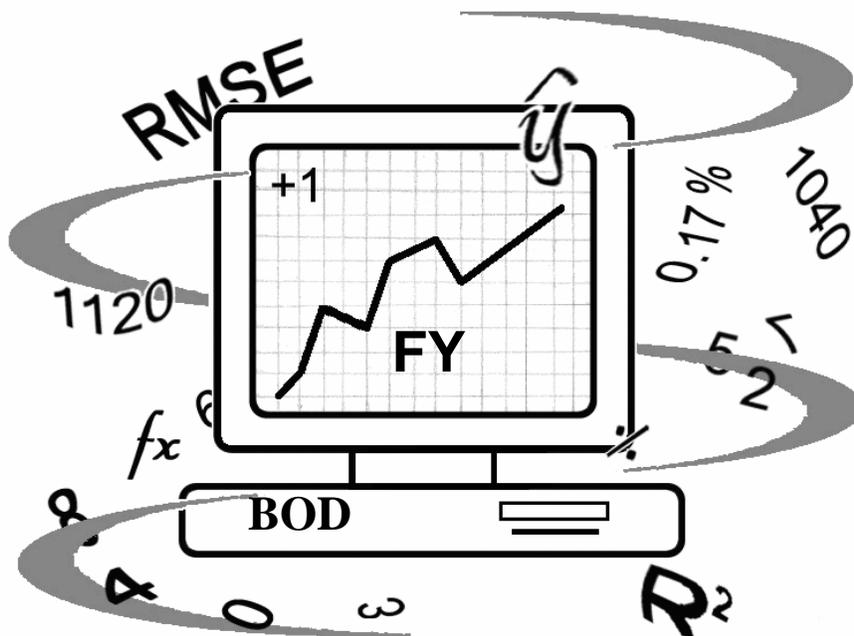

Document 6292

Fall 2006 Update

Fiscal Year Return Projections for the United States 2006 - 2013



*Office of Research
Research, Analysis, and Statistics*

Document 6292 (revised 9-2006) is produced by the IRS Office of Research, within the Research, Analysis, and Statistics organization.

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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. From the www.irs.gov website, 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."

Distribution

If you are an IRS employee and would like to receive a printed copy of this document on a continual basis, please contact your local IMDDS coordinator and obtain the appropriate protocol for inclusion on the distribution list. All non-IRS customers, and IRS customers uncertain of their local IMDDS coordinator, can contact the Acting Chief, Projections and Forecasting Group on (202) 874-0593.

**Fiscal Year Return Projections for the United States:
2006 – 2013**

Document 6292
Fall 2006 Update

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(Fall 2006)

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Overview

The following fall 2006 edition of IRS Document 6292 provides the most recent revisions to the U.S. level projections of tax returns to be filed for fiscal years (FY) 2006 through 2013 by the major return categories, including selected detail by IRS business operating divisions. Office of Research staff, within the IRS Research, Analysis, and Statistics organization prepare these projections semi-annually in order to incorporate changes in filing patterns, economic and demographic trends, legislative requirements, and IRS administrative processes. These forecasts provide a basis for IRS workload estimates and resource requirements contained in IRS budget submissions and other resource planning and analysis. The projections in this document are based on the information available as of early August 2006, including enacted tax law changes and confirmed administrative plans. Legislative or administrative initiatives under consideration are generally not used to adjust the projections due to the uncertain nature 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 values of returns filed in FY 2005 are based on returns processed and recorded on the IRS master files. These values are mostly obtained by the same master file reporting systems as those used in the Internal Revenue Service Data Book (Publication 55B) for that processing year. In cases where master file return counts were not available, tallies of actual filings were supplied by program staff in the IRS operating divisions, generally from data capture systems located in the IRS processing campuses.

Depending on the properties and characteristics of each filing category, the forecasting methods were selected to capture and extrapolate historical filing trends in Document 6292. In general, the projections are computed for the calendar year of filing and converted to the corresponding fiscal year based on the historical quarterly filing experience. The resulting outcome is applications of statistical models such as regression models, time series techniques, growth rates and historical ratio methods. The projection method used depends on the form type, the availability of historical data, and applicability of relevant economic and demographic forecasts. Primary principles used throughout the document are time series extrapolation methods such as trended exponential smoothing approaches. However, some return forecasts are based on regression models which incorporate key economic and demographic input variables provided by Global Insight, Inc. Customers interested in obtaining more detail on forecasting methodologies are welcome to contact the respective staff member listed on the inside front cover.

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.

E-file Mandates

In January 2005, IRS released regulations that 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. The mandates required corporations with total assets of at least \$50 million to e-file their Forms 1120/1120S income tax returns starting on January 1, 2006. This requirement is expanded to corporations with at least \$10 million in assets beginning in 2007. In total, approximately 13,000 and 30,000 Forms 1120/1120S filers are projected to fall under the e-file mandates in 2006 and 2007, respectively.

Similarly, tax-exempt organizations with \$100 million or more in total assets that file at least 250 returns were required to file their Forms 990 electronically starting on January 1, 2006, with the threshold lowered to \$10 million in 2007. These e-file mandates are expected to impact an estimated 1,700 Form 990 filers in 2006 and approximately 10,000 filers in 2007. Also impacted, beginning in calendar year 2007, are private foundations and charitable trusts which will be required to file their Forms 990/PF electronically, regardless of their asset sizes, if they file at least 250 tax returns. However, less than 100 filers of Form 990PF are likely to be impacted by the mandate. Corresponding adjustments have been made to the e-file forecasts for Forms 1120, 1120S, 990 and 990PF in this edition of Document 6292 to account for the impact of these mandates.

Cessation of the IRS TeleFile Programs

On August 16, 2005, IRS officially discontinued the TeleFile programs for Forms 1040EZ, 4868 and 941. The actual fiscal year 2005 data shown in this update of Document 6292 represent the final year of published TeleFile data.

Elimination of Form 2688

IRS implemented new regulations this filing year (2006) that had the de facto effect of eliminating filings of Form 2688 (*Application for Additional Extension of Time to File U.S. Individual Income Tax Return*). In previous years, Forms 4868 (i.e., the “first extension”) provided a four-month grace period, while Forms 2688 (i.e., the “second extension”) supplied an additional two-month extension. The new regulations provided taxpayers an automatic six-month extension to file individual returns, if they file a Form 4868 (*Application for Automatic Extension of Time to File a U.S. Income Tax Return*). The effects of these two forms are combined into a single six-month automatic extension via Form 4868.

Expansion of Form 7004

The projections in this publication reflect the expanded scope of Form 7004, which was only used previously to request an extension to file a corporation income tax (Form 1120 series) return. Form 7004 will now be used to file extensions for partnership (Form 1065) and fiduciary (Form 1041) returns. Year to date volumes indicate a lower FY 2006 estimate from the spring update. However, one forecast horizon for FY 2007 and on continues to reflect a substantial increase.

Excise E-file Estimates

The American Jobs Creation Act of 2004 includes a mandate requiring Form 2290 (*Heavy Highway Vehicle Use Tax Return*) filers reporting 25 or more trucks to e-file beginning in July 2005. Although the implementation date for the e-file system was initially delayed, the IRS is scheduled to provide e-filing capabilities starting in August 2007. Once the system is in place, Forms 2290, as well as Forms 720 (*Quarterly Federal Excise Tax Return*), can be electronically filed. This edition of Document 6292 includes forecasts of excise returns based on the latest confirmed implementation date.

Changes in Estate Tax

The Economic Growth and Tax Relief Reconciliation Act of 2001 had a significant impact on estate tax law. The tax relief act reduced 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 offer Form 944 (*Employer's Annual Federal Tax Return*), which is an annualized version of Form 941 (*Employer's Quarterly Federal Tax Return*), 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 Forms 941, eligible taxpayers will 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 transition to Form 944 in its first year. As a result, this edition of Document 6292 includes forecasts of the new Form 944, as well as the associated downward impact on Form 941 return volumes for both e-file and paper components.

Employee Plans Returns

Forms 5500 is a multi-agency Information Return filed to satisfy reporting requirements to Internal Revenue Service, Department of Labor (DOL), and Pension Benefit Guaranty

Corporation. Form 5500EZ is an IRS return created to ease filer burden for one-participant plans. The Form 5500 series has been processed by the Department of Labor since calendar year 2000. However, the DOL is creating a system to support the electronic filing mandate for Form 5500 returns satisfying the reporting requirements under Title I of ERISA. Since some of the IRS data needed falls outside the scope of Title I, the IRS will regain responsibility for processing portions of the Form 5500 data in the future. More specifically, Form 5500EZ and Schedule SSA returns will be processed in IRS starting in calendar year 2009. In support of IRS Tax Exempt/Government Entities (TE/GE) Division's resource planning needs, this update of Document 6292 includes projected total Forms 5500 and 5500EZ volumes (Table 2, *Selected Fiscal Year Return Filing Estimates by Business Operating Division*). Additional EP returns projections will be included in future documents.

The 2005 actual EP volume reflects a count of all returns posted to the Employee Plan Master File, including welfare benefit plan returns. However, the projected EP returns are based on historical data from the 208-18-10 Report and exclude welfare benefit plans. This provides a more accurate count of the number of Forms 5500 and 5500EZ.

Fiduciary (Form 1041) Returns

In January 2006, IRS released final regulations modifying the reporting requirements for Widely Held Fixed Investment Trusts (WHFITs). The regulation changes reporting requirements for Form 1041 filers, specifically, for non-mortgage widely held fixed investment trusts. In effect, a significant number of previous fiduciary Form 1041 filers will instead file an Information Reporting document (form to be determined). The regulation is estimated to result in a decrease of approximately 800,000 Form 1041 returns, mostly e-filed returns, starting in processing year 2008.

Form 1041-A

The fall update of this document includes projections of Form 1041-A (U.S. Information Return Trust Accumulation of Charitable Amounts). Form 1041-A is mostly filed by Form 990T filers and is closely related to Form 5227. The projections are listed below the exempt organization forms and will be included in future editions of Document 6292 only.

Trend in Grand Total Return Filings

As presented in Table 1, grand total return filings are expected to reach 229.9 million in fiscal year 2006, a growth of almost two percent over FY 2005. In contrast, grand total filings for FY 2007 are expected to increase less than two percent from FY 2006 to 233.9 million returns. However, the small growth in grand total filings in 2007 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 Form 941 are projected to drop noticeably in 2006. Meanwhile, filings of Forms 7004 are expected to increase by over 40% in FY 2006. After FY 2007, grand total return filings are projected

to grow at a more typical average annual rate of a little over one percent, reaching 247.8 million by FY 2013.

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 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 currently processed by the Department of Labor, which comprise major return filings by taxpayers served by the TE/GE operating division.

Track Record of Projection Accuracy

In an effort to measure the quality of our products and services, this section, along with Table 3, provides a brief analysis of the accuracy of prior projections. Using four years of actual data from 2002 through 2005, Table 3 presents the accuracy of our national level projections by major return categories. This analysis covers only the major return categories projected on a calendar year basis and serves as a general measure for gauging the overall reliability of our U.S. level return projections. The return categories considered in Table 3 consist of the following: Grand Total, Total Primary Returns, Individual (income tax) Total, Individual Estimated Tax, Fiduciary, Partnership, Corporation, Employment, Exempt Organization, and Excise. When there was sufficient data on prior forecasts, we also included selected breakouts of “paper” volumes versus “e-file/magnetic tape” filings.

The table presents two measures of projection accuracy; the mean absolute percent error (MAPE), and the number of over-projections. We also include the latest actual filing volumes for 2005 to provide perspective on the volume of returns being projected. The MAPE is computed as the average percent projection error regardless of whether they were over- or under- projections over the four most recently applicable projection cycles. The associated number of over-projections can show whether we consistently over- or under- project. A value of two indicates balanced forecasts over the four cycles. The table groups these two measures by time horizon. The time horizon is determined by when the forecast was made and for what future year. For example, a forecast for 2002 made in 1999 would be part of the “3-years-ahead” time horizon. The table presents time horizons from one to five years ahead and factors in the most current four observations. As an example, for the “3-years-ahead” information, we use the forecasts made in 1999 for 2002, those made in 2000 for 2003, those made in 2001 for 2004, and those made in 2002 for 2005.

Comments and Questions

We thank our customers for their support as we continually seek to improve our products and service wherever possible. We welcome customer feedback at any time. Comments and suggestions regarding this document can be directed to Michelle Chu, Acting Chief, Projections and Forecasting Group at (202) 874-0593. Questions concerning methodologies and specific tax returns listed in this document may also be directed to the projections staff listed on the inside front cover. This and other projections documents 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

Type of Return	Actual - FY	Projected							
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Grand Total	225,512,853	229,969,800	233,927,200	235,551,800	237,968,300	240,496,600	242,927,200	245,400,800	247,844,400
Paper Grand Total	147,677,755	146,776,500	142,587,100	136,884,900	132,003,100	128,616,300	125,874,700	124,024,300	122,568,400
Electronic Grand Total	77,835,098	83,193,300	91,347,900	98,682,400	105,988,500	111,917,000	117,112,500	121,466,300	125,392,600
Total Primary Returns	208,780,893	211,729,200	213,715,900	214,811,100	216,752,900	218,831,400	220,808,100	222,845,800	224,832,100
Individual Income Tax, Total	132,854,063	134,461,800	136,016,300	137,554,100	139,027,800	140,471,500	141,879,300	143,238,400	144,579,400
Forms 1040, 1040A and 1040EZ	132,114,346	133,708,400	135,214,000	136,720,400	138,162,900	139,575,200	140,951,700	142,279,500	143,589,100
Paper Forms 1040/1040A/1040EZ	63,707,629	60,730,400	56,026,700	51,965,000	48,460,100	45,502,500	43,033,700	40,983,800	39,327,000
Electronic Individual Returns	68,406,717	72,978,000	79,187,300	84,755,400	89,702,800	94,072,700	97,918,000	101,295,700	104,262,200
Form 1040NR	623,062	631,100	676,300	703,800	731,200	758,700	786,200	813,700	841,200
Forms 1040PR and 1040SS	116,655	122,200	126,100	129,900	133,700	137,600	141,400	145,200	149,100
Individual Estimated Tax, Form 1040-ES	28,730,658	30,060,900	30,886,500	30,843,600	30,774,300	30,727,100	30,666,000	30,597,800	30,523,600
Paper Form 1040ES	28,677,325	29,986,100	30,802,700	30,750,700	30,672,100	30,615,600	30,545,300	30,467,900	30,384,400
Electronic (Credit Card) Form 1040ES	53,333	74,800	83,800	92,900	102,100	111,400	120,600	129,900	139,200
Fiduciary, Form 1041	3,684,256	3,756,500	3,818,900	3,138,600	3,143,600	3,205,900	3,268,300	3,330,600	3,393,000
Paper Fiduciary Returns	2,334,070	2,362,000	2,364,000	2,431,800	2,387,700	2,400,500	2,413,900	2,427,700	2,441,900
Electronic Fiduciary Returns	1,350,186	1,394,500	1,454,900	706,800	755,900	805,400	854,400	902,900	951,100
Fiduciary Estimated Tax, Form 1041-ES	829,978	642,100	690,400	718,800	732,500	739,300	742,800	744,800	746,100
Partnership, Forms 1065 and 1065B	2,664,591	2,863,200	3,026,700	3,185,100	3,338,600	3,487,500	3,632,100	3,772,500	3,909,000
Paper Partnership Returns	2,494,020	2,585,000	2,650,100	2,703,600	2,738,700	2,755,100	2,753,100	2,732,800	2,694,500
Electronic Partnership Returns	170,571	278,200	376,600	481,500	599,900	732,400	879,000	1,039,700	1,214,400
Corporation Income Tax, Total	6,101,295	6,319,800	6,478,000	6,649,200	6,816,100	6,973,000	7,124,900	7,278,800	7,449,800
Paper Corporation Returns, Total	5,900,373	5,797,200	5,257,400	4,497,600	3,979,100	3,749,100	3,663,500	3,635,900	3,646,900
Electronic Corporation Returns, Total	200,922	522,600	1,220,700	2,151,700	2,837,000	3,224,000	3,461,400	3,643,000	3,802,800
Forms 1120 and 1120A	2,248,408	2,213,000	2,183,300	2,145,000	2,107,200	2,071,400	2,036,800	2,002,200	1,964,900
Electronic 1120/1120A	51,223	136,800	338,000	613,200	832,700	964,300	1,051,300	1,119,200	1,167,100
Form 1120F	26,363	27,600	28,400	29,300	30,200	31,100	32,000	32,800	33,700
Form 1120H	170,291	182,000	186,200	193,900	201,700	209,100	216,200	223,400	231,500
Forms 1120L/PC/SF/FSC/REIT/RIC	22,257	22,300	22,400	22,900	23,500	24,100	24,500	24,900	25,300
Form 1120S	3,633,976	3,875,000	4,057,600	4,258,100	4,453,400	4,637,400	4,815,400	4,995,500	5,194,400
Electronic 1120S	149,699	385,800	882,700	1,538,400	2,004,300	2,259,700	2,410,100	2,523,800	2,635,700
Small Corporation Election, Form 2553	565,768	587,800	608,700	622,500	637,300	652,600	667,700	682,100	696,900
REMIC Income Tax, Form 1066	21,757	23,100	24,600	26,100	27,500	28,800	30,200	31,600	32,900
Estate, Forms 706, 706NA/GS(D)/GS(T)	65,703	53,600	38,000	32,000	28,600	20,400	11,600	51,000	65,100
Gift, Form 709	276,570	264,800	263,700	262,600	261,500	245,900	180,700	238,300	257,500
Employment Tax, Total	30,840,863	30,741,800	29,870,400	29,754,800	29,892,100	30,171,500	30,446,500	30,686,900	30,935,600
Paper Employment Returns, Total	25,057,856	25,194,200	24,108,100	23,667,500	23,490,800	23,456,300	23,417,300	23,342,800	23,274,900
Electronic Employment Returns, Total	5,783,007	5,547,600	5,762,300	6,087,200	6,401,200	6,715,100	7,029,300	7,344,000	7,660,800
Form 940, Total	5,889,398	6,093,400	6,141,700	6,191,300	6,240,200	6,283,800	6,323,800	6,362,700	6,405,900
Paper Forms 940, 940EZ and 940PR	4,937,514	5,070,600	5,049,000	5,027,200	5,003,800	4,975,100	4,942,900	4,908,900	4,877,400
Form 940 E-File/On-line/XML	951,884	1,022,800	1,092,600	1,164,100	1,236,500	1,308,700	1,381,000	1,453,800	1,528,600
Forms 941, 941PR and 941SS, Total	24,541,466	24,237,300	22,450,500	22,282,400	22,370,400	22,605,900	22,840,800	23,043,200	23,250,600
Paper 941, 941PR/SS, Total	19,710,343	19,712,500	17,810,200	17,389,100	17,235,900	17,230,000	17,223,500	17,184,300	17,150,100
Form 941 E-File/On-line/XML	4,018,301	4,524,800	4,640,300	4,893,300	5,134,600	5,375,900	5,617,300	5,858,900	6,100,600
Form 941 TeleFile	812,822	0	0	0	0	0	0	0	0
Form 944	NA	0	878,700	893,200	905,000	916,800	928,100	938,300	947,500
Paper Form 944	NA	0	849,400	863,400	874,800	886,200	897,100	907,000	915,800
Electronic Form 944	NA	NA	29,300	29,800	30,200	30,600	31,000	31,300	31,600
Forms 943, 943 PR and 943SS	259,903	258,400	252,000	245,500	239,100	232,600	226,200	219,700	213,200
Form 945	148,186	150,700	145,600	140,400	135,400	130,500	125,700	121,000	116,400
Form CT-1	1,910	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.
 NA signifies form type is no longer valid or has not yet commenced.
 Table continues on the next page.

Internal Revenue Service
 Office of Research, Projections and Forecasting Group
 Fall 2006 Document 6292

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

Type of Return	Actual - FY	Projected								
	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Withholding on Foreign Persons, Form 1042	30,712	32,400	33,100	33,700	34,200	34,800	35,400	36,000	36,600	
Exempt Organization, Total*	807,635	824,900	850,900	865,900	899,900	917,800	951,700	969,500	1,003,300	
Paper Exempt Organization, Total	804,398	813,900	824,100	819,900	832,400	829,500	841,000	835,700	841,900	
Electronic Exempt Organization, Total	3,237	11,000	26,800	46,000	67,600	88,300	110,800	133,800	161,400	
Form 990	392,051	393,300	410,700	416,800	442,100	451,300	476,500	485,700	511,000	
Form 990, Electronic	2,124	7,300	19,800	33,500	47,900	60,800	75,700	90,600	109,400	
Form 990EZ	137,379	149,000	151,900	154,800	157,800	160,700	163,600	166,500	169,400	
Form 990EZ, Electronic	1,025	2,600	4,900	8,900	13,400	17,600	22,000	26,800	32,100	
Form 990PF	85,051	89,300	92,100	95,200	98,400	101,500	104,600	107,700	110,900	
Form 990PF, Electronic	88	1,100	2,100	3,700	6,300	9,800	13,100	16,300	19,900	
Form 990T	67,196	64,000	64,800	65,600	66,400	67,100	67,900	68,700	69,500	
Form 4720	2,007	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	
Form 5227	123,951	127,100	129,100	131,000	132,900	134,700	136,400	138,000	139,600	
Form 1041-A	115,302	119,000	121,600	124,100	126,400	128,800	131,000	133,200	135,300	
Form 990C *	3,524	3,400	3,300	3,100	3,000	2,900	2,800	2,700	2,500	
Government Entity/Bonds	49,466	52,100	53,100	53,700	54,300	54,900	55,500	56,100	56,700	
Form 8038	3,804	6,200	6,400	6,300	6,300	6,300	6,300	6,200	6,200	
Form 8038G	31,021	30,500	31,000	31,600	32,100	32,700	33,200	33,800	34,300	
Form 8038GC	12,666	13,700	14,000	14,100	14,200	14,200	14,300	14,400	14,400	
Form 8038T	1,741	1,500	1,400	1,400	1,400	1,400	1,400	1,400	1,400	
Form 8328	234	200	300	300	300	300	300	300	300	
Political Organizations	9,252	9,700	9,500	9,900	9,600	10,000	9,700	10,100	9,800	
Form 1120POL	5,069	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	
Form 8871	1,160	1,500	1,800	1,900	1,900	2,000	2,000	2,100	2,200	
Form 8872	3,023	2,500	2,100	2,400	2,000	2,400	2,000	2,400	2,000	
Electronic Form 8872	2,080	1,700	1,300	1,700	1,300	1,800	1,400	1,900	1,500	
Excise, Total	1,063,649	846,000	856,400	868,600	881,900	895,800	910,000	924,400	939,000	
Form 11-C	9,990	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800	
Form 720	109,283	102,300	98,000	95,500	94,000	93,200	92,700	92,400	92,200	
Electronic Form 720	NA	NA	100	800	1,700	3,100	5,500	8,500	11,100	
Form 730	45,914	43,000	41,900	40,700	39,600	38,400	37,300	36,100	34,900	
Form 2290	898,462	690,900	706,800	722,600	738,500	754,400	770,200	786,100	802,000	
Electronic Form 2290	NA	NA	7,600	14,700	21,600	33,600	54,500	81,300	105,500	
Excise Taxes re Employee Plans, Form 5330	25,118	27,100	27,600	27,600	27,600	27,600	27,600	27,600	27,600	
Payment or Refund under Sec. 7519, Form 8752	40,733	39,300	38,200	37,100	36,100	35,200	34,300	33,300	32,500	
Supplemental Documents	16,731,960	18,240,600	20,211,400	20,740,700	21,215,400	21,665,300	22,119,100	22,555,000	23,012,200	
Form 1040X	3,181,743	2,943,500	2,840,600	2,754,000	2,667,400	2,580,800	2,494,200	2,407,600	2,321,000	
Form 4868	9,359,150	9,645,000	9,930,800	10,216,600	10,502,400	10,788,200	11,074,100	11,359,900	11,645,700	
Electronic Form 4868	1,814,778	1,985,800	2,137,400	2,289,000	2,343,400	2,397,800	2,452,200	2,506,600	2,561,000	
Form 1120X	12,913	12,100	11,500	10,800	10,200	9,600	9,100	8,600	8,100	
Form 5558	361,192	360,800	360,800	360,800	360,800	360,800	360,800	360,800	360,800	
Form 7004	3,355,335	4,779,400	6,535,800	6,844,900	7,086,000	7,316,400	7,538,600	7,757,800	7,986,100	
Electronic Form 7004	47,467	387,800	1,070,900	2,027,700	3,110,900	3,667,500	4,140,300	4,273,900	4,392,800	
Form 8868	461,627	499,800	531,900	553,600	588,600	609,400	642,300	660,400	690,600	
Electronic Form 8868	1,640	9,600	16,500	25,000	41,100	61,900	83,200	103,000	126,600	

Notes:

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

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

NA signifies form type is no longer valid or has not yet commenced.

*Exempt Organization Total excludes Form 990C.

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

Type of Return/BOD	Actual - FY	Projected							
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Individual Income Tax, Total	132,114,346	133,708,400	135,214,000	136,720,400	138,162,900	139,575,200	140,951,700	142,279,500	143,589,100
Small Business/Self Employed	39,557,938	41,007,300	42,611,800	44,242,000	45,876,400	47,525,000	49,184,900	50,850,700	52,532,300
Wage and Investment	92,556,408	92,701,100	92,602,200	92,478,400	92,286,400	92,050,200	91,766,800	91,428,800	91,056,900
Corporation Income Tax, Total	6,101,295	6,319,800	6,478,000	6,649,200	6,816,100	6,973,000	7,124,900	7,278,800	7,449,800
Small Business/Self Employed	6,003,000	6,219,200	6,375,900	6,545,800	6,711,100	6,866,600	7,017,100	7,169,600	7,339,100
Large and Mid-Sized Business	89,020	91,300	92,900	94,300	95,900	97,400	98,900	100,400	101,900
Tax Exempt/Government Entities	9,275	9,300	9,200	9,100	9,100	9,000	8,900	8,800	8,700
Partnership Returns	2,664,591	2,863,200	3,026,700	3,185,100	3,338,600	3,487,500	3,632,100	3,772,500	3,909,000
Small Business/Self Employed	2,583,775	2,772,100	2,929,100	3,081,500	3,229,500	3,373,400	3,513,400	3,649,700	3,782,400
Large and Mid-Sized Business	80,493	90,700	97,300	103,300	108,700	113,700	118,200	122,300	126,100
Tax Exempt/Government Entities	323	300	400	400	400	400	400	500	500
Employment Tax, Total	30,840,863	30,741,800	29,870,400	29,754,800	29,892,100	30,171,500	30,446,500	30,686,900	30,935,600
Small Business/Self Employed	28,173,049	28,014,700	27,114,100	26,964,100	27,069,000	27,320,100	27,567,400	27,783,600	28,007,800
Large and Mid-Sized Business	634,824	649,900	656,100	663,300	670,200	676,100	682,000	687,000	692,200
Tax Exempt/Government Entities	2,032,990	2,077,200	2,100,200	2,127,400	2,152,900	2,175,300	2,197,200	2,216,300	2,235,600
Excise, Total	1,063,649	846,000	856,400	868,600	881,900	895,800	910,000	924,400	939,000
Small Business/Self Employed	959,347	757,700	768,500	781,300	795,700	809,600	824,100	838,800	853,400
Large and Mid-Sized Business	69,362	57,100	56,900	57,000	56,800	57,200	57,700	58,100	58,700
Tax Exempt/Government Entities	34,940	31,300	31,000	30,300	29,400	28,900	28,200	27,500	26,900
Exempt Organization, Total	807,635	824,900	850,900	865,900	899,900	917,800	951,700	969,500	1,003,300
Tax Exempt/Government Entities	807,635	824,900	850,900	865,900	899,900	917,800	951,700	969,500	1,003,300
Employee Plans, Forms 5500 and 5500EZ	957,501	929,200	922,000	922,000	922,000	922,000	922,000	922,000	922,000
Tax Exempt/Government Entities	957,501	929,200	922,000	922,000	922,000	922,000	922,000	922,000	922,000

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.

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 2005 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 *	227,738					
MAPE		1.85%	4.15%	6.50%	7.36%	7.41%
Number of Overprojections		3	4	4	4	4
Grand Total - Paper	149,814					
MAPE		2.77%	6.06%	na	na	na
Number of Overprojections		3	4	-	-	-
Grand Total - E-file/ Mag Tape	77,923					
MAPE		2.69%	4.10%	na	na	na
Number of Overprojections		1	1	-	-	-
Total Primary - Selected Returns *	208,592					
MAPE		2.03%	4.51%	7.03%	7.84%	8.23%
Number of Overprojections		3	4	4	4	4
Primary Total - Paper	132,481					
MAPE		3.04%	6.58%	na	na	na
Number of Overprojections		3	4	-	-	-
Primary Total - E-file/ Mag Tape	76,111					
MAPE		2.21%	3.60%	na	na	na
Number of Overprojections		1	1	-	-	-
Individual Total	133,023					
MAPE		0.73%	1.80%	2.54%	2.53%	1.74%
Number of Overprojections		3	4	4	3	3
Individual Total - Paper	63,812					
MAPE		2.03%	5.70%	9.22%	14.40%	20.36%
Number of Overprojections		4	3	3	4	4
Individual Total - E-file	68,464					
MAPE		2.47%	4.26%	8.59%	13.22%	24.40%
Number of Overprojections		1	1	1	1	0
Individual Estimated Tax	29,038					
MAPE		11.47%	23.89%	37.47%	43.25%	45.93%
Number of Overprojections		3	4	4	4	4
Fiduciary Total	3,699					
MAPE		2.44%	3.27%	3.74%	4.30%	5.80%
Number of Overprojections		3	4	4	3	3
Partnership Total	2,720					
MAPE		1.85%	4.86%	5.41%	5.86%	8.61%
Number of Overprojections		0	1	1	1	1
Corporation Total	6,165					
MAPE		1.36%	2.74%	2.86%	3.83%	4.32%
Number of Overprojections		2	2	1	2	3
Employment Total	31,058					
MAPE		1.69%	2.58%	2.39%	2.51%	2.40%
Number of Overprojections		0	1	1	1	2
Exempt Organization Total	819					
MAPE		4.04%	4.67%	3.17%	7.41%	8.26%
Number of Overprojections		2	1	3	3	1
Excise Total	839					
MAPE		2.81%	6.26%	7.31%	11.29%	11.88%
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.

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 2005 were not available for Forms 1120X, 4868 and 1041-A and had to be supplied by operating division staff from secondary sources.

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 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 1041-A” is the U.S. Information Return Trust Accumulation of Charitable Amounts Return.

“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 Operating 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.

“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), 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 and 5500EZ. 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).

Other Projection Documents

<u>Title</u>	<u>IRS Document Number</u>	<u>Typical Updates</u>
<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) 874-0593,

(2) by fax at (202) 874-0613, or

(3) by writing to the following address

**Internal Revenue Service
Office of Research RAS:R
Attn: Acting Chief, Projections and Forecasting
1111 Constitution Avenue, NW, NCA-7111
Washington, D.C. 20224**



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