

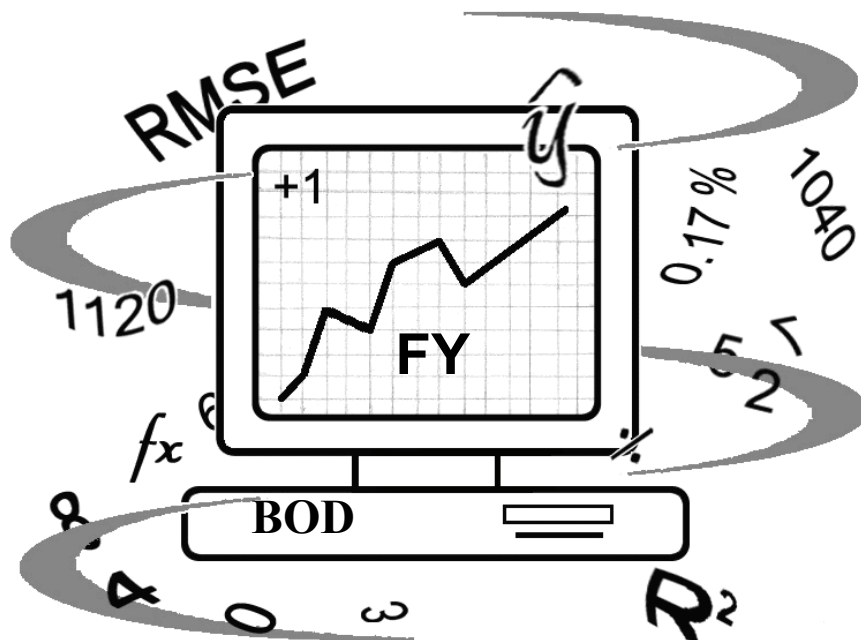
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# Document 6292

*Fall 2008 Update*

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## *Fiscal Year Return Projections for the United States 2008 - 2015*



*Office of Research  
Research, Analysis, and Statistics*

**Document 6292 (revised 9-2008) 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](http://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."

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**Fiscal Year Return Projections for the United States:  
2008 – 2015**

Document 6292  
Fall 2008 Update

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(Fall 2008)

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## Overview

The following fall 2008 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) 2008 through 2015 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 September 2008, 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 2007 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. These results are the outcome of application 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 incorporating 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.

### Telephone Excise Tax Refund (TETR)

The Treasury Department stopped collecting the federal excise tax for long-distance telephone service in 2006 and in 2007 issued refunds of excise taxes collected on long-distance service for the previous three years. The calendar year (CY) 2007 increased Form 1040 counts may be attributable to the telephone excise tax refund (TETR), because segments of the “TETR Only” (filing only to receive the TETR) population filed a traditional Form 1040 return instead of a simpler Form 1040EZ-T. Taxpayers who subsequently wish to claim the TETR credit may amend their return by filing a Form 1040-X. For the next three years starting in CY 2008, some taxpayers will use this late filing window to post a traditional 1040 or an EZ-T to receive the TETR credit. The effect of the TETR spillover is also applicable to Form 990-T (exempt organization business income tax returns) filers, due to their rollover effect from tax period in 2007 to processing year 2008 as a natural spillover. There may also be some additional TETR volumes because of the overlap of tax and processing years for certain Form 990-T filers.

### The “Economic Stimulus Act of 2008”

Under the “Economic Stimulus Act of 2008” the IRS issued rebate checks in calendar year 2008. Eligible taxpayers triggered rebates by filing a TY 2007 Form 1040 income tax return.

U.S. level Forms 1040, 1040A, and 1040EZ, including electronically filed (e-file) return volumes, are forecasted to increase 14.4 million above its baseline to roughly 152.7 million returns due to the stimulus impact. The impact by form type is estimated to be 2.1 million, 11.5 million and .7 million for Forms 1040, 1040A, and 1040EZ, respectively. The projection for CY 2009 contains minor adjustments for residual spillover effects of the Stimulus package. Due to the delays caused by the late passage of the alternative minimum tax patch and the Tax Technical Corrections Act of 2007, there was an impact of early season electronic filing by taxpayers affected by these provisions.

### Form 1040-SS(PR)

Form 1040-SS(PR) is being accepted electronically for refund-only claims for the Additional Child Tax Credit (ACTC) from residents of Puerto Rico as of 2008, tax year 2007. There is a significant increase of return counts for this form this year and that is attributable to a conversion of those filers who were previously electronically filing a Form 1040 with a Form 8812 to now filing a 1040-SS(PR).

## 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. This condition 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.

## 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 are scheduled to 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. The estimates developed in this document reflect the provisions of EGTRRA.

## 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 is available to business filers with annual employment tax liability of \$1,000 or less. Instead of filing quarterly Forms 941, eligible taxpayers are required to file Form 944 once a year. Consequently, as qualified taxpayers switch to filing Form 944, return volumes of Form 941 will drop. Around 313,000 Form 944 returns were filed 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

The Form 5500 series are multi-agency Information Return filed to satisfy reporting requirements to Internal Revenue Service, Department of Labor (DOL), and Pension Benefit Guaranty Corporation. 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. 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 2007 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.

## New Form 5500-SF

As a part of the revisions to Form 5500 series, Form 5500-SF, Short Form Annual Return/ Report of Employee Benefit Plan was introduced to certain small pension and welfare benefit plans. Form 5500-SF is generally available to plans that 1) have fewer than 100 participants, 2) are eligible for the small plan audit waiver, 3) hold no employer securities, 4) have 100% of assets in investments that have a readily determinable fair market value, and 5) are not multiemployer plans. Most Form 5500-SF filers will not be required to file any schedules. The Form 5500-SF must be filed electronically from plan year 2009.



## 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 (Forms 1099). The impact of this regulation on e-filed 1041 returns is apparent starting this year, CY 2008.

## New Form 990-N

Beginning in CY 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 990-N is only available in e-file format. The spring 2007 edition of Document 6292 reflects projections for the new form 990-N, listed below the exempt organization forms.

## Changes in Form 990 series

The IRS has revised the requirement to file Form 990 series starting from tax year 2008 over a three-year period. The filers will be allowed to file the Form 990-EZ in lieu of the Form 990. For the 2008 tax year (returns filed in 2009), organizations with gross receipts less than \$1.0 million and total assets less than \$2.5 million may file the Form 990-EZ. For the 2009 tax year (returns filed in 2010), organizations with gross receipts less than \$500,000 and total assets less than \$1.25 million may file the Form 990-EZ. The Form 990-EZ filing thresholds will be adjusted permanently to gross receipts less than \$200,000 and total assets less than \$500,000 beginning with 2010 tax years.

## Trend in Grand Total Return Filings

As presented in Table 1, grand total return filings are expected to reach 250.8 million in fiscal year 2008 – a growth of 6.2 percent over FY 2007 and 240 million in fiscal year 2009 due to Economic Stimulus Act of 2008. After FY 2009, grand total return filings are projected to grow at a more typical average annual rate of 1.2 percent, reaching 257 million by FY 2015. Within the steady increase in the grand total projection is a rather dramatic increase among selected e-file return volumes.

## 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 2004 through 2007, 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 2007 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 2003 made in 2000 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 2001 for 2004, those made in 2002 for 2005, those made in 2003 for 2006, and those made in 2004 for 2007.

## 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	Actual - FY	Projected					2015		
	2007	2008	2009	2010	2011	2012		2013	2014
Grand Total	236,167,632	250,795,800	240,229,000	243,032,700	245,894,000	249,577,700	252,736,400	255,353,500	257,862,200
Paper Grand Total	145,502,924	150,289,600	136,153,400	132,050,400	128,527,700	126,421,400	124,559,400	122,841,300	121,441,200
Electronic Grand Total	90,664,708	100,506,200	104,075,600	110,982,300	117,366,300	123,156,300	128,177,000	132,512,200	136,420,900
Total Primary Returns	216,011,017	230,210,900	218,470,000	220,193,800	221,944,600	224,616,400	226,828,300	228,603,800	230,350,500
Individual Income Tax, Total	138,203,004	153,017,500	140,868,000	141,566,700	142,263,600	143,827,100	144,982,700	145,720,000	146,432,800
Forms 1040, 1040-A, and 1040-EZ, Total *	137,440,356	152,147,500	139,950,800	140,611,700	141,272,700	142,800,200	143,919,800	144,621,100	145,297,900
Paper Forms 1040/1040-A/1040-EZ	57,836,431	63,838,600	49,773,000	45,282,500	41,143,100	38,243,300	35,532,500	32,983,200	30,773,400
Electronic Individual Returns	79,603,925	88,300,900	90,177,800	95,329,200	100,129,600	104,556,900	108,387,300	111,628,000	114,524,500
Forms 1040-NR/NR-EZ/C	639,104	646,600	677,000	701,300	723,800	746,300	768,700	791,200	813,700
Forms 1040-PR and 1040-SS	123,544	223,300	240,200	253,700	267,200	280,700	294,200	307,700	321,100
Individual Estimated Tax, Form 1040-ES, Total	29,995,977	29,433,000	29,388,800	29,754,200	30,145,200	30,535,700	30,925,800	31,315,600	31,704,900
Paper Form 1040-ES	29,904,310	29,331,700	29,274,700	29,627,000	30,004,400	30,380,900	30,756,600	31,131,500	31,505,600
Electronic (Credit Card) Form 1040-ES	91,667	101,400	114,100	127,200	140,800	154,800	169,200	184,100	199,300
Fiduciary, Form 1041, Total	3,717,790	3,178,600	3,188,300	3,258,000	3,327,700	3,397,400	3,467,100	3,536,800	3,606,500
Paper Form 1041	2,337,514	2,429,700	2,421,000	2,465,300	2,509,600	2,553,900	2,598,300	2,642,600	2,686,900
Electronic Form 1041	1,380,276	748,800	767,400	792,700	818,100	843,500	868,900	894,200	919,600
Fiduciary Estimated Tax, Form 1041-ES	779,979	777,600	774,500	774,500	774,500	774,500	774,500	774,500	774,500
Partnership, Forms 1065/1065-B, Total	3,096,964	3,314,800	3,521,300	3,724,900	3,925,600	4,107,700	4,281,900	4,452,000	4,618,000
Paper Forms 1065/1065-B	2,665,467	2,672,600	2,667,900	2,673,500	2,673,500	2,673,500	2,673,500	2,673,500	2,673,500
Electronic Forms 1065/1065-B	431,497	642,200	853,800	1,048,100	1,212,100	1,340,100	1,442,100	1,526,500	1,599,300
Corporation Income Tax, Total	6,572,839	6,782,500	6,983,700	7,185,900	7,388,100	7,583,900	7,777,700	7,970,800	8,163,100
Paper Corporation Returns, Total	5,725,824	5,496,500	5,138,400	4,799,900	4,561,100	4,435,000	4,399,500	4,423,800	4,483,300
Electronic Corporation Returns, Total	847,015	1,285,900	1,845,400	2,386,000	2,827,000	3,148,900	3,378,300	3,547,000	3,679,800
Forms 1120 and 1120-A, Total **	2,218,469	2,196,400	2,187,200	2,178,500	2,169,800	2,162,700	2,156,100	2,149,600	2,143,000
Electronic Form 1120	226,530	334,400	474,500	610,700	717,800	789,800	832,400	855,300	866,500
Form 1120-C ***	3,228	3,500	3,500	3,400	3,400	3,400	3,300	3,300	3,200
Form 1120-F	27,765	28,300	29,100	29,800	30,500	31,200	32,000	32,700	33,400
Form 1120-H	200,684	214,600	226,100	237,700	249,200	260,700	272,300	283,800	295,400
Forms 1120-FSC/LND/PC/REIT/RIC/SF ****	23,998	24,400	24,600	25,400	26,100	26,800	27,600	28,300	29,000
Form 1120-S	4,098,695	4,315,300	4,513,200	4,711,200	4,909,100	5,099,100	5,286,500	5,473,200	5,659,100
Electronic Form 1120-S	620,485	951,600	1,370,900	1,775,300	2,109,200	2,359,100	2,545,800	2,691,700	2,813,400
Small Corporation Election, Form 2553	525,269	510,300	502,500	494,700	486,900	479,100	471,300	463,500	455,700
"REMIC" Income Tax, Form 1066	30,193	29,000	27,600	27,900	28,600	29,400	30,000	30,800	31,600
Estate, Forms 706, 706NA/GS(D)/GS(T), Total	49,924	45,100	44,200	30,700	16,400	70,000	105,600	116,600	122,600
Gift, Form 709	252,522	253,800	252,100	253,200	260,000	277,700	292,800	303,200	311,100
Employment Tax, Total	30,709,197	30,636,600	30,656,600	30,827,100	31,046,600	31,209,200	31,326,600	31,440,700	31,577,600
Paper Employment Returns, Total	24,810,704	24,486,000	24,320,400	24,277,500	24,267,500	24,204,000	24,101,700	23,994,200	23,901,400
Electronic Employment Returns, Total	5,898,493	6,150,600	6,336,200	6,549,600	6,779,200	7,005,200	7,224,900	7,446,600	7,676,200
Forms 940, 940-EZ and 940-PR, Total	6,145,064	6,183,300	6,183,300	6,257,000	6,348,300	6,427,200	6,479,400	6,519,700	6,557,400
Paper Forms 940, 940-EZ and 940-PR	4,971,700	4,938,500	4,938,500	4,939,700	4,953,400	4,955,900	4,936,600	4,907,200	4,875,200
Form 940 E-File/On-line/XML	1,099,844	1,182,100	1,244,800	1,317,300	1,395,000	1,471,300	1,542,900	1,612,500	1,682,300
Forms 941, 941-PR and 941-SS, Total	23,866,149	23,685,400	23,567,900	23,585,800	23,654,800	23,714,800	23,766,700	23,833,400	23,929,100
Paper 941, 941-PR/SS, Total	19,076,730	18,729,200	18,492,200	18,371,800	18,290,700	18,201,900	18,106,200	18,021,200	17,957,300
Form 941 E-File/On-line/XML	4,789,419	4,956,200	5,075,700	5,214,000	5,364,100	5,512,900	5,660,500	5,812,200	5,971,800
Forms 943, 943-PR and 943SS	248,369	243,600	237,500	232,100	227,300	223,200	219,500	216,300	213,500
Form 944, Total	313,151	422,200	540,400	628,200	695,100	725,600	744,800	757,000	764,900
Paper Form 944	303,921	409,800	520,400	610,000	675,000	704,600	723,200	735,200	742,900
Electronic Form 944	9,230	12,400	15,700	18,200	20,100	21,000	21,600	21,800	22,100
Form 945	134,644	129,800	125,700	122,200	119,100	116,500	114,300	112,400	110,700
Form CT-1	1,820	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Notes:  
 \* Forms 1040, 1040-A and 1040-EZ Total includes the marginal effects of the 2008 Economic Stimulus Package.  
 \*\* Form 1120-A cannot be filed for tax years beginning after Dec. 31, 2006.  
 \*\*\* Form 1120-C includes Form 990-C.  
 \*\*\*\* 1120-ND return counts were estimated for FY2007.  
 Table does not contain Non-Master File counts.  
 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, Forecasting and Service Analysis  
 Fall 2008 Document 6292

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

Type of Return	Actual - FY	Projected							
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Withholding on Foreign Persons, Form 1042	31,212	32,600	33,200	33,800	34,400	35,000	35,600	36,200	36,800
Exempt Organizations, Total	898,196	1,074,100	1,089,600	1,113,500	1,083,800	1,110,800	1,166,900	1,240,700	1,303,600
Paper Exempt Organizations, Total	869,529	896,800	844,200	837,100	772,100	747,100	741,100	733,800	725,200
Electronic Exempt Organizations, Total	28,667	217,300	245,400	276,500	311,700	363,500	425,800	506,900	578,400
Form 990, Total	431,405	421,000	346,400	352,100	422,800	448,500	468,700	468,900	479,100
Electronic Form 990	21,346	38,200	46,300	59,200	86,600	111,400	132,000	153,500	175,700
Form 990-EZ	155,091	155,700	243,200	253,700	133,000	99,800	102,100	104,300	106,600
Electronic Form 990-EZ	4,664	8,900	17,500	28,400	18,900	16,600	20,100	23,900	28,100
Form 990-N*	N/A	165,900	171,500	179,000	193,500	220,000	255,300	307,900	349,500
Form 990-PF, Total	92,221	90,400	91,500	92,500	93,500	94,500	95,600	96,700	97,700
Electronic Form 990-PF	2,657	4,300	6,800	9,900	12,700	15,500	18,400	21,600	25,100
Form 990-T	90,141	112,800	108,600	107,800	112,500	119,100	126,400	134,000	141,700
Form 4720	2,121	2,200	2,300	2,400	2,400	2,500	2,500	2,600	2,700
Form 5227	127,217	126,000	126,100	126,100	126,100	126,200	126,200	126,300	126,300
Form 1041-A	121,147	121,300	121,600	121,800	122,100	122,300	122,400	122,600	122,700
Government Entity/Bonds	46,779	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100
Form 8038	4,757	4,900	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Form 8038-G	29,874	29,700	29,700	29,700	29,700	29,700	29,700	29,700	29,700
Form 8038-GC	10,645	10,900	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Form 8038-T	1,280	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Form 8328	223	200	200	200	200	200	200	200	200
Political Organizations, Total	10,269	11,500	10,200	11,700	10,300	11,800	10,300	11,800	10,300
Form 1120-POL, Total	5,854	6,200	6,300	6,300	6,300	6,300	6,400	6,400	6,400
Form 8871**	1,326	2,000	1,700	2,000	1,700	2,000	1,700	2,000	2,000
Form 8872, Total	3,089	3,400	2,300	3,400	2,300	3,400	2,300	3,400	2,300
Electronic Form 8872	2,276	2,400	1,700	2,600	1,800	2,800	1,900	2,900	2,000
Excise, Total	907,165	881,200	896,900	904,300	920,300	934,500	946,400	957,600	968,300
Form 11-C	9,153	8,700	8,500	8,300	8,200	8,100	8,000	8,000	7,900
Form 720	103,054	100,900	99,200	97,600	96,300	95,100	94,100	93,200	92,400
Electronic Form 720	0	100	300	600	1,100	1,900	2,900	4,300	5,800
Form 730	42,463	39,800	38,700	37,800	37,000	36,200	35,500	34,900	34,300
Form 2290	752,495	731,700	750,500	760,500	778,800	795,100	808,900	821,700	833,700
Electronic Form 2290	686	13,600	20,700	27,900	41,400	64,600	93,500	134,900	181,400
Excise Taxes re Employee Plans, Form 5330	24,137	23,800	23,800	23,800	23,800	23,800	23,800	23,800	23,800
Payment or Refund under Sec. 7519, Form 8752	38,454	41,700	41,800	41,600	41,500	41,400	41,300	41,200	41,100
Supplemental Documents, Total	20,156,615	20,584,900	21,758,900	22,838,900	23,949,400	24,961,300	25,908,100	26,749,700	27,511,700
Form 1040-X	3,985,880	4,460,100	4,702,200	4,887,900	5,000,200	5,113,000	5,214,400	5,309,500	5,401,300
Form 4868, Total	9,962,813	9,467,300	9,905,000	10,326,900	10,844,000	11,292,400	11,716,300	12,081,200	12,413,700
Electronic Form 4868	1,522,538	1,779,300	1,906,700	2,122,600	2,370,200	2,615,400	2,866,400	3,113,100	3,360,700
Form 1120-X	3,059	3,100	3,100	3,100	3,100	3,100	3,000	3,000	3,000
Form 5568	403,681	402,000	402,000	402,000	402,000	402,000	402,000	402,000	402,000
Form 7004, Total	5,273,063	5,723,200	6,201,000	6,676,700	7,139,200	7,577,700	7,963,100	8,348,800	8,670,300
Electronic Form 7004	830,611	1,204,800	1,728,800	2,211,700	2,602,500	2,903,900	3,137,100	3,321,700	3,470,600
Form 8868, Total	518,169	529,100	545,600	562,300	560,800	573,200	589,200	605,200	621,200
Electronic Form 8868	25,731	48,500	75,700	105,500	129,100	152,900	177,100	200,100	221,800

Notes:  
 \* Form 990-N is all electronic.  
 \*\* Form 8871 is all electronic.  
 "N/A" signifies that data is not available since relevant program areas have not yet commenced.  
 Table does not contain Non-Master File counts.  
 See Table Notes page for definitions of "Type of Return."  
 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 2007	Projected									
		2008	2009	2010	2011	2012	2013	2014	2015		
Individual Income Tax, Total	137,440,356	152,147,500	139,950,800	140,611,700	141,272,700	142,800,200	143,919,800	144,621,100	145,297,900		
Small Business/Self Employed	41,120,730	42,100,100	43,051,700	44,085,000	45,153,500	46,208,400	47,185,300	48,084,900	48,961,500		
Wage and Investment	96,319,626	110,047,400	96,899,000	96,526,800	96,119,200	96,591,800	96,734,500	96,536,200	96,336,400		
Corporation Income Tax, Total	6,572,839	6,782,500	6,983,700	7,185,900	7,388,100	7,583,900	7,777,700	7,970,800	8,163,100		
Small Business/Self Employed	6,453,400	6,662,400	6,859,100	7,057,100	7,255,200	7,447,200	7,637,200	7,826,600	8,015,200		
Large and Mid-Sized Business	109,346	109,900	114,400	118,500	122,400	126,200	129,900	133,500	137,100		
Tax Exempt/Government Entities	10,093	10,200	10,300	10,400	10,400	10,500	10,600	10,700	10,800		
Partnership Returns	3,096,964	3,314,800	3,521,300	3,724,900	3,925,600	4,107,700	4,281,900	4,452,000	4,618,000		
Small Business/Self Employed	2,988,759	3,191,200	3,382,500	3,570,900	3,756,500	3,923,500	4,082,700	4,237,600	4,388,500		
Large and Mid-Sized Business	107,857	123,300	138,400	153,500	168,600	183,700	198,800	213,900	229,000		
Tax Exempt/Government Entities	348	400	400	400	400	500	500	500	500		
Employment Tax, Total	30,709,197	30,636,600	30,656,600	30,827,100	31,046,600	31,209,200	31,326,600	31,440,700	31,577,600		
Small Business/Self Employed	28,110,677	28,044,500	28,063,000	28,220,400	28,423,400	28,574,500	28,683,400	28,788,700	28,914,500		
Large and Mid-Sized Business	651,565	647,400	645,100	646,700	649,700	652,400	654,300	656,300	659,000		
Tax Exempt/Government Entities	1,946,955	1,944,700	1,948,500	1,960,000	1,973,500	1,982,300	1,988,900	1,995,600	2,004,100		
Excise, Total	907,165	881,200	896,900	904,300	920,300	934,500	946,400	957,600	968,300		
Small Business/Self Employed	813,585	790,900	807,200	815,400	831,600	846,200	858,400	869,800	880,600		
Large and Mid-Sized Business	58,513	57,100	57,200	57,100	57,400	57,700	57,900	58,100	58,300		
Tax Exempt/Government Entities	35,067	33,300	32,500	31,800	31,200	30,700	30,200	29,800	29,400		
Exempt Organization, Total	898,196	1,074,100	1,089,600	1,113,500	1,083,800	1,110,600	1,166,900	1,240,700	1,303,600		
Tax Exempt/Government Entities	898,196	1,074,100	1,089,600	1,113,500	1,083,800	1,110,600	1,166,900	1,240,700	1,303,600		
Employee Plans, Forms 5500 and 5500EZ	1,182,082	972,000	919,800	919,800	919,800	919,800	919,800	919,800	919,800		
Tax Exempt/Government Entities	1,182,082	972,000	919,800	919,800	919,800	919,800	919,800	919,800	919,800		

Notes:  
 Projections of Employee Plans returns are based on the 208-18-01 Report; the 2007 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 2007 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
<b>Grand Total - Selected Returns *</b>	237,383					
MAPE		3.46%	3.09%	5.61%	7.73%	8.37%
Number of Overprojections		2	4	4	4	4
<b>Grand Total - Paper</b>	146,538					
MAPE		5.29%	4.93%	8.61%	14.03%	19.05%
Number of Overprojections		2	3	4	4	4
<b>Grand Total - E-file/ Mag Tape</b>	89,174					
MAPE		2.33%	2.11%	5.63%	7.83%	14.61%
Number of Overprojections		2	1	2	2	0
<b>Total Primary - Selected Returns *</b>	217,161					
MAPE		1.66%	3.24%	5.70%	7.98%	8.57%
Number of Overprojections		2	3	4	4	4
<b>Primary Total - Paper</b>	129,388					
MAPE		2.48%	5.70%	8.70%	14.97%	20.29%
Number of Overprojections		2	3	4	4	4
<b>Primary Total - E-file/ Mag Tape</b>	87,774					
MAPE		2.03%	1.93%	5.57%	7.51%	14.28%
Number of Overprojections		2	1	2	2	0
<b>Individual Total</b>	138,471					
MAPE		0.47%	1.67%	2.70%	3.20%	2.83%
Number of Overprojections		2	3	4	4	4
<b>Individual Total - Paper</b>	57,863					
MAPE		1.79%	5.72%	7.90%	13.96%	21.15%
Number of Overprojections		3	3	3	4	4
<b>Individual Total - E-file</b>	79,862					
MAPE		1.78%	2.78%	5.59%	8.66%	16.97%
Number of Overprojections		2	1	2	1	0
<b>Individual Estimated Tax</b>	30,897					
MAPE		8.20%	18.15%	29.77%	42.98%	47.83%
Number of Overprojections		2	3	4	4	4
<b>Fiduciary Total</b>	3,730					
MAPE		2.70%	3.85%	4.76%	5.30%	5.73%
Number of Overprojections		4	4	4	4	3
<b>Partnership Total</b>	3,147					
MAPE		2.53%	4.09%	7.04%	7.51%	7.47%
Number of Overprojections		0	0	1	1	1
<b>Corporation Total</b>	6,620					
MAPE		1.28%	1.48%	2.57%	3.98%	4.08%
Number of Overprojections		2	2	2	1	2
<b>Employment Total</b>	30,395					
MAPE		3.58%	2.28%	2.52%	2.86%	2.42%
Number of Overprojections		0	1	1	0	1
<b>Exempt Organization Total</b>	877					
MAPE		4.07%	2.86%	3.03%	6.78%	7.08%
Number of Overprojections		2	1	3	3	2
<b>Excise Total</b>	895					
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 2007 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 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. Table 1 excludes Form 1040-EZ-T return counts of approximately 691,000 returns for FY 2007. We do not expect any more than a few hundred 1040-EZ-T returns to be filed in the projected years.

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. See the above table notes for discussion of 1040-EZ-T return volumes.
- The “Forms 1040, 1040-A, and 1040-EZ” line item includes the additional Form 1040 filings due primarily to the “Economic Stimulus Act of 2008.”
- 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 2008. 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 and CT-1. CT-2 is excluded since the return counts were only available on Non-Master File. There were about 200 CT-2 returns filed in FY 2007.
- “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, 5500EZ and 5500SF (starting from CY2010) 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>
<b><i>Calendar Year Return Projections for the United States and IRS Campuses</i></b>	6186	Fall
<b><i>Calendar Year Projections of Individual Returns by Major Processing Categories</i></b>	6187	Spring Fall
<b><i>Calendar Year Projections of Information and Withholding Documents for the United States And IRS Campuses</i></b>	6961	Summer
<b><i>Calendar Year Return Projections by State</i></b>	6149	Winter

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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

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



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