of the Internal Revenue Code of 1954. The gross amounts are included in overall collection results (Tables 1 through 3).

16. Refer to Table 2 for components.

17. Includes manufacturer's excise taxes on pistols and revolvers, fishing rods, bows and arrows, firearms and shells and cartridges.

18. Contains, among other items, amounts paid into depositaries but not yet classified into excise detail from Forms 720, Quarterly Federal Excise Tax Returns, filed. Generally, Forms 720 are filed and type of excise tax identified and reported in the quarter following the quarter of payment into a depository. The data shown primarily reflect windfall profit tax amounts.

19. For tax years beginning after 1978 the Revenue Act of 1978 (Public Law 95-600) replaced the old corporate system of normal tax, surtax and surtax exemption with a new rate structure graduated from 17 percent to 46 percent of taxable income.

20. Individual income tax rates: Effective Jan. 1, 1965, graduated rates from 14 percent to 70 percent of taxable income. A 10-percent per-annum surcharge added for individuals by Public Law 90-364, effective April 1, 1968, was extended to Dec. 31, 1969, at the same annual rate (Public Law 91-53), extended to June 30, 1970 (Public Law 91-171) at a 5-percent annual rate and then discontinued. Includes SECA taxes of 8.1 percent on net earnings up to \$25,900 for 1980 and of 9.3 percent up to \$29,700 for 1981.

21. Rates of tax are as follows: Income tax graduated withholding from 15 to 39 percent on wages in excess of exemptions, effective Jan. 1, 1979, under Public Law 95-600. A combined FICA tax rate of 12.26 percent was in effect on salaries and wages up to \$25,900 for calendar year 1980 and of 13.3 percent up to \$29,700 for 1981.

22. Consists of regular railroad retirement combined tax rate of 21.76 percent for calendar year 1980 and of 22.8 percent for 1981. Tax applies to employers (15.63 percent for 1980 and 16.15 percent for 1981) and employees (6.13 percent for 1980 and 6.65 percent for 1981) and is imposed on taxable portion of wages (limited to first \$2,158.33 of monthly taxable compensation for 1980 and \$2,475 for 1981). Further includes railroad employee representatives tax of 21.76 percent for 1980 and 22.8 percent for 1981 on taxable portion of compensation received in addition, a supplemental tax levied quarterly by the Railroad Retirement Board is imposed on employers and employee representatives based on hours worked.

23. Employers of one or more persons in each of 20 calendar weeks or who paid wages of \$1,500 or more in any calendar quarter taxed 3.4 percent on taxable portion of wages up to \$5,000. This tax is reduced by credits for unemployment contributions paid to states up to 2.2 percent of FUTA tax.

24. Prior to Jan. 1, 1977, estate tax rates were graduated from 3 percent on the first \$5,000 of net estate in excess of a \$50,000 exemption to 77 percent on portion over \$10 million; gift taxes were three-fourths of the estate tax schedule for corresponding brackets with a \$30,000 exemption subject to a \$3,000 annual exclusion for each donee. Beginning Jan. 1, 1977, the separate rates for estates and gifts were replaced by unified rates of tax graduated from 18 percent to 70 percent. The separate exemption amounts were replaced by a unified credit of \$47,000 to be phased in over a five-year period (\$42,500 credit for 1980 and \$47,000 for 1981).

25. Repeated effective Jan. 1, 1980 (Public Law 96-39).

26. Effective Jan. 1, 1981, tax rate on new tires reduced from 10 cents a pound to 8.75 cents a pound; other tires reduced from 5 cents a pound to 4.875 cents a pound.

27. Data not available due to taxpayer errors in reporting. Amounts are being corrected and will be published at a future date. Also, figure for 1980 will be revised.

28. Credit for alcohol sold as but not used as fuel, effective Oct. 1, 1980 (Public Law 96-223). Credit of 40 cents per gallon of at least 190 proof and 30 cents between 150 and 190 proof.

29. Includes delinquent taxes on items repaid by Public Laws 87-456, 88-38, 89-44, 91-512, 93-490 and 94-455. Also includes sugar and interest equalization taxes that have expired.

30. Expired Sept. 30, 1980.

31. Tax imposed on any liquid used as fuel for commercial waterway transportation, effective Oct. 1, 1980 (Public Law 95-502).

32. Rate was reduced from 3 percent to 2 percent (Public Law 91-614); extended through 1981 by Public Law 96-498.

33. Rate reduced from 8 percent to 5 percent, effective Oct. 1, 1980.

34. Repeated effective June 30, 1980, by the Revenue Act of 1978 (Public Law 95-600).

35. Transfers of machine guns, short-barreled firearms, silencers, etc., \$200 each; certain guns with combination shotguns and rifle barrels and other special types of firearms, \$5 each. Occupational taxes are levied on manufacturers, importers or dealers in firearms and are included in the amounts shown.

36. Taxes effective April 1, 1981 (Public Law 96-510).

37. Fiscal year 1980 data have been revised as follows:

	(\$ Thousands)		
	Total Alcohol	Beer Total	Beer Domestic
Cheyenne	45	8	40
Dorvor	124,429	124,216	124,189

38. Contains Windfall Profit Tax amount of \$3.1 billion for 1980 and \$16.9 billion for 1981.

Table 4.—Amount of internal revenue refunds including interest (In thousands of dollars)

Internal revenue regions and districts, states and other areas. (States represented by angle districts indicated in parentheses; totals for other states shown at bottom of table.)	Total	Corporation income	Individual income	Employment ¹ taxes	Estate	Gift	Excise
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total²	63,302,595	14,113,683	48,409,226	1,113,683	138,054	5,028	342,625
North-Atlantic Region	8,515,842	2,828,527	5,849,708	102,910	20,413	516	14,970
Albany	419,024	45,212	353,876	2,447	219	74	106
Augusta	216,697	21,633	192,228	2,437	329	1	59
Boston	291,752	1,233,444	1,123,444	13,313	3,023	58	651
Brooklyn	1,453,791	184,793	1,250,311	8,512	3,725	71	6,848
Buffalo	1,007,055	126,150	886,155	9,793	1,680	40	1,237
Burlington	18,800	17,536	80,421	758	147	13	35
Hartford	1,144,461	335,625	808,226	11,400	2,178	35	2,436
Manhattan	2,256,726	1,312,538	891,263	50,274	8,547	209	3,895
Portsmouth	290,853	316,258	316,258	1,721	166	1	208
Providence	228,177	39,718	184,521	1,935	391	15	197
Mid-Atlantic Region	8,351,338	1,717,998	6,541,899	34,672	13,387	565	42,789
Baltimore	291,601	1,236,669	1,589,249	1,589	2,100	57	7,190
Newark	2,213,940	459,604	1,735,519	3,642	38	18,551	38
Philadelphia	1,771,859	309,620	1,438,229	14,863	3,327	119	10,620
Pittsburgh	1,317,857	364,302	941,952	7,877	2,290	105	1,530
Richmond	1,145,572	139,882	1,008,421	384	1,729	208	3,270
Wilmington	252,714	132,289	110,600	1,402	299	38	626
Southeast Region	7,118,769	946,198	6,077,826	52,294	17,673	476	24,200
Atlanta	1,203,743	153,445	1,023,413	15,110	933	69	10,772
Birmingham	775,305	103,547	662,536	5,853	1,130	22	485
Columbia	567,536	60,881	500,441	7,185	501	35	495
Greensboro	1,070,911	149,271	921,511	7,259	317	35	2,792
Jackson	401,213	40,524	355,537	4,220	602	23	307
Jacksonville	2,099,801	296,350	1,794,224	34,924	12,329	265	1,732
Nashville	1,001,160	142,174	857,234	12,845	358	27	2,938
Central Region	9,248,799	2,350,828	6,795,713	58,816	9,911	767	35,660
Cincinnati	1,230,842	220,033	897,556	9,784	931	44	2,593
Cleveland	1,802,955	469,116	1,405,692	8,542	1,731	362	10,591
Detroit	3,611,434	1,368,212	2,210,641	19,556	4,016	72	8,836
Indianapolis	1,368,355	179,422	1,171,428	8,479	1,569	95	5,362
Louisville	731,292	70,292	661,000	5,642	1,267	143	1,267
Parkersburg	406,481	43,888	359,053	2,713	477	51	299
Midwest Region	8,718,774	2,148,898	6,422,584	67,887	17,873	1,047	40,908
Abroaden	117,925	11,652	106,121	609	11	11	308
Chicago	3,364,481	1,148,847	2,142,144	38,730	6,687	502	25,582
Des Moines	805,353	86,422	717,375	5,655	1,211	41	640
Fargo	127,313	22,265	105,078	1,402	165	15	365
Milwaukee	1,178,394	225,502	940,825	8,602	3,170	33	1,670
Omaha	381,651	85,390	291,516	3,295	895	29	625
St. Louis	1,129,341	194,345	906,722	13,925	1,617	160	9,572
St. Paul	1,095,421	286,153	796,229	10,495	1,543	67	824
Springfield	172,345	89,102	816,164	4,894	1,383	159	1,643
Southwest Region	8,050,186	1,447,718	6,442,006	121,281	19,717	836	26,422
Albuquerque	267,899	19,836	243,441	3,413	626	8	373
Austin	2,589,195	651,734	1,884,266	41,740	4,879	244	6,332
Cheyenne	150,345	25,700	121,245	1,233	366	12	185
Dallas	1,541,484	273,163	1,224,325	24,279	6,212	148	13,346
Denver	816,121	114,999	694,321	11,264	1,307	143	4,313
Little Rock	421,410	59,710	359,306	6,330	589	8	865
New Orleans	986,261	107,548	857,108	14,067	1,855	38	5,628
Oklahoma City	712,046	82,562	602,190	12,819	2,011	289	2,075
Wichita	593,425	45,363	455,365	5,515	1,070	46	634
Western Region	11,912,712	1,837,856	9,891,580	134,513	37,237	712	10,317
Anchorage	174,051	17,670	154,018	2,185	30	0	149
Boise	196,854	19,642	177,324	2,276	544	1	68
Helena	180,967	19,501	158,295	1,770	897	49	356
Honolulu	255,668	35,384	217,763	1,791	703	27	81
Los Angeles	4,608,568	825,892	3,898,367	55,043	14,824	231	4,231
Phoenix	693,537	89,226	584,472	7,822	1,744	36	291
Portland	798,049	159,585	627,258	9,216	1,508	2	486
Reno	264,473	34,245	225,772	3,073	1,302	2	79
Salt Lake City	343,135	33,523	300,816	4,242	860	1	192
San Francisco	3,163,201	563,320	2,547,187	35,095	13,668	294	3,646
Seattle	1,234,129	230,888	988,208	12,070	2,157	70	736
Office of International Operations	388,967	112,837	265,223	8,828	1,343	10	623
Puerto Rico	146,885	420	147,850	3,022	129	0	483
Other	242,082	112,417	222,373	5,905	1,214	10	140
Other miscellaneous refunds	895,011	305,219	215,557	515,480	0	0	148,755
Gasoline, lubricating oil and excess FICA credits³	660,565	0	0	515,480	0	0	145,092
Bureau of Customs	1,863	0	0	0	0	0	1,863
Earned income credits offsets	13,878	0	13,878	0	0	0	0
Refunds reversals unclassified⁴	312,805	305,219	7,666	0	0	0	0

Totals for states not shown above

(a) California	7,771,789	1,199,212	6,445,554	90,128	26,492	525	7,877
(b) Illinois	4,076,836	1,236,949	2,756,308	43,824	10,070	661	27,225
(c) New York	5,140,576	1,651,693	3,391,705	71,026	14,171	394	11,586
(d) Ohio	3,133,237	869,149	2,403,246	18,226	2,562	406	19,544
(e) Pennsylvania	3,088,716	710,922	2,376,952	22,340	5,617	324	12,132
(f) Texas	4,130,670	824,897	3,108,601	66,019	11,091	392	19,678

¹ Includes withheld income tax, FICA, railroad retirement and FUTA refunds and credits.
² Amounts may not add due to rounding.
³ Includes earned income credits refunded amounting to \$1.3 billion.
⁴ Includes credits for gasoline and lubricating oil tax payments.
⁵ Includes credits for excess payments under the federal old age and survivors', federal disability and federal hospital funds amounting to \$515 million.
⁶ District office details were not available for refund reversals pending classification when FY 1981 books were closed.
⁷ Includes refunds of special fund receipts (Puerto Rico account 20x5737) amounting to \$236,000.
⁸ Significant accounting adjustments were pending for Nashville (\$28.0 million), Newark (\$6.4 million) and Denver (\$3.5 million) when FY 1981 books were closed. Had these transactions been finalized within FY 81, positive figures would have been reflected.
⁹ Less than \$500.

Table 5.—Number of internal revenue refunds issued

Internal revenue regions and districts, states, and other areas. (States represented by angle districts indicated in parentheses; totals for other states shown at bottom of table.)	Total ¹	Corporation income	Individual income	Employment taxes	Estate	Gift	Excise
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	73,317,628	604,706	71,313,729	1,543,657	20,595	1,928	87,013
North-Atlantic Region	9,848,422	74,429	9,385,139	197,574	2,065	239	8,076
Albany	393,209	4,373	321,949	11,079	65	4	4,483
Augusta	384,707	3,112	354,202	6,731	139	12	457
Boston	1,942,343	15,725	1,889,431	35,270	499	54	1,354
Brooklyn	2,018,689	9,753	1,987,799	38,253	555	31	12,611
Buffalo	1,436,047	10,346	1,402,426	21,637	311	21	2,308
Burlington	195,897	1,828	153,877	4,051	31	5	198
Hartford	1,185,243	1,167,449	1,167,449	23,211	439	31	1,236
Manhattan	2,293,516	14,946	1,230,330	46,207	710	74	3,175
Portsmouth	307,953	2,782	297,996	6,743	75	2	1,115
Providence	232,518	34,225	193,200	5,129	210	14	1,240
Mid-Atlantic Region	10,173,073	67,855	9,907,839	184,963	2,161	204	10,141
Baltimore	1,798,644	11,774	1,751,615	30,370	432	35	1,616
Newark	2,181,689	1,033	2,181,689	53,904	771	41	2,808
Philadelphia	2,234,362	14,485	2,268,499	40,789	591	91	2,148
Pittsburgh	1,429,778	7,843	1,397,383	22,755	230	31	1,536
Richmond	1,725,433	12,048	1,681,259	30,506	290	45	1,463
Wilmington	197,448	2,142	190,972	4,537	47	2	548
Southeast Region	10,890,431	75,380	10,559,825	239,382	2,610	292	12,882
Atlanta	1,729,423	11,458	1,679,655	38,150	227	23	1,814
Birmingham	1,126,959	7,030	1,096,316	21,894	171	24	884
Columbia	956,381	5,813	931,607	17,878	141	24	1,678
Greensboro	1,182,241	8,163	1,156,228	27,014	1,909	160	10,453
Jackson	678,095	4,255	658,088	31,732	299	29	2,802
Jacksonville	3,085,523	22,768	2,966,028	60,229	1,425	113	4,045
Nashville	1,494,211	8,163	1,456,228	27,014	1,909	160	10,453
Central Region	9,877,151	62,348	9,814,828	183,453	2,223	266	15,547
Cincinnati	1,546,934	12,902	1,506,784	25,359	319	25	1,505
Cleveland	2,941,648	19,849	2,921,648	33,531	447	30	2,160
Detroit	2,997,734	28,298	2,969,436	48,702			

Table 6.—Number of returns filed, by internal revenue regions and districts, states and other areas

Table with 7 columns: Internal revenue regions and districts, states and other areas, Total tax returns, Individual income tax, Declaration of estimated tax, Fiduciary, Partnership, Corporation income tax, Estates tax. Rows include United States total, North-Atlantic Region, Mid-Atlantic Region, Southeast Region, Central Region, Midwest Region, Southwest Region, and Western Region.

Totals for states not shown above

Summary table for states not shown above, listing California, Illinois, New York, Ohio, Pennsylvania, and Texas with their respective counts for various categories.

Column Contents: (1) Includes Forms 1040, 1040A, 1040NR, 1040SS-PR and 1040C. (2) Form 1040-ES. (3) Form 1040-ES. (4) Form 1041. (5) Form 1065. (6) Includes Forms 1120, 1120A, 1120M, 1120P, 1120F and 1120H. (7) Includes Forms 706 and 706A.

Table with 15 columns: Internal revenue regions and districts, states and other areas, Gift, Employment taxes, Exempt Organization, Employees Plans, ATF Returns, Excise taxes, Supplemental documents, Non-Master File Returns. Rows include United States total, North-Atlantic Region, Mid-Atlantic Region, Southeast Region, Central Region, Midwest Region, Southwest Region, and Western Region.

Totals for states not shown above

Summary table for states not shown above, listing California, Illinois, New York, Ohio, Pennsylvania, and Texas with their respective counts for various categories.

Column Contents: (8) Form 709. (9) Includes Forms 940, 940PR, 941PR & SS, 941E, 942, 942PR, 943, 943PR & SS, and CT-1. (10) Includes Forms 990, 990PF, 990C, 990C, 5227 and 4720. (11) Includes Forms 5500, 5500C, 5500G, 5500K and 5500R. (12) Includes Forms 7, 8, 11, 4705, 4706, 4707, 4708, alcohol excise tax returns and tobacco excise tax returns. (13) Includes Forms 720, 730, 2290, 11C and 453B. (14) Includes Forms 1040X, 1120X, 2688, 4866, 7004, 7005, 1041A and 990AR. (15) Includes Forms 941M, 941NM, CT-2, 949, 949A, 990BL, 6069, 1042, 1120DISC and 720M. These returns were previously shown in the following categories: a) 941M and CT-2—employment tax returns; b) 990BL and 6069—supplemental documents; c) 1042—individual income tax returns; d) 1120-DISC—corporation income tax returns; e) 720M—excise taxes; f) Forms 949, 949A and 941NM are new forms.

	Returns Filed		Returns Examined				Percent Coverage
	CY 1980	Revenue Agents	Tax Auditors	Service Centers	Total		
Individual, total	93,052,000	289,507	1,193,079	161,518	1,644,104	1.77	
1040A, TPI ¹ under \$10,000	28,222,000	10,259	133,415	5,745	149,419	.53	
Non 1040A, TPI under \$10,000	8,553,000	12,439	104,274	34,116	150,829	1.76	
TPI \$10,000 under \$25,000, simple	21,071,000	7,154	108,202	13,597	128,953	.61	
TPI \$10,000 under \$25,000, complex	11,694,000	25,868	269,585	69,997	365,450	3.13	
TPI \$25,000 under \$50,000	14,901,000	43,612	401,511	26,679	471,802	3.17	
TPI \$50,000 and over	2,249,000	94,775	77,192	4,066	176,033	7.83	
Schedule C-TGR ² under \$25,000	2,324,000	10,749	20,174	2,162	33,085	1.42	
Schedule C-TGR \$25,000 under \$100,000	1,758,000	28,851	40,708	2,325	69,884	3.96	
Schedule C-TGR \$100,000 and over	886,000	39,534	22,329	1,251	63,114	7.12	
Schedule F-TGR under \$25,000	840,000	3,825	4,983	764	9,472	1.48	
Schedule F-TGR \$25,000 under \$100,000	559,000	6,340	7,686	629	14,655	2.62	
Schedule F-TGR \$100,000 and over	195,000	8,001	3,120	187	11,308	5.80	
Fiduciary	1,878,000	9,145	82	-	9,197	.49	
Partnerships	1,362,000	22,015	98	-	22,113	1.62	
Corporation, total ³	2,124,000	107,363	-	-	107,363	5.05	
Assets not reported	126,000	4,017	-	-	4,017	3.19	
Under \$100,000 ⁴	1,014,000	26,393	-	-	26,393	2.60	
\$100,000 under \$1 Mil	779,000	42,245	-	-	42,245	5.42	
\$1 Mil under \$10 Mil	165,000	23,691	-	-	23,691	14.35	
\$10 Mil under \$100 M I	27,000	7,001	-	-	7,001	25.93	
\$100 Mil and over	5,000	4,026	-	-	4,026	80.52	
Small business corp.	528,000	9,356	-	-	9,356	1.77	
Form 1120 Disc	8,000	1,460	-	-	1,460	16.22	
Estate, total	147,000	26,344	753	-	27,097	18.43	
Gross estate under \$300,000	93,000	7,581	534	-	8,115	8.73	
Gross estate \$300,000 and over	55,000	18,763	219	-	18,982	34.51	
Gift	215,000	5,641	256	-	5,897	2.74	
Income, estate and gift, total	99,313,000	470,831	1,194,238	161,519	1,626,587	1.84	
Excise	875,000	61,251	10,940	-	72,191	8.25	
Employment	26,387,000	24,834	6,498	-	31,332	.12	
Miscellaneous	-	168	14	-	182	-	
Service Center corrections	-	-	-	814,023	-	-	

Note: Total may not add due to rounding. Individual income classes for 1981 are not comparable to those for 1980 due to a change from adjusted gross income (AGI) to total positive income (TPI) for grouping returns by income levels.

¹Total positive income.

²Total gross receipts.

³Includes 8,000 Forms 1120F not allocated to corporation classes.

⁴Balance sheet assets.

	Recommended Additional Tax and Penalties (in millions of dollars)				Average Tax and Penalty per Return			No-Change, Percent ¹		Individual, total
	Revenue Agents	Tax Auditors	Service Centers	Total	Revenue Agents	Tax Auditors	Service Centers	Revenue Agents	Tax Auditors	
	\$1,845	\$690	\$36	\$2,572	\$6,374	\$579	\$223	11	23	
79	50	1	130	7,733	372	158	10	23	1040A, TPI ¹ under \$10,000	
64	29	4	97	5,159	276	121	18	33	Non 1040A, TPI under \$10,000	
18	49	3	70	2,584	451	205	16	25	TPI \$10,000 under \$25,000, simple	
72	125	15	212	2,779	464	216	13	20	TPI \$10,000 under \$25,000, complex	
151	220	9	380	3,454	548	338	10	22	TPI \$25,000 under \$50,000	
668	100	2	969	9,161	1,291	402	10	32	TPI \$50,000 and over	
34	15	1	50	3,177	744	321	15	22	Schedule C-TGR ² under \$25,000	
106	49	1	155	3,999	1,298	375	12	21	Schedule C-TGR \$25,000 under \$100,000	
373	43	1	416	9,423	1,939	411	11	21	Schedule C-TGR \$100,000 and over	
16	2	-	18	4,148	502	187	20	24	Schedule F-TGR under \$25,000	
14	5	-	19	2,166	696	232	12	20	Schedule F-TGR \$25,000 under \$100,000	
48	3	-	52	6,061	963	471	10	21	Schedule F-TGR \$100,000 and over	
39	-	-	39	4,239	1,305	-	26	44	Fiduciary	
-	-	-	-	-	-	-	35	34	Partnerships	
6,339	-	-	6,339	59,040	-	-	18	-	Corporation, total ³	
85	-	-	85	21,104	-	-	22	-	Assets not reported	
49	-	-	49	1,854	-	-	22	-	Under \$100,000 ⁴	
279	-	-	279	6,608	-	-	19	-	\$100,000 under \$1 Mil	
382	-	-	382	16,146	-	-	16	-	\$1 Mil under \$10 Mil	
585	-	-	585	83,503	-	-	9	-	\$10 Mil under \$100 Mil	
4,959	-	-	4,959	1,231,715	-	-	3	-	\$100 Mil and over	
25	-	-	25	2,728	-	-	34	-	Small business corp.	
-	-	-	-	-	-	-	39	-	Form 1120 Disc	
1,371	3	-	1,373	52,031	3,476	-	11	15	Estate, total	
98	2	-	100	12,949	3,880	-	15	15	Gross estate under \$300,000	
1,273	1	-	1,273	67,822	2,490	-	10	15	Gross estate \$300,000 and over	
69	-	-	70	12,282	1,029	-	21	30	Gift	
9,688	693	36	10,418	20,577	581	223	15	23	Income, estate and gift, total	
79	2	-	81	1,289	163	-	18	13	Excise	
42	2	-	44	1,699	316	-	20	14	Employment	
2	-	-	2	11,554	40	-	1	79	Miscellaneous	
-	-	205	205	-	-	252	-	-	Service Center corrections	

¹Service center no-change rate by class is not available. 31 percent of service center examinations resulted in no change.

	Returns Filed		Returns Examined				Percent Coverage
	CY 1979	Revenue Agents	Tax Auditors	Service Center	Total		
Individual, total	90,727,115	292,485	1,346,320	195,073	1,833,858	2.02%	
NB ¹ under \$10,000 ²	38,538,636	26,273	372,221	39,656	438,150	1.14	
NB \$10,000 under \$15,000	12,631,046	15,085	192,389	48,521	255,975	2.03	
NB \$15,000 under \$50,000	27,270,309	57,454	580,193	87,812	725,465	2.66	
NB \$50,000 and over	1,251,151	59,457	47,161	2,719	109,337	8.74	
B under \$10,000 ³	3,696,353	36,330	77,015	4,049	117,394	3.18	
B \$10,000 under \$30,000	5,465,678	36,408	52,447	8,876	97,731	1.79	
B \$30,000 and over	1,873,942	61,478	24,888	3,440	89,806	4.79	
Fiduciary	1,820,708	9,875	-	-	9,875	.54	
Partnership	1,289,315	23,041	-	-	23,041	1.79	
Corporation, total	2,061,672	133,593	-	-	133,593	6.48	
Assets not reported	125,622	5,790	-	-	5,790	4.61	
Under \$100,000 ⁴	1,006,189	36,520	-	-	36,520	3.63	
\$100,000 under \$1 MI	746,767	51,953	-	-	51,953	6.96	
\$1 MI under \$10 MI	151,663	27,636	-	-	27,636	18.22	
\$10 MI under \$100 MI	26,302	7,756	-	-	7,756	29.49	
\$100 MI and over	5,129	3,938	-	-	3,938	76.78	
Small business corp.	504,266	10,457	-	-	10,457	2.07	
Domestic international sales corp.	6,756	1,635	-	-	1,635	24.20	
Estate, total	156,392	26,808	1,606	-	28,414	18.17	
Gross estate under \$300,000	119,199	9,151	1,225	-	10,376	8.70	
Gross estate \$300,000 and over	37,193	17,657	381	-	18,038	48.50	
Gift	205,181	7,713	614	-	8,327	4.06	
Income, estate and gift, total	96,771,515	505,587	1,348,540	195,073	2,049,200	2.12	
Excise	1,065,175	68,922	10,682	-	79,604	7.47	
Employment	26,429,842	40,744	9,222	-	49,966	.19	
Miscellaneous	-	418	109	-	527	-	
Service center corrections	-	-	-	533,048	533,048	-	

Totals may not add, due to rounding.

¹ Nonbusiness returns.

² Adjusted gross income.

³ Business returns.

⁴ Balance sheet assets.

	Recommended Additional Tax and Penalties (in millions of dollars)				Average Tax and Penalty per Return			No Change, Percent ¹		
	Revenue Agents	Tax Auditors	Service Centers	Total	Revenue Agents	Tax Auditors	Service Centers	Revenue Agents	Tax Auditors	
	\$1,335	\$802	\$39	\$1,977	\$4,568	\$447	\$199	13	26	Individual, total
	143	109	5	258	5,438	294	131	15	30	NB ¹ under \$10,000 ²
	46	58	7	112	3,066	303	146	18	28	NB \$10,000 under \$15,000
	120	251	21	392	2,087	433	240	13	24	NB \$15,000 under \$50,000
	365	44	1	411	6,146	941	447	12	40	NB \$50,000 and over
	115	69	1	184	3,159	889	181	15	22	B under \$10,000 ³
	94	42	2	137	2,570	792	250	12	20	B \$10,000 under \$30,000
	452	29	1	483	7,358	1,161	411	12	29	B \$30,000 and over
	34	-	-	34	3,429	-	-	31	-	Fiduciary
	-	-	-	-	-	-	-	39	-	Partnership
	6,008	-	-	6,008	44,972	-	-	21	-	Corporation, total
	96	-	-	96	16,540	-	-	22	-	Assets not reported ⁴
	61	-	-	61	1,679	-	-	27	-	Under \$100,000
	195	-	-	195	3,758	-	-	23	-	\$100,000 under \$1 MI
	378	-	-	378	13,685	-	-	17	-	\$1 MI under \$10 MI
	540	-	-	540	69,674	-	-	10	-	\$10 MI under \$100 MI
	4,737	-	-	4,737	1,202,893	-	-	4	-	\$100 MI and over
	31	-	-	31	2,963	-	-	38	-	Small business corp.
	45	-	-	45	27,531	-	-	44	-	Domestic international sales corp.
	1,045	4	-	1,050	39,998	2,768	-	12	17	Estate, total
	75	3	-	79	8,247	2,827	-	15	16	Gross estate under \$300,000
	970	1	-	971	54,935	2,578	-	10	20	Gross estate \$300,000 and over
	89	3	-	91	11,481	4,172	-	20	28	Gift
	6,587	609	39	9,235	16,984	452	199	17	26	Income, estate and gift, total
	99	2	-	100	1,435	149	-	21	14	Excise
	70	2	-	72	1,712	191	-	29	28	Employment
	-	-	-	-	42	448	-	1	28	Miscellaneous
	-	-	123	123	-	-	230	-	-	Service center corrections

¹ Service center no-change rate by class is not available. No change resulted in 34 percent of service center examiners.

Note: The headings for Table 9 (p.48) and Table 10 (p.49) should be reversed.

Table 10—Additional tax and penalties recommended after examination by class of tax and by internal revenue regions and districts and other areas (In thousands of dollars)

Internal revenue regions, districts and service centers	Total	Individual	Fiduciary	Corporation	Sub-chapter S Corporation	Estate	Gift	Excise	Employment	Exempt Organizations	Miscellaneous	Internal revenue regions, districts and service centers	Total	Individual	Partnership	Fiduciary	Corporation	Sub-chapter S Corporation	Estate	Gift	Excise	Employment	Exempt Organizations	Employee Plans	Miscellaneous
Total	10,641,694	2,571,577	38,833	6,338,711	25,485	1,373,324	89,600	80,788	44,239	97,209	1,942	Total	1,870,661	1,644,104	22,113	9,197	107,363	10,816	27,097	5,697	72,191	31,332	20,102	20,207	182
North-Atlantic	1,179,987	406,977	2,437	1,575,835	2,813	96,079	10,725	4,431	12,186	62,503	1,488	North-Atlantic	297,204	247,294	2,670	1,253	2,026	4,967	1,250	9,436	2,820	3,674	2,242	14	
Mid-Atlantic	1,354,539	298,979	7,028	843,259	5,237	77,983	6,847	8,907	5,171	1,488	-	Mid-Atlantic	233,606	195,892	2,384	938	13,648	1,285	3,349	647	6,988	2,840	2,290	2,497	-
Southeast	1,062,973	410,844	6,857	511,166	5,512	88,745	4,440	15,828	4,151	15,273	57	Southeast	296,895	257,232	2,776	1,074	14,546	1,704	3,103	955	10,494	3,444	2,481	1,949	157
Central	1,158,938	193,051	3,236	821,122	3,393	81,059	17,193	17,383	3,912	6,100	-	Central	191,918	152,589	2,394	1,246	11,336	1,341	3,427	774	8,016	3,550	2,789	2,816	-
Midwest	1,262,838	274,760	6,801	773,092	4,326	115,074	11,217	19,422	4,064	7,775	-	Midwest	253,695	200,460	3,168	1,167	16,236	1,853	4,274	765	12,985	4,073	3,710	3,886	-
Southwest	1,747,820	352,252	5,288	1,374,760	3,018	148,513	8,828	14,377	5,841	2,350	-	Southwest	236,191	183,448	2,185	945	16,407	1,299	2,913	807	13,197	5,032	1,559	1,885	4
Western	1,450,781	596,547	7,374	894,142	1,846	126,401	10,304	6,408	8,866	5,210	1,883	Western	441,218	331,114	5,390	1,547	16,372	1,238	4,854	625	11,027	6,337	3,819	4,153	7
International Operations	931,073	47,475	3	245,324	47	639	-	-	2,249	-	-	International Operations	18,603	15,475	7	8	863	16	210	53	41	2,210	-	-	-
North-Atlantic Region:	36,156	13,317	40	18,019	85	3,487	2,967	174	87	-	-	North-Atlantic Region:	11,030	9,183	119	65	662	41	294	123	408	135	-	-	-
Albany	19,961	4,495	55	13,680	48	1,893	297	105	89	-	-	Albany	5,871	4,224	72	57	551	48	95	16	576	232	-	-	-
Boston	282,369	50,581	471	225,181	1,271	11,590	4,116	1,586	840	423	-	Boston	46,684	35,996	472	306	3,339	245	895	248	1,898	824	1,834	1,027	-
Brooklyn	182,374	87,133	333	68,676	399	22,913	2,002	521	174	202	1	Brooklyn	66,480	57,697	437	79	2,930	699	1,021	200	1,334	87	777	805	14
Buffalo	111,583	28,042	75	71,191	75	10,217	1,356	677	1,000	-	-	Buffalo	30,238	24,583	349	125	2,230	135	673	181	1,391	565	-	-	-
Burlington	6,650	2,560	8	3,164	-	610	216	32	62	-	-	Burlington	3,484	2,670	28	13	281	28	36	24	186	218	-	-	-
Hartford	240,803	33,175	961	191,133	22	11,875	2,615	749	273	61,878	-	Hartford	25,218	20,172	431	189	1,789	221	734	215	1,079	399	-	-	-
Manhattan	1,223,696	164,268	429	951,607	693	34,730	633	479	8,759	-	-	Manhattan	64,578	52,215	836	382	4,677	542	1,251	219	1,483	300	1,263	1,410	-
Portsmouth	27,123	7,081	36	19,100	221	620	8	50	7	-	-	Portsmouth	4,284	3,354	54	27	372	39	62	15	318	53	-	-	-
Providence	32,733	12,834	30	16,924	-	1,926	15	60	914	-	-	Providence	5,103	3,576	72	10	898	41	106	18	264	117	-	-	-
Andover Service Center	2,238	2,238	-	-	-	-	-	-	-	-	-	Andover Service Center	11,274	11,274	-	-	-	-	-	-	-	-	-	-	-
Brookhaven Service Center	4,223	4,223	-	-	-	-	-	-	-	-	-	Brookhaven Service Center	22,950	22,950	-	-	-	-	-	-	-	-	-	-	-
Mid-Atlantic Region:	176,514	58,066	286	81,028	419	32,819	741	2,523	559	41	-	Mid-Atlantic Region:	46,995	38,215	338	118	2,192	117	702	114	2,041	752	1,254	1,152	-
Baltimore	515,390	78,361	376	421,212	1,126	12,251	382	576	1,042	54	-	Baltimore	60,142	50,478	671	166	3,698	543	1,004	210	1,676	572	461	673	-
Newark	207,446	67,754	3,910	117,544	1,404	9,261	213	3,701	2,366	1,383	-	Newark	49,496	39,919	501	205	1,958	175	689	93	1,055	355	575	672	-
Pittsburgh	201,445	38,874	41	148,255	1,408	9,759	1,569	694	594	-	-	Pittsburgh	35,383	18,925	382	75	1,650	100	559	116	1,127	439	-	-	-
Richmond	143,847	47,023	2,428	79,174	870	8,990	4,055	430	487	-	-	Richmond	28,548	23,352	433	77	2,463	293	353	94	999	498	-	-	-
Wilmington	108,282	6,802	86	98,047	31	4,883	203	8	22	-	-	Wilmington	11,499	11,499	-	-	-	-	-	-	-	-	-	-	-
Philadelphia Service Center	2,269	2,269	-	-	-	-	-	-	-	-	-	Philadelphia Service Center	17,499	17,499	-	-	-	-	-	-	-	-	-	-	-
Southeast Region:	173,877	55,541	408	64,317	380	7,470	1,484	8,807	294	15,273	5	Southeast Region:	45,126	34,687	369	184	2,550	240	308	223	1,763	354	2,461	1,949	38
Atlanta	173,877	55,541	408	64,317	380	7,470	1,484	8,807	294	15,273	5	Atlanta	26,748	23,338	251	79	1,033	123	185	74	1,065	291	-	-	-
Birmingham	12,505	21,561	81	17,459	29	4,659	626	214	273	-	-	Birmingham	17,454	15,134	204	39	1,334	139	161	50	270	326	-	-	-
Columbia	41,502	15,795	383	22,043	324	2,418	44	194	269	52	-	Columbia	6,276	5,325	109	21	295	34	112	22	256	102	-	-	-
Greensboro	242,817	35,547	363	193,831	33	11,502	245	923	383	-	-	Greensboro	79,730	62,979	329	108	2,989	174	689	163	1,600	799	-	-	-
Jackson	187,592	38,752	198	130,728	108	30,789	654	734	173	-	-	Jackson	18,733	16,127	219	39	924	88	174	147	757	267	-	-	-
Jacksonville	342,842	186,743	5,335	96,938	4,237	32,788	1,148	1,057	2,386	-	-	Jacksonville	76,500	67,243	882	566	3,878	768	1,488	246	3,641	664	-	-	-
Nashville	127,399	33,837	200	66,043	536	24,109	239	1,965	370	-	-	Nashville	33,355	28,284	531	85	1,837	172	326	53	1,398	669	-	-	-
Atlanta Service Center	4,194	4,194	-	-	-	-	-	-	-	-	-	Atlanta Service Center	21,052	21,052	-	-	-	-	-	-	-	-	-	-	-
Memphis Service Center	6,928	6,928	-	-	-	-	-	-	-	-	-	Memphis Service Center	21,388	21,388	-	-	-	-	-	-	-	-	-	-	-
Central Region:	157,606	30,091	574	114,840	124	9,815	1,199	601	435	187	-	Central Region:	27,661	20,029	381	206	1,062	137	524	124	1,250	653	1,388	1,007	-
Cincinnati	304,543	33,866	516	240,898	1,660	17,368	8,664	1,358	213	-	-	Cincinnati	40,309	31,312	521	278	2,631	163	819	127	1,774	732	858	994	-
Cleveland	433,796	60,769	397	332,497	880	28,591	3,171	6,386	905	210	-	Cleveland	61,853	49,646	902	453	4,291	359	949	311	2,788	977	560	814	-
Indianapolis	112,458	25,056	100	57,454	291	17,289	10,592	956	717	-	-	Indianapolis	23,333	18,388	370	196	1,246	479	560	69	1,562	463	-	-	-
Louisville	90,310	20,328	1,581	58,819	89	5,372	290	560	271	-	-	Louisville	19,253	16,262	263	71	1,175	143	115	94	297	533	-	-	-
Parkersburg	37,988	16,704	65	16,615	1,029	2,824	340	187	224	-	-	Parkersburg	8,165	6,450	157	42	611	60	160	49	344	292	-	-	-
Cincinnati Service Center	2,237	2,237	-	-	-	-	-	-	-	-	-	Cincinnati Service Center	10,502	10,502	-	-	-	-	-	-	-	-	-	-	-
Midwest Region:	8,769	4,890	-	1,860	-	1,602	411	19	187	-	-	Midwest Region:	5,774	4,927	106	19	238	32	105	22					

Table 11.—Returns examined by examination division

	1980	1981
Number of returns examined by examination division	2,179,297	1,830,292
Returns with adjustments proposed by examination division	1,638,790	1,512,185
Returns without adjustments proposed by examination division	540,507	418,107
Disposition of examined returns	2,179,297	1,830,292
Agreed, paid or defaulted	1,997,302	1,729,612
Transferred to regional appeals offices	84,849	92,808
Penalized, statutory notices	18,411	27,298
Other	78,737	80,573

*Includes quick assessments and cases transferred to Justice Department.

Table 12.—Overassessments of tax as the result of examination (Exclusive of claims for refund)

	Number of Returns		Amount Recommended (In thousands of dollars)	
	1980	1981	1980	1981
Total	130,132	114,094	\$375,879	\$395,480
Individual	106,093	95,183	95,784	112,440
Fiduciary	1,479	1,401	7,856	7,236
Corporation	10,985	8,541	215,980	214,215
Estate	4,138	4,078	40,856	51,389
Gift	366	181	2,852	1,274
Excise	3,973	1,900	7,242	3,671
Employment	3,398	3,710	4,300	5,276

Table 13.—Results of collection activity (In thousands)

	1980	1981
Taxpayer Delinquent Accounts:		
Opening inventory	1,072	1,204
Issuances	2,404	2,412
Dispositions	2,272	2,180
Closing inventory		
(a) Number of accounts	1,204	1,436
(b) Balance of assessed tax, penalty and interest	\$3,630,892	\$4,678,653
Delinquent Return Investigations:		
Opening inventory	446	540
Issuances	1,037	1,112
Dispositions	843	1,012
Closing inventory	540	640
Returns Compliance Investigations Closed:		
Miscellaneous Investigations Closed	137	84
Offers in Compromise Processed	143	143
Enforcement Activity:		
Notices of federal tax lien filed	445	503
Notices of levy served upon third parties	611	740
Seizures of property made	9	9

Table 14.—Civil penalties assessed and abated (Dollars in thousands)

	Assessments		Abatements		Net Penalties	
	Number	Amount	Number	Amount	Number	Amount
Individual						
Delinquency	1,215,793	290,753	151,793	65,632	1,064,000	225,122
Estimated tax	5,259,988	638,414	239,953	58,424	5,020,035	584,690
Failure to pay	5,434,185	188,306	644,974	22,204	4,789,211	166,102
Bad check	157,800	1,480	5,453	223	152,347	1,257
Fraud	935	44,479	333	7,748	602	36,731
Negligence	122,078	15,828	2,252	1,064	119,826	14,864
Other ¹	9,643	855	470	54	9,173	801
Totals	12,208,842	1,180,245	1,045,228	151,349	11,163,614	1,028,897
Corporation²						
Delinquency	143,478	188,668	28,766	182,038	114,712	28,828
Estimated tax	321,548	160,406	45,197	58,969	276,351	102,337
Failure to pay	249,574	77,613	68,054	60,234	181,520	17,379
Bad check	2,763	65	135	24	2,628	41
Fraud	532	7,591	42	909	490	6,682
Negligence	3,647	5,198	92	365	3,755	4,834
Miscellaneous	65	70	8	7	57	63
Totals	721,807	438,609	142,234	281,646	579,573	157,963
Employment³						
Delinquency	2,304,041	395,551	182,287	76,933	2,121,674	318,618
Miscellaneous	663	268	250	83	433	185
Failure to pay	3,019,800	135,306	507,354	39,856	2,512,446	95,350
Federal tax deposits	2,772,368	507,717	323,218	148,251	2,449,150	359,466
Bad check	130,372	2,881	2,143	943	128,229	2,019
Fraud	1,458	2,218	53	33	1,385	2,184
Negligence	171	34	37	26	134	8
Totals	8,228,953	1,044,054	1,015,402	288,224	7,213,551	777,830
Excise⁴						
Delinquency	320,109	20,808	23,845	6,068	296,164	14,741
Daily delinquency	13,251	28,383	10,674	23,499	2,577	2,883
Failure to pay	238,072	21,513	63,199	7,754	174,873	13,778
Federal tax deposits	41,162	11,080	4,825	7,366	36,337	3,715
Bad check	3,380	22	96	1	3,284	21
Fraud	834	2,375	31	105	803	2,270
Other ⁵	128	59	25	51	103	8
Totals	616,936	82,241	102,595	44,824	514,341	37,417
Estate and Gift						
Delinquency	16,174	49,843	5,419	36,831	10,755	13,111
Miscellaneous	6	10	1	1	5	8
Failure to pay	28,449	27,425	17,292	20,870	11,217	6,456
Bad check	434	102	85	60	349	22
Fraud	19	1,840	4	25	15	1,815
Negligence	32	22	3	2	29	20
Totals	45,114	79,142	22,744	57,810	22,370	21,231
Tax Return Preparers' Penalty⁶						
Failure to sign and failure to provide tax identification numbers	6,274	630	9,939	1,793	-3,665	-1,163
All Other⁷						
Delinquency	171,420	92,883	87,187	61,485	84,233	31,388
Failure to pay	81,700	3,172	24,260	1,757	57,440	1,415
Bad check	1,381	12	79	5	1,302	6
Negligence	56	8	1	1	55	8
Miscellaneous	34,558	55,178	22,926	38,432	11,632	18,746
Totals	289,115	151,253	134,453	99,679	154,662	51,574
Total All Civil Penalties	22,997,041	2,977,173	2,472,655	603,424	19,624,386	2,073,748

Note: Amounts may not add, due to rounding. With the exception of estimated tax, penalties can apply to any tax year. Abatements can apply to any tax year.

¹ Less than \$500.

² Includes taxpayer identification number, failure to report tips, miscellaneous.

³ Includes Forms 1120, 990C and 990T.

⁴ Includes Forms 940, 941, 942, 943 and CT-1.

⁵ Includes Forms 1041A, 5227, 990PF, 4720, 990, 4638, 2290, 11, 11B, 11C, 720 and 730.

⁶ Includes negligence and miscellaneous.

⁷ Penalties are from processing of individual returns only and do not reflect other penalties assessable under the Tax Reform Act of 1976, Code sections 6694 and 6695.

⁸ Includes Forms 1041, 1085 and individual retirement account file.

Table 15.—Appeals division receipt and disposition of cases not before the Tax Court (nondocketed)

Table with 4 columns: Status, Number of Cases (1), Amount stated in revenue agent's report (2), and Over assessment (3). Rows include Pending October 1, Received, Disposed of, total, and Pending September 30.

B. Results

Table with 4 columns: Status, Number of Cases (1), Appeals determination (2), and Over assessment (3). Rows include Disposed of, total, By agreement, and Pending September 30.

1 A case represents taxpayers grouped together by tax periods with common or related issues that may be heard and disposed of together. 2 Data revised from previous annual report.

Table 16.—Appeals division receipt and disposition of income, estate and gift tax cases petitioned to the Tax Court (docketed)

Table with 4 columns: Status, Number of Cases (1), Amount stated in statutory notice (2), and Over assessment (3). Rows include Pending October 1, Received, Disposed of, total, and Pending September 30.

B. Results obtained in dispositions

Table with 4 columns: Method, Number of Cases (1), Appeals determination (2), and Over-assessment (3). Rows include Disposed of, total, Agreed in Appeals, and Unagreed, transferred to Counsel's sole jurisdiction.

1 A case represents taxpayers grouped together by tax periods with common or related issues that may be heard and disposed of together. 2 Data revised from previous annual report.

Table 17.—Requests for tax rulings and technical advice (closings)—EP/EO

Table with 4 columns: Subject, Total, Taxpayer Requests, and Field Requests. Rows include Total, Actuarial Matters, Exempt Organizations, and Employee Plans.

Table 18.—Determination letters issued on ERISA employee benefit plans

Table with 5 columns: Letters Issued, Defined Contribution (1), ESO, Total Defined Contribution, Defined Benefit, and Total. Rows include Initial Qualifications, Amendments, and Terminations.

1 Includes stock bonus, money purchase and profit sharing plans. 2 Information not available.

Table 19.—Number of exempt organization returns examined by type

Table with 2 columns: Type and FY 1981. Rows include 501(c)(3) Private Foundation, 501(c)(3) Nonexempt Charitable Trust, 501(c)(4) Civic Leagues, Social Welfare, 501(c)(5) Labor, Agriculture, Horticulture, 501(c)(6) Business Leagues, 501(c)(7) Social and Recreational Clubs, 501(c) All Others, 501 Farmers' Cooperative, and Total.

Table 20.—Number of active entities on exempt organizations master file

	1980	1981
IRC Section 501(c):		
(1) Corporations Organized Under Act of Congress	42	45
(2) Trustholding Corp.	5,358	5,355
(3) Religious, Charitable, etc.	3,919,542	3,277,758
(4) Social Welfare	129,550	129,101
(5) Labor, Agriculture Organizations	85,774	84,189
(6) Business Leagues	48,717	48,908
(7) Social and Recreation Clubs	51,922	51,958
(8) Fraternal Beneficiary Societies	137,449	135,798
(9) Voluntary Employees' Beneficiary Societies	7,739	7,995
(10) Domestic Fraternal Beneficiary Societies	16,179	15,995
(11) Teachers' Retirement Fund	12	11
(12) Benevolent Life Insurance Assn.	4,845	4,973
(13) Cemetery Companies	5,947	6,085
(14) Credit Unions	5,639	5,865
(15) Mutual Insurance Companies	1,140	1,099
(16) Corp. to Finance Crop Operation	22	22
(17) Supplemental Unemployment Benefit Trusts	806	798
(18) Employee Funded Pension Trust	4	4
(19) War Veterans' Organizations	22,247	21,858
(20) Legal Service Organizations	46	61
(21) Black Lung Trusts	4	4
501(d) Religious and Apostolic Organizations	67	58
501(e) Cooperative Hospitals	—	112
501(f) Coop. Service Org. of Operating Educational Org.	—	—
521 Farmers' Cooperatives	2,985	2,960
Total	846,433	851,012

* This figure does not represent a true universe of section 501(c)(3) organizations because certain organizations, such as churches, their integrated auxiliaries and conventions or associations of churches, need not apply for recognition of exemption unless they desire to receive a ruling. When issued the ruling letter goes to the central organization, but it covers all of its subordinate units. Only the central organization is established on the exempt organizations master file where it is counted as one entity in the figure as stated above. However, this one ruling may represent a large number of subordinate units, as in the case of larger religious sects. An exception are subordinate units considered nonintegrated auxiliaries, which are established and included in the above figures since they may be required to file information returns as prescribed under IRC sec. 6033.

Table 21.—Disposal of exempt organizations applications

	Applications for Determination			Total
	Approved	Denied	Other ¹	
IRC Section 501(c):				
(1) Corporations Organized Under Act of Congress	—	—	1	1
(2) Trustholding Corp.	152	10	91	253
(3) Religious, Charitable, etc.	26,763	913	10,092	37,768
(4) Social Welfare	2,675	144	908	3,727
(5) Labor, Agriculture Org.	436	18	128	582
(6) Business Leagues	1,794	121	443	2,358
(7) Social and Recreation Clubs	1,199	146	614	1,958
(8) Fraternal Beneficiary Societies	27	9	27	63
(9) Voluntary Empl. Beneficiary Societies	712	4	202	918
(10) Domestic Fraternal Societies	40	6	58	104
(11) Teachers' Retirement Fund	—	—	—	—
(12) Benevolent Life Insurance Assn.	159	15	88	242
(13) Cemetery Companies	225	7	49	281
(14) Credit Unions	10	—	3	13
(15) Mutual Insurance Companies	19	3	8	30
(16) Corp. to Finance Crop Operations	—	—	—	—
(17) Supplemental Unemployment Benefit Trusts	35	1	8	44
(18) Employee Funded Pension Trust	—	—	—	—
(19) War Veterans' Organizations	67	1	54	122
(20) Legal Service Organizations	18	—	36	54
(21) Black Lung Trusts	3	—	1	4
501(d) Religious and Religious Organizations	27	—	1	28
501(e) Cooperative Hospitals	2	—	2	4
501(f) Coop. Service Org. of Operating Educational Org.	—	—	—	—
521 Farmers' Cooperatives	76	—	31	111
4947(A) Nonexempt Charitable Trusts	4	15	1	20
National Office Rulings and Determination Letters	2,432	221	1,007	3,660
Grand Total	36,854	1,639	13,853	52,346

¹ Applications withdrawn by taxpayer, incomplete applications, etc.

Table 22.—Internal revenue collections, costs, employees and U.S. population

Fiscal year	Operating cost (1)	Collections (2)	Cost of collecting \$100 (3)	Population (Thousands) (4)	Tax per capita (5)	Average positions realized		
						Total (6)	National Office (7)	Field (8)
1952	271,872,182	65,009,585,560	0.42	157,553	412.62	56,309	3,953	52,356
1953	266,530,806	69,665,535,389	0.38	160,194	425.00	53,463	3,634	49,829
1954	268,969,107	69,919,990,791	0.39	163,028	438.89	51,411	2,707	48,704
1955	278,834,276	66,288,682,000	0.42	165,291	399.50	50,890	2,975	48,215
1956	299,894,710	5,112,649,000	0.40	168,903	444.71	50,682	2,883	48,099
1957	305,537,814	80,171,917,000	0.38	171,884	466.16	51,364	2,832	48,532
1958	337,428,789	78,978,478,484	0.42	174,882	457.33	50,818	2,909	47,907
1959	355,426,928	78,797,872,063	0.44	177,830	448.73	51,226	2,969	48,257
1960	363,735,359	81,774,802,823	0.40	180,671	507.96	51,047	2,910	48,137
1961	413,295,238	94,401,086,338	0.44	183,691	413.91	53,206	3,042	50,164
1962	450,080,420	99,440,839,245	0.45	186,538	533.09	56,481	3,401	53,080
1963	500,894,214	105,825,395,281	0.47	189,242	559.74	59,711	3,657	56,054
1964	548,692,191	112,290,197,115	0.49	191,989	585.03	61,059	3,839	57,220
1965	597,387,471	114,434,833,721	0.52	194,303	588.95	62,098	3,881	58,217
1966	629,651,929	128,787,842,342	0.54	196,568	655.68	63,508	3,982	59,526
1967	667,080,295	148,374,814,532	0.45	198,712	748.68	65,946	3,694	62,252
1968	699,190,304	153,383,837,665	0.46	200,706	785.48	67,574	3,867	63,607
1969	758,765,476	167,919,559,968	0.40	202,677	827.19	66,064	3,862	62,202
1970	886,158,162	195,722,096,497	0.45	204,878	955.31	68,683	4,103	64,580
1971	981,065,297	191,647,180,138	0.51	207,053	926.63	68,972	4,258	64,714
1972	1,127,390,411	209,855,736,878	0.54	208,846	1,004.83	68,549	4,134	64,415
1973	1,162,009,945	237,787,204,059	0.49	210,410	1,130.11	74,170	4,505	69,665
1974	1,312,899,561	268,952,253,663	0.49	211,901	126.924	78,821	4,310	74,511
1975	1,584,711,486	293,822,725,772	0.54	212,559	1,375.84	82,339	4,531	77,808
1976	1,857,311,850	302,519,791,922	0.55	215,142	1,406.14	84,264	4,732	79,532
1977	1,790,588,738	358,139,416,730	0.50	217,329	1,847.91	83,743	4,994	78,749
1978	1,962,128,287	389,776,389,362	0.49	219,033	1,826.61	85,329	4,919	80,410
1979	2,116,166,276	460,412,186,013	0.46	220,899	2,063.32	86,186	4,978	81,198
1980	2,280,838,622	519,375,273,311	0.44	223,383	2,325.04	87,454	5,114	82,350
1981	2,465,468,704	606,799,120,630	0.41	225,865	2,888.55	86,156	5,110	81,046

* This figure represents actual IRS operating costs from FY 1975, exclusive of reimbursements received from other agencies for services performed. While the operating cost figures for fiscal years prior to 1975 may in some case include reimbursements, those amounts are small and do not alter the cost figures in column 3.
 —Economic stabilization program average positions included in 1972, 1973 and 1974.
 —Federal energy program average positions included in 1974.
 —1972 adjusted by 3,990 average positions to reflect the AT&F transfer—July 1972. AT&F included in years 1948–71.
 —Eleven average positions transferred to Office of the Secretary in 1965. Twenty average positions transferred to Office of the Secretary in 1963.

Table 23.—Costs incurred by the Internal Revenue Service by activity (In thousands of dollars)

Appropriation by activity	Total		Personnel Compensation and Benefits		Other	
	1980	1981	1980	1981	1980	1981
Total obligations, appropriations and reimbursable	2,291,776	2,480,576	1,795,130	1,942,751	496,646	537,825
Obligations against appropriated funds	2,290,939	2,465,469	1,796,551	1,930,100	494,288	535,279
Salaries and expenses:						
Executive direction	148,045	162,194	126,238	137,235	21,809	24,959
Internal audit and security	12,977	17,627	10,234	11,373	2,743	6,254
Management services	33,849	36,113	28,357	29,932	5,492	6,281
Legal services	21,700	25,897	18,445	21,535	4,805	4,152
Technical rulings and services	53,858	58,405	48,617	52,816	5,241	5,588
Total	24,031	24,362	20,583	21,779	3,448	2,583
Taxpayer service and returns processing:						
Data processing operations	787,886	829,481	533,068	558,535	254,798	270,926
Statistical reporting	559,281	593,764	426,474	443,861	142,807	150,103
Taxpayer service	14,898	17,544	12,422	14,418	2,476	3,126
Total	203,687	218,150	94,172	100,556	109,515	117,897
Examinations and appeals:						
Examinations	839,387	901,542	705,391	757,328	133,996	144,214
Appeals	779,537	836,416	651,975	700,007	127,662	136,400
Total	59,750	65,126	53,416	57,321	6,334	7,805
Investigations and collection:						
Tax fraud investigations	505,541	572,272	421,856	476,992	83,685	95,280
Collection	140,831	153,927	116,732	126,682	23,899	27,245
Employee plans/exempt organizations	287,547	349,410	248,395	281,436	49,442	57,872
Total	66,963	68,935	56,819	58,972	10,144	10,063
Reimbursable obligations, total	10,937	15,107	8,579	12,560	2,358	2,540

Table 24.—Costs incurred by the Internal Revenue Service by office
(In thousands of dollars)

Internal revenue office, district or region	Total	Personnel Compensation	Travel	Equipment	Other
	(1)	(2)	(3)	(4)	(5)
A. Total Internal Revenue Service	2,480,576	1,842,759	63,493	23,773	450,551
National Office	469,906	155,804	4,565	10,666	299,471
North-Atlantic	329,137	285,576	6,207	1,892	25,472
Mid-Atlantic	219,983	201,306	4,740	1,475	13,473
Southeast	264,389	231,810	8,676	1,653	22,231
Central	198,973	176,119	6,501	2,103	14,250
Midwest	238,238	215,952	7,722	1,775	13,790
Southwest	248,027	218,787	9,675	2,034	17,531
Western	375,180	332,564	10,865	3,634	28,117
Regional Counsel	397,116	36,684	562	792	1,678
Regional Inspection	28,258	25,057	2,196	102	903
Office of International Operations	19,069	15,617	1,678	24	1,752
National Computer Center	17,535	9,419	17	129	7,971
IRS Data Center	32,174	28,065	82	105	3,912
B. Regional commissioner's offices (excluding district directors' offices and service centers)					
North-Atlantic	21,751	18,581	527	409	2,235
Mid-Atlantic	16,194	14,673	297	81	1,143
Southeast	15,839	12,569	1,079	13	2,158
Central	14,944	13,326	482	165	991
Midwest	16,879	14,372	635	118	1,354
Southwest	17,229	14,602	1,271	225	931
Western	24,918	20,015	1,911	355	2,636
C. District directors' offices and service centers:					
North-Atlantic:					
Albany	10,024	8,827	438	86	674
Augusta	5,052	4,507	271	24	251
Boston	37,068	33,829	1,010	136	1,993
Brooklyn	36,242	34,057	584	241	1,360
Buffalo	17,170	19,431	772	91	1,476
Burlington	2,818	2,442	178	19	179
Hartford	16,817	17,390	589	43	789
Manchester	69,891	65,981	937	305	2,658
Portsmouth	4,484	4,002	201	12	278
Providence	6,110	5,619	199	14	269
North-Atlantic Region Centralized Training	287	—	257	—	10
Andover Service Center	48,285	40,511	128	218	5,527
Brookhaven Service Center	48,464	40,299	116	278	7,771
Mid-Atlantic:					
Baltimore	31,077	29,065	633	106	1,273
Newark	46,785	43,939	1,139	21	1,666
Philadelphia	35,622	33,375	776	75	1,195
Pittsburgh	19,996	17,570	564	55	806
Richmond	20,483	18,415	846	47	1,085
Washington	4,255	3,971	104	17	183
Mid-Atlantic Region Centralized Training	688	558	1	2	127
Philadelphia Service Center	190	—	187	—	3
Southeast:					
Atlanta	45,697	39,520	97	70	6,010
Birmingham	32,553	28,602	1,541	165	2,245
Columbia	14,041	12,537	732	109	692
Greensboro	9,212	8,306	469	81	355
Jackson	21,304	19,395	1,042	53	814
Jacksonville	8,749	7,838	49	304	557
Nashville	45,818	44,728	1,816	565	2,609
Southeast Region Centralized Training	18,087	16,290	805	91	901
Atlanta Service Center	289	—	287	—	2
Memphis Service Center	49,805	42,952	125	214	6,513
Central:					
Cincinnati	44,683	38,565	122	313	5,663
Cleveland	23,375	21,056	819	83	1,420
Detroit	30,303	27,571	1,065	311	1,356
Indianapolis	41,842	37,995	1,583	204	2,960
Louisville	20,886	18,442	844	106	1,495
Parkersburg	13,878	12,280	794	143	659
Central Region Centralized Training	7,612	6,749	444	73	346
Cincinnati Service Center	930	—	329	—	1
	45,805	38,701	164	1,018	5,922

Table 24.—Continued
(In thousands of dollars)

Internal revenue office, district or region	Total	Personnel Compensation	Travel	Equipment	Other
	(1)	(2)	(3)	(4)	(5)
Midwest:					
Aberdeen	3,788	3,314	296	5	183
Chicago	59,096	54,494	1,540	82	1,981
Des Moines	12,803	11,598	552	36	616
Fargo	3,585	3,125	251	5	205
Milwaukee	18,099	16,710	605	14	771
Omaha	8,520	7,677	432	19	392
St. Louis	28,501	26,025	1,170	71	1,234
St. Paul	22,897	20,784	880	9	813
Springfield	14,083	12,728	655	5	695
Midwest Region Centralized Training	257	—	254	—	3
Kansas City Service Center	15,020	44,917	150	410	5,543
Southwest:					
Albuquerque	5,782	5,250	301	26	296
Austin	44,194	39,889	1,887	639	1,770
Cheyenne	3,169	2,665	313	44	147
Dallas	44,581	39,851	1,733	216	2,681
Denver	17,513	15,501	823	112	977
Little Rock	8,695	8,569	560	40	525
New Orleans	18,057	16,138	794	113	1,013
Oklahoma City	18,182	14,576	723	94	788
Wichita	12,208	11,001	581	62	562
Southwest Region Centralized Training	473	—	423	—	50
Austin Service Center	58,667	50,652	246	463	7,536
Western:					
Anchorage	5,966	5,075	362	51	478
Boise	5,467	4,784	287	42	343
Helena	4,272	3,772	279	33	188
Honolulu	6,656	6,167	205	95	249
Los Angeles	88,098	78,230	2,797	1,015	4,056
Phoenix	12,984	11,768	499	119	598
Portland	13,957	12,318	563	138	937
Reno	8,513	7,705	318	63	426
Salt Lake City	5,575	6,010	252	49	264
San Francisco	58,614	53,129	1,857	817	3,010
Seattle	21,954	19,602	304	173	1,074
Western Region Centralized Training	340	—	298	—	41
Ogden Service Center	54,412	47,715	171	291	6,234
Fresno Service Center	64,457	56,363	162	653	7,579

Note: Reimbursements are included in the above figures.

Table 25.—Personnel summary

Location and type	Average positions realized		Number employees at close of year	
	1980	1981	1980	1981
Service total	88,010	86,460	86,470	85,872
Permanent	72,513	69,716	70,980	70,069
Temporary	15,497	17,142	15,490	15,803
National Office*	5,126	5,124	4,874	4,930
Regional offices†	82,884	81,738	81,496	80,742
Data processing operations	27,102	26,521	25,250	23,512
Collection	9,832	11,388	11,192	12,301
Revenue offices	5,542	5,312	5,469	5,342
Other	4,390	6,076	5,723	6,959
Taxpayer service	4,974	4,710	5,181	5,169
Taxpayer service specialists	671	645	665	653
Taxpayer service representatives	1,070	932	1,051	925
Other	3,233	3,133	3,445	3,581
Examination	23,380	22,716	23,165	23,343
Revenue agents	13,732	13,184	13,561	13,492
Tax auditors	4,592	4,032	4,459	4,580
Other	5,036	5,500	5,125	5,271
Employees plans/exempt organizations	1,470	1,363	1,497	1,333
EP/EO technicals	1,235	1,136	1,186	1,097
Other	235	227	241	236
Appeals	1,709	1,698	1,730	1,880
Appeals officers	857	835	838	827
Auditors	128	132	132	132
Other	724	721	763	796
Tax fraud	3,686	3,775	3,819	3,782
Special agents	2,805	2,744	2,782	2,730
Other	1,061	1,031	1,031	1,052
Resources management	3,644	3,722	3,816	3,784
Centralized services	4,188	3,825	4,082	3,813
Regional counsel	1,149	1,177	1,162	1,190
Regional inspection	910	851	918	822

Note: Reimbursements are included in above figures.

*Includes terminal leave for average positions realized for entire Service.

†Includes office of international operations, National Computer Center and the Data Center.

Commissioners of Internal Revenue

Office of Commissioner of Internal Revenue
created by Act of Congress, July 1, 1962.

George S. Boutwell
Massachusetts
July 17, 1862 / Mar. 4, 1863

Joseph J. Lewis
Pennsylvania
Mar. 18, 1863 / June 30, 1865

William Orton
New York
July 1, 1865 / Oct. 31, 1865

Edward A. Rollins
New Hampshire
Nov. 1, 1865 / Mar. 10, 1869

Columbus Delano
Ohio
Mar. 11, 1869 / Oct. 31, 1870

Alfred Pleasonton
New York
Jan. 3, 1871 / Aug. 8, 1871

John W. Douglass
Pennsylvania
Aug. 9, 1871 / May 14, 1875

Daniel D. Pratt
Indiana
May 15, 1875 / July 31, 1876

Green B. Raun
Illinois
Aug. 2, 1876 / Apr. 30, 1880

Walter Evans
Kentucky
May 21, 1883 / Mar. 19, 1885

Joseph S. Miller
West Virginia
Mar. 20, 1885 / Mar. 20, 1889

John W. Mason
West Virginia
Mar. 21, 1889 / Apr. 18, 1893

Joseph S. Miller
West Virginia
Apr. 19, 1893 / Nov. 26, 1896

W. St. John Forman
Illinois
Nov. 27, 1896 / Dec. 31, 1897

Nathan B. Scott
West Virginia
Jan. 1, 1898 / Feb. 28, 1899

George W. Wilson
Ohio
Mar. 1, 1899 / Nov. 27, 1900

John W. Yerkes
Kentucky
Dec. 20, 1900 / Apr. 30, 1907

John G. Capers
South Carolina
June 5, 1907 / Aug. 31, 1909

Royal E. Cabell
Virginia
Sept. 1, 1909 / Apr. 27, 1913

William H. Osborn
North Carolina
Apr. 28, 1913 / Sept. 25, 1917

Daniel C. Roper
South Carolina
Sept. 26, 1917 / Mar. 31, 1920

William M. Williams
Alabama
Apr. 1, 1920 / Apr. 11, 1921

David H. Blair
North Carolina
May 27, 1921 / May 31, 1929

Robert H. Lucas
Kentucky
June 1, 1929 / Aug. 15, 1930

David Burnet
Ohio
Aug. 20, 1930 / May 15, 1933

Guy T. Helevering
Kansas
June 6, 1933 / Oct. 8, 1943

Robert E. Hannegan
Missouri
Oct. 9, 1943 / Jan. 22, 1944

Joseph D. Nunan, Jr.
New York
Mar. 1, 1944 / June 30, 1947

George J. Schoeneman
Rhode Island
July 1, 1947 / July 31, 1951

John B. Duniap
Texas
Aug. 1, 1951 / Nov. 18, 1952

T. Coleman Andrews
Virginia
Feb. 4, 1953 / Oct. 31, 1955

Russell C. Harrington
Rhode Island
Dec. 5, 1955 / Sept. 30, 1958

Dana Latham
California
Nov. 5, 1958 / Jan. 20, 1961

Mortimer M. Caplin
Virginia
Feb. 7, 1961 / July 10, 1964

Sheldon S. Cohen
Maryland
Jan. 25, 1965 / Jan. 20, 1969

Randolph W. Thrower
Georgia
Apr. 1, 1969 / June 22, 1971

Johnnie M. Walters
South Carolina
Aug. 6, 1971 / Apr. 30, 1973

Donald C. Alexander
Ohio
May 25, 1973 / Feb. 26, 1977

Jerome Kurtz
Pennsylvania
May 5, 1977 / Oct. 31, 1980

Roscoe L. Egger, Jr.
Indiana
March 14, 1981

The following were Acting Commissioners during periods of time when there was no Commissioner holding the office:

Joseph J. Lewis of Pennsylvania from Mar. 5 to Mar. 17, 1863

John W. Douglas of Pennsylvania from Nov. 1, 1870 to Jan. 2, 1871

Henry C. Rogers of Pennsylvania from May 1 to May 10, 1883, and from May 1 to June 4, 1907

John J. Knox of Minnesota from May 11 to May 20, 1883

Robert Williams, Jr. of Ohio from Nov. 28 to Dec. 19, 1900

Millard F. West of Kentucky from Apr. 12 to May 26, 1921

H. F. Mires of Washington from Aug. 16 to Aug. 19, 1930

Pressly R. Baldrige of Iowa from May 16 to June 5, 1933

Harold N. Graves of Illinois from Jan. 23 to Feb. 29, 1944

John S. Graham of North Carolina from Nov. 19, 1952 to Jan. 19, 1953

Justin F. Winkle of New York from Jan. 20 to Feb. 3, 1953

O. Gordon Delk of Virginia from Nov. 1 to Dec. 4, 1955, and from Oct. 1 to Nov. 4, 1958

Charles I. Fox of Utah from Jan. 21 to Feb. 6, 1961

Bertrand M. Harding of Texas from July 11, 1964 to Jan. 24, 1965

William H. Smith of Virginia from Jan. 21 to Mar. 31, 1969

Harold T. Swartz of Indiana from June 23 to Aug. 5, 1971

Raymond F. Harless of California from May 1 to May 25, 1973

William E. Williams of Illinois from Feb. 27 to May 4, 1977, and from Nov. 1, 1980 to March 13, 1981

**National
Office**

Commissioner
Roscoe L. Egger, Jr.

Deputy Commissioner
Joseph T. Davis (Acting)

Assistant to the Commissioner
Frederick T. Goldberg
Charles W. Wheeler
John E. Williams

**Assistant to the Commissioner
(Public Affairs)**
Leon H. Levine (Acting)

**Assistant to the Commissioner
(Equal Opportunity)**
Hardi L. Jones (Acting)

Taxpayer Ombudsman
Harold M. Browning

**Assistant to the Deputy
Commissioner**
Dominick J. Lantonio

**Taxpayer Service and
Returns Processing**

Assistant Commissioner
M. Eddie Heironimus

Deputy Assistant Commissioner
Stanley Goldberg

Division Directors:

Program Planning and Review
Suellen P. Hamby

Returns Processing & Accounting
Fredric F. Perdue

Taxpayer Service
Walter M. Alt

Disclosure Operations
Raymond L. Rizzo

Tax Administration Advisory Services
Douglas S. Ormerod

Resources Management

Assistant Commissioner

Joseph T. Davis

Deputy Assistant Commissioner
Alan A. Beck

Division Directors:

Facilities Management
Richard E. Simko

Fiscal Management
Joseph F. Kump

Personnel
Philip P. Russo (Acting)

Training and Development
Orion L. Birdsall

Security Standards and Evaluation
Arnold B. Gordon

National Office Resources Management
Herbert J. Huff

Compliance

Assistant Commissioner

Philip E. Coates

Deputy Assistant Commissioner
Glenn Cagle

Division Directors:

Appeals
Howard T. Martin

Examination
John L. Wedick, Jr.

Criminal Investigation
Thomas J. Clancy

Office of International Operations
Joseph G. McGowan

Collection
James R. Starkey

Data Services**Assistant Commissioner**

Donald J. Porter

Deputy Assistant Commissioner

Joseph E. Bishop

Division Directors:Data Center, Detroit, MI
James E. Daly, Jr.National Computer Center,
Martinsburg, WV

William E. Palmer

Tax Systems

Daniel N. Capozzoli

Systems Support

Richard Marsh

Planning and Control Staff

Donald E. Curtis

Systems Development Office

Dean E. Morrow

Management Systems

John Moundalexis

Employee Plans/Exempt Organizations**Assistant Commissioner**

S. Allen Winborne

Deputy Assistant Commissioner

Raymond A. Spillman

Division Directors:

Actuarial

Ira Cohen

Employee Plans

Billy M. Hargett

Exempt Organizations

Joseph A. Tedesco

Inspection**Assistant Commissioner**

Robert L. Rebein

Deputy Assistant Commissioner

E. Derle Rudd

Division Directors:

Internal Audit

Rudolph Arena

Internal Security

William E. Mulroy

Planning and Research**Assistant Commissioner**

Russell E. Dyke

Division Directors:

Internal Management Documents

Albert C. Shuckra

Legislative Analysis

Damon Holmes (Acting)

Research and Operations Analysis

Walter E. Bergman

Statistics

Frederick J. Scheuren

Technical**Assistant Commissioner**

Gerald G. Portney

Deputy Assistant Commissioner

John E. Burke

Technical Advisor to Assistant Commissioner

James S. Halpern

Division Directors:

Corporation Tax

John W. Holt

Individual Tax

Mario E. Lombardo

Tax Forms and Publications

Robert I. Brauer

Regional and District Officers**Central Region****Regional Commissioner**

Claude C. Rogers, Jr. (Acting)

Assistant Regional Commissioners:

Taxpayer Service & Returns

Processing

Patrick J. Ruttle

Resources Management

Billy J. Brown

Examination

Donald L. Stewart

Criminal Investigation

Larry Hyatt (Acting)

Collection

Charles F. Jones

District Directors:

Cincinnati, OH

James J. Ryan

Cleveland, OH

Everett Loury

Detroit, MI

Charles A. Parks

Indianapolis, IN

Paul D. Williams

Louisville, KY

John Jennings

Parkersburg, WV

Richard C. Herman

Director, Cincinnati Service Center

John O. Hummel

Regional Director of Appeals

Claude C. Rogers, Jr.

Regional Inspector

John E. McManus

Mid-Atlantic Region**Regional Commissioner**

William D. Waters

Assistant Regional Commissioners:

Taxpayer Service & Returns

Processing

Fred R. Endrikat

Resources Management

Richard A. Greenstein

Examination

Regina M. Deanehan

Criminal Investigation

Willard M. Cummings

Collection

Leroy C. Gay

District Directors:

Baltimore, MD

Teddy R. Kern

Newark, NJ

Cornelius J. Coleman

Philadelphia, PA

James T. Rideoutte

Pittsburgh, PA

Thomas L. Davis

Richmond, VA

Charles E. Roddy

Wilmington, DE

F. Clare Shy

Director, Philadelphia Service Center

Norman E. Morrill

Regional Director of Appeals

James J. Casimir

Regional Inspector

Benjamin J. Redmond

Midwest Region**Regional Commissioner**

Roger L. Plate

Assistant Regional Commissioners:

Taxpayer Service & Returns

Processing

John Ader

Resources Management

Jack E. Shank

Examination

David G. Blattner

Criminal Investigation

Charles O. Wey

Collection

Allen G. Woodhouse

District Directors:

Aberdeen, SD

Thomas J. Yates

Chicago, IL

Donald E. Berghern

Des Moines, IA

John Edwards

Fargo, ND

Gary O. Booth

Milwaukee, WI

Lawrence M. Phillips

Omaha, NB

Mitchell E. Premis, Jr.

Springfield, IL

Ira S. Loeb

St. Louis, MO

Robert A. LeBaube

St. Paul, MN

C. Dudley Switzer

Director, Kansas City Service Center
Roy D. Clark

Regional Director of Appeals
Donato Cantalupo

Regional Inspector
John T. Kelly

North Atlantic Region

Regional Commissioner
Charles H. Brennan

Assistant Regional Commissioners:

Taxpayer Service & Returns Processing

Raymond P. Keenan

Resources Management
William H. Ethe

Examination

Joseph Slipowitz

Criminal Investigation

Raymond C. Turner

Collection

Brian McMahon (Acting)

District Directors:

Albany, NY

John B. Langer

Augusta, ME

William E. Dosedlo

Boston, MA

Herbert B. Mosher

Brooklyn, NY

Thomas P. Coleman

Buffalo, NY

Marshall P. Cappelli

Burlington, VT

George Delegianis

Hartford, CT

James E. Quinn

Manhattan, NY

Pete J. Medina

Portsmouth, NH

Francis S. Miceli

Providence, RI

Malcolm A. Liebermann

Director, Andover Service Center

Joseph H. Cloonan

Director, Brookhaven Service Center

Thomas J. Laycock

Regional Director of Appeals

Gerard R. Esposito

Regional Inspector

Daniel Schiller

Southeast Region

Regional Commissioner

Harold A. McGuffin

Assistant Regional Commissioners:

Taxpayer Service & Returns Processing

Henry E. Leech, Jr.

Resources Management

Herma Hightower

Examination

William H. Simon

Criminal Investigation

Joseph P. Pagani (Acting)

Collection

Conrad L. Clapper

District Directors:

Atlanta, GA

Michael J. Murphy

Birmingham, AL

Philip J. Sullivan

Columbia, SC

Donald L. Breihan

Greensboro, NC

Frederick Nielsen

Jackson, MS

Merlin W. Heye

Jacksonville, FL

Charles O. DeWitt

Nashville, TN

Alvin H. Kolak

Director, Atlanta Service Center

William B. Hartlage

Director, Memphis Service Center

James D. Hallman

Regional Director of Appeals

Tully Miller

Regional Inspector

Dale W. Gardner

Southwest Region

Regional Commissioner

James I. Owens

Assistant Regional Commissioners:

Taxpayer Service & Returns Processing

Bobby G. Hughes

Resources Management

Raymond Astumian

Examination

Percy P. Woodward, Jr.

Criminal Investigation

Frederick L. Sleet

Collection

Larry G. Westfall

District Directors:

Albuquerque, NM

Francis L. Browitt

Austin, TX

William E. Palzkill (Acting)

Cheyenne, WY

Michael J. Kelly

Dallas, TX

Richard C. Voskuil

Denver, CO

Gerald L. Minlbachier

Houston, TX

Robert M. McKeever (Acting)

Little Rock, AR

William Barlow

New Orleans, LA

Jack P. Chivalero

Oklahoma City, OK

Howard C. Longley

Wichita, KS

Clarence King

Director, Austin Service Center

Carolyn K. Leonard

Regional Director of Appeals

Douglas M. Moore

Regional Inspector

Paul F. Kearns

Western Region

Regional Commissioner

Thomas A. Cardoza

Assistant Regional Commissioners:

Taxpayer Service & Returns Processing

G. William Grabo

Resources Management

Kenneth G. Rivett

Examination

Elmer Kietke

Criminal Investigation

Richard C. Wassenaar

Collection

Paul R. Dickey

District Directors:

Anchorage, AK

John L. Carlson

Boise, ID

Frank R. Berria

Helena, MT

Richard S. Wintrode

Honolulu, HI

John D. Johnson

Los Angeles, CA

William H. Connert

Phoenix, AZ

Prescott A. Berry

Portland, OR

T. Blair Evans

Reno, NV

Gerald F. Swanson

Salt Lake City, UT

Carol M. Fay

San Francisco, CA

Michael D. Sassi

Seattle, WA

Arturo A. Jacobs

Director, Fresno Service Center

Theron C. Polivka

Director, Ogden Service Center

Dominic E. Pecorella

Regional Director of Appeals

Ralph F. Albrecht

Regional Inspector

Peter J. Rumore (Acting)

IRS

I am pleased to present the annual report of the Office of Chief Counsel for the Internal Revenue Service for the fiscal year ended September 30, 1981. While I have only recently assumed my duties, I am impressed with the great dedication and skill with which Chief Counsel people execute their duties. Such skill and dedication have never been more needed for there is much to be done.

In the 1981 fiscal year, the workload of the Office has increased 24 percent over the 1980 fiscal year, and a 35 percent increase over 1980 is expected in 1982. With the constraints on Government spending, we may not be able to increase our attorney staffing significantly; therefore, our only alternative is to make better use of the resources we have.

With the number of pending Tax Court cases skyrocketing during the 1981 fiscal year, from 34,776 to 46,167 (a jump of 33 percent), we have to develop procedures for more efficient handling of cases. As examples, more extensive use and development of the following and similar techniques can aid in increasing our efficiency:

- Use of specialized techniques to process *pro se* cases more efficiently, such as use of paralegals to perform nontrial functions and free attorney time for other purposes;
- Use of senior litigators to handle cases deserving special attention to create substantial precedents and thereby aid in the disposition of similar cases; and
- Use of the equity powers of the district court under section 7402(a) to enjoin promoters from marketing misleading tax shelter schemes in order to reduce the number of taxpayers subjected to controversies with the Service through participation in meritless promotions.

We intend to continue a vigorous program of litigation to combat abusive tax shelters. Congress has recently provided us with two significant penalties to strike at the two pillars of abusive shelters—delay and overvaluation. These penalties are the overvaluation penalty, which can range up to 30 percent of taxes not paid as a result of the overvaluation, and the time-sensitive negligence penalty.

With a backlog of over 300 pending regulations projects and an anticipated 90 additional regulations projects opening as a result of the Economic Recovery Tax Act of 1981, we must also refine our production procedures to speed up the flow of regulations but still maintain quality. The review process must be streamlined and unnecessary paperwork in the process must be reduced.

Finally, I am committed to the continued excellent performance of our Office in the hiring of qualified women and minorities and promotion of all individuals based on merit.

If we are to deal effectively with the multitude of problems confronting the IRS in its administration and enforcement of the internal revenue laws and provide the quality and quantity of legal services needed, we must work hard to resolve problems creatively. Although our workload is heavy and demands on our time substantial, we must constantly strive to provide efficient, effective, and readily available legal assistance to our client, the Internal Revenue Service. As a result of having had the opportunity to work with many of you already, I am confident we can imaginatively meet the challenge. I look forward to working with you in the coming year.



KENNETH W. GIDEON
Chief Counsel for the
Internal Revenue Service

Organization

The Chief Counsel, an Assistant General Counsel of the Treasury Department, is the chief legal officer for the Internal Revenue Service and is a member of the Commissioner's executive staff. As such, the Chief Counsel advises the Commissioner on matters pertaining to the administration and enforcement of the internal revenue laws and related statutes, as well as on nontax legal questions.

The Chief Counsel is assisted by a Deputy Chief Counsel (General), a Deputy Chief Counsel (Litigation), a Deputy Chief Counsel (Technical), nine Division Directors, and seven Regional Counsel.

The Office of Chief Counsel employs over 900 attorneys, making it one of the largest law firms in the country. These attorneys are located in the National Office, the seven Regional Counsel offices, and 45 District Counsel offices.

Approximately 50 percent of attorney time is spent handling litigation in the United States Tax Court. The attorneys also advise the Service and assist the Department of Justice on refund suits, criminal tax cases, suits seeking the disclosure of files and documents of the IRS, collection suits, and nontax litigation involving the Service in Federal and State courts.

In the National Office, most attorney time is spent preparing, reviewing, and assisting in the development of substantive and procedural guidance through the issuance of regulations, revenue rulings, and technical advice memoranda.

Introduction

The Administrative Services Division is located in the National Office and coordinates operations for field as well as National Office activities. Criminal tax and general legal services work is handled in the field and National Office.

Administrative Services

The Administrative Services Division is responsible for the general supervision of matters relating to personnel, budget, training, administration, and management of the Office of Chief Counsel. The division accomplished some particularly noteworthy goals during the 1981 fiscal year.

- Chief Counsel received authorization to procure an on-line interactive computer system for case tracking and for the collection and analysis of management information, with present plans calling for the system to be phased-in during the 1982, 1983, and 1984 fiscal years.
- Of the 63,859 legal cases received in the Office, 33,700 were jacketed and docketed in the National Office, with 29,447 of them Tax Court petitions.
- Fourteen percent of the new attorneys hired were minorities and 48 percent were women, exceeding the Equal Opportunity Program hiring goals for Chief Counsel.
- As a result of the continuing reclassification of the 100,000 volume collection in the Library and the generation of a database of IRS holdings, the Library now participates in the Federal library community's bibliographic database, thereby greatly expanding the reference and interlibrary loan services available.

Criminal Tax

The Criminal Tax Division handles all criminal tax legal matters for the IRS, including the furnishing of legal advice during investigative stages, reviewing cases to determine if prosecution is warranted, and coordinating civil tax matters with the Department of Justice during criminal tax prosecutions.

During the 1981 fiscal year, the Criminal Tax Division provided legal assistance in a number of cases which resulted in convictions, indictments, or guilty pleas.

- Four leaders of a tax revolt which resulted in over 3,500 industrial workers filing false withholding certificates were convicted for failure to file and filing false withholding exemption certificates.

- A nationally known protest advocate who was involved in the sale and promotion of mail order ministries was indicted for allegedly willfully aiding and assisting in the preparation and presentation of false returns and the attempted evasion of taxes by providing the purchasers of his church packages with church charters, divinity degrees, minister's credentials, and vows of poverty.

- Several promoters of coal tax shelters pled guilty to charges of conspiring to defraud the Government out of millions of dollars in taxes by employing false engineering reports to support deductions and losses claimed by shelter investors.

- The promoter of a family trust plan who advised investors to report their income as though earned by the trust and to deduct all personal expenses on the trust returns pled guilty to charges of conspiring to impede the IRS in the ascertainment and collection of taxes.

- Two shelter promoters were convicted of conspiring to defraud the United States by preparing fictitious and backdated documents in support of claimed depreciation deductions and investment credits.

- A former cabinet member pled guilty to charges of willfully attempting to evade taxes by failing to report income received from speaking engagements.

Receipt and Disposal of Criminal Tax Matters

Prosecution Cases Received From Criminal Investigation	
Total Opened	1,978
Total Closed	2,813
Counsel Declined	173
Department of Justice Declined	398
U.S. Attorney Declined	380
Prosecutions Completed	1,862
Opinions	
Pending Beginning	47
Total Requested	119
Total Rendered	105
Pending End	61

General Legal Services

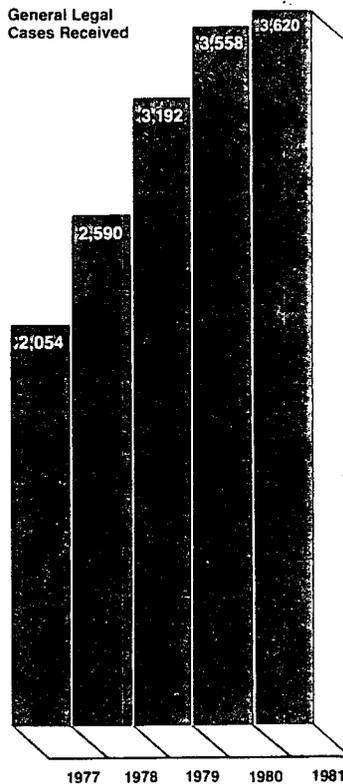
To improve the quality of legal services provided by the IRS, the Criminal Tax Division increased the degree of attorney specialization in criminal tax matters and developed procedures for earlier involvement of the division in the investigation of criminal tax cases so that legal impediments to potential prosecution can be identified at the earliest possible stage, and took steps to speed up the review of prosecution referrals, which resulted in the reduction of overage cases from 292 at September 30, 1980, to 64 at September 30, 1981.

The Criminal Tax Division during the next year will continue to work on the problems of increasing its efficiency in processing criminal tax cases, obtaining access to grand jury material for civil purposes, and determining how to respond to the illegal tax protester movement and abusive tax shelter promotions.

The General Legal Services Division handles nontax legal matters. Litigation in personnel areas and time spent defending damage suits brought against employees individually increased substantially. The division represented the IRS in labor cases, counseled management teams negotiating national labor agreements, assisted IRS employees and officials sued for damages in actions taken in the performance of official duties, represented IRS officials in investigations conducted by the Office of Special Counsel of the Merit Systems Protection Board, represented the IRS in disciplinary actions brought against tax practitioners, and reviewed the financial disclosure statements of IRS and Chief Counsel officials filed under the Ethics in Government Act of 1978.

The General Legal Services Division also advises the IRS in matters involving Government contracts, forfeitures, and other matters not directly involving Federal taxes. The division, for instance, represented the IRS in contract disputes and in bid protests and issued binding interpretations of the employee rules of conduct. The Director of the General Legal Services Division is the Designated Agency Official for the IRS and Chief Counsel under the Ethics in Government Act of 1978. For the 1981 fiscal year, the division tried 31 cases involving 496 hours of trial time.

General Legal Cases Received



Introduction

Both the National Office and the field offices are actively involved in litigation. Disclosure litigation activities are centralized in the National Office. General litigation and tax litigation work are handled in the field offices subject to the overall direction of the National Office.

Disclosure Litigation

Providing legal advice to the IRS on issues arising under the Freedom of Information Act (FOIA), the Privacy Act of 1974, and the disclosure sections of the Internal Revenue Code accounts for a substantial portion of the work performed by the Disclosure Litigation Division. As part of its advisory function, the division assists the Department of Justice in litigation arising under these acts by establishing the factual record, preparing legal defenses, and recommending settlement of suits or appeal of adverse decisions.

A number of significant issues were argued or decided during the 1981 fiscal year.

- The Circuit Court of Appeals for the District of Columbia ruled, in *Taxation with Representation Fund v. IRS*, that General Counsel Memoranda, Actions on Decision, and Technical Memoranda were not exempt from disclosure under subsection (b)(5) of FOIA.
- In *Ferris v. IRS*, the District Court of the District of Columbia is considering whether the National Treasury Employees Union can gain access to the Performance Expectations of Senior

Executive Service Employees, which the IRS argues are protected by FOIA subsections (b)(2) and (b)(6) which exclude from disclosure information relating to internal personnel practices and which would result in an invasion of a person's privacy.

- In *Williamette Industries, Inc. v. U.S.*, the U.S. District Court in Oregon ordered disclosure of volumes of return information pertaining to the timber industry, with the names of taxpayers and the volume of timber sales deleted, a misconstruction of the statutory provisions protecting return information which could have an adverse impact on the IRS.

- In *Long v. Bureau of Economic Analysis*, the IRS obtained stays of orders entered by the Ninth Circuit in a FOIA case seeking source data from the Taxpayer Compliance Measurement Program; Congress, meanwhile, amended 26 U.S.C. § 6103(b)(2) to prevent the release of this data because it forms the basis for the selection standards for the audit of tax returns.

In addition, the Disclosure Litigation Division prepared advisory opinions in response to requests from the IRS and other governmental functions on the availability and uses which could be made of tax information. For instance, the division provided advice to Congressional committees as to the availability of tax information on nominees for Federal district court judges and Presidential appointees. The division also han-

Receipt and Disposal of Disclosure Litigation Cases

Types of Cases	Pending 10/1/80	Received	Disposed	Pending 9/30/81
Disclosure Opinions	106	237	278	65
Disclosure Litigations	11	13	16	8
Disclosure Coordinations	1	13	13	1
Discovery Opinions	1	11	10	2
FOIA Opinions	7	43	47	3
FOIA Appeals	303	532	508	327
FOIA and Miscellaneous Litigation	110	70	71	109
FOIA Requests	27	280	235	72
Privacy Act Opinions	9	28	28	9
Privacy Act Litigation	14	14	11	17
Privacy Act Requests	2	6	8	-
Privacy Act Appeals	-	-	-	-
Division Totals	591	1,247	1,225	613

General Litigation

dled requests made to National Office employees for testimony and production of IRS records in connection with proceedings before courts, administrative agencies, and other authorities.

The General Litigation Division advises the IRS in matters relating to collection and assessment procedures and assists the Department of Justice in suits to collect taxes, suits to recover erroneous refunds, bankruptcy proceedings and other insolvencies, civil enforcement of summonses, and injunctive and declaratory judgment actions.

During the 1981 fiscal year the General Litigation Division has handled several issues of special importance to the IRS.

- While a Federal district court has held that Utah cannot escheat undelivered tax refunds owed residents of the state, similar cases in other states are still pending, and if the issue were resolved in favor of the states, unknown sums of money for tax years all the way back to 1916 might have to be refunded.
- In *Stonecipher v. Bray*, the Ninth Circuit refused to grant an injunction to an employee who sought to prohibit his employer from following IRS instructions regarding the proper number of exemptions he should take and upheld regulations requiring the employer to refer certain questionable W-4's to the IRS and granting authority to the IRS to declare those withholding certificates not in compliance with the internal revenue laws invalid.
- The IRS is testing in litigation the right of bankruptcy trustees to recover property seized by the IRS prior to bankruptcy but not sold, and the IRS is dealing with problems arising from the automatic stay which prevents creditors of taxpayers from bringing or continuing suits against the taxpayer, such as the problem of whether the stay prevents the assessment of undisputed liabilities and whether cases brought in the Tax Court before the bankruptcy must be frozen because the IRS cannot answer.
- Two appellate courts upheld the use of IRS summonses to gather information for an audit under the Taxpayer Compliance Measurement Program.

Receipt and Disposal of General Litigation Cases

Status	Court	Non-Court	Total
Pending Oct. 1, 1980	12,509	1,766	14,275
Received during year	18,155	5,858	24,013
Disposed of	16,398	5,942	22,340
Pending Sept. 30, 1981	14,266	1,682	15,948

One of the steps the General Litigation Division has taken to increase its efficiency in, and the quality of, case handling is a movement toward greater specialization among attorneys in the regional offices.

General Litigation Cases Received

Types of Cases—Regions:	1980	1981
Bankruptcy Act Proceedings	3,211	3,850
Miscellaneous Insolvencies	80	96
Decedents' Estates	339	314
Suits to Collect Taxes	754	727
28 U.S.C. § 2410:		
Interpleaders	352	242
Others	691	311
Injunctions	150	203
Disclosure and Testimony	505	501
Summons Cases	7,757	10,329
Erroneous Refund Suits	19	27
Miscellaneous Court Cases	1,857	1,760
Advisory Opinions	5,120	4,976
Tax Return Preparers:		
Advisory Opinions	13	42
Court Cases	12	25
Total All Regions	20,860	23,403
National Office:	1980	1981
Appeals	335	256
Advisory	360	339
Other Centralized Cases*	14	15
Total National Office	709	610
Total All Regions & National Office	21,569	24,013

* Includes actions for injunctions and/or declaratory relief.

Tax Litigation

The Tax Litigation Division determines and coordinates the legal position of the IRS in order to assure consistency in all cases litigated in the United States Tax Court and all cases for refund of taxes and certain suits for declaratory judgment instituted by taxpayers in the United States district courts and the Court of Claims. If the IRS loses a case, the division determines, and advises the IRS with respect to Tax Court cases, whether to acquiesce or nonacquiesce in the decision and, with respect to other adversely decided cases, advises the Department of Justice whether or not to appeal.

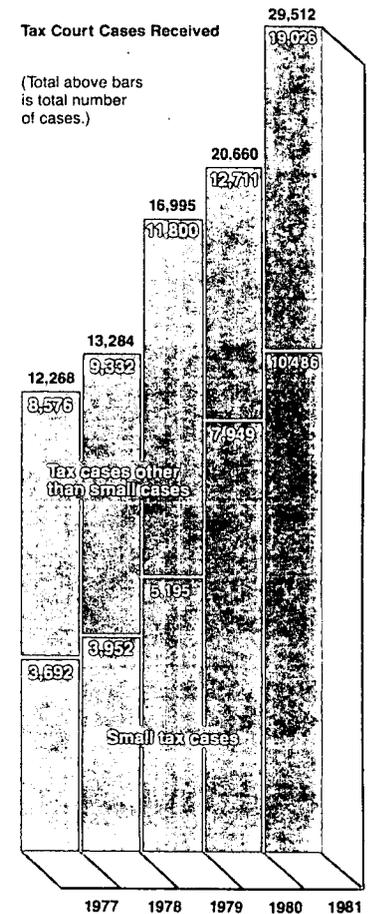
During the 1981 fiscal year, a number of significant cases were decided.

- In *Rowan Companies, Inc. v. United States*, the Supreme Court ruled against the IRS, holding that Congress intended the definition of "wages" to be interpreted in the same manner for FICA and FUTA withholding as for income tax withholding, and, therefore, when meals and lodging provided by the employer are excluded from income tax withholding, they are also excluded from FICA and FUTA withholding.
- In *United States v. Darusmont*, the Supreme Court held that the application of an income tax statute to the entire calendar year in which the statute was enacted did not per se violate the Due Process Clause of the Fifth Amendment.
- The Supreme Court ruled for the IRS in *HCSC-Laundry v. United States*, holding that hospital-shared service organizations cannot qualify for exempt status under subsection 501(c)(3), but must qualify, if at all, under subsection 501(e) which governs cooperative hospital service organizations.
- The Supreme Court ruled for the Government in *Commissioner v. Portland Cement Co. of Utah*, holding that for purposes of computing gross income from mining by the proportionate profits method which, in turn, governs a taxpayer's depletion deduction, the first marketable product is finished cement, whether sold in bulk or bags, and that the costs of bags, bagging, storing, shipping, and selling should be included in the proportionate profits computation as non-mining costs.
- The Supreme Court ruled against the Government in *United States v. Swank*, holding that a provision in a coal mining lease permitting termination by either party on 30-days notice did not preclude the lessees from having an "economic interest" in the coal in place which would entitle them to a depletion allowance under sections 611 and 613.
- In *Diedrich v. Commissioner*, the Eighth Circuit ruled for the IRS, holding in direct conflict of

previous net-gift holdings in the Fourth, Fifth, and Sixth Circuits, that a donor realized income on the gift of property to his children, who agreed to pay the donor's gift tax liability, to the extent of the excess of the donor's tax liability over his adjusted basis in the property transferred, an issue involving approximately 20 pending cases and between 4 and 5 million dollars.

Tax Court Cases Received

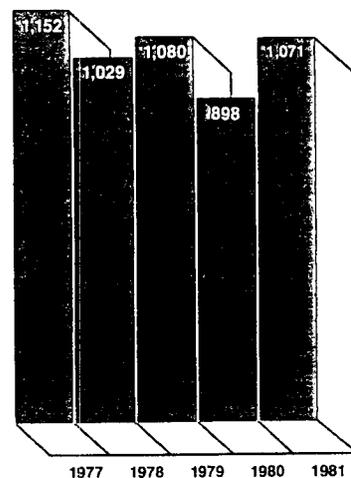
(Total above bars is total number of cases.)



In the coming year, the Tax Litigation Division expects to be involved in a number of important areas.

- If the Tax Court decides in the *Smith-Jacobson* case, the first litigation involving commodity straddles, to disallow certain losses arising from butterfly straddles, this should create settlement pressure on other pending cases.
- If the Fifth Circuit, after a rehearing, does not reverse *Tufts*, which held that the amount realized is the fair market value rather than the amount of the liability where a nonrecourse note encumbering real property is in excess of the fair market value of the property when the property is disposed of, a petition for certiorari may have to be filed because the holding is in direct conflict with the Third Circuit case of *Miller v. Commissioner* and inconsistent with recently promulgated Treasury Regulation § 1.1001-2(b).

Refund Litigation Cases Received



- The division will participate in the appeal to the Second Circuit of the *Union Carbide* case where the Tax Court held that collateral estoppel can apply to questions of law as well as fact, an adverse holding of major concern because the IRS is the defendant in all refund tax suits and this broadens the doctrine of offensive use of collateral estoppel which permits persons suing to collaterally estop the defendant from defend-

ing if the defendant has already lost the issue in another suit.

- The division will participate in the appeal of the *Klemp* case where the Tax Court, following the Tenth Circuit, held that the IRS had only three years after amended returns were filed to issue notices of deficiency rather than six years after the original returns which were fraudulent were filed.
- The division expects to be involved in the administrative problems arising from the adverse Supreme Court decision in *Rowan*, with more than 26,000 protective claims suits pending in the Service Centers.
- The division expects to be increasingly involved in abusive tax shelter litigation as increasing numbers of docketed cases come to trial.

Tax in Litigation—Tax Court Cases (In thousands of dollars)

Status	All Tax Court Cases ²					Small Tax Cases				
	Taxes and Penalties		Overpayments			Taxes and Penalties		Overpayments		
	Number of Cases ¹	In Dispute	Determined	Claimed	Determined	Number of Cases	In Dispute	Determined	Claimed	Determined
Pending 10/01/80	34,103	\$5,010,320			\$286,780	7,030	\$10,081			\$35
Received	29,512	1,903,273			11,317	10,486	15,648			140
Disposed ³	18,166	703,351	\$237,486	17,408	\$8,680	7,928	10,568	\$5,215	106	\$63
Recovery Rate ⁴			33.8%		49.9%			49.3%		59.4%
Pending 09/30/81	45,449	6,210,242			280,689	9,588	15,161			69

¹ Does not include an inventory of nondeliency cases consisting of 85 cases pending 10/1/80, 42 receipts, 44 disposals, and 83 cases pending 09/30/81.

² Includes both small tax cases and other.

³ Disposals include cases tried, settled, and dismissed. Some of the determined amounts are for cases which were subsequently appealed.

⁴ Amount determined expressed as percentage of amount asserted or claimed. These amounts do not include proposed assessments which are agreed to by the taxpayer at District or Appeals conferences. In the case of a claimed overpayment the recovery rates shown above represent the portion of the amount in dispute which was refunded to the taxpayer.

Tax in Litigation—Refund Suits¹ (In thousands of dollars)

Status	District Courts			Court of Claims			Total		
	Number of Cases	Amount In Dispute ²	Amount In Suit ⁴	Number of Cases	Amount In Dispute ²	Amount In Suit ⁴	Number of Cases	Amount In Dispute ²	Amount In Suit ⁴
	Pending 10/01/80	2,580	\$478,021		749	\$700,760		3,329	\$1,178,781
Received	848	139,780		223	47,957		1,071	187,737	
Disposed ²	751	71,796		135	99,284		886	171,080	
Amount in Suit ⁴			\$63,682			\$97,251			\$160,933
Amount Not Refunded ³			41,703			55,385			97,088
% Not Refunded			65.5%			57.0%			60.3%
Pending 09/30/81	2,677	546,005		837	649,433		3,514	1,195,438	

¹ Cases in courts of appeals and the Supreme Court are included under the columns representing the court of origin.

² Disposals include cases tried, settled, and dismissed.

³ Amount in dispute includes claims for refund of

taxes, penalties and interest, and counterclaim amounts.

⁴ Amount of taxes, penalties, and assessed interest sought as a refund.

⁵ That portion of the amount sought as a refund, which was not refunded to the taxpayer.

Trial Court Case Record(Opinions Rendered-Refund Litigation and Tax Court Cases)¹

Action	Tax Court ⁶									
	Court of Claims		District Courts		Small Tax Cases		Other		Total	
	1980	1981 ²	1980	1981 ³	1980	1981 ⁴	1980	1981 ⁵	1980	1981
Decided in favor of Government	-Number 23	22	150	145	310	531	330	417	640	948
	-Percent 46.0%	61.1%	65.8%	57.3%	53.4%	53.3%	51.0%	50.8%	52.2%	52.1%
Decided in favor of Taxpayer	-Number 24	13	51	84	55	128	71	91	126	219
	-Percent 48.0%	36.1%	22.4%	33.2%	9.5%	12.8%	11.0%	11.1%	10.3%	12.1%
Decided partially for the Taxpayer and partially for the Government	-Number 3	1	27	24	215	338	246	313	461	651
	-Percent 6.0%	2.8%	11.8%	9.5%	37.1%	33.9%	38.0%	38.1%	37.6%	35.8%
Total Opinions	50	36	228	253	580	997	647	821	1,227	1,818

¹ Related cases are reflected as one opinion.² 36 opinions in Court of Claims involving 37 cases.³ 253 opinions in district courts involving 291 cases.⁴ 997 Tax Court opinions involving 1,055 small tax cases.⁵ 821 Tax Court opinions involving 1,117 cases other than small Tax Court cases.⁶ On cases for which decisions were entered during the fiscal year.**Appellate Court Case Record**

(Decisions-Refund Litigation and Tax Court Cases)

Court	Total	For the Government		Against the Government		Partly for and Partly Against the Government	
		No.	%	No.	%	No.	%
		Courts of Appeals	269	212	78.8	47	17.5
Originally tried in Tax Court	205 ¹	171	83.4	27	13.2	7	3.4
District Courts	60 ²	39	65.0	18	30.0	3	5.0
Supreme Court	4	2	50.0	2	50.0	-	-

¹ Of the cases originally tried in Tax Court, the courts of appeals rendered 205 opinions in 271 dockets, including 227 dockets for the Government, 36 dockets against the Government, and 8 dockets partially for the Government.² Of the cases originally tried in district courts, the courts of appeals rendered 60 opinions in 64 cases, including 42 cases for the Government, 18 against the Government, and 4 partially for the Government.**Introduction**

The three technical divisions of the Office of Chief Counsel are located in the National Office. These divisions are responsible for the Office's legal interpretation of the present tax laws and for policy determinations which may shape future tax laws.

Employee Plans and Exempt Organizations

The Employee Plans and Exempt Organizations Division spent a substantial amount of its time during the 1981 fiscal year developing regulations on issues relating to employee plans and exempt organizations.

- Final regulations on qualification requirements for defined benefit "Keogh" plans covering self-employed individuals and "subchapter S" corporations applied the benefit limitations to variable annuities and insured plans.
- Final regulations on pension plan funding methods acceptable under ERISA addressed such technical questions as the situations in which benefit changes can be anticipated for funding purposes and limited certain variations of the unit credit funding method.
- Final regulations on anti-discrimination requirements for self-insured medical reimbursement plans dealt with the definition of a self-insured plan, the impact of health maintenance organizations on eligibility requirements, and the scope of the statutory exception for medical diagnostic procedures.

In addition, the Employee Plans and Exempt Organizations Division assisted in the preparation and review of letter rulings to taxpayers, technical advice to IRS personnel, revenue rulings and revenue procedures, and certain tax forms, instructions, and publications issued by the IRS on matters relating to exempt plans and exempt organizations. The division provided legal assistance in determining litigating positions and in coordinating these positions with the ruling positions of the IRS on employee plans and exempt organizations. The division also assisted Treasury in the development of internal revenue legislation on employee plans and exempt organizations.

The Employee Plans and Exempt Organizations Division expects to work on a number of significant regulations during the coming year.

- Proposed regulations on the new statutory requirement that employees of an affiliated service group be treated as employed by a single employer for purposes of the employee benefit plan qualification requirements may focus on such issues as the definition of "service organization" and the effect of the new requirements on employers with existing plans.

- Proposed regulations amending existing regulations limiting benefits that a retirement plan may provide to the 25 most highly compensated employees in the event of early termination of the plan may adjust for inflation the benefit limitations which have not been changed since the 1940's.

- Proposed rules on deductions for certain foreign deferred compensation plans may address such issues as the extent to which future salaries may be projected in determining employer contribution obligations and whether the new statutory provisions were intended to apply to funded plans of subsidiaries which do not satisfy the normal conditions for deduction under prior law.

Employee Plans and Exempt Organizations Division Cases Received

Type of Case	
Revenue Rulings	28
Letter Rulings	36
Technical Advice	19
Other Advice	31
Legislation	3
Regulations	24
Miscellaneous	20
Total	161

Interpretative

During the 1981 fiscal year, a substantial portion of the work of the Interpretative Division involved the providing of legal advice to the IRS in regard to substantive and procedural tax law, other than cases involving employee plans, exempt organizations, and certain general litigation and tax return-preparer matters. A large number of revenue rulings, revenue procedures, private letter rulings, and technical advice projects were considered during the year, especially in connection with the Service's efforts to deal with tax abuse devices and questionable tax shelter schemes.

- One project was Rev. Rul. 80-274, involving the proper tax treatment of deferred variable annuity contracts and so-called wrap-around annuities, which held that interest earned on accounts in a federal savings and loan association which the insurer acquired with single premium payments was included in the gross income of the depositors in the association who purchased retirement annuity contracts from the life insurance company.

- Another project was Rev. Rul. 81-160, revising Rev. Rul. 56-136, which held that loan commitment fees incurred under a bond sale agreement, which made funds for construction available in stated amounts over a specified period, had to be capitalized and amortized over the term of the loan.

- With respect to *Rowan Companies, Inc. v. United States*, which held that meals and lodging furnished to employees for the convenience of

the employer are not wages for FICA and FUTA purposes, the division not only contributed to the development of the IRS position but dealt with many of the technical and administrative ramifications of the final decision.

- The division considered whether the IRS should follow the decision of the Third Circuit in *Connelly v. United States*, where the court held that the decedent's right under an employer-funded noncontributory group life insurance policy to select optional settlement modes in conjunction with the employer and insurer was not an incident of ownership within the meaning of section 2042 of the Code, and announced in Rev. Rul. 81-128 that the Service will not follow the *Connelly* decision except in cases arising in the Third Circuit.

The Interpretative Division also participated in the drafting of proposed legislative amendments affecting the continuity of interest requirements in corporate reorganizations, assisted in the IRS's program to deal with tax protestors, and provided legal assistance on numerous returns-processing and tax-compliance problems involving, among other issues, the Federal excise tax on insurance policies issued by foreign insurers and enforcement of the record-keeping requirements of the Internal Revenue Code. The division continues to provide legal assistance to the IRS and other divisions in Chief Counsel in establishing litigating positions and ensuring that Counsel's litigating posture is consistent with the ruling position of the IRS.

Legislation and Regulations

The development of regulations comprises the bulk of the work performed by the Legislation and Regulations Division. During the 1981 fiscal year, final and proposed regulations were published which addressed a number of complex issues facing the IRS.

- Regulations on burned-out shelters clarified the tax consequences of disposing of tax shelter property while debt on the property is still outstanding.

- Regulations required employers to submit to the IRS withholding exemption certificates which claim either complete exemption from withholding or ten or more withholding allowances and to follow IRS instructions with respect to withholding on the employees filing these certificates.

- Regulations defined "grassroots lobbying" as communications which express a view on a legislative matter, regardless of whether a specific legislative proposal is identified, and which are distributed in a manner designed to reach and influence the general public.

- Regulations identified factors which distinguish debt interests from equity interests in a corporation, such as the existence of a "definitely ascertainable" interest rate on amounts deposited with the corporation and the disproportionality of debt and equity holdings in the corporation.

- Regulations accommodated withholding and other administrative rules under the Crude Oil Windfall Profit Tax Act better to industry practices and explained such complex rules in the act as the "net income limitation."

- Regulations established more realistic imputed interest rates when the rate stated by parties falls outside a specified range.

- Regulations interpreted the newly enacted installment sales scheme and resolved many questions not addressed in former regulations on installment sales.

- Regulations relating to the foreign tax credit tackled the problem of distinguishing taxes, which should be creditable, from other payments, such as royalties, which are merely deductible.

Other major regulations projects during the past year focused on the energy investment credit, mortgage subsidy bonds, and generation-skipping taxes.

In addition to developing regulations, the Legislation and Regulations Division regularly reviews proposed revenue rulings and drafts of forms and publications to assess whether they are consistent with legislation and final, proposed, and pending regulations. In reviewing forms and publications it is often necessary to make a practical accommodation between the taxpayer's need for a clear and brief statement and the IRS's concern that the statement be technically precise.

Other activities of the division during the year included participation in the development and drafting of proposals which eventually became the Economic Recovery Tax Act of 1981 and participation in negotiating and drafting tax treaties with foreign governments.

Developing regulations under the Economic Recovery Tax Act of 1981 will dominate the work of the Legislation and Regulations Division in the coming year. Some of the portions of the act which will require detailed attention are the provisions which set forth the accelerated cost-recovery system, the tax consequences for offsetting positions and regulated futures contracts, and the credit for research and experimentation expenditures. The division will also continue to work on major on-going projects, such as the proposal for consolidated administrative and judicial proceedings for partnerships.

Interpretative Division Cases Received

Type of Case	1977	1978	1979	1980	1981
Revenue Rulings	399	385	302	255	230
Letter Rulings	122	98	32	77	35
Technical Advice	80	60	37	59	55
Other Advice	189	175	141	190	168
Total	790	718	512	581	488

Receipt and Disposal of Legislation and Regulations Division Cases

Type of Case	Pending 10/1/80	Received	Disposed	Pending 9/30/81
Legislation	58	51	63	46
Regulations	325	161	76	410
Miscellaneous	75	136	138	73
Total	458	348	277	529

The Regional Counsel are the principal legal advisors to the Regional Commissioners and Assistant Regional Commissioners, Regional Directors (Appeals), Regional Inspectors, Directors of Service Centers, the District Directors of the IRS, and, in Washington, D.C., the Director of the Office of International Operations.

The Regional Counsel represent the IRS in cases for purposes of settlement and trial before the Tax Court and prepare pleadings, stipulations, and other documents necessary for trial. They recommend to the Chief Counsel action when adverse Tax Court decisions are handed down, approve or disapprove the settlement of cases docketed in the Tax Court, concur in or disapprove recommendations by the IRS to eliminate the *ad valorem* fraud penalties in cases not docketed in the Tax Court, and review, prior to issuance, certain statutory notices of deficiency proposed by Appeals and certain notices proposed by the District Directors.

The Regional Counsel perform legal services for the IRS in connection with criminal cases. They review recommendations of prosecution and, if prosecution is warranted, prepare and refer the tax prosecution cases (other than alcohol, tobacco, and firearms) to the Department of Justice. When they do not recommend prosecution, they prepare memoranda which set forth the reasons against prosecution. If IRS field officials do not agree that prosecution is unwarranted, they can ask the Deputy Chief Counsel (General) to decide the question. If the Criminal Investigation Division requests advice or United States Attorneys request aid in criminal tax proceedings in the United States district courts and courts of appeal, the Regional Counsel provide assistance. The District Counsel, under the supervision of Regional Counsel, furnish legal guidance

to IRS officers and employees in the District Directors' offices. For instance, they advise the IRS on legal matters involving the collection of taxes and disclosure of tax information; they recommend actions to be taken in litigation involving bankruptcy, receiverships, and insolvencies, tax liens, levies, real and personal property law, and commercial law; and they provide legal guidance in such matters as the civil enforcement of summons and the enforcement of statutes relating to tax return preparers.

The Regional Counsel advise the Regional Commissioners, Service Center Directors, District Directors, and their staffs regarding tax matters, labor-management relations, Government procurement, the use of appropriated funds, governmental or individual liability arising out of actions which were taken in performance of official duties, forfeiture matters, and other types of legal issues not directly related to Federal tax law, such as the civil penalty aspects of certain unauthorized disclosures of tax information by employees. They also represent management officials in formal hearings involving adverse actions, unfair labor practice complaints, discrimination complaints, arbitration of the interpretation or application of the terms of a collective bargaining agreement, representation proceedings, objections to a representation election, agency grievances, and employee appeals. In certain types of civil and criminal actions against employees for acts performed in the course of their official duties, they represent the employee if United States Attorneys refuse to do so. They assist Internal Security in their development of certain criminal and administrative cases, and represent the IRS at any interview of Service managers in connection with an investigation conducted by the Office of Special Counsel of the Merit Systems Protection Board.

Regional Offices Caseload Report — All Cases

Region	Pending 10/01/80	Received	Disposed	Pending 09/30/81
North Atlantic	9,335	8,536	6,871	11,000
Mid-Atlantic	7,068	7,404	5,732	8,740
Southeast	6,764	7,605	6,396	7,973
Central	4,231	5,368	4,810	4,789
Midwest	7,257	7,321	6,387	8,191
Southwest	6,485	5,500	4,760	7,225
Western	16,204	14,604	10,584	20,224
Total	57,344	56,338	45,540	68,142

Contents	Chief Counsel for the Internal Revenue Service/85
	Principal Chief Counsel Officials as of September 30, 1981/86

**Chief Counsel
for the
Internal Revenue
Service**

Name	Date
Walter H. Smith	1866
William McMichael	1871
Charles Chesley	1871
Thomas J. Smith	1888
Alphonso Hart	1890
Robert T. Hough	1893
George M. Thomas	1897
Albert W. Wishard	1901
A. B. Hayes	1903
Fletcher Maddox	1908
Ellis C. Johnson	1913
A. A. Ballantine	1918
D. M. Kelleher	1919
Robert N. Miller	1919
Wayne Johnson	1920
Carl A. Mapes	1920
Nelson T. Hartson	1923
Alexander W. Gregg	1925
Clarence M. Charest	1927
E. Barrett Prettyman	1933
Robert H. Jackson	1934
Morrison Shafroth	1936
John P. Wenchel	1937
Charles Oliphant	1947
Charles W. Davis	1952
Daniel A. Taylor	1953
John Potts Barnes	1955
Nelson P. Rose	1957
Arch M. Cantrall	1958
Hart H. Spiegel	1959
Crane C. Hauser	1961
Sheldon S. Cohen	1964
Mitchell Rogovin	1965
Lester R. Uretz	1966
K. Martin Worthy	1969
Lee H. Henkel, Jr.	1972
Meade Whitaker	1973
Stuart E. Seigel	1977
N. Jerold Cohen	1979
Kenneth W. Gideon	1981

In addition, the following served as Acting Chief Counsel during periods of time when there was no Chief Counsel holding the office. John W. Burrus, from March 2, 1936 to November 30, 1936; Mason B. Leming, from December 6, 1951 to May 15, 1952; Kenneth W. Gemmill, from June 11, 1953 to November 8, 1953; Rudy P. Hertzog, from December 1, 1954 to May 8, 1955, from January 20, 1961 to August 16, 1961 and from September 1, 1963 to January 5, 1964; Herman T. Reiling, from January 19, 1957 to March 13, 1957 and from August 31, 1959 to September 20, 1959; Lester R. Uretz, from April 1, 1966 to April 11, 1966; Richard M. Hahn, from January 20, 1969 to June 25, 1969; Lee H. Henkel, Jr., from January 16, 1972 to June 11, 1972; Lawrence B. Gibbs, from April 17, 1973, to October 19, 1973; Charles L. Saunders, Jr., from January 20, 1977 to April 15, 1977; Leon G. Wigrizer, from April 16, 1977 to June 23, 1977; Lester Stein, from June 1, 1979 to November 16, 1979; Jerome D. Sebastian, from January 21, 1981 to February 2, 1981 and from March 30, 1981 to August 14, 1981; and Emory L. Langdon, from February 3, 1981 to March 29, 1981.

Note—From 1866 to 1926, the Chief Law Officer for the Internal Revenue Service was known as the Solicitor. For the next eight years, 1926 to 1934, he had the title of General Counsel for the Bureau of Internal Revenue. Since 1934, he has operated under the title of Chief Counsel.

**Principal
Officials
as of
September 30,
1981**

**National
Office**

Chief Counsel

Kenneth W. Gideon

Assistant to the Chief Counsel

Lester Stein

Special Assistant to the Chief Counsel

B. John Williams, Jr.

Deputy Chief Counsel (General)

James J. Keightley

Deputy Chief Counsel (Litigation)

Joel Gerber

Deputy Chief Counsel (Technical)

Jerome D. Sebastian

Assistant Deputy Chief Counsel (Litigation)

Stephen M. Miller

Technical Advisors to the Chief Counsel

Peter K. Scott

Daniel F. Folzenlogen

Staff Assistant to the Chief Counsel

Claudine Ausness

Technical Assistant to Deputy Chief

Counsel (Litigation)

Kendall C. Jones

Administrative Services Division

Director

Joseph H. Hairston

Assistant Director

Bernard Karnins

Technical Assistant to the Director

William A. Neal

Staff Assistant to the Director

Raymond J. Schuman

Attorney

Barbara A. Foster

Fiscal and Personnel Branch—Chief

Edward E. Pierce

Library—Chief

Anne B. Scheer

Office Services Branch—Chief

Norman S. Coram, Jr.

Planning, Analysis, and Operations Branch—

Chief

Allen E. Kibat

Criminal Tax Division

Director

Robert P. Ruwe

Assistant Director

Robert L. Spatz

Branch 1—Chief

James G. Macdonald

Branch 2—Chief

William A. Goss

Disclosure Litigation Division

Director

Peter V. Filpi

Assistant Director

John B. Cummings

Technical Assistant to the Director

Joseph J. Urban

Branch 1—Chief

Michael B. Frosch

Branch 2—Chief

Ronald D. Pinsky

Branch 3—Chief

Arthur L. Lappen

**Employee Plans and Exempt
Organizations Division**

Director

James F. Malloy

Assistant Director

Jonathan P. Marget

Branch 1—Chief

Richard J. Wickersham

Branch 2—Chief

Michael A. Thrasher

Branch 3—Chief

James J. McGovern

General Legal Services Division

Director

Thurmond E. Shaw

Assistant Director

(Vacant)

Assistant to the Director

Michael D. Goldman

Technical Assistants to the Director

William A. Hicks

(Vacant)

Branch 1—Chief

Richard J. Mihelcic

Branch 2—Chief

William F. Long, Jr.

Branch 3—Chief

Kenneth N. Holland

General Litigation Division

Director

Benjamin C. Sanchez

Assistant Director

William A. Sims

Assistant to the Director

Michael R. Arner

Technical Assistant to the Director

Michael F. Patton

Branch 1—Chief

Ronald E. Friedman

Branch 2—Chief

(Vacant)

Branch 3—Chief

Christopher L. Neal

Interpretative Division

Director

George H. Jelly

Assistant Directors

Donald J. Drees, Jr.

Sigmund J. Liberman

Executive Assistant to Director

Emil O. Muhs, Jr.

Technical Assistants to the Director

Jeanne L. Dobres

Bruce Z. Segal

(Vacant)

Branch 1—Chief

Neal E. Sheldon

Branch 2—Chief

Donald E. Osteen

Branch 3—Chief

Sarah W. Garrett

Branch 4—Chief

Alan R. Fraser

Branch 5—Chief

(Vacant)

Branch 6—Chief

Richard B. Treanor

**Legislation and
Regulations Division**

Director

David E. Dickinson

Assistant Director

(Vacant)

Executive Assistant to the Director

Robert A. Bley

Technical Assistants to the Director

Paul A. Francis

Charles C. Saverude

Branch 1—Chief

John B. Bromell

Branch 2—Chief

Marcus B. Blumkin

Branch 3—Chief

John M. Fischer

Branch 4—Chief

Larry E. Smith

Branch 5—Chief

Jason R. Felton

Branch 6—Chief

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