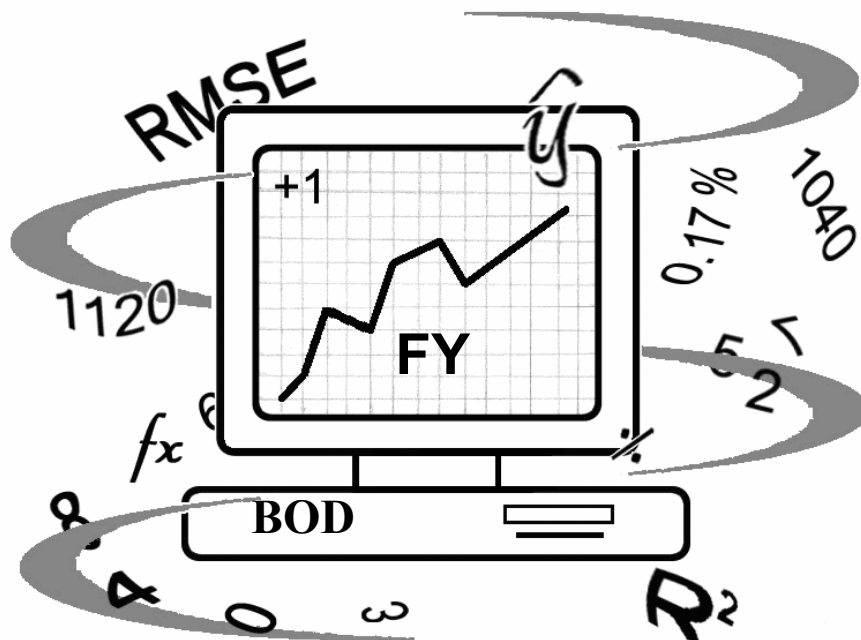

Document 6292

Fall 2007 Update

Fiscal Year Return Projections for the United States 2007 - 2014



*Office of Research
Research, Analysis, and Statistics*

Document 6292 (revised 9-2007) 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 continuing 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 Chief, Forecasting and Service Analysis on (202) 874-0607.

**Fiscal Year Return Projections for the United States:
2007 – 2014**

Document 6292
Fall 2007 Update

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(Fall 2007)

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Overview

The following fall 2007 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) 2007 through 2014 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 2007, 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 2006 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, the 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 applied to those corporation and tax exempt entities that filed 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 required corporations with total assets of at least \$50 million to E-file their Forms 1120 and 1120S returns beginning in January, 2006. This e-file requirement was expanded to corporations with at least \$10 million in assets effective at the beginning of 2007. Similarly, tax exempt organizations with \$100 million or more in assets in tax year 2005 were required to file their Form 990 electronically, with this threshold lowered to \$10 million beginning in 2007. Also impacted in 2007, are private foundations and charitable trusts which will be required to file their Form 990-PF electronically, regardless of their asset size. 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.

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), fiduciary (Form 1041), estate (Form 706-GS), as well as certain information returns.

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 estate tax and generation-skipping transfer (GST) taxes will be repealed on January 1, 2010, under Title V of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA).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

New Form 944

In an effort to reduce taxpayer burden on small businesses, IRS offers Form 944 (*Employer's Annual Federal Tax Return*), which is an annualized version of Form 941 (*Employer's Quarterly Federal Tax Return*). 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. Around 650,000 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 2006 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 350,000 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.

New Form 990-N

Beginning in calendar year 2008, the Pension Protection Act of 2006 requires IRS to enforce small organizations with gross receipts of less than \$25,000 to file a new form 990-N, also known as the e-Postcard on an annual basis. If those organizations fail to file F990-N for three consecutive years, their tax-exempt status will be revoked. Form 990N is only available in e-file format. This fall 2007 edition of Document 6292 reflects projections for the new form 990-N, listed below the exempt organization forms and will be included in future updates of Document 6292 only.

Trend in Grand Total Return Filings

As presented in Table 1, grand total return filings are expected to reach 234.2 million in fiscal year 2007, a growth of 2% over FY 2006. After FY 2007, grand total return filings are projected to grow at a more typical average annual rate of 1.6 %, reaching 261.5 million by FY 2014. The steady increase in grand total projection is a combination of increasing projection in E-filing returns and decreasing projection in paper filing returns. In general, we are projecting e-filing for any form type to be increasing rather dramatically and this trend is captured in the grand e-file total projection. On the other hand, the steady but weak decreasing trend in paper grand total is capturing the general downward trend in projections of paper filings for any form type.

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 2003 through 2006, 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 2006 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 2000 for 2003, those made in 2001 for 2004, those made in 2002 for 2005, and those made in 2003 for 2006.

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 John Guyton, Chief, Forecasting and Service Analysis Group at (202) 874-0607. 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	Projected									
	Actual - FY 2006	2007	2008	2009	2010	2011	2012	2013	2014	
Grand Total	229,635,914	234,916,300	238,824,600	242,776,900	246,690,800	250,502,100	254,410,300	258,254,900	262,040,300	
Paper Grand Total	147,247,324	144,748,100	140,802,500	138,211,100	136,222,200	134,786,800	133,963,300	133,547,600	133,490,100	
Electronic Grand Total	82,388,590	90,168,200	98,022,000	104,565,800	110,468,600	115,715,300	120,457,000	124,707,300	128,550,100	
Total Primary Returns	211,455,981	215,050,500	218,123,900	221,272,800	224,383,200	227,391,100	230,495,800	233,537,000	236,519,000	
Individual Income Tax, Total	133,917,068	135,471,800	137,003,100	138,501,500	139,987,500	141,459,100	142,910,800	144,336,000	145,745,300	
Forms 1040, 1040-A and 1040-EZ, Total	133,171,358	134,691,100	136,191,700	137,669,400	139,114,700	140,555,700	141,976,700	143,371,300	144,749,900	
Paper Forms 1040/1040-A/1040-EZ	60,401,852	55,738,700	51,479,500	48,027,500	45,091,700	42,709,500	40,726,300	39,171,800	37,998,700	
Electronic Individual Returns	72,769,506	78,932,400	84,712,200	89,631,900	94,023,000	97,846,200	101,250,400	104,199,500	106,751,200	
Form 1040-NR/IR-EZ/C	624,608	655,700	682,600	709,400	736,200	763,000	789,800	816,600	843,500	
Forms 1040-PR and 1040-SS	121,102	125,000	128,800	132,700	136,500	140,400	144,300	148,100	152,000	
Individual Estimated Tax, Form 1040-ES, Total	30,098,907	31,730,200	32,597,500	33,464,700	34,332,000	35,199,300	36,066,600	36,933,800	37,801,100	
Paper Form 1040-ES	30,024,207	31,645,700	32,503,100	33,360,200	34,217,300	35,074,300	35,931,200	36,798,400	37,665,700	
Electronic (Credit Card) Form 1040-ES	74,700	84,500	94,400	104,500	114,700	125,000	135,400	145,800	155,400	
Fiduciary, Form 1041, Total	3,697,436	3,819,500	3,973,900	4,168,600	4,393,100	4,647,600	4,932,100	5,246,600	5,591,100	
Paper Fiduciary Returns	2,336,560	2,418,500	2,492,700	2,570,600	2,652,700	2,739,000	2,829,500	2,924,000	3,023,000	
Electronic Fiduciary Returns	1,360,876	1,401,000	1,481,200	1,598,000	1,740,400	1,908,600	2,102,600	2,322,600	2,568,100	
Fiduciary Estimated Tax, Form 1041-ES	632,442	715,100	734,800	743,100	747,400	749,900	751,400	752,600	753,500	
Partnership, Forms 1065 and 1065-B, Total	2,773,327	3,069,400	3,233,600	3,394,100	3,550,800	3,704,100	3,854,000	4,000,700	4,144,200	
Paper Partnership Returns	2,498,606	2,627,200	2,759,400	2,893,000	3,026,500	3,159,800	3,292,800	3,425,500	3,557,900	
Electronic Partnership Returns	274,721	442,200	474,200	501,100	524,300	544,300	561,200	580,200	586,300	
Corporation Income Tax, Total	6,255,113	6,471,300	6,620,400	6,773,800	6,927,400	7,081,100	7,234,700	7,388,300	7,541,900	
Paper Corporation Returns, Total	5,729,671	5,842,800	5,955,700	6,069,500	6,184,000	6,299,200	6,414,300	6,529,200	6,644,000	
Electronic Corporation Returns, Total	525,442	628,500	664,700	704,300	743,400	781,900	820,400	859,100	897,900	
Forms 1120 and 1120-A, Total	2,195,896	2,168,600	2,136,500	2,104,800	2,073,200	2,041,700	2,010,300	1,979,000	1,947,800	
Electronic 1120/1120-A	136,309	224,700	346,500	487,600	621,400	731,700	819,500	893,100	960,500	
Form 1120-F	27,008	28,800	29,900	30,800	31,800	33,000	34,000	35,000	35,700	
Form 1120-H	181,746	198,100	211,600	225,200	238,800	252,300	265,900	279,500	293,000	
Forms 1120-L/PC/FF/SCREIT/RIC/IND *	22,280	22,900	22,900	23,300	23,900	24,500	25,100	25,700	26,200	
Form 1120-S, Total	3,824,658	4,049,600	4,229,300	4,410,600	4,591,900	4,773,300	4,954,600	5,135,900	5,317,200	
Electronic 1120-S	389,133	603,800	918,200	1,280,700	1,637,100	1,955,100	2,233,300	2,484,800	2,722,900	
Form 1120-C	3,525	3,300	3,200	3,000	2,900	2,800	2,700	2,600	2,400	
Small Corporation Election, Form 2553	543,014	527,400	520,500	512,700	504,900	497,200	489,400	481,600	473,800	
*"REMIC" Income Tax, Form 1066	21,275	27,100	29,800	32,600	35,400	38,300	41,100	43,900	46,700	
Estate, Forms 706, 706N/AGS(D)/GS(T)	58,279	50,800	45,100	44,200	44,200	44,200	44,200	44,200	44,200	
Gift, Form 709	255,651	262,900	261,100	259,400	257,700	256,000	254,300	252,600	251,000	
Employment Tax, Total	31,150,262	30,857,600	30,961,800	31,306,900	31,628,600	31,920,400	32,189,300	32,460,000	32,742,200	
Paper Employment Returns, Total	25,587,111	24,940,700	24,682,500	24,670,100	24,624,300	24,544,900	24,435,800	24,317,100	24,195,500	
Electronic Employment Returns, Total	5,563,151	5,916,900	6,269,300	6,636,800	7,004,300	7,375,500	7,753,500	8,142,900	8,546,700	
Form 940, Total	6,055,429	6,144,600	6,188,200	6,230,600	6,273,000	6,315,400	6,357,800	6,400,200	6,442,600	
Paper Forms 940, 940-EZ and 940-PR	1,022,800	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Form 940 E-File/On-line/XML	24,682,018	23,835,400	23,897,800	24,202,400	24,484,400	24,737,300	24,967,700	25,199,700	25,442,900	
Forms 941, 941-PR and 941-SS, Total	20,141,667	19,034,300	18,804,700	18,812,000	18,797,500	18,750,000	18,676,200	18,592,300	18,506,500	
Paper 941, 941-PR/SS, Total	4,801,100	4,880,000	4,960,000	5,040,000	5,110,000	5,170,000	5,230,000	5,290,000	5,350,000	
Form 941 E-File/On-line/XML	NA	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	
Form 944, Total	NA	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	
Paper Form 944	NA	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	
Electronic Form 944	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Forms 943, 943-PR and 943-SS	260,613	252,500	247,100	241,600	236,700	231,800	226,900	222,000	217,100	
Form 945	150,110	134,900	130,500	126,200	121,900	117,600	113,300	109,000	104,700	
Forms CT-1/CT-2	2,092	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	

Notes:
 See Table Notes page for definitions of "Type of Return."
 Detail may not add to subtotal total due to rounding.
 * 1120-ND return counts were estimated for FY2006.
 The volumes contain no direct effects of telephone excise tax refund.
 Table continues on the next page.

Internal Revenue Service
 Office of Research, Forecasting and Service Analysis
 Fall 2007 Document 6292

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

Type of Return	Projected										
	Actual - FY 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Withholding on Foreign Persons, Form 1042	31,995	32,800	33,400	34,000	34,600	35,200	35,800	36,400	37,000		
Exempt Organization, Total*	829,174	854,300	1,321,000	1,370,000	1,405,900	1,444,800	1,465,400	1,490,500	1,505,600		
Paper Exempt Organization, Total	18,059	819,700	810,100	810,100	810,100	810,100	810,100	810,100	810,100		
Electronic Exempt Organization, Total	11,115	34,600	507,100	564,600	595,800	634,700	663,400	694,200	722,100		
Form 990, Total	393,396	409,700	413,700	430,000	436,800	453,000	459,800	476,100	482,800		
Form 990, Electronic	7,562	27,500	40,500	55,700	67,700	83,900	98,100	118,700	136,000		
Form 990-EZ, Total	149,168	146,900	149,000	151,400	153,800	156,300	158,700	161,100	163,500		
Form 990-EZ, Electronic	2,591	4,500	8,300	12,800	17,000	21,400	26,300	31,600	37,300		
Form 990-N	NA	NA	453,900	479,100	500,600	515,700	522,100	523,400	524,200		
Form 990-PF, Total	88,599	90,900	93,600	96,400	99,100	101,900	104,600	107,400	110,200		
Form 990-PF, Electronic	962	2,600	4,300	7,000	10,400	13,700	16,900	20,500	24,500		
Form 990-T	71,628	77,900	81,000	82,700	84,400	86,000	87,700	89,300	91,000		
Form 4720	2,284	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100		
Form 5227	124,098	126,600	127,200	127,900	128,500	129,100	129,700	130,200	130,700		
Form 1041-A	119,936	120,600	121,300	122,000	122,700	123,300	124,000	124,600	125,300		
Government Entities/Bonds, Total	51,817	48,500	48,700	48,900	49,000	49,200	49,400	49,500	49,700		
Form 8038	7,648	5,600	5,600	5,700	5,700	5,700	5,700	5,700	5,800		
Form 8038-G	29,491	29,100	29,400	29,700	30,000	30,200	30,500	30,800	31,100		
Form 8038-GC	13,054	12,300	12,300	12,000	11,900	11,700	11,600	11,500	11,300		
Form 8038-T	1,393	1,300	1,300	1,200	1,200	1,200	1,200	1,200	1,200		
Form 8328	231	200	200	300	300	300	300	300	300		
Political Organizations, Total	10,112	10,700	10,900	10,800	11,000	10,800	11,100	10,900	11,200		
Form 1120-POL	5,679	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700		
Form 8871	2,198	2,300	2,300	2,400	2,400	2,500	2,500	2,600	2,600		
Form 8872, Total	2,275	2,800	2,900	2,700	2,900	2,700	2,900	2,700	2,900		
Electronic Form 8872	1,671	2,200	2,300	2,200	2,300	2,200	2,400	2,200	2,400		
Excise, Total	942,145	913,900	942,100	972,200	1,002,600	1,033,200	1,063,900	1,094,700	1,125,600		
Form 11-C	9,705	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800		
Form 720, Total	105,493	103,500	102,200	101,400	100,800	100,400	100,100	99,900	99,800		
Electronic Form 720	NA	300	1,000	1,800	3,300	5,900	9,200	13,700	18,900		
Form 730	43,064	43,600	42,500	41,400	40,400	39,300	38,200	37,200	36,100		
Form 2280, Total	783,883	757,000	787,600	819,600	851,700	883,800	915,800	947,900	980,000		
Electronic Form 2290	NA	9,000	15,800	23,700	38,200	63,700	96,600	144,600	200,400		
Excise Taxes re Employee Plans, Form 5330	24,825	24,600	24,200	23,900	23,600	23,200	22,900	22,600	22,300		
Payment or Refund under Sec. 7519, Form 8752	39,492	38,400	37,300	36,300	35,300	34,400	33,500	32,700	31,800		
Supplemental Documents, Total	18,179,933	19,865,800	20,700,700	21,504,100	22,307,600	23,111,000	23,914,400	24,717,900	25,521,300		
Form 1040-X	3,500,649	3,572,900	3,645,100	3,717,400	3,789,700	3,861,900	3,934,200	4,006,400	4,078,700		
Form 4868, Total	9,723,852	10,022,700	10,321,500	10,620,300	10,919,100	11,217,900	11,516,700	11,815,500	12,114,300		
Electronic Form 4868	1,407,218	1,634,400	1,872,600	2,065,700	2,184,300	2,348,500	2,518,300	2,693,600	2,874,500		
Form 1120-X	11,770	11,600	11,400	10,700	10,100	9,500	8,900	8,300	7,700		
Form 5558	383,520	384,800	384,800	384,800	384,800	384,800	384,800	384,800	384,800		
Form 7004, Total	4,054,965	5,353,900	5,797,600	6,210,300	6,623,000	7,035,800	7,448,500	7,861,200	8,273,900		
Electronic Form 7004	388,358	834,000	1,526,300	1,820,800	2,023,000	2,211,400	2,398,000	2,584,400	2,770,800		
Form 8868, Total	505,177	520,000	540,300	560,600	580,900	601,100	621,400	641,700	662,000		
Electronic Form 8868	9,674	26,000	38,800	54,600	75,300	96,600	116,500	139,800	163,800		

Notes:
 See Table Notes page for definitions of "Type of Return."
 The volumes contain no direct effects of telephone excise tax refund.
 Detail may not add to subtotal/total due to rounding.

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

Type of Return/BOD	Actual - FY 2006	Projected									
		2007	2008	2009	2010	2011	2012	2013	2014		
Individual Income Tax, Total	133,171,358	134,691,100	136,191,700	137,659,400	139,114,700	140,555,700	141,976,700	143,371,300	144,749,900		
Small Business/Self Employed	40,052,154	41,646,100	43,259,600	44,887,700	46,536,500	48,204,900	49,890,600	51,590,800	53,308,600		
Wage and Investment	93,119,204	93,045,000	92,932,100	92,771,700	92,578,200	92,350,800	92,086,100	91,780,500	91,441,200		
Corporation Income Tax, Total	6,255,113	6,471,300	6,620,300	6,773,700	6,927,400	7,081,000	7,234,600	7,388,300	7,541,900		
Small Business/Self Employed	6,148,945	6,361,700	6,507,500	6,657,600	6,808,000	6,958,300	7,108,600	7,258,900	7,409,200		
Large and Mid-Sized Business	96,989	100,400	103,700	107,100	110,500	113,900	117,300	120,700	124,100		
Tax Exempt/Government Entities	9,180	9,200	9,100	9,000	8,900	8,800	8,700	8,700	8,600		
Partnership Returns, Total	2,773,327	3,069,500	3,233,600	3,394,100	3,550,800	3,704,000	3,854,100	4,000,700	4,144,300		
Small Business/Self Employed	2,684,674	2,966,500	3,125,300	3,280,400	3,431,800	3,579,700	3,724,300	3,865,600	4,003,900		
Large and Mid-Sized Business	88,325	102,600	107,900	113,300	118,600	123,900	129,300	134,600	139,900		
Tax Exempt/Government Entities	328	400	400	400	400	400	500	500	500		
Employment Tax, Total	31,150,262	30,857,600	30,961,800	31,306,900	31,628,600	31,920,500	32,189,300	32,460,000	32,742,200		
Small Business/Self Employed	28,509,242	28,152,000	28,222,500	28,535,900	28,828,500	29,094,200	29,339,100	29,585,800	29,842,800		
Large and Mid-Sized Business	644,858	658,300	665,600	672,400	678,700	684,400	689,600	694,800	700,300		
Tax Exempt/Government Entities	1,996,162	2,047,300	2,073,700	2,098,600	2,121,400	2,141,900	2,160,600	2,179,400	2,199,100		
Excise, Total	942,145	913,900	942,000	972,200	1,002,500	1,033,200	1,063,900	1,094,700	1,125,500		
Small Business/Self Employed	846,873	820,400	847,800	877,900	907,900	937,900	968,200	998,400	1,028,700		
Large and Mid-Sized Business	62,304	60,800	61,900	62,600	63,600	64,800	65,800	67,000	68,100		
Tax Exempt/Government Entities	32,968	32,700	32,300	31,700	31,000	30,500	29,900	29,300	28,700		
Exempt Organization, Total	829,174	854,300	1,321,000	1,370,000	1,405,900	1,444,800	1,465,400	1,490,500	1,505,600		
Tax Exempt/Government Entities	829,174	854,300	1,321,000	1,370,000	1,405,900	1,444,800	1,465,400	1,490,500	1,505,600		
Employee Plans, Forms 5500 and 5500EZ	959,779	972,900	897,300	890,700	884,200	877,900	871,700	865,600	859,700		
Tax Exempt/Government Entities	959,779	972,900	897,300	890,700	884,200	877,900	871,700	865,600	859,700		

Notes:
 Projections of Employee Plans returns are based on the 208-18-01 Report; the 2006 count reflects postings to the Employee Plans Master File.
 The volumes contain no direct effects of telephone excise tax refund.
 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 2006 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 *	229,525					
MAPE		3.43%	3.13%	5.65%	7.76%	8.41%
Number of Overprojections		2	4	4	4	4
Grand Total - Paper	147,114					
MAPE		5.24%	4.97%	8.67%	14.09%	19.11%
Number of Overprojections		2	4	4	4	4
Grand Total - E-file/ Mag Tape	82,411					
MAPE		2.33%	2.11%	5.63%	7.83%	14.61%
Number of Overprojections		2	1	2	2	0
Total Primary - Selected Returns *	211,766					
MAPE		1.62%	3.20%	5.74%	8.02%	8.61%
Number of Overprojections		2	3	4	4	4
Primary Total - Paper	131,155					
MAPE		2.42%	5.64%	8.76%	15.04%	20.37%
Number of Overprojections		2	3	4	4	4
Primary Total - E-file/ Mag Tape	80,612					
MAPE		2.03%	1.93%	5.57%	7.51%	14.28%
Number of Overprojections		2	1	2	2	0
Individual Total	135,197					
MAPE		0.47%	1.67%	2.70%	3.20%	2.83%
Number of Overprojections		2	3	4	4	4
Individual Total - Paper	61,958					
MAPE		1.79%	5.72%	7.90%	13.96%	21.15%
Number of Overprojections		3	3	3	4	4
Individual Total - E-file	73,240					
MAPE		1.78%	2.78%	5.59%	8.66%	16.97%
Number of Overprojections		2	1	2	1	0
Individual Estimated Tax	30,182					
MAPE		8.20%	18.15%	29.77%	42.98%	47.83%
Number of Overprojections		2	3	4	4	4
Fiduciary Total	3,751					
MAPE		2.70%	3.85%	4.76%	5.30%	5.73%
Number of Overprojections		4	4	4	4	3
Partnership Total	2,935					
MAPE		2.53%	4.09%	7.04%	7.51%	7.47%
Number of Overprojections		0	0	1	1	1
Corporation Total	6,356					
MAPE		1.28%	1.48%	2.57%	3.98%	4.08%
Number of Overprojections		2	2	2	1	2
Employment Total	30,804					
MAPE		3.58%	2.28%	2.52%	2.86%	2.42%
Number of Overprojections		0	1	1	0	1
Exempt Organization Total	835					
MAPE		4.07%	2.86%	3.03%	6.78%	7.08%
Number of Overprojections		2	1	3	3	2
Excise Total	896					
MAPE		3.18%	4.55%	7.18%	8.07%	11.99%
Number of Overprojections		3	3	3	3	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

- Projected volumes are rounded to the nearest hundredth, therefore counts of 49 or fewer are rounded to zero. However, some forms can report zero filings because they are associated with only selected areas, or because their filing options were just established or recently eliminated.
- Actual and forecasted return counts for the major categories are based on IRS master file processing, as recorded in the electronic versions of the “Report of Returns Posted to the IRS Master Files.”
- Complete master file counts for calendar year 2006 were not available for the following forms and had to be supplied at the national level by operating division staff and secondary sources: Forms 1120-ND, 5558, CT-2, 990-N, as well as Form 1041-A.
- For CY 2007, the Internal Revenue Service issued refunds for the “Telephone Excise Tax Refund” (TETR) initiative. For filing year 2007 only, taxpayers can obtain their refunds via a 2006 tax form, Form 1040-EZ-T or they may file actual tax using Form 8913. This document further excludes any other 1040 series or 990-T returns filed only for purposes of claiming TETR.

Notes below are grouped by applicable table.

Table 1:

- “Grand Total” is the sum of “Total Primary Returns” and “Supplemental Documents.” The “Total Primary Returns” category is the sum of all forms shown on the tables, excluding “Supplemental Documents.”
- “Individual Income Tax, Total” is the sum of paper and electronic Forms 1040, 1040-A, 1040-EZ, 1040-NR, 1040-NR-EZ, 1040-PR 1040-SS and 1040-C.
- “Forms 1040, 1040-A, and 1040-EZ” is the sum of paper and electronic Forms 1040, 1040-A, and 1040-EZ.
- Form 1040-EZ-T is excluded from the forecasts.
- Various return categories, such as Form 1040-ES (Individual Estimated Tax) and other business and individual returns, include line items to account for alternative methods of tax filing. The “paper only” components can be derived by subtracting the electronic counts from their respective return totals.
- “Fiduciary, Form 1041” includes both paper and electronic Form 1041.
- “Fiduciary Estimated Tax, Form 1041-ES” is the Estimated Income Tax for Estate and Trust.

- “Partnership, Forms 1065/1065-B” includes both paper and electronic Forms 1065 and 1065-B.
- “Corporation Income Tax, Total” includes Forms 1120/1120-A (paper and electronic), 1120-F, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-SF, 1120-FSC, 1120-REIT, 1120-RIC, and 1120-S (paper and electronic). As a result of the Foreign Sales Corporation (FSC) Repeal and Extraterritorial Income Act of 2000 which repeals provisions in the U.S. Internal Revenue Code relating to taxation of foreign sales corporations, the volume of Forms 1120-FSC is declining with no returns expected after 2006. Also, Form 1120-POL volumes are reported separately under the forms for “Political Organizations.” Form 1120-IC-DISC is not included in these corporation projections.
- “Form 1120-C” is the U.S. Income Tax Return for Cooperative Associations. This form replaced Form 990-C starting from CY 2007.
- “Form 2553” is the Election (to file Form 1120-S) by a Small Business Corporation.
- “Form 1066” is the U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return.
- “Estate” includes Forms 706, 706-NA, 706-GS(D), and 706-GS(T).
- “Gift, Form 709” is the United States Gift (and Generation-Skipping Transfer) Tax Return.
- “Employment Tax, Total” includes paper, magnetic tape and electronic Forms 940, 940-EZ, 940-PR, 941, 941-PR, 941-SS, 943, 943-PR, 943-SS, 944, 945, CT-1 and CT-2.
- “Form 1042” is the Annual Withholding Tax Return for U.S. Source Income of Foreign Persons. This form is assigned to the International area. It is sometimes considered an employment tax return, but listed separately here.
- “Exempt Organization, Total” includes Forms 990 (paper and electronic), 990-EZ (paper and electronic), 990-N (only available electronically starting from CY2008), 990-PF (paper and electronic), 990-T, 4720, and 5227.
- “Form 1041-A” is the U.S. Information Return Trust Accumulation of Charitable Amounts Return.
- “Government Entities /Bonds” includes Forms 8038, 8038G, 8038GC, 8038T and 8328.
- “Political Organizations” includes both paper and electronic Forms 1120-POL, 8871 and 8872.
- “Excise, Total” includes Forms 11-C, 730, paper and electronic Forms 720, 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 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	Spring 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) 874-0660, or
- (3) by writing to the following address

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