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IRS

Annual Report 1974

Commissioner of Internal Revenue

Reference
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Introduction

Unlike most publications of the Internal Revenue Service, this report will not help you prepare your income tax return. It will not tell you what expenses are deductible, how to report the gain or loss on sales of investments, or what records are important for a small business.

This report of the Commissioner of Internal Revenue describes how the Internal Revenue Service went about collecting nearly $270 billion in 1974 and spent $1.3 billion doing it.

Both of these figures are of significance to you. The first represents the total amount of your tax money that was collected to support government programs and services, and the second is the cost of collection.

The 1974 income tax filing period was an excellent one from the standpoint of Federal tax administration. More returns were filed earlier and more were processed faster than in any year in memory. While the IRS has improved its processing methods, the real credit goes to the American people for the honest and conscientious way that the vast majority of you met your tax responsibilities.

We in the Internal Revenue Service recognize our obligation to help you with this yearly task. During 1974, we made further efforts to improve our service to taxpayers, as this report relates.

We also recognize our obligation to carry out a strong enforcement program to assure you, the taxpayers who comply with the law, that the few who do not are likely to be called to task. Accordingly, we have tried to design a compliance system that is fair, effective and comprehensive.

This report describes these activities and others. It discusses our efforts to inform taxpayers of their rights as well as their obligations under the tax laws, including their right to appeal a decision of an IRS examiner within the Service and through the courts. It reviews the IRS role in the Economic Stabilization Program, our efforts to help alleviate energy problems, and our technical, legal and administrative activities which do not directly affect the ordinary taxpayer but which are nevertheless important to tax administration.

We hope this report will help provide a better understanding of how IRS collected your money and administered our tax system.

Donald C. Alexander

Donald C. Alexander
Commissioner

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Notes

All yearly data are on a fiscal year basis unless otherwise specified. For example, data headed "1974" pertain to the fiscal year ended June 30, 1974; data shown as of "July 1" are data as of July 1, 1973.

In many tables and charts, figures may not add to totals, due to rounding.

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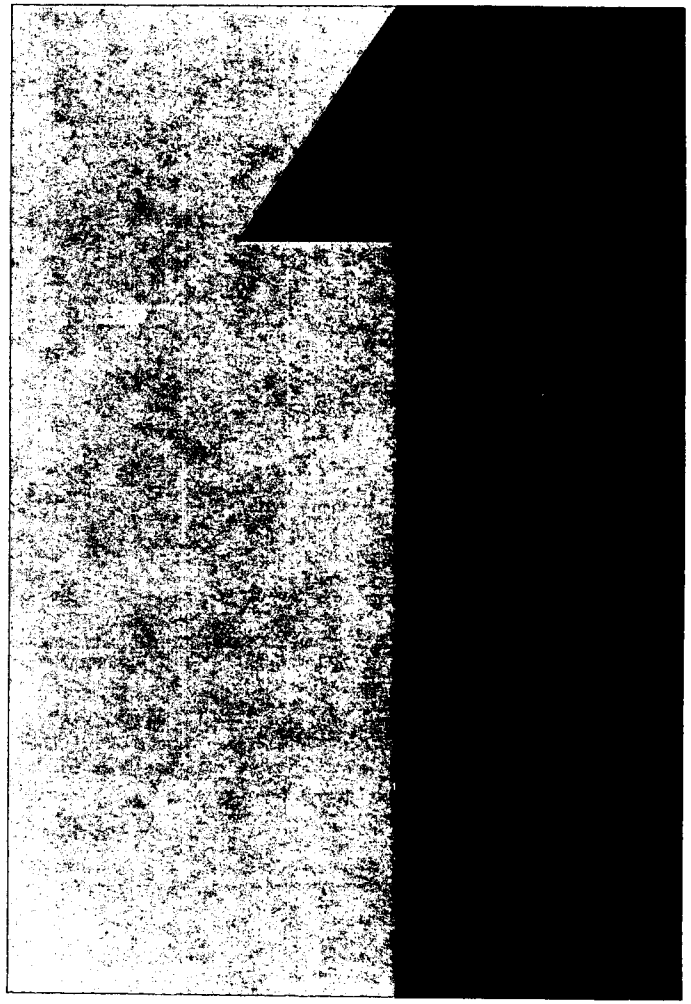
Taxpayer Service

- Assisting Taxpayers
- Tax Form Improvements
- Taxpayer Communications and Publications
- The Mass Media
- Special Assistance Programs
- Plans for 1975



Assisting Taxpayers

The American tax system depends on self-assessment and voluntary compliance. Every year taxpayers must make their own determination of their income, exemptions, and deductions; compute their tax liability; and file returns reporting the correct tax. The Internal Revenue Service is aware that taxpayers do not find this an easy task and recognizes its responsibility for helping them as much as possible with it. The IRS believes that with the help it provides, most taxpayers will be able to prepare their own returns unless their circumstances are unusually complicated. In recent years, the IRS has put increasing emphasis on taxpayer service, has strengthened its Taxpayer Service Division, and has provided assistance to millions of taxpayers by answering their questions and helping them to complete their returns.

During 1974, the IRS received approximately 34.5 million telephone, written, and walk-in inquiries, compared to 33.6 million in 1973. The total in 1974 consisted of over 24.6 million telephone calls, more than 9.5 million walk-in inquiries, and more than 240,000 written inquiries. More than 60 percent of these inquiries occurred during the filing period from January 1 through April 30, 1974. During that period, the IRS received more than 15.4 million telephone calls, almost 6.3 million walk-in inquiries, and over 87,000 written inquiries—a total of almost 22 million requests for assistance.

To improve the quality of its service to taxpayers, the IRS added more than 500 new Taxpayer Service Representatives during 1974, for a total of more than 1,900.

During the 1974 filing period, the IRS scheduled extended office hours (in the evenings and on Saturdays) at 644 locations, including 91 temporary sites, to help taxpayers not able to call or visit during normal business hours.

Mini-computers were used in four districts in 1974 for the automatic preparation of individual income tax returns on Form 1040A. Over 31,000 returns were prepared in this manner, primarily for those taxpayers least able to complete their own returns.

Telephone Assistance

Toll-free telephone service was extended to all 58 districts in all 50 states by January 2, 1974. Under this system, any taxpayer in the United States can obtain tax assistance without having to pay a long-distance telephone charge. Toll-free numbers are listed in the income tax return packages provided to taxpayers. Taxpayers may also use the toll-free telephone network to call the Service for clarification of many of the computer-generated bills and notices relating to their accounts. These notices are accompanied by an enclosure which lists a toll-free telephone number and suggests that the taxpayer use the number to obtain any assistance or further explanation that may be needed.

Other correspondence with taxpayers now contains a telephone number and, on manually-prepared items, the name of the IRS employee for the taxpayer to call if he has any questions about the item of correspondence.

The toll-free telephone system has made it easier for taxpayers to obtain telephone access to IRS offices and has made the entire assistance system more efficient by reducing the need for a taxpayer to visit an IRS office.

Tax Form Improvements

Taxpayers found a number of improvements in their 1973 income tax packages. The instructions for Forms 1040 and 1040A were shortened and simplified. Taxpayers were no longer required to list the recipients of charitable contributions for which they had cancelled checks or receipts or to list names and dates for claimed payments to doctors, dentists, and hospitals. All but one of the revenue-sharing questions were eliminated. With a change in law eliminating party preference, the Presidential Election Campaign Fund Check-Off designation was placed on the face of Forms 1040 and 1040A, eliminating the need for filing a separate form.

Form W-2, Wage and Tax Statement, was changed for 1974 to facilitate the mechanical matching of wage and other information with information shown on the return.

Walk-in Service

During 1974, walk-in taxpayer service was available in 778 permanent locations and over 300 temporary locations. Taxpayers requesting assistance were encouraged to prepare their own returns, but IRS personnel actually prepared individual returns where necessary.

IDRS Installed

A milestone was reached in 1974 when the Integrated Data Retrieval System (IDRS) was installed in all 58 district offices and in 169 other offices in the United States, including the office in Puerto Rico. This system makes information contained in computer files at the IRS Service Centers available through video terminals to all district and area offices. The use of this system has significantly reduced the time required for processing inquiries.

Taxpayer Communications and Publications

Communications With Taxpayers

In 1974, the Service expanded its efforts to improve the tone, responsiveness, and clarity of its written communications with individual taxpayers and to reduce the number of different types of form letters and notices used. Service personnel reviewed and rewrote more than 1,600 letters, notices and stuffers to improve their quality, to prevent duplication and to eliminate obsolete communications. Over 500 of them were eliminated or consolidated through this centralized review process.

Audit Division letters notifying taxpayers that their returns are to be audited were revised to make them clearer and more informative and to reduce taxpayer apprehension concerning audit actions. Initial contact letters were completely revised and now explain the examination process and describe the appeal rights of taxpayers who do not agree with the examiner's decision.

Tax Publications

More than 100 tax publications have now been developed by the Service to provide guidance to taxpayers. These booklets and pamphlets explain various provisions of the tax laws in nontechnical language to help taxpayers prepare their returns.

Special publications have been developed for taxpayers faced with unusual problems. For example, new Publication 583, **Recordkeeping for a Small Business,** shows a new businessman the type of records that he needs for tax purposes. Publication 584, **Workbook for Determining Your Disaster Loss,** was prepared to assist taxpayers who have incurred casualty losses in disaster areas.

Other new publications released in 1974 were Publication 578, **Tax Information for Private Foundations and Foundation Managers,** Publication 585, **Voluntary Tax Methods to Help Finance Political Campaigns,** and Publication 586, **The Collection Process.** Publication 586, of particular significance, explains taxpayer rights and responsibilities with respect to the payment of overdue taxes and how such taxes are collected.

Two publications were substantially revised during the year. One of them was Publication 556, **Audit of Returns, Appeal Rights, and Claims for Refund,** which explains that most returns are selected for examination to verify the correctness of income, exemptions, or deductions reported on the return. It emphasizes that the honest taxpayer need not fear an audit and that examination of the return does not imply that he or she has deliberately withheld information or is suspected of dishonesty or criminal liability. The publication also explains the system of appeals within the Service that is available to the taxpayer who does not agree with the decision of the examiner—the District Conference procedure and the Appellate Division hearing—as well as the taxpayer's right to appeal to the courts.

Publication 5, **Appeal Rights and Preparation of Protests for Unagreed Cases,** also substantially revised during the year, explains the administrative and judicial process in detail for taxpayers who choose to appeal their cases. Publication 5 is routinely supplied as an attachment to the letter transmitting the examination report in unagreed cases.

The Mass Media

During 1974, the Service furnished taxpayers with a wide variety of tax information through the nation's mass media. IRS material designed to inform and assist taxpayers was sent to over 18,000 radio and television stations, daily and weekly newspapers and magazines. IRS personnel participated in nearly 8,000 interviews, answered over 25,000 media inquiries and delivered over 6,000 talks to citizen groups.

More than 8,500 news releases were issued to the media by IRS offices throughout the country covering such diverse topics as the advantages of filing returns early, services available to taxpayers, appeal rights, the Presidential Election Campaign Fund check-off, and tax relief for victims of natural and other disasters. Tax Question and Answer columns were prepared and distributed weekly to newspapers and magazines across the nation.

The extensive cooperation received from all segments of the media had a substantial impact on the effectiveness of the Service's information efforts. Particularly helpful were the TV and radio air time and newspaper and magazine space provided to the IRS as a public service.

Special Assistance Programs

Information in Spanish

The IRS program to provide tax information in Spanish was continued and extended in 1974. Spanish-speaking taxpayer service representatives were employed at 97 locations in districts with a high concentration of Spanish-speaking residents.

Volunteer Income Tax Assistance Program

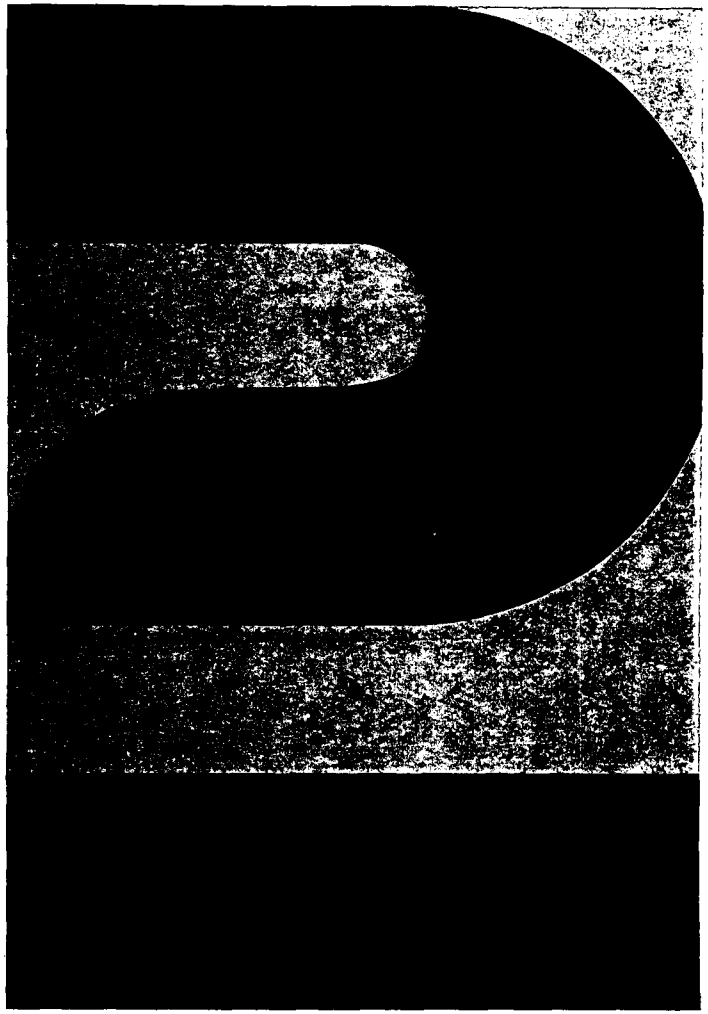
More than 800,000 taxpayers received assistance under the Volunteer Income Tax Assistance Program (VITA) in 1974. Under VITA, which the IRS started in 1969, volunteers from civic, community, church, senior citizen and student groups provide free tax assistance to low-income people, retired persons, and others who have difficulty in coping with tax returns and who generally cannot afford to have their returns prepared by practitioners.

Plans for 1975

Further improvements in the scope and quality of taxpayer service are anticipated under a reorganization plan developed in 1974 for implementation July 1, 1974. The reorganization separates taxpayer service from IRS enforcement activities at the District Office level to ensure that the two functions are separate in appearance as well as in fact. In addition, the IRS is upgrading the standards of its taxpayer service position to provide more professional qualification requirements, college-level recruitment sources, and improved training programs. This is expected to produce higher quality service to the taxpaying public.

Collecting the Revenue

- Receipts, Refunds and Returns Filed
- Presidential Election Campaign Fund
- Income Sources on Magnetic Tape
- Mathematical Verification
- Delinquent Accounts



Receipts, Refunds and Returns Filed

A principal responsibility of the Internal Revenue Service is the collection of tax revenues. In 1974, gross tax collections rose to a record high of $269 billion, a 13 percent, $31.2 billion increase over 1973. Individual income tax receipts were $142.9 billion—more than half the total. This was a $17.8 billion or 14 percent increase over individual income tax receipts last year.

Corporate income tax collections amounted to $41.7 billion in 1974, up $2.7 billion (7 percent) over 1973.

Employment tax collections amounted to $62.1 billion, a rise of more than 19 percent over the previous year. This category includes social security, unemployment insurance, and other payroll taxes and payments by the elderly for medicare. Increases in the taxable wage base and the growth of salaries and wages contributed to the increase in employment tax collections.

Although it is the Service's job to collect the revenue, it is also its job to make refunds of any excessive payments. In 1974, a record total of almost 65.8 million taxpayers received a record amount of refunds—almost $28.2 billion.

IRS Service Centers received and processed 121.6 million tax returns in 1974, compared to 117.2 million in 1973. A total of 83.0 million individual and fiduciary income tax returns were filed compared to 79.5 million in 1973. More than 22 million individual taxpayers used the short Form 1040A in 1974, an increase of approximately 650,000 from 1973. In 1974, more returns were filed earlier and were processed faster with fewer problems than ever before. As a result, the Service was able to issue refunds significantly earlier this year.

Returns Filed and Refunds Issued *

January-June
(Cumulative 000's)

1973	Jan	Feb	Mar	Apr	May	June
Returns Filed						
Volume	3,498	32,915	49,206	75,045	77,090	77,770
Percent	4.5	42.3	63.3	96.5	99.1	100
Refunds						
Volume	390	13,219	31,805	48,532	59,705	60,821
Percent	.6	21.7	52.3	79.8	98.2	100
1974						
Returns Filed						
Volume	3,638	34,669	51,610	77,283	79,747	80,672
Percent	4.5	43.0	64.0	95.8	98.9	100
Refunds						
Volume	1,182	18,319	38,019	53,383	61,690	62,783
Percent	1.9	29.2	60.6	85.0	98.3	100

* Refunds processed by National Computer Center and scheduled for issuance by Regional Disbursing Office. Includes only forms 1040 and 1040A

Number of returns filed, by principal type of return

(Figures in thousands. For details, see table 7 in Appendix.)

Type of return	1973 r	1974
Grand total	**117,242**	**121,609**
Income tax, total	91,311	95,008
Individual and fiduciary, total	79,545	83,029
Individual-citizens and resident aliens, total	78,072 [1]	81,480 [1]
All other individual and fiduciary	1,473	1,549
Declarations of estimated tax, total	6,995	7,132
Individual	6,995	7,132
Corporation	—	—
Partnerships	1,043	1,118
Corporations	1,946	1,981
Other	1,780	1,748
Employment tax, total	**23,998**	**24,794**
Employers' Form 941	16,373	16,960
Employers' Form 942 (household employees)	3,459	3,309
Employers' Form 943 (agricultural employees)	458	457
Railroad retirement, Forms CT-1, CI-2	14	13
Unemployment insurance, Form 940	3,695	4,056
Estate tax	**202**	**212**
Gift tax	**244**	**253**
Excise tax, total	**1,488**	**1,342**
Occupational tax	581	528
Form 720 (retailers, manufacturers, etc.)	315	308
Alcohol	19	19
Tobacco	5	5
Highway use tax	461	378
Other	107	104

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[1] Does not include Office of International Operations returns 1040NR, 1040SS-PR and 1042, while the total in column 2, table 7 on page 100 does include these returns.

Gross Internal Revenue Collections
(Dollars in thousands. For details see table 1 in Appendix.)

Source	% of 1974 Collections	1973	1974	Increase Amount	Increase %
Grand total [1]	100.0	237,787,204	268,952,254	31,165,050	13.1
Income taxes, total	68.7	164,157,315	184,648,094	20,490,779	12.5
Corporation	15.5	39,045,309	41,744,444	2,699,135	6.9
Individual, total	53.1	[3] 125,112,006	[4] 142,903,650	17,791,644	14.2
Withheld by employers [2]	41.7	98,092,726	112,091,799	13,999,073	14.3
Other [2]	11.5	27,019,280	30,811,851	3,792,571	14.0
Employment taxes, total	23.1	52,081,709	62,093,632	10,011,923	19.2
Old-age and disability insurance, total	22.0	49,514,852	59,105,066	9,590,214	19.4
Federal insurance contributions	20.9	47,144,194	56,096,856	8,952,662	19.0
Self-employment insurance contributions	1.1	2,370,658	3,008,210	637,552	26.9
Unemployment insurance	.6	1,315,997	1,480,574	164,577	12.5
Railroad retirement	.6	1,250,859	1,507,993	257,134	20.6
Estate and gift taxes	1.9	4,975,862	5,100,675	124,813	2.5
Excise taxes, total	6.4	16,572,318	17,109,853	537,535	3.2
Alcohol	2.0	5,149,513	5,358,477	208,964	4.1
Tobacco	0.9	2,276,951	2,437,005	160,054	7.0
Other	3.5	9,145,854	9,314,371	168,517	1.8

[1] Collections are adjusted to exclude amounts transferred to the Government of Guam.
[2] Estimated.—Collections of individual income tax withheld are not reported separately from old age and disability insurance taxes of wages and salaries. Similarly, collections on individual income tax not withheld are not reported separately from old-age and disability insurance taxes on self-employment income. The amount of old-age and disability insurance tax collections shown is based on estimates made by the Secretary of the Treasury pursuant to the provisions of sec. 201(a) of the Social Security Act as amended, and includes all old-age and disability insurance taxes. The estimates shown for the 2 classes of individual income taxes were derived by subtracting the old-age and disability insurance tax estimates from the combined totals reported.
[3] Includes Presidential Election Fund amounting to $2,427,000.
[4] Includes Presidential Election Fund amounting to $27,592,000.

Net Internal Revenue Collections (Dollars in thousands)

Source	Gross Collections	Refunds [1]	Net Collections
Grand total	**268,952,254**	**27,971,712**	**240,980,542**
Corporation income taxes	41,744,444	3,124,789	38,619,655
Individual income taxes	142,903,650	23,952,913	118,950,737
Employment taxes, total	62,093,632	561,011	61,532,621
Old-age, survivors, disability and hospital insurance	59,105,066	535,206	58,569,86[illegible]
Railroad retirement	1,507,993	497	1,507,496
Unemployment insurance	1,480,574	25,308	1,455,266
Estate and gift taxes	5,100,675	66,034	5,034,641
Excise taxes	17,109,853	266,965	16,842,888

[1] Does not include interest paid on refunds.
NOTE: Fiscal year ends June 1974

Presidential Election Campaign Fund

The statutory change which eliminated party preference for Presidential Election Campaign Fund designations made a separate designation form no longer necessary. Instead, the Service was able to place a block on the face of the 1973 tax return which the taxpayer could check to designate $1 of the tax for authorization to the Fund. This change was apparently well received by taxpayers. The Service processed approximately 78.9 million returns between January 1 and June 30, 1974. Of that total, 10.7 million or 13.6 percent had designations for the Presidential Election Campaign Fund, as compared to 3.1 percent in the prior year. Many taxpayers who did not make designations on their 1972 returns took advantage of a second chance to make 1972 designations on their 1973 returns. Seven percent (5.6 million) of the 1973 returns showed Campaign Fund designations for 1972. The total amount designated to the Fund on 1973 returns through the end of the fiscal year was $25.3 million, composed of $16.7 million in designations for 1973 and $8.6 million for 1972.

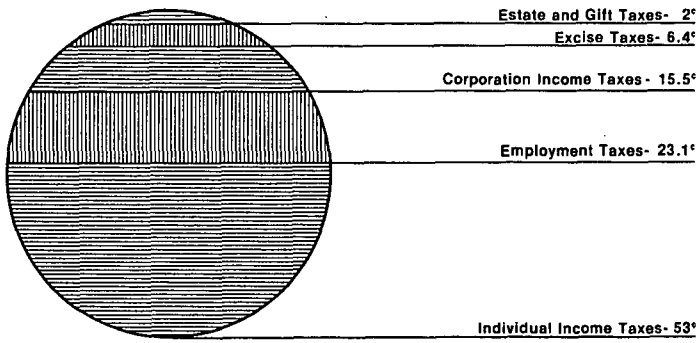
Income Sources on Magnetic Tape

During 1974, the IRS received almost 400 million information documents from business firms reporting the payment of wages, interest and dividends. Almost 160 million of these documents were submitted on magnetic tape in 1974 as a result of the Service's program of actively encouraging large organizations to report on tape. This resulted in a substantial reduction in the amount of paper that was required to be filed.

Information Documents Magnetic Tape Reporting

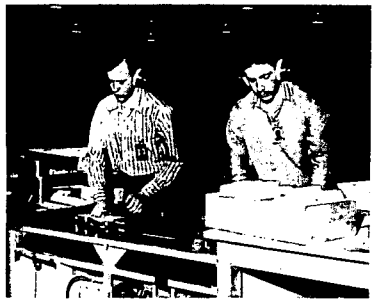
Tax Year	Documents (Thousands)	Reporting Entities
1966	26,248	591
1967	36,492	1,048
1968	47,686	2,426
1969	58,951	2,963
1970	68,300	4,637
1971	91,449	8,504
1972	115,008	12,758
1973	156,700	13,128

The Tax Dollar Where It Came From
Fiscal Year 1974



The Pipeline

Within a service center, the group of functions that deals directly with the processing of tax returns is known as "the pipeline." This group can be broken down into six branches as follows:



1. **Receipt & Control Branch**
   Receives, extracts, sorts, batches, and numbers tax returns.

2. **Examination Branch**
   Codes and edits tax returns so that tax data can be uniformly converted and processed by computers.

3. **Data Conversion Branch**
   Converts and relays information from tax returns to the computer branch for further processing.

4. **Computer Branch**
   Records on magnetic tapes information received from Data Conversion.

5. **Input Perfection Branch**
   Corrects errors detected during computer processing.

6. **National Computer Center**
   Information from magnetic tapes is posted to the taxpayer's account. As a final step, the taxpayer may receive an adjustment notice, a bill, or a refund check.

Mathematical Verification

During the year, the Service checked the mathematics on 84.5 million individual returns.* The IRS calculated the tax for the taxpayer on 1 million returns, manually verified the tax on 1.8 million returns, and computer verified the accuracy of the taxpayer's calculation of the tax on 81.6 million other returns. As a result of the computer verification, 2 million taxpayers received $178 million more in refunds than shown on their returns, an average of $90 per return. Errors on an additional almost 3.1 million returns increased the liability of these taxpayers by $399 million for an average of approximately $130 per return.

*This total includes 4.0 million returns received in 1973 but carried over and processed in 1974.

Gross tax, penalties and interest resulting from direct enforcement
(In thousands of dollars)

Item	1973	1974
Additional tax, penalties, and interest assessed, total	5,286,453	5,101,024
From examination of tax returns, total	4,034,402	3,724,121
Income tax, total	3,459,783	3,127,166
Corporation	2,517,982	2,142,340
Individual and fiduciary	941,801	984,826
Estate and gift tax	403,943	458,884
Employment tax (including withheld income tax)	82,240	82,970
Excise tax	88,436	55,102
From mathematical verification of income tax returns	276,317	399,137
From verification of estimated tax payments claimed	452,552	492,938
From delinquent returns secured, total	523,182	484,827
By district collection divisions	452,604	417,735
By district audit divisions	70,578	67,092
Delinquent taxes collected, total	2,446,160	2,527,845 (1)

(1) Due to procedural changes, the FY-1974 figure includes an estimated $412 million in notice account closures by district office personnel. Such accounts were not included by in the FY-1973 figure. In FY-1973, only a minor part of the total would have been attributable to similar activity.

Delinquent Accounts

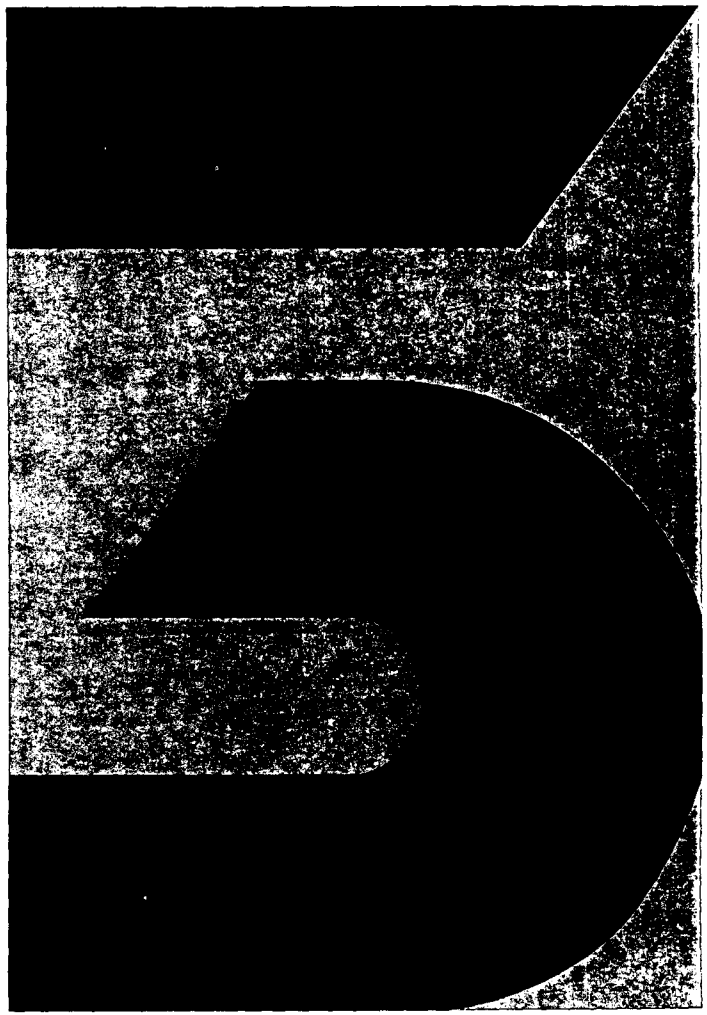
The Internal Revenue Service is probably the world's largest collection agency. In 1974, IRS District Offices closed over 3.3 million accounts receivable, including 2.6 million delinquent accounts and over 700,000 cases in which a taxpayer notified of a delinquency contacted the IRS to resolve the matter ("notice" cases). More than $2.5 billion in delinquent taxes was collected during the year.* In addition, district personnel closed 1.1 million delinquent return investigations, including 160,000 cases in notice status, securing approximately 759,000 returns, involving $417.7 million in tax. Delinquent accounts are controlled by the Integrated Data Retrieval System, which automatically issues and controls case assignments, monitors index files, computes interest and penalties on accounts, allows direct input of payments on accounts, issues certain correspondence and forms, and provides necessary management reports.

The Service has long recognized that preventing a delinquency is at least as important as collecting a delinquent account. In 1974, the concept of delinquency prevention was given new emphasis. Under the delinquency prevention program, the IRS uses a variety of methods to identify those businesses whose profiles and histories indicate a significant risk of being delinquent. When a potential delinquent is identified, a preventive contact is made to help the taxpayer eliminate the cause of the potential delinquency and meet his tax filing and paying obligations. Despite this program, current economic conditions have had an impact on the tax collection activities. As a result of the current high interest rates and a tight money supply, some businessmen have begun to "borrow" the income and social security taxes withheld from their employees by improperly delaying their deposit of these monies. This is an unlawful way to obtain financing. To cope with this problem, the Service is considering revisions of its procedures to permit a closer monitoring of the Federal Tax Deposit System, and has recommended legislation that would make this unlawful borrowing uneconomical as well by raising the interest rate charged on tax delinquencies to 9 percent and by accelerating or increasing failure to pay penalties.

*The figures in this section cannot be compared with previous years' activity in this area because of changes in procedures, points of count and definitions under the Integrated Data Retrieval System (IDRS).

Ensuring Compliance

- Audit of Returns
- The Appeals Process
- Tax Fraud Investigations



Audit of Returns

The IRS audits tax returns in order to help ensure the highest possible degree of voluntary compliance with the tax laws. While audit activity is the primary tool used to induce voluntary compliance, every return is subject to some scrutiny by man and machine. When a return is received in one of the ten IRS Service Centers, it is first checked manually for completeness and accuracy and for certain mechanical errors such as the claiming of a partial exemption or duplicate deductions. Then computers are used by the Service Centers to check the accuracy of the taxpayer's arithmetic (See Mathematical Verification, page 14) and to pick up other errors which may have escaped manual detection, such as the failure to reduce medical deductions by 3 percent of adjusted gross income.

Returns Selection

The primary method used by the IRS in selecting returns for audit is a computer program of mathematical formulae—the Discriminant Function (DIF) system—which measures the probability of tax error in each return. Returns identified by the DIF system as having the highest probability of error are then reviewed manually, and those confirmed as having the highest error potential are selected for audit. Since this system was introduced, the IRS has reduced the number of taxpayers contacted whose audit would result in no tax change (all taxes) from 41 percent in 1969 to 28 percent in 1974.

Returns are also selected for audit through the application of certain criteria during the initial computer screening process which automatically trigger selection of the return.

Returns may also be chosen for audit under a third computerized selection system, the Taxpayer Compliance Measurement Program (TCMP), which makes a random selection of returns within income classes for research purposes, such as updating DIF formulae on more current taxpayer filing and reporting characteristics. Audits conducted under this program must be more intensive than usual in order to develop the information required by the program.

The computer selection of returns is complemented by manual selection in various instances. For example, if the IRS is auditing the return of a partnership (or of one business partner), the returns of the partners (or additional partners) may also be audited. Other returns may be manually selected as a result of information from other enforcement activities, news reports or criminal investigations. The IRS also screens returns with adjusted gross income above certain limits and returns of taxpayers who submit claims for refund or tax credit after filing their returns.

Improved Selection Procedures

In 1974, the Service improved and expanded several of the mathematical formulae used under the DIF system to identify and select returns for examination. In addition, for the first time, the Service developed DIF formulae for the selection of partnership returns.

Audit Reorganization

The structure of the audit division in the District Offices had remained substantially unchanged since 1959. In 1974, 56 of the 58 district audit divisions were reorganized to bring tax auditors and revenue agents together in the same groups and branches to improve the quality of audits and to provide better management and supervision of employees engaged in examinations and related tasks. The remaining two district audit divisions will be reorganized along the same lines in 1975.

Number Returns Examined (thousands) Fiscal Year 1970 thru 1974

Type of Return	FY 1970	1971	1972	1973	1974
Revenue Agents					
Grand Total	623	566	593	588	689
Income Tax Total	484	429	424	409	506
Individual and Fiduciary	315	289	271	265	311
Corporation	159	129	135	122	134
Exempt Organizations	10	11	18	22	19
Pension Trust (990P)	NA	NA	NA	2	42
Estate & Gift Tax	32	36	35	41	49
Excise & Employment	107	100	133	136	133
Tax Auditors					
Grand Total	1,386	1,080	1,103	1,183	1,499
Income Tax Total	1,358	1,058	1,073	1,143	1,457
Individual and Fiduciary	1,357	1,057	1,072	1,143	1,455
Corporation	1	1	1	—	—
Exempt Organizations	—	—	—	—	1
Pension Trust (990P)	NA	NA	NA	—	—
Estate & Gift Tax	4	4	5	8	10
Excise & Employment	24	18	25	31	32
Total					
Grand Total	2,010	1,646	1,696	1,771	2,188
Income Tax Total	1,842	1,487	1,497	1,554	1,963
Individual and Fiduciary	1,672	1,346	1,343	1,409	1,767
Corporation	160	130	136	122	134
Exempt Organizations	10	11	18	22	20
Pension Trust (990P)	NA	NA	NA	2	42
Estate & Gift Tax	36	41	40	49	59
Excise & Employment	131	117	158	167	165

Recommended Additional Tax and Penalties Fiscal Years 1970 thru 1974 (Millions)

Type of Return	1970	1971	1972	1973	1974
Revenue Agents					
Grand Total	2,918.6	3,216.2	3,177.8	4,798.6	5,549.7
Income Tax Total	2,420.9	2,653.3	2,612.5	3,955.4	4,789.9
Individual and Fiduciary	724.3	718.5	779.6	873.6	896.7
Corporation	1,680.5	1,933.1	1,828.6	3,068.6	3,888.0
Exempt Organizations	16.1	1.7	4.3	13.2	4.8
Pension Trust (990P)	NA	NA	NA	NA	.4
Estate & Gift Tax	430.4	471.1	432.2	690.4	564.3
Excise & Employment	67.6	91.9	133.1	152.7	195.4
Tax Auditors					
Grand Total	182.1	192.1	235.4	269.9	359.5
Income Tax Total	170.7	181.9	222.3	248.6	335.8
Individual and Fiduciary	170.3	179.5	222.0	248.3	335.3
Corporation	.4	2.4	.3	.3	.3
Exempt Organizations	—	—	—	—	—
Pension Trust (990P)	—	—	—	—	—
Estate & Gift Tax	6.7	6.3	6.8	9.9	13.2
Excise & Employment	4.7	3.9	6.3	11.4	10.5
Total					
Grand Total	3,100.7	3,408.3	3,413.1	5,068.4	5,909.2
Income Tax Total	2,591.2	2,835.2	2,834.8	4,203.9	5,125.7
Individual and Fiduciary	894.6	898.0	1,001.6	1,121.9	1,232.2
Corporation	1,680.5	1,935.5	1,828.9	3,068.8	3888.4
Exempt Organizations	16.1	1.7	4.3	13.2	4.8
Pension Trust (990P)	NA	NA	NA	—	.4
Estate & Gift Tax	437.1	477.4	439.0	700.3	577.5
Excise & Employment	72.3	95.7	139.4	164.1	205.9

Results of Audit Activity

The Service examined almost 2.2 million returns in 1974, an increase of almost 417,000 over 1973. This was the largest number of examinations since 1969. The increase over 1973 was the largest increase in the number of returns audited since 1961. There was also a substantial increase in the number of field audits conducted, from 588,098 in 1973 to 688,769 in 1974—an increase of more than 100,000 field audits. Audit coverage also increased, from 2.0 percent of all returns filed in 1973 to 2.4 percent in 1974, the first major increase since 1963. The 1974 examination program included the examination of returns in the District Offices and the examination of an additional 80,200 returns by the Service Centers. (See next column for further information on this activity.)

The 1974 audit program was effective as well as comprehensive—$5.9 billion in additional tax and penalties was recommended as a result of 1974 audit activity, a record high, and an increase of $800 million over the previous record of $5.1 billion recommended in 1973. Eighty percent of the returns audited were individual or fiduciary returns. These accounted for $1.2 billion of the additional tax and penalties recommended. The examination of corporate returns, amounting to only 6.4 percent of the total number of returns audited, produced $3.9 billion of recommended additional tax and penalties. The audit of estate and gift tax returns resulted in tax deficiency recommendations totaling $580 million. The remainder, about $206 million, was derived from the examination of excise and employment tax returns.

Not all audits result in an increase in tax liability—the IRS audit program is intended to determine the correct tax, no more and no less. In 1974, IRS audits disclosed over-assessments on 102,765 returns, resulting in refunds of $363.5 million.

Service Center Examinations

The IRS Service Center review program was started in 1972. This program is generally limited to the verification or resolution of issues which can be satisfactorily handled by Service Center personnel through correspondence with the taxpayer. More than 714,000 returns were checked in Service Centers in 1974, a 48 percent increase over 1973.

More than half of these involved returns of taxpayers claiming obviously unallowable items, such as a casualty loss unreduced by the $100 limitation. More than 406,000 returns with unallowable items were corrected in 1974, compared to approximately 399,000 in 1973. Another major item verified through Service Center correspondence in 1974 was the issue of taxpayers claiming head of household status—195,000 returns claiming this status were checked.

The Service Centers also conducted correspondence examinations of 80,200 returns selected under District Office criteria. These returns generally involved such issues as charitable contributions or interest payments which could be satisfactorily resolved through correspondence with the taxpayer.

Joint Committee Review

The Internal Revenue Code provides that all income, estate and gift tax refunds and credits which exceed $100,000 must be reported to the Joint Committee on Internal Revenue Taxation. During 1974, 1,671 cases involving overassessments of $1.1 billion were reported to the Joint Committee, as compared with 1,532 cases and $1.2 billion in 1973. During the year, the format of reports to the Joint Committee was simplified, with the cooperation of the committee staff. This change resulted in faster processing of cases and earlier refunds to taxpayers. Under the new procedure, the time spent in preparing cases for Joint Committee review has been reduced by 40 percent.

Computer-Assisted Audits

With more taxpayers utilizing computerized accounting systems, the Service is continually expanding its computer application techniques in tax audits. These applications are tailored to the specific accounting system employed by taxpayers, thus permitting rapid retrieval, analysis and calculation of data essential to the examination. Savings are effected for both taxpayers and government. For example, in 1974 the Service saved over 100,000 man-hours through the use of computer audit applications.

The Service has provided for the growing number of computer applications by increasing the number of trained specialists from 43 in 1973 to 84 in 1974. Further increases are planned for 1975. The specialists are revenue agents who have been given in-depth training in computer hardware, programming languages, and techniques. They analyze automatic data processing systems and work with examining agents in planning and designing computer applications of audit methods.

In addition, the Service has developed a system of generalized computer programs called the Programmed Audit Library (PAL). The system, which contains computer programs specifically designed for tax audits, became operational in August 1973. Essentially, the programs are designed to extract information from the taxpayer's computerized records and can be adapted from one computer installation to another.

Team Audits

Because of the complexity of the accounting operations of most large corporations and of the tax issues that must be resolved, the IRS has increasingly turned to the team audit or coordinated examination approach. This approach combines the skills of the accountant-revenue agent with those of computer audit specialists, international examiners, economists and engineering agents.

During 1974, coordinated examinations of large corporations resulted in recommended dollar deficiencies per case year of approximately $1.6 million as compared to $1.1 million per case year for 1973.

The IRS has initiated a practice of conducting industry-wide audits, involving the contemporaneous examination of all major companies in a given industry, to make sure that certain tax issues related to that industry are treated uniformly throughout the industry. This technique was used in the examination of one industry in 1974 and the IRS plans to expand the concept to additional industries in 1975.

The Appeals Process

Administrative Appeals

The goal of the administrative appeals system of the Internal Revenue Service is to provide taxpayers who disagree with a proposed adjustment to their tax liability with a prompt independent review of their case. The system is designed to minimize inconvenience, expense, and delay to the taxpayer in disposing of contested tax cases. The appeals function operates at district level through 58 offices and at regional level through 40 appellate offices, located throughout the country. As the need arises, conference opportunities are provided to taxpayers at various other IRS locations by circuit-riding conferees. A conference will be arranged at a place and time as convenient as possible for the taxpayer.

Although differences in jurisdiction and authority exist between the district and regional conference activities, both have as their principal objective the early disposition of disputed cases on a basis which reflects the fair and impartial application of the law. For an initial appeals conference, the taxpayer may go either to the district or to the regional office. If a conference is held at the district level and agreement is not reached, the taxpayer may request that his case be considered at the regional appellate office. If the disputed tax is $2,500 or less, the taxpayer can have a conference in the district office without filing a written protest and can also have a subsequent conference in the regional appellate office—still without a written protest.

Proceedings in both offices are informal. A taxpayer may represent himself or be represented by his attorney, CPA, accountant or other advisor enrolled to practice before the IRS. At the conference, he is given the opportunity to present his views. If a mutually acceptable basis for resolving the tax dispute cannot be reached, the taxpayer is advised of his further appeal rights and of the options available to him.

In the great majority of cases, taxpayers and district or regional conferees reach a mutually acceptable basis for resolving tax disputes. Consequently, very few cases go to trial. In the past ten years, 97 percent of all disputed cases were closed without trial. District Conference Staffs consistently reach agreement with the taxpayer in about two-thirds of the cases they consider. In 1974, the appeals function disposed of 47,602 cases by agreement; the Tax Court tried 997 cases; and the United States District Courts and Court of Claims tried 369 cases.

Appellate Workload

The cases considered in the appeals process cover a wide range of issues, from the most elementary to the most complex, and involve proposed additional tax or claims for refund ranging from very small amounts to millions of dollars. They involve individual and corporation income tax, estate tax, gift tax, excise and employment taxes, and offers in compromise. Deficiency cases can be considered both before a petition for hearing is filed in the Tax Court (non-docketed cases) and after the petition has been filed (docketed cases). Non-docketed cases make up about 71 percent of the appellate workload. In 1974, 74 percent of the non-docketed cases closed by appellate offices were closed by agreement with the taxpayer. The remaining 29 percent of the appellate workload consists of docketed cases in which settlement negotiations continue in the appellate offices after the filing of the petition. In 1974, approximately 77 percent of the docketed cases closed by the appellate offices were closed by agreement with the taxpayer.

New District Conference Procedure

On April 1, 1974, District Conference Staffs were given the authority to settle cases for tax years where the proposed deficiency or claimed refund is $2,500 or less. This change allows District Conferees to take into account the hazards of litigation—the possibility that the Service might lose the case if it were litigated—so that small cases may be resolved at the earliest opportunity. Previously, District Conferees could not consider the hazards of litigation in settling disputed issues, and many taxpayers who wanted to contest Service actions involving small amounts of tax and unclear issues were faced with the necessity of appealing the case to the regional appellate office before a settlement could be reached.

This new service was available in 1974 to taxpayers in approximately 800 offices throughout the country. It is expected to benefit taxpayers in terms of time, convenience, and expense, and is expected to benefit the IRS by permitting more effective use of district and appellate conferees, while reducing the number of small cases going to the regional appellate office and/or the Small Tax Case Division of the United States Tax Court.

Other Appeal Options

If no agreement is reached at either the district or the regional level, in most instances the taxpayer can file an appeal with the United States Tax Court. Under the Small Case Rules of the Tax Court, when the amount in dispute does not exceed $1,500 simplified procedures are available for small taxpayers. The timely filing of an appeal with the Tax Court prevents the assessment and collection of the tax until the court has made its decision, except in unusual circumstances. Filing an appeal does not rule out the possibility of settling the case, however. Even though an appeal has been filed and the case is docketed for trial, the taxpayer may still reach a settlement with the appellate office at any time before the trial begins.

If the taxpayer does not want to litigate his case in the Tax Court, he can pay the deficiency in tax and file a claim for refund at any time within two years from the date of payment. The same system of administrative appeals is then available, and if the claim is denied by the IRS, or if the IRS takes no action for six months, the taxpayer may file suit against the Government in either a United States District Court or the Court of Claims.

Tax Fraud Investigations

The Intelligence Division is responsible for the enforcement of the criminal provisions of the tax laws. This includes the investigation of cases involving income, estate, gift and excise tax evasion, failure to file returns, failure to remit trust funds collected, and the filing of false withholding exemption statements, false claims for refunds and false claims of estimated tax credits.

To improve its ability to identify suspected criminal tax violators and tax evasion schemes, the Intelligence Division has begun using automatic data processing equipment to keep pace with and identify many of the more sophisticated techniques of tax evasion.

In 1974, the Intelligence Division completed 7,215 investigations and recommended prosecution of 2,454 taxpayers. See page 45 for information regarding the results of these recommendations.

During the year, the Intelligence Division conducted several special projects involving areas of serious non-compliance. One project dealt with the investigation of tax evasion by public officials involved in Federal Housing Authority programs, including FHA appraisers and inspectors as well as contractors. The Division also investigated the use of foreign bank and brokerage accounts for tax evasion schemes, and tax evasion resulting from payoffs and kickbacks in the recording industry.

Cases Prosecuted

Unfortunately, tax fraud is not confined to any particular occupational or social group. Instead, it reaches across a wide spectrum of industries and occupations. In 1974, the IRS continued to maintain a vigorous and balanced program of investigating tax fraud and recommending prosecution wherever warranted. The following cases illustrate just a few of these successful prosecutions:

A Colorado state legislator was found guilty of income tax evasion for each of five years, 1966 through 1970. The verdict came after a two-week trial in which the government called more than 100 witnesses to prove a net worth and expenditures case showing that the legislator had taxable income of $140,000 during five years in which he reported taxable income of only $15,000.

A Kansas City insurance agent was sentenced to three years in prison for one count of income tax evasion for 1966. The investigation disclosed a $23,176 tax deficiency.

A night club owner in St. Louis, Missouri, and his wife were sentenced to prison for two years and one year, respectively. He pleaded guilty to two counts of failure to file for the years 1970 and 1971; his wife pleaded guilty to one count of failure to file for 1970. The sentences were the maximum prison sentences that could be imposed under the Internal Revenue Code for failure to file.

A farmer in Phoenix, Arizona, who is a self-styled tax protester was sentenced to three years in prison and fined $6,000 for failing to file tax returns for the years 1968, 1969, and 1970. His total income for the three years amounted to approximately $60,000.

On September 26, 1973, a member of the Illinois state legislature entered a plea of guilty to subscribing to a false tax return for the year 1971 and conspiring to commit mail fraud.

The national chairman of a tax rebellion committee based in Fresno, California, was convicted on four counts of failure to file income tax returns for the years 1969 through 1972.

A political figure in southern Texas was sentenced to five years in prison, fined $14,000 and placed on probation for five years after his release from prison. He was convicted on four counts of tax evasion and four counts of making and subscribing false returns. He had previously served time in prison during 1934 for tax evasion.

Organized Crime and Strike Force Activities

The IRS also cooperates in the Federal government's fight against organized crime by participating in the Federal Organized Crime Strike Forces Program. Strike Forces are located in 18 major cities and are led by a Strike Force Attorney-In-Charge from the Justice Department. During 1974, the IRS contributed over 602 man-years of direct investigative and examination time to the Strike Force effort. From the inception of the organized crime program in 1966 through June 30, 1974, the IRS has recommended the assessment of $737.6 million in additional taxes and penalties against its targets. A total of 442 organized crime members and their associates have been convicted or have pleaded guilty to various tax charges since 1966. During 1974, the Service recommended $169.7 million in taxes and penalties and had 174 convictions or guilty pleas.

The following are examples of Organized Crime and Strike Force activities:

An investigation of the meat marketing industry in the New York City metropolitan area resulted in the indictment of three top officials of the Meat Cutters Union and 13 executives of supermarket chains on March 25, 1974 on charges of allegedly evading Federal income taxes on bribes and shakedowns totaling more than $1.7 million.

During this probe, recalcitrant witnesses who had previously refused to talk with Service officials for fear of retaliation decided to cooperate with a Grand Jury. A total of twenty-six individuals were granted immunity from prosecution in return for testimony vital to the successful completion of the income tax investigations.

A prominent Rhode Island loanshark and bookmaker was sentenced to serve one year in prison for failing to file his income tax returns. The sentence is to be served after the completion of his current two-year sentence on a mail fraud conviction.

A major Boston bookmaker was sentenced to serve 3 years in prison and fined $20,000 after conviction of conspiracy and income tax evasion for 1966 and 1967. The 3-year sentence is to be served after the completion of his 6- to 15-year sentence for bookmaking.

Narcotics Traffickers

In August 1971, the IRS initiated a project for intensive tax investigations of suspected narcotics traffickers. In cooperation with other Federal, state and local law enforcement agencies, the Service began the process of identifying and investigating significant narcotics traffickers and financiers who were suspected of having violated the Internal Revenue laws. In 1974, a year in which the IRS reviewed its activities and its investigatory standards in the program, the IRS completed 663 criminal tax investigations. During the same period, the Service obtained 86 indictments and 88 convictions in tax cases involving narcotics traffickers. The indictments and convictions resulted from cases completed during prior years as well as from cases completed during the current year. The IRS assessed taxes amounting to $75.6 million, and seized $8.1 million in cash and property during the year.

The cases which resulted from this project during the past year included the following:

A reputed East Harlem drug trafficker, with a previous record of two narcotics convictions, was found guilty of criminal tax charges, sentenced to four years in prison and fined $10,000. The indictment charged that the individual and his wife used false names to purchase expensive assets and made extensive use of cash in an attempt to evade income taxes of more than $70,000 over a four-year period.

A Houston, Texas narcotics trafficker pleaded guilty in U.S. District Court to tax charges despite his initial claim that the requirement to report income from the sale of heroin would violate his constitutional right against self-incrimination, and was sentenced to six years imprisonment and fined $10,000. He had attempted to evade $209,390 in taxes on income totaling $450,000.

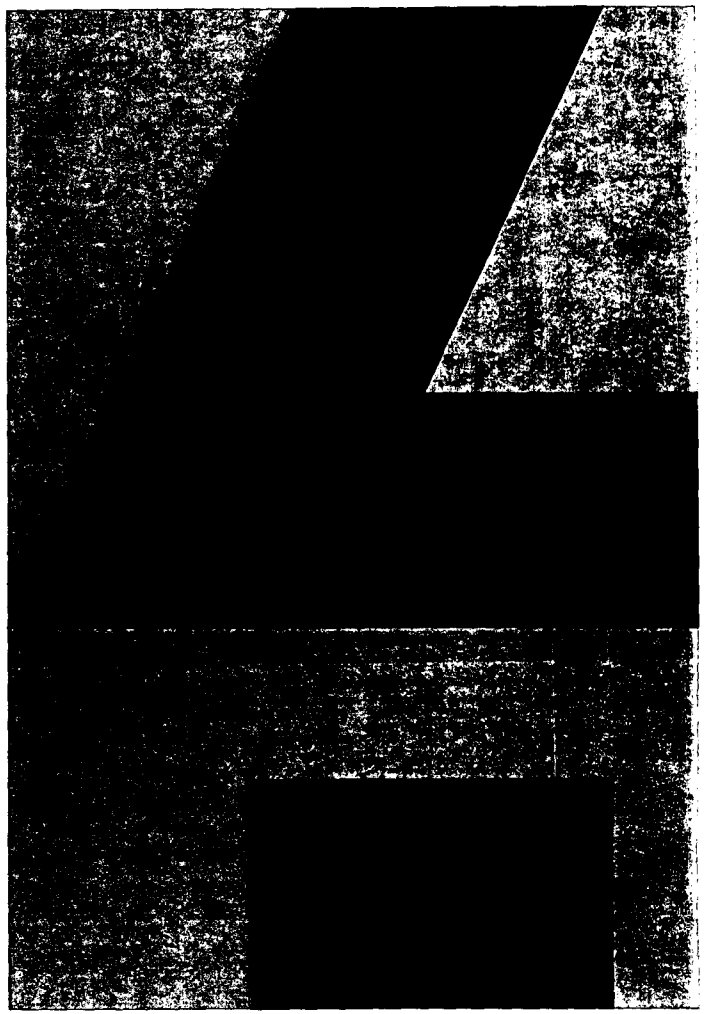
A Mobile, Alabama narcotics distributor was sentenced to 33 years in prison—5 years for income tax evasion for 1971, 3 years for making false statements on his 1971 income tax return, 15 years for conspiracy to sell heroin, and 10 years for extortion.

Special Enforcement Problems

In 1974, the Service began a reevaluation of its participation in investigations of organized crime figures and narcotics traffickers to ensure that its criminal enforcement efforts were directed at the most significant violators of the income tax laws. While the Service will continue to cooperate with other Federal agencies in the conduct of investigations of criminals who have violated the tax laws and maintain a strong drive to enforce the tax laws against criminals, its efforts in the future depend, of course, upon available resources. These resources must be used in an efficient manner that will have the maximum possible impact on all who engage in criminal violations of the tax laws.

Technical Activities

- Tax Rulings and Technical Advice
- Employee Benefit Plans
- Exempt Organizations
- Estate and Gift Taxes



Tax Rulings and Technical Advice

The Service's ruling program consists of private letter rulings and published Revenue Rulings.

A private letter ruling is a written statement issued to a taxpayer by the Office of the Assistant Commissioner (Technical) in the National Office interpreting and applying the tax laws to a specific set of facts. Such a ruling provides advice concerning the tax effects of a proposed transaction so that the taxpayer may structure the transaction to comply with the tax laws, thus resolving issues in advance and avoiding future controversy. Private rulings are not precedents and may not be relied upon by other taxpayers.

A published Revenue Ruling is an interpretation of the tax laws issued by the National Office and published in the **Internal Revenue Bulletin** for the information and guidance of taxpayers, practitioners and IRS personnel. Most Revenue Rulings are based on letter rulings which are found to be precedent-setting or to have such broad applicability that general guidance should be offered to people in similar situations.

Technical advice is advice or guidance as to the interpretation and proper application of the tax laws to a specific set of facts. It is furnished by the National Office at the request of a district office in connection with the audit of a taxpayer's return or claim for refund or credit. Frequently, the district director's request is made in response to the suggestion of the taxpayer that technical advice be sought.

Internal Revenue Bulletin

The weekly **Internal Revenue Bulletin** contains not only the above-mentioned Revenue Rulings, but also Revenue Procedures, which announce practices and procedures that affect taxpayers' rights and obligations, and other significant technical developments for the guidance of taxpayers, tax practitioners, and Service personnel. The contents of the weekly **Bulletins** are compiled and published semiannually as **Cumulative Bulletins.**

Requests for Tax Rulings and Technical Advice (Closings) 1974

Subject	Total	Taxpayers' Requests	Field Requests
Total	**15,619**	**14,017**	**1,602**
Actuarial Matters	1,077	1,019	58
Administrative Provisions	50	42	8
Employment & Self-Employment Taxes	472	423	49
Engineering Questions	109	69	40
Estate and Gift Taxes	382	317	65
Exempt Organizations	4,547	4,120	427
Other Excise Taxes	515	421	94
Other Income Tax Matters	6,498	6,196	302
Pension Trusts	1,969	1,410	559

In addition, the Service processed 14,329 applications from taxpayers for permission to change their accounting period or method and made 932 earnings and profit determinations.

Employee Benefit Plans

During 1974, the IRS published in the **Bulletin** 636 Revenue Rulings, 44 Revenue Procedures, 13 Public Laws relating to Internal Revenue matters, 5 Committee Reports, 7 Executive Orders, 37 Treasury Decisions containing new or amended regulations, 10 Delegation Orders, 3 Treasury Department Orders, 5 Court Decisions, 7 Notices of Suspension and Disbarment from Practice before the Service, and 150 Announcements of general interest.

The Bulletin Index-Digest System, which was first published in 1973, provides a comprehensive and rapid method of researching material published in the **Internal Revenue Bulletin** on Income, Estate and Gift, Employment and Excise tax matters. More than 9,400 subscriptions to the Bulletin Index-Digest were ordered from the Superintendent of Documents by individuals and firms outside the Service in 1974, more than twice the subscriptions ordered in 1973.

Under this new system, the researcher can identify currently applicable Revenue Rulings and other **Bulletin** material by looking in only two places—a basic volume and the latest quarterly or semi-annual cumulative supplement.

The Service plans to update the Bulletin Index-Digest every two years. Thus, material currently available in the basic volumes and in cumulative supplements through December 1974 will be consolidated and republished next year.

Everyone involved with pension and profit sharing plans followed closely the reform legislation pending in the Congress at the end of the fiscal year. The Internal Revenue Service was no exception. Its activities in this area in 1974 were affected both by the need to prepare to implement the pending legislation and by the fact that the number of new pension and profit-sharing plans continued to increase steadily. The pending legislation was signed into law by President Ford as P.L. 93–406, the Employee Retirement Income Security Act of 1974, on September 2, 1974.

The Internal Revenue Service carries out its regulatory responsibility in the employee benefit plan area by issuing advance determination letters regarding the qualification of pension, profit-sharing and other employee benefit plans and by conducting an examination program to determine whether plans continue to qualify in operation and to verify the appropriateness of deductions for plan contributions. The number of determination letters issued with respect to corporate pension and profit-sharing plans during 1974 increased approximately 6 percent over 1973.

Problems stemming from the large numbers of employee benefit plans, the billions of dollars involved in these plans, and the need for safeguarding pensions generated a great deal of interest by the press and the Congress this year.

Exempt Organizations

The Internal Revenue Code gives the IRS regulatory authority over tax-exempt organizations. In 1974, the Service devoted 390 man-years to the examination of returns of 20,000 exempt organizations.

During 1974, the Service received 35,470 initial applications from organizations seeking a determination of their tax exempt status or seeking determinations of the effect of organizational change on their status, an increase of 2,184 over comparable 1973 figures. It issued 26,545 determination letters, or 7 percent more than in the prior year.

In 1974, IRS began winding up its task of classifying charitable organizations according to their private foundation or public charity status. By the close of the year, an estimated 31,000 organizations were identified as private foundations under the provisions of the Tax Reform Act of 1969. In addition, the Service is completing its undertaking to examine all private foundations by December 31, 1974. As in the past, the largest, most complex foundations are examined on a two-year audit cycle.

Preparations have been completed to implement next year a Taxpayer Compliance Measurement Program (TCMP) covering the examination of Section 501(c)(3) and 501(c)(4) organizations. This program will identify patterns of compliance and noncompliance and certain characteristics of the exempt organizations being studied. It will be the first time that a TCMP program has been used with exempt organizations.

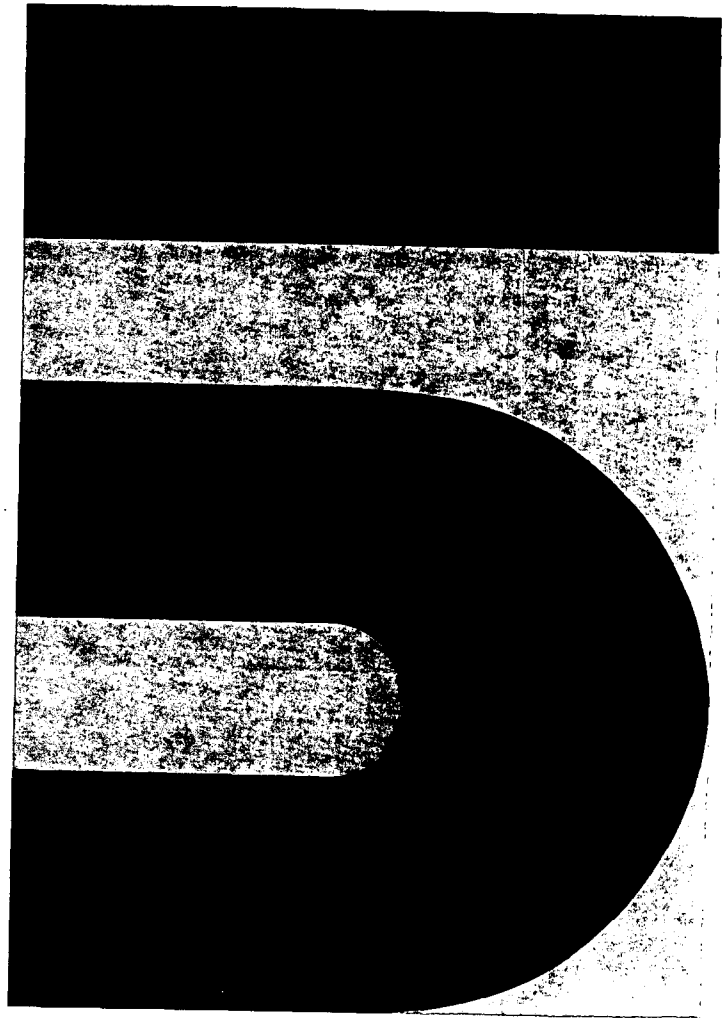
The number of active entities recorded on the Exempt Organization Master File increased from 630,000 in 1973 to 673,000 in 1974. A substantial portion of the increase reflects subordinate units, exempt under group rulings, which are now required to file returns under the Tax Reform Act of 1969. During the year, a revised Cumulative List (Publication 78) of charitable organizations under Section 170(c) of the Internal Revenue Code was published. This publication contains information on the status of 135,000 organizations. It now employs a coding system to assist potential contributors and others in identifying the type of organization and the applicable limitation on deductibility. Because the information in Publication 78 is now maintained and updated by computer, it can now be issued annually with cumulative quarterly supplements.

Estate and Gift Taxes

IRS field offices are using the National Office computerized program for making interrelated estate and gift tax computations. In 1974, the National Office processed approximately 445 requests for such computations.

International Programs

- Tax Administration Abroad
- Compliance Overseas
- Technical Assistance to Other Countries
- Tax Treaties



Tax Administration Abroad

The Service maintains a network of permanent foreign offices at which its representatives engage in a variety of taxpayer assistance and compliance activities and provide a valuable communication link with foreign tax agencies. At present, there are offices in Bonn, London, Paris, Rome, Tokyo, Ottawa, Mexico City, Manila, and Sao Paulo.

In 1974, five additional offices were authorized for Canberra, Australia; Caracas, Venezuela; Johannesburg, South Africa; Kuala Lumpur, Malaysia; and Teheran, Iran. The new offices are scheduled to be fully operational in 1975.

In order to provide better, more efficient service, the IRS now requires employees seeking permanent assignment abroad to develop foreign language capability. It also encourages employees on temporary detail to develop this skill. A language laboratory was established in the Office of International Operations (OIO) for employees aspiring to foreign assignment.

The Overseas Taxpayer Assistance Program in 1974 was the most comprehensive in its 21-year history. For the first time, OIO assigned a full-time Taxpayer Service Representative (TSR) to each of its nine foreign offices from January through June. Eleven other TSR's travelled to 99 cities in 48 countries providing individual counselling or conducting classroom-type seminars. More than 51,000 civilians abroad received assistance under this program.

Another annual service provided by OIO was a four-day course of tax instruction at eight military bases around the world. During January and February, approximately 600 servicemen and women attended these classes to learn how to provide tax assistance to other military personnel stationed overseas.

Compliance Overseas

For the third consecutive year, the Service continued to improve overseas compliance by detailing teams of Revenue Agents and Tax Auditors to its foreign offices to conduct on-site audits. The Service began a new program in 1974 to counteract delinquency in tax payments by taxpayers residing abroad. Under this program, delinquent taxpayers are contacted by Revenue Officers detailed abroad for this purpose. This collection program is expected to bring about a significant reduction in the overseas delinquency problem.

Mrs. Eva Corral, OIO Program Aide assigned to the American Embassy in Mexico City, is presented an award for outstanding performance which included a high quality increase. Director Mc Gowan presents citation to Eva Corral in presence of Ambassador Joseph J. Jova.

Tax Treaties

The tax treaty programs are intended to eliminate double taxation and to eliminate tax avoidance. Pursuant to treaties, U.S. and foreign tax officials exchange information and hold periodic meetings to develop new avenues of cooperation and to clarify application and interpretation of tax treaties. During the past year, an income tax treaty was signed with Romania. This treaty and a similar agreement between the U.S. and the Soviet Union await ratification by the Senate.

Competent Authority Cases

The Assistant Commissioner (Compliance) is the U.S. "competent authority" responsible for administering tax treaties. The competent authority procedures are used to avoid double taxation and to resolve questions of interpretation of the law.

In the past few years, there has been a continuing growth in taxpayer requests for competent authority assistance. During the same period, the competent authority has made considerable progress in resolving treaty issues. For example, the most frequent and difficult cases involve the issue of how income is to be allocated between related U.S. and foreign taxpayers. In more than 95 percent of such cases closed by the end of 1974, the competent authority has negotiated agreements providing full relief from double taxation. The income adjustments providing relief in these cases exceeded $51 million, including both U.S. and foreign adjustments.

Inability to provide relief in the remaining cases was the result of procedural barriers (statutes of limitation on refund, etc.) rather than inability to reach agreement with foreign competent authorities. In negotiating new tax treaties, provisions are being added which waive these procedural obstacles to relief. Waiver provisions are now included in the income tax treaties with West Germany, Japan, the United Kingdom, France, the Netherlands, Belgium, Norway, Finland, and Trinidad and Tobago.

Exchange of Information

Because of the recent growth of international operations by many U.S. companies and individuals, the IRS has expanded its information-exchange program with tax agencies of treaty countries.

Commissioner Donald C. Alexander and his counterpart, Robert Stanbury, Minister of National Revenue of Canada.

Technical Assistance to Other Countries

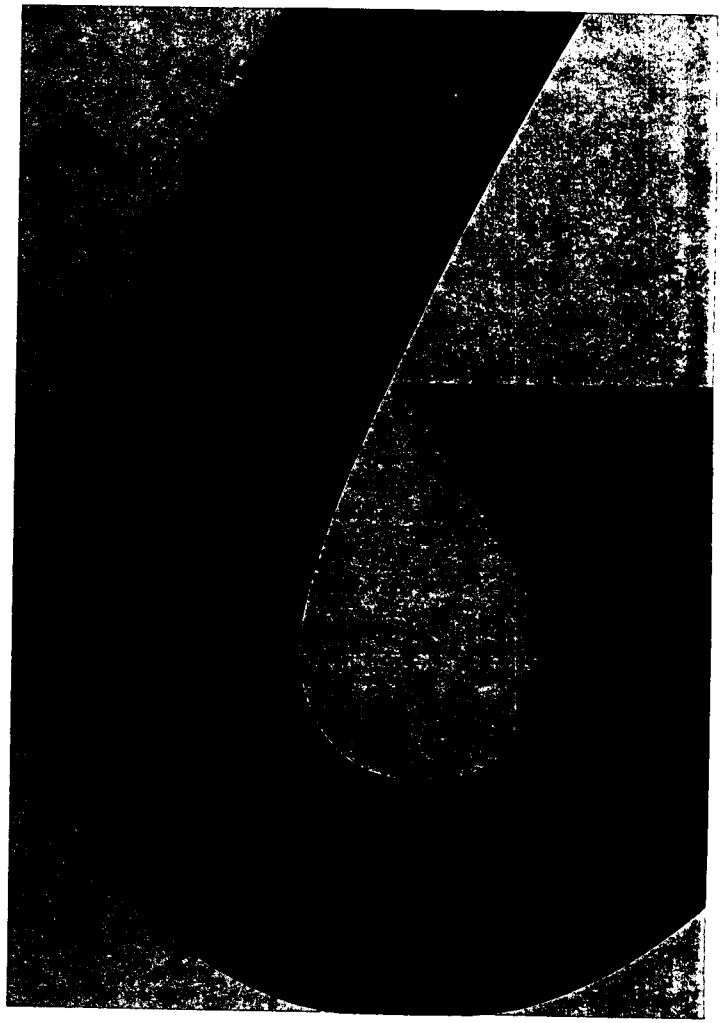
The Internal Revenue Service's Tax Administration Advisory Staff assigns tax advisors to interested developing countries to help them modernize their tax administration systems. At the end of 1974, there were 14 advisors in 7 countries—Bolivia, Colombia, Guatemala, Paraguay, Trinidad and Tobago, Uruguay and South Viet Nam.

Tax officials from other countries are welcome to visit IRS facilities to discuss mutual problems or for training purposes. During 1974, 266 officials from 57 countries made such visits. More than 3,600 officials from 111 countries have visited the IRS during the past 12 years. Canada topped the list in 1974 with a total of 35 visitors, including the Minister of National Revenue, who, along with 10 staff members, met with the Commissioner and key IRS officials for two days in February.

The Inter-American Center of Tax Administrators (CIAT), which consists of 26 member countries of the Western Hemisphere, sponsors technical seminars in tax administration each year. The Commissioner led the U.S. delegation to the eighth annual CIAT assembly in Kingston, Jamaica, in May and delivered a paper on the organizational components and design of management information systems for tax administration.

Legal Activities

- Responsibilities of the Chief Counsel
- Litigation
- Leading Decisions
- Technical
- Administration



Responsibilities of the Chief Counsel

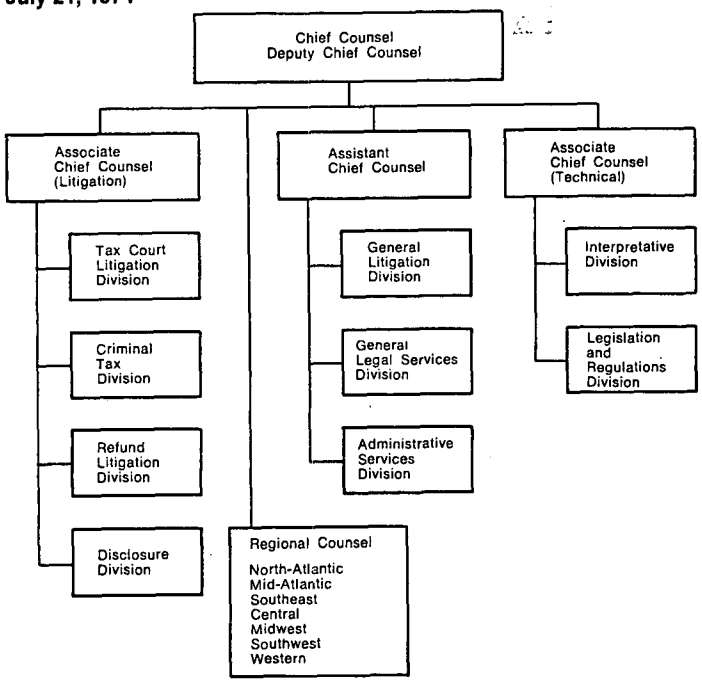
The Chief Counsel is the chief legal officer for the Internal Revenue Service and is a member of the Commissioner's executive staff. He advises the Commissioner on all matters pertaining to the administration and enforcement of the internal revenue laws and related statutes, as well as all non-tax legal questions.

His advisory responsibilities can be divided into two major areas: litigation and technical.

Organization

Giving effect to the reorganization which occurred as of July 21, 1974, the Office of the Chief Counsel is organized as follows:

Chart of New Organization July 21, 1974



Tax Court, General Litigation and Criminal Tax have field counterparts. Refund Litigation, Disclosure, Interpretative, Legislation and Regulations, Administrative Services, and General Legal Services do not.

Litigation

Both the National Office and the field offices are actively involved in litigation. Tax Court Litigation, General Litigation and Criminal Tax work are handled in the field offices subject to the overall direction of the National Office. Refund Litigation and Disclosure activities are centralized in the National Office.

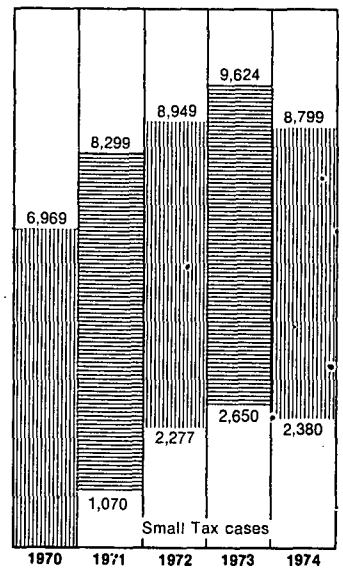
Tax Court

One of the major responsibilities of the Office of Chief Counsel is the representation of the Commissioner of Internal Revenue in all actions brought in the United States Tax Court. Tax Court litigation during the last half of 1974 was carried out in accordance with new Tax Court Rules of Practice and Procedure, effective January 1, 1974, which for the first time provide for limited pretrial discovery in Tax Court practice.

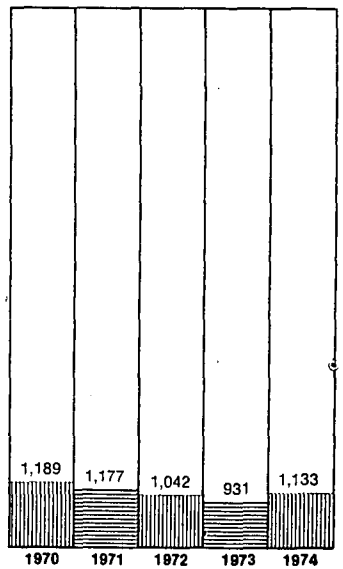
Refund Litigation

In refund suits in the United States District Courts and the Court of Claims, the Service is represented by the Department of Justice, assisted by the Refund Litigation Division. In 1974, there was a marked increase in the number of interrogatories and requests for the production of documents served on the Government in tax refund suits, and an increase of more than 20 percent in the number of suits filed over the number filed in 1973.

Tax Court Cases Received 1970-1974



Refund Litigation Cases Received 1970-1974



Tax in Litigation—Tax Court

Does not include Proposed Assessments agreed to by Taxpayers in District or Appellate Conferences.
(In Thousands of Dollars)

Status	Number of Cases	All Tax Court Cases [1]			
		Taxes and Penalties		Overpayments	
		Asserted	Determined	Claimed	Determined
Pending July 1, 1973	13,449	$2,025,189		$288,220	
Received	8,799	720,668		24,186	
Disposed of [2]	8,504	534,933	$153,537	30,876	$ 5,560
Recovery Rate [3]			28.7%		18.0%
Pending June 30, 1974	13,744	2,210,923		281,529	
		Small Tax Cases			
Pending July 1, 1973	1,678	$ 955		$ 45	
Received	2,380	1,347		48	
Disposed of [2]	2,420	1,294	$ 704	52	$ 25
Recovery Rate [3]			54.4%		48.1%
Pending June 30, 1974	1,638	1,008		40	

[1] Includes both small tax cases and other.
[2] Disposals include cases tried, settled, and dismissed. Some of the determined amounts are for cases which were subsequently appealed.
[3] Amount Determined expressed as percentage of Amount Asserted or Claimed. These amounts do not include proposed assessments which are agreed to by the taxpayer at District or Appellate Conferences.

Tax in Litigation-Refund Suits[1]

(In thousands of dollars)

Status	Number of Cases	Amount in Dispute	Amount Refunded [3]
District Courts			
Pending July 1, 1973	2,334	$299,108	
Received	1,009	113,733	
Disposed of [2]	868	89,108	$23,028
Recovery rate [4]			25.8%
Pending June 30, 1974	2,475	323,733	
Court of Claims			
Pending July 1, 1973	406	$291,437	
Received	124	71,881	
Disposed of [2]	146	31,277	$20,235
Recovery rate [4]			64.7%
Pending June 30, 1974	384	332,041	
Total			
Pending July 1, 1973	2,740	$590,545	
Received	1,133	185,614	
Disposed of [2]	1,014	120,385	$43,263
Recovery rate [4]			35.9%
Pending June 30, 1974	2,859	655,774	

[1] Cases in Courts of Appeal and the Supreme Court are included under the columns representing the court of origin.
[2] Disposals include cases tried, settled, and dismissed.
[3] Amount shown as refunded includes refund of taxes, penalties, and assessed interest. It does not include statutory interest (interest accrued to date of refund and paid to taxpayer with refund).
[4] Amount Refunded expressed as percentage of Amount in Dispute.

Trial Court Case Record
(Opinions Rendered—Refund Litigation and Tax Court Cases) [1]

Action	Court of Claims		District Courts		Tax Court [6] Small Tax Cases		Tax Court [6] Other		Tax Court [6] Total	
	1973	1974 [2]	1973	1974 [3]	1973	1974 [4]	1973	1974 [5]	1973	1974
Decided in favor of Government—Number	26	38	156	211	126	170	224	234	350	404
—Percent	68.4%	80.9%	58.0%	60.1%	52.5%	54.5%	49.1%	51.4%	50.3%	52.7%
Decided in favor of Taxpayer—Number	9	5	82	95	29	23	72	61	101	84
—Percent	23.7%	10.6%	30.5%	27.1%	12.1%	7.4%	15.8%	13.4%	14.5%	10.9%
Decided partially for the taxpayer and partially for the Government—Number	3	4	31	45	85	119	160	160	245	279
—Percent	7.9%	8.5%	11.5%	12.8%	35.4%	38.1%	35.1%	35.2%	35.2%	36.4%
Total Opinions	38	47	269	351	240	312	456	455	696	767

[1] Related cases are reflected as one opinion.
[2] 47 Opinions in Court of Claims involving 64 cases.
[3] 351 Opinions in District Courts involving 407 cases.
[4] 312 Tax Court Opinions involving 337 small tax cases.
[5] 455 Tax Court Opinions involving 763 cases other than small tax.
[6] In cases on which decisions were entered during Fiscal Year.

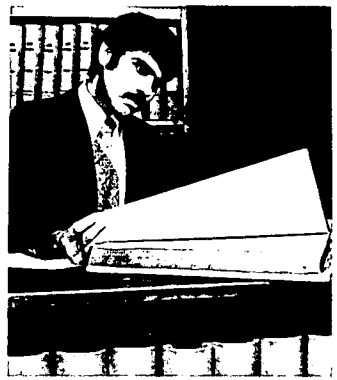
Appellate Court Case Record
(Decisions—Refund Litigation and Tax Court cases)

Court	Total	For the Government		Against the Government		Partly for and Partly Against the Government	
		No.	%	No.	%	No.	%
Courts of Appeals	256	181	70.7%	63	24.6%	12	4.7%
Originally tried in—Tax Court	[1] 135	96	71.1%	33	24.4%	6	4.4%
District Courts	[2] 121	85	70.2%	30	24.8%	6	5.0%
Supreme Court	4	3	75.0%	1	25.0%	—	
Originally tried in—Tax Court	3	2	66.7%	1	33.3%	—	
District Courts	1	1	100.0%	—		—	
Court of Claims	—	—		—		—	

[1] Of the cases originally tried in the Tax Court, the Courts of Appeals rendered 135 opinions in 222 dockets including 158 dockets for the government, 11 partially for the government, and 53 against the government.

[2] Of the cases originally tried in District Courts, the Courts of Appeals rendered 121 opinions in 141 dockets, including 92 dockets for the government, 6 partially for the government, and 43 against the government.

General Litigation



Attorneys in the General Litigation area furnish legal advice to the Internal Revenue Service and the Department of Justice on suits to collect taxes, proceedings under the Bankruptcy Act, civil enforcement of summonses, and injunction and declaratory judgment suits. During 1974, this Division handled suits involving injunction and declaratory judgment proceedings seeking to require the Commissioner to recognize an exemption under § 501(c)(3) or to revoke exempt status, to revoke an outstanding revenue ruling or regulation, and challenging enforcement actions such as termination of the tax year and jeopardy assessments.

Disclosure

The Disclosure Division was established on April 1, 1974, to handle the increasing volume of matters arising under the Freedom of Information Act, as well as requests for disclosure of documents and testimony in both tax and non-tax litigation. These matters were formerly handled by the General Litigation Division of the National Office.

Specifically, the Division is responsible for planning, directing and coordinating for the Internal Revenue Service all matters relating to requests for testimony and production of Internal Revenue documents, records or information under the Federal Rules of Civil or Criminal Procedure, the Tax Court Rules, the Court of Claims Rules and various State court rules. This Division works closely with the Disclosure Staff of the Service. It also coordinates with the Department of Justice all litigation arising under the Freedom of Information Act, including recommendations about defense or settlement of suits and appeals of adverse decisions.

Receipt and Disposal of General Litigation Cases—National and Regional

Status	Court	Non-Court	Total
Pending July 1, 1973	6,386	1,746	8,132
Received	8,210	7,394	15,604
Disposed of	7,273	7,522	14,795
Pending June 30, 1974	7,323	1,618	8,941

General Litigation and Disclosure Cases Received 1970-1974

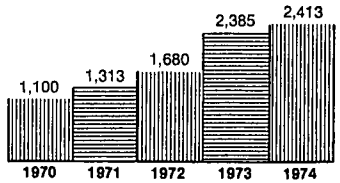
Types of Cases—Regions:	1970	1971	1972	1973	1974
Bankruptcies and Receiverships	1,088	1,107	1,217	1,153	1,112
Wage Earners' Plans (CH. XIII)	56	58	61	81	102
Arrangements (CH. XI)	1,321	1,855	1,492	1,526	2,273
Reorganizations and Real Property Arrangements (CH. X and XII)	145	271	203	184	348
Miscellaneous Insolvencies	54	73	199	140	100
Decedents' Estates	456	438	424	423	413
Suits to Collect Taxes	679	604	624	608	623
Section 2410 (28 U.S.C. 2410) Interpleaders	—	174	206	226	242
Others	—	92	159	235	162
Injunctions	80	131	152	230	272
Disclosure and Testimony	248	297	411	449	481
Summons Cases	908	1,083	1,307	1,371	1,663
Erroneous Refund Suits	—	50	28	32	31
Miscellaneous Court Cases	500	527	513	593	530
Advisory Opinions	3,117	3,746	4,025	4,556	4,310
Discharges of Property from Liens	1,766	2,094	2,311	2,429	2,269
TOTAL, ALL REGIONS	**10,418**	**12,600**	**13,332**	**14,236**	**14,931**
NATIONAL OFFICE:	**1970**	**1971**	**1972**	**1973**	**1974**
Appeals	108	136	176	216	184
Advisory	164	162	142	132	140
International Operations	91	118	113	88	165
Disclosure and Testimony	19	29	54	212	158
Other Centralized Cases [1]	3	19	40	22	26
TOTAL, NATIONAL OFFICE	**385**	**464**	**525**	**670**	**673**
TOTAL, ALL REGIONS AND NATIONAL OFFICE	**10,803**	**13,064**	**13,857**	**14,906**	**15,604**

[1] Includes Railroad Reorganizations and Actions for Injunctions and/or Declaratory Relief.

Criminal Tax

Attorneys in the Criminal Tax area handle all criminal tax legal matters for the Internal Revenue Service, coordinate criminal tax prosecutions with the Department of Justice, and assist the Tax Court and Refund Litigation Divisions in coordinating the application of the civil fraud penalties.

Criminal Tax Cases Received 1970-1974



Receipt and Disposal of Criminal Tax Cases

Status	1970	1971	1972	1973	1974
Pending July 1, 1973	2,073	2,206	2,467	2,762	3,597
Received, Total	1,100	1,313	1,680	2,385	2,413
With Recommendation for Prosecution	1,014	1,204	1,523	2,304	2,304
With Requests for Opinion, Etc.	86	109	157	81	109
Disposed of, Total	967	1,052	1,385	1,550	2,115
Prosecution not Warranted	96	79	94	104	181
Dept. of Justice Declined	50	48	57	72	91
Prosecutions	623	759	1,009	1,077	1,423
Opinions Delivered	38	46	58	46	62
Other closings	160	120	167	251	358
Pending June 30, 1974	2,206	2,467	2,762	3,597	3,895

NOTE: Some cases include more than one taxpayer.

Results of Criminal Action in Tax Fraud Cases

Action	Number of Defendants				
	1970	1971	1972	1973	1974
Plea of guilty or nolo contendere	448	645	733	914	1,062
Convicted after trial	73	142	113	190	191
Acquitted	30	57	40	55	97
Nol-prossed or dismissed	77	153	151	112	115
Total disposals	**628**	**997**	**1,037**	**1,271**	**1,465**
Indictments & Informations	924	956	1,085	1,186	1,441

NOTE: A small number of wagering tax cases are included. These account for less than 5 per cent of total disposals.

Supreme Court Opinions

Injunction. In *Bob Jones University v. Simon*, 416 U.S. 725 (1974), and *Alexander v. "Americans United" Inc.*, 416 U.S. 752 (1974), the Court reaffirmed the test of *Enochs v. Williams Packing and Navigation Co.*, 370 U.S. 1 (1962), that an injunction against the assessment or collection of taxes may be granted only (1) "if it is clear that under no circumstances could the Government ultimately prevail" and (2) "if equity jurisdiction otherwise exists," even when the taxpayer presents a constitutional claim, and held that *Code* § 7421(a) prohibited the enjoining of the threatened revocation of a ruling letter relating to *Code* § 501(c)(3) status in the *Bob Jones* case as well as injunctive relief requiring the reinstatement of such a letter in the *"Americans United" Inc.* case.

Self-incrimination. In *Bellis v. United States*, 417 U.S. 85 (1974), the Court held that the Fifth Amendment privilege against self-incrimination did not justify the refusal of a partner in a small law firm to comply with a subpoena requiring production of the partnership's financial records. The Court restated its position that the privilege against compulsory self-incrimination should be limited to its historic function of protecting only the natural individual from compulsory incrimination through his own testimony or personal records, but warned that "[t]his might be a different case if it involved a small family partnership, • • •, or • • •, if there were some other preexisting relationship of confidentiality among the partners."

Research Expenditures. In *Snow v. Commissioner*, 416 U.S. 500 (1974), the Court held that the taxpayers were entitled to deduct their pro rata share of amounts claimed by their partnership as research and development expenditures under *Code* § 174 on an item not developed for sale in the year in question on the grounds that disallowance of the deduction was contrary to the broad legislative objective of § 174 to provide an economic incentive to small or growing businesses.

Bond Discount Amortization. The Court in *Commissioner v. National Alfalfa Dehydrating & Milling Co.*, 417 U.S. 134 (1974), *rev'g* 472 F.2d 796 (10th Cir. 1973), *rev'g* and *rem'g* 57 T.C. 46 (1971), held that no amortizable discount arises when a corporation exchanges its bonds for its preferred stock unless the corporation incurs, as a result of the transaction, some cost or expense of acquiring the use of capital. However, the Court left open the question of whether any discount would arise if a corporation exchanged its bonds in return for other property such as inventory or the stock of another corporation.

Depreciation. In *Commissioner v. Idaho Power Co.*, ___ U.S. ___ (1974), the Court held that equipment depreciation allocable to the taxpayer's self-construction of capital facilities could not be deducted currently, but rather must be capitalized under *Code* § 263(a)(1) and depreciated over the useful life of the capital facilities. Although depreciation is intended to allocate the expense of using an asset over the periods benefited by that asset, when equipment is used to construct another capital asset, the equipment benefits the periods in which the constructed capital asset will be used, and the expense of using the equipment must be allocated over those periods.

Liquidation-Nonrecognition Of Gain. In *Central Tablet Manufacturing Co. v. United States*, ___ U.S. ___ (1974), insured property was destroyed before the adoption of a plan of complete liquidation; however, fire insurance proceeds were received after the adoption of the plan. The Court held that the "sale or exchange" for purposes of provisions dealing with nonrecognition of gain in connection with a plan of complete liquidation took place when the fire occurred, prior to the adoption of the plan, thus clarifying the application of *Code* § 337(a) to casualties and involuntary conversions.

Lower Court Opinions

Freedom Of Information. In *Tax Analysts and Advocates v. Internal Revenue Service*, 362 F. Supp. 1298 (D.D.C. 1973), *aff'd in part*, 505 F.2d 350 (D.C. Cir. 1974), the plaintiffs sought to compel public disclosure of certain letter rulings, technical advice memoranda, and communications and indices relating thereto. The Government contended that the information requested constituted tax return information exempt from disclosure under the Freedom of Information Act and, in the alternative, urged the court to exercise its equitable powers to deny disclosure. The district court ruled that the material sought did not constitute a return and could be rendered anonymous, that disclosure would not inhibit the Government in frankly discussing differing views in making policies and decisions, and therefore was not exempt from disclosure. Also, it ruled that it does not have discretion to refuse to order disclosure once it has been determined that the material is not exempt.

On appeal, the D.C. Circuit upheld the lower court's decision as to letter rulings, but reversed with respect to technical advice memoranda, holding that since such memoranda dealt directly with information contained in "returns made with respect to taxes", they were a part of the process by which tax determinations were made. In *Fruehauf Corporation v. Internal Revenue Service*, 369 F. Supp. 108 (E.D. Mich. 1974), *appeal docketed*, No. 74–1474 (6th Cir. April 25, 1974), on the other hand, where the plaintiffs sought disclosure of certain private excise tax ruling letters, the court failed to take notice of the fact that *Code* § 6103 applied to certain excise taxes as well as to income taxes, and ruled that the material sought related to excise taxes and did not fall within the protection of privacy accorded material related to income tax returns.

Third Party Summons. In *Bisceglia v. United States*, 486 F.2d 706 (6th Cir. 1973), *cert. granted* April 15, 1974, the court held that the Service is not authorized to issue a third party summons to compel production of that party's records except in furtherance of an investigation of the possible tax liability of specified taxpayers. In a footnote, the court rejected the Government's contention that the summons was authorized under the canvassing statute, *Code* § 7601, stating that Congress did not intend for that section to provide "additional grounds" to those specified in *Code* § 7602 for the issuance of a summons. Similarly, the Fifth Circuit affirmed the lower court's denial of enforcement of the summons in *United States v. Humble Oil and Refining Co.*, 488 F. 2d 953 (5th Cir. 1974), holding that the Service possesses no statutory authority for issuing a summons under *Code* § 7602 for "research" purposes.

However, in *United States v. Berkowitz*, 488 F. 2d 1235 (3d Cir. 1973), the Third Circuit affirmed the district court's order enforcing a summons seeking the names, addresses and social security numbers of the customers of a tax preparation service. The court distinguished situations where the Service sought documents to secure information not otherwise in its control from this case where the request was to secure facts so that the Service could locate information it already possessed.

Right to Counsel In Tax Investigations. The Internal Revenue Service's instructions to special agents that *Miranda*-type warnings [*Miranda v. Arizona*, 384 U.S. 436 (1966)] are to be given to the subject of an Intelligence Division investigation at the time of the initial contact were involved in three reported cases. In *United States v. Brewer*, 486 F.2d 507 (10th Cir. 1973), the defendant argued that in addition to being advised of his right to be represented by counsel, he should have been informed that he was entitled to have an attorney appointed if he could not obtain

one. The court held that in the absence of any coercive conditions and atmosphere, there was no right to appointed counsel. In *United States v. Morse*, 491 F.2d 149 (1st Cir. 1974), the defendant had not been given the warnings, but at the time of the special agents' first contact, the agents were referred to his attorney, to whom they gave the *Miranda*-type advice. The court suggested that, although it is preferable to give taxpayers the required warnings personally, a per se rule of exclusion should not be adopted for situations when the broad policy purposes of the Service's directives have been met. In *United States v. Fukushima*, 373 F. Supp. 212 (D. Hawaii 1974), the special agent gave the *Miranda*-type warnings except that the word "criminal" was omitted. The warnings given referred to tax fraud and to self-incrimination. The district court denied suppression of evidence, stating that "[t]he failure on the part of the special agent to use the magic word 'criminal' in stating the purpose of his investigation is [not] a 'substantial' deviation from the Internal Revenue Service procedures * * *."

Self-incrimination. The Ninth Circuit held that a defendant's income tax return showing income derived from wagering could be introduced into evidence during his criminal trial for federal gambling violations in *Garner v. United States*, ___ F.2d ___ (9th Cir. 1974). The court noted that, at the time of filing his return, Garner was not a defendant and that the information sought by the tax return was neutral on its face since the questions were directed to the public at large to implement the federal taxing power and were not designed to produce incriminating answers.

Termination of Taxable Year. The Second Circuit affirmed the district court's dismissal of the injunctive action brought by the taxpayer in *Laing v. United States*, 496 F. 2d 853 (2d Cir. 1974), *cert. granted* Oct. 15, 1974, and adhered to its position that an assessment of tax liability made as a consequence of a termination of taxable year is not a deficiency. The court noted the contrary decision of the Sixth Circuit in *Rambo v. United States*, 492 F.2d 1060 (6th Cir. 1974), *cert. applied for* July 10, 1974, but declined to follow it. In *Rambo* and in *Hall v. United States*, 493 F. 2d 1211 (6th Cir. 1974), *cert. granted* Oct. 15, 1974, the Sixth Circuit concluded that the tax determined to be due for the terminated period was a "deficiency" as defined by *Code* § 6211 and that the authority for assessing that deficiency was contained in *Code* § 6861, entitled "Jeopardy Assessment." Since no deficiency notice had been issued by the Service within the 60-day period provided by that section, the court held that the taxpayer could seek an injunction against the collection of the tax and an invalidation of the prior seizure under the provisions of *Code* § 6213(a).

Estoppel. The Second Circuit in *Divine v. Commissioner*, 500 F. 2d 1041 (2d Cir. 1974), *rev'g in part* 59 T.C. 152 (1972), held that the Government was not collaterally estopped from relitigating the same substantive tax issue by virtue of a prior opinion by a different court of appeals involving different taxpayers. The court stated that, because the two cases involved different taxpayers who were not in privity, the prior judgment did not collaterally estop the Government from relitigating the merits. The court thus refused to extend the erosion of the doctrine of mutuality of estoppel to federal tax controversies.

Embezzlement Income. In *Commissioner v. Buff*, 496 F. 2d 847 (2d Cir. 1974), *rev'g* 58 T.C. 224 (1972), the Second Circuit reversed a reviewed decision of the Tax Court which held that an embezzler did not receive income where he executed a confession of judgment within the same taxable year and thereby altered the character of the transaction from an embezzlement to a loan. The Tax Court found in the execution of the confession of judgment a "consensual agreement between the petitioner and his employer to treat the transaction as giving rise to a 'debt' due." In reversing, the Second Circuit held that the confession of judgment did not represent a bona fide agreement to repay and should not be given tax significance.

Partnerships. In *Diamond v. Commissioner*, 492 F.2d 286 (7th Cir. 1974, *aff'g* 56 T.C. 530 (1971), the Seventh Circuit held that a profit interest in a partnership received by the taxpayer in return for services rendered to the other partner was compensation taxable as ordinary income at the time of receipt. The court found it unnecessary to reach the questions whether Diamond's partnership interest constituted property or whether a partnership existed at the time his services were rendered.

Sick Pay Exclusion-Disability Retirement. In *Reardon v. United States*, 491 F.2d 822 (10th Cir. 1974), the court invalidated Treas. Reg. § 1.79–2(b)(3)(i)(a), which provided that "retirement age" for the purpose, among other things, of determining whether payments received under a disability retirement plan constitute excludable "sick pay" is the minimum age at which an employee could voluntarily retire under the employer's pension plan without disability.

Illegal Evidence. In *Efrain T. Suarez*, 61 T.C. 841 (1974), on appeal to the Fifth Circuit, the Tax Court clarified its prior holding in 58 T.C. 792 (1972), that the taxpayer's showing that the Commissioner's deficiency determination was based exclusively upon records obtained by local police officers from the taxpayer in violation of his rights under the Fourth Amendment was sufficient to shift to the Commissioner the burden of going forward with the evidence. In that earlier opinion, the court had also held that the criminal exclusionary rule was applicable to preclude the introduction of any of such tainted evidence in the trial of the Tax Court case.

Office In Home. In *Stephen A. Bodzin*, 60 T.C. 820 (1973), on appeal to the Fourth Circuit, the Tax Court held that an employee was entitled to deduct, under *Code* § 162, his expense of maintaining an office in his home. The court, in a reviewed opinion with four dissents, held that the criterion of deductibility is whether maintenance of the office at home is appropriate and helpful to the employee's job performance rather than primarily for his personal convenience.

Attribution Of Fraudulent Intent. In *James D. Prudden, et al.*, Docket No. 7032–73, the court held in a Memorandum Sur Order dated April 17, 1974, that the fraud of a father, who prepared returns for his minor children, was imputable to them, finding this situation analogous to cases where fraud has been imputed to corporate taxpayers arising out of acts done by officers of the corporation and to estates for acts done by fiduciaries of the estate.

The two technical divisions of the Office of Chief Counsel—Interpretative and Legislation and Regulations—are located in the National Office.

Interpretative

The Interpretative Division serves as the principal legal advisor to the Office of Assistant Commissioner (Technical) and formally or informally reviews proposed revenue rulings prepared by that Office. It also gives legal advice to other Divisions in the Chief Counsel's Office regarding the interpretations of the Internal Revenue Code, cases, regulations and rulings.

Ruling Matters

Limited Partnerships. Because of the widespread use of limited partnerships in conjunction with tax shelter investments, the Interpretative Division handled a significant number of questions involving subchapter K and the classification of various organizations. The Division assisted in the preparation of Rev. Proc. 74–17, 1974–22 I.R.B. 17, which sets forth situations in which the Service ordinarily will not issue advance rulings concerning the classification of an organization because of questions as to whether the principal purpose of the formation of the organization is the reduction of federal taxes.

Transfer To Controlled Corporation. The Division assisted the Service in the preparation of Rev. Rul. 73–472, 1973–2 C.B. 114, which holds that the nonrecognition provision of *Code* § 351(a) does not apply to the gain or loss realized by an individual who exchanged property solely for debt securities in a transaction in which he and three other individuals each transferred property of equal value to a newly formed corporation and in which the three other transferees received all of the stock of such corporation. In a companion case, Rev. Rul. 73–473, 1973–2 C.B. 115, it is held that the nonrecognition provision of *Code* § 351(a) applies to a transaction in which each of four equal owners of the stock of an operating corporation transfers property to such corporation in exchange for its debt securities.

Consolidated Returns. The Division considered several cases concerning consolidated returns during 1974. Among them were Rev. Rul. 73–498, 1973–2 C.B. 316, which outlines whether a corporation that qualifies both as a Western Hemisphere Trade Corporation and a possessions corporation is an "includible corporation" within the meaning of *Code* § 1504(b)(4), and Rev. Rul. 73–605, 1973–2 C.B. 109, which describes the tax consequences of an agreement entered into by members of an affiliated group that provided for allocation of the consolidated tax liability in accordance with *Code* § 1552(a)(2).

Interpretative Division Cases Received 1970-1974

Type of Case	1970	1971	1972	1973	1974
Revenue Rulings	168	305	512	511	471
Letter Rulings	43	59	89	107	124
Technical Advice	64	95	114	117	90
Other Advice	230	220	173	185	158
To Internal Revenue Service [1]					4
To other Chief Counsel Divisions [1]					154
Total	**505**	**679**	**888**	**920**	**843**

[1] No breakdown of "Other Advice" was made for Fiscal Years 1970-1973.

Exempt Organizations. Interpretative Division attorneys participated in the preparation of Rev. Rul. 74–99, 1974–9 I.R.B. 11, which sets forth specific requirements for exemption of a homeowners association under *Code* § 501(c)(4), and in the preparation of Rev. Rul. 74–17, 1974–2 I.R.B. 11, a somewhat related ruling, which holds that a condominium housing association formed to provide for the management, maintenance and care of the common areas of a condominium project does not qualify for exemption under *Code* § 501(c)(4). They also considered Rev. Rul. 73–411, 1973–2 C.B. 180, which holds that a mutual benefit association will not qualify for exemption as a business league or chamber of commerce under *Code* § 501(c)(6) if its membership is restricted to and required of the tenants and their common lessor.

Legislation and Regulations

The Legislation and Regulations Division works with the Research Division of the Office of the Assistant Commissioner (Planning and Research) and the Commissioner's Office in representing the Service in tax legislative matters. Division attorneys also provide the Treasury Department's Assistant Secretary for Tax Policy with technical assistance and expertise in the development and drafting of internal revenue legislation and furnish assistance to Congressional Committees in the drafting of Committee Reports on tax legislation.

Attorneys in the Legislation and Regulations Division are responsible for drafting proposed regulations, drafting Executive Orders, and for representing the Service in negotiating and drafting tax treaties with foreign governments. Working closely with Service officials, attorneys in this Division review tax forms and instructions, hold hearings on proposed regulations, evaluate suggestions by Service personnel for regulatory changes, and review publications issued for the information and guidance of taxpayers and Service officials.

Legislation and Regulations Division Cases Received 1970-1974

Type of Case	1970	1971	1972	1973	1974
Legislation	61	24	76	46	77
Regulations	155	99	110	90	56
Miscellaneous	21	22	19	38	43
Total	**237**	**145**	**205**	**174**	**176**

Tax Legislation Pending

The House Committee on Ways and Means undertook an extensive study of a wide variety of tax reform measures. Members of the Division participated in the preparation of draft legislation affecting, among other things, deductions for business use of the home, medical expenses, casualty losses, and expenses arising from vacation homes. Legislation was drafted to treat alimony payments as a deduction toward adjusted gross income, to repeal the dividend and sick pay exclusions, to make use of the tax tables mandatory in certain cases, to limit artificial accounting losses, to provide for declaratory judgments for *Code* § 501(c)(3) organizations and private foundations, and to amend provisions relating to contributions to candidates for public office.

In addition, at the end of 1974, bills were pending to liberalize the charitable contribution treatment of copyrights, artistic compositions, and certain letters and memoranda; to require preparers of income tax returns to report certain information to the Internal Revenue Service and to prohibit preparation of returns by a person convicted of preparing a fraudulent return; to establish a national health insurance program and to impose an additional health insurance tax on employers, employees, and self-employed individuals; to impose a windfall profits tax on oil and to phase out the allowance for depletion of oil and gas resources and to require withholding of tax on amounts awarded in state-conducted lotteries.

Tax Legislation Enacted

During 1974 Congress enacted several laws related to tax matters, including the following:

Public Law 93–53, enacted July 1, 1973, permitting income tax refund checks to serve as interest-bearing U.S. Savings Bonds and requiring the Presidential Election Campaign Fund checkoff to appear on the individual income tax return.

Public Law 93–233, enacted December 31, 1973, increasing the social security and self-employment tax earnings base to $13,200 for 1974.

One of the most significant tax bills considered by the Congress during 1974 was H.R. 2, designed to strengthen and improve the private retirement system. The bill was enacted on September 2, 1974, as the Employee Retirement Income Security Act of 1974, P.L. 93–406. It made sweeping changes in the tax law with respect to employee retirement plans, establishing new uniform participation, vesting and funding standards. The new law created a Pension Benefit Guaranty Corporation to provide insurance against loss of retirement plan benefits, gave the Labor Department responsibility over certain aspects of plan operation, and authorized the creation of a new Assistant Commissioner's office to discharge the Service's responsibilities with respect to employee plans.

Tax Treaties

During 1974, a proposed income tax convention with Romania was transmitted to the Senate. Members of the Division assisted the Treasury Department in negotiations for other income tax conventions with Jamaica, Yugoslavia, Poland, and Zambia, and for estate tax conventions with France and Luxembourg.

Regulations

The Commissioner has the responsibility, with the concurrence of the Assistant Secretary of the Treasury for Tax Policy, to prescribe regulations under the Internal Revenue Code. Tax regulations are drafted by the Legislation and Regulations Division.

During 1974, the Statement of Procedural Rules that relate to comments on proposed regulations was changed to provide that, in a comment, designations of material as confidential will not be accepted by the Internal Revenue Service. The usual form for a notice of proposed rule making was modified to call attention to this provision and to alert persons submitting written comments that they should not include therein material that they consider to be confidential or inappropriate for disclosure to the public.

Regulations prescribed during the year included the following:

Treasury Decision 7292, relating to the separate limitation on foreign tax credit with respect to certain interest income.

Treasury Decision 7293, relating to the imposition of tax on foreign corporations, to return requirements, and to declarations of estimated income tax.

Treasury Decision 7294, relating to foreign taxes on foreign mineral income.

Treasury Decision 7304, relating to the designation by individuals to the Presidential Election Campaign Fund.

Treasury Decision 7308, relating to the postponement of the presumption with respect to activities not engaged in for profit.

Treasury Decision 7310, relating to the disclosure and use of information by preparers of tax returns.

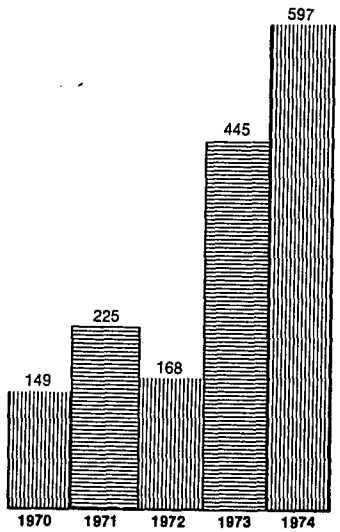
Treasury Decision 7313, relating to the revocation of permission for inspection of income tax returns by the Department of Agriculture.

Treasury Decision 7315, relating to the depreciation allowance for certain public utility property.

Notices Of Proposed Rule Making

Some of the more important notices of proposed rule making issued during the year but still pending at the end of the year are those relating to: (1) treatment of income subject to foreign community property laws; (2) relief of innocent spouses from liability for certain omissions of income on joint returns; (3) procedures for administration of private foundation excise taxes; and (4) valuation of certain bonds for estate and gift tax purposes.

General Legal Cases Received 1970-1974



Operations and Planning*

The Operations and Planning Division is responsible for the management of the Office of the Chief Counsel and for providing general legal services to Internal Revenue Service officials in all matters not primarily concerned with taxation, including labor relations, tort claims, forfeitures, procurement of supplies and services, and general administration.

During 1974, Operations and Planning began testing a computerized legal research system, LEXIS, to determine the effectiveness of such a system for use by attorneys in the office.

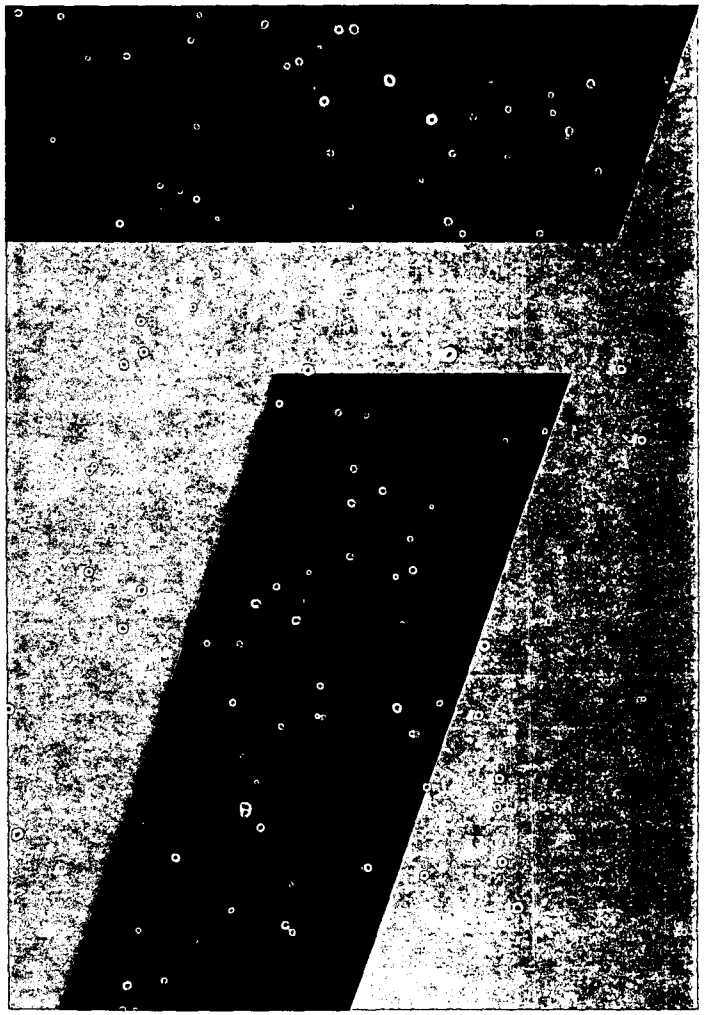
Under the aegis of the Division, an Equal Employment Opportunity Advisory Committee, composed of representatives from each Division in the National Office, was established in 1974 to assist in the administration of the Chief Counsel's Equal Employment Opportunity Program. It has played an important role in assisting management to devise and implement an Affirmative Action Program.

Attorneys in the General Legal Branch of the Division represent the Service in labor cases, including representation hearings, unfair labor practices, and grievances, and served this past year as counsel to management teams negotiating multi-unit labor agreements. Other members of the Operations and Planning Division's legal staff represent the Service in adverse action proceedings and in hearings involving allegations of discrimination. These attorneys also render on-going advice concerning government contracts and various administrative law problems. In addition, they represented the Director of Practice, Office of the Secretary of the Treasury, in disciplinary actions brought against tax practitioners.

*On July 21, 1974, the Operations and Planning Division was abolished and replaced by an Assistant Chief Counsel, the General Legal Services Division and the Administrative Services Division.

Planning and Research

- Planning Activities
- Research and Testing
- Legislative Activities
- Federal-State Cooperation
- Statistical Activities
- Advisory Groups



Planning Activities

Modernization of the Service's automatic data processing systems and simplification of the tax laws highlighted the planning activities of 1974. Long-range planning of personnel and other resource requirements to meet foreseeable workloads of the next several years, statistical analysis of tax return data, and other research work also were major activities in the planning area during the year.

Tax Administration System

The Tax Systems Redesign Division was established in the latter part of 1973 to undertake a major redesign of IRS data processing systems. A new data processing concept—the Tax Administration System—is being developed to improve service to the public, including the processing of tax returns and the retrieval of information related to those returns.

The new system will enable the IRS to issue refunds and bills faster, to respond to inquiries from taxpayers about their accounts more rapidly and to automate additional compliance operations which can be handled efficiently by computer.

A major aim of the Tax Administration System is to make information contained in the master file of taxpayers' accounts promptly accessible for use by specifically authorized personnel. This aim will be accomplished by decentralizing to the 10 IRS Service Centers the master files now maintained at the National Computer Center in Martinsburg, W. Va. Under the new system, the National Computer Center will control messages between the Service Centers and maintain a directory of each Service Center's records so that an account is not kept on file at more than one Service Center.

Long-Range Planning

The Long-Range Plan consists of a basic statement of goals and planned work accomplishments for the next five years. It includes projections of the nature and size of the tax administration job ahead and the programs needed to meet Service objectives and an attempt to estimate how many people, how much money, and what equipment will be needed to do the tax administration job in the future.

In this context, the Service has made a concerted effort to integrate a Management by Objectives process with planning and budgeting activities. Past performance is systematically and periodically revised and assessed against stated objectives. Important budget issues and the need for changes in program emphasis are also examined during this review.

Research and Testing

Optical Character Recognition

The Service is examining the possibility of procuring Optical Character Recognition (OCR) equipment to convert to magnetic tape the data recorded on information returns (reports of payments of wages, dividends, interest, etc.) received in paper form. Recent technological advances indicate the probability that OCR may be more economical than the alternative of manual transcription.

Remittance Processing System (RPS)

Successful tests were made of a prototype computerized system to expedite clearance and deposit of tax remittances. Combined remittance data input, numbering, and preparation of accounting documents are included in a single operation. The system will reduce processing costs, accelerate remittance posting to account status and tax data bases, and provide a "fact of filing" indicator for account status operations. A pilot system to include all remittance processing activity within one Service Center is planned for early 1976.

Technical Reference Information System

Testing continued on a Technical Reference Information System to explore the feasibility of applying computer techniques to the legal research problems of the IRS. Under the control of a large-scale computer and a sophisticated information storage and retrieval program, the researcher searches the available data bases for material relevant to his tax issues using interactive video terminals and hard copy printers. The data base presently contains the current Internal Revenue Code and Regulations, Revenue Rulings since 1954, and selected tax cases from the various courts.

Computer Simulation Model

The Service is developing a simulation model of Service Center return processing operations to determine the feasibility of computerizing work plans and schedules. Projections of future work plans and schedules will be made through access to an on-line data base containing actual and historical performance data. In addition, actual performance may be compared with scheduled activity to permit rapid schedule revisions because of changes in filing patterns, changes in production rates, and workload leveling to balance the peak work force. The model will permit more efficient use of personnel, space, and equipment and will result in reduced operating costs.

Legislative Activities

Tax Reform

The Service assisted the Office of the Secretary in preparing a number of legislative proposals for simplifying the Code and tax forms. Close liaison has been maintained with the tax-writing committees of the Congress in the conduct of both hearings and drafting sessions as major tax reform legislation moves forward.

Pension Reform

In anticipation of enactment of then-pending pension reform legislation, in 1974 the Service began planning the structure of the new Office of Assistant Commissioner (Employee Plans and Exempt Organizations) mandated by the legislation.

Rights to Privacy, and Confidentiality of Tax Returns

The rights of individuals to privacy, the rights of individuals to know what kinds of files are maintained on them by government agencies, and their rights to obtain information about agency procedures were all subjects of Congressional consideration during the past year. The Service assisted Congressional committees and the President's Domestic Council Committee on the Right of Privacy in their deliberations on these important issues.

Single Wage Reporting System

The Service is working with the Department of Health, Education, and Welfare toward a system designed to eliminate the present requirement that employers file quarterly reports of wages. This revolutionary approach employs the annual Form W-2, Wage and Tax Statement, to determine social security program coverage and benefits and provide information for tax enforcement. Legislative proposals to implement the new system are pending in both the House and Senate. This legislation would substantially reduce the wage-reporting burden borne by employers as well as the volume of required reports which are handled by the Service and the Social Security Administration.

Federal-State Cooperation

Exchange of Tax Information

Formal agreements providing for reciprocal exchange of tax information between the Service and the states currently exist with 48 states, the District of Columbia, Puerto Rico, Guam, and American Samoa. Three-fourths of these agreements now conform with a model plan which reflects recent changes in Federal and State tax administration regulations and procedures.

Revenue authorities in 37 states, the District of Columbia, and Puerto Rico requested and received magnetic tapes containing standard data elements which were extracted from the Individual Master File for tax year 1972. The tax laws specifically authorize the furnishing of this information to the states to aid them in improving compliance with state tax laws. States which receive this information must undertake to protect taxpayers' rights of privacy.

At the request of the National Association of Tax Administrators, the Service provided a preliminary set of standards for a Business Master File extract program, patterned after the program used for the IMF.

Gift tax information is also available to the states on magnetic tape.

Federal Collection of State Income Taxes

Although no states have yet sought Federal assistance in the collection of their taxes under the Federal-State Tax Collection Act of 1972, the Service has begun preparing for requests under the Act by initiating preparatory procedures for the redesign of some IRS systems, the modification of tax returns and instructions, and changes in regulations, and is developing a handbook for governors, state legislators, and other state officials.

Aid to State Tax Authorities

Under the Intergovernmental Personnel Act, IRS advisors have helped state tax administrators improve their programs and have contributed to increased cooperation between the IRS and state tax authorities. This year, the IRS assisted the states of Florida, Illinois, and Rhode Island and the Commonwealth of Puerto Rico.

In 1974, the IRS provided 63 training spaces in Basic Revenue Agent and other Compliance classes and ADP courses for state employees involved in tax administration. The IRS also conducted courses in managerial and supervisory skills, taxpayer education, and taxpayer relations for state agencies at their training facilities.

Statistics of Income Highlights

The Statistics of Income reports provide the public and government with a wide variety of data reported on income tax returns, without violating taxpayers' rights to privacy. The estimates are based on representative samples of returns.

Statistics of Income reports published in 1974 covered corporation income tax returns for 1971 and individual income tax returns for 1972. These reports are issued annually.

Also in 1974, after an interval of some years, the IRS published a Statistics of Income report on fiduciary income tax returns and a supplemental report on personal wealth. The report on fiduciaries covered tax year 1970. The wealth report presents estimates of overall personal wealth projected from information about decedents contained in estate tax returns filed in 1970.

Statistics of Income publications can be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Tax Models

Originally developed over 10 years ago to meet Treasury's need for timely estimates of the revenue effects of proposed tax legislation, the tax models continue to be valuable tools for economic planning. Four basic models, representing the returns of individuals, corporations, proprietorships, and partnerships, are now used.

Each model consists of a set of generalized computer programs used with specially structured data files comprising records in the Statistics of Income files. Statistical information is generated from a model file by using instruction cards designed by statisticians and economists.

In addition to the basic tax model for individual returns, the Service developed, in connection with the Federal-State Tax Collection Act of 1972, a special individual model set, "State Tax Models." These models are designed to permit reliable data estimates for each of the 50 states and the District of Columbia. Toward this end, the models are based on the full Statistics of Income sample (over 270,000 returns for 1972) instead of the subsample of about 100,000 returns used for the basic model.

Returns-Filed Projections

Planning throughout the Service is based on projections of the number of returns to be filed. The planning requirements of the various units of the Service require that workload projections be prepared for the entire United States as well as for service center areas, regions and districts. Specialized projections are also made for research purposes. The projections are updated each year to incorporate changes in the economic and demographic outlook, as well as the effects of tax law changes and filing patterns. Statistical techniques are used to identify the relationships between tax returns filed and the economic and demographic changes.

The total returns-filed workload is expected to grow from 118.7 million in calendar year 1973 to 146.9 million in 1985, an increase of 23.8 percent, reflecting expected growth in economic activity and employment over the next decade. The trend toward more complex returns also is expected to continue during this period. Individual returns with higher adjusted gross income (AGI over $10,000), as well as corporation, fiduciary, estate, gift, and exempt organization returns, are expected to increase more than 35 percent.

Projections of some major categories of returns are shown in the following table.

Selected Types of Returns Filed in 1973, and Projected for 1974, 1975, 1980 and 1985 by Calendar Year (Based on Present Law)
(Thousands)

Type of Return	Actual	Estimated	Projected			Percent Change
	1973	1974	1975	1980	1985	1973-1985
Total Returns	**118,701**	**121,950**	**124,176**	**135,842**	**146,896**	**23.8**
Individual	78,601	81,504	83,300	93,261	101,502	29.1
Form 1040A	22,161	22,309	22,229	21,503	20,607	− 7.0
Form 1040	56,320	59,073	60,946	71,619	80,744	43.4
AGI under $10,000	28,837	28,269	27,788	24,562	21,808	−24.4
AGI $10,000 and over	27,483	30,804	33,158	47,057	58,936	114.5
Other Individual	120	122	125	139	151	25.8
Fiduciary	1,381	1,470	1,572	2,154	2,813	103.7
Partnership	1,077	1,092	1,105	1,168	1,233	14.5
Corporation	1,997	2,017	2,068	2,392	2,709	35.7
Forms 1120, 1120 Special, total	1,658	1,666	1,697	1,923	2,142	29.2
Assets under $50,000	725	723	734	819	904	24.7
Assets $50,000 under $1 million	815	822	839	954	1,068	31.0
Assets $1 million or more	118	121	124	150	170	44.1
Other Corporation [1]	339	351	371	469	567	67.3
Employment	24,471	24,733	24,889	25,440	26,229	7.2
Estate and Gift	454	479	506	661	844	85.9
Exempt Organization	1,336	1,437	1,483	1,752	2,042	52.8
Excise	964	845	840	364	340	−64.7
Other [2]	8,420	8,373	8,413	8,650	9,184	9.1

[1] Includes Forms 1120S, 1120X, and 1120 DISC
[2] Includes Forms 7, 8, 11, 11B, 11C, 4705, 4706, 4707, 4708, 1040ES, 7004, 7005, 2438 and 1042.

Advisory Groups

The Commissioner's Advisory Group was reinstituted when the Commissioner appointed 12 prominent accountants, attorneys and educators to serve as his Advisory Group during the year. The Group held three two-day meetings during the fiscal year and a fourth meeting in the fall of 1974. It provided the Commissioner with useful criticism and viewpoints on IRS operations so that the Service could do a better job of serving the American public. Members of the group serve without compensation.

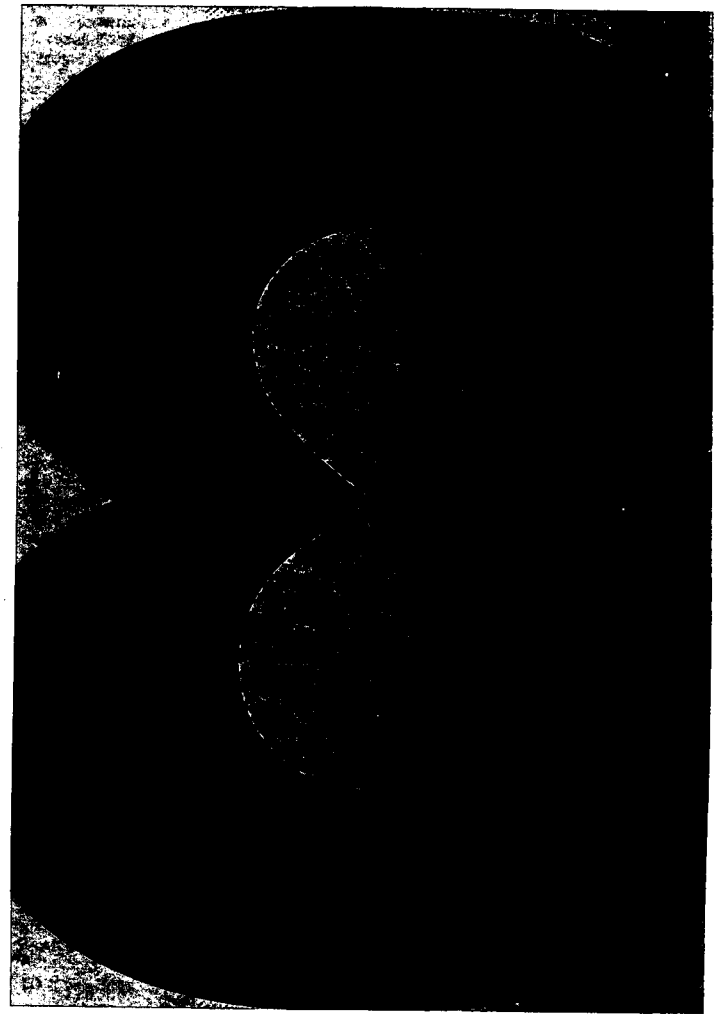
Art Advisory Panel

Since 1968, a 12-member panel of art experts—museum directors, scholars, and art dealers—has helped the Service determine the correct value of works of art donated to charity or included in taxable gifts or estates.

In its six years of operation, the panel has reviewed more than $116 million worth of art and has recommended valuation adjustments of nearly $31 million. At the three meetings held during 1974, the panel reviewed works of art valued in tax returns at approximately $33 million and recommended substantial adjustments in approximately one-half of the cases.

Economic Stabilization and Energy

- Stabilization and IRS
- Energy Activities



Stabilization and IRS

The Internal Revenue Service played a key role in the administration and enforcement of the Economic Stabilization Program from Phase I beginning in August 1971 through Phase IV ending in June 1974.

On August 13, 1973, Phase IV of the Stabilization Program was established and the Service's responsibilities were changed and broadened. The Service was given responsibility to receive and process price increase requests, review quarterly profit margin reports, issue subpoenas for witnesses and books, and collect and compromise civil penalties for violations. The Service was also authorized to perform additional technical and analytical tasks formerly reserved to the Cost of Living Council.

During Phase IV, the Service processed over 10,000 price increase prenotifications from 814 major firms, completing action on some 8,900 of these cases and transferring the remainder to the Cost of Living Council. The IRS gave full or partial approval to $9.8 billion in price increases and denied nearly $1 billion in requests. Another $900 million in price increases were withdrawn, after the IRS questioned their justification. As a result of Phase IV investigations, $33 million in overcharges were refunded directly to consumers or to the marketplace in the form of reduced prices. In addition, the IRS issued remedial orders and penalties totaling nearly $47 million.

The gradual decontrol of the economy on an industry-by-industry basis was an integral part of the Cost of Living Council's Phase IV Program. At CLC's request, the Service established a modified industry monitoring system and conducted some 1,400 survey-type investigations of plastics, rubber, chemicals, lumber, fabricated metal, paper, fertilizer and textile firms in an effort to monitor price behavior and ascertain what allocation or supply problems existed in these key industries prior to decontrol.

The IRS conducted a total of 8,400 investigations to determine compliance with the Phase IV Economic Stabilization regulations before the Stabilization Act expired on April 30. The Service then focused its efforts on completing investigations initiated before April 30 and accepting and processing required filings of quarterly and annual reports.

The IRS Stabilization function ceased to exist on June 30, and Stabilization personnel were phased back into tax administration.

Energy Activities

During the latter part of 1973, when the energy shortage became critical, the Federal Energy Office (FEO) was created to oversee energy-related problems.

Since petroleum firms were subject to Phase IV Economic Stabilization wage and price controls, and the IRS already had employees experienced in conducting petroleum investigations, the Service was called upon to continue enforcing energy controls until FEO could assume this responsibility. A Memorandum of Understanding between the FEO Administrator and the Commissioner defined the roles of the FEO and IRS and set forth the Service's authority to carry out its responsibilities. The agreement provided that the Service would supply 300 field enforcement personnel for FEO. As new FEO investigators were permanently assigned, the 300 IRS investigators would be returned to Stabilization work.

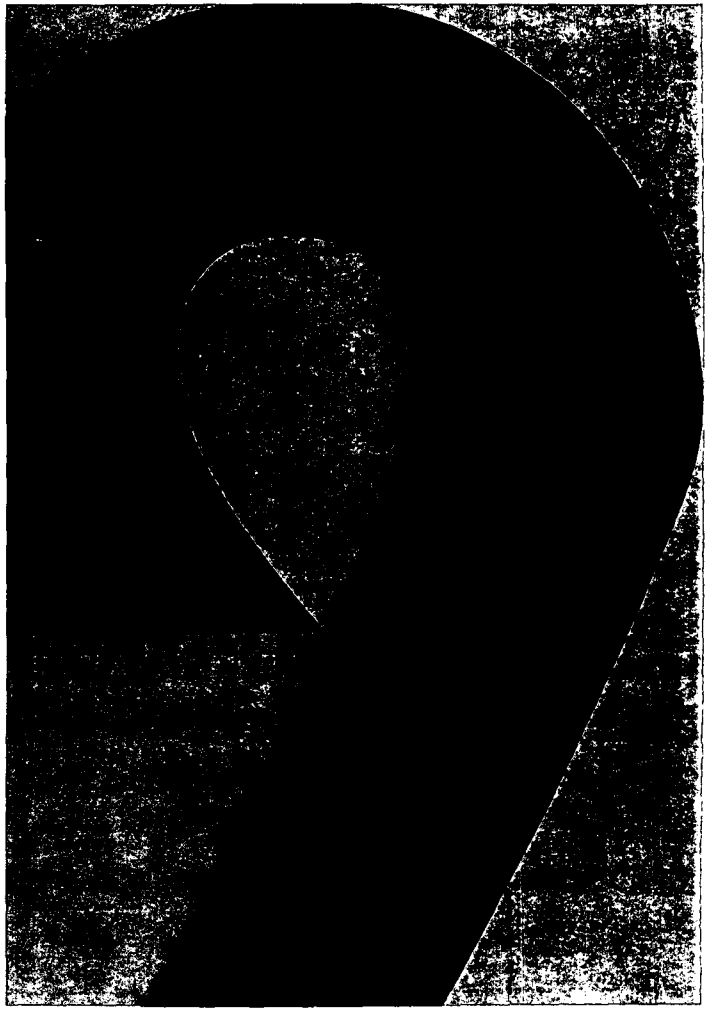
From February through April 1974, the IRS recruited, hired, and trained 860 new employees to form a field enforcement staff for FEO. Although these new employees were on the FEO's rolls at all times, the Service had direct control and supervision over them until FEO assumed the responsibility for direction and control of energy activities on July 1. Between December 1973 and the end of June 1974, the Service's goal was to enforce energy regulations for the FEO and to enable the FEO to assume the enforcement responsibility. During this period, the IRS initiated approximately 64,000 investigations, primarily involving retail gasoline, diesel fuel, home heating oil and propane dealers. Some 15,000 violations were found, and over $25 million was refunded either to specific customers or to the marketplace.

Inquiries from the public reached a peak of 63,000 calls per week in February 1974, when the nationwide gasoline shortage was most severe. Although these calls flooded many District Office telephone lines during the tax filing season, inquiries were handled without significant detriment to tax assistance.

The Service also instituted a Refiner Audit and Review Program, which measured the compliance of major refiners with the price regulations. This program terminated with completion of the first review on May 31, 1974. The review identified substantial amounts of improper cost pass-throughs. The information was turned over to FEO for resolution.

Internal Management of IRS

- Maintaining IRS Integrity
- Management and Administration



Maintaining IRS Integrity

Internal audit and security programs of the Inspection Service help IRS managers maintain high levels of integrity and efficiency.

Internal Audit Activities

The Internal Audit Division independently reviews all phases of IRS activities to ensure that policies, practices, procedures, and controls at all levels adequately protect taxpayers and the revenue and that they are efficiently and effectively carried out. Various auditing techniques, including computer analyses, are used to detect operating problems and integrity breakdowns.

Savings and Improvements

Management actions resulting from internal audit reports have helped improve taxpayer service, increase operating efficiency, strengthen internal controls, and foster a climate of integrity within the Service. Although monetary measurement is frequently not possible, identifiable savings and additional revenue resulting from Internal Audit activities in 1974 were estimated to exceed $71 million. This amount includes $36 million from examination of an elaborate Florida land development tax avoidance scheme which was investigated as a result of information developed by IRS internal auditors.

Corrective actions on some findings do not result in actual savings or additional revenue but instead accelerate the assessment or collection of taxes. For example, internal audit tests disclosed that taxpayer delinquent accounts were being issued under routine rather than immediate procedures when dishonored checks were posted to previously fully paid accounts. Subsequent computer program changes will accelerate the collection of an estimated $37 million in delinquent taxes annually.

Fraud, Embezzlement or Misconduct

One of the basic purposes of the Internal Audit program is to detect fraud, embezzlement, or other malfeasance on the part of IRS employees or others.

Special integrity reviews during FY 1974 resulted in the detection of fraudulent and erroneous refunds totaling $938,000. These reviews were also a major factor in the referral to Internal Security of information indicating breaches of integrity by 459 employees and others.

By-products of these special reviews include reduction of revenue losses due to earlier detection of fraud, a deterrent effect on those contemplating improper actions, and identification of operational problems.

Internal Security Activities

Internal Security Inspectors conduct background investigations of job applicants and investigate complaints of misconduct or irregularities concerning employees. In addition, they investigate persons outside the Service who attempt to bribe or otherwise corrupt Service employees and who threaten or assault employees.

During 1974, Internal Security Division Inspectors arrested or were responsible for the indictment of 102 individuals, including 13 employees or former employees and 89 taxpayers, tax practitioners or others. A total of 92 defendants were convicted during the year, including 62 defendants—two-thirds—who pleaded guilty rather than go to trial. Forty-five of these convictions were for bribery, 23 were for assault, and the remainder involved such other criminal charges as embezzlement, conspiracy to defraud the government, obstruction of justice, subscribing to false returns and disclosure of confidential tax information.

Bribery Attempts

Last year, IRS employees continued to thwart those persons who challenged the integrity of the Service through attempted bribery. In 1974, 207 employees reported 220 possible bribery attempts, resulting in 36 arrests or indictments.

During the 13-year period that the IRS Inspection Service has had the responsibility for the bribery program, IRS employees have reported 1,409 bribery attempts. Approximately one of every four instances resulted in prosecution action. Since 1961, bribery investigations have resulted in 381 arrests or indictments and 289 convictions or guilty pleas. At the end of 1974, 29 persons were awaiting trial on bribery charges.

The following cases illustrate bribery attempts during 1974:

A New Jersey CPA and his client pleaded guilty to bribery and conspiracy after paying a revenue agent $3,500 for a favorable audit. The judge fined the accountant $20,000, ordered his license revoked, and ordered him not to prepare tax returns for clients in the future. The client was given a two-year suspended sentence and fined $20,000.

Two Las Vegas casino operators and a businessman were arrested after making bribery payments totaling $64,000 to improperly influence civil and criminal tax investigations.

Four Honolulu jade importers and gold jewelry dealers were indicted following their attempt to bribe a revenue agent with a total of $6,300 and a Customs agent with a total of $3,300 to overlook or reduce their tax liabilities.

A gasoline station owner in New York was indicted for paying a revenue agent $600 to overlook his illegal gasoline price increases during the energy crisis.

A Michigan motel owner was arrested after paying a revenue agent $1,000 for a no-change report in an attempt to avoid approximately $5,000 in taxes.

An Illinois hardware store owner was sentenced to two years probation and fined $10,000 for giving a revenue agent a color television set to reduce proposed tax adjustments.

Assaults and Threats on IRS Employees

Since March 1972, when it was assigned the responsibility for the Assault Program, Inspection has investigated 900 cases in this area. Prosecution was authorized in 83 cases and 38 of these resulted in convictions. During 1974, 472 investigations were initiated, and 21 persons were convicted. In instances where prosecution is not authorized, Inspection interviews the alleged assailant, with the approval of the U.S. Attorney, to determine his or her full recollection of the incident. The alleged assailant is informed of the applicable Federal statutes and advised that repetitive acts could result in serious consequences, including prosecution.

The following cases illustrate examples of threat and assault cases this year:

A Steubenville, Ohio, trucker pleaded guilty to pointing a rifle at two revenue officers who attempted to seize his brother's property for unpaid taxes.

A Detroit, Michigan, known drug trafficker was sentenced to six months imprisonment for threatening a revenue agent. While he was awaiting trial on this Federal charge, the subject, his wife and their two sons were arrested for illegal drug sales to local undercover officers.

An Allentown, Pennsylvania, Certified Public Accountant was arrested for assaulting a revenue officer who was attempting to get information about a client's delinquent taxes.

Prevention of Organized Crime Influence

The possible corruptive influence of organized crime upon the Service, always a matter of concern, has resulted in extensive investigations. In one case, extending over three years, ten individuals identified with organized crime were indicted on bribery and conspiracy charges. To date, five of these individuals have been convicted, two were acquitted, and three persons are awaiting trial. Two home builders were convicted in 1974 as a result of this investigation.

Other Criminal Prosecutions

Other criminal activities involving the Service which the Internal Security Division was responsible for prosecuting this year were the following:

A former Memphis Service Center cash clerk and her husband were sentenced to jail terms of 59 days and three years, respectively, for embezzlement of more than $8,000 in Government funds.

A Kansas City, Missouri, file clerk pleaded guilty to selling confidential tax information to two private detectives. The two detectives also pleaded guilty in the case.

A former California revenue officer and a junk dealer were each fined $2,000 and placed on three years probation after pleading guilty to illegally acquiring property seized from delinquent taxpayers.

Investigation of Employees

Employees who engage in improper behavior or unlawful actions constitute a very small percentage of the IRS work force. The vast majority of investigations relating to alleged acts of impropriety by Service personnel result in exoneration of the employee.

The Internal Security Division completed 21,322 investigations during the year. In addition, singular and multiple police record searches were conducted on 20,020 persons considered for temporary short-term appointments or for positions created for special economic and educational programs. These searches or investigations resulted in the rejection of 329 job applicants and in disciplinary actions such as separations, suspensions, reprimands, warnings or demotion against 1,479 employees.

The chart on the next page shows the types of investigations completed during the past two fiscal years and disposition of those cases.

Investigative Teamwork

Breaches of integrity are investigated jointly by Internal Audit and Internal Security and in some cases with the assistance of the IRS Intelligence Division. In one case investigated in 1974, an employee pleaded guilty to conspiring to defraud the Government after the discovery of a scheme involving $250,000 in fraudulent refunds. Another of these investigations resulted in the identification and arrest of a person outside the Service who attempted to obtain $520,000 in fraudulent refunds.

Violations of tax laws discovered during internal audits and integrity investigations are referred to the IRS Intelligence Division for investigation if no employees are involved. During the year, there were 71 such referrals, 16 of which concerned tax practitioners in one metropolitan area who had prepared tax returns showing patterns of exaggerated and fictitious deductions.

Internal Security Division Investigations, 1973 and 1974

Type of Investigations and Action	1973	1974
Total	**19,654**	**21,322**
Personnel investigations		
Number of cases closed, total	**15,193**	**17,901**
Character and security investigations	11,672	13,823
Conduct Investigations	1,034	1,367
Special Inquiries	2,487	2,711
Actions taken by Service management officials as a result of Personnel Investigations		
Rejected for Employment	**246**	**329**
Disciplinary actions, total	**838**	**1,479**
Separations, total [1]	**235**	**331**
Bribery, extortion or collusion	1	2
Embezzlement or theft of Government funds or property	7	3
Failure of employee to pay proper tax	26	66
Falsification or distortion of Government reports, records, etc.	91	117
Unauthorized outside activity	5	3
Failure to discharge duties properly	10	10
Divulgence of confidential information	4	2
Acceptance of fees or gratuities	2	2
Refusal to cooperate in official investigation	3	1
Personal and other misconduct	86	124
Suspension from duty and pay	**35**	**115**
Reprimands, warnings or demotions	**568**	**1,033**
Investigations completed with favorable results (Include clearance and closed without action letters on conduct investigations)	**14,109**	**16,093**
Other Investigations		
Number of cases closed, total	**4,461**	**3,421**
Assault	411	472
Disclosure	58	103
Applications for admission to practice before the IRS	1,237	1,207
Charges against Attorneys, CPA's and Enrollees	74	74
Federal Tort Claims	150	144
Bribery	173	215
Discrimination	0	0
Investigations for other Treasury Bureaus	2,358	1,206

[1] Includes resignations, retirements or other separations while employees were under investigation or before administrative decision was made on disciplinary action where investigation disclosed derogatory information.

Management and Administration

Efficiency Improvement

The IRS initiated a Reports Curtailment Project in 1974 to reduce reporting requirements and to improve remaining reports. As a result of this program, 308 reports were cancelled at a projected annual savings of almost $2.4 million. In addition, 17 reports relating to stabilization activities were cancelled at a projected annual savings of almost $1.9 million. The Service's continuing program of promoting efficiency is expected to produce further improvements and cost savings during the second half of calendar year 1974.

Records disposal during calendar year 1973 resulted in the release of space and equipment valued at $1,654,000. A total of 137,151 cubic feet of records was destroyed, and 275,373 cubic feet of records were retired to Federal Records Centers.

IRS efforts to provide appealing office space for taxpayer service areas at reasonable cost were assisted during 1974 by the implementation of the GSA Office Excellence Program.

Safety Programs

During calendar year 1973, the last year of the President's "Zero In On Federal Safety" campaign, the accident prevention efforts of the Service resulted in a frequency of only 2.0 disabling employee injuries per million man-hours worked. This is the second lowest rate in Service history and about 70 percent lower than the average rate for all Federal agencies.

Service personnel drove over 112.5 million miles on official business during 1974 with only 691 accidents. This amounts to approximately 6.1 accidents per million miles driven, the lowest rate on record.

Management Careers Program

The IRS Management Careers Program has achieved an increasing degree of acceptance among management and employees. This program was expanded in 1974 by the Assistant Commissioner (ACTS) to include the identification, selection and development of first and second level managers in IRS Service Centers and the Data Center.

Executive Personnel

The Service was faced with the problem of filling a substantial number of executive vacancies which occurred late in 1973 and in 1974. Forty-three employees were trained in two six-month Executive Selection and Development Program classes this year. Usually only 10 to 15 employees participate each year. Nine classes were conducted for middle managers, the main source of candidates for executive positions.

For more than three years, the IRS has been faced with a severe drain on its pool of top-level career executives as a result of the statutory $36,000 civil service salary limit. The combination of this limit and recent substantial cost-of-living annuity increases has created a painful economic dilemma for executives eligible for optional retirement, since by remaining in the Service they must forego the substantial increases in retirement benefits which would be available if they retired. During 1974, a total of 27 supergrade career employees retired, including 5 of the 7 IRS Regional Commissioners. A second effect of this salary limitation is the resulting salary compression which places significant numbers of middle level executives and technical specialists at the same salary level as the Service's top executives.

If in the future the IRS is to avoid even more severe managerial strains, it is necessary that this limit be removed.

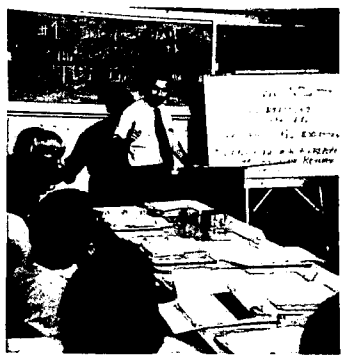
Labor-Management Activities

In early May, the IRS concluded a two-year collective bargaining agreement with the National Treasury Employees Union (NTEU). This Multi-District Agreement covers 30,000 employees in 56 of the 58 districts throughout the country. The Agreement provides for bilateral union-management decision-making in personnel policies and practices, such as promotions and performance evaluations.

The IRS and NTEU also concluded an agreement covering about 2,500 employees in four of the seven regional offices. This two-year collective bargaining agreement is the first to cover more than one regional office. Taken together, the Multi-Regional Agreement, the Multi-District Agreement and an agreement covering most of the Service Centers include about 60,000 IRS employees.

Training

IRS Training Centers trained a record number of recruits this year, including approximately 3,000 Revenue Agents, 2,000 Tax Auditors, and 296 Special Agents.



Tax Practitioners Institutes were held for new tax return preparers and for experienced practitioners needing refresher training. A course entitled Fundamentals of Tax Preparation was conducted at over 600 schools this year for college-level students interested in the tax preparation profession.

The Service has revised and expanded two training courses for use in its computer-assisted audit training program in order to reduce or eliminate many of the problems encountered with computer audits. A short training program in basic ADP concepts was given to 600 agents this year. The second program, designed for a small number of specialists, trained 41 Computer Audit Specialists in 1974 to carry out a high-quality auditing program involving ADP accounting records. A total of 84 Computer Audit Specialists have been trained under this program, and additional agents are scheduled for training in 1975.

Over 660 investigators were trained in enforcement, compliance and other regulatory procedures established by the new Federal Energy Act. Training courses began in February; by June all had successfully completed the prescribed training and were transferred to the Federal Energy Office. Eighty-eight investigators received further training in the Refinery Audit and Review Program (RARP). This training course was designed to help the investigators apply energy regulations in the audit of large refineries.

Equal Employment Opportunity

The Service has moved steadily to increase emphasis on equal employment opportunity and to insure upward mobility opportunities for all employees. While total Service year-end employment increased by nearly 10 percent between 1973 and 1974, minority employment during the same period increased by 16 percent. This included a 27 percent increase in employment of Spanish-speaking Americans.

During the year, a woman was appointed Deputy Assistant Commissioner and two black executives were advanced to the top field position of Regional Commissioner.

Under the cooperative work-study program, the IRS employed 1,038 students, 248 of whom were employed full-time after completing the program.

Employment of the Handicapped

IRS has continued to increase its employment of the handicapped in all occupations. As of December 31, 1973, 1,631 handicapped persons were employed by the IRS. Of this number, 94 are blind individuals working as Taxpayer Service Representatives in IRS Districts and as Tax Examiners in the Service Centers.

In each of the past three years, an IRS employee has reached final competition for the Outstanding Handicapped Federal Employee of the Year Award. This award, made under the auspices of the Civil Service Commission, focuses attention on the valuable contributions of handicapped Federal employees and their ability to perform top-quality work.

This year, Mrs. Icy Deans, a Tax Examiner at the Kansas City Service Center, received the Outstanding Handicapped Federal Employee of the Year Award.

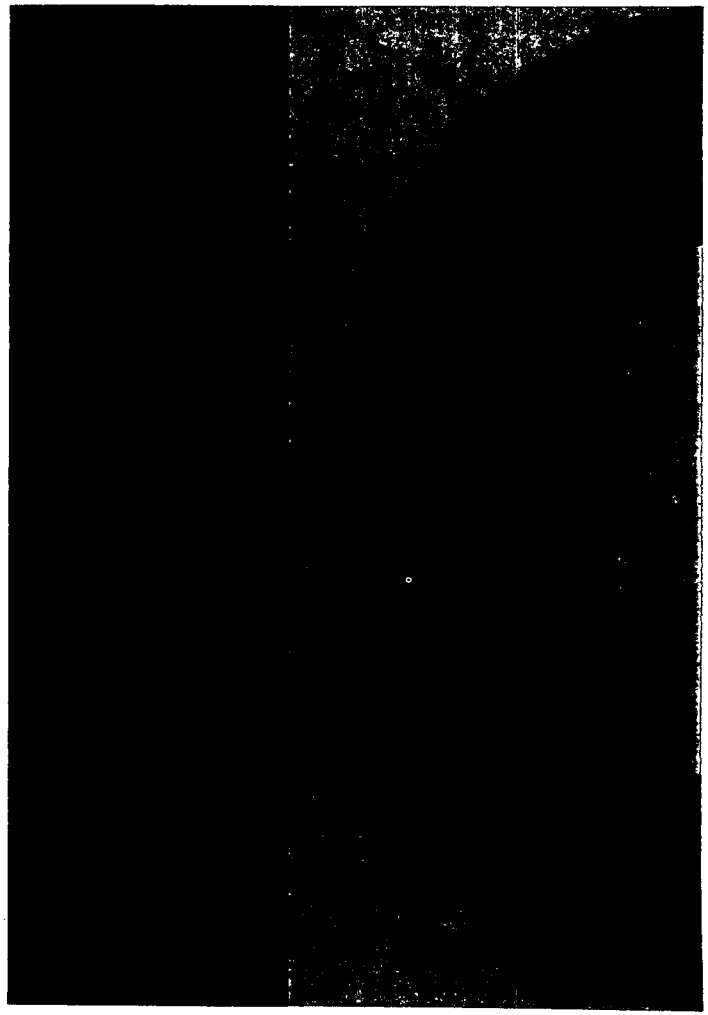
Federal Handicapped Award presentation (L to R), Commissioner Alexander; Mrs. Icy D. Deans; Senator Robert J. Dole of Kansas; and Mrs. Jayne B. Spain, Vice-Chairman of the Civil Service Commission.

Protection of Facilities

During the past year, the IRS continued to strengthen the protection of its data processing facilities by implementing an incentive-based guard contract. This new concept was developed with the assistance of the General Services Administration to provide the guard contractor with the motivation to do a superior job. In most cases, this type of contract has resulted in a significant improvement in the quality of guard service, thereby increasing the overall protection of the IRS facilities.

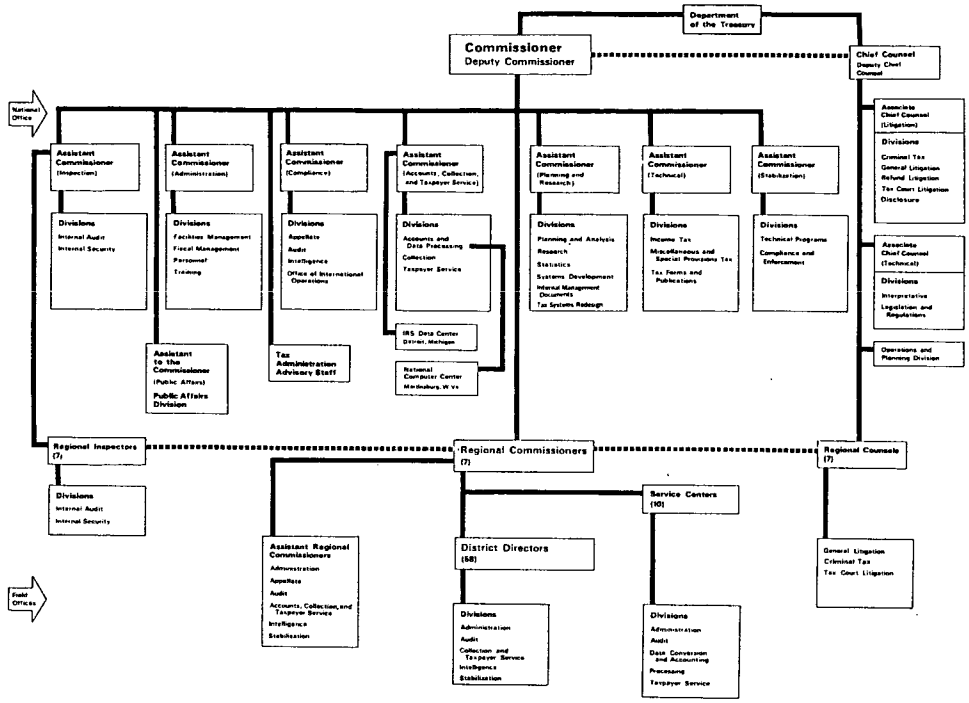
Appendix

- IRS Functional Chart
- Map of Regions and Districts
- List of IRS Officials (1974)
- Commissioners of the IRS (1862-1974)
- Statistical Tables
- Index

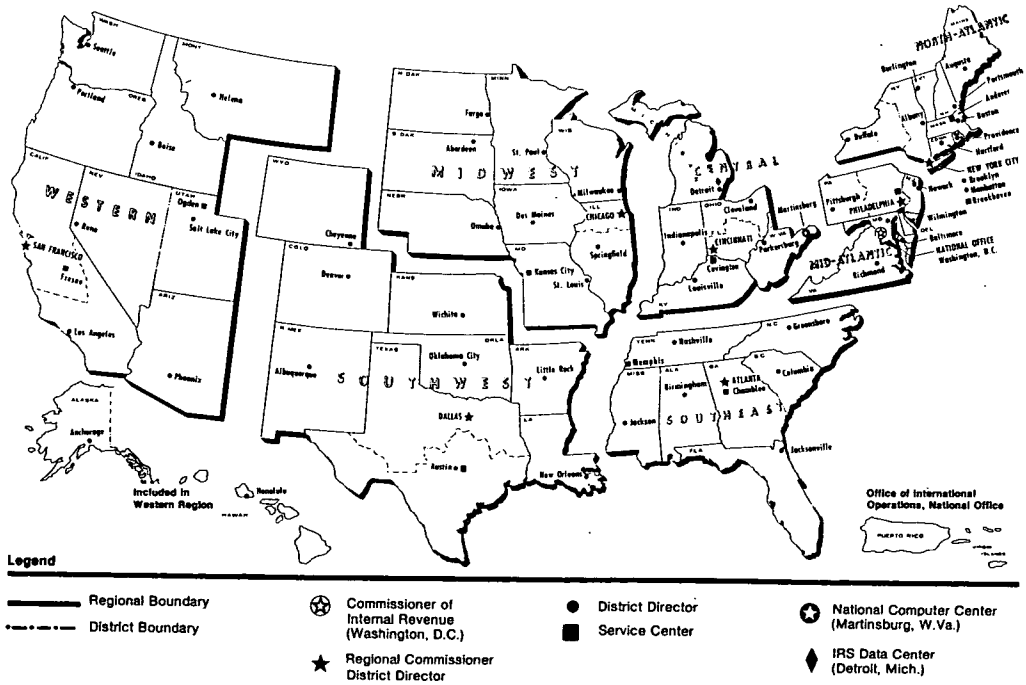


Organization

Internal Revenue Service
Department of the Treasury



Internal Revenue Regions and Districts



Principal Officers of the Internal Revenue Service as of June 30, 1974

NATIONAL OFFICE

Office of the Commissioner

Commissioner
Donald C. Alexander
Deputy Commissioner
William E. Williams
Assistant to the Commissioner
Burke W. Willsey
Assistant to the Deputy Commissioner
John L. Wedick, Jr. (Acting)
Director, Tax Administration Advisory Staff
Gordon Hill (Acting)
Assistant to the Commissioner (Public Affairs)
Philip L. Rothchild

Administration

Assistant Commissioner
Joseph T. Davis (Acting)
Director, Programs Staff
Julius H. Lauderdale
Division Directors:
Facilities Management
Leo C. Inglesby
Fiscal Management
Alan A. Beck
Personnel
Billy J. Brown
Training
Richard C. McCullough
Deputy Equal Employment Opportunity Officer
Barbara R. Thompson

Compliance

Assistant Commissioner
John F. Hanlon
Deputy Assistant Commissioner
Harold A. McGuffin
Division Directors:
Appellate
James C. Stigamire
Intelligence
John J. Olszewski
Audit
S. B. Wolfe
Office of International Operations
Joseph G. McGowan

Accounts, Collection and Taxpayer Service

Assistant Commissioner
Robert Terry
Deputy Assistant Commissioner
John Weber (Acting)
Division Directors:
Collection
James I. Owens
Taxpayer Service
Stanley Goldberg
National Computer Center, Martinsburg, W.Va.
William E. Palmer
Accounts and Data Processing
Vacant
IRS Data Center, Detroit, Mich.
Leonard E. Semrick

Inspection

Assistant Commissioner
Francis I. Geibel
Division Directors:
Internal Audit
William C. Rankin
Internal Security
William J. Hulihan

Planning and Research

Assistant Commissioner
Dean J. Barron
Division Directors:
Planning and Analysis
Anita Alpern
Systems Development
Lancelot N. Armstrong
Tax Systems Redesign
Donald G. Elsberry
Research
Claude D. Baldwin
Statistics
Vito Natrella
Internal Management Documents
Jeremiah R. Thompson.

Technical

Assistant Commissioner
Lawrence G. Gibbs
Deputy Assistant Commissioner
Wade F. Hobbs (Acting)
Division Directors:
Income Tax
Aaron Feibel (Acting)
Miscellaneous and Special Provision Tax
S. A. Winborne (Acting)
Tax Forms and Publications
Roy J. Linger

Office of Chief Counsel

Chief Counsel
Meade Whitaker
Deputy Chief Counsel
Charles L. Saunders
Technical Advisor to Chief Counsel
Daniel S. Folzenlogen
Staff Assistant to Chief Counsel
Richard A. Fisher
Associate Chief Counsel (Litigation)
Robert A. Bridges
Associate Chief Counsel (Technical)
Richard M. Hahn
Technical Assistant to the Associate Chief Counsel
David E. Dickinson
Special Assistant to the Chief Counsel
Lester Stein
Special Assistant to the Chief Counsel
Vacant
Division Directors:
General Litigation
Walter Feigenbaum
Criminal Tax
Leon G. Wigrizer
Refund Litigation
John W. Holt
Tax Court Litigation
Dennis J. Fox
Disclosure
Harold T. Flanagan
Interpretative
John L. Withers
Legislation and Regulations
James F. Dring
Operations and Planning
James E. Markham, Jr.

REGIONAL AND DISTRICT OFFICERS

Central Region

All Regional Offices at 550 Main Street, Cincinnati, Ohio 45202, unless a different address is indicated

Regional Commissioner
Patrick Ruttle (Acting)
Assistant Regional Commissioners:
Administration
Arthur J. Collinson
Audit
Robert Schemenauer (Acting)
Accounts, Collection & Taxpayer Service
Stanley L. Baker
Appellate
W. Franklin Hammack
Intelligence
Harold B. Holt
District Directors:
Cincinnati, Ohio 54201
Donald E. Bergherm (Acting)
Cleveland, Ohio 44199
Robert J. Dath
Detroit, Mich. 48226
Roger L. Plate
Indianapolis, Ind.
James W. Caldwell
Louisville, Ky. 40202
Paul F. Niederecker
Parkersburg, W. Va.
Jack D. Taylor (Acting)
Director, Cincinnati Service Center, Covington, Ky. 41019
Patrick J. Ruttle
Regional Counsel
David E. Mills
Regional Inspector
John McManus (Acting)

Mid-Atlantic Region

All Regional Offices at 2 Penn Center Plaza, Philadelphia, Pa. 19102, unless a different address is indicated

Regional Commissioner
William D. Waters
Assistant Regional Commissioners:
Administration
Americo P. Attorri
Audit
Dwight L. James

Accounts, Collection & Taxpayer Service
Paul R. Dickey
Appellate
Reuben Saideman
Intelligence
Thomas J. Clancy
District Directors:
Baltimore, Md. 21201
Gerald G. Portney
Newark, N.J. 07102
Elmer H. Klinsman
Philadelphia, Pa. 19108
Alfred L. Whinston
Pittsburgh, Pa. 15222
Cornelius J. Coleman
Richmond, Va. 23240
James P. Boyle
Wilmington, Del. 19801
James E. Quinn
Director, Philadelphia Service Center, Philadelphia, Pa. 19155
Norman E. Morrill
Regional Counsel
Robert L. Liken
Regional Inspector
Emanuel L. Schuster

Southeast Region

All Regional Offices at 275 Peachtree St. N.E., Atlanta, Ga. 30303, unless a different address is indicated

Regional Commissioner
Roland H. Nash, Jr.
Assistant Regional Commissioners:
Administration
Philip N. Sansotta
Audit
Philip J. Sullivan
Accounts, Collection & Taxpayer Service
William E. Douglas
Appellate
Kenneth F. Montz
Intelligence
Edmund J. Vitkus
District Directors:
Atlanta, Ga. 30303
John W. Henderson
Birmingham, Ala. 35203
Dwight T. Baptist
Jacksonville, Fla 32202
Andrew J. O'Donnell, Jr.
Greensboro, N.C. 27401
Charles O. Dewitt
Jackson, Miss. 39202
William Daniel
Nashville, Tenn. 37203
James A. O'Hara
Columbia, S.C. 29201
Harold Bindseil
Director, Atlanta Service Center, Chamblee, Ga. 30006
William B. Hartlage
Director, Memphis Service Center, Memphis, Tenn. 38110
Claude A. Kyle
Regional Counsel
Henry C. Stockell, Jr.
Regional Inspector
John Kelly (Acting)

Southwest Region

All Regional Offices at 1114 Commerce St., Dallas Tex. 75202, unless a differen address is indicated

Regional Commissioner
Walter T. Coppinger
Assistant Regional Commissioners:
Administration
Vacant
Audit
Howard C. Longley
Accounts, Collection, & Taxpayer Service
George M. Oliver
Appellate
Paul D. Williams
Intelligence
Robert D. Elledge
District Directors:
Albuquerque, N. Mex. 87101
William B. Orr
Austin, Tex. 78701
Richard J. Staken
Little Rock, Ark. 72203
Emmett E. Cook, Jr.
New Orleans, La. 70130
Roger F. Shockcor
Denver, Colo. 80202
Gerald L. Mihlbachler
Cheyenne, Wyo. 82001
T. Blair Evans
Dallas, Tex. 75202
Alden W. McCanless
Oklahoma City, Okla. 73102
Clyde L. Bickerstaff
Wichita, Kans. 67202
Maurice E. Johnson

Director, Austin Service Center, Austin, Tex. 78740
Ervin B. Osborn
Regional Counsel
William B. Riley
Regional Inspector
Paul F. Kearns

Midwest Region

All Regional Offices at 35 East Wacker, Dr., Chicago, Ill. 60601, unless a different address is indicated

Regional Commissioner
Edwin P. Trainor
Assistant Regional Commissioners:
Administration
Charles Parks
Audit
John H. Rauen, Jr.
Accounts, Collection & Taxpayer Service
Roger C. Beck
Appellate
Fred J. Ochs
Intelligence
Robert J. Bush
District Directors:
Aberdeen, S. Dak. 57401
John B. Langer
Chicago, Ill. 60602
Charles F. Mirani
Des Moines, Iowa 50309
James T. Rideoutte
Fargo, N. Dak. 58102
Frederick G. Kniskern
Springfield, Ill. 62704
Leon C. Green
Milwaukee, Wis. 53202
Lawrence M. Phillips
Omaha, Neb. 68102
Everett Loury
St. Louis, Mo. 63101
Richard C. Voskuil
St. Paul, Minn. 55101
C. Dudley Switzer
Director, Kansas City Service Center, Kansas City, Mo. 64170
Roy D. Clark
Regional Counsel
Frank C. Conley
Regional Inspector
William E. Mulroy

North-Atlantic Region

All Regional Offices at 90 Church Street, New York, N.Y. 10007, unless a different address is indicated

Regional Commissioner
Elliott H. Gray
Assistant Regional Commissioners:
Administration
Harry J. Bodkin
Audit
William H. Tompkins
Accounts, Collection & Taxpayer Service
Marshall P. Cappelli
Appellate
Theodore C. Rademaker
Intelligence
Howard F. McHenry
District Directors:
Albany, N.Y. 12206
Donald T. Hartley
Augusta, Maine 04330
Whitney L. Wheeler
Boston, Mass. 02203
John E. Foristall
Brooklyn, N.Y. 11201
Charles H. Brennan
Providence, R.I. 02903
John J. O'Brien
Buffalo, N.Y. 14202
Herbert B. Mosher
Burlington, Vt. 05401
Carolyn Buttolph
Hartford, Conn. 06103
Joseph J. Conley, Jr.
Manhattan, N.Y. 10007
Philip Coates
Portsmouth, N.H. 03801
Frank W. Murphy
Director, Andover Service Center, Andover, Mass. 01802
M. Eddie Heironimus
Director, Brookhaven Service Center, Holtsville, N.Y. 11742
Henry P. Seufert
Regional Counsel
Marvin E. Hagen
Regional Inspector
Sidney Wolk

Western Region
All Regional Offices at 870 Market Street, San Francisco, Calif. 94102, unless a different address is indicated

Regional Commissioner
Thomas Cardoza
Assistant Regional Commissioners:
Administration
Warren N. Slack
Audit
Johnnie Robertson
Accounts, Collection & Taxpayer Service
Vacant
Appellate
Wallace J. Spencer, Jr.
Intelligence
Robert G. Potter
District Directors:
Anchorage, Alaska 99501
Charles E. Roddy
Boise, Idaho 83707
Howard T. Martin
Helena, Mont. 59601
Nelson L. Seeley
Honolulu, Hawaii 96813
Robert M. Cutts
Los Angeles, Calif. 90012
Warren A. Bates
Seattle, Wash. 98112
Michael D. Sassi
Phoenix, Ariz. 85025
Robert M. McKeever
Portland, Ore. 97204
Ralph B. Short
Reno, Nev. 89502
Gerald Swanson
Salt Lake City, Utah 84110
Roland V. Wise
San Francisco, Calif. 94102
Francis L. Browitt
Director, Ogden Service Center, Ogden, Utah 84405
John O. Hummel
Director, Fresno Service Center, Fresno, Calif. 93730
Fredric F. Perdue
Regional Counsel
Emory L. Langdon
Regional Inspector
Frederick R. Rowe, Jr.

Historical List of Commissioners of Internal Revenue

George S. Boutwell
Massachusetts
July 17, 1862/Mar. 4, 1863

Joseph J. Lewis
Pennsylvania
Mar. 18, 1863/June 30, 1865

William Orton
New York
July 1, 1865/Oct. 31, 1865

Edward A. Rollins
New Hampshire
Nov. 1, 1865/Mar. 10, 1869

Columbus Delano
Ohio
Mar. 11, 1869/Oct. 31, 1870

Alfred Pleasonton
New York
Jan. 3, 1871/Aug. 8, 1871

John W. Douglass
Pennsylvania
Aug. 9, 1871/May 14, 1875

Daniel D. Pratt
Indiana
May 15, 1875/July 31, 1876

Green B. Raum
Illinois
Aug. 2, 1876/Apr. 30, 1883

Walter Evans
Kentucky
May 21, 1883/Mar. 19, 1885

Joseph S. Miller
West Virginia
March 20, 1885/Mar. 20, 1889

John W. Mason
West Virginia
Mar. 21, 1889/Apr. 18, 1893

Joseph S. Miller
West Virginia
Apr. 19, 1893/Nov. 26, 1896

W. St. John Forman
Illinois
Nov. 27, 1896/Dec. 31, 1897

Nathan B. Scott
West Virginia
Jan. 1, 1898/Feb. 28, 1899

George W. Wilson
Ohio
Mar. 1, 1899/Nov. 27, 1900

John W. Yerkes
Kentucky
Dec. 20, 1900/Apr. 30, 1907

John G. Capers
South Carolina
June 5, 1907/Aug. 31, 1909

Royal E. Cabell
Virginia
Sept. 1, 1909/Apr. 27, 1913

William H. Osborn
North Carolina
Apr. 28, 1913/Sept. 25, 1917

Daniel C. Roper
South Carolina
Sept. 26, 1917/Mar. 31, 1920

William M. Williams
Alabama
Apr. 1, 1920/Apr. 11, 1921

David H. Blair
North Carolina
May 27, 1921/May 31, 1929

Robert H. Lucas
Kentucky
June 1, 1929/Aug. 15, 1930

David Burnet
Ohio
Aug. 20, 1930/May 15, 1933

Guy T. Helevering
Kansas
June 6, 1933/Oct. 8, 1943

Robert E. Hannegan
Missouri
Oct. 9, 1943/Jan. 22, 1944

Joseph D. Nunan, Jr.
New York
Mar. 1, 1944/June 30, 1947

George J. Schoeneman
Rhode Island
July 1, 1947/July 31, 1951

John B. Dunlap
Texas
Aug. 1, 1951/Nov. 18, 1952

T. Coleman Andrews
Virginia
Feb. 4, 1953/Oct. 31, 1955

Russell C. Harrington
Rhode Island
Dec. 5, 1955/Sept. 30, 1958

Dana Latham
California
Nov. 5, 1958/Jan. 20, 1961

Mortimer M. Caplin
Virginia
Feb. 7, 1961/July 10, 1964

Sheldon S. Cohen
Maryland
Jan. 25, 1965/Jan. 20, 1969

Randolph W. Thrower
Georgia
Apr. 1, 1969/June 22, 1971

Johnnie M. Walters
South Carolina
Aug. 6, 1971/Apr. 30, 1973

Donald C. Alexander
Ohio
May 25, 1973

Office of Commissioner of Internal Revenue Created by Act of Congress, July 1, 1862

In addition, the following were Acting Commissioners during periods of time when there was no Commissioner holding the office:

John W. Douglas, of Pennsylvania from Nov. 1, 1870, to Jan. 2, 1871; Henry C. Rogers, of Pennsylvania, from May 1 to May 10, 1883, and from May 1 to June 4, 1907; John J. Knox, of Minnesota from May 11 to May 20, 1883; Robert Williams, Jr., of Ohio, from Nov. 28 to Dec. 19, 1900; Millard F. West, of Kentucky, from Apr. 12 to May 26, 1921; H. F. Mires, of Washington, from Aug. 16 to Aug. 19, 1930; Pressly R. Baldridge, of Iowa, from May 16 to June 5, 1933; Harold N. Graves, of Ilinois, from Jan. 23 to Feb. 29, 1944; John S. Graham, of North Carolina, from Nov. 19, 1952, to Jan 19, 1953; Justin F. Winkle, of New York, from Jan. 20 to Feb. 3, 1953; O. Gordon Delk, of Virginia, from Nov. 1 to Dec. 4, 1955, and from Oct. 1 to Nov. 4, 1958; Charles I. Fox, of Utah, from Jan. 21 to Feb. 6, 1961; Bertrand M. Harding, of Texas, from July 11, 1964 to Jan. 24, 1965; William H. Smith of Virginia, from Jan. 21 to Mar. 31, 1969; Harold T. Swartz of Indiana, from June 23, 1971 to Aug. 5, 1971; and Raymond F. Harless of California from May 1 to May 25, 1973.

Statistical Tables

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas

(In thousands of dollars)

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Total internal revenue collections	Corporation income tax [2]	Individual income and employment taxes: Total	Income tax not withheld and self-employment tax [3,4]	Income tax withheld and old-age and disability insurance [3,4,5]	Railroad retirement	Unemployment insurance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	**268,952,254**	**41,744,444**	**204,997,282**	**33,820,060**	**168,188,655**	**1,507,993**	**1,430,574**
North-Atlantic Region	**52,529,707**	**10,429,217**	**39,022,590**	**4,905,556**	**33,749,841**	**72,402**	**294,791**
Albany (See (c) below)	2,734,134	365,213	2,318,205	196,153	2,101,619	5,175	15,257
Augusta (Maine)	664,226	73,443	563,781	118,430	434,266	6,317	4,767
Boston (Massachusetts)	7,214,413	1,050,928	5,700,697	868,890	4,779,810	8,779	43,218
Brooklyn (See (c) below)	5,083,782	464,450	4,199,138	840,020	3,309,865	17,633	31,620
Buffalo (See (c) below)	4,370,818	747,768	3,408,955	470,299	2,911,933	207	26,516
Burlington (Vermont)	311,179	37,933	263,253	57,495	203,243	350	2,165
Hartford (Connecticut)	5,697,153	918,251	4,227,338	769,896	3,427,509	38	29,895
Manhattan (See (c) below)	24,650,104	6,508,572	16,884,912	1,362,900	15,359,197	33,752	129,064
Portsmouth (New Hampshire)	674,875	88,212	547,722	102,541	440,530	2	4,649
Providence (Rhode Island)	1,129,023	174,448	908,589	118,934	781,868	148	7,640
Mid-Atlantic Region	**39,291,443**	**5,629,502**	**30,287,210**	**4,442,900**	**25,128,969**	**508,273**	**207,068**
Baltimore (Maryland and D.C.)	7,281,472	687,194	6,010,028	770,217	5,034,505	177,639	27,666
Newark (New Jersey)	10,303,700	1,891,961	7,782,847	1,320,729	6,170,403	235,079	56,636
Philadelphia (See (e) below)	9,431,769	1,261,899	7,405,379	1,065,142	6,264,351	21,443	54,443
Pittsburgh (See (e) below)	6,145,382	736,524	4,890,809	537,469	4,315,818	15	37,602
Richmond (Virginia)	4,495,147	469,106	3,217,147	625,366	2,493,664	74,096	24,021
Wilmington (Delaware)	1,633,974	582,818	981,001	123,978	850,229	(*)	6,794
Southeast Region	**26,602,191**	**3,700,393**	**20,056,067**	**4,534,443**	**15,277,051**	**71,556**	**173,017**
Atlanta (Georgia)	4,680,889	688,288	3,597,346	622,843	2,940,851	3,830	29,821
Birmingham (Alabama)	2,370,975	308,086	1,871,475	364,151	1,488,782	1,804	16,739
Columbia (South Carolina)	1,762,028	279,779	1,432,856	263,153	1,155,484	176	14,042
Greensboro (North Carolina)	5,816,368	862,979	3,507,234	593,455	2,877,776	1,236	34,768
Jackson (Mississippi)	1,043,945	142,398	855,632	252,588	594,774	396	7,875
Jacksonville (Florida)	7,715,948	957,248	6,222,375	1,861,617	4,251,700	62,725	46,332
Nashville (Tennessee)	3,212,037	461,615	2,569,150	576,636	1,967,684	1,390	23,441
Central Region	**41,523,150**	**6,291,549**	**31,086,537**	**3,955,117**	**26,817,330**	**105,242**	**238,848**
Cincinnati (See (d) below)	5,621,527	1,005,523	4,202,632	612,367	3,557,001	101	33,163
Cleveland (See (d) below)	10,241,075	1,559,488	7,752,877	821,756	6,841,913	37,642	51,566
Detroit (Michigan)	14,743,444	2,429,300	11,474,503	1,160,162	10,216,069	20,724	77,549
Indianapolis (Indiana)	6,473,880	751,776	5,160,294	769,203	4,361,690	2,002	27,399
Louisville (Kentucky)	3,507,728	422,323	1,727,878	406,133	1,264,062	44,693	12,991
Parkersburg (West Virginia)	935,496	123,139	768,352	185,497	576,595	79	6,181
Midwest Region	**42,238,229**	**7,206,838**	**31,982,008**	**5,194,257**	**26,193,073**	**360,889**	**233,789**
Aberdeen (South Dakota)	410,495	44,221	348,193	135,495	210,407	2	2,289
Chicago (See (b) below)	17,043,934	3,126,714	12,792,671	1,597,046	10,916,115	178,664	100,845
Des Moines (Iowa)	2,433,198	419,046	1,914,397	638,468	1,262,511	729	12,690
Fargo (North Dakota)	407,019	35,520	352,852	141,425	209,281	4	2,143
Milwaukee (Wisconsin)	4,994,147	939,833	3,687,758	528,616	3,129,671	1,010	28,460
Omaha (Nebraska)	1,797,207	229,306	1,426,341	355,050	988,398	74,474	8,419
St. Louis (Missouri)	6,938,044	1,129,648	5,204,527	728,744	4,338,583	100,290	36,910
St. Paul (Minnesota)	5,178,454	803,180	4,052,905	511,625	3,512,073	1,263	27,943
Springfield (See (b) below)	3,035,730	479,369	2,202,364	557,787	1,626,033	4,454	14,090
Southwest Region	**27,376,264**	**3,696,352**	**20,916,759**	**4,665,873**	**15,967,893**	**138,102**	**144,893**
Albuquerque (New Mexico)	642,247	57,410	556,821	128,487	424,391	49	3,894
Austin (See (f) below)	7,227,266	1,053,356	5,112,344	1,201,650	3,866,013	6,821	37,859
Cheyenne (Wyoming)	279,013	30,923	214,208	78,651	134,160	5	1,392
Dallas (See (f) below)	6,287,957	936,354	4,772,098	1,172,226	3,544,040	19,669	36,163
Denver (Colorado)	4,242,996	307,034	3,620,365	408,877	3,179,298	16,307	15,882
Little Rock (Arkansas)	1,148,703	167,247	908,888	291,464	608,806	755	7,863
New Orleans (Louisiana)	2,628,317	360,736	2,138,519	472,620	1,648,151	1,618	16,130
Oklahoma City (Oklahoma)	2,678,282	416,912	1,829,477	418,738	1,396,079	170	14,491
Wichita (Kansas)	2,241,484	364,380	1,764,039	493,157	1,166,954	92,709	11,218
Western Region	**36,594,882**	**4,559,762**	**29,259,511**	**5,370,339**	**23,434,813**	**244,955**	**209,404**
Anchorage (Alaska)	292,248	19,503	265,126	39,054	224,527		1,545
Boise (Idaho)	692,783	111,589	565,873	128,393	432,203	606	4,672
Helena (Montana)	445,823	45,029	379,606	137,034	239,664	393	2,516
Honolulu (Hawaii)	840,089	96,814	714,927	132,216	577,788		4,923
Los Angeles (See (a) below)	14,147,774	1,844,332	11,244,041	1,912,567	9,245,823	621	85,030
Phoenix (Arizona)	1,719,744	200,269	1,462,414	310,017	1,140,764	266	11,367
Portland (Oregon)	2,533,619	498,164	1,928,103	424,854	1,486,736	1,309	15,204
Reno (Nevada)	642,355	85,796	527,361	125,060	398,041	1	4,258
Salt Lake City (Utah)	786,713	89,833	671,014	114,919	550,299	322	5,474
San Francisco (See (a) below)	10,811,574	1,092,979	8,555,845	1,474,471	6,915,720	110,903	54,751
Seattle (Washington)	3,682,159	475,364	2,945,201	571,756	2,223,247	130,534	19,664
Office of International Operations	**1,136,966**	**98,410**	**900,939**	**124,426**	**763,538**	**4,061**	**8,914**
Puerto Rico	386,235	1,069	270,711	13,203	249,010	−11	8,509
Other	750,732	97,341	630,228	111,223	514,528	4,072	405
Undistributed:							
Federal Tax deposits [6]	798,825	105,614	651,871		649,509	2,514	−151
Gasoline lubricating oil, and excess FICA credits [7]	653,958	26,807	627,151	627,151			
Transferred to Government of Guam	−13,412		−13,412		−13,412		
Withheld taxes of Federal employees	192,459		192,459		192,459		
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy	−1						
Presidential Election Fund [8]	27,592		27,592		27,592		
Totals for States not shown above							
(a) California	24,959,348	2,937,311	19,799,886	3,387,038	16,161,542	111,525	139,781
(b) Illinois	20,079,664	3,606,084	14,995,035	2,154,833	12,542,149	183,119	114,935
(c) New York	36,838,839	8,086,003	26,811,210	2,869,372	23,682,615	56,767	202,456
(d) Ohio	15,862,602	2,565,011	11,955,509	1,434,123	10,398,914	37,744	84,729
(e) Pennsylvania	15,577,151	1,998,423	12,296,188	1,602,610	10,580,169	21,458	91,950
(f) Texas	13,515,222	1,989,710	9,884,442	2,373,877	7,410,053	26,490	74,022

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

(In thousands of dollars)

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Estate tax	Gift tax	Excise taxes, total (sum of columns 11, 26, 30, 36, 41, and 55	Alcohol taxes: Distilled spirits taxes: Total	Imported (Collected by Customs)	Domestic [9]	Rectification [9]	Occupational [10]	Other [10]
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
United States, total	**4,659,825**	**440,849**	**17,109,853**	**5,358,477**	**3,918,971**	**767,384**	**3,115,006**	**24,434**	**11,627**	**520**
North-Atlantic Region	**948,349**	**97,709**	**2,031,842**	**658,488**	**511,341**	**259,287**	**247,660**	**1,957**	**2,312**	**125**
Albany (See (c) below)	38,192	1,425	11,101	670	191				190	1
Augusta (Maine)	15,612	1,228	10,163	2,813	2,697		2,619	26	51	(*)
Boston (Massachusetts)	130,822	18,134	313,832	181,592	166,125	90,261	74,654	764	446	1
Brooklyn (See (c) below)	219,444	6,849	193,902	53,478	7,262		6,838	(*)	318	106
Buffalo (See (c) below)	94,254	6,919	112,922	41,981	418		(*)		417	1
Burlington (Vermont)	6,349	909	2,734	78	42				41	1
Hartford (Connecticut)	142,432	13,735	395,396	115,721	115,132		114,446	377	303	6
Manhattan (See (c) below)	259,009	46,694	950,916	229,569	218,561	169,027	48,323	781	422	9
Portsmouth (New Hampshire)	14,854	476	23,611	19,008	821		779	8	34	(*)
Providence (Rhode Island)	27,381	1,339	17,265	13,579	91		(*)		90	(*)
Mid-Atlantic Region	**585,044**	**63,209**	**2,726,479**	**867,069**	**677,486**	**72,470**	**597,751**	**5,819**	**1,413**	**32**
Baltimore (Maryland and D.C.)	109,149	10,615	464,487	284,823	259,436	72,470	183,491	3,288	182	4
Newark (New Jersey)	163,387	16,905	448,599	262,472	186,534		185,371	533	630	(*)
Philadelphia (See (e) below)	161,359	16,973	586,159	166,049	117,617		116,055	1,271	291	
Pittsburgh (See (e) below)	63,088	6,835	448,126	106,284	90,826		89,990	601	208	28
Richmond (Virginia)	75,715	4,093	729,085	47,411	23,044		22,843	126	74	
Wilmington (Delaware)	12,345	7,788	50,022	31	28		1		27	
Southeast Region	**592,971**	**54,503**	**2,198,256**	**299,065**	**130,744**	**54,645**	**74,125**	**898**	**881**	**196**
Atlanta (Georgia)	82,578	8,886	303,792	32,832	8,524		7,930	339	154	101
Birmingham (Alabama)	42,295	3,981	145,138	3,772	3,573	3,484	21		46	21
Columbia (South Carolina)	23,203	2,188	24,003	732	148		7		127	14
Greensboro (North Carolina)	74,890	5,735	1,365,530	49,144	1,566		1,499		67	
Jackson (Mississippi)	20,180	2,115	23,621	321	219		135		56	28
Jacksonville (Florida)	290,823	26,245	219,258	132,603	81,049	51,161	28,945	559	353	31
Nashville (Tennessee)	59,003	5,354	116,915	79,660	35,666		35,588		78	
Central Region	**543,409**	**44,233**	**3,557,423**	**1,621,135**	**1,476,232**	**191,039**	**1,273,666**	**9,650**	**1,870**	**7**
Cincinnati (See (d) below)	107,929	9,807	295,635	243,179	193,318		191,877	1,164	276	1
Cleveland (See (d) below)	100,338	10,490	817,883	48,157	36,340	26,335	9,375	142	487	1
Detroit (Michigan)	133,812	11,395	694,433	342,302	289,642	164,704	123,591	738	603	5
Indianapolis (Indiana)	141,359	7,725	412,726	313,635	298,041		292,371	5,321	349	
Louisville (Kentucky)	39,722	4,064	1,313,741	668,835	653,935		651,537	2,284	113	
Parkersburg (West Virginia)	20,249	752	23,005	5,028	4,956		4,915		42	
Midwest Region	**709,918**	**57,678**	**2,281,787**	**808,444**	**466,121**	**56,653**	**402,986**	**4,294**	**2,186**	**2**
Aberdeen (South Dakota)	8,933	594	8,554	79	53				53	
Chicago (See (b) below)	225,229	21,645	877,675	184,918	178,725	41,186	136,110	905	525	1
Des Moines (Iowa)	54,626	3,579	41,551	438	141		1		140	
Fargo (North Dakota)	8,138	472	10,036	140	124	66			58	
Milwaukee (Wisconsin)	67,895	7,053	291,608	169,673	6,773	3,830	2,314	15	614	
Omaha (Nebraska)	39,902	2,765	98,894	5,696	123		(*)		123	
St. Louis (Missouri)	100,090	9,886	493,893	148,584	50,316	7,601	41,688	744	283	(*)
St. Paul (Minnesota)	147,510	8,454	166,405	53,877	16,752	3,970	12,475	133	174	1
Springfield (See (b) below)	57,595	3,229	293,172	245,038	213,115		210,400	2,498	217	
Southwest Region	**476,646**	**63,682**	**2,222,826**	**267,907**	**61,585**	**37,601**	**21,920**	**693**	**1,212**	**159**
Albuquerque (New Mexico)	13,446	1,164	11,407	1,514	1,507		1,441	1	65	(*)
Austin (See (f) below)	136,978	27,440	897,148	76,080	29,284	25,475	3,485		262	62
Cheyenne (Wyoming)	6,710	1,547	25,625	41	34				34	
Dallas (See (f) below)	122,328	15,669	441,508	39,833	190		3		176	11
Denver (Colorado)	42,756	4,096	268,745	104,289	175				175	
Little Rock (Arkansas)	16,756	2,337	53,475	612	86		1		82	3
New Orleans (Louisiana)	48,698	3,882	76,482	44,772	29,786	12,126	16,647	692	276	45
Oklahoma City (Oklahoma)	43,178	4,369	384,345	228	85		3		64	19
Wichita (Kansas)	45,796	3,178	64,092	538	438		342		79	18
Western Region	**789,018**	**58,597**	**1,927,993**	**736,294**	**495,402**	**95,688**	**396,851**	**1,109**	**1,753**	**1**
Anchorage (Alaska)	1,451	17	6,061	193	189	150			39	
Boise (Idaho)	8,107	697	6,517	84	34				34	
Helena (Montana)	13,015	1,272	6,901	1,694	1,658	3	1,671	6	−23	
Honolulu (Hawaii)	11,263	1,523	15,562	3,787	2,775	2,602	117	2	53	1
Los Angeles (See (a) below)	349,214	17,712	692,474	189,059	129,994	38,087	91,163	149	595	
Phoenix (Arizona)	39,473	3,445	14,144	3,232	785	653			133	
Portland (Oregon)	38,378	5,757	63,217	18,321	10,960	1,540	9,333	13	74	
Reno (Nevada)	16,992	2,901	9,305	74	64				64	
Salt Lake City (Utah)	6,873	882	18,111	38	10				10	
San Francisco (See (a) below)	246,604	14,716	901,431	448,603	327,974	35,571	291,124	689	590	(*)
Seattle (Washington)	57,648	9,674	194,271	71,208	20,959	17,082	3,443	250	183	
Office of International Operations	**14,470**	**1,238**	**121,909**	**100,074**	**100,061**		**100,046**	**14**	(*)	
Puerto Rico	539	357	113,558	100,074	100,060		100,046	14	(*)	
Other	13,931	881	8,351	(*)	(*)				(*)	
Undistributed:										
Federal Tax deposits [6]			41,340							
Gasoline lubricating oil, and excess FICA credits [7]										
Transferred to Government of Guam										
Withheld taxes of Federal employees										
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy			−1							
Presidential Election Fund [8]										
Totals for States not shown above										
(a) California	595,817	32,429	1,593,905	637,662	457,968	73,658	382,287	838	1,185	(*)
(b) Illinois	282,824	24,874	1,170,847	429,956	391,840	41,186	346,510	3,403	742	1
(c) New York	610,899	61,888	1,268,840	325,697	226,432	169,027	55,161	781	1,347	117
(d) Ohio	208,268	20,297	1,113,518	291,336	229,658	26,335	201,252	1,306	763	2
(e) Pennsylvania	224,447	23,808	1,034,285	272,333	208,443		206,045	1,872	499	28
(f) Texas	259,305	43,109	1,338,656	115,913	29,474	25,475	3,488		438	73

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

(In thousands of dollars)

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Alcohol taxes—Continued							
	Wines, cordials, etc., taxes				Beer taxes			
	Total (18)	Imported (collected by Customs) (19)	Domestic [5] (20)	Occupational taxes [10] (21)	Total (22)	Imported (collected by Customs) (23)	Domestic [5] (24)	Occupational taxes [10] (25)
United States, total	**173,515**	**19,259**	**150,399**	**3,857**	**1,265,990**	**9,695**	**1,253,213**	**3,082**
North-Atlantic Region	**32,733**	**8,098**	**24,304**	**332**	**114,414**	**5,506**	**108,377**	**531**
Albany (See (c) below)	430		411	18	49		(*)	49
Augusta (Maine)	81		43	38	35			35
Boston (Massachusetts)	1,880	1,700	140	40	13,586	1,960	11,615	11
Brooklyn (See (c) below)	4,086		4,051	35	42,130		42,000	130
Buffalo (See (c) below)	18,788		18,743	44	22,775		22,659	117
Burlington (Vermont)	34		1	33	2			2
Hartford (Connecticut)	77		65	12	512		473	38
Manhattan (See (c) below)	7,340	6,398	846	96	3,667	3,546		121
Portsmouth (New Hampshire)	11		3	8	18,175		18,148	27
Providence (Rhode Island)	6			6	13,482		13,481	1
Mid-Atlantic Region	**12,488**	**2,705**	**9,281**	**502**	**177,096**	**597**	**176,218**	**281**
Baltimore (Maryland and D.C.)	2,786	2,705	45	36	22,600	597	21,983	21
Newark (New Jersey)	6,568		6,228	341	69,370		69,320	50
Philadelphia (See (e) below)	1,320		1,305	15	47,111		47,043	68
Pittsburgh (See (e) below)	19		10	9	15,439		15,393	46
Richmond (Virginia)	1,793		1,693	100	22,574		22,479	94
Wilmington (Delaware)	2			2	1			1
Southeast Region	**3,140**	**1,373**	**1,030**	**737**	**165,180**	**601**	**164,020**	**560**
Atlanta (Georgia)	580		419	161	23,729		23,665	63
Birmingham (Alabama)	65	53		12	134	55		79
Columbia (South Carolina)	542		442	100	42			42
Greensboro (North Carolina)	172			172	47,406		47,310	96
Jackson (Mississippi)	2			2	100			100
Jacksonville (Florida)	1,776	1,320	170	286	49,779	545	49,138	96
Nashville (Tennessee)	4		(*)	4	43,990		43,907	83
Central Region	**4,849**	**1,670**	**2,365**	**814**	**140,055**	**499**	**139,341**	**215**
Cincinnati (See (d) below)	734		532	201	49,127		49,097	29
Cleveland (See (d) below)	1,979	1,085	664	231	9,838	24	9,795	19
Detroit (Michigan)	2,033	585	1,167	281	50,627	475	50,135	17
Indianapolis (Indiana)	98		2	96	15,496		15,463	32
Louisville (Kentucky)	2			2	14,898		14,851	47
Parkersburg (West Virginia)	3			3	69			69
Midwest Region	**7,149**	**2,217**	**4,848**	**84**	**335,174**	**303**	**334,441**	**431**
Aberdeen (South Dakota)	2			2	23			23
Chicago (See (b) below)	5,021	1,535	3,463	24	1,172	220	931	20
Des Moines (Iowa)	38		33	5	260		209	51
Fargo (North Dakota)	6	4		2	11	2		9
Milwaukee (Wisconsin)	339	304	12	23	162,562	76	162,396	89
Omaha (Nebraska)	7			7	5,567		5,544	22
St. Louis (Missouri)	1,534	189	1,339	6	96,734	1	96,657	76
St. Paul (Minnesota)	191	185		5	36,934	2	36,808	124
Springfield (See (b) below)	11		2	9	31,912		31,895	17
Southwest Region	**1,931**	**868**	**493**	**570**	**204,392**	**437**	**203,183**	**772**
Albuquerque (New Mexico)	4		1	4	3			3
Austin (See (f) below)	999	670	2	327	45,798	384	45,128	285
Cheyenne (Wyoming)	*			*	7			7
Dallas (See (f) below)	188			188	39,455		39,366	88
Denver (Colorado)	10		3	7	104,104		104,070	35
Little Rock (Arkansas)	498		485	14	27			27
New Orleans (Louisiana)	211	198	2	10	14,775	52	14,619	104
Oklahoma City (Oklahoma)	7		*	6	136			136
Wichita (Kansas)	13			13	87			87
Western Region	**111,214**	**2,327**	**108,067**	**819**	**129,678**	**1,753**	**127,632**	**293**
Anchorage (Alaska)	3	(*)	(*)	2	1	1		1
Boise (Idaho)	26		*	26	24			24
Helena (Montana)	4	1		3	32	1		31
Honolulu (Hawaii)	70	68	*	2	941	124	816	2
Los Angeles (See (a) below)	5,345	1,135	4,006	204	53,720	1,029	52,606	85
Phoenix (Arizona)	51	*		51	2,395	54	2,331	10
Portland (Oregon)	589	93	356	139	6,773	15	6,740	17
Reno (Nevada)	7			7	3			3
Salt Lake City (Utah)	1			1	27			27
San Francisco (See (a) below)	104,389	890	103,284	216	16,240	453	15,714	74
Seattle (Washington)	729	140	421	168	49,520	76	49,426	19
Office of International Operations	**11**		**11**		**2**		**2**	
Puerto Rico	11		11		2		2	
Other								
Undistributed:								
Federal Tax deposits [6]								
Gasoline lubricating oil, and excess FICA credits [7]								
Transferred to Government of Guam								
Withheld taxes of Federal employees								
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy								
Presidential Election Fund [8]								
Totals for States not shown above								
(a) California	109,734	2,025	107,289	419	69,961	1,482	68,319	160
(b) Illinois	5,032	1,535	3,464	33	33,084	220	32,827	37
(c) New York	30,644	6,398	24,052	194	68,621	3,546	64,659	416
(d) Ohio	2,713	1,085	1,196	432	58,965	24	58,892	48
(e) Pennsylvania	1,340		1,316	24	62,550		62,436	114
(f) Texas	1,187	670	2	515	85,253	384	84,494	374

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

(In thousands of dollars)

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Tobacco taxes			
	Total (26)	Cigarettes (27)	Cigars (28)	Other [10] (29)
United States, total	**2,437,005**	**2,383,038**	**51,581**	**2,387**
North-Atlantic Region	**1,179**	**269**	**336**	**574**
Albany (See (c) below)	61		58	4
Augusta (Maine)	(*)	(*)		
Boston (Massachusetts)	171		1	170
Brooklyn (See (c) below)	25	23	1	
Buffalo (See (c) below)	(*)	(*)		
Burlington (Vermont)				
Hartford (Connecticut)	250	(*)	250	1
Manhattan (See (c) below)	671	245	26	399
Portsmouth (New Hampshire)	(*)		(*)	
Providence (Rhode Island)				
Mid-Atlantic Region	**633,840**	**613,209**	**20,333**	**298**
Baltimore (Maryland & D.C.)	36			36
Newark (New Jersey)	244	133	8	103
Philadelphia (See (e) below)	20,147		20,147	
Pittsburgh (See (e) below)	3	(*)	3	
Richmond (Virginia)	613,411	613,076	175	159
Wilmington (Delaware)				
Southeast Region	**1,240,235**	**1,224,312**	**14,698**	**1,224**
Atlanta (Georgia)	665		665	
Birmingham (Alabama)	1,609		1,609	(*)
Columbia (South Carolina)	(*)	(*)		
Greensboro (North Carolina)	1,226,992	1,224,198	2,093	701
Jackson (Mississippi)				
Jacksonville (Florida)	10,500	114	10,329	57
Nashville (Tennessee)	470		3	467
Central Region	**549,916**	**545,205**	**4,665**	**46**
Cincinnati (See (d) below)	83		83	
Cleveland (See (d) below)	652		648	4
Detroit (Michigan)	2		1	(*)
Indianapolis (Indiana)	453		453	
Louisville (Kentucky)	548,443	545,205	3,196	42
Parkersburg (West Virginia)	283	(*)	283	
Midwest Region	**61**		**10**	**51**
Aberdeen (South Dakota)				
Chicago (See (b) below)	50		4	46
Des Moines (Iowa)				
Fargo (North Dakota)	4			4
Milwaukee (Wisconsin)	7		6	1
Omaha (Nebraska)				
St. Louis (Missouri)	(*)		(*)	(*)
St. Paul (Minnesota)	(*)			(*)
Springfield (See (b) below)				
Southwest Region	**223**	**8**	**207**	**8**
Albuquerque (New Mexico)				
Austin (See (f) below)	222	8	207	7
Cheyenne (Wyoming)				
Dallas (See (f) below)				
Denver (Colorado)				
Little Rock (Arkansas)				
New Orleans (Louisiana)	1	(*)		1
Oklahoma City (Oklahoma)				
Wichita (Kansas)				
Western Region	**212**	**2**	**25**	**185**
Anchorage (Alaska)	(*)	(*)		(*)
Boise (Idaho)				
Helena (Montana)	(*)			(*)
Honolulu (Hawaii)	2	1	(*)	2
Los Angeles (See (a) below)	95	(*)	23	72
Phoenix (Arizona)	(*)	(*)		(*)
Portland (Oregon)	(*)	(*)		(*)
Reno (Nevada)	1		1	
Salt Lake City (Utah)				
San Francisco (See (a) below)	104	1	1	103
Seattle (Washington)	8	(*)	(*)	8
Office of International Operations	**11,339**	**32**	**11,307**	
Puerto Rico	11,339	32	11,307	
Other				
Undistributed:				
Federal Tax deposits [6]				
Gasoline lubricating oil, and excess FICA credits [7]				
Transferred to Government of Guam				
Withheld taxes of Federal employees				
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy				
Presidential Election Fund [8]				
Totals for States not shown above				
(a) California	200	1	24	175
(b) Illinois	50		4	46
(c) New York	757	269	85	403
(d) Ohio	735		731	4
(e) Pennsylvania	20,150	(*)	20,150	
(f) Texas	222	8	207	7

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued
(In thousands of dollars)

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Manufacturer's excise taxes: Total (30)	Gasoline (31)	Lubricating oil, etc. (32)	Tires (wholly or in part of rubber), inner tubes, and tread rubber (33)	Motor vehicle chassis bodies parts and accessories [11] (34)	Other [10] (35)	Retailer's excise taxes: Total (36)	Non-Commercial aviation fuel gasoline (37)	Non-Commercial aviation fuel other gasoline (38)
United States, total	**5,742,154**	**4,087,669**	**105,723**	**827,256**	**646,352**	**75,153**	**416,244**	**10,877**	**31,955**
North-Atlantic Region	**366,338**	**120,558**	**892**	**188,022**	**13,020**	**43,847**	**24,410**	**614**	**1,966**
Albany (See (c) below)	3,412	2,841	*	91	323	157	1,335	46	60
Augusta (Maine)	3,848	3,214	*	531	100	3	1,507	31	97
Boston (Massachusetts)	38,095	30,898	276	1,683	916	4,322	3,460	97	203
Brooklyn (See (c) below)	28,173	6,423	58	17,909	3,223	560	2,040	82	100
Buffalo (See (c) below)	52,773	23,604	47	22,141	2,159	4,823	8,438	163	756
Burlington (Vermont)	1,303	1,024	*	84	78	116	711	15	11
Hartford (Connecticut)	184,264	12,736	20	138,359	1,854	31,295	2,882	116	179
Manhattan (See (c) below)	48,899	35,376	491	6,920	3,681	2,431	2,892	28	534
Portsmouth (New Hampshire)	1,697	1,335	*	147	184	31	769	21	24
Providence (Rhode Island)	3,874	3,107	----------	156	503	108	375	16	2
Mid-Atlantic Region	**782,430**	**587,674**	**21,954**	**86,107**	**81,329**	**5,367**	**50,658**	**1,038**	**4,190**
Baltimore (Maryland and D.C.)	70,229	21,189	294	46,905	1,695	145	3,240	77	136
Newark (New Jersey)	89,201	68,454	3,833	9,706	3,902	3,308	8,525	454	1,677
Philadelphia (See (e) below)	291,982	193,084	6,911	23,614	67,339	1,034	10,885	171	225
Pittsburgh (See (e) below)	312,096	289,657	10,915	4,856	6,428	239	20,705	184	1,295
Richmond (Virginia)	17,282	14,541	1	777	1,339	625	6,161	128	262
Wilmington (Delaware)	1,640	750	----------	249	626	15	1,143	23	595
Southeast Region	**162,582**	**121,858**	**451**	**15,371**	**21,555**	**3,347**	**43,736**	**1,905**	**3,613**
Atlanta (Georgia)	30,387	22,530	115	1,487	6,156	97	7,185	398	731
Birmingham (Alabama)	18,537	10,521	2	2,541	5,377	95	5,408	155	341
Columbia (South Carolina)	13,928	12,919	1	331	344	333	3,689	157	355
Greensboro (North Carolina)	44,134	38,826	1	2,566	2,691	51	8,354	289	830
Jackson (Mississippi)	17,331	8,915	5	7,695	681	35	3,587	136	102
Jacksonville (Florida)	20,307	13,507	191	457	3,536	2,617	9,582	559	753
Nashville (Tennessee)	17,959	14,640	136	293	2,771	119	5,931	211	500
Central Region	**1,109,149**	**332,777**	**5,791**	**482,892**	**285,805**	**1,884**	**49,117**	**1,081**	**2,943**
Cincinnati (See (d) below)	15,669	12,421	65	886	2,241	56	3,426	135	371
Cleveland (See (d) below)	686,423	158,101	2,295	481,626	43,583	819	15,675	243	639
Detroit (Michigan)	284,303	57,831	366	—442	225,814	733	9,490	288	985
Indianapolis (Indiana)	41,488	29,293	455	318	11,158	264	10,926	262	519
Louisville (Kentucky)	78,019	72,832	2,576	311	2,292	7	7,655	98	331
Parkersburg (West Virginia)	3,247	2,299	34	192	717	5	1,945	57	97
Midwest Region	**690,067**	**523,996**	**10,829**	**13,554**	**130,274**	**11,413**	**64,705**	**1,297**	**3,627**
Aberdeen (South Dakota)	4,993	4,219	6	10	757	*	1,756	42	53
Chicago (See (b) below)	417,037	297,904	8,080	7,264	100,598	3,192	24,824	275	536
Des Moines (Iowa)	24,086	15,683	134	3,353	4,244	671	6,645	152	266
Fargo (North Dakota)	5,851	3,507	31	45	2,268	1	1,411	55	370
Milwaukee (Wisconsin)	77,575	65,134	163	510	10,772	996	6,422	154	356
Omaha (Nebraska)	7,795	6,551	364	27	734	119	4,091	126	305
St. Louis (Missouri)	64,151	55,182	988	2,163	5,532	286	8,967	183	993
St. Paul (Minnesota)	61,465	52,472	1,052	159	2,194	5,589	6,222	204	600
Springfield (See (b) below)	27,114	23,344	12	23	3,175	560	4,367	106	147
Southwest Region	**1,945,924**	**1,850,758**	**50,052**	**18,788**	**24,222**	**2,103**	**108,946**	**2,663**	**6,988**
Albuquerque (New Mexico)	5,916	5,794	*	51	70	1	3,619	126	157
Austin (See (f) below)	1,071,078	1,031,643	31,836	4,398	3,100	101	41,142	828	2,738
Cheyenne (Wyoming)	20,894	20,849	*	16	25	4	3,062	47	49
Dallas (See (f) below)	323,765	305,783	8,748	1,025	7,841	368	25,510	500	1,118
Denver (Colorado)	58,039	42,390	5	11,746	3,367	531	4,131	244	565
Little Rock (Arkansas)	42,460	39,586	657	53	1,265	900	5,349	159	132
New Orleans (Louisiana)	15,900	14,031	419	59	1,284	106	5,025	286	524
Oklahoma City (Oklahoma)	362,596	347,683	7,936	1,345	5,556	76	16,058	265	1,330
Wichita (Kansas)	45,274	43,000	451	95	1,713	15	5,049	207	375
Western Region	**684,335**	**550,027**	**15,755**	**22,477**	**89,316**	**6,760**	**74,588**	**2,278**	**8,628**
Anchorage (Alaska)	27	7	1	*	18	1	194	121	19
Boise (Idaho)	2,357	1,895	*	149	136	177	2,219	81	83
Helena (Montana)	1,246	1,070	*	54	100	22	1,926	94	77
Honolulu (Hawaii)	376	—1	*	289	74	13	240	21	6
Los Angeles (See (a) below)	384,104	348,498	9,285	18,109	6,339	1,873	31,445	724	7,160
Phoenix (Arizona)	670	414	*	198	54	3	6,118	191	206
Portland (Oregon)	34,846	4,937	45	770	28,339	754	4,522	155	257
Reno (Nevada)	1,791	1,748	*	33	6	4	1,576	50	90
Salt Lake City (Utah)	5,388	1,924	*	173	472	2,819	2,305	102	59
San Francisco (See (a) below)	196,209	182,846	6,372	2,425	3,817	748	20,758	555	531
Seattle (Washington)	57,322	6,689	50	276	49,961	346	3,286	183	140
Office of International Operations	1,329	20	----------	46	831	432	84	----------	----------
Puerto Rico	*	*	----------	----------	*	----------	*	----------	----------
Other	1,329	20	----------	46	831	432	84	----------	----------
Undistributed:									
Federal Tax deposits [8]	----------	----------	----------	----------	----------	----------	----------	----------	----------
Gasoline lubricating oil, and excess FICA credits [7]	----------	----------	----------	----------	----------	----------	----------	----------	----------
Transferred to Government of Guam	----------	----------	----------	----------	----------	----------	----------	----------	----------
Withheld taxes of Federal employees	----------	----------	----------	----------	----------	----------	----------	----------	----------
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy	----------	----------	----------	----------	----------	----------	----------	----------	----------
Presidential Election Fund [8]	----------	----------	----------	----------	----------	----------	----------	----------	----------
Totals for States not shown above									
(a) California	580,313	531,344	15,657	20,534	10,156	2,621	52,203	1,279	7,691
(b) Illinois	444,151	321,248	8,092	7,287	103,773	3,752	29,191	381	683
(c) New York	133,257	68,244	596	47,061	9,386	7,971	14,705	319	1,450
(d) Ohio	702,092	170,522	2,360	482,512	45,824	875	19,101	378	1,010
(e) Pennsylvania	604,078	482,741	17,826	28,470	73,767	1,273	31,590	355	1,520
(f) Texas	1,394,843	1,337,426	40,584	5,423	10,941	469	66,652	1,328	3,856

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued
(In thousands of dollars)

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Retailer's excise taxes Continued: Diesel and special motor fuel (39)	Other [10] (40)	Miscellaneous excise taxes: Total (41)	Telephone and teletype writer services (42)	Transportation of persons by air (43)	Use of international air travel facilities (44)	Transportation of property by air (45)	Sugar [6] (46)
United States, total	**373,414**	**—1**	**3,154,324**	**1,892,731**	**659,177**	**56,908**	**41,931**	**120,006**
North-Atlantic Region	21,828	2	**654,208**	**288,157**	**172,277**	**31,379**	**8,569**	**41,541**
Albany (See (c) below)	1,229	----------	4,852	3,428	98	1	8	4
Augusta (Maine)	1,379	----------	1,686	491	75	----------	1	3
Boston (Massachusetts)	3,160	----------	93,126	83,511	478	(*)	42	2,062
Brooklyn (See (c) below)	1,857	2	61,154	72	50,033	4,577	3,984	4
Buffalo (See (c) below)	7,520	----------	13,587	9,763	207	(*)	21	15
Burlington (Vermont)	685	----------	623	140	14	----------	6	1
Hartford (Connecticut)	2,587	----------	34,949	30,788	86	5	3	4
Manhattan (See (c) below)	2,329	----------	442,262	159,677	121,255	26,796	4,494	39,439
Portsmouth (New Hampshire)	725	----------	1,193	251	12	----------	10	8
Providence (Rhode Island)	357	----------	776	17	20	----------	(*)	2
Mid-Atlantic Region	**45,432**	**—2**	**335,394**	**255,172**	**24,622**	**261**	**1,013**	**8,453**
Baltimore (Maryland and D.C.)	3,027	----------	74,224	43,487	24,057	231	885	23
Newark (New Jersey)	6,395	—2	110,701	91,691	141	(*)	27	3,054
Philadelphia (See (e) below)	10,489	----------	87,061	68,246	232	6	39	5,273
Pittsburgh (See (e) below)	19,225	----------	15,331	10,658	50	17	5	38
Richmond (Virginia)	5,771	----------	45,499	41,088	128	6	25	64
Wilmington (Delaware)	525	----------	2,578	2	14	----------	32	(*)
Southeast Region	**38,218**	----------	**485,864**	**299,248**	**123,766**	**3,544**	**5,410**	**12,606**
Atlanta (Georgia)	6,056	----------	233,903	133,264	82,164	1,113	3,016	6,357
Birmingham (Alabama)	4,913	----------	115,073	106,124	5	----------	----------	4,543
Columbia (South Carolina)	3,176	----------	5,378	2,419	68	----------	4	18
Greensboro (North Carolina)	7,236	----------	39,376	23,132	7,217	9	204	41
Jackson (Mississippi)	3,349	----------	2,554	527	35	(*)	9	12
Jacksonville (Florida)	8,270	----------	75,827	27,214	33,416	1,900	1,708	1,617
Nashville (Tennessee)	5,220	----------	13,754	6,568	860	523	469	18
Central Region	**45,094**	**(*)**	**277,142**	**226,613**	**1,491**	**31**	**1,069**	**6,528**
Cincinnati (See (d) below)	2,920	----------	34,852	23,069	636	7	—952	4,499
Cleveland (See (d) below)	14,793	----------	85,210	76,789	208	(*)	367	149
Detroit (Michigan)	8,217	----------	88,419	70,671	484	4	1,563	1,862
Indianapolis (Indiana)	10,146	(*)	47,937	39,482	140	19	73	5
Louisville (Kentucky)	7,226	----------	8,060	5,541	11	----------	18	10
Parkersburg (West Virginia)	1,791	(*)	12,665	11,061	11	----------	(*)	3
Midwest Region	**59,781**	----------	**707,466**	**399,060**	**226,959**	**10,059**	**17,233**	**4,880**
Aberdeen (South Dakota)	1,662	----------	1,710	753	6	----------	(*)	(*)
Chicago (See (b) below)	24,012	----------	237,443	79,401	127,677	5,234	6,588	1,338
Des Moines (Iowa)	6,227	----------	10,217	5,943	31	----------	61	12
Fargo (North Dakota)	986	----------	4,966	876	2	(*)	1	3,228
Milwaukee (Wisconsin)	5,912	----------	40,196	33,910	388	9	103	5
Omaha (Nebraska)	3,660	----------	81,604	79,031	50	(*)	8	(*)
St. Louis (Missouri)	7,792	----------	268,022	183,670	65,118	2,762	9,128	274
St. Paul (Minnesota)	5,417	----------	48,429	3,258	33,536	2,049	1,326	14
Springfield (See (b) below)	4,114	----------	14,879	12,217	150	4	18	9
Southwest Region	**99,294**	----------	**200,217**	**87,530**	**44,370**	**1,533**	**1,691**	**22,422**
Albuquerque (New Mexico)	3,336	----------	1,138	208	65	----------	56	(*)
Austin (See (f) below)	37,575	----------	36,148	2,277	13,864	265	399	5,767
Cheyenne (Wyoming)	2,966	----------	823	122	1	----------	----------	—2
Dallas (See (f) below)	23,893	----------	42,470	10,938	20,585	1,153	888	5
Denver (Colorado)	3,321	----------	83,011	57,548	9,099	47	298	12,132
Little Rock (Arkansas)	5,057	----------	4,905	2,338	34	----------	11	(*)
New Orleans (Louisiana)	4,216	----------	10,559	1,798	552	67	7	4,517
Oklahoma City (Oklahoma)	14,464	----------	10,261	4,918	52	----------	19	3
Wichita (Kansas)	4,467	----------	10,901	7,382	119	1	14	----------
Western Region	**63,682**	**(*)**	**486,409**	**336,927**	**62,795**	**8,129**	**6,947**	**21,807**
Anchorage (Alaska)	54	----------	4,982	2,474	1,228	29	754	(*)
Boise (Idaho)	2,055	----------	1,800	217	28	(*)	5	(*)
Helena (Montana)	1,755	----------	1,856	515	97	2	1	1
Honolulu (Hawaii)	213	----------	11,547	7,280	2,890	76	167	(*)
Los Angeles (See (a) below)	23,560	(*)	115,520	40,474	49,291	4,459	4,163	38
Phoenix (Arizona)	5,721	----------	2,707	138	107	----------	57	47
Portland (Oregon)	4,109	----------	16,255	2,246	6,119	799	282	1,440
Reno (Nevada)	1,436	----------	6,013	165	138	(*)	13	(*)
Salt Lake City (Utah)	2,145	----------	10,596	174	28	----------	1	8,765
San Francisco (See (a) below)	19,671	----------	251,402	226,738	1,372	2,036	1,182	11,472
Seattle (Washington)	2,962	----------	63,734	56,507	1,498	728	322	45
Office of International Operations	**84**	----------	**7,622**	**23**	**2,898**	**1,972**	----------	**1,768**
Puerto Rico	(*)	----------	1,776	----------	(*)	8	----------	1,768
Other	84	----------	5,846	23	2,898	1,964	----------	----------
Undistributed:								
Federal Tax deposits [8]	----------	----------	----------	----------	----------	----------	----------	----------
Gasoline lubricating oil, and excess FICA credits [7]	----------	----------	----------	----------	----------	----------	----------	----------
Transferred to Government of Guam	----------	----------	----------	----------	----------	----------	----------	----------
Withheld taxes of Federal employees	----------	----------	----------	----------	----------	----------	----------	----------
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy	----------	----------	----------	----------	----------	----------	----------	----------
Presidential Election Fund [8]	----------	----------	----------	----------	----------	----------	----------	----------
Totals for states not shown above								
(a) California	43,231	(*)	366,922	267,211	50,663	6,495	5,345	11,510
(b) Illinois	28,127	----------	252,322	91,618	127,828	5,238	6,607	1,347
(c) New York	12,935	2	521,855	172,960	171,592	31,374	8,507	39,462
(d) Ohio	17,714	----------	120,062	99,858	845	7	—584	4,648
(e) Pennsylvania	29,714	----------	102,392	78,904	282	23	44	5,312
(f) Texas	61,468	----------	78,619	13,215	34,448	1,418	1,287	5,771

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued
(In thousands of dollars)

Internal revenue regions, districts, States, and other areas [1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Miscellaneous excise taxes—Continued: Narcotics and marijuana including occupational taxes (47)	Coin-operated gaming devices (48)	Wagering taxes: Occupational (49)	Wagering taxes: Wagers (50)	Use tax on highway motor vehicles (51)	Use tax on civil aircraft (52)	Private foundations net investment income (53)	Other [10] (54)	Unclassified excise tax (55)
United States, total	**188**	**6,571**	**107**	**6,451**	**198,462**	**20,786**	**69,802**	**81,204**	**1,648**
North-Atlantic Region	**17**	**42**	**8**	**386**	**19,486**	**5,631**	**28,465**	**58,250**	**327,220**
Albany (See (c) below)			3	5	1,291	(*)		13	770
Augusta (Maine)	(*)		(*)		922	17	139	38	308
Boston (Massachusetts)	2	27	1	36	3,872	77	2,489	530	−2,612
Brooklyn (See (c) below)	13	(*)	3	111	2,298	(*)		59	49,032
Buffalo (See (c) below)	(*)	(*)	1	151	3,385	1		23	−3,857
Burlington (Vermont)					366	10	75	12	19
Hartford (Connecticut)	1	(*)	(*)	34	2,092	70	1,196	669	57,329
Manhattan (See (c) below)	(*)	(*)	(*)	47	4,139	5,427	24,156	56,832	226,625
Portsmouth (New Hampshire)	(*)	11		(*)	628	19	230	25	944
Providence (Rhode Island)	(*)	5	(*)	1	493	10	179	50	−1,339
Mid-Atlantic Region	**30**	**557**	**4**	**296**	**26,506**	**947**	**10,940**	**6,589**	**57,087**
Baltimore (Maryland and D.C.)	1	401	(*)	84	3,185	394	1,010	467	31,936
Newark (New Jersey)	3	36	(*)	30	6,996	137	4,143	4,444	−22,544
Philadelphia (See (e) below)	1	4	1	80	7,839	278	4,171	889	10,036
Pittsburgh (See (e) below)	2	60	1	54	4,212			234	−6,293
Richmond (Virginia)	21	55	1	48	3,513	85	388	77	−679
Wilmington (Delaware)	2	1	2	(*)	761	54	1,232	477	44,630
Southeast Region	**6**	**1,995**	**6**	**1,268**	**28,971**	**2,741**	**4,223**	**2,078**	**−33,227**
Atlanta (Georgia)	2	166	(*)	677	3,988	1,400	1,165	591	−1,180
Birmingham (Alabama)	(*)	1	1	78	3,703	98	141	379	739
Columbia (South Carolina)	(*)	796	(*)	75	1,745	47	188	17	276
Greensboro (North Carolina)	(*)	11	(*)	11	6,529	230	1,653	338	−2,469
Jackson (Mississippi)	1	126	2	25	1,708	55	48	4	−172
Jacksonville (Florida)	4	8	4	290	7,522	802	694	649	−29,562
Nashville (Tennessee)	(*)	887	−1	111	3,777	109	334	100	−859
Central Region	**6**	**437**	**26**	**879**	**30,810**	**847**	**7,087**	**1,318**	**−49,038**
Cincinnati (See (d) below)	(*)	206	1	34	4,044	328	2,639	341	−1,573
Cleveland (See (d) below)	(*)	38	2	82	7,386			188	−18,234
Detroit (Michigan)	3	3	4	286	9,780	302	2,948	510	−30,082
Indianapolis (Indiana)	3	40	9	284	6,290	139	1,300	151	−1,713
Louisville (Kentucky)		11	3	75	2,099	48	126	117	2,730
Parkersburg (West Virginia)		138	7	119	1,211	30	73	11	−165
Midwest Region	**25**	**287**	**11**	**341**	**32,272**	**5,220**	**7,915**	**3,205**	**11,044**
Aberdeen (South Dakota)	2	115	1	3	783	26	14	9	15
Chicago (See (b) below)	16	12	1	118	7,602	3,557	3,687	2,212	13,402
Des Moines (Iowa)	(*)		(*)	24	3,726	97	200	122	164
Fargo (North Dakota)		19	3	9	770	29	26	2	−2,336
Milwaukee (Wisconsin)	3	(*)	1	13	4,619	117	876	153	−2,265
Omaha (Nebraska)	1	51	1	125	2,040	74	181	42	−292
St. Louis (Missouri)	(*)	65	2	29	5,047	230	1,226	470	4,168
St. Paul (Minnesota)	1	2	(*)	7	5,247	1,091	1,705	192	−3,587
Springfield (See (b) below)	1	23	1	14	2,438			3	1,774
Southwest Region	**28**	**176**	**8**	**304**	**29,341**	**1,935**	**6,522**	**4,358**	**−300,391**
Albuquerque (New Mexico)	(*)	23	(*)	(*)	691	50	21	22	−780
Austin (See (f) below)	4	1	1	93	6,303	1,103	4,200	1,873	−327,524
Cheyenne (Wyoming)	(*)	15	1	1	576	54	51	5	804
Dallas (See (f) below)	5		(*)	100	7,835			961	9,929
Denver (Colorado)	6	31	2	6	2,721	215	726	181	19,275
Little Rock (Arkansas)	2	5	(*)	7	2,351	75	72	10	148
New Orleans (Louisiana)	1	21	1	28	2,339	124	255	847	225
Oklahoma City (Oklahoma)	10	65	2	42	3,524	214	1,038	374	−4 799
Wichita (Kansas)	(*)	15	1	25	3,000	101	158	85	2,330
Western Region	**76**	**3,078**	**43**	**2,977**	**30,837**	**3,392**	**4,576**	**4,825**	**−53,845**
Anchorage (Alaska)	1		2	17	297	163	12	5	665
Boise (Idaho)	3	1	(*)	(*)	1,415	38	48	44	57
Helena (Montana)	(*)	62	4	14	1,067	63	25	6	178
Honolulu (Hawaii)	4	103	1	19	523	81	253	150	−390
Los Angeles (See (a) below)	26	44	(*)	44	7,892	2,539	3,194	3,356	−27,749
Phoenix (Arizona)	3	18	(*)	1	2,011	100	165	60	1,418
Portland (Oregon)	12	257	1	4	4,697	109	227	63	−10,727
Reno (Nevada)	(*)	2,349	6	2,648	412	42	210	29	−149
Salt Lake City (Utah)	1	157	15	52	1,294	26	53	32	−216
San Francisco (See (a) below)	10	30	1	11	7,997			553	−15,645
Seattle (Washington)	14	57	14	167	3,233	233	389	526	−1,287
Office of International Operations					239	72	71	580	1,460
Puerto Rico									368
Other					239	72	71	580	1,093
Undistributed:									
Federal Tax deposits [8]									41,340
Gasoline lubricating oil, and excess FICA credits [7]									
Transferred to Government of Guam									
Withheld taxes of Federal employees									
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy									−1
Presidential Election Fund [9]									
Totals for States not shown above									
(a) California	37	74	1	55	15,889	2,539	3,194	3,909	−43,394
(b) Illinois	17	34	2	132	10,040	3,557	3,687	2,216	15,176
(c) New York	13	(*)	6	314	11,113	5,428	24,156	56,927	272,569
(d) Ohio	1	244	3	115	11,429	328	2,639	530	−19,808
(e) Pennsylvania	3	64	2	134	12,051	278	4,171	1,124	3,744
(f) Texas	8	1	1	194	14,138	1,103	4,200	2,834	−317,594

Table 2.—Internal revenue collections by sources and by quarters
In thousands of dollars.

Source of revenue	Quarter ended: Sept. 30, 1973	Dec. 31, 1973	Mar. 31, 1974	June 30, 1974
Grand total	**59,605,087**	**55,540,688**	**67,029,542**	**86,776,937**
Corporation income tax	**7,933,140**	**8,655,388**	**8,675,890**	**16,480,026**
Individual income and employment taxes, total	**45,948,051**	**41,048,248**	**53,149,441**	**64,851,542**
Income tax not withheld and self-employment tax [3 4]	5,212,118	1,195,871	8,818,334	18,593,738
Income tax withheld and old-age disability insurance [3 4 5]	39,988,547	39,266,358	43,546,550	45,387,199
Railroad retirement	367,197	358,358	370,348	412,090
Unemployment insurance	380,190	227,660	414,209	458,515
Estate tax	**1,154,102**	**1,172,533**	**1,213,687**	**1,119,503**
Gift tax	**126,582**	**90,972**	**144,973**	**78,323**
Excise taxes, total	**4,443,211**	**4,573,547**	**3,845,552**	**4,247,542**
Alcohol taxes, total [10]	**1,196,309**	**1,450,406**	**1,274,704**	**1,437,058**
Distilled spirits [9]	837,683	1,097,353	943,900	1,040,035
Wines, cordials, etc [9]	35,731	51,624	43,264	42,897
Beer [9]	322,896	301,428	287,540	354,126
Tobacco taxes, total [10]	**615,551**	**637,753**	**582,991**	**600,711**
Cigarettes	603,686	622,335	571,111	585,906
Cigars [9]	11,325	14,829	11,265	14,162
Other [10]	540	589	614	643
Manufacturer's excise taxes, total	**1,497,425**	**1,531,366**	**1,402,928**	**1,310,435**
Gasoline	1,033,856	1,133,817	1,020,477	899,519
Lubricating oil, etc.	28,018	26,925	25,813	24,967
Tires (wholly or in part of rubber), inner tubes, and tread rubber	237,915	205,174	196,771	187,396
Motor vehicles, chassis, bodies, parts, and accessories	179,772	147,028	144,132	175,420
Other [10]	17,864	18,421	15,735	23,133
Retailer's excise taxes, total	**108,161**	**104,968**	**104,179**	**98,937**
Noncommercial aviation gasoline	2,952	3,061	2,436	2,427
Noncommercial aviation fuel other than gasoline	12,327	6,483	6,742	6,404
Diesel and special motor fuels	92,884	95,424	95,001	90,104
Other [10]	−3	*		2
Miscellaneous excise taxes, total	**926,469**	**800,347**	**773,033**	**654,475**
Telephone and teletypewriter exchange services	570,458	500,002	475,094	347,176
Transportation of persons by air	168,674	168,829	160,507	161,168
Use of international air travel facilities	13,610	18,875	13,428	10,994
Transportation of property by air	10,143	10,489	10,245	11,054
Sugar	31,547	31,123	29,265	28,070
Narcotics and marihuana, including occupational taxes	30	29	75	54
Coin-operated gaming devices	4,367	746	284	1,174
Wagering taxes:				
Occupational	38	12	20	36
Wagers	970	1,599	1,712	2,169
Use tax on highway motor vehicles	98,202	29,674	34,936	35,651
Use tax on civil aircraft	6,495	5,655	4,457	4,180
Private foundation, net investment income	2,908	8,233	14,112	44,533
Other [10]	19,026	25,082	28,898	8,214
Unclassified excise taxes	**99,297**	**48,707**	**−292,283**	**145,927**

Table 3.—Internal revenue collections by sources, fiscal years 1973 and 1974
(In thousands of dollars)

Sources of revenue	Fiscal year [29] 1973	1974
Grand total, all sources	237,787,204	268,952,254
Corporation income taxes, total [13]	39,045,309	41,744,444
Regular	39,032,707	41,725,250
Exempt organization business income tax	12,602	19,193
Individual income and employment taxes, total	177,193,715	204,997,282
Income tax not withheld and self-employment tax [3,4,13]	29,389,938	33,820,060
Income tax withheld and old-age and disability insurance, total [3,4,5,14]	145,236,920	168,188,655
Railroad retirement, total [12]	1,250,859	1,507,993
Unemployment insurance, employers of 1 or more persons at any time in each of 20 calendar weeks, or paid wages of $1,500 or more in any calendar quarter, taxed 3.28 percent, effective January 1, 1973 and 3.2 percent, effective January 1, 1974, on taxable portion of wages	1,315,997	1,480,574
Estate tax, graduated rates from 3 percent on first $5,000 of net estate in excess of $60,000 exemption of 77 percent on portion over $10,000,000; credit allowed for State death taxes	4,338,924	4,659,825
Gift tax, graduated rates from 2¼ percent on first $5,000 of net gifts in excess of $30,000 exemption to 57¾ percent on portion over $10,000,000; $3,000 annual exclusion for each donee	636,938	440,849
Excise, taxes, total	16,572,318	17,109,853
Alcohol taxes, total	5,149,513	5,358,477
Distilled spirits taxes, total	3,755,516	3,918,971
Imported (collected by Customs, rates same as domestic)	736,020	767,384
Domestic, $10.50 per proof gallon or wine gallon when below proof [9]	r2,971,298	3,115,006
Rectification, 30 cents per proof gallon [9]	34,873	24,434
Occupational taxes		
Nonbeverage manufacturers of spirits, $25, $50, $100, per year	84	115
Rectifiers		
Less than 20,000 proof gallons, $110 per year	4	4
20,000 proof gallons or more, $220 per year	19	21
Retail dealers in liquor or medicinal spirits, $54 per year	11,778	10,850
Wholesale liquor dealers, $225 per year	696	630
Manufacturers of stills, $55 per year	r4	4
Seizures, penalties, etc	738	520
Stills or condensers manufactured, $22 each	3	2
Wines, cordials, etc., taxes, total	r191,025	173,515
Imported (collected by Customs, rates same as domestic)	20,280	19,259
Domestic (Still-wines, 17 cents, 67 cents, $2.25 per wine gallon; sparkling wines, $3.40; artificially carbonated wines, $2.40; liqueurs, cordials, $1.92) [9]	167,423	150,399
Occupational taxes:	r2,992	3,483
Retail dealers in wines or in wines and beer, $54 per year		
Wholesale dealers in wines or in wines and beer, $225 per year	330	374
Beer taxes, total	r1,202,973	1,265,990
Imported (collected by Customs, rates same as domestic)	7,897	9,695
Domestic, $9 per barrel of 31 gallons [9]	r1,191,617	1,253,213
Occupational taxes:		
Brewers:		
Less than 500 barrels, $55 per year	1	2
500 barrels or more, $110 per year	15	10
Retail dealers in beer, $24 per year (includes limited retail dealers in wines or beer, $2.20 per month)	2,761	2,488
Wholesale dealers in beer, $123 per year	682	582
Tobacco taxes, total	2,276,951	2,437,005
Cigarettes, total	2,221,019	2,383,038
Small (Class A), $4 per thousand	2,221,010	2,383,018
Large (Class B), $8.40 per thousand, except if over 6½ inches long $4 per thousand for each 2¾ inches or fraction thereof [9]	8	18
Prepayments	1	2
Cigars, total	53,794	51,581
Large cigars, total	49,790	49,074
Class A (Retailing at not over 2½ cents each), $2.50 per thousand [9]	18	16
Class B (Over 2½ cents, not over 4 cents each), $3 per thousand [9]	1,947	1,797
Class C (Over 4 cents, not over 6 cents each), $4 per thousand [9]	9,485	8,108
Class D (Over 6 cents, not over 8 cents each), $7 per thousand [9]	7,996	7,603
Class E (Over 8 cents, not over 15 cents each), $10 per thousand [9]	21,269	20,279
Class F (Over 15 cents, not over 20 cents each), $15 per thousand [9]	5,121	6,829
Class G (Over 20 cents each) $20 per thousand [9]	3,954	4,441
Small cigars, 75 cents per thousand	3,940	2,481
Prepayments	64	26
Imported cigars, cigarettes, cigarette papers and cigarette tubes (Collected by Customs, rates same as domestic)	893	909
Miscellaneous Tobacco	4	1
Cigarette papers and tubes, papers one-half cent per 50; tubes 1 cent per 50	1,240	1,477
Stamp taxes on documents, other instruments, and playing cards, total [16]	44	287
Manufacturer's excise taxes, total	5,395,750	5,742,154
Gasoline, 4 cents per gallon	3,927,535	4,087,669
Lubricating oil, etc., 6 cents per gallon; cutting oil, 3 cents per gallon [17]	103,094	105,723
Tires (wholly or in part of rubber), inner tubes, and tread rubber:		
Tires, highway type, 10 cents per pound other, 5 cents per pound except laminated tires (other than type used on highway vehicles), 1 cent per pound	753,560	768,776
Inner tubes, 10 cents per pound	29,604	32,791
Tread rubber, 5 cents per pound	30,879	25,690
Motor vehicles, chassis, bodies, parts, and accessories:		
Passenger automobiles, chassis, bodies, etc., 7 percent [18]	−83,241	6,045
Trucks, and buses, chassis, bodies, etc., 10 percent [18]	461,353	519,699
Part and accessories for automobiles, trucks, etc., 8 percent [17]	107,489	120,604
Radio and television sets, phonographs, components, etc., 10 percent [19]	1	----------
Refrigerators, freezers, air-conditioners, etc., 5 percent; self-contained air-conditioning units 10 percent [20]	231	----------
Electric, gas, and oil appliances, 5 percent [19]	----------	40
Pistols and revolvers, 10 percent	8,332	9,100
Phonograph records, 10 percent [19]	−5	----------
Musical instruments, 10 percent [19]	----------	*
Sporting goods (Other than fishing rods, creels, etc.) 10 percent [19]	*	----------
Fishing rods, creels, etc., 10 percent	15,539	18,259
Business and store machines, 10 percent [19]	−66	----------
Electric light bulbs and tubes, 10 percent [21]	1	----------

Table 3.—Internal revenue collections by sources, fiscal years 1973 and 1974—Continued
(In thousands of dollars)

Sources of revenue	Fiscal year [29] 1973	1974
Firearms (other than pistols and revolvers), shells and cartridges, 11 percent	41,468	47,754
Mechanical pencils, pen, 10 percent; lighters, 10 cents per lighter ($1 or more) 10 percent (less than $1) [19]	−24	----------
Retailer's excise taxes, total	368,372	416,244
Noncommercial aviation gasoline, 3 cents per gallon	10,246	10,877
Noncommercial aviation fuel other than gasoline, 7 cents per gallon	23,613	31,955
Diesel and special motor fuels, 4 cents per gallon (in some instances 2 cents per gallon)	334,473	373,414
Luggage, etc. 10 percent [19]	26	−2
Jewelry, etc., 10 percent [19]	9	*
Furs, 10 percent [19]	4	*
Toilet preparation, 10 percent [19]	*	2
Miscellaneous excise taxes, total	3,041,509	3,154,037
Admissions taxes, total [22]	−149	−53
Theaters concerts, athletic contests, etc:		
Admissions, 1 cent for each 10 cents or major fraction thereof of the amount paid in excess of $1	−120	−1
Leases of boxes or seats, 10 percent of the amount for which similar accommodations are sold	----------	−35
Roof gardens, cabarets, etc., 10 percent of total paid for admissions, services, etc.	−29	−17
Club dues and initiation fees, 20 percent (if dues or fees are in excess of 10 per year) [23]	−60	2
Telephone and teletypewriter exchanges services [23]	1,885,228	1,892,731
Transportation of persons by air, 8 percent (which was increased from 5 percent effective July 1, 1970)	579,167	659,177
Transportation of property by air, 5 percent	37,214	41,931
Use of international air-travel facilities, $3 per person	44,548	56,908
Coconut and other vegetable oils processed, 2 cents per pound repealed, effective August 31, 1963	----------	37
Sugar, approximately half-cent per pound	113,616	120,006
Narcotics and marihuana, total [24]	257	188
Narcotics	22	35
Marihuana	235	153
Coin-operated amusement devices $10 per device, per year, bowling alleys, pool tables, etc. $20 per alley or table, per year [25]	2	1
Coin-operated gaming devices, $250 per device per year	7,286	6,571
Wagering taxes:		
Occupational tax, $50 per year	376	107
Wagers, 10 percent of amount waged	5,553	6,451
Use tax on highway vehicles weighing over 26,000 pounds, $3 per 1,000 pounds per year (installment privileges permitted)	188,517	198,462
Use tax on civil aircraft, $25 per year with an additional 2 cents per pound on nonturbine engine powered over 2,500 pounds or 3½ cents per pound on turbine engine powered	19,293	20,786
Adulterated butter and filled cheese (imported and domestic), process or renovated butter and imported oleo margarine [26]	12	3
Firearms transfer and occupational taxes [27]	179	232
Interest equalization [28]	68,965	63,328
Foreign insurance	14,650	16,914
Private foundations:		
Net investment income, 4 percent	76,617	69,802
Self dealing, 5 percent on self-dealer, lesser of $10,000 or 2½ percent on foundation manager	78	229
Excess business holdings, 5 percent on foundation	13	3
Taxable expenditures, 10 percent on foundation, lesser of $5,000 or 2½ percent on foundation	1	8
Failure to file certain information returns, $10 per day up to a maximum of $5,000	34	46
Assessable penalties with respect to annual reports, $10 per day up to a maximum of $5,000	----------	*
Failure to distribute income, 15 percent of undistributed income	94	160
Investments which jeopardize charitable purpose, 5 percent on foundation, lesser of $5,000 or 5 percent on foundation manager	16	8
Unclassified excise taxes	340,181	1,648

Table 4.—Internal revenue collections by principal sources, fiscal years 1940 through 1974
In thousands of dollars.

Fiscal year ended June 30	Total internal revenue collections	Income and profit taxes			Employment taxes	Estate and gift taxes	Alcohol taxes	Tobacco taxes	Manufacturers' excise taxes	All other taxes
		Total	Corporation income and profits taxes	Individual income taxes						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1940	5,340,452	2,129,609	1,147,592	982,017	833,521	360,071	624,253	608,518	447,088	337,392
1941	7,370,108	3,471,124	2,053,469	1,417,655	925,856	407,058	820,056	698,077	617,373	430,564
1942	13,047,859	8,006,884	4,744,083	3,262,800	1,185,362	432,540	1,048,517	780,982	771,902	821,682
1943	22,371,386	16,298,888	9,668,956	6,629,932	1,498,705	447,496	1,423,646	923,857	504,746	1,274,048
1944	40,121,760	33,027,802	14,766,796	18,261,005	1,738,372	511,210	1,618,775	988,483	503,462	1,733,655
1945	43,800,388	35,061,526	16,027,213	19,034,313	1,779,177	643,055	2,309,866	932,145	782,511	2,292,108
1946	40,672,097	31,258,138	12,553,602	18,704,536	1,700,828	676,832	2,526,165	1,165,519	922,671	2,421,944
1947	39,108,386	29,019,756	9,676,459	19,343,297	2,024,365	779,291	2,474,762	1,237,768	1,425,260	2,147,184
1948	41,864,542	31,172,191	10,174,410	20,997,781	2,381,342	899,345	2,255,327	1,300,280	1,649,234	2,206,823
1949	40,463,125	29,605,491	11,553,669	18,051,822	2,476,113	796,538	2,210,607	1,321,875	1,771,533	2,280,969
1950	38,957,132	28,007,659	10,854,351	17,153,308	2,644,575	706,227	2,219,202	1,328,464	1,836,053	2,214,951
1951	50,445,686	37,384,879	14,387,569	22,997,309	3,627,479	729,730	2,546,808	1,380,396	2,383,677	2,392,719
1952	65,009,586	50,741,017	21,466,910	29,274,107	4,464,264	833,147	2,549,120	1,565,162	2,348,943	2,507,933
1953	69,686,535	54,130,732	21,594,515	32,536,217	4,718,403	891,284	2,780,925	1,654,911	2,862,788	2,647,492
1954	69,919,991	54,360,014	21,546,322	32,813,691	5,107,623	935,121	2,783,012	1,580,229	2,689,133	2,464,859
1955	66,288,692	49,914,826	18,264,720	31,650,106	6,219,665	936,267	2,742,840	1,571,213	2,885,016	2,018,866
1956	75,112,649	56,636,164	21,298,522	35,337,642	7,295,784	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380
1957	80,171,971	60,560,425	21,580,653	39,029,772	7,580,522	1,377,999	2,973,195	1,674,050	3,761,925	2,243,856
1958	79,978,476	59,101,874	20,533,316	38,568,559	8,644,386	1,410,925	2,946,461	1,734,021	3,974,135	2,166,675
1959	79,797,973	58,826,254	18,091,509	40,734,744	8,853,744	1,352,982	3,002,096	1,806,816	3,958,789	1,997,292
1960	91,774,803	67,125,126	22,179,414	44,945,711	11,158,589	1,626,348	3,193,714	1,931,504	4,735,129	2,004,394
1961	94,401,086	67,917,941	21,764,940	46,153,001	12,502,451	1,916,392	3,212,801	1,991,117	4,896,802	1,963,582
1962	99,440,839	71,945,305	21,295,711	50,649,594	12,708,171	2,035,187	3,341,282	2,025,736	5,120,340	2,264,817
1963	105,925,395	75,323,714	22,336,134	52,987,581	15,004,486	2,187,457	3,441,656	2,079,237	5,610,309	2,278,536
1964	112,260,257	78,891,218	24,300,863	54,590,354	17,002,504	2,416,303	3,577,499	2,052,545	6,020,543	2,299,645
1965	114,434,634	79,792,016	26,131,334	53,660,683	17,104,306	2,745,532	3,772,634	2,148,594	6,418,145	2,453,406
1966	128,879,961	92,131,794	30,834,243	61,297,552	20,256,133	3,093,922	3,814,378	2,073,956	5,613,869	1,895,909
1967	148,374,815	104,288,420	34,917,825	69,370,595	26,958,241	3,014,406	4,075,723	2,079,869	5,478,347	2,479,809
1968	153,636,838	r 108,148,565	29,896,520	r 78,252,045	r 28,085,898	3,081,979	4,287,237	2,122,277	5,713,973	r 2,196,909
1969	r 187,919,560	r 135,778,052	38,337,646	r 97,440,406	33,068,657	3,530,065	r 4,555,560	r 2,137,585	r 6,501,146	r 2,348,495
1970	195,722,096	138,688,588	35,036,983	103,651,585	37,449,188	3,680,076	4,746,382	2,094,212	6,683,061	2,380,609
1971	191,647,198	r 131,072,374	30,319,953	r 100,752,421	39,918,690	3,784,283	4,800,482	2,206,585	r 6,684,799	r 3,179,985
1972	209,855,737	143,804,732	34,925,546	108,879,186	43,714,001	5,489,969	5,110,001	2,207,273	5,728,657	3,801,104
1973	237,787,204	164,157,315	39,045,309	125,112,006	52,081,709	4,975,862	5,149,513	2,276,951	5,395,750	3,750,104
1974	268,952,254	184,648,094	41,744,444	142,903,650	62,093,632	5,100,675	5,358,477	2,437,005	5,742,154	3,572,217

FOOTNOTES FOR TABLES 1-4

* Less than $500.

r Revised.

1. The receipts in the various States do not indicate the Federal tax burden of each, since in many instances, taxes are collected in one State from residents of another State. For example, withholding taxes reported by employers located near State lines may include substantial amounts withheld from salaries of employees who reside in neighboring States.

2. Includes tax on unrelated business income of exempt organizations.

3. Collections of individual income tax not withheld include old-age, survivors, disability, and hospital insurance taxes on self-employment income. Estimated separate national totals for individual income tax and for old-age, survivors, disability, and hospital insurance taxes are shown in the text table on p. 10 and are used in obtaining national totals for individual income taxes and employment taxes in table 4.

4. Self-employment tax and taxes imposed by the Federal Insurance Contributions Act are applicable with respect to Guam and American Samoa. Amounts of such taxes collected in Guam and American Samoa are combined with similar taxes reported for Office of International Operations—Other.

5. Beginning with fiscal year 1957, the United States total is adjusted to exclude withheld individual income taxes transferred to the Government of Guam in accordance with the provisions of Public Law 630, approved Aug. 1, 1950 (64 Stat. 392). This adjustment amounted to $13.4 million for 1974.

6. Tax payments made to banks, under the Federal tax deposit system, are included in the internal revenue collections for the period in which the Federal tax deposit is purchased. However, such payments are not classified by internal revenue districts (nor by tax subclasses to which excise tax payments relate) until the Federal tax deposit payment is applied to the taxpayer's liability in the internal revenue offices from tax returns filed.

7. Represents credits allowable on income tax returns for certain gasoline and lubricating oil tax payments and for excess payments under the Federal Insurance Contributions Act (FICA).

8. Designations by taxpayers of a portion of their taxes to the Presidential Election Campaign Fund are not collections, as such, because they do not affect taxpayer liability. Transfers of amounts to this fund are made on a national basis only and, therefore, have no affect on district and regional collection data.

9. Amounts of internal revenue taxes collected on Puerto Rican products transported to the United States or consumed in the island (less refunds, drawbacks, and expenses) are covered into the Treasury of Puerto Rico under provisions of secs. 7652(a)(3) and 5314(a)(4) of the Internal Revenue Code of 1954. The gross amounts are included in overall collection results (Tables 1 through 4).

10. Refer to Table 3 for components.

11. Includes taxes on passenger automobiles and light trucks which were repealed December 11, 1971 under the Revenue Act of 1971; and parts and accessories for automobiles, repealed January 1, 1966 by Public Law 89-44; and parts and accessories for trucks, etc.

12. Corporation income tax rates: Effective January 1, 1965, first $25,000 of net income normal tax of 22 percent; net income in excess of $25,000 combined normal and surtax of 48 percent. Normal tax and surtax also apply to net income derived by certain exempt organizations from unrelated trade or business. Effective January 1, 1968, a 10 percent per annum surcharge was added to the tax, (Public Law 90-364). The 10 percent per annum surcharge was extended to December 31, 1969, by Public Law 91-53 and then extended to June 30, 1970 by Public Law 91-172 at a 5 percent annual rate.

13. Rates of tax are as follows: Individual income tax: Effective January 1, 1965, graduated rates from 14 percent on taxable income not over $500 to 70 percent on amounts of taxable income over $100,000. Includes old-age, survivors, disability, and hospital insurance taxes on self-employment income. The 10 percent per annum surcharge added by Public Law 90-364, effective April 1, 1968, for individuals, was extended to December 31, 1969, at the same annual rate (Public Law 91-53) and then extended to June 30, 1970 (Public Law 91-172) at a 5 percent annual rate.

14. Rates of tax are as follows: Income Tax graduated withholding in excess of exemptions: Public Law 89-368, effective July 1, 1967, 14 to 33 percent—Public Law 91-172, effective January 1, 1970, 14 to 25 percent, 14 to 36 percent effective January 16, 1972 under the Revenue Act of 1971. Old-age, survivors, disability and hospital insurance taxes on salaries and wages up to $10,800 were subjected to a combined FICA tax rate of 11.7 percent for calendar year 1973. Effective January 1, 1974, the base was raised to $13,200.

15. Consists of regular railroad retirement combined tax rate of 21.2 percent for calendar years 1973 and 1974. Tax applies to employers and employees, imposed on taxable portion of wages (limited to first $900 of monthly taxable compensation for 1973 and $1,100 for 1974). Also includes supplemental tax on employers for compensation paid to employees, and on income of each employee representative for compensation received: at the following rates: 2 cents per man-hour November 1, 1966 through March 31, 1970; 6 cents per man-hour April 1, 1970 through June 30, 1970; 7 cents per man-hour July 1, 1970 through December 31, 1970; 6 cents per man-hour January 1, 1971 through June 30, 1972; 7.5 cents per man-hour after July 1, 1972. Thereafter, employer and employee representative will be notified of the tax rate applicable for the quarter by the Railroad Retirement Board (P.L. 91-215). Further includes railroad employee representatives' tax of 21.2 percent for calendar years 1973 and 1974 on taxable portion of wages.

16. Issues and transfers of stocks and bonds, repealed, effective, January 1, 1966. Deeds of conveyances; $100 to $500, 55 cents; each additional $500 or fraction thereof, 55 cents; repealed effective January 1, 1968.

17. Cutting oil, automobile parts and accessories (except truck parts), repealed effective January 1, 1966, (Public Law 89-44).

18. Taxes on passenger automobiles and light trucks repealed December 11, 1971 under the Revenue Act of 1971.

19. Repealed, effective June 22, 1965 (Public Law 89-44).

20. Air conditioners, repealed, effective May 15, 1965, refrigerators and freezers, repealed, effective June 22, 1965 (Public Law 89-44).

21. Repealed, effective January 1, 1966 (Public Law 89-44).

22. Repealed, effective noon, December 31, 1965 (Public Law 89-44).

23. This tax was continued at 10 percent by joint resolution (Public Law 90-285), and the Revenue and Expenditure Control Act of June 28, 1968 (Public Law 90-364), which extended this rate through December 31, 1969. This rate was further extended, to December 31, 1972 by Public Law 91-614. The rate was reduced to 9 percent on January 1, 1973 and to 8 percent on January 1, 1974.

24. Narcotics, 1 cent per ounce; narcotics order blanks, $1 per hundred. Marihuana, $1 per ounce; Marihuana order blanks, 2 cents each. Amounts shown also include occupational taxes levied on manufacturers, dealers, and practioners. Repealed, effective May 1, 1971 (Public Law 91-513).

25. Repealed, effective July 1, 1965 (Public Law 89-44).

26. Adulterated butter, 10 cents per pound. Process or renovated butter, ¼ cent per pound. Domestic filled cheese, 1 cent per pound. Imported filled cheese, 8 cents per pound. Imported adulterated butter and oleo-margarine, 15 cents per pound. Occupational taxes are levied on manufacturers or dealers in these products and are included in the amounts shown.

27. Transfers of machine guns, short-barreled firearms, silencers, etc., $200 each; certain guns with combination shotguns and rifle barrels, and other special types of firearms, $5 each. Occupational taxes are levied on manufacturers, importers, or dealers in firearms and are included in the amounts shown.

28. By Executive Orders, rate reduced from 11.25 percent to 3.75 percent on January 1, 1974, and to zero on January 29, 1974. Legislative authority for the IET expired on June 30, 1974.

29. Negative figures (excluding unapplied collections) stem primarily from floor stock credits taken on certain taxes repealed by the Excise Tax Reduction Act of 1965.

Table 5.—Internal revenue refunds including interest

(In thousands of dollars)

Internal revenue regions, districts, States and other areas. (States represented by single districts indicated in parentheses; total for other States shown at bottom of table)	Total [1]	Corporation income	Individual income and employment taxes: Excessive prepayment [2]	Individual income and employment taxes: Other [3]	Estate	Gift	Excise [4]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	**28,192,634**	**3,282,094**	**23,423,091**	**1,146,100**	**68,769**	**4,055**	**268,525**
North-Atlantic Region	**4,527,934**	**839,234**	**3,550,520**	**96,941**	**16,612**	**854**	**23,776**
Albany (See (c) below)	216,437	12,838	199,657	3,217	557	6	163
Augusta (Maine)	107,032	10,157	94,159	2,366	261	15	76
Boston (Massachusetts)	798,012	98,036	681,145	14,402	2,062	98	2,268
Brooklyn (See (c) below)	893,214	50,232	821,562	12,484	2,639	265	6,032
Buffalo (See (c) below)	608,307	52,107	544,026	8,325	1,983	69	1,797
Burlington (Vermont)	47,647	2,490	43,345	1,183	559	13	58
Hartford (Connecticut)	522,144	85,640	413,329	14,545	2,508	34	6,088
Manhattan (See (c) below)	1,094,455	491,967	552,902	36,490	5,741	329	7,026
Portsmouth (New Hampshire)	97,668	11,981	83,399	2,027	121	18	122
Providence (Rhode Island)	143,018	23,786	116,996	1,902	181	7	146
Mid-Atlantic Region	**3,997,090**	**376,055**	**3,496,806**	**74,393**	**5,988**	**785**	**43,062**
Baltimore (Maryland and D.C.)	732,494	59,143	651,780	15,841	886	69	4,775
Newark (New Jersey)	1,139,907	117,038	978,555	23,330	2,492	52	18,439
Philadelphia (See (e) below)	938,360	93,710	811,470	16,888	1,398	57	14,837
Pittsburgh (See (e) below)	543,256	55,464	479,016	7,038	416	129	1,192
Richmond (Virginia)	561,277	33,759	514,476	9,313	723	126	2,880
Wilmington (Delaware)	81,796	16,941	61,509	1,983	73	352	939
Southeast Region	**3,069,845**	**305,997**	**2,668,470**	**71,400**	**7,308**	**470**	**16,199**
Atlanta (Georgia)	533,253	54,454	459,896	11,481	759	89	6,573
Birmingham (Alabama)	302,778	18,712	276,802	6,449	582	25	208
Columbia (South Carolina)	237,572	14,964	217,742	4,071	536	3	255
Greensboro (North Carolina)	537,114	100,657	420,785	9,113	685	3	5,871
Jackson (Mississippi)	150,510	7,750	138,747	3,588	186	72	168
Jacksonville (Florida)	888,617	69,262	786,186	27,901	3,850	246	1,172
Nashville (Tennessee)	420,001	40,198	368,312	8,797	710	32	1,952
Central Region	**4,052,144**	**450,433**	**3,509,814**	**63,913**	**8,592**	**248**	**19,144**
Cincinnati (See (d) below)	609,551	73,990	520,575	10,807	856	34	3,289
Cleveland (See (d) below)	843,622	64,723	762,023	13,061	2,172	65	1,579
Detroit (Michigan)	1,457,014	218,057	1,209,093	20,424	1,924	27	7,488
Indianapolis (Indiana)	654,506	55,157	581,208	11,020	2,621	114	4,386
Louisville (Kentucky)	316,198	27,560	280,132	5,757	415	6	2,328
Parkersburg (West Virginia)	171,253	10,946	156,783	2,844	604	2	74
Midwest Region	**3,784,118**	**497,805**	**3,151,379**	**99,037**	**8,496**	**338**	**27,065**
Aberdeen (South Dakota)	46,439	1,246	42,520	2,462	111	3	97
Chicago (See (b) below)	1,324,341	194,358	1,093,367	28,022	2,900	88	5,607
Des Moines (Iowa)	273,397	28,166	234,705	9,054	555	28	889
Fargo (North Dakota)	45,430	1,441	41,857	1,944	67	14	108
Milwaukee (Wisconsin)	519,938	52,204	454,085	11,100	1,302	57	1,190
Omaha (Nebraska)	152,862	19,957	125,291	5,789	1,352	45	429
St. Louis (Missouri)	586,100	87,395	468,908	13,127	798	59	15,813
St. Paul (Minnesota)	512,495	83,300	407,032	20,192	798	32	1,141
Springfield (See (b) below)	323,116	29,738	283,614	7,347	613	12	1,791
Southwest Region	**2,813,916**	**349,643**	**2,367,937**	**80,105**	**7,627**	**643**	**7,962**
Albuquerque (New Mexico)	105,061	6,144	96,081	2,465	285	10	76
Austin (See (f) below)	776,018	111,881	640,817	19,386	1,458	368	2,108
Cheyenne (Wyoming)	38,772	2,329	34,667	1,581	134	12	49
Dallas (See (f) below)	550,739	82,045	445,218	18,034	2,068	102	3,272
Denver (Colorado)	328,608	30,944	288,127	8,645	476	39	378
Little Rock (Arkansas)	158,056	11,895	141,469	4,232	257	15	188
New Orleans (Louisiana)	358,480	32,416	313,079	11,209	1,272	24	481
Oklahoma City (Oklahoma)	268,909	39,490	219,409	8,470	796	50	693
Wichita (Kansas)	229,273	32,499	189,070	6,083	881	23	717
Western Region	**5,176,942**	**451,998**	**4,581,060**	**119,408**	**13,303**	**720**	**10,456**
Anchorage (Alaska)	61,170	2,618	56,885	1,585	10	(*)	71
Boise (Idaho)	75,268	4,314	67,869	2,780	210	5	91
Helena (Montana)	68,000	3,701	61,044	2,845	270	45	96
Honolulu (Hawaii)	134,311	19,587	111,473	3,010	147	13	80
Los Angeles (See (a) below)	2,260,794	224,779	1,980,577	43,822	5,584	320	5,713
Phoenix (Arizona)	284,534	25,452	251,232	6,932	590	37	291
Portland (Oregon)	283,517	18,372	256,531	7,689	667	14	244
Reno (Nevada)	96,282	4,260	88,707	3,030	192	19	74
Salt Lake City (Utah)	142,062	14,013	124,415	3,398	169	1	67
San Francisco (See (a) below)	1,335,321	108,693	1,186,918	31,733	4,710	233	3,034
Seattle (Washington)	435,683	26,209	395,409	12,584	754	33	695
Office of International Operations	**115,480**	**10,931**	**97,105**	**5,698**	**843**	(*)	**903**
Puerto Rico	22,680	30	20,094	1,720	55	(*)	782
Other	92,800	10,901	77,011	3,978	788	(*)	121
Gasoline, lubricating oil, and excess FICA credits	653,958			535,206			118,752
Bureau of Customs	1,208						1,208
Totals for States not shown above							
(a) California	3,596,115	333,472	3,167,495	75,555	10,294	553	8,747
(b) Illinois	1,647,457	224,096	1,376,981	35,369	3,513	100	7,393
(c) New York	2,812,413	607,144	2,118,147	60,516	10,920	669	15,018
(d) Ohio	1,453,173	138,713	1,282,598	23,868	3,028	99	4,863
(e) Pennsylvania	1,481,616	149,174	1,290,486	23,926	1,814	186	16,029
(f) Texas	1,326,757	193,926	1,086,035	37,420	3,526	470	5,380

[1] Figures have not been reduced to reflect reimbursements from the Federal Old Age and Survivors, Federal Disability, and Federal Hospital Insurance Trust Funds amounting to $535,206,000; from the Highway Trust Fund amounting to $123,178,000; and from the unemployment Trust Fund amounting to $25,878,891.
[2] Net of 77,116 undeliverable checks totaling $20,866,000.
[3] Includes credits for excess Social Security payments under the Federal Insurance Contributions Act (FICA) of $535,206,000.
[4] Includes credits for certain gasoline and lubricating oil tax payments.
* Less than 500.

Table 6.—Internal revenue refunds issued by regions, districts, States and other areas

Internal revenue regions, districts, States and other areas. (States represented by single districts indicated in parentheses; total for other States shown at bottom of table)	Total	Corporation income	Individual income and employment taxes: Excessive prepayments [1]	Individual income and employment taxes: Other	Estate	Gift	Excise
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	**65,788,713**	**318,836**	**63,253,803**	**2,122,343**	**22,747**	**3,196**	**67,788**
North-Atlantic Region	**9,800,973**	**57,937**	**9,391,660**	**329,913**	**5,019**	**634**	**15,810**
Albany (See (c) below)	577,232	2,669	554,596	19,119	283	12	553
Augusta (Maine)	323,321	1,740	310,082	10,939	124	13	423
Boston (Massachusetts)	1,946,843	13,247	1,870,464	61,075	801	103	1,153
Brooklyn (See (c) below)	2,143,488	7,438	2,075,323	58,295	1,037	115	1,280
Buffalo (See (c) below)	1,506,356	7,537	1,453,884	42,955	686	91	1,203
Burlington (Vermont)	149,846	947	140,935	7,740	55	7	162
Hartford (Connecticut)	1,105,125	5,859	1,055,002	41,106	607	64	2,487
Manhattan (See (c) below)	1,417,829	14,449	1,324,621	69,290	1,240	206	8,023
Portsmouth (New Hampshire)	262,214	1,800	250,015	9,944	96	10	349
Providence (Rhode Island)	368,719	2,251	356,738	9,450	90	13	177
Mid-Atlantic Region	**9,802,473**	**47,582**	**9,477,032**	**264,874**	**2,616**	**388**	**9,981**
Baltimore (Maryland and D.C.)	1,700,144	6,723	1,650,728	41,266	396	70	961
Newark (New Jersey)	2,603,208	20,406	2,491,047	88,157	1,142	124	2,332
Philadelphia (See (e) below)	2,376,624	8,976	2,304,938	58,528	507	52	3,623
Pittsburgh (See (e) below)	1,395,689	4,149	1,361,838	28,704	241	39	718
Richmond (Virginia)	1,539,726	5,602	1,489,789	43,074	289	75	897
Wilmington (Delaware)	187,082	1,726	178,692	5,145	41	28	1,450
Southeast Region	**9,049,019**	**37,066**	**8,712,907**	**288,660**	**2,581**	**434**	**7,371**
Atlanta (Georgia)	1,452,469	6,028	1,400,750	43,888	263	59	1,481
Birmingham (Alabama)	952,612	2,952	922,281	26,440	145	25	769
Columbia (South Carolina)	805,508	2,876	781,604	20,178	177	18	655
Greensboro (North Carolina)	1,589,963	7,464	1,535,551	45,358	293	72	1,225
Jackson (Mississippi)	536,555	1,760	516,842	17,291	116	33	513
Jacksonville (Florida)	2,417,478	11,561	2,305,582	97,112	1,311	175	1,737
Nashville (Tennessee)	1,294,434	4,425	1,250,297	38,393	276	52	991
Central Region	**9,407,296**	**37,512**	**9,107,464**	**253,027**	**2,447**	**311**	**6,535**
Cincinnati (See (d) below)	1,475,658	6,585	1,427,351	40,387	445	54	836
Cleveland (See (d) below)	2,036,885	9,245	1,973,670	52,379	491	67	1,033
Detroit (Michigan)	2,883,199	11,370	2,794,645	74,283	733	79	2,089
Indianapolis (Indiana)	1,629,806	5,026	1,576,095	46,797	438	61	1,389
Louisville (Kentucky)	892,136	3,346	860,379	27,301	254	38	818
Parkersburg (West Virginia)	489,612	1,940	475,324	11,880	86	12	370
Midwest Region	**9,109,538**	**50,311**	**8,700,925**	**345,973**	**3,483**	**474**	**8,372**
Aberdeen (South Dakota)	162,594	859	149,112	12,233	72	10	308
Chicago (See (b) below)	2,819,144	13,688	2,723,094	79,773	955	112	1,522
Des Moines (Iowa)	763,524	4,137	715,710	42,070	460	46	1,101
Fargo (North Dakota)	149,035	644	136,118	11,939	67	7	260
Milwaukee (Wisconsin)	1,378,766	8,354	1,318,940	49,561	495	78	1,338
Omaha (Nebraska)	420,641	2,743	391,136	25,900	241	47	574
St. Louis (Missouri)	1,400,847	10,116	1,337,831	50,889	507	80	1,424
St. Paul (Minnesota)	1,164,489	6,306	1,114,932	41,717	337	43	1,154
Springfield (See (b) below)	850,498	3,464	814,052	31,891	349	51	691
Southwest Region	**7,550,715**	**35,638**	**7,241,754**	**259,449**	**2,513**	**478**	**10,883**
Albuquerque (New Mexico)	315,280	1,161	304,622	9,122	80	24	271
Austin (See (f) below)	2,037,479	7,931	1,963,042	60,670	652	131	5,053
Cheyenne (Wyoming)	108,971	884	102,364	5,484	51	16	172
Dallas (See (f) below)	1,449,068	7,220	1,387,371	52,214	507	94	1,662
Denver (Colorado)	811,828	4,411	775,893	30,543	196	54	731
Little Rock (Arkansas)	515,674	2,514	494,367	18,015	120	24	634
New Orleans (Louisiana)	965,673	4,608	931,951	27,852	252	27	983
Oklahoma City (Oklahoma)	723,865	3,486	692,005	27,202	341	69	762
Wichita (Kansas)	622,877	3,423	590,139	28,347	314	39	615
Western Region	**10,887,164**	**52,407**	**10,462,551**	**358,993**	**3,969**	**472**	**8,772**
Anchorage (Alaska)	101,845	646	96,705	4,343	12	1	138
Boise (Idaho)	219,211	1,206	205,344	12,282	70	14	295
Helena (Montana)	204,521	1,607	190,111	12,320	101	14	368
Honolulu (Hawaii)	284,010	2,001	273,477	8,360	44	19	109
Los Angeles (See (a) below)	4,194,042	20,077	4,052,182	117,739	1,558	168	2,318
Phoenix (Arizona)	654,250	2,686	628,797	22,144	188	34	401
Portland (Oregon)	791,225	4,116	756,721	29,305	279	39	765
Reno (Nevada)	211,549	994	203,266	7,068	41	8	172
Salt Lake City (Utah)	354,079	1,451	340,388	11,868	52	11	309
San Francisco (See (a) below)	2,776,926	12,044	2,669,090	91,312	1,291	126	3,063
Seattle (Washington)	1,095,506	5,579	1,046,470	42,252	333	38	834
Office of International Operations	**181,535**	**383**	**159,510**	**21,454**	**119**	**5**	**64**
Puerto Rico	40,701	17	28,675	12,002	3	1	3
Other	140,834	366	130,835	9,452	116	4	61
Totals for States not shown above							
(a) California	6,970,968	32,121	6,721,272	209,051	2,849	294	5,381
(b) Illinois	3,669,642	17,152	3,537,146	111,664	1,304	163	2,213
(c) New York	5,644,905	32,093	5,408,424	189,659	3,246	424	11,059
(d) Ohio	3,512,543	15,830	3,401,021	92,766	936	121	1,869
(e) Pennsylvania	3,772,313	13,125	3,666,776	87,232	748	91	4,341
(f) Texas	3,486,547	15,151	3,350,413	112,884	1,159	225	6,715

[1] Net of 77,116 undeliverable refund checks.

Table 7. Number of returns filed, by Internal Revenue regions, districts, States, and other areas.

Internal revenue regions, districts, States and other areas. (States represented by single districts indicated in parentheses; total for other States shown at bottom of table)	Total	Individual income tax	Corporation income tax	Partnership	Declaration or estimated tax and all other income taxes [1]	Employment taxes	Estate tax	Gift tax	Excise taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
United States, total	**121,609,260**	**[4]81,575,146**	**2,587,906**	**1,118,318**	**9,727,256**	**24,794,221**	**211,540**	**252,653**	**1,342,220**
North-Atlantic Region	**18,466,047**	**12,034,197**	**527,233**	**120,900**	**1,644,870**	**3,880,009**	**42,658**	**48,996**	**167,184**
Albany (See (c) below)	1,056,883	704,271	28,377	10,133	81,097	214,816	2,754	2,196	13,239
Augusta (Maine)	591,171	380,148	14,549	4,175	46,503	133,450	1,041	1,214	10,091
Boston (Massachusetts)	3,516,543	2,365,497	107,138	23,737	331,338	650,694	5,917	8,248	23,974
Brooklyn (See (c) below)	3,874,832	2,633,651	132,299	27,802	287,885	753,076	9,835	5,736	24,548
Buffalo (See (c) below)	2,616,179	1,835,968	66,077	24,277	196,849	452,323	6,142	5,610	28,933
Burlington (Vermont)	307,343	191,752	8,572	3,281	24,447	73,850	494	754	4,193
Hartford (Connecticut)	2,083,870	1,375,832	60,411	3,066	225,212	391,532	4,399	6,343	17,075
Manhattan (See (c) below)	3,397,460	1,779,984	189,157	16,967	370,095	983,747	10,323	17,046	30,141
Portsmouth (New Hampshire)	479,711	312,319	12,919	4,023	37,481	104,156	859	1,006	6,948
Providence (Rhode Island)	645,237	454,775	19,107	3,439	43,963	118,247	894	843	3,969
Mid-Atlantic Region	**17,667,428**	**11,848,871**	**238,766**	**157,014**	**[1]1,894,324**	**3,319,596**	**31,032**	**29,999**	**147,826**
Baltimore (Maryland and D.C.)	2,960,509	2,048,239	67,348	35,929	227,851	550,209	4,283	5,662	20,988
Newark (New Jersey)	4,727,384	3,196,753	148,171	11,693	366,121	949,785	11,916	8,650	34,295
Philadelphia (See (e) below)	4,191,888	2,857,460	88,793	53,382	379,377	764,956	7,716	6,231	33,973
Pittsburgh (See (e) below)	2,368,615	1,665,547	24,575	34,808	194,129	420,895	2,859	3,154	22,648
Richmond (Virginia)	2,708,877	1,851,985	58,671	17,821	181,215	561,302	3,631	5,450	28,802
Wilmington (Delaware)	351,218	228,887	9,357	3,381	30,646	72,449	627	852	5,019
Southeast Region	**16,671,919**	**11,211,513**	**347,090**	**150,546**	**871,201**	**3,845,192**	**23,632**	**36,195**	**186,550**
Atlanta (Georgia)	2,567,543	1,734,024	56,787	24,639	99,813	615,612	2,553	5,598	28,517
Birmingham (Alabama)	1,688,660	1,159,090	30,013	12,735	67,594	395,100	1,408	2,952	19,768
Columbia (South Carolina)	1,400,967	964,744	28,250	11,649	51,481	322,260	1,596	2,391	18,596
Greensboro (North Carolina)	2,907,678	1,943,121	70,093	25,708	172,768	654,082	3,386	5,597	32,923
Jackson (Mississippi)	1,036,677	682,778	18,254	9,284	42,140	263,531	935	1,898	17,857
Jacksonville (Florida)	4,787,880	3,133,353	142,916	37,346	306,217	1,101,313	11,119	13,930	41,686
Nashville (Tennessee)	2,325,065	1,594,403	43,328	29,185	131,188	493,294	2,635	3,829	27,203
Central Region	**16,248,760**	**11,355,209**	**343,549**	**128,108**	**1,200,448**	**2,972,906**	**23,451**	**26,510**	**198,579**
Cincinnati (See (d) below)	2,602,924	1,840,590	59,711	19,527	198,357	448,315	4,127	4,442	27,855
Cleveland (See (d) below)	3,536,138	2,459,476	97,173	27,630	278,542	624,744	5,388	5,519	37,666
Detroit (Michigan)	4,754,519	3,336,867	125,616	38,245	339,898	842,320	5,320	7,245	58,008
Indianapolis (Indiana)	2,885,823	2,009,847	72,332	18,841	212,188	523,040	5,284	5,163	39,128
Louisville (Kentucky)	1,664,862	1,117,570	36,017	15,766	113,738	354,266	2,263	2,935	22,307
Parkersburg (West Virginia)	871,019	590,859	18,225	8,099	57,725	180,221	1,069	1,206	13,615
Midwest Region	**17,571,830**	**11,787,736**	**403,127**	**184,589**	**1,417,511**	**3,481,923**	**41,931**	**42,553**	**212,460**
Aberdeen (South Dakota)	397,732	243,885	10,732	8,153	28,352	95,411	1,103	1,387	8,706
Chicago (See (b) below)	5,148,191	3,498,418	117,834	49,400	572,567	857,748	9,915	10,616	31,693
Des Moines (Iowa)	1,779,735	1,094,453	41,822	19,922	212,390	374,064	6,117	5,269	25,698
Fargo (North Dakota)	372,809	228,855	11,825	5,329	24,977	91,341	1,246	1,229	8,007
Milwaukee (Wisconsin)	2,735,263	1,771,635	72,315	20,591	302,376	518,700	6,019	5,959	37,668
Omaha (Nebraska)	936,361	583,582	28,188	10,199	77,177	212,764	3,069	4,390	16,992
St. Louis (Missouri)	2,778,562	1,764,370	68,452	25,320	309,309	564,684	4,507	5,878	36,042
St. Paul (Minnesota)	2,184,039	1,472,950	66,016	29,085	159,030	418,673	5,007	3,863	29,415
Springfield (See (b) below)	1,748,302	1,129,585	31,107	16,590	195,333	348,538	4,948	3,962	18,239
Southwest Region	**14,919,218**	**9,789,876**	**312,440**	**142,360**	**1,086,405**	**3,305,828**	**21,397**	**36,780**	**[2]224,132**
Albuquerque (New Mexico)	573,901	382,810	11,867	4,951	36,760	128,455	547	1,059	7,442
Austin (See (f) below)	3,756,731	2,504,977	76,878	33,228	259,297	816,064	4,718	9,623	51,946
Cheyenne (Wyoming)	234,564	142,022	6,509	4,156	18,285	56,907	356	1,055	5,274
Dallas (See (f) below)	2,971,711	1,867,305	69,553	33,255	230,957	713,554	4,331	7,542	45,214
Denver (Colorado)	1,497,865	987,359	43,358	18,802	117,110	307,224	2,335	3,607	18,070
Little Rock (Arkansas)	1,042,702	675,401	22,030	9,977	72,275	242,724	1,086	2,242	16,967
New Orleans (Louisiana)	2,060,855	1,432,842	44,587	10,057	119,236	424,925	1,761	2,502	24,945
Oklahoma City (Oklahoma)	1,457,706	940,726	37,124	12,201	113,756	321,804	2,752	4,308	25,035
Wichita (Kansas)	1,349,496	856,434	34,957	15,733	118,729	294,171	3,511	4,832	21,129
Western Region	**19,493,738**	**13,199,152**	**412,591**	**234,429**	**1,566,159**	**3,820,170**	**26,708**	**30,985**	**203,544**
Anchorage (Alaska)	168,273	114,739	4,794	NA	7,037	37,001	98	177	4,509
Boise (Idaho)	438,101	282,609	12,633	NA	30,267	101,158	643	1,049	9,827
Helena (Montana)	458,983	276,757	13,868	9,918	35,968	106,341	1,082	2,012	13,037
Honolulu (Hawaii)	505,598	347,390	17,277	5,548	43,600	87,258	503	1,179	2,843
Los Angeles (See (a) below)	7,285,689	4,971,355	189,421	79,734	590,742	1,385,575	9,439	8,104	51,319
Phoenix (Arizona)	1,164,798	790,766	29,808	9,101	95,569	223,033	1,598	2,691	12,232
Portland (Oregon)	1,469,295	982,436	42,625	15,029	112,533	289,406	2,240	3,019	22,007
Reno (Nevada)	362,177	246,763	9,944	4,158	23,523	69,794	367	775	6,853
Salt Lake City (Utah)	615,780	412,043	17,191	12,421	38,288	123,345	582	1,347	10,563
San Francisco (See (a) below)	5,108,947	3,432,354	128,086	73,800	430,271	985,425	7,363	7,465	44,183
Seattle (Washington)	2,028,224	1,341,940	59,238	24,720	158,361	411,834	2,793	3,167	26,171
Office of International Operations	**570,320**	**348,592**	**3,110**	**372**	**46,338**	**168,597**	**731**	**635**	**1,945**
Undistributed:									
Puerto Rico	234,309	69,874	479	38	9,496	153,941	29	60	392
Other	336,011	278,718	2,631	334	36,842	14,656	702	575	1,553
(a) California	12,394,636	8,403,709	317,507	153,534	1,021,013	2,371,000	16,802	15,569	95,502
(b) Illinois	6,896,493	4,628,003	148,941	65,990	767,900	1,206,286	14,863	14,578	49,932
(c) New York	10,945,354	6,953,874	415,910	79,179	935,926	2,403,962	29,054	30,588	96,861
(d) Ohio	6,139,062	4,300,066	156,884	47,157	476,899	1,073,059	9,515	9,961	65,521
(e) Pennsylvania	6,560,503	5,523,007	113,368	88,190	573,506	1,185,851	10,575	9,385	56,621
(f) Texas	6,728,442	4,372,282	146,431	66,483	490,254	1,529,618	9,049	17,165	97,160

[1] Includes estimated tax declarations not available by districts.
[2] Includes Forms 7004, 7005, tentative 1120 L and M, and Forms 990, 990C, 990P and 990T not available by districts.
[3] Includes Forms 4638 not available by districts.
[4] Forms 1040X are not included.

Table 8.—Internal Revenue Collections, Costs, Employees, and U.S. Populations, 1945 through 1974

Fiscal Year	Operating cost	Collections	Cost of collecting $100	Population (Thousands)	Tax per capita	Number of employees: Total	Number of employees: National Office	Number of employees: Field
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1945	145,390,720	43,800,387,576	0.33	140,468	311.82	49,814	4,441	45,373
1946	174,795,640	40,672,096,998	0.43	141,936	286.55	59,693	5,144	54,549
1947	203,916,822	39,108,385,742	0.52	144,698	270.28	52,830	4,771	48,059
1948	183,731,060	41,864,542,295	0.44	147,208	284.39	52,143	4,662	47,481
1949	209,205,715	40,463,125,019	0.52	149,767	270.17	52,266	4,554	47,712
1950	230,408,200	38,957,131,768	0.59	152,271	255.84	55,551	4,303	51,248
1951	245,869,538	50,445,686,315	0.49	154,878	325.71	57,795	4,030	53,765
1952	271,872,192	65,009,535,560	0.42	157,553	412.62	55,370	3,842	51,528
1953	268,590,806	69,686,535,389	0.38	160,184	435.00	53,463	3,834	49,629
1954	268,969,107	69,919,990,791	0.38	163,026	428.89	51,411	2,707	48,704
1955	278,834,278	66,288,692,000	0.42	165,931	399.50	50,890	2,675	48,215
1956	299,894,710	75,112,649,000	0.40	168,903	444.71	50,682	2,583	48,099
1957	305,537,814	80,171,971,000	0.38	171,984	466.16	51,364	2,602	48,762
1958	337,428,789	79,978,476,484	0.42	174,882	457.33	50,816	2,638	48,178
1959	355,469,228	79,797,972,806	0.44	177,830	448.73	50,200	2,633	47,567
1960	363,735,359	91,774,802,823	0.40	180,671	507.96	50,199	2,702	47,497
1961	413,295,238	94,401,086,398	0.44	183,691	513.91	53,680	3,031	50,649
1962	450,080,420	99,440,839,245	0.45	186,538	533.09	56,510	3,357	53,153
1963	500,804,314	105,925,395,281	0.47	189,242	559.74	59,486	3,562	55,924
1964	549,692,131	112,260,257,115	0.49	191,889	585.03	59,357	3,753	55,604
1965	597,387,471	114,434,633,721	0.52	194,303	588.95	60,360	3,790	56,570
1966	624,861,929	128,879,961,342	0.48	196,560	655.68	61,689	3,816	57,873
1967	667,080,295	148,374,814,552	0.45	198,712	746.68	65,122	4,060	61,062
1968	699,190,304	153,636,837,665	0.46	200,706	765.48	65,177	3,939	61,238
1969	758,785,475	187,919,559,668	0.40	202,677	[r]927.19	64,507	4,037	60,470
1970	886,159,162	195,722,096,497	0.45	204,875	955.31	68,098	4,356	63,742
1971	981,065,297	191,647,198,138	0.51	207,045	925.63	68,987	4,521	64,466
1972	1,127,390,411	209,855,736,878	[r]0.54	208,842	1,004.85	74,086	4,823	69,263
1973	1,162,009,945	[r]237,787,204,058	0.49	[r]210,396	1,130.19	[1]71,846	[r]4,646	[r]67,200
1974	[2]1,312,894,661	268,925,253,663	0.49	211,909	1,269.19	[3]78,233	4,685	73,548

[r] Revised.
[1] Includes 2,079 for Economic Stabilization Program.
[2] Excludes cost for Federal Energy and Economic Stabilization Programs not included in IRS Appropriations.
[3] Excludes 71 National Office and 396 Field employees in the Economic Stabilization Program.

Table 9.—Number of returns examined by class of tax and by Internal Revenue regions, districts, and other areas

Region, service center, and district	Total	Individual and fiduciary	Corporation	Estate	Gift	Excise	Employment	Exempt Organization	Pension trust
Total	2,187,864	1,766,886	134,290	47,729	11,470	88,348	76,532	20,487	42,122
North-Atlantic	381,007	300,590	34,402	9,816	2,010	11,073	8,916	5,767	8,433
Mid-Atlantic	275,661	220,747	21,019	4,944	1,555	10,535	8,181	2,566	6,114
Southeast	323,146	272,135	13,787	4,933	1,644	12,176	11,652	2,239	4,580
Central	228,254	176,274	14,785	6,129	1,260	13,316	8,413	2,690	5,387
Midwest	273,488	215,846	18,027	7,566	1,538	11,206	10,910	2,456	5,939
Southwest	311,215	257,711	12,635	5,223	1,664	15,482	13,218	2,118	3,164
Western	372,891	305,061	19,128	8,795	1,737	14,257	12,786	2,622	8,505
International Operations	22,202	18,522	507	323	62	303	2,456	29	
North-Atlantic Region:									
Albany	17,023	14,167	644	629	85	966	532		
Augusta	9,134	7,484	737	134	14	421	344		
Boston	56,894	36,746	13,388	1,319	248	2,299	1,232	1,662	
Brooklyn	88,117	78,222	3,336	2,004	287	2,537	1,731		
Buffalo	39,200	32,585	2,512	1,054	347	1,577	1,125		
Burlington	4,571	3,788	286	59	8	129	301		
Hartford	27,994	23,633	1,475	1,160	273	801	652		
Manhattan	97,816	74,701	10,723	3,241	691	1,797	2,558	4,105	
Portsmouth	7,700	6,563	556	88	27	276	190		
Providence	9,266	7,842	745	128	30	270	251		
Andover Service Center	7,818	7,818							
Brookhaven Service Center	7,041	7,041							
Mid-Atlantic Region:									
Baltimore	51,229	41,545	3,856	795	277	1,876	1,352	1,528	
Newark	78,564	65,144	4,703	1,694	496	3,617	2,910		
Philadelphia	55,626	46,703	3,623	1,105	269	1,589	1,299	1,038	
Pittsburgh	28,062	23,109	1,981	576	265	1,153	978		
Richmond	41,240	34,402	2,659	651	207	2,104	1,217		
Wilmington	9,895	4,913	4,197	123	41	196	425		
Philadelphia Service Center	4,931	4,931							
Southeast Region:									
Atlanta	47,941	38,748	1,706	466	268	2,731	1,783	2,239	
Birmingham	29,675	25,681	1,025	266	123	1,137	1,443		
Columbia	24,473	21,569	890	363	49	771	831		
Greensboro	57,045	50,089	2,504	742	294	2,594	822		
Jackson	21,661	18,710	777	284	111	685	1,094		
Jacksonville	93,639	80,149	4,299	2,073	679	2,977	3,462		
Nashville	33,507	26,564	2,586	739	120	1,281	2,217		
Atlanta Service Center	7,448	7,448							
Memphis Service Center	3,177	3,177							
Central Region:									
Cincinnati	29,285	20,899	2,551	1,061	172	1,918	1,686	998	
Cleveland	49,842	39,121	3,899	1,575	418	2,348	1,754	727	
Detroit	77,602	64,479	3,210	1,556	379	5,299	1,714	965	
Indianapolis	30,943	24,053	2,390	1,144	163	1,874	1,319		
Louisville	20,322	15,772	1,530	583	92	1,237	1,108		
Parkersburg	10,167	7,244	1,205	210	36	640	832		
Cincinnati Service Center	4,706	4,706							
Midwest Region:									
Aberdeen	4,770	3,346	295	183	36	326	584		
Chicago	80,739	68,247	5,420	2,097	336	1,902	1,937	800	
Des Moines	19,902	13,125	1,458	966	199	2,401	1,753		
Fargo	4,972	3,897	193	228	48	165	441		
Milwaukee	34,244	28,285	2,595	631	208	1,312	1,213		
Omaha	17,428	12,785	1,203	877	250	1,334	979		
St. Louis	45,592	35,256	4,480	1,097	171	2,182	1,526	880	
St. Paul	24,075	19,727	1,154	693	164	632	929	776	
Springfield	20,516	15,867	1,229	794	126	952	1,548		
Kansas City Service Center	15,311	15,311							
Southwest Region:									
Albuquerque	8,852	7,757	270	115	50	424	236		
Austin	78,011	64,148	3,166	1,422	402	5,431	2,500	942	
Cheyenne	3,096	2,498	140	75	39	172	172		
Dallas	72,127	61,626	2,368	1,240	560	3,325	1,832	1,176	
Denver	21,463	18,200	682	390	102	1,145	944		
Little Rock	17,637	14,091	1,432	295	72	904	843		
New Orleans	43,460	35,484	2,165	390	112	1,755	3,554		
Oklahoma City	24,401	20,400	1,146	739	210	1,245	661		
Wichita	26,108	20,611	1,266	557	117	1,081	2,476		
Austin Service Center	12,896	12,896							
Western Region:									
Anchorage	3,341	2,909	139	18	1	165	109		
Boise	6,451	5,286	340	123	29	342	331		
Helena	8,751	6,964	607	175	30	606	369		
Honolulu	7,884	6,262	606	145	39	486	346		
Los Angeles	150,243	127,319	8,654	3,889	698	4,221	4,334	1,128	
Phoenix	17,262	14,481	781	385	148	625	842		
Portland	17,089	13,929	907	437	116	818	882		
Reno	9,229	7,911	454	129	46	277	412		
Salt Lake City	11,156	8,703	918	139	30	750	616		
San Francisco	84,854	68,935	4,159	2,610	493	4,313	3,541	803	
Seattle	31,254	25,490	1,563	745	107	1,654	1,004	691	
Ogden Service Center	8,448	8,448							
Fresno Service Center	8,424	8,424							

[1] Pension trust examinations not available by district—only as a regional total.

Table 10.—Additional tax and penalties recommended after audit examination by class of tax, and by Internal Revenue regions, districts and other areas.

Region, service center, and district	Total	Individual and fiduciary	Corporation	Estate	Gift	Excise	Employment	Exempt organization
Total	5,909,198	1,232,219	3,888,351	508,648	68,797	97,910	108,029	5,244
North-Atlantic	1,571,127	252,725	1,120,226	147,190	14,669	22,688	12,898	730
Mid-Atlantic	569,247	134,522	353,823	60,137	3,680	5,587	11,106	392
Southeast	613,682	187,643	344,371	51,559	5,573	6,611	17,131	794
Central	703,343	113,199	488,435	55,953	4,674	33,834	7,046	202
Midwest	836,063	101,804	613,660	59,422	17,894	10,229	32,076	978
Southwest	594,906	138,751	358,203	60,601	14,485	8,578	13,171	1,117
Western	982,759	289,120	593,879	69,810	7,668	9,862	11,391	1,028
International Operations	38,071	14,455	15,754	3,976	153	520	3,211	2
North-Atlantic Region:								
Albany	17,590	5,409	4,020	7,661	136	142	221	1
Augusta	9,132	2,672	5,284	851	36	87	202	
Boston	139,743	27,605	97,330	10,173	796	1,803	1,829	208
Brooklyn	141,054	67,655	43,649	21,356	3,456	2,784	2,153	
Buffalo	92,691	14,916	67,009	4,785	1,989	3,453	540	
Burlington	2,736	1,294	961	262	110	22	87	
Hartford	160,262	11,718	134,302	8,601	1,746	3,399	497	
Manhattan	966,894	100,958	754,388	88,460	4,647	10,973	6,946	522
Portsmouth	9,873	2,441	3,905	2,738	514	7	269	
Providence	17,980	4,886	9,378	2,303	1,240	20	154	
Andover Service Center	5,927	5,927						
Brookhaven Service Center	7,245	7,245						
Mid-Atlantic Region:								
Baltimore	106,220	27,015	66,124	6,831	429	791	4,683	348
Newark	201,221	38,101	146,363	12,219	546	1,407	2,584	
Philadelphia	100,541	33,082	52,215	12,084	984	610	1,521	44
Pittsburgh	67,537	10,703	48,617	5,533	485	913	1,287	
Richmond	57,592	17,954	29,676	7,580	966	832	584	
Wilmington	31,023	2,555	10,828	15,889	270	1,034	447	
Philadelphia Service Center	5,112	5,112						
Southeast Region:								
Atlanta	87,151	24,617	51,503	4,014	647	1,611	3,995	766
Birmingham	41,475	11,626	23,799	3,517	359	576	1,598	
Columbia	22,470	9,866	8,881	2,603	138	446	536	
Greensboro	111,425	16,326	87,133	5,369	618	1,032	948	
Jackson	17,084	8,008	3,624	4,226	360	486	379	
Jacksonville	225,984	87,446	105,626	25,618	2,678	2,186	2,400	29
Nashville	96,694	18,354	63,805	6,211	774	274	7,275	
Atlanta Service Center	5,577	5,577						
Memphis Service Center	5,822	5,822						
Central Region:								
Cincinnati	116,902	11,609	94,782	8,456	517	378	1,078	82
Cleveland	180,362	21,046	142,756	11,855	818	868	2,938	83
Detroit	228,496	28,917	160,127	13,249	1,667	23,392	1,108	37
Indianapolis	112,239	25,580	64,030	15,513	1,204	4,883	1,030	
Louisville	42,345	14,740	20,638	3,898	247	2,181	641	
Parkersburg	16,598	4,907	6,102	2,983	222	2,133	250	
Cincinnati Service Center	6,401	6,401						
Midwest Region:								
Aberdeen	6,329	1,354	3,986	756	36	12	185	
Chicago	437,078	35,108	353,980	25,771	7,018	3,549	11,574	76
Des Moines	29,949	7,539	14,736	4,630	1,129	1,117	798	
Fargo	3,312	1,447	740	786	50	27	261	
Milwaukee	70,989	10,352	41,448	3,946	366	2,143	12,734	(*)
Omaha	35,388	6,893	21,679	4,351	523	319	1,623	
St. Louis	94,618	10,981	65,229	12,276	489	2,589	2,214	840
St. Paul	105,284	10,788	81,604	3,334	8,014	211	1,274	58
Springfield	46,248	10,474	30,258	3,572	268	260	1,413	3
Kansas City Service Center	6,868	6,868						
Southwest Region:								
Albuquerque	7,226	2,735	2,350	1,631	136	305	68	(*)
Austin	202,833	35,280	136,952	20,574	2,981	2,995	3,839	211
Cheyenne	2,504	1,425	403	577	5	18	76	
Dallas	159,110	39,027	98,411	15,303	1,595	2,063	1,811	900
Denver	32,382	8,416	15,341	6,776	566	713	571	
Little Rock	22,011	10,185	6,590	2,501	1,998	196	534	6
New Orleans	69,049	15,810	46,582	3,482	357	1,110	1,708	
Oklahoma City	52,142	10,532	27,269	6,113	6,648	741	840	(*)
Wichita	41,419	9,110	24,305	3,643	199	438	3,724	(*)
Austin Service Center	6,231	6,231						
Western Region:								
Anchorage	3,141	2,246	488	157	2	42	205	
Boise	39,335	2,263	36,002	706	144	86	112	21
Helena	8,391	3,074	3,578	1,325	54	149	210	
Honolulu	10,432	3,474	3,969	1,101	162	1,379	347	
Los Angeles	436,838	121,575	273,405	31,697	1,970	4,092	3,694	404
Phoenix	30,665	10,185	15,313	3,772	638	71	686	
Portland	16,228	6,176	4,758	2,521	1,984	418	370	
Reno	21,607	15,354	3,530	1,652	549	61	461	
Salt Lake City	18,048	8,268	8,208	791	148	140	493	(*)
San Francisco	337,808	85,697	221,102	22,501	1,395	2,340	4,245	527
Seattle	47,505	18,047	23,526	3,585	619	1,084	567	77
Ogden Service Center	6,790	6,790						
Fresno Service Center	5,971	5,971						

* Less than 500.

Table 11.—Appellate Division receipts and dispositions of cases not before the Tax Court (nondocketed cases)

A. Progress of work

F.Y. 1974

Status	Number of cases (1)	Amount stated in revenue agent's report (thousand dollars): Deficiency and penalty (2)	Amount stated in revenue agent's report (thousand dollars): Overassessment (3)
Pending July 1	22,671	3,428,766 r	182,176
Received	21,267	2,007,104	68,388
Disposed of, total	21,387	1,387,749	51,168
By agreement	15,866	1,095,652	50,647
Unagreed: (Overassessments, claims, excise, employment, and offer in compromise rejections)	1,742	21,874	521
By taxpayer default on statutory notice	900	26,532	0
By petition to the Tax Court—transferred to docketed status	2,879	223,691	0
Pending June 30	22,551	4,068,121	199,396

r=revised.

B. Results obtained in dispositions

Method	Number of cases (1)	Appellate determination (thousand dollars): Deficiency and penalty (2)	Appellate determination (thousand dollars): Overassessment (3)
Disposed of, total	21,387	729,345	89,987
By agreement	15,866	462,831	89,402
Unagreed: (Overassessments, claims, excise, employment, and offer in compromise rejections)	1,742	20,387	585
By taxpayer default on statutory notice	900	25,561	0
By petition to the Tax Court—transferred to docketed status	2,879	220,566	0

Table 12.—Appellate Division receipt and disposition of income, estate and gift tax cases petitioned to the Tax Court (docketed cases)

A. Progress of work

F.Y. 1974

Status	Number of cases (1)	Amount stated in statutory notice (thousand dollars): Deficiency and penalty (2)	Amount stated in statutory notice (thousand dollars): Overassessment (3)
Pending July 1	12,097 r	2,155,533 r	not applicable 2
Received, total	8,799	749,948	
Petitions filed in response to—			
District Directors' statutory notices	6,299	512,126	
Appellate Division's statutory notices [1]	2,500	237,822	
Disposed of, total	8,335	576,558	
By stipulated agreement	6,434	487,752	not applicable 2
By dismissal by the Tax Court or taxpayer default	904	8,807	
Tried before the Tax Court on the merits	997	79,999	
Pending June 30	12,561	2,328,923	

[1] Difference from table 11, transferred to docketed status is caused by excluding district directors' statutory notices considered by Appellate in 90-day status.

r Revised

B. Results obtained in dispositions

Method	Number of cases (1)	Appellate determination (thousand dollars): Deficiency and penalty (2)	Appellate determination (thousand dollars): Overassessment (3)
Disposed of, total	8,335	210,082	not applicable 2
By stipulated agreement	6,434	121,739	
By dismissal by the Tax Court or taxpayer default	904	8,324	
Tried before the Tax Court on the merits [1]	997	79,999	

[1] Represents amounts petitioned.
2 Overassessment cases do not come under the jurisdiction of the Tax Court.

Table 13.—Appellate Division processing of all cases for 1973-1974 (Income, estate, gift, excise, employment, and offers-in-compromise)

Status	Number of cases: 1973	Number of cases: 1974
Pending July 1	34,878	34,768 [1]
Received	33,549	30,066
Disposed of, total	33,693	29,722
By agreement	25,695	22,300
Unagreed: (Overassessments, claims, excise, employment, and offer-in-compromise rejections)	2,263	1,743
By taxpayer default on statutory notice or dismissal by Tax Court	1,902	1,803
By petition to the Tax Court	2,540	2,879
Tried in the Tax Court	1,293	997
Pending June 30	34,734	35,112

[1] revised.

Table 14.—District Conference Activity

F.Y. 1974

	Field Audit	Office Audit	Total
Cases pending July 1	8,344 r	3,708 r	12,052 r
Cases received	17,156	19,431	36,587
Conference completed	18,772	16,987	35,759
Number agreed	12,147	13,155	25,302
Agreed as a percent of total	64.7	77.4	70.8
Cases pending June 30	6,728	6,152	12,880

r=revised.

Table 15.—Overassessments of Tax Exclusive of Claims for Refund

	Number: 1973	Number: 1974	Amount Recommended (thousand dollars): 1973	Amount Recommended (thousand dollars): 1974
Total	83,780	103,473	$275,679	$364,454
Individual and Fiduciary	57,657	73,507	57,325	52,015
Corporation	15,191	16,677	176,249	266,708
Estate	4,270	5,892	25,421	30,580
Gift	452	610	4,350	2,723
Excise	3,899	4,209	9,728	9,857
Employment	1,648	1,870	1,946	1,609
Exempt Organizations	663	708	661	962

Table 16.—Workflow in the Internal Revenue Service and the courts, fiscal years 1973 and 1974

	RETURNS 1973	RETURNS 1974
Tax returns filed, total	117,242,305	121,609,260
Individual income	79,545,407	83,028,941
Corporation income	1,946,218	1,981,380
Estate and gift	445,565	464,193
Employment	23,898,101	24,794,221
Excise	1,488,103	1,342,220
Other income	9,818,911	9,998,305
INCOME, ESTATE, AND GIFT TAXES		
Number of returns examined (including forms 990)	1,603,347	2,030,665
Returns with adjustments proposed by audit divisions	1,104,261	1,328,209
Disposed of by audit divisions:		
Agreed paid, or defaulted	1,064,437	1,286,835
Transferred to appellate	36,368	32,600
Other	3,456	8,774
CIVIL CASES		
Total received in appellate division	20,500	18,569
Disposed of by appellate divisions: Agreed, paid, or defaulted	18,787	15,800
Courts of original jurisdiction:		
Tax Court:		
Total petitioned to Tax Court	9,624	8,789
Dismissed	1,018	911
Settled by stipulation	6,827	6,493
Settled by Tax Court decision	951	1,100
Decided by Tax Court, but appealed	256	257
District courts and Court of Claims:		
Total filed in district courts and Court of Claims	931	1,133
Settled in district courts and Court of Claims	713	552
Decided by district courts and Court of Claims	366	471
Courts of Appeals:		
Settled by courts of appeals decision	364	363
Favorable to Government	256	250
Favorable to taxpayers	83	96
Modified	25	17
Decided by courts of appeals but reviewed by Supreme Court	8	4
Supreme Court: Settled by Supreme Court decision	9	4
FRAUD CASES		
Received for investigation in intelligence divisions	7,498	8,078
Disposed of by intelligence division:		
Prosecution recommended	2,555	2,454
Prosecution not recommended	6,046	4,761
Disposed of by Office of Chief Counsel:		
Prosecution not warranted, including cases declined by the Department of Justice	176	272
Prosecutions	1,077	1,423

Table 17.—Amounts of Revenue Involved at each level of the Tax System Fiscal Years 1973 and 1974

Item	(thousand dollars) 1973	(thousand dollars) 1974
Internal revenue collections, total	237,787,204	268,952,254
Individual income taxes, total	125,112,006	142,903,650
Withholding	98,092,726	112,091,799
Other	27,019,280	30,811,851
Corporation income taxes	39,045,309	41,744,444
Estate and gift taxes	4,975,862	5,100,675
Employment taxes	52,081,709	62,093,632
Excise taxes	16,572,318	17,109,853
Income, Estate, and Gift Taxes		
Civil Cases	Millions of Dollars	
Additional tax and penalties disposed of in audit divisions by agreement, payment or default	1,985	2,590
Additional tax and penalties in cases disposed of in appellate divisions by agreement, payment or default	493	509
Additional tax and penalties determined by settlement in Tax Count	109	123
Dismissed	8	8
Decisions on merits	20	22
Additional tax and penalties in cases decided by Supreme Court and Courts of Appeals	10	10
Amount refunded to taxpayers as a result of refund suits	50	43
Fraud Cases		
Deficiencies and penalties in cases disposed of in intelligence divisions:	246	374
Prosecution recommended:		
Prosecution not warranted and cases declined by Department of Justice	21	9

Table 18.—Determination Letters Issued on Employee Benefit Plans, FY 1974

Item	Profit-Sharing and stock bonus plans	Pension or annuity plans	Total
Determination letters issued with respect to—			
1. Initial qualification of plans:	27,314	33,563	60,877
a. Plans approved number of participating employees	434,239	970,696	1,404,935
b. Plans disapproved	169	287	456
2. Termination of plans	1,897	2,052	3,949
3. Amendments	5,746	14,652	20,398
4. Investments	178	151	329
Cases closed without issuance of determination letter and other disposals	2,371	3,671	6,042

Table 19.—Offers in compromise disposals, fiscal years 1973 and 1974

Type of tax or penalty	Number 1973	Number 1974	Amount (thousand dollars) Liabilities 1973	Liabilities 1974	Offers 1973	Offers 1974
Offers accepted, total	879	827	47,868	21,659	4,693	5,137
Income, estate and gift taxes	272	252	40,322	14,898	2,506	3,107
Employment and withholding taxes	304	275	6,538	5,634	1,937	1,713
Other excise taxes	22	17	232	510	85	129
Delinquency penalties on all taxes	275	275	776	617	147	145
Specific penalties	6	8	----------	----------	18	43
Offers rejected or withdrawn, total	2,332	1,901	68,042	55,475	11,257	11,234
Income, estate and gift taxes	1,021	813	47,072	34,568	7,305	6,989
Employment and withholding taxes	806	693	16,406	17,919	3,405	3,575
Other excise taxes	86	55	3,574	1,994	372	393
Delinquency penalties on all taxes	417	338	990	994	172	275
Specific penalties	2	2	----------	----------	3	1

Table 20.—Tax withheld from payments to foreign persons of treaty and nontreaty countries—calendar year 1972

(Thousands dollars)

Country	Income	Tax withheld by domestic withholding agents	Tax from foreign governments or withholding agents	Total tax withheld	Number of information documents filed by withholding agents
Treaty Countries:					
Australia	9,454	712	—	712	5,545
Austria	2,475	362	—	362	5,724
Belgium	27,419	3,556	303	3,859	10,639
Former Belgian o/s Territories	20	3	—	3	88
Canada	300,825	30,132 [1]	3,200 [1]	33,332	231,788
Denmark	2,864	189	—	189	2,256
Finland	262	23	—	23	340
France	92,689	8,708	109	8,817	14,845
Federal Republic of Germany	76,164	5,669	—	5,669	57,717
Greece	1,389	266	—	266	2,866
Ireland	4,372	572	—	572	4,330
Italy	14,996	1,586	—	1,586	15,227
Japan	43,348	4,537	—	4,537	3,506
Luxembourg	15,164	3,832	189	4,021	2,657
Netherlands	210,360	16,886	362	17,248	12,834
Netherlands Antilles	178,791	4,287	3	4,290	1,680
New Zealand	421	69	—	69	1,088
Norway	2,296	279	—	279	4,536
Pakistan	164	17	—	17	210
Sweden	11,252	748	—	748	4,722
Switzerland	349,704	43,851	25,131	68,982	42,410
Trinidad & Tobago	97	16	—	16	344
Republic of South Africa	1,442	386	—	386	1,842
United Kingdom	300,854	36,847	401	37,248	56,453
Former U.K. o/s Territories	1,165	124	—	124	1,412
Nontreaty countries	112,331	23,924	—	23,924	102,180
Total	1,760,319	187,581	29,698	217,279	566,939

[1] At printing only total amount of tax withheld is available; breakdown between tax withheld by domestic withholding agents and tax from foreign governments or withholding agents is estimated from past experience.

Table 21.—Internal Revenue refunds, including interest, fiscal years 1973 and 1974

(For refunds by region and district, see table 5)

	Number		Amount refunded (principal and interest—thousand dollars)		Amount of interest included (thousand dollars)	
	1973	1974	1973	1974	1973	1974
Total refunds of internal revenue [1 2]	63,123,884	65,788,713	25,804,850	28,192,634	175,867	220,921
Corporation income taxes	275,104	318,836	3,013,025	3,282,094	120,246	157,304
Individual income and employment taxes, total [3]	62,774,727	65,376,146	22,412,326	24,569,191	47,510	55,267
Excessive prepayment income tax [3]	61,088,325	63,253,803	21,442,506	23,423,091	22,622	27,047
Other income tax and Federal insurance Contributions Act taxes [3 4]	1,565,368	1,970,456	948,278	1,119,710	24,414	27,634
Railroad retirement	1,916	434	721	512	18	15
Unemployment insurance	119,118	151,453	20,821	25,879	456	571
Estate tax	16,345	22,747	62,057	68,769	6,225	6,353
Gift tax	2,426	3,196	3,403	4,055	443	437
Excise taxes, total	55,282	67,788	314,037	268,525	1,442	1,560
Alcohol taxes [5]	10,542	12,410	109,087	110,302	8	14
Tobacco taxes [6]	528	365	2,706	3,277	(*)	(*)
Manufacturers' and retailers' excise taxes, total	4,429	3,801	175,428	129,315	395	447
Gasoline used on farms	50	105	102,278	109,596		
Gasoline, nonhighway	1,022	1,077	24,765	−6,583		
Other [8]	3,357	2,619	48,385	26,302	395	447
All other excise taxes [7]	39,783	51,212	26,816	25,630	1,039	1,099

[1] Figures have not been reduced to reflect reimbursements from the Federal Old-Age and Survivors, Federal Disability, and Federal Hospital Insurance Trust Funds amounting to $478,856,000 in 1973 $535,206,000 in 1974, from the Highway Trust Fund amounting to $146,373,000 in 1973 and $123,178,000 in 1974; and from the unemployment Trust Fund amounting to $20,820,969 in 1973 and $25,878,891 in 1974.
[2] Net of 76,669 undeliverable checks totaling $18,209,000 in 1973 and 77,116 undeliverable checks totaling $20,866,000 in 1974.
[3] Includes refunds "not otherwise classified."
[4] Includes excess FICA credits.
[5] Includes drawbacks and stamp redemptions.
[6] Includes lubricating oil used for nonhighway purposes.
[7] Includes narcotics, silver, wagering (excise and stamps), capital stock, and other excise tax refunds.
* Less than $500.

Table 22.—Obligations Incurred by Internal Revenue Service by Appropriation and Activity

[In thousands of dollars]

	Total		Personnel compensation and benefits		Other	
Appropriation by activity	1973	1974	1973	1974	1973	1974
Total obligations, appropriations and reimbursable	1,162,009	1,312,895	978,836	1,069,726	183,173	243,619
Obligations against appropriation funds	1,141,969	1,303,528	969,752	1,061,397	172,217	242,131
Salaries and expenses:						
Total	34,617	36,452	29,493	31,036	5,124	5,416
Executive direction	15,195	15,688	12,933	13,211	2,262	2,477
Internal audit and security	19,422	20,764	16,560	17,825	2,862	2,939
Accounts, collection and taxpayer service:						
Total	510,598	603,984	418,631	455,052	91,967	148,932
Data processing operations	298,601	315,088	236,026	251,967	62,575	63,121
Statistical reporting	9,488	10,801	8,422	9,216	1,066	1,585
Collection and taxpayer service	202,188	278,095	173,871	193,869	28,317	84,226
District manual operations	321	—	312	—	9	—
Compliance:						
Total	586,754	663,092	521,628	575,309	75,126	87,783
Audit of tax returns	447,423	495,152	391,969	431,012	55,454	64,140
Tax fraud and special investigations	74,028	85,903	60,048	69,367	13,980	16,536
Taxpayer conferences and appeals	31,226	32,812	28,815	30,315	2,411	2,497
Technical rulings and services	16,656	18,870	15,486	16,878	1,170	1,992
Legal services	27,421	30,355	25,310	27,737	2,111	2,618
Reimbursable obligations, Total	20,040	9,367	9,084	7,879	10,956	1,488

Note: Transfer to GSA for rent of space totaling $8,359,000 and $8,369,000 in fiscal years 1973 and 1974, respectively, are not included.

Table 23.—Man-Years Authorized and Realized [1]

Appropriation	Authorized 1973	Authorized 1974	Realized 1973	Realized 1974	Percentage Realized 1973	Percentage Realized 1974
Salaries and expenses	1,719	1,653	1,728	1,741	100.5	105.3
Accounts, collection and taxpayer service	38,524	39,527	38,683	39,597	100.4	100.2
Compliance	32,485	34,717	32,915	34,424	101.3	99.2
Total	72,728	75,897	73,326	75,762	100.8	99.8
Increase 1974 over 1973	—	+3,169	—	+2,436	—	−1.0

[1] Excludes reimbursement man-years.

Table 24.—Costs incurred by the Internal Revenue Service

In thousands of dollars.

Internal revenue office, district, or region	Total (1)	Personnel Compensation (2)	Travel (3)	Equipment (4)	Other [2] (5)
A. National Office and regional totals (including district director's offices and service centers)					
Total Internal Revenue Service [1]	1,363,809	1,111,976	45,933	22,872	183,029
National Office	185,890	82,502	2,601	4,562	96,227
North-Atlantic	222,800	198,803	5,776	3,370	14,851
Mid-Atlantic	147,697	132,235	4,181	2,341	8,939
Southeast	145,198	122,632	6,891	2,309	13,366
Central	125,875	110,679	4,808	2,241	8,147
Midwest	145,596	127,724	5,563	2,650	9,659
Southwest	127,255	110,486	5,818	1,887	9,065
Western	194,339	167,948	7,807	2,676	15,908
Regional Counsel	17,521	16,802	266	--------	454
Regional Inspection	16,683	14,957	1,187	122	417
Office of International Operations	8,590	7,122	882	102	485
National Computer Center	8,586	4,561	57	57	3,912
IRS Data Center	17,779	15,527	97	555	1,600
B. Regional commissioner's offices (excluding district director's offices and service centers)					
North-Atlantic	12,040	10,556	236	355	893
Mid-Atlantic	9,462	7,354	370	204	1,535
Southeast	8,142	6,877	334	137	794
Central	8,044	6,869	199	326	650
Midwest	10,324	7,632	486	102	2,103
Southwest	6,990	6,135	297	74	484
Western	11,346	9,792	411	254	888
C. Regional costs undistributed					
North-Atlantic	2,843	827	1,816	85	114
Mid-Atlantic	2,315	751	1,450	--------	115
Southeast	3,612	845	2,641	--------	126
Central	2,422	751	1,609	--------	62
Midwest	2,193	552	1,526	32	82
Southwest	2,598	479	1,968	48	103
Western	3,087	766	2,214	--------	108
D. District director's offices and service centers:					
North Atlantic:					
Albany	6,747	5,924	191	211	421
Augusta	3,550	3,169	151	65	164
Boston	23,235	21,260	492	407	1,076
Brooklyn	24,948	23,189	410	408	940
Buffalo	15,636	14,196	449	224	766
Burlington	1,997	1,629	92	81	196
Hartford	12,321	11,112	283	186	741
Manhattan	51,125	48,155	618	625	1,727
Portsmouth	2,910	2,580	112	64	154
Providence	4,322	3,855	78	93	296
North-Atlantic Regional Training Ctr	380	70	1	15	295
North-Atlantic Region—Centralized Tr.	211	--------	205	--------	5
Andover Service Center	29,469	25,998	193	286	2,993
Brookhaven Service Center	31,067	26,282	448	265	4,071
Mid-Atlantic:					
Baltimore	18,769	17,549	287	339	594
Newark	28,594	26,456	580	559	1,000
Philadelphia	26,206	24,411	470	448	877
Pittsburgh	14,295	13,156	312	291	536
Richmond	12,869	11,782	437	138	512
Wilmington	3,271	2,978	63	102	129
Mid-Atlantic Regional Training Ctr	279	219	5	6	49
Mid-Atlantic Regional—Centralized Tr.	125	--------	125	--------	(*)
Philadelphia Service Center	31,510	27,579	84	255	3,592
Southeast:					
Atlanta	15,787	13,812	764	269	941
Birmingham	8,044	7,063	349	151	480
Columbia	5,796	5,223	204	118	251
Greensboro	13,061	11,511	602	271	677
Jackson	5,334	4,749	242	97	247
Jacksonville	26,128	22,843	929	558	1,798
Nashville	10,672	9,203	460	256	753
Southeast Regional Training Ctr	51	--------	(*)	--------	51
Southeast Region—Centralized Tr.	182	--------	171	--------	11
Atlanta Service Center	23,575	19,995	87	267	3,226
Memphis Service Center	24,815	20,511	108	184	4,011

Table 24.—Costs incurred by the Internal Revenue Service—Continued

In thousands of dollars.

Internal revenue office, district, or region	Total (1)	Personnel Compensation (2)	Travel (3)	Equipment (4)	Other[2] (5)
Central:					
Cincinnati	13,894	12,796	363	243	491
Cleveland	21,249	19,279	570	319	1,081
Detroit	27,228	24,646	804	345	1,433
Indianapolis	14,144	12,616	468	353	707
Louisville	9,105	7,502	310	310	982
Parkersburg	4,959	4,461	231	74	192
Central Regional Training Ctr.	479	430	6	14	28
Central Region—Centralized Training	130	--------	128	--------	2
Cincinnati Service Center	24,221	21,329	118	256	2,518
Midwest:					
Aberdeen	2,463	2,109	141	103	110
Chicago	35,698	32,927	684	817	1,270
Des Moines	8,140	7,316	331	165	328
Fargo	2,257	1,988	132	27	110
Milwaukee	11,768	10,717	391	151	508
Omaha	5,562	4,922	225	170	245
St. Louis	18,032	16,134	614	504	781
St. Paul	12,070	11,000	376	194	500
Springfield	9,444	8,406	435	120	484
Midwest Regional Training Ctr.	--------	--------	--------	--------	--------
Midwest Region—Centralized Training	149	--------	148	--------	2
Kansas City Service Center	27,496	24,020	75	264	3,137
Southwest:					
Albuquerque	3,745	3,067	157	119	402
Austin	21,757	19,309	761	387	1,300
Cheyenne	1,789	1,584	104	21	80
Dallas	20,906	18,566	745	288	1,307
Denver	8,742	7,721	290	134	598
Little Rock	5,208	4,682	198	70	258
New Orleans	10,994	10,006	345	154	489
Oklahoma City	9,887	8,788	353	158	588
Wichita	7,659	6,613	295	182	569
Southwest Region—Centralized Training	113	21	1	18	73
Austin Service Center	26,649	--------	220	--------	(*)
Austin Reg. Tr. Center	220	23,516	85	234	2,815
Western:					
Anchorage	2,015	1,595	148	55	217
Boise	3,063	2,561	180	43	279
Helena	2,790	2,439	166	33	152
Honolulu	3,752	3,343	141	54	214
Los Angeles	46,011	41,321	1,467	592	2,631
Phoenix	7,500	6,431	270	117	682
Portland	7,890	7,074	307	90	419
Reno	5,774	5,073	242	47	411
Salt Lake City	3,887	3,322	110	211	244
San Francisco	30,376	26,913	1,008	386	2,069
Seattle	12,462	10,754	517	257	935
Western Regional Training Ctr.	1,469	431	7	223	807
Western Region—Centralized Training	340	--------	330	--------	10
Ogden Service Center	26,294	23,298	164	230	2,602
Fresno Service Center	26,283	22,835	125	83	3,241

* Less than $500.

[1] Includes $9.4 million financed from reimbursements.

[2] Amounts shown do not include transfer to GSA for rent of space totalling $8,359,000 and $8,369,000 in fiscal years 1973 and 1974, respectively.

Table 25.—Personnel Summary

Revised 10/17/74

Location and type	Man-years realized 1973	Man-years realized 1974	Number on rolls at close of year 1973	Number on rolls at close of year 1974
Service Total	74,170	78,921	71,846	78,700
Permanent	63,251	67,977	63,987	69,635
Temporary	10,919	10,944	7,859	9,065
National Office[1]	4,309	3,958	4,073	4,305
Field Service Total[2]	67,935	72,469	65,694	73,928
Data Processing, total	24,387	25,187	22,501	22,450
Collection and Taxpayer				
Service Total	12,273	12,895	11,481	13,615
Revenue Officers	6,464	6,237	5,969	6,520
Other	5,809	6,658	5,512	7,095
Audit, total	22,392	24,975	22,858	27,898
Revenue Agents	13,166	14,144	13,017	15,400
Off. Aud. & Tax Tech.	3,336	4,174	3,347	4,526
Other[3]	5,890	6,657	6,494	7,972
Intelligence, total	3,168	3,472	3,319	3,701
Special Agents	2,304	2,493	2,396	2,577
Other	864	979	923	1,124
Appellate, total	1,305	1,288	1,246	1,291
Appellate conferees	611	615	590	618
Auditors	128	123	120	119
Other	566	550	536	554
Administration, total	2,741	2,935	2,580	3,154
Regional Counsel	862	898	902	953
Regional Inspection	807	819	807	866
Economic Stabilization Program, total[4]	1,926	2,289	2,079	467
Federal Energy Office[4]	--------	205	--------	------

Note: Reimbursements are included in above figures.

[1] Includes terminal leave man-years for entire Service.

[2] Includes Office of International Operations, National Computer Center and IRS Data Center.

[3] Includes overseas employees hired locally (1 in 1973 and 3 in 1974).

[4] Reflects man-years realization and personnel on roll for National Office and field.

Table 26.—Quantity and Cost Statistics for Printing

Class of Work	Fiscal Year 1973 Quantity (thousands) Items or Sets	Fiscal Year 1973 Quantity (thousands) Packages	Fiscal Year 1973 Cost (thousand dollars)	Fiscal Year 1974 Quantity (thousands) Items or Sets	Fiscal Year 1974 Quantity (thousands) Packages	Fiscal Year 1974 Cost (thousand dollars)
	(4)	(5)	(6)	(4)	(5)	(6)
I. Tax Packages (1973):						
Package 1 (Form 1040, Instructions Schedule A—32 pages)				174,625	34,925	1,894
Package 2 (Form 1040, Schedules A, D, E & R and Instructions—44 pages)				114,250	11,425	788
Package 3 (Form 1040, Schedules A, C, D, E & R, SE, and Instructions—52 pages)				101,790	7,830	552
Package 4 (Form 1040, Schedules A, C, D, E & R, F, SE, Form 4136, and Instructions—60 pages)				39,000	2,600	204
Package 1040A-73 (Form 1040A, and Instructions—16 pages)				65,070	21,690	644
Package 1065 (Form 1065, Schedule K-1, Form 4797 and Instructions—48 pages)				18,000	1,800	208
Package 1120 (Form 1120, Schedule D, Forms 1120-W, 3468, 4797, 4874, 7004, and Instructions—40 pages)				30,000	2,000	201
II. Tax Packages (1972):						
Package 1 (Form, Form 4875 Instructions, Schedules A & B—32 pages)	116,580	23,316	654			
Package 2 (Form 1040, Form 4875, Schedules A & B, D, E & R, and Instructions—44 pages)	117,981	13,109	443			
Package 3 (Form 1040, Schedules A & B, C, D, E & R, SE, Form 4875 and Instructions—52 pages)	98,358	7,566	282			
Package 4 (Form 1040, Schedules A & B, C, D, E & R, F, SE, Form 4136, Form 4875 and Instructions—60 pages)	47,872	2,816	108			
Package 1040A-72 (Form 1040A, Form 4875 and Instructions—20 pages)	88,455	29,485	361			
[1] Package 1040A-73 (Form 1040A and Instructions—8 pages)	46,980	23,490	110			
Package 1065 (Form 1065, Schedule D, and Instructions—16 pages)	17,250	1,725	83			
Package 1120 (Form 1120, Schedule D, Forms 1120-W, 3468, 4626 and Instructions for Form 1120 and Schedule D—32 pages)	30,000	2,000	106			
III. Employment Tax Package:						
Pub. 393 (Forms 7018, 941C, W-2, 941A, W-4, W-4E, Schedule A for W-4, Pub. 213, and Unemployment Tax Schedule				86,816	5,426	401
Tax returns and instructions for major mailing to taxpayer—Total	563,476	103,507	2,147	629,551	87,696	4,892
IV. Other Tax Returns, Instructions, Public-Use Forms, and Pamphlets	2,447,963		10,807	2,341,955		16,399
V. Administrative Forms and Pamphlets	745,451		4,710	611,921		6,555
VI. Field Printing	281,084		1,571	295,989		2,072
VII. All printing to support the Economic Stabilization Program	17,396		468	4,560		204
GRAND TOTAL			19,703			30,122

[1] Note that this entry covers a package for calendar year 1973. Due to the need for procurement lead time the money was expended in FY-73.

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