

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

by Brett Collins

Projections of tax return filings prepared by the Internal Revenue Service (IRS) research staff show that a grand total of 238 million tax returns are expected to be filed with the IRS during Calendar Year (CY) 2010. This number represents a decrease of 1 percent from the estimated CY 2009 filings of 240.4 million returns. The primary cause of the continuing decrease in total returns from 2009 to 2010 is the residual effect of the Economic Stimulus Act of 2008. In February 2008, the stimulus program was signed into law, and, as a result, the national level of Forms 1040, 1040A, and 1040EZ returns increased by an estimated 14.4 million returns above baseline projections in CY 2008. Adjusting for some spillover effects of the Economic Stimulus Act, the projected total volume decreases back to its historical trend at the national level in 2009 and 2010.

This decrease in return counts also reflects the expected recessionary period in the U.S. economy and its implications for tax return volumes. Historically, recessionary periods are correlated with increases in unemployment and corresponding decreases in taxable income. This reduction in income can be expected to reduce overall individual tax return filings, as the projections indicate.

After CY 2010, grand total return filings are projected to grow at a more common average annual rate of 1.1 percent and are expected to reach 253.6 million returns by 2016. The average rate of growth is derived mainly by projected trends for the major return categories that comprise grand total filings, including individual income tax returns and business tax returns like employment tax returns, corporation tax returns, partnership returns, and estate tax returns.

In addition, projections for total electronic returns continue to show a steady increase over the forecast horizon. This growth of electronic filing furthers IRS's strategic goal to improve taxpayer service. For example, according to the most recent forecast, total individual electronic returns are esti-

mated to be 66 percent of all individual income tax returns filed in 2009 and are projected to constitute 79 percent of all returns in 2016.

Trend in Grand Total Returns

Table 1 shows the most current forecasts for major form types for Calendar Years 2009 to 2016. In preparing these forecasts, partial-year data through late summer 2009 were used to derive estimates for the year. Various elements that may affect IRS workload are carefully considered during the estimation process. These include economic and demographic trends, recent filing patterns, enacted legislation, and administrative changes. The total number of returns filed consists of two filing mediums—paper and electronic. The “grand total” category includes a wide variety of tax forms like individual, fiduciary, corporation, employment, partnership, exempt organization, Government entity, political organization, estate, gift, excise, estimated tax vouchers, and other forms as described in Table 1.

“Total primary returns” include the three major tax return categories that represent the bulk of forms processed by IRS submissions processing operations. Individual income tax returns generate 59 percent of the grand total. Employment tax returns generate 12.7 percent, and individual estimated tax payment vouchers generate 12.1 percent. In 2008, these three categories constituted approximately 84.9 percent of total return filings.

Figure A presents a list of the growth rates of selected tax return form types from 2009 to 2010 and the average annual change over the period from 2010 to 2016. In CY 2010, approximately 238 million returns are projected to be filed. This is a 1-percent decrease over the estimated 2009 filings of 240.4 million. The decrease in the grand total is reflected in the 5.2-percent decrease in paper filings, from 131.6 million returns in 2009 to 124.7 million returns in 2010.

Figure A also shows an average annual growth rate over the period 2010–2016. The grand total's average annual growth rate is expected to be 1.1 percent, reaching 253.6 million returns in 2016. Over this forecast horizon, this growth rate in grand

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¹ Most of the values in Table 1 are reported in Calendar Year Return Projections for the United States and IRS Campuses: 2008–2016, IRS Document 6186, October 2009, National Headquarters Office of Research, Analysis, and Statistics, Internal Revenue Service, U.S. Department of the Treasury.

² Throughout the year, the Forecasting and Data Analysis group (FDA) under IRS National Headquarters Office of Research publishes forecasts of a large number of tax return filings and other IRS workload categories. These projections provide a foundation for IRS workload estimates/resource requirements contained in budget submissions and also help with other major IRS planning and analysis efforts.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

Statistics of Income Bulletin | Winter 2010

Figure A

Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2009-2016

Type of return	Estimated 2009	Projected 2010	Percentage increase over 2009	Projected 2016	Average annual percentage increase 2010-2016
	(1)	(2)	(3)	(4)	(5)
Grand total	240,415,900	238,017,200	-1.0	253,644,400	1.1
Paper grand total	131,558,000	124,657,000	-5.2	114,725,400	-1.4
Electronic grand total	108,857,900	113,360,200	4.1	138,919,000	3.4
Individual, total	141,841,400	139,485,000	-1.7	149,562,200	1.2
Forms 1040, 1040A, and 1040EZ	140,881,400	138,492,900	-1.7	148,377,700	1.2
Total individual paper returns	46,642,300	41,042,700	-12.0	30,899,500	-4.6
Form 1040	31,447,800	27,010,400	-14.1	20,303,600	-4.6
Form 1040A	8,052,300	7,787,400	-3.3	6,304,400	-3.5
Form 1040EZ	7,142,200	6,244,900	-12.6	4,291,400	-6.1
Total individual electronic returns	94,239,100	97,450,200	3.4	117,478,200	3.2
Online filing	31,900,300	33,285,500	4.3	38,314,500	2.4
Practitioner electronic filing	62,338,800	64,164,700	2.9	79,163,700	3.6
Form 1040NR/NR-EZ/C/EZ-T	700,500	726,600	3.7	882,800	3.3
Forms 1040PR and 1040SS	259,500	265,500	2.3	301,700	2.2
Individual estimated tax, Form 1040-ES, total	29,136,500	28,603,200	-1.8	27,676,400	-0.5
Form 1040-ES, paper	29,039,000	28,504,900	-1.8	27,538,600	-0.6
Form 1040-ES, electronic (credit card)	97,500	98,300	0.8	137,800	5.8
Partnership, Forms 1065/1065B, total	3,433,800	3,776,900	10.0	4,740,200	3.9
Paper partnership returns	2,481,700	2,636,000	6.2	3,073,400	2.6
Electronic partnership returns	952,100	1,140,900	19.8	1,666,800	6.5
Corporation, total	6,990,700	7,004,800	0.2	8,050,900	2.3
Paper corporation returns, total	5,281,100	4,927,700	-6.7	4,819,000	-0.4
Electronic corporation returns, total	1,709,600	2,077,100	21.5	3,231,900	7.6
Form 1120 and 1120-A total	2,172,900	2,145,700	-1.3	2,100,800	-0.4
Form 1120/1120-A electronic	447,300	561,500	25.5	810,100	6.3
Form 1120F, total	32,600	32,300	-0.9	35,500	1.6
Form 1120F electronic	900	2,300	155.6	10,400	28.6
Form 1120FSC, total	400	300	-25.0	100	-16.7
Form 1120H, total	231,400	226,700	-2.0	258,700	2.2
Form 1120RIC, total	12,800	12,700	-0.8	13,600	1.1
Form 1120S, total	4,517,500	4,561,100	1.0	5,601,100	3.5
Form 1120S, electronic	1,261,500	1,513,300	20.0	2,411,400	8.1
Forms 1120L/ND/PC/REIT/SF, total	14,500	14,400	-0.7	15,900	1.7
Form 1120C, total	8,700	11,600	33.3	25,100	13.7
Employment, total	30,622,100	30,797,600	0.6	31,697,500	0.5
Paper employment returns	23,637,400	23,689,600	0.2	23,993,600	0.2
Electronic employment returns	6,984,800	7,108,000	1.8	7,703,900	1.4
Forms 940, 940EZ, and 940PR, total	6,073,600	6,101,900	0.5	6,421,100	0.9
Forms 940, 940EZ, and 940PR, paper	4,800,200	4,776,800	-0.5	4,807,600	0.1
Form 940, e-file/online/XML	1,273,400	1,325,100	4.1	1,613,500	3.3
Forms 941, 941PR/SS/E, total	23,813,700	23,873,200	0.2	24,365,100	0.3
Forms 941, 941PR/SS/E, paper	18,117,800	18,110,100	0.0	18,301,800	0.2
Form 941, e-file/online/XML	5,695,900	5,763,100	1.2	6,063,300	0.8
Forms 943, 943PR and 943SS	231,500	228,600	-1.3	214,400	-1.1
Form 944, total	388,800	486,700	25.2	606,100	3.7
Form 944 paper	373,400	466,800	25.0	579,000	3.7
Form 944 e-file	15,500	19,800	27.7	27,100	5.4
Form 945	112,600	105,500	-6.3	88,800	-2.8
Form CT-1	1,900	1,800	-5.3	1,900	0.9
Exempt organization, total	1,210,600	1,254,200	3.6	1,303,600	0.6
Paper exempt organization, total	842,300	833,500	-1.0	754,200	-1.7
Electronic exempt organization, total	368,300	420,700	14.2	549,400	4.5
Form 990, total	389,400	398,800	2.4	455,200	2.2

Footnotes at end of figure.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

Statistics of Income Bulletin | Winter 2010

Figure A—Continued

Projected Increase (Decrease) in Selected Tax Return Filings: Calendar Years 2009-2016—Continued

Type of return	Estimated 2009	Projected 2010	Percentage increase over 2009	Projected 2016	Average annual percentage increase 2010-2016
	(1)	(2)	(3)	(4)	(5)
Exempt organization total--continued					
Form 990, electronic	59,700	85,900	43.9	173,200	12.4
Form 990EZ, total	217,600	234,600	7.8	169,400	-5.3
Form 990EZ, electronic	24,800	34,100	37.5	37,600	1.6
Form 990-N	274,500	285,500	4.0	307,500	1.2
Form 990PF	98,300	101,300	3.1	119,100	2.7
Form 990PF, electronic	9,300	15,200	63.4	31,100	12.7
Form 990T	96,200	99,200	3.1	117,000	2.8
Form 4720	2,600	2,700	3.8	3,000	1.8
Form 5227	132,000	132,100	0.1	132,400	0.0
Supplemental documents, total	21,449,700	21,373,100	-0.4	24,739,000	2.5
Form 1040X, total	5,082,900	4,957,100	-2.5	5,788,800	2.6
Form 4868, total	9,671,600	9,677,100	0.1	11,635,000	3.1
Form 4868, paper	7,614,700	7,347,800	-3.5	7,204,000	-0.3
Form 4868, electronic	2,056,900	2,329,300	13.2	4,431,000	11.3
Credit card	69,600	73,900	6.2	100,300	5.2
E-file	1,987,300	2,255,400	13.5	4,330,700	11.5
Form 1120X	3,700	4,100	10.8	6,100	6.8
Form 5558	455,900	461,100	1.1	490,400	1.0
Form 7004, total	5,665,900	5,677,500	0.2	6,201,600	1.5
Form 7004, electronic	1,567,800	1,807,800	15.3	2,362,200	4.6
Form 8868, total	569,700	596,200	4.7	617,100	0.6
Form 8868, electronic	75,900	98,900	30.3	222,900	14.5

NOTES: For form and category definitions, see the text discussion and the footnotes to Table 1, at the end of this article. Detail may not add to total due to rounding.

total return filings represents a general shift among taxpayers from paper filing to electronic filing. According to current trends, paper filings are expected to continue declining by an average annual rate of 1.4 percent to a total of 114.7 million paper returns by 2016. Meanwhile, electronic filings (“e-filed” returns) are expected to increase at an average rate of 3.4 percent, reaching 138.9 million returns in 2016.

Impact of Stimulus Measures on the Grand Total

Economic Stimulus Act of 2008

In an effort to stimulate the U.S. economy, the Economic Stimulus Act of 2008 was signed into law in February 2008. The law provides tax rebates to qualifying low- and middle-income taxpayers. An estimated 130 million households are expected to have received the economic stimulus payment during Processing Year 2008. Eligible taxpayers triggered

rebates by filing a Tax Year (TY) 2007 individual income tax return. Eligibility requirements mainly consist of having a valid Social Security number and either an income tax liability or qualifying income of at least \$3,000. Qualifying income includes earned income and certain benefits from Social Security, Veterans Affairs, and/or Railroad Retirement. Eligible individuals can claim the economic stimulus payment by filing a federal income tax return for TY 2007. As a result, the level of Forms 1040, 1040A, and 1040EZ, including electronically filed returns, is estimated to have increased by around 14.4 million returns above its baseline to 154.7 million returns in 2008. The CY 2009 estimate of 141.8 million presented in the tables contains adjustments for residual spillover effects of the stimulus program as those individuals not eligible or who have not participated still have an opportunity to claim the tax credit in 2009, as well as some longer-term spillover effects on EITC participants and corresponding requisite filing among otherwise nonfiling taxpayers.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

Statistics of Income Bulletin | Winter 2010

American Recovery and Reinvestment Act of 2009

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) of 2009 was signed into law. The \$787-billion plan was more than five times the cost of the prior year's Economic Stimulus Act of 2008 and included various tax relief measures, as well as new Federal spending. The forecast for CY 2009 includes an adjustment to reflect the estimated net impact of the downturn and the Federal response, resulting in a slight marginal projected decrease in the number of Forms 1040, 1040A, and 1040-EZ filed in the near term.

First-Time Homebuyer Credit

The American Recovery and Reinvestment Act (ARRA) of 2009 includes expanded benefits for first-time homebuyers. The Housing and Economic Recovery Act of 2008 established a tax credit worth up to \$7,500 to be repaid in the future. Under the ARRA, the credit amount, for homes purchased in 2009 before December 1, is \$8,000, and the credit does not have to be paid back as long as the home remains the taxpayer's primary residence for at least 3 years. Furthermore, first-time homebuyers can claim the credit on either a 2008 tax return or a 2009 tax return. If the home is purchased between April 16, 2009, and November 30, 2009, the taxpayer can still claim the credit on a 2008 tax return by requesting an extension of time to file (Form 4868) before the April 15 deadline or by filing an amended return (Form 1040-X). The projections in Table 1 include adjustments to account for the anticipated additional volumes expected in 2009, as well as some spillover volumes in 2010.

Changes to Forms 990, 990-N, and 5500SF and Their Impact on Grand Total

Form 990 and New Form 990-N

IRS has revised the requirement to file the Form 990 series starting from TY 2008 over a 3-year period. Filers will be allowed to file Form 990-EZ instead of Form 990. For Tax Year 2008 (returns filed in 2009), organizations with gross receipts less than \$1.0 million and total assets less than \$2.5 million may file Form 990-EZ. For Tax Year 2009 (returns filed in 2010), organizations with gross receipts less than

\$500,000 and total assets less than \$1.25 million may file Form 990-EZ. 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 Tax Year 2010.

Table 1 shows a total of 423,358 Form 990 returns (*Return of Organization Exempt From Income Tax*) filed in 2008. In 2009, this total is expected to decline to 389,400 returns, a reduction of approximately 34,000 returns. However, Form 990-EZ filers (*Short Form Return of Organization Exempt From Income Tax*) are expected to file 217,600 returns in 2009, up by over 46,000 from 171,342 Form 990EZs filed in 2008.

Beginning in CY 2008, the Pension Protection Act of 2006 requires that small organizations with gross receipts of less than \$25,000 file the new Form 990-N, also known as the "e-Postcard," on an annual basis. If any organization meeting these requirements fails to file Form 990-N for 3 consecutive years, its tax-exempt status will be revoked. Form 990-N can only be filed electronically.

New Form 5500-SF

The Form 5500 series comprises multiagency information returns filed to satisfy reporting requirements to IRS, the Department of Labor (DOL), and the Pension Benefit Guaranty Corporation. The Form 5500 series has been processed by the Department of Labor since CY 2000. However, DOL is creating a system to support the electronic filing mandate for Form 5500 returns satisfying reporting requirements under Title I of ERISA. Since some of the needed IRS data fall outside the scope of Title I, IRS will regain responsibility for processing portions of the Form 5500 data beginning January 1, 2010.

As part of revisions to the 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 percent 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. Form 5500-SF must be filed electronically from Plan Year 2009.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

Statistics of Income Bulletin | Winter 2010

Trend in Individual Tax Returns

“Individual, Total” returns include paper and electronic portions of the major individual tax returns. These are Forms 1040 and 1040-A, *U.S. Individual Income Tax Return*; 1040EZ, *Income Tax Return for Single and Joint Filers with No Dependents*; Form 1040NR, *U.S. Non-Resident Alien Income Tax Return*; Form 1040-PR, *Planilla para la Declaracion de la Contribucion Federal Sobre El Trabajo Por Cuenta Propia—Puerto Rico*; and Form 1040-SS, *U.S. Self-Employment Tax Return*. This category excludes Form 1040X, *Amended U.S. Individual Income Tax Return*, which is included under the “supplemental documents” heading.

The “individual, total” category constitutes the majority volume of tax return filings and is expected to fall to 141.8 million returns in 2009, from 154.7 million in 2008, as the impact of the Economic Stimulus Act of 2008 rapidly fades. Some residual spillover effect of the stimulus program is expected in 2009, resulting in a projected 2009 volume that remains slightly above the historical baseline.

After 2009, the “individual, total” series is expected to grow at an average annual rate of 1.2 percent through 2016. This projected growth is tied mainly to the expected increase in U.S. employment over the same period. At this rate, the projected number of total individual returns filed will be 149.6 million by 2016.

Trend in Individual Estimated Tax Returns

Form 1040-ES, *U.S. Estimated Tax for Individuals*, is used by individual taxpayers who need to make advance tax payments. Such filers are typically those who expect their tax withholdings to be less than 90 percent of their Federal tax liabilities for the year due to additional income, such as earnings from self-employment, interest, dividends, rents, and alimony. Individual taxpayers who make estimated tax payments often file more than one voucher (Form 1040-ES) during the course of the year, usually one per quarter.

Form 1040-ES represents the third largest share of the 2009 grand total. Form 1040-ES filings are expected to continue declining from 2009-2016, following a large (5.4 percent) drop in 2008. In 2009, approximately 29.1 million individual estimated tax vouchers are expected to be filed, a decrease of 0.3 percent from the 29.2 million vouchers filed in 2008. A total of 27.7 million returns are projected to be

filed in 2016, implying an average annual growth rate of -0.5 percent from 2009 to 2016.

Trend in Business and other Tax Returns

Employment Tax Returns

Paper and electronic versions of several business-related tax forms fall under the heading of “Employment, Total” returns. These forms include: the Form 940 series, *Employer’s Annual Federal Unemployment (FUTA) Tax Return*; the Form 941 series, *Employer’s Quarterly Federal Tax Return*; the Form 943 series, *Employer’s Annual Federal Tax Return for Agricultural Employees*; Form 944, *Employer’s Annual Federal Tax Return* (an annualized version of Form 941); Form 945, *Annual Return of Withheld Federal Income Tax*; and Form CT-1, *Employer’s Annual Railroad Tax Return*.

In 2009, employment tax returns constitute the second largest share of the grand total. After a 0.5 percent drop in 2008, when the interplay between the introduction of the annual Form 944 and the scaling back of the quarterly Form 941 lowered overall filings, the projected annual rate of growth for employment forms from 2010-2016 is a more typical 0.5 percent. The projected filings of Forms 940 and 941 comprise the bulk of employment tax return volume. Their projected growth over the 2009-2016 forecast period is tied mainly to expected trends in U.S. employment and real gross domestic product.

Corporation Tax Returns

Corporation income tax returns include a number of form types. The vast majority of these returns are filed on Form 1120, *U.S. Corporation Income Tax Return*; Form 1120A, *U.S. Corporation Short-Form Income Tax Return*; or Form 1120S, *U.S. Income Tax Return for an S Corporation* (returns filed by qualifying corporations electing to be taxed through shareholders). The remainder of corporation income tax returns are filed by entities like homeowners’ associations (Form 1120H); foreign corporations (Form 1120F); and real estate investment trusts (Form 1120REIT), among others. Amended returns (Form 1120X) are not included under corporation income tax returns, but are instead listed under “supplemental documents.” In CY 2009, the projected number of corporation returns filed is 7 million. This is a 1.8-percent increase over CY 2008. It is expected

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

Statistics of Income Bulletin | Winter 2010

that these returns will continue to grow over the forecast horizon, reaching 8.1 million returns by CY 2016, as shown in Table 1.

Partnership Returns

Form 1065, *U.S. Partnership Return of Income*, is filed by a partnership to report income, deductions, tax credits, or losses. The projected number of these returns to have filed in CY 2009 is 3.4 million. This number, an increase of 2.5 percent over CY 2008, is projected to continue to grow at an average rate of 3.9 percent per year, reaching 4.7 million by CY 2016. Form 1065B, *U.S. Large Partnership Return of Income*, is also included in partnership returns. This form was introduced in CY 1999, and a relatively small number of Form 1065B returns have been filed to date.

Estate Tax Returns

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. Under the prior law, the estate tax exclusion amount would have risen to \$1 million. Estimates developed in the projections reflect the provisions of EGTRRA.

Trends in Electronic Filing (e-file)

Individual Returns

As Table 1 indicates, 89.8 million individual income tax returns were filed electronically in 2008, and 94.2 million electronic returns are estimated to have been filed in 2009, a 5-percent increase. The projection for 2010 is 97.5 million returns, which also represent a substantial 3.4-percent growth rate. From 2010 through 2016, the growth rate of individual e-filed returns is expected to stabilize at an average annual rate of 3.2 percent, resulting in a total of 117.5 million e-filed returns in 2016.

The projected e-file pattern for individual returns in 2008-2011 is a stronger growth in the initial forecast years followed by a somewhat dampened growth in the later years. This is the typical growth pattern

for technology adoption and diffusion. Projected growth in e-file is much steeper than the overall growth in total individual return filings, and, under current trends, roughly 78.5-percent of individual income tax returns are projected to be filed electronically by 2016.

As reported in Table 1, “Total Individual Electronic Returns” are made up of two e-file categories: i) online filing and ii) practitioner e-file. Online filing enables taxpayers to use a computer, tax preparation software, or the Internet to file their returns. Online filing includes the “Free File” option, which is accessible from the IRS Web site and involves a public-private partnership between IRS and the Free File Alliance, a consortium of tax preparation software companies. In the case of practitioner electronic filing, taxpayers use a paid preparer to prepare and file their tax returns electronically.

Within the e-file categories, about 26.9 million people utilized online filing in 2008. That number is estimated to grow to 31.9 million in 2009, an 18.6-percent increase. A key driver of this increase is the elimination of electronic filing fees by certain tax preparation software companies, two of which announced that their respective desktop tax preparation software products would include free Federal e-filing beginning in September 2008, eliminating additional fees for electronically filing initial Federal tax returns. In addition to increasing growth in online filed returns, this development is also expected to contribute to a stronger drop in the number of computer-generated paper returns in 2009. Meanwhile, practitioners are expected to have filed 62.3 million returns electronically in 2009, down 0.9 percent from 62.9 million returns filed in 2008.

Various initiatives further encourage the growth of individual electronic filing. One is the IRS “e-services” program. This program is open to professional tax preparers who e-filed five or more accepted individual or business returns during a filing season. The program provides a suite of Web-based products that allow tax professionals to conduct business with the IRS electronically. These products include disclosure authorization, electronic account resolution, and a transcript delivery system. Authorized agents who submit (any of six) information returns subject to backup withholding can also make use of TIN (Taxpayer Identification Number) matching with e-services.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

Statistics of Income Bulletin | Winter 2010

Business Returns

IRS also continues to enhance its business e-file programs under the Modernized e-File (MeF) platform. Most of the common business tax forms are now available for e-file either through MeF or other electronic filing systems. This includes fiduciary (Form 1041), partnership (Form 1065), corporation (Forms 1120, 1120S), employment (Forms 940, 941, and 944), and tax-exempt (Forms 990, 990-EZ, 990-PF, and 990-N) returns.

Department of the Treasury regulations issued in 2005 mandate electronic filing of Federal returns for some large corporations and tax-exempt organizations whose assets exceed certain dollar thresholds. However, these e-file mandates only apply to those corporations and tax-exempt entities that file at least 250 other returns with IRS during a calendar year, such as employment returns, excise tax returns, and information reporting documents, such as Forms W-2, 1099-DIV, and Schedules K-1. The e-file mandates require corporations with gross assets of at least \$50 million to e-file their Forms 1120 or 1120S returns beginning in Calendar Year 2006. Beginning in 2007, this e-file requirement expanded to corporations with at least \$10 million in gross assets.

Figure A shows that 447,300 Form 1120 and 1.3 million Form 1120S returns are estimated to have e-filed in 2009. Assuming growth patterns typical of innovative technology-based products, the forecast for 2010 is 561,500 for the former and 1.5 million for the latter. These represent increases of 25.5 percent for Form 1120 and 20 percent for Form 1120S. In subsequent years, e-filed Forms 1120/1120S are both expected to continue to grow rapidly, reaching 810,100 Form 1120 returns and over 2.4 million Form 1120S returns filed electronically in 2016.

Tax-exempt organizations with \$10 million or more in total assets were also required to file Form 990 electronically beginning in 2007. Private foundations and charitable trusts were also impacted by changes in 2007, when they were required to file Form 990-PF, *Return of Private Foundation*, electronically, regardless of asset size. With the scope of the 2007 mandate limited to only those organizations filing at least 250 other tax returns, however, only a relatively small number of tax-exempt filers have been affected (an estimated 10,000 were covered by the mandate in 2007). The new Form 990-N

also debuted in 2008, increasing the modest e-filing percentage for exempt organization category by a noticeable amount.

As indicated in Table 1, over 287,000 Forms 990, 990EZ, 990N, and 990-PF returns were filed electronically in 2008. With the help of the 2007 mandates and the new all-electronic Form 990-N, tax-exempt e-file returns are expected to have increased to over 368,000 in 2009, building on the dramatic increase in e-file rates for these forms seen in 2008. In the longer term, over 549,000 exempt organization tax returns are expected to be filed electronically by 2016.

In 2009, nearly 7 million employment returns are projected to be filed electronically. According to the most current forecasts, the number of e-filed returns is expected to demonstrate a steady growth pattern, and the total number of e-filed employment returns (i.e., Forms 940, 941, and 944) should approach 7.7 million by 2016, growing at an average annual rate of 1.4 percent over the next 6 years.

Data Sources

The reported actual volumes of returns filed in Calendar Year 2008 by form type and filing medium are based primarily on filings as recorded on the IRS master files. With a few exceptions, these volumes correspond with the fiscal-year volumes reported in the Internal Revenue Service *Data Book* (Publication 55B). However, master file counts were not available in a few instances. In these cases, tallies of actual filings were provided by program staff in the IRS operating divisions, typically from data capture systems located in the IRS processing campuses. For Calendar Year 2009, master file data through August were generally available. The partial-year data were extrapolated in order to generate estimates for Calendar Year 2009.

Projection Methodology

Each major form type is forecasted separately using either a time series or a linear regression model. Time series models use historical data for a form type to make predictions based on the patterns exhibited by the data. Some of the most common time series models used were several types of trended exponential smoothing and lower order Box-Jenkins ARIMA models. These models were applied for such re-

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

Statistics of Income Bulletin | Winter 2010

turn series as corporation (Forms 1120, 1120A, and 1120S), partnership (Form 1065), and excise (Forms 720, 730, and 2290) tax returns.

In other instances, models based on linear regression analysis were used with independent (“predictor”) variables like gross domestic product and employment. For these models, forecasts of the independent variables were provided by Global Insight, Inc. For example, linear regression models incorporating economic and demographic variables were used to project the individual income tax return series and employment Forms 940 and 941.

Legislative and administrative changes approved for future implementation and not captured in the

statistical models are also factored into tax return forecasts as “off-model adjustments.” This was the case in developing projections for the new exempt organization Form 990-N. Analysis of the impact of similar events in the past and input from subject matter experts are used to develop these “off-model adjustments.” However, such adjustments are made only for enacted tax law changes and confirmed (or reasonably certain) administrative plans and exclude initiatives that are simply under consideration. This is particularly true of e-filed returns. As a result, the e-file forecasts presented in this article are not IRS goals, and should not be interpreted as precluding an alternative e-file future.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

Statistics of Income Bulletin | Winter 2010

Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2009–2016

Type of return	Actual 2008	Estimated [1] 2009	Projected						
			2010	2011	2012	2013	2014	2015	2016
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Grand total [2]	252,537,925	240,415,900	238,017,200	239,234,600	242,274,200	245,703,900	248,792,000	251,378,000	253,644,400
Paper grand total	150,306,315	131,558,000	124,657,000	121,057,000	118,851,400	117,533,500	116,517,300	115,484,800	114,725,400
Electronic grand total	102,231,610	108,857,900	113,360,200	118,177,600	123,422,800	128,170,400	132,274,800	135,893,200	138,919,000
Total primary returns [3]	231,728,688	218,966,200	216,644,000	217,363,400	219,705,700	222,475,500	225,018,700	227,113,000	228,905,500
Individual, total [4]	154,709,342	141,841,400	139,485,000	140,149,200	141,960,600	144,256,500	146,380,400	148,086,900	149,562,200
Forms 1040, 1040A, and 1040EZ [5]	153,832,040	140,881,400	138,492,900	139,125,100	140,904,400	143,168,200	145,260,100	146,934,600	148,377,700
Total individual paper returns	64,059,483	46,642,300	41,042,700	38,059,500	35,683,600	34,187,500	33,081,200	31,985,500	30,899,500
Form 1040	39,093,746	31,447,800	27,010,400	25,393,100	23,786,100	22,756,900	22,028,500	21,235,200	20,303,600
Form 1040A	15,939,026	8,052,300	7,787,400	7,137,800	6,856,500	6,691,700	6,550,200	6,383,000	6,304,400
Form 1040EZ	9,026,711	7,142,200	6,244,900	5,528,600	5,040,900	4,739,000	4,502,600	4,367,300	4,291,400
Total individual electronic returns	89,772,557	94,239,100	97,450,200	101,065,600	105,220,800	108,980,700	112,178,900	114,949,100	117,478,200
Online filing	26,894,530	31,900,300	33,285,500	34,724,200	35,824,000	36,788,400	37,493,500	37,931,800	38,314,500
Practitioner electronic filing	62,878,027	62,338,800	64,164,700	66,341,300	69,396,800	72,192,300	74,685,400	77,017,300	79,163,700
Form 1040NR/NR-EZ/C/EZ-T	642,569	700,500	726,600	752,600	778,600	804,700	830,700	856,700	882,800
Forms 1040PR and 1040SS	234,733	259,500	265,500	271,500	277,600	283,600	289,600	295,600	301,700
Individual estimated tax, Form 1040-ES, total	29,218,011	29,136,500	28,603,200	28,193,300	28,126,800	28,047,000	27,941,200	27,819,100	27,676,400
Form 1040-ES, paper	29,121,190	29,039,000	28,504,900	28,091,100	28,017,200	27,930,100	27,817,100	27,688,100	27,538,600
Form 1040-ES, electronic (credit card)	96,821	97,500	98,300	102,300	109,600	116,900	124,000	131,000	137,800
Fiduciary (Form 1041), total	3,110,569	3,124,200	3,134,300	3,144,300	3,154,400	3,164,400	3,174,500	3,184,500	3,194,500
Paper fiduciary returns	2,354,985	2,353,700	2,351,000	2,348,300	2,345,700	2,343,000	2,340,300	2,337,600	2,334,900
Electronic fiduciary returns	755,584	770,500	783,300	796,000	808,700	821,400	834,200	846,900	859,600
Fiduciary estimated tax, Form 1041-ES	928,532	712,200	712,200	712,200	712,200	712,200	712,200	712,200	712,200
Partnership, Forms 1065/1065B, total	3,348,845	3,433,800	3,776,900	3,977,600	4,138,400	4,299,100	4,459,600	4,620,000	4,740,200
Paper partnership returns	2,653,445	2,481,700	2,636,000	2,685,900	2,740,400	2,816,100	2,904,400	3,000,000	3,073,400
Electronic partnership returns	695,400	952,100	1,140,900	1,291,700	1,398,000	1,483,000	1,555,200	1,620,000	1,666,800
Corporation, total	6,865,246	6,990,700	7,004,800	7,145,200	7,333,200	7,532,500	7,718,100	7,889,900	8,050,900
Paper corporation returns	5,595,892	5,281,100	4,927,700	4,734,900	4,653,700	4,649,900	4,688,500	4,750,600	4,819,000
Electronic corporation returns	1,269,354	1,709,600	2,077,100	2,410,300	2,679,600	2,882,600	3,029,600	3,139,300	3,231,900
Form 1120 and 1120-A total [6]	2,185,188	2,172,900	2,145,700	2,137,400	2,129,700	2,122,300	2,115,100	2,108,000	2,100,800
Form 1120/1120-A electronic	336,779	447,300	561,500	659,000	726,700	767,500	789,400	800,100	810,100
Form 1120F, total	33,222	32,600	32,300	32,500	33,000	33,700	34,300	34,900	35,500
Form 1120F electronic	313	900	2,300	3,500	4,900	6,600	8,100	9,400	10,400
Form 1120FSC, total	479	400	300	300	200	200	200	200	100
Form 1120H, total	223,841	231,400	226,700	228,300	232,500	238,000	244,200	251,100	258,700
Form 1120RIC, total	12,404	12,800	12,700	12,700	12,900	13,100	13,300	13,400	13,600
Form 1120S, total	4,390,857	4,517,500	4,561,100	4,705,200	4,893,400	5,091,200	5,274,500	5,443,500	5,601,100
Form 1120S, electronic	932,262	1,261,500	1,513,300	1,747,700	1,948,000	2,108,600	2,232,000	2,329,800	2,411,400
Forms 1120L/ND/PC/REIT/SF, total	13,875	14,500	14,400	14,500	14,700	15,000	15,300	15,600	15,900
Form 1120C, total [7]	5,380	8,700	11,600	14,300	16,800	19,100	21,200	23,200	25,100
Small Corporation Election, Form 2553	475,602	444,600	424,300	406,300	390,500	376,600	364,600	354,300	345,800
"REMIC," Form 1066	33,771	29,200	30,700	33,200	36,000	38,800	41,400	43,800	46,200
Estate, Forms 706 and 706NA, total	48,274	43,700	23,400	10,000	86,900	107,100	113,700	119,400	125,000
Gift, Form 709	257,010	255,000	265,600	267,800	270,100	272,500	274,900	277,300	279,800
Employment, total [8]	30,502,853	30,622,100	30,797,600	30,976,800	31,136,200	31,279,300	31,418,000	31,559,400	31,697,500
Paper employment returns	24,146,682	23,637,400	23,689,600	23,744,500	23,791,800	23,834,400	23,880,800	23,935,500	23,993,600
Electronic employment returns	6,356,171	6,984,800	7,108,000	7,232,200	7,344,400	7,444,800	7,537,200	7,623,900	7,703,900
Forms 940, 940EZ, and 940PR, total	6,172,266	6,073,600	6,101,900	6,180,700	6,238,900	6,289,400	6,332,300	6,376,400	6,421,100
Forms 940, 940EZ, and 940PR, paper	4,990,901	4,800,200	4,776,800	4,795,700	4,800,700	4,802,300	4,800,600	4,802,600	4,807,600
Form 940, e-file/online/XML	1,181,365	1,273,400	1,325,100	1,385,000	1,438,200	1,487,100	1,531,700	1,573,800	1,613,500
Forms 941, 941PR/SS/E, total	23,508,192	23,813,700	23,873,200	23,947,500	24,027,300	24,103,500	24,187,600	24,276,900	24,365,100
Forms 941, 941PR/SS/E, paper	18,345,350	18,117,800	18,110,100	18,121,900	18,144,900	18,170,900	18,208,100	18,253,500	18,301,800
Form 941, e-file/online/XML	5,162,842	5,695,900	5,763,100	5,825,600	5,882,500	5,932,600	5,979,500	6,023,400	6,063,300
Forms 943, 943PR, and 943SS	249,067	231,500	228,600	225,800	223,100	220,700	218,400	216,300	214,400
Form 944, total	440,588	388,800	486,700	519,300	545,900	567,000	583,600	596,300	606,100
Form 944, paper	428,624	373,400	466,800	497,700	522,200	541,900	557,600	569,700	579,000
Form 944, e-file	11,964	15,500	19,800	21,600	23,700	25,100	26,000	26,700	27,100
Form 945	130,790	112,600	105,500	101,600	99,000	96,700	94,100	91,500	88,800
Form CT-1	1,950	1,900	1,800	1,900	1,900	1,900	1,900	1,900	1,900
Form 1042 [9]	33,647	35,100	36,500	36,500	37,200	37,800	38,600	39,400	40,200

Footnotes at end of table.

Projections of Federal Tax Return Filings: Calendar Years 2009–2016

Statistics of Income Bulletin | Winter 2010

Table 1. Total Number of Returns To Be Filed with the Internal Revenue Service: Calendar Years 2009-2016—Continued

Type of return	Actual 2008	Estimated [1] 2009	Projected						
			2010	2011	2012	2013	2014	2015	2016
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Exempt organization, total [10]	1,135,314	1,210,600	1,254,200	1,212,500	1,218,000	1,242,100	1,264,200	1,284,300	1,303,600
Paper exempt organization, total	848,082	842,300	833,500	751,100	736,300	742,100	746,900	750,800	754,200
Electronic exempt organization, total	287,232	368,300	420,700	461,400	481,700	500,000	517,300	533,500	549,400
Form 990, total	423,358	389,400	398,800	408,200	417,600	427,000	436,400	445,800	455,200
Form 990, electronic	53,093	59,700	85,900	118,500	130,500	141,300	151,800	162,400	173,200
Form 990EZ, total	171,342	217,600	234,600	169,900	154,600	159,600	163,600	166,800	169,400
Form 990EZ, electronic	11,037	24,800	34,100	29,800	29,600	31,500	33,700	35,700	37,600
Form 990-N [11]	216,872	274,500	285,500	293,200	298,500	302,200	304,700	306,300	307,500
Form 990PF, total	97,766	98,300	101,300	104,200	107,200	110,200	113,200	116,200	119,100
Form 990PF, electronic	6,230	9,300	15,200	19,900	23,100	25,000	27,100	29,100	31,100
Form 990T	98,071	96,200	99,200	102,200	105,100	108,100	111,100	114,000	117,000
Form 4720	2,438	2,600	2,700	2,700	2,800	2,800	2,900	2,900	3,000
Form 5227	125,467	132,000	132,100	132,100	132,200	132,200	132,300	132,300	132,400
Government entity, total	47,368	47,400	48,600	48,300	48,100	48,200	48,300	48,500	48,600
Form 8038	4,414	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Form 8038G	29,159	28,900	28,900	28,900	28,900	28,900	28,900	28,900	28,900
Form 8038GC	11,644	12,100	13,200	12,800	12,400	12,400	12,400	12,400	12,400
Form 8038T	1,929	2,000	2,100	2,200	2,400	2,500	2,600	2,800	2,900
Form 8328	222	300	300	300	300	300	300	300	300
Political organization, total	11,592	10,200	11,700	10,200	11,800	10,300	11,800	10,300	11,900
Form 1120POL, total	6,168	6,300	6,300	6,300	6,300	6,400	6,400	6,400	6,400
Form 1120POL, electronic	11	0	0	100	100	100	100	100	100
Form 8871 [12]	1,905	1,300	1,900	1,300	1,900	1,300	1,900	1,300	1,900
Form 8872	3,519	2,600	3,500	2,600	3,500	2,600	3,500	2,600	3,500
Form 8872, electronic	2,758	1,800	2,800	1,700	2,800	1,700	2,800	1,800	2,800
Excise, total	935,498	964,500	969,600	974,200	979,300	984,800	990,700	996,800	1,003,300
Form 11-C	8,143	8,400	8,200	7,900	7,700	7,600	7,500	7,400	7,300
Form 720	100,165	97,700	96,500	94,500	92,500	90,500	88,600	86,600	84,600
Form 720, electronic	24	200	400	700	1,200	1,700	2,500	3,200	4,400
Form 730	40,842	41,200	40,600	40,100	39,500	39,000	38,400	37,900	37,300
Form 2290	718,066	753,900	765,300	776,800	788,200	799,700	811,100	822,600	834,000
Form 2290, electronic	16,133	31,900	40,000	55,100	80,900	112,100	157,600	207,200	258,100
Form 8849	68,282	63,300	58,900	54,900	51,300	48,000	45,100	42,500	40,100
Form 8849, electronic	40	200	600	1,100	1,900	3,200	4,500	6,300	8,100
Form 5330	24,137	24,500	25,000	25,400	25,800	26,200	26,600	27,000	27,400
Form 8752 [13]	43,077	40,500	40,400	40,300	40,200	40,100	39,900	39,800	39,700
Supplemental documents, total [14]	20,809,237	21,449,700	21,373,100	21,871,300	22,568,400	23,228,300	23,773,400	24,265,000	24,739,000
Form 1040X, total	4,803,051	5,082,900	4,957,100	5,070,800	5,229,700	5,375,400	5,512,100	5,657,600	5,788,800
Form 4868, total	9,661,156	9,671,600	9,677,100	10,014,000	10,465,500	10,881,200	11,179,600	11,410,600	11,635,000
Form 4868, paper	7,877,250	7,614,700	7,347,800	7,322,900	7,359,800	7,347,200	7,235,300	7,065,000	7,204,000
Form 4868, electronic	1,783,906	2,056,900	2,329,300	2,691,000	3,105,700	3,534,000	3,944,200	4,345,500	4,431,000
Credit card	66,838	69,600	73,900	78,200	82,500	86,900	91,300	95,800	100,300
E-file	1,717,068	1,987,300	2,255,400	2,612,800	3,023,200	3,447,100	3,852,900	4,249,700	4,330,700
Form 1120X	3,447	3,700	4,100	4,500	4,900	5,200	5,600	5,800	6,100
Form 5558	436,965	455,900	461,100	466,100	471,100	476,000	480,900	485,700	490,400
Form 7004, total	5,370,245	5,665,900	5,677,500	5,728,600	5,803,500	5,893,000	5,991,300	6,094,800	6,201,600
Form 7004, electronic	1,139,906	1,567,800	1,807,800	1,950,600	2,048,500	2,129,300	2,205,900	2,283,400	2,362,200
Form 8868, total	534,373	569,700	596,200	587,400	593,700	597,500	604,000	610,500	617,100
Form 8868, electronic	53,808	75,900	98,900	116,500	137,100	157,500	178,800	200,700	222,900

[1] Estimated based on information available as of August 2009.

[2] Grand total is the sum of total primary returns and supplemental documents.

[3] Total primary returns is the sum of all returns, excluding supplemental documents.

[4] "Individual, total" is the sum of paper and electronic Forms 1040, 1040A, 1040C, 1040EZ, 1040EZ-T, 1040NR, 1040NR-EZ, 1040PR, and 1040SS. The Forms 1040, 1040A and 1040EZ Totals includes the marginal effects of the 2008 Economic Stimulus Package.

[5] Forms 1040/A/EZ is the sum of the paper and electronic Forms 1040, 1040A, and 1040EZ.

[6] Form 1120-A cannot be filed for tax years beginning after Dec. 31, 2006.

[7] Form 1120-C includes Form 990-C.

[8] "Employment, total" includes paper, magnetic tape and electronic Forms 940, 940EZ, 940PR, 941, 941E, 941PR, 941SS, 943, 943PR, 943SS, 944, 944PR, 944SS, 945, and CT-1.

[9] Form 1042 is the Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

[10] "Exempt organization, total" includes Forms 990, 990EZ, 990N, 990PF, 990T, 4720, and 5227. See footnote 7.

[11] Form 990-N is all electronic.

[12] Form 8871 is all electronic.

[13] Form 8752 is Required Payment or Refund Under Section 7519, a computation of payment or refund by a partnership or S corporation.

[14] Supplemental documents consist mainly of applications for extensions of time to file and amended tax returns.

NOTE: Details may not add to totals because of rounding. Table excludes Non-Master File counts.