

Publication 6292

Fall 2014

Fiscal Year Return Projections for the United States
2014 - 2021



Office of Research
Research, Analysis and Statistics

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Forecasts Available Electronically

Forecasts from the most recent edition of this publication are available from the “Forms & Pubs” link on www.irs.gov. IRS employees can access this projection product on the IRWeb intranet site by selecting the “Research” link, followed by “Research, Analysis & Statistics (RAS)” and then “Projections and Forecasting Publications.”

**Fiscal Year Return Projections for the United States:
2014 – 2021**

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Overview

The following Fall 2014 edition of IRS Publication 6292 provides the most recent revisions to the U.S. level projections of tax returns to be filed for fiscal years (FY) 2013 through 2021 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 to incorporate changes in filing patterns, economic and demographic trends, legislative requirements, and IRS administrative processes. The projections are based on the information available as of early August 2014, including enacted tax law changes and confirmed administrative plans. Legislative or administrative initiatives under consideration are generally not used for projections due to the uncertain nature of their eventual outcome.

Data Sources and Projection Methodology

The reported actual values of returns filed in FY 2013 are based on returns processed and recorded on the IRS master files. In cases where master file return counts were not available, tallies of actual filings were supplied by program staff in the IRS operating divisions.

Depending on the properties of each filing category, the forecasting methods were selected to capture and extrapolate historical filing trends. 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 based on statistical models such as regression models incorporating key economic and demographic input variables provided by IHS Global Inc, time series techniques, growth rates and historical ratio methods. The projection method used depends on the form type, availability of historical data, and applicability of relevant economic and demographic forecasts. 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 Publication 6292 are noted below.

Trend in Grand Total Return Filings

As presented in Table 1, grand total return filings were 240.9 million in fiscal year 2013, an increase of 1.3 percent over FY 2012. After FY 2013, grand total return filings are projected to grow at an average annual rate of 1.1 percent, reaching 262.2 million by FY 2021. Within the steady increase in the grand total projection is a rather pronounced 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 Business and International” (LB&I) and “Tax Exempt/Government Entities” (TE/GE). Also included are the projected total filings of employee plans (EP) returns, including those processed by the Department of Labor, which comprise major return filings by taxpayers served by the TE/GE operating division.

Changes in Estate and Gift Tax

Enacted in January of 2013, the American Taxpayer Relief Act (ATRA) of 2012 extended a modified version of the estate tax parameters that were enacted as part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Specifically, ATRA extended the \$5 million per decedent exemption amount as well as the gift tax parameters of \$5 million exemption level (both indexed for inflation). In addition, ATRA extended portability rules related to the passing of an exemption amount from a decedent to a surviving spouse. The estimates developed in this publication reflect the marginal adjustments based on the current provisions.

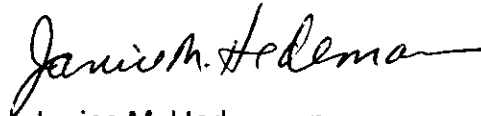
Track Record of Projection Accuracy

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 2010 through 2013, 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 table presents two measures of projection accuracy; the mean absolute percent error (MAPE) and the number of over-projections. The MAPE is computed as the average percent projection error regardless of whether they were over- or under-projections over the four projection cycles. The number of over-projections can show whether projections are consistently over- or under- projected. 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 2013 made in 2010 would be part of the “3-years-ahead” time horizon.

Comments and Questions

We thank our customers for their support as we continually seek to improve our products and services wherever possible. We welcome customer feedback at any time. Comments and suggestions regarding this publication can be directed to Michael Sebastiani, Chief, Forecasting and Data Analysis Group at (202) 803-9155.

A handwritten signature in black ink that reads "Janice M. Hedemann". The signature is written in a cursive style with a long horizontal flourish at the end.

Janice M. Hedemann
Director, Office of Research

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

Type of Return/BOD	Actual - FY 2013	Projected									
		2014	2015	2016	2017	2018	2019	2020	2021		
Individual Income Tax, Total	145,124,860	146,956,400	149,489,600	151,631,600	153,603,400	154,864,500	155,814,000	156,909,800	157,684,800		
Small Business/Self Employed	44,715,854	46,694,100	47,037,400	47,361,000	47,667,200	47,957,600	48,233,900	48,497,300	48,749,000		
Wage and Investment	100,409,006	100,262,300	102,452,200	104,270,500	105,936,300	106,906,900	107,580,100	108,412,500	108,935,900		
Corporation Income Tax, Total	6,771,524	6,698,800	6,704,300	6,706,300	6,704,900	6,700,400	6,693,500	6,684,500	6,673,600		
Small Business/Self Employed	6,604,465	6,558,000	6,567,300	6,568,200	6,566,200	6,561,200	6,553,700	6,544,300	6,533,000		
Large and Mid-Sized Business	152,856	127,100	123,400	124,300	125,000	125,500	126,000	126,400	126,700		
Tax Exempt/Government Entities	14,203	13,700	13,700	13,700	13,800	13,800	13,800	13,800	13,900		
Partnership Returns	3,685,725	3,695,200	3,744,800	3,794,500	3,844,100	3,893,800	3,943,400	3,993,100	4,042,800		
Small Business/Self Employed	3,528,912	3,537,900	3,585,500	3,633,000	3,680,600	3,728,100	3,775,700	3,823,200	3,870,800		
Large and Mid-Sized Business	156,393	156,800	159,900	161,000	163,100	165,200	167,300	169,400	171,500		
Tax Exempt/Government Entities	420	400	400	400	400	400	400	500	500		
Employment Tax, Total	29,915,760	30,021,200	30,126,100	30,169,800	30,212,300	30,256,000	30,297,200	30,339,200	30,381,100		
Small Business/Self Employed	27,190,258	27,254,200	27,336,700	27,365,600	27,396,600	27,431,400	27,466,300	27,503,700	27,542,500		
Large and Mid-Sized Business	695,950	687,700	682,500	681,500	680,400	679,400	678,400	677,400	676,300		
Tax Exempt/Government Entities	2,029,552	2,079,400	2,107,000	2,122,800	2,135,200	2,145,100	2,152,500	2,158,200	2,162,300		
Excise, Total	896,925	933,800	954,300	973,600	991,900	1,009,200	1,025,600	1,041,300	1,056,100		
Small Business/Self Employed	788,040	819,300	836,700	853,300	869,200	884,300	899,900	912,800	926,200		
Large and Mid-Sized Business	73,001	77,800	80,600	83,100	85,400	87,500	89,400	91,100	92,700		
Tax Exempt/Government Entities	35,884	36,700	37,000	37,200	37,300	37,400	37,400	37,300	37,200		
Exempt Organization, Total	1,460,363	1,479,000	1,525,000	1,570,000	1,614,900	1,659,700	1,704,700	1,749,700	1,794,900		
Tax Exempt/Government Entities	1,460,363	1,479,000	1,525,000	1,570,000	1,614,900	1,659,700	1,704,700	1,749,700	1,794,900		
Employee Plans, Forms 5500, 5500EZ, and 5500SF	906,168	870,000	863,800	855,400	847,700	840,700	834,100	828,100	822,600		
Tax Exempt/Government Entities	906,168	870,000	863,800	855,400	847,700	840,700	834,100	828,100	822,600		

Note:
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 2013 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 *	238,755					
MAPE		1.46%	2.36%	3.36%	4.79%	5.46%
Number of Overprojections		4	4	4	4	4
Grand Total - Paper	86,919					
MAPE		6.98%	14.36%	21.41%	26.32%	29.06%
Number of Overprojections		4	4	4	4	4
Grand Total - E-file	151,836					
MAPE		3.11%	6.90%	9.08%	10.00%	10.50%
Number of Overprojections		1	1	0	0	1
Total Primary - Selected Returns *	216,489					
MAPE		0.95%	1.76%	3.42%	5.14%	5.70%
Number of Overprojections		3	4	4	4	4
Primary Total - Paper	76,084					
MAPE		6.76%	14.06%	21.64%	27.62%	29.61%
Number of Overprojections		4	4	4	4	4
Primary Total - E-file	140,404					
MAPE		3.33%	6.24%	8.18%	9.22%	10.03%
Number of Overprojections		0	0	0	0	0
Individual Total *	145,852					
MAPE		0.80%	0.95%	0.85%	0.55%	0.40%
Number of Overprojections		4	2	2	2	2
Individual Total - Paper *	23,811					
MAPE		6.03%	10.10%	18.99%	30.35%	37.25%
Number of Overprojections		4	3	4	4	4
Individual Total - E-file *	121,210					
MAPE		2.63%	5.09%	7.64%	9.19%	10.07%
Number of Overprojections		0	0	0	0	0
Individual Estimated Tax	23,457					
MAPE		7.68%	14.10%	26.21%	33.22%	36.86%
Number of Overprojections		2	4	4	4	4
Fiduciary Total	3,179					
MAPE		2.47%	3.65%	8.12%	9.17%	17.39%
Number of Overprojections		3	3	3	3	4
Partnership Total	3,649					
MAPE		5.08%	8.63%	11.55%	10.65%	8.51%
Number of Overprojections		4	4	4	4	3
Corporation Total	6,685					
MAPE		3.31%	5.65%	7.86%	9.34%	9.13%
Number of Overprojections		4	4	4	4	4
Employment Total	29,827					
MAPE		1.91%	2.66%	3.93%	5.93%	5.62%
Number of Overprojections		2	2	3	4	3
Exempt Organization Total	1,440					
MAPE		5.72%	8.62%	7.91%	19.03%	19.62%
Number of Overprojections		2	1	0	1	1
Excise Total	907					
MAPE		17.26%	18.85%	20.10%	19.76%	14.34%
Number of Overprojections		2	2	2	3	4

* Some actuals shown in this table may 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.”

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.
- 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 (paper and electronic), 1120-F (paper and electronic), 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-SF, 1120-FSC, 1120-REIT, 1120-RIC, and 1120-S (paper and electronic). 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.
- “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, 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 the Non-Master File.
- “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), 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, 8038B, 8038CP, 8038G, 8038GC, 8038T, 8038TC, 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 5500-EZ” is the Annual Return for One-Participant (Owners and Their Spouses) Retirement 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 Business and International” 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 Publications

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

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

These publications may also be requested

(1) by phone at (202) 803-9155,

(2) by fax at (202) 803-9154, or

(3) by writing to the following address

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