INTERNAL REVENUE SERVICE

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ANNUAL REPORT 1988

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Graphs, charts and text figures have been rounded and may not compute precisely compared to the statistical tables, which are based on unrounded figures.

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Throughout all of 1988, the Internal Revenue Service measured success not just by considering its own standards but by weighing the standards of customers, taxpayers and their representatives.

1988 was a year of unprecedented challenge for the Internal Revenue Service. The year opened with a tax filing season driven by major tax reform 1986 changes, a filing season that tested us and made us proud. At year's end, the agency adjusted to a new law that spelled out technical corrections to tax reform. The months in-between were marked by special events and projects designed to move people on different sides of the tax system beyond coexistence to cooperation.

This extraordinary year in United States tax history demanded and, we believe, received an exceptional response from the Internal Revenue Service. Not content with reacting to change and challenge, the Internal Revenue Service assumed responsibility for helping shape the future course of tax administration.

In asking American taxpayers to judge the adequacy of the past year's communications with external customers, we would mention the following:

An historic first was a two-day conference for international tax practitioners that described how the agency is coping with the tremendous tax consequences associated with the global economy.

An IRS research conference entitled "Change and Complexity as Barriers to Taxpayer Compliance" drew academicians, representatives of practitioner organizations, accountants, attorneys, and tax authorities from federal, state and foreign governments. Subjects covered by research papers included: the compliance costs of complexity, the effect of ambiguity on taxpayer decisionmaking and risktaking, and how IRS can do a better job of drafting tax forms and instructions.

Admitting that the tax system has too many and too complex tax penalties that confuse taxpayers and are difficult to administer consistently, in 1987 the agency embarked on a comprehensive penalty study. It did so without outside prompting or direction. By the end of 1988, the study group issued a paper on the philosophy of penalties and was nearing the completion of its final report, having earned high marks along the way.

An IRS task force used the results of the first comprehensive practitioner survey as a catalyst to improve communications with the practitioner community. Approved recommendations will provide one-stop service with special practitioner hotlines to resolve account-related problems, give practitioners more defined access to the IRS organization, and increase IRS involvement with practitioner newsletters and professional education.

Besides enforcing current law, throughout much of 1988 the agency brainstormed across the country with its own employees, taxpayers and their representatives and business people about compliance strategies for the future. What are the compliance goals for the next five to 10 years? In going forward, how can we build up the strengths and minimize the weak points of the IRS organization? What are some creative suggestions for administering the tax system differently?

In designing information systems that will be state of the art one decade from now, we are going forward—not independently, but in consultation with others. A conference in 1988 to educate outside professionals about current progress in information system development and enlist their advice undoubtedly will be the first of many.

In terms of commitment to employees, 1988 was a year of self-analysis. Predictions about major workforce differences within the next decade led to an intensive study of hiring and promotion opportunities for women and other minorities, a study that we believe will tap important resources for hiring and ensure for all employees the opportunity to compete for advancement.

The other focus of the agency's self-analysis—a continued emphasis on ethics and integrity issues—may be somewhat more intangible but is very significant nonetheless. We want to guarantee that the same strong ethical underpinnings that helped shape the agency's reputation in the past will be there for the future.

Our attorneys are an integral part of our business *every* year but in a follow-up year to major tax reform legislation, their contribution has been invaluable. Considering the gargantuan task of producing tax reform guidance and accommodating the interests of taxpayers, Capitol Hill, and the Treasury Department, we believe our attorneys acquitted themselves admirably.

On a positive note for the future, reorganizing the technical functions of the counsel side of our operation in 1988 was an example of perfect timing. It built on the fine results of an earlier decision to make our attorneys more accessible to the rest of the organization. The technical reorganization should contribute greatly to making more informed decisions, producing better tax guidance, and creating a more effective enforcement presence.

Challenges Ahead

To a large extent, the challenges ahead for the Internal Revenue Service are no different from the challenges facing every other government agency. Sometimes there are competing considerations:

- Tightening the belt to stay within shrinking budgets but trying to increase public awareness about the need to close the pay and benefits gap with the private sector.
- Positioning the agency at the cutting edge of information systems development so that taxpaying customers get the high-quality service they deserve and our agency makes better use of all the information it collects.
- Continuing to try to improve the process of delivering tax guidance despite the number of built-in problems associated with it, but taking a lead role in the public dialogue about the downside risk to the voluntary compliance system posed by too much complexity and change.
- Making a clear distinction between taxpayers who are trying to comply but do not understand how, and deliberate non-compliers; balancing the agency's responsibility to assist the former and to identify and bring the latter to task.

Throughout all of 1988, the Internal Revenue Service measured success not just by considering its own standards but by weighing the standards of customers, taxpayers and their representatives. This broadening of perspective resulted in a healthier respect for taxpayer rights.

In fact, taxpayer rights provisions were written into the final language of the technical corrections law. While our promotion of taxpayer rights preceded any legal requirement to do so, the legislative reminder was an excellent note on which to end one tax year and begin another.

Lawrence B. Gibbs
Commissioner

William F. Nelson,
Chief Counsel

The first tax filing season following implementation of the Tax Reform Act of 1986 went extremely well. There were no dramatic differences in filing patterns from the way people filed last year. The overwhelming majority of American taxpayers did the same thing they do every year—they filed their returns on time and paid any tax balance due.

Returns Received

IRS processing of tax returns during the first filing season under the changes brought about by the Tax Reform Act of 1986 was right on target. There was a shift toward using the simpler returns this year with more taxpayers filing Form 1040EZ. The requests for automatic extensions were just about what had been projected—just over a million more than last year. At the first of the season, the number of taxpayers using paid preparers was very close to last year, but toward the end of the season this increased. Almost 2.2 million more taxpayers sought help this year in completing their tax returns. Not surprisingly, the percentage of Form 1040 returns with itemized deductions is down and although more taxpayers received refunds, the average refund is lower this year.

Number of Returns Filed by Principal Type of Return
(Figures in thousands. For details see statistical table 6.)

Type of return	1987	1988
Grand total	193,156	194,305
Income tax, total	150,309	152,121
Individual	103,460	106,994
Individual estimated tax	38,804	35,489
Fiduciary	2,336	2,783
Fiduciary estimated tax	—	1,055
Partnership	1,836	1,814
Corporation	3,873	3,986
Estate tax	61	52
Gift tax	105	103
Employment taxes	28,233	28,236
Exempt organizations	523	490
Employee plans	2,114	1,819
Alcohol, tobacco and firearms[1]	492	—
Excise taxes	1,011	957
Supplemental documents[2]	10,301	10,523
Non-master file returns[3]	8	4

[1] Beginning July 1, 1987, the Bureau of Alcohol, Tobacco and Firearms assumed responsibilty for the filing of these returns. They are no longer included in IRS data.
[2] Includes Forms 1040X, 1120X, 2688, 4868, 7004 and 1041A.
[3] Includes Forms 941M, 941NMI, CT-2, 990BL, 6069, 1042, 1120 DISC, 1120 IC DISC, 1120 FSC and 8404.

IRS *processed more than* 194 *million tax returns in* 1988, *including* 583,000 *electronically-filed returns.*

IRS service centers processed 194 million federal tax returns and supplemental documents in 1988—a 0.6 percent increase over the 193 million processed in 1987.

Over 88 million or 45.5 percent of all returns received were individual income tax returns, Forms 1040 and 1040A for the full fiscal year. More than 18 million individual taxpayers—17.1 percent of all individual filers—used the simplified Form 1040EZ, compared with about 16 million in 1987, an increase of 9 percent. The number of individual taxpayers filing Form 1040 increased 3.2 percent from 68.6 million to 70.8 million this year. (See Statistical Table 6 for details.)

Tax Receipts

Gross revenue receipts, up 5.5 percent over 1987, rose to $935.1 billion this year, an increase of $48.8 billion. Individual and corporation income tax collections accounted for almost two-thirds of the total receipts. Individual tax receipts totaled $473.7 billion, an increase of 1.8 percent over last year. Corporation tax receipts rose 6.6 percent to $109.7 billion.

Employment taxes (social security, self-employment, federal unemployment, and railroad retirement), which were 34 percent of the total revenue, hit $318 billion, another record high.

Excise taxes totaled $25.9 billion, a decrease of 22.1 percent compared with last year. This year's receipts do not contain alcohol and tobacco taxes which are now collected and reported by the Bureau of Alcohol, Tobacco and Firearms. (See Statistical Tables 1 and 3 for details.)

Refunds

IRS issued 83 million refunds totaling $94.5 billion this year, compared with 80.8 million refunds amounting to $97 billion in the previous year. About 79.7 million individual income taxpayers received $73.8 billion in refunds, including $412 million in interest. (Note: Individual income refund figures in Statistical Tables 4 and 5 include fiduciary and partnership returns. See footnotes in these tables.)

By law, IRS must issue any refund due on individual income tax returns within 45 days of the date the return is required to be filed or the government must pay interest on the refund amount.

By the end of the fiscal year, IRS had paid interest on refunds for 2 million current-year individual income tax returns timely filed but not refunded during the statutory interest-free period, compared with 1.6 million last year.

Individual refunds this year averaged $921, compared with an average of $943 in 1987. The processing of refund claims for Windfall Profit Tax resulted in refunds amounting to $333 million, of which $132 million represented interest. (For details, see Statistical Tables 4 and 5.)

Electronic Filing

Electronic filing of individual income tax returns with refunds became an operational program for the 1987 processing year. During that first year, about 77,000 returns were filed electronically by 66 return preparers in 7 metropolitan cities. In 1988, IRS expanded the program to 16 district offices with 2,500 preparers, software firms, and communication firms transmitting 583,000 returns. The Ogden and Cincinnati Service Centers processed these electronic returns. IRS will further expand electronic filing in 1989 to include 48 district offices. Implementation of the electronic filing program nationwide will be completed when the remaining 15 districts are added in 1990.

Savings for the IRS through electronic filing include reduced labor costs, a marked reduction in telephone calls from taxpayers, and a decrease in the volume of notices mailed to taxpayers. Error rates are approximately 5 1/2 percent with electronic filing, compared with 21 percent for manual returns.

Electronic/magnetic media filing of Forms 1065, 1041, and 1120S will be available for the 1989 processing year at the Andover Service Center. There is no geographic restriction on location of filers for these business returns.

Penalties and Interest

The law requires that IRS charge penalties for failure to file returns, late payments, payments with bad checks, negligence, false withholding statements, fraud, and other violations. Penalties may be reduced or canceled when appropriate. IRS imposed 23 million net penalties totaling $6 billion. Of these penalties, IRS imposed 13.2 million on individuals for a total of $3.3 billion and 9.9 million on business returns, totaling $2.7 billion. (See Statistical Table 14 for details).

The law also requires that IRS charge interest on late payments. Generally, the IRS may not reduce interest due on taxes owed, but in cases where interest is not justified, it may be reduced or canceled as appropriate. Interest charges totaled $3.9 billion on individual returns with reductions of $498 million. Interest charged to business returns totaled $7.7 billion, reduced by $2.9 billion.

Presidential Election Campaign Fund

Citizens and resident aliens who owe at least one dollar in federal income tax may designate one dollar of the tax to the Presidential Election Campaign Fund. This year, 21 percent of the total individual income tax returns, or 22.8 million, showed designations to this fund of $34.4 million. The cumulative amount credited to the fund since it began in 1972 is $534.8 million.

Net Internal Revenue Collections (*In thousands of dollars.*)

	Gross Collections	Refunds[1]	Net Collections Amount	Net Collections Percent of total
Grand total	935,106,594	92,760,500	842,346,094	100.0
Corporation income taxes	109,682,554	15,536,227	94,146,327	11.2
Individual income taxes	473,666,566	75,134,813[2]	398,531,753	47.3
Employment taxes, total	318,038,990	996,914	317,042,075	37.6
Old-age, survivor's, disability and hospital insurance	307,594,215	707,750	306,886,465	36.4
Railroad retirement	4,266,775	30,318	4,236,457	0.5
Unemployment insurance	6,178,000	258,846	5,919,154	0.7
Estate and gift taxes	7,784,445	190,189	7,594,256	0.9
Excise taxes	25,934,040	902,357	25,031,683	3.0

[1] Does not include interest paid on refunds. In the narrative, the total refund figure of $94.5 billion includes $1.7 billion of interest.
[2] Refunds of Forms 1040, 1040A and 1040EZ including withheld taxes, minus FICA.

Gross Internal Revenue Collections (*In thousands of dollars. For details see statistical table 1.*)

Source	Percent of 1988 collections	1987	1988	Increase or decrease Amount	Increase or decrease Percent
Grand total	100.0%	886,290,590	935,106,594	48,816,004	5.5%
Income taxes, total	62.4%	568,311,471	583,349,120	15,037,649	2.6%
Corporation	11.7%	102,858,985	109,682,554	6,823,569	6.6%
Regular	11.7%	102,614,712	109,393,550	6,778,838	6.6%
Exempt organizations business income tax	*	244,272	289,004	44,731	18.3%
Individual, total	50.7%	465,452,486[1]	473,666,566[2]	8,214,080	1.8%
Withheld by employers[3]	36.5%	322,495,330[1]	341,467,682[2]	18,972,352	5.9%
Other[3]	14.1%	142,957,156	132,198,884	(10,758,272)	−7.5%
Employment taxes, total	34.0%	277,000,469	318,038,990	41,038,591	14.8%
Old-age, survivor's, disability and hospital insurance, total	32.9%	266,616,935	307,594,215	40,977,280	15.4%
Federal insurance contributions	31.0%	252,629,343	289,903,877	37,274,534	14.8%
Self-employment insurance contributions	1.9%	13,987,592	17,690,338	3,702,746	26.5%
Unemployment insurance	0.7%	6,232,000	6,178,000	(54,000)	−0.9%
Railroad retirement	0.5%	4,151,534	4,266,775	115,241	2.8%
Estate and gift taxes, total	0.8%	7,667,670	7,784,445	116,774	1.5%
Estate	0.8%	7,164,681	7,348,679	183,998	2.6%
Gift	*	502,989	435,766	(67,223)	−13.4%
Excise taxes, total	2.8%	33,310,980	25,934,040	(7,376,940)	−22.1%

[1] Includes presidential election campaign fund amounting to $33,179,268.
[2] Includes presidential election campaign fund amounting to $33,421,709.
[3] Estimated collections of individual income tax withheld are not reported separately from old-age, survivor's, disability and hospital insurance (OASDHI) taxes on wages and salaries. Similarly, collections of individual income tax not withheld are combined with OASDHI taxes on self-employment income. The amount of OASDHI tax collections shown is based on estimates made by the Secretary of the Treasury pursuant to the provisions of section 201(a) of the Social Security Act as amended and includes all OASDHI taxes. The estimates shown for the two categories of individual income taxes were derived by subtracting the OASDHI tax estimates from the combined totals reported.

* Less than 0.5%

Contributions to Reduce the Public Debt

Last year was the sixth year federal tax forms carried a message inviting taxpayers to make voluntary contributions to reduce the public debt. Taxpayers could send separate checks, payable to the Bureau of Public Debt, with their federal tax returns and take a deduction on the next year's tax return, subject to limitations on charitable deductions. This year, there were 423 contributions, totaling $175,000, making the number of contributions 10,805 and the total contributed $1.7 million.

Tax Refund Offset Program

By direction of Congress, the IRS acts as a collection agent for a number of government agencies to collect money taxpayers owe on delinquent child support payments and a variety of delinquent government debts. Con-

gress requires the IRS to withhold all or part of the taxpayer's income tax refund to "offset" the amount of the delinquent payments.

Since 1981, Congress has required the IRS to withhold all or part of a tax refund to cover delinquent payments if a taxpayer fails to make support payments to a child or spouse who receives public assistance. In 1986, Congress also set the requirement for IRS to apply individual income tax refunds to offset support payments for a child or spouse who is not on welfare and to pay delinquent debts owed to other federal agencies.

Through an agreement with the Department of Health and Human Services, IRS acts as collection agent for the state welfare agencies in all child or spouse support cases. The refund amounts are used to reimburse the agencies for the support they furnish through aid to families with dependent children. The state agencies turn the funds over to the parents having custody of the children in nonwelfare cases. In 1988, refunds totaling 734,561 were offset in the amount of $405.3 million to cover delinquent payments.

Other agreements with the Departments of Housing and Urban Development, Agriculture, Education, Defense, Treasury, Justice, and Health and Human Services, and the Veterans and Small Business Administrations, require the IRS to act as collection agent for delinquent federal debts. During 1988, refunds were offset for this purpose on 459,755 individual income tax returns in the amount of $230.7 million.

Legislative authorization for the nonchild support offsets expired on June 30, 1988, so the IRS ceased offsetting against nontax federal debts. However, the program was later reauthorized and extended through January 1994 by the Family Support Act of 1988. Since separate legislation governs child support offsets, they continued without interruption during the period when legislation suspended offsets for nontax federal debts.

Earned Income Credit

Low income taxpayers who keep a home for themselves and at least one dependent may claim the earned income credit. Taxpayers who qualify for the credit may choose to get it in their paychecks in the form of advance payments during the year, rather than wait and file for it on their tax returns after the year is over. About 8.5 million taxpayers claimed a total of $2.8 billion. Employers reported they paid out $4.1 million in advance earned income credits.

Master File

The number of taxpayer accounts on the Individual Master File grew to 145.7 million by the end of 1988, a 2.9 percent increase over last year. The Business Master File contained 28.5 million accounts, a one percent increase over the previous year. The National Computer Center processed 947.6 million individual and business master file transactions, up by 141.3 million or nearly 17.5 percent over 1987.

The Composite Mail Processing System (COMPS) at the service center can sort, open and count up to 30,000 pieces of mail per hour with 98 percent accuracy. The system can even sense if there's a check inside an envelope, so monies can be deposited faster.

Lockbox Program

One of the many cash management programs the IRS conducts is the use of the Department of Treasury Lockbox Program network to collect Form 1040ES, Estimated Tax for Individuals, tax payments. During 1988, taxpayers who would normally file their Form 1040ES tax payments at the Andover, Atlanta, Brookhaven, or Kansas City Service Centers sent their payments to addresses which belong to commercial banks.

Treasury reported that the Lockbox Network deposited $26 billion, resulting in a total savings of $18.6 million in interest avoidance savings.

Program Analysis System

The Program Analysis System (PAS), is a highly specific quality review of the products from some of the IRS major processing systems. PAS provides information to management about the who, where and why of both taxpayer and systemic errors. Based on the information provided by PAS, IRS makes changes to forms, instructions, procedures and processing systems to eliminate or reduce errors in future processing.

Because of the basic design of PAS, its adaptability will allow IRS to expand the review to new areas to provide managers with more information on which to base their decisions.

Major print campaigns and the Problem Resolution Program are among the many special programs IRS provides to assist taxpayers.

Assisting taxpayers in meeting their federal tax obligations is a major objective of the IRS. Many programs are available to taxpayers, including telephone assistance, televised tax programs, audio and video cassette programs, walk-in assistance, workshops, and seminars. Several IRS-sponsored volunteer programs offer people free help in filling out their returns.

In 1988, IRS mailed more than 117 million tax packages to taxpayers which represents more than eight billion pages of forms, instructions, and tax data. Employees at distribution warehouses filled about 28 million taxpayer orders for forms and publications and answered up to 170,000 toll-free telephone calls per day.

Informing the Taxpayers

During the important first year of filing under the new laws of the Tax Reform Act of 1986, IRS made special efforts to reach the largest audience through electronic media and print assistance. Anticipating the major impact that tax reform would have on nearly every individual and business taxpayer in the nation, the IRS joined with the Advertising Council in a five-year partnership to develop major print and broadcast public service campaigns.

Using the campaign theme, "Make Your Taxes Less Taxing," the Advertising Council conducted an extensive campaign placing public service materials with television and radio stations, in newspapers and magazines, and on billboards and buses throughout the country. The campaign highlighted major topics such as: "File Now," "Tele-Tax," and "Volunteerism." Network and local news programs also featured the campaign.

The IRS also produced a variety of electronic media material throughout the year. Public service programming was available to over 1,200 television stations and cable outlets and 10,000 radio stations. Audio and videotapes in English and Spanish aired on tax reform and tax preparation. In addition, various panel discussion programs were produced for cable television.

A two-hour tax program in February aired over 226 public broadcasting stations and reached 4.6 million viewers, an increase of about a half million viewers over last year. A Spanish language clinic reached over 900,000 viewers, and a syndicated television tax program ran on 180 commercial stations, covering 84 percent of television households.

IRS placed materials in publications worldwide to assist and educate taxpayers. Materials included a tax supplement for mass media circulation and several clipsheets aimed at specific audiences such as employees, farmers, and Hispanics. Successful promotions led to publication of these special tax sections in nearly 2,000 newspapers and in-house newsletters for a circulation of 35 million. *USA Today* published a special tax guide reaching millions of readers.

Another major marketing effort resulted in the *American Forces Press Service* publishing a special "Income Tax Edition" which was distributed to over 1,000 publications worldwide. This edition had an estimated readership of more than 4 million military and civilian personnel and their adult dependents.

The total value of free advertising for print media placement in daily newspapers and broadcast media placement of television and radio spots was approximately $65 million.

Taxpayer Assistance

This last filing season IRS offered new methods of tax assistance, both domestically and abroad, in response to taxpayer concerns over the changes made by the Tax Reform Act of 1986. IRS became more accessible to its customers by offering additional walk-in offices and extended hours of operation, including Saturday and limited hours on Sunday for walk-in and telephone help. Some areas piloted a math verification program to help taxpayers who prepared their own returns. IRS also used computer programs designed to review returns and identify errors while the taxpayer was present to provide the corrections.

IRS began the "One-Stop Service Concept" to help taxpayers meet their tax obligations with just one IRS contact. Districts used their expanded authority to quickly resolve account problems while talking to the taxpayer. Several districts also invited state tax agencies to join IRS at tax preparation sites.

IRS also took steps to determine whether quality service was being delivered to the public. The Service established the Integrated Test Call Survey System (ITCSS). Using the ITCSS to make 20,000 test calls to the toll-free telephone sites during the 1988 filing period, IRS was able to more accurately measure the quality of telephone assistance on selected tax law topics and target corrective actions.

Concentrated efforts continued towards educating the taxpaying community and establishing contacts to monitor the impact of the Tax Reform Act of 1986. More communications with practitioners and congressional liaison offices expanded the pool of resources available to help IRS help the taxpayers. Regional contacts were established to send questions on areas of technical concern to the National Office for prompt resolution.

Assisting Taxpayers

	1988	1987
WRITE, CALL OR WALK-IN		
Toll-Free Telephone	38.5M	34.7M
Account & Problem Resolution	6.3M	5.7M
Technical	4.0M	2.6M
Service for the Deaf	2,746	1,660
Non Toll-Free Telephone	.3M	.3M
Tele-Tax	13.4M	10.9M
Automated Response	2.1M	2.3M
Refund	11.3M	8.6M
Correspondence	166,000	169,000
Walk-In	7.4M	7.1M
Permanent Offices	479	411
Filing Season Only	64	56
Foreign Language Assist.	112	98
Tax Forms & Instructions Distributed	274M	292M
Libraries, Banks & Postal Service	69,000	54,400
DISASTER/EMERGENCY ASSISTANCE		
States	8	18
Counties	54	188
Cities/Towns/Communities	2	53
TAXPAYER EDUCATION		
Outreach Taxpayers Assisted	1.0M	903,000
Community Sites	12,000	11,000
VITA & TCE Taxpayers Assisted	2.3M	1.7M
Volunteers	82,000	57,000
Students Receiving Understanding		
Taxes Material	4.0M	3.7M
Workshops		
Small Business Attendees	52,000	47,000
Tax Practitioner Institutes		
Attendees	59,000	36,000
Sites	377	199
Student Tax Clinic Sites	8	12
TAXPAYER INFORMATION		
Free Advertising Received	$65.0M	$45.0M
Television Clinics/Special Programs	29	17
Radio Clinics	10	7
Potential Viewers/Listeners*	242M	17.0M
Newspapers Using Tax Supplements	1,939	1,049
Estimated Circulation	35.3M	29.0M
Public Service Ads Printed	6,240	4,700
Estimated Circulation	120.7M	97.0M
Estimated Supplement/Ad Value	$7.3M	$5.7M
Billboards	2,100	2,000

Telephone Assistance

IRS provided convenient help for taxpayers through three forms of telephone assistance: the toll-free system with trained staff to help with technical tax law and procedural questions and account problems; Tele-Tax for either recorded technical tax law information or the status of the current year's refund; and, a special toll-free service for taxpayers to order forms and publications.

The public's awareness of Tele-Tax grew in 1988. The system handled more than 13 million queries, an increase of over 2.5 million from 1987. In response to the increased demand, IRS added two additional Tele-Tax sites, bringing the total to 30.

Educating Taxpayers

To enhance voluntary compliance with the federal tax laws, educating the public on tax law changes and providing free tax assistance to those with special needs are primary objectives for IRS. Two programs sponsored by IRS used trained volunteers at community sites across the country to help people fill out their tax returns. The Volunteer Income Tax Assistance (VITA) Program assisted 1.0 million taxpayers, and the Tax Counseling for the Elderly (TCE) Program helped over 1.3 million. These programs reached special groups of taxpayers for whom professional help may have been out of reach, including the low-income, non-English speaking, handicapped, and elderly.

The Community Outreach Tax Assistance Program also provided tax assistance and information to more than 1.0 million taxpayers. This program proved to be especially popular, since it was offered at convenient times and locations in the community for taxpayers who were unable to seek help at IRS offices during normal business hours. IRS representatives explained the Tax Reform Act's effect on taxpayers and discussed particular provisions of the tax law with special-interest groups such as small business owners, self-employed people, farmers, and retirees.

In 1988, the IRS introduced a revised Understanding Taxes Program for high school students using computer software and video programs in the instructional materials. Four million students nationwide studied taxes using the new innovative course. As a result of an IRS initiative, selected community colleges across the country began piloting an IRS-developed course covering a full-range of subjects for small businesses and self-employed people. Course materials contained instructor and student guides and a videotape designed so that the material can be tailor-made to fit the needs of different audiences. An

* Figure for 1987 was for estimated viewers/listeners, while the 1988 figure reflects potential viewers/listeners.

evaluation of the course is being made to consider nationwide expansion of the program. Professional tax preparers received assistance through practitioner institutes.

Forms and Publications

In an increased effort to simplify the forms and instructions, IRS completely revised the instruction packages for Forms 1040A and 1040EZ. The text was simplified and graphic improvements were made. Also, a short form was developed for computing self-employment tax. Of the 12 million people required to compute self-employment tax, about 11 million will use the new short version.

During the summer, IRS released advance proof copies of the major 1988 tax forms for public comment. Taxpayer testing was done on specific parts of the individual tax forms that caused problems last year. IRS made many improvements to the forms before they were printed, based on the comments received from the public and findings of the testing.

As required by the Office of Management and Budget, a statement was added to the instructions for each tax form regarding the time needed to complete the form. The statement invites the public to comment on the accuracy of the time estimates and to make suggestions regarding the tax forms.

The time estimates were figured using a new method for computing paperwork burden, which was developed as the result of an extensive study by an outside consultant in consultation with the Office of Management and Budget. Through focus group interviews, diary studies, and nationwide surveys of taxpayers, the consultant collected the reviewed data on the time taxpayers spent preparing tax returns.

The previous method used by IRS to measure burden only counted the time spent filling out forms and not the time devoted to other tasks related to tax preparation. The new method, developed as a result of the study, estimates the time needed to perform other tax-related tasks such as recordkeeping, learning about the law or the form, reading instructions, and preparing returns for mailing, in addition to actually filling out tax returns. Although the new method produces higher time estimates, they are more accurate than the old estimates. The IRS has a better picture of the time required for tax preparation and the types of forms and schedules that cause the greatest burden.

IRS developed and printed two new taxpayer information publications: Publication 1, *Your Rights as a Taxpayer*, and Publication 933, *Major Tax Law Changes Enacted in 1987*. A short version of Publication 17, *Your Federal Income Tax*, was developed. IRS will test proposed new Publication 2, *Taxes and You—The ABC's of Income Tax*, during the 1989 filing season to determine its potential market.

Employees at three new distribution warehouses filled about 28 million taxpayer orders for forms and publications, most of them within 48 hours of receipt. With the completion of the third Centralized Inventory and Distribution (CIDS) Center in Sacramento, California, the IRS now has more than 260,000 square feet of warehouse space to store a variety of published items for distribution to taxpayers, IRS offices and forms outlets. Hundreds of forms-order assistors use the sophisticated communications systems in the three CIDS sites to answer up to a capacity of 126,000 toll-free telephone calls per day. During 1988, IRS provided a 97 percent level of service for 6 million toll-free calls.

IRS supplied taxpayers with a wide variety of tax forms and published tax information, including an all-taxpayer notice on the availability of new Publication 920, Explanation of the Tax Reform act of 1986. IRS gave taxpayers information on specific tax topics printed in more than 50 million publications, ranging in size from 2 to 220 pages and distributed through a multitude of outlets.

IRS mailed about 117 million tax packages to individual income tax filers and business tax return filers. This mass distribution of tax information represents more than eight billion pages of forms, instructions and tax data delivered directly to taxpayers. More than 400 million tax forms and instructions went to taxpayers through the voluntary services of 57,000 libraries, banks and post offices.

IRS offices across the country passed out more than 100 million tax forms and instructions over their taxpayer walk-in service counters. More than 50 million forms, instructions and publications were sent out to tax practitioners.

Problem Resolution Program

The Problem Resolution Program (PRP) continued to recognize the importance of preventing problems for taxpayers. The PRP staff worked with other IRS activities for a successful 1988 filing period involving the major tax reform changes.

The program handles taxpayers' complaints and seeks to prevent future problems by identifying the root causes of the complaints and by representing within the IRS the interests and concerns of taxpayers. Through the Problem Resolution Program, 393,000 taxpayers received assistance in solving tax problems that were not resolved through normal procedures.

The Taxpayer Ombudsman, a member of the Commissioner's immediate staff, directs the program. Each IRS district, service center, and regional office has a Problem Resolution Officer (PRO). In resolving taxpayers' problems and protecting their rights, PROs may intervene in cases if IRS action or inaction would cause a hardship for the taxpayer. In such cases, PROs can stop actions so the case can be reviewed to determine if the action is correct and appropriate. They can also take steps to speed up an action, such as expediting the issuance of a refund or the release of a lien. These authorities were formalized as Taxpayer Assistance Actions and, later, codified as Taxpayer Assistance Orders by the Taxpayer Bill of Rights Act.

PROs also have the authority to approve replacement checks for certain lost or stolen refunds; substantiate credits to taxpayers' accounts where the taxpayer can furnish proof of payment, but the IRS cannot locate the payment; and reverse certain penalties if taxpayers have a reasonable cause.

Besides preventing and correcting problems, PROs publicize PRP through television and radio, articles and advertisements, and meet regularly with tax practitioner associations, Congressional staffs, and outside groups regarding the program.

During 1988, PRP personnel placed test orders for tax forms, reviewed samples of tax returns at service centers and district offices, and monitored telephone calls of taxpayers seeking assistance.

Among its other accomplishments in preventing problems for taxpayers, PRP's recommendations in 1988 resulted in:

- contacting state unemployment offices to make recipients aware that unemployment compensation is taxable under the Tax Reform Act of 1986;
- eliminating the taxpayer burden of sending documentation with the income tax return to support foreign tax credit claimed;
- issuing employer identification numbers faster in district offices; and,
- helping to improve procedures for processing and controlling Forms 2553, Election by Small Business Corporation.

Public Affairs

Public Affairs Officers (PAOs) in each district, service/compliance center, region, and in the National Office use a variety of communication skills to inform and educate IRS employees and outside audiences about changes in tax laws and tax return processing procedures.

PAOs provide information on tax law changes and processing procedures to specialized audiences such as tax practitioners, state government officials, Congressional staff, businesses, media, civic organizations, the general public, and IRS employees. This is accomplished through the use of radio, television, printed materials, news releases, tours, teleconferences, speakers, tax practitioner newsletters, and the Commissioner's and Chief Counsel's Annual Report.

Publicity efforts last year emphasized areas of filing early and accurately, expansion of electronic filing, use of Tele-Tax service, and volunteers for free tax assistance programs. An extensive campaign promoted taxpayer understanding of the tax law changes made by the Tax Reform Act of 1986 such as filing of Forms W-4, Employee's Withholding Allowance Certificate, applying for social security numbers for dependents, and tax shelter settlement initiatives.

Field PAOs had more than 36,000 media contacts; the staff in the National Office Public Affairs responded to over 4,000 inquiries. Field PAOs coordinated requests for nearly 4,000 speakers to address civic groups and professional tax groups.

Disaster Assistance

In 1988, taxpayers in eight states suffered losses because of floods, hurricanes, tornadoes, and other emergencies and disasters. The IRS provided on-site help to the victims in preparing amended returns for casualty loss claims and expediting refunds to the affected taxpayers.

IRS uses its resources effectively to promote voluntary compliance through both enforcement and taxpayer service activities. Over 83 percent of taxpayers voluntarily report their tax without any enforcement effort. To preserve the health of our tax system, everyone must take an active interest in continuing to foster voluntary compliance.

Examination

Examination administers a nationwide audit program involving the selection and examination of all types of federal tax returns (except exempt organization and alcohol, tobacco and firearms) to determine correct liabilities of taxpayers. Examinations are conducted either through interviews or correspondence.

IRS examined 1.03 million returns through field or office audits which resulted in $19.2 billion recommended additional tax and penalties, and refunds totaling $636 million.

Through the service center examination program, .56 million returns were corrected, resulting in recommended tax and penalties of $750 million. Through correspondence by service center tax examiners, 18 million returns were corrected, resulting in recommended tax and penalties of $737 million. Through efforts in districts and service centers, Examination verified or corrected 1.26 per cent of all returns filed in 1988.

Automated Examination System

Through the Automated Examination System (AES), distribution of 18,000 portable computers was completed to revenue agents and group managers within Examination, International, Appeals, and Employee Plans/Exempt Organizations. Agents also received an additional 680 desktop computers for use in team or large case examinations.

Distribution of specialized software programs, called "workcenters", was also made for use in audits by IRS engineers and estate and gift tax attorneys. Corporate, employment and excise tax workcenters underwent final development and testing stages with release expected in fiscal year 1989.

To facilitate tax law research, the AES program area is in the process of developing an electronic tax law research service, called "Citator," which revenue agents can access through their portable computers.

Coordinated Examination Program

Through the Coordinated Examination Program, teams of the most experienced examiners and specialists in the IRS conducted examinations of 1,461 of the largest and most complex domestic and foreign-controlled corporations. In 1988, the examinations resulted in recommended tax deficiencies and penalties totaling $9.58 billion.

Examination of returns and identifying filers of fictitious claims for tax refunds are two IRS programs used to enforce the tax laws.

Computer Assisted Audit Program

Computer audit specialists help revenue agents in cases involving computerized records and are responsible for securing record-retention agreements with certain large taxpayer corporations. They are trained in advanced statistical techniques, which they apply to examinations, and serve as expert assistants to other revenue agents and examination specialists.

Tax Shelters

IRS examined 141,058 returns with tax shelter issues. Examination of these returns resulted in total recommended additional tax and penalties of $2.3 billion.

The Tax Reform Act of 1986 significantly altered the business environment for tax shelters through laws which eliminate or dramatically limit the tax benefits available under prior law.

In a effort to settle old tax shelter cases, Examination, Chief Counsel and Appeals established a program of settlement offers to encourage taxpayers to settle their cases at the lowest possible level. This program resulted in a dramatic increase during 1988 in the rate of agreement on tax shelter cases.

The provisions of the Tax Reform Act are still too new to declare tax shelters a thing of the past. IRS will continue its efforts to identify and challenge potential abusive tax shelters.

Excise Tax Program

Coordination between examination, Chief Counsel and private industry increased in an attempt to develop regulations and procedures for the administration of the new laws for gasoline and diesel fuel excise taxes.

New forms have been developed, which will be attachments to quarterly excise tax Form 720, to help taxpayers report and pay the correct amount of their excise tax. These forms will be used beginning with the first quarter of 1989.

Initial steps have been taken to establish a national data base for taxpayers to verify the validity of an excise tax registration for the purpose of tax-free transactions.

Industry Specialization Program

IRS has a continuing program for identifying industry groups requiring centralized coordination and expertise. Industries are designated for this program based on the complexity and significance of tax issues. This information is obtained through an industry study which is coordinated nationally.

Currently, there are 16 designated industries and three industries under study. Once an industry is designated for the specialization program, a team of experts from the Examination and Chief Counsel functions is established and they become the focal point for providing legal and audit direction to examining agents.

The primary purpose of this program is to promptly identify issues of industry wide impact and reduce the number of future issues by communicating the IRS position to taxpayers within the industry.

IRS examined 1.03 million returns through field or office audits which resulted in $12.2 billion in recommended additional tax and penalties, and refunds totaling $5.6 million.

Research To Improve Compliance

The Taxpayer Compliance Measurement Program (TCMP) is based on the examination of a stratified random sample of returns. The resulting data is used to develop discriminant function (DIF) formulas, which are the primary methods of selecting returns for examination.

IRS completed the first TCMP S Corporation (Forms 1120S) survey this year. New examination classes for S Corporations will be formed based on TCMP data, and DIF formulas will be developed for returns filed in 1990. Both S Corporation and individual return TCMP files will be reformatted to include changes from the Tax Reform Act of 1986.

The fifth TCMP survey for corporations with assets under $10 million started September 1, 1988, and will be completed May 31, 1990.

The IRS conducts research on returns containing specific issues to determine pockets of noncompliance as well as the reasons for noncompliance. A research study is now being conducted to determine the reasons why payers of income other than wages submit information returns (Forms 1099) to IRS with missing or invalid taxpayer identification numbers. The IRS is also conducting examinations to study taxpayer compliance with various provisions of the Tax Reform Act of 1986. The IRS uses the information derived from these types of specific studies to determine future enforcement strategy.

Quality in Examination

Quality of case work is stressed by placing emphasis on adherence to a set of Auditing Standards. This process is measured by both on-line and post-review systems.

Experienced examiners coordinate the work of, and serve as a resource to, newer examiners in a program designed to continue the transfer technical expertise and auditing skills after the examiners leave the training phase.

Dr. Joseph Juran's quality improvement principles are being used as one method of studying work processes solving systemic problems.

The Examination function at the National Office includes an organization working exclusively with programs relating to Examination quality.

Information Returns Program

The IRS document matching program, also referred to as the Information Returns Program (IRP), is a largely computerized compliance program used by the IRS to match third party information on items such as wages, interest, dividends, and certain deductions with the amounts reported by taxpayers on their income tax returns. The IRS also uses the information to identify people who are reported to have received income, but did not file returns.

During 1988, the IRS received over 913 million information returns. Included in this total were over 210 million Forms W-2, Wage and Tax Statement, and W-2P, Statement for Recipients of Annuities, Pensions, Retirement Pay, or IRA Payments, which are received and processed by the Social Security Administration. Of these documents, some 72 million represented deductions for items such as contributions to individual retirement arrangements and mortgage interest payments. Over 845 million, or 93 percent, of the documents were submitted on magnetic media.

When return information does not agree with filed information documents, taxpayers are asked to explain the discrepancy. IRS sent about 3.8 million notices reflecting discrepancies to taxpayers. In addition to the above matching program, the Collection function sent out about 3 million notices to taxpayers for failure to file a tax return based upon information returns filed.

Payer Compliance

To ensure compliance, the IRS issued requirements and guidelines for the preparation of information returns, including timeliness and the proper use of taxpayer names and taxpayer identification numbers (TIN). Beginning with the tax year 1986 program, the IRS began pursuing the

back-up withholding requirements from the Interest and Dividends Tax Compliance Act on missing TINs for interest and dividend issues.

The IRS continued to assess penalties for delinquent filing and failure to file on magnetic media. The IRS also sent all filers of information returns the guidelines, transmittal documents, and mail labels for use in filing their next information returns.

Disclosure

IRS responded to 18,171 requests made in calendar year 1987 (latest data available) under the Freedom of Information and Privacy Acts and provided services to 14,693 people in the Freedom of Information Reading Room.

Under the Federal/State Exchange Program, 50 state tax agencies requested extracts from the IRS files, and 40 state tax agencies received copies of CP-2000 Notice, Proposed Changes to Income or Withholding Tax, adjustments. New tape extracts from the Information Return Master File were added. IRS and state tax officials also exchanged results of their enforcement efforts.

Approximately 45 federal agencies and 106 state tax agencies received federal tax information subject to safeguards on confidentiality. More than 50 state and local welfare agencies received information to verify eligibility for benefit programs. Educational institutions received tax information for collection of defaulted student loans and several federal agencies received information on federal tax refunds offset against federal debts.

Because of statutory changes there has been a rapid increase in the number of agencies receiving federal tax information. IRS developed an aggressive five-year plan for its safeguard of information reviews. IRS National Office and field Disclosure personnel conduct these on-site reviews of organizations receiving federal tax information to prevent unauthorized disclosure of returns and return information.

The IRS processed about 42 requests (involving 329,673 potential recipients) for volume letter forwarding services of 50 or more letters each. The IRS may agree to forward letters from both private and government agencies to individuals at the latest address available in IRS records. Specific humane circumstances must exist for private requesters to participate in this program.

Criminal Investigation

The Criminal Investigation mission is to encourage and achieve the highest possible degree of voluntary compliance with the Internal Revenue Laws by conducting high quality investigations and recommending criminal prosecution when warranted, under the United States Code Title 26 (Internal Revenue Code), Title 18 (Crimes and Criminal Procedure), and Title 31 (Money and Finance). Criminal Investigation special agents target their efforts in a number of programs such as organized crime, narcotics traffickers, money laundering, questionable refund schemes, tax shelters, and other domestic and international violations. As part of Criminal Investigation's goals, special agents also conduct investigations and recommend prosecution in a variety of industries and occupations in order to maintain a balanced program of law enforcement.

The Automated Criminal Investigation system is an extensive automation effort with a primary purpose to improve the efficiency and effectiveness of all Criminal Investigation employees. Uniform hardware and commercial software will be compatible with other functional systems within the IRS.

Results of Criminal Investigation Activity

	Fraudulent tax shelters 1988	Illegal tax protesters 1988	Narcotics related 1988	Title 31 1988	All others 1988	Totals 1988
Investigations initiated	55	184	1040	390	3230	4899
Investigations completed	151	267	1239	349	2994	5000
Prosecutions recommended	93	178	876	237	1660	3044
Indictments & informations	130	234	714	159	1532	2769
Convictions	114	224	614	120	1419	2491
Sentencings	119	238	627	97	1538	2619
Number receiving prison sentence	81	148	480	46	835	1590

Bank Secrecy Act

The Bank Records and Foreign Transactions Act was signed into law on October 26, 1970. It has become more commonly known as the Bank Secrecy Act. The Currency and Foreign Transactions Reporting Sections of the Act require individuals, banks, and other financial institutions to report certain of their foreign and domestic transactions to the Federal Government. One such requirement is the filing of Currency Transaction Reports (CTRs) with the IRS for currency transactions exceeding $10,000. Failure to comply with these reporting requirements may lead to civil penalties, civil forfeiture, and criminal prosecution. A more recent feature of the Act makes it a crime to structure financial activities to evade the filing of CTRs by banks and other kinds of financial institutions.

It was a Criminal Investigation Division (CID) financial structuring investigation which uncovered and dismantled a major narcotics and money laundering syndicate. This investigation received widespread media coverage in May of 1988. The intelligence developed by CID special agents led to the formation of a multi-agency task force to investigate this syndicate. One of the significant achievements of the task force was the seizure of a barge concealing 45 tons of marijuana and hashish as it attempted to enter one of the Golden Gate waterway harbors. A second significant achievement was the extent to which CID agents uncovered businesses and bank accounts which people used to launder monies. Special agents made several large currency seizures, exceeding $600,000 in total.

CID efforts have led to many indictments or informations for violations of money laundering and the Bank Secrecy Act. In 1988 alone, CID investigations resulted in 445 indictments or informations for these violations.

Forms 8300 Program

This program is similar to the Bank Secrecy Act in that it deals with payments in currency in amounts in excess of $10,000. However, this program deals with cash payments received in any trade or business and requires the merchants to prepare and file a Report of Cash Payments Over $10,000 Received in a Trade or Business (Form 8300). These requirements are contained in the Internal Revenue Code Section 6050I and were part of the Deficit Reduction Act of 1984. Criminal Investigation has been addressing problems in this fairly new program, one of which is a lack of awareness by the general public. Criminal Investigation has developed an awareness poster to be distributed to various merchants nationwide to remind them of the requirements to file Forms 8300.

Questionable Refund Program

This program identifies the filers of fictitious claims for tax refunds. The program starts with teams of tax examiners operating in each of the service centers across the nation. They work with specialized computer selection criteria, and then screen millions of tax returns looking for clues that will identify suspected returns. Once a scheme is detected at a service center, all the remaining centers are notified of the characteristics of the fictitious returns, so that returns filed at different centers can be associated into one package. These characteristics may include fictitious employment information, addresses, or taxpayer identity. The packages on each scheme are then referred to the field offices for prompt investigation.

In September 1988, a Oregon man became the first individual to be sentenced for filing fictitious claims by having them electronically transmitted by computer. The perpetrator assumed the identities of dead or fictitious people and prepared false Forms W-2, Wage and Tax Statements, which he attached to the returns. He received 37 months in prison as part of his sentence.

In 1988, the Questionable Refund Program detected more than $28 million in fictitious claims for refund prior to their issuance.

Through the Questionable Refund Program, more than $28 million was detected in 1988 in fictitious claims for refund prior to their issuance.

Organized Crime Task Forces

The IRS is strongly committed to working with other federal agencies in combating organized crime through participation in the various Department of Justice strike force programs. The strike force approach presents a coordinated pursuit by law enforcement agencies of organized crime members and their criminal activities. Successful prosecutions weaken organized crime by breaking up its organization and by removing major crime members from their positions in the criminal hierarchy.

The IRS believes that devoting substantial resources to the investigation of organized crime is appropriate not only because of the significant amount of unreported income involved, but also to maintain public confidence that IRS administers the tax laws fairly and evenly.

In a recent case in Miami, a large tax shelter case was uncovered. It was revealed that the tax shelter was bankrolled by a loanshark from the Chicago organized crime family. When the mobster realized how profitable the scam was, he extracted about $2 million from the principals behind the operation. The various people involved in this scam received prison sentences totaling over 60 years.

Drug Enforcement Task Forces

The IRS is a significant participant in the President's Organized Crime Drug Enforcement Task Forces. IRS participation is the largest of any Department of the Treasury agency and second only to the Drug Enforcement Administration. The investigation of narcotics traffickers involves in-depth financial analysis by special agents of the Criminal Investigation Division. These investigations are in direct correlation with effective tax administration and the fostering of voluntary compliance among people receiving income from illegal sources.

A significant case in Ohio, involving drug and tax charges, resulted in the person receiving a 30 year sentence with no parole, additional tax of $538,890 and forfeiture of over $1 million in cash and other assets.

Motor Fuel Excise Tax Program

This program identifies dealers or wholesalers of gasoline and diesel fuel who have not been paying the proper excise tax due on the sale of these products. The prosecution of significant criminal cases in this area is becoming a new priority for Criminal Investigation. One such case involved members of New York City organized crime who operated a nationwide gasoline tax evasion scheme to evade more than $1 million in excise taxes. The investigation covered the years 1983 through 1985 and resulted in convictions in August 1988.

General Enforcement Cases

IRS investigates many cases that are not connected to any special emphasis area such as narcotics, organized crime, or abusive tax shelters. One such case that illustrates the policy of conducting a full financial investigation was recently conducted in Missouri. The owners of a large interstate trucking corporation had skimmed over $660,000 of unreported income, and then forced the corporation into bankruptcy. The investigation disclosed that the taxpayers had secretly hidden personal assets totaling over $1 million to avoid paying taxes on the income they used to purchase these assets and avoid having the assets seized for the payment of any tax assessments. These assets included cash, jewelry, fur coats, and a tractor trailer full of antique furniture (including a 5-foot chandelier). Both taxpayers were convicted on all charges; one sentenced to 20 years and the other to 30 years imprisonment.

Collection

Collection is responsible for taxes where the amount owed is not in dispute, but remains unpaid. Collection secured $23.3 billion in 1988, compared with $22.9 billion in 1987. Of that sum, $10 billion was collected as a result of the first bill. Subsequent billings yielded $5.4 billion. Additional action on taxpayer delinquent accounts generated $6.4 billion, with various other programs yielding $1.5 billion.

Service Center Collection Branch

The Service Center Collection Branch (SCCB) is Collection's first point of contact with taxpayers who may be delinquent in filing tax returns and paying taxes. The SCCB expanded its effectiveness in addressing taxpayer noncompliance by starting the Automated Internal Revenue Code 6020(b) and Substitute for Return Programs for businesses and individuals, respectively. The programs automate the preparation and assessment of returns for taxpayers who have been notified of the delinquency and have not filed their tax returns.

The SCCB reviews selected Forms W-4, Employee's Withholding Allowance Certificate, to determine whether employees have the correct amount of tax withheld from their wages and, if necessary, directs employers to increase the amount withheld.

IRS expects to process about 875,000 returns under these programs during fiscal year 1989 with assessments totaling more than $3.5 billion.

Automated Collection System

Accounts that are not resolved in the SCCB are assigned to the Automated Collection System (ACS) for further collection activity. The ACS completed its third full year of operation and increased in effectiveness to the point that 65 percent of all delinquent account dispositions were resolved through full payment.

Integrated Collection System

The Integrated Collection System (ICS) Project is a comprehensive automation effort to streamline a labor-intensive paper system and thereby improve quality, productivity, and timeliness of Collection case processing and responsiveness to taxpayers in over 650 Collection offices nationwide. The ICS will employ a common data base to simplify the exchange of information among all four Collection organizational units: the Collection Field function, the Special Procedures function, the Service Center Collection Branch and the Automated Collection System.

Credit Card Payment of Federal Taxes

For IRS to accept credit card payments, there must be

authorizing legislation to amend Internal Revenue Code Section 6311 to allow the Secretary of the Treasury to accept credit card payments for internal revenue taxes, or for payment for internal revenue stamps. Treasury transmitted to Congress a legislative proposal, which has the full endorsement of the Office of Management and Budget.

During the past year, the IRS continued to study the credit card industry to determine the best methods to use in integrating credit card payments into the current processing system. A strategy for testing the acceptance of credit card payments has been developed.

In recommending the acceptance of payment of taxes by credit card, the IRS is in no way suggesting or contributing to any act to encourage the increase of debt. The unpaid tax debt is already there. The cost to the taxpayer for a credit card tax payment may be less than the amount of interest and late payment penalty that IRS would charge if a liability is not paid by the date prescribed.

Employment Tax Examination Program

The Employment Tax Examination Program was implemented in Puerto Rico and all districts, except the Houston District. During the year, 9,349 returns were examined and over $50 million in additional assessments were proposed. Approximately 90 percent of the cases examined resulted in proposed additional assessments.

International

The Office of the Assistant Commissioner for International provides program leadership and direction for all international tax matters, including the development, execution and evaluation of multifunctional compliance and assistance programs on a worldwide basis. The office was created to address specific tax administration needs caused by an increasingly global economy. The growing impact on the tax system of economic activities crossing national borders is reflected in the emphasis Congress placed upon international issues in the Tax Reform Act of 1986 and in the elevation of International from a district to assistant commissioner status.

International's commitment to provide quality customer service in 1988 extended far beyond the borders of the United States to every continent except Antarctica. International taxpayer assistance nearly doubled its base of scheduled taxpayer service visits to U.S. embassies and consulates—161 cities within 70 countries—helping about 300,000 U.S. taxpayers living abroad and in U.S. territories and possessions. Taxpayer education was an integral part of this expanded overseas service, which included Volunteer Income Tax Assistance (VITA) and Outreach Programs throughout the world. IRS staffs provide year-round assistance at 14 overseas posts. A major media effort to inform overseas taxpayers of the rules affecting them proved highly successful.

In enforcement, International provided program direction to 510 specially-trained examiners based in 23 district offices within the United States. Continuing increases in International's staffing highlight the growing prominence of international issues in tax administration.

International's enforcement division recommended (1) net reductions in allowable foreign tax credits of $5.8 billion; (2) adjustments increasing taxable income by $2.1 billion; (3) penalties of $178.7 million; and (4) increases in other foreign taxes of $231.8 million. Working to achieve more effective compliance, International began studies to determine levels of compliance, while identifying areas of noncompliance for education and enforcement activity. Direction was aimed primarily at multinational corporations, particularly in the areas of correct payments of U.S. income tax by foreign-controlled corporations, industry-wide pricing, and transfer pricing transactions.

International administers 36 income tax treaties, 16 estate tax treaties and 7 gift tax treaties worldwide. International also works in a technical advisory capacity with the International Tax Counsel, Department of the Treasury, in negotiating new treaties. These treaties provide for exchanges of information, simultaneous examinations, relief from double taxation, and routine sharing of information returns. In 1988, International successfully completed negotiations in 45 cases for U.S. taxpayers who requested relief from double taxation and honored 605 requests for information from treaty partners.

International also coordinated exchanges of information and cooperative assistance agreements with state governments within the United States, participating actively in the Federation of Tax Administrators (FTA), formerly the National Association of Tax Administrators (NATA). Tele-Tax, Volunteer Income Tax Assistance, Volunteer Tax Counseling for the Elderly, and Outreach taxpayer assistance programs benefited from collaboration between state tax administrators and IRS. This effort made "one-stop shopping" for federal and state forms and efficient sharing of resources possible.

International executives attended meetings of such organizations as the Group of Four, the Pacific Association of Tax Administrators (PATA), and the Organization for Economic Coöperation and Development (OECD), exchanging views on cooperative measures, compliance problems, and tax issues.

IRS International also provides technical and administrative help to foreign governments wanting to improve their tax systems. During 1988, International helped 12 countries modernize and strengthen their tax systems. Assistance ranged from developing compliance measures and training technical personnel to developing new methods

In 1988, International taxpayer assistance nearly doubled its scheduled taxpayer service visits to U.S. embassies and consulates—161 cities within 70 countries—helping about 300,000 U.S. taxpayers living abroad and in U.S. territories and possessions.

for effective tax systems management. As a member of the Inter-American Center of Tax Administrators (CIAT), International exchanges ideas, arranges study programs, and advises on techniques and technologies to accomplish tax administration program objectives. International is also responsible for resolving difficulties arising from the application of United States tax laws with Puerto Rico, American Samoa, and the United States Virgin Islands' Department of Finance.

Research and compliance studies are underway, not only to detect areas of noncompliance, but also to identify groups of taxpayers so that assistance programs can be more precisely targeted to their specific needs. IRS expects that assistance and education efforts, coupled with research and program development, will improve compliance worldwide.

Plans for 1989 will move International forward in continuing system improvements for returns processing, expanding face-to-face taxpayer assistance to overseas countries, developing and executing special compliance projects, and enhancing examiners' expertise in international issues.

Foreign Tax Return Project Team

This project team analyzes all aspects of foreign tax return processing and provides assistance to the Assistant Commissioner for International in the implementation of legislative changes of foreign tax laws. Significant progress was made by the project team in the first year of operation by ending the policy of frozen refund accounts. The interest savings (avoidance) for tax year 1987 (latest data available) was $3,180,755 through July 31. Another significant savings was realized when the project team made changes to standardize the foreign entity data. These changes will reduce the undeliverable rate of the International tax return packages from about 25 percent to two percent. The overall projected savings in undelivered or destroyed tax packages because of the new processing procedures will result in an annual savings of $160,632 or a five-year savings of $803,160. The project team is also working on several other fiscal and quality improvement processes.

Employee Plans

The Employee Plans function enforces the tax laws governing pension plans by issuing letters determining whether a plan qualifies under the law, examining returns to ensure that plans are complying with the law, and publishing rulings to clarify the law. During 1988, IRS issued 151,917 of these letters and examined 20,543 returns.

Employee Plans developed a series of plain language documents, model plan language, and a determination letter program to help plan sponsors update plans to comply with the pre-1989 provisions of the Tax Reform Act of 1986 (TRA 86). The function also developed regulations to modify Internal Revenue Code Section 401(k), dealing with cash or deferred arrangements, and Section 414, dealing with affiliated service groups, to conform to TRA 86 provisions. The staff in Employee Plans prepared various revenue rulings, revenue procedures, notices and announcements and participated with, and spoke before, practitioner groups to provide information on TRA 86.

Revenue Procedure 88-8 announced procedures for user fees. Effective in 1988, the IRS began collecting user fees from organizations seeking tax exempt recognition and employee plan sponsors seeking determination of qualification for favorable tax treatment before issuing certain rulings and determination letters.

The Tax Forms Coordinating Committee and the Department of Labor are considering the implementation of an Employee Plans proposal to have the Annual Return/Report of Employee Benefit Plans redesigned to include pre-printed plan identifying information from the Employee Plans Master File. This innovation reduces the taxpayers' burden by eliminating the need for them to report plan information that does not change from year to year. It is also expected to expedite and increase the accuracy of the processing of these returns.

Exempt Organizations

The Exempt Organizations function enforces the tax laws governing exempt organizations and private foundations by issuing letters determining whether an organization qualifies for exemption under the law, examining returns to ensure that organizations are complying with the law, and publishing rulings to clarify the law. During 1988, IRS disposed of 58,301 applications for exemption and examined 11,907 returns.

The function established procedures for coordinating information on examinations and other activity about evangelistic organizations and related entities. This was done to help ensure that IRS actions to administer tax laws applicable to evangelistic organizations are administered consistently, without interfering with the constitutionally protected free exercise of religion, and to allow the IRS to respond to congressional requests for information.

There were several developments in the unrelated business income area, including a new taxpayer compliance measurement program of exempt organization business income tax returns. Approximately 3,000 randomly selected returns are being examined. Information gathered will measure compliance in the unrelated business income area and will be used to develop a discriminate function formula to select returns for examination.

In March 1988, following 1987 hearings and after considering extensive materials provided by the IRS and Department of the Treasury, the Oversight Subcommittee of the House Ways and Means Committee announced the release of discussion options that would affect the taxation of unrelated business income. Government agencies and organizations representing the non-profit sector and the business community submitted about 400 comments. Additional hearings were held in May to supplement the written comment process. The chairman, at the conclusion of the hearings, stated that the Subcommittee would continue to study the area and soon make recommendations to the full Committee.

The House Small Business Committee held hearings in June on competition by non-profit organizations and government entities with small businesses. At the end of the hearings, the chairman said that the Committee would not address the problem of competition this year, but that it should be a priority item for the House Small Business Committee in 1989.

EP/EO Automated Examination System

The Automated Examination System in Employee Plans/Exempt Organizations (EP/EO) is a major project to replace most of the manual operations now used to conduct EP/EO examinations. Technicians are now designing workcenters to handle automated workpapers, reports, tax computations, and correspondence. Two sites are designated to test an Employee Plans workcenter and an Exempt Organizations workcenter. Field employees and project developers have received laptop computers.

The Employee Plans function issued 151,917 letters determining whether a pension plan qualified under the law, and examined 20,543 returns to ensure that plans complied with the law.

EP/EO Base Inventory Master File System

A new Base Inventory Master File System provides Employee Plans/Exempt Organizations personnel with an on-line means of accessing data and producing tables. In the examination program the system provides the capability to do analyses of grade of case/grade of revenue agent and to uncover case examination patterns through trend analyses. The system substantially improves IRS ability to access data and produce work plan versus actual examination tables and base inventory and status of inventory tables throughout the nation.

Interagency Agreement on Employee Plans

The Department of Labor, Office of Management and Budget and Internal Revenue Service signed an agreement which will allow for significant changes in the processing of employee plans returns. This involves capturing and checking much more data than is now processed. These changes will go into effect in July of 1989 to coincide with the centralized processing of employee plans returns in the Memphis, Andover, Atlanta, and Brookhaven Service Centers.

Child care facilities and equal employment opportunities were two of the employee programs that IRS expanded last year.

Providing quality products and customer service are prime concerns of the IRS. Achievements in 1988 included new quality improvement projects: new employee programs; taxpayer opinion surveys; estimates of taxpayer paperwork burden; analyses of international tax administration; modernizing the computer-based tax system; and maintaining high integrity and honesty of employees.

IRS Quality Efforts

The IRS continued its renewed emphasis on quality by reaching a landmark joint agreement with the National Treasury Employees Union (NTEU), expanding the quality improvement process to include all IRS employees. Employees can now volunteer to serve on quality improvement teams. Over 500 quality teams are studying various systemic and quality-of-worklife problems within the IRS.

Quality Councils have been or will be established in all districts, service/compliance centers, and in the National Office. At least two representatives from NTEU serve on each council along with members of IRS management.

IRS received recognition and an award from the Office of Management and Budget (OMB) by being one of only three agencies selected as an example for other agencies to use when beginning a quality process. Quality Improvement Projects (QIP) recognized as examples were the Federal Tax Deposit System QIP and the San Francisco District One Stop Account Service QIP. The Commissioner received the award at the first government-wide conference on quality and productivity, sponsored by the President's Council on Management Improvement and OMB.

GAO/IRS Joint Management Review

The general management review, conducted jointly by the General Accounting Office (GAO) and IRS, was completed. The final report recognized some major strides taken by the IRS in recent years, including the successful implementation of the Tax Reform Act of 1986. The report focused on improvements needed in six key areas: management direction to prepare for the future, management of information resources, financial management and accountability, human resources management, providing quality service to the public, and oversight of field operations.

The Commissioner accepted all the recommendations contained in the final report. Given the pressing nature of several of the issues, he has already taken action on many of the recommendations. Plans are also under way for assessing the 1987 reorganization, identified as a key issue, and the Commissioner has invited GAO to participate in that effort. Full implementation of many recommendations, however, will require a sustained commitment from the IRS and the support of the Department of the Treasury, the Office of Management and Budget, and the Congress.

Research

IRS research efforts continue to emphasize voluntary compliance, trend identification, and analysis. An annual conference of researchers, other interested professionals, and IRS personnel discussed the impact of a complex system of tax administration on taxpayer compliance.

IRS completed a report on the effects of refund offsets for nontax debts on later taxpayer behavior. The analysis showed that taxpayers experiencing offsets in tax year 1985 were more likely to file balance due returns or not to file in 1986, when compared to the general population of refund taxpayers. The report supports the IRS concern that the refund offset program should not be made permanent until further research is completed on long-term compliance effects.

IRS published updated estimates and projections of the "gross" income tax gap (the amount of income tax owed but not voluntarily paid) for individuals and corporations for selected years from 1973 through 1992. Based on the new estimates, which take into account the effects of the Tax Reform Act of 1986 on tax liabilities, the estimated gross income tax gap for 1987 is $84.9 billion. IRS is also completing an analysis on the "net" tax gap (the amount of income tax owed but not paid either voluntarily or involuntarily).

One of the IRS primary objectives is to provide high quality service to its customers - the taxpayers. This past year, IRS began conducting taxpayer opinion surveys in its functions that have direct contact with taxpayers to get initial or baseline measurements of taxpayer perceptions about the quality level of IRS customer service. The surveys also ask for suggestions for improving that service. IRS will conduct these surveys periodically to determine how quality improvement projects are affecting the quality of customer service.

Based on a contractor's analysis, IRS released a report on a new method for estimating taxpayer paperwork burden. With this method the IRS can more accurately compute the burden hours associated with preparation and, for the first time, can compute burden hours for the related activities of keeping records, obtaining and learning materials, and filing forms. The estimates of average burden hours will be included in instructions for new tax forms.

IRS continued researching optical scanning and storage of tax returns and data in an effort to reduce paper handling and improve processing capabilities. One example is the scanning of a specialized Form 1040 prepared by practitioners using commercial tax preparation software. This program would function as a front-end interface to the electronic filing system.

Strategic Management System

The Strategic Business Plan (SBP), which contains a comprehensive set of long-range objectives and strategies based on planning assumptions and trends, critical issues, and areas of emphasis identified by the Commissioner, was established as the centerpiece of the IRS strategic management process. It provides a servicewide blueprint showing how the IRS is planning now to continue to serve the public through quality tax administration in the future.

The SBP also integrates three additional components into the IRS strategic management process. First, budget decisions regarding specific projects will be guided by the degree to which the project supports the objectives and strategies contained in the SBP. Second, the objectives and strategies will provide guidance for the formulation of annual work plans for IRS functional areas. Finally, business performance reviews will assess the work performance of each IRS region according to the degree to which the region has accomplished the SBP objectives.

IRS continued refinements to the Strategic Issues Plan for addressing major issues. Initiatives provide a mechanism to analyze and make specific recommendations about program changes. The IRS started several new programs to analyze concerns relating to international tax administration, organizational planning, and improving tax forms and publications. Several programs were completed which strengthen voluntary compliance, improve management information technology, maintain program efficiency and effectiveness, and improve recruitment and retention of employees.

Information Systems Development

IRS recognizes the need to modernize its computer-based tax administration system; it remains one of the most vital issues facing the agency today. The Office of the Assistant Commissioner for Information Systems Development (ISD) was established to plan, oversee, integrate, and coordinate the steps needed to accomplish this servicewide modernization effort. It includes developing a large-scale, agency-wide perspective in order to incorporate all the facets of the tax processing system into one compatible and cohesive unit—including those projects already underway to automate specific parts of the system. This effort will increase responsiveness to IRS employees and vastly improve all aspects of customer service. This improvement is needed for IRS to satisfy its customers. In view of new services that are routinely provided by most financial institutions, the agency must make itself capable of providing these same services, in both a timely and efficient manner.

IRS is undergoing this modernization process because the current computer system was based on 1950's technology that restricted modifications by its very design. The number of possible enhancements was limited; after a certain point, no further adjustments could be made without requiring a different system. ISD is trying to prevent this problem in the modernized system by using a structure that is *not* final or complete. Unlike the current system, the new system must be flexible and easier to modify so that it can be updated periodically without having to change the entire system. To do this, ISD is trying to standardize the components or "building blocks" of the system. If the blocks are basically the same, they can be interchanged or rearranged to form different structures without causing major changes to the functioning of the system as a whole.

ISD emphasizes quality throughout the modernization process, from planning stage to operation stage. The building and testing of prototypes provides two methods of quality control: one, flaws are found and corrected before final installation, at a much smaller price; and two, knowledge of problems and ideas for improvements are gained from participation by those who will actually be using the system. In the planning stage, ISD is making efforts to encourage participation by public groups—the Commissioner's Advisory Group, tax practitioners, and state tax administrators—to ensure that the improvements that are made meet the customers' needs, as well as the needs of the IRS.

Considering the large scope of this undertaking, the IRS finds it economically feasible and timesaving to use business methods, software, and hardware—already developed and proven effective—from the private sector to effect the modernization. To this end, the IRS has already adopted a project management framework composed of a combination of quality planning, project planning, and project management methods, along with the IRS System Development Methodology. This framework will help plan and track a project's development.

Servicewide standards are being developed giving the modernized system specifications for computers, computer systems, and all forms of automation that are the same nationwide, simplifying repairs, replacement of machinery, and the ordering of supplies. IRS is also trying to initiate strategies to simplify and shorten the acquisition/contracting process so that products of the private sector can be acquired *when* they are needed, instead of (for really large contracts) 16 months or more down the line.

The focus of the modernization effort is on solving the problems of the current system, to the benefit of both IRS employees and customers. This effort proceeds gradually, addressing certain items immediately and phasing others in through intermediate and long-range plans. Some of the project systems will be permanent improvements; others will provide transitional service as IRS changes from one system to another. This transition time is difficult, but the IRS cannot survive without it. ISD is working closely with Computer Services and Human Resources Management

and Support, under the guidance and authority of the Information Systems Policy Board, to see this effort through to fruition, so that the IRS may continue to fulfill its mission to the public.

Computer Services

Planning and preparation by Computer Services contributed to the success of the 1988 filing season. Improvements in testing procedures and close coordination with other IRS functions resulted in fewer start up problems than ever before and no major processing problems. Computer Services continued efforts to ensure timely and consistent implementation of all provisions of the Tax Reform Act of 1986.

Computer Services continued work on plans for handling critical operations in the event that any of the processing centers become incapacitated for an extended period. These plans will go into effect if fire, flood, tornado, sabotage, or some other major catastrophe results in substantial damage or long-term disruption of services.

The program to replace the existing IRS data communication processing system and aging computer terminals continued throughout 1988. IRS employees use these computer terminals to research taxpayer accounts, process adjustments, and resolve errors. The new equipment will help employees answer taxpayer inquiries more quickly and accurately.

Inspection

The IRS is largely dependent on the integrity of taxpayers and practitioners in administering our voluntary self-assessment system of taxation. To an even greater extent the IRS is dependent on the integrity of its employees in upholding the Service's reputation for honesty and impartiality.

The elimination and prevention of corruption and fraud by those who would attempt to assault the integrity of the IRS is the responsibility of Inspection's 1,200 employees. Inspection accomplishes its mission by providing internal safeguards for maintaining the highest standards of efficiency, honesty, integrity, and quality for IRS managers and employees.

In 1952, President Harry S. Truman announced "A vigorous inspection service will be established and will be completely independent of the rest of the Bureau." Since that time, Inspection has been essential to the Internal Revenue management-control system.

Inspection consists of two divisions, Internal Security and Internal Audit. The Assistant Commissioner for Inspection, with the help of the Internal Audit and Internal Security Divisions, coordinates all field and National Office operations with the seven regional inspectors.

The Internal Security Division employs 421 criminal investigators whose responsibilities include protecting the Service against outside attempts to corrupt or threaten the more than 123,000 IRS employees. Internal Security's Criminal Misconduct Program includes investigations or allegations of bribery, assaults and threats, employee misconduct, and disclosure violations. The Integrity Program is designed to identify and prevent internal fraud and corruption. The Background Program involves investigations to determine the suitability of applicants for employment with the IRS as well as applicants for enrollment to practice before the IRS.

As a result of Internal Security's bribery awareness program, last year 31 employees in seven regions received awards and recognition from IRS management for their sensitivity to and awareness of bribery attempts. The conviction rate of bribery cases developed by Internal Security has been consistently high. A recent landmark case resulted in the largest attempted bribery payment in IRS history—$500,000.

The Internal Audit Division conducts independent reviews and appraisals of all functional activities of the IRS. Inspection's 476 internal auditors concentrate on trend analysis, internal controls, management consultation, program evaluation, and problem identification. More than 25 percent of the auditors in Inspection are certified public accountants or certified internal auditors. All internal auditors have varied experience and training in auditing. They conduct various types of audits such as reviews of new or improved electronic data processing systems installed by IRS, and other significant programs and operations. Internal auditors evaluate more than the extent to which rules and regulations are followed. They determine whether adequate internal controls are in place and enforced to protect revenues. Audit tests also evaluate whether IRS treats taxpayers fairly.

Internal Audit issued 88 internal audit reports consisting of 34 national, 17 regional and 37 single office audits. Management's actions taken or planned as a result of Internal Audit recommendations have produced, or have the potential to produce, additional revenue or cost savings of about $1.6 billion.

Internal Audit's coverage of the IRS implementation of the Tax Reform Act of 1986 placed emphasis on the development and redesign of tax returns, processing procedures, drafting new tax forms and writing filing instructions. Internal Audit reviews of tax reform implementation showed that IRS efforts culminated in a very successful filing season. Internal Audit identified 19 tax reform-related issues where improvements to tax forms, taxpayer instructions, and processing controls resulted in improved compliance and produced additional revenues of $1.1 billion.

The combined efforts of Internal Audit and Internal Security focus on programs to prevent and detect fraud. The Internal Audit program includes conducting reviews of internal controls and related transactions susceptible to employee fraud. Internal Security's program consists of tests of high-risk activities where there is potential for corruption that could affect IRS integrity. Internal Security participated in 1,146 integrity presentations to 30,109 new and incumbent employees to raise the employees' consciousness of high standards expected of IRS employees and to provide guidance in the recognition of potential hazards.

Because of the expertise of the Inspection Service, a number of federal, state and foreign agencies have sought its guidance and support. For example, during the recent presidential campaign, 41 inspectors assisted the Secret Service in protecting presidential candidates. Assistance was also provided to the Virgin Islands Tax Department, the country of Liberia, and the Massachusetts Department of Taxation in establishing Inspection offices similar to IRS Inspection.

In its commitment to the responsibility of sustaining the highest degree of integrity within the IRS, the Inspection Service is relentless in its efforts to detect and deter those who would corrupt our system of taxation.

Statistics of Income

Statistics of Income (SOI) contributed to the implementation of tax reform by providing the first income and tax data from individual income tax returns filed under the new law. SOI based this information on a weekly sampling of tax returns as they were received at the 10 service centers from January through April 1988. The results were sent to IRS tax administrators and Department of the Treasury policy makers for their review.

IRS released SOI data covering individual income tax returns for 1986, corporate income tax returns for 1985, and a source book giving more detailed financial data for corporations by industry for 1985. As part of its statistical program, the IRS also published the quarterly "SOI Bulletin," which presents key data in advance of the more comprehensive SOI reports or in place of SOI reports formerly published.

IRS issued the individual income tax model for 1986, a microdata magnetic tape file consisting of selected income, deduction and tax items taken from a random sample of individual income tax returns. This file consists of about 100,000 unidentifiable records representing the 103 million returns filed. The file is primarily used to simulate the administrative and revenue effects of tax law changes.

The SOI Division continued to play a major role in support of IRS renewed emphasis on providing quality service to its customers. SOI provided support services, such as instructing, facilitating and consulting for the quality training program. The division also helped in several quality improvement projects and played a major role in the IRS effort to measure the quality of telephone responses to taxpayer requests for assistance during the filing season.

Internal Audit identified 19 tax reform-related issues where improvements to tax forms, taxpayer instructions, and processing controls produced additional revenues of $1.1 billion.

Employee Programs

As part of the strategic planning process, IRS expanded its employee benefit programs and recruitment activities to enhance the agency's ability to recruit and retain a quality workforce. New employee counseling programs were started and a first-of-its-kind AIDS educational program was introduced.

The college recruitment program was reinforced with new and innovative products designed to reach potential employees with the message that IRS can be an attractive employer in an increasingly competitive marketplace.

The two-year pilot programs for on-site child care and health improvement proved successful, and in 1988 IRS expanded these programs to centers throughout the Service. Ten child care centers opened this year, with an equal number planned for 1989.

Seven on-site health improvement centers are operational and another 20 programs are operating in IRS offices. Both the health improvement and child care programs are joint cooperative efforts between the IRS and the National Treasury Employees Union.

Employee counseling programs were introduced in four pilot sites and involve state-of-the-art career development, relocation, and financial management programs. IRS was the first major federal agency to start a comprehensive AIDS educational program for managers and information for employees. The IRS AIDS program (also a cooperative effort with the National Treasury Employees Union) has become a model for many federal agencies and for state and foreign governments. Recognizing the impact, on the individual and the workplace, of threats and assaults on IRS employees, the IRS started a Traumatic Incidents Counseling Program. This is designed to provide personal, professional counseling services to employees involved in a threat or assault.

An Eldercare Counseling Program, planned for next year, will provide IRS employees with information and

training on how to find and evaluate quality eldercare services for elderly parents or other dependents.

IRS took several steps this year to improve its recruitment efforts. Products designed to deliver the IRS message to prospective applicants included bold new magazine advertisements, recruitment videos, posters, and brochures. A unique recruitment computer program, designed for specific IRS occupations, provides IRS access to job-seekers through a state-of-the-art medium used only by the most progressive employers. Field offices purchased attractive, image-enhancing mobile displays for use at job fairs and other recruitment-related events.

To make it easier for job applicants to contact IRS, work began this year on a toll-free recruitment telephone number. A new training course for IRS recruiters is ready for testing during the first half of next year, and the first issue of a quarterly newsletter networking device for IRS recruiters is complete. IRS obtained approval from the Office of Personnel Management for direct-hire authority for revenue agents. This is one of IRS' major jobs, and direct hire will make it much easier to recruit for this hard-to-fill occupation.

Executive Succession Planning System

The new Executive Succession Planning System provides IRS with a vehicle to achieve coordinated planning of executive selection, placement and development. Succession planning affords all executives new opportunities to combine personal goals and needs with those of the IRS. This system represents a major step forward for the management of executive resources and keeps IRS in the forefront as an innovator in federal agency management.

Competitive Recruiting and Examining System

The IRS entered into an agreement to implement the Office of Personnel Management's Competitive Recruiting and Examining System (CRES) at all service centers (except Andover) and at the Springfield and Richmond District Offices. CRES gave impressive results in tests at three centers: a 20-25 percent reduction in hours devoted to examining and a 50 percent reduction in the time between testing and interviewing job applicants. CRES significantly streamlines IRS ability to recruit, examine, and hire seasonal workers and is an important part of the filing season recruitment program.

Automated Training System

The IRS Automated Training System (ATS) delivers computer-based training at 169 locations throughout the country. By the end of 1988, over 100 ATS sites were providing over 25 separate courses, including revenue agent and revenue officer training.

IRS personnel develop ATS courses which are IRS specific in content as well as approach to learning. The major benefits noted have been more independent and individualized learning, lower costs, greater subject matter consistency, increased scheduling flexibility, and more complete records and efficient approach to employee training. These, in turn, are reflected in an enhanced level of service to the public.

Building Management

The IRS has acquired the authority to operate and maintain most buildings housing service centers and computing center operations, thus providing greater in-house capability and flexibility in supporting IRS major tax processing facilities. Approximately 30 percent of the IRS space inventory is now directly managed by IRS employees.

U.S. Government Bankcard

The IRS negotiated an interagency agreement with the Department of Commerce National Bankcard Center, allowing the IRS to participate in a Department of Commerce pilot program which uses a commercial credit card in place of many labor-intensive small purchase methods. The U.S. Government Bankcard is a unique Mastercard specifically designed for government use. Authorized contracting officers use the bankcard to obtain goods or services that are valued at $1,000 or less, immediately available, and delivered to a single destination. The use of this card will reduce administrative costs and cut down the time required for the procurement process.

Director of Practice

The Director of Practice administers and enforces regulations governing individuals who represent taxpayers before the Internal Revenue Service. Regulations were issued in 1988 mandating continuing professional education for those enrolled to perform actuarial services under the Employee Retirement Income Security Act of 1974. The rule affects more than 4,000 enrolled actuaries. This follows upon the implementation of a similar program in 1987 for those enrolled to practice before the Internal Revenue Service, a community comprised of over 25,000 practitioners.

The Director of Practice formed a Quality Improvement Project (QIP) team to study powers-of-attorney, as a continued effort to address concerns of tax practitioners. The QIP team is reviewing the forms, instructions and administration of powers of attorney and will make recommendations on each subject. Through this review, the Director of Practice played an integral role in developing a practitioner authorization to be placed on CP 2000 Notices, Proposed Changes to Income or Withholding Tax. The authorization enables the IRS to deal with an individual other than the taxpayer about the subject of the notice in those situations when the taxpayer has authorized it.

In the enforcement area, the Director of Practice took more actions than in any previous year, with 145 disciplinary actions against attorneys, certified public accountants, enrolled agents, enrolled actuaries and others for violations of IRS regulations. These actions included 31 disbarments, 56 suspensions, and 58 reprimands. Thirty-two actions were the result of formal hearings before an administrative law judge.

Legislative Affairs

The Legislative Affairs Division is responsible for developing IRS legislative proposals; tracking selected pending legislation; reviewing, analyzing and implementing new legislation; and preparing responses to General Accounting Office reports. The Division works with the Commissioner and other IRS executives to prepare them to testify before Congressional committees; provides information to Congress on IRS operations and responds to their questions; and communicates legislative information throughout the IRS.

The Legislative Affairs Division maintained a high level of activity in both the legislative and Congressional oversight areas as a result of the workings of the second session of the 100th Congress.

By the time it adjourned, Congress had passed the following major bills, all of which were signed into law by the President:

- the Treasury Department Appropriations Act for fiscal year 1989, which provided a total of $5.058 billion for IRS. This was the first time since 1979 that the IRS has had its appropriations bill enacted before the beginning of the fiscal year. The 4.1 percent increase for federal employees was in this bill, as was the "last move home" provision for SES officials who are retiring on an immediate annuity and who have been transferred at least once within the previous five years.
- the Technical Corrections and Miscellaneous Revenue Act of 1988 which corrected errors in other legislation, principally the Tax Reform Act of 1986, extended several expiring provisions and made other miscellaneous tax changes.
- the Taxpayer Bill of Rights, which was a separate title within Technical Corrections.
- the Medicare Catastrophic Coverage Act of 1988 which will use the tax administration system to collect the new supplemental Medicare premium.
- the Disaster Assistance Act of 1988, which provided taxable benefit payments to farmers affected by the summer drought.
- the repeal of the Windfall Profit Tax, which was one provision in the Omnibus Trade and Competitiveness Act.
- the Family Support Act of 1988, which reforms the nation's welfare system and makes related changes in tax areas, such as extending the refund offset program, revising the child care credit, and requiring social security numbers for all dependents age two or over.
- the Inspector General Act Amendments, which replace Treasury's administratively-appointed Inspector General with one appointed by the President and alter the relationship between Treasury's Inspector General and the Assistant Commissioner for Inspection.
- the Anti-Drug Abuse Act, which affects IRS as both an employer and tax administrator.
- the Computer Matching and Privacy Protection Act of 1988, which amends the Privacy Act to impose safeguards on computer matches and.
- the Federal Employees' Leave Sharing Act, which extended existing programs and authorized a limited test of a leave "bank" concept.

During Congressional consideration of these bills, Legislative Affairs worked closely with the Department of the Treasury and Congressional staffs to ensure that the tax law changes being considered could be effectively administered by the IRS. Legislative Affairs attended committee markups, represented the IRS at drafting sessions, and provided servicewide comments on draft statutory language and committee reports. The Division also prepared and monitored servicewide plans to implement newly enacted legislation and developed legislative proposals for inclusion in the Administration's legislative program.

Legislative Affairs also provided leadership and staff support on three issues of great legislative interest to the IRS:

- Tax Reform Act implementation: The 1988 filing season was the first one for which all the provisions of the Tax Reform Act of 1986 were fully in effect. The division contributed to the success of the filing season by carefully monitoring implementation of the many provisions of the act.

IRS expanded its employee benefit programs and recruitment activities, started new employee counseling programs and introduced an AIDS educational program in 1988.

- Study of civil penalties in the Internal Revenue Code: Penalties were an area of great concern in 1988 to Congress and the tax administration community, each of which had its own study of the issue. Legislative Affairs spearheaded the work of the Commissioner's Penalty Study Task Force through its yearlong research and the issuance of its report.
- Creation of Publication 1, *Your Rights as a Taxpayer*: The division staff chaired the task force which produced this new publication, the first comprehensive yet concise statement of taxpayers' rights ever drafted for the public's use.

Congressional oversight activities also continued at a record pace. The division coordinated preparations (including testimony and briefing materials) and follow-up activities for 27 Congressional hearings; handled a total of 47 General Accounting Office issuances, including preparing replies for the Commissioner when necessary; and received over 10,600 Congressional telephone inquiries and some 8,300 written Congressional inquiries.

Legislative Affairs further expanded its Congressional outreach efforts. A total of 25 mailings, including four Legislative Fact Sheets on a wide variety of tax administration topics, were sent to Members of Congress. The fourth edition of Publication 1273, *Guide to the Internal Revenue Service for Congressional Staff*, was provided to nearly 2,000 Congressional offices nationwide, as was the fifth annual TAXBOX of tax forms and publications. Division staff also attended 14 district office orientation seminars, presented by IRS districts for their local Congressional counterparts.

Internally, the division issued three Legislative Affairs Updates to IRS executives on subjects of interest, presented two continuing professional education seminars for National Office analysts on "Tax Reform and the 1988 Filing Season Getting Ready," and conducted two seminars for assistant commissioner and chief counsel staffs on "Congressional Communications."

Equal Employment Opportunity

IRS made significant advances in its Equal Employment Opportunity (EEO) Program. The IRS sponsored several conferences for women and minorities. As a result of these conferences, the IRS adopted Strategic Initiative ERR–16, Minorities and Women Within IRS, to address concerns and enhance efforts in recruiting and retaining minorities and women in the workforce.

Two Hispanic Managers' Conferences were held to provide encouragement and meaningful assistance to Hispanic managers to take advantage of the many career opportunities within the IRS. A Women's Executive Conference was called in response to the need for women executives to share techniques for dealing with issues unique to women and for recognizing the need to clear away any barriers that might impede their personal growth and professional opportunities. A Black Executive Conference addressed issues concerning elevating Black managers to the upper levels of the IRS as well as strengthening the numbers of Black candidates in the lower levels of the IRS.

The development and submission of the Multi-Year Affirmative Employment Plan (MYAEP) for 1988–92 provided the organization with the framework for the identification, and the subsequent removal, of barriers at all levels of the workforce.

IRS continued its program with Historically Black Colleges and Universities (HBCUs). An Accounting and Economics Seminar with 30 college professors from HBCUs was held during the annual conference of the National Association for Equal Opportunity in Higher Education. The IRS increased its faculty program to 12 institutions and set a five-year objective of providing assistance to approximately 20 percent of the HBCUs.

IRS held its first continuing professional education training session for all EEO managers to facilitate their professional growth and development and to promote an understanding of how multicultural growth can improve quality and productivity toward the mission of the IRS through the effective implementation of the MYAEP. Topics included the "Disabled Persons Employment Program," and "Reasonable Accommodations."

One of the highlights of the year was the beginning of the servicewide EEO Hall of Fame Award. It will be an annual award to honor achievements of employees who have made outstanding contributions toward the objectives of the EEO Program. During the first awards program, 11 individuals and one organization were inducted into the EEO Hall of Fame.

Chief Counsel attorneys represent the Internal Revenue Service in cases filed with the U.S. Tax Court. Chief Counsel also prepares revenue rulings, procedures, and regulations.

Chief Counsel, the legal counsel for the IRS, represents the Commissioner in cases filed with the U.S. Tax Court, advises the Department of Justice of the basis for the IRS position in other tax litigation, and provides legal advice to IRS personnel. Counsel prepares revenue rulings, procedures, and regulations to guide the IRS and the public on interpretations of the Code.

Tax Reform

A principal challenge facing the Office of Chief Counsel was to provide timely guidance on the Tax Reform Act of 1986. This guidance was primarily provided by the Associate Chief Counsel (Technical and International), with coordination from several other Chief Counsel offices.

The Office issued extensive published guidance interpreting the provisions of the Tax Reform Act. Through public hearings and meetings, the Office actively sought input from practitioners, professional associations, industry groups, and other interested commentators. Based on this input, and help from the administrative functions of the IRS, the Office published 22 final regulations, 39 temporary regulations, and 13 proposed regulations, most of them related to tax reform. The Office also published extensive guidance in nontraditional formats, such as notices and announcements published in the Internal Revenue Bulletin. Reliance on these new formats enabled the Office to provide guidance more quickly than the traditional regulatory process would permit, thus providing taxpayers and practitioners with information needed to comply with the provisions of the 1986 Act.

The Office's role in tax reform implementation extended beyond the publication of technical guidance. The Office also provided informal help to other IRS functions concerning the administrative implementation of the Tax Reform Act. The Office made an effort to provide guidance directly to affected taxpayers by expanding the circumstances in which it would issue private letter rulings relating to Internal Revenue Code sections for which regulations have not yet been adopted. Revenue Procedure 88–18 provides that the IRS will do its best to issue rulings under all Code sections added or amended by the Tax Reform Act of 1986, and the Revenue Act of 1987.

Reorganization of Technical Functions

Another significant undertaking by the Office of Chief Counsel was the reorganization of the Office's technical functions that took effect on October 1, 1988. The five divisions under the Deputy Associate Chief Counsel (Technical) that were previously organized along functional lines were reorganized into five offices based on subject matter, as follows: financial institutions and products, corporate, passthroughs and special industries, income tax and accounting, and employee benefits and exempt organizations. Each office will carry out the full range of technical functions handled by the Office of Chief Counsel, including legislation, regulations, published rulings, technical advice, and private letter rulings.

Chief Counsel made this reorganization to foster subject matter expertise and to simplify administration and management of the technical functions. It is consistent with

Statistics through June of 1988 show that the 66 percent of the taxpayers accepted the settlements offered under the initiative [illegible] settlement programs announced by Chief Counsel. This figure represents the closing of 29,165 cases at the examination level.

and expands upon the reorganization during 1988 of the Employee Benefits and Exempt Organizations Division. That division assumed the full range of Chief Counsel technical functions concerning all nonqualified employee benefit, employment tax, employee fringe benefit, and other employer/employee benefit matters. The division continued in its traditional role as legal counsel to the Assistant Commissioner (Employee Plans and Exempt Organizations), thus retaining the technical functions concerning qualified pension plans and exempt organizations.

Revenue Act of 1987

Although providing guidance on the Tax Reform Act of 1986 was Chief Counsel's primary focus, continued legislative activity in the tax area required the Office's extensive participation in the development of the Revenue Act of 1987. Along with staff from the Department of the Treasury and Legislative Affairs Division, IRS attorneys attended committee mark-ups, participated in drafting sessions, and provided comments on draft statutory language and committee reports. This involvement in the legislative process helps identify potential technical and administrative problems that can be corrected before enactment. It also enables the IRS to identify legislative provisions which need early guidance.

One such provision of the Revenue Act of 1987 required the payment of user fees for most requests for rulings received after February 1, 1988. The Office published timely guidance on the operation of this new rule in Revenue Procedure 88–8.

Litigation

The mission of the Office of Chief Counsel includes furnishing legal advice and representation to the IRS on all matters relating to administration and enforcement of the internal revenue laws. This advice and representation focuses on resolving tax controversies without litigation, when possible, on a basis that is fair and consistent with the laws.

Litigation helped prepare Publication 1, advising taxpayers of their rights and remedies under the tax laws and procedures. Litigation also placed emphasis on directing legal services to the largest revenue cases at the earliest possible stage of the case.

Tax Litigation

The number of tax shelter cases increased from 58 percent of the United States Tax Court inventory in 1987 to 62 percent. Eighty-two percent of the tax shelter cases are handled as part of litigation projects. A litigation project is managed by a single attorney, or team of attorneys responsible for developing the litigation position for all investors within the project. This approach enhances consistent treatment for all investors and more efficient settlement or litigation of cases.

IRS announced two major settlement programs to address the backlog of nondocketed tax shelter cases. The purpose of the programs was to close tax shelter cases on an agreed basis at the earliest administrative level. Statistics through June of 1988 showed that 66 percent of the taxpayers accepted the settlements offered under the initiatives program. This figure represents the closing of 29,165 cases at the examination level.

The Employee Plans Litigation Group in the Tax Litigation Division worked closely with the Assistant Commissioner (Employee Plans and Exempt Organizations) in the targeting and development of key issues for litigation. In the last year, there has been significant enforcement success. The group was and will be active in the training and education of Counsel attorneys and employee plans specialists. In public conferences, the group continues to speak on procedures and significant issues in employee plans litigation.

Special Trial Attorney Program

Special trial attorneys were particularly active and successful in prosecuting the Commissioner's drive against tax shelters, winning some of the largest shelter cases in the inventory. In one case with an estimated $3 billion to $5 billion at stake, 8,000 pages of testimony and 1,000 exhibits were presented during a 15-week trial, resulting in a favorable opinion for the Government.

Industry Specialization Program (ISP)

Designated field and national office attorneys advised revenue agents on development and evaluation of evidence and on technical positions for important tax issues found prevalent in major industries. Several cases were designated for litigation of key issues. Counsel created a nationwide automated issue tracking system for docketed cases that enables IRS attorneys anywhere in the country to locate many cases involving particular ISP issues.

General Litigation

The broad protection now available to debtors under the bankruptcy code has tended to increase both the complexity of issues and the number of bankruptcy cases facing the general litigation attorney. Bankruptcy cases are

Tax Litigation — Refund Suits[1] (*In thousands of dollars*)

	District Courts		Claims Court		Total	
Status	Number of cases	Amount in suits[3]	Number of cases	Amount in suits[3]	Number of cases	Amount in suits[3]
Pending Oct. 1, 1987	3,171	$401,040	1,012	$958,456	4,183	$1,359,496
Received[5]	646	223,780	82	31,008	728	254,788
Disposed[2]	1,138	99,222	265	104,701	1,403	203,923
Amount not refunded[4]	—	88,827	—	76,088	—	164,915
Percent not refunded	—	89.5	—	72.7	—	80.9
Pending Sept. 30, 1988	2,679	525,598	829	884,763	3,508	1,410,361

[1] Cases in courts of appeals and the Supreme Court are included under the columns representing the court of origin.
[2] Disposals include cases tried, settled and dismissed.
[3] Amount of taxes, penalties and assessed interest sought as a refund.
[4] That portion of the amount sought as a refund, which was not refunded to the taxpayer.
[5] Received statistics are net numbers, i.e., actual number of cases received, plus or minus transfers and adjustments to prior years' receipts.

fast approaching 50 percent of all general litigation case receipts, and major issues such as the tax exempt status of religious organizations, excise tax liability, and qualification of pension plans, together with valuing assets of multinational organizations has helped make bankruptcy practice a much more challenging experience. These complexities and the multifunctional issues that are involved precipitated the formation of a task force to study methods to improve the IRS' ability to effectively deal with these cases.

With the IRS accounts receivable approaching $55 billion, District Counsel help is now available earlier, while the cases are still pending in the service centers. To provide the highest legal service to the Collection function, each District Counsel, in cooperation with Collection, is reviewing large collection cases and providing legal advice on how best to proceed.

Receipt and Disposal of General Litigation Cases[1]

	Court	Non-court	Total
Pending Oct. 1, 1987	22,663	1,886	24,549
Received during year	27,693	6,624	34,317
Disposed of	27,888	6,669	34,557
Pending Sept. 30, 1988	22,468	1,841	24,309

Criminal Tax

A variety of projects were undertaken with two similar goals: (1) to improve the working relationship between the Criminal Investigation Division, the Office of Chief Counsel, and the Tax Division of the Department of Justice and, (2) to consider ways of improving the criminal tax system. As a result, Counsel, Criminal Investigation and Justice employees participated in joint training sessions and executive level meetings. They also formed a joint committee which will meet regularly to examine ways to improve the criminal tax system.

Disclosure Litigation

The Disclosure Litigation Division helped with the Government's defense in civil litigation using the disclosure statutes as a basis to challenge several key IRS programs. In the Lockbox Program, under contract with Treasury and IRS, federal depositary bank employees help in processing estimated federal tax payments by opening estimated tax return vouchers, recording the payments, and depositing payments to Government accounts before forwarding the vouchers to the IRS service centers for further processing and posting. The system allows quicker access to the funds and reduces the float-time, providing a considerable increase in interest earned on Government deposits. On appeal, the Court upheld the legality of the bank employees' access to tax information for processing purposes.

In another significant litigation matter dealing with release of tax information, the U.S. Ninth Circuit Court held that press releases based on return information contained in public court records of judicial tax proceedings were not unauthorized disclosures. The Court held that Congress intended to prohibit the disclosure of *confidential* tax return information. Once such information is lawfully disclosed in a judicial tax forum, its later disclosure by release does not violate the Internal Revenue Code.

Administrative Appeals

The Appeals organization is responsible for resolving tax controversies, without litigation, on a basis that is fair to both the Government and the taxpayer, and in a way that enhances voluntary compliance and public confidence in the tax system. Appeals officers, located in major cities, met with taxpayers and their representatives and were usually successful in resolving the disputed issues. Appeals closed approximately 93,000 cases, of which 90 percent were agreed.

Consistent with the servicewide emphasis on customer service, Appeals participated in the development of Publication 1, *Your Rights as a Taxpayer*. The publication provides taxpayers with information explaining their rights at each step of the tax process.

Appeals also has responsibility for providing specialized valuation help throughout IRS and to other government agencies on tax-related fair market value determinations for financial assets, real estate, art objects, and intangible property. The art advisory panel of outside experts considered 2,400 items with claimed values of $110 million. The panel recommended $35 million of changes to the value of these items.

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) established new unified procedures for auditing certain partnerships and S corporations. As a result, many established procedures used to process pre-TEFRA cases cannot be used. Therefore, Appeals prepared a new handbook as a guide in working cases covered by the TEFRA procedures. Besides the handbook, a TEFRA hotline was established to help Appeals Offices resolve difficult TEFRA questions.

General Legal Services

The General Legal Services Division (GLS) continued to provide legal services to the IRS concerning nontax legal matters. For example, GLS provided legal work for the expanding Refund Offset Program. Under this program, amounts that taxpayers owe other federal agencies and certain debts for child support owed to state governments were collected by offsetting those amounts against federal tax refunds owed the taxpayer. IRS collected considerable sums for the federal agencies participating in the Refund Offset Program, continued the Delinquent Child Support Offset Program for the fifty states, and helped define the Refund Offset Program in several lawsuits. GLS also worked with the Criminal Investigation Division and Treasury in the expanding area of forfeiture to the United States of property involved in violations of the money laundering laws in Title 31 of the United States Code. Most property forfeited was narcotics related.

The GLS division director is the designated agency ethics official. Advisory ethics opinions on application of the conflict of interest laws and other federal standards of conduct were provided to management and present and former IRS employees to maintain the highest standards of integrity in tax administration.

Automated Systems Environment

Chief Counsel began development of the Counsel Automated Systems Environment (CASE), a comprehensive distributed information system which uses automated legal research, case and issue tracking, and decision support systems to increase attorney productivity. For example, on-line electronic research will be expanded, using laser disk technology to reduce the cost of information storage. CASE will enable Counsel to reduce the backlog of tax court cases and provide faster service to taxpayers without reducing quality.

Requests for Tax Rulings and Technical Advice (closings)[1]

	Total	Taxpayers' requests	Field requests
Total	24,827	24,699	128
Administrative provisions	137	124	13
Changes in accounting methods	4,242	4,242	—
Changes in accounting periods	13,285	13,285	—
Earnings and profits and determinations	1,795	1,795	—
Employment and self-employment taxes	1,167	1,156	11
Estate and gift taxes	425	372	53
Excise taxes	162	135	27
Individual income tax matters	1,616	1,592	24
Corporation tax matters	1,998	1,998	—

[1] Includes data from Corporation Tax Division, Individual Tax Division, and Employee Benefits and Exempt Organizations Division.

Revenue Ruling and Revenue Procedures Published[1]

Type	Number
Administrative	18
Employment taxes	2
Estate and gift taxes	10
Excise taxes	6
Exempt organizations	1
Income taxes	221
Employee plans	7
Tax conventions	6
Total	271

[1] Includes data from Corporation Tax Division, Individual Tax Division, and Employee Benefits and Exempt Organizations Division.

Regional Offices Caseload Report — All Cases

Region	Pending Oct. 1, 1987	Received[1]	Disposed	Pending Sept. 30, 1988
North-Atlantic	17,150	9,627	10,771	16,006
Mid-Atlantic	14,247	7,151	8,712	12,686
Southeast	11,256	8,782	10,476	9,562
Central	11,103	7,599	8,141	10,561
Midwest	11,718	7,247	8,212	10,753
Southwest	17,297	13,142	14,896	15,543
Western	44,971	18,774	29,387	34,358
Total regions	127,742	72,322	90,595	109,469
National Office	3,202	5,651	4,457	4,396
International	532	786	703	615
Grand total	131,476	78,759	95,755	114,480

[1] Received statistics are net numbers, i.e., actual number of cases received plus or minus transfers and adjustments to prior years' receipts.

Trial Court Case Record (*Opinions rendered — refund litigation*)

Action		Claims Court 1987	Claims Court 1988	District Court 1987	District Court 1988	Total 1987	Total 1988
Decided in favor of the government	Number	69	156	325	318	394	474
	Percent	85.2	93.4	80.4	81.5	81.2	85.1
Decided in favor of the taxpayer	Number	9	4	68	59	77	63
	Percent	11.1	2.4	16.8	15.1	15.9	11.3
Decided partially for taxpayer and partially for the government	Number	3	7	11	13	14	20
	Percent	3.7	4.2	2.7	3.4	2.9	3.6
Total opinions		81	167	404	390	485	557

United States Tax Court Cases[1] (*in thousands of dollars*)

	All Tax Court Cases: Number of cases	All Tax Court Cases: Taxes and penalties: In dispute	All Tax Court Cases: Taxes and penalties: Determined	Small Tax Cases: Number of cases	Small Tax Cases: Taxes and penalties: In dispute	Small Tax Cases: Taxes and penalties: Determined
Pending Oct. 1, 1987	87,816	$21,873,436		13,788	$47,662[3]	
Received	31,667[2]	4,600,703[2]		12,249[2]	37,714	
Disposed	48,668	4,342,417	$1,301,175	14,731	46,623	$20,454
Pending Sept. 30, 1988	70,815	22,131,722		11,306	38,753	

[1] Excludes declaratory judgment cases.
[2] Received statistics are net numbers, i.e., actual number of cases received, plus or minus transfers and adjustments to prior years' receipts.
[3] Adjusted to correct error in inventory pending Sept. 30, 1987, as shown in the 1987 report.

Receipt and Disposal of Criminal Tax Matters

Prosecution cases received from Criminal Investigation	
Total opened[1]	3,044
Total closed[1]	3,633
Counsel declined	57
Department of Justice declined[2]	220
U.S. Attorney declined[2]	435
Prosecutions completed	2,921

[1] Includes both administrative and grand jury cases.
[2] Includes declinations based solely on "prosecutorial discretion."

Tax Litigation Workload (*Tax Court cases and cases on appeal*)

[1] Received statistics are net numbers, i.e., actual number of cases received plus or minus transfers and adjustments to prior years' receipts.

Appellate Court Case Record[1]

Action		Courts of Appeals 1987	Courts of Appeals 1988	Supreme Court 1987	Supreme Court 1988
Decided in favor of the government	Number	332	222	5	2
	Percent	85.3	75.8	83.3	66.7
Decided in favor of the taxpayer	Number	45	51	1	1
	Percent	11.6	17.4	16.7	33.3
Decided partially for taxpayer and partially for the government	Number	12	20	—	—
	Percent	3.1	6.8	—	—
Total opinions		389	293	6	3

[1] Refund suits and tax court cases.

United States Tax Court — Opinions

Prevailing party (by decision line)		Summary & small tax case bench opinions 1987	Summary & small tax case bench opinions 1988	Published, memorandum & regular bench opinions 1987	Published, memorandum & regular bench opinions 1988	Total 1987	Total 1988
Decided in favor of the government	Number	240	182	285	324	525	506
	Percent	50.3	45.8	31.6	36.7	38.1	39.5
Decided in favor of the taxpayer	Number	22	20	50	40	72	60
	Percent	4.6	5.0	5.5	4.5	5.2	4.7
Decided—Rule 155	Number	204	186	461	384	665	570
	Percent	42.8	46.9	51.1	43.4	48.2	44.5
Miscellaneous	Number	11	9	106	136	117	145
	Percent	2.3	2.3	11.8	15.4	8.5	11.3
Total opinions		477	397	902	884	1,379	1,281

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Table 1. — Internal revenue collections by sources and by internal revenue regions and districts, states and other areas (*in thousands of dollars*)

Internal revenue regions and districts, states and other areas. (States represented by revenue single districts indicated in parentheses; totals for other states shown at bottom of table.)[1]	Total internal revenue collections (1)	Corporation income tax 2, 3 (2)	Individual income and employment taxes: Total (3)	Income tax not withheld and SECA 4, 5, 6 (4)	Income tax withheld and FICA 4, 7 (5)	Railroad retirement 8 (6)	Unemployment insurance 9 (7)	Estate tax 10 (8)	Gift tax 10 (9)	Excise taxes 11 (10)
United States, total	**935,106,594**	**109,682,554**	**791,705,556**	**149,889,222**	**631,371,559**	**4,266,775**	**6,178,000**	**7,348,679**	**435,765**	**25,934,040**
North-Atlantic Region	**165,239,862**	**21,440,551**	**140,537,897**	**26,060,750**	**113,405,232**	**245,443**	**826,472**	**1,455,413**	**20,574**	**1,785,528**
Albany (See (d) below)	9,910,847	1,042,220	8,785,650	1,053,257	7,695,295	166	42,931	29,664	1,468	41,846
Augusta (Maine)	2,909,082	215,590	2,615,448	623,989	1,966,266	4,667	20,525	25,730	533	51,781
Boston (Massachusetts)	29,374,759	2,662,260	25,984,743	5,066,573	20,717,323	15,188	185,659	250,012	9,960	467,764
Brooklyn (See (d) below)	18,027,362	1,018,471	16,710,822	4,752,898	11,753,705	88,216	106,004	134,067	(3,945)	167,847
Buffalo (See (d) below)	12,934,188	1,300,132	11,383,688	1,748,500	9,528,957	20,664	85,567	67,932	4,199	178,238
Burlington (Vermont)	1,429,292	131,624	1,270,420	312,923	941,502	5,938	10,056	6,805	(46)	20,488
Hartford (Connecticut)	22,697,038	2,982,840	19,258,324	3,565,393	15,637,723	420	54,788	195,864	8,686	251,324
Manhattan (See (d) below)	60,520,535	11,479,158	47,819,126	7,476,215	39,968,835	101,131	272,945	697,717	(7,173)	531,696
Portsmouth (New Hampshire)	3,641,465	219,152	3,365,434	842,887	2,492,069	7,158	23,321	18,794	6,461	31,623
Providence (Rhode Island)	3,795,395	389,094	3,334,242	618,114	2,689,557	1,896	24,674	28,828	330	42,901
Mid-Atlantic Region	**143,897,518**	**16,098,498**	**123,361,406**	**21,103,744**	**100,153,118**	**1,145,988**	**958,556**	**911,491**	**60,324**	**3,465,799**
Baltimore (Maryland & D.C.)	29,967,415	2,348,259	26,853,167	3,716,964	22,800,278	229,409	106,516	166,282	16,000	583,707
Newark (New Jersey)	43,647,798	4,616,312	37,425,852	6,792,408	30,423,738	46,967	162,740	238,790	(1,848)	1,368,692
Philadelphia (See (f) below)	31,007,115	3,419,682	26,545,230	4,788,292	20,955,899	428,863	372,176	225,817	24,883	791,503
Pittsburgh (See (f) below)	14,724,956	2,022,239	12,322,345	1,979,687	10,129,256	31,716	181,686	103,043	4,694	272,835
Richmond (Virginia)	19,322,569	1,940,855	16,860,003	3,418,994	12,918,302	408,985	113,722	156,099	12,372	353,240
Wilmington (Delaware)	5,227,664	1,751,151	3,354,809	407,398	2,925,645	49	21,717	21,460	4,223	96,021
Southeast Region	**123,262,219**	**12,327,052**	**106,571,175**	**23,540,850**	**81,635,445**	**672,651**	**722,528**	**1,184,733**	**71,231**	**3,108,029**
Atlanta (Georgia)	21,001,050	3,394,885	16,602,656	2,894,987	13,588,478	3,051	116,139	166,311	6,612	830,587
Birmingham (Alabama)	9,011,394	795,483	7,925,343	1,443,387	6,418,957	2,945	60,054	58,978	5,866	225,724
Columbia (South Carolina)	7,163,718	643,119	6,281,568	1,182,184	5,045,512	854	53,038	38,956	3,508	136,568
Fort Lauderdale (See (b) below)	18,289,624	1,018,361	16,397,014	6,209,271	10,080,623	3	107,117	392,030	20,631	461,588
Greensboro (North Carolina)	18,226,567	2,189,766	15,487,528	2,816,157	12,537,328	1,102	132,940	98,674	3,549	447,050
Jackson (Mississippi)	3,932,743	289,555	3,477,964	767,198	2,672,089	8,698	229,980	39,205	2,013	124,025
Jacksonville (See (b) below)	18,516,359	1,361,659	16,763,879	3,656,446	12,396,999	641,669	68,765	183,494	6,244	201,083
Little Rock (Arkansas)	5,040,515	602,663	4,162,248	825,279	3,293,750	3,685	39,534	25,967	1,661	247,977
Nashville (Tennessee)	13,777,348	1,328,940	12,021,004	2,142,618	9,811,759	7,944	58,683	113,783	16,089	297,531
New Orleans (Louisiana)	8,362,902	702,642	7,451,972	1,603,045	5,789,950	2,699	56,278	67,336	5,058	135,894
Central Region	**114,615,727**	**13,694,249**	**97,658,546**	**13,825,306**	**83,157,803**	**100,040**	**575,396**	**541,003**	**57,037**	**2,668,891**
Cincinnati (See (e) below)	16,868,945	2,615,767	14,034,533	2,243,866	11,755,855	549	34,264	92,614	5,092	120,939
Cleveland (See (e) below)	25,665,007	2,834,017	21,409,314	3,027,935	18,209,845	19,634	151,900	147,673	20,394	1,253,609
Detroit (Michigan)	42,341,782	5,724,733	36,030,294	4,210,415	31,534,545	61,973	229,363	136,607	12,239	431,409
Indianapolis (Indiana)	18,607,580	1,398,021	16,799,691	2,392,647	14,304,405	12,679	89,960	84,378	10,721	314,768
Louisville (Kentucky)	8,059,183	959,101	6,608,109	1,418,866	5,133,946	4,870	50,427	49,540	5,949	436,484
Parkersburg (West Virginia)	3,077,728	162,609	2,770,604	531,578	2,219,209	335	19,481	30,192	2,641	111,682
Midwest Region	**132,850,061**	**18,603,504**	**109,883,258**	**18,713,288**	**89,271,671**	**1,212,272**	**688,028**	**754,645**	**47,270**	**3,501,384**
Aberdeen (South Dakota)	1,384,061	93,472	1,247,796	352,005	885,477	2,237	8,077	3,555	24	39,214
Chicago (See (c) below)	48,062,110	8,142,698	38,122,821	6,884,231	30,730,683	281,791	226,115	267,005	22,338	1,507,249
Des Moines (Iowa)	6,773,672	716,032	5,851,261	1,429,973	4,373,041	9,276	38,971	56,847	2,630	146,902
Fargo (North Dakota)	1,299,027	64,244	1,193,511	327,641	858,626	448	6,796	6,117	31	35,124
Helena (Montana)	1,582,305	109,304	1,415,174	362,523	1,035,871	8,093	8,687	14,479	640	42,709
Milwaukee (Wisconsin)	15,222,006	1,793,528	13,095,135	2,170,023	10,822,506	6,735	95,871	83,179	2,460	247,704
Omaha (Nebraska)	5,356,499	553,231	4,627,958	842,531	3,409,843	346,755	28,830	29,744	1,624	143,941
St. Louis (Missouri)	22,495,321	3,404,249	18,236,087	2,554,709	15,441,648	17,775	121,950	142,278	8,382	704,325
St. Paul (Minnesota)	20,953,509	2,588,703	17,764,041	2,314,803	14,815,079	528,245	105,915	94,402	8,212	498,151
Springfield (See (c) below)	9,721,551	1,198,044	8,329,474	1,374,850	6,898,896	10,917	44,811	57,038	929	136,065
Southwest Region	**102,217,260**	**9,174,884**	**84,163,050**	**17,395,158**	**65,888,756**	**398,812**	**518,524**	**629,678**	**62,225**	**7,988,422**
Albuquerque (New Mexico)	2,660,065	137,993	2,414,714	524,964	1,872,162	230	17,358	6,117	499	78,928
Austin (See (g) below)	11,973,664	660,991	10,758,757	2,410,591	8,315,540	5,301	27,325	123,604	12,110	418,203
Cheyenne (Wyoming)	993,836	35,605	850,687	248,816	596,546	33	5,492	7,517	3,525	96,303
Dallas (See (g) below)	25,901,425	2,872,398	21,072,606	4,526,542	16,360,844	35,025	150,196	206,879	17,444	1,732,098
Denver (Colorado)	12,886,778	692,665	11,850,524	1,839,445	9,918,685	33,982	58,412	69,632	7,065	266,872
Houston (See (g) below)	19,704,082	2,524,783	13,249,066	2,628,554	10,521,208	8,061	91,243	113,867	9,583	3,806,784
Oklahoma City (Oklahoma)	8,764,005	771,905	6,880,031	1,371,619	5,463,441	802	44,169	68,407	5,028	1,038,634
Phoenix (Arizona)	8,039,770	387,036	7,391,897	1,827,796	5,508,937	508	54,656	120,985	4,677	135,174
Salt Lake City (Utah)	3,582,029	391,524	3,016,589	568,049	2,424,063	2,336	24,141	30,961	748	140,206
Wichita (Kansas)	7,711,606	699,963	6,675,980	1,448,783	4,887,330	294,334	45,533	58,895	1,548	275,220
Western Region	**143,308,611**	**16,484,065**	**122,059,125**	**28,293,088**	**92,603,940**	**460,265**	**705,832**	**1,420,821**	**116,480**	**3,228,120**
Anchorage (Alaska)	1,548,725	78,582	1,438,487	336,282	1,091,139	586	8,480	1,272	151	32,222
Boise (Idaho)	2,571,286	288,374	2,232,429	381,648	1,711,315	122,416	17,051	9,979	168	40,336
Honolulu (Hawaii)	3,310,750	333,528	2,890,569	689,415	2,180,900	—	20,255	36,555	1,601	48,497
Laguna Niguel (See (a) below)	23,066,844	2,021,753	20,596,276	5,735,651	14,721,183	693	138,748	223,736	30,137	195,042
Las Vegas (Nevada)	3,506,421	337,938	3,082,817	875,368	2,182,873	11	24,564	43,982	1,197	40,487
Los Angeles (See (a) below)	36,813,424	4,396,713	30,845,150	6,466,510	24,169,135	67	209,438	431,489	18,598	1,121,494
Portland (Oregon)	7,829,290	875,782	6,777,000	1,406,098	5,352,964	2,290	15,648	44,393	4,942	127,173
Sacramento (See (a) below)	10,292,298	530,292	9,531,514	3,149,806	6,317,593	1,516	62,600	101,203	17,652	111,637
San Francisco (See (a) below)	21,197,789	4,080,579	15,819,158	2,854,860	12,622,487	330,178	11,633	254,920	19,442	1,023,030
San Jose (See (a) below)	16,962,031	1,199,537	15,298,660	3,625,002	11,571,464	1,151	101,063	197,836	12,657	253,322
Seattle (Washington)	16,209,653	2,340,987	13,549,045	2,758,448	10,682,889	1,357	96,352	75,476	9,926	234,219
International	**5,109,263**	**1,088,443**	**3,923,938**	**781,872**	**3,080,376**	**9,990**	**51,900**	**37,768**	**624**	**58,488**
Puerto Rico	1,474,558	87,085	1,367,211	80,492	1,259,488	(1)	27,233	523	20	19,719
Other	3,634,704	1,001,359	2,556,727	701,180	1,820,889	9,990	24,668	37,245	604	38,769
Undistributed:										
Federal tax deposits[12]	3,859,486	613,263	3,117,019	—	2,883,505	39,514	194,000	—	—	129,204
Gasoline, lubricating oil and excess FICA credits[13]	973,147	98,043	875,104	875,104	—	—	—	—	—	—
Clearing account for excise taxes—aviation fuel and oil—Air Force and Navy	176	—	—	—	—	—	—	—	—	176
Presidential election campaign fund[14]	33,422	—	33,422	—	33,422	—	—	—	—	—
Earned income credits[15]	118,990	—	118,990	—	118,990	—	—	—	—	—
Other[16]	(383,247)	—	(597,373)	(695,438)	(840,699)	—	938,764	214,126	—	—
Totals for states not shown above										
(a) California	106,332,486	12,228,874	92,090,778	21,831,829	69,401,861	333,606	523,482	1,209,164	98,486	2,705,185
(b) Florida	36,805,993	2,388,020	33,180,893	9,865,716	22,477,622	641,672	175,882	575,524	26,875	662,677
(c) Illinois	57,783,661	9,340,742	46,452,295	8,259,081	37,629,579	292,708	270,926	324,043	23,267	1,643,314
(d) New York	101,392,932	14,839,990	84,709,286	15,030,870	68,960,792	210,176	507,448	929,380	(5,350)	919,627
(e) Ohio	42,533,953	5,449,784	35,443,847	5,271,800	29,965,699	20,183	186,165	240,287	25,486	1,374,548
(f) Pennsylvania	45,732,072	5,441,921	38,867,575	6,767,980	31,065,155	460,579	553,861	328,860	29,577	1,064,138
(g) Texas	57,579,171	6,058,172	45,080,428	9,565,686	35,197,592	48,386	268,764	444,349	39,137	5,957,065

Table 1 — Columns 11 through 29 were deleted in 1988. Information on manufacturers' excise taxes, retailers' and special fuel taxes, and miscellaneous excise taxes is now avaiable in the fourth quarter Internal Revenue Report of Excise Taxes.

Table 2. — Table was deleted in 1988. Information on internal revenue collections by sources is now available in the fourth quarter Internal Revenue Report of Excise Taxes

Table 3. — Internal revenue collections by principal sources (*in thousands of dollars*)

Fiscal year	Total internal revenue collections (1)	Income and profits taxes: Total (2)	Corporation income and profits taxes (3)	Individual income taxes (4)	Employment taxes (5)	Estate and gift taxes (6)	Excise taxes (7)
1961	94,401,086	67,917,941	21,764,940	46,153,001	12,502,451	1,916,392	12,064,302
1962	99,440,839	71,945,305	21,295,711	50,649,594	12,708,171	2,035,187	12,752,176
1963	105,925,395	75,323,714	22,336,134	52,987,581	15,004,486	2,187,457	13,409,737
1964	112,260,257	78,891,218	24,300,863	54,590,354	17,002,504	2,416,303	13,950,232
1965	114,434,634	79,792,016	26,131,334	53,660,683	17,104,306	2,745,532	14,792,779
1966	128,879,961	92,131,794	30,834,243	61,297,552	20,256,133	3,093,922	13,398,112
1967	148,374,815	104,288,420	34,917,825	69,370,595	26,958,241	3,014,406	14,113,748
1968	153,636,838	108,148,565	29,896,520	78,252,045	28,065,898	3,081,979	14,320,396
1969	187,919,560	135,778,052	38,337,646	97,440,406	33,068,657	3,530,065	15,542,787
1970	195,722,096	138,688,568	35,036,983	103,651,585	37,449,188	3,680,076	15,904,264
1971	191,647,198	131,072,374	30,319,953	100,752,421	39,918,690	3,784,283	16,871,851
1972	209,855,737	143,804,732	34,925,546	108,879,186	43,714,001	5,489,969	16,847,036
1973	237,787,204	164,157,315	39,045,309	125,112,006	52,081,709	4,975,862	16,572,318
1974	268,952,254	184,648,094	41,744,444	142,903,650	62,093,632	5,100,675	17,109,853
1975	293,822,726	202,146,097	45,746,660	156,399,437	70,140,909	4,688,079	16,847,741
1976	302,519,792	205,751,753	46,782,956	158,968,797	74,202,853	5,307,466	17,399,118
1976 (TQ)*	75,462,780	49,567,484	9,808,905	39,758,579	19,892,041	1,485,247	4,518,008
1977	358,139,417	248,805,067	60,049,804	188,755,263	86,076,316	7,425,325	17,632,707
1978	399,776,389	278,438,289	65,380,145	213,058,144	97,291,653	5,381,499	18,664,949
1979	460,412,185	322,993,733	71,447,876	251,545,857	112,849,874	5,519,074	19,049,504
1980	519,375,273	359,927,392	72,379,610	287,547,782	128,330,480	6,498,381	24,619,021
1981	606,799,103	406,583,302	73,733,156	332,850,146	152,885,816	6,910,386	40,419,598
1982	632,240,506	418,599,768	65,990,832	352,608,936	168,717,936	8,143,373	36,779,428
1983	627,246,793	411,407,523	61,779,556	349,627,967	173,847,854	6,225,877	35,765,538
1984	680,475,229	437,071,049	74,179,370	362,891,679	199,210,028	6,176,667	38,017,466
1985	742,871,341	474,072,327	77,412,769	396,659,558	225,214,568	6,579,703	37,004,944
1986	782,251,812	497,406,391	80,441,620	r416,964,771	r243,978,380	7,194,956	33,672,086
1987	886,290,590	568,311,471	102,658,985	465,452,486	277,000,469	7,567,670	33,310,980
1988	935,106,594	583,349,120	109,682,554	473,666,566	318,038,990	7,784,445	25,934,040

* Transition quarter.

Footnotes for Tables 1 and 3

* Less than $500

r Revised

NOTE: Detail may not add to totals due to rounding. Negative amounts reflect adjustments made to prior reported data and credits for prior tax periods claimed against current tax period amounts.

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. Also, the taxes of some corporations are paid from a principal office, although their operations may be located in another state, or throughout several states.

2. Corporate tax rates generally ranged from 15 to 34 percent of taxable income.

3. Includes taxes on unrelated business income of exempt organizations amounting to $137.5 million (Forms 990T).

4. Collections of individual income tax not withheld include old-age, survivor's, disability, and hospital insurance taxes on self-employment income (SECA). Similarly, the collections of individual income tax withheld are reported in combined amounts with old-age, survivor's, disability, and hospital insurance taxes (FICA) on salaries and wages. Estimated separate national totals for individual income tax and for employment taxes are shown in the text table, Gross Internal Revenue Collections, on page 9 and are used in obtaining national totals for individual income taxes and for employment taxes in Table 3.

5. Individual income tax rates were 15, 28 and 33 percent of taxable income. Included were SECA taxes with an effective tax rate of 13.02 percent (15.02 percent less 2.0 percent credit) imposed on self-employment income through $45,000 for 1988.

6. Includes fiduciary income tax collections of $6.5 billion.

7. Income tax withholding rates were 15, 28 and 33 percent. A combined FICA rate of 15.02 percent was imposed on a wage base through $45,000 for 1988.

8. Railroad retirement taxes are divided into two tiers for both employers and employees. The tier I tax rate was 7.51 percent each on the first $45,000 for 1988. Tier II taxes were 16.1 percent for employers and 4.90 percent for employees.

9. Employers of one or more persons in each of 20 calendar weeks or who paid wages of $1,500 or more in any calendar quarter were taxed 6.2 percent on taxable wages up to $7,000 for 1988. This tax was reduced by credits of up to 5.4 percent for unemployment contributions paid to states.

10. Estate and gift tax rates ranged from 18 to 50 percent.

11. IRS excise tax data no longer include alcohol and tobacco tax collections. These amounts are now collected and reported by the Bureau of Alcohol, Tobacco and Firearms.

12. Tax payments made to banks, under the federal tax deposit (FTD) system, are included in the internal revenue collections for the period in which the FTD was purchased. However, such payments are not classified by internal revenue districts (nor by tax subclasses to which excise tax payments relate) until the IRS applies them to taxpayer liabilities.

13. Represents credits allowable on income tax returns for certain gasoline, diesel, and special motor fuels tax payments and for excess payments under the Federal Insurance Contributions Act.

14. 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 effect on district and regional collection data.

15. Amounts offset against outstanding tax liabilities other than those for Forms 1040 and 1040A on which the credits were claimed.

16. Amounts contained in the national totals but not classified by state or district as of the end of the fiscal year. Also includes amount transferred to a special account for the Northern Mariana Islands.

Table 4. — Amount of internal revenue refunds including interest *(in thousands of dollars)*

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Total[1] (1)	Corporation income (2)	Individual income[2] (3)	Employment taxes[3] (4)	Estate tax (5)	Gift tax (6)	Excise taxes[4] (7)
United States, total	**94,480,267**	**16,476,672**	**74,399,238**	**2,262,732**	**217,901**	**9,338**	**1,114,186**
North-Atlantic Region	**14,136,578**	**3,258,425**	**10,537,037**	**258,643**	**40,053**	**2,529**	**19,890**
Albany (See (d) below)	755,367	134,120	610,039	9,251	1,137	1	819
Augusta (Maine)	412,108	40,925	364,947	5,105	304	—	827
Boston (Massachusetts)	2,938,989	689,030	2,189,536	51,946	6,635	293	1,549
Brooklyn (See (d) below)	2,423,441	163,736	2,214,772	36,407	6,855	(536)	2,207
Buffalo (See (d) below)	1,476,811	153,706	1,294,861	20,793	1,789	2,968	2,694
Burlington (Vermont)	170,811	14,610	151,886	3,590	610	—	114
Hartford (Connecticut)	1,809,321	393,635	1,366,479	42,212	3,492	16	3,488
Manhattan (See (d) below)	3,284,163	1,573,530	1,607,369	78,006	17,826	(225)	7,658
Portsmouth (New Hampshire)	482,659	40,548	434,033	6,876	978	11	213
Providence (Rhode Island)	382,905	54,584	323,115	4,456	427	—	322
Mid-Atlantic Region	**13,172,318**	**2,351,564**	**10,509,026**	**251,931**	**27,380**	**1,548**	**30,869**
Baltimore (Maryland & D.C.)	2,310,192	330,805	1,903,178	64,826	3,886	714	6,782
Newark (New Jersey)	3,938,044	687,860	3,143,934	85,052	9,778	(229)	11,649
Philadelphia (See (f) below)	2,839,601	478,668	2,302,613	47,267	7,340	146	3,766
Pittsburgh (See (f) below)	1,646,279	434,332	1,183,611	18,068	2,393	413	7,463
Richmond (Virginia)	2,093,117	285,592	1,772,503	30,568	3,194	504	755
Wilmington (Delaware)	344,685	134,307	203,186	6,149	788	*	454
Southeast Region	**14,852,060**	**1,358,712**	**13,192,905**	**216,034**	**37,687**	**1,120**	**46,803**
Atlanta (Georgia)	2,214,638	217,349	1,958,380	34,217	1,868	(100)	2,923
Birmingham (Alabama)	1,170,074	79,421	1,072,103	12,768	2,346	78	3,357
Columbia (South Carolina)	977,644	52,085	913,478	10,671	511	(13)	911
Fort Lauderdale (See (b) below)	1,853,646	97,928	1,705,647	38,885	8,608	398	2,380
Greensboro (North Carolina)	1,931,155	181,389	1,721,188	18,908	2,140	230	7,299
Jackson (Mississippi)	625,781	37,257	577,859	9,341	418	(8)	893
Jacksonville (See (b) below)	2,465,489	273,569	2,140,676	38,411	8,859	226	3,748
Little Rock (Arkansas)	593,626	41,866	543,754	6,308	736	17	945
Nashville (Tennessee)	1,664,347	186,547	1,450,992	19,363	4,298	222	2,925
New Orleans (Louisiana)	1,356,282	191,300	1,108,429	27,161	7,902	70	21,420
Central Region	**12,029,185**	**2,367,054**	**9,449,518**	**184,774**	**17,440**	**1,248**	**28,152**
Cincinnati (See (e) below)	2,030,014	491,985	1,489,474	39,485	4,909	289	3,872
Cleveland (See (e) below)	2,261,198	344,696	1,858,215	45,247	5,745	22	7,272
Detroit (Michigan)	4,182,265	1,229,182	2,891,608	46,442	3,873	807	10,353
Indianapolis (Indiana)	1,869,544	161,728	1,688,640	15,728	1,140	89	2,219
Louisville (Kentucky)	1,061,414	111,127	934,970	11,585	477	11	3,243
Parkersburg (West Virginia)	623,750	28,336	586,610	6,286	1,295	29	1,193
Midwest Region	**11,196,202**	**2,191,293**	**8,768,697**	**195,130**	**16,477**	**327**	**22,279**
Aberdeen (South Dakota)	150,331	12,035	135,766	1,936	237	—	357
Chicago (See (c) below)	4,149,509	1,086,683	2,942,047	97,692	10,101	153	12,833
Des Moines (Iowa)	737,735	89,731	640,603	5,898	277	31	1,195
Fargo (North Dakota)	156,879	15,269	138,821	1,585	872	—	331
Helena (Montana)	192,107	11,220	178,167	1,880	315	3	523
Milwaukee (Wisconsin)	1,434,896	199,494	1,219,996	12,001	1,567	2	1,837
Omaha (Nebraska)	439,017	62,336	363,924	11,423	621	2	711
St. Louis (Missouri)	1,727,470	335,921	1,367,906	16,761	2,557	50	2,276
St. Paul (Minnesota)	1,296,606	251,625	1,015,562	27,078	1,023	24	1,293
Springfield (See (c) below)	911,651	126,980	765,906	16,875	906	62	923
Southwest Region	**12,159,553**	**2,320,650**	**9,153,721**	**194,844**	**30,569**	**935**	**458,784**
Albuquerque (New Mexico)	400,879	30,559	362,692	6,343	620	110	554
Austin (See (g) below)	2,173,383	344,032	1,582,900	23,031	7,895	200	215,327
Cheyenne (Wyoming)	167,646	21,660	144,030	1,479	244	1	232
Dallas (See (g) below)	2,790,596	522,201	2,166,562	60,361	8,492	281	32,698
Denver (Colorado)	1,066,510	154,494	892,129	16,969	1,209	2	1,708
Houston (See (g) below)	2,269,105	821,053	1,267,060	25,311	4,276	132	151,273
Oklahoma City (Oklahoma)	975,939	113,894	796,425	12,095	2,954	75	50,496
Phoenix (Arizona)	1,133,787	137,773	976,715	14,718	3,676	81	823
Salt Lake City (Utah)	393,738	33,213	351,789	7,216	398	1	1,121
Wichita (Kansas)	787,971	141,772	613,418	27,320	905	23	4,533
Western Region	**14,575,148**	**2,337,785**	**11,909,775**	**251,115**	**44,556**	**1,490**	**30,427**
Anchorage (Alaska)	229,361	22,953	201,644	4,049	376	—	340
Boise (Idaho)	216,055	26,071	185,897	3,193	516	*	378
Honolulu (Hawaii)	325,078	24,836	294,597	4,739	402	6	497
Laguna Niguel (See (a) below)	2,890,940	325,372	2,508,721	47,454	5,518	24	3,852
Las Vegas (Nevada)	377,280	37,357	331,827	6,238	1,404	20	435
Los Angeles (See (a) below)	3,291,376	746,834	2,466,231	61,358	11,212	228	5,513
Portland (Oregon)	933,438	173,708	743,098	12,125	2,276	21	2,209
Sacramento (See (a) below)	1,298,558	79,903	1,198,468	16,645	2,263	11	1,267
San Francisco (See (a) below)	1,673,982	386,745	1,212,513	49,621	11,162	1,221	12,720
San Jose (See (a) below)	1,855,126	326,506	1,494,182	25,509	6,707	91	2,131
Seattle (Washington)	1,483,953	187,500	1,272,596	20,183	2,718	(131)	1,086
International	**753,165**	**291,388**	**432,524**	**22,513**	**1,640**	**171**	**4,929**
Puerto Rico	68,835	8,191	46,997	13,082	83	—	482
Other	684,330	283,197	385,528	9,430	1,557	171	4,447
Other miscellaneous refunds	**1,606,260**	—	**426,435**	**707,750**	—	—	**472,075**
Gasoline and excess FICA credits[5]	973,147	—	—	707,750	—	—	265,397
U.S. Customs Service[6]	206,678	—	—	—	—	—	206,678
Earned income credit offsets	118,358	—	118,358	—	—	—	—
Refund reversals unclassified[7]	308,077	—	308,077	—	—	—	—
Totals for states not shown above							
(a) California	11,009,983	1,865,360	8,880,116	200,587	36,863	1,575	25,482
(b) Florida	4,319,035	371,497	3,846,323	77,296	17,467	624	6,128
(c) Illinois	5,061,161	1,213,662	3,707,953	114,567	11,007	214	13,757
(d) New York	7,939,783	2,025,092	5,727,040	144,458	27,606	2,209	13,377
(e) Ohio	4,291,212	836,681	3,347,690	84,732	10,655	311	11,144
(f) Pennsylvania	4,486,060	913,000	3,486,224	65,335	9,733	560	11,229
(g) Texas	7,233,084	1,687,286	5,016,522	108,704	20,662	613	399,298

[1] Includes windfall profit tax refund claims of $641 million of which $333 million represents excise taxes.
[2] Includes earned income credits refunded, amounting to $2.7 billion and refunds amounting to $623 million paid on partnership and fiduciary income tax returns
[3] Includes withheld income tax, FICA, Railroad Retirement and FUTA refunds and credits
[4] Includes credits for gasoline and lubricating oil tax payments.
[5] Includes credits for excess payments under the Federal Old Age and Survivors, Federal Disability and Federal Hospital funds, amounting to $708 million.
[6] The source of this information is the U.S. Customs Service. Customs does not provide the count of the number of refunds issued for this item.
[7] Includes refunds issued in September 1988 minus refund reversals received in September 1988 that were not classified by district before September 30, 1988 (the end of the fiscal year). For accounting and comparative purposes, the data included in this table must agree with the actual transactions affecting the refund and interest appropriation account for the fiscal year.
* Less than $500

Table 5. — Number of internal revenue refunds issued

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Total (1)	Corporation income (2)	Individual income (3)	Employment taxes (4)	Estate tax (5)	Gift tax (6)	Excise taxes (7)
United States, total	**83,039,102**	**700,445**	**79,909,197[1]**	**2,322,384**	**10,407**	**648**	**95,821**
North-Atlantic Region	**10,852,716**	**92,452**	**10,421,764**	**326,805**	**1,828**	**140**	**9,726**
Albany (See (d) below)	738,384	4,552	714,579	18,580	67	2	604
Augusta (Maine)	452,701	3,562	436,577	11,894	28	—	640
Boston (Massachusetts)	2,212,062	21,372	2,126,846	62,112	332	27	1,373
Brooklyn (See (d) below)	2,230,685	14,179	2,153,303	61,198	348	22	1,635
Buffalo (See (d) below)	1,529,111	9,759	1,489,068	28,987	157	22	1,098
Burlington (Vermont)	194,985	1,877	185,220	7,646	15	—	227
Hartford (Connecticut)	1,318,552	10,831	1,262,414	43,641	259	7	1,400
Manhattan (See (d) below)	1,374,208	19,035	1,282,622	69,799	551	57	2,144
Portsmouth (New Hampshire)	433,468	3,702	415,579	13,787	49	3	348
Providence (Rhode Island)	368,560	3,583	355,536	9,161	23	—	257
Mid-Atlantic Region	**11,661,939**	**81,931**	**11,257,705**	**307,150**	**1,353**	**115**	**13,595**
Baltimore (Maryland & D.C.)	2,079,211	16,887	1,996,758	62,771	323	30	2,442
Newark (New Jersey)	3,157,874	26,202	3,025,073	96,398	495	34	4,672
Philadelphia (See (f) below)	2,660,082	14,676	2,579,051	63,690	212	17	2,436
Pittsburgh (See (f) below)	1,476,327	6,786	1,436,956	30,396	118	12	2,059
Richmond (Virginia)	2,052,985	15,030	1,989,063	46,999	173	21	1,699
Wilmington (Delaware)	240,460	2,350	230,894	6,896	32	1	287
Southeast Region	**15,658,504**	**121,206**	**15,089,243**	**428,905**	**1,633**	**156**	**17,361**
Atlanta (Georgia)	2,153,224	17,906	2,074,237	58,726	152	20	2,183
Birmingham (Alabama)	1,286,789	8,067	1,249,138	27,850	88	6	1,620
Columbia (South Carolina)	1,163,933	7,282	1,130,201	25,441	43	4	962
Fort Lauderdale (See (b) below)	1,797,546	17,504	1,702,728	75,442	324	55	1,493
Greensboro (North Carolina)	2,243,029	16,659	2,176,395	47,725	142	9	2,009
Jackson (Mississippi)	757,950	5,314	733,917	17,643	31	(1)	1,046
Jacksonville (See (b) below)	2,502,402	20,210	2,405,325	73,761	448	35	2,683
Little Rock (Arkansas)	698,110	4,529	676,326	16,245	27	3	980
Nashville (Tennessee)	1,758,432	11,651	1,704,993	39,238	226	12	2,312
New Orleans (Louisiana)	1,297,029	12,064	1,235,983	46,834	152	13	1,983
Central Region	**10,794,824**	**75,377**	**10,455,709**	**253,257**	**797**	**70**	**9,614**
Cincinnati (See (e) below)	1,779,271	12,009	1,716,885	48,575	156	13	1,631
Cleveland (See (e) below)	2,162,943	16,414	2,081,977	62,549	177	17	1,809
Detroit (Michigan)	3,163,248	27,256	3,065,834	67,524	247	21	2,366
Indianapolis (Indiana)	1,889,056	10,631	1,839,776	36,464	117	10	2,058
Louisville (Kentucky)	1,123,920	6,066	1,094,846	21,820	58	2	1,128
Parkersburg (West Virginia)	676,386	3,001	656,391	16,325	40	7	622
Midwest Region	**10,564,761**	**93,514**	**10,189,631**	**286,761**	**1,034**	**97**	**13,624**
Aberdeen (South Dakota)	203,231	2,159	195,199	5,414	21	—	438
Chicago (See (c) below)	3,040,821	25,016	2,903,355	109,209	356	31	2,852
Des Moines (Iowa)	835,639	8,965	808,069	17,059	55	5	1,486
Fargo (North Dakota)	190,820	1,913	182,980	5,479	17	—	431
Helena (Montana)	242,290	4,014	230,462	7,230	32	4	548
Milwaukee (Wisconsin)	1,585,952	13,578	1,538,092	32,245	148	7	1,882
Omaha (Nebraska)	488,669	5,886	469,834	11,539	68	6	934
St. Louis (Missouri)	1,666,444	14,996	1,611,141	38,263	175	21	1,848
St. Paul (Minnesota)	1,355,153	10,697	1,311,820	30,303	85	12	2,236
Springfield (See (c) below)	955,742	6,388	918,679	29,620	75	11	969
Southwest Region	**10,348,351**	**105,785**	**9,929,468**	**297,297**	**1,238**	**150**	**14,413**
Albuquerque (New Mexico)	475,710	3,954	458,391	12,693	40	4	628
Austin (See (g) below)	1,855,512	17,296	1,786,332	48,297	266	21	3,300
Cheyenne (Wyoming)	148,590	2,006	141,679	4,587	19	2	297
Dallas (See (g) below)	2,247,743	26,067	2,146,509	71,509	264	58	3,336
Denver (Colorado)	1,063,458	12,258	1,018,333	31,679	99	4	1,085
Houston (See (g) below)	1,288,262	13,125	1,233,474	39,839	159	20	1,645
Oklahoma City (Oklahoma)	943,194	9,325	906,438	25,686	155	17	1,573
Phoenix (Arizona)	1,099,957	10,016	1,056,341	30,534	132	14	820
Salt Lake City (Utah)	468,473	3,550	451,798	12,590	22	2	511
Wichita (Kansas)	757,452	8,188	726,173	19,783	82	8	1,218
Western Region	**12,947,186**	**126,188**	**12,401,225**	**400,424**	**2,393**	**116**	**16,849**
Anchorage (Alaska)	176,958	2,139	168,090	6,267	15	—	447
Boise (Idaho)	269,523	2,747	257,609	8,358	19	2	588
Honolulu (Hawaii)	385,924	3,967	372,358	9,264	40	4	291
Laguna Niguel (See (a) below)	2,626,251	22,677	2,522,276	78,219	367	16	2,696
Las Vegas (Nevada)	372,691	2,814	358,153	11,086	43	3	592
Los Angeles (See (a) below)	2,389,367	25,377	2,280,698	80,147	594	19	2,532
Portland (Oregon)	1,007,062	11,145	968,463	25,319	191	12	1,932
Sacramento (See (a) below)	1,331,245	10,879	1,279,784	39,028	163	11	1,380
San Francisco (See (a) below)	1,197,962	13,936	1,135,636	45,478	515	20	2,376
San Jose (See (a) below)	1,659,587	15,493	1,590,014	51,534	288	14	2,244
Seattle (Washington)	1,530,616	15,014	1,467,944	45,724	157	15	1,762
International	**296,304**	**3,892**	**269,845**	**21,783**	**130**	**4**	**648**
Puerto Rico	63,272	95	44,520	18,619	7	—	31
Other	233,032	3,797	225,325	3,164	123	4	617
Other miscellaneous refunds	**(85,483)**	—	**(85,483)**	—	—	—	—
Gasoline and excess FICA credits	—	—	—	—	—	—	—
U.S. Customs Service	—	—	—	—	—	—	—
Earned income credit offsets[2]	—	—	—	—	—	—	—
Refund reversals unclassified[3]	(85,483)	—	(85,483)	—	—	—	—
Totals for states not shown above							
(a) California	9,204,412	88,362	8,808,406	294,406	1,928	80	11,228
(b) Florida	4,300,008	37,714	4,108,053	149,203	772	90	4,176
(c) Illinois	3,996,563	31,404	3,822,034	138,829	433	42	3,821
(d) New York	5,872,388	42,525	5,639,592	178,564	1,123	103	5,481
(e) Ohio	3,942,214	28,423	3,798,862	111,124	335	30	3,440
(f) Pennsylvania	4,136,409	21,462	4,016,007	94,086	330	29	4,495
(g) Texas	5,391,517	56,488	5,166,315	159,645	689	99	8,281

Column Contents:
[1] Includes 235,194 refunds issued to fiduciaries and partnerships.
[2] In Table 4, Amount of Internal Revenue Refunds including interest, refund amounts are given for these credits.
[3] Includes refunds issued in September 1988 minus refund reversals received in September 1988 that were not classified by district before September 30, 1988 (the end of the fiscal year). For accounting and comparative purposes, the data included in this table must agree with the actual transactions affecting the refund and interest appropriation accounts for the fiscal year.

Table 6. — Number of returns filed

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Total tax returns (1)	Individual income tax (2)	Individual estimated tax (3)	Fiduciary (4)	Fiduciary estimated tax (5)	Partnership (6)	Corporation income tax (7)	Estate tax (8)	Gift tax (9)
United States, total	**194,305,425**	**106,993,675**	**35,488,541**	**2,783,005**	**1,055,232**	**1,814,470**	**3,985,259**	**52,364**	**102,569**
North-Atlantic Region	**26,682,081**	**14,190,357**	**5,021,707**	**477,785**	**217,108**	**217,091**	**667,593**	**9,277**	**18,778**
Albany (See (d) below)	1,733,768	999,235	317,742	16,050	4,682	12,415	34,766	474	1,295
Augusta (Maine)	888,083	539,315	181,665	13,528	5,167	6,401	18,523	223	575
Boston (Massachusetts)	5,336,688	2,887,784	1,035,170	119,405	63,521	34,219	113,750	1,975	4,036
Brooklyn (See (d) below)	5,455,494	3,026,418	1,038,423	36,945	7,752	40,143	163,039	1,607	2,504
Buffalo (See (d) below)	3,362,540	1,987,706	608,652	53,554	16,778	24,031	53,347	724	2,747
Burlington (Vermont)	504,342	251,461	97,603	7,321	2,002	3,934	12,031	109	274
Hartford (Connecticut)	3,130,205	1,642,635	634,986	61,116	27,206	30,692	66,008	1,359	2,715
Manhattan (See (d) below)	4,348,389	1,863,754	778,001	142,965	77,512	52,220	164,975	2,298	3,695
Portsmouth (New Hampshire)	984,006	531,054	181,671	12,143	4,408	7,222	19,541	271	538
Providence (Rhode Island)	838,566	460,995	147,574	14,768	8,080	5,814	21,513	237	439
Mid-Atlantic Region	**26,425,410**	**14,765,582**	**4,962,867**	**458,323**	**154,451**	**233,812**	**534,039**	**7,002**	**12,253**
Baltimore (Maryland & D.C.)	4,545,397	2,537,239	775,672	105,121	33,080	41,474	90,186	1,237	2,230
Newark (New Jersey)	7,201,361	3,938,276	1,366,318	73,394	25,773	69,946	199,994	2,316	3,158
Philadelphia (See (f) below)	6,178,622	3,420,472	1,279,394	158,434	44,232	52,315	101,296	1,512	2,783
Pittsburgh (See (f) below)	3,277,646	1,872,814	667,421	57,437	15,818	26,867	41,276	574	1,233
Richmond (Virginia)	4,657,551	2,692,408	775,430	60,664	24,115	38,887	86,441	1,183	2,492
Wilmington (Delaware)	564,833	304,373	98,632	13,273	11,433	4,323	14,844	180	357
Southeast Region	**34,741,314**	**19,448,651**	**6,804,066**	**373,027**	**134,237**	**261,885**	**777,182**	**8,566**	**18,551**
Atlanta (Georgia)	4,476,851	2,652,976	596,379	39,264	16,332	33,613	93,431	865	2,154
Birmingham (Alabama)	2,610,039	1,581,884	362,610	28,176	8,826	18,956	41,980	475	1,291
Columbia (South Carolina)	2,324,316	1,408,084	331,173	19,519	6,946	18,750	44,436	488	1,224
Fort Lauderdale (See (b) below)	5,456,929	2,445,748	1,406,540	72,162	25,428	34,923	192,929	2,351	4,939
Greensboro (North Carolina)	4,798,015	2,815,909	733,193	65,136	21,389	38,608	86,543	1,093	2,537
Jackson (Mississippi)	1,577,041	940,524	218,037	11,257	3,758	12,894	27,048	367	642
Jacksonville (See (b) below)	5,699,181	3,065,758	1,157,904	66,626	23,772	37,415	136,166	1,363	2,576
Little Rock (Arkansas)	1,611,846	901,908	276,094	15,075	5,309	13,715	30,019	286	756
Nashville (Tennessee)	3,385,920	2,033,050	500,766	34,794	14,614	32,229	51,013	813	1,375
New Orleans (Louisiana)	2,801,156	1,602,810	421,370	21,018	7,663	20,702	73,617	495	1,057
Central Region	**22,605,154**	**13,229,382**	**3,888,070**	**338,710**	**112,333**	**177,688**	**410,738**	**4,255**	**9,908**
Cincinnati (See (e) below)	3,504,794	2,057,695	612,251	72,590	21,630	29,458	54,238	801	1,716
Cleveland (See (e) below)	4,683,598	2,708,131	860,684	70,693	28,396	35,425	82,745	897	2,160
Detroit (Michigan)	6,755,988	3,981,654	1,153,249	80,921	30,266	56,841	135,371	1,154	2,641
Indianapolis (Indiana)	4,054,456	2,376,400	730,324	66,606	15,485	25,228	75,431	740	1,850
Louisville (Kentucky)	2,455,652	1,425,208	425,199	33,522	12,034	20,609	44,043	447	1,135
Parkersburg (West Virginia)	1,150,646	670,265	206,363	14,378	4,522	10,127	18,910	216	407
Midwest Region	**25,821,384**	**14,109,395**	**5,037,688**	**444,759**	**156,206**	**234,847**	**491,145**	**6,573**	**15,606**
Aberdeen (South Dakota)	565,852	293,658	110,512	9,198	1,793	5,936	9,103	98	466
Chicago (See (c) below)	6,811,945	3,798,845	1,275,253	131,891	73,442	63,916	148,185	1,990	3,321
Des Moines (Iowa)	2,308,275	1,198,409	514,897	48,014	9,296	21,712	42,322	599	1,203
Fargo (North Dakota)	555,346	279,691	109,116	7,913	1,441	6,031	9,267	202	524
Helena (Montana)	684,946	335,309	126,876	7,198	1,686	8,654	14,858	176	649
Milwaukee (Wisconsin)	3,809,372	2,118,002	731,486	70,847	24,324	31,267	66,094	695	2,952
Omaha (Nebraska)	1,320,457	692,625	253,132	20,782	7,079	13,658	27,579	373	986
St. Louis (Missouri)	4,002,114	2,185,345	812,017	69,233	22,315	32,278	74,587	999	1,801
St. Paul (Minnesota)	3,490,438	1,940,043	617,596	44,531	16,265	34,364	69,519	687	2,687
Springfield (See (c) below)	2,272,639	1,267,468	486,795	35,052	8,775	17,031	29,611	744	1,017
Southwest Region	**24,511,845**	**13,388,521**	**4,042,218**	**316,766**	**132,873**	**310,029**	**510,603**	**6,247**	**13,655**
Albuquerque (New Mexico)	1,053,918	606,154	168,784	8,759	3,262	11,234	18,569	229	509
Austin (See (g) below)	3,778,372	2,169,629	560,966	42,431	20,704	42,317	62,433	996	2,585
Cheyenne (Wyoming)	382,346	195,798	66,511	4,352	1,479	5,565	8,780	77	335
Dallas (See (g) below)	5,412,656	2,915,227	850,518	73,750	39,153	81,498	110,423	1,424	2,881
Denver (Colorado)	2,739,490	1,458,548	451,306	35,877	13,575	39,250	70,398	683	1,689
Houston (See (g) below)	3,013,957	1,666,102	434,165	40,862	20,025	36,379	70,451	730	1,410
Oklahoma City (Oklahoma)	2,327,657	1,240,637	419,258	29,854	10,569	25,940	51,110	606	1,311
Phoenix (Arizona)	2,695,030	1,458,394	517,530	35,507	11,131	30,831	57,324	748	1,302
Salt Lake City (Utah)	1,068,672	616,749	143,754	16,462	4,422	18,068	24,256	179	448
Wichita (Kansas)	2,039,757	1,061,283	429,426	28,912	8,553	18,947	36,859	575	1,185
Western Region	**32,425,015**	**17,336,467**	**6,232,684**	**362,767**	**137,861**	**377,894**	**575,070**	**9,957**	**13,546**
Anchorage (Alaska)	508,652	328,204	42,211	1,743	605	6,499	8,673	70	145
Boise (Idaho)	705,629	376,622	123,242	7,844	2,359	9,543	14,345	123	278
Honolulu (Hawaii)	909,109	503,855	155,716	10,852	4,369	7,888	21,180	210	879
Laguna Niguel (See (a) below)	6,552,754	3,595,288	1,304,629	54,476	13,253	75,048	114,587	1,889	1,969
Las Vegas (Nevada)	858,433	498,570	132,568	8,073	3,149	8,551	19,990	180	465
Los Angeles (See (a) below)	5,887,788	3,131,544	1,019,886	79,308	29,346	77,004	128,159	2,267	2,086
Portland (Oregon)	2,301,922	1,192,876	457,066	29,146	9,123	22,330	42,642	486	1,429
Sacramento (See (a) below)	3,867,833	1,987,833	857,926	33,968	8,854	44,289	51,323	1,122	1,445
San Francisco (See (a) below)	2,734,930	1,372,232	570,129	54,996	36,355	31,594	42,187	1,421	1,405
San Jose (See (a) below)	4,270,031	2,306,555	838,062	39,982	11,547	53,149	63,644	1,397	1,845
Seattle (Washington)	3,827,914	2,042,788	731,249	42,379	18,901	41,999	60,340	792	1,600
International	**1,093,232**	**525,340**	**199,249**	**858**	**163**	**1,304**	**19,889**	**457**	**271**
Puerto Rico	338,646	94,135	59,941	241	26	178	896	24	20
Other	754,586	431,205	139,308	617	137	1,126	18,993	433	251
(a) California	23,313,356	12,393,552	4,590,632	262,730	99,355	281,084	399,900	8,096	8,750
(b) Florida	11,156,110	5,511,506	2,564,444	138,788	49,200	72,338	329,095	3,714	7,515
(c) Illinois	9,084,554	5,066,313	1,762,048	166,943	82,217	80,947	177,796	2,734	4,338
(d) New York	14,900,191	7,877,113	2,743,018	249,514	106,724	128,809	416,127	5,103	10,201
(e) Ohio	8,188,392	4,775,826	1,472,935	143,283	50,026	64,883	136,983	1,698	3,876
(f) Pennsylvania	9,456,258	5,293,286	1,946,815	215,871	60,050	79,182	142,574	2,086	4,016
(g) Texas	12,204,935	6,750,958	1,845,649	157,043	79,882	160,194	243,307	3,150	6,876

Column Contents:
(2) Includes Forms 1040, 1040A, 1040EZ, 1040NR, 1040SS-PR and 1040C.
(3) Form 1040ES.
(4) Form 1041.
(5) Form 1041ES.
(6) Form 1065.
(7) Includes Forms 1120, 1120A, 1120L, 1120M, 1120S, 1120POL, 1120F, 1120H, 1120ND, 1120RIC, 1120REIT, 1120FSC and 1120PC.
(8) Forms 706 and 706NA.
(9) Form 709.

Table 6. — Continued

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Employment taxes (10)	Exempt organizations (11)	Employee plans (12)	Excise taxes (13)	Supplemental documents (14)	Non-master file returns (15)
United States, total	**28,235,744**	**489,952**	**1,819,455**	**956,879**	**10,523,211**	**4,069**
North-Atlantic Region	**3,984,737**	**78,983**	**242,899**	**97,132**	**1,457,463**	**1,181**
Albany (See (d) below)	242,436	4,263	10,649	8,223	81,534	44
Augusta (Maine)	159,807	3,215	4,380	7,984	47,258	22
Boston (Massachusetts)	732,311	17,549	43,680	16,846	266,175	267
Brooklyn (See (d) below)	764,475	6,938	47,709	15,965	303,456	120
Buffalo (See (d) below)	438,010	9,322	22,501	14,628	130,188	152
Burlington (Vermont)	94,801	1,910	2,700	3,224	26,950	22
Hartford (Connecticut)	438,404	9,586	28,250	10,714	176,299	235
Manhattan (See (d) below)	828,737	21,384	71,231	10,860	330,567	190
Portsmouth (New Hampshire)	155,009	2,624	5,970	5,727	57,665	63
Providence (Rhode Island)	130,747	2,192	5,829	2,961	37,371	46
Mid-Atlantic Region	**3,650,210**	**65,799**	**225,619**	**109,800**	**1,238,043**	**410**
Baltimore (Maryland & D.C.)	647,858	14,023	49,158	15,068	233,024	27
Newark (New Jersey)	1,020,878	13,060	60,604	26,751	400,662	231
Philadelphia (See (f) below)	791,394	16,404	48,109	20,791	235,436	50
Pittsburgh (See (f) below)	429,229	9,303	28,836	19,377	107,394	65
Richmond (Virginia)	678,917	11,064	35,294	16,116	234,522	18
Wilmington (Delaware)	81,934	1,945	3,818	2,697	27,005	19
Southeast Region	**5,336,829**	**69,880**	**237,273**	**189,536**	**1,901,358**	**303**
Atlanta (Georgia)	716,194	8,917	33,189	21,587	261,884	76
Birmingham (Alabama)	413,515	5,618	13,919	17,684	115,093	12
Columbia (South Carolina)	368,247	4,832	13,360	10,181	97,046	10
Fort Lauderdale (See (b) below)	818,076	8,346	47,196	13,916	384,375	—
Greensboro (North Carolina)	748,123	11,052	31,659	22,766	219,992	15
Jackson (Mississippi)	265,267	3,470	8,523	13,198	72,053	3
Jacksonville (See (b) below)	791,270	10,583	36,379	29,253	348,966	150
Little Rock (Arkansas)	254,514	3,914	8,956	14,087	87,213	—
Nashville (Tennessee)	517,890	7,550	22,207	18,753	150,829	37
New Orleans (Louisiana)	443,743	5,598	21,865	17,111	163,917	—
Central Region	**3,053,491**	**60,743**	**200,234**	**109,333**	**870,036**	**262**
Cincinnati (See (e) below)	456,027	9,897	33,574	11,072	133,764	81
Cleveland (See (e) below)	626,363	12,839	50,521	19,238	185,439	67
Detroit (Michigan)	926,845	15,978	64,751	28,570	277,658	89
Indianapolis (Indiana)	544,085	13,568	30,439	26,204	148,096	21
Louisville (Kentucky)	368,640	5,405	14,343	16,132	88,932	3
Parkersburg (West Virginia)	171,531	3,056	6,606	8,117	36,147	1
Midwest Region	**3,717,587**	**80,357**	**333,918**	**191,982**	**990,763**	**545**
Aberdeen (South Dakota)	97,598	2,142	6,731	7,292	21,313	12
Chicago (See (c) below)	884,560	17,423	98,425	21,476	293,066	152
Des Moines (Iowa)	341,586	8,213	36,578	19,360	66,074	12
Fargo (North Dakota)	98,219	2,617	11,119	8,068	21,113	5
Helena (Montana)	123,868	2,466	7,066	8,996	47,141	3
Milwaukee (Wisconsin)	556,658	11,491	44,145	25,372	125,983	56
Omaha (Nebraska)	213,156	4,396	16,094	21,382	49,204	21
St. Louis (Missouri)	587,737	12,433	35,411	23,889	143,998	71
St. Paul (Minnesota)	493,893	12,306	51,815	41,934	164,747	151
Springfield (See (c) below)	320,312	6,870	26,534	14,213	58,124	63
Southwest Region	**3,657,930**	**57,805**	**185,563**	**132,778**	**1,756,752**	**105**
Albuquerque (New Mexico)	160,879	2,486	6,151	6,072	60,830	—
Austin (See (g) below)	555,527	8,523	19,790	17,958	274,511	2
Cheyenne (Wyoming)	68,509	1,389	2,531	4,135	22,885	—
Dallas (See (g) below)	830,810	12,207	40,861	32,631	421,272	1
Denver (Colorado)	429,342	7,674	25,881	13,108	192,078	71
Houston (See (g) below)	423,428	5,559	26,587	12,771	275,488	—
Oklahoma City (Oklahoma)	348,063	5,744	14,946	16,298	163,320	1
Phoenix (Arizona)	371,173	5,348	21,803	8,456	175,467	16
Salt Lake City (Utah)	156,529	2,513	9,184	6,451	69,648	9
Wichita (Kansas)	313,670	6,362	17,829	14,898	101,253	5
Western Region	**4,593,579**	**75,676**	**391,883**	**145,336**	**2,172,176**	**119**
Anchorage (Alaska)	62,752	1,359	4,020	2,570	49,801	—
Boise (Idaho)	118,995	1,870	6,037	8,865	35,503	3
Honolulu (Hawaii)	121,469	1,948	10,916	1,789	68,038	—
Laguna Niguel (See (a) below)	860,451	11,595	78,685	16,653	424,231	—
Las Vegas (Nevada)	116,039	1,528	6,323	6,148	56,842	7
Los Angeles (See (a) below)	883,152	13,218	90,556	14,118	417,144	—
Portland (Oregon)	350,935	6,112	22,562	17,077	150,107	31
Sacramento (See (a) below)	539,078	9,207	44,927	18,351	269,508	2
San Francisco (See (a) below)	375,327	8,340	40,496	5,253	195,212	3
San Jose (See (a) below)	602,959	10,277	52,769	19,993	267,752	—
Seattle (Washington)	562,422	10,222	34,592	34,519	238,038	73
International	**201,371**	**709**	**1,866**	**3,882**	**136,810**	**1,163**
Puerto Rico	178,676	120	755	90	3,543	1
Other	22,695	589	1,111	3,892	133,067	1,162
(a) California	3,260,967	52,637	307,433	74,368	1,573,847	5
(b) Florida	1,609,346	18,929	83,575	34,169	733,341	150
(c) Illinois	1,204,872	24,293	124,959	35,689	351,190	215
(d) New York	2,273,658	41,907	152,090	49,676	845,745	506
(e) Ohio	1,082,390	22,736	84,095	30,310	319,203	148
(f) Pennsylvania	1,220,623	25,707	76,945	46,168	342,830	115
(g) Texas	1,809,765	26,289	87,238	63,360	971,271	3

Column Contents:
(10) Includes Forms 940, 940PR, 941, 941PR and SS, 941E, 942, 942PR, 943, 943PR and SS, CT-1 and 1042.
(11) Includes Forms 990, 990PF, 990T, 990C, 5227 and 4720.
(12) Includes Forms 5500, 5500C, 5500EZ, 5500K and 5500R.
(13) Includes Forms 720, 730, 2290 and 11C.
(14) Includes Forms 1040X, 1120X, 2688, 4868, 7004, and 1041A.
(15) Includes Forms 941M, 941 NMI, CT-2, 990BL, 1042, 1120 DISC, 1120 IC DISC, 1120 FSC and 8404.

Table 7. — Returns filed, examination coverage and results (1988)

	Returns filed CY 1987	Returns examined: Revenue agents	Tax auditors	Service centers	Total	Percent coverage
Individuals, total	**103,251,000**	**352,801**	**532,324**	**175,682**	**1,060,807**	**1.03**
1040A, TPI[1] under $10,000	20,198,000	10,224	42,183	38,943	91,350	0.45
Non 1040A, TPI under $10,000	10,050,000	8,269	21,272	6,091	35,632	0.35
TPI $10,000 under $25,000, simple	21,599,000	24,497	86,406	20,725	131,628	0.61
TPI $10,000 under $25,000, complex	10,044,000	32,243	69,875	23,311	125,429	1.25
TPI $25,000 under $50,000	24,951,000	80,198	186,144	36,328	302,670	1.21
TPI $50,000 and over	10,177,000	106,266	86,125	44,089	236,480	2.32
Schedule C-TGR[2] under $25,000	1,931,000	14,943	12,361	772	28,076	1.45
Schedule C-TGR $25,000 under $100,000	2,156,000	28,135	15,669	1,928	45,732	2.12
Schedule C-TGR $100,000 and over	1,216,000	39,288	8,801	2,970	51,059	4.20
Schedule F-TGR under $25,000	244,000	901	920	83	1,904	0.78
Schedule F-TGR $25,000 under $100,000	443,000	2,570	1,497	157	4,224	0.95
Schedule F-TGR $100,000 and over	242,000	5,267	1,071	285	6,623	2.74
Fiduciary	**2,336,000**	**4,201**			**4,201**	**0.18**
Partnerships	**1,702,786**	**15,789**			**15,789**	**0.93**
Corporations, total	**2,858,500**	**38,078**			**38,078**	**1.33**
Assets not reported	249,000	1,706			1,706	0.69
Under $50,000[3]	865,000	4,068			4,068	0.47
$50,000 under $100,000	409,000	3,398			3,398	0.83
$100,000 under $250,000	564,000	4,920			4,920	0.87
$250,000 under $500,000	295,000	2,396			2,396	0.81
$500,000 under $1 mil	200,000	2,229			2,229	1.11
$1 mil under $5 mil	196,000	5,049			5,049	2.58
$5 mil under $10 mil	28,000	2,124			2,124	7.59
$10 mil under $50 mil	30,000	4,841			4,841	16.14
$50 mil under $100 mil	6,300	1,969			1,969	31.25
$100 mil under $250 mil	4,700	2,058			2,058	43.79
$250 mil and over	4,500	2,868			2,868	63.73
Form 1120F	17,000	432			432	2.54
Small business corporations	**892,000**	**8,848**			**8,848**	**0.99**
Form 1120 DISC	**3,000**	**1,116**			**1,116**	**37.20**
Estate, total	**53,500**	**12,525**			**12,525**	**22.57**
Gross estate under $1 mil	37,000	6,325			6,325	17.09
Gross estate $1 mil under $5 mil	17,000	5,195			5,195	30.56
Gross estate $5 mil and over	1,500	1,005			1,005	67.00
Gift	**104,000**	**1,510**			**1,510**	**1.45**
Income, estate and gift, total	111,212,786	434,868	532,324	175,682	1,142,874	1.03
Excise	**952,204**	**36,960**			**36,960**	**3.88**
Employment	**28,165,000**	**23,311**	**1,241**		**24,552**	**0.09**
Windfall profit	**4,266**	**790**			**790**	**18.52**
Miscellaneous		**50**			**50**	
Service center corrections				**564,767**	**564,767**	

Note: Totals may not add due to rounding.
[1] Total positive income.
[2] Total gross receipts.
[3] Balance sheet assets.

Table 7. — Continued

Recommended additional tax and penalties (in millions): Revenue agents	Tax auditors	Service centers	Total	Average tax and penalty per return: Revenue agents	Tax auditors	Service centers	No-change percent[4]: Revenue agent	Tax auditor	
3,440	**1,166**	**737**	**5,343**	**9,750**	**2,190**	**4,195**	**14**	**14**	**Individuals, total**
163	54	158	375	15,934	1,277	4,052	13	14	1040A, TPI under $10,000
48	22	4	74	5,778	1,025	705	19	20	Non 1040A, TPI under $10,000
48	87	11	146	1,958	1,007	524	15	12	TPI $10,000 under $25,000, simple
65	68	15	147	2,006	977	622	16	12	TPI $10,000 under $25,000, complex
207	272	58	537	2,585	1,459	1,609	16	13	TPI $25,000 under $50,000
1,782	455	436	2,673	16,770	5,277	9,890	12	18	TPI $50,000 and over
55	26	1	83	3,693	2,135	1,678	11	11	Schedule C-TGR under $25,000
156	63	9	228	5,553	3,989	4,753	10	12	Schedule C-TGR $25,000 under $100,000
844	112	41	996	21,479	12,683	13,724	12	16	Schedule C-TGR $100,000 and over
2	1	0	3	2,725	689	763	22	26	Schedule F-TGR under $25,000
7	1	0	9	2,828	926	1,829	16	22	Schedule F-TGR $25,000 under $100,000
62	6	3	72	11,810	5,649	12,173	14	21	Schedule F-TGR $100,000 and over
198			**198**	**47,099**			**15**		**Fiduciary**
							18		**Partnerships**
11,676			**11,676**	**306,624**			**17**		**Corporations, total**
150			150	88,173			14		Assets not reported
71			71	17,466			27		Under $50,000
27			27	7,981			27		$50,000 under $100,000
43			43	8,750			26		$100,000 under $250,000
32			32	13,328			21		$250,000 under $500,000
59			59	26,307			20		$500,000 under $1 mil
320			320	63,293			144		$1 mil under $5 mil
217			217	102,027			11		$5 mil under $10 mil
461			461	95,276			10		$10 mil under $50 mil
203			203	103,080			9		$50 mil under $100 mil
601			601	292,123			6		$100 mil under $250 mil
9,302			9,302	3,243,546			2		$250 mil and over
189			189	437,277			13		Form 1120F
156			**156**	**17,661**			**26**		**Small business corporations**
							28		**Form 1120 DISC**
891			**891**	**71,126**			**9**		**Estate, total**
144			144	22,780			10		Gross estate under $1 mil
290			290	55,886			9		Gross estate $1 mil under $5 mil
456			456	454,171			7		Gross estate $5 mil and over
241			**241**	**159,475**			**17**		**Gift**
16,601	1,166	737	18,504	38,176	2,190	4,195			Income, estate and gift, total
190			**190**	**5,151**			**7**		**Excise**
203	**1**		**204**	**8,718**	**952**		**9**	**6**	**Employment**
1,060			**1,060**	**1,341,933**			**11**		**Windfall Profit**
18				**383,670**			**12**		**Miscellaneous**
		750	**750**			**1,329**			**Service center corrections**

[4] Service center no-change rate by class is not available. Service center examinations resulted in 19 percent no-change.

Table 8. — Returns filed, examination coverage and results (1987)

	Returns filed CY 1988	Returns examined: Revenue agents	Tax auditors	Service centers	Total	Percent coverage
Individuals, total	**101,750,800**	**317,525**	**610,439**	**181,251**	**1,109,215**	**1.09**
1040A, TPI[1] under $10,000	19,904,900	11,008	45,180	49,736	105,924	0.53
Non 1040A, TPI under $10,000	9,904,000	8,711	24,685	8,632	42,028	0.42
TPI $10,000 under $25,000, simple	21,285,600	25,068	86,585	24,181	135,834	0.64
TPI $10,000 under $25,000, complex	9,897,800	29,373	73,919	25,367	128,659	1.30
TPI $25,000 under $50,000	24,588,300	75,890	235,240	32,755	343,885	1.40
TPI $50,000 and over	10,029,100	95,403	95,653	33,379	224,435	2.24
Schedule C-TGR[2] under $25,000	1,903,000	11,378	14,484	942	26,804	1.41
Schedule C-TGR $25,000 under $100,000	2,125,000	22,363	18,334	2,049	42,746	2.01
Schedule C-TGR $100,000 and over	1,198,000	32,437	11,150	2,635	46,222	3.86
Schedule F-TGR under $25,000	240,000	754	1,304	124	2,182	0.91
Schedule F-TGR $25,000 under $100,000	436,500	1,935	2,249	731	4,915	1.13
Schedule F-TGR $100,000 and over	238,600	3,205	1,656	720	5,581	2.34
Fiduciary	**2,276,200**	**5,066**			**5,066**	**0.22**
Partnerships	**1,713,600**	**19,769**			**19,769**	**1.15**
Corporations, total	**2,827,300**	**44,697**			**44,697**	**1.58**
Assets not reported	201,900	1,916			1,916	0.95
Under $50,000[3]	823,700	4,249			4,249	0.52
$50,000 under $100,000	390,700	3,513			3,513	0.90
$100,000 under $250,000	535,600	4,815			4,815	0.90
$250,000 under $500,000	329,000	2,762			2,762	0.84
$500,000 under $1 mil	223,000	2,777			2,777	1.25
$1 mil under $5 mil	218,200	6,596			6,596	3.02
$5 mil under $10 mil	32,200	2,623			2,623	8.15
$10 mil under $50 mil	35,300	5,971			5,971	16.92
$50 mil under $100 mil	7,800	2,785			2,785	35.71
$100 mil under $250 mil	5,500	2,910			2,910	52.91
$250 mil and over	5,400	3,445			3,445	63.80
Form 1120F	19,000	335			335	1.76
Small business corporations	**812,000**	**9,072**			**9,072**	**1.12**
Form 1120 DISC	**8,073**	**1,352**			**1,352**	**16.75**
Estate, total	**67,600**	**15,117**			**15,117**	**22.36**
Gross estate under $1 mil	51,700	8,751			8,751	16.93
Gross estate $1 mil under $5 mil	14,600	5,549			5,549	38.01
Gross estate $5 mil and over	1,300	817			817	62.85
Gift	**101,300**	**1,669**			**1,669**	**1.65**
Income, estate and gift, total	109,556,873	414,267	610,439	181,251	1,205,957	1.10
Excise	**1,035,500**	**38,966**			**38,966**	**3.76**
Employment	**27,812,200**	**45,219**	**1,098**		**46,317**	**0.17**
Windfall profit	**10,300**	**1,555**		**2,816**	**4,371**	**42.44**
Miscellaneous		11			11	
Service center corrections				**503,309**	**503,309**	

Note: Totals may not add due to rounding.
[1] Total positive income
[2] Total gross receipts
[3] Balance sheet assets.

Table 8. — Continued

Recommended additional tax and penalties (in millions): Revenue agents	Tax auditors	Service centers	Total	Average tax and penalty per return: Revenue agents	Tax auditors	Service centers	No-change percent[4]: Revenue agent	Tax auditor	
3,885	**1,286**	**740**	**5,911**	**12,235**	**2,107**	**4,084**	**12**	**14**	**Individuals, total**
119	60	174	354	10,843	1,335	3,501	11	12	1040A, TPI under $10,000
48	25	8	82	5,567	1,033	892	16	21	Non 1040A, TPI under $10,000
59	80	16	155	2,368	919	662	16	14	TPI $10,000 under $25,000, simple
69	75	16	161	2,362	1,015	649	15	13	TPI $10,000 under $25,000, complex
236	301	49	586	3,107	1,280	1,490	14	13	TPI $25,000 under $50,000
1,932	556	402	2,890	20,254	5,817	12,030	10	18	TPI $50,000 and over
66	25	1	93	5,834	1,746	1,529	13	13	Schedule C-TGR under $25,000
163	62	19	243	7,277	3,380	9,147	9	11	Schedule C-TGR $25,000 under $100,000
954	89	42	1,085	29,399	8,015	15,835	12	16	Schedule C-TGR $100,000 and over
3	1	0	5	4,463	789	1,195	24	26	Schedule F-TGR under $25,000
9	3	0	12	4,436	1,158	569	19	19	Schedule F-TGR $25,000 under $100,000
226	6	13	247	70,391	4,766	16,236	14	20	Schedule F-TGR $100,000 and over
78			**78**	**15,425**			**13**		**Fiduciary**
							18		**Partnerships**
10,576			**10,576**	**236,613**			**14**		**Corporations, total**
208			208	108,439			13		Assets not reported
31			31	7,219			21		Under $50,000
40			40	11,428			20		$50,000 under $100,000
73			73	15,067			21		$100,000 under $250,000
48			48	17,339			20		$250,000 under$500,000
64			64	23,138			16		$500,000 under $1 mil
264			264	40,092			14		$1 mil under $5 mil
168			168	63,913			12		$5 mil under $10 mil
477			477	79,907			9		$10 mil under $50 mil
315			315	113,069			7		$50 mil under $100 mil
570			570	195,731			5		$100 mil under $250 mil
8,172			8,172	2,372,096			4		$250 mil and over
147			147	438,982			43		Form 1120F
6			**6**	**657**			**35**		**Small business corporations**
							29		**Form 1120 DISC**
963			**963**	**63,697**			**8**		**Estate, total**
159			159	18,121			9		Gross estate under $1 mil
278			278	50,172			8		Gross estate $1 mil under $5 mil
526			526	643,718			7		Gross estate $5 mil and over
227			**227**	**135,913**			**14**		**Gift**
15,735	1,286	740	17,761	37,982	2,107		13	14	Income, estate and gift, total
159			**159**	**4,074**			**10**		**Excise**
350	**1**		**350**	**7,730**	**528**		**20**	**3**	**Employment**
1,090		**6**	**1,096**	**701,123**		**2,156**	**20**	**3**	**Windfall Profit**
				18,383			**0**		**Miscellaneous**
			477			**947**			**Service center corrections**

[4] Service center no-change rate by class is not available. Service center examinations resulted in 14 percent no-change

Table 9. — Additional tax and penalties recommended after examination by class of tax and by internal revenue regions, districts and other areas *(in thousands of dollars)*

	Total	Individual	Fiduciary	Corporation	Subchapter S corporation	Estate	Gift	Excise	Employment	Exempt organizations	Windfall profit	Miscellaneous
United States	20,017,290	5,342,529	198,482	11,675,865	155,572	891,299	240,807	189,917	204,213	39,498	1,060,127	18,981
North-Atlantic	4,168,754	945,341	17,581	2,896,531	21,925	200,470	6,799	13,391	53,299	13,400	36	—
Mid-Atlantic	1,835,369	448,528	16,834	1,267,158	20,872	88,584	67,069	23,391	22,039	618	346	—
Southeast	1,707,734	549,284	2,711	901,558	23,906	152,057	12,124	36,650	28,081	1,102	62	—
Central	1,425,775	398,337	18,042	754,231	10,037	104,873	109,660	11,534	22,717	5,356	1,983	—
Midwest	2,929,163	692,353	7,425	2,044,295	6,430	91,638	23,848	18,513	41,235	3,053	291	96
Southwest	4,334,573	1,121,935	29,051	2,245,633	58,417	149,750	15,050	70,436	13,052	14,722	618,470	56
Western	3,414,840	1,156,050	106,850	1,510,054	13,984	114,513	15,250	15,892	21,109	1,247	440,943	18,829
International	101,083	32,703	—	56,405	—	9,295	—	—	2,680	—	—	—
North-Atlantic Region:												
Albany	54,011	12,271	67	36,471	33	3,275	—	613	1,281	—	—	—
Augusta	59,875	22,995	3,327	31,837	—	4	—	960	752	—	—	—
Boston	323,499	65,071	2,146	213,023	2,615	27,851	1,103	1,037	10,653	—	—	—
Brooklyn	301,963	159,564	2	120,757	1,842	—	—	3,702	2,671	13,400	26	—
Buffalo	179,612	37,168	264	125,560	1,860	10,498	797	3,071	395	—	—	—
Burlington	9,847	7,654	—	1,765	—	—	—	74	154	—	—	—
Hartford	63,671	31,722	3,158	14,970	321	10,649	98	1,699	1,054	—	—	—
Manhattan	2,641,954	149,011	7,414	2,279,340	15,187	148,192	4,902	2,022	35,904	—	11	—
Portsmouth	71,142	10,597	1,183	58,911	18	—	—	136	398	—	—	—
Providence	23,195	9,104	—	13,998	48	—	—	7	38	—	—	—
Andover Service Center	98,322	98,322	—	—	—	—	—	—	—	—	—	—
Brookhaven Service Center	341,662	341,662	—	—	—	—	—	—	—	—	—	—
Mid-Atlantic Region:												
Baltimore	522,256	104,972	3,320	268,995	6,623	27,301	64,003	9,174	16,910	618	341	—
Newark	268,589	120,018	11,245	111,705	7,814	13,874	264	3,166	502	—	—	—
Philadelphia	363,222	124,701	562	214,679	4,974	11,704	2,387	1,389	2,526	—	—	—
Pittsburgh	607,748	40,404	46	557,750	160	307	—	8,485	592	—	5	—
Richmond	125,652	42,641	1,514	63,490	114	15,417	414	857	1,204	—	—	—
Wilmington	39,033	6,926	46	30,340	1,187	—	—	230	305	—	—	—
Philadelphia Service Center	8,866	8,866	—	—	—	—	—	—	—	—	—	—
Southeast Region:												
Atlanta	365,398	89,225	1,278	211,668	7,249	41,758	4,113	3,850	5,155	1,102	—	—
Birmingham	79,653	38,946	3	31,371	3,846	759	23	2,664	2,042	—	—	—
Columbia	40,772	22,698	—	14,060	55	—	—	3,549	390	—	—	—
Fort Lauderdale	252,493	93,708	91	119,224	4,274	25,540	126	2,737	6,782	—	11	—
Greensboro	384,559	44,428	19	320,149	12	14,330	239	3,042	2,340	—	—	—
Jackson	38,665	17,941	—	20,265	—	—	—	329	128	—	2	—
Jacksonville	149,371	97,442	436	35,179	3,072	7,544	76	2,963	2,652	—	6	—
Little Rock	31,331	13,509	13	16,978	72	—	—	540	219	—	—	—
Nashville	164,554	44,464	58	60,634	445	32,508	4,592	16,664	4,988	—	—	—
New Orleans	172,073	58,058	812	71,808	4,881	29,617	2,055	511	3,388	—	42	—
Atlanta Service Center	12,994	12,994	—	—	—	—	—	—	—	—	—	—
Memphis Service Center	15,871	15,871	—	—	—	—	—	—	—	—	—	—
Central Region:												
Cincinnati	549,806	144,655	16,651	272,928	715	43,873	57,728	1,491	6,408	5,356	1	—
Cleveland	277,313	59,577	751	145,482	3,417	13,235	41,758	3,810	9,281	—	2	—
Detroit	269,163	81,511	265	147,272	2,018	28,616	933	3,346	5,073	—	129	—
Indianapolis	152,713	43,511	139	92,747	152	13,041	41	540	687	—	1,854	—
Louisville	135,686	36,733	105	93,434	3,665	—	—	1,043	704	—	2	—
Parkersburg	21,854	11,109	131	2,369	68	6,108	201	1,303	564	—	—	—
Cincinnati Service Center	19,242	19,242	—	—	—	—	—	—	—	—	—	—
Midwest Region:												
Aberdeen	6,786	4,942	2	408	48	409	225	508	244	—	—	—
Chicago	1,145,288	382,507	5,009	692,263	3,759	46,316	4,598	2,609	5,172	3,053	3	—
Des Moines	123,485	23,495	199	75,428	489	4,942	116	5,548	13,268	—	—	—
Fargo	13,947	8,918	24	2,129	865	1,380	411	170	49	—	—	—
Helena	12,269	8,154	—	1,332	—	2,194	120	430	38	—	—	—
Milwaukee	209,380	37,888	93	164,496	180	2,424	492	2,063	1,659	—	—	66
Omaha	47,163	16,059	412	9,674	1	5,247	5,651	742	9,179	—	—	—
St. Louis	363,137	84,490	793	256,755	668	9,337	991	3,533	6,261	—	278	30
St. Paul	556,522	52,111	559	486,977	115	9,441	1,741	1,903	3,675	—	—	—
Springfield	410,994	33,597	334	354,832	306	9,946	9,301	987	1,689	—	—	—
Kansas City Service Center	40,191	40,191	—	—	—	—	—	—	—	—	—	—
Southwest Region:												
Albuquerque	23,118	14,672	203	3,914	561	1,870	—	1,500	398	—	—	—
Austin	216,820	87,422	1,144	93,777	2,907	24,911	3,696	1,038	1,539	—	86	—
Cheyenne	18,975	11,609	187	5,322	4	1,073	17	278	265	—	—	—
Dallas	926,955	419,997	4,061	320,669	45,154	62,469	2,848	3,924	7,686	14,722	44,425	—
Denver	789,249	74,012	4,048	642,630	1,339	19,614	1,152	45,296	661	—	441	56
Houston	1,488,193	180,603	17,869	771,911	2,243	12,567	3,680	12,161	22	—	486,916	—
Oklahoma City	429,427	91,339	378	237,717	294	8,672	2,087	3,932	321	—	84,487	—
Phoenix	129,038	56,199	11	58,996	1,702	9,851	905	498	884	—	—	—
Salt Lake City	34,009	28,282	275	2,018	2,784	—	—	400	250	—	—	—
Wichita	163,057	41,878	874	106,680	428	8,504	164	1,408	1,007	—	114	—
Austin Service Center	47,762	47,762	—	—	—	—	—	—	—	—	—	—
Ogden Service Center	67,970	67,970	—	—	—	—	—	—	—	—	—	—
Western Region:												
Anchorage	28,435	26,189	—	1,313	64	511	—	60	297	—	—	—
Boise	93,543	18,475	8	67,263	482	1,593	162	1,276	4,285	—	—	—
Honolulu	28,092	16,690	29	9,446	539	615	377	168	227	—	—	—
Laguna Niguel	677,595	215,515	38	615,217	3,120	30,028	456	3,031	9,983	—	82	114
Las Vegas	208,280	37,829	71,622	80,269	4,882	12,976	186	231	284	—	1	—
Los Angeles	710,863	324,928	525	302,019	439	29,157	1,615	5,454	2,681	1,247	42,798	—
Portland	85,010	44,560	593	29,993	100	6,767	155	1,461	1,140	—	—	240
Sacramento	189,943	95,775	31,995	23,814	544	12,973	3,001	802	1,039	—	—	—
San Francisco	789,476	114,260	1,191	254,670	3,183	7,858	6,033	437	449	—	398,062	3,334
San Jose	233,200	123,983	87	84,804	357	8,216	828	2,416	397	—	—	12,112
Seattle	106,294	53,738	770	41,247	273	3,918	2,437	556	326	—	—	3,028
Fresno Service Center	84,106	84,106	—	—	—	—	—	—	—	—	—	—

Table 10. — Number of returns examined by class of tax and by internal revenue regions, districts and other areas.

	Total	Individual	Partnership	Fiduciary	Corporation	Subchapter S corporation	Domestic international sales corporation	Estate	Gift	Employment	Exempt organizations	Employee plans	Excise
United States	1,237,671	1,060,807	15,789	4,201	38,078	8,848	1,110	12,525	1,510	24,552	11,907	20,543	36,960
North-Atlantic	149,448	128,392	1,658	856	5,748	1,433	229	2,314	215	1,586	1,682	1,843	3,477
Mid-Atlantic	116,210	101,703	1,945	387	4,178	1,122	89	1,730	165	1,892	668	1,609	2,714
Southeast	183,355	156,243	1,610	253	5,250	1,602	83	1,827	287	5,010	802	1,840	5,965
Central	114,584	92,153	1,221	386	4,422	974	132	1,312	133	2,414	2,771	5,649	2,984
Midwest	156,716	122,836	1,804	1,181	6,172	1,295	231	1,773	388	4,110	2,176	4,176	10,508
Southwest	221,957	195,007	3,552	370	6,236	1,374	130	1,484	259	4,757	1,950	1,329	5,037
Western	286,753	255,783	3,993	758	5,911	1,046	216	2,151	223	4,082	1,858	4,277	6,273
International	6,636	5,990	5	—	153	2	—	134	—	727			2
North-Atlantic Region:													
Albany	5,695	4,902	3	31	276	37	4	150	18	99	—	—	175
Augusta	3,696	2,888	14	43	153	46	2	1	—	140	—	—	409
Boston	18,982	15,783	242	295	1,082	170	46	499	77	374	—	—	413
Brooklyn	26,135	20,443	154	16	719	371	24	—	—	185	1,682	1,843	686
Buffalo	14,740	12,658	163	103	590	121	14	231	27	194	—	—	631
Burlington	2,295	1,947	24	—	116	45	—	—	—	89	—	—	74
Hartford	11,676	9,935	174	164	543	147	34	284	17	128	—	—	243
Manhattan	30,755	25,261	816	183	1,765	419	101	1,149	76	285	—	—	685
Portsmouth	3,280	2,829	28	4	193	40	4	—	—	41	—	—	141
Providence	4,095	3,647	40	17	309	37	—	—	—	25	—	—	20
Andover Service Center	14,047	14,047	—	—	—	—	—	—	—	—	—	—	—
Brookhaven Service Center	14,052	14,052	—	—	—	—	—	—	—	—	—	—	—
Mid-Atlantic Region:													
Baltimore	24,703	19,062	631	59	781	238	17	324	46	600	668	1,609	663
Newark	25,576	21,482	479	220	1,157	400	25	462	43	246	—	—	1,062
Philadelphia	24,360	21,009	593	34	713	194	1	651	30	680	—	—	455
Pittsburgh	13,191	11,716	73	40	771	74	24	2	—	133	—	—	356
Richmond	17,219	15,520	143	26	639	169	21	291	46	206	—	—	158
Wilmington	2,626	2,379	27	8	117	47	1	—	—	27	—	—	20
Philadelphia Service Center	10,535	10,535	—	—	—	—	—	—	—	—	—	—	—
Southeast Region:													
Atlanta	33,576	27,264	379	40	695	158	22	327	54	1,049	802	1,660	1,125
Birmingham	15,375	13,002	99	7	523	125	2	4	1	639	—	—	971
Columbia	7,960	7,278	62	20	229	29	—	—	—	224	—	—	138
Fort Lauderdale	20,490	17,496	197	29	833	454	—	349	23	439	—	—	663
Greensboro	17,237	14,668	287	7	502	114	23	222	30	717	—	—	667
Jackson	9,335	8,683	59	1	232	35	3	—	—	110	—	—	207
Jacksonville	23,735	20,979	224	37	834	318	3	202	16	668	—	—	449
Little Rock	6,892	6,058	44	15	256	65	—	—	—	205	—	—	248
Nashville	17,906	15,181	126	50	571	140	26	225	30	531	—	—	1,025
New Orleans	16,489	14,284	133	57	575	163	4	298	53	428	—	—	472
Atlanta Service Center	8,216	8,216	—	—	—	—	—	—	—	—	—	—	—
Memphis Service Center	6,134	6,134	—	—	—	—	—	—	—	—	—	—	—
Central Region:													
Cincinnati	25,200	14,445	258	136	757	122	23	365	28	271	2,771	5,649	365
Cleveland	18,548	15,295	253	99	903	143	13	361	43	587	—	—	847
Detroit	27,880	24,086	246	60	1,113	190	77	338	44	707	—	—	1,006
Indianapolis	20,060	17,873	243	29	817	368	13	164	10	245	—	—	291
Louisville	9,801	8,404	188	20	531	105	6	—	—	373	—	—	173
Parkersburg	5,377	4,332	33	42	301	46	—	84	8	231	—	—	300
Cincinnati Service Center	7,718	7,718	—	—	—	—	—	—	—	—	—	—	—
Midwest Region:													
Aberdeen	2,597	1,984	13	46	114	29	—	49	15	173	—	—	174
Chicago	44,495	33,215	306	641	1,354	329	107	408	56	703	2,176	4,176	1,007
Des Moines	10,443	8,498	183	58	397	66	6	145	4	410	—	—	876
Fargo	3,693	3,198	27	21	96	41	—	55	12	92	—	—	151
Helena	4,327	3,496	77	4	310	26	—	41	5	74	—	—	294
Milwaukee	14,115	11,235	129	39	794	78	37	231	45	893	—	—	631
Omaha	7,667	5,679	45	11	406	104	4	146	17	246	—	—	1,009
St. Louis	19,597	15,917	619	186	960	256	14	357	69	653	—	—	552
St. Paul	24,320	16,072	286	139	1,057	299	57	196	47	461	—	—	5,699
Springfield	12,458	10,538	119	36	684	67	6	145	38	405	—	—	315
Kansas City Service Center	13,004	13,004	—	—	—	—	—	—	—	—	—	—	—
Southwest Region:													
Albuquerque	5,654	4,790	31	9	126	37	—	28	2	103	—	—	528
Austin	27,305	24,451	241	89	967	164	20	149	31	874	—	—	298
Cheyenne	3,415	2,854	103	11	110	70	—	41	2	120	—	—	98
Dallas	43,464	34,384	903	58	1,737	326	25	437	43	1,214	1,950	1,329	877
Denver	18,586	15,835	851	41	609	202	19	151	64	284	—	—	483
Houston	28,231	24,626	705	70	855	187	38	163	18	868	—	—	381
Oklahoma City	19,136	16,585	241	39	814	126	16	215	38	224	—	—	758
Phoenix	14,886	13,321	231	18	351	137	7	157	45	372	—	—	241
Salt Lake City	7,224	6,532	173	9	180	79	3	1	—	185	—	—	62
Wichita	11,187	8,560	73	16	487	46	2	141	16	513	—	—	1,311
Austin Service Center	21,280	21,280	—	—	—	—	—	—	—	—	—	—	—
Ogden Service Center	21,589	21,589	—	—	—	—	—	—	—	—	—	—	—
Western Region:													
Anchorage	5,232	4,760	120	—	120	34	—	9	—	172	—	—	17
Boise	4,990	4,208	44	45	123	43	2	43	4	185	—	—	293
Honolulu	4,208	3,485	104	27	237	41	—	22	1	194	—	—	97
Laguna Niguel	48,332	44,942	537	60	1,220	137	24	287	27	456	—	—	484
Las Vegas	10,539	9,575	98	5	190	64	6	48	8	92	—	—	449
Los Angeles	50,072	38,293	1,051	79	993	265	57	581	49	1,131	1,858	4,277	1,364
Portland	9,721	8,141	254	29	341	105	10	136	7	330	—	—	367
Sacramento	20,557	18,494	225	88	499	77	13	237	10	424	—	—	490
San Francisco	22,768	19,773	575	110	1,008	69	54	348	23	397	—	—	362
San Jose	30,529	27,054	497	39	591	93	19	275	32	231	—	—	1,691
Seattle	20,700	17,951	388	276	589	118	31	165	62	460	—	—	659
Fresno Service Center	59,107	59,107	—	—	—	—	—	—	—	—	—	—	—

Table 10A. — Information returns and other correction programs

	Service center contacts	Additional tax and penalties recommended (in millions)
1988		
Underreporter program	3,800,000	$1,817[1]
Other correction programs	105,000	15
1987		
Underreporter program	2,242,000	$1,201[2]
Other correction programs	463,000	22

[1] $474 million of this total is included on Table 7 in service correction results.
[2] $351 million of this total is included on Table 8 in service correction results.

Table 11. — Returns examined by examination divisions

	1987	1988
Additional tax proposed	917,034	861,545
Refunds proposed	90,589	89,460
No adjustments proposed	287,999	254,221
Total	1,295,622	1,205,226
Disposition of examined returns		
Not appealed	1,155,131	1,091,436
Appealed administratively	89,848	83,295
Petitioned to the U.S. Tax Court	48,643	30,495
Total	1,295,622	1,205,226

Table 12. — Examinations resulting in refunds (excluding claims for refunds)

	Number of returns		Amount recommended (in thousand of dollars)	
	1987	1988	1987	1988
Individuals	50,902	47,336	139,576	152,032
Fiduciary	870	674	9,981	12,070
Corporations	3,747	3,150	387,831	325,224
Estate	2,335	1,866	52,275	55,383
Gift	45	36	1,624	529
Excise	1,920	2,105	92,388	82,569
Employment	543	540	5,030	8,232
Total	**60,362**	**55,787**	**688,704**	**636,039**

Table 13. — Results of collection activity (*in thousands*)

	1987	1988
Taxpayer delinquent accounts[1]		
Taxpayer delinquent accounts yield	$ 6,421,420	$ 6,428,495
Opening inventory	1,938	2,322
Issuances[2]	3,015	3,071
Dispositions	2,631	2,617
Closing inventory		
(a) Number of accounts (including queue)	2,322	2,776
(b) Number of queue accounts	271	404
(c) Balance of assessed tax, penalty and interest	$14,277,991	$17,473,574
Delinquent return investigations		
Opening inventory	909	1,394
Issuances[2]	1,540	1,720
Dispositions	1,055	1,271
Closing inventory (including queue)	1,394	1,843
Number of queue accounts	197	288
Returns compliance investigations closed	14	14
Miscellaneous investigations closed	47	43
Offers in compromise received	7	7
Enforcement activity		
Notice of federal tax lien filed	837	838
Notice of levy served upon third party	2,056	2,153
Seizures of property made	20	14

[1] The 1987 taxpayer delinquent account issuances were inflated by approximately 200,000 due to the Non Master File (NMF) conversion. Those cases issued on NMF are now on the Individual Master File (IMF).
[2] Adjusted to balance in accounting method.

Table 14. — Civil penalties assessed and abated (*dollars in thousands*)

	Assessments		Abatements		Net penalties	
	Number	Amount	Number	Amount	Number	Amount
Individual						
Delinquency	1,870,495	700,734	185,096	131,045	1,685,399	569,689
Estimated tax	3,114,574	440,028	120,585	57,810	2,993,989	382,218
Failure to pay	7,564,587	521,439	668,594	53,513	6,895,993	467,926
Bad check	242,518	3,360	10,812	571	231,706	2,789
Fraud	9,304	141,407	871	44,413	8,433	96,994
Negligence	1,127,882	353,476	45,239	52,336	1,082,643	301,140
Other[1]	161,448	228,933	14,608	32,027	146,840	196,906
Total	**14,090,808**	**2,389,377**	**1,045,805**	**371,715**	**13,045,003**	**2,017,662**
Corporation[2]						
Delinquency	152,190	498,350	45,803	490,809	106,387	7,541
Estimated tax	293,027	377,143	46,936	263,030	246,091	114,113
Failure to pay	390,790	277,008	126,442	249,943	264,348	27,065
Bad check	3,089	161	367	40	2,722	121
Fraud	535	82,171	57	8,342	478	73,829
Negligence	3,304	45,920	167	1,886	3,137	44,034
Other	913	41,080	74	4,070	839	37,010
Total	**843,848**	**1,321,833**	**219,846**	**1,018,120**	**624,002**	**303,713**
Employment[3]						
Delinquency	2,267,293	764,678	375,181	272,002	1,892,112	492,676
Failure to pay	4,680,681	368,485	835,546	136,258	3,845,135	232,227
Federal tax deposits	3,545,691	2,612,727	726,335	1,206,943	2,819,356	1,405,784
Bad check	113,285	2,684	4,457	216	108,828	2,468
Fraud	704	2,316	8	19	696	2,297
Other	3,377	3,392	1,320	1,577	2,057	1,815
Total	**10,611,031**	**3,754,282**	**1,942,847**	**1,617,015**	**8,668,184**	**2,137,267**
Excise[4]						
Delinquency	149,131	40,430	22,251	13,993	126,880	26,437
Daily delinquency	40,713	57,703	30,244	52,363	10,469	5,340
Failure to pay	235,042	20,799	50,131	12,735	184,911	8,064
Federal tax deposits	50,020	75,432	9,422	40,677	40,598	34,755
Bad check	4,186	121	349	79	3,837	42
Fraud	887	10,114	206	241	681	9,873
Other	205	3,107	44	1,384	161	1,723
Total	**480,184**	**207,706**	**112,647**	**121,472**	**367,537**	**86,234**
Estate and Gift						
Delinquency	6,354	47,221	2,409	39,835	3,945	7,386
Failure to pay	8,800	25,330	4,910	20,571	3,890	4,759
Bad check	203	112	34	47	169	65
Fraud	10	273	3	29	7	244
Negligence	34	337	5	62	29	275
Other	264	1,403	72	380	192	1,023
Total[5]	**15,665**	**74,676**	**7,433**	**60,924**	**8,232**	**13,752**
All Other[6]						
Delinquency	208,676	509,405	112,635	475,935	96,041	33,470
Failure to pay	144,857	13,541	47,582	8,802	97,275	4,739
Bad check	2,882	161	188	20	2,694	141
Negligence	79	479	24	232	55	247
Missing information	10,807	35,702	5,701	19,483	5,106	16,219
Other	140	525	14	154	126	371
Total	**367,441**	**559,813**	**166,144**	**504,626**	**201,297**	**55,187**
Non-return[6]	**188,326**	**2,603,812**	**68,275**	**1,174,652**	**112,051**	**1,429,160**
Total, all civil penalties	**26,589,383**	**10,911,499**	**3,562,997**	**4,658,524**	**23,026,386**	**6,042,975**

Note: With the exception of estimated tax, assessments and abatements can apply to any tax year.
[1] Includes taxpayer identification number, failure to report tips, miscellaneous and false withholding.
[2] Includes Forms 1120, 990C and 990T.
[3] Includes Forms 940, 941, 942, 943 and CT-1.
[4] Includes Forms 1041A, 5227, 990PF, 990, 4720, 4638, 2290, 11, 11C, 720 and 730.
[5] Includes Forms 1041, 1065 and individual retirement account file.
[6] Includes penalties assessable under the Tax Equity and Fiscal Responsibility Act of 1982, the Tax Reform Act of 1984 and the Tax Reform Act of 1986.

Table 15. — Appeals workload not before the tax court (nondocketed)

	Number of cases[1]	
	1987	1988
Received	60,199	57,364
Regular work	39,738	36,942
Tax shelters	20,461	20,422
Disposed of by agreement	45,441	49,129
Regular work	29,201	34,649
Tax shelters	16,240	14,480
Disposed of as unagreed[2]	2,808	3,037
Regular work	2,765	2,897
Tax shelters	43	140

[1] A case represents taxpayers grouped together by tax periods with common or related issues that may be considered and disposed of together.
[2] Cases docketed in the Tax Court in response to a notice of deficiency issued by Appeals are not included because they remain in inventory, merely shifting from nondocketed to docketed status. However, such cases are considered unagreed for purposes of computing a nondocketed agreement rate of 68.9 percent.
NOTE: Workload shown for FY 1987 has been adjusted to include receipts (10,756) and dispositions (6,475) of penalty appeal and employee plan/exempt organization cases so as to create comparability with FY 1988 data.

Table 16. — Appeals workload petitioned to the tax court (docketed)

	Number of cases[1]	
	1987	1988
Received	40,491	31,298
Regular work	22,685	21,754
Tax shelters	17,806	9,544
Disposed of by agreement	31,412	36,005
Regular work	17,859	21,662
Tax shelters	13,553	14,343
Disposed of as unagreed[2]	3,997	5,145
Regular work	3,012	3,798
Tax shelters	985	1,347

[1] A case represents taxpayers grouped together by tax periods with common or related issues that may be considered and disposed of together.
[2] Cases docketed in the Tax Court in response to a notice of deficiency issued by Appeals that are subsequently tried or settled by Counsel are included. However, they are excluded in computing a 90.7 percent docketed agreement rate because they were already considered as unagreed for purposes of computing the nondocketed agreement rate.

Table 17. — Requests for employee plans and exempt organizations tax rulings and technical advice (closings)

Subject	Total	Taxpayers' requests for tax rulings	Field requests for technical advice
Total	6,123	5,706	417
Actuarial matters	25	21	4
Exempt organizations	4,154	3,834	320
Employee plans	1,944	1,851	93

Table 18. — Determination letters issued on employee retirement income security act employee benefit plans

Letters issued	Stock bonus	Money purchase	Target benefit	Profit sharing	ESOP	Total defined contribution	Defined benefit	Total
Initial qualifications:								
Qualified	475	11,509	673	33,517	82	46,256	16,812	63,068
Participating employees**	(219,063)	(321,484)	(9,680)	(2,405,932)	(43,364)	(2,999,503)	(1,568,008)	(4,567,511)
Not qualified	1	6	1	10	0	18	3	21
Amendments:								
Qualified	751	12,879	417	28,542	54	42,643	21,883	64,526
Not qualified	0	6	0	11	0	17	3	20
Terminations:								
Qualified	13	4,406	28	8,303	*	12,750	11,573	24,323
Not qualified	0	4	0	12	*	16	3	19
Total								
Qualified	1,239	28,794	1,118	70,362	136	101,649	50,268	151,917
Not qualified	1	16	1	33	0	51	9	60

* The termination reporting system does not distinguish between stock bonus and ESOP plans.
**These figures may include employees that are counted as participants in more than one plan.

Table 19. — Number of exempt organizations returns examined by type

Section 501(c)(3)	Private foundation	2,217
	Nonexempt charitable trusts	162
501(c)(3)	All others	2,715
501(c)(4)	Civic leagues, social welfare	816
501(c)(5)	Labor, agriculture, horticulture	518
501(c)(6)	Business leagues	1,350
501(c)(7)	Social and recreational club	2,144
501(c)	All others	1,756
521	Farmers' cooperatives	229
TOTAL		**11,907**

Table 20. — Number of active entities on exempt organizations master file

	1987	1988
Section 501(c):		
(1) Corporations organized under act of Congress	24	24
(2) Titleholding corps	5,977	6,026
(3) Religious, charitable, etc	* 422,103	* 447,525
(4) Social welfare	138,465	138,430
(5) Labor, agriculture organizations	75,238	73,200
(6) Business leagues	59,981	61,275
(7) Social and recreation clubs	60,146	60,877
(8) Fraternal beneficiary societies	98,979	99,568
(9) Voluntary employees' beneficiary societies	10,927	12,360
(10) Domestic fraternal beneficiary societies	17,813	18,574
(11) Teachers' retirement funds	11	11
(12) Benevolent life insurance assns.	5,572	5,682
(13) Cemetery companies	7,942	8,148
(14) Credit unions	6,652	6,786
(15) Mutual insurance companies	950	1,079
(16) Corps. to finance crop operation	18	17
(17) Supplemental unemployment benefit trusts	728	704
(18) Employee funded pension trusts	5	9
(19) War veterans' organizations	24,749	26,122
(20) Legal service organizations	210	207
(21) Black lung trusts	21	22
(22) Multiemployer pension plans	0	0
(23) Veterans associations founded prior to 1880	0	0
(24) Trusts described in section 4049 of ERISA	0	0
(25) Holding companies for pensions etc.	0	9
501(d) Religious and apostolic organizations	**88**	**93**
501(e) Cooperative hospitals	**80**	**79**
501(f) Coop. service orgs. of operating educational orgs.	**1**	**1**
501(k) Treatment of certain organizations providing child care	**0**	**2**
521 Farmers' cooperatives	**2,405**	**2,347**
Taxable farmers' cooperatives	**3,150**	**3,300**
Nonexempt charitable trusts	**38,421**	**39,883**
TOTAL	**978,676**	**1,012,385**

* All section 501(c)(3) organizations are not included because certain organizations, such as churches, integrated auxiliaries, subordinate units and conventions or associations of churches, need not apply for recognition of exemption unless they desire a ruling.

Table 21. — Disposal of exempt organizations applications

	Applications for determination			
	Approved	Denied	Other *	Total
Section 501(c):				
(1) Corporations organized under act of Congress	0	0	1	1
(2) Titleholding corps	171	2	133	306
(3) Religious, charitable, etc	30,498	330	11,354	42,182
(4) Social welfare	2,225	42	794	3,061
(5) Labor, agriculture organizations	461	5	140	606
(6) Business leagues	2,021	45	519	2,585
(7) Social and recreation clubs	1,342	44	832	2,218
(8) Fraternal beneficiary societies	25	3	35	63
(9) Voluntary employees' beneficiary societies	1,366	7	1,422	2,795
(10) Domestic fraternal beneficiary societies	40	1	58	99
(11) Teachers' retirement funds	0	0	1	1
(12) Benevolent life insurance assns.	151	2	85	238
(13) Cemetery companies	254	0	63	317
(14) Credit unions	38	0	0	38
(15) Mutual insurance companies	148	0	121	269
(16) Corps. to finance crop operation	0	0	0	0
(17) Supplemental unemployment benefit trusts	18	0	4	22
(18) Employee funded pension trusts	0	0	1	1
(19) War veterans' organizations	169	0	70	239
(20) Legal service organizations	7	0	8	15
(21) Black lung trusts	1	0	0	1
(22) Multiemployer pension plans	0	0	0	0
(23) Veterans associations founded prior to 1880	0	0	0	0
(24) Trusts described in section 4049 of ERISA	0	0	0	0
(25) Holding companies for pensions etc.	0	0	40	40
501(d) Religious and apostolic organizations	**8**	**0**	**3**	**11**
501(e) Cooperative hospitals	**3**	**0**	**5**	**8**
501(f) Coop. service orgs. of operating educational orgs.	**0**	**0**	**0**	**0**
521 farmers' cooperatives	**20**	**0**	**12**	**32**
Nonexempt charitable trusts	**9**	**0**	**2**	**11**
National Office rulings and determination letters	**2,350**	**151**	**631**	**3,142**
TOTAL	**41,335**	**632**	**16,334**	**58,301**

* Application withdrawn by taxpayer and failure to furnish required information.

Table 22. — Internal revenue collections, costs, employees and U.S. population

Fiscal year	Operating cost	Collections	Cost of collecting $100	Population (thousands)	Tax per capita	Average positions realized: Total	Average positions realized: National Office	Average positions realized: Field
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1959	355,469,228	79,797,972,806	0.44	177,830	448.73	51,226	2,969	48,257
1960	363,735,359	91,774,802,823	0.40	180,671	507.96	51,047	2,910	48,137
1961	413,295,238	94,401,086,398	0.44	183,691	513.91	53,206	3,042	50,164
1962	450,080,420	99,440,839,245	0.45	186,538	533.09	56,481	3,401	53,080
1963	500,804,314	105,925,395,281	0.47	189,242	559.74	59,711	3,657	56,054
1964	549,692,131	112,260,257,115	0.49	191,889	585.03	61,059	3,839	57,220
1965	597,387,471	114,434,633,721	0.52	194,303	588.95	62,098	3,881	58,217
1966	624,861,929	128,879,961,342	0.48	196,560	655.68	63,508	3,982	59,526
1967	667,080,295	148,374,814,552	0.45	198,712	746.68	65,946	3,894	62,052
1968	699,190,304	153,363,837,665	0.46	200,706	765.48	67,574	3,967	63,607
1969	758,785,475	187,919,559,668	0.40	202,677	927.19	66,064	3,862	62,202
1970	886,159,162	195,722,096,497	0.45	204,878	955.31	68,683	4,103	64,580
1971	981,063,297	191,647,198,138	0.51	207,053	925.63	69,972	4,358	64,614
1972	1,127,390,411	209,855,736,878	0.54	208,846	1,004.83	68,549	4,134	64,415
1973	1,162,009,945	237,787,204,058	0.49	210,410	1,130.11	74,170	4,505	69,665
1974	1,312,894,661	268,952,253,663	0.49	211,901	1,269.24	78,921	4,310	74,611
1975	1,584,711,486 [1]	293,822,725,772	0.54	213,559	1,375.84	82,339	4,531	77,808
1976	1,567,311,689 [1]	302,519,791,922	0.56	215,142	1,406.14	84,264	4,732	79,532
1977	1,790,586,738 [1]	358,139,416,730	0.50	217,329	1,647.91	83,743	4,994	78,749
1978	1,962,129,297 [1]	399,776,389,362	0.49	219,033	1,826.61	85,329	4,919	80,410
1979	2,116,166,276 [1]	460,412,185,013	0.46	220,999	2,083.32	86,168	4,978	81,190
1980	2,280,838,622 [1]	519,375,273,361	0.44	228,231 [2]	2,275.66 [2]	87,464	5,114	82,350
1981	2,465,468,704 [1]	606,799,120,630	0.41	230,613 [2]	2,631.24 [2]	86,156	5,110	81,046
1982	2,626,338,036 [1]	632,240,505,595	0.42	232,962 [2]	2,713.92 [2]	82,857	5,098	77,759
1983	2,968,525,840 [1]	627,246,792,581	0.47	235,225 [2]	2,666.58 [2]	83,605 [3]	4,357 [3]	79,248 [3]
1984	3,279,067,495 [1]	680,475,229,453	0.48	237,454 [2]	2,865.71 [2]	87,635 [3]	5,327 [3]	82,308 [3]
1985	3,600,952,523 [1]	742,871,541,283	0.48	239,714 [2]	3,098.99 [2]	92,254	5,454	86,800
1986	3,841,983,050 [1]	782,251,812,225	0.49	241,995 [2]	3,232.51 [2]	95,880	5,361	90,519
1987	4,365,816,254 [1]	886,290,589,996	0.49	244,344 [2]	3,627.22 [2]	102,188	6,253	95,935
1988	5,069,376,692 [1]	935,106,594,222	0.54	246,590	3,792.15	114,873	6,934	107,939

[1] This figure represents actual IRS operating costs from fiscal year 1975 exclusive of reimbursements received from other agencies for services performed. While the operating cost figures for fiscal years prior to 1975 may in some cases include reimbursements, those amounts are small and do not alter the cost figures in column 3.
—Economic stabilization program average positions included in 1972, 1973 and 1974.
—Federal energy program average positions included in 1974.
—1972 adjusted by 3,990 average positions to reflect the AT&F transfer–July 1972. AT&F included in years 1956–71.
—Eleven average positions transferred to Office of the Secretary in 1965. Twenty average positions transferred to Office of the Secretary in 1963.
[2] Population and tax per capita figures have been revised to agree with the Census Bureaus' adjusted data on population.
[3] Methodology to count average positions realized was adjusted in 1984 to conform to Office of Personnel Management instructions. Also, 1983 average positions realized are adjusted for comparability.

Table 23. — Costs incurred by the Internal Revenue Service by activity

(in thousands of dollars)

Appropriation by activity	Total 1987	Total 1988	Pers. comp. and benefits 1987	Pers. comp. and benefits 1988	Other 1987	Other 1988
Total obligations, appropriations and reimbursements	**4,485,115**	**5,094,348**	**3,051,431**	**3,539,210**	**1,353,684**	**1,555,138**
Obligations against appropriated funds	4,365,818	5,069,377	3,036,116	3,523,509	1,329,702	1,545,868
Salaries and expenses						
Total	**90,693**	**88,151**	**56,300**	**55,701**	**34,393**	**32,450**
Executive direction	8,330	8,044	5,512	5,495	2,818	1,549
Management services	82,363	80,107	50,788	49,206	31,575	30,901
Processing tax returns						
Total	**1,421,112**	**1,721,865**	**780,694**	**979,703**	**640,418**	**741,872**
Returns Processing and Revenue Accounting	1,056,202	1,247,032	662,982	797,440	393,220	449,592
Computer Services	364,910	474,633	117,712	182,353	247,198	292,280
Examination and Appeals						
Total	**1,631,990**	**1,796,055**	**1,303,682**	**1,427,143**	**328,308**	**368,912**
Examination	1,304,179	1,399,341	1,032,387	1,107,070	271,792	292,271
Appeals and Tax Litigation	189,694	241,890	160,797	199,170	28,897	42,720
Employee Plans and Exempt Organizations	104,980	120,988	84,536	96,296	20,444	24,692
International	33,137	33,836	25,962	24,607	7,175	9,229
Investigation, Collection and Taxpayer Service						
Total	**1,222,023**	**1,463,506**	**895,440**	**1,060,872**	**326,583**	**402,634**
Tax fraud investigations	245,370	261,585	182,015	198,044	63,355	63,541
Collection	660,659	799,814	500,772	585,838	159,887	213,976
Taxpayer Service	249,606	329,597	153,838	214,375	95,768	115,222
Enforcement Litigation and Technical	66,388	72,510	58,815	62,615	7,573	9,895
Reimbursable obligations, Total	**39,297**	**24,971**	**15,315**	**15,701**	**23,982**	**9,270**

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

(in thousands of dollars)

Internal revenue office, district or region	Total	Personnel compensation	Travel	Equipment	Other
	(1)	(2)	(3)	(4)	(5)
A. TOTAL INTERNAL REVENUE SERVICE	**5,094,348**	**3,539,210**	**167,884**	**174,608**	**1,212,848**
National Office	1,037,135	360,962	27,927	95,720	552,526
North-Atlantic	577,410	450,405	14,187	6,736	106,082
Mid-Atlantic	428,151	332,080	11,278	13,078	71,717
Southeast	599,484	466,644	23,175	9,033	97,632
Central	367,765	284,625	14,885	5,928	62,327
Midwest	413,823	327,115	14,917	5,885	65,906
Southwest	688,965	542,036	23,042	11,171	112,716
Western	657,080	505,663	24,364	13,869	113,184
Regional Appeals	125,795	112,360	4,389	4,197	4,849
Regional Counsel	90,578	76,532	4,395	5,027	4,624
Regional Inspection	48,621	37,391	4,348	2,071	2,811
National Computer Center	1,015	110	4	11	890
IRS Data Center	63,526	43,287	975	1,882	17,382
B. REGIONAL COMMISSIONERS' OFFICE (excluding district directors' offices and service centers)	**356,230**	**88,660**	**17,543**	**15,936**	**244,091**
North-Atlantic	19,922	10,809	1,407	1,575	6,131
Mid-Atlantic	43,388	12,134	1,441	1,186	30,627
Southeast	54,783	11,474	1,835	3,185	38,289
Central	43,062	12,444	3,035	1,389	26,194
Midwest	44,676	11,805	1,789	1,175	29,907
Southwest	72,892	15,080	3,602	3,400	50,810
Western	85,507	14,914	4,434	4,026	62,133
C. DISTRICT DIRECTORS OFFICES AND SERVICE CENTERS	**3,353,448**	**2,819,908**	**109,303**	**49,764**	**365,473**
North-Atlantic	**557,488**	**439,596**	**12,780**	**5,161**	**99,951**
Albany	17,414	13,822	902	258	2,432
Augusta	8,333	6,430	618	158	1,127
Boston	65,016	47,892	1,988	749	14,389
Brooklyn	64,605	51,664	1,504	912	10,525
Buffalo	35,260	27,524	1,653	294	5,789
Burlington	4,353	3,332	317	93	611
Hartford	31,572	25,639	1,200	304	4,429
Manhattan	103,667	84,669	1,928	635	16,435
Portsmouth	8,939	7,041	608	126	1,164
Providence	9,026	7,271	358	88	1,311
North-Atlantic Region centralized training	603	—	549	—	54
Andover Service Center	97,244	76,329	696	938	19,281
Brookhaven Service Center	111,452	87,983	459	606	22,404
Mid-Atlantic	**382,763**	**319,946**	**9,835**	**11,892**	**41,090**
Baltimore	61,555	53,415	1,802	1,462	4,876
Newark	65,587	57,195	2,020	1,858	4,514
Philadelphia	57,851	49,771	1,584	1,590	4,906
Pittsburgh	30,389	25,191	1,029	1,377	2,792
Richmond	41,564	33,219	1,918	1,810	4,617
Wilmington	6,921	5,480	331	345	765
Forms Distribution Center	9,756	7,225	61	172	2,298
Mid Atlantic Region centralized training	490	—	452	—	38
Philadelphia Service Center	106,650	88,450	638	3,278	16,284
Southeast	**541,701**	**455,178**	**21,340**	**5,848**	**59,343**
Atlanta	73,514	60,230	3,629	1,163	8,492
Birmingham	19,209	16,830	1,120	203	1,056
Columbia	14,678	12,518	1,074	167	919
Fort Lauderdale	53,296	45,017	2,705	526	5,048
Greensboro	32,388	28,153	2,041	463	1,731
Jackson	13,503	11,458	995	144	906
Jacksonville	58,638	47,249	2,498	624	8,267
Little Rock	13,692	11,582	1,175	141	794
Nashville	40,121	32,238	2,109	479	5,295
New Orleans	32,497	27,242	2,290	614	2,351
Southeast Region centralized training	932	—	830	—	102
Atlanta Service Center	106,505	91,440	452	699	13,914
Memphis Service Center	82,726	71,213	422	625	10,466
Central	**324,763**	**272,181**	**11,850**	**4,539**	**36,133**
Cincinnati	44,360	36,580	1,719	337	5,724
Cleveland	46,583	39,199	1,790	475	5,119
Detroit	66,457	56,478	2,944	959	6,076
Indianapolis	40,671	33,151	2,062	390	5,068
Louisville	19,729	16,526	1,339	164	1,700
Parkersburg	11,160	9,363	838	169	790
Treasury Complaints Processing Center	678	619	38	7	14
Central Region centralized training	684	—	593	—	91
Cincinnati Service Center	94,381	78,265	527	2,038	13,551
Midwest	**369,147**	**315,310**	**13,128**	**4,710**	**35,999**
Aberdeen	5,073	4,101	452	218	302
Chicago	97,488	86,787	2,892	600	7,209
Des Moines	17,268	14,547	988	178	1,555
Fargo	5,590	4,609	494	127	360
Helena	6,468	5,594	505	47	322
Milwaukee	29,028	24,495	1,315	551	2,667
Omaha	12,969	10,853	597	252	1,267
St. Louis	45,060	38,185	1,996	901	3,978
St. Paul	35,853	30,758	1,614	272	3,209
Springfield	15,696	13,406	972	133	1,115
Forms Distribution Center	8,814	6,598	131	206	1,879
Midwest Region centralized training	657	—	606	—	51
Kansas City Service Center	88,634	74,866	488	1,224	12,056
Treasury Complaints Processing Center	619	511	76	1	29

Table 24. — Continued (*in thousands of dollars*)

Southwest	**616,873**	**526,956**	**19,440**	**7,771**	**61,906**
Albuquerque	10,043	8,665	731	70	577
Austin	43,336	37,759	2,205	347	3,025
Cheyenne	6,046	4,605	645	222	574
Dallas	100,691	86,506	4,223	1,001	8,961
Denver	47,715	40,775	1,887	410	4,643
Houston	69,630	60,538	1,990	904	6,207
Oklahoma City	32,540	28,159	1,698	964	1,719
Phoenix	28,562	24,455	1,282	235	2,590
Salt Lake City	11,400	10,144	655	137	464
Wichita	18,042	15,793	1,072	137	1,040
Treasury Complaints Processing Center	805	630	143	2	30
Southwest Region centralized training	1,392	—	1,095	—	297
Austin Service Center	92,210	75,421	517	1,315	14,957
Ogden Service Center	116,227	98,621	1,025	1,051	15,530
Austin Compliance Center	37,425	34,885	272	976	1,292
Western	**571,573**	**490,749**	**19,930**	**9,843**	**51,051**
Anchorage	13,945	11,561	1,148	131	1,106
Boise	8,678	7,128	649	233	668
Honolulu	10,350	9,213	497	118	522
Laguna Niguel	82,504	70,455	3,997	988	7,064
Los Angeles	109,765	94,543	2,936	2,167	10,019
Portland	21,764	17,987	1,194	367	2,216
Las Vegas	16,753	14,289	754	497	1,213
Sacramento	33,333	29,237	1,527	686	1,883
San Francisco	57,940	49,568	1,210	834	6,328
San Jose	45,233	38,849	2,842	1,094	2,448
Seattle	39,043	33,209	1,657	775	3,402
Western Region centralized training	769	—	673	—	107
Fresno Service Center	128,686	112,745	718	1,608	13,615
Treasury Complaints Processing Center	646	535	88	11	12
Forms Distribution Center	2,152	1,330	40	334	448

Note: Reimbursements are included in the above figures.

Table 25. — Personnel summary

Location and type	Average positions realized 1987	Average positions realized 1988	Number of employees at close of year 1987	Number of employees at close of year 1988
Service total	**102,774**	**115,494**	**114,018**	**123,198**
Permanent	93,180	110,921	107,968	113,219
Temporary	3,594	4,573	6,050	9,979
National Office	**6,395**	**7,079**	**7,054**	**7,964**
Regional Offices[1]	**99,379**	**108,415**	**106,964**	**115,234**
Data Processing Operations	**31,689**	**35,244**	**36,006**	**38,225**
Collection	**16,265**	**18,548**	**17,429**	**19,481**
Revenue officers	7,229	8,238	7,470	8,412
Other	9,036	10,308	9,959	11,069
Taxpayer Service	**6,005**	**7,853**	**7,308**	**8,041**
Taxpayer service specialists	737	1,737	864	1,187
Taxpayer service representatives	1,657	2,194	1,883	2,570
Other	3,611	3,922	4,561	4,284
Examination	**29,243**	**31,895**	**31,112**	**32,863**
Revenue agents	14,944	16,559	16,109	17,323
Tax auditors	3,105	3,242	3,138	3,569
Other	11,194	12,094	11,875	11,971
Employee Plans/Exempt Organizations	**2,311**	**2,562**	**2,409**	**2,753**
EP/EO technicals	1,303	1,487	1,325	1,547
Other	1,008	1,075	1,084	1,206
Appeals	**2,503**	**2,865**	**2,753**	**2,984**
Appeals officers	1,167	1,291	1,242	1,332
Auditors	193	211	207	227
Other	1,143	1,363	1,304	1,425
Tax Fraud	**4,074**	**4,460**	**4,460**	**4,634**
Special agents	2,715	2,881	2,823	3,018
Other	1,359	1,579	1,637	1,616
Executive Direction	**120**	**131**	**133**	**140**
Management Services	**1,765**	**1,772**	**2,484**	**2,850**
Resources Management	**4,586**	**5,480**	**5,310**	**6,298**
Counsel	**2,521**	**2,939**	**2,820**	**3,059**
Inspection	**994**	**1,097**	**1,068**	**1,158**
International[2]	**588**	**650**	**736**	**712**

Note: Reimbursements are included in the above figures.
[1] Includes National Computer Center and the Detroit Data Center.
[2] International was formed during FY 1987.

Table 26. — Chief Counsel cases received[1]

	Tax court cases: Small tax cases	Tax court cases: Other than small cases	Total	General legal services	Refund litigation
1983	10,036	22,574	32,610	3,672	961
1984	12,263	27,670	39,933	4,335	984
1985	14,884	34,258	49,142	4,841	1,023
1986	14,587	34,200	48,787	5,126	1,454
1987	14,230	29,266	43,496	5,743	1,085
1988	12,249	19,451	31,700	6,181	1,141

[1] Received statistics are net numbers, i.e., actual number of cases received plus or minus transfers and adjustments to prior years' receipts.

Table 27. — Chief Counsel receipt and disposal of cases

Division	Types of cases	Pending Oct. 1, 1987	Received[1]	Disposed	Pending Sept. 30, 1988
Disclosures litigations	Disclosure opinions	151	316	265	202
	FOIA opinions	11	33	33	11
	Privacy Act opinions	7	30	28	9
	FOIA litigation	57	24	45	36
	Privacy Act litigation	24	10	19	15
	Section 7217 litigation	1	1	0	2
	Section 7431 litigation	29	17	20	26
	Litigation/coordinations	11	27	30	8
	Appellate litigation	29	19	20	28
	FOIA requests	118	153	90	181
	FOIA appeals	620	799	971	448
	Privacy Act requests	1	2	2	1
	Privacy Act appeals	2	1	3	0
	Total	**1,061**	**1,432**	**1,526**	**967**
Employee benefits and exempt organizations[2]	Legislation	6	0	3	3
	Regulations	75	0	13	62
	Total	**81**	**0**	**16**	**65**
General litigation	Bankruptcies	11,941	15,774	14,821	12,894
	Non-bankruptcy insolvencies	131	94	102	123
	Decedents: incompetents	339	208	214	333
	Collection suits (U.S. Plaintiff)	2,039	3,240	3,333	1,946
	Suits against U.S.	2,139	1,643	1,773	2,009
	Foreign documents requests	4	6	5	5
	Tax return preparers	122	11	93	40
	Summons enforcement	5,563	6,413	7,167	4,809
	Disclosure, FOIA & privacy acts	163	453	456	160
	Advisory opinions	1,580	5,645	5,703	1,522
	Total, all regions[3]	**24,021**	**33,487**	**33,667**	**23,841**
	National Office:				
	Appeals	368	298	372	294
	Advisory	139	520	505	154
	Other centralized cases[4]	21	12	13	20
	Total, National Office	**528**	**830**	**890**	**468**
	Total, all regions[3] **& National Office**	**24,549**	**34,317**	**34,557**	**24,309**
Interpretative[5]	Revenue rulings	114	265	379	0
	Letter rulings	26	22	48	0
	Technical advice	12	7	19	0
	Advisory opinions	16	16	34	0
	Litigation advice	34	75	109	0
	Total	**202**	**387**	**589**	**0**
Legislation & regulations	Legislation	35	0	6	29
	Regulations	354	61	65	350
	Miscellaneous	82	52	51	83
	Total	**471**	**113**	**122**	**462**

[1] Received statistics are net numbers, i.e., actual number of cases received plus or minus transfers and adjustments to prior years' receipts.
[2] Employee Benefits and Exempt Organizations was established on January 1, 1988, as a result of combining work and employees from the Individual Tax Division with the Employee Plans and Exempt Organizations Division. The entire workload of the new Division was converted to the Counsel Automated Tracking System (CATS) format and definitions. Certain adjustments were required to accomplish this conversion. The above figures are for the nine-month period, January through September 1988.
[3] Includes International data.
[4] Includes actions for injunctions and/or declaratory relief.
[5] All pending interpretative Division cases were closed in September 1988 due to the reorganization of Technical that was effective October 1, 1988.

OFFICIALS

COMMISSIONERS OF INTERNAL REVENUE

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

GEORGE S. BOUTWELL
Massachusetts
July 17, 1862/March 4, 1863

JOSEPH J. LEWIS
Pennsylvania
March 18, 1863/June 30, 1865

WILLIAM ORTON
New York
July 1, 1865/Oct. 31, 1865

EDWARD A. ROLLINS
New Hampshire
Nov. 1, 1865/March 10, 1869

COLUMBUS DELANO
Ohio
March 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/April 30, 1883

WALTER EVANS
Kentucky
May 21, 1883/March 19, 1885

JOSEPH S. MILLER
West Virginia
March 20, 1885/March 20, 1889

JOHN W. MASON
West Virginia
March 21, 1889/April 18, 1893

JOSEPH S. MILLER
West Virginia
April 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
March 1, 1899/Nov. 27, 1900

JOHN W. YERKES
Kentucky
Dec. 20, 1900/April 30, 1907

JOHN G. CAPERS
South Carolina
June 5, 1907/Aug. 31, 1909

ROYAL E. CABELL
Virginia
Sept. 1, 1909/April 27, 1913

WILLIAM H. OSBORN
North Carolina
April 28, 1913/Sept. 25, 1917

DANIEL C. ROPER
South Carolina
Sept. 26, 1917/March 31, 1920

WILLIAM M. WILLIAMS
Alabama
April 1, 1920/April 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. HELVERING
Kansas
June 6, 1933/Oct. 8, 1943

ROBERT E. HANNEGAN
Missouri
Oct. 9, 1943/Jan. 22, 1944

JOSEPH D. NUNAN, JR.
New York
March 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
April 1, 1969/June 22, 1971

JOHNNIE M. WALTERS
South Carolina
Aug. 6, 1971/April 30, 1973

DONALD C. ALEXANDER
Ohio
May 25, 1973/Feb. 26, 1977

JEROME KURTZ
Pennsylvania
May 5, 1977/Oct. 31, 1980

ROSCOE L. EGGER, JR.
Indiana
March 14, 1981/April 30, 1986

LAWRENCE B. GIBBS
Texas
Aug. 4, 1986/present

The following served as Acting Commissioner during periods when there was no Commissioner holding the office.

JOSEPH J. LEWIS of Pennsylvania
from March 5 to March 17, 1863

JOHN W. DOUGLASS 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. 18 to Dec. 19, 1900

MILLARD F. WEST of Kentucky
from April 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 Illinois
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 Aug. 5, 1971

HAROLD T. SWARTZ of Indiana
from June 23 to Aug. 5, 1971

RAYMOND F. HARLESS of California
from May 1 to May 25, 1973

WILLIAM E. WILLIAMS of Illinois
from Feb. 27 to May 4, 1977, and
from Nov. 1, 1980 to March 13, 1981

JAMES I. OWENS of Alabama
from May 1 to Aug. 3, 1986

PRINCIPAL OFFICERS OF THE INTERNAL REVENUE SERVICE

as of September 30, 1988

NATIONAL OFFICE

COMMISSIONER
Lawrence B. Gibbs

SENIOR DEPUTY COMMISSIONER
Michael J. Murphy

DEPUTY COMMISSIONER (OPERATIONS)
Charles H. Brennan

DEPUTY COMMISSIONER (PLANNING AND RESOURCES)
John L. Wedick, Jr.

ASSISTANT TO THE COMMISSIONER
Donald T. Rocen

ASSISTANT TO THE COMMISSIONER
Richard C. Stark

ASSISTANT TO THE COMMISSIONER
Kenton E. McDonald

ASSISTANT TO THE COMMISSIONER (LEGISLATIVE AFFAIRS)
Bryan E. Slone

ASSISTANT TO THE SENIOR DEPUTY COMMISSIONER
Robert F. Hilgen

EXECUTIVE SECRETARIAT
David W. Junkins

ASSISTANT TO THE COMMISSIONER (EQUAL EMPLOYMENT OPPORTUNITY)
Hardi L. Jones

ASSISTANT TO THE COMMISSIONER (PUBLIC AFFAIRS)
Ellen Murphy

DIRECTOR LEGISLATIVE AFFAIRS DIVISION
Gayle G. Morin

TAXPAYER OMBUDSMAN
Damon O. Holmes

INSPECTION

ASSISTANT COMMISSIONER
Teddy R. Kern

DEPUTY ASSISTANT COMMISSIONER
Kenneth A. Thompson

DIVISION DIRECTORS:

INTERNAL AUDIT
Erwin Sobin

INTERNAL SECURITY
C. Arnold Decker

INFORMATION SYSTEMS DEVELOPMENT

ASSISTANT COMMISSIONER
Henry H. Philcox

DEPUTY ASSISTANT COMMISSIONER
Mark D. Cox

DIRECTORS:

CORPORATE SYSTEMS
Margaret O'Rourke

DEPARTMENTAL SYSTEMS
David Boose

INPUT PROCESSING
Thomas Dega

PLANNING AND PROJECT MANAGEMENT
Clarence Crawford

STANDARDS AND DATA ADMINISTRATION
Renee Shaw

SYSTEMS ENGINEERING AND INTEGRATION
Theodore Gonter

COMPUTER SERVICES

ASSISTANT COMMISSIONER
Daniel N. Capozzoli

DEPUTY ASSISTANT COMMISSIONER
Walter A. Hutton, Jr.

DIRECTORS:

COMPLIANCE SYSTEMS
Christopher J. Egger

NATIONAL COMPUTER CENTER
Martinsburg, West Virginia
Stephen J. Stalcup

PLANNING, BUDGETING AND REVIEW STAFF
Donald E. Curtis

SYSTEMS MANAGEMENT AND OPERATIONS SERVICES
John F. Devlin

SYSTEMS SUPPORT AND TESTING
Ludwig G. Kuttner

TAX SYSTEMS
Gerald A. Rabe

TELECOMMUNICATIONS
John T. Blank

PROJECT MANAGER, OFFICE OF DISASTER RECOVERY
Donald D. Roy

TAXPAYER SERVICE AND RETURNS PROCESSING

ASSISTANT COMMISSIONER
Dominic E. Pecorella

DEPUTY ASSISTANT COMMISSIONER
John T. Ader

DIRECTORS:

INFORMATION SYSTEMS AND RESOURCES
Charles V. Warzecha

LEGISLATIVE AND MANAGEMENT SUPPORT
Edward J. Martin

RETURNS PROCESSING AND ACCOUNTING
Charles O. Guy

STATISTICS OF INCOME
Frederick J. Scheuren

TAX FORMS & PUBLICATIONS
Edmund Goldwag

TAXPAYER SERVICE
Robert A. LeBaube

PROJECT MANAGERS:

ELECTRONIC FILING PROJECT OFFICE
Richard Moran

INTEGRATED MANAGEMENT SYSTEMS PROJECT OFFICE
Gary L. Brandt

COLLECTION

ASSISTANT COMMISSIONER
Alvin H. Kolak

DEPUTY ASSISTANT COMMISSIONER
Paul M. Harrington

DIRECTORS:

EVALUATION AND RESEARCH
William Rooney

FIELD OPERATIONS
Grant A. Newman

PLANNING & MANAGEMENT
Lewis I. Baurer

PROJECT MANAGERS:

INTEGRATED COLLECTION SYSTEM STAFF
Douglas Firman (acting)

CONNECTIVITY PROJECT STAFF
Michael L. Sollitto

CRIMINAL INVESTIGATION

ASSISTANT COMMISSIONER
Bruce V. Milburn

DEPUTY ASSISTANT COMMISSIONER
Brian M. Bruh

DIRECTORS:

ENFORCEMENT
Gregory Zampogna

PLANNING & DEVELOPMENT
Warren E. Harrison

EXAMINATION

ASSISTANT COMMISSIONER
David G. Blattner

DEPUTY ASSISTANT COMMISSIONER
Robert T. Johnson

DIRECTORS:

COORDINATED EXAMINATION
Donald H. Anderson

DISCLOSURE
Carman L. Gannotti

EXAMINATION PLANNING AND RESEARCH
Richard W. Hays

EXAMINATION PROGRAMS
M. Dianne Grant

EXAMINATION QUALITY
Leonard N. Hall

EXAMINATION SUPPORT SYSTEMS
Manny Ruscheinski

PROJECT MANAGER, AUTOMATED EXAMINATION SYSTEM
Larry E. Burkey

EMPLOYEE PLANS AND EXEMPT ORGANIZATIONS

ASSISTANT COMMISSIONER
Robert I. Brauer

DEPUTY ASSISTANT COMMISSIONER
Robert E. Withers
(Withers also directs the EP/EO Operations Division)

DIRECTORS:

EMPLOYEE PLANS AND EXEMPT ORGANIZATIONS OPERATIONS
Robert E. Withers

EMPLOYEE PLANS TECHNICAL AND ACTUARIAL
Martin I. Slate

EXEMPT ORGANIZATIONS TECHNICAL
Edward D. Coleman

INTERNATIONAL

ASSISTANT COMMISSIONER
Donald E. Bergherm

DEPUTY ASSISTANT COMMISSIONER
Donald L. Houck

DIRECTORS:

INTERNATIONAL PROGRAMS
William C. Roth

MANAGEMENT, SYSTEMS AND PLANNING
Richard Sella

RESOURCES MANAGEMENT
Nancy D'Amato

TAX ADMINISTRATION ADVISORY SERVICES
Socorro Velazquez

TAXPAYER SERVICE AND COMPLIANCE
Thomas Andretta

TAX TREATY AND TECHNICAL SERVICES
Stanley Novack

HUMAN RESOURCES MANAGEMENT & SUPPORT

ASSISTANT COMMISSIONER
Michael P. Dolan

DEPUTY ASSISTANT COMMISSIONER
Orion L. Birdsall, Jr.

DIRECTORS:

CONTRACTS AND ACQUISITIONS
Edward J. Curvey

FACILITIES AND INFORMATION MANAGEMENT SUPPORT
Michael Killfoil

HUMAN RESOURCES
Helen White

NATIONAL OFFICE RESOURCES MANAGEMENT
Robert L. Buono

PRACTICE
Leslie S. Shapiro

PLANNING, FINANCE AND RESEARCH

ASSISTANT COMMISSIONER
John D. Johnson

DEPUTY ASSISTANT COMMISSIONER
Sylvia H. Wren

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DETROIT DATA CENTER
Detroit, Michigan
Jack L. Schroeder

FINANCE
Stephen E. Taylor

PLANNING
Regina M. Deanehan

RESEARCH
Roger L. Plate

REGIONAL AND DISTRICT OFFICERS:

CENTRAL REGION

REGIONAL COMMISSIONER
Patrick J. Ruttle

ASSISTANT REGIONAL COMMISSIONERS:

COLLECTION
Robert G. Phillips

CRIMINAL INVESTIGATION
Inar Morics

DATA PROCESSING
Bruce L. Pitt

EXAMINATION
Paul C. Lally

RESOURCES MANAGEMENT
Jon R. Swan

REGIONAL INSPECTOR
John A. Gibson

ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT
Edward L. Ball

ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY
Harold J. Michaels

DISTRICT DIRECTORS:

CINCINNATI, OH
Harold M. Browning

CLEVELAND, OH
Jack Chivatero

DETROIT, MI
John O. Hummel

INDIANAPOLIS, IN
William M. Jacobs

LOUISVILLE, KY
William E. Palzkill

PARKERSBURG, WV
Ronald W. Kirby

DIRECTOR, CINCINNATI SERVICE CENTER
Frederic P. Williams

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REGIONAL COMMISSIONER
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Leroy C. Gay

CRIMINAL INVESTIGATION
Thomas A. Wise

DATA PROCESSING
Donald N. Spagnuolo

EXAMINATION
Jack Cheskaty

RESOURCES MANAGEMENT
Pam Bigelow

REGIONAL INSPECTOR
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ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT
Walter D. Duvall

ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY
William Gill

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NEWARK, NJ
John J. Jennings

PHILADELPHIA, PA
Gary H. Matthews

PITTSBURGH, PA
George A. O'Hanlon

RICHMOND, VA
Jack G. Petrie

WILMINGTON, DE
Joseph F. Kump

DIRECTOR, PHILADELPHIA SERVICE CENTER
Joseph H. Cloonan

MIDWEST REGION

REGIONAL COMMISSIONER
Elmer W. Kletke

ASSISTANT REGIONAL COMMISSIONERS:

COLLECTION
Allen G. Woodhouse

CRIMINAL INVESTIGATION
Donald K. Vogel

DATA PROCESSING
James A. Grant

EXAMINATION
Leon Moore

RESOURCES MANAGEMENT
Jack E. Shank

REGIONAL INSPECTOR
Ronald J. Lambert

ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT
Harry B. Odom

ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY
James E. Benham

DISTRICT DIRECTORS:

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David H. Reizes

CHICAGO, IL
Richard S. Wintrode, Jr.

DES MOINES, IA
Herma J. Hightower

FARGO, ND
Brian T. Wellesley

HELENA, MT
Arnold D. Wiley

MILWAUKEE, WI
Lawrence M. Phillips

OMAHA, NE
Mitchell E. Premis

SPRINGFIELD, IL
Ira S. Loeb

ST. LOUIS, MO
Ralph F. Shilling

ST. PAUL, MN
C. Dudley Switzer

DIRECTOR, KANSAS CITY SERVICE CENTER
Everett Loury

NORTH-ATLANTIC REGION

REGIONAL COMMISSIONER
Cornelius I. Coleman

ASSISTANT REGIONAL COMMISSIONERS:

COLLECTION
Eugene P. Pfeiffer

CRIMINAL INVESTIGATION
Michael Orth

DATA PROCESSING
Francine Crowley

EXAMINATION
Marshall V. Washburn

RESOURCES MANAGEMENT
Arlene G. Kay

REGIONAL INSPECTOR
Joseph F. Reinbold

ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT
Patrick J. McCool

ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY
William R. Morrison

DISTRICT DIRECTORS:

ALBANY, NY
Edwin A. Kelleher

AUGUSTA, ME
Richard E. Simko

BOSTON, MA
Gerald R. Esposito

BROOKLYN, NY
Eugene D. Alexander

BUFFALO, NY
Donald Mitgang

BURLINGTON, VT
Stephen L. Daige

HARTFORD, CT
James E. Quinn

MANHATTAN, NY
Robert Mirsberger

PORTSMOUTH, NH
John J. Dunne

PROVIDENCE, RI
Malcolm A. Liebermann

DIRECTOR, BROOKHAVEN SERVICE CENTER
Bobby G. Hughes

DIRECTOR, ANDOVER SERVICE CENTER
Thomas M. Quinn

SOUTHEAST REGION

REGIONAL COMMISSIONER
Thomas A. Cardoza

ASSISTANT REGIONAL COMMISSIONERS:

COLLECTION
Charles G. Hoyle

CRIMINAL INVESTIGATION
David B. Palmer

DATA PROCESSING
Henry E. Leech, Jr.

EXAMINATION
Guerry G. Notte

RESOURCES MANAGEMENT
Lee R. Monks

REGIONAL INSPECTOR
Billy G. Morrison

ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT
Lawrence A. Grant

ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY
William F. Coady

DISTRICT DIRECTORS:

ATLANTA, GA
Paul D. Williams

BIRMINGHAM, AL
Philip I. Sullivan

COLUMBIA, SC
Donald L. Breihan

FT. LAUDERDALE, FL
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Tully Miller

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William F. Barlow

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Michael R. Allen

DIRECTOR, MEMPHIS SERVICE CENTER
Raymond P. Keenan

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REGIONAL COMMISSIONER
Richard C. Voskuil

ASSISTANT REGIONAL COMMISSIONERS:

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Jack L. Miller

CRIMINAL INVESTIGATION
Ronald J. Eatinger

DATA PROCESSING
Charles J. Peoples

EXAMINATION
James R. Kopidlansky

RESOURCES MANAGEMENT
James A. Lindsey

REGIONAL INSPECTOR
Derle Rudd

ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT
Don Ford

ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY
John Dietz

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William M. Wauben

AUSTIN, TX
Richard R. Orosco

CHEYENNE, WY
Conrad L. Clapper

DALLAS, TX
Gary O. Booth

DENVER, CO
Gerald F. Swanson

HOUSTON, TX
Arturo A. Jacobs

OKLAHOMA CITY, OK
Kenneth J. Sawyer

PHOENIX, AZ
Prescott A. Berry

SALT LAKE CITY, UT
Carol M. Fay

WICHITA, KS
Clarence M. King, Jr.

DIRECTOR, AUSTIN COMPLIANCE CENTER
Robert D. Ah Nee

DIRECTOR, AUSTIN SERVICE CENTER
Larry G. Westfall

DIRECTOR, OGDEN SERVICE CENTER
Robert E. Wenzel

WESTERN REGION

REGIONAL COMMISSIONER
Thomas P. Coleman

ASSISTANT REGIONAL COMMISSIONERS:

COLLECTION
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CRIMINAL INVESTIGATION
Paul Miyahara

DATA PROCESSING
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EXAMINATION
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RESOURCES MANAGEMENT
Vacant

REGIONAL INSPECTOR
Aldwyn K. Hyatt

ASSISTANT REGIONAL INSPECTOR
INTERNAL AUDIT
Gary D. Bell

ASSISTANT REGIONAL INSPECTOR
INTERNAL SECURITY
Kenneth Davidson

DISTRICT DIRECTORS:

ANCHORAGE, AK
Robert Brock

BOISE, ID
Douglas A. Holm

HONOLULU, HI
Billy J. Brown

LAGUNA NIGUEL, CA
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LOS ANGELES, CA
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PORTLAND, OR
Carolyn K. Leonard

LAS VEGAS, NV
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SAN JOSE, CA
Calvin Esselstrom

SEATTLE, WA
Woodrow D. Malone

DIRECTOR,
FRESNO SERVICE CENTER
Theron C. Polivka

CHIEF COUNSEL FOR THE INTERNAL REVENUE SERVICE

WALTER H. SMITH/1866
WILLIAM MCMICHAEL/1871
CHARLES CHESLEY/1871
THOMAS J. SMITH/1888
ALPHONSO HART/1890
ROBERT T. HOUGH/1893
GEORGE M. THOMAS/1897
ALBERT W. WISHARD/1901
A.B. HAYES/1903
FLETCHER MADDOX/1908
ELLIS C. JOHNSON/1913
A.A. BALLANTINE/1918
D.M. KELLEHER/1919
ROBERT N. MILLER/1919
WAYNE JOHNSON/1920
CARL A. MAPES/1920
NELSON T. HARTSON/1923
ALEXANDER W. GREGG/1925
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MORRISON SHAFORTH/1936
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CHARLES W. DAVIS/1952
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JOHN POTTS BARNES/1955
NELSON P. ROSE/1957
ARCH M. CANTRALL/1958
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SHELDON S. COHEN/1964
MITCHELL ROGOVIN/1965
LESTER R. URETZ/1966
K. MARTIN WORTHY/1969
LEE H. HENKEL, JR./1972
MEADE WHITAKER/1973
STUART E. SEIGEL/1977
N. JEROLD COHEN/1979
KENNETH W. GIDEON/1981
FRED T. GOLDBERG, JR./1984
WILLIAM F. NELSON/1986

The following were Acting Chief Counsel during periods when there was no Chief Counsel holding the office:

JOHN W. BURRUS
from March 2 to Nov. 30, 1936

MASON B. LEMING
from Dec. 6, 1951 to May 15, 1952

KENNETH W. GEMMILL
from June 11 to Nov. 8, 1953

RUDY P. HERTZOG
from Dec. 1, 1954 to MAY 8, 1955, and from Jan. 20 to Aug. 16, 1961, and from Sept. 1, 1963 to Jan. 5, 1964

HERMAN T. REILING
from Jan. 19 to March 13, 1957 and from Aug. 31 to Sept. 20, 1959

RICHARD M. HAHN
from Jan. 20 to June 25, 1969

LEE H. HENKEL, JR.
From Jan. 16 to June 11, 1972

LAWRENCE B. GIBBS
from April 17 to Oct. 19, 1973

CHARLES L. SAUNDERS, JR.
from Jan. 20 to April 15, 1977

LEON G. WIGRIZER
from April 16 to June 23, 1977

LESTER STEIN
from June 1 to Nov. 16, 1979

JEROME D. SEBASTIAN
from Jan. 21 to Feb. 2, 1981 and from March 30 to Aug. 14, 1981

EMORY L. LANGDON
from Feb. 3 to March 29, 1981

JOEL GERBER
from May 28, 1983 to March 17, 1984

V. JEAN OWENS
from March 14 to July 27, 1986

NOTE:
From 1866 to 1926, the chief legal officer for the Internal Revenue Service was known as the Solicitor. For the next eight years, 1926 to 1934, he had the title of General Counsel for the Bureau of Internal Revenue. Since 1934, he has operated under the title of Chief Counsel.

PRINCIPAL OFFICERS OF THE IRS OFFICE OF CHIEF COUNSEL

as of September 30, 1988

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SPECIAL ASSISTANT TO THE CHIEF COUNSEL
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DEPUTY CHIEF COUNSEL
Peter K. Scott

SPECIAL ASSISTANTS TO THE DEPUTY CHIEF COUNSEL
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Richard J. Mihelcic

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CRIMINAL TAX
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DISCLOSURE LITIGATION
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GENERAL LEGAL SERVICES
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INTERPRETATIVE
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TAX LITIGATION
Marlene Gross

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DEPUTY REGIONAL COUNSEL (TAX LITIGATION)
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Appeals-Benny R. McCandless

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Appeals-Raymond H. Fehribach

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Counsel-Charles S. Stroad
Appeals-Zora S. Hargrave

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James A. Dougherty

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DEPUTY REGIONAL COUNSEL (TAX LITIGATION)
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Appeals-Susan H. Hale

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Counsel-Matthew Magnone
Appeals-Patrick Glynn

PHILADELPHIA, PA
Counsel-H. Stephen Kesselman
Appeals-Thomas G. Spaccarelli

PITTSBURGH, PA
Counsel-Edward Peduzzi
Appeals-Thomas E. Douglas

RICHMOND, VA
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Appeals-John D. Piper

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Appeals-Thomas L. Kruse

MIDWEST REGION

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REGIONAL DIRECTOR OF APPEALS
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Counsel-Vacant

BUFFALO, NY
Counsel-John E. White
Appeals-Joseph H. Walz

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Appeals-Joseph F. Scherzinger

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Appeals-Aubry O. Myrick

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Appeals-William C. Reitan

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Appeals-Darrell P. Ladmirault

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Appeals-Robert B. Stipek

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Benjamin C. Sanchez

REGIONAL DIRECTOR OF APPEALS
Donato Cantalupo

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Perry T. Foster

DEPUTY REGIONAL COUNSEL
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Counsel-Wayne R. Appleman

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Counsel-William A. Sims

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Appeals-Oris McMillian

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Counsel-Donald W. Wolf
Appeals-Charles E. Mason

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Appeals-Thomas K. Jarrett

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Counsel-Lawrence G. Lilly
Appeals-Jackson S. Kohagura

SEATTLE, WA
Counsel-Richard J. Shipley
Appeals-Jerald M. Peterson

MAPS

Internal Revenue Service Regions, Districts and Service Centers

Chief Counsel Regional and District Offices

INTERNAL REVENUE SERVICE ORGANIZATION CHART

Department of the Treasury

(Appeals)

(Technical & Legal Services)

Chief Counsel
Deputy Chief Counsel

- Associate Chief Counsel (Finance and Management)
  - General Legal Services
  - Office of Information Systems
  - Office of Planning & Finance
  - Office of Human Resources
- Associate Chief Counsel (Technical)
  - Financial Institutions & Products
  - Corporate
  - Passthroughs & Special Industries
  - Income Tax & Accounting
  - Employee Benefits & Exempt Organizations
- Associate Chief Counsel (International)
  - Technical
  - Litigation & Field Advice
- Associate Chief Counsel (Litigation)
  - Criminal Tax
  - Disclosure Litigation
  - General Litigation
  - Tax Litigation
- National Director of Appeals
  - Office of Training & Quality Programs
  - Office of Field Services
  - Office of Large Case Programs
  - Office of TEFRA & Tax Shelter Programs
  - Office of Information Management Services
  - Office of AES
  - Office of Appraisal Services

Regional Counsel (7)
Deputy Regional Counsel

- Criminal Tax
- General Litigation
- Tax Litigation

Assistant Regional Counsel

- General Legal Services

Regional Director of Appeals

District Counsel

Assistant Commissioner (Inspection)

Divisions:

- Internal Audit
- Internal Security

Regional Commissioners (7)

Assistant Regional Commissioners

- Resources Management
- Criminal Investigation
- Examination
- Data Processing
- Collection

Service Center Directors (10)

Divisions:

- Compliance
- Resources Management
- Computer Services & Accounting
- Processing
- Tax Accounts
- Quality Assurance & Management Support

District Directors (63)

Divisions:

- Collection
- Criminal Investigation
- Examination
- Employee Plans & Exempt Organizations
- Resources Management
- Taxpayer Service

*Not same in all districts

Regional Inspectors (7)
Assistant Regional Inspectors

- Internal Audit
- Internal Security

Commissioner
Senior Deputy Commissioner

Deputy Commissioner (Operations)

Deputy Commissioner (Planning & Resources)

Assistant Commissioner (Criminal Investigation)

- Office of Investigations
- Office of Planning & Development
- Automated Criminal Investigation Project Office

Assistant Commissioner (Examination)

- Automated Examination Systems Project Office
- Office of Examination Programs
- Office of Examination Support Systems
- Office of Examination Planning & Research
- Office of Coordinated Examinations
- Office of Disclosure
- Office of Examination Quality

Assistant Commissioner (Collection)

- Office of Planning & Management
- Office of Field Operations
- Office of Evaluation & Research

Assistant Commissioner (Employee Plans & Exempt Organizations)

- Exempt Organizations Technical Division
- Employee Plans Technical and Actuarial Division
- Employee Plans & Exempt Organizations Operations Division

Assistant Commissioner (International)

- Office of Resources Mgmt.
- Office of Tax Treaty & Technical Services
- Office of Taxpayer Service and Compliance
- Office of Tax Administration Advisory Services
- Office of International Programs
- Office of Management, Planning & Research
- Systems Planning & Quality Improvement Staff

Assistant Commissioner (Taxpayer Service & Returns Processing)

- Office of Legislative & Management Support
- Office of Information Systems & Resources
- Returns Processing & Accounting Division
- Statistics of Income Division
- Taxpayer Service Division
- Tax Forms & Publications Div. Division

Assistants to the Commissioner[1]

Assistant to the Senior Deputy Commissioner

Assistant Commissioner (Planning, Finance & Research)

- Finance Division
- Planning Division
- Research Division

Assistant Commissioner (Human Resources, Management & Support)

- Human Resources Division
- National Office Resources Management Division
- Facilities & Information Management Support Division
- Contracts & Acquisitions Division
- Director of Practice

Assistant Commissioner (Computer Services)

- Planning, Budgeting & Review Staff
- Systems Management & Operation Services Division
- Compliance Systems Division
- Tax Systems Division
- Systems Support & Testing Division
- Telecommunications Division
- Detroit Computing Center
- Martinsburg Computing Center

Assistant Commissioner (Information Systems Development)

- Office of Input Processing
- Office of Departmental Systems
- Office of Corporate Systems
- Office of Standards & Data Administration
- Office of Planning & Project Management
- Office of Systems Engineering & Integration

1. Public Affairs, Legislative Liaison, Taxpayer Ombudsman, Equal Opportunity, Assistants to the Commissioner, Legislative Affairs Division

November 5, 1988

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