

Fiscal Year Return Projections for the United States: 2005 - 2012

Document 6292
Fall 2005 Update



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Forecasts Available Electronically

Forecasts from the most recent edition of this publication are also available on the IRS's web site. This site can be reached at www.irs.gov. Select the "Tax Stats" link, then "Products and Publications", and then "Projections" (under the Publications heading). IRS employees can also access this projection product on the IRWeb intranet site by selecting the "Commissioner" link, followed by "Research, Analysis and Statistics", then "Publications," and then "Projections and Forecasting documents."

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Overview

This fall 2005 edition of IRS Document 6292 presents U.S. level projections of returns to be filed with the IRS for fiscal years (FY) 2005 through 2012. The forecasts include breakouts by major form type and filing medium (paper versus e-file), as well as selected detail by IRS business operating division. These projections provide a foundation for IRS workload estimates and resource requirements contained in IRS budget submissions and other major planning documents. The Office of Research staff within the IRS Research, Analysis and Statistics organization develops and updates these forecasts semiannually to reflect changes in filing patterns, statutory requirements, and administrative procedures. The updates also incorporate the current economic and demographic outlook. The projections in this document are based on information available as of early September 2005.

Enacted tax law changes and confirmed (or reasonably certain) administrative plans are reflected in these return projections. However, legislative or administrative initiatives simply under consideration generally are not used to update these return projections because of the uncertainty of their eventual outcome. As a result, the projections of electronically filed (e-file) returns contained in this publication are not goals, per se, and should not be interpreted as precluding an alternate e-file future.

Data Sources and Projection Methodology

The reported actual volumes of returns filed in FY2004 by form type and filing medium are based primarily on filings as recorded on the IRS master files. With a few exceptions, these volumes are the same as those reported in the Internal Revenue Service Data Book (Publication 55B) for that processing year. However, master file counts were not available in a few instances. In these cases, tallies of actual filings were provided by program staff in the IRS operating divisions, typically from data capture systems located in the IRS processing campuses.

The forecasts presented in Document 6292 are based on various statistical models that capture and extrapolate historical filing trends, by each unique form type and medium of filing. The projections are generally made on a calendar year of filing basis, first, and then converted to fiscal year based on the quarterly filing experience of one or more historical periods. Most models use time series extrapolation methods such as trended exponential smoothing approaches. However, some returns types, particularly individual income tax filings, are based on regression models that use economic and demographic variables such as total employment and gross domestic product as key input factors. In these instances, forecasts of the economic and demographic data series used by Research staff as the “predictor variables” are provided by Global Insight. Also, where historical data are limited or non-existent, such as for new e-file products, the filing pattern for a comparable return type is applied.

Summary of Significant Trends and Revisions

A summary of the major trends and other significant factors embedded in the return forecasts for this edition of Document 6292 are noted below.

More e-file Forecasts Included

In response to customer requests, Document 6292 has been expanded and now includes all the major e-file tax return categories for which IRS programs exist, or for which scheduled implementation plans are in place. Thus, included in this fall 2005 edition are the e-file projections for the individual return types. We have also added e-file projections for Forms 944, 8871, 8872 and 7004. With these changes, the major e-file tax return categories now covered in this publication are as follows: Form 1040 series, Form 1040ES and Form 4868—for individual returns; Forms 940, 941, 944, 1065, 1041, 1120, 1120S and 7004—for business returns; and Forms 990, 990EZ, 990PF, 1120POL, 8871, 8872 and 8868—for tax exempt organization returns.

New e-file Mandates

In January 2005, IRS released temporary regulations which imposed e-file mandates for some large corporations and tax exempt organizations whose assets exceed certain thresholds. However, these e-file mandates only apply to those corporation and tax exempt entities that file at least 250 other returns with the IRS during a calendar year (which includes other tax returns such as Forms 941, as well as information returns such as Forms W-2, 1099-DIV and Schedules K-1). The e-file mandates require corporations with total assets of at least \$50 million to e-file their Forms 1120 and 1120S returns beginning in tax year 2005 (filing year 2006). This e-file requirement is expanded to corporations with at least \$10 million in assets effective in tax year 2006. In total, we estimate that about 13,000 Form 1120/1120S filers will fall under the e-file mandates for tax year 2005, and around 30,000 for tax year 2006.

Similarly, tax exempt organizations with \$100 million or more in assets in tax year 2005 will be required to file their Form 990 electronically, with this threshold lowered to \$10 million beginning in tax year 2006. These e-file mandates are expected to impact an estimated 1,200 Form 990 filers in tax year 2005 and around 10,000 by tax year 2006. Also impacted are private foundations and charitable trusts which will be required to file their Form 990-PF electronically, starting in tax year 2006, regardless of their asset size. However, less than 100 Form 990-PF filers are likely to be impacted by the mandate. Corresponding adjustments have been made to the e-file forecasts for Forms 1120, 1120S, 990 and 990-PF in this edition of Document 6292 to account for the impact of these new e-file mandates.

In addition, while legislation has been passed mandating e-file for certain Form 2290 filers, a confirmed implementation date for such a system has yet to be determined. Hence, we currently offer no e-file forecasts for this particular return series. However, as

e-file system plans are put in place for Form 2290 and other return types in the future, we will expand their coverage in future editions of Document 6292.

Cessation of IRS TeleFile Programs

In February 2005, IRS announced it would conclude its TeleFile programs after the 2005 filing season. Thus, the respective TeleFile programs in the Forms 1040EZ, 4868 and 941 areas all come to an end this year. Our corresponding forecasts in this update of Document 6292 reflect this IRS decision. They include applicable adjustments wherein some current TeleFile users are expected to switch to other e-file alternatives (such as on-line filing), while others revert back to paper.

Changes in Estate Tax

The Economic Growth and Tax Relief Reconciliation Act of 2001 has a significant impact on estate tax law. The tax relief act reduces estate tax liability by raising the allowable exempt amount of taxable estates and by lowering the maximum tax rate for calendar years 2002 through 2009. Under current law, the estate tax will be repealed for deaths occurring in 2010, only. In 2011, the estate tax law will then revert to the law in place before June 7, 2001. The effects of the 2001 tax law account for the unique trend in estate tax return filings over the forecast horizon covered in this document.

New Form 944

In an effort to reduce taxpayer burden on small businesses, IRS plans to make Form 944, an annualized version of Form 941 (*Employer's Quarterly Federal Tax Return*), available to taxpayers starting in January 2007. Form 944 will be available to business filers with annual employment tax liability of \$1,000 or less. Instead of filing quarterly Form 941 returns, eligible taxpayers will be required to file Form 944 once a year. Consequently, as qualified taxpayers switch to filing Form 944, return volumes of Form 941 will drop—beginning in mid-FY 2006. Around 900,000 taxpayers are expected to switch to Form 944 in its first year. This fall 2005 edition of Document 6292 now reflects forecasts for the new Form 944, including its e-file and paper components. Our forecasts of Form 941 return volumes (both e-file and paper) also include associated downward adjustments for the estimated impact of the new Form 944.

Elimination of Form 2688

IRS plans to implement new regulations in filing year 2006 that will have the de facto effect of eliminating filings of Form 2688 (Application for Additional Extension of Time to File U.S. Individual Income Tax Return). The impact of this elimination is reflected in this update of Document 6292. The new regulations will provide taxpayers required to file an individual income tax return an automatic six-month extension to file, if they submit a Form 4868 (Application for Automatic Extension of Time to File a U.S. Income Tax Return). In previous years, the Form 4868 (i.e., the “first extension”) provided only a four-month grace period, while the Form 2688 (i.e., the “second extension”) supplied an

additional two-month extension. The effects of these two forms will now be folded into a single six-month automatic extension via Form 4868.

Expansion of Form 7004

The projections in this publication also reflect the expanded scope of Form 7004, which is currently used to request an extension of time to file a corporation income tax (Form 1120 series) return. Starting in 2006, Form 7004 will not only be used for filing extensions on corporate returns but also extensions for partnership (Form 1065) and fiduciary (Form 1041) returns. Since a sizable volume of extensions are currently requested for the filing of Forms 1065 and 1041, the projected volume of Forms 7004 in this edition of Document 6292 shows a dramatic increase (upward level shift in the series) beginning in 2006.

Hurricane Katrina Adjustments

This edition of Document 6292 also includes adjustments to account for the estimated impact on tax return filings due to Hurricane Katrina. The unprecedented economic and social disruptions caused by Hurricane Katrina are expected to impact filings by individuals (e.g., Forms 1040 and 1040ES), businesses (e.g., Forms 941, 1120S and 1065), and tax exempt entities (e.g., Form 990). While difficult to estimate and tailored to each applicable form type, the basic nature of most of the adjustments was to lower filings in 2006 and push them into 2007—treating the overall impact as mainly one of a delay in filings.

Employee Plans Returns

The Internal Revenue Service no longer processes Employee Plans (EP)—Form 5500 series—returns. That responsibility now resides with the Department of Labor. Therefore, there are no EP volumes presented in Table 1. However, staff with IRS Tax Exempt/Government Entities (TE/GE) Division still needs projected volumes for EP returns for other IRS resource planning purposes. Thus, projections for EP returns are presented in Table 2, *Selected Fiscal Year Return Filing Estimates by Business Operating Division*.

Forms 5500 and 5500EZ are multi-agency EP returns that are filed to satisfy reporting requirements to Internal Revenue Service, Department of Labor, and Pension Benefit Guaranty Corporation. The underlying volume of such returns appears to be very stable, hence a projected trend that is “flat.” The 2004 actual EP filing volume reflects a count of all returns posted to the Employee Plan Master File, including welfare benefit plan returns. However, the projected volume of EP returns is based on data from the 208-18-10 Report and excludes welfare benefit plans. This provides a more accurate count of the number of Forms 5500 and 5500EZ for which IRS has jurisdiction in the future. Hence, the forecast of EP returns is lower than the 1.1 million returns processed in 2004.

Detail by Business Operating Division

Table 2 presents estimates of selected return filings by IRS “Business Operating Divisions” (BODs). The selected returns include total individual income tax returns, corporation income tax returns, partnership returns, employment returns, excise returns, and the exempt organization returns. As applicable, these volumes are broken out by their operating division components: “Wage and Investment” (W&I), “Small Business/Self Employed” (SB/SE), “Large and Mid-Sized Business” (LMSB) and “Tax Exempt/Government Entities” (TE/GE). Also included are the projected total filings of employee plans (EP) returns (processed by the Department of Labor), which comprise major return filings by taxpayers served by the TE/GE operating division.

Fiduciary (Form 1041) Returns

Potential regulatory changes in the future would modify the filing requirements for certain trusts. In effect, a significant volume of fiduciary Form 1041 returns (particularly among the electronically filed returns) would instead be reported via the Form 1099 series. The change would likely result in a decrease of approximately 450,000 Forms 1041. However, due to the tentative nature of this proposed regulation, its effect has not been reflected in this update of Document 6292.

Trend in Grand Total Return Filings

As presented in Table 1, grand total return filings are expected to reach 228.9 million in fiscal year 2005—a growth of 1.4 percent over FY 2004. In contrast, grand total filings for FY2006 are expected to increase a more modest 0.4 percent over 2005—to 229.8 million returns. However, the small growth in grand total filings in 2006 is a net effect that masks some rather dramatic shifts among selected return volumes. In particular (and for reasons highlighted in the preceding narrative), volumes of Forms 941 and 2688 are projected to drop noticeably in 2006. Meanwhile, filings of Forms 7004 are expected to nearly double. After FY 2006, grand total return filings are projected to grow at a more typical average annual rate of a little over one percent—reaching 246.6 million by FY 2012.

Projections and Forecasting Performance Measurement

In an ongoing effort to provide our customers measures of the quality of our Projections and Forecasting Group products and services, we present updated versions of our “Track Record” and “Customer Satisfaction Survey” results. The track record provides statistical measures of our forecasting accuracy, while the survey presents information on the level of satisfaction customers find in our products and services. We include these performance measures in our major projection publications for the benefit of our customers, and we act upon the results in ways we hope will improve our service in the future.

Track Record of Projection Accuracy

The “track record” section, presented as Table 3, provides a summary analysis of the accuracy of prior projections prepared by the Projections and Forecasting Group from 1996 to 2003. For manageability purposes, this track record material covers only the major return categories. Using the four most recent calendar years of actual data, 2001 through 2004, Table 3 presents the accuracy of our national level projections—by major tax return category, filing medium and forecast time horizon. It expresses those measures in terms of mean absolute percent errors which customers can use to gauge the overall precision of our past U.S. level return projections. Table 3 also includes a second measure of accuracy, which is the number of over projections during the last four annual forecast cycles. This measure can be used to gauge whether we have a tendency to over project a particular return series (i.e., a value “4”), or to under project a particular return series (a value of “0”), or to achieve the desired balance of both (a value of “2”)—or something in between (values of “1” or “3”).

Customer Satisfaction Survey

In 2005, the Projections & Forecasting Group also conducted our sixth annual survey of IRS customers to determine satisfaction levels with our products and services. The following table summarizes the results of those surveys on five major dimensions of satisfaction.

<i>Projections & Forecasting Group Customer Satisfaction Survey Result*</i>								
<u>Measure</u>	Percent "Somewhat Satisfied" thru "Totally Satisfied"						Percent "Totally Satisfied"	
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Accuracy	80.8	87.2	87.8	82.7	83.4	81.7	59.3	60.0
Timeliness	84.6	84.2	88.2	95.7	83.3	81.7	57.4	60.0
Responsiveness of PFG Staff	68.6	65.6	73.7	73.9	68.0	70.0	64.2	68.3
Product Meeting Needs	N/A	N/A	N/A	93.5	83.3	80.3	53.7	65.6
Overall Satisfaction	94.2	92.7	91.4	95.6	92.6	78.3	66.7	63.3

* In 2004, the rating scale on the Projections & Forecasting Group customer satisfaction survey was changed to conform to the standard used for all offices within Research, Analysis and Statistics. Data were configured above to provide both a comparable historical trend, plus information on the newer “totally satisfied” demarcation.

During fiscal year 2004 and the first part of fiscal year 2005, the Projections and Forecasting Group experienced an acute staffing shortage. This resource shortage in the group delayed the delivery of several major projection products during the period. However, new staff have since been added to the group and the timeliness of PFG products is expected to improve in the future.

Comments and Questions

We thank customers who have participated in our past surveys and ask for your continued cooperation in future iterations. Also, we continually seek to improve customer service wherever we can and so we welcome customer feedback at any time. Comments and suggestions regarding this document can be directed to Russell Geiman, Chief, Projections & Forecasting Group at (202) 874-0607. Questions concerning a specific tax return listed in this document may also be directed to the projections staff listed on the inside front cover. Finally, the tables contained in this document are also available electronically, as noted on the inside front cover.



Janice M. Hedemann
Director, Office of Research

Table 1. Fiscal Year Projections of the Number of Returns to be Filed with IRS
Rounded

Type of Return	Actual - FY	Projected - Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Grand Total	225,755,958	228,920,800	229,820,200	232,282,800	235,521,700	238,467,900	241,510,400	244,295,700	246,644,400
Paper Grand Total	155,829,595	150,853,800	145,205,000	140,287,100	136,200,100	132,457,500	129,308,900	126,739,400	124,538,000
Electronic and Magnetic Tape Grand Total	69,926,363	78,067,000	84,615,200	91,995,700	99,321,600	106,010,400	112,201,500	117,556,300	122,106,500
Total Primary Returns	206,232,446	208,600,200	209,839,500	211,552,000	214,184,900	216,516,800	218,959,700	221,119,000	222,874,300
Individual Income Tax, Total	131,301,693	132,725,700	134,841,900	136,312,500	138,132,100	139,660,000	141,357,700	142,804,200	143,871,100
Forms 1040, 1040A and 1040EZ	130,582,596	131,987,000	134,079,800	135,522,600	137,313,000	138,811,800	140,480,400	141,897,800	142,935,700
Paper Forms 1040/1040A/1040EZ	69,333,558	63,871,900	59,910,300	55,353,300	51,612,500	48,406,600	45,822,800	43,636,300	41,736,800
Electronic Individual Returns	61,249,038	68,115,100	74,169,500	80,169,200	85,700,500	90,405,300	94,657,700	98,261,600	101,198,900
Form 1040NR	605,319	623,100	644,100	669,400	696,100	722,800	749,500	776,200	802,800
Forms 1040PR and 1040SS	113,778	115,600	118,000	120,500	122,900	125,400	127,800	130,200	132,700
Individual Estimated Tax, Form 1040-ES	29,024,589	28,890,900	29,497,100	29,913,900	30,121,100	30,227,800	30,284,100	30,313,800	30,329,500
Paper Form 1040ES	28,971,335	28,828,100	29,423,200	29,830,100	30,027,400	30,124,000	30,170,100	30,189,500	30,194,800
Electronic (Credit Card) Form 1040ES	53,254	62,800	73,900	83,800	93,700	103,800	114,000	124,300	134,700
Fiduciary, Form 1041	3,734,651	3,755,300	3,797,700	3,842,000	3,890,100	3,942,500	3,999,400	4,054,600	4,108,500
Paper Fiduciary Returns	2,406,206	2,377,500	2,365,700	2,355,800	2,348,500	2,344,000	2,342,200	2,339,500	2,335,900
Electronic Fiduciary Returns	1,328,445	1,377,800	1,432,000	1,486,200	1,541,600	1,598,500	1,657,200	1,715,100	1,772,600
Fiduciary Estimated Tax, Form 1041-ES	691,483	832,700	844,900	851,600	858,300	864,900	871,600	878,300	885,000
Partnership, Forms 1065 and 1065B	2,520,846	2,666,900	2,803,300	2,941,600	3,072,700	3,200,500	3,323,700	3,441,400	3,552,800
Paper Partnership Returns	2,429,687	2,500,500	2,572,200	2,636,500	2,682,100	2,712,800	2,727,400	2,725,000	2,704,700
Electronic Partnership Returns	91,159	166,400	231,100	305,100	390,600	487,700	596,300	716,500	848,200
Corporation Income Tax, Total	6,067,812	6,127,000	6,267,000	6,442,400	6,596,300	6,771,000	6,951,100	7,128,300	7,296,400
Paper Corporation Returns, Total	6,020,283	5,923,800	5,835,600	5,644,600	5,330,700	5,002,900	4,774,000	4,648,000	4,579,700
Electronic Corporation Returns, Total	47,529	203,200	431,400	797,800	1,265,600	1,768,100	2,177,000	2,480,300	2,716,700
Forms 1120 and 1120A	2,319,747	2,268,700	2,247,700	2,233,500	2,212,300	2,193,400	2,174,500	2,155,500	2,136,600
Electronic 1120/1120A	12,476	52,600	129,300	243,400	389,700	549,300	675,000	756,900	809,800
Form 1120F	27,943	26,500	27,300	28,200	29,100	30,100	31,100	32,100	33,000
Form 1120H	159,103	169,100	175,500	181,200	186,900	192,600	198,300	204,000	209,700
Forms 1120L/PC/SF/FSC/REIT/RIC	22,034	22,400	22,600	22,900	23,700	24,500	25,200	25,900	26,600
Form 1120S	3,538,985	3,640,200	3,793,900	3,976,500	4,144,200	4,330,400	4,522,000	4,710,700	4,890,400
Electronic 1120S	35,053	150,600	302,100	554,400	875,900	1,218,700	1,502,100	1,723,300	1,906,900
Small Corporation Election, Form 2553	545,884	601,700	633,800	655,400	677,300	700,800	725,200	749,300	772,300
"REMIC" Income Tax, Form 1066	19,044	22,300	25,500	28,800	32,100	35,300	38,600	41,800	45,100
Estate, Forms 706, 706NA/GS(D)/GS(T)	73,340	56,700	45,900	35,200	29,400	27,400	20,600	10,500	39,000
Gift, Form 709	249,019	260,100	257,500	255,000	252,600	250,400	248,400	246,400	244,600
Employment Tax, Total	30,398,081	30,635,200	28,965,500	28,366,300	28,587,600	28,854,400	29,125,400	29,388,400	29,635,200
Paper Employment Returns, Total	24,774,033	24,694,700	23,071,500	22,169,900	21,970,500	21,796,600	21,606,500	21,386,700	21,127,800
Magnetic Tape Employment Returns, Total	982,909	-	-	-	-	-	-	-	-
Electronic Employment Returns, Total	4,641,139	5,940,400	5,893,900	6,196,400	6,617,100	7,057,800	7,518,900	8,001,700	8,507,400
Form 940, Total	5,769,863	5,813,500	5,815,900	5,864,200	5,883,600	5,910,000	5,931,800	5,950,000	5,964,600
Paper Forms 940, 940EZ and 940PR	4,885,002	4,861,600	4,801,900	4,784,100	4,737,900	4,698,400	4,654,800	4,607,900	4,558,000
Magnetic Tape, Form 940	472,532	-	-	-	-	-	-	-	-
Form 940 E-File/On-line/XML	412,329	951,900	1,014,000	1,080,200	1,145,700	1,211,600	1,277,000	1,342,100	1,406,700
Forms 941, 941PR and 941SS, Total	24,199,128	24,404,800	22,744,800	21,182,500	21,386,800	21,628,400	21,878,600	22,123,500	22,355,300
Paper 941, 941PR/SS, Total	19,459,941	19,416,300	17,864,800	16,097,100	15,946,600	15,813,700	15,668,600	15,496,100	15,287,100
Magnetic Tape, Form 941	510,377	-	-	-	-	-	-	-	-
Form 941 E-File/On-line/XML	3,397,137	4,136,000	4,880,000	5,085,400	5,440,200	5,814,700	6,210,000	6,627,400	7,068,200
Form 941 TeleFile	831,673	852,500	-	-	-	-	-	-	-
Form 944	-	-	-	925,000	934,300	944,300	954,200	965,100	976,200
Paper Form 944	-	-	-	894,100	903,200	912,800	922,400	932,900	943,700
Electronic Form 944	-	-	-	30,900	31,200	31,500	31,800	32,200	32,600
Forms 943, 943 PR and 943SS	270,095	263,200	256,800	251,500	245,100	239,100	233,000	227,000	221,000
Form 945	157,007	151,700	146,100	141,100	135,800	130,700	125,800	120,900	116,200
Form CT-1	1,988	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Notes:

See Table Notes page for definitions of "Type of Return."
 Detail may not add to subtotal/total due to rounding.
 Table continues on the next page.

Internal Revenue Service
 Office of Research, Projections and Forecasting Group
 Fall 2005 Document 6292

Table 1 (continued). Fiscal Year Projections of the Number of Returns to be Filed with IRS

Type of Return	Actual - FY	Projected - Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Withholding on Foreign Persons, Form 1042	31,590	31,400	32,100	32,700	33,400	34,000	34,700	35,400	36,000
Exempt Organization, Total*	792,910	841,200	860,900	897,600	915,400	950,100	968,700	1,003,300	1,021,800
Paper Exempt Organization, Total	792,445	837,800	851,100	871,600	868,300	883,700	885,200	898,800	895,000
Electronic Exempt Organization, Total	465	3,400	9,800	26,000	47,100	66,400	83,500	104,500	126,700
Form 990	391,143	420,500	429,800	456,200	464,900	490,100	499,400	524,600	533,800
Form 990, Electronic	208	2,300	6,700	19,500	34,500	47,000	58,100	72,100	86,600
Form 990EZ	143,398	145,000	148,700	152,600	155,500	158,800	162,000	165,200	168,400
Form 990EZ, Electronic	257	1,100	2,400	4,800	9,100	12,600	16,300	20,400	25,000
Form 990PF	83,137	87,900	91,400	94,700	98,000	101,300	104,600	107,800	111,100
Form 990PF, Electronic	NA	100	800	1,700	3,500	6,800	9,200	11,900	15,100
Form 990T	47,909	58,300	59,200	60,100	61,100	62,000	62,900	63,900	64,800
Form 4720	2,063	2,000	2,100	2,200	2,300	2,400	2,400	2,500	2,600
Form 5227	125,260	127,500	129,700	131,700	133,700	135,600	137,500	139,300	141,000
Form 990C *	3,697	3,400	3,200	3,100	3,000	2,900	2,800	2,700	2,500
Government Entity/Bonds, Total	54,668	52,900	54,300	55,400	56,400	57,400	58,500	59,500	60,500
Form 8038	4,991	4,400	4,500	4,600	4,700	4,700	4,800	4,900	4,900
Form 8038G	31,974	31,600	32,500	33,200	33,900	34,600	35,200	35,900	36,600
Form 8038GC	14,985	14,700	15,000	15,300	15,600	15,900	16,100	16,400	16,700
Form 8038T	2,514	2,000	2,000	2,100	2,100	2,100	2,100	2,100	2,100
Form 8328	204	200	200	200	200	200	200	300	300
Political Organizations, Total	9,374	10,000	10,400	9,800	10,000	9,500	9,700	9,200	9,400
Form 1120POL	5,495	5,300	5,100	4,900	4,800	4,600	4,400	4,300	4,100
Electronic Form 1120POL	-	-	-	100	300	300	400	500	600
Form 8871	1,410	1,400	1,800	1,600	1,800	1,600	1,800	1,600	1,800
Electronic Form 8871	1,410	1,400	1,800	1,600	1,800	1,600	1,800	1,600	1,800
Form 8872	2,469	3,300	3,500	3,400	3,500	3,400	3,500	3,400	3,500
Electronic Form 8872	1,268	2,100	2,300	2,300	2,400	2,400	2,500	2,500	2,600
Excise, Total	647,263	1,023,800	837,900	849,900	860,100	872,300	885,800	899,700	914,000
Form 11-C	9,698	9,300	9,100	9,000	8,900	8,800	8,700	8,600	8,500
Form 720	120,829	107,200	97,200	91,700	88,200	86,200	85,000	84,300	83,900
Form 730	46,431	46,300	45,500	44,600	43,600	42,600	41,700	40,700	39,800
Form 2290	470,305	861,000	686,100	704,600	719,300	734,700	750,400	766,100	781,800
Electronic Form 2290		Implementation date for a Form 2290 e-file system was uncertain at time of publication.							
Excise Taxes re Employee Plans, Form 5330	24,641	22,600	21,700	20,800	20,000	19,100	18,300	17,400	16,600
Payment or Refund under Sec. 7519, Form 8752	41,861	40,400	39,100	38,100	37,100	36,300	35,500	34,800	34,100
Supplemental Documents	19,523,512	20,320,600	19,980,700	20,730,800	21,336,800	21,951,100	22,550,700	23,176,700	23,770,100
Form 1040X	3,271,290	3,222,600	3,252,900	3,290,700	3,321,400	3,351,300	3,381,600	3,431,300	3,465,700
Form 4868	8,705,867	9,336,700	9,622,500	9,908,200	10,194,000	10,479,700	10,765,500	11,051,200	11,337,000
Electronic Form 4868	1,360,661	1,810,700	2,072,900	2,363,000	2,656,500	2,954,800	3,252,800	3,548,300	3,847,800
Form 2688	3,600,043	3,591,100	-	-	-	-	-	-	-
Electronic Form 2688	168,812	334,200	-	-	-	-	-	-	-
Form 1120X	13,756	12,900	12,500	12,200	11,900	11,600	11,300	11,000	10,700
Form 5558	354,161	353,500	349,800	346,200	342,500	338,900	335,200	331,500	327,900
Form 7004	3,152,024	3,351,400	6,283,400	6,693,100	6,977,600	7,259,500	7,538,100	7,811,800	8,080,200
Electronic Form 7004	NA	47,700	292,000	554,900	987,200	1,531,600	2,095,500	2,542,300	2,877,300
Form 8868	426,371	452,500	459,600	480,400	489,400	510,200	519,200	539,800	548,700
Electronic Form 8868	273	1,600	4,600	9,200	17,200	32,200	44,000	57,400	71,300

Notes:

See Table Notes page for definitions of "Type of Return."

Detail may not add to subtotal/total due to rounding.

Form 2290/total excise volumes are understated in FY 2004 and overstated in FY 2005 due to IRS master file reporting--see Table Notes.

*Exempt Organization Total excludes Form 990C.

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**Table 2. Selected Fiscal Year Return Filing Estimates by Business Operating Division (BOD)
Rounded**

Type of Return/BOD	Actual - FY	Projected - Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Individual Income Tax, Total	131,301,693	132,725,700	134,841,900	136,312,500	138,132,100	139,660,000	141,357,700	142,804,200	143,871,100
Small Business/Self Employed	38,417,825	40,129,200	41,508,000	42,700,300	44,002,300	45,241,300	46,546,000	47,788,600	48,920,200
Wage and Investment	92,883,868	92,596,500	93,333,900	93,612,200	94,129,800	94,418,700	94,811,800	95,015,600	94,950,900
Corporation Income Tax, Total	6,067,812	6,127,000	6,267,000	6,442,400	6,596,300	6,771,000	6,951,100	7,128,300	7,296,400
Small Business/Self Employed	5,968,401	6,031,200	6,170,500	6,344,800	6,497,700	6,671,000	6,849,700	7,025,600	7,192,000
Large and Mid-Sized Business	90,686	87,200	87,900	89,000	90,100	91,500	92,900	94,300	95,900
Tax Exempt/Government Entities	8,725	8,600	8,600	8,600	8,500	8,500	8,500	8,500	8,500
Partnership Returns	2,520,846	2,666,900	2,803,300	2,941,600	3,072,700	3,200,500	3,323,700	3,441,400	3,552,800
Small Business/Self Employed	2,443,303	2,584,800	2,716,500	2,850,100	2,976,500	3,099,600	3,218,200	3,331,200	3,437,900
Large and Mid-Sized Business	77,256	81,800	86,500	91,100	95,800	100,500	105,200	109,800	114,500
Tax Exempt/Government Entities	287	300	300	300	300	400	400	400	400
Employment Tax, Total	30,398,081	30,635,200	28,965,500	28,366,300	28,587,600	28,854,400	29,125,400	29,388,400	29,635,200
Small Business/Self Employed	27,749,212	27,966,200	26,277,500	25,647,800	25,845,400	26,084,400	26,326,800	26,561,500	26,781,500
Large and Mid-Sized Business	617,478	621,700	625,000	631,300	635,800	641,300	646,800	652,200	657,300
Tax Exempt/Government Entities	2,031,391	2,047,300	2,063,000	2,087,200	2,106,300	2,128,700	2,151,800	2,174,600	2,196,300
Excise, Total	647,263	1,023,800	837,900	849,900	860,100	872,300	885,800	899,700	914,000
Small Business/Self Employed	559,054	925,600	750,200	763,900	775,300	788,300	802,100	816,300	830,700
Large and Mid-Sized Business	54,539	64,500	55,200	54,200	53,600	53,600	53,700	54,100	54,500
Tax Exempt/Government Entities	33,670	33,700	32,500	31,800	31,100	30,500	29,900	29,300	28,800
Exempt Organization, Total	792,910	841,200	860,900	897,600	915,400	950,100	968,700	1,003,300	1,021,800
Tax Exempt/Government Entities	792,910	841,200	860,900	897,600	915,400	950,100	968,700	1,003,300	1,021,800
Employee Plans, Forms 5500, 5500EZ and 5500C/R	1,140,256	968,300	968,300	968,300	968,300	968,300	968,300	968,300	968,300
Tax Exempt/Government Entities	1,140,256	968,300	968,300	968,300	968,300	968,300	968,300	968,300	968,300

Notes:

Form 990C returns are considered Large and Mid-Sized Business and are excluded from the Exempt Organization total.

Projections of Employee Plans returns are based on the 208-18-01 Report; the 2004 count reflects postings to the Employee Plans Master File.

Total excise volumes are understated in FY 2004 and overstated in FY 2005 due to IRS master file reporting—see Table Notes.

Detail may not add to total due to rounding.

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**Table 3. Accuracy Measures for U.S. Forecasts of Major Return Categories
Mean Absolute Percent Error (MAPE) and Number of Overprojections
for the Four (4) Most Recent Projection Cycles**

Item	Calendar Year 2004 Actual * (thousands)	Projection Error on Forecasts for:				
		1 Year Ahead N=4	2 Years Ahead N=4	3 Years Ahead N=4	4 Years Ahead N=4	5 Years Ahead N=4
Grand Total - Selected Returns *	223,032					
MAPE		2.10%	4.54%	5.67%	5.88%	5.97%
Number of Overprojections		4	4	4	4	3
Grand Total - Paper	153,004					
MAPE		2.81%	6.22%	na	na	na
Number of Overprojections		4	4	-	-	-
Grand Total - E-file/ Mag Tape	70,028					
MAPE		3.88%	3.78%	na	na	na
Number of Overprojections		2	1	-	-	-
Total Primary - Selected Returns *	204,427					
MAPE		2.30%	4.92%	6.03%	6.54%	6.36%
Number of Overprojections		4	4	4	4	3
Primary Total - Paper	135,759					
MAPE		3.07%	6.90%	na	na	na
Number of Overprojections		4	4	-	-	-
Primary Total - E-file/ Mag Tape	68,669					
MAPE		3.37%	3.52%	na	na	na
Number of Overprojections		2	1	-	-	-
Individual Total	131,298					
MAPE		0.70%	1.70%	1.92%	1.51%	1.47%
Number of Overprojections		4	3	3	2	2
Individual Total - Paper	69,869					
MAPE		2.32%	4.80%	7.78%	11.85%	20.36%
Number of Overprojections		3	3	3	4	4
Individual Total - E-file	61,428					
MAPE		3.69%	4.98%	11.08%	19.22%	33.11%
Number of Overprojections		2	1	1	1	0
Individual Estimated Tax	27,669					
MAPE		12.42%	25.74%	32.09%	35.55%	35.47%
Number of Overprojections		4	4	4	4	3
Fiduciary Total	3,722					
MAPE		3.02%	3.33%	4.79%	3.33%	4.10%
Number of Overprojections		2	3	3	2	2
Partnership Total	2,546					
MAPE		2.97%	3.97%	4.48%	7.42%	12.55%
Number of Overprojections		1	1	1	1	0
Corporation Total	6,013					
MAPE		2.61%	2.47%	3.20%	4.47%	3.20%
Number of Overprojections		2	2	2	3	3
Employment Total	30,464					
MAPE		2.03%	2.04%	2.11%	2.66%	2.90%
Number of Overprojections		1	2	2	2	3
Exempt Organization Total	807					
MAPE		5.61%	4.84%	3.91%	8.71%	5.39%
Number of Overprojections		2	1	3	2	0
Excise Total	835					
MAPE		5.32%	6.21%	9.54%	10.04%	9.64%
Number of Overprojections		4	4	4	4	4

* Some actuals shown in this table differ from official counts reported elsewhere because they exclude certain return series only recently projected and whose accuracy can not yet be evaluated.

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2005

Table Notes

Detail may not add due to rounding.

Projections are based on counts of returns filed as recorded in the *Reports of Returns Posted to the IRS Master Files*, with a few exceptions. In particular, complete master file counts for fiscal year 2004 were not available for the following forms and had to be supplied by operating division staff from secondary sources: Forms 2553, 5558, 8868, 8871 and 8872, as well as Form 941 magnetic tape and Form 4868 TeleFile.

Notes below are grouped by applicable table.

Table 1:

“Grand Total” is the sum of “Total Primary Returns” and “Supplemental Documents.”

“Total Primary Returns” is the sum of all returns, excluding “Supplemental Documents.”

“Individual Income Tax, Total” is the sum of paper and electronic Forms 1040, 1040A, 1040EZ, 1040NR, 1040PR, and 1040SS.

“Forms 1040, 1040A, and 1040EZ” is the sum of the paper and electronic Forms 1040, 1040A, and 1040EZ.

“Fiduciary” returns include both paper and electronic Form 1041.

“Partnership” includes both paper and electronic Form 1065 and Form 1065-B.

“Corporation Income Tax, Total” includes Forms 1120/1120A (both paper and electronic), 1120F, 1120H, 1120L, 1120PC, 1120SF, 1120FSC, 1120REIT, 1120RIC, and 1120S (both paper and electronic). As a result of enacted legislation, no Form 1120FSC returns are expected beyond FY 2005.

“Form 2553” is the election to be treated as a small business “S corporation”.

“Form 1066” is the *U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return*.

“Estate” includes Forms 706, 706NA, 706GS(D), and 706GS(T).

“Form 709” is the *United States Gift (and Generation-Skipping Transfer) Tax Return*.

“Employment Tax” includes paper, magnetic tape and electronic Forms 940, 940EZ, 940PR, 941, 941PR, 941SS, 943, 943PR, 943SS, 944, 945, and CT-1.

“Form 1042” is the *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*. It is sometimes considered an employment tax return, but listed separately here.

“Exempt Organization” includes Forms 990, 990EZ, 990PF, 990T, 4720, and 5227.

“Form 990C” is the *Farmer’s Cooperative Association Income Tax Return*, filers of which are considered customers of the IRS Large and Mid-Size Business Division.

“Government Entities /Bonds” includes Forms 8038, 8038G, 8038GC, 8038T and 8328.

“Political Organizations” includes Forms 1120POL, 8871 and 8872.

“Excise, Total” includes Forms 11-C, 720, 730, and 2290. The excise return count for fiscal year (FY) 2004 is unusually low and the estimated volume for 2005 unusually high due to Form 2290 filings and associated subtleties in how the IRS master file recorded those data. In effect, large volumes of Forms 2290 were received by IRS in late FY 2004 (prior to September 30, 2004) but not processed and “posted” to the master file until early FY 2005 (i.e., on or after October 1, 2004).

“Form 5330” is the *Return of Excise Taxes Related to Employee Benefit Plans*.

“Form 8752” is the *Required Payment or Refund Under Section 7519*.

“Supplemental Documents” consist mainly of applications for extensions of time to file and amended tax returns, which include Forms 1040X, 4868 (both paper and electronic), 2688, 1120X, 5558, 7004 (both paper and electronic), and 8868 (both paper and electronic).

Table 2:

Individual filers classified as “Small Business/Self Employed” reflect those taxpayers filing a Form 1040 return with a Schedule C, Schedule F, Schedule E and/or Form 2106 attached, or with mailing addresses or forms considered “International”. All other individual filers are classified as “Wage and Investment.”

In general, corporation filers (Form 1120 series returns including Form 1120S) and partnership filers are classified as “Large and Mid-Sized Business” if their reported total assets are \$10 million or more. Corporation and partnership returns with assets below \$10 million are generally classified as “Small Business/Self Employed.” However, there are also some partnership and corporation returns classified as part of the “Tax Exempt/Government Entities” operating division.

Non-profit organizations, pension plan filers, tribal authorities, and governmental units comprise the “Tax Exempt/Government Entities” classification.

“Employee Plans” returns include paper and electronic Forms 5500, 5500C, 5500EZ and 5500R, in years applicable. IRS turned over the submission processing of Employee Plans (EP) returns to the Department of Labor in July 2001. However, IRS continues to have other “down stream” administrative responsibilities for EP returns such as reporting compliance programs. Hence, these EP counts are presented in Table 2, but not Table 1.

Counts by operating division in this table are based primarily upon the IRS master file “BOD indicator.” This indicator is a single, point-in-time, taxpayer level identifier (in contrast to a return-by-return identifier).

As explained in the notes, above, for Table 1, excise tax returns have an unusually low volume for 2004 and an unusually large volume in 2005 due to subtleties in how IRS master file data on Form 2290 filings were recorded.

Other Projection Documents

Title	IRS Document Number	Typical Updates
<i>Calendar Year Projections of Information and Withholding Documents for the United States and IRS Campuses</i>	6961	Spring
<i>Calendar Year Return Projections for the United States and IRS Campuses</i>	6186	Fall
<i>Calendar Year Projections of Individual Returns by Major Processing Categories</i>	6187	Fall
<i>Calendar Year Return Projections by State</i>	6149	Winter

These documents are available electronically as noted inside the front cover.

These documents may also be requested

- (1) by phone at (202) 874-0607,
- (2) by fax at (202) 874-0613, or
- (3) by writing to the following address

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Attn: Chief, Projections and Forecasting
1111 Constitution Avenue, NW, NCA-7111
Washington, D.C. 20224**