Business Nationwide Analysis

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FY 08 NATIONWIDE ANALYSIS Forms 1120 &1120S

Electronic Tax Administration
Business ETA Marketing Database

SB/SE Research

May 2008

Project BKN0090

Acknowledgements

This report was prepared at the SB/SE Research site in Brooklyn/Hartford under the direction of Research Chief Wendy S. Handin. Kenneth Bulcroft was the primary author with valuable support provided by Kevin Mullen. Special thanks to Lisa Burch of ETA for posting this report to www.irs.gov so that it can be used by taxpayers and preparers to learn about e-file progress. For further information, please contact Wendy S. Handin at (718) 488-3260.

Primary Data Sources

- All business tax returns filed for Processing Year 2007
- Returns processed through December 31, 2007 (cycle 200652)
- The Business Marketing Database contains variables from the TRDB (Tax Return Data Base), MTRDB (Modernized TRDB) and Business Masterfile databases as well as the BRTF (Business Returns Transaction File)
- Over 33 million entities

Form 1120 Filers

Corporation Income Tax Return

Processing Year 2007

Form 1120
Annual Filing Volume

Processing Years 2005-2007

Source: 2007 ETA Marketing Database

Annual Filing Volume for *e-file* Form 1120

Source: 2007 ETA Marketing Database

Source: 2007 ETA Marketing Database

Form 1120 Taxpayers Impacted by Mandating *e-filing* for Asset Thresholds

The electronic filing requirements only apply to entities that file at least 250 returns, including income tax, excise tax, information and employment tax returns, during a calendar year.

In Processing Year 2007, 11% of all Form 1120 returns were filed electronically.

Form 1120 by Series

Source: 2007 ETA Marketing Database

Form 1120 Taxpayers Enrolled in EFTPS (Electronic Federal Tax Payment System)

Processing Year 2007

Source: 2007 ETA Marketing Database

Total Number of 1120 Series Taxpayers Making Payments*

Source: 2007 ETA Marketing Database

*Determined using only Form 1120 Series Payment Table records

e-file Migration Between Filing Options

77% of Form 1120 *e-file* Users Remained Loyal

Source: 2007 ETA Marketing Database

Form 1120: Implementation Schedule

Form 1120 Projected *e-file* Penetration Rate

Calendar Year Return Projections by State: Document 6149 (Rev. 2-2008)
Produced by Projections and Forecasting Group (RAS:R)

*Congressional *e-file* goal

Form 1120 Preparer/No Preparer

Total: 2,203,301

Processing Year 2007

Source: 2007 ETA Marketing Database

Recommended Target Market for Form 1120 Electronic Filing

4,723* EROs* *filing more than 50 e-file 1040 & more than 50 1120 returns filed a total of <u>522,547</u> Corporation returns

****Electronic Return Originators***

Source: 2007 ETA Preparer Database

Form 1120: Monthly Filing Patterns

Source: 2007 ETA Marketing Database

e-file Form 1120 Monthly Filing Patterns

Source: 2007 ETA Marketing Database

Form 1120
Filing Pattern by Cycle Posted

Source: 2007 ETA Marketing Database

Form 1120 *e-file* Filing Pattern by Cycle Posted

Source: 2007 ETA Marketing Database

Form 1120 Fiscal Year Returns vs. Calendar Year Returns

Total: 2,203,301

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 1120 Initial Corporation Filings

Processing Years 2005-2007

Source: 2007 ETA Marketing Database

Form 1120 Returns by Industry

(The North American Industry Classification System - NAICS)

NAICS	NAICS TITLE	Total	%
531390	Other Activities Related to Real Estate	99,590	5%
621111	Offices of Physicians (except mental health specialists)	66,734	3%
541990	All Other Professional, Scientific, & Technical Services	60,339	3%
238900	Other Specialty Trade Contractors	47,824	2%
236110	Residential Building Construction	41,760	2%
722110	Full-Service Restaurants	39,246	2%
531310	Real Estate Property Managers	34,834	2%
531110	Lessors of Residential Buildings & Dwellings	33,119	2%
531120	Lessors of Nonresidential Buildings	32,895	1%
812990	All Other Personal Services	32,077	1%

Six of the top 10 NAICS codes involve real estate returns.

Source: 2007 ETA Marketing Database

e-file Form 1120 Returns by Industry

(The North American Industry Classification System - NAICS)

CODE	NAICS TITLE	Total	%
621111	Offices of Physicians	9,003	3%
531390	Other Activities Related to Real Estate	7,726	2%
541990	All Other Professional, Scientific, & Technical Services	6,826	2%
238900	Other Specialty Trade Contractors	5,846	2%
551112	Offices of Holding Companies	4,894	1%
236110	Residential Building Construction	4,457	1%
722110	Full-Service Restaurants	3,907	1%
541110	Offices of Lawyers	3,474	1%
111100	Oilseed & Grain Farming	3,306	1%
524210	Insurance Agencies & Brokerages	3,257	1%

* The percentage of all electronic Forms 1120 filed in PY2007

Source: 2007 ETA Marketing Database

Form 1120 Returns by Business Operating Division

Total: 2,203,301

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 1120 Returns by Assets & Method

	Paper	*e-file*	Total
Under $250,000	1,432,677	144,232	1,576,909
$250,000 Under $1 Million	323,603	43,974	367,577
$1 Million Under $5 Million	159,287	21,097	180,384
$5 Million Under $10 Million	27,024	3,301	30,325
$10 Million Under $50 Million	17,940	11,405	29,345
$50 Million or More	3,232	15,529	18,761
Total	1,963,763	239,538	2,203,301

Processing Year 2007

Source: 2007 ETA Marketing Database

Source: 2007 ETA Marketing Database

Form 1120 Returns Filed by State

Alaska (AK)	3,261	Hawaii (HI)	13,629	Maine (ME)	8,209	New Jersey (NJ)	86,848	South Dakota (SD)	4,778
Alabama (AL)	20,584	Iowa (IA)	22,513	Michigan (MI)	71,768	New Mexico (NM)	9,473	Tennessee (TN)	32,086
Arkansas (AR)	16,157	Idaho (ID)	7,645	Minnesota (MN)	29,249	Nevada (NV)	32,664	Texas (TX)	171,939
Arizona (AZ)	34,111	Illinois (IL)	98,443	Missouri (MO)	36,467	New York (NY)	218,519	Utah (UT)	14,899
California (CA)	308,761	Indiana (IN)	22,348	Mississippi (MS)	15,163	Ohio (OH)	65,056	Virginia (VA)	51,052
Colorado (CO)	33,460	Kansas (KS)	19,122	Montana (MT)	9,099	Oklahoma (OK)	21,689	Vermont (VT)	4,706
Connecticut (CT)	25,045	Kentucky (KY)	18,163	North Carolina (NC)	53,577	Oregon (OR)	22,616	Washington (WA)	37,201
Delaware (DE)	9,262	Louisiana (LA)	35,169	North Dakota (ND)	4,252	Pennsylvania (PA)	64,202	Washington, DC	5,838
Florida (FL)	180,901	Massachusetts (MA)	49,016	Nebraska (NE)	13,427	Rhode Island (RI)	6,772	Wisconsin (WI)	36,332
Georgia (GA)	56,963	Maryland (MD)	42,963	New Hampshire (NH)	10,775	South Carolina (SC)	23,834	West Virginia (WV)	9,481
								Wyoming (WY)	4,601

Source: 2007 ETA Marketing Database

Form 1120 *e-file* Penetration by State

Alaska (AK)	17%	Hawaii (HI)	5%	Maine (ME)	7%	New Jersey (NJ)	8%	South Dakota (SD)	25%
Alabama (AL)	7%	Iowa (IA)	14%	Michigan (MI)	37%	New Mexico (NM)	13%	Tennessee (TN)	10%
Arkansas (AR)	10%	Idaho (ID)	10%	Minnesota (MN)	14%	Nevada (NV)	11%	Texas (TX)	10%
Arizona (AZ)	7%	Illinois (IL)	7%	Missouri (MO)	10%	New York (NY)	5%	Utah (UT)	13%
California (CA)	10%	Indiana (IN)	10%	Mississippi (MS)	7%	Ohio (OH)	12%	Virginia (VA)	8%
Colorado (CO)	9%	Kansas (KS)	17%	Montana (MT)	15%	Oklahoma (OK)	10%	Vermont (VT)	13%
Connecticut (CT)	8%	Kentucky (KY)	7%	North Carolina (NC)	7%	Oregon (OR)	13%	Washington (WA)	13%
Delaware (DE)	9%	Louisiana (LA)	6%	North Dakota (ND)	22%	Pennsylvania (PA)	8%	Washington, DC	6%
Florida (FL)	7%	Massachusetts (MA)	52%	Nebraska (NE)	18%	Rhode Island (RI)	14%	Wisconsin (WI)	19%
Georgia (GA)	8%	Maryland (MD)	6%	New Hampshire (NH)	15%	South Carolina (SC)	9%	West Virginia (WV)	5%
								Wyoming (WY)	15%

Form 1120S Filers

Small Business Corporation
Income Tax Return

Processing Year 2007

Form 1120S
Annual Filing Volume

Processing Years 2005-2007

Source: 2007 ETA Marketing Database

Annual *e-file* Volume for Form 1120S

Source: 2007 ETA Marketing Database

In Processing Year 2007, 15% of all Form 1120S returns were filed electronically.

Source: 2007 ETA Marketing Database

Mandating Impact on Form 1120S

The electronic filing requirements apply only to entities that file at least 250 returns including income tax, excise tax, information and employment tax returns, during a calendar year.

Form 1120S Taxpayers Enrolled in EFTPS (Electronic Federal Tax Payment System)

Processing Year 2007

Source: 2007 ETA Marketing Database

e-file Migration Between Filing Options

81% of Form 1120S *e-file* Users Remained Loyal

Source: 2007 ETA Marketing Database

Form 1120S: Implementation Schedule

Form 1120S Projected *e-file* Penetration Rate

Calendar Year Return Projections by State: Document 6149 (Rev. 2-2008)
Produced by Projections and Forecasting Group (RAS:R)

*Congressional *e-file* goal

Form 1120S Preparer/No Preparer

Total: 4,129,771

Processing Year 2007

Source: 2007 ETA Marketing Database

Recommended Target Market for Form 1120S Electronic Filing

14,159* EROs* *filing more than 50 e-file 1040 & more than 50 1120S returns filed a total of <u>1,719,536</u> S Corporation returns

****Electronic Return Originators***

Source: 2007 ETA Preparer Database

Form 1120S: Monthly Filing Patterns

Source: 2007 ETA Marketing Database

e-file Form 1120S Monthly Filing Patterns

Source: 2007 ETA Marketing Database

Form 1120S
Filing Pattern by Cycle Posted

Source: 2007 ETA Marketing Database

Form 1120S *e-file* Filing Pattern by Cycle Posted

Source: 2007 ETA Marketing Database

Form 1120S Fiscal Year Returns vs. Calendar Year Returns

Total: 4,129,771

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 1120S Initial Corporation Filings

Processing Years 2005-2007

Source: 2007 ETA Marketing Database

Form 1120S Returns by Industry

(The North American Industry Classification System - NAICS)

CODE	NAICS TITLE	Total	%
541990	All Other Professional, Scientific, & Technical Services	139,125	3%
531390	Other Activities Related to Real Estate	137,862	3%
236110	Residential Building Construction	120,038	3%
238900	Other Specialty Trade Contractors	114,563	3%
531210	Offices of Real Estate Agents & Brokers	93,309	2%
531120	Lessors of Nonresidential Buildings	89,903	2%
812990	All Other Personal Services	88,569	2%
722110	Full-Service Restaurants	83,056	2%
621111	Offices of Physicians	79,344	2%
541600	Management, Scientific, & Technical Consulting	71,770	2%

Five of the top 10 NAICS codes represent real estate businesses.

Source: 2007 ETA Marketing Database

e-file Form 1120S Returns by Industry

(The North American Industry Classification System - NAICS)

CODE	NAICS TITLE	Total	%*
541990	All Other Professional, Scientific, & Technical Services	20,449	3%
236110	Residential Building Construction	20,124	3%
531390	Other Activities Related to Real Estate	20,037	3%
238900	Other Specialty Trades	18,930	3%
531210	Offices of Real Estate Agents & Brokers	14,428	2%
531120	Lessors of Nonresidential Buildings	13,376	2%
722110	Full-Service Restaurants	13,373	2%
812990	All Other Personal Services	12,868	2%
621111	Offices of Physicians	11,784	2%
541600	Management, Scientific & Technical Consulting	9,908	2%

* The percentage of all electronic Form 1120S returns filed in PY2007

Source: 2007 ETA Marketing Database

Form 1120S Returns by Business Operating Division

Total: 4,129,771

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 1120S Returns by Assets & Filing Method

	Paper	*e-file*	Total
Under $200,000	2,634,896	453,497	3,088,393
$200,000 to under $10 Million	841,218	160,765	1,001,983
$10 Million or More	20,363	19,032	39,395
Total	3,496,477	633,294	4,129,771

Processing Year 2007

Source: 2007 ETA Marketing Database

Source: 2007 ETA Marketing Database

Form 1120S Returns Filed by State

Alaska (AK)	7,357	Hawaii (HI)	12,388	Maine (ME)	22,338	New Jersey (NJ)	129,819	South Dakota (SD)	12,177
Alabama (AL)	48,113	Iowa (IA)	35,162	Michigan (MI)	127,646	New Mexico (NM)	19,329	Tennessee (TN)	33,452
Arkansas (AR)	37,428	Idaho (ID)	24,688	Minnesota (MN)	90,909	Nevada (NV)	41,086	Texas (TX)	209,378
Arizona (AZ)	73,673	Illinois (IL)	208,511	Missouri (MO)	63,013	New York (NY)	356,749	Utah (UT)	47,765
California (CA)	341,599	Indiana (IN)	91,262	Mississippi (MS)	27,503	Ohio (OH)	119,654	Virginia (VA)	99,833
Colorado (CO)	103,763	Kansas (KS)	30,920	Montana (MT)	21,096	Oklahoma (OK)	46,078	Vermont (VT)	11,272
Connecticut (CT)	26,994	Kentucky (KY)	50,217	North Carolina (NC)	123,919	Oregon (OR)	51,074	Washington (WA)	84,215
Delaware (DE)	14,409	Louisiana (LA)	55,426	North Dakota (ND)	8,484	Pennsylvania (PA)	147,413	Washington, DC	4,792
Florida (FL)	561,129	Massachusetts (MA)	85,784	Nebraska (NE)	27,368	Rhode Island (RI)	18,328	Wisconsin (WI)	55,733
Georgia (GA)	156,511	Maryland (MD)	73,253	New Hampshire (NH)	12,108	South Carolina (SC)	55,734	West Virginia (WV)	11,436
								Wyoming (WY)	10,415

Source: 2007 ETA Marketing Database

Form 1120S *e-file* Penetration by State

Alaska (AK)	29%	Hawaii (HI)	8%	Maine (ME)	11%	New Jersey (NJ)	13%	South Dakota (SD)	33%
Alabama (AL)	10%	Iowa (IA)	18%	Michigan (MI)	44%	New Mexico (NM)	18%	Tennessee (TN)	13%
Arkansas (AR)	14%	Idaho (ID)	16%	Minnesota (MN)	20%	Nevada (NV)	23%	Texas (TX)	14%
Arizona (AZ)	11%	Illinois (IL)	10%	Missouri (MO)	15%	New York (NY)	8%	Utah (UT)	20%
California (CA)	13%	Indiana (IN)	13%	Mississippi (MS)	12%	Ohio (OH)	14%	Virginia (VA)	13%
Colorado (CO)	14%	Kansas (KS)	20%	Montana (MT)	23%	Oklahoma (OK)	14%	Vermont (VT)	17%
Connecticut (CT)	12%	Kentucky (KY)	11%	North Carolina (NC)	10%	Oregon (OR)	19%	Washington (WA)	18%
Delaware (DE)	13%	Louisiana (LA)	8%	North Dakota (ND)	27%	Pennsylvania (PA)	11%	Washington, DC	10%
Florida (FL)	13%	Massachusetts (MA)	69%	Nebraska (NE)	24%	Rhode Island (RI)	22%	Wisconsin (WI)	26%
Georgia (GA)	12%	Maryland (MD)	9%	New Hampshire (NH)	21%	South Carolina (SC)	12%	West Virginia (WV)	9%
								Wyoming (WY)	26%

Form 1120/1120S Summary

- **Only 17% of Form 1120 & 22% of Form 1120S returns are projected to be filed electronically in 2008.**
- **41% of Form 1120 & 38% of Form 1120S taxpayers are enrolled in EFTPS.**
- **31% of Form 1120 Series payments are electronic.**
- **Forms 1120 & 1120S have two peak volume filing months: March and September.**
- **SB/SE accounts for 98% of Forms 1120 and 99% of Forms 1120S filed.**
- **86% of Form 1120 & 93% of Form 1120S filers use a preparer.**

FY 08 NATIONWIDE ANALYSIS Form 1120F

Electronic Tax Administration
Business ETA Marketing Database

SB/SE Research

May 2008

Project BKN0090

Acknowledgements

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Primary Data Sources

- All business tax returns filed for Processing Year 2007
- Returns processed through December 31, 2007 (cycle 200752)
- The Business Marketing Database contains variables from the TRDB (Tax Return Data Base), MTRDB (Modernized TRDB) and Business Masterfile databases as well as the BRTF (Business Returns Transaction File)
- Over 33 million entities

Form 1120F Filers

U.S. Income Tax Return of a Foreign Corporation

Processing Year 2007

Filing Volume: Form 1120F

Processing Years 2005-2007

Source: 2007 ETA Marketing Database

Form 1120F: Implementation Schedule

Form 1120F Filers Impacted <u>If</u> *e-file* Mandates Implemented

The electronic filing requirements only apply to entities that file at least 250 returns, including income tax, excise tax, information and employment tax returns, during a calendar year.

Source: 2007 ETA Marketing Database

Form 1120F Taxpayers Enrolled in EFTPS (Electronic Federal Tax Payment System)

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 1120F Filing Patterns by Cycle Posted

Source: 2007 ETA Marketing Database

Form 1120F Fiscal Year Returns vs. Calendar Year Returns

Total: 27,529

Source: 2007 ETA Marketing Database

Form 1120F Returns by Business Operating Division

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 1120F Returns by Industry

(The North American Industry Classification System - NAICS)

CODE	TITLE	2007	%*
531390	Other Activities Related to Real Estate	2,635	10%
483000	Water Transportation	2,406	9%
531110	Lessors of Residential Buildings & Dwellings	1,708	6%
551112	Offices of Other Holding Companies	1,425	5%
523900	Other Financial Investment Activities	993	4%
480000	Transportation	868	3%
531120	Lessors of Nonresidential Buildings	756	3%
520000	Finance and Insurance	562	2%
484120	General Freight Trucking, Long-distance	555	2%
488510	Freight Transportation Arrangement	336	1%

* The percentage of Form 1120F returns filed in PY 2007.

Source: 2007 ETA Marketing Database

Source: 2007 ETA Marketing Database

Form 1120F Returns Filed by State

Alaska (AK)	4	Hawaii (HI)	198	Maine (ME)	17	New Jersey (NJ)	334	South Dakota (SD)	1
Alabama (AL)	19	Iowa (IA)	9	Michigan (MI)	108	New Mexico (NM)	8	Tennessee (TN)	43
Arkansas (AR)	2	Idaho (ID)	25	Minnesota (MN)	57	Nevada (NV)	28	Texas (TX)	510
Arizona (AZ)	83	Illinois (IL)	151	Missouri (MO)	23	New York (NY)	2,206	Utah (UT)	18
California (CA)	1,066	Indiana (IN)	28	Mississippi (MS)	3	Ohio (OH)	98	Virginia (VA)	689
Colorado (CO)	104	Kansas (KS)	9	Montana (MT)	21	Oklahoma (OK)	18	Vermont (VT)	16
Connecticut (CT)	156	Kentucky (KY)	32	North Carolina (NC)	67	Oregon (OR)	62	Washington (WA)	134
Delaware (DE)	25	Louisiana (LA)	23	North Dakota (ND)	2	Pennsylvania (PA)	93	Washington, DC	58
Florida (FL)	1,792	Massachusetts (MA)	149	Nebraska (NE)	1	Rhode Island (RI)	8	Wisconsin (WI)	26
Georgia (GA)	538	Maryland (MD)	55	New Hampshire (NH)	15	South Carolina (SC)	49	West Virginia (WV)	1
								Wyoming (WY)	5

Form 1120F Summary

- **10% of all Form 1120F taxpayers are enrolled in EFTPS.**
- **Peak volume for Form 1120F occurred in cycle 30 for 2007.**
- **Three of the top 10 NAICS codes reported by Form 1120F filers involved real estate and four involved transportation.**

FY 08 NATIONWIDE ANALYSIS Form 1065

Electronic Tax Administration
Business ETA Marketing Database

SB/SE Research

May 2008

Project BKN0090

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Form 1065 Filers

Return of Partnership Income

Processing Year 2007

Primary Data Sources

- All business tax returns filed for Processing Year 2007
- Returns processed through December 31, 2007 (cycle 200752)
- The Business Marketing Database contains variables from the TRDB (Tax Return Data Base), MTRDB (Modernized TRDB) and Business Masterfile databases as well as the BRTF (Business Returns Transaction File)
- Over 33 million entities

Form 1065
Annual Filing Volume

Processing Years 2004-2007

Source: 2007 ETA Marketing Database

Annual Filing Volume for *e-file* Form 1065

* MeF = Modernized e-file

Source: 2007 ETA Marketing Database

Forms K-1 Associated to Form 1065 Returns

(where each partner is issued one Form K-1)

	Form 1065 Returns	Form K-1
e-file	465,076	7,440,867
Paper	2,666,105	12,517,475

Source: 2007 ETA Marketing Database

In Processing Year 2007, 15% of all Form 1065 Returns were filed electronically.

Form 1065 Projected Electronic Filing Penetration Rate

Calendar Year Return Projections by State: Document 6149 (Rev. 2-2008)
Produced by Projections and Forecasting Group (RAS:R)

*Congressional *e-file* goal

Form 1065 Taxpayers Enrolled in EFTPS
(Electronic Federal Tax Payment System)

Processing Year 2007

Source: 2007 ETA Marketing Database

Total Number of Form 1065 Taxpayers Making Payments*

Source: 2007 ETA Marketing Database

*Determined using only Form 1065 Payment Table records

e-file Migration Between Filing Options

79% of Form 1065 Users Remained Loyal

Source: 2007 ETA Marketing Database

Preparer/No Preparer

Total: 3,131,181

Form 1065 - Processing Year 2007

Source: 2007 ETA Marketing Database

Recommended Target Market for Form 1065 Electronic Filing

7,462* EROs* *filing more than 50 e-file Form 1040 returns & more than 50 Form 1065 returns filed a total of <u>1,135,224</u> partnership returns

****Electronic Return Originators***

Source: 2007 ETA Preparer Database

There are three forms in the 1065 Series:

- Form 1065PTP*
- Form 1065B**
- Form 1065

In Processing Years 2005, 2006 and 2007, Forms 1065PTP and 1065B comprised less than 1% of all Forms in the 1065 series.

* Form 1065-PTP: Publicly Traded Partnerships.
** Form 1065-B: US Return of Income for Electing Large Partnerships

Form 1065 Monthly Filing Patterns

Source: 2007 ETA Marketing Database

e-file Form 1065 Monthly Filing Patterns

Source: 2007 ETA Marketing Database

Form 1065
Filing Pattern by Cycle Posted

Source: 2007 ETA Marketing Database

Form 1065 *e-file* Filing Pattern by Cycle Posted

Source: 2007 ETA Marketing Database

Form 1065 Fiscal Year Returns vs. Calendar Year Returns

Total: 3,131,181

Processing Year 2007

Source: 2007 ETA Marketing Database

Initial Partnership Filings

Processing Years 2005-2007

Source: 2007 ETA Marketing Database

Form 1065 Returns by Business Operating Division

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 1065 Returns by Industry

(The North American Industry Classification System - NAICS)

CODE	TITLE	2007	%*
531120	Lessors of Nonresidential Buildings	448,156	14%
531110	Lessors of Residential Buildings	390,001	12%
531390	Other Activities Related to Real Estate	311,342	10%
531190	Lessors of Other Real Estate Property	90,034	3%
236110	Residential Building Construction	64,398	2%
531310	Real Estate Property Managers	60,280	2%
525990	Other Financial Vehicles	58,170	2%
541990	All Other Professional, Scientific	41,142	2%
523930	Investment Advice	32,039	1%
722110	Full-Service Restaurants	30,636	1%

*** The percentage of all Form 1065 returns filed in PY2007**

Source: 2007 ETA Marketing Database

Electronic Form 1065 Returns by Industry

(The North American Industry Classification System - NAICS)

CODE	TITLE	2007	%*
531120	Lessors of Nonresidential Buildings	**75,272**	**16%**
531110	Lessors of Residential Buildings	**64,115**	**14%**
531390	Other Activities Related to Real Estate	**43,649**	**9%**
523900	Other Financial Investment Activites	**21,103**	**5%**
531190	Lessors of Other Real Estate Property	**13,950**	**3%**
236110	Residential Building Construction	**10,254**	**2%**
531310	Real Estate Property Managers	**10,104**	**2%**
541990	All Other Professional, Scientific	**5,912**	**1%**
541990	Other Financial Vehicles	**5,746**	**1%**
111100	Oilseed & Grain Farming	**4,572**	**1%**

* The percentage of all electronic Form 1065 returns filed in PY 2007

Source: 2007 ETA Marketing Database

Form 1065 Return Partnership Start Dates*

Processing Year 2007

Source: 2007 ETA Marketing Database

* Dates earlier than 1900, missing dates or incorrect dates are considered undefined

Number of Partners for Form 1065 Returns

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 1065 Filers With More Than 100 Partners & K-1's

(where each partner is issued one K-1)

Partnerships with more than 100 Partners filed 6,537 returns & 7,241,614 K-1's

Partnerships with 100 or fewer Partners filed 3,124,644 returns & 12,716,728 K-1's

*Electronic filing is mandated for Form 1065 filers with more than 100 partners.

Source: 2007 ETA Marketing Database

Partnership K-1's

(where each partner is issued one K-1)

Number of Partners	Number of Returns	Number of K-1's	Percent of K-1s
<3	1,732,531	3,463,281	17.35%
3	527,027	1,581,081	7.92%
4	297,111	1,188,444	5.96%
5 - 10	401,894	2,597,784	13.02%
11 - 100	166,081	3,886,138	19.47%
101 - 1,000	5,988	1,345,219	6.74%
>1,000	549	5,896,395	29.54%
Total	3,131,181	19,958,342	100.00%

Source: 2007 ETA Marketing Database

Source: 2007 ETA Marketing Database

Form 1065 Returns Filed by State

Alaska (AK)	6,133	Hawaii (HI)	10,183	Maine (ME)	10,523	New Jersey (NJ)	129,897	South Dakota (SD)	10,465
Alabama (AL)	40,726	Iowa (IA)	30,114	Michigan (MI)	99,286	New Mexico (NM)	17,398	Tennessee (TN)	60,637
Arkansas (AR)	24,790	Idaho (ID)	22,139	Minnesota (MN)	55,610	Nevada (NV)	43,592	Texas (TX)	271,231
Arizona (AZ)	75,367	Illinois (IL)	102,830	Missouri (MO)	59,005	New York (NY)	212,353	Utah (UT)	55,026
California (CA)	344,363	Indiana (IN)	49,809	Mississippi (MS)	23,034	Ohio (OH)	105,234	Virginia (VA)	72,898
Colorado (CO)	83,240	Kansas (KS)	29,972	Montana (MT)	15,616	Oklahoma (OK)	36,937	Vermont (VT)	5,722
Connecticut (CT)	60,650	Kentucky (KY)	37,545	North Carolina (NC)	83,151	Oregon (OR)	42,513	Washington (WA)	68,931
Delaware (DE)	12,461	Louisiana (LA)	51,674	North Dakota (ND)	9,100	Pennsylvania (PA)	109,373	Washington, DC	8,275
Florida (FL)	166,731	Massachusetts (MA)	60,203	Nebraska (NE)	20,173	Rhode Island (RI)	9,932	Wisconsin (WI)	57,828
Georgia (GA)	80,346	Maryland (MD)	61,308	New Hampshire (NH)	14,833	South Carolina (SC)	41,950	West Virginia (WV)	12,463
								Wyoming (WY)	10,526

Source: 2007 ETA Marketing Database

Form 1065 *e-file* Penetration by State

Alaska (AK)	23%	Hawaii (HI)	9%	Maine (ME)	12%	New Jersey (NJ)	19%	South Dakota (SD)	32%
Alabama (AL)	8%	Iowa (IA)	14%	Michigan (MI)	45%	New Mexico (NM)	19%	Tennessee (TN)	12%
Arkansas (AR)	12%	Idaho (ID)	18%	Minnesota (MN)	19%	Nevada (NV)	19%	Texas (TX)	13%
Arizona (AZ)	10%	Illinois (IL)	10%	Missouri (MO)	14%	New York (NY)	8%	Utah (UT)	19%
California (CA)	11%	Indiana (IN)	12%	Mississippi (MS)	13%	Ohio (OH)	15%	Virginia (VA)	11%
Colorado (CO)	12%	Kansas (KS)	18%	Montana (MT)	22%	Oklahoma (OK)	13%	Vermont (VT)	14%
Connecticut (CT)	11%	Kentucky (KY)	11%	North Carolina (NC)	10%	Oregon (OR)	17%	Washington (WA)	15%
Delaware (DE)	13%	Louisiana (LA)	10%	North Dakota (ND)	26%	Pennsylvania (PA)	11%	Washington, DC	8%
Florida (FL)	13%	Massachusetts (MA)	61%	Nebraska (NE)	20%	Rhode Island (RI)	23%	Wisconsin (WI)	21%
Georgia (GA)	10%	Maryland (MD)	9%	New Hampshire (NH)	18%	South Carolina (SC)	13%	West Virginia (WV)	9%
								Wyoming (WY)	25%

Form 1065 Summary

- **1065's have been *e-filed* since 2000, yet only 20% of all 1065's are projected to be *e-filed* in 2008.**
- **12% of all 1065 taxpayers are enrolled in EFTPS.**
- **Form 1065 filers have a 79% *e-file* loyalty rate.**
- **1065's have two peak volume filing times: April and October.**
- **1,364,211 (44%) of 1065 returns represent real estate related activities.**
- **87% of filers use preparers.**
- **44% of partnerships started in 2003 or later.**
- **82% of 1065 filers have fewer than five partners.**

FY 08 NATIONWIDE ANALYSIS Form 2290

Electronic Tax Administration
Business ETA Marketing Database

SB/SE Research

May 2008

Project BKN0090

Acknowledgements

This report was prepared at the SB/SE Research site in Brooklyn/Hartford under the direction of Research Chief Wendy S. Handin. Kenneth Bulcroft was the primary author with valuable support provided by Kevin Mullen. Special thanks to Lisa Burch of ETA for posting this report to www.irs.gov so that it can be used by taxpayers and preparers to learn about e-file progress. For further information, please contact Wendy S. Handin at (718) 488-3260.

Primary Data Sources

- All business tax returns filed for Processing Year 2007
- Returns processed through December 31, 2007 (cycle 200752)
- The Business Marketing Database contains variables from the TRDB (Tax Return Data Base), MTRDB (Modernized TRDB) and Business Masterfile databases as well as the BRTF (Business Returns Transaction File)
- Over 33 million entities

Form 2290 Filers

Heavy Highway Vehicle Use Tax

Processing Year 2007

Filing Volume: Form 2290

Processing Years 2005-2007

Source: 2007 ETA Marketing Database

Form 2290: Implementation Schedule

Form 2290 Projected *e-file* Penetration Rate

Calendar Year Return Projections by State: Document 6149 (Rev. 2-2008)
Produced by Forecasting & Service Analysis (RAS:R)

*Congressional *e-file* goal

Form 2290 Taxpayers Enrolled in EFTPS (Electronic Federal Tax Payment System)

Processing Year 2007

Source: 2007 ETA Marketing Database

Total Number of Form 2290 Taxpayers Making Payments*

Source: 2007 ETA Marketing Database

*Determined using only Form 2290 Payment Table records

Total Number of Form 2290 Taxpayers Making Payments*

Source: 2007 ETA Marketing Database

*Determined using Payment Table records with any MFT code

Form 2290 Filing Patterns by Cycle Posted

Source: 2007 ETA Marketing Database

Form 2290 Returns Filed by Business Operating Division

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 2290 Fiscal Year Returns vs. Calendar Year Returns

Total: 738,978

Source: 2007 ETA Marketing Database

Filing for a July tax period is considered a calendar year.

Form 2290 Returns Filed by Industry

(The North American Industry Classification System - NAICS)

CODE	TITLE	2007	%*
484000	Truck Transportation	130,230	18%
484120	General Freight Trucking, Long-distance	46,880	6%
484110	General Freight Trucking, Local	32,791	4%
480000	Transportation	29,744	4%
004211	Trucking (Principal Business Activity 4210)	19,046	3%
238900	Other Specialty Trade Contract	18,503	3%
484200	Specialized Freight Trucking	16,507	2%
111100	Oilseed and Grain Farming	9,876	1%
110000	Agriculture, Forestry, Fishing and Hunting	7,385	1%
237990	Other Heavy and Civil Engineer	7,245	1%

* The percentage of Form 2290 returns filed in PY 2007.

Source: 2007 ETA Marketing Database

Source: 2007 ETA Marketing Database

Form 2290 Returns Filed by State

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Alaska (AK)	707	Hawaii (HI)	788	Maine (ME)	4,428	New Jersey (NJ)	15,550	South Dakota (SD)	9,713
Alabama (AL)	14,617	Iowa (IA)	18,398	Michigan (MI)	19,009	New Mexico (NM)	4,946	Tennessee (TN)	15,731
Arkansas (AR)	12,208	Idaho (ID)	6,940	Minnesota (MN)	21,989	Nevada (NV)	3,896	Texas (TX)	60,433
Arizona (AZ)	6,724	Illinois (IL)	35,958	Missouri (MO)	18,902	New York (NY)	17,579	Utah (UT)	5,754
California (CA)	73,104	Indiana (IN)	20,700	Mississippi (MS)	10,344	Ohio (OH)	28,061	Virginia (VA)	14,180
Colorado (CO)	8,863	Kansas (KS)	11,850	Montana (MT)	5,970	Oklahoma (OK)	10,150	Vermont (VT)	1,879
Connecticut (CT)	4,430	Kentucky (KY)	13,227	North Carolina (NC)	25,415	Oregon (OR)	10,376	Washington (WA)	13,588
Delaware (DE)	1,822	Louisiana (LA)	11,359	North Dakota (ND)	9,843	Pennsylvania (PA)	27,604	Washington, DC	127
Florida (FL)	40,581	Massachusetts (MA)	7,926	Nebraska (NE)	14,105	Rhode Island (RI)	1,626	Wisconsin (WI)	17,465
Georgia (GA)	23,671	Maryland (MD)	8,571	New Hampshire (NH)	3,108	South Carolina (SC)	11,293	West Virginia (WV)	4,733
								Wyoming (WY)	2,925

Source: 2007 ETA Marketing Database

Form 2290 *e-file* Counts by State

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Alaska (AK)	0	Hawaii (HI)	2	Maine (ME)	3	New Jersey (NJ)	23	South Dakota (SD)	7
Alabama (AL)	51	Iowa (IA)	26	Michigan (MI)	51	New Mexico (NM)	10	Tennessee (TN)	35
Arkansas (AR)	22	Idaho (ID)	21	Minnesota (MN)	19	Nevada (NV)	8	Texas (TX)	172
Arizona (AZ)	31	Illinois (IL)	48	Missouri (MO)	40	New York (NY)	45	Utah (UT)	11
California (CA)	80	Indiana (IN)	31	Mississippi (MS)	15	Ohio (OH)	95	Virginia (VA)	34
Colorado (CO)	58	Kansas (KS)	18	Montana (MT)	4	Oklahoma (OK)	36	Vermont (VT)	1
Connecticut (CT)	2	Kentucky (KY)	21	North Carolina (NC)	38	Oregon (OR)	26	Washington (WA)	27
Delaware (DE)	3	Louisiana (LA)	15	North Dakota (ND)	6	Pennsylvania (PA)	51	Wisconsin (WI)	27
Florida (FL)	100	Massachusetts (MA)	19	Nebraska (NE)	18	Rhode Island (RI)	2	West Virginia (WV)	6
Georgia (GA)	44	Maryland (MD)	20	New Hampshire (NH)	5	South Carolina (SC)	16	Wyoming (WY)	3

Form 2290 Summary

- **Form 2290 *e-file* penetration rate is projected to be 2% by 2008 and 21% by 2014.**
- **24% of all Form 2290 taxpayers are enrolled in EFTPS but only 5% are making any electronic payments.**
- **Peak posting volume for Form 2290 was cycle 39 in 2007.**

FY 08 NATIONWIDE ANALYSIS Form 720

Electronic Tax Administration
Business ETA Marketing Database

SB/SE Research

May 2008

Project BKN0090

Acknowledgements

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- Over 33 million entities

Form 720 Filers

Quarterly Federal Excise Tax

Processing Year 2007

Filing Volume: Form 720

Processing Years 2005-2007

Source: 2007 ETA Marketing Database

Form 720: Implementation Schedule

Form 720 Projected *e-file* Penetration Rate

Calendar Year Return Projections by State: Document 6149 (Rev. 2-2008)
Produced by Forecasting & Service Analysis (RAS:R)

*Congressional *e-file* goal

Form 720 Taxpayers Enrolled in EFTPS (Electronic Federal Tax Payment System)

Processing Year 2007

Source: 2007 ETA Marketing Database

Total Number of Form 720 Taxpayers Making Payments*

Source: 2007 ETA Marketing Database

*Determined using only Form 720 Payment Table records

Form 720 Filing Patterns by Cycle Posted

Source: 2007 ETA Marketing Database

Form 720 Returns Filed by Business Operating Division

Processing Year 2007

Source: 2007 ETA Marketing Database

Form 720 Top 10 NAICS Codes

(The North American Industry Classification System - NAICS)

CODE	TITLE	2007	%*
441110	New car dealers	8,521	8%
517000	Telecommunications	7,302	7%
441229	All other motor vehicle dealers	4,856	5%
481000	Air transportation	4,214	4%
424700	Petroleum & petroleum products	3,399	3%
454312	Liquefied Petroleum Gas (Bottled Gas) Dealers	2,186	2%
212110	Coal mining	2,113	2%
447100	Gasoline stations	2,044	2%
115110	Support activities for crop production (including cotton ginning, soil preparation, planting, & cultivating)	2,028	2%
339900	Other miscellaneous mfg.	1,761	2%

* The percentage of Forms 720 filed in PY 2007.

Source: 2007 ETA Marketing Database

Source: 2007 ETA Marketing Database

Form 720 Returns Filed by State

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Alaska (AK)	586	Hawaii (HI)	282	Maine (ME)	892	New Jersey (NJ)	2,102	South Dakota (SD)	1,008
Alabama (AL)	1,510	Iowa (IA)	2,711	Michigan (MI)	3,584	New Mexico (NM)	551	Tennessee (TN)	1,824
Arkansas (AR)	1,186	Idaho (ID)	872	Minnesota (MN)	3,319	Nevada (NV)	483	Texas (TX)	6,455
Arizona (AZ)	1,237	Illinois (IL)	4,636	Missouri (MO)	3,102	New York (NY)	5,007	Utah (UT)	733
California (CA)	6,877	Indiana (IN)	2,319	Mississippi (MS)	998	Ohio (OH)	3,712	Virginia (VA)	2,139
Colorado (CO)	1,746	Kansas (KS)	2,229	Montana (MT)	951	Oklahoma (OK)	1,559	Vermont (VT)	855
Connecticut (CT)	1,145	Kentucky (KY)	1,813	North Carolina (NC)	2,741	Oregon (OR)	1,355	Washington (WA)	2,232
Delaware (DE)	260	Louisiana (LA)	1,911	North Dakota (ND)	968	Pennsylvania (PA)	5,655	Washington, DC	98
Florida (FL)	4,312	Massachusetts (MA)	1,505	Nebraska (NE)	1,530	Rhode Island (RI)	202	Wisconsin (WI)	3,103
Georgia (GA)	2,463	Maryland (MD)	1,058	New Hampshire (NH)	646	South Carolina (SC)	1,234	West Virginia (WV)	976
								Wyoming (WY)	376

Form 720 Summary

- ***e-file*** **penetration for Form 720 is expected to be 1% for 2008 going up to 20% by 2014.**
- **77% of all Form 720 taxpayers are enrolled in EFTPS and 57% are making electronic payments.**