

...the ... of t  
...to ...ount o  
...to the p  
...the  
...in our  
...ss. To  
...ncoura  
...ossible  
...in ad  
...regulatio  
...rights an  
...the e  
...ses of ne  
...needed f  
...enforc  
...ually see  
...more effi  
...omplish

On the cover of this year's report is the revised IRS mission statement, which was adopted in 1984 as part of the Service's strategic management system.

The Commissioner's and Chief Counsel's Annual Report is produced by the Office of Public Affairs, Room 1112, Internal Revenue Service, 1111 Constitution Ave., N.W., Washington, D.C. 20224.

The report is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

1984 Annual Report  
Commissioner and Chief Counsel  
Internal Revenue Service

Statistics  
of Income  
Library



**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 "1984" pertain to the fiscal year ended Sept. 30, 1984.

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

## Table of Contents

### Introduction

#### Collecting the Revenue

Returns Received/8  
Tax Receipts/8  
Refunds/9  
Master File/9  
Earned Income Credit/9  
Penalties and Interest/9 10  
Presidential Election Campaign Fund/11  
Contributions to Reduce the Public Debt/11  
Child and Spousal Support Collection Program/11

#### Enforcing the Law

Examination and Correction Results/12  
Service Center Correction Program/13  
Information Returns Program/13  
Payer Compliance/13  
Unreported Income Programs/13  
Tax Shelter Program/13  
Tax Protesters Program/14  
W-4 Program/14  
Fraud Program/14  
Computer Assisted Examinations/14  
Statistical Sampling Examination Program/14  
Coordinated Examination and Industry Specialization Programs/14  
Windfall Profit Tax/14  
Research to Improve Compliance/15  
Automated Examination System/15  
International Enforcement/15  
Simultaneous Examination Program, Industrywide and Spontaneous Exchanges of Information/15  
International Meetings/15  
Foreign Operations District/17  
Collection/17  
Automated Collection System/17  
Special Procedures Automation/17  
Automating the Delinquent Returns Workload/17  
Revenue Officer Examination of Employment Tax Returns/17  
Criminal Investigation/18  
General Enforcement Program/18  
Special Enforcement Program/20  
Employee Plans/20  
Exempt Organizations/20

#### Assisting the Taxpayer

Problem Resolution Program/22  
Write, Call or Walk In/22  
Telephone Assistance/23  
Walk-In Service/23  
Disaster Assistance/23  
Taxpayer Education/23  
Informing Taxpayers/23  
Forms and Publications/24

#### Managing the System

Strategic Management System/26  
Research/27  
Computer Services/27  
Office Automation/29  
Human Resources Technology/29  
Management Information Systems/29  
District Automated Correspondence Control System/29  
Telecommunications/29  
Internal Audit/29  
Internal Security/30  
Integrity Program/30  
Disclosure/30  
Director of Practice/30  
Productivity Improvement/31  
Cash Management/31  
Records Management/32  
Statistics of Income/32  
Labor Relations/33  
Training and Development/33  
Legislative Affairs/33  
Aid to Foreign Countries and Others/33

#### Chief Counsel

Chief Counsel and Appeals/34  
Corporation and Individual Tax/35  
Criminal Tax/36  
Disclosure Litigation/36  
Employee Plans and Exempt Organizations/37  
General Legal Services/37  
General Litigation/38  
Interpretative/41  
Legislation and Regulations/41  
Tax Litigation/42  
Operations/44

#### Appendix/46

#### Internal Revenue Service Organization Chart/87

#### Internal Revenue Service Regions, Districts and Service Centers; Chief Counsel Regional and District Offices/87

## Introduction

This year the Internal Revenue Service reformulated and reissued a formal statement of its mission. That mission is as follows: "The purpose of the IRS is to collect the proper amount of tax revenues at the least cost to the public, and in a manner that warrants the highest degree of public confidence in our integrity, efficiency and fairness. To achieve that purpose, we will: encourage and achieve the highest possible degree of voluntary compliance in accordance with the tax law and regulations; advise the public of their rights and responsibilities; determine the extent of compliance and the causes of noncompliance; do all things needed for the proper administration and enforcement of the tax laws; continually search for and implement new, more efficient and effective ways of accomplishing our Mission."

In 1984 I gave formal approval to a comprehensive strategic management plan for the Internal Revenue Service. This plan, coupled with the mission statement, gives us a framework for doing two things better—managing change within our own organization and adjusting to a changing outside environment.

The mission statement focuses our attention on the larger issues—our purpose as an agency, new compliance directions and the effect of what we do on taxpayer confidence in the tax system. Our mission also emphasizes taxpayer rights and our agency's responsibilities under the law and reminds us to balance productivity with fairness.

In 1984 we completed a major national taxpayer opinion survey, a natural tie-in with our mission to better understand compliance and noncompliance so that we can target our resources in more cost effective ways. Earlier research efforts confirmed that billions in tax dollars are owed each year and not paid. The results of this latest survey will give us a better understanding of who is not paying—and why they are not paying. Then we can take reasonable steps to shrink these very troublesome pockets of noncompliance.

Another logical extension of our strategic management efforts is our problem resolution program. This year problem resolution continued to be a major source of help for taxpayers. Close to 400,000 problems found answers in the hands of problem resolution officers.

Perhaps more important, we devised a new problem resolution case reporting system that will give managers hard data about programs that generate too many taxpayer problems. PRP will continue to be the agency's troubleshooter, but this more comprehensive system of coding and tracking cases will help us spot problem areas and identify the root cause of these problems. If particular computer programs or our procedures are the troublemakers, we can take steps to bring about corrections.

Automation continues to redirect the tax administration world and redefine the way we collect the nation's revenues. Beyond individual automation efforts, the overall dimensions of a totally redesigned tax system are beginning to take shape. Within the next five to 10 years, we will have a totally redesigned tax administration system. Paper tax returns can largely be a thing of the past. And tax processing procedures that now take weeks and months will be reduced dramatically.

We do not have to wait for the future to see tremendous change. Consider some of the things that happened just this year:

**Automated Collection.** We saw the last of the 21 automated tax collection sites come on-line. We need 1,700 fewer people to work an automated collection inventory and this translates into \$30 million in savings each year. Beyond the staff savings, early indications are that the automated system enables us not only to collect taxes more efficiently but to collect more dollars in less time.

**Automated Exam.** This year we set in motion a three-step plan to automate the examination process. First there will be an analysis of our current system and a new system design. The second phase will put computer terminals and software in the hands of all revenue agents by the fall of 1985 to help compute tax on the spot, write reports and do technical research. The third phase will include data communications and actual programming of the system design. The entire auto exam system should be up and running by late 1987.

**Equipment Replacement.** We began the last phase of a long-term equipment replacement effort in our service centers.

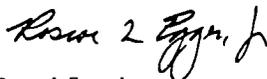
**Optical Scanning.** Optical character recognition equipment now reads federal tax deposit cards and our simplest tax form, the 1040 EZ. Our next hurdle will be a system-wide scanning of paper information returns. And we are adding other new tax processing applications all the time.

The accomplishments in 1984 have been many. But I will not remember this year only for its strategic planning, automation and problem solving. I will remember it also as the year we improved our communications with taxpayers.

We reached out more frequently and I believe more effectively to tax professionals, academicians and business persons. We solicited advice on regulations projects before drafting the language and during all stages of the drafting process. In an effort to give early guidance to taxpayers, we issued temporary regulations in a question-and-answer format.

In opening up the system, we have learned to listen better to taxpayers. In the process, we created opportunities to explain the tax administration story to the American public. Now that the communications groundwork has been laid, we fully expect to continue these efforts. For only in working together—now and in the future—will the nation's tax system be protected and strengthened.

The Internal Revenue Service will continue to carry out its mission. With the loyalty, hard work and dedication of the men and women of the IRS, I am confident we will build on these achievements in the future.



Roscoe L. Egger, Jr.  
Commissioner of Internal Revenue

## Introduction

This year has been marked by substantial progress in identifying and coming to terms with the many challenges that face the office of Chief Counsel in the dynamic and changing world of tax administration.

From our standpoint, the most significant event of 1984 was the Service-wide commitment to process substantially all existing shelter inventory on an expedited basis. Well in excess of 100,000 shelter cases should move into appeals and district counsel during the next 24 months. The need to deal efficiently and effectively with these cases is one of the greatest challenges ever faced by our office. It arises against the backdrop of numerous favorable court decisions, a commitment to state-of-the-art automation of our shelter case management system, formation of the National Office tax shelter branch, implementation of the "project" concept for moving promotions, the selective withdrawal of out-of-pocket settlement offers for pre-1981 shelters and a determination to make—and stand behind—realistic assessments of litigating hazards on a promotion-by-promotion basis. Coupled with the commitment and ability of the numerous individuals working shelter matters throughout the office of Chief Counsel, we can be confident of our ultimate success in this most important endeavor.

The Tax Court's ballooning inventory has been cause for alarm in certain quarters—15,340 docketed cases as of Sept. 30, 1974; 64,000 docketed cases as of Sept. 30, 1984. Within limits, however, inventory size is simply not the issue. The object is to assure prompt resolution of disputes between taxpayers and the IRS. Measured against this standard, the Tax Court process is healthier now than at any time in the past 10 years. This success is a tribute to ongoing management initiatives by the court and the office of Chief Counsel. As we refine our management techniques and build on our experience of the past several years, I am confident we will sustain the momentum we have generated in the timely closing of cases.

The appeals function again carried out its mission with great distinction. Anticipated benefits from the 1982 reorganization continue to be realized, as appeals maintained its 85 percent agreement rate on nondocketed cases and participated actively in resolving most of the 34,000 docketed Tax Court cases that were settled during 1984.

This year saw enactment of yet another major piece of tax legislation, the fifth in four years. At the same time, the pace of sophisticated and aggressive tax planning has continued unabated. The resulting challenge to all of the technical functions cannot be overstated. The need to provide guidance and confront potential abuses in timely fashion has never been more pressing. Of equal importance is our obligation to fashion rules and procedures that make our complex tax system administrable and workable for taxpayers, tax practitioners and the IRS. With all of these concerns in mind:

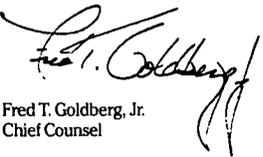
- We have placed great emphasis on the regulations process. Thanks to cooperative efforts by Chief Counsel and Treasury attorneys, we already have provided guidance under major provisions of the 1984 tax bill, and our overall publication rate has increased significantly.
- We are changing the style of regulations to meet today's challenges. We are limiting their scope to matters we are prepared to address, rather than waiting in hopes of resolving all conceivable issues. In appropriate cases, we are using question-and-answer format to provide faster and more practical guidance, and we are using more general statements of principle to provide appropriate frames of reference.
- We are actively encouraging closer communication with tax practitioners and IRS personnel. We cannot work in a vacuum and hope to come up with a product that is practicable and responsive to real-world concerns.
- We are in the midst of a top-to-bottom review of the published rulings program and anticipate a major overhaul that will expedite publication and make certain that we cover subjects most worth covering.
- We have implemented procedures to identify significant issues raised by letter ruling and technical advice requests to assure appropriate and timely consideration of major policy questions.

Again this year, we have reaffirmed our dedication to sound management. Building on the strategic planning process that the IRS has been pursuing for several years, we began developing a series of strategic initiatives that will profoundly affect the office of Chief Counsel for years to come. We have implemented pilot programs to test the feasibility of decentralized recruiting and to assess the potential role for paralegals in our field offices. Introductory management training courses are now available for all supervisory personnel, and an advanced management training program is on the drawing board. After years of promise, automation of our office is finally becoming a reality. Counsel's automated case management system is up and running in one region and the National Office. Several of our offices have been selected for pilot testing state-of-the-art automation, and initial hardware acquisitions have taken place. We have formed an automation policy review board to guide us through the next several years.

The most important attribute of our office is our commitment to quality. Particularly with so much attention focused on management issues, it is vitally important that we reaffirm this perspective. To this end:

- We have put in place a structure that parallels the longstanding industry specialist program in the examination function. For the first time, specifically identified field and National Office Chief Counsel personnel are affiliated with each industry group. These individuals provide guidance and support across the board—rulings, regulations, technical advice and all phases of case development.
- We have completely revamped training for our field attorneys and are committed to a program that will be second to none and the equal of our ongoing National Office CPE program.
- We are pursuing a number of major initiatives in the general litigation and criminal tax areas that, if implemented, should enhance significantly the quality of service we provide in these critical areas.
- We have implemented a system to identify major pending cases in all functional areas on a more timely basis, so that we can make certain we are devoting whatever resources may be required to do a quality job where it really counts.

We can take great pride in all that we have accomplished, and the talent and dedication of the men and women who are the office of Chief Counsel assure our ability to meet the many challenges that lie ahead.



Fred T. Goldberg, Jr.  
Chief Counsel



### Returns Received

Individual income tax returns accounted for 56 percent of the 172.5 million federal tax returns IRS service centers processed in 1984. Individual taxpayers filed 19.6 million Forms 1040A and 60.9 million Forms 1040. Nearly 16 million single taxpayers whose income was less than \$50,000 and who met certain other criteria filed Form 1040EZ. (For details, see statistical table 6.)

Over 30 percent of all 1040EZ returns received nationwide this year were processed using optical character recognition equipment, which reads the information on returns electronically.

### Tax Receipts

The IRS collected \$680.5 billion in 1984, an increase of \$53.2 billion, or eight percent, over 1983. The increase was due in part to revenue increases under the Tax Equity and Fiscal Responsibility Act of 1982 and the Surface Transportation Act of 1982.

Income taxes accounted for about two-thirds of all tax receipts. Individual income taxes of \$362.9 billion reflected an increase of \$13.3 billion over the prior year. Corporation income tax receipts were \$74.2 billion, up \$12.4 billion, or 20 percent.

Social security, self-employment, federal unemployment and railroad retirement taxes totaled \$199.2 billion, up \$25.4 billion from 1983. This rise was due to an increase in the social security taxable earnings base, increases in the unemployment tax rate and wage base and the extension of social security hospital insurance taxes to federal employees.



Excise taxes rose to over \$38 billion, up by \$2.3 billion, or six percent, from last year. Receipts included amounts from increased excise taxes on airport and airway users, highway users, cigarettes and telephone service. Windfall profit tax receipts decreased, however, from \$15.7 billion to \$8.1 billion due to reduced tax rates and lower crude oil prices. (See statistical tables 1 and 2 for detailed information on tax receipts.)

### Refunds

The IRS paid a total of \$85.9 billion in refunds to 79.1 million taxpayers in 1984. In 1983, 76.8 million refunds totaling \$89.8 billion were issued. This year refunds to over 76 million filers of Forms 1040, 1040A and 1040EZ were \$64.6 billion, including interest. Individual refunds averaged \$850, compared to an average of \$830 paid in 1983. (For details, see statistical tables 4 and 5.)

### Master File

The number of taxpayer accounts on the individual master file grew to 126.7 million by July 1984, a 1.8 percent increase over July 1983. The business master file as of July had 25.1 million active and inactive accounts, a 0.04 percent decrease over the previous year. During the year ended June 30, 1984, the National Computer Center processed 574.3 million individual and business master file transactions, up by 16 million, or nearly three percent.

### Earned Income Credit

Earned income credits may be claimed by low-income taxpayers who maintain a home for themselves and at least one dependent. In 1984, 6.1 million taxpayers claimed \$1.7 billion in earned income credits. Taxpayers may receive earned income credits 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 11,404 employment tax returns that \$1.7 million had been paid out in advance earned income credits in 1984.

### Penalties and Interest

Under the law, the IRS levies penalties for failure to file on time, failure to make tax payments and federal tax deposits when due, payments with bad checks, negligence, fraud and several miscellaneous infractions. In 1984 there were 26.1 million penalty assessments, totaling over \$5 billion. (For details, see statistical table 14.)

The law further stipulates that taxpayers who fail to pay their taxes on time will be charged interest on any balance due. Interest assessed on individual returns totaled \$2.6 billion this year. Abatements totaled \$204.7 million. Business returns were assessed \$3.9 billion, with abatements of nearly \$909 million.

Type of return		1983	1984
Number of returns	Grand total	171,174	172,512
filed by principal	Income tax, total	135,021	135,690
type of return	Individual	95,284	96,288
(Figures in thousands.	Declaration of estimated tax	33,080	32,597
For details see statistical	Fiduciary	1,994	2,013
table 6.)	Partnership	1,586	1,663
	Corporation	3,078	3,129
	Estate tax	111	90
	Gift tax	91	87
	Employment tax	25,537	26,133
	Exempt organizations	437	393
	Employee plans	752	955
	Alcohol, tobacco and firearms	582	552
	Excise tax	1,010	694
	Supplemental documents <sup>1</sup>	7,602	7,887
	Non-master file returns <sup>2</sup>	30	32

<sup>1</sup>Includes Forms 1040X, 1120X, 2688, 4868, 7004, 7005 and 1041A.

<sup>2</sup>Includes Forms 941M, 941NMI, CT-2, 990BL, 6069, 1042 and 1120DISC.

Source	Gross collections	Net Collections			
		Refunds <sup>1</sup>	Amount	Percent of total	
<b>Net internal</b>	<b>Grand total</b>	680,475,229	84,561,249	595,913,980	100.0
<b>revenue collections</b>	<b>Corporation income taxes</b>	74,179,370	17,286,386	56,892,983	9.5
(In thousands of dollars)	<b>Individual income taxes</b>	362,891,679	65,960,314 <sup>2</sup>	296,931,366	49.9
	<b>Employment taxes, total</b>	199,210,028	584,502	198,625,525	33.3
	Old-age, survivors, disability and hospital insurance	189,515,975	415,400	189,100,575	31.7
	Railroad retirement	3,642,030	15,974	3,626,056	0.6
	Unemployment insurance	6,052,023	153,128	5,898,895	1.0
	Estate and gift taxes	6,176,667	168,332	6,008,335	1.0
	Excise taxes	38,017,486	561,715	37,455,771	6.3

<sup>1</sup>Does not include interest paid on refunds. In the narrative, the total refund figure of \$85.9 billion includes \$1.3 billion of interest.

<sup>2</sup>Refunds of Forms 1040, 1040A and 1040EZ including withheld taxes, minus FICA.



### Presidential Election Campaign Fund

This year 22.9 million individual income tax returns, or 24 percent, had total designations of \$34.8 million for the presidential election campaign fund. The cumulative amount credited to the fund since it was started in 1972 is \$396.5 million.

### Contributions to Reduce the Public Debt

This was the second year that IRS tax forms contained a message inviting taxpayers to make voluntary contributions to reduce the public debt. Taxpayers were asked to include separate checks made payable to the Bureau of the Public Debt with their tax returns. Monies received were credited to a special account for contributions to reduce the public debt. These contributions are deductible on next year's tax returns subject to the limitations on charitable contributions.

In 1984 the IRS received 2,513 voluntary payments, totaling some \$405,007.

### Child and Spousal Support Collection Program

As required by the Omnibus Reconciliation Act of 1981, the IRS in 1984 offset \$211 million from 422,240 individual income tax refunds to pay delinquent child and spousal support obligations. Under an inter-agency agreement with the Department of Health and Human Services, the IRS acts as collection agent for state welfare agencies. The offsets of federal tax refunds reimburse state welfare agencies for support they furnish through the aid to families with dependent children program.



Source	Percent of 1984 collections	Increase or decrease				
		1983	1984	Amount	Percent	
<b>Gross internal</b>	<b>Grand total</b>	100.0	627,246,793	680,475,229	53,228,437	8.5
<b>revenue collections</b>	<b>Income taxes, total</b>	64.2	411,407,523	437,071,049	25,663,526	6.2
(In thousands of dollars)	Corporation	10.9	61,779,556	74,179,370	12,399,814	20.1
For details see statistical table 1.)	Individual, total	53.3	349,627,967 <sup>1</sup>	362,891,679 <sup>2</sup>	13,263,712	3.8
	Withheld by employers <sup>3</sup>	41.0	266,043,347 <sup>1</sup>	278,983,806 <sup>2</sup>	12,940,459	4.9
	Other <sup>3</sup>	12.3	83,584,620	83,907,873	323,254	0.4
	<b>Employment taxes, total</b>	29.3	173,847,854	199,210,028	25,362,173	14.6
	Old-age, survivors, disability and hospital insurance, total	27.9	166,420,846	189,515,975	23,095,129	13.9
	Federal insurance contributions	26.6	159,664,392	180,908,693	21,244,301	13.3
	Self-employment insurance contributions	1.3	6,756,454	8,607,282	1,850,828	27.4
	Unemployment insurance	0.9	4,311,582	6,052,023	1,740,441	40.4
	Railroad retirement	0.5	3,115,427	3,642,030	526,603	16.9
	<b>Estate and gift taxes</b>	0.9	6,225,877	6,176,667	-49,211	-0.8
	<b>Excise taxes, total</b>	5.6	35,765,538	38,017,486	2,251,948	6.3
	Alcohol	0.8	5,634,853	5,402,467	-232,386	-4.1
	Tobacco	0.7	4,139,810	4,663,610	523,801	12.7
	Other	4.1	25,990,876	27,951,409	1,960,533	7.5

<sup>1</sup>Includes presidential election campaign fund amounting to \$35,526,896.

<sup>2</sup>Includes presidential election campaign fund amounting to \$347,770,399.

<sup>3</sup>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 section 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.

### Examination and Correction Results

In 1984 the IRS recommended additional tax and penalties on 1,058,055 returns, totaling \$14.3 billion, an increase of 4.4 percent over 1983. Examinations of individual and fiduciary income tax returns accounted for \$4.5 billion, corporate income tax returns for \$8.4 billion, estate and gift tax returns for \$0.9 billion, excise and employment tax returns for \$0.1 billion and windfall profit tax returns for \$0.4 billion.

Examinations also revealed overassessments on 85,545 returns, with refunds of \$0.5 billion.

The IRS examined 1,418,787 returns in 1984. At taxpayers' places of business, revenue agents examined 468,644 returns, a decrease of 50,531 returns from 1983. In IRS offices, tax auditors examined 862,394 returns, a decrease of 143,936 returns from last year. The remaining 87,749 returns were examined through correspondence from the service centers.



Examination coverage of income, estate and gift tax returns was 1.31 percent of returns filed, compared to 1.56 percent in 1983.

In addition, 680,732 returns were verified or corrected through correspondence from the service centers for total examination contacts with taxpayers to examine, verify or correct income, estate and gift tax returns of 2.44 percent of returns filed, compared to 2.88 percent in 1983. This program also resulted in \$415 million in recommended additional tax and penalties. (See statistical tables 7, 11 and 12 for additional information.)

### Service Center Correction Program

The IRS continues to implement service center correction programs to identify deductions and credits erroneously claimed on tax returns. These programs cover the energy credit, once-in-a-lifetime exclusion of the taxable gain on sale of a residence, credit for the elderly, overreported and underreported state income tax refunds, individual retirement accounts, farm land clearing expenses and payments in kind.

Tax returns are monitored, tracked and identified using low-cost computerized methodology. Where there is improper or inconsistent reporting by taxpayers, proposed adjustment letters are mailed to the taxpayers giving the amount of tax change, an explanation of the error, tax guidance and information on appeal rights.

### Information Returns Program

As a result of the IRS information returns program, more than 3.9 million taxpayers were notified in 1984 of potential discrepancies between income they reported on their tax returns and income reported to the IRS on information returns. In addition, 3.1 million taxpayers received notices of apparent failure to file tax returns.

The IRS received 668 million information documents in its tax year 1983 information returns program, including over 168 million Forms W-2 received and processed by the Social Security Administration. More than 16 million of the total documents received were information returns filed by trustees for contributions to individual retirement arrangements and simplified employee plans.

The IRS continues to match almost all information returns submitted on magnetic media to verify that correct amounts are reported on taxpayers' returns. Over 568 million of the information returns submitted this year were on magnetic media. In 1984 approximately 48 percent of the 100 million information returns submitted on paper were matched, compared to 27 percent in 1983. This increase resulted from the use of optical character recognition equipment. With the installation of additional optical character recognition equipment, the IRS expects to be able to match almost all of the

information returns submitted on paper in 1985. Overall, 86 percent of the combined magnetic media and paper receipts were matched in 1984.

### Payer Compliance

As part of the long-range plan to ensure compliance, the IRS issued requirements and guidelines for the preparation of transmittal documents for annual information returns, including the proper use of names and taxpayer identification numbers.

During 1984 the IRS established the payer master file containing the name, address, taxpayer identification number and types of documents filed for each payer. This file is part of a long-range plan to advise and educate payers about filing requirements as well as to identify payers who do not file returns.

### Unreported Income Programs

Recent studies continue to show a substantial amount of taxable income is not being reported by individuals. Underreporting seriously threatens the integrity of the self-assessment tax system. To increase compliance, the IRS has established unreported income programs directed at taxpayers who do not report all of their income. District and regional information gathering projects focus on significant areas of noncompliance that are not identifiable through conventional returns selection methods. These projects are based on information uncovered in examinations and other sources.

As a result of information gathering projects on unreported income in 63 districts and seven regions, the IRS examined approximately 25,000 returns and assessed \$86.1 million in additional tax.

### Tax Shelter Program

As of Sept. 30, 1984, 331,395 returns with tax shelter issues were in the examination process, a decrease of 3,154 returns from the prior year. During 1984, 114,323 returns were closed after examination, with recommended tax and penalties totaling \$2.2 billion.

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) provided tools to combat abusive tax shelters. The IRS is aggressively using these tools on the "front-end" through injunctions against promoters and application of promoter penalties. Tax shelter coordinators and committees have been established throughout the IRS to gather information on promotions being marketed. In 1984 injunctive relief was obtained against 19 abusive tax shelter promotions.

As part of its front-end approach, the IRS has issued 16,653 pre-filing notification letters to investors in 60 different abusive shelter projects and advised them that the purported tax benefits are not allowable and that their returns will be examined if they claim such benefits. In addition, the IRS with-

holds that portion of an investor's refund attributable to a shelter subject to a pre-filing notification.

Penalties for negligence, civil or criminal fraud, overvaluation and substantial understatement also can be asserted against promoters of and investors in abusive shelters.

The Deficit Reduction Act of 1984 gave the IRS new tools to use in its front-end attack against tax shelters. The act increased the penalty for promoting abusive shelters, from the greater of \$1,000 or 10 percent of the gross income to be derived, to 20 percent of the gross income to be derived. It also required that shelters be registered with the IRS and established penalties for aiding and abetting an enjoined action. Organizers and sellers of potentially abusive tax shelters are required by the act to maintain a list of investors and make the list available to the IRS. Additionally, the interest rate on substantial underpayments attributable to certain tax motivated transactions now accrues at an annual rate equal to 120 percent of the adjusted rate.

#### **Tax Protesters Program**

The IRS had 28,324 protest returns under examination and had closed 23,571 returns as of Sept. 30, 1984, a 30-percent increase in cases closed over the prior year.

The service centers are identifying more protest returns during processing, and examiners are asserting civil penalties, provided under the Tax Equity and Fiscal Responsibility Act of 1982, against tax protesters who file frivolous documents or returns. The service centers asserted 8,210 frivolous return penalties this year. The \$500 frivolous return penalty is asserted against those persons who take on their returns clearly unallowable positions, having no basis in law or fact, with the intent of impeding the administration of the tax laws.

#### **W-4 Program**

Aggressive identification continues of employees who file incorrect withholding allowance certificates, Forms W-4, with their employers to avoid having the correct amount of income tax withheld from their wages.

When employees submit Forms W-4 to their employers claiming exemption from withholding or a specific number of withholding allowances, employers then submit to the IRS those Forms W-4 that meet predetermined submission requirements. These Forms W-4 are then computer screened and those identified as being questionable are selected for examination.

During 1984 the IRS adjusted 350,000 Forms W-4 of employees who underestimated their withholding based upon anticipated wages, expected itemized deductions or additional allowances for personal and dependency exemptions to which they were not entitled. The \$500 civil penalty for filing

false wage withholding information was asserted in 100,000 cases.

#### **Fraud Program**

Continued emphasis on fraud detection during the examination process produced 9,911 fraud referrals submitted to criminal investigation.

The number of taxpayers against whom the civil fraud penalty was recommended increased by 1.8 percent. This penalty is equal to 50 percent of the entire additional tax due if any part of the underpayment is due to fraud.

#### **Computer Assisted Examinations**

The IRS has 275 computer audit specialists and managers trained in computer systems, hardware and program languages.

Record retention agreements, which identify those taxpayers who have retained machine-sensible records for examination purposes, have increased to 5,077.

#### **Statistical Sampling Examination Program**

The IRS continued to emphasize statistical sampling techniques in its examination program. In 1984 over \$115 million in tax deficiencies was determined by the use of statistical projection methods.

The IRS trains computer audit specialists in advanced statistical sampling concepts so they can apply them in examinations as well as offer expert assistance to revenue agents and other examination specialists. In addition, revenue agents are trained to apply simple statistical samples in cases they are examining.

#### **Coordinated Examination and Industry Specialization Programs**

The coordinated examination program includes the 1,364 largest and most complex domestic and foreign corporations. Examinations of these corporations are centrally controlled and done by teams of the most experienced examiners. In 1984 this program resulted in recommended tax deficiencies and penalties totaling \$5.9 billion. The industry specialization program included 16 designated industries and 641 coordinated examination cases, with 72 issues being coordinated. This program provides uniform and consistent treatment of industry issues nationwide.

#### **Windfall Profit Tax**

During 1984 the IRS completed 9,791 windfall profit tax examinations, resulting in \$397 million in recommended additional tax and penalties. As of Sept. 30, 1984, there were 9,166 windfall profit tax cases in the process of examination.

#### **Research to Improve Compliance**

The taxpayer compliance measurement program (TCMP) is the IRS's primary long-range research effort to measure overall compliance and the major characteristics of its total workload. TCMP is based on the examination of a stratified random sample of returns. In 1984 the IRS began the examination of the eighth TCMP cycle of individual returns and continued the TCMP examination of partnership returns.

Since 1968 the IRS has employed a statistical technique known as discriminant function (DIF) as the primary method of selecting returns to examine. In 1985 a new DIF technique will be implemented that will improve the effectiveness of the corporation selection formulas. DIF formulas are developed in two stages. An initial formula is produced to identify returns in need of examination. A second formula is then developed to identify the most productive of these returns. This second-stage technique was successfully introduced for individual returns in calendar year 1984.

Classification is the process of determining which issues on a return require audit. This process has always been performed manually, thus requiring hundreds of examiners to review returns. A computerized classification system has been developed and will be tested in 1985. Also, a consultant has been hired to determine if expert systems technology, the computer modeling of an expert's thought process, can be applied to classification.

#### **Automated Examination System**

The IRS solicited vendor proposals this year to conduct an analysis of the current examination system and develop a new automated examination system (AES). One of the products of the first contract award will include plans and specifications for procurement of hardware and software that will improve the technical productivity of revenue agents prior to implementation of the total integrated AES. This initial support will provide automated assistance in areas such as tax computation, report writing, technical research, workpapers and inventory control.

Development of software and hardware based on the total AES design will result from a later contract award planned for mid-1986. AES, which is scheduled for nationwide implementation in late 1987, will increase examination efficiency and timeliness of assessment billings, reduce overhead costs and improve management information and control and the overall quality of examinations.

#### **International Enforcement**

In 1984 examiners trained in the international provisions of the Internal Revenue Code, tax treaties and

foreign tax statutes examined 5,241 returns, recommending income adjustments of \$4.6 billion, foreign tax credit changes of \$0.6 billion and withholding taxes and penalties of \$68 million.

Approximately 340 international examiners in 19 key districts handle examinations of business operations outside the U.S. The majority of these examinations involve multinational corporations and foreign-controlled U.S. business operations where the books and records are maintained or can be made available in this country. The IRS emphasizes international compliance activities with special attention to operations in tax havens by individuals, partnerships and trusts.

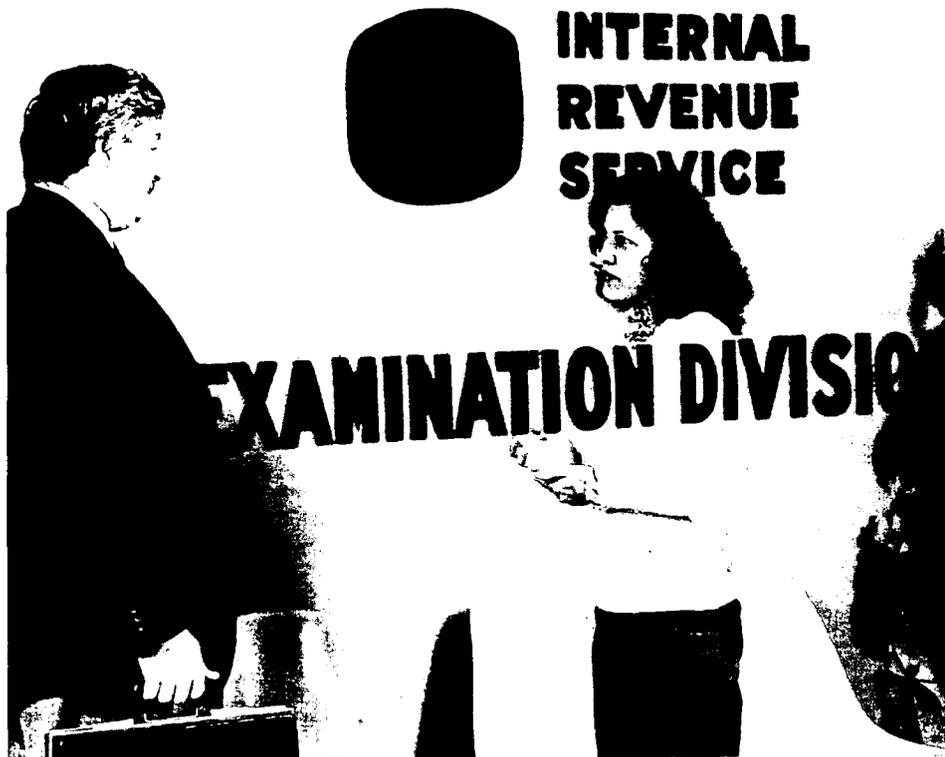
#### **Simultaneous Examination Program, Industrywide and Spontaneous Exchanges of Information**

The U.S. has simultaneous examination programs with the tax administrations of Canada, the Federal Republic of Germany, France, Italy, Norway and the United Kingdom. These programs allow the exchange of information between the IRS and treaty-partner tax administrations and coordinate the tax treatment of related taxpayers with business activities in more than one country. Examinations are conducted separately, and in the selection process, particular consideration is given to taxpayers having operations in tax-haven jurisdictions.

Industrywide exchanges of information provide participating tax administrations with information on the worldwide operations and pricing practices of selected multinational industries. The IRS conducts industrywide exchanges with the tax administrations of Australia, Canada, Denmark, the Federal Republic of Germany, France, Italy, Japan, Norway, Sweden and the United Kingdom. Covered under these exchanges are the aluminum, banking, forest products, grain, petroleum and pharmaceutical industries. The U.S. also conducts spontaneous exchanges of information with any treaty partner if permitted under the income tax treaty in force.

#### **International Meetings**

IRS executives met with officials of U.S. treaty partner tax administrations in three international meetings. One meeting was with the Pacific Association of Tax Administrators—the U.S., Australia, Canada and Japan—and the other two with the Group of Four—the U.S., the Federal Republic of Germany, France and the United Kingdom. Key topics at these meetings were tax havens and the alleviation of double taxation. International cooperative efforts also were initiated with the Italian tax administration, and technical exchanges were conducted with the tax administrations of Mexico and the People's Republic of China.



## INTERNAL REVENUE SERVICE

## EXAMINATION DIVISION

### Foreign Operations District

The IRS Foreign Operations District (FOD) administers federal tax laws for U.S. citizens living abroad, residents of U.S. territories, possessions and the Commonwealth of Puerto Rico, other foreign-based taxpayers subject to U.S. taxes and corporate entities whose books and records are in another country.

FOD completed more than 14,000 examinations and recommended \$160 million in additional tax and penalties. It also collected \$63.3 million in delinquent taxes, while securing 7,200 delinquent returns from U.S. taxpayers abroad.

The IRS maintains 15 foreign posts worldwide managed by revenue service representatives (RSRs) who oversee examination, collection and taxpayer service programs. RSRs also serve as liaisons with foreign tax authorities.

Tax treaties in force between the U.S. and more than 30 other countries are administered by the IRS, which also negotiates mutual agreements with treaty partners to resolve cases of otherwise unrelieved double taxation contrary to tax treaty rules. The IRS also participates in cooperative exchanges of information with foreign tax administrations and provides other forms of reciprocal assistance.

### Collection

The IRS collected a total of \$16.4 billion in delinquent taxes in 1984. Of that sum, \$7.5 billion was collected as a result of initial billings. Action was completed on 3.2 million delinquent accounts that yielded \$8.9 billion in overdue taxes—\$3.7 billion in response to computer notices sent to taxpayers and \$5.2 billion on delinquent accounts. Overdue taxes of \$1.2 billion were collected when four million delinquent returns, involving \$6.1 billion in assessments, were secured.

Additional revenue officer staffing significantly helped reduce inventories for the first time since 1976. Delinquent account inventories declined from two million in 1983 to 1.9 million in 1984.

### Automated Collection System

The automated collection system (ACS) was successfully launched this past year. At 21 sites throughout the country, computerized systems receive and place telephone calls to taxpayers. ACS combines virtually paperless computer processing, automatic telephone dialing, direct entry of case history data and immediate access to case information. Prior to implementation of this system, collection office functions were located in each of the 63 district offices and relied on labor-intensive paper processing. Even though all collection office functions were phased out of existence at various times during the past year, inventories of open cases were reduced,

and 1,700 fewer collection and support personnel staff years were required to accomplish the same tasks, while revenue collections increased.

### Special Procedures Automation

Automation began this year of the special procedures function, a paper intensive activity that is the legal arm of the collection operation. Special procedures maintains files of all bankruptcies, federal tax liens and numerous other legal materials used by collection in each district office. The first phase of the special procedures automated information retrieval system began this past year as each district started loading lien files into the automated system. The implementation of other phases over the next few years will place bankruptcies, pending civil suits and other files in a combined system easily accessible for input and recall. The system will use all the features of modern automation and permit monitoring and control of workload at substantial savings.

### Automating the Delinquent Returns Workload

When a business taxpayer fails to comply with filing provisions, the Internal Revenue Code authorizes the IRS to prepare and file delinquent business tax returns for the taxpayer based on information in IRS files and contacts with the taxpayer. While collection has used this procedure to some degree over the years, the automated collection system (ACS) made it possible to make greater use of this compliance tool. As a result, an automated delinquent returns process was tested and implemented this year.

The problem of individual income tax return delinquencies was approached the same way. Employing procedures already used by the examination function, the "substitute-for-return" concept was tested. This procedure is used when a taxpayer neglects or refuses to file a delinquent income tax return after written requests from a service center and ACS telephone contacts. The IRS then establishes and assesses the liability of the taxpayer, using information secured from contacts with the taxpayer, third parties and data available from within the system, including information returns such as Forms W-2 and 1099. After successful testing, an automated substitute-for-return process was implemented on Oct. 1, 1984.

### Revenue Officer Examination of Employment Tax Returns

Taking advantage of revenue officers' experience with business taxpayers, the IRS is studying the use of revenue officers in employment tax examinations. This study began in early 1984 with 47 revenue officers in seven districts. Revenue officer examiners identified cases with high potential for error.

Early results of the test show that these examinations may be effective in gaining compliance in what has been a significant area of noncompliance.

### Criminal Investigation

The criminal investigation division investigates violations of the federal tax laws and related offenses and identifies areas of willful noncompliance and the methods used to circumvent the tax laws. To address noncompliance and enforcement problems, regions and districts developed and initiated local programs that focused on specific noncompliance situations. In addition, to deal with complex tax schemes and crimes spanning national boundaries, the IRS began negotiations with several foreign countries on simultaneous investigation agreements.

Through the increased use of micro- and mini-computers and office automation, special agents can more quickly and effectively analyze voluminous documents and transactions that previously required substantial amounts of their time. In addition, computer technology is increasingly employed by managers to monitor caseloads and performance.

As evidenced by the increase in the number of prosecutions and sentencings, 1984 showed a continuing improvement in criminal investigation resource utilization.

### General Enforcement Program

About 52 percent of criminal investigation resources was used in the general enforcement program. Two

areas that received particular attention were illegal tax protesters and fraudulent tax shelters. These programs accounted for 26 percent of criminal investigation's general enforcement program resources.

The criminal investigation effort against fraudulent tax shelters concentrated on nationwide promotions. There was an increase in the number of investigations of these schemes during the year, and some significantly higher sentences were handed down by the courts. In one case, four individuals were involved in promoting a fraudulent shelter that dealt with Treasury securities. This scheme generated \$130 million in false deductions. The promoters drew sentences of up to 15 years in prison. In addition, the IRS National Office is coordinating civil injunction actions that are being pursued simultaneously with ongoing criminal investigations. Promotions investigated usually involve diversified sales activities that result in millions of dollars in fraudulent deductions and credits being taken on individual tax returns.

The illegal tax protester program concentrated on the investigation of leaders and promoters of major protest groups and schemes with significant numbers of participants. One such investigation resulted in the indictment of nine leaders of a major mail-order ministry scheme. The 19-count indictment charged the individuals with evading the payment of taxes on approximately \$10 million of income received from the sale of mail-order ministry charters. Approximately 1,000 individuals who purchased these charters and took improper tax deductions for purported contribution deductions to their own churches will be required to pay millions of dollars in back taxes and penalties.



	General enforcement program			Special enforcement program				Grand total	
	Illegal tax protesters	Fraudulent tax shelters	Other	Narcotics related			Other		
				Total	Other	Total			
<b>Results of</b>									
<b>criminal investigation</b>	Investigations initiated	648	224	3218	4090	1085	1019	2104	6194
<b>activity</b>	Investigations completed	745	175	2773	3693	1080	1152	2232	5925
	Prosecution recommendations	444	105	1080	1629	712	649	1361	2990
	Indictments and informations	265	49	830	1144	516	498	1014	2158
	Pleas of guilty and nolo contendere	110	16	645	771	300	373	673	1444
	Convictions after trial	124	15	82	221	53	90	143	364
	Number sentenced	232	36	751	1019	310	525	835	1854
	Percent receiving prison sentences	78	89	63.2	57	77	58.2	69	62

		1983	1984
<b>Results of direct enforcement on delinquent accounts and returns</b>	Delinquent taxes <sup>1</sup>		
	From delinquent accounts	5,760.3	5,159.0
	From notices	3,793.3	3,768.7
	From delinquent returns secured	1,006.9	1,225.2
	Delinquent returns secured <sup>2</sup>	3,609.7	3,951.3
	Additional tax, penalty and interest assessed on delinquent returns (Net of prepaid credits) <sup>1</sup>	5,211.1	6,052.9

<sup>1</sup>millions of dollars  
<sup>2</sup>thousands

### Special Enforcement Program

The special enforcement program identifies and investigates violations of the tax laws by persons who derive substantial income from illegal activities. This year the program emphasized investigations of major narcotics traffickers and organized crime figures and participation in investigations with other federal, state and local enforcement agencies. As part of these efforts, the IRS has assigned criminal investigators to the El Paso Intelligence Center, the Treasury Financial Law Enforcement Center and Interpol. The IRS has made substantial contributions to the federal effort against narcotics trafficking, especially in the Southeast.

In addition, the IRS has played a significant role in the Organized Crime Drug Enforcement Task Forces created by the President, devoting 52 percent of its special enforcement program resources to this program.

The IRS also has taken an active role with federal, state and local law enforcement authorities in multi-agency task forces around the country. The multi-agency approach to narcotics investigations has increased the number of criminal tax cases identified and prosecuted, jeopardy and termination assessments made and asset forfeitures carried out on property procured with illegally generated and unreported income.

### Employee Plans

In 1984 the IRS issued 106,353 advance determination letters on the qualification of corporate and self-employed plans. In addition, 27,734 returns were examined to determine whether plans were operating in accordance with the previously approved plan document, verify employers' allowable deductions for contributions to plans and assure that the rights and benefits of plan participants are protected.

The IRS continued to emphasize the returns selection process to ensure examination of plans with the highest audit potential. During the year, the computer classification program was revised to integrate the results of the taxpayer compliance measurement program. Audit presence was maintained in all return classes to achieve across-the-board coverage.

### Exempt Organizations

During 1984, the IRS issued or revised nine revenue rulings and procedures and issued 415 technical advice memoranda. The IRS also acted on 69,613 applications, reapplications and requests for rulings from organizations and examined 20,632 exempt organization returns.

On July 3, 1984, the Supreme Court ruled in *Allen v. Wright* that parents of black children attending public schools in school districts undergoing

desegregation could not sue the federal government to force the IRS to adopt stricter standards for identifying racially discriminatory private schools. The Court found that the plaintiffs had not shown an actual injury traceable to the government's actions and redressable by the requested relief.

The Deficit Reduction Act of 1984 made major revisions to the rules applicable to private foundations and enacted new provisions on the deductibility of employer contributions to welfare benefit funds for employees and to the requirements for nondiscriminatory benefits to retain exempt status. The act also placed restrictions on IRS tax inquiries and examinations of churches. The IRS is implementing the provisions of the act.

A Form 990 advisory committee was established in 1984. Its membership includes assistant state attorneys general, private sector representatives and IRS officials. The IRS is reviewing the changes and new instructions recommended by the committee to reduce the incidence of incomplete and improperly prepared returns and make the returns more useful to the IRS, the public and the states with reporting requirements for charities and other public benefit organizations.

As a result of changes made by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), the IRS continued to provide direction to the public for complying with the employee plans provisions of the act. Because TEFRA repealed most of the special limitations and restrictions that had applied to Keogh plans, the IRS issued an announcement requiring all self-employed individuals with Keogh plans to file annual returns even if the only participants are owner-employees. Schedule T also was developed as an attachment to the Form 5300 series applications for determination letters to facilitate the submission of plan amendments by applicants seeking to have their plans comply with TEFRA. In addition, the IRS issued a notice providing guidelines to clarify the rules for employee plans covering leased employees.

A revenue procedure was issued to inform sponsors of master and prototype plans how to secure new opinion letters and to assure TEFRA compliance for present and future plan adopters. The IRS also sponsored a two-day TEFRA seminar in Washington for over 800 practitioners from around the country who draft master and prototype plan documents.

The IRS developed comprehensive actuarial guidelines for examining minimum funding requirements and actuarial funding methods and their underlying assumptions for defined benefit plans. Selected senior field specialists have been trained in the use and applicability of these guidelines.

Two significant pieces of legislation dealing with employee plans were enacted by Congress and signed into law during the year. The Deficit Reduc-

tion Act of 1984 and the Retirement Equity Act of 1984 both made important changes in the rules governing plan qualification. These changes involve required plan distributions, joint and survivor provisions and limitations on contributions and benefits. The IRS is implementing these two acts to make sure that plans comply with the new requirements.

The service centers began assessing penalties on incomplete Form 5500 series returns of employee benefit plans and Form 990 series returns of exempt organizations. When a service center receives a return with information critical to the processing of the return missing, correspondence is initiated with the taxpayer to secure the missing data prior to penalty assessment. This program will give the IRS more reliable and accurate information on plans and organizations, provide Congress with improved statistical data and provide more complete information to the states that accept Form 990 for their reporting requirements.

The microfilming of all field office employee plans/exempt organizations administrative files was completed. The conversion from paper files to microfilm reduced space requirements and improved file control, security and accessibility. The taxpayer compliance measurement program survey of exempt organization returns continued as part of the IRS's ongoing effort to improve and update the criteria for selecting returns for examination.

**Problem Resolution Program**

This year 377,385 taxpayer problems were resolved by problem resolution offices located in each IRS district, service center and regional office. This personalized service assured that taxpayers had somewhere to turn when the system failed, someone to step in and make sure that problems were not overlooked or lost in the cracks in the system.

Uniform criteria were developed in 1984 for identifying taxpayer problems to be covered in the problem resolution program (PRP). The uniform criteria result in more accurate identification of taxpayer problems to be handled by PRP.

PRP emphasized advocacy activity throughout the IRS during 1984, which resulted in systemic problems' being anticipated and prevented. An example of this is the revision to the underreporter notice that will increase the likelihood of taxpayers' furnishing their telephone numbers when they do not agree with the proposed assessment. The advocacy emphasis also prevented abridgement of taxpayers' rights caused by actual operations not following written procedures. As part of this advocacy activity, the taxpayer ombudsman served as the taxpayers' representative on the IRS committee assigned with developing tax forms and related instructions.

Problem resolution officers continued to analyze the taxpayer problems handled by PRP so that the underlying causes — organizational, procedural and systemic failings — could be identified and corrected, thus improving the IRS's efficiency and responsiveness to the public. This activity will be aided in 1985 by a management information system that will contain data useful in identifying problems.

**Write, Call or Walk In**

During 1984 the IRS responded to about 45.6 million telephone calls from taxpayers, including 3.4 million Tele-Tax inquiries. There also were 7.7 million walk-in contacts, over 300,000 outreach program contacts and 162,000 written inquiries from taxpayers requesting information about their tax rights and obligations. Overall, the IRS responded to 53.6 million requests for assistance, an increase of more than 4.5 million inquiries from 1983.

More than 49 percent, 26.7 million inquiries, occurred between Jan. 1 and mid-April — 22.2 million telephone calls, including Tele-Tax, 4.2 million walk-in inquiries, 262,000 taxpayers assisted through outreach and 52,000 items of correspondence. During this same period, a quality check of telephone responses found an overall accuracy rate of 97 percent.

**Telephone Assistance**

During the 1984 tax return filing period, the toll-free telephone system handled almost all the information request calls the IRS received. Taxpayer service representatives answered more than 87 percent of those telephone calls.

Those calls requiring computer research or more advanced technical assistance were referred to IRS employees who have received specialized training in those areas. This year the IRS answered 4.8 million taxpayer account inquiries and problem resolution referrals and handled 2.4 million technical referrals.

Special equipment allows hearing-impaired taxpayers throughout the U.S., Puerto Rico and the Virgin Islands to receive toll-free assistance, and over 1,900 taxpayers received such assistance in 1984.

The IRS expanded its nationwide automated telephone assistance service in 1984 to include callers with rotary-dial phones. Tele-Tax, which is available 24 hours a day, seven days a week for users of push-button telephones, is now also available during normal working hours for rotary-dial telephone users. Tele-Tax offers more than 140 tapes on tax topics including filing requirements, itemized deductions, tax credits and IRS procedures and services. In 1984 more than 3.4 million taxpayers used this service.

**Walk-In Service**

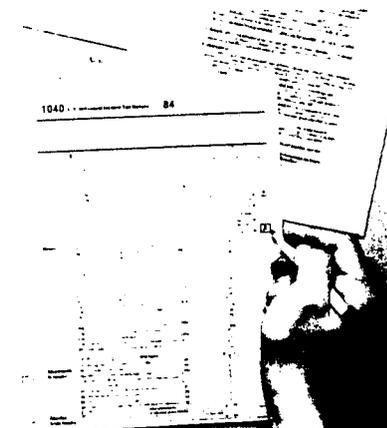
Walk-in taxpayer assistance was offered at inner-city, business-district, suburban and rural locations in 377 permanent offices and 81 offices opened especially for the filing period. The IRS provided foreign language tax assistance at 119 of its 458 taxpayer service offices. Over 52,500 libraries, banks and Postal Service locations also helped distribute more than 314 million tax forms and instructions.

**Disaster Assistance**

The IRS provided help in preparing amended returns and casualty loss claims and in getting refunds to taxpayers faster in 283 counties within 31 states affected by floods, hurricanes, tornadoes and other emergencies and major disasters in 1984.

**Taxpayer Education**

The IRS in 1984 provided instructional materials for over 4.5 million students as part of its "Understanding Taxes" program, which helps young people understand their tax rights and obligations. In cooperation with all 50 state departments of educa-



tion and the District of Columbia, the IRS expanded the "Understanding Taxes" program for high school from the history and preparation of tax forms to include the economics of taxation. Teacher training and a video/film series of six 15-minute programs for students will be available during the 1984-85 school year.

The IRS's volunteer income tax assistance and tax counseling for the elderly programs provided training for some 52,000 volunteers, who in turn assisted over one million taxpayers with their federal, state and local returns. Through IRS outreach efforts, employees went into over 7,800 community sites and helped over 300,000 taxpayers.

Other IRS education efforts included conducting workshops for 45,000 small-business owners, sponsoring more than 270 tax practitioner institutes for nearly 40,000 participants and expanding student tax clinics into 24 law and graduate accounting schools. The tax clinics provide valuable educational experience to students and free counseling and representation for taxpayers involved in IRS examination and appeals proceedings.

**Informing Taxpayers**

The IRS distributed taxpayer information materials to over 30,000 print and electronic news media. During 1984 the IRS received an estimated \$34 million of free advertising space from print, radio and television media.

The IRS participated in six television and two radio tax clinics during the 1984 filing season. An

estimated eight to 10 million persons viewed or listened to these programs, all of which afforded viewers or listeners the opportunity to phone in their tax questions.

The IRS placed special tax supplements with 737 newspapers with total circulations of 15.5 million readers. The IRS also used 1,444 billboards in 34 states, provided by outdoor advertisers, to promote the volunteer income tax assistance program.

#### Forms and Publications

Form 1040A was revised for the 1984 filing period to include lines for deducting payments made to individual retirement accounts and for taking the credit for child and dependent-care expenses. These changes increased the number of taxpayers eligible to use Form 1040A. A shortened partnership return, Form 1065, also was introduced for the 1984 filing period. Previously four pages long, the new form is now only two pages, and a significant number of partnerships have to complete only one page.

For the 1985 filing period, a short-form corporation income tax return, Form 1120-A, will be intro-

duced. This form will be half the length of the regular corporate return and about 40 percent of the current corporate return filers will be able to use the new form, with a reduction in their reporting burden.

IRS public hearings held in Jackson, Miss., San Jose, Calif., and Milwaukee provided numerous suggestions on how to simplify tax forms and instructions. The IRS received other suggestions in response to the Commissioner's message in this year's tax form packages and to a notice published in the "Federal Register." Many of these suggestions were adopted, and others are being considered for possible inclusion in future years' forms.

The IRS distributed many taxpayer information publications free of charge, including 3.5 million copies of "Your Federal Income Tax," 1.5 million copies of the "Tax Guide for Small Business," 635,000 copies of the "Farmer's Tax Guide" and 78,000 copies of the "Tax Guide for Commercial Fishermen." Additional tax materials were furnished to 9.1 million taxpayers, 285,000 tax practitioners and 470,000 employers. The IRS publishes more than 90 booklets — four in Spanish — on specific tax topics.



**Your Federal Income Tax**  
Publication 501 (Rev. Nov. 84)  
**Exemptions**

**Tax Guide for Small Business**  
Publication 521 (Rev. Nov. 84)  
**Moving Expenses**

**Farmer's Tax Guide**  
Publication 225 (Rev. Oct. 84)

**1040 Federal Income Tax Forms and Instructions**  
This package contains:  
Return: U.S. Individual Income Tax  
Interest and Dividend Income  
Capital Gains and Losses  
Supplemental Income Schedule  
Deduction for a Married Couple When Both Work  
Charitable Contribution  
Gift Tax  
Estate Tax

Department of the Treasury Internal Revenue Service  
Publication 521 (Rev. Nov. 84)  
**Moving Expenses**

Department of the Treasury Internal Revenue Service  
Publication 225 (Rev. Oct. 84)  
**Farmer's Tax Guide**

Department of the Treasury Internal Revenue Service  
**1040 Federal Income Tax Forms and Instructions**

Items

## Managing the System

### Strategic Management System

The IRS in 1984 put into place a strategic management system to chart its future for the balance of this decade and to lay the groundwork for entry into the 21st century. This is perhaps the most important management change for tax administration in the last 10 years, and the product of the broadest and most extensive executive effort the IRS has seen.

The first products of this system are a more clearly stated mission statement and a strategic plan for IRS. The changing environment facing tax administration and what to do about it have been the focus of strategic planning efforts to chart the future course of tax administration. The major environmental trends that must be dealt with are the decline in voluntary compliance, the explosion of information technology, maintaining program effectiveness in the face of rapid change and recruiting and retaining a high-quality work force.

The strategic plan addresses all of these areas by providing strategic directions to follow and specific strategic initiatives to translate these directions into



actions. The strategic plan will prepare the IRS to deal with the problems and opportunities of the future.

A major feature of the IRS strategic management system is that it is dynamic. The strategic plan will be kept current in response to changes in both the internal and external environments through input from employees from every level of the IRS and guidance from the strategic planning council, which comprises the Commissioner, Chief Counsel and other high-ranking IRS executives.

### Research

The IRS pursued two major efforts to understand better the factors affecting voluntary compliance. First, an opinion survey was completed that provided information on taxpayers' attitudes toward and experiences with the IRS and the tax system. It also provided insights into factors affecting taxpayer behavior. Second, the IRS encouraged academic and other research communities to study factors affecting voluntary compliance. A conference on tax administration research strategies was convened by the IRS in November. A follow-up conference has been scheduled for January 1985.

The taxpayer compliance measurement program (TCMP) is the primary long-range research effort to measure overall taxpayer compliance and changes in patterns of noncompliance. This year stage three of a TCMP survey of exempt organizations was completed and stage four was begun. A first-time comprehensive survey of subchapter S corporations was started. Also, the first TCMP survey of partnerships continues, as well as an updated survey of 1982 individual income tax returns.

A series of studies is underway to break down into finer detail the "tax gap" estimates that the IRS published in 1983. The first of these will examine underreported capital gains income to identify what kinds of assets were sold to generate the income and what kinds of errors accounted for the underreporting. Similar projects for underreported business income and other income will follow. The IRS also is analyzing the size distribution of all types of taxpayer reporting errors. This analysis will supplement the tax gap estimates to indicate areas in need of increased enforcement action or legislative remedies.

The IRS began a study to identify domestic entities involved in offshore tax evasion activities. The objectives of the study are to identify those domestic activities necessary to carry out successful offshore tax evasion schemes and to develop a system to identify potential tax evasion schemes, with particular emphasis on the sources of unreported income and abusive use of offshore tax havens.

Efforts continue to identify new ways of supplementing or improving the discriminant function (DIF) system used to select returns for examination. Formulas have been developed in several examina-

tion classes that will increase productivity. New formulas for identifying individual return delinquencies also are being implemented. The IRS is researching techniques to identify the audit issues associated with selected returns and studying alternatives to the DIF system.

The IRS this year completed a number of computer-based compliance research studies. Reports were prepared for studies dealing with real-estate partnership tax shelters, recapture of accelerated accrued deductions on Department of Housing and Urban Development financed housing, energy credit carryover and limitations and unsubstantiated withholding credits. Research also was completed on the use of information documents submitted with missing or invalid taxpayer identification numbers and on the effect on taxpayer compliance of refund offsets for delinquent child support payments.

The rapidly advancing computer technology of knowledge-based systems has significant potential for increasing the quality and productivity of work conducted by the IRS. To take advantage of this advanced technology, a select group of highly qualified employees is being trained to oversee the development of appropriate knowledge-based systems applications.

The IRS continued to investigate alternatives to the traditional transcription of returns. A survey of tax preparers was conducted to gauge readiness for automation and computer-prepared returns were analyzed. Tests also were conducted to determine public acceptance of an "answer sheet" Form 1040A compatible with optical character recognition equipment. If successful, this research may ultimately pave the way for large-scale electronic filing of tax returns.

The IRS is developing a methodology to measure paperwork burden on taxpayers. With improved measures, the IRS will better be able to estimate past and future burden reductions achieved through forms simplification, as well as predict the paperwork implications of prospective changes in tax law or regulations.

A congressionally mandated study of the information returns program resulted in a number of recommendations for administrative changes to improve the reporting and matching of income. The study also identified several areas appropriate for legislative action.

### Computer Services

During 1984 the IRS continued to apply state-of-the-art technology to its automated processing equipment. The direct data entry system at the service centers was replaced with the distributed input system. The distributed input system is a network of mini-computers linked with data-entry terminals. Each mini-computer is capable of independently supporting the data-entry workload of up to 32 ter-

minals. This system also can accommodate predicted workload increases, variations in filing patterns and other changes. Full implementation of the new system will be completed by early 1985.

The IRS now converts data from various tax forms using optical character recognition (OCR) technology in place of the traditional key-entry method. All federal tax deposits are processed through the use of OCR. In addition, over five million 1983 Forms 1040EZ were processed using OCR technology. Sophisticated multi-font scanners were installed at three service centers to process information return documents, and with the inclusion of the remaining seven service centers in 1985, the IRS will be able to achieve its goal of 100-percent matching of information documents against tax returns. The pilot site was set up for the automated processing of taxpayer bills and checks to speed up processing of payments.

The IRS also upgraded its printing capabilities with the installation of laser printing systems at the service centers, the National Computer Center and the Detroit Data Center. This system produces the quality of print required for the IRS's automatic remittance processing and OCR systems.

The IRS established an automated data dictionary

that contains over 12,000 data elements to ensure efficient use and processing of data. The data dictionary standardizes data processing terminology by using the same description for similar data elements used throughout the IRS, thus reducing redundancy and enhancing the accuracy and value of data.

Progress was made in converting remaining computer applications from the current equipment to the new service center replacement system equipment. Conversion of all applications will be completed in early 1985.

The tax processing system redesign staff was established in 1983 to start work on the acquisition of a new tax processing system to satisfy the needs of IRS into the next century. The scope of the project was expanded this year to encompass a review of all IRS activities and systems, including tax administration, management information and administrative systems. As a result of this change in scope, the title of the project was changed to tax system redesign. The redesigned system will take advantage of the latest systems design, software, data bases, hardware and telecommunications and will use high-level languages, including data base management systems and "smart systems."



### Office Automation

The IRS is taking advantage of office automation technology in its continuing efforts to improve productivity. Planning proceeded for the district office management automated information network, which is scheduled for implementation in 1985. Through the combination of previously developed programs and programs currently available from private vendors, the IRS will craft a set of office automation tools, including word processing, electronic mail and electronic filing. Word processing allows for unlimited revisions, corrections or additions to be made to documents without wasting typing time and supplies. Electronic mail allows executives and key personnel to send messages instantaneously from one computer terminal to another. Electronic filing allows computer storage of data, saving storage space and information retrieval time. District office managers from various functions also will be able to share information through commonly shared data bases.

### Human Resources Technology

Improving the effectiveness of human resources in an automated environment is the goal of the IRS's newly formed human resources technology (HRT) staff.

In 1984 the HRT staff administered three surveys at automated collection sites and did field interviews to provide guidance to collection management regarding human factors concerns and attitude changes resulting from automation.

As part of this effort, the HRT staff developed and distributed a poster and guidebook of exercises for desk-bound employees aimed at reducing fatigue and stress. Seminars also were developed and delivered to new automated collection employees on the topics of stress management and managing change, and a two-day seminar on managing in an automated environment was given to new automated collection managers.

A guidebook for considering human factors in IRS automation efforts was developed, and assistance is being provided to IRS district offices in their automation efforts.

### Management Information Systems

The IRS is developing two major management information systems. The first is to help manage the information returns program, which matches income reported on tax returns with that reported on information returns. This system will capture statistics and case information to help determine the most effective way to allocate resources. The system will be implemented in 1987.

The second system will provide information on all of the IRS's operations. It will provide information on costs, timeliness, quality and effectiveness. A

prototype for this system is currently being implemented. This system will be installed in phases over several years.

### District Automated Correspondence Control System

An automated correspondence control system for monitoring taxpayer inquiries was developed and successfully tested this year. The system, which is being installed nationwide, provides IRS management with information on the volume of taxpayer inquiries and the status of outgoing responses. This system will improve IRS responsiveness to the taxpayer public.

### Telecommunications

The IRS is participating with the Department of the Treasury in developing an integrated network to improve and reduce the costs of communications. Replacement of outdated communications equipment in six service centers is in progress, and approval has been obtained for updating equipment at 15 additional locations.

### Internal Audit

As a result of management actions on 1984 internal audits, the IRS derived \$708 million in additional revenue and cost savings. Long-term actions to implement internal audit recommendations will realize an additional \$953 million.

The IRS spent approximately 70 percent of its direct internal audit time in 1984 reviewing the processing of returns, collection of tax revenues and enforcement of tax laws. More than 60 percent of internal audit time was devoted to 31 coordinated audits, which evaluated IRS programs on a national or regional basis. For instance, in two separate reviews internal audit identified opportunities to improve cash management significantly. A nationally coordinated audit determined that the IRS was not taking full advantage of interest savings on the processing of tentative carryback refunds. The report estimated that \$118 million in interest can be saved annually through timely processing and effective monitoring.

In another review, internal audit identified the need to improve the timeliness of processing agreed examination deficiencies. Internal audit recommendations, including the use of on-line computer facilities, could result in an additional \$33 million in interest charges that could not be billed or collected because of processing delays. Another activity was the development of a computer program as part of a coordinated review of the tax shelter program. This computer program provides for more precise identification of abusive tax shelters and should result in additional revenues of \$130 million.

## Internal Security

In the ongoing effort to protect IRS integrity, investigations by the internal security division resulted in the arrest or indictment of 162 taxpayers and tax practitioners and 144 current or former IRS employees. There were convictions or guilty pleas in the cases of 225 individuals arrested or indicted in 1984 or earlier. Of these convictions, 38 were for bribery, 26 for assault and 74 for fraudulent receipt of unemployment compensation by IRS employees. The rest involved embezzlement, impersonation of a federal officer, narcotics and other offenses.

Among the more significant bribery attempts was an effort by two Florida businessmen to bribe a revenue officer to protect an abusive tax shelter scheme from IRS investigation. The businessmen were arrested after paying bribes totaling over \$500,000 to the revenue officer. After an investigation in Philadelphia that lasted three and a half years, six former or current IRS employees and five taxpayers and their representatives were arrested or indicted for paying or receiving bribes totaling over \$675,000. To date, \$7 million in possible additional tax assessments has been identified as a result of this investigation.

Assaults and threats directed against IRS employees increased from 531 in 1983 to 789 in 1984. Along with the increased volume, there was a marked upsurge in the severity of these incidents. A revenue officer in Buffalo, N.Y., was shot and killed while making a field call; another in Cleveland suffered multiple gunshot wounds at the hands of a taxpayer during a meeting at an IRS office; and in Washington, D.C., a taxpayer was convicted of attempting to murder a revenue agent. Inspection has expanded its employee protection program to educate and prepare employees and executives on how to identify and deal with potentially dangerous situations.

The internal security division completed 8,651 background investigations on employees during the year and conducted police record checks on persons considered for temporary appointments. These investigations and record searches resulted in the rejection of 20 job applicants and administrative actions against 242 employees. Internal security also conducted 530 investigations of alleged employee misconduct. In those investigations where management action was completed, 116 employees were exonerated or there were insufficient grounds to take administrative action and 184 were subject to some type of disciplinary action.

## Integrity Program

To deter waste, fraud and abuse, inspection completed 29 audits of highly vulnerable areas, such as activities where cash is handled or where control weaknesses increase the potential for integrity breaches. As a result of these audits, IRS manage-

ment strengthened controls over such activities as handling cash, processing the payroll and paying invoices.

Inspection conducted 141 integrity probes and tests of high-risk activities. An integrity probe is an investigation initiated by inspection when there is potential for corruption that could affect IRS integrity. One probe involved reported bribe overtures made to revenue officers who were conducting checks to determine if businesses had filed the appropriate returns. The investigation uncovered six attempts by businessmen or their representatives to bribe IRS employees to avoid proper assessment and collection of taxes. To date, over \$500,000 in additional taxes has been proposed against these businesses and individuals.

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

In addition, 21,491 employees were advised of potential corruption hazards through awareness presentations, internal control seminars and conferences with management.

## Disclosure

Freedom of Information and Privacy Act requests showed a 29-percent increase over the previous year as the IRS responded to 15,282 requests in calendar year 1983. The freedom of information reading room in the IRS National Office processed an additional 18,833 requests for documents, an increase of 14 percent over the previous year. Disclosures of tax information were made to various authorized parties, including federal, state and local agencies. Among these disclosures were 58,589 made to the Department of Justice and other federal agencies for enforcement of nontax criminal laws, 165 million to federal agencies for statistical purposes and 77 million to state tax agencies for tax administration purposes. Disclosures to federal, state and local agencies for child-support enforcement increased approximately 45 percent to 1.6 million.

## Director of Practice

The director of practice administers and enforces the regulations governing representation of taxpayers before the IRS.

The director of practice this year took 77 disciplinary actions against attorneys, certified public accountants, enrolled agents, enrolled actuaries and others for violations of the regulations. These actions included five disbarments, 27 suspensions and 45 reprimands, and six were the result of formal hearings before an administrative law judge. The allegations of misconduct that gave rise to disciplinary actions were received from the IRS, taxpayers,



professional organizations and tax practitioners.

Almost 6,500 individuals participated in the special enrollment examination in 1984, and 1,871 were enrolled to practice before the IRS, bringing the total number of enrollees to more than 31,000.

The Department of the Treasury issued final regulations in 1984 governing tax shelter opinions issued by tax practitioners. The regulations, enforced by the director of practice, are part of the effort against abusive tax shelters and the role of practitioners in their marketing. The IRS this year also began to require continuing professional education as a condition for active enrollment to practice. This requirement will help assure that enrolled agents maintain familiarity with current tax laws and procedures.

## Productivity Improvement

The IRS continued its efforts to improve productivity further. This year productivity improvements saved 3,502 average positions, 1,912 of which resulted from computer and related technology innovations. A productivity enhancement fund provided seed

money for 19 demonstration projects of productivity improvement ideas. A management-generated savings system offered an incentive to identify savings by providing managers some freedom to use for other purposes a portion of any savings that they achieve.

## Cash Management

The IRS continues to focus attention on interest savings. Accelerating the deposit of receipts directly reduces the government's borrowing needs, while reducing interest paid on refunds reduces expenses.

IRS deposit cycle requirements have been reduced over the past four years. Streamlining work shifts and efficient utilization of equipment have resulted in 72 million remittances, or 83.7 percent of 1984 receipts, being deposited within one workday of receipt at the service centers.

The Tax Equity and Fiscal Responsibility Act of 1982 provided the IRS with a 45-day interest-free processing period on tentative carryback claims. During 1984, 350,007 individual carryback claims were processed and \$14.7 million in interest was

paid. There were 267,292 business carryback claims processed and \$79 million in interest paid. Interest paid on such claims decreased \$704.9 million from the prior fiscal year.

#### Records Management

The IRS continues to seek more efficient and technologically innovative ways of storing and accessing its growing files of tax records. A test of electronic data transmission of tax return requests between the Fresno Service Center and the San Bruno Federal Archives and Records Center proved successful and an expanded system is being developed.

IRS also is exploring the feasibility of converting paper documents to a digital electronic format and

storing the digital images on optical laser disks. A research contract was awarded this year for an optical disk imaging system. The equipment will be tested at the Fresno Service Center in 1985. The system will scan and image the 940 and 1040 series of 1984 tax returns.

#### Statistics of Income

The IRS issued statistics of income (SOI) publications in 1984 on individual income tax returns for 1982 and corporate income tax returns for 1981. Corporate source books for 1981 and four issues of the quarterly "SOI Bulletin" also were issued. The "Bulletin" presents key data in advance of SOI reports or in place of SOI reports formerly published.

SOI publications can be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, 20402. The corporate source book is available from IRS.

During 1984 the IRS continued to provide statistical data to the Department of the Treasury's Office of Tax Analysis and the congressional Joint Committee on Taxation for use in estimating revenue and analyzing existing and proposed legislation. Statistical data also were provided to the Commerce Department's Bureau of Economic Analysis for use in updating the national income and product accounts.

#### Labor Relations

A revised statement of labor relations policy was issued to promote a positive labor-management environment. The IRS placed heavy emphasis on the role of individual managers in ensuring an effective and efficient labor relations program. All managers received training on their responsibilities under this revised policy, which is part of a broader initiative to enhance relations between the IRS and the National Treasury Employees Union.

#### Training and Development

The IRS conducted automated collection training for 1,500 technicians, 200 managers and 150 service center employees.

The IRS began a three-phase project to restructure revenue agent training to reflect changes in tax law, technology and the work environment. The first phase was completed to restructure the basic program and add more time for on-the-job training to ensure that new agents acquire the knowledge and attain the skill levels required by their jobs.

As a result of a successful pilot of computer-based training, the IRS is rapidly moving towards establishing a computer system to develop and deliver training to employees at approximately 169 IRS offices. Over the seven-year life of the system, net savings will be about \$67 million.

Managerial, technical and user training was provided to approximately 9,000 employees to support office automation efforts and the increasing use of mini- and micro-computers. The IRS's continuing professional education program provided training to 30,000 technical employees on significant tax legislation enacted by Congress.

The IRS also for the first time developed and provided technical labor negotiations training to a group of executives.

#### Legislative Affairs

The legislative affairs division develops legislative proposals, coordinates the implementation of newly-enacted tax legislation and coordinates testimony for delivery by IRS officials before congressional committees.

This year the division developed eight implementation plans, including one for the Deficit Reduction Act of 1984, that identify the responsibilities of various IRS functions in administering the law. The division also coordinated preparations for seven congressional hearings, developed replies to 25 draft and final General Accounting Office reports and handled about 11,000 congressional and related telephone inquiries and almost 10,000 written congressional and other inquiries.

#### Aid to Foreign Countries and Others

The IRS provided long-term tax administration advisory assistance to Costa Rica, Egypt, Honduras, Jordan, Liberia, Saudi Arabia and Sierra Leone. The Sierra Leone project was completed this year. Short-term projects were conducted in Indonesia and Peru. The Agency for International Development funded the projects, except for that in Saudi Arabia which is funded by its own government. Assistance was provided to Mexico in developing an audit training program and in collection and taxpayer service. Instructors were provided to the government of Guam to teach collection and examination courses.

Under the provisions of the Intergovernmental Personnel Act, a survey of the New York State Tax Department was conducted for the Legislative Tax Study Commission and a large portion of the recommendations is being implemented. A survey of the Tax Department of the State of West Virginia also was completed. The historically black college and university faculty support initiative began this year when seven IRS personnel were assigned to seven schools to teach college courses for the academic year.

This year 244 officials from 59 countries visited the IRS for orientation and observation programs. Since 1963 over 7,130 visitors from 147 countries have participated in these programs. The IRS also presented two seven-week seminars in tax administration management for tax officials from eight countries.

IRS executives participated in the Inter-American Center for Tax Administrators' (CIAT) XVIII General Assembly in Cartagena, Colombia. IRS Commissioner Egger is a member of the CIAT Executive Council.



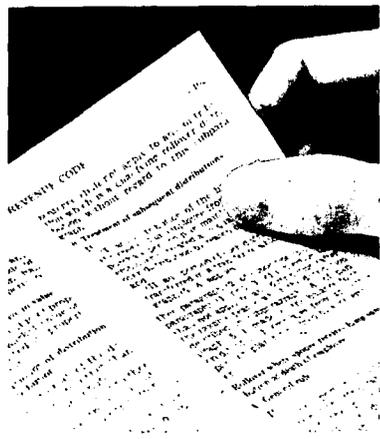
## Chief Counsel and Appeals

Primarily a field function, approximately 70 percent of Chief Counsel's attorneys are located in 49 district counsel offices under the overall direction of seven regional counsel. Seven regional directors of appeals, who report to the regional counsel, oversee the activities of appeals officers in almost 100 locations across the country.

Field attorneys in regional and district offices represent the IRS in litigation before the Tax Court and provide advice to regional commissioners and service center and district directors on criminal tax cases, tax collections, refund litigation, summons enforcement, labor relations and other legal matters.

Counsel and appeals opened local offices in California in Sacramento, San Diego and San Jose as counterparts to the three newly formed IRS districts there. Counsel and appeals share office equipment and library and conference facilities wherever possible to use their limited resources efficiently.

Revenue Procedure 82-42 continues to be a practical and productive mechanism for the disposition of docketed Tax Court cases. The appeals docketed agreement rate increased by almost a third from 1983 to 1984. During that same period, Tax Court case disposals increased by about 20 percent, while the total number of cases pending increased by 10



percent. Procedures employed in the small case area also continue to produce tangible results.

During 1984 over 75,250 taxpayers requested appeals to resolve disputed tax cases administratively. Appeals officers conducted conferences with taxpayers at 41 appeals offices, 58 suboffices and hundreds of other locations to resolve tax controversies, without litigation, in a way that was fair and impartial to both the government and the taxpayer.

Appeals' agreement rate on cases docketed before the Tax Court remained high for the second year in a row, 84.1 percent in 1983 and 83 percent in 1984. Of nondocketed cases, appeals settled 84 percent. The increased number of agreements continued to avoid unnecessary litigation for both taxpayers and the government and resulted in earlier tax collections. Extra time spent on resolving cases and increased receipts, however, did increase nondocketed and docketed inventory from 59,963 cases in 1983 to 66,705 in 1984.

Appeals closed 19,658 tax shelter cases in 1984, 64 percent more than in 1983. The agreement rate was 77.6 percent, up from 72 percent last year. Appeals closed 7,870 docketed tax shelter cases agreed, an increase of 88.4 percent over last year. These cases reduced the rate of increase in the Tax Court's tax shelter inventory.

Appeals settled 81.5 percent of cases with proposed deficiencies exceeding \$1 million. Although these large cases accounted for 83.7 percent of total dollars in inventory, they comprised only 2.7 percent of total cases in inventory.

Small cases involving deficiencies of less than \$2,500 comprised 28.4 percent of total cases in inventory, but they accounted for less than three percent of total dollars in inventory. Of these small cases, 87.8 percent were settled by appeals.

## Corporation and Individual Tax

The corporation and individual tax divisions issue letter rulings and technical advice memoranda that interpret and apply the tax laws to specific sets of facts. The two rulings divisions also respond to requests for general information and are responsible for the development of revenue rulings and revenue procedures that are published in the "Internal Revenue Bulletin."

In 1984 the divisions issued 234 revenue rulings and revenue procedures and acted on 35,028 requests for letter rulings and technical advice memoranda, including 25,542 requests for changes in accounting periods and methods.

During the year, four revenue procedures were published streamlining procedures taxpayers use in changing their method of accounting when they have been reporting interest income or claiming deductions for interest expense in accordance with the rule of 78's computation.

One of the significant tax shelter revenue rulings published this year put taxpayers on notice that

interest purportedly accrued in connection with the purchase of certain vacation time-share units is not deductible. The ruling disallowed a deduction for such interest in a nonrecourse obligation that was used as part of the purchase price and called for a large balloon payment at the end of a 30-year period.

The corporation tax division oversees the activities of the art advisory panel. The panel is composed of prominent art authorities associated with major museums, universities and dealerships. Early in 1984, the panel was increased from 12 to 22 members to provide expertise in Pre-Columbian, Primitive, Far Eastern and Asian Art.

In 1984 the art advisory panel recommended adjustments of approximately \$21 million, amounting to a 32-percent net reduction from charitable contribution claims and an 11-percent increase on estate and gift appraisals.

As a result of data in part provided by the art advisory panel, Congress included stricter guidelines and overvaluation penalties for non-cash contributions in the Deficit Reduction Act of 1984.

Both ruling divisions continued applying state-of-the-art technology to their operations by installing a mini-computer system to improve case management and increase efficiency in responding to taxpayer requests.



Subject	Total	Taxpayers' requests	Field requests
Requests for tax rulings and technical advice (Closings)	34,709	34,246	463
Administrative provisions	202	173	29
Changes in accounting methods	5,945	5,945	—
Changes in accounting periods	19,278	19,278	—
Earnings and profits determinations	1,445	1,445	—
Employment and self-employment taxes	949	919	30
Engineering questions	346	311	35
Estate and gift taxes	374	313	61
Excise taxes	226	190	36
Individual income tax matters	2,826	2,738	88
Corporation tax matters	3,118	2,934	184

Type	Number
Revenue rulings and revenue	55
Administrative	14
Employment taxes	15
procedures published	16
Estate and gift taxes	10
Excise taxes	144
Exempt organizations	10
Income taxes	10
Employee plans	5
Tax conventions	269
Total	

### Criminal Tax

In 1984 attorneys in field offices and the criminal tax division reviewed 2,561 recommendations for prosecution and 1,269 requests for initiation of grand jury investigations and spent 20,826 hours providing pre-referral legal assistance to the criminal investigation division. In keeping with the IRS's overall compliance goals, the criminal tax division was successful in obtaining significant convictions of promoters of abusive tax shelters and persons at the forefront of illegal tax protest. Substantial prison sentences were handed down this year, including 15 years for masterminding a scheme to create \$130 million in phony tax deductions and five years for the founder of a purported religious organization.

Stepped-up enforcement against tax crime required review of traditional IRS investigative approaches. In 1984 several IRS administrative controls on undercover operations and search warrants were modified.

The Deficit Reduction Act of 1984 clarified the multiple venue provision and the false Form W-4 misdemeanor sanction to allow prosecution at the principal scene of a tax crime even for defendants who live in other judicial districts and felony prosecutions for fraudulent withholding.

### Disclosure Litigation

The disclosure litigation division advises the IRS on the availability and uses that can be made of tax and other information under the disclosure sections of the Internal Revenue Code, the Freedom of Information Act and the Privacy Act of 1974.

Among significant cases this year were two

Types of cases	Pending			Pending Sept. 30, 1984
	Oct. 1, 1983	Received	Disposed	
Receipt and disposal	130	277	255	152
Disclosure opinions	4	23	23	4
of disclosure	10	31	34	7
Privacy Act opinions	90	60	59	91
litigation cases	12	111	6	117
FOIA litigation	0	2	0	2
Privacy Act litigation	0	19	0	19
Section 7217 litigation	22	29	23	28
Section 7431 litigation	0	3	0	3
Litigation/coordinations	57	240	240	57
Appellate litigation	261	1,093	920	434
FOIA requests	1	4	4	1
FOIA appeals	0	40	34	6
Privacy Act requests				
Privacy Act appeals				
Total	587	1,932	1,598	921

unauthorized disclosure suits arising out of the IRS's aggressive tax shelter program. In *First Western Government Securities v. United States*, the district court held that the IRS's disclosures to investors of information pertaining to their transactions with a tax shelter promoter were authorized by section 6103 of the Internal Revenue Code. In *Mid-South Music Corp. v. Department of the Treasury*, Mid-South alleged that the IRS's mailing of pre-filing notification letters to investors in its tax shelter promotion constituted disclosure of their tax information in violation of the same code section. The district court found that the letters did not disclose Mid-South's tax information. Appeals in both cases are pending.

Other major decisions included *Long v. IRS*, in which the Ninth Circuit permanently enjoined the IRS from withholding from disclosure the instructions to computer programmers for the individual returns file phase of the taxpayer compliance measurement program. In *Roberts v. IRS*, the district court held that the IRS's "Law Enforcement Manual," in its entirety, was exempt under the Freedom of Information Act because its release would help individuals evade the tax laws.

### Employee Plans and Exempt Organizations

The employee plans and exempt organizations division prepares regulations and provides legal advice to the IRS on employee plans and exempt organizations issues.

The division assisted the Department of the Treasury and congressional staffs in developing the pension and exempt organizations provisions of the Deficit Reduction Act of 1984. It also published regulations interpreting the second tier excise tax

provisions for private foundations and clarifying the regulations on computing gross income of electric cooperatives. Proposed regulations also were issued on the tax-exempt status of certain hospital service organizations.

The division issued guidelines on how leased employees are to be treated for certain employee benefit plan purposes and on distributions that may be made by a qualified trust.

### General Legal Services

The general legal services division handles nontax legal matters. In response to continued harassment by tax protesters, the division assisted the Department of Justice in defending numerous baseless lawsuits brought by tax protesters against IRS employees and in obtaining the removal of false common-law liens filed against employees' property.

The division continued to provide legal assistance to the IRS in the child and spousal support refund offset program. This program has been challenged repeatedly in the courts, and IRS attorneys continued to assist the Department of Justice in the successful defense of the program.

In 1984 general legal services assumed responsibility for obtaining expert witnesses for tax litigation and prepared a notice for the "Internal Revenue Bulletin" on the IRS director of practice's position on dual representation of abusive tax shelter promoters and investors in violation of Treasury Circular No. 230.

General legal services assisted the IRS during all stages of its many contracting and acquisition processes, especially in the area of sophisticated automatic data processing equipment and software. The



<i>Types of cases</i>		<i>Pending Oct. 1, 1983</i>	<i>Received</i>	<i>Disposed</i>	<i>Pending Sept. 30, 1984</i>
<b>Receipt and disposal</b>	Revenue rulings	80	137	142	75
<b>of interpretative</b>	Letter rulings	31	86	79	38
<b>division cases</b>	Technical advice	51	94	103	42
	Other advice	34	108	111	31
	<b>Total</b>	196	425	435	186



### Interpretative

The interpretative division provides legal advice to the IRS and other divisions of Chief Counsel on substantive and procedural tax law issues and plays a key role in the coordination of IRS litigating and ruling positions.

This year the division continued its program to computerize case inventory and other statistical reporting requirements, further implemented new procedures for simultaneous development of significant issues with the ruling divisions and substantially increased the time and effort spent on informal legal review of all revenue rulings and revenue procedures to be published.

Attorneys were particularly active in developing IRS positions involving a number of corporate reorganizations and in resolving questions about the consolidated return regulations. Other major projects dealt with classifying fixed investment trusts and issues pertaining to municipal bonds.

Among the significant revenue rulings published this year in which the division had an active role were two tax shelter determinations. One dealt with the availability of the investment credit in connection with the nonexclusive use of master tape sound recordings, and the other determined the extent of allowable interest deductions in the promotional sale of time-share units in a vacation home.

### Legislation and Regulations

The legislation and regulations division primarily focuses on developing tax regulations. The division also helps the Department of the Treasury and Congress draft tax law provisions, reviews proposed revenue rulings and drafts of forms and publications to ensure they are consistent with recent legislation and draft regulations and gives technical advice to the Treasury in the negotiation of tax treaties.

In 1984 the division published final regulations on the limitation on the foreign tax credit for oil and gas taxes. Other final regulations published this year

included consolidated return regulations, rules for real estate investment trusts and regulated investment companies and rules for information reporting by brokers.

Temporary regulations were issued to provide rules for the recently enacted back-up withholding provisions. Some of the subjects on which regulations were proposed during the year included the general rules on the taxation of foreign investment in U.S. real property, the change in the limitations on the estate and gift tax marital deduction, farming syndicate expenditures, incentive stock options and the accelerated cost recovery system. The division also provided assistance in treaty negotiations with seven foreign governments.

The division continued its efforts to improve the development of regulations and accelerate their publication. The division prepares draft regulations for consideration by the Chief Counsel and Commissioner and transmits to the Department of the Treasury according to a schedule that includes projections for several months in advance. Drafts of regulations are reviewed by a Chief Counsel review staff before submission to the associate chief counsel (technical), Chief Counsel, Commissioner and the Treasury.

Division attorneys were involved in extensive legislative drafting sessions preceding enactment of the Deficit Reduction Act of 1984. To implement the most pressing issues of that act quickly, division attorneys drafted rules for a number of priority projects in close coordination with the Treasury Department's Offices of Tax Legislative Counsel and International Tax Counsel, the ruling divisions and other IRS offices. Because of the close working relationship with these offices, the division was able to provide early guidance to the public and IRS personnel.

Following IRS policy of seeking public input to the regulations process, the division this year invited interested individuals and organizations to assist in developing regulations by submitting issue papers or regulatory examples for specified projects.

<i>Types of cases</i>		<i>Pending Oct. 1, 1983</i>	<i>Received</i>	<i>Disposed</i>	<i>Pending Sept. 30, 1984</i>
<b>Receipt and disposal</b>	Legislation	47	6	6	47
<b>of legislation and</b>	Regulations	416	113	105	424
<b>regulations</b>	Miscellaneous	93	137	134	96
<b>division cases</b>	<b>Total</b>	556	256	245	567





Statistical Tables

**Table 1.**—Internal revenue collections by sources and by internal revenue regions and districts, states and other areas/47

**Table 2.**—Internal revenue collections by sources/52

**Table 3.**—Internal revenue collections by principal sources/54

**Table 4.**—Amount of internal revenue refunds including interest/56

**Table 5.**—Number of internal revenue refunds issued/57

**Table 6.**—Number of returns filed by internal revenue regions and districts, states and other areas/58

**Table 7.**—Returns filed, examination coverage and results (1984)/60

**Table 8.**—Returns filed, examination coverage and results (1983)/62

**Table 9.**—Additional tax and penalties recommended after examination by class of tax and by internal revenue regions and districts and other areas/64

**Table 10.**—Number of returns examined by class of tax and by internal revenue regions and districts and other areas/65

**Table 11.**—Returns examined by examination divisions/66

**Table 12.**—Examinations resulting in refunds (Excluding claims for refund)/66

**Table 13.**—Results of collection activity/66

**Table 14.**—Civil penalties assessed and abated/67

**Table 15.**—Appeals division receipt and disposition of cases not before the Tax Court (Nondocketed)/68

**Table 16.**—Appeals division receipt and disposition of income, estate and gift tax cases petitioned to the Tax Court (Docketed)/68

**Table 17.**—Requests for EP/EO tax rulings and technical advice (Closings)/69

**Table 18.**—Determination letters issued on ERISA employee benefit plans/69

**Table 19.**—Number of exempt organizations returns examined by type/69

**Table 20.**—Number of active entities on exempt organizations master file/70

**Table 21.**—Disposal of exempt organizations applications/70

**Table 22.**—Internal revenue collections, costs, employees and U.S. population/71

**Table 23.**—Costs incurred by the Internal Revenue Service by activity/71

**Table 24.**—Costs incurred by the Internal Revenue Service by office/72

**Table 25.**—Personnel summary/73

**Commissioners of Internal Revenue/74**

**Principal Officers of the Internal Revenue Service as of Sept. 30, 1984/76**

**Chief Counsel for the Internal Revenue Service/81**

**Principal Officers of the IRS Office of Chief Counsel as of Sept. 30, 1984/82**

**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. <sup>1</sup> (States represented by single districts indicated in parentheses; totals for other states shown at bottom table.)	Total internal revenue collections	Corporation income tax <sup>2</sup>	Individual income and employment taxes				Unemployment insurance
			Total	Income tax not with SECA 15.5	Income tax with and FICA 15	Railroad retirement	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>United States, total</b> .....	<b>680,475,229</b>	<b>74,179,370</b>	<b>562,101,707</b>	<b>92,515,155</b>	<b>459,892,499</b>	<b>3,642,030</b>	<b>6,052,023</b>
<b>North-Atlantic Region</b> .....	<b>120,168,731</b>	<b>17,100,520</b>	<b>89,757,607</b>	<b>14,131,295</b>	<b>83,438,231</b>	<b>184,685</b>	<b>1,003,295</b>
Albany.....	6,816,680	602,818	6,123,283	520,594	5,544,073	12,950	45,657
Augusta.....	1,731,807	148,507	1,583,118	131,116	1,452,002	10,394	10,394
Boston.....	19,007,847	2,101,212	16,415,784	2,558,978	13,667,775	25,131	163,911
Brooklyn.....	11,492,790	885,930	10,424,237	2,691,098	7,733,139	57,706	100,616
Burlingame.....	9,113,059	1,048,595	8,064,464	1,058,945	7,005,519	1,658	73,865
Burlington.....	824,227	72,070	752,956	151,846	602,210	4,189	11,700
Hartford.....	15,352,210	1,876,762	13,076,567	1,801,845	11,274,722	1,223	142,178
Manhattan.....	10,885,101	1,876,762	9,008,339	4,363,425	30,910,735	65,805	395,752
Portsmouth.....	2,185,155	195,300	1,989,855	373,507	1,527,268	81	20,841
Providence.....	2,411,727	280,782	2,030,945	299,741	1,731,971	1,236	32,262
<b>Mid-Atlantic Region</b> .....	<b>99,989,859</b>	<b>9,394,859</b>	<b>84,104,937</b>	<b>11,703,401</b>	<b>70,235,693</b>	<b>1,142,779</b>	<b>1,022,874</b>
Baltimore.....	19,750,810	1,202,318	17,805,077	2,084,815	15,126,235	453,386	140,840
Foreign Operations.....	2,978,068	1,355,982	2,425,146	2,084,015	1,417,256	1,960,895	45,143
Puerto Rico.....	1,172,923	28,785	74,434	43,937	678,531	—	41,267
Other.....	1,805,144	107,198	1,697,946	373,321	1,282,154	3,061	3,176
Newark.....	27,097,266	2,845,023	22,872,714	3,492,492	19,042,284	34,457	306,502
Philadelphia.....	20,855,539	2,279,733	17,452,519	2,530,401	14,314,355	357,483	250,080
Pittsburgh.....	13,316,462	1,012,638	11,035,268	1,206,001	9,655,673	33,873	139,940
Richmond.....	12,884,002	1,165,853	10,018,469	1,746,787	7,804,958	260,805	106,130
Wilmington.....	3,307,912	753,990	2,488,923	225,867	2,231,723	103	31,230
<b>Southeast Region</b> .....	<b>73,261,495</b>	<b>7,316,224</b>	<b>59,357,511</b>	<b>12,642,432</b>	<b>45,782,485</b>	<b>302,894</b>	<b>629,900</b>
Atlanta.....	13,304,856	1,700,492	10,305,217	1,205,522	8,559,103	7,056	113,026
Birmingham.....	6,011,119	619,205	5,102,811	882,332	4,183,056	1,989	55,451
Columbus.....	4,589,905	448,583	4,002,633	693,274	3,258,539	1,676	49,144
Greensboro.....	14,531,562	1,659,618	9,495,059	1,515,288	7,854,705	1,070	123,070
Jackson.....	2,813,593	196,345	2,024,784	593,602	1,662,252	1,926	27,003
Jacksonville.....	23,475,704	1,584,250	20,735,269	6,068,759	14,182,583	298,137	197,789
Nashville.....	6,733,857	897,731	7,431,231	1,262,671	6,102,247	64,083	64,083
<b>Central Region</b> .....	<b>89,448,226</b>	<b>10,999,617</b>	<b>73,244,428</b>	<b>8,173,771</b>	<b>64,106,138</b>	<b>69,706</b>	<b>864,815</b>
Cincinnati.....	12,549,169	1,791,943	10,342,800	1,312,072	8,895,474	88	144,398
Cleveland.....	21,172,857	2,808,787	17,185,271	1,725,201	15,220,261	37,816	202,746
Detroit.....	32,960,281	4,770,303	27,191,542	2,243,726	24,557,871	51,289	338,455
Indianapolis.....	13,607,885	1,004,194	10,018,420	1,537,161	10,385,562	8,139	86,558
Louisville.....	6,965,170	885,261	4,571,726	968,751	2,539,494	815	62,666
Parkersburg.....	2,166,453	139,130	1,934,369	386,257	1,517,630	30	30,024
<b>Midwest Region</b> .....	<b>95,494,789</b>	<b>11,298,823</b>	<b>79,497,023</b>	<b>11,483,488</b>	<b>65,940,009</b>	<b>1,183,360</b>	<b>890,187</b>
Aberdeen.....	6,733,857	897,731	7,431,231	1,262,671	6,102,247	64,083	64,083
Chicago.....	4,406,698	29,530,317	3,799,564	2,562,125	305,492	363,025	—
Des Moines.....	5,102,561	728,965	4,141,151	1,136,638	2,955,965	2,852	45,586
Fargo.....	1,052,296	44,892	968,969	206,212	673,363	—	596,554
Milwaukee.....	10,897,227	1,431,427	8,023,210	1,233,042	7,692,371	2,846	94,952
Omaha.....	4,292,122	544,239	3,570,904	639,659	2,672,542	229,891	29,812
St. Louis.....	16,746,004	1,641,682	13,782,789	1,763,565	11,677,694	113,569	134,981
St. Paul.....	14,765,959	1,530,074	12,688,004	1,307,584	10,822,180	416,983	416,983
Springfield.....	5,781,622	616,492	4,920,551	1,057,841	3,786,834	11,404	64,672
<b>Southwest Region</b> .....	<b>99,880,124</b>	<b>7,991,555</b>	<b>71,307,482</b>	<b>15,151,653</b>	<b>55,138,006</b>	<b>339,798</b>	<b>678,095</b>
Albuquerque.....	2,005,781	132,347	1,775,195	403,190	1,345,181	26,686	—
Austin.....	9,776,221	660,431	8,601,494	2,295,679	6,253,572	3,534	48,710
Cheyenne.....	874,591	36,372	732,139	220,772	503,924	55	7,388
Dallas.....	22,228,109	2,331,430	17,324,321	4,074,950	13,007,563	27,202	184,606
Denver.....	11,814,472	582,897	9,907,965	1,320,941	8,490,310	29,480	67,234
Houston.....	16,227,717	1,758,218	11,490,388	2,057,527	9,300,805	15,344	116,611
Little Rock.....	3,349,277	449,266	2,674,570	608,079	2,014,334	3,133	48,024
New Orleans.....	8,183,686	605,969	7,190,376	1,622,478	5,494,145	2,921	70,833
Oklahoma City.....	9,762,177	824,984	6,724,684	1,455,884	5,203,878	651	64,530
Wichita.....	5,836,113	809,841	4,866,311	1,021,113	3,494,494	257,250	43,474
<b>Western Region</b> .....	<b>108,342,083</b>	<b>9,972,068</b>	<b>92,187,400</b>	<b>17,237,474</b>	<b>73,735,149</b>	<b>311,441</b>	<b>903,066</b>
Anchorage.....	1,570,642	94,174	1,452,990	268,639	1,177,094	103	12,154
Boise.....	1,813,606	182,962	1,584,260	282,845	1,302,787	1,006	18,006
Helena.....	1,138,328	57,981	1,010,378	294,143	705,951	358	9,926
Honolulu.....	14,088,541	1,343,244	12,289,301	2,888,852	9,268,532	1,894	132,022
Laguna Niguel.....	1,980,467	180,576	1,744,663	304,221	1,424,767	33	15,622
Los Angeles.....	27,475,148	3,511,915	21,543,305	3,417,408	17,907,811	2,654	215,432
Phoenix.....	5,105,741	339,144	4,637,615	1,045,251	3,541,332	794	50,238
Portland.....	5,184,335	355,041	4,613,289	849,903	3,730,767	719	31,899
Reno.....	2,149,847	166,299	1,926,099	477,315	1,429,237	72	20,474
Sacramento.....	7,725,633	471,672	6,723,014	1,696,771	4,944,353	1,950	77,001
Salt Lake City.....	2,697,913	306,386	2,234,039	380,263	1,848,146	1,925	23,705
San Francisco.....	16,252,008	1,332,236	13,517,850	1,694,640	11,431,423	297,154	84,534
San Jose.....	11,062,313	861,651	9,804,281	2,067,612	7,733,079	1,575	102,015
Seattle.....	10,078,060	776,767	8,003,958	1,611,612	6,392,346	1,491	99,737
<b>Undistributed:</b>							
Federal tax deposits <sup>3</sup> .....	1,292,954	44,672	1,582,560	—	1,445,102	77,667	59,791
Gasoline, lubricating oil and excess FICA credits <sup>4</sup> .....	544,829	62,954	—	481,975	—	—	—
Withheld taxes of federal employees.....	—	—	—	—	—	—	—
Cleaning account for excess taxes—aviation fuel and other Force and Navy.....	23	—	—	—	—	—	—
Presidential election campaign fund <sup>5</sup> .....	34,770	—	34,770	—	34,770	—	—
Earned income credits <sup>6</sup> .....	36,544	—	36,544	—	36,544	—	—
Other <sup>7</sup> .....	1,986,301	—	1,509,490	1,509,587	—	—	—
<b>Totals for states not shown above</b>							
(a) California.....	76,623,643	7,520,717	63,974,910	11,763,283	51,285,198	305,326	621,104
(b) Illinois.....	41,980,597	5,023,191	34,450,867	4,857,305	29,648,959	316,899	427,707
(c) New York.....	78,673,159	12,420,344	62,990,342	8,830,382	53,895,760	136,311	615,899
(d) Ohio.....	33,721,827	4,400,730	27,528,371	3,037,875	24,105,480	37,904	347,112
(e) Pennsylvania.....	34,171,801	3,292,371	28,487,607	3,736,403	23,870,026	391,157	390,000
(f) Texas.....	48,234,047	4,750,079	37,416,203	6,428,256	28,591,840	46,078	149,927

Table 1.—Continued  
(In thousands of dollars)

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.)	Estate tax	Gift tax	Excise taxes, total (sum of columns 11, 15, 16, 22, 28 and 39)		Alcohol taxes				Tobacco taxes <sup>1</sup>	
			(8)	(9)	(10)	Total	Distilled spirits taxes <sup>2</sup>	Wine taxes <sup>3</sup>	Beer taxes <sup>4</sup>	(15)
United States, total.....	6,024,985	151,682	38,017,486	5,402,487	3,568,482	319,920	1,518,064	4,663,613	4,489	
North-Atlantic Region.....	983,168	20,290	3,325,147	517,715	278,413	71,280	168,021	4,489		
Alabama.....	57,242	1,063	1,229,099	163	116	—	—	—		
Augusta (Maine).....	11,855	96	50,041	3,321	3,308	—	13	75		
Boston (Massachusetts).....	150,963	4,476	335,401	120,892	98,796	4,914	16,982	1,656		
Brooklyn (New York).....	75,183	1,263	86,204	111,666	111,666	—	—	—		
Buffalo (See (c) below).....	65,222	1,044	302,093	146,590	375	32,678	113,507	—		
Burlington (Vermont).....	7,496	235	14,468	71	—	—	—	—		
Hartford.....	125,732	1,769	268,380	62,888	59,471	3,372	25	166		
Manhattan (See (c) below).....	442,457	10,147	2,168,808	139,217	98,316	27,935	12,967	2,580		
Northampton (See (c) below).....	13,862	648	53,853	32,183	6,628	1,135	24,400	—		
Providence.....	13,564	133	12,988	89	3	—	—	—		
Mid-Atlantic Region.....	853,320	20,844	5,815,819	1,136,481	184,859	13,841	22,659	1,013,002		
Baltimore (Maryland & D.C.).....	108,353	6,585	628,478	283,256	251,888	8,908	8,908	2,632		
Foreign Operations.....	17,288	328	388,122	263,338	263,874	—	—	6,401		
Puerto Rico.....	351	4	379,349	363,737	363,872	—	—	6,401		
Other.....	16,838	524	18,773	1	1	770	58,881	675		
Newark.....	160,229	3,065	1,210,225	255,417	770	—	—	675		
Philadelphia (See (a) below).....	169,153	5,220	948,814	82,636	47,495	2,279	32,834	7,860		
Pittsburgh (See (a) below).....	76,961	888	1,190,888	25,804	14,337	14	11,254	3,094		
Richmond.....	101,646	4,536	1,394,086	54,639	54,638	1,871	62,172	993,241		
Wilmington.....	20,289	223	45,086	47	45	—	—	—		
Southeast Region.....	685,828	20,981	5,881,151	467,131	173,904	13,231	279,998	2,648,721		
Atlanta.....	160,229	2,541	1,215,117	18,845	13,231	—	—	496,865		
Birmingham.....	42,457	2,307	244,322	1,599	292	156	207	392		
Columbia (South Carolina).....	44,176	1,622	32,591	198	214	534	—	—		
Greensboro (North Carolina).....	89,570	1,101	3,078,210	426	2,930	—	—	104,822		
Jackson (Mississippi).....	28,652	801	103,012	193	102	3	58	—		
Jacksonville (Florida).....	344,504	9,726	801,854	134,974	59,347	7,455	68,171	31,301		
Nashville.....	56,484	2,893	347,933	137,157	1	—	39,309	695		
Central Region.....	477,283	16,284	4,707,234	1,413,489	1,251,832	36,904	124,753	693,892		
Cincinnati (See (d) below).....	90,437	2,150	322,040	162,430	110,167	424	51,839	14		
Cleveland (See (d) below).....	119,285	4,610	1,254,195	48,859	40,266	2,552	5,999	392		
Detroit.....	119,388	5,703	873,345	337,534	282,965	5,965	46,864	66		
Indianapolis.....	74,047	2,707	508,517	235,824	216,840	817	18,167	320		
Louisville.....	101,646	894	1,875,288	624,674	597,519	27,107	48	692,921		
Parkersburg (West Virginia).....	200	73,649	200	4,308	4,272	—	—	179		
Midwest Region.....	824,234	23,198	3,853,810	598,707	296,842	10,743	288,172	183		
Aberdeen.....	9,115	329	18,016	132	132	—	—	—		
Chicago (See (b) below).....	301,468	6,729	1,853,763	145,438	136,895	6,535	2,208	154		
Des Moines.....	89,522	895	142,028	5,609	5,520	17	71	—		
Fargo.....	18,748	27,443	27,443	748	748	2	—	—		
Milwaukee (Wisconsin).....	72,979	2,614	366,996	146,454	7,887	1,488	140,279	8		
Omaha.....	51,983	689	124,327	1,744	160	95	489	—		
St. Louis.....	121,349	5,627	897,356	187,505	79,414	1,775	100,407	—		
St. Paul.....	65,090	4,534	450,158	65,090	35,138	829	29,123	—		
Springfield (See (b) below).....	74,881	1,477	188,221	41,895	32,129	1	9,566	—		
Southeast Region.....	854,140	25,115	9,681,832	347,767	90,789	5,961	251,096	266		
Albuquerque (New Mexico).....	20,175	636	77,408	1,443	1,439	2	3	—		
Austin.....	108,481	8,606	399,230	45,905	22,952	4,092	18,861	245		
Cheyenne (Wyoming).....	11,533	64	94,263	58	—	—	—	—		
Dallas (See (f) below).....	250,802	7,528	2,314,028	83,029	814	18	82,197	4		
Denver.....	58,993	1,108	1,064,414	114,993	266	—	114,728	—		
Houston (See (f) below).....	135,186	3,710	2,840,233	35,334	2,288	9	33,037	10		
Little Rock.....	37,379	253	187,808	19,661	19,383	252	27	—		
New Orleans.....	87,870	1,801	297,870	45,666	42,444	1,581	1,840	7		
Oklahoma City.....	82,983	1,047	2,128,589	600	122	—	—	—		
Wichita.....	81,846	565	277,630	1,102	1,036	6	61	—		
Western Region.....	1,070,132	24,889	5,687,486	923,667	536,501	168,159	218,427	2,178		
Anchorage.....	2,987	186	23,442	744	725	18	1	6		
Boise.....	10,485	435	35,444	205	170	29	6	—		
Helena.....	16,595	390	52,885	3,903	3,311	206	386	32		
Honolulu.....	50,373	1,046	33,810	6,708	5,889	858	181	2		
Laguna Niguel (See (a) below).....	155,879	1,980	298,139	737	716	9	12	8		
Los Angeles (See (a) below).....	278,225	3,727	2,137,878	269,572	136,467	11,251	121,853	1,056		
Phoenix.....	58,669	1,488	68,626	7,019	3,235	189	3,566	1		
Portland.....	57,336	6,128	152,543	49,676	39,827	1,014	8,835	30		
Reno.....	29,861	885	27,703	67	87	—	—	—		
Sacramento (See (a) below).....	74,910	1,891	457,665	32,860	1,499	1,460	29,720	4		
Salt Lake City.....	24,470	587	132,121	61	43	—	18	—		
San Francisco (See (a) below).....	164,247	3,382	1,234,283	477,455	323,663	143,642	10,350	1,015		
San Jose (See (a) below).....	119,315	2,413	194,553	19,801	5,599	1,313	1,313	4		
Seattle (Washington).....	60,301	649	236,384	61,336	15,666	3,496	42,174	19		
Undistributed:										
Federal tax deposits <sup>5</sup> .....	—	—	(334,278)	—	—	—	—	—		
Gasoline, lubricating oil and excess FICA credits <sup>6</sup> .....	—	—	—	—	—	—	—	—		
Withheld taxes of federal employees.....	—	—	—	—	—	—	—	—		
Clearing account for excise taxes—aviation fuel and oil—Air Force and Navy.....	—	—	—	—	—	—	—	—		
Presidential election campaign fund <sup>7</sup> .....	—	—	—	—	—	—	—	—		
Earned income credits <sup>8</sup> .....	—	—	—	—	—	—	—	—		
Other <sup>9</sup> .....	476,811	—	—	—	—	—	—	—		
Totals for states not shown above.....										
(a) California.....	791,876	10,403	4,322,637	793,344	487,746	162,351	163,247	2,087		
(b) Illinois.....	375,348	8,296	1,821,984	187,133	168,833	6,539	11,773	154		
(c) New York.....	660,103	12,935	2,960,035	298,490	110,550	61,856	126,557	2,607		
(d) Ohio.....	209,731	6,780	1,576,235	211,289	150,436	3,016	57,838	406		
(e) Pennsylvania.....	248,114	3,382	2,139,802	108,212	61,833	2,291	44,086	10,954		
(f) Texas.....	494,431	10,844	5,553,491	164,258	25,024	4,119	134,096	236		

Table 1.—Continued  
(In thousands of dollars)

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				
	Total	Gasoline	Tires (wholly or in part of rubber) (inner tubes and tread rubber)	Black lung	Recreational excise taxes <sup>10</sup>
United States, total.....	(16)	(17)	(18)	(19)	(20)
United States, total.....	10,997,242	9,026,745	423,315	525,422	132,448
North-Atlantic Region.....	970,877	871,370	63,394	18,880	59,391
Alabama.....	17,905	17,905	57	—	86
Augusta (Maine).....	33,112	32,813	292	—	11,175
Boston (Massachusetts).....	103,810	95,136	4,298	312	223
Brooklyn (See (c) below).....	53,690	26,434	27,038	14	1,443
Buffalo (See (c) below).....	83,392	65,177	14,146	—	281
Burlington (Vermont).....	6,873	6,873	31	—	36,792
Hartford.....	121,428	35,513	31,983	17,885	7,796
Manhattan (See (c) below).....	531,482	506,998	16,115	789	1,380
Northampton (See (c) below).....	6,949	5,441	147	—	219
Providence.....	7,422	7,461	107	—	1,360
Mid-Atlantic Region.....	1,128,998	871,477	150,118	182,584	485
Baltimore (Maryland & D.C.).....	104,970	76,027	26,524	1,407	20
Foreign Operations.....	326	—	227	—	—
Puerto Rico.....	326	79	227	—	20
Other.....	118,664	92,950	12,008	19	6,561
Newark.....	291,377	254,205	10,059	25,468	2,351
Philadelphia (See (a) below).....	483,909	278,914	995	103,882	1,470
Pittsburgh (See (a) below).....	116,497	61,609	775	51,723	2,288
Richmond.....	743,873	687,289	14,805	14	1,905
Wilmington (Delaware).....	13,254	7,993	18,018	30,546	8,021
Southeast Region.....	743,873	687,289	14,805	14	1,905
Atlanta.....	159,749	158,337	1,772	45	(39)
Birmingham.....	85,753	77,897	1,496	15,651	1,395
Columbia (South Carolina).....	142,412	140,933	1,317	42	35
Greensboro (North Carolina).....	44,905	43,915	1,005	4	4,508
Jackson (Mississippi).....	155,061	149,218	211,414	14,805	325
Jacksonville (Florida).....	87,805	82,610	1,679	4	148
Nashville (Tennessee).....	1,343,085	1,006,095	1,199	16,308	82
Central Region.....	57,548	49,289	211,414	19,489	247
Cincinnati (See (d) below).....	656,413	449,689	205,846	1,476	3,418
Cleveland (See (d) below).....	231,944	222,968	625	7,045	863
Detroit.....</					



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

Sources of revenue	1983	1984
Grand total, all sources	627,246,793	680,475,279
Corporation income taxes, total <sup>1</sup>	81,779,566	74,179,370
Regular	81,734,430	74,129,397
Exempt organizations business income tax	45,125	49,973
Individual income and employment taxes, total	523,475,821	562,101,707
Income tax not withheld and SECA <sup>2</sup> *	80,341,073	82,515,155
Income tax withheld and FICA <sup>3</sup> **	425,707,739	459,892,499
Retroactive retirement, total <sup>4</sup>	3,115,427	3,642,030
Unemployment insurance <sup>5</sup>	4,311,582	6,052,023
Estate tax <sup>6</sup>	6,077,202	6,024,885
Gift tax <sup>7</sup>	146,675	151,682
Excise taxes, total	55,785,538	39,017,486
Alcohol taxes, total	5,634,853	5,402,487
Distilled spirits taxes, total	3,788,148	3,566,482
Imported (collected by Customs, rates same as domestic)	547,013	548,529
Domestic, \$10.50 per proof gallon or wine gallon when below proof <sup>8</sup>	3,231,512	2,988,963
Rectification, 30 cents per proof gallon <sup>9</sup>	60	173
Occupational taxes, total	19,583	18,611
Nonbeverage manufacturers of spirits, \$25, \$50, \$100 per year	83	83
Retailers <sup>10</sup>	18,010	17,227
Wholesale dealer (distilled spirits, wines and beer), \$255 per year	1,464	1,455
Manufacturers of stills, \$55 per year	4	4
Sills or condensers manufactured, \$25 each	2	1
Seizures, penalties, etc.	1	7
Wine taxes, total	239,329	319,820
Imported (collected by Customs, rates same as domestic)	58,709	79,282
Domestic (still wines, 17 cents, 67 cents, \$2.25 per wine gallon; sparkling wines, \$3.40, artificially carbonated wines, \$2.40) <sup>11</sup>	180,611	240,638
Occupational taxes, total	9	1
Beer taxes, total	1,597,375	1,516,064
Imported (collected by Customs, rates same as domestic)	50,501	57,994
Domestic, \$9 per barrel of 31 gallons (\$7 for certain small U.S. brewers) <sup>12</sup>	1,544,541	1,456,109
Occupational taxes, total	2,233	1,962
Brewers, total	22	25
Less than 500 barrels, \$55 per year	2	15
500 barrels or more, \$110 per year	20	10
Retail dealers in beer, \$24 per year (includes limited retail dealer in distilled spirits, wine and beer, \$2.20 and \$4.50 per month)	1,724 <sup>a</sup>	1,508
Wholesale dealers in beer, \$123 per year	487	429
Tobacco taxes, total	4,139,810	4,863,810
Cigarettes, total <sup>13</sup> **	4,099,226	4,823,298
Small (Class A), \$6 per thousand	4,099,182	4,823,275
Large (Class B), \$10.80 per thousand, except if over 6 1/2 inches long, \$6 per thousand for each 2 3/4 inches or fraction thereof	10	13
Prepayments	34	-
Cigars, total <sup>14</sup>	33,716	30,372
Large cigars, total	32,780	29,448
Wholesale price not more than \$235.294 per thousand, 8 1/2 percent	28,395 <sup>a</sup>	25,802
Wholesale price more than \$235.294 per thousand, \$20 per thousand	4,384	3,686
Small cigars, 75 cents per thousand	929	875
Prepayments	8	9
Imported cigars, cigarettes, cigarette papers and cigarette tubes (collected by Customs, rates same as domestic)	5,321	7,012
Miscellaneous tobacco	16	1
Cigarette papers and tubes, paper one-half cent per 50, tubes 1 cent per 50	1,529	2,037

Table 2.—Continued  
(In thousands of dollars)

Sources of revenue	1983	1984
Excise taxes—continued		
Manufacturers' excise taxes, total	6,351,840 <sup>a</sup>	10,097,242
Gasoline, 9 cents per gallon	4,904,580	9,026,745
Tires (wholly or in part of rubber), inner tubes and tread rubber, total	677,966	423,315
Tires, highway type <sup>15</sup>	635,825	401,517
Inner tubes, 10 cents per pound <sup>16</sup>	22,466	12,709
Tread rubber, 5 cents per pound <sup>17</sup>	19,674	9,089
Pistols and revolvers, 10 percent	24,080	22,011
Fishing rods, creels, etc., 10 percent	35,162	37,269
Bows and arrows, 11 percent	8,872	7,515
Firearms (other than pistols and revolvers), 11 percent	34,711	37,235
Shells and cartridges, 11 percent	31,846	28,378
Black lung, total	490,731	525,422
Underground mined coal - \$1.00 per ton	28,643	29,367
Underground mined coal - 4 percent of price per ton	152,574	160,084
Surface mined coal - 50 cents per ton	45,940	42,434
Surface mined coal - 4 percent of price per ton	4,018	8,818
Fuel economy, \$450 to \$2,150 <sup>18</sup>	529	1,796
Alcohol sold as but not used as fuel, credit of 37 1/2 cents or 50 cents per gallon <sup>19</sup>	141,348 <sup>b</sup>	- 31,274
Other <sup>20</sup>	1,255,378 <sup>b</sup>	2,619,570
Retailers and special fuels, total	13,461	7,738
Noncommercial aviation gasoline, 3 cents per gallon <sup>21</sup>	44,636	67,926
Noncommercial aviation fuel other than gasoline, 14 cents per gallon <sup>22</sup>	742,380	1,571,437
Diesel and special motor fuels, 4 cents per gallon (in some instances 2 cents per gallon)	30,720	39,877
Inland waterway fuel, 6 cents per gallon	30,720	39,877
Motor vehicles, chassis, bodies, etc., 12 percent <sup>23</sup>	424,182	632,845
Other <sup>24</sup>	-	148
Miscellaneous excise taxes, total	19,227,848	13,290,186
Telephone and teleprinter exchange services, 3 percent <sup>25</sup>	1,046,317	2,034,965
Transportation of persons by air, 8 percent <sup>26</sup>	1,757,412	2,241,203
Use of international air-travel facilities, \$3 per person <sup>27</sup>	45,884	82,730
Transportation of property by air, 5 percent <sup>28</sup>	92,881	132,780
Coin-operated gaming devices, \$250 per device per year <sup>29</sup>	70	40
Weging taxes, total	11,844	6,864
Occupational tax, \$50 per year	1,377	897
Wagers, 0.25 percent of amount wagered <sup>30</sup>	10,467	5,966
Use tax on highway vehicles weighing over 26,000 pounds, \$3 per 1,000 pounds per year (installment privileges permitted)	287,457	175,054
Use tax on civil aircraft, \$25 per year with an additional 2 cents per pound on non turbine engines powered over 2,500 pounds or 3 1/2 cents per pound on turbine engine powered <sup>31</sup>	241	37
Firearms transfer and occupational taxes <sup>32</sup>	740	738
Foreign insurance, 1 cent or 4 cents per dollar of premium <sup>33</sup>	- 44,440	56,027
Exempt organizations, total	112,580	146,806
Net investment income, 2 percent	438	192
Self dealing, 5 percent on self-dealer, lesser of \$10,000 or 2 1/2 percent on foundation manager	119	218
Excess business holdings, 5 percent on foundation	61	112
Taxable expenditures, 10 percent on foundation, lesser of \$5,000 or 2 1/2 percent on foundation manager	118	292
Failure to timely file certain information returns, \$10 per day up to a maximum of \$5,000	3,748	3,475
Failure to distribute income, 15 percent of undistributed income	1,041	1,184
Investments that jeopardize charitable purpose, 5 percent on foundation, lesser of \$5,000 or 5 percent on foundation manager	8	1
Employee pension plans, total	6,675	11,262
Excess contributions to an IRA, 6 percent of excess amount	1,158	1,717
Tax on underdistributions from an IRA, 50 percent of underdistribution	212	299
Prohibited transactions, 5 percent of prohibited transaction	2,415	2,682
Tax on excess contributions to an IRA-10 Plan, 6 percent of excess amount	72	94
Failure to meet funding standards, 5 percent of funding deficiency	2,413	3,046
Tax on excess contributions to custodial accounts, 6 percent of excess amount	12	82
Failure to file registration statement, \$1 per day up to \$5,000	85	136
Failure to file notification of change, \$1 per day up to \$5,000	12	27
Failure to file statement required by section 6047 or 6056, \$10 per day up to \$5,000	2,242	3,160
Failure to furnish individual statement, \$50 for each failure	-	1
Failure to provide IRA reports, \$10 for each failure	5	1
Black lung benefit trusts, excess contributions, 5 percent of excess amount	169	9
Taxes on lobbying expenditures, 25 percent of taxable lobbying expenditures	-	-
Wendell profits, total, 25 percent to 70 percent of wendell profit <sup>34</sup>	15,660,081	8,120,274
Quarry return amounts	15,651,279	8,104,188
Annual return amounts	16,801	16,887
Environmental taxes, total	235,954	275,389
Petroleum, 0.79 cent a barrel	39,357	39,610
Chemicals, 22 cents to \$4.87 per ton	197,597	229,828
Hazardous waste, \$2.13 per ton <sup>35</sup>	-	5,853
Other <sup>36</sup>	2,256	740
Unclassified excise taxes <sup>37</sup>	- 844,291 <sup>a</sup>	1,844,411

**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 <sup>1,2,3</sup>	Individual income taxes <sup>4,5,6</sup>	Employment taxes <sup>7</sup>	Estate and gift taxes <sup>8</sup>	Alcohol taxes <sup>9</sup>	Tobacco taxes <sup>10</sup>	Manufacturers' excise taxes	All other taxes <sup>11</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1946	40,672,097	31,256,138	12,653,802	18,704,536	1,700,828	678,832	2,526,165	1,165,519	922,671	2,421,984
1947	39,108,386	29,019,756	9,676,459	19,343,297	2,024,365	779,291	2,474,782	1,425,260	1,425,260	2,147,184
1948	41,684,542	31,172,191	10,174,410	20,997,781	2,361,342	896,345	2,255,327	1,300,280	1,849,234	2,068,623
1949	40,483,125	28,605,91	11,554,699	19,051,822	2,478,113	796,538	2,210,607	1,321,875	1,541,525	2,280,969
1950	38,957,132	28,007,659	10,654,351	17,153,308	2,644,575	708,227	2,219,202	1,328,464	1,836,053	2,214,951
1951	50,445,686	37,394,879	14,367,569	22,997,309	3,627,479	729,730	2,546,808	1,380,396	2,383,677	2,362,719
1952	65,059,688	50,741,017	21,466,819	29,274,107	4,464,284	833,147	2,549,120	1,565,162	2,348,943	2,507,933
1953	69,686,535	54,130,732	21,546,915	32,583,817	4,718,403	891,284	2,780,825	1,654,911	2,862,788	2,647,492
1954	69,919,991	54,360,014	21,546,322	32,813,691	5,107,623	835,121	2,783,012	1,890,229	2,689,133	2,464,859
1955	65,298,692	49,814,939	18,284,720	31,650,106	6,219,665	936,267	2,742,840	1,571,213	2,885,016	2,016,866
1956	75,112,649	56,636,164	21,266,522	35,370,642	7,295,784	1,171,237	2,820,574	1,813,497	3,456,013	2,019,380
1957	80,171,971	60,560,425	21,530,853	39,029,572	7,980,522	1,371,899	2,973,195	1,874,050	3,781,625	2,243,865
1958	79,879,478	59,101,874	20,533,318	38,568,559	6,644,386	1,410,825	2,948,481	1,734,021	3,974,135	2,166,675
1959	79,797,973	58,626,254	19,091,509	40,734,744	6,853,744	1,352,862	3,002,096	1,806,816	3,956,789	1,897,292
1960	91,471,903	67,125,126	22,179,414	44,945,711	11,158,589	1,628,346	3,193,714	1,851,504	4,735,129	2,004,594
1961	94,401,066	67,017,941	21,784,640	45,153,001	12,502,451	1,916,392	3,212,801	1,891,117	4,896,602	1,963,582
1962	89,440,839	71,845,305	21,295,711	50,649,594	12,798,171	2,035,187	3,341,282	2,025,736	5,120,340	2,264,871
1963	105,525,295	75,322,714	22,338,194	52,984,520	15,004,486	2,187,457	3,441,656	2,079,237	5,810,309	2,276,538
1964	112,260,257	78,691,218	24,300,683	54,390,534	17,002,504	2,418,303	3,577,499	2,032,845	6,020,543	2,239,845
1965	114,434,634	79,792,016	26,121,334	53,680,683	17,104,306	2,745,632	3,772,634	2,148,594	6,418,145	2,453,406
1966	128,879,861	92,131,794	30,834,243	61,297,552	20,256,133	3,063,922	3,814,378	2,073,956	6,613,869	1,895,809
1967	143,374,915	104,283,420	34,917,825	69,370,595	26,985,241	3,014,406	4,075,723	2,079,889	5,478,347	2,479,809
1968	153,936,830	106,148,565	29,896,520	76,252,045	28,085,698	3,081,879	4,297,237	2,122,277	5,713,973	2,198,908
1969	167,919,590	135,778,052	38,337,846	97,440,406	33,068,657	3,330,065	4,555,560	2,137,585	6,501,146	2,348,495
1970	185,772,998	138,688,568	35,036,863	103,651,705	37,440,198	3,690,076	4,746,382	2,084,212	6,683,061	2,380,909
1971	191,647,198	131,072,374	30,219,853	100,752,421	39,818,690	3,784,263	4,800,488	2,206,585	6,884,799	3,179,983
1972	209,855,737	143,804,732	34,825,546	108,978,186	43,714,001	5,489,959	5,110,001	2,207,273	5,728,657	3,891,134
1973	237,767,204	164,157,315	39,045,369	125,112,006	52,081,709	4,975,862	5,149,513	2,276,951	5,395,750	3,750,104
1974	269,862,254	184,848,094	41,744,444	142,903,650	62,093,832	5,100,875	5,356,477	2,437,005	5,742,154	3,572,217
1975	293,822,726	202,146,087	45,746,680	156,399,437	70,140,089	4,688,079	5,365,658	2,315,090	5,616,611	3,663,182
1976	302,519,792	205,751,753	46,782,856	158,968,797	74,202,853	5,307,466	5,427,722	2,467,894	5,486,106	3,855,968
1977 (TD)	75,462,780	49,567,484	8,808,805	39,758,579	18,882,041	1,485,247	1,305,841	622,821	1,543,339	1,046,007
1977	325,129,417	226,805,967	60,043,684	166,755,285	85,076,516	7,425,526	5,406,633	2,398,501	6,068,682	3,958,893
1978	399,776,389	278,438,289	65,380,145	213,058,144	97,281,633	5,381,499	6,617,115	2,450,913	6,555,861	4,045,639
1979	460,412,185	322,993,733	71,447,676	251,545,857	112,848,974	5,519,074	5,647,924	2,485,517	7,057,612	3,848,450
1980	519,275,273	359,927,267	72,978,610	287,547,752	129,330,480	6,498,381	5,704,768	2,448,416	6,487,421	3,980,416
1981	606,799,103	408,680,302	73,733,156	322,850,146	152,886,816	6,910,295	6,666,413	2,563,857	7,088,156	26,059,173
1982	632,440,506	416,599,768	65,990,832	352,608,936	168,717,936	8,143,373	5,456,610	2,539,495	6,382,900	22,397,223
1983	627,248,793	411,407,523	67,179,556	349,627,867	173,847,854	6,225,877	5,634,853	4,139,810	6,778,023	19,214,853
1984	680,475,226	437,071,049	74,775,370	362,891,679	199,210,028	5,176,667	5,402,467	4,663,610	10,097,242	17,854,167

<sup>1</sup> Transition quarter.

**Footnotes for Tables 1-3**

<sup>1</sup> Less than \$500.

<sup>2</sup> Revised.

Note: Detail may not add to totals due to rounding. State and district data for 1984 are not directly comparable with years prior to 1981. For the most part, beginning with 1981, amounts are classified by state and district based on where taxpayers reside rather than, as for 1980 and prior, where taxpayers made payments. Negative amounts reflect adjustments made to prior reported data.

1. The receipts in the various states do not indicate the federal tax burden of such 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 principal offices, 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 employment taxes are shown in the text table. Gross internal revenue collections, on page 11 and are used in obtaining

national totals for individual income taxes and for 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 "Foreign Operations District - Other."

5. Includes fiduciary income tax collections of \$2.6 billion.

6. Three new districts were established in the state of California. The Laguna Niguel, Sacramento and San Jose districts became operational Oct. 1, 1983.

7. 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 IRS applies them to taxpayers' liabilities.

8. 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.

9. 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.

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

11. Includes amounts contained in the national totals but not classified by state or district as of Sept. 30, 1984. Also includes amount transferred to a special account for the Northern Mariana Islands.

12. 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 returned to the Treasury of Puerto Rico under provisions of sections 7652(a)(3) and 5314(a)(4) of the Internal Revenue Code of 1954. The gross amounts are included in overall collection totals (sections 1 through 3).

13. Refer to table 2 for components.

14. Includes manufacturers' excise taxes on pistols and revolvers, fishing rods, bows and arrows, firearms and shells and cartridges.

15. 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 depositary. The data shown primarily reflect windfall profit tax amounts. Negative figures result from the classification of amounts previously reported as unclassified.

16. For tax years beginning after 1978, the Revenue Act of 1978 (Public Law 95-600) replaced the old graduated system of normal tax, surtax and surtax exemption with a new rate structure graduated from 17 to 48 percent of taxable income. The lowest rate was reduced to 15 percent for tax years beginning in 1983 by the Economic Recovery Tax Act of 1981 (Public Law 97-34).

17. Individual income tax rates, effective Jan. 1, 1965, were graduated from 14 to 70 percent of taxable income. A 10-percent per-annum surcharge was added by Public Law 90-364, effective April 1, 1968; extended to Dec. 31, 1969, at the same annual rate (Public Law 91-513); extended to June 30, 1970 (Public Law 91-171) at a 5-percent annual rate and then discontinued. The Economic Recovery Tax Act of 1981 reduced the range of rates from 11 to 50 percent, effective for taxable years beginning in 1983. Includes SECA taxes of 8.35 percent on net earnings up to \$32,400 for 1982 and up to \$35,700 for 1983. Effective Jan. 1, 1984, rate increased to 14 percent, subject to a credit of 2.7 percent (Public Law 98-21).

18. Income tax graduated withholding rates ranged from 15 to 38 percent on wages in excess of exemptions, effective Jan. 1, 1979, under Public Law 95-600. The Economic Recovery Tax Act of 1981 reduced the rates to 16 percent up to 37 percent, effective Oct. 1, 1981, and the lowest rate to 12 percent, effective July 1, 1982. A combined FICA tax rate of 13.4 percent was in effect on salaries and wages up to \$32,400 for calendar year 1982 and up to \$35,700 for 1983. Wage base was increased to \$37,800 and combined tax rate increased to 14 percent, subject to a one-time credit of 0.3 percent for employees, under Public Law 98-21, effective Jan. 1, 1984.

19. Railroad retirement taxes are divided into two tiers for both employers and employees. The tier I tax rate was increased from 6.7 percent each on the first \$2,875 of monthly compensation in 1983 to 7 percent on the first \$3,150, subject to a one-time credit of 0.3 percent for employees in 1984. Tier II taxes for employers were increased from 11.75 percent in 1983 to 12.75 percent and established for employees at 2.75 percent, effective Jan. 1, 1984.

20. 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 were taxed 3.5 percent on taxable wages up to \$7,000 for 1983 and 1984. The tax was reduced by credits for unemployment contributions paid to states up to 2.7 percent of FUTA tax, resulting in a net federal tax of 0.8 percent for 1983 and 1984.

21. Beginning Jan. 1, 1977, the separate tax rates for estates and gifts were replaced by unified rates of tax graduated from 18 to 70 percent. Separate exemption amounts were replaced by a unified credit of \$47,000 phased in over a five-year period ending in 1981. The Economic Recovery Tax Act of 1981 raised the credit to \$162,000 to be phased in over a five-year period (\$96,300 credit for 1984). Also, the act raised the annual gift tax exclusion from \$3,000 to \$10,000, effective Jan. 1, 1982, and provided for annual rather than quarterly returns and payments. The first annual return was due April 15, 1983.

22. Repealed effective Jan. 1, 1980 (Public Law 96-39).

23. Rates doubled from \$4 to \$8 per thousand for small cigarettes and from \$5.40 to \$10.80 for large cigarettes, effective Jan. 1, 1983 (Public Law 97-248).

24. Tax increased from 4 to 8 cents per gallon (gasohol taxed at 4 cents per gallon) effective April 1, 1983 (Public Law 97-424).

25. Highway-type tires taxed as follows: not more than 40 pounds, no tax; more than 40 pounds, but not more than 70 pounds, 15 cents per pound over 40 pounds; over 70 pounds, but not more than 90 pounds, \$4.50 plus 20 cents per pound over 70 pounds; and tires over 90 pounds, \$10.50 plus 50 cents per pound over 90 pounds. Effective Jan. 1, 1984 (Public Law 97-424).

26. Repealed effective Jan. 1, 1984 (Public Law 97-424).

27. Tax increased from \$350 to \$1,550 for 1983-model-year automobiles and from \$450 to \$2,150 for 1984-model-year automobiles based on various tax economy levels (Public Law 95-502).

28. Tax increased from 30 cents to 37½ cents per gallon for alcohol of 150 to 190 proof and from 40 to 50 cents per gallon for 190 proof and over, effective April 1, 1983 (Public Law 97-424).

29. Includes amounts collected or adjusted for taxes that have been repealed or have expired.

30. Expired Sept. 30, 1980. Reinstated and increased from 3 to 8 cents per gallon, effective Sept. 1, 1982 (Public Law 97-248). Decreased to 5 cents per gallon, effective April 1, 1983, in conjunction with the gasoline tax increase under Public Law 97-424.

31. Expired Sept. 30, 1980. Reinstated and increased from 7 to 14 cents per gallon, effective Sept. 1, 1982 (Public Law 97-248).

32. Tax increased from 10 to 12 percent and imposed at the retail rather than the manufacturer's level, effective April 1, 1983 (Public Law 97-424).

33. Tax increased from 1 to 3 percent, effective Jan. 1, 1983 (Public Law 97-248).

34. Tax increased from 5 to 8 percent, effective Sept. 1, 1982 (Public Law 97-248).

35. Expired Sept. 30, 1980. Reinstated at \$3 per passenger, effective Sept. 1, 1982 (Public Law 97-248).

36. Expired Sept. 30, 1980. Reinstated at 5 percent, effective Sept. 1, 1982 (Public Law 97-248).

37. Repealed effective June 30, 1980, by the Revenue Act of 1979 (Public Law 95-600).

38. Tax reduced from \$500 to \$50 on wages authorized by state law, effective July 1, 1983 (Public Law 97-362).

39. Tax rate reduced from 2 to 0.25 percent for wages authorized by state law, effective Jan. 1, 1983 (Public Law 97-362).

40. Expired Sept. 30, 1980. Officially repealed by Public Law 97-248.

41. Transfers of machine guns, short-barreled firearms, silencers, etc., \$200 each; certain guns with combination shotgun and rifle barrels and other special types of firearms. 55 cents. Occupational taxes are levied on manufacturers, importers or dealers in firearms and are included in the amounts shown.

42. Negative figure for 1983 is due to refunds of this tax under the United States/United Kingdom Income Tax Treaty, which provides for exemption from this tax retroactive to Jan. 1, 1975. Also, a similar treaty with France provides for exemption retroactive to Jan. 1, 1979.

43. Lowest rate reduced from 27.5 percent to 25 percent, effective Jan. 1, 1983, and to 22.5 percent effective Jan. 1, 1984 (Public Law 97-34). Windfall profit tax amounts shown in these tables are incomplete because they reflect only amounts from returns processed by the end of the reporting period. For comprehensive detail on windfall profit taxes, refer to the "Stat Bulletin" published quarterly by the IRS (Publication 1136).

44. Contains windfall profit tax amounts of \$15.7 billion for 1983 and \$8.1 billion for 1984 (see footnote 42 for cautionary information about these figures).

45. Effective Oct. 1, 1983 (Public Law 98-510).

**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 single districts indicated in parentheses; totals for other states shown at bottom of table.)	Total	Corporation income	Individual income	Employment taxes <sup>1</sup>	Estate	Gift	Excise
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	65,727,479	17,889,229	64,629,358 <sup>2</sup>	2,485,850	205,852	5,416	656,747 <sup>3</sup>
North-Atlantic Region	12,187,148	3,522,154	8,318,509	285,426	33,607	599	46,852
Alabama	752,461	245,339	409,629	6,423	395	4	292
Augusta (Maine)	296,658	38,212	251,515	4,078	240	3	810
Boston (Massachusetts)	2,029,955	410,220	1,568,855	44,240	3,978	142	1,521
Brooklyn (New York)	1,887,266	387,220	1,422,571	42,557	4,556	24	1,508
Buffalo	1,280,232	150,060	1,109,468	16,510	1,853	28	2,110
Burlington (Vermont)	140,546	30,561	107,518	2,250	129	—	88
Hartford	156,048	31,059	1,065,260	10,207	1,062	—	12,397
Manhattan (See (c) below)	1,434,059	1,982,221	1,316,963	101,913	13,053	227	16,682
Portland (Maine)	291,445	23,935	261,945	4,771	437	142	215
Providence (Rhode Island)	307,843	50,138	254,129	5,248	1,229	—	506
Mid-Atlantic Region	11,461,881	2,023,683	9,132,577	228,831	19,043	-31	57,599
Baltimore	2,026,366	200,035	1,688,252	37,151	3,750	39	9,139
Washington (District of Columbia)	507,747	119,666	3,047,469	8,462	1,049	44	506
Foreign Operations	56,710	772	51,589	385	326	—	218
Other	450,337	118,804	325,711	4,677	753	44	298
Newark (New Jersey)	3,216,474	625,291	2,477,793	84,817	758	—	23,359
Philadelphia (See (e) below)	2,298,211	325,570	1,897,102	34,330	3,575	-29	17,863
Pittsburgh	1,411,693	305,869	1,071,469	37,420	1,411	4	3,501
Richmond (Virginia)	1,730,440	232,549	1,469,125	24,278	1,440	-152	3,195
Wilmington (Delaware)	289,656	124,863	161,536	320	14	104	272
Southeast Region	8,888,242	1,300,836	8,328,186	297,907	22,920	1,014	21,216
Atlanta (Georgia)	1,840,424	193,281	1,402,133	33,866	2,057	34	8,533
Columbus (Alabama)	933,621	94,564	819,416	1,465	1,599	16	146
Columbus (South Carolina)	771,152	67,812	660,073	11,271	1,465	—	2,853
Greensboro (North Carolina)	1,484,827	223,900	1,228,985	26,184	1,713	11	4,843
Jacksonville	522,804	61,375	451,701	8,181	673	28	979
Jacksonville (Florida)	3,251,135	449,980	2,688,098	119,559	3,761	—	17,361
Nashville (Tennessee)	1,284,269	163,734	1,067,788	21,578	4,110	710	6,348
Nashville (Kentucky)	1,108,183	2,472,338	8,237,864	178,072	340	—	88,757
Cincinnati (See (d) below)	1,612,100	281,281	1,294,177	27,572	2,077	—	10,710
Cleveland (See (d) below)	2,370,249	536,353	1,740,029	54,320	3,303	190	34,855
Detroit	4,091,323	1,274,115	2,720,394	54,251	27,685	15	27,685
Indianapolis (Indiana)	1,604,722	157,800	1,410,939	21,211	1,581	8	13,183
Louisville (Kentucky)	960,826	172,427	768,284	13,243	1,380	52	5,540
Petersburg (West Virginia)	452,200	63,941	6,304	698	6	—	511
Midwest Region	11,124,037	2,694,138	8,144,497	223,292	16,777	715	42,819
Chicago (See (b) below)	15,171,313	3,602	129,581	2,631	241	—	1,070
Chicago (Illinois)	4,926,747	1,739,359	2,666,835	84,100	6,499	327	21,622
Des Moines (Iowa)	744,155	109,202	618,583	13,611	1,576	116	1,767
Milwaukee (Wisconsin)	178,410	24,868	149,363	2,947	319	—	3,116
Milwaukee (Wisconsin)	1,329,475	130,672	1,154,947	25,169	986	3	811
Omaha (Nebraska)	451,546	75,157	364,416	9,088	6	—	1,260
St. Louis (Missouri)	1,037,516	156,745	854,075	3,221	103	103	10,639
St. Paul (Minnesota)	1,543,333	345,232	1,189,342	23,003	2,446	28	2,892
Springfield (See (b) below)	827,010	93,701	719,635	10,771	1,852	29	1,852
Southeast Region	13,749,425	3,158,813	8,411,374	284,918	19,465	19,907	194,801
Albuquerque (New Mexico)	371,561	38,823	323,575	7,769	568	4	722
Austin (See (f) below)	1,854,782	1,010,860	1,291,173	30,530	221	5	37,330
Cheyenne (Wyoming)	204,823	34,481	186,429	3,397	242	—	292
Dallas (See (f) below)	3,102,649	898,588	1,987,422	71,589	8,310	1,349	34,402
Denver (Colorado)	1,204,676	167,510	1,011,867	22,774	38	—	408
Houston (See (f) below)	2,359,614	1,018,158	1,403,742	56,398	3,128	100	13,081
Little Rock (Arkansas)	516,415	62,568	438,749	13,003	1,194	20	881
New Orleans (Louisiana)	1,592,454	397,031	1,148,634	33,038	4,548	157	8,046
Oklahoma City (Oklahoma)	1,418,041	326,137	931,543	33,568	3,066	39	133,670
Victoria (Kansas)	799,440	162,169	618,440	16,054	1,802	7	-32
Western Region	15,999,740	2,884,874	12,922,147	273,866	57,847	597	50,586
Anchorage (Alaska)	276,081	17,507	253,033	144	144	—	81
Boise (Idaho)	259,183	47,791	205,914	3,603	675	20	980
Helena (Montana)	219,585	24,629	189,243	1,113	9	—	358
Honolulu (Hawaii)	340,288	46,631	288,066	4,517	169	121	121
Laguna Niguel (See (a) below)	2,658,376	446,157	2,356,075	49,665	3,731	82	1,867
Los Angeles (See (a) below)	3,195,571	750,528	2,337,322	64,413	12,661	91	30,746
Phoenix (Arizona)	810,506	81,759	808,333	18,761	1,365	40	2,467
Portland (Oregon)	862,454	135,304	710,119	10,079	2,738	4	2,813
Reno (Nevada)	352,048	55,658	286,446	7,035	249	3	373
Sacramento (See (a) below)	1,348,058	79,010	1,244,587	21,788	3,557	102	2,014
Salt Lake City (Utah)	443,899	54,915	379,339	7,233	584	5	1,424
San Francisco (See (a) below)	1,433,186	312,780	1,069,552	22,514	22,644	29	6,067
San Jose (See (a) below)	1,926,069	362,206	1,525,495	36,614	1	1	1,217
Seattle (Washington)	1,573,428	270,648	1,278,224	20,219	1,768	42	2,508
Other miscellaneous refunds	380,583	-625,488	34,207	823,818	3,110	288	144,967
Gasoline, lubricating oil and excess FICA credits <sup>4</sup>	544,929	0	0	415,400	0	0	129,529
U.S. Customs Service <sup>5</sup>	1,810	0	0	0	0	0	1,810
Earned income credit offsets <sup>6</sup>	32,045	0	32,045	0	0	0	0
Refund reversals unclassified <sup>7</sup>	-108,119	-625,486	2,162	406,116	3,110	268	13,628
Totals for states not shown above							
(a) California	10,762,264	1,949,471	8,533,031	191,718	46,027	305	41,711
(b) Illinois	5,552,757	1,830,060	3,388,470	104,877	7,522	355	23,474
(c) New York	7,547,008	2,513,060	4,813,980	167,426	22,877	273	30,782
(d) Ohio	3,982,349	617,634	3,034,206	62,463	5,880	241	41,825
(e) Pennsylvania	3,887,704	831,259	2,956,571	71,750	4,686	-25	21,164
(f) Texas	7,843,015	2,927,814	4,772,337	165,297	22,968	1,679	52,920

Note: Detail may not add to totals due to rounding.  
<sup>1</sup>Includes withheld income tax, FICA, railroad retirement and FUTA refunds and credits.  
<sup>2</sup>Includes earned income credits refunded, amounting to \$1.2 billion.  
<sup>3</sup>Includes credits for gasoline and lubricating oil tax payments.  
<sup>4</sup>Includes refunds of special fund receipts (Puerto Rico account 20x5737), amounting to \$108,600.  
<sup>5</sup>Includes credits for excess payments under the federal old age and survivors', federal disability and federal hospital funds, amounting to \$415 million.  
<sup>6</sup>The source of this information is the U.S. Customs Service. Customs does not provide the count of the number of refunds issued for this item.  
<sup>7</sup>Includes refunds issued in September 1984 minus refund reversals received in September 1984 that were not classified by district before Sept. 30, 1984 (end of the fiscal year). For accounting and comparative purposes, the data included in this table must agree with the actual transaction affecting the refund and interest appropriation accounts for the fiscal year.  
<sup>8</sup>Less than \$500.

**Table 5.—Number of internal revenue refunds issued**

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	Corporation income	Individual income	Employment taxes	Estate	Gift	Excise
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	79,071,384	711,408	78,042,137	2,199,983	14,233	799	103,804
North-Atlantic Region	10,528,595	97,100	10,106,809	309,953	2,193	136	11,374
Alabama	698,508	5,908	676,604	16,111	90	4	691
Augusta (Maine)	405,391	3,533	398,506	11,540	43	—	765
Boston (Massachusetts)	2,110,489	21,561	2,031,543	55,216	358	10	1,772
Brooklyn (See (c) below)	2,226,151	13,326	2,151,522	59,211	404	10	1,678
Buffalo	1,432,371	1,448,955	1,272,773	14,495,281	231	171	1,711
Burlington (Vermont)	174,564	2,016	166,480	5,733	25	1	309
Hartford	1,256,909	11,451	1,208,178	37,560	349	10	1,352
Manhattan (See (c) below)	1,413,152	1,520,658	1,352,058	102,984	67	—	2,291
Portland (Maine)	360,440	3,250	346,207	10,873	67	8	456
Providence (Rhode Island)	348,871	3,852	335,770	13,328	17	—	359
Mid-Atlantic Region	11,182,220	854,189	10,795,222	272,771	17,755	12	19,662
Baltimore (Maryland & D.C.)	1,922,083	15,186	1,859,544	43,558	386	9	3,430
Foreign Operations	227,303	2,007	210,254	14,748	100	5	189
Other	53,070	85	40,314	12,674	5	—	12
Newark (New Jersey)	174,233	1,942	169,940	2,074	95	5	177
Philadelphia (See (e) below)	2,992,300	25,823	2,874,130	86,818	610	29	3,390
Pittsburgh (See (e) below)	2,472,166	15,672	2,388,833	53,897	305	4	2,425
Richmond (Virginia)	1,440,153	9,136	1,401,213	27,988	167	7	1,732
Wilmington (Delaware)	1,897,296	14,413	1,841,827	39,105	175	16	1,818
Southeast Region	216,549	2,282	209,331	3,012	32	—	184
Atlanta (Georgia)	12,061,930	103,974	11,828,564	313,222	1,694	108	13,788
Columbus (Alabama)	1,890,508	15,315	1,825,833	47,035	154	20	2,155
Columbus (South Carolina)	1,163,769	6,271	1,156,155	25,887	136	6	1,366
Greensboro (North Carolina)	2,004,065	7,067	1,901,440	22,511	111	1	1,018
Jacksonville	1,032,166	16,648	1,043,298	41,981	107	15	2,106
Jacksonville (Florida)	710,714	5,343	690,548	17,495	72	—	45
Nashville (Tennessee)	3,672,695	38,945	3,504,396	124,387	910	47	4,010
Nashville (Kentucky)	1,						

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

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 tax returns	Individual income tax	Estimated tax	Fiduciary	Partnership	Corporation income tax	Estate tax
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>United States, total</b> .....	<b>172,512,069</b>	<b>96,288,117</b>	<b>32,596,937</b>	<b>2,012,805</b>	<b>1,643,237</b>	<b>3,120,676</b>	<b>89,780</b>
<b>North-Atlantic Region</b> .....	<b>23,711,357</b>	<b>12,941,657</b>	<b>4,672,374</b>	<b>372,704</b>	<b>175,808</b>	<b>522,286</b>	<b>12,720</b>
Alabama.....	1,517,774	865,410	295,896	12,910	10,527	25,880	597
Arizona.....	6,526,745	414,054	11,056	6,633	4,633	13,910	1,258
Boston.....	4,871,276	2,635,761	928,841	97,848	24,955	90,494	2,617
Brooklyn.....	4,096,353	2,819,668	1,040,100	25,718	33,988	116,408	2,617
Buffalo.....	3,237,935	1,831,975	561,755	40,152	22,061	44,838	1,439
Burlington.....	425,484	217,588	5,587	3,284	8,251	9,052	166
Hartford.....	2,739,644	1,463,512	574,346	47,855	24,444	51,364	1,691
Hartmann.....	3,914,661	1,741,851	511,688	111,698	45,426	137,807	2,929
Portsmouth.....	780,838	438,330	149,225	8,318	4,928	13,335	329
Providence.....	3,237,935	1,831,975	561,755	40,152	22,061	44,838	1,439
Rhode Island.....	23,772,253	13,849,676	4,609,639	282,265	130,828	406,336	10,085
Baltimore.....	3,190,061	1,727,632	670,849	42,537	30,123	100,081	1,772
Maryland & D.C.....	672,763	396,606	173,891	893	1,567	10,842	368
Foreign Operations.....	902,427	63,477	51,524	145	158	704	20
Other.....	370,336	313,129	122,167	749	1,038	10,139	348
Newark.....	6,328,846	3,247,840	1,247,836	57,253	50,330	149,022	2,795
New York.....	5,980,106	3,082,534	1,152,620	96,126	39,832	76,583	2,265
Pittsburgh.....	3,040,753	1,781,883	630,161	39,924	22,829	33,358	973
Richmond.....	3,820,730	2,439,657	846,378	30,800	31,019	62,707	1,626
Virginia.....	486,129	263,243	86,404	9,160	3,028	11,855	256
Washington.....	25,892,577	14,618,588	4,923,187	220,483	192,267	485,888	11,922
<b>Southwest Region</b> .....	<b>13,752,185</b>	<b>7,247,309</b>	<b>2,475,430</b>	<b>203,346</b>	<b>165,895</b>	<b>272,540</b>	<b>1,164</b>
Alabama.....	1,312,185	724,239	243,158	19,560	16,533	33,333	712
Atlanta.....	2,010,726	1,218,832	304,497	12,798	15,026	32,878	873
Cleveland.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Columbus.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Greensboro.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Jackson.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Jacksonville.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Nashville.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Newark.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Tennessee.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Tomball.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Tennessee.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Tomball.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Tennessee.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Tomball.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Tennessee.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Tomball.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Tennessee.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Tomball.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Tennessee.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Tomball.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Tennessee.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Tomball.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Tennessee.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Tomball.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702	63,454	225,300	5,784
Tennessee.....	20,441,198	12,049,045	3,636,990	239,838	167,850	330,438	8,392
Tomball.....	3,118,970	1,833,928	572,944	40,316	26,593	44,806	1,460
Cincinnati.....	4,332,734	2,439,658	806,391	29,995	30,180	66,895	1,569
Cleveland.....	6,012,532	3,568,506	1,004,935	64,378	53,869	104,527	2,094
Indianapolis.....	3,660,807	2,175,952	669,199	48,352	23,985	61,044	1,653
Louisville.....	2,207,232	1,285,226	384,426	22,540	24,366	34,746	1,038
Memphis.....	1,471,180	866,031	223,465	11,534	11,534	21,797	582
Nashville.....	3,070,884	1,833,928	572,944	69,702			

Table 7.—Returns filed, examination coverage and results (1984)

	Returns filed CY 1983	Returns examined				Total	Percent coverage
		Revenue agents	Tax auditors	Service centers			
<b>Individual, total</b>	<b>95,541,300</b>	<b>276,182</b>	<b>859,351</b>	<b>80,394</b>	<b>1,215,927</b>	<b>1.27</b>	
1040A, TPI <sup>1</sup> under \$10,000	21,899,000	6,829	51,081	5,229	63,219	0.29	
Non 1040A, TPI under \$10,000	9,457,600	8,289	31,333	4,240	43,862	0.46	
TPI \$10,000 under \$25,000, simple	20,315,700	9,875	107,024	10,373	127,272	0.63	
TPI \$10,000 under \$25,000, complex	10,429,000	23,499	115,433	18,868	155,800	1.49	
TPI \$25,000 under \$50,000	22,243,100	50,549	380,049	26,330	456,928	2.05	
TPI \$50,000 and over	5,531,300	105,816	105,703	9,900	221,419	4.00	
Schedule C-TGR <sup>2</sup> under \$25,000	1,839,400	8,527	16,436	1,265	26,228	1.43	
Schedule C-TGR \$25,000 under \$100,000	1,843,500	18,905	25,802	2,800	47,107	2.56	
Schedule C-TGR \$100,000 and over	946,100	31,877	18,355	1,880	50,112	5.30	
Schedule F-TGR under \$25,000	311,100	2,049	2,858	356	5,263	1.69	
Schedule F-TGR \$25,000 under \$100,000	489,700	3,937	4,422	709	9,068	1.85	
Schedule F-TGR \$100,000 and over	235,800	5,930	3,075	644	9,649	4.09	
<b>Fiduciary</b>	<b>2,019,500</b>	<b>9,482</b>	<b>236</b>		<b>9,898</b>	<b>0.48</b>	
<b>Partnerships</b>	<b>1,993,500</b>	<b>24,940</b>	<b>148</b>		<b>25,088</b>	<b>1.57</b>	
<b>Corporation, total<sup>3</sup></b>	<b>2,475,330</b>	<b>65,803</b>			<b>65,803</b>	<b>2.66</b>	
Assets not reported	189,200	2,872			2,872	1.70	
Under \$100,000 <sup>4</sup>	1,272,400	14,309			14,309	1.12	
\$100,000 under \$1 mil	821,400	21,252			21,252	2.59	
\$1 mil under \$10 mil	161,100	14,879			14,879	9.30	
\$10 mil under \$100 mil	30,700	7,758			7,758	25.27	
\$100 mil and over	6,530	4,633			4,633	70.95	
<b>Small business corporations</b>	<b>616,700</b>	<b>6,295</b>			<b>6,295</b>	<b>1.02</b>	
<b>Form 1120 DISC</b>	<b>12,400</b>	<b>1,058</b>			<b>1,058</b>	<b>8.53</b>	
<b>Estate, total</b>	<b>106,400</b>	<b>18,238</b>			<b>18,238</b>	<b>17.14</b>	
Gross estate under \$1 mil	96,200	12,974			12,974	13.49	
Gross estate \$1 mil under \$5 mil	9,500	4,738			4,738	49.87	
Gross estate \$5 mil and over	713	526			526	73.77	
<b>Gift</b>	<b>93,300</b>	<b>2,080</b>			<b>2,080</b>	<b>2.23</b>	
Income, estate and gift, total	102,458,443	404,058	859,733	80,394	1,344,185	1.31	
<b>Excise</b>	<b>1,063,300</b>	<b>44,154</b>	<b>140</b>		<b>44,294</b>	<b>4.17</b>	
<b>Employment</b>	<b>25,748,000</b>	<b>17,764</b>	<b>2,499</b>		<b>20,263</b>	<b>0.08</b>	
<b>Windfall profit</b>	<b>13,700</b>	<b>2,414</b>	<b>22</b>	<b>7,355</b>	<b>9,791</b>	<b>71.47</b>	
<b>Miscellaneous</b>		<b>254</b>			<b>254</b>		
<b>Service center corrections</b>			<b>680,732</b>		<b>680,732</b>		

Note: Totals may not add due to rounding.

<sup>1</sup>Total positive income.

<sup>2</sup>Total gross receipts.

<sup>3</sup>Includes 14,200 Forms 1120F not allocated to corporation classes.

<sup>4</sup>Balance sheet assets.

Table 7.—Continued

	Recommended additional tax and penalties (in millions of dollars)				Average tax and penalty per return			No-change percent <sup>5</sup>	
	Revenue agents	Tax auditors	Service centers	Total	Revenue agents	Tax auditors	Service centers	Revenue	Tax
								agents	auditors
<b>Individual, total</b>	<b>3,199</b>	<b>1,129</b>	<b>58</b>	<b>4,384</b>	<b>11,584</b>	<b>1,314</b>	<b>692</b>	<b>10</b>	<b>18</b>
63	44	4	131	12,041	863	674	8	15	1040A, TPI <sup>1</sup> under \$10,000
37	20	1	58	4,463	626	343	13	28	Non 1040A, TPI under \$10,000
41	78	10	129	4,119	730	984	14	20	TPI \$10,000 under \$25,000, simple
99	93	11	193	3,820	804	845	14	15	TPI \$10,000 under \$25,000, complex
228	332	14	575	4,512	874	547	12	17	TPI \$25,000 under \$50,000
1,765	392	8	2,165	16,679	3,713	818	8	21	TPI \$50,000 and over
54	19	1	74	6,347	1,158	836	13	18	Schedule C-TGR <sup>2</sup> under \$25,000
140	55	4	199	7,401	2,159	1,472	10	17	Schedule C-TGR \$25,000 under \$100,000
667	83	2	752	20,917	5,094	907	10	20	Schedule C-TGR \$100,000 and over
18	1		19	8,608	393	172	26	27	Schedule F-TGR under \$25,000
12	4		16	2,991	939	261	15	22	Schedule F-TGR \$25,000 under \$100,000
65	8		73	10,930	2,448	390	12	23	Schedule F-TGR \$100,000 and over
90	3		93	9,479	13,118		13	14	Fiduciary
							30	16	Partnerships
8,370			8,370	127,195			17		Corporation, total <sup>3</sup>
98			98	34,200			18		Assets not reported
48			48	3,381			23		Under \$100,000 <sup>4</sup>
124			124	5,838			20		\$100,000 under \$1 mil
345			345	23,040			15		\$1 mil under \$10 mil
613			613	79,049			10		\$10 mil under \$100 mil
7,141			7,141	1,541,280			3		\$100 mil and over
75			75	11,848			31		Small business corporations
				0			33		Form 1120 DISC
804			804	44,060			9		Estate, total
283			283	21,798			10		Gross estate under \$1 mil
268			268	56,804			8		Gross estate \$1 mil under \$5 mil
253			253	480,188			7		Gross estate \$5 mil and over
52			52	24,884			18		Gift
12,589	1,133	56	13,777	27,874	1,317	692	13	18	Income, estate and gift, total
65			65	1,465	255		13	1	Excise
69	2		70	3,867	827		12	12	Employment
391		6	397	161,973	75	853	31	9	Windfall profit
2			2	8,370			3		Miscellaneous
			415	415			810		Service center corrections

<sup>5</sup>Service center no-change rates by class is not available. Service center examinations resulted in a 16-percent no-change.

Table 8.—Returns filed, examination coverage and results (1983)

	Returns filed CY 1982	Returns examined				Total	Percent coverage
		Revenue agents	Tax auditors	Service centers			
Individual, total	95,419,000	277,945	1,001,865	147,850	1,427,660	1.50	
1040A, TPI <sup>1</sup> under \$10,000	25,188,000	7,929	66,799	6,910	81,838	.32	
Non 1040A, TPI under \$10,000	7,862,000	6,517	37,735	14,790	51,042	.78	
TPI \$10,000 under \$25,000, simple	21,412,000	8,365	115,367	13,085	136,817	.64	
TPI \$10,000 under \$25,000, complex	10,663,000	22,149	167,305	39,482	228,936	2.15	
TPI \$25,000 under \$50,000	20,332,000	48,032	436,905	45,983	530,920	2.61	
TPI \$50,000 and over	4,425,000	105,733	96,882	15,723	218,338	4.93	
Schedule C-TGR <sup>2</sup> under \$25,000	1,756,000	8,930	17,496	2,137	28,563	1.63	
Schedule C-TGR \$25,000 under \$100,000	1,797,000	21,867	32,498	4,528	58,893	3.28	
Schedule C-TGR \$100,000 and over	945,000	38,938	18,287	2,824	57,849	6.12	
Schedule F-TGR under \$25,000	328,000	1,100	3,150	713	4,963	1.52	
Schedule F-TGR \$25,000 under \$100,000	501,000	2,952	8,001	1,184	10,137	2.02	
Schedule F-TGR \$100,000 and over	231,000	5,433	3,440	691	9,564	4.14	
Fiduciary	1,962,000	7,982	321	—	8,303	.42	
Partnerships	1,499,000	35,737	378	—	36,115	2.41	
Corporation, total <sup>3</sup>	2,384,000	85,980	—	—	85,980	3.64	
Assets not reported	140,000	3,693	—	—	3,693	2.77	
Under \$100,000 <sup>4</sup>	1,092,000	21,418	—	—	21,418	1.98	
\$100,000 under \$1 mil	887,000	30,617	—	—	30,617	3.45	
\$1 mil under \$10 mil	193,000	19,139	—	—	19,139	9.90	
\$10 mil under \$100 mil	32,000	7,096	—	—	7,096	22.47	
\$100 mil and over	6,600	3,815	—	—	3,815	57.83	
Small business corporations	567,000	7,428	—	—	7,428	1.31	
Form 1120 DISC	13,000	1,416	—	—	1,416	10.61	
Estate, total	127,000	21,517	—	—	21,517	16.94	
Gross estate under \$1 mil	119,000	15,873	—	—	15,873	13.36	
Gross estate \$1 mil under \$5 mil	8,000	5,120	—	—	5,120	66.67	
Gross estate \$5 mil and over	1,000	524	—	—	524	90.81	
Gift	84,000	3,028	—	—	3,028	3.59	
Income, estate and gift, total	102,037,000	441,033	1,002,564	147,850	1,591,447	1.56	
Excise	798,000	51,348	587	—	51,935	6.51	
Employment	25,736,000	22,766	3,136	—	25,902	.10	
Windfall profit	13,000	3,901	43	2,667	6,611	50.85	
Miscellaneous	—	127	—	—	127	—	
Service center corrections	—	—	—	930,215	930,215	—	

Note: Totals may not add due to rounding.

<sup>1</sup>Total positive income.

<sup>2</sup>Total gross receipts.

<sup>3</sup>Includes 13,000 Forms 1120F not allocated to corporation classes.

<sup>4</sup>Balance sheet assets.

Table 8.—Continued

Revenue agents	Recommended additional tax, and penalties (in millions of dollars)			Average tax and penalty per return			No-change percent <sup>1</sup>		Individual, total
	Tax auditors	Service centers	Total	Revenue agents	Tax auditors	Service centers	Revenue agents	Tax auditors	
2,848	992	47	3,887	10,248	990	316	10	19	
77	38	2	117	9,676	571	341	13	17	1040A, TPI <sup>1</sup> under \$10,000
42	18	3	63	4,947	479	217	11	25	Non 1040A, TPI under \$10,000
32	76	3	111	3,835	655	230	11	20	TPI \$10,000 under \$25,000, simple
85	109	11	205	3,821	652	286	11	15	TPI \$10,000 under \$25,000, complex
172	331	15	518	3,582	756	330	10	19	TPI \$25,000 under \$50,000
1,572	273	7	1,853	14,671	2,822	439	8	25	TPI \$50,000 and over
55	18	1	74	6,144	1,057	320	12	18	Schedule C-TGR <sup>2</sup> under \$25,000
163	57	2	222	7,462	1,756	390	10	19	Schedule C-TGR \$25,000 under \$100,000
551	58	2	611	14,930	3,177	618	12	23	Schedule C-TGR \$100,000 and over
13	2	—	15	11,641	579	215	14	27	Schedule F-TGR under \$25,000
12	5	—	17	4,047	837	212	13	23	Schedule F-TGR \$25,000 under \$100,000
74	6	—	81	13,652	1,962	380	12	25	Schedule F-TGR \$100,000 and over
61	1	—	62	7,689	2,097	—	20	27	Fiduciary
—	—	—	—	—	—	—	49	—	Partnerships
7,601	—	—	7,601	68,398	—	—	19	—	Corporation, total <sup>3</sup>
204	—	—	204	52,375	—	—	19	—	Assets not reported
53	—	—	52	2,481	—	—	24	—	Under \$100,000 <sup>4</sup>
178	—	—	178	5,806	—	—	22	—	\$100,000 under \$1 mil
464	—	—	464	24,249	—	—	15	—	\$1 mil under \$10 mil
561	—	—	561	79,096	—	—	9	—	\$10 mil under \$100 mil
6,140	—	—	6,140	1,609,472	—	—	3	—	\$100 mil and over
76	—	—	75	10,097	—	—	32	—	Small business corporations
—	—	—	—	—	—	—	35	—	Form 1120 DISC
1,322	—	—	1,322	61,446	—	—	8	—	Estate, total
220	—	—	220	13,835	—	—	9	—	Gross estate under \$1 mil
296	—	—	296	57,806	—	—	7	—	Gross estate \$1 mil under \$5 mil
807	—	—	807	1,539,320	—	—	7	—	Gross estate \$5 mil and over
67	—	—	67	22,070	—	—	21	—	Gift
11,924	993	47	13,014	27,150	—	316	15	19	Income, estate and gift, total
78	—	—	78	1,515	453	—	15	2	Excise
129	2	—	131	5,671	629	—	13	8	Employment
451	—	1	452	115,581	29	412	44	5	Windfall profit
9	—	—	9	70,914	—	—	21	—	Miscellaneous
—	—	420	420	—	—	451	—	—	Service center corrections

<sup>1</sup>Service center no-change rate by class is not available. Service center examinations resulted in a 19-percent no-change.

Table 9.—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	Subchapter S corporation	Estate	Gift	Excise	Employment	Exempt organizations	Windfall profit	Miscellaneous
<b>Total</b>	<b>14,345,666</b>	<b>4,344,395</b>	<b>82,748</b>	<b>8,369,799</b>	<b>74,571</b>	<b>804,259</b>	<b>51,758</b>	<b>64,721</b>	<b>70,248</b>	<b>33,296</b>	<b>397,715</b>	<b>2,146</b>
<b>North-Atlantic</b>	<b>3,282,480</b>	<b>664,981</b>	<b>38,473</b>	<b>2,505,129</b>	<b>7,399</b>	<b>148,938</b>	<b>3,692</b>	<b>4,898</b>	<b>13,827</b>	<b>1,848</b>	<b>495</b>	<b>—</b>
Mid-Atlantic	1,740,774	470,802	2,035	1,138,862	11,894	71,161	11,084	12,989	14,721	326	6,791	—
South	1,418,625	795,994	26,231	501,478	10,521	60,468	1,825	7,462	3,478	399	3,428	—
Central	1,265,860	306,694	1,787	828,707	9,186	91,186	3,877	13,383	4,399	5,484	2	—
Midwest	1,616,793	509,876	11,486	968,862	8,550	89,820	17,908	4,244	10,053	15,143	1,011	—
West	535,788	121,219	3,368	381,201	8,322	113,379	6,335	11,763	3,179	3,116	384,283	—
Western	2,577,487	1,083,958	9,328	1,226,065	18,007	215,514	4,977	6,764	6,407	3,793	933	3,141
<b>North-Atlantic Region</b>	<b>30,363</b>	<b>15,941</b>	<b>3,382</b>	<b>7,931</b>	<b>11</b>	<b>2,180</b>	<b>37</b>	<b>87</b>	<b>372</b>	<b>—</b>	<b>422</b>	<b>—</b>
Albany	37,333	9,609	155	25,425	—	508	194	86	—	—	—	—
Boston	293,551	54,367	2,230	205,511	789	15,690	878	888	3,198	—	—	—
Brooklyn	175,925	121,219	99	50,616	523	175,598	—	—	1,948	—	—	—
Buffalo	179,377	47,434	771	102,193	211	25,021	278	315	3,148	—	—	—
Burlington	8,262	3,786	—	4,281	—	104	12	16	62	—	—	—
Hartford	535,788	60,951	1,309	455,882	636	14,556	531	1,555	305	—	—	—
Manchester	1,938,478	217,523	30,096	1,594,946	5,008	82,998	1,008	993	5,890	—	—	—
Plymouth	32,793	8,430	358	22,118	1,359	452	33	43	—	—	—	—
Providence	58,496	15,263	72	37,228	223	2,827	40	109	623	—	—	—
Andover Service Center	1,403	1,379	—	—	—	—	—	—	—	—	—	—
Brookhaven Service Center	9,080	9,079	—	—	—	—	—	—	—	—	—	—
<b>Mid-Atlantic Region</b>	<b>303,782</b>	<b>73,190</b>	<b>215</b>	<b>195,226</b>	<b>469</b>	<b>12,103</b>	<b>1,702</b>	<b>4,825</b>	<b>9,372</b>	<b>125</b>	<b>6,735</b>	<b>—</b>
Foreign Operations	147,426	45,729	—	101,227	—	24,082	26	12	3,271	—	—	—
Newark	600,680	174,610	444	417,265	2,345	12,709	380	1,429	517	201	—	—
Philadelphia	203,130	75,434	927	106,823	7,211	8,458	198	2,293	816	—	—	—
Pittsburgh	156,544	33,176	226	113,012	1,438	2,384	27	2,410	456	—	—	—
Richmond	159,750	60,323	165	81,751	428	6,838	7,748	2,231	220	—	—	—
Wilmington	157,907	5,969	58	150,058	5	705	1,023	22	67	—	—	—
Philadelphia Service Center	2,375	2,372	—	—	—	—	—	—	—	—	—	—
<b>Southeast Region</b>	<b>261,964</b>	<b>113,433</b>	<b>13,479</b>	<b>110,112</b>	<b>3,694</b>	<b>13,801</b>	<b>628</b>	<b>2,167</b>	<b>754</b>	<b>3,478</b>	<b>99</b>	<b>—</b>
Atlanta	147,085	30,139	186	106,338	46	7,988	495	1,321	1,093	—	—	—
Columbia	35,883	21,267	73	13,569	92	1,437	40	179	7,738	—	—	—
Greensboro	177,831	46,400	8,840	112,563	80	5,493	1,222	1,967	2,135	—	—	—
Jackson	33,985	23,009	350	8,560	47	405	292	422	5	—	—	—
Jacksonville	623,454	490,071	3,405	104,225	6,045	25,496	342	2,252	1,863	—	—	—
Nashville	127,809	71,812	19	45,781	350	7,170	38	2,005	386	—	—	—
Atlanta Service Center	6,260	6,166	—	—	—	—	—	—	—	—	—	—
Centras Service Center	4,064	3,910	—	—	—	—	—	—	—	—	—	—
<b>Central Region</b>	<b>288,806</b>	<b>50,642</b>	<b>796</b>	<b>215,161</b>	<b>4,799</b>	<b>6,508</b>	<b>1,634</b>	<b>2,797</b>	<b>260</b>	<b>5,464</b>	<b>755</b>	<b>—</b>
Cincinnati	209,511	54,251	301	139,559	1,767	9,341	685	2,540	1,849	118	—	—
Cleveland	51,871	100,221	218	387,578	916	23,945	300	6,555	1,003	634	—	—
Indianapolis	101,553	62,301	158	22,832	8	14,048	1,265	530	391	—	—	—
Louisville	102,846	21,619	278	44,584	169	35,213	54	278	538	—	—	—
Parkersburg	27,339	13,421	37	9,692	1,068	5,131	39	593	257	—	—	—
Cincinnati Service Center	4,255	4,239	—	—	—	—	—	—	—	—	—	—
<b>Midwest Region</b>	<b>14,482</b>	<b>7,767</b>	<b>18</b>	<b>3,411</b>	<b>1,004</b>	<b>2,056</b>	<b>97</b>	<b>18</b>	<b>89</b>	<b>15,143</b>	<b>3</b>	<b>—</b>
Aberdeen	538,500	224,686	0,359	271,902	1,143	13,249	302	355	2,378	—	—	—
Chicago	113,959	29,129	368	73,569	1,703	2,256	873	438	670	41	—	—
Des Moines	17,211	8,854	—	5,621	—	2,149	324	208	36	—	—	—
Fargo	182,883	42,645	487	133,892	367	3,163	84	1,336	672	—	—	—
Minneapolis	97,915	24,692	71	61,523	33	6,743	394	292	422	5	—	—
Omaha	428,391	81,665	686	229,831	1,000	13,834	968	1,098	4,352	—	—	—
St. Paul	151,997	43,831	187	92,517	1,899	7,256	537	281	689	—	—	—
Springfield	151,109	31,235	90	99,481	1,401	12,012	6,049	218	545	—	—	—
Kansas City Service Center	5,343	5,155	—	—	—	—	—	—	—	—	—	—
<b>Southwest Region</b>	<b>23,605</b>	<b>14,144</b>	<b>2</b>	<b>8,333</b>	<b>101</b>	<b>856</b>	<b>17</b>	<b>66</b>	<b>32</b>	<b>—</b>	<b>34</b>	<b>—</b>
Albuquerque	135,457	89,360	730	22,411	387	20,285	640	894	819	—	—	—
Austin	85,851	15,566	—	53,569	92	1,437	40	179	7,738	—	—	—
Cheyenne	428,391	139,040	1,238	223,270	2,953	31,823	438	3,099	705	3,116	25,715	—
Denver	178,183	101,487	121	59,680	89	11,677	4,960	544	559	—	—	—
Houston	906,072	113,107	629	423,484	2,688	32,196	725	1,667	2,448	327,727	—	—
Little Rock	52,412	35,959	57	11,648	—	4,488	85	239	106	—	—	—
New Orleans	227,845	81,544	169	140,364	2,727	21,296	242	746	624	—	—	—
Oklahoma City	244,033	48,985	42	171,200	240	15,819	663	2,265	83	7,318	—	—
Wichita	143,181	30,965	20	85,637	45	10,325	485	2,064	466	12,854	—	—
Austin Service Center	13,489	8,273	—	—	—	—	—	—	—	—	—	—
<b>Western Region</b>	<b>40,064</b>	<b>37,430</b>	<b>385</b>	<b>1,248</b>	<b>198</b>	<b>290</b>	<b>—</b>	<b>97</b>	<b>75</b>	<b>—</b>	<b>341</b>	<b>—</b>
Anchorage	60,146	15,779	23	40,522	1,417	1,973	23	129	281	—	—	—
Boise	17,141	12,555	4	1,956	465	1,696	214	272	67	—	—	—
Helena	39,854	17,742	847	16,094	734	6,716	81	41	170	—	—	—
Honolulu	215,987	141,228	847	51,006	3,565	17,095	329	227	1,363	—	—	—
Los Angeles	909,334	296,154	2,702	580,684	765	22,504	318	3,014	840	1,076	296	—
Phoenix	116,881	79,714	926	32,457	2,129	20,381	674	444	1,809	—	—	—
Portland	81,345	45,216	1,116	24,729	409	9,139	29	608	99	—	—	—
Reno	65,626	46,762	56	8,294	1,297	26,465	543	6	203	—	—	—
Salt Lake City	42,252	31,796	12	6,592	1,417	1,973	7	258	197	—	—	—
San Jose	148,818	83,165	1,268	43,241	1,737	8,428	5	304	—	1,670	—	—
San Francisco	522,698	142,520	1,634	358,276	1,410	15,213	2,457	691	408	—	—	—
Seattle	183,266	62,034	237	40,021	114	78,474	302	580	457	1,047	—	—
Fresno Service Center	6,851	6,257	—	—	—	—	—	—	—	—	—	—
Ogden Service Center	6,782	6,782	—	—	—	—	—	—	—	—	—	—

\*Less than \$500.

Table 10.—Number of returns examined by class of tax and by internal revenue regions and districts and other areas

Internal revenue regions, districts and service centers	Total	Individual	Partnership	Fiduciary	Corporation	Subchapter S corporation	Estate	Gift	Excise	Employment	Exempt organizations	Employee plans	Windfall profit	Miscellaneous
<b>Total</b>	<b>1,467,193</b>	<b>1,215,927</b>	<b>25,086</b>	<b>9,698</b>	<b>65,803</b>	<b>7,353</b>	<b>18,278</b>	<b>2,080</b>	<b>44,294</b>	<b>20,283</b>	<b>20,832</b>	<b>27,734</b>	<b>8,791</b>	<b>254</b>
<b>North-Atlantic</b>	<b>195,263</b>	<b>166,725</b>	<b>4,030</b>	<b>1,607</b>	<b>12,496</b>	<b>1,154</b>	<b>30,179</b>	<b>295</b>	<b>5,818</b>	<b>1,843</b>	<b>3,313</b>	<b>4,675</b>	<b>80</b>	<b>8</b>
Mid-Atlantic	176,066	147,503	2,354	522	8,310	846	2,880	186	3,924	3,222	2,872	3,878	69	—
South	1,265,860	306,694	3,443	1,486	6,734	2,211								

**Table 11.—Returns examined by examination divisions**

	1983	1984
Additional tax proposed	1,235,533	1,058,055
Refunds proposed	139,411	122,531
No adjustments proposed	301,079	238,201
Total	1,676,023	1,418,787
Deposition of examined returns		
Not appealed	1,558,929	1,290,307
Appealed administratively	82,159	87,093
Referred to the U.S. Tax Court	36,935	41,387
Total	1,676,023	1,418,787

**Table 12.—Examinations resulting in re-funds (Excluding claims for refunds)**

	Number of returns		Amount recommended (in thousands of dollars)	
	1983	1984	1983	1984
Individual	89,938	73,209	128,007	131,617
Fiduciary	1,462	944	10,615	12,714
Corporation	6,514	5,005	225,604	222,651
Estate	3,430	2,719	87,866	51,582
GIR	76	37	459	634
Excise	3,827	869	70,721	2,288
Employment	1,134	2,937	10,081	56,218
Miscellaneous	8	5	51	19
Total	106,389	85,545	533,404	479,703

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

	1983	1984
<b>Taxpayer delinquent accounts</b>		
Opening inventory	1,967	1,997
Issuances <sup>1</sup>	3,130	2,181
Depositions	3,101	3,244
Closing inventory	1,997	1,934
(a) Number of accounts	7,707,708	8,511,535
(b) Balance of assessed penalty and interest		
<b>Delinquent return investigations</b>		
Opening inventory	754	762
Issuances <sup>1</sup>	1,376	1,552
Depositions	1,369	1,846
Closing inventory	762	618
<b>Returns compliance investigations closed</b>	29	28
<b>Miscellaneous investigations closed</b>	180	148
<b>Offers in compromise received</b>	4	5
<b>Enforcement activity</b>		
Notices of federal tax lien filed	812	848
Notices of levy served upon third parties	1,391	1,484
Seizures of property made	16	20

Note: Totals may not add due to rounding.  
<sup>1</sup>Adjusted to balance in accounting method.

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

	Assessments		Abatements		Net penalties	
	Number	Amount	Number	Amount	Number	Amount
<b>Individual</b>						
Delinquency	1,458,022	447,100	163,688	92,016	1,294,334	355,082
Estimated tax	4,852,181	788,848	368,432	202,502	4,283,729	586,346
Failure to pay	5,854,801	256,908	780,149	34,014	5,094,452	222,895
Bad check	183,139	1,980	6,130	348	177,009	1,634
Fraud	11,568	95,358	416	5,801	11,152	89,557
Negligence	128,958	62,843	5,180	3,553	123,778	59,294
False withholding	105,530	52,827	14,324	7,182	91,206	45,665
Other <sup>1</sup>	14,371	5,339	11,023	5,634	3,368	(295)
Total	12,408,348	1,711,204	1,329,322	351,929	11,079,026	1,360,175
<b>Corporation<sup>2</sup></b>						
Delinquency	130,839	140,020	27,689	108,918	103,150	31,102
Estimated tax	315,877	302,262	48,844	166,253	267,233	137,000
Failure to pay	281,989	82,100	89,876	56,523	192,113	25,577
Bad check	2,759	59	119	3,686	2,640	(3,627)
Fraud	500	36,178	33	974	467	35,204
Negligence	3,034	8,152	98	562	2,936	7,590
Miscellaneous	339	387	12	14	327	353
Total	735,337	570,138	176,471	336,630	558,866	233,608
<b>Employment<sup>3</sup></b>						
Delinquency	2,486,469	584,840	292,948	151,485	2,193,521	433,355
Miscellaneous	2,748	1,729	986	750	1,762	979
Failure to pay	4,256,835	215,801	1,157,124	74,047	3,099,491	141,754
Federal tax deposits	5,169,096	1,622,539	961,943	800,604	4,167,153	821,932
Bad check	131,010	3,888	1,973	140	129,037	3,749
Fraud	705	1,499	57	196	648	1,303
Other	185	24	8	21	157	3
Total	12,046,778	2,430,318	2,435,019	1,027,243	9,611,759	1,403,076
<b>Estate<sup>4</sup></b>						
Delinquency	285,067	30,625	36,021	12,951	249,046	17,674
Daily delinquency	21,471	47,129	11,010	26,244	10,461	20,885
Failure to pay	267,057	15,233	95,772	9,028	171,285	6,207
Federal tax deposits	51,868	36,838	10,246	19,859	41,622	17,069
Bad check	2,817	30	100	2	2,717	28
Fraud	869	2,718	136	128	733	2,590
Other <sup>1</sup>	136	38	13	12	123	26
Total	629,305	132,711	153,298	68,232	476,007	64,479
<b>Estate and GIR</b>						
Delinquency	9,794	44,475	3,110	30,714	6,684	13,761
Miscellaneous	11	19	2	8	9	13
Failure to pay	18,226	25,046	12,042	18,779	6,185	6,267
Bad check	915	77	50	52	265	25
Fraud	18	204	1	23	17	181
Negligence	18	50	11	7	7	43
Total	28,384	69,871	16,217	48,581	12,167	20,290
<b>All Other<sup>5</sup></b>						
Delinquency	187,970	114,731	89,441	76,906	98,529	37,825
Failure to pay	99,691	6,852	44,288	4,340	55,423	2,512
Bad check	1,760	26	93	10	1,667	16
Fraud	2	1	—	—	2	1
Negligence	50	161	4	7	46	154
Miscellaneous	8,399	13,632	6,468	14,846	1,933	(1,214)
Total	297,872	135,403	140,272	96,109	157,600	39,294
<b>Total, all civil penalties</b>	<b>26,146,024</b>	<b>8,048,646</b>	<b>4,248,599</b>	<b>1,928,824</b>	<b>21,897,425</b>	<b>3,120,821</b>

Note: Totals 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.  
<sup>1</sup>Includes taxpayer identification number, failure to report tips and miscellaneous.  
<sup>2</sup>Includes Forms 1120, 990C and 990T.  
<sup>3</sup>Includes Forms 940, 941, 942, 943 and CT-1.  
<sup>4</sup>Includes Forms 1041A, 5227, 990PF, 4720, 990, 4638, 2290, 11, 11C, 720 and 730.  
<sup>5</sup>Includes negligence and miscellaneous.  
<sup>6</sup>Includes Forms 1041, 1065 and individual retirement account file.

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

Status	Amount stated in revenue agents' reports (in thousands of dollars)		
	Number of cases*	Deficiency and penalty	Over-assessment
Received.....	41,543	7,010,508	150,857
Petitioned - changed to docketed status.....	4,476	528,872	10,660
Disposed of, total.....	32,387	4,209,196	124,010
By agreement.....	28,987	4,092,010	123,138
Unagreed (overassessments, claims, excise, employment and offer-in-compromise rejections).....	1,684	58,070	741
By taxpayer default on statutory notice.....	1,736	58,182	130

**B. Results**

Method	Appeals determination (in thousands of dollars)		
	Number of cases*	Deficiency and penalty	Over-assessment
Disposed of, total.....	32,387	1,814,651	200,063
By agreement.....	28,987	1,705,219	189,346
Unagreed (overassessments, claims, excise, employment and offer-in-compromise rejections).....	1,684	58,570	1,611
By taxpayer default on statutory notice.....	1,736	50,862	106

\* A case represents taxpayers grouped together by tax periods with common or related issues that may be heard and disposed of together. Not included are penalty appeals and EP/EO determinations.

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

Status	Amount stated in statutory notices (in thousands of dollars)		
	Number of cases*	Deficiency and penalty	Over-assessment
Petitioned - changed to docketed status from nondocketed status.....	4,476	528,872	10,660
Received.....	27,290	1,087,265	3,774
Disposed of, total.....	23,680	879,011	1,768
Agreed in appeals.....	18,903	679,106	1,166
Settled in court.....	4,058	161,650	336
Tried.....	719	36,255	266
Transfers to district court jurisdiction.....	3,489	1,086,288	5,990

**B. Results obtained in dispositions**

Method	Appeals determination (in thousands of dollars)		
	Number of cases*	Deficiency and penalty	Over-assessment
Disposed of, total.....	23,680	314,157	15,323
Agreed in appeals.....	18,903	251,043	12,040
Settled in court.....	4,058	61,594	2,996
Tried.....	719	1,519	285

\* A case represents taxpayers grouped together by tax periods with common or related issues that may be heard and disposed of together.

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

Subject	Total	Taxpayer requests	Field requests
Total.....	10,562	8,839	723
Actual matters.....	2,430	2,379	51
Exempt organizations.....	6,216	5,803	415
Employee plans.....	1,914	1,657	257

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

Letters issued	Stock bonus	Money purchase	Target benefit	Profit sharing	ESOP	Total defined contribution	Defined benefit	Total
<b>Initial qualifications</b>								
Qualified.....	274	10,796	241	20,784	267	32,362	14,790	47,152
Participating employees.....	1,293,600	212,174	16,319	2,156,829	475,045	4,153,784	1,029,105	5,782,889
Not qualified.....	0	10	0	14	0	24	8	32
<b>Amendments</b>								
Qualified.....	373	8,177	207	13,239	160	22,156	15,773	37,929
Not qualified.....	0	4	0	0	0	4	2	6
<b>Terminations</b>								
Qualified.....	49	4,856	184	6,680	0	11,869	9,315	21,184
Not qualified.....	0	8	1	19	0	28	15	43

\*The termination reporting system does not distinguish between stock bonus and ESOP plans.

**Table 19.—Number of exempt organizations returns examined by type**

Section 501(c)(3).....	Private foundations.....	3,453
501(c)(3).....	Nonexempt charitable trusts.....	388
501(c)(4).....	All others.....	5,883
501(c)(4).....	Civic leagues, social welfare.....	1,552
501(c)(5).....	Labor, agriculture, horticulture.....	1,810
501(c)(6).....	Business leagues.....	1,797
501(c)(7).....	Social and recreational clubs.....	2,533
501(c).....	All others.....	2,707
521.....	Farmers' cooperatives.....	509
<b>Total.....</b>		<b>20,632</b>

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

	1983	1984
Section 501(c)		
(1) Corporations organized under act of Congress	24	24
(2) Trustholding corps.	5,567	5,679
(3) Religious, charitable, etc.	135,757	132,884
(4) Social welfare	129,209	130,344
(5) Labor, agriculture organizations	79,775	76,753
(6) Business leagues	51,714	53,303
(7) Social and recreation clubs	53,467	55,666
(8) Fraternal beneficiary societies	88,272	82,431
(9) Voluntary employees' beneficiary societies	9,303	10,145
(10) Domestic fraternal beneficiary societies	16,871	16,116
(11) Teachers' retirement funds	12	11
(12) Benevolent life insurance assns.	5,125	5,200
(13) Cemetery companies	6,412	6,845
(14) Credit unions	5,754	6,053
(15) Mutual insurance companies	1,017	869
(16) Corps. to finance crop operation	22	19
(17) Supplemental unemployment benefit trusts	771	747
(18) Employee funded pension trusts	3	140
(19) War veterans' organizations	22,130	22,100
(20) Legal service organizations	116	14
(21) Black lung trusts	12	14
501(d) Religious and apologetic organizations	72	81
501(e) Cooperative hospitals	0	0
501(f) Coop. service orgs. of operating educational orgs.	0	0
521 Farmers' cooperatives	2,713	2,673
Nonexempt charitable trusts	31,248	32,905
<b>Total</b>	<b>845,484</b>	<b>871,224</b>

\*All section 501(c)(3) organizations are not included because certain organizations, such as churches, integrated auxiliaries, subordinate units and conventions or associations of churches, need not apply for recognition of exemption unless they desire a ruling.

**Table 21.—Disposal of exempt organizations applications**

	Applications for determination			Total
	Approved	Denied	Other*	
Section 501(c)				
(1) Corporations organized under act of Congress	0	0	0	0
(2) Trustholding corps.	210	16	130	356
(3) Religious, charitable, etc.	32,173	594	12,525	45,292
(4) Social welfare	3,260	91	1,017	4,368
(5) Labor, agriculture organizations	541	14	151	706
(6) Business leagues	2,114	85	430	2,629
(7) Social and recreation clubs	1,995	106	1,035	3,136
(8) Fraternal beneficiary societies	29	10	46	85
(9) Voluntary employees' beneficiary societies	771	15	2,532	3,318
(10) Domestic fraternal beneficiary societies	50	6	113	169
(11) Teachers' retirement funds	0	0	0	0
(12) Benevolent life insurance assns.	179	9	245	345
(13) Cemetery companies	370	3	104	677
(14) Credit unions	7	0	3	10
(15) Mutual insurance companies	4	0	0	4
(16) Corps. to finance crop operation	0	0	0	0
(17) Supplemental unemployment benefit trusts	25	0	8	33
(18) Employee funded pension trusts	0	0	0	0
(19) War veterans' organizations	147	0	107	254
(20) Legal service organizations	24	2	17	43
(21) Black lung trusts	2	0	2	4
(22) Employer liability trusts	1	0	0	1
501(d) Religious and apologetic organizations	11	0	5	16
501(e) Cooperative hospitals	0	0	0	0
501(f) Coop. service orgs. of operating educational orgs.	0	0	0	0
521 Farmers' cooperatives	42	5	31	78
Nonexempt charitable trusts	13	0	3	16
National Office rulings and determination letters	2,005	431	589	3,025
<b>Total</b>	<b>44,173</b>	<b>1,389</b>	<b>19,006</b>	<b>64,568</b>

\*Application withdrawn by taxpayer and failure to furnish required information.

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

Fiscal year	b		Cost of collecting \$100	Population (Thousands)	Tax per capita	Average positions realized		
	Operating cost	Collections				Total	National Office	Field
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1954	268,068,107	69,919,990,791	0.38	163,026	429.89	51,411	2,707	48,704
1955	278,834,276	66,286,692,000	0.42	165,931	399.50	50,890	2,675	48,215
1956	299,894,710	75,112,649,000	0.40	166,903	444.71	50,932	2,583	48,099
1957	305,537,814	80,171,917,000	0.38	171,984	486.16	51,364	2,832	48,532
1958	337,428,789	79,978,478,484	0.42	174,882	457.33	50,816	2,909	47,907
1959	355,469,226	79,797,972,606	0.44	177,630	448.73	51,228	2,969	48,257
1960	363,735,359	91,774,802,823	0.40	180,871	507.96	51,047	2,910	48,137
1961	413,295,238	94,401,088,398	0.44	183,691	513.91	53,208	3,042	50,164
1962	456,060,420	99,440,839,245	0.45	188,538	533.09	56,491	3,401	53,090
1963	500,804,214	105,925,395,281	0.47	193,242	559.74	58,711	3,657	55,054
1964	549,892,131	112,260,257,115	0.49	191,889	585.03	61,059	3,839	57,220
1965	597,387,471	114,434,633,721	0.52	194,303	588.95	62,098	3,861	58,217
1966	624,861,829	128,870,961,342	0.48	196,560	655.68	63,508	3,982	59,526
1967	667,080,205	148,374,914,552	0.45	198,712	748.68	65,946	3,994	62,052
1968	699,190,304	153,363,837,665	0.46	200,706	765.48	67,574	3,967	63,607
1969	758,785,475	187,919,559,868	0.40	202,877	927.19	66,094	3,862	62,232
1970	866,159,162	195,722,096,497	0.45	204,878	855.91	68,883	4,103	64,780
1971	981,065,297	191,847,198,138	0.51	207,033	853.63	68,872	4,568	64,314
1972	1,127,390,411	209,855,736,878	0.54	208,846	1,004.83	69,549	4,134	64,415
1973	1,182,009,845	237,787,204,058	0.49	210,410	1,130.11	74,170	4,502	69,668
1974	1,312,894,681	298,852,253,693	0.49	211,801	1,268.24	76,921	4,310	74,611
1975	1,584,711,486	293,822,725,772	0.54	213,559	1,375.64	82,339	4,531	77,808
1976	1,687,311,689	302,519,791,822	0.56	215,142	1,408.14	84,264	4,732	79,532
1977	1,790,588,738	358,139,416,730	0.50	217,329	1,647.91	83,743	4,994	78,748
1978	1,962,129,287	399,775,389,382	0.49	219,023	1,826.81	85,320	4,919	80,410
1979	2,116,168,276	460,411,185,013	0.46	220,899	2,083.32	86,166	4,978	81,190
1980	2,280,838,822	519,375,273,391	0.44	223,383	2,325.04	87,464	5,114	82,350
1981	2,465,488,704	606,796,120,630	0.41	225,865	2,669.55	86,156	5,110	81,046
1982	2,626,338,059	632,242,565,685	0.42	232,634	2,717.95	82,857	5,098	77,759
1983	2,968,525,840	827,248,792,581	0.47	234,875	2,970.58	83,605	4,357	79,249
1984	3,279,067,495	880,475,229,453	0.48	237,051	2,870.59	87,635	4,916	82,719

\*This figure represents actual IRS operating costs from fiscal year 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 cases 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 1955-71.
- Eleven average positions transferred to office of the Secretary in 1965. Twenty average positions transferred to office of the Secretary in 1963.
- \*Methodology to count average positions realized was adjusted in 1984 to conform to Office of Personnel Management instructions. 1983 average positions realized also are adjusted for comparability.

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

Appropriation by activity	Total		Personnel compensation and benefits		Other	
	1983	1984*	1983	1984*	1983	1984*
<b>Total obligations, appropriations and reimbursements</b>	<b>2,988,105</b>	<b>3,295,630</b>	<b>2,231,514</b>	<b>2,416,825</b>	<b>766,591</b>	<b>876,713</b>
Obligations against appropriated funds	2,968,520	3,279,067	2,206,519	2,404,183	762,007	874,884
<b>Salaries and expenses</b>						
Total	128,080	98,160	97,068	74,785	31,012	23,375
Executive director	8,824	6,352	6,416	4,957	2,408	1,395
Internal audit and internal security	40,045	—	30,791	—	9,254	—
Management services	79,211	91,808	59,861	69,828	19,350	21,960
<b>Processing tax returns</b>						
Total	914,482	890,343	513,071	495,874	401,391	394,469
Returns processing and revenue accounting	526,485	639,421	382,406	446,301	144,079	243,120
Computer services	155,317	200,822	41,337	49,573	113,980	151,349
Taxpayer service	232,660	—	89,328	—	143,332	—
<b>Examination and appeals</b>						
Total	1,060,257	1,268,433	805,418	1,045,727	174,841	220,706
Examination	958,925	1,025,611	602,750	844,812	156,175	190,799
Appeals and tax litigation	121,332	150,391	102,669	127,187	18,666	23,194
Employee plans and exempt organizations	—	90,431	—	73,716	—	16,713
<b>Investigation, collection and taxpayer service</b>						
Total	845,727	1,024,131	690,964	787,797	154,763	236,334
Tax fraud investigations	172,619	204,135	136,764	158,744	33,825	45,391
Collection	529,416	604,140	430,872	477,477	98,544	126,872
Taxpayer service	80,292	149,233	—	94,386	—	53,907
Employee plans and exempt organizations	—	—	—	—	14,794	—
Enforcement litigation and technical rulings	63,653	67,554	56,053	57,190	7,600	10,364
<b>Reimbursable obligations, total</b>	<b>19,579</b>	<b>16,471</b>	<b>14,995</b>	<b>12,642</b>	<b>4,584</b>	<b>3,829</b>

\* Fiscal year 1984 appropriation structure was modified to reflect the reorganization of 1982.

**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	Equip-ment	Other
	(1)	(2)	(3)	(4)	(5)
<b>A. Total, Internal Revenue Service</b>	<b>3,295,539</b>	<b>2,416,826</b>	<b>100,375</b>	<b>88,823</b>	<b>691,715</b>
National Office	750,897	238,624	9,113	48,023	455,127
North-Atlantic	374,581	321,356	8,733	4,956	39,516
Mid-Atlantic	278,197	241,812	8,050	4,603	22,732
Southeast	325,544	270,625	13,450	8,045	35,424
Central	237,238	200,301	9,842	3,757	23,238
Midwest	295,749	232,317	10,150	2,547	21,955
Southwest	337,343	288,174	14,292	6,453	28,424
Western	502,566	427,680	19,516	8,047	47,329
Regional appeals	75,566	75,566	2,086	—	3,115
Regional counsel	52,883	48,716	1,186	1,064	1,937
Regional inspector	32,112	27,864	232	2,658	1,258
National Computer Center	29,353	10,473	72	402	9,376
IRS Data Center	38,502	32,382	247	887	5,186
<b>B. Regional commissioners' offices (excluding district directors' offices and service centers)</b>					
North-Atlantic	15,425	10,084	781	2,154	2,406
Mid-Atlantic	14,804	9,981	455	2,068	2,320
Southeast	13,399	8,758	1,257	546	2,840
Central	13,327	9,503	1,592	1,888	1,344
Midwest	12,887	9,048	1,114	1,281	1,464
Southwest	15,952	9,833	1,250	3,215	1,554
Western	24,134	13,259	2,578	2,822	5,474
<b>C. District directors' offices and service centers</b>					
North-Atlantic					
Albany	10,806	9,516	579	78	633
Augusta	5,835	5,151	318	28	338
Boston	42,336	38,885	338	338	4,108
Brooklyn	45,595	41,665	889	735	2,306
Buffalo	26,388	22,406	1,078	176	2,723
Hartford	3,318	2,815	176	28	299
Burlington	24,149	21,987	895	164	1,103
Manhattan	81,933	74,545	1,221	329	5,938
Portsmouth	5,818	4,850	285	22	451
Providence	6,484	5,931	220	25	308
North-Atlantic Region centralized training	464	—	422	—	42
Andover Service Center	46,779	38,009	210	297	8,063
Brookhaven Service Center	59,433	47,899	354	482	10,898
Mid-Atlantic					
Baltimore	39,458	38,063	1,024	425	1,946
Foreign Operations	21,562	17,301	2,197	226	1,838
Newark	56,871	51,875	1,555	587	2,754
Philadelphia	43,370	39,252	1,038	561	2,399
Pittsburgh	22,638	20,304	795	129	1,410
Richmond	25,838	22,181	1,054	224	2,179
Wilmington	5,290	4,719	180	82	299
Mid-Atlantic Form Distribution Center	863	667	10	—	186
Mid-Atlantic Region centralized training	450	—	440	—	10
Philadelphia Service Center	47,253	39,289	302	271	7,391
Southeast					
Atlanta	45,289	37,655	2,208	966	4,460
Birmingham	16,785	14,741	936	298	790
Columbia	11,337	10,076	576	226	459
Greensboro	26,431	23,010	1,553	435	1,433
Jackson	11,193	9,592	768	395	838
Jacksonville	70,841	59,436	3,484	1,477	6,244
Nashville	26,980	22,583	1,467	558	2,382
Southeast Region centralized training	589	—	561	—	28
Atlanta Service Center	52,457	42,799	308	760	8,590
Memphis Service Center	50,483	41,967	342	474	7,700
Central					
Cincinnati	32,971	29,144	1,248	270	2,309
Cleveland	38,540	32,125	1,424	286	2,705
Detroit	52,229	45,575	2,487	332	3,845
Indianapolis	29,080	24,453	1,395	331	2,881
Louisville	16,234	13,908	933	330	1,063
Parkersburg	9,438	8,117	922	140	57
Central Region centralized training	491	—	488	—	3
Cincinnati Service Center	46,580	37,478	521	476	8,107

**Table 24.—Continued**  
(In thousands of dollars)

Internal revenue office, district or region	Total	Personnel compensation	Travel	Equip-ment	Other
	(1)	(2)	(3)	(4)	(5)
<b>Midwest</b>					
Aberdeen	4,085	3,602	331	6	146
Chicago	76,472	68,857	2,330	349	3,926
Des Moines	13,616	11,777	814	67	958
Fargo	4,202	3,677	337	7	181
Minneapolis	21,046	18,630	855	75	1,486
Omaha	8,610	8,567	430	38	574
St. Louis	33,177	29,691	1,463	153	2,821
St. Paul	24,521	21,981	1,030	82	1,418
Springfield	13,980	11,868	946	24	522
Midwest Region centralized training	485	—	477	—	8
Kansas City Service Center	53,588	44,648	334	284	8,321
<b>Southwest</b>					
Albuquerque	7,131	6,401	373	67	290
Austin	26,965	23,825	1,353	241	1,446
Cheyenne	4,849	4,017	514	34	284
Dallas	66,734	58,118	2,818	864	4,934
Denver	28,181	24,250	1,337	328	2,288
Houston	44,046	38,962	1,562	434	3,060
Little Rock	12,048	10,346	197	88	915
New Orleans	24,225	21,028	1,355	145	1,687
Oklahoma City	22,987	20,448	1,125	137	1,278
Wichita	14,683	13,174	755	80	684
Southwest Region centralized training	639	—	611	—	28
Austin Service Center	88,901	57,569	442	842	10,048
<b>Western</b>					
Anchorage	6,736	7,349	678	44	667
Boise	6,560	5,745	388	83	346
Helena	5,417	4,708	394	75	240
Honolulu	9,902	7,970	364	72	496
Laguna Niguel	47,877	42,186	2,218	1,127	2,346
Los Angeles	80,446	71,377	2,556	763	5,752
Phoenix	17,857	15,558	753	185	1,383
Portland	17,725	15,193	881	114	1,628
Reno	12,367	10,626	589	132	1,040
Sacramento	21,162	18,238	1,243	454	1,431
San Lake City	10,259	9,167	520	60	512
San Francisco	50,131	44,055	1,440	388	4,288
San Jose	26,544	22,918	1,596	823	1,406
Seattle	31,502	27,303	1,478	295	2,425
Western Region centralized training	763	—	736	—	27
Fresno Service Center	71,006	60,185	519	428	8,884
Ogden Service Center	61,168	51,900	601	422	6,245

Note: Reimbursements are included in the above figures. Individual items may not add to total because of rounding.

**Table 25.—Personnel summary**

Location and type	Average positions realized <sup>a</sup>		Number employees at close of year	
	1983	1984	1983	1984
<b>Service total</b>	<b>84,196</b>	<b>83,298</b>	<b>90,108</b>	<b>95,749</b>
Permanent	79,890	83,515	81,539	86,508
Temporary	4,306	4,693	8,569	9,241
National Office <sup>b</sup>	4,404	5,385	4,472	5,170
Regional offices	79,792	82,843	85,636	90,039
Data processing operations	20,438	21,505	21,884	23,112
Collection	15,798	16,222	17,282	16,248
Revenue officers	7,596	7,527	7,684	7,492
Other	8,502	8,695	9,598	8,756
Taxpayer service	3,720	4,164	5,131	4,856
Taxpayer service specialists	505	534	541	563
Other	837	1,036	980	1,231
Other	2,376	2,594	3,010	3,042
Examination	23,861	23,934	23,704	25,483
Revenue agents	13,583	13,405	13,318	14,187
Tax auditors	3,791	3,459	3,688	3,371
Other	6,307	7,070	6,688	7,955
Employee plans/exempt organizations	1,737	1,942	1,789	1,959
EP/EO technicals	1,101	1,307	1,184	1,403
Other	636	635	595	556
Appeals	1,848	2,134	2,022	2,302
Appraisal officers	691	803	955	1,091
Auditors	146	173	184	184
Other	809	930	918	1,057
Tax Fraud	2,885	4,162	4,027	4,392
Special agents	2,668	2,760	2,717	2,867
Other	1,197	1,372	1,310	1,525
Executive direction	119	115	124	126
Management services	2,041	2,193	2,484	2,582
Resources management	3,877	4,483	4,250	4,827
Centralized services	3,844	4,063	4,196	4,381
Counsel	2,314	2,418	2,477	2,477
Inspection	824	934	941	984

Note: Reimbursements are included in the above figures.  
<sup>a</sup>Methodology to count average positions realized was adjusted in 1984 to conform to Office of Personnel Management instructions. 1983 average positions realized also are adjusted for comparability.  
<sup>b</sup>Includes National Computer Center and Data Center.

## Commissioners of Internal Revenue

Office of Commissioner of Internal Revenue created  
by Act of Congress, July 1, 1862.

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

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

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

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

**Columbus Delano**  
Ohio  
March 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. Raum**  
Illinois  
Aug. 2, 1876 / April 30, 1883

**Walter Evans**  
Kentucky  
May 21, 1883 / March 19, 1885

**Joseph S. Miller**  
West Virginia  
March 20, 1885 / March 20, 1889

**John W. Mason**  
West Virginia  
March 21, 1889 / April 18, 1893

**Joseph S. Miller**  
West Virginia  
April 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  
March 1, 1899 / Nov. 27, 1900

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

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

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

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

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

**William M. Williams**  
Alabama  
April 1, 1920 / April 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  
March 1, 1944 / June 30, 1947

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

**John B. Dunlap**  
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  
April 1, 1969 / June 22, 1971

**Johnnie M. Walters**  
South Carolina  
Aug. 6, 1971 / April 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 when there was no Commissioner holding  
the office:

*Joseph J. Lewis* of Pennsylvania  
from March 5 to March 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 April 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 March 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**  
James I. Owens

**Assistant to the Commissioner**  
Stephen R. Kroll  
Donald L. Korb

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

**Assistant to the Commissioner (Legislative Liaison)**  
Tom E. Persky

**Division Director: Legislative Analysis**  
Damon O. Holmes

**Assistant to the Commissioner (Public Affairs)**  
Stephen D. Hayes

**Taxpayer Ombudsman**  
George A. O'Hanlon

**Assistant to the Deputy Commissioner**  
John E. Burke

**Inspection**

**Assistant Commissioner**  
Robert L. Rebein

**Deputy Assistant Commissioner**  
E. Derle Rudd

**Division Directors:**

**Internal Audit**  
Erwin Sobin

**Internal Security**  
William E. Mulroy

**Data Processing**

**Associate Commissioner**  
M. Eddie Heironimus

**Computer Services**

**Assistant Commissioner**  
Thomas J. Laycock

**Deputy Assistant Commissioner**  
Daniel N. Capozzoli

**Division Directors:**

**Hardware**  
Richard W. Marsh

**Management Systems**  
Richard T. Miller

**Planning and Control Staff**  
Donald E. Curtis

**Software**  
Walter A. Hutton, Jr.

**Returns and Information Processing**

**Assistant Commissioner**  
Stanley Goldberg

**Deputy Assistant Commissioner**  
Carolyn K. Leonard

**Division Directors:**

**National Computer Center,**  
Martinsburg, WVa.  
Robert E. Wenzel

**Program Planning and Review Staff**  
Ophelia W. Burton

**Returns Processing and Accounting**  
Fredric F. Perdue

**Statistics of Income**  
Frederick J. Scheuren

**Taxpayer Service**  
Walter M. Alt

**Operations**

**Associate Commissioner**  
Philip E. Coates

**Collection**

**Assistant Commissioner**  
Larry G. Westfall

**Deputy Assistant Commissioner**  
William M. Wauben

**Criminal Investigation**

**Assistant Commissioner**  
Richard C. Wassenaar

**Deputy Assistant Commissioner**  
John M. Rankin, Jr.

**Examination**

**Assistant Commissioner**  
Percy P. Woodard, Jr.

**Deputy Assistant Commissioner**  
Frederic P. Williams

**Employee Plans and Exempt Organizations**

**Assistant Commissioner**  
S. Allen Winborne

**Deputy Assistant Commissioner**  
Robert I. Brauer

**Division Directors:**

**Employee Plans Technical and Actuarial**  
Ira Cohen

**Employee Plans and Exempt Organizations Operations**  
Billy M. Hargett

**Exempt Organizations Technical**  
Joseph A. Tedesco

**Policy and Management**

**Associate Commissioner**  
Norman A. Bolz

**Human Resources**

**Assistant Commissioner**  
Dominick J. Lantonio

**Deputy Assistant Commissioner**  
Orion L. Birdsall, Jr.

**Division Directors:**

**Director of Practice**  
Leslie S. Shapiro

**Personnel**  
Philip G. Brand

**Tax Administration Advisory Services**  
Douglas S. Ormerod

**Training and Development**  
Stephen J. Meltzer

**Human Resources Technology Staff**  
Ralph C. Reeder

**Planning, Finance and Research**

**Assistant Commissioner**  
John L. Wedick, Jr.

**Deputy Assistant Commissioner**  
Walter E. Bergman

**Division Directors:**

**Finance**  
Joseph F. Kump

**Planning**  
John T. Blank

**Research**  
Frank M. Malanga

**Support and Services**

**Assistant Commissioner**  
Kenneth G. Rivett

**Deputy Assistant Commissioner**  
Alan A. Beck

**Division Directors:**

**Data Center,**  
Detroit, Mich.  
James E. Daly, Jr.

**Centralized Services**  
David V. Swann

**Disclosure and Security**  
Guerry G. Notte

**Facilities Management**  
Richard E. Simko

**National Office Resources Management**  
Suellen Plover Hamby

**Tax Forms and Publications**  
Edmund I. Goldwag

**Regional  
and District  
Officers**

**Central Region**

**Regional Commissioner**  
James D. Hallman

**Assistant Regional Commissioners:**

**Collection**

John O. Hummel

**Criminal Investigation**

Larry R. Hyatt

**Examination**

Donald L. Stewart

**Resources Management**

Billy J. Brown

**Data Processing**

Charles F. Jones

**District Directors:**

**Cincinnati, Ohio**

James J. Ryan

**Cleveland, Ohio**

Everett Loury

**Detroit, Mich.**

Charles A. Parks

**Indianapolis, Ind.**

Paul D. Williams

**Louisville, Ky.**

Raymond L. Rizzo

**Parkersburg, WVa.**

Richard C. Herman

**Director, Cincinnati Service Center**

Patrick J. Ruttle

**Regional Inspector**

John E. McManus

**Mid-Atlantic Region**

**Regional Commissioner**

William D. Waters

**Assistant Regional Commissioners:**

**Collection**

Leroy C. Gay

**Criminal Investigation**

Willard M. Cummings

**Examination**

Regina M. Deanehan

**Resources Management**

Vacant

**Data Processing**

Fred R. Endrikat

**District Directors:**

**Baltimore, Md.**

Teddy R. Kern

**Foreign Operations**

Thomas J. Clancy

**Newark, N.J.**

Cornelius J. Coleman

**Philadelphia, Pa.**

Charles E. Roddy

**Pittsburgh, Pa.**

Thomas L. Davis

**Richmond, Va.**

Gerard R. Esposito

**Wilmington, Del.**

Clare Sty Winter

**Director, Philadelphia Service Center**

Norman E. Morrill

**Regional Inspector**

Benjamin J. Redmond

**Midwest Region**

**Regional Commissioner**

Roger L. Plate

**Assistant Regional Commissioners:**

**Collection**

Allen G. Woodhouse

**Criminal Investigation**

Warren E. Harrison

**Examination**

David G. Blattner

**Resources Management**

Jack E. Shank

**Data Processing**

John T. Ader

**District Directors:**

**Aberdeen, S.D.**

Thomas J. Yates

**Chicago, Ill.**

J. Robert Starkey

**Des Moines, Iowa**

John Edwards

**Fargo, N.D.**

Woodrow D. Malone

**Milwaukee, Wis.**

Lawrence M. Phillips

**Omaha, Neb.**

Mitchell E. Premis

**Springfield, Ill.**

Ira S. Loeb

**St. Louis, Mo.**

Robert A. LeBaube

**St. Paul, Minn.**

C. Dudley Switzer

**Director, Kansas City Service Center**

Roy D. Clark

**Regional Inspector**

Joseph F. Jech

**North-Atlantic Region**

**Regional Commissioner**

Charles H. Brennan

**Assistant Regional Commissioners:**

**Collection**

Brian P. McMahon

**Criminal Investigation**

Bruce V. Milburn

**Examination**

Robert E. Mirsberger

**Resources Management**

William H. Ethe

**Data Processing**

Francine Crowley

**District Directors:**

**Albany, N.Y.**

Edwin A. Kelleher

**Augusta, Maine**

William E. Dosedlo

**Boston, Mass.**

John D. Johnson

**Brooklyn, N.Y.**

John J. Jennings

**Buffalo, N.Y.**

Marshall P. Cappelli

**Burlington, Vt.**

Joyce Weitz

**Hartford, Conn.**

James E. Quinn

**Manhattan, N.Y.**

Pete J. Medina

**Portsmouth, N.H.**

Francis S. Miceli

**Providence, R.I.**

Malcolm A. Liebermann

**Director, Andover Service Center**

Joseph H. Cloonan

**Director, Brookhaven Service Center**

Bobby G. Hughes

**Regional Inspector**

Daniel F. Schiller

**Southeast Region**

**Regional Commissioner**

Thomas A. Cardoza

**Assistant Regional Commissioners:**

**Collection**

Conrad L. Clapper

**Criminal Investigation**

Joseph T. Pagani

**Examination**

Ronald W. Kirby

**Resources Management**

Herma J. Hightower

**Data Processing**

Henry E. Leech, Jr.

**District Directors:**

**Atlanta, Ga.**

Michael J. Murphy

**Birmingham, Ala.**

Philip J. Sullivan

**Columbia, S.C.**

Donald L. Breihan

**Greensboro, N.C.**

Frederick C. Nielsen

**Jackson, Miss.**

Sylvia H. Wren

**Jacksonville, Fla.**

Merlin W. Heye

**Nashville, Tenn.**

Alvin H. Kolak

**Director, Atlanta Service Center**

William B. Hartlage

**Director, Memphis Service Center**

Raymond P. Keenan

**Regional Inspector**

Dale W. Gardner

**Southwest Region**

**Regional Commissioner**

Richard C. Voskuil

**Assistant Regional Commissioners:**

**Collection**

Gerald F. Swanson

**Criminal Investigation**

Glenn E. Shepard

**Examination**

Robert E. Dais

**Resources Management**

James A. Lindsey

**Data Processing**

Henry H. Philcox

**District Directors:**

**Albuquerque, N.M.**

Francis L. Browitt

**Austin, Texas**

Gary O. Booth

**Cheyenne, Wyo.**

Michael J. Kelly

**Dallas, Texas**

Glenn Cagle

**Denver, Colo.**

Gerald L. Mihlbachler

**Houston, Texas**

Arturo A. Jacobs

**Little Rock, Ark.**

William F. Barlow

**New Orleans, La.**

Jack P. Chivatero

**Oklahoma City, Okla.**

Howard C. Longley

**Wichita, Kan.**

Clarence M. King, Jr.

**Director, Austin Service Center**

G. William Grabo

**Regional Inspector**

Paul F. Kearns

**Western Region**

**Regional Commissioner**

Thomas P. Coleman

**Assistant Regional Commissioners:**

**Collection**

William T. Bridges

**Criminal Investigation**

Peter J. Rumore

**Examination**

Richard S. Wintrose

**Resources Management**

Michael P. Dolan

**Data Processing**

Robert J. Kensinger, Jr.

**District Directors:**

**Anchorage, Alaska**

John L. Carson

**Boise, Idaho**

William M. Jacobs

**Helena, Mont.**

John C. Wendorf

**Honolulu, Hawaii**

Harold M. Browning

**Laguna Niguel, Calif.**

Robert M. McKeever

**Los Angeles, Calif.**

William H. Connert

**Phoenix, Ariz.**

Prescott A. Berry

**Portland, Ore.**

T. Blair Evans

**Reno, Nev.**

Robert G. Potter

**Sacramento, Calif.**

Raymond A. Spillman

**Salt Lake City, Utah**

Carol M. Fay

**San Francisco, Calif.**

Michael D. Sassi

**San Jose, Calif.**

Elmer W. Kletke

**Seattle, Wash.**

Michael J. Quinn

**Director, Fresno Service Center**

Theron C. Polivka

**Director, Ogden Service Center**

Dominic E. Pecorella

**Regional Inspector**

Kenneth A. Thompson

**Chief Counsel for the Internal Revenue Service**

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

Fred T. Goldberg, Jr./1984

The following were Acting Chief Counsel during periods when there was no Chief Counsel holding the office:

*John W. Burrus*

from March 2, 1936, to Nov. 30, 1936

*Mason B. Leming*

from Dec. 6, 1951, to May 15, 1952

*Kenneth W. Gemmill*

from June 11, 1953, to Nov. 8, 1953

*Rudy P. Hertzog*

from Dec. 1, 1954, to May 8, 1955, from Jan. 20,

1961, to Aug. 16, 1961, and from Sept. 1, 1963, to

Jan. 5, 1964

*Herman T. Reiling*

from Jan. 19, 1957, to March 13, 1957, and from

Aug. 31, 1959, to Sept. 20, 1959

*Lester R. Uretz*

from April 1, 1966, to April 11, 1966

*Richard M. Hahn*

from Jan. 20, 1969, to June 25, 1969

*Lee H. Henkel, Jr.*

from Jan. 16, 1972, to June 11, 1972

*Lawrence B. Gibbs*

from April 17, 1973, to Oct. 19, 1973

*Charles L. Saunders, Jr.*

from Jan. 20, 1977, to April 15, 1977

*Leon G. Wigrizer*

from April 16, 1977, to June 23, 1977

*Lester Stein*

from June 1, 1979, to Nov. 16, 1979

*Jerome D. Sebastian*

from Jan. 21, 1981, to Feb. 2, 1981, and from

March 30, 1981, to Aug. 14, 1981

*Emory L. Langdon*

from Feb. 3, 1981, to March 29, 1981

*Joel Gerber*

from May 28, 1983, to March 17, 1984

Note: From 1866 to 1926, the chief legal 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 the Internal Revenue. Since 1934 he has operated under the title of Chief Counsel.

**Principal Officers of the IRS Office  
of Chief Counsel as of Sept. 30, 1984**

**National Office**

**Chief Counsel**  
Fred T. Goldberg, Jr.

**Deputy Chief Counsel**  
V. Jean Owens

**Assistant to the Chief Counsel**  
Jerome D. Sebastian  
John H. Menzel

**Special Assistant to the Chief Counsel**  
Mark A. Kuller

**Assistant to the Deputy Chief Counsel**  
Ronald A. Glaser

**Division Directors:**

**Appeals**  
Howard T. Martin

**Operations**  
Joseph H. Hairston

**Associate Chief Counsel (Litigation)**  
James J. Keightley

**Deputy Associate Chief Counsel**  
(Vacant)

**Special Litigation Counsel**  
Stephen M. Miller

**Special Appellate Counsel**  
Daniel F. Folzenlogen

**Litigating Division Directors:**

**Criminal Tax**  
William A. Goss

**Disclosure Litigation**  
Peter V. Filpi

**General Legal Services**  
William F. Long, Jr. (Acting)

**General Litigation**  
Arnold E. Kaufman

**Tax Litigation**  
Robert P. Ruwe

**Associate Chief Counsel (Technical)**  
Charles M. Morgan, III

**Deputy Associate Chief Counsel**  
Peter K. Scott

**Assistant to the Associate Chief Counsel**  
Martin I. Slate

**Principal Technical Advisor**  
John L. Crawford (Acting)

**Senior Technical Advisor**  
David E. Dickinson

**Technical Division Directors:**

**Corporation Tax**  
John W. Holt

**Employee Plans and Exempt Organizations**  
Jonathan P. Marget (Acting)

**Individual Tax**  
Mario E. Lombardo

**Interpretative**  
James F. Malloy

**Legislation and Regulations**  
George H. Jelly

**Regional  
and District  
Officers**

*Central Region*

**Regional Counsel**  
Clarence E. Barnes, Jr.

**Deputy Regional Counsel (Criminal Tax)**  
Gerald W. Fuller

**Deputy Regional Counsel (General Litigation)**  
Charles M. Layton

**Deputy Regional Counsel (Tax Litigation)**  
Robert A. Roberts

**Assistant Regional Counsel (General Legal Services)**  
John A. Freeman

**Regional Director of Appeals**  
Claude C. Rogers, Jr.

**District Counsel:**

**Cincinnati, Ohio**  
Conley G. Wilkerson (Acting)

**Cleveland, Ohio**  
Buckley D. Sowards

**Detroit, Mich.**  
Charles S. Stroad

**Indianapolis, Ind.**  
Ross E. Springer

**Louisville, Ky.**  
Ferdinand J. Lotz, III

*Mid-Atlantic Region*

**Regional Counsel**  
David E. Gaston

**Deputy Regional Counsel (Criminal Tax)**  
Richard A. Francis, Jr.

**Deputy Regional Counsel (General Litigation)**  
John G. Kissane

**Deputy Regional Counsel (Tax Litigation)**  
Robert W. Lynch

**Assistant Regional Counsel (General Legal Services)**  
David J. Markman

**Regional Director of Appeals**  
Nelson A. Brooke

**District Counsel:**

**Baltimore, Md.**  
Herbert A. Seidman

**Foreign Operations**  
Marlene Gross

**Newark, N.J.**  
Edward H. Hance

**Philadelphia, Pa.**  
Charles FT. Carroll

**Pittsburgh, Pa.**  
Donald W. Howser

**Richmond, Va.**  
Marion B. Morton

**Washington, D.C.**  
Thomas C. Morrison

*Midwest Region*

**Regional Counsel**  
Dennis J. Fox

**Deputy Regional Counsel (Criminal Tax)**  
Harold L. Cook

**Deputy Regional Counsel (General Litigation)**  
James H. Martin

**Deputy Regional Counsel (Tax Litigation)**  
Peter D. Bakutes

**Assistant Regional Counsel (General Legal Services)**  
(Vacant)

**Regional Director of Appeals**  
Donato Cantalupo

**District Counsel:**

**Chicago, Ill.**  
Denis J. Conlon

**Des Moines, Iowa**  
Steadly Young

**Kansas City, Mo.**  
James T. Finlen, Jr.

**Milwaukee, Wis.**  
Nelson E. Shafer

**Omaha, Neb.**  
Ronald M. Frykberg

**Springfield, Ill.**  
Jeff P. Ehrlich

**St. Louis, Mo.**  
William J. McNamara

**St. Paul, Minn.**  
Robert F. Cunningham

#### *North-Atlantic Region*

**Regional Counsel**  
Agatha L. Vorsanger

**Deputy Regional Counsel (Criminal Tax)**  
(Vacant)

**Deputy Regional Counsel (General Litigation)**  
Myron Levine

**Deputy Regional Counsel (Tax Litigation)**  
Jay S. Hamelburg

**Assistant Regional Counsel (General Legal Services)**  
Robert F. Hermann

**Regional Director of Appeals**  
Eugene D. Alexander

#### **District Counsel:**

**Albany, N.Y.**  
H. Stephen Kesselman

**Boston, Mass.**  
Robert B. Dugan

**Brooklyn, N.Y.**  
Sumner L. Lipsky

**Buffalo, N.Y.**  
John E. White

**Hartford, Conn.**  
Powell W. Holly, Jr.

**Manhattan, N.Y.**  
Gerald Backer

#### *Southeast Region*

**Regional Counsel**  
Jack D. Yarbrough

**Deputy Regional Counsel (Criminal Tax)**  
Jack Morton

**Deputy Regional Counsel (General Litigation)**  
Ronald P. Campbell

**Deputy Regional Counsel (Tax Litigation)**  
Roy L. Allison

**Assistant Regional Counsel (General Legal Services)**  
Harry G. Mason

**Regional Director of Appeals**  
Robert B. Douthitt

#### **District Counsel:**

**Atlanta, Ga.**  
Dean R. Morley, III

**Birmingham, Ala.**  
John B. Harper

**Greensboro, N.C.**  
Alan I. Weinburg

**Jacksonville, Fla.**  
Roy S. Fischbeck

**Miami, Fla.**  
W. Preston White, Jr.

**Nashville, Tenn.**  
Richard J. Neubauer

#### *Southwest Region*

**Regional Counsel**  
William B. Riley

**Deputy Regional Counsel (Criminal Tax)**  
Michael W. Bentley

**Deputy Regional Counsel (General Litigation)**  
Charles L. McReynolds, Jr.

**Deputy Regional Counsel (Tax Litigation)**  
David L. Jordan

**Assistant Regional Counsel (General Legal Services)**  
Gary A. Anderson

**Regional Director of Appeals**  
Ralph R. Shilling

#### **District Counsel:**

**Dallas, Texas**  
Kenneth A. Little

**Denver, Colo.**  
George G. Young

**Houston, Texas**  
Harold Friedman

**New Orleans, La.**  
George H. Becker

**Oklahoma City, Okla.**  
Walter O. Johnson

#### *Western Region*

**Regional Counsel**  
Benjamin C. Sanchez

**Deputy Regional Counsel (Criminal Tax)**  
J. Richard Murphy, Jr.

**Deputy Regional Counsel (General Litigation)**  
Fayette G. Taylor

**Deputy Regional Counsel (Tax Litigation)**  
Richard A. Jones

**Assistant Regional Counsel (General Legal Services)**  
Robert J. Wilson

**Regional Director of Appeals**  
Ralph F. Albrecht

#### **District Counsel:**

**Honolulu, Hawaii**  
John T. Lyons

**Los Angeles, Calif.**  
Joseph O. Greaves

**Phoenix, Ariz.**  
Roger Rhodes

**Portland, Ore.**  
Henry R. Snyder

**Reno, Nev.**  
S. Clay Freed

**Sacramento, Calif.**  
Steven J. Mopsick

**Salt Lake City, Utah**  
Thomas F. Kelly

**San Diego, Calif.**  
Donald W. Wolf

**San Francisco, Calif.**  
James Booher

**San Jose, Calif.**  
Lawrence G. Lilly

**Seattle, Wash.**  
Richard J. Shipley



Statistics  
of Income  
Library