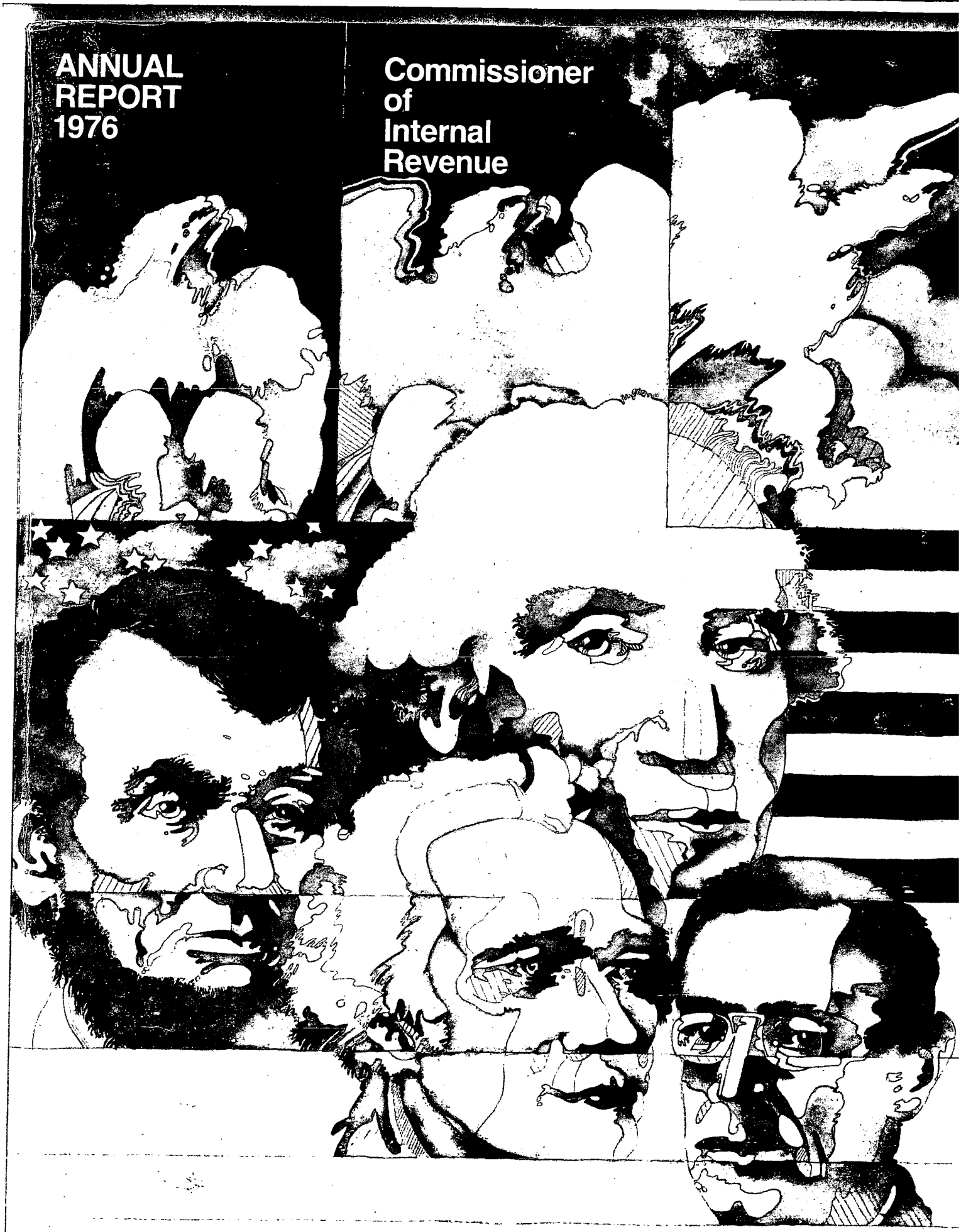
ANNUAL REPORT 1976

Commissioner of Internal Revenue



Introduction

This report of the Commissioner of Internal Revenue reflects a year of progress and achievement. The IRS realized record highs in collections, in audits and in cases recommended for prosecution.

Gross collections rose to $302.5 billion, passing the $300 billion mark for the first time.

Over 2.5 million tax returns of all types were audited, 80,714 more than 1975 and more than any year since 1968.

Criminal prosecution was recommended in more than 3,100 cases.

In assisting taxpayers with their tax problems, we answered the questions of over 38 million people who telephoned or visited our offices. These are achievements of which we can be proud.

We tried to improve our forms and instructions and to reduce the paperwork burden of taxpayers. To administer the complex tax laws, the IRS has developed hundreds of forms and reports which affect some 125 million taxpayers each year. The sheer volume of this paper makes the Revenue Service acutely aware of the benefits of even small reductions in its forms. Our program for paperwork reduction was stepped up with a line-by-line review of the major tax forms to delete any unnecessary items. For example, Form 5500, a pension reporting form, was cut from seven to 4-1/2 pages. Employment tax regulations were amended to provide for an annual, rather than a quarterly filing for the railroad retirement tax returns. For other activities, forms were made simpler and the procedures were made easier.

But our best efforts toward forms simplification were dwarfed by the new tax laws that made our major forms, the 1040 and 1040A, even more complicated. Obviously, the key to a simpler tax form is a simpler tax law.

In other activities progress was more noticeable. Collection of delinquent taxes was up $700 million to reach $3.5 billion.

We processed slightly fewer individual income tax forms last year than in 1975, but overall we processed 127.1 million tax returns of all types, an increase of more than a million over 1975.

With improved data retrieval equipment, we are now able to handle inquiries and requests about tax accounts much faster. In 1976, we processed an average of 2.4 million inquiries per month at each service center.

This report, issued during our bicentennial year, covers the achievements and progress I have mentioned. The myriad of other activities shown in the report, reveal three things pertinent to our country's 200th anniversary celebration. First, our forefathers, 200 years ago, built well. The political system designed for free people which they set in motion is still sound. Second, the statistics in this report show that the people of this country still comply voluntarily with our broad-based and complex tax laws. Third, the statistics speak of a strong and dedicated work force of career civil servants in the IRS.

It is appropriate that the cover of this report depict the great leaders of this country who have contributed to its strength and to the tax system. George Washington, our first president, and Alexander Hamilton, our first Secretary of the Treasury, saw the need for the central government to have the authority to raise revenues. Abraham Lincoln was president when the first income tax law was enacted, and it was he who appointed the first Commissioner of Internal Revenue. Woodrow Wilson was president in 1913 when the constitutional amendment passed and the enabling legislation created the Federal income tax that has led to today's tax system.

I am glad to submit this, my final report to the American people.

Donald C. Alexander

Donald C. Alexander
Commissioner

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Addenda:

Statistical data used in the text and tables of this volume are on a fiscal year basis, unless otherwise noted. For example, data headed "1976" pertains to the fiscal year ended June 30, 1976.

In certain graphs and charts, to illustrate the text, figures have been rounded and may not add precisely to the printed totals in the statistical tables which are based on unrounded figures.

Fiscal year 1976 transitional data to this Annual Report are in a separate appendix, titled, *"Transitional Quarter Appendix to the 1976 Annual Report of the Commissioner of Internal Revenue, July 1-September 30, 1976".*

Chapter 1.

Taxpayer Assistance

"Thousands of Internal Revenue officers and employees must be mobilized and intensively drilled so that they may go forth properly equipped to disseminate among the tax-paying public correct information as to tax procedure".

Daniel C. Roper
Commissioner of Internal Revenue 1918

Assisting Taxpayers

The American Tax System depends upon self-assessment and voluntary compliance. Every year taxpayers must determine their correct tax and file returns reporting it. Recognizing that taxpayers do not find this task easy, the Internal Revenue Service tries to help them to be in a better position to prepare their own returns.

During 1976, the IRS continued to expand assistance to taxpayers through a program designed to offer quality service, and to make taxpayer assistance readily available to taxpayers. Special training in basic tax law requirements was given to increase the effectiveness of taxpayer service personnel.

Before the 1976 filing period, a standard quality review system was implemented nationwide. The methods for providing taxpayer assistance were systematically monitored and measured, to insure the assistance was accurate, courteous, and timely. In over 600,000 contacts randomly sampled during the 1976 filing period (reviewing service prepared returns, observing walk-in inquiries, monitoring responses to taxpayer telephone inquiries, and reviewing referrals and correspondence), taxpayer assistors achieved an accuracy rate of about 90 percent.

The Service also gave special attention to the Taxpayer Service Specialist position in 1976. This professional position was created to provide a more highly qualified tax assistor to handle the more complex technical inquiries. Initially, just over one quarter of the Taxpayer Service Representatives (TSR's) were converted to Specialists.

Concurrently the TSR training courses were revised; and local training supplements were developed to make the course content better fit the job requirements. A Taxpayer Service Sampling Survey was also implemented at the beginning of the filing period to determine the content of actual questions asked by taxpayers to gear quality and training efforts to significant work areas.

Specific criteria were issued for locating Taxpayer Service offices, emphasizing convenience to public transportation and first floor locations. Low noise level and taxpayer privacy were important considerations in selecting locations. During the 1976 filing period, walk-in service was offered in about 740 permanent offices and in over 220 temporary filing-period- only offices. More offices were located in the inner city (133 in 1976 versus 112 in 1975), and in suburban and rural locations (185 in 1976 compared to 92 in 1975), for taxpayer convenience. Extended hours service was offered in most IRS offices, for taxpayers unable to call or visit during normal business hours.

The Service again provided special assistance to taxpayers speaking foreign languages, with 117 offices (and over 390 employees) offering tax assistance in Spanish and 148 offices (and over 500 employees) providing help in other foreign languages.

Under the Volunteer Income Tax Assistance Program (VITA) the Service trained over 20,000 volunteers who provided free tax assistance to elderly, Spanish-speaking, low-income, and other taxpayers in their communities. Over 150,000 individuals attended approximately 3,000 IRS sponsored classes on taxes.

An IRS instructor conducting a training class for Volunteer Income Tax Assistance (VITA) volunteers. The training provides the VITA volunteers with sufficient tax information to assist elderly and low- income taxpayers in their own neighborhoods to fill out their tax returns properly. Over 20,000 VITAS were trained by the IRS in 1976.

A major effort to raise the level of public awareness about the Earned Income Credit (EIC), which benefited low-income taxpayers, was emphasized in Taxpayer Service contacts and through liaison with other Service activities. This program included notices sent with the cooperation of other government agencies (Health, Education, and Welfare, Agriculture, Labor) to taxpayers who were eligible for the EIC. Notices were also sent by IRS to taxpayers who filed tax returns without claiming the EIC, but who apparently qualified based on tax return information. The Earned Income Credit was allowed to about 6 million taxpayers for a total of approximately $1.2 billion, averaging out to some $203 per taxpayer.

During 1976, the Service received about 38 million written, telephone, and walk-in inquiries. The total consisted of over 28 million telephone calls, more than 9 million walk-in inquiries, and over 150 thousand written inquiries. More than 60 percent of these inquiries occurred during the filing period from January 1 through April 30, 1976. In that period, the IRS received almost 17 million telephone calls, over 6 million walk-in inquiries, and over 60,000 written inquiries, for a total of over 23 million requests for assistance.

Toll-free telephone service was again offered nationwide.

Under this system, any taxpayer in the United States may call the IRS for assistance without having to pay a long-distance telephone charge. Toll-free numbers are listed in the income tax return packages provided to taxpayers. Taxpayers may also use the toll-free network to call for information or clarification of the bills and notices they receive relating to their accounts. These notices are accompanied by an enclosure which lists a toll-free telephone number and suggests that the taxpayer use the number to obtain assistance or further explanation.

The toll-free telephone system has provided taxpayers with greater telephone access to IRS offices and has made an IRS office as close to taxpayers as their own telephones.

The Service increased its efforts to employ and train seasonal employees, called WAE's (When Actually Employed). WAE's are regarded by the IRS as permanent employees that are willing to work on an as needed, less than full year schedule. Their training is identical to full schedule IRS employees and they are available to be called during peak workload periods. It is understood they will be furloughed when work diminishes. More than 1600 WAE personnel were trained as a reserve cadre for peak periods. This type of work force permits sufficient flexibility to cope with a wide range of work situations in an economical manner.

Tax Form Improvements

The Service continues in its efforts to ensure that the number and content of reports it requires of the public are kept to the absolute minimum needed to meet the requirements of the law and to permit efficient administration of the tax system. We continued to resist outside efforts to require nontax data on tax forms.

This year we stepped up our simplification effort with a line-by-line review of the major return forms in an attempt to delete unnecessary items and to insure that the forms did not place an undue burden on the public. Our efforts resulted in the elimination of larger numbers of forms and questions than in previous years.

Revenue Adjustment Act

Because the *Revenue Adjustment Act of 1975* was enacted on December 22, 1975, after the tax forms were sent to print, and because the new laws contained various, and in some cases, retroactive effective dates, we had to communicate the provisions of the Act to taxpayers who had already filed fiscal year returns as well as those who were about to file their calendar year returns.

We revised or developed forms, special instructions, tax computation worksheets and issued press releases to notify taxpayers of the tax law changes. Among the forms developed were Form 1040FY (1975-76), *Fiscal Year Tax Computation Schedule*; Form 1040ES, *Estimated Tax Worksheet*; and *Corporation Estimated Tax*, Form 1120-W (FY 1975-76), Form 1120-W (1976), Form 1120-W (1976-77).

New Pension Forms

During 1976, new pension forms were developed to implement the Employee Retirement Income Security Act of 1974. Of major importance were three forms requiring the joint efforts of the Department of Labor and IRS: Form 5500, *Annual Return—Report of Employee Benefit Plan (with 100 or more participants)*; Form 5500-C, *Annual Return—Report of Employee Benefit Plan (with fewer than 100 participants none of whom is an owner-employee)*; and Form 5500-K, *Annual Return—Report of Employee Pension Benefit Plan for Sole Proprietorship and Partnerships (with fewer than 100 participants and at least 1 owner-employee)*. The final version of the forms reflected IRS and DOL response to over 1600 public comments received as a result of publishing the proposed forms in the Federal Register for comment. The new Pension Law also required the development of annual information return Form 5329, *Return for Individual Retirement Savings Arrangement*, which is required to be filed by individuals who have established Individual Retirement Accounts.

Privacy Act Impact

September 28, 1975, was the effective date of the Privacy Act of 1974 provisions that affected many forms, letters, and notices which request information from individuals. The Privacy Act specifies, in part, that we must inform the taxpayer of the authority for the request, of whether compliance is mandatory or voluntary, of the principal purpose for which we intend to use the information, of the routine uses which may be made of the information, and of the effects on the taxpayer of not providing all or part of the information.

To comply with the provisions of the Act which affected over 200 major tax forms, we provided detailed information about the Act on Form 1040 and 1040A instructions to cover all forms, schedules, and supporting statements taxpayers use in connection with their individual tax returns. For filers in need of this information, new Publication 876, *Privacy Act Notification*, was developed between the effective date of the Privacy Act and the date filers received their Form 1040/1040A packages. In August 1975, Notice 403, the *Privacy Act of 1974*, was developed and sent to taxpayers who must furnish their social security numbers for tax administration purposes.

Communications With Taxpayers

During 1976, the Service's program to improve form letters, computer notices, and other similar taxpayer communications continued to be a major objective. A special unit of writer-editors continues to review all such standard communications to ensure they are personalized and understandable to the average taxpayer. National Office units and field offices reviewed a total of 1800 form letters and notices during the year and were able to eliminate 479 of them as duplicative or unnecessary.

The Service continues to inform taxpayers of their rights under the tax laws and to provide complete courteous responses to taxpayer inquiries.

Tax Publications

To reinforce information provided taxpayers during direct contact, and to assure nationwide consistency in the application of the tax laws, the Service also distributes, free of charge, a number of publications.

Taxpayer publications explain the tax law. Each year the IRS publishes numerous pamphlets and instructional packages to assist taxpayers in filing returns. The publications and forms pictured are only a small portion of the tax literature available to the taxpayer.

The major IRS publications are Publication 17, *Your Federal Income Tax*, Publication 334, *Tax Guide for Small Business*, and Publication 225, *Farmer's Tax Guide*. Also, the Service has issued publications dealing with special tax problems, such as reporting the sale of a personal residence or computing the value of donated property.

New tax publications developed in 1976 included Publication 591, *Tax Credit for the New Home Buyer*, Publication 592, *The Federal Gift Tax*, Publication 593, *Income Tax Benefits for U.S. Citizens Who Go Overseas*, Publication 595, *Tax Guide for Commercial Fishermen*, Publication 596, *Tax Benefit for Low-Income Individuals*, Publication 597, *Information on the United States-Canada Income Tax Treaty*, Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*.

Besides our own review, we solicit suggestions from taxpayers, practitioners, organizations, industry groups, and other interested parties for improving tax forms and instructions and reducing reporting requirements. This year for the first time we held a public hearing on Form 1040 and 1040A. Announcements were published in the Federal Register and in the Internal Revenue Bulletin. Local newspapers ran articles inviting all interested persons to present their comments, and public interest groups were encouraged to participate. Nonetheless, only two speakers participated.

Among the changes made on the 1975 return was the addition of address information boxes requested by the Census Bureau for Revenue Sharing purposes. A line was added for the new earned income credit for certain individuals with less than $8,000 adjusted gross income, and for the new deduction of $30 for each personal exemption other than exemptions for age and blindness. Also, optional tax tables were expanded to cover adjusted gross income of up to $15,000.

The Mass Media

The Service continued to use the nation's mass media to furnish tax information to the public. In 1976, over 17,900 radio and TV stations, daily and weekly newspapers, and magazines received material prepared by the IRS to inform and assist taxpayers. Service personnel participated in 6,432 interviews, answered 19,243 media inquiries, and made 5,642 talks to citizen groups.

Nearly 8,200 news releases were issued to the media. These releases covered such topics as services available to taxpayers, appeal rights, correct filing of returns, the Presidential campaign fund check-off, tax advice for disaster victims, earned income credit, pension benefit plans, the real estate allowance, the personal exemption allowance, as well as numerous releases relating to rulings, procedures, regulations, and other legal interpretations, positions, and announcements.

Some of the releases, as well as radio and TV scripts, were translated into Spanish for use in areas where it is widely spoken as a second language. Tax question-and-answer columns were written for nationwide distribution to weekly newspapers and magazines.

The Service also produced and distributed to field offices two color films; one covering audit and appeals procedures, and the other providing tax information to assist small businessmen. These IRS films were shown on 152 occasions by TV outlets and 2,430 occasions by civic associations and educational groups from January through June of 1976.

Electronic Tax Service

The Integrated Data Retrieval System (IDRS), which links all district and area offices and Puerto Rico through video terminals to computer files at the IRS service centers, processed 282.2 million inquiries during 1976.

The installation of large computers and related components with faster processing capabilities has enabled the Service to be more responsive to taxpayer requests and has caused rapid growth in the use of the equipment. The IRS service centers processed an average of 2.4 million inquiries per service center each month during the last half of 1976 compared to 1.8 million in the same period in 1975, an increase of 33 percent.

Chapter 2

Collecting the Revenue

When the Internal Revenue presented Mark Twain with an 1864 tax bill for $36.82, plus a $3.12 delinquency penalty, he wrote his editor, *"I am taxed on my income. This is perfectly gorgeous. I never felt so important in my life".*

Mark Twain's Letters,
Albert B. Paine, Editor
Harper & Row, 1917

Receipts

Gross revenue collections in FY 1976 totaled $302.5 billion, an increase of $8.7 billion (3.0 percent) over fiscal 1975. Collections passed the $300 billion mark for the first time, just four years after the $200 billion level was achieved and thirteen years after the $100 billion line was crossed. The growth in collections was the smallest in five years due, partly, to tax reductions for individuals and corporations under the 1975 Tax Reduction and Revenue Adjustment Acts.

Income taxes accounted for over two-thirds of all tax receipts. Individual income taxes amounted to $159.0 billion, up $2.6 billion (1.6 percent) over 1975. Corporate income taxes were $46.8 billion, an increase of $1.0 billion (2.3 percent).

Employment taxes of $74.2 billion registered the largest dollar increase for the year, rising $4.1 billion (5.8 percent). An increase in the social security wage base and higher wage and salary levels were major factors affecting this area.

Excise tax revenue of $17.3 billion rose $0.4 billion (2.4 percent). Receipts from this source reflected a general increase despite a reduction in manufacturers' tax on trucks and buses, the continued phasing out of the telephone excise tax, and repeal of the sugar tax.

Estate and gift tax collections of $5.3 billion recorded the largest rate of increase of any major tax category for the year, advancing 13.2 percent ($0.6 billion). Both the estate and gift tax components of this combined tax class were higher.

Returns Filed and Refunds Issued
Individual Income Tax* January-June
(Cumulative 000's, cumulative percentages)

1975	Jan	Feb	Mar	Apr	May	June
Returns Filed						
Volume	9,721r	37,266	54,252	81,244r	82,370	83,278
Percent	11.7	44.7	65.1	97.6	98.9	100
Refunds Issued						
Volume	2,336r	21,989	41,494	58,402r	63,598	64,730
Percent	3.6	34.0	64.1	90.2	98.3	100
1976						
Returns Filed						
Volume	8,082	34,460	50,800	80,031	81,185	82,096
Percent	9.8	42.0	61.9	97.5	98.9	100
Refunds Issued						
Volume	2,2632	0,564	40,364	56,802	62,614	63,837
Percent	3.5	32.2	63.2	89.0	98.1	

*Returns processed by National Computer Center and scheduled for issuance by Regional Disbursing Centers. Includes only forms 1040 and 1040A. Excludes Tax Rebates/refunds.
r Revised.

During Fiscal Year 1976 the Internal Revenue Service paid refunds of $34.7 billion to 68.0 million taxpayers whose payments and credits exceeded their tax liabilities. In Fiscal Year 1975 a total of 122.5 million refunds totaling $40.1 billion were paid. In both fiscal years the number and amount of individual refunds were affected by the Tax Reduction Act of 1975. Included in 1976 data are 4.2 million checks totaling $0.9 billion for the new Earned Income Credit (EIC). For further details on EIC, see Table 19 in the Appendix. In Fiscal Year 1975 we paid $7.9 billion in 1974 Tax Rebates and generated 54.7 million extra checks for rebate refunds alone. This accounted for the unusually high volume of individual checks issued in Fiscal Year 1975.

IRS Service Centers received 127.1 million tax returns in 1976, compared to more than 126 million in 1975. Individual and fiduciary returns totaled 84.1 million compared to 85.5 million in 1975. The decrease is attributed to economic conditions and the increase in the standard deduction which changed the filing requirements and thus decreased the filing population. Nearly 28 million individual taxpayers, 34 percent of all individual filers, used the short Form 1040A in 1976 as compared to more than 22 million in 1975, an increase of 24 percent in the number of Forms 1040A filed. The Service received 54.5 million Forms 1040, an 11 percent decrease from the 61.4 million in 1975. The reduction in Form 1040 filers and the increase in Form 1040A filers was triggered by a Form 1040A mailout to some 13.8 million individuals who had previously filed Form 1040, but whose income indicated that they could use the short form.

Number of returns filed, by principal type of return
(Figures in Thousands. For details, see table 7, in Appendix)

Type of Return	1975[1]	1976
Grand Total	126,049	127,087
Income Tax, Total	96,311	95,237
Individual	84,004	82,495
Declaration of estimated tax	7,543	7,844
Fiduciary	1,514	1,610
Partnership	1,138	1,143
Corporation	2,112	2,144
Estate Tax	216	236
Gift Tax	260	302
Employment Tax	24,757	24,677
Exempt Organization	374	474
Employee Plans	1,104	782
Alcohol, Tobacco, and Firearms	602	512
Excise Tax	825	580
Supplemental Documents	1,600	3,987

[1]The classification of returns has been changed from prior reports. The Supplemental Documents category in 1976 includes returns not previously counted. In addition it includes Form 1040X which increases the 1975 Grand Total by 931,634.

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

Source	Percent of 1976 Collections	1975	1976	Increase or Decrease Amount	
Grand total[1]	**100.0**	**293,822,726**	**302,519,792**	**8,697,066**	**3.0**
Income taxes, total	**68.0**	**202,146,097**	**205,751,753**	**3,605,656**	**1.8**
Corporation	15.5	45,746,660	46,782,956	1,036,296	2.3
Individual, total	52.5	[2]156,399,437	[4]158,968,797	2,569,360	1.6
Withheld by employers[2]	40.8	123,103,137	123,440,963	1,337,826	1.1
Other[2]	11.7	34,296,301	35,527,834	1,321,533	3.6
Employment taxes, total	**24.5**	**70,140,809**	**74,202,853**	**4,062,044**	**5.8**
Old-age survivors disability and hospital insurance, total	23.5	67,136,584	70,983,718	3,847,134	5.7
Federal insurance contributions	22.3	63,720,164	67,465,480	3,745,316	5.9
Self-employment insurance contributions	1.2	3,416,420	3,518,238	101,818	3.0
Unemployment insurance	0.5	1,388,082	1,562,752	174,670	12.6
Railroad retirement	0.5	1,616,143	1,656,384	40,241	2.5
Estate and gift taxes	**1.8**	**4,688,079**	**5,307,466**	**619,387**	**13.2**
Excise taxes, total	**5.7**	**16,847,741**	**17,257,720**	**409,979**	**2.4**
Alcohol	1.8	5,350,858	5,427,722	76,874	1.4
Tobacco	0.8	2,315,090	2,487,894	172,804	7.5
Other	3.1	9,181,794	9,342,104	160,310	1.7

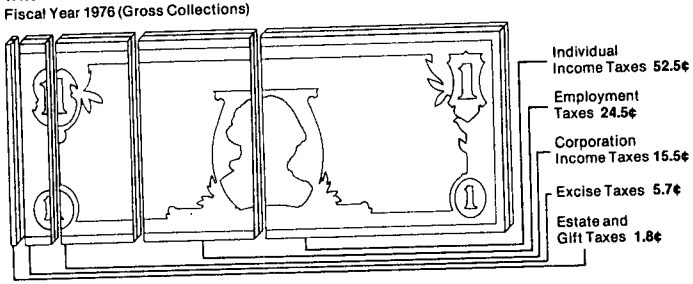
[1]Collections are adjusted to exclude amounts transferred to the Government of Guam.

[2]Estimated.—Collections of individual income tax withheld are not reported separately from old-age, survivors, disability and hospital insurance (AASDHI) taxes on wages and salaries. Similarly, collections of individual income tax not withheld are not reported separately from 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 sec. 201(a) of the Social Security Act as amended, and includes all OASDHI taxes. The estimates shown for the two classes of individual income taxes were derived by subtracting the OASDHI tax estimates from the combined totals reported.

[3]Includes Presidential Election Fund amounting to $31,656,525.

[4]Includes Presidential Election Fund amounting to $33,549,118.

The Tax Dollar
Where It Came From
Fiscal Year 1976 (Gross Collections)

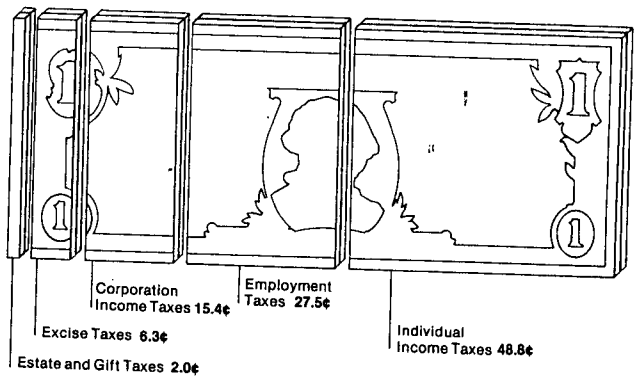


Net Internal Revenue Collections
(Including tax rebates) through June 30, 1976
(Dollars in thousands)

Source	Collections	Net Collections: Refunds[1]	Net Collections: Amount	Percent of Total
Grand total	**302,519,792**	**34,375,979**	**268,143,813**	**100.0**
Corporation income taxes	46,782,956	5,374,727	41,408,229	15.4
Individual income taxes	158,968,797	28,174,331	130,794,466	48.8
Employment taxes, total	74,202,853	439,573	73,763,280	27.5
Old-age, survivors, disability and hospital and insurance	70,983,718	407,628	70,576,090	26.3
Railroad retirement	1,656,384	348	1,656,036	0.6
Unemployment insurance	1,562,752	31,597	1,531,155	0.6
Estate and gift taxes	5,307,466	90,957	5,216,509	2.0
Excise taxes	17,257,720	296,390	16,961,330	6.3

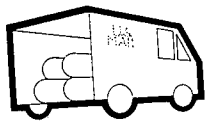
[1]Does not include interest paid on refunds.

The Tax Dollar
Where It Came From
Fiscal Year 1976 (Net Collections)

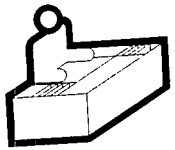


Pipeline

At the ten Regional Service Centers, tax returns are:



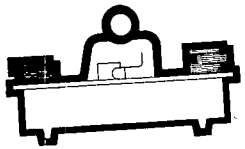
1. Received at the service centers.



2. Envelopes are opened and counted.

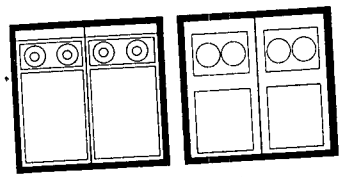
3. Returns are sorted by type of return

4. Tax returns and accompanying checks are compared.

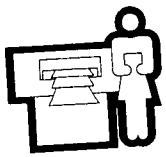


5. Returns are edited and coded for computer processing.

6. Tax return information is fed into the computer.



7. IRS computers perform validity checks on tax returns.



8. Refund checks are printed by Treasury Department Disbursing Center.

Once a tax return reaches one of ten IRS Service Centers, it travels through a series of processing steps known as "the pipeline." While many parts of the pipeline shown here are automated for faster processing and faster refunds, people are involved every step of the way.

Tax Reduction Act of 1975

The Tax Reduction Act of 1975, P.L. 94-12, provided for allowable credits for Earned Income, Personal Exemptions, and Purchase of Residences. The Earned Income Credit is in effect a negative income tax; it provides for a 10 percent refundable credit with a maximum of $400 reduced by 10 percent of Adjusted Gross Income over $4,000. The Personal Exemption Credit provides for an additional $30 personal exemption tax credit. The House Purchase or Residence Credit provides for a maximum of $2,000 tax credit on the purchase of a new principal residence, the construction of which was commenced prior to March 26, 1975 and purchased between March 12, 1975 and January 1, 1976.

Data on these several credits for Tax Year 1975 is shown in the following table:

Tax Reduction Act of 1975
Selected Credits
(through June 30, 1976)

	Number	Amount
Earned Income Credits	6.0 million	$1.2 billion
Personal Exemption Credits	190.5 million	$5.7 million
Residence Credits	472 thousand	$653 million

Table 19 in the Appendix shows district data for and information about the application of the Earned Income Credits.

Presidential Election Campaign Fund

During Fiscal Year 1976 a total of 21.1 million individual income tax returns had designations for the the Presidential Election Campaign Fund (PECF); this was 25.5 percent of the returns processed by the Internal Revenue Service in that period. The total amount designated in Fiscal Year 1976 was $33.5 million. In Fiscal Year 1975 there were 19.9 million individual tax returns with PECF designations totaling $31.7 million.

The cumulative amount credited to the Presidential Election Campaign Fund since the check-off was initiated in 1972 is $95.2 million.

Treasury Department Awards honored 36 Internal Revenue Service employees in recognition of exceptional "suggestions, achievements, and other noteworthy accomplishments" during the past year. Deputy Commissioner William E. Williams (front row, third from left) met with recipients after Treasury ceremonies.

Mathematical Verification

During the year, the IRS checked the mathematics on 83.0 million individual returns. The IRS calculated the tax on 1.1 million returns, manually verified the tax on 2.6 million returns and computer verified the accuracy of taxpayer's calculation of tax on 79.3 million returns. This verification of returns detected an increase of more than 3 million errors over 1975. The Service believes this increase is a result of the Earned Income Credit and the Personal Exemption Credit features of the 1975 Tax Reduction Act—new provisions that made the law more complex and the forms more difficult. As a result of computer verification, 3.9 million taxpayers had decreases in the tax liability shown on their returns totaling $311 million, an average of $81 per return. These decreases resulted in either a larger refund for the taxpayer or a smaller tax due billing. On 3.1 million returns, errors by taxpayers increased their tax liability by $492 million, an average of approximately $156 per return. The results of this year's computer mathematical verification program are shown in the table below.

In addition to mathematical verification of returns, the Service also used its computers to check the estimated tax credits claimed on individual returns. This verification determined that taxpayers underclaimed $195 million in estimated credits and overclaimed credits by $418 million.

Individual Income Tax Returns Mathematically Verified By Computer
(In Thousands)

	1975	1976
Number verified by computer	81,067	79,312
Number of returns on which mathematical errors were detected	3,771	7,001
Percent of returns with mathematical errors	4.7	8.8
Returns with increase:		
Number	2,014	3,144
Amount	$270,095	$491,916
Average amount (dollars)	$134.14	$156.47
Returns with decrease:		
Number	1,757	3,857
Amount	$163,251	$310,682
Average amount (dollars)	$92.91	$80.56

Income Sources on Magnetic Tape

During 1976, the IRS received more than 462 million information documents from businesses and organizations required to report payments of wages, interest, and dividends. Nearly 217 million of these documents were submitted on magnetic tape in 1976 as a result of the Service's program of actively encouraging all organizations which have tape capability or access to computers to report on tape. The increase in the number of reporting entities to 28,258 reflects a shifting by many organizations from paper filing to magnetic tape filing.

Information Documents Reported on Magnetic Tape

Tax Year	Documents (Thousands)	Reporting Entities
1966	26,248	591
1967	36,492	1,048
1968	47,686	2,426
1969	58,951	2,963
1970	68,300	4,637
1971	91,449	8,504
1972	115,008	12,758
1973	144,533	13,128
1974	185,554[r]	21,862[r]
1975	216,756	28,258

[r]Revised

Reporting Requirements for Railroad Retirement

Treasury Decision 7396 was approved on January 5, 1976. Employers filing Forms CT-1, Employers Quarterly Railroad Retirement Tax Return, will no longer have to file the returns after each quarter of the year. The new requirement reduces the filing of the return to once a year. Requirements for periodic depositing of taxes remain unchanged.

This reduction in the frequency of filing the CT-1 return is beneficial to the employers by reducing the cost of preparing the returns. The Service will realize a similar savings in the cost of processing the returns.

The first annual CT-1 for tax year 1976 is due February 28, 1977.

Delinquent Taxes and Compliance

In its mission to maintain the highest degree of voluntary compliance with the tax laws, the Service makes every reasonable effort to secure delinquent returns and to collect delinquent taxes. These activities are constantly monitored to ensure appropriate and uniform application of the laws, and to protect the rights of taxpayers.

During 1976, the Service reduced both the number of outstanding delinquent accounts assigned to district offices and the dollar value of those accounts. Compared to 1975, the number of delinquent accounts cases assigned to district offices declined by over 21 percent, while the total dollar value of these accounts was reduced by nearly 12 percent.
IRS782-Cor1

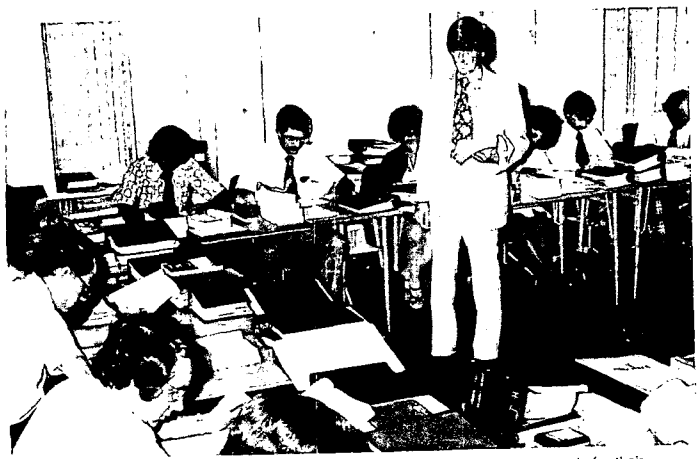
Since nonpayment of business taxes withheld from employees' wages continues as the foremost delinquency problem facing our collection activity, we have developed several programs to deal with those violations. The Delinquency Prevention Program, identifies potential business delinquents at a time when the situation can be reviewed and the causes of the problem corrected. The new Federal Tax Deposit System, which reduces processing time by more than half, is presently implemented in several Service Centers with full implementation scheduled before the end of calendar year 1976. The Trust Fund Compliance Program was revised to allow institution of civil measures as well as criminal prosecution of chronic noncompliance cases, to provide uniform criteria for selection of cases, and expand the number of those cases which can be monitored.

Program Accomplishments

In 1976, the collection activity disposed of over 2.7 million delinquent accounts receivable, including approximately 327,000 cases in which the taxpayer, when notified of a delinquency, contacted the IRS field offices to resolve the matter ("notice cases"). The remaining 2.4 million delinquent accounts required field contact by district employees. Approximately 59 percent of these field contacts involved business taxpayers.

Nearly $3.5 billion in delinquent taxes was collected during the year, an increase of approximately $700 million over 1975. District personnel also disposed of over 1.3 million failure to file investigations, including 300,000 categorized as returns compliance program leads. For 1976 approximately 785,000 delinquent returns were secured involving nearly $540 million in additional taxes.

Most new Revenue Agents enter the IRS with a bachelor's degree, including at least 24 credits in accounting and related subjects. Many also hold master's degrees in fiscal or public administration. The IRS training provides specific orientation in the Revenue Code and related tax laws.



New Revenue Agents receive intensive classroom and on-the-job training in tax law, research, report writing, audit techniques, fraud discovery, and taxpayer relations. This instruction prepares new agents for their complete scope of responsibilities when they reach assignments.

Repeater delinquents have always been a primary concern of the Service. During 1976, 21 percent of delinquent individual income taxpayers were "repeaters," while the rate for business taxpayers was 55 percent. Because of the high business repeater rate and the fact that these taxpayers are required to hold "in trust" the withheld taxes of their employees, the Service continues to stress the importance of bringing business "repeaters" into voluntary compliance, primarily through the Trust Fund Compliance Program. At the beginning of 1976, there were 224,000 taxpayers with delinquent trust fund accounts amounting to over $756 million. Of these accounts, 2,800 had a balance due of $25,000 or more. At the end of 1976, the number of taxpayers with delinquent trust fund accounts had been reduced to some 143,000 with an outstanding balance of approximately $630 million. The number of delinquent trust fund accounts over $25,000 also declined to slightly over 2,300.

Collection Initiatives

As early as the fall of 1974, the Service began a review of collection policies and procedures. This continuing reappraisal is based on internal studies, as well as recommendations from outside sources such as congressional committees, public interest groups, and the Administrative Conference of the United States. By the end of 1976, several new initiatives had been considered, tested, and adopted. The primary objective of the initiatives is to ensure that collection matters are handled in a fair, impartial manner.

Some of the more important changes developed as a result of the initiatives are as follows:

In an effort to streamline the collection process, the Service has reduced the quantity of financial information required from most taxpayers involved in collection proceedings. Several arrangements for satisfaction of tax liabilities can now be made by telephone or correspondence, rather than requiring field or office meetings. The increased use of post dated checks and of payroll deductions have also reduced the necessity for additional contacts and should reduce the number of defaulted agreements.

Notices sent by mail are being revised to provide for clearer communications with taxpayers. In addition to sending taxpayers IRS Publication 586, *The Collection Process*, which presents the procedures followed by the Service in collecting income taxes and explains the taxpayer's rights under these procedures. A similar publication is being developed for business taxpayers.

Taxpayers are now notified whenever a Notice of Federal Tax Lien has been filed against their property. Other procedures have been instituted to ensure that these liens are promptly and properly released without taxpayers having to request the release.

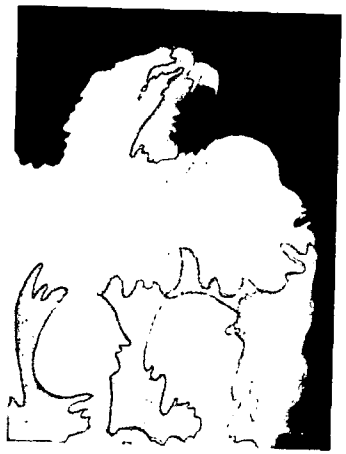
The other implemented program changes include recognizing taxpayer differences, such as, ability to pay, past delinquency record, and the source of taxpayer's income, as well as increasing managerial involvement prior to initiation of enforcement action, and protecting the rights of third parties involved in collection actions.

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

Item	1975	1976
Additional tax, penalties, and interest assessed, total	**5,165,885[r]**	**5,092,524**
From examination of tax returns, total	4,526,347	4,447,318
Income tax, total	3,839,758	3,696,151
Corporation	2,596,803	2,308,766
Individual and fiduciary	1,242,955	1,387,385
Estate and gift tax	482,250	472,491
Employment tax (including withheld income tax)	131,082	191,140
Excise tax	73,257	87,536
From delinquent returns secured, total	639,538[r]	645,206
By district collection divisions	510,298[r]	539,904
By district audit divisions	129,240	105,302
Delinquent taxes collected, total	**2,819,752**	**3,492,496**

[r]Revised.

Chapter 3
Insuring Compliance



"I question whether any people ever paid a tax more honestly and accurately, and I question still more whether any free people ever imposed upon themselves, through their chosen representatives, taxes so thick and fast".

Senator Justin S. Morrill
Chairman, Subcommittee on Taxation 1865

Audit of Returns

The IRS audits tax returns in order to help ensure the highest possible degree of voluntary compliance with the tax laws. While audit activity is the primary method that the IRS uses to encourage voluntary compliance, every return is subject to scrutiny by IRS employees and computers. When a return is received in one of the 10 IRS service centers, it is first checked manually for completeness and accuracy and for certain obvious errors such as the claiming of a partial exemption or duplicate deductions. Then the service center's computers check the accuracy of the taxpayer's arithmetic (see Mathematical Verification, page 18) and pick up other errors which may have esaped manual detection, such as the failure to reduce medical deductions by 3 percent of adjusted gross income.

Returns Selection

The primary method used by the IRS in selecting returns for audits is a computer program of mathematical formulae - the Discriminant Function System (DIF) - which measures the probability of tax error in each return. Returns identified by the DIF system as having the highest error potential are selected for audit. Since this system was introduced in 1969, the IRS has reduced the number of taxpayers contacted whose audit would result in no tax change (all taxes) from a peak of 43 percent in 1968 to a historic low of 22 percent in 1976. The Service is continuing its efforts to reduce the number of no change examinations and repetitive audits that result in no changes. In 1976, procedures were implemented to dispense with an examination in certain circumstances when the taxpayer has been audited for the same issue in either of two prior years and the audit resulted in little or no change in tax.

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

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

Results of Audit Activity

The IRS audited 2,546,419 tax returns of all types in 1976, 80,714 more than the 2,465,705 audited in 1975. The 1976 total was more than in any year since 1968, when 2,903,722 were examined. Of the total returns audited in 1976, 141,204 were examined in service centers, compared to 112,550 last year. The remainder were examined in district offices by revenue agents, tax auditors, and employee plans and exempt organizations (EP/EO) specialists. Examinations conducted by revenue agents and EP/EO specialists under field audit techniques totaled 779,770 returns, a decrease of 32,566 returns or 4 percent from last year. [Examinations of Employee Plans decreased about 36,000 returns, (this decrease is largely due to a change in methodology used in reporting referrals from Audit Division), and Exempt Organizations decreased about 4,000 returns with an increase of about 7,000 examinations in other tax areas.]

Number of Returns Examined
(Thousands)
Fiscal years 1972 thru 1976

Type of Return	1972	1973	1974	1975	1976
Revenue Agents Grand Total	**593**	**588**	**689**	**817**	**780**
Income Tax Total	**424**	**411**	**506**	**606**	**559**
Individual	264	260	306	355	327
Fiduciary	7	5	5	12	18
Corporation	135	122	134	153	167
Exempt Organizations	18	22	19	21	17
Employee Plans (990P and 4848)	NA	2	42	65	30
Estate and Gift Tax	35	41	49	50	50
Excise & Employment	133	136	133	156	171
Tax Auditors Grand Total	**1,103**	**1,183**	**1,419**	**1,540**	**1,625**
Income Tax Total	**1,073**	**1,143**	**1,377**	**1,486**	**1,561**
Individual	1,072	1,143	1,376	1,483	1,560
Fiduciary	*	*	*	*	*
Corporation	1	—	—	2	1
Exempt Organizations	—	—	1	1	—
Employee Plans (990P and 4848)	NA	—	—	—	—
Estate and Gift Tax	5	8	10	12	11
Excise and Employment	25	31	32	42	53
Service Center Grand Total	—	—	**80**	**113**	**141**
Income Tax—Individual	—	—	80	105	135
Excise Tax	—	—	—	8	6
Total Grand Total	**1,696**	**1,771**	**2,188**	**2,465**	**2,546**
Income Tax Total	**1,497**	**2,554**	**1,963**	**2,197**	**2,255**
Individual	1,336	1,404	1,762	1,943	2,022
Fiduciary	7	5	5	12	18
Corporation	136	122	134	155	168
Exempt Organizations	18	22	20	22	17
Employee Plans (990P and 4848)	NA	2	42	65	30
Estate and Gift Tax	40	49	59	62	61
Excise and Employment	158	167	165	206	230

[1]574 Revised Data
*Less than 500

Examinations conducted by tax auditors under office audit procedures numbered 1,625,445 returns, an increase of 86,277 returns or 6 percent over last year. Audit coverage of income, estate and gift tax returns increased to 2.59 percent compared to 2.55 percent achieved in 1975.

The Service's examination program resulted in $5.2 billion of additional tax and penalties recommended. While recommendations exceeded $5 billion for the fourth straight year, the total was about $156 million below last year.

During 1976, assessments totaled $4.4 billion, including $3.7 billion in assessed tax and penalties and $717 million in interest. In 1975, assessments amounted to $4.5 billion, of which $3.8 billion represented tax and penalties and $695 million represented interest.

Examiners are required to determine a taxpayer's correct tax liability—no more, no less. This means that examiners look for indications that taxpayers have overstated, as well as understated, their tax liability. In 1976, Service examinations disclosed overassessments on 137,455 returns, accounting for refunds of $290.5 million.

Service Center Programs

The IRS service center review program began in 1972. It is generally limited to the verification or resolution of issues which can be satisfactorily handled by service center personnel through correspondence with the taxpayer. More than 1,882,000 returns were checked in service centers in 1976, a 42 percent increase over 1975.

Most of these returns involved obviously unallowable items, such as medical expenses not reduced by the 1 percent and 3 percent limitations. Approximately 1,474,000 returns were corrected in 1976, compared to approximately 952,000 in 1975.

The service centers also conducted correspondence examinations of returns selected under district office criteria involving issues such as charitable contributions or interest payments, which generally can be resolved through correspondence with the taxpayer. A total of 141,204 returns in this category were examined during 1976, an increase of nearly 25 percent over the 112,550 examined in 1975.

Computer Assisted Audits

The Service has an ongoing program to use computers in audits of tax data in automated accounting systems. Both generalized computer programs and specifically developed programs are used to retrieve and analyze data essential to an examination. These computer programs permit an automated "eye-balling" of massive data files with the printout of only those items of possible audit interest. Both taxpayers and the IRS save time and expense since computer assisted audits can be done in a fraction of the time needed to do the same job manually.

Over 8,000 applications of these computer audit techniques were performed in 1976, double that of 1975. These are done by computer audit specialists, experienced revenue agents who have received intensive training in computer hardware, programming languages, and audit techniques.

The Program Audit Library (PAL), a system of generalized computer programs developed by the Service and designed specifically for tax audits, was expanded in 1976 to include statistical sampling techniques. PAL also includes programs for data selection, stratification, and summarization.

Recommended Additional Tax and Penalties
(millions)
Fiscal years 1972 thru 1976

Type of Returns	1972	1973	1974[1]	1975	1976
Revenue Agents Grand Total	**3,177.8**	**4,798.6**	**5,549.7**	**4,811.3**	**512.6**
Income Tax Total	**2,612.5**	**3,955.4**	**4,790.0**	**3,912.5**	**3,693.4**
Individual	761.3	858.4	881.5	926.7	947.8
Fiduciary	18.3	15.2	15.2	21.0	71.2
Corporation	1,828.6	3,068.8	3,888.1	2.931.9	2,660.0
Exempt Organizations	4.3	13.2	4.8	32.5	13.3
Employee Plans (990P and 4848)	NA	NA	.4	.4	1.1
Estate and Gift Tax	432.2	690.4	564.3	611.2	581.7
Excise & Employment	133.1	152.7	195.4	287.6	237.5
Tax Auditors Grand Total	**235.4**	**269.9**	**297.3**	**355.5**	**415.3**
Income Tax Total	**222.3**	**248.6**	**273.6**	**327.0**	**380.6**
Individual	221.9	248.1	273.2	325.6	379.7
Fiduciary	.1	.2	.1	.3	.1
Corporation	.3	.3	.3	1.1	.8
Exempt Organizations	—	—	—	—	—
Employee Plans (990P and 4848)	—	—	—	—	—
Estate and Gift Tax	6.8	9.9	13.2	14.4	15.2
Excise and Employment	6.3	11.4	10.5	14.1	19.5
Service Center Grand Total—		—	**62.2**	**143.7**	**226.3**
Income Tax—Individual	—	—	62.2	142.9	225.6
Excise Tax	—	—	—	.8	.7
Total Grand Total	**3,413.1**	**5,068.4**	**5,909.2**	**5,310.5**	**5,154.2**
Income Tax Total	**2,834.8**	**4,203.9**	**5,125.8**	**4,382.4**	**4,299.5**
Individual	983.2	1,106.5	1,216.9	1,395.2	1,553.1
Fiduciary	18.4	15.4	15.3	21.3	71.3
Corporation	1,828.9	3,068.8	3,888.4	2,933.0	2,660.7
Exempt Organizations	4.3	13.2	4.8	32.5	13.3
Employee Plans (990P and 4848)	NA	—	.4	.4	1.1
Estate and Gift Tax	439.0	700.3	577.5	625.6	596.9
Excise and Employment	139.4	164.1	205.9	302.5	257.8

[1] 1974 Revised Data

Coordinated Examination Program

All large case taxpayers, (except financial institutions and utilities) whose gross assets exceed $250 million are included in the Coordinated Examination Program. Financial institutions and utilities are included in the program if their gross assets exceed $1 billion.

Because large case taxpayers have complex accounting operations and tax issues, the Service turned to the team audit or coordinated examination concept when examining the tax returns of these taxpayers. This approach combines the skills of the accountant-revenue agent with those of economists, computer audit specialists, international tax examiners, engineering agents, excise tax examiners, employee plans examiners and employment tax examiners.

At the end of FY 1976, there were 1240 large cases in this program which averaged 2.7 open years per case. This is the fourth consecutive year the average open years in the large case program has been less than 3.0 per case.

During FY 1976, the IRS expanded its practice of conducting industry-wide audits the contemporaneous examination of major companies in a given industry. Nine industries are currently being audited by this approach, four more than in 1975.

Tax Shelter Program

In 1974, the IRS established a nationwide tax shelter examination program coordinated by the National Office. Due to the multi-district involvement of promoters and investors, these examinations were conducted under industrywide audit concepts. This approach insures a greater degree of consistency and uniformity in the Service's overall treatment of the tax aspects of shelter programs.

Examination of tax shelters are conducted by field personnel analyzing the entire enterprise first to determine whether participants, barring unexpected problems, can reasonably be expected to earn a profit appropriate to the investment and degree of risk involved. The business is then studied for the possibility of improper or excess allocation of deduction and also to make certain that individual items causing operating losses are properly claimed deductions.

Computer-assisted audit techniques are being used, when appropriate, to assist in the examination of large partnership tax shelters. These shelters generate many related tax returns and present a major clerical problem to the Service. To correct this, the Service has developed computer programs to expedite the manual processing work flow in these examinations.

During 1976, the Service conducted examinations of possible tax shelter abuses by investors in the oil and gas, real estate, farm operations, and motion picture industries. The program will be expanded in 1977 to include other widespread abusive shelters.

Joint Committee Review

The Internal Revenue Code calls for the reporting of all large income, estate and gift tax refunds and credits to the Joint Committee on Internal Revenue Taxation. During 1976, 1,506 cases involving overassessments of $1 billion were reported to the Joint Committee, as compared with 1,356 cases and $969 million in 1975.

During 1976, some changes were adopted to permit more efficient handling of these cases. Until this year, final decisions and reports to the Joint Committee on these cases had to be made in the National Office, in the name of the Commissioner. Now, the Regional Commissioners are authorized to take these actions on cases within their regional jurisdiction. In addition, the Assistant Commissioner (Compliance) now has authority to take final action for the Commissioner on matters formally presented by the Joint Committee relating to reports submitted under this provision of the Internal Revenue Code.

Audit Information Management System

The Audit Information Management System (AIMS) is a video terminal oriented management information and case control system replacing the current System for Controlling Returns in inventory and Production (SCRIP). The new System is an expansion of the existing Integrated Data Retrieval System (IDRS) currently located in the IRS service centers.

This new System was successfully pilot tested in 1976, and will be implemented nationwide during 1977. AIMS will provide for more rapid responses to taxpayer inquiries and faster assessment and refund action resulting in improved taxpayer relations. Also, the System will provide for automated control and verification of assessments from the point of origin in the district office and service center.

The perpetual inventory feature of the new system provides prompt location of any return in the Audit Division. This feature combined with more timely produced management reports will permit increased efficiencies in staffing and better workload management and control.

Technical Reference Information System

In 1976, the Service began nationwide use of the Technical Reference Information system (TRI). This system involves computerized legal research. All or any portion of court decisions, revenue rulings, statutes or portions of the Internal Revenue Manual can be retrieved through TRI. IRS personnel are able to research issues more quickly and thoroughly than by doing traditional manual research, with resulting monetary savings. The IRS is currently leasing 15 computer terminals and plans to install a number of additional terminals.

Computer Production of Reports on Audit Changes

In 1976, the Service increased its use of automated report-writing equipment for the production of Form 1902-E, Report of Individual Income Tax Audit Changes, and accompanying Form 3547, Explanation of Adjustments, through the acquisition of 40 report-writing machines. Located in local district offices, the new equipment replaced older, antiquated equipment in several districts, and provided a facility for automated on-site preparation of audit change reports in many district offices which previously did not have such a capability. The new equipment will improve the ability of district offices to service the increasing office audit workload and will provide increased service to the public. Also, the increased capacity of this equipment enables the Service to greatly enhance the present 1902-E programs by incorporating additional schedules (income averaging, sick pay exclusion, retirement income credit, etc.) into the system.

The Appeals Process

Administrative Appeals

The Internal Revenue Service encourages the resolution of tax disputes through an administrative appeals system rather than through litigation. Taxpayers who disagree with a proposed change to their tax liability are entitled to a prompt, independent review of their cases. The appeals system is designed to minimize inconvenience, expense, and delay to the taxpayer in disposing of contested tax cases.

Within the system, there are two levels of appeal: the district conference staff in the audit division of the district director's office, and the appellate division in the regional commissioner's office. Each level of appeal is independent of the other, and each has different authority and jurisdiction. Their common and principal objective is the early disposition of disputed cases, with a fair and impartial application of the law.

For the initial appeal conference, a taxpayer may choose either the district conference staff or the regional appellate staff. Opportunities for such a hearing are offered at 58 district offices and 40 regional offices throughout the country. Conferences are also arranged, as needed, at other IRS locations by circuit-riding conferees, at a place and time convenient to the taxpayer.

Proceedings are informal in both of these offices. Taxpayers may represent themselves or be represented by an attorney, accountant, or any other advisor enrolled to practice before the IRS. If the disputed tax liability, for each taxable year involved in the dispute, is $2,500 or less, the taxpayer may obtain a district conference and a subsequent regional conference without filing a written protest. At the conference taxpayers are given the opportunity to present their views and discuss the merits of the issues. If agreement cannot be reached during the district conference, the taxpayer is advised of his further appeal rights and may then request a regional appellate office conference.

In a majority of cases, the taxpayers and district or regional conferees reach a mutually acceptable basis for resolving their tax disputes. Consequently, very few cases go to trial. In the past 10 years, 97 percent of all disputed cases were closed without trial. In 1976, the appeals function disposed of 56,004 cases by agreement; the Tax Court tried 1,407 cases; and the United States District Courts and Court of Claims tried 344 cases. Thus, in disputed tax matters, the administrative appeals system continues to serve the taxpayer well. The system provides for an expeditious, independent, and impartial review of tax cases, and one measure of its success is its ability to efficiently resolve the great majority of tax disputes without litigation.

Commissioner Alexander (L) presenting the Commissioner's Award to Singleton Wolfe, Asst. Commissioner for Compliance. The Award cited Mr. Wolfe for "his outstanding abilities as an effective tax administrator and his high degree of integrity and professionalism".

District Conference

District conference staffs consider disputes involving factual questions, regardless of size. They also consider whether proposed actions by a district director's office, with respect to issues disputed by a taxpayer, reflect the correct interpretation of the Internal Revenue Code, as clarified by the courts and by IRS Regulations and Revenue Rulings. In addition, since April 1, 1974, district conference staffs have had the authority to settle cases where the amount of tax in dispute was $2,500 or less, by taking into account the hazards of litigation—the possibility that the Service might lose the case if it were litigated due to factors such as weight accorded to evidence, lack of clear precedents, or questions pertaining to how the law applies to a given, unusual set of facts. Previously, only appellate conferees had this settlement authority, which meant that many taxpayers had to take their case to the regional appellate office in order to settle unclear issues.

Since receiving this settlement authority, the percentage of agreed cases closed by district conference staffs has significantly increased. Where settlement authority could be exercised, about 30 percent of these cases have been settled on that basis. The results have been favorable to taxpayers in terms of time, convenience and expense, as well as to the IRS in terms of reducing the number of cases going to the regional appellate offices or to the courts.

District conference staffs reached agreement with the taxpayer in about 73 percent of the cases they considered in 1976.

Appellate Division

Cases considered by the appellate division cover a wide range of issues from the most elementary to the most complex. They involve additional taxes or claims for refund ranging from small amounts to millions of dollars, including individual and corporation income tax, estate tax, gift tax, excise tax, employment tax, and offers in compromise.

Cases considered fall into two broad categories: Nondocketed cases involve cases in which the taxpayer is protesting a proposed action by the district director involving additional taxes, a refund disallowance, or a rejection of an offer in compromise. These cases made up about 57 percent of appellate's workload in 1976. The second category of cases are known as docketed, and these involve cases where taxpayers have filed for a hearing before the United States Tax Court.

In 1976, 69 percent of nondocketed cases and 73 percent of docketed cases closed by the appellate division were closed by agreement with the taxpayer.

Other Appeal Options

If a tax dispute cannot be resolved at the district or the regional level, the taxpayer is advised of the remaining appeal rights. In most cases, the taxpayer may file an appeal with the United States Tax Court. Except in unusual circumstances, the timely filing of an appeal with the Tax Court prevents the assessment and collection of the tax until the Court has made its decision. Even if an appeal is filed with the Tax Court and the case is docketed for trial, the case may be settled with the regional appellate office anytime before the trial begins.

When the disputed tax does not exceed $1,500 in any taxable year in dispute, a simplified procedure is available under the Tax Court's small case rules. These rules provide for informal hearings where taxpayers may present their cases before a special commissioner. A knowledge of courtroom proceedings is not required, since the objective is to provide an inexpensive forum for the taxpayer. Because of the nature of the proceedings no provision for appeal of the court's decision is provided.

If a taxpayer does not want to litigate the case in the Tax Court, he or she may pay the tax deficiency and file a claim for refund within two years from the date of payment. If the claim is denied by the IRS, or if the IRS takes no action on the claim within six months, the taxpayer may file suit against the Government for refund in a United States District Court or the Court of Claims.

A taxpayer may appeal an adverse decision of the Tax Court or District Court to the United States Circuit Court of Appeals having jurisdiction over his area. Adverse decisions of the Court of Claims or the Circuit Courts of Appeals may be appealed to the United States Supreme Court, although the Supreme Court does not accept all such appeals.

Tax Fraud Investigations

The Intelligence Division is responsible for the enforcement of the criminal provisions of the tax laws. Special agents investigate evasion of income, estate, gift and excise taxes, failure to file returns, failure to remit trust fund taxes (withheld income and social security taxes), the filing of false withholding exemption statements, false claims for refunds, and the preparation of false returns for others. When evidence of tax evasion or tax fraud is identified, the Intelligence Division investigates and recommends prosecution when warranted.

Special projects are sometimes carried out to determine the extent of noncompliance in a given geographical area or occupational field, if a pattern of noncompliance is detected, or to increase the coordination of investigations covering an already identified area of noncompliance. One successful project that was completed this year involved an extortion and kickback scheme that was employed in the construction of a $700 million nuclear power plant. This project resulted in 16 prosecution recommendations and has generated tax assessments in excess of $1 million. Other recent and significant Intelligence investigations have focused on tax evasion by large corporations; abuse of tax havens in foreign countries; corruption of public officials through payoffs and kickbacks; and preparation of fraudulent tax returns.

During 1976, the Intelligence Division completed 8,797 investigations and recommended prosecution of 3,147 taxpayers. Grand juries indicted or courts filed information on 1,331 taxpayers. Prosecution was successfully completed in 1,193 cases. In 839 cases taxpayers entered guilty pleas, 138 plead nolo contendere, and in 216 cases, the taxpayers were convicted after trial. Acquittals and dismissals totaled 77 and 71, respectively. Of the 1,172 taxpayers sentenced during 1976, 486 or 41.5 percent received jail sentences compared with 40.3 percent last year.

Mrs. Elsie O'Connor, Tax Examiner, Fresno (Calif.) Service Center, brought a number of suspicious looking tax returns to the attention of IRS Intelligence which uncovered a tax refund scheme intended to defraud the U.S. Government of over $743,748. The subsequent investigation disclosed that 357 fraudulent tax returns were filed with the Service Center. Based on evidence provided by the IRS Intelligence operation, the U.S. Attorney's office obtained a 34-count indictment against 14 persons on charges of filing false claims, mail fraud, and perjury.

Mrs. O'Connor, a deaf mute, received an IRS Special Acts Award and a congratulatory letter from the President of the United States. Mrs. O'Connor has worked for over four years at the Service Center, and was previously employed with the Federal Bureau of Investigation (FBI) in Washington, D.C.

Cases Prosecuted

Tax fraud is not restricted to any particular occupational or social group but reaches across a wide spectrum of industries and occupations. The following examples illustrate only a few successful prosecutions resulting from the Service's vigorous and balanced program of investigating tax fraud.

An elaborate scheme was uncovered in California whereby 15 individuals attempted to obtain $743,000 in refunds by filing 360 fictitious returns. Twelve people were convicted and received sentences ranging from 30 days to six and one-half years in jail.

Eleven individuals involved in the grading, weighing and shipping of commodities through the Port of New Orleans entered guilty pleas to tax evasion and received prison terms totaling 71 months. Additional civil tax and penalties amounted to $338,000.

The first criminal tax prosecution against a major corporation, where both the corporation and its chief officers were found guilty, involved a conspiracy to evade the manufacturer's excise tax liability of a Detroit based firm. The additional excise taxes for the nine year period covered by the investigation totaled $12.3 million.

A Chicago man, who was a former Chicago Alderman and State of Illinois Senator, was sentenced to 18 months in jail for filing false income tax returns for the years 1971-1973. He failed to report monies received by him for assuring the rezoning of property in his Aldermanic Ward.

A New Jersey businessman was sentenced to 18 months in jail and fined $35,000 for willfully subscribing to false corporate and individual income tax returns. The additional tax and penalties exceeded $1.5 million, making this the largest income tax violation ever tried in a New Jersey court.

As the result of a net worth investigation, a Memphis osteopathic physician was found guilty of evading over $83,000 in income taxes and was sentenced to 12 months in prison.

After entering a plea of guilty, during the second day of his trial for failure to file Interest Equalization Tax returns, a Maine securities trader dealing in Canadian securities received two concurrent six month sentences. Additional tax and penalties exceed $1.1 million.

Organized Crime and Strike Force Activities

The IRS cooperates in the Federal government's fight against organized crime by participating in the Federal Organized Crime and Strike Forces Program. Located in 17 major cities, Strike Force units are headed by attorneys from the Justice Department. The objective of this program is to coordinate the combined forces of Federal law enforcement agencies against the criminal element in our society. The IRS is responsible for ensuring the income from illegal activities is correctly reported and taxed and for detecting criminal violations of the tax laws. During 1976 the IRS contributed 660 staff years of direct investigative and examination time to the Strike Force effort.

A total of 130 organized crime members and their associates were convicted or pleaded guilty to tax charges during the year and 721 prosecution cases were pending at year end.

Since the inception of the organized crime program in 1966, 669 organized crime members and associates have been convicted or have pleaded guilty to various tax charges.

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

During 1976, probes were conducted in many areas of illegal activities by the various Strike Forces to identify individuals who may have violated the tax laws. These probes included union racketeering and corruption and the investment of income from illegal activities in legitimate businesses and real estate developments.

A convicted whiskey violator, abortionist, counterfeiter and firearms violator in Mississippi received a two year prison sentence and was fined $10,000 after entering a guilty plea to filing false returns. Additional tax and penalties exceeded $600,000.

A well-known international consultant in matters of taxation, law and finance, the author of several books on tax avoidance schemes and an associate of underworld figures was found guilty and sentenced to three years in Federal prison for aiding in the preparation of false returns. This individual is presently a fugitive.

A former Teamster's Union business agent, who was formerly a State Commissioner of Labor, entered a plea of guilty for failure to file an income tax return and was fined $10,000. The investigation covered the years 1969 through 1972 with the recommended civil tax and penalties exceeding $80,000.

After seven months of trial, a reputed Michigan Mafia leader was found guilty of evading income taxes by failing to report almost a quarter of a million dollars in taxable income during 1968, 1969 and 1970. The net worth method of proof was employed and traced this individual's financial history for the last 25 years.

High Level Narcotics Financiers

As part of its Special Enforcement Program, the Service continued to identify and investigate significant tax violations by middle and upper echelon narcotics financiers and traffickers.

During 1976, the IRS completed 326 criminal tax investigations, obtained 56 indictments and achieved 51 convictions of financiers and traffickers.

The following are examples of the results of IRS investigations of high level narcotics financiers and traffickers:

A major narcotics dealer and gambler in the Washington,D.C. area was sentenced to a total of five years in prison.

A major narcotics trafficker and owner of an import company was sentenced to nine months in prison for income tax evasion.

A New York City narcotics trafficker received a 24 month prison term.

Results of Criminal Action in Tax Fraud Cases
1972-1976

	Number of Defendants				
Action	**1972**	**1973**	**1974**	**1975**	**1976**
Plea of guilty nolo contendere	733	914	1,062	1,046	977
Convicted after trial	113	190	191	173	216
Acquitted	40	55	97	83	77
Nol-prossed or dismissed	151	112	115	168	71
Total disposals	**1,037**	**1,271**	**1,465**	**1,470**	**1,341**
Indictments & Informations	1,085	1,186	1,441	1,495	1,331

Restricting Access to Tax Returns

Fiscal year 1976 saw the disclosure activities again subject to continual concern, study and oversight. Congressional hearings were conducted on proposed legislation dealing with tax return and tax information disclosures. In addition, the Privacy Commission, the Administrative Conference of the United States, and the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Gathering made recommendations to Congress for legislative actions concerning disclosure matters.

The Disclosure Operations Division was established in the National Office to provide program guidance to the newly created Disclosure Officer positions in all IRS field offices. Both actions reflect the Service's concern over the individual's right of privacy and its responsibility to respond expeditiously to request for information and documents under the disclosure laws and regulations. Field officials now act on certain requests for testimony of Service employees and make initial determinations concerning Freedom of Information requests as well as process requests for information under the Privacy Act of 1974.

The Service's disclosure activities are oriented to limit access to tax information, assuring that only those persons entitled by law are properly permitted to inspect such data, and to require that those who have access to such information maintain safeguards for the protection of that information. On the other hand, the Service strives to make available as much non-protected information and documents under the Freedom of Information Act and the Privacy Act of 1974 as possible.

Disclosure Officer Positions

In response to new legislation concerning Privacy and Freedom of Information, the IRS has decentralized some responsibilities for administration of disclosure, privacy, and FOI to its field offices. To accomplish this, Disclosure Officer positions have been established in IRS regions, districts, service centers, the Office of International Operations, the Assistant Commissioner (Inspection), and the IRS Data Center. Trained personnel occupying these positions are now able to handle most requests of these types locally.

Chapter 4
Technical Activities

"I apoligize for the inequities in the practical applications of the tax, but if we should wait before collecting a tax to adjust the taxes upon each man in exact proportion with every other, we shall never collect any tax at all".

President Abraham Lincoln
Address to the 164th Ohio Regiment 1864

Tax Rulings and Technical Advice

The Service's tax ruling program consists of letter rulings and published Revenue Rulings. In addition, technical advice is provided on difficult issues raised in audits. A letter ruling is a written statement issued to a taxpayer by the National Office that interprets and applies the tax laws to a specific set of facts. A ruling on the tax effects of a proposed transaction permits the taxpayer to structure the transaction to comply with the tax laws, thus resolving issues in advance and avoiding future controversy. Letter rulings are not precedents and may not be relied upon by other taxpayers.

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

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

Test Program for Processing Ruling Requests

On July 1, 1974, the Service initiated a test program in the Reorganization and Excise Tax Branches, Office of the Assistant Commissioner (Technical) to change the processing of ruling requests. Under the test program, a representative of the Branch would contact, within seven workdays after receipt of the request, the taxpayer or the taxpayer's representative to discuss informally the procedural and substantive issues involved in the ruling request.

The test program proved to be feasible in the two branches and was very favorably received by taxpayers, taxpayer representatives, and the American Bar Association. Due to the success of the program, it was expanded on July 1, 1975, to include (with only a few exceptions) ruling requests received by all the ruling branches in Technical. Under this expanded test program, the taxpayer or the representative was contacted within fifteen workdays after receipt of the ruling request to discuss the procedural and substantive issues involved in the ruling request. On July 19, 1976, the Service announced in Rev. Proc. 76-29 that the test program had been adopted as a permanent change. The fifteen-day rule is now an ongoing part of Technical's procedures for handling ruling requests.

Requests For Tax Rulings And Technical Advice (Closings) 1976

Subject	Total	Taxpayers' Requests	Field Requests
Total	**26,812**	**26,080**	**732**
Administrative Provisions	103	87	16
Changes In Accounting Methods	6,182	6,182	-
Changes In Accounting Periods	10,960	10,960	-
Earnings and Profits Determinations	1,158	1,158	-
Employment and Self-Employment Taxes	626	527	99
Engineering Questions	237	180	57
Estate and Gift Taxes	635	525	110
Excise Taxes	223	138	85
Individual Income Tax Matters	2,610	2,495	115
Corporation Tax Matters	4,078	3,828	250

Ruling Highlights
Employment Tax

During the year the Service received a great number of requests for rulings in the religious area, particularly from newly organized religious denominations that are coming into existence across the country. Also, numerous requests were received from taxpayers in a variety of industries seeking a definition of their employment tax status, i.e., employee vs independent contractor. Others seeking rulings concerning self-employment status included insurance agents, fishermen, vacuum cleaner salesmen, and market research survey interviewers.

Wagering Taxes

Responsibility for administering the civil aspects of the Federal Wagering Tax laws was returned to the Service by Treasury Order 221-3, Revision 1, effective February 21, 1976. The Wage, Excise and Administrative Provisions Branch of Individual Tax Division is responsible for interpretation of the Wagering Tax laws. The responsibility for enforcing the criminal aspects of the Wagering Tax laws, including the forfeiture provisions, remains with the Bureau of Alcohol, Tobacco, and Firearms.

Creditability of Foreign Taxes by Oil Producing Corporations

One issue actively considered during the year was the question of whether amounts received by foreign governments from the production of mineral resources may be treated as creditable foreign taxes for U.S. purposes by domestic corporations. Three significant news releases were issued in Fiscal Year 1976 which pertain to this issue.

In IR 1591, the Service announced that it had taken the position that the share of oil production retained by a foreign government under a production sharing agreement is in substance a royalty in its entirety, and is not eligible for the foreign tax credit.

Subsequently, the Service announced in IR 1608, Rev. Rul. 76-215, that amounts received by an Indonesian government entity under a production sharing agreement are not income taxes for purposes of sections 901(b), 903 and 164(a) (3) of the Code. This position was applied prospectively.

The last release, IR 1638, specifies the circumstances under which a foreign tax credit will be allowed when a levy is imposed by a foreign government which owns minerals extracted by United States taxpayers. The Service expects this issue to be one of continuing concern in the upcoming year.

Multi-Corporation "F" Reorganizations

The publication of Rev. Rul. 75-561, 1975-2 C.B. 129, revoking Rev. Rul. 69-185, 1969-1 C.B. 108, marked a major change in Service position with respect to whether the merger of two or more commonly owned operating corporations could qualify as reorganizations within the meaning of section 368(a) (1) (F) of the Code. The earlier position contained in Rev. Rul. 69-185 was that the Service would not follow several court decisions which held that a transaction resulting in the combination of two or more operating corporations constituted an "F" reorganization. In Rev. Rul. 75-561, this position was revoked and the Service announced it would now follow those cases, as well as other court cases, which had held that a merger of a wholly- owned subsidiary corporation into its parent which qualified as a liquidation under section 332 of the Code (to which section 334(b) (2) does not apply) could also qualify as a reorganization under section 368(a) (1) (F).

Revenue Rulings and Revenue Procedures Published in 1976

Type	Number
Administrative	16
Employment Taxes	36
Estate and Gift Taxes	48
Excise Taxes	68
Exempt Organizations	70
Income Taxes	349
Employee Plans	17
Tax Conventions	6
Total	**610**

Accounting Methods Rulings

During FY 1976, receipts increased 14 percent over FY 1975 in requests for rulings regarding accounting methods. The increase occurred principally in two areas.

First, a significant portion of this increase was attributable to the large number of requests by manufacturers to change to the full absorption method for inventory valuation. This activity was primarily a result of the promulgation in 1973 of section 1.471-11 of the Income Tax Regulations, which provided a transition period for manufacturers to change to the full absorption method for inventory valuation.

Second, many taxpayers requested permission to readopt the last-in first-out (LIFO) method of inventorying their goods, as well as many requests for changes from taxpayers already on the LIFO method. The LIFO method softens the impact of inflationary trends on prices paid for goods and, in effect, reduces or defers taxpayers' current profits and taxes. Requests for method changes in the LIFO area are expected to increase until the present inflationary spiral levels off or reverses.

Internal Revenue Bulletin

The weekly Internal Revenue Bulletin is the authoritative publication of the Commissioner for announcing official rulings and procedures of the Service and for publishing Treasury Decisions, Executive Orders, tax conventions, legislation, court decisions, and other items of general interest. Bulletin contents of a permanent nature are consolidated semi-annually into Cumulative Bulletins. Copies of the weekly and semiannual issues are distributed within the Service and may be purchased by the public from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, on a single copy or subscription basis.

During 1976, the Bulletin included 559 Revenue Rulings, 51 Revenue Procedures, 16 Public Laws relating to Internal Revenue matters and 13 committee reports, 2 Executive Orders, 65 Treasury Decisions containing new or amended regulations, 14 Delegation Orders, 3 Treasury Department Orders, 14 Notices of Suspension and Disbarment from Practice before the Service, 242 announcements of general interest and 7 court decisions.

The Bulletin Index-Digest System, revised as of December 31, 1974, provides a rapid and comprehensible means of researching material published in the Internal Revenue Bulletin after 1952. The major part of the System consists of digests of Bulletin items arranged under headings that facilitate a topical approach to a search for items on a specific issue. With the aid of finding lists, the researcher can locate items by Code section or number.

Dividend Reinvestment Ruling

Rev. Rul. 76-53, 1976-8 I.R.B. 5, marked the publication of one of the most widely publicized rulings issued in fiscal year 1976 affecting several Dividend Reinvestment Plans devised by some of the country's largest corporations. The ruling held that the operation of such plans, whereby the corporations' shareholders could elect to receive common stock at a bargain price in lieu of the cash dividend to which they would otherwise be entitled, results in a taxable dividend equal to the fair market value of the stock actually received rather than merely a dividend in an amount equal to the cash they could have received.

Chapter 5

Employee Plans and Exempt Organizations

"Under the Internal Revenue Act of March 3, 1791, Secretary of the Treasury Alexander Hamilton established an internal revenue organization which has been adapted with little change down to the present time".

Taxation in the United States,
Randolph E. Paul
Little, Brown & Co., 1954

Employee Plans And Exempt Organizations

The Office of Employee Plans and Exempt Organizations (EP/EO) administers the regulatory responsibilities assigned to the Service concerning employee benefit plans as well as tax exempt organizations. In the National Office, the structure consists of Employee Plans, Exempt Organizations, and Actuarial Divisions. EP/EO field staff are located primarily in 7 regional offices and 19 key districts, and local service is provided in numerous other offices.

Employee Plans

The Employee Plans activity ensures that the Employee Retirement Income Security Act of 1974 (ERISA) is administered in accordance with the law. Major emphasis has been placed on developing those regulations most urgently needed by taxpayers.

The Special Reliance Procedure and ERISA Guidelines issued in November of 1975 provided that, for employee plans which comply with the procedure, the ERISA Guidelines will be treated as fixed for a certain period so that they can be relied upon for drafting employee plans and amendments without regard to changes in the ERISA Guidelines during such period. A new procedure was established whereby law firms may obtain approval from a District Director that the form of their pattern plan satisfies the qualification requirements of the Code.

The IRS has continued to coordinate implementation of ERISA with the Department of Labor (DOL) and the Pension Benefit Guaranty Corporation (PBGC) in order to issue regulations, procedures and rulings that are compatible with those issued by such other agencies and to reduce duplication of reporting by taxpayers.

The Employee Plans Master File (EPMF) is being redesigned to provide for the processing of applications used for plan qualification determinations and the new Form 5500 Series returns. The revised EPMF is expected to be operational in July 1977.

In January 1976 a case inventory control and management information reports system was implemented with computer terminals in all key districts. It has proved to be an effective system for controlling applications for approval of plans and plan amendments.

Exempt Organizations

During 1976, the Service received 44,377 applications and reapplications from organizations seeking a determination of their tax exempt status or seeking a determination of the effect of organizational or operational change on their status. The Service issued 43,668 determinations and ruling letters. In addition, 309 technical advice memoranda were issued. The Service devoted an average of 530 field professional positions to the examination of 16,635 exempt organization returns and to other exempt organization activities. Also, 5 regulations, 70 revenue rulings and revenue procedures, 4 delegation orders, 12 forms, 9 news releases and 3 publications were issued in 1976. Question and answer sheets were also prepared for taxpayer service use on exempt organizations.

A Taxpayer Compliance Measurement Program (TCMP) covering the examination of private foundations, public charities and social welfare organizations was initiated in 1975. The first phase of the program was completed April 30, 1976; the second phase continues until December 31, 1976. The program is designed to identify patterns and characteristics of compliance and non-compliance of the exempt organizations being studied.

The number of active entities recorded on the Exempt Organizations Master File (EOMF) increased from 692,000 in 1975 to 756,000 in 1976.

Exempt Organizations has revised its management reporting systems to maximize cost effectiveness. The revisions include the utilization of computer technology to identify, select, and control examination inventories; to control applications for exemption; and to provide to management and other interested parties information essential to carry out the mission of Exempt Organizations.

Exempt Organizations is participating in testing the feasibility of decentralizing the processing of Exempt Organization returns. All processing is currently done by the Philadelphia Service Center. The test involves processing the returns at the Cincinnati Service Center that would be filed there if a decentralized system were in use.

A revenue procedure concerning guidelines and record-keeping requirements for private schools was published. Extensive changes had been made to the revenue procedure in order to reflect public comments received.

Five revenue rulings were published concerning the treatment of exempt organization income from the rental of display space to exhibitors at convention trade shows.

Final regulations were published on December 12, 1975, regarding the computation of unrelated business tax on exempt organizations from the sale of advertising in periodicals.

On February 17, 1976, final regulations were published providing the definition of medical research organizations for purposes of foundation status determinations and limits on deductibility of charitable contributions.

Public hearings were held June 7, 1976, to consider the proposed regulation defining an "integrated auxiliary of a church." This definition is critical in determining whether a church-related organization is required to file an annual information return. The Service is reconsidering the proposed definition. Under the Commissioner's discretionary authority, church-related organizations covered by a group ruling issued to a parent church were excused from filing a 1975 information return.

During 1976, 38 regulations, 17 revenue rulings and procedures, 6 delegation orders, 25 forms, 19 news releases, 1 publication, and 27 technical information releases including questions and answers on plans, mergers and consolidations, Employee Stock Ownership Plans (ESOPs), the Special Reliance Procedure, and the ERISA Guidelines were issued in the employee plans area. In addition, the National Office issued 5,446 opinion letters on master and prototype plans.

In 1976, the Service devoted an average of 790 field professional positions to carrying out its regulatory responsibility in the employee benefit plans area.

This responsibility is met by issuing advance determination letters regarding the qualification of pension, profit- sharing and other employee benefit plans and by conducting an examination program to determine whether plans continue to qualify in operation and to verify the appropriateness of deductions for plan contributions. The number of determination letters issued with respect to corporate and self-employed plans during 1976 was 47,313, a decrease of 33.2 percent from 1975. Most of the decrease is attributed to the passage of ERISA and the fact that the IRS was in the process of developing regulations under the new law.

Actuarial Matters

In 1976, the Service devoted 19 average positions to preparing actuarial determinations, interpreting and clarifying provisions of ERISA and regulations issued thereunder, and serving on joint committees and task forces with the Labor Department and with the Pension Benefit Guaranty Corporation.

In addition, the Service contributed technical and administrative assistance to the Joint Board for the Enrollment of Actuaries, established by ERISA and under the joint direction of the Department of the Treasury and the Department of Labor, in the screening and processing of over 4,000 applications for enrollment. By June 30, 1976, almost 2,400 applicants had been enrolled.

Requests for Tax Rulings and Technical Advice (Closings), 1976

Subject	Total	Tax-Request	Field Request
Total	12,955	12,266	689
Actuarial Matters	1,749	1,700	49
Exempt Organizations	3,791	3,482	309
Employee Plans	7,415	7,084	331

Chapter 6

International Programs

"Your scheme yields no revenue; it yields nothing but discontent, disorder, disobedience; and such is the state of America, that after wading up to your eyes in blood, you could only end just where you begun; that is, to tax where no revenue is to be found".

Edmond Burke
Speech on American Taxation 1774

Tax Administration Abroad

The Service maintains a system of permanent foreign posts to help coordinate its domestic and foreign tax program. Revenue Service Representatives (RSRs) at these stations are involved in compliance and taxpayer assistance activities and maintain cooperative contacts with foreign tax agencies. Foreign operations of the IRS are the responsibility of the Office of International Operations (OIO)

Since 1948, when OIO established an office in Paris, the number of foreign posts staffed by Revenue Service Representatives (RSRs) has increased to 14. At present, posts in Bonn, London, Paris, and Rome cover Western Europe, and North Africa. Those in Mexico City, Caracas, and Sao Paulo are responsible for Mexico, Central America, and South America, while Canada is serviced from Ottawa. Offices in Tokyo, Manila, Kuala Lumpur, and Canberra administer OIO activities in Japan, Southeast Asia, Australia, and New Zealand. A post in Tehran covers the Middle East and one in Johannesburg services Africa south of the Sahara.

These foreign posts provide a vital tax administration link with more than two million Americans living abroad. In 1976, the RSRs continued their support of the international aspects of the compliance and enforcement functions of the Service. This included the audit of tax returns, collection of delinquent accounts, intelligence investigations, year-round taxpayer assistance, and overseas collateral investigations for district offices in the United States.

The RSRs also maintain a broad network of personal contacts with foreign tax authorities and other foreign government officials, the U.S. Department of State and other agencies, as well as the American communities abroad. These cooperative contacts are a key element in overseas compliance activities. In addition, the RSRs act as a liaison with foreign competent authorities in tax treaty matters and, on occasion, are called upon to represent the U.S. competent authority in conferences with foreign tax officials involving international tax issues.

During 1976, the RSRs met in Washington, D.C., to review overseas activities and receive instruction on a wide range of technical and administrative developments. These meetings, held at periodic intervals, generate continuing improvement in overseas operations.

The OIO's twenty-third consecutive Overseas Taxpayer Assistance Program was conducted in 1976, during the extended January-June overseas filing season. Twenty-one trained tax assistors were detailed abroad in 59 countries and provided information and assistance in 129 cities on an individual walk-in basis, in group seminars, over the telephone, and by correspondence. With help provided by RSRs, and other IRS personnel, approximately 124,000 taxpayers received direct assistance abroad during 1976. Several hundred U.S. Armed Forces personnel also received IRS tax instruction at overseas bases. They, in turn, helped thousands of Armed Services members prepare their own tax returns.

Revenue Service Representatives (RSRs) from 14 foreign posts met with IRS National Office officials for a review of the increased responsibilities assigned to the Office of International Operations (OIO) covering U.S. tax administration abroad. Pictured (L to R) are: (first row) Albert Giroux, Caracas; William McCarter, Rome; Joseph G. McGowan, Director, OIO; Donald C. Alexander, Commissioner of Internal Revenue; John Hanna, Kuala Lumpur; Ronald Shaffer, Manila; (second row) George Barnard, Mexico City; Richard Reynolds, Ottawa; Ervin Skipp, Sao Paulo; Marilyn Dearsman, Tehran; Milton Hoffman, Johannesburg; Wayne Christie, Chief, Foreign Programs, OIO; (third row) William Voyzey, London; James Barnett, Canberra; Daniel Henry, Paris; Roman Klimkiewicz, Tokyo; Ludwig G. Kuttner, Assistant Director, OIO; William Gottlieb, Bonn.

Foreign Language Training for the OIO

The OIO continues to strengthen the language capability of its overseas staff through intensive training courses in foreign languages.

Prior to RSRs entering assignments overseas, they are required to receive broad instruction in the language of the host country. During their tour of duty, this skill can be improved through language training offered by the State Department.

Revenue agents, tax auditors, revenue officers, and taxpayer service representatives, temporarily detailed overseas, also receive language training. To meet their needs, the OIO has established, at National Office headquarters, a language laboratory which presently offers basic conversation courses in French, German, and Spanish.

In addition to improving the language ability of its staff, the OIO is making every effort to employ, whenever possible, revenue agent, revenue officer, and tax auditor trainees with a dual language capability.

Compliance Overseas

The OIO's audit activity takes place primarily within the United States. This activity focuses on securing compliance with Federal tax laws from resident and visiting aliens, and foreign corporations conducting business in the United States. Personnel of the OIO, at National Office, also examine thousands of tax returns filed by Americans living abroad.

The more complex tax return examinations continue to be conducted at the foreign country site of origin, and during 1976 the number of these audits increased over previous years. Until 1972, these audits were generally conducted by foreign post personnel. Since then, revenue agents and tax auditors are assigned to the OIO on detail from stateside duty for short overseas tours. During these tours, the temporarily assigned audit personnel travel through foreign posts performing audits under the supervision of the RSRs. This arrangement has greatly increased the number of overseas audits, and is an important factor in encouraging an increase in voluntary compliance abroad.

During the past year, the Service gave increased attention to the proper tax reporting of bribes, illegal political contributions, and other illicit fiscal activities. In many cases, such payments have involved arrangements between foreign nationals and American companies. These situations have enlarged the scope of assistance that the OIO normally provides to the IRS stateside districts. At the request of a stateside district, the OIO will examine the accounts of a foreign subsidiary of a United States corporation to determine whether they properly account for all income and deductions which may have U.S. tax consequences. These OIO support audits also make a positive effort to determine whether American foreign subsidiary corporations are serving as conduits for bribes, prohibited contributions, or other illicit activities.

Although most IRS delinquent tax collections occur within the United States or its possessions, an increasing number are made in foreign countries either by the IRS personnel on temporary detail or by the permanent RSRs. This collection activity is generated by an increase in delinquent accounts abroad, with dollar amount per account averages more than twice the amount of similar domestic accounts. During 1976, the OIO continued an effective overseas collection program, with special attention to collections in the Dominion of Canada. Currently, the OIO plans to expand the collection program during 1977. Revenue officers, on temporary detail, are scheduled to provide support to RSRs at posts in Western Europe, the Far East, Central and South America, and Canada.

Reorganization of the OIO

The OIO was reorganized, during the past year, to properly reflect its increased responsibilities in the international area. The reorganization augmented the traditional OIO Audit and Collection activities with those of Intelligence, Tax Treaty and Technical Services, Foreign Programs, and Taxpayer Service. The new functional alignments emphasize the OIO's expanded overseas compliance and taxpayer service programs.

Tax Treaties and the Competent Authority

The numerous tax treaties with other countries are designed to eliminate double taxation, remove tax barriers to trade and investment, and help curb tax avoidance. The United States now has income tax treaties with 37 countries and estate tax treaties with 13 countries. These include income tax treaties with the Soviet Union, Poland, Romania and Iceland, which became effective during the past year upon exchange of instruments of ratification. A new income tax treaty to replace the current treaty with the United Kingdom was signed in December, 1975 and awaits ratification by both the U.S. Senate and the British House of Commons.

The Assistant Commissioner (Compliance) is the designated U.S. Competent Authority in administering tax treaties. As such, he is responsible for negotiating agreements with foreign competent authorities to provide relief from the double taxation which results when both the United States and another country tax the same income of a taxpayer without an offsetting credit.

The number of taxpayer requests for competent authority assistance and the number of cases under negotiation reached a new high in 1976, representing a 40 percent increase over the prior four years. The competent authority continues to resolve these cases with a high degree of success. Adjustments to taxpayer income under U.S.-foreign competent authority agreements to provide relief have totalled more than $131 million since issuance of a Revenue Procedure in 1970 to cover taxpayer requests for competent authority assistance. Competent authority cases currently in inventory involve tax treaties with Australia, Belgium, Canada, Denmark, Finland, France, Italy, Japan, Luxembourg, the Netherlands, Norway, South Africa, Sweden, Switzerland, the United Kingdom and the Federal Republic of Germany.

In 1976 meetings were held with tax officials from several treaty countries for the purpose of improving the administration of the treaties involved. As a result of these and earlier conferences, working arrangements have been reached for more effective exchanges of information and for resolution of recurring problems which arise from interaction of U.S. and foreign tax laws. Such dialogues will continue in the future with the aim of concluding further reciprocal arrangements with treaty partners.

Technical Assistance to Foreign Countries

The Tax Administration Advisory Services Division provides reimbursable technical advisory assistance in tax administration to requesting foreign governments in cooperation with the Department of State and the Agency for International Development. Continuing the program established in 1963, the Service provided onsite technical assistance during 1976 to 7 countries - Bolivia, El Salvador, Guatemala, Liberia, Paraguay, Trinidad and Tobago, and Uruguay. In addition, short-term mobil instructor teams conducted audit techniques training in Liberia and the Republic of China, and ADP systems design training in Uruguay. The training was tailored to the needs of each country at low unit cost. A broad tax administration survey was conducted for the Government of Sierre Leone at the latter's request.

The Internal Revenue Service was host to 313 tax officials from 66 countries. In the years since 1963, over 4,200 tax officials from 123 countries have participated in study-observation programs. These visits give the participants the opportunity to see actual work processes and operations in various IRS offices and divisions nationwide, and frequently provide the motivating factor in instituting change in the visitor's own tax administration.

In March 1976, a seven week Middle Management Seminar in Tax Administration brought together 21 participants from nine countries, demonstrating once again that peoples of diverse cultures can work together with mutual goodwill. The countries involved were: Barbados, Egypt, Indonesia, Iraq, Japan, Nepal, Nigeria, Republic of China, and Trinidad and Tobago.

The Commissioner of Internal Revenue completed his term as third councilor for the Inter-American Center of Tax Administrators. CIAT, as the Center is know, is this hemisphere's multinational organization for promoting better tax administration among its 26 member countries. The Commissioner attended the CIAT Executive Council meeting in El Salvador in February, and, accompanied by the Director, Tax Administration Advisory Services Division, represented the U.S. at CIAT's 10th General Assembly held in El Salvador in May. A member of the Audit Division staff represented the IRS at CIAT's 15th Technical Seminar held in Haiti in January 1976.

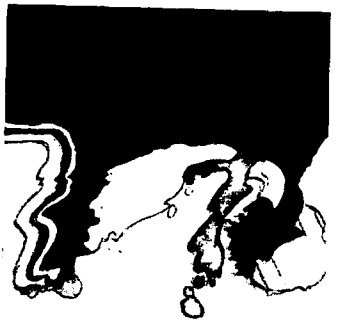
In March, the Service hosted a CIAT sponsored, two-day meeting of representatives from Brazil, Canada, Mexico, and Venezuela to discuss ways tax administrators might deal more effectively with multinational corporations.

Mr. Edison Gnazzo, Technical Director, Inter-American Center for Tax Administrators (CIAT), discusses the responsibilities involved in the collection of tax information relative to multinational corporations with the CIAT Work Group, while Commissioner Donald C. Alexander listens attentively. Mr. Gnazzo represents the Republic of Panama.

A pause was requested during the CIAT Work Group tax discussions on multinational corporations for Mr. Alejandro Rodriguez, National Treasury Administrator, Republic of Venezuela, to take notes. Other CIAT Work Group participants are; (L to R) Mr. Juan Roomer, Chief, Tax Administration, Republic of Venezuela; Mrs. Angela L. Settell, Staff Asst., and Mr. Joseph G. McGowan, Director, Office of International Operations, IRS.

Participating in the CIAT Work Group sessions concerning the gathering of tax information on multinational corporations are; (L to R) Mr. Sergio Garcia, National Coordinator of Certified Tax Returns, Republic of Mexico; Mr. Edward Campbell, Asst. Director on Tax Policy, and Mrs. James L. Gourlay, Director of Audit, Dominion of Canada; Mr. Antonio Augusto de Mesquita Nero, Coordinator of National Tax Systems, Republic of Brazil.

Chapter 7
Legal Activities



"The power to tax involves the power to destroy".

John Marshall
Chief Justice, U.S. Supreme Court 1819

"The power to tax is not the power to destroy while this Court sits".

Oliver Wendell Holmes, Jr.
Associate Justice, U.S. Supreme Court 1928

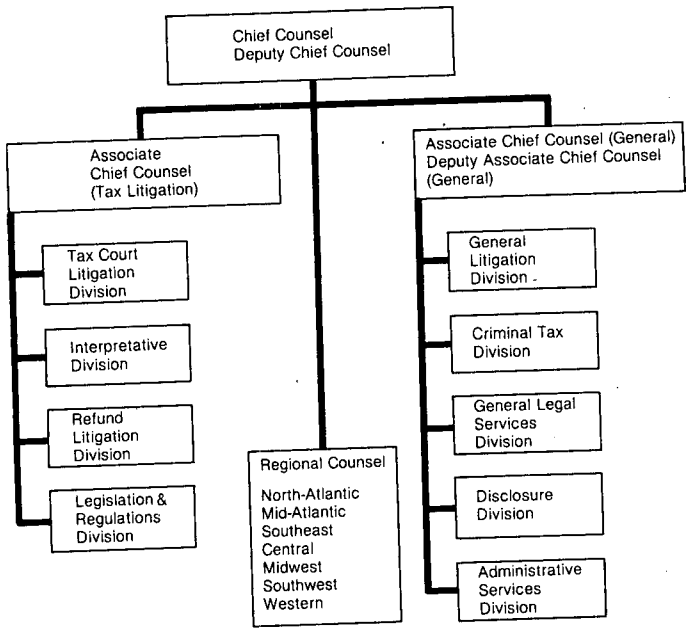
Responsibilities of the Chief Counsel

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

His advisory responsibilities fall into two major areas: litigation and technical.

Organization

The Office of Chief Counsel is organized as follows:



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

Litigation

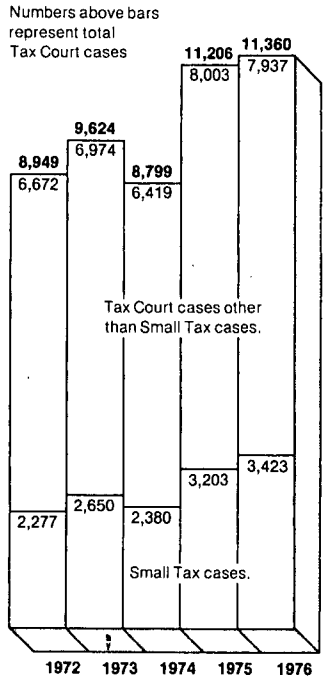
Both the National Office and the field offices are actively involved in litigation. Tax Court, General Litigation, Criminal Tax, and General Legal Services work is handled in the field offices subject to the overall direction of the National Office. Refund Litigation and Disclosure activities are centralized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

Tax Court Litigation

One of the major responsibilities of the Office of Chief Counsel is the representation of the Commissioner of Internal Revenue in all actions brought in the United States Tax Court.

The Commissioner had significant success during the past year in challenging tax shelters before the Tax Court. For example, the Tax Court has disallowed deductions for prepaid interest, *James V. Cole*, 64 T.C. 1091 (1975); prepaid fee, *Phillip D. Foley*, 35 CCH Tax Ct. Mem. 263 (1976); oil and gas intangible drilling deductions, *Lloyd L. Cottingham*, 63 T.C. 695 (1975); and deductions based upon inflated partnership real estate, *Estate of Charles T. Franklin*, 64 T.C. 752 (1975), taxpayer's appeal pending, Ninth Circuit. On appeal, the Commissioner was also successful in disallowing rental deductions in a family trust-leaseback transaction designed to shift income from high-bracket parents to lower- bracket children. *Mathews v. Commissioner*, 520 F. 2d 323 (5th Cir. 1975), *rev'g*, 61 T.C. 12 (1973), *Cert. denied, 424 U.S. 967 (1976)*. However, in *Phillip G. Larson*, 66 T.C. 159 (1976), the court rejected the Commissioner's position that a California limited partnership actually constituted an association taxable as a corporation. The Commissioner's appeal is pending before the Ninth Circuit.

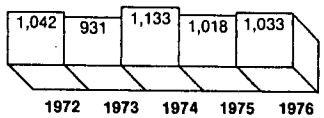
Tax Court Cases Received
1972-1976



Refund Litigation

The Refund Litigation Division performs all necessary legal services on behalf of the Internal Revenue Service in connection with suits instituted in the United States District Courts and the Court of Claims by taxpayers for refunds of taxes. The Division determines and coordinates the legal position of the Service in these suits and incorporates such determinations in recommendations to the Department of Justice, which handles the trials of such cases.

Refund Litigation Cases Received
1972 - 1976



A matter of continued significance handled by the Refund Litigation Division during 1976 is the motion picture investment credit. The principal issue in this area concerns the validity of Treas. Reg. 1.48l(f), which provides that motion picture production costs are not eligible for the investment credit. There have been three recent adverse district court decisions in this area, one of which has been affirmed by the Ninth Circuit. The other two are pending on appeal before the Ninth Circuit. *Walt Disney Productions v. United States*, 75-2 U.S.T.C. 88,632 (C.D. Calif. 1975), *aff'd*, 76-2 U.S.T.C. 84,929 (9th Cir. 1976); *Bing Crosby Productions v. United States*, No. 74-1429 (C.D. Calif. Dec. 18, 1975); *Sussex Pictures, Inc. v. United States*, 76 U.S.T.C. 84,001 (C.D. Calif. 1976). However, the Government has won an analogous issue in the Northern District of Texas involving the eligibility of the investment credit on seismological information recorded on computer tapes, and the issue is on appeal to the Fifth Circuit. *Texas Instruments, Inc. v. United States*, 407 F. Supp. 1326 (N.D. Tex. 1976). Proposed regulations have been published in this area for post-1970 years.

The tables below depict a breakdown of the opinions rendered at the Trial Court level for both Refund Litigation and Tax Court cases as well as decisions delivered by the Appellate Courts for Refund Litigation and Tax Court cases.

General Litigation

National Office and field office attorneys in the General Litigation area furnish legal advice to the Internal Revenue Service in connection with the assessment and collection of Federal taxes and assist the Department of Justice in the prosecution and defense of suits to collect taxes, suits to recover erroneous refunds, proceedings under the Bankruptcy Act and other insolvencies, civil enforcement of summonses, and injunction and declaratory judgment actions. During 1976 case receipts increased substantially. Bankruptcy Act proceedings remained at a high level, and summons enforcement case receipts reached the highest level ever.

Tax in Litigation - Tax Court
(In Thousands of Dollars)

Status	All Tax Court Cases[1]					Small Tax Cases				
	Number of Cases	Taxes and Penalties In Dispute	Taxes and Penalties Determined	Overpayments Claimed	Overpayments Determined	Number of Cases	Taxes and Penalties In Dispute	Taxes and Penalties Determined	Overpayments Claimed	Overpayments Determined
Pending July 1, 1975	16,374[r]	$2,345,216[r]		$304,670[r]		2148[r]	$1377[r]		$ 44[r]	
Received	11,360	783,687		11,869		3423	2193		35	
Disposed of[2] Recovery Rate[3]	9,489	543,991	$172,063 31.6%	41,368	$9,985 24.1%	3081	1907	$ 1082 56.7%	53	$ 23 43.4%
Pending June 30, 1976	18,245	$2,584,912		$275,171		2490	$1663		$ 25[r]	

[1] Includes both small tax cases and other.
[2] Disposals include cases tried, settled, and dismissed. Some of the determined amounts are for cases which were subsequently adjusted.
[3] Amount determined expressed as percentage of Amount Assessed or Claimed. These amounts do not include proposed assessments which are agreed to by the taxpayer at District or Appellate conferences. In the case of a claimed overpayment, the Recovery Rates shown above represent the portion of the amount in dispute which was refunded to the taxpayer.
[4] Figures do not balance due to rounding.

[r] Revised

Tax Litigation - Refund Suits[1]
(In Thousands of Dollars)

Status	District Courts			Court of Claims			Total		
	Number of Cases	Amount in Dispute	Amount not Refunded[4]	Number of Cases	Amount in Dispute[3]	Amount not Refunded[4]	Number of Cases	Amount in Dispute[3]	Amount not Refunded[4]
Pending July 1, 1975	2583[r]	$579,130[r]		410	$358,199[r]		2993[r]	$ 937,329[r]	
Received	889	77,991		144	44,851		1033	122,842	
Disposed of[2] % Not Refunded	908	60,021	$42,804 71.3%	92	32,694	$21,078 64.5%	1000	92,715	$63,882 68.9%
Pending June 30, 1976	2564	$597,100		462	$370,356		3026	$ 967,456	

[1] Cases in Courts of Appeal and the Supreme Court are included under the columns representing the court of origin.
[2] Disposals include cases tried, settled and dismissed.
[3] Amount in Dispute includes claims for refund of taxes, penalties, and assessed interest.
[4] That portion of the Amount in Dispute which was not refunded to taxpayer.
[r] Revised

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

Action		Court of Claims		District Courts		Tax Court[5] Small Tax Cases		Tax Court[5] Other		Tax Court[5] Total	
		1975	1976[2]	1975	1976[3]	1975	1976[4]	1975	1976[5]	1975	1976
Decided in favor of Government	- Number	10	21	217	185	192	265	255	294	447	559
	- Percent	52.6%	45.7%	66.2%	62.1%	61.7%	62.6%	54.7%	52.9%	57.5%	57.1%
Decided in favor of Taxpayer	- Number	4	14	82	68	35	44	49	68	84	112
	- Percent	21.2%	30.4%	25.0%	22.8%	11.3%	10.4%	10.5%	12.2%	10.8%	11.4%
Decided partially for the Taxpayer and partially for the Government	- Number	5	11	29	45	84	114	162	194	246	308
	- Percent	26.3%	23.9%	8.8%	15.1%	27.0%	27.0%	34.8%	34.9%	31.7%	31.5%
Total Opinions		19	46	328	298	311	423	466	556	777	979

[1] Related Cases are reflected as one opinion.
[2] 46 opinions in Court of Claims involving 50 cases.
[3] 298 opinions in District Courts involving 352 cases.
[4] 423 Tax Court Opinions involving 435 Small Tax Cases.
[5] 556 Tax Court Opinions involving 775 cases other than Small Tax Cases.
[6] In cases on which decisions were rendered during the fiscal year.

Receipt and Disposal of General Litigation Cases
National and Regional

Status	Court	Non-Court	Total
Pending July 1, 1975	8,894	1,911	10,805
Received	11,416	9,752	21,168
Disposed of	10,130	9,697	19,827
Pending June 30, 1976	10,180	1,966	12,146

Receipt and Disposal of Disclosure Division Cases
Fiscal Year 1976

Types of Cases	Pending 7-1-75	Received	Disposed	Pending 6-30-76
Disclosure Opinions	104[r]	246	185	165
Disclosure Litigation	5	—	—	5
Discovery Opinions	11	7	10	8
FOIA Opinions	97[r]	314	309	102
FOIA Appeals	59	211	144	126
FOIA and Misc. Litigation	29	31	13	47
FOIA Requests	14	83	69	28
Privacy Act Opinions	6	125	83	48
Privacy Act Litigation	—	6	2	4
Division Totals	**325**	**1023**	**815**	**533**

[r]Revised

General Litigation and Disclosure Cases Received
1972-1976

Types of Cases—Regions:	1972	1973	1974	1975	1976
Bankruptcies and Receiverships	1,217	1,153	1,112	1,254	1,431
Wage Earners' Plans (CH. XIII)	61	81	102	62	99
Arrangements (CH. XI)	1,492	1,526	2,273	3,440	3,442
Reorganizations & Real Property Arrangements (CH. X and XII)	203	184	348	626	639
Miscellaneous Insolvencies	199	140	100	102	118
Decedents' Estates	424	423	413	374	386
Suits to Collect Taxes	624	608	623	565	720
Section 2410 (28 U.S.C. 2410):					
Interpleaders	206	226	242	222	255
Others	159	235	162	160	230
Injunctions	152	230	272	227	188
Disclosure and Testimony	411	449	481	424	463
Summons Cases	1,307	1,371	1,663	1,877	2,876
Erroneous Refund Suits	28	32	31	42	41
Miscellaneous Court Cases	513	593	530	564	615
Advisory Opinions	4,025	4,556	4,310	4,860	5,305
Discharges of Property from Lien	2,311	2,429	2,269	2,701	3,500
Total, all Regions	**13,332**	**14,236**	**14,931**	**17,500**	**20,288**
National Office:	**1972**	**1973**	**1974**	**1975**	**1976**
Appeals	176	216	184	197	113
Advisory	142	132	140	298	484
International Operations	113	88	165	126	262
Disclosure and Testimony	54	212	158	[1]	[1]
Other Centralized Cases[2]	40	22	26	29	21
Total, National Office	**525**	**670**	**673**	**650**	**880**
Total, All Regions and National Office	**13,857**	**14,906**	**15,604**	**18,150**	**21,168**

[1]Now handled in the Disclosure Division
[2]Includes Railroad Reorganizations and Actions for Injunctions and/or Declaratory Relief

A major issue in the General Litigation area in recent years has involved the long-standing question of whether deficiency procedures are applicable to terminations of taxable years under *Code* § 6851. In 1976 the Supreme Court in the case of *Laing v. United States*, 423 U.S. 161 (1976), *rev'g, Laing v. United States*, 496 F.2d 853 (2d Cir. 1974), and *aff'g, Hall v. United States*, 493 F.2d 1211 (6th Cir. 1974), resolved the issue against the Government, holding that deficiency procedures are applicable. The Court concluded that there is nothing in the statutory definition of an income tax deficiency to suggest that a deficiency arises only at the end of a 12-month period. It is sufficient that the taxable period has come to an end by termination and the tax is due and unreported.

Another issue of importance to the General Litigation area which has recently been resolved involves the use of summonses to secure records in the possession of taxpayer's attorney. In *Fisher v. United States*, __U.S. __(1976), *aff'g, United States v. Fisher*, 500 F.2d 683 (3d. Cir. 1974), and *rev'g, United States v. Kasmir*, 499 F.2d 449 (5th Cir. 1974), the Supreme Court upheld the Service's position that taxpayers could not successfully invoke their privilege against self-incrimination in response to summonses served on taxpayers' attorneys for production of accountants' workpapers which had been secured from the accountants by the taxpayers and turned over to their attorneys.

Disclosure

Attorneys in the Disclosure Division handle matters arising under the Freedom of Information Act, as well as requests for disclosure of documents and testimony in both tax and non-tax litigation. The Division is also responsible for providing legal advice to the Service concerning the Privacy Act of 1974

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

Due to an increasing workload, the Disclosure Division was reorganized in 1976 by the creation of a Freedom of Information and Privacy Branch, and a Disclosure and Testimony Branch.

A significant issue being handled by the Disclosure Division continues to be the question of publication of private letter rulings and technical advice memoranda. The Service's position remains that technical advice memoranda and private letter rulings are tax return information not subject to disclosure under the Freedom of Information Act. This issue is presently pending before the Supreme Court. See *Fruehauf Corporation v. Internal Revenue Service*, 522 F.2d 284 (6th Cir. 1975), *cert. granted*, 423 U.S: 1047 (1976).

In addition, the Tax Reform Act of 1976 will have an impact on both the letter rulings area, and on *Code* § 6103, the Service's basic disclosure statute. The Tax Reform Act of 1976 provides for the disclosure of private letter rulings and technical advice memoranda, after deletion of certain information, and amends *Code* § 6103 to establish a statutory framework governing the disclosure of tax returns and tax return information.

Receipt and Disposal of Criminal Tax Matters—1976

Prosecution Cases Received From Intelligence	
Pending beginning of Fiscal Year	4,088
Total Opened	3,147
Total Closed	2,125
Counsel Declined	349
Department of Justice Declined	240
U.S. Attorney Declined	215
Prosecutions Completed	1,321
Pending End of Fiscal Year	5,110
Opinions	
Pending Beginning of Fiscal Year	15
Total Requested	52
Total Rendered	51
Pending End of Fiscal Year	16

Criminal Tax

National Office and field office attorneys in the Criminal Tax area handle all criminal tax legal matters for the Internal Revenue Service, coordinate criminal tax prosecutions with the Department of Justice, provide assistance to United States attorneys in criminal tax trials upon request, assist the Tax Court and Refund Litigation Divisions in coordinating the application of the civil fraud penalties, and coordinate disclosure matters, as well as Freedom of Information Act and Privacy Act matters, in cases where criminal action is anticipated or has been undertaken.

Criminal Tax attorneys undertook the responsibility during 1976 to be the principal legal advisors to the Office of International Operations in criminal tax cases being investigated by that office. Criminal Tax attorneys also continued furnishing legal advice to criminal investigators of the Service's Intelligence Division during the investigative stage of criminal tax cases. The pre-referral assistance to the Intelligence Division and the implementation of legal advice to the Office of International Operations has resulted in a more efficient use of manpower in criminal tax investigations.

Criminal Tax Activity—1976

Referrals by Counsel for Prosecution	2,037
Indictments & Informations	1,331
No True Bill	1
Plea of Guilty or Nolo Contendere	977
Convicted After Trial	216
Acquitted	77
Nol-Prossed or Dismissed	71
Legal Assistance to Intelligence Investigations (In Staff Hours)	14,040

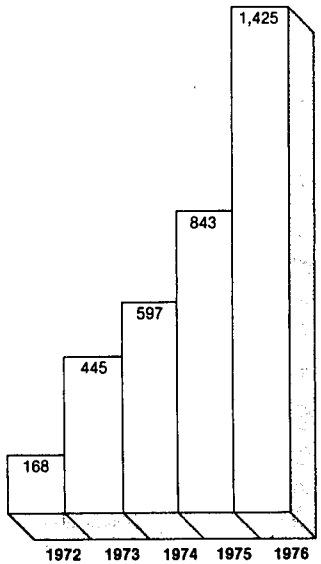
Fiscal Year 1976 figures are not reconcilable with prior years due to a change in the reporting system.

One troublesome issue to the Division has recently been resolved. In *United States v. Beckwith*, __ U.S. __ (1976), *aff'g*, 510 F.2d 741 (D.C. Cir. 1975), the Supreme Court held that Special Agents were not required to give *Miranda* warnings [*Miranda v. Arizona*, 384 U.S. 434 (1966)] to the subject of an Intelligence Division investigation who was not in custody or otherwise deprived of his freedom.

General Legal Services

The General Legal Services function handles legal matters arising in the non-tax legal area. Attorneys in the General Legal Services function in the National Office and field offices represent the Service in labor cases, including representation hearings, impasse proceedings, unfair labor practices, and arbitration hearings, and serve as a member of and counsel to management teams negotiating individual and multi-unit labor agreements. In addition, the attorneys represent the Service in adverse action and discrimination proceedings, represent the Director of Practice, Office of the Secretary of the Treasury, in disciplinary actions brought against tax practitioners and provide on-going advice to the Service concerning government contracts, tort claims, forfeitures, Inspection Service matters, and other areas not directly related to Federal tax matters.

General Legal Cases Received
1972 - 1976



During this past year staffing for the General Legal Services function was increased sufficiently to permit the assignment of attorneys to each Regional Counsel's office. The ready availability throughout the country of legal assistance in non-tax areas has been well received by Service officials.

Technical

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

Interpretative

The Interpretative Division provides legal assistance to the Office of Assistant Commissioner (Technical) and the Office of Assistant Commissioner (Employee Plans and Exempt Organizations) in the issuance of letter rulings to taxpayers, technical advice to Service personnel, and revenue rulings and revenue procedures to be published in the Internal Revenue Bulletin. The Division also provides legal assistance to other Divisions in the Chief Counsel's Office in determining litigating positions and in coordinating the litigating positions with the ruling positions of the Service.

During 1976, the Division attorneys assisted Service personnel in implementing the established requirement that a private school must admit students without racial discrimination in order to be exempt from Federal income tax, and in order that contributions to the school will be deductible from the donors' gross income. Major actions completed in this area by Division attorneys included the formal review of Rev. Proc. 75-50, 1975-2 C.B. 587; which further clarifies standards and guidelines for the private school enforcement program, and the drafting of Manual Supplement 7(10) G-10, dated April 6, 1976, which provides detailed instructions and procedures for use in auditing private schools, including those that are church-related.

Legislation and Regulations

The Legislation and Regulations Division represents the Commissioner and the Service in tax legislative matters. Division attorneys also provide the Treasury Department's Assistant Secretary for Tax Policy with technical assistance and expertise in the development and drafting of internal revenue legislation and furnish assistance to Congressional staffs in the drafting of committee reports on tax legislation.

Interpretative Division Cases Received
1972-1976

Type of Case	1972	1973	1974	1975	1976
Revenue Rulings	512	511	471	443	423
Letter Rulings	89	107	124	117	114
Technical Advice	114	117	90	80	73
Other Advice	173	185	158	212	257
Total	**888**	**920**	**843**	**852**	**867**

Legislation and Regulations Division Cases Received
1972-1976

Type of Case	1972	1973	1974	1975	1976
Legislation	76	46	77	85	59
Regulations	110	90	56	171	85
Miscellaneous	19	38	43	33	46
Total	**205**	**174**	**176**	**289**	**190**

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

During this past year, the Division continued to develop regulations to implement the Employee Retirement Income Security Act of 1974 (P.L. 93-406). In addition, the Legislation and Regulations Division played an active part in assisting the Office of the Assistant Secretary for Tax Policy and the Staffs of Congressional committees in drafting and solving technical problems which arose during consideration of the Tax Reform Act of 1976.

Administrative Services

The Administrative Services Division is responsible for the general supervision of all matters relating to budget, administration, and management in the Office of Chief Counsel.

The Division coordinates the recruitment program for the Chief Counsel's Office, runs the Summer Employment Program for legal interns and provides opportunities for attorneys in the Office to participate in law school, bar associations, or in-house training courses.

Under the aegis of the Division, an Equal Employment Opportunity Advisory Committee, composed of representatives from each Division in the National Office, assists in the administration of the Chief Counsel's Equal Employment Opportunity Program. The Office continued to make substantial progress in achieving its stated objectives and goals under the Affirmative Action Plan during this past year. In addition, the Federal Women's Program Advisory Committee sponsored a four part series on "Women and the Law."

During 1976 the Division established a Planning, Analysis and Operations Branch (PAO). The PAO Branch is engaged in planning and analysis, cost/benefit studies, systems development and operational activities such as legal information retrieval and computer equipment analysis.

In addition, the Administrative Services Division installed a computerized legal research system in some of its major offices. Additional installations will be added in future years. Also, during the latter part of the year, the Division initiated a study to determine the feasibility of employing Paralegal Specialists to assist attorneys in the Office in some routine legal and non-legal work.

Chapter 8
Planning and Research

"If Congress should concur in a reorganization of the revenue system, either according to the plan proposed, or some other, the Commission recommends the change be made before, in the Internal Revenue department, custom has developed into routine, and usage has acquired, through time, the binding effect of law".

David A. Wells
Special Commissioner of the Revenue 1870

Planning is an integral and continuing management activity within all organizational components of the Service. During 1976, the IRS planning activities encompassed the testing of improvements in work technology and systems, analysis of pending legislation, coordination of the preparation of testimony before Congressional committees, as well as statistical compilation and projection of tax return data.

Review of Service Center Space Requirements

A study was conducted to assess the impact of projected growth in workload volume and changes in work methods on long-range service center space requirements. A mathematical model was used to project estimated future space requirements under several contingencies. Plans call for a periodic updating of estimated future space requirements using the model.

Management Information System

The IRS has begun initial steps toward integrating its various management information systems so that appropriate data will be available to both operating officials and top management. The first phase of this long-term project will be identifying user requirements at various levels in the organization. Subsequently, a detailed plan to develop, test, and implement a system based on these user requirements will be formulated.

Taxpayer Service Telephone Study

During FY 1976 a study was initiated to assist Taxpayer Service Program managers in making maximum use of their resources. The study has two major objectives. First, through the use of mathematical modeling techniques, information will be developed which will indicate the optimal number and location of toll-free telephone answering sites offering taxpayer assistance. Second, an on-going system will be developed for collecting, analyzing, and interpretating data needed to improve planning, scheduling, and budgeting for the operation of Taxpayer Service programs.

Planning Model for the Intelligence Program

A long-term project for improving program planning and resource allocation in the Intelligence function has been initiated. The first objective of this study will be to examine how more precise measures can be devised for estimating the magnitude of the tax fraud problem and identifying significant potential tax fraud situations. Next, the Service intends to use the results of this study to improve its intelligence resource allocation system and devise better case selection procedures. The adjustments made to current procedures as a result of the study should lead to a more effective, coordinated national compliance strategy for the Service's Intelligence Program.

Research and Testing

Study of Alternative Filing Procedures

Approximately 12,000 individual taxpayers were sent questionnaires seeking information aboutcurrent filing practices and opinions on two alternative filing procedures—a staggered filing system and the extension of the current three and a half month filing period to six months. Results of the survey, together with input from State tax administrators and other interested groups, will be incorporated in the Service's study of alternatives to the current filing period.

Problem Resolution Tests

In an effort to simplify the taxpayer's problems in meeting tax obligations, during 1976, the IRS conducted tests in four districts covering special problem resolution procedures. The tests were intended to provide solutions to problems taxpayers have in dealing with various IRS components, as well as to help Service management identify factors causing problem patterns. Test results will be analyzed to determine the need for any procedural or organizational changes which may facilitate the resolution of taxpayer problems.

Optical Character Recognition

The IRS is exploring the feasibility of substituting optical character recognition (OCR) equipment for data transcription. Cost-benefit analyses are being conducted to determine if OCR equipment could prove to be a more economical means of converting data recorded on Federal Tax Deposit Forms and other forms with print characteristics controlled by the Service.

Special Agent E. Michael Fornili, (L) of the IRS Baltimore District, is presented the Treasury Department's Meritorious Service Award by Commissioner Donald C. Alexander for the agent's prompt rescue efforts that kept a Washington, D.C., woman alive until the D.C. Rescue Squad arrived. On site witnesses reported Mr. Fornili's valiant efforts to the IRS, including instructions to call the Rescue Squad and the assistance he rendered the squad after their arrival on the scene.

High Speed Printers

Tests have been completed to determine potential IRS applications for high speed, non-impact printers. These printers represent a technological breakthrough over existing designs and can print up to twenty-five times as fast as conventional printers. Because non-impact printers can produce high quality output at greater rates of speed, they have the potential for cutting the costs associated with producing taxpayer notices, periodic service center reports, and one-time printing efforts. Indications are that substantial savings would accrue over the next several years, if these printers were installed in each service center.

Remittance Processing System

Based on successful tests with a computerized system to expedite clearance and deposit of tax remittances, the IRS has asked manufacturers to submit proposals for Remittance Processing Systems to be installed in each of the 10 Service Centers. When installed, these systems should reduce processing costs by combining remittance data input, numbering, and preparation of accounting documents in a single operation. The system should also accelerate remittance posting to account status and tax data bases, and provide a "fact of filing" indicator for account status operations.

Compliance ADP Applications Test

On site tests are being conducted in field offices to determine the costs and benefits of ADP (automatic data processing) applications in support of district office audit functions. Applications are related to providing direct computational assistance to revenue agents in their examinations, mechanizing clerical tasks, and providing reports for local management purposes.

Legislative Activities

The planning and research function has the responsibility for the continuing analysis of legislative proposals affecting the IRS, a determination of their probable administrative implications, and, once legislation is enacted, the development and coordination of implementation plans. The pace at which tax legislation is being introduced has steadily increased. During 1976, approximately 185 bills were analyzed for their impact on the IRS. Of major importance during this period was the analysis of the Tax Reform Act of 1976. Implementation plans were developed for 16 enacted public laws, including the Tax Reduction and Revenue Adjustment Acts of 1975.

Consolidated Annual Wage Reporting

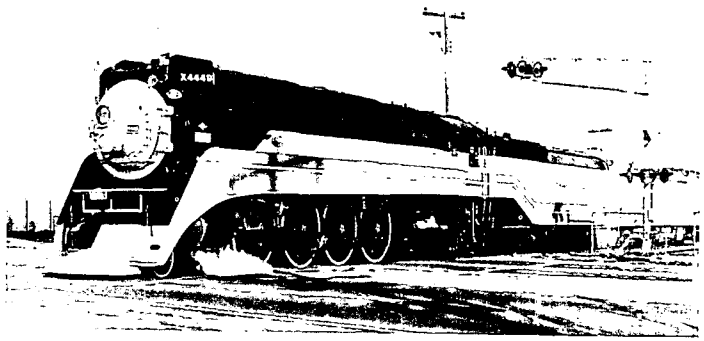
For many years the Service has favored consolidated annual wage reporting to reduce the administrative and paperwork burden for the taxpayer and the Government. In 1976, Congress enacted Public Law 94-202 which will allow employers to file annual rather than quarterly wage reports beginning in 1978. This law will use Form W-2, Wage and Tax Statement, in determining social security program coverage and benefits, as well as for tax enforcement. Under this arrangement, the Social Security Administration will process the W-2 forms and send necessary information to the IRS. This will cut costs by eliminating duplicate processing.

Tax Reform Act of 1976

A number of substantive tax law changes and major revisions to the Tax Code were considered by the 94th Congress. During these sessions the Revenue Adjustment Act of 1975 was enacted to continue certain anti-recession tax reductions through the first half of 1976, pending enactment of comprehensive tax legislation. The IRS prepared necessary forms and instructions to implement the Act and its subsequent extensions. A number of proposals to change the Code were analyzed. These ranged from energy conservation credits to the tax treatment for rental of vacation homes. Such proposals were reviewed for administrative feasibility, and for their effect upon the tax revenues. The result of these analyses were provided to the Secretary of the Treasury and Congressional committees.

Confidentiality of Tax Returns

Several bills for safeguarding the confidentiality of Federal tax return information were introduced in the 94th Congress. Generally, these bills would amend the Internal Revenue Code to restrict the disclosure of information from a tax return. The provisions prescribe the persons to whom, and the purpose for which, disclosure of such information may be made. These bills impose stronger penalties for unauthorized disclosure of tax return information. These provisions and penalties would apply to employees, former employees, or other individuals who are allowed statutory access to return information including State tax officials and officials of other Federal agencies.



Ogden Service Center employees thrilled to the sight of giant locomotive X4449, hauling the 25-car American Bicentennial Freedom Train, as it thundered out of the Utah Army Depot, adjacent to the IRS facility. During a two day stop in Ogden last Fall, hundreds of IRS personnel were able to view this mastodon of a bygone era and its historical cargo of artifacts from the American Revolution through to the Space Age.

Commonwealth Status Slated for Northern Mariana Islands

Congress has approved a covenant which paves the way for the Northern Mariana Islands to become a Commonwealth of the United States. When the Marianas become a Commonwealth, the covenant provides that the Commonwealth will apply the income tax laws of the United States for its territorial income tax, similar to the Government of Guam. The IRS is implementing an agreement to collect social security taxes on behalf of the Northern Mariana Islands Government. The funds collected will be transferred to the United States and will be operated as a separate trust fund until the Northern Mariana Islands achieve full Commonwealth status, or earlier, if mutually agreeable. At that time this trust fund will be fully integrated into the U.S. Social Security Administration.

Delinquent Child Support Program

The Department of Health, Education, and Welfare has begun the operation of a Parent Locator Service, authorized by law, to locate absent parents who have not been making court-ordered payments for child support and to collect those delinquent payments. The law also directs the IRS to provide certain tax return information, if necessary, such as the last known home address or most recent place of employment for absent parents. In addition, upon certification by a State that court-ordered support payments are delinquent and uncollectable through State collection efforts, the IRS is required to assess and collect these delinquent payments as though they were tax deficiencies. Amounts collected are to be remitted to the States. Plans for implementing this law have been completed, although no cases have been referred to the IRS for collection.

Statistical Activities

Statistics of Income Highlights

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

Preliminary SOI reports published in 1976 covered individual income tax returns for 1974 and corporation and business income tax returns for 1973.

Also in 1976, the IRS published an SOI report on personal wealth. The report provides estimates of the holdings of living individuals with more than $60,000 gross assets in 1972 based on a sample of Federal estate tax returns.

In another area, statistics were provided to the Treasury to help evaluate the effectiveness of the Domestic International Sales Corporation (DISC) provisions of the tax code as a means of promoting U.S. exports. These statistics were included in a Treasury report to the Congress.

Work was continued during 1976 on a projected series of statistical reports covering tax-exempt organizations, the first of which will cover private foundations for 1974. Subsequent reports will cover charities schools, and associations; farmers, cooperatives; and funded deferred compensation plans. Another group of special studies underway concerned income earned abroad by individuals and corporations.

A new series of tax research projects was initiated during 1976 based on linkages of related tax returns. One project was to associate data from partnership returns with income tax returns of the partners in order to study tax shelters. Another was to shed light on relationships between income and wealth of Federal estate tax return decedents and the income of their heirs, while a third was designed to examine patterns in sales of capital assets over a five-year period for an identical group of individual income taxpayers.

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

Tax Models

Originally developed almost 15 years ago to meet Treasury's need for timely estimates of the revenue effects of proposed tax legislation, the tax models continue to be valuable tools for economic planning. Five basic models, representing the returns of individuals, corporations, sole proprietorships, partnerships, and estates, are now used. Each model consists of a set of generalized computer programs used with specially structured data files comprising records in the Statistics of Income files.

In addition to the basic tax model for individual returns, the Service has developed a special individual model set "State Tax Models," pursuant to the Federal State Tax Collection Act of 1972. These models are designed to permit reliable data estimates for each of the 50 States and the District of Columbia. Toward this end, the models are based on the full Statistics of Income sample (over 200,000 returns for 1974) instead of the subsample of about 100,000 returns used for the basic model.

Returns-Filed Projections

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

The total number of primary returns and supplemental documents is expected to grow from 127.3 million in calendar year 1975 to 164.7 million in 1985. This is an increase of 29.4 percent and reflects the expected growth in economic activity over the next decade.

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

Selected Types of Returns Filed in 1975, and Projected for 1976, 1977, 1980 and 1985, by Calendar Year
(Thousands)

Type of return	Actual 1975	Estimated 1976	Projected[8] 1977	1980	1985	Percent change 1975-1985
Total Primary Returns and Supplementals	**127,348**	**127,857**	**132,845**	**144,044**	**164,740**	**29.4**
Total Primary Returns	124,564	123,179	127,404	135,242	149,857	20.3
Individual, Total	84,043	82,479	86,248	92,876	104,540	24.4
Form 1040A	22,463	27,869	30,313	28,189	25,761	14.7
Form 1040	61,450	54,478	55,800	64,545	78,622	27.9
Form 1040NR, PR, and SS	100	104	106	113	126	26.0
Form 1040C	14	14	14	14	14	1.2
Form 1042	16	14	15	15	17	4.0
Individual Declaration	7,500	7,609	7,683	7,876	8,547	14.0
Fiduciary	1,559	1,644	1,757	2,094	2,872	84.3
Partnership	1,133	1,161	1,184	1,262	1,391	22.8
Corporation[1]	2,138	2,194	2,260	2,438	2,763	29.2
Estate	226	239	253	298	385	70.4
Gift	273	291	313	377	540	97.6
Employment[2]	24,738	24,673	24,777	24,977	25,578	3.4
Exempt Organization[3]	404	431	446	488	558	38.3
Employee Plans[4]	1,124	1,004	1,024	1,083	1,191	5.9
Alcohol, Tobacco, and Firearms Returns[5]	562	572	573	575	479	3.1
Excise[6]	864	882	886	898	913	5.6
Total Supplemental Documents[7]	2,784	4,678	5,441	8,802	14,883	434.7

[1]Includes Forms 1120, 1120 Special, 1120F, 1120-DISC, 1120-POL, and 1120-S
[2]Includes Forms 940, 940PR, 941, 941E, 941PR, 941SS, 941M, 942, 942PR, 943, 943PR, CT-1 and CT-2
[3]Includes Forms 990, 990PF, 990C, 990T, 4720, and 5227
[4]Includes Forms 5500, 5500C, 5500K 5501, 990P, 4848, and 4848A
[5]Includes Forms 7, 8, 11, 4705, 4706, 4707, 4708, Alcohol and Tobacco
[6]Includes Forms 11B, 11C, 720, 720M, 730, 2290, and 4638
[7]Includes Forms 1040X, 1120X, 2688, 4868, 7004, 7005, 2438, 990AR, 4578, 5300, 5329, and 1041A
[8]Projections do not take into account the Tax Reform Act of 1976

Tax Administration System

Plans for a redesigned IRS data processing framework—the Tax Administration System—were completed and presented to the Congress for approval. Studies were subsequently undertaken to develop implementation approaches which minimize the risks of the broad system changes planned. The redesigned system will enable IRS to improve service to the public, including the processing of tax returns and the retrieval of information related to those returns, to provide increased capability for compliance and enforcement programs, to respond effectively to changes and overcome the limitations of the old system.

To accomplish the Tax Administration System objectives, the taxpayer account files at the National Computer Center in Martinsburg, West Virginia, will be decentralized to the ten IRS service centers; the National Computer Center, in turn, will assume the new role of controlling activities between the service centers and maintaining a directory of service center records so that an account is not kept on file at more than one service center.

The magnitude of the redesigned system requires that its implementation take place in phases The first phase is tentatively scheduled to begin in one service center, which will serve as a prototype, by early 1981. Implementation in the other centers will be gradual. All phases would be operational in all service centers by 1985.

Revenue Officer Donald R. Williams (R), IRS Dallas District, is presented a personal letter of congratulations from the President of the United States by Dallas Director A.W. McCanless for the officer's suggestion that is estimated to save the Federal government over $75,000 annually in administration of the Federal Highway Use Tax.

Assistance to State and Local Governments

During 1976, the IRS responded to several requests from State governments for technical assistance under the Intergovernmental Personnel Act.

The IRS provided over 120 weeks of training assistance for 74 employees of state and local governments, including; a specially designed computer auditing course for 21 employees of the Department of Taxation, Hawaii; training in excise tax law for Treasury employees, Puerto Rico; basic revenue agent instructions for employees of the State of Vermont; and investigative techniques training for Department of Revenue employees, Pennsylvania.

In addition, employees of the State of New York and from two of its local counties were provided special IRS assistance to enable them to design tax courses and to instruct their own employees.

Federal-State Exchange Program

The IRS has formal agreements to provide reciprocal exchange of tax information with 48 States, the District of Columbia, Puerto Rico, Guam, and American Samoa. New model agreements are planned to implement the more stringent disclosure provisions contained in the pending Tax Reform Act of 1976. These provisions, when enacted, will require all Federal-State tax agreements to be renegotiated.

Magnetic tape data containing tax information on approximately 66,000,000 taxpayer records were extracted from the Individual Master File for tax year 1974, sorted by State, and furnished to tax authorities in 39 States, the District of Columbia, and Puerto Rico. The IRS is currently developing a new annual standardized Business Master File extract tape program to be furnished to participating States. This program will include Federal unemployment tax information and current business master file extract data. Presently, States are provided limited tape extracts of information from the Business Master File and other Service master files relating to gift taxes and exempt organizations.

Chapter 9

Internal Management of IRS

"For compensation to the Commissioner of the Revenue, clerks and persons employed in his office, five thousand five hundred and twenty-five dollars. For expenses of stationery, printing and all other contingent expenses in the office of the Commissioner of the Revenue, four hundred dollars".

Treasury Appropriation
Act of March 19, 1798

Maintaining IRS Integrity and Efficiency

Internal audit and security programs of the Inspection Service aid IRS managers in their efforts to maintain the highest levels of integrity and efficiency.

Internal Audit Activities

The Internal Audit Division independently reviews all IRS activities to ensure that policies, procedures, and controls protect taxpayer rights and the revenue, and that Service operations are carried out efficiently, effectively, and in accordance with laws and regulations. Varied auditing techniques, including computer analyses and statistical sampling, are used to detect operating problems and integrity breakdowns.

Improvements and Savings

During the year, Internal Audit emphasized reviews of controls for safeguarding tax information, assuring equitable treatment of taxpayers, and safeguarding revenue receipts and other Service assets. The resulting Internal Audit reports enabled management to strengthen the controls in these key areas, improve service to taxpayers, and stimulate an attitude of integrity awareness within the Service. In addition, measurable savings and additional revenue resulting from Internal Audit activities in FY 1976 were estimated to exceed $12 million.

Corrective actions on some internal audit findings do not result in measurable savings or additional revenue, but instead accelerate the collection of taxes or otherwise increase the effectiveness or efficiency of the Service. Management actions of this type were taken on accounts and returns estimated to total $4 million.

Fraud, Embezzlement or Misconduct

One of the basic purposes of the Internal Audit program is to detect fraud, embezzlement, or other wrongdoing on the part of Service employees or others who attempt to corrupt employees.

Integrity reviews during FY 1976 resulted in the detection of 10 fraudulent refund schemes involving 258 returns with refunds totaling $477,000. Nearly $402,000 of these refunds were stopped before issuance to the claimants. Only one scheme involved a Service employee. In addition, the Internal Audit Division participated with other Service components in the investigation of 9 other refund schemes totaling in excess of $1.4 million. The Service has established a committee, which includes an Internal Audit representative, to appraise fraudulent tax and refund schemes and recommend improved controls for detecting and deterring such schemes.

The integrity reviews were also a contributing factor in the referral to Internal Security of information indicating possible breaches of integrity to 401 employees and other individuals.

In addition to the prevention of revenue losses due to early detection of improper actions, the integrity reviews have a deterrent effect on those contemplating improper actions, and also identify operational problems for correction by management.

Internal Improvements

To improve service to management, Internal Audit made a number of significant changes in its operations. Internal Audit strengthened its planning budgeting and execution processes by developing a long range audit plan; revised its reporting procedures to provide more informative and better balanced reports; reorganized its management structure to improve span of control, planning, quality reviews, and communications; and provided extensive re-training to staff members.

Internal Security Activities

The Internal Security Division conducts background investigations of IRS job applicants and investigates complaints of criminal and non-criminal misconduct and irregularities concerning employees. It also investigates persons outside the IRS who attempt to bribe or otherwise corrupt Service employees or who threaten or assault employees.

The Division also investigates the unauthorized disclosure of Federal tax return information, disclosure or use of information by preparers of returns and charges against tax practitioners. In addition, the Division conducts special investigations and inquiries as required by the Commissioner and the Office of the Secretary of the Treasury.

During 1976, the Internal Security Division was responsible for the arrest or indictment of 125 individuals, including 27 employees or former employees and 98 taxpayers, tax practitioners or others. A total of 90 defendants were convicted during the year, including 71 defendants who pleaded guilty rather than go to trial. Forty-three of these convictions were for bribery, 27 were for assault, and the remainder involved such other criminal charges as embezzlement, conspiracy to defraud the government, obstruction of justice and subscribing to false returns.

Bribery Attempts

Last year, IRS employees continued to thwart those persons who challenged the integrity of the Service through attempted bribery. In 1976, 179 employees reported 204 possible bribery attempts, resulting in 51 arrests or indictments.

During the 15-year period that the IRS Inspection Service has had the responsibility for the bribery program, IRS employees have reported 1,851 bribery attempts. Approximately one of every four such attempts resulted in prosecution of the taxpayer; in the remainder, there was insufficient evidence to warrant prosecution. Since 1961, bribery investigations have resulted in 493 arrests or indictments and 372 convictions or guilty pleas. At the end of 1976, 42 persons were awaiting trial on bribery charges.

The following cases, in which employees cooperated with Inspection, illustrate bribery attempts during 1976:

A California massage parlor and health spa owner was arrested on charges of attempting to pay a revenue agent $500 for a no change audit on the spa's 1973, 1974 and 1975 tax returns.

A New York taxpayer was indicted for attempting to pay a $5,000 bribe to a revenue agent in return for favorable audits of his individual tax return and a corporate return in which the taxpayer is a major stockholder.

A New York accountant pleaded guilty to conspiracy to bribe a revenue agent after he paid the agent $2,000 to reduce the proposed corporate tax liability from $30,000 to $253.

A CPA from New York pleaded guilty to bribery charges after he paid $3,500 to a revenue agent for a favorable audit of a client; $450 to a District Office auditor for a favorable audit of another client; and an additional $125 to the agent in the first case to help fix the second case.

A taxpayer convicted of one count of bribery in California received the maximum sentence of 15 years in prison and fine of $20,000. This maximum sentence was imposed by the court with the provision that the taxpayer undergo a 90-day psychiatric study at a Federal institution After completion of the psychiatric study, the court indicated it will consider a reduction in sentence.

An owner of a New England wholesale radio company was indicted for bribery after paying a revenue agent $2,000 to reduce his tax liability from $14,000 to approximately $4,300.

A New Jersey taxpayer was indicted by a Federal Grand Jury for paying a $1,000 bribe to a revenue agent. The bribe was paid to reduce a proposed tax liability from approximately $6,000 to $700. The tax liability resulted from the taxpayer's failure to file tax returns for the years 1968 through 1974.

Two Illinois taxpayers were indicted by a Federal grand jury for bribery and aiding in the preparation of false tax returns. The charges resulted from an investigation in which one of the taxpayers allegedly offered a revenue agent $50,000 to overlook an "exchange account" transaction.

Assaults and Threats on IRS Employees

Since March 1972, when it was first assigned the responsibility for the Assault and Threat Program, the Internal Security Division has investigated 2,224 cases in this area. Prosecution was authorized in 169 cases, 86 of which resulted in convictions or guilty pleas, and 25 of which are pending trial. During 1976, 705 investigations were initiated and 27 persons were convicted or pleaded guilty. An additional 13 persons were placed in the pre-trial diversion program, subject of revocation of probation, or referred to local authorities for prosecution. In instances where prosecution is not authorized, which is the situation in most cases involving threats, Inspectors, with the approval of the U.S. Attorney, contact the alleged assailant to inform him or her of the applicable Federal statutes concerning assaults or threats on government employees. The individual is also advised that repetitive acts could result in serious consequences, including prosecution.

The following cases illustrate examples of Assault and Threat cases this year:

A Florida taxpayer was arrested for pointing a revolver at two revenue officers and threatening to kill them if they continued with seizure of his automobile. The taxpayer's wife was also arrested on the charge of aiding and abetting.

An Indiana taxpayer was arrested after phsyically assaulting a revenue officer who had placed a Federal tax lien on his salary check. The taxpayer came into the IRS office, grabbed the revenue officer by the hair and shook him, while threatening him with further bodily harm if the lien was not released.

A Michigan taxpayer was arrested on charges of assaulting three revenue officers who were in the process of seizing the assets of his business. The taxpayer threw a cash register in the direction of one revenue officer and grabbed another revenue officer by the coat lapels.

A California taxpayer was arrested for pointing a shotgun at a revenue officer and a special agent who were attempting to seize his property for unpaid taxes.

An Illinois taxpayer was arrested after physically assaulting a revenue officer who had contacted him about payment of $2,500 in back taxes. The taxpayer struck the revenue officer with his fists several times, knocked him down, and then kicked him repeatedly.

Prevention of Organized Crime Influence

The possible corruptive influence of organized crime upon the Service has always been a matter of concern to the Internal Security Division. An extensive investigation in the New York City area, in which Internal Security participated with the Strike Force and other agencies, resulted in the arrest of eight individuals. One of the individuals was a prominent member of an organized crime family who has been indicted on charges of bribing a special agent to quash an Intelligence/Strike Force investigation of him.

In addition, a total of four organized crime members were convicted or pleaded guilty to charges of obstruction of criminal investigation, bribery and conspiracy. Another organized crime figure has been indicted for making false declarations before a grand jury.

Other Criminal Prosecutions

Other criminal activities involving the Service, which led to prosecutions as a result of Internal Security investigations this year, are as follows:

An IRS San Francisco employee was sentenced to 18 months imprisonment for failing to disclose on his job application forms nine arrests and five convictions mainly for check fraud and forgery. State and U.S. Postal authorities also investigated this employee on other unrelated fraud charges.

An Illinois cement contractor was sentenced to 60 days imprisonment and three years of probation for posing as a revenue agent and attempting to extort $25,000 from a taxpayer for ending a nonexistent tax investigation.

A former IRS Chamblee Service Center employee pleaded guilty to 37 counts of embezzlement of over $2,300 from an imprest fund, and was sentenced to a $1,000 fine a suspended one year imprisonment and two years probation, on the condition that he make full restitution.

A Texas man was arrested and indicted for impersonating a Federal officer after he obtained over $500 from a taxpayer by pretending to be a Government messenger sent to pick up a refund check.

Two New York men, employees of a communications firm, were arrested for conspiracy to obtain confidential tax information regarding a prospective financial backer of their firm.

Investigation of Employees

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

The Internal Security Division completed 17,004 investigations during the year. In addition, singular and multiple police record searches were conducted on 19,861 persons considered for temporary, short- term appointments or for positions created for special economic and educational programs.

These searches or investigations resulted in the rejection of 199 job applicants and in disciplinary actions such as separations, suspensions, reprimands, warnings or demotion against 957 employees.

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

Internal Security Division Investigations

Type of Investigations and Actions	1975	1976
Total Investigations	18,255	17,004
Personnel Investigations		
Character and Security	11,104	10,291
Conduct	1,063	1,011
Special inquiries	2,561	2,503
Total Personnel Investigations	**14,728**	**13,805**
Other Investigations		
Assault	619	705
Disclosure	179	182
Applications to Practice Before IRS	1,491	1,562
Against Attorneys, CPA's and Enrollees Charges	75	52
Federal Tort Claims	134	153
Bribery	214	228
Investigations for Other Treasury Bureaus	825	317
Total Other Investigations	**3,537**	**3,199**
Actions by Management Officials on Personnel Investigations		
Total Actions	**14,728**	**13,805**
Separations[1]	256	237
Suspensions from Duty and Pay	74	87
Reprimands, Warnings and Demotions	796	633
Rejected for Employment	195	199
Pending Adjudication	—	502
Non-Disiplinary Actions[2]	13,407[3]	12,147
Separations by Type of Offense		
Total Separations	256	237
Bribery, Extortion or Collusion	5	6
Embezzlement or Theft of Funds or Property	8	11
Failure of Employee to Pay Proper Tax	23	21
Falsification or Distortion of Reports, Records, etc.	123	105
Unauthorized Outside Activity	2	4
Failure to Discharge Duties Properly	12	6
Divulgence of Confidential Information	4	6
Acceptance of Fees and Gratuities	4	2
Refusal to Cooperate in Official Investigation	0	2
Personal and Other Misconduct	75	74

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

[2]Includes clearance and closed without action letters on conduct investigations.
[3]Includes Pending Adjudications.

Investigative Teamwork

Breaches of integrity by individuals can be investigated jointly by Internal Audit and Internal Security with the assistance of the IRS Intelligence Division in some cases.

In one case, a former tax technician was arrested for filing 37 false income tax returns, claiming refunds of over $118,000. After her arrest, she offered the explanation that she was "conducting a test" of refund procedure but was unable to explain 15 savings accounts she had recently opened under fictitious names.

A refund scheme in Ohio, which did not involve an employee, led to the arrest of an individual who filed false income tax returns claiming refunds of over $588,000 at five different IRS Service Centers.

Violations of tax laws discovered during internal audits and integrity investigations are referred to the IRS Intelligence Division for investigation if no employees are involved. During the year, there were 54 such referrals.

In each region, joint Internal Audit—Internal Security integrity development projects were initiated to probe identified high risk Service operations. For example, tests were made at Service Centers to determine that revenue receipts were accurately and timely accounted for. This included testing whether taxpayer payments were input to the computerized Integrated Data Retrieval System in accordance with prescribed procedures. Also, controls over taxpayer delinquent accounts in Office Branches at District Offices were reviewed, accountability records were verified, and the propriety of collection actions were determined, including abatement of penalties and write-off of accounts as uncollectible. A third project involved tests to determine whether undelivered refund checks were effectively safeguarded at Service Centers against unauthorized reissuance.

Management Improvement

Cost Reduction

With the support and involvement of managers and executives at all levels, IRS vigorously applied its best efforts to achieve efficiency and savings during 1976. Through a planned Management by Objectives approach and emphasis on productivity measurement IRS accomplished a number of objectives and made progress toward others that have resulted in savings (some of a cost avoidance nature) of many millions of dollars.

During 1976 several major projects to reduce mailing and distribution costs were accomplished resulting in savings in excess of $4 million. The mail classifications for quarterly mailouts, Package X, some tax forms orders, as well as Publications 17 and 334 were changed. Also, the IRS developed a wide commercial bill of lading program for commercial shipments of tax forms and other printed material. Each commercial bill of lading produced saves the Government $12.50 over the processing and post audit price of a Government Bill of Lading. Savings in this area alone exceeded $100,000. Another similar effort involved diverting to commercial transportation all material that could not be economically moved by mail and this created savings of $500,000 per year over the past two years.

In the telecommunications area the cost reduction program initiated last year was expanded, resulting in improved service at a substantially lower cost. By reducing Federal Telecommunications System (FTS) charges and local telephone equipment, a $3.3 million savings was achieved.

The Service's on-going reports curtailment project cancelled enough reports to result in a 1976 savings of approximately $300,000.

Records disposal during calendar year 1975 resulted in the release of space and equipment valued at approximately $2.1 million. A total of 155,098 cubic feet of records were destroyed in accordance with regular programs and 365,436 cubic feet of records were retired to the Federal Records Center.

Special emphasis was placed on efficient and economical space and property management to encourage cost consciousness. The implementation of internal management systems provided a means for closer monitoring and control of space and property inventories. These management systems and the continued emphasis on cost reduction, particularly through implementation of open office planning and multiple occupancy work stations will result in the release of additional space in the future. Also furniture and machine rehabilitation and repair have prolonged equipment lifetime and improved utilization.

Employee participation in cost reduction efforts was successfully promoted through the Incentive Awards Program. During 1976, 937 employee suggestions were adopted, resulting in tangible benefits of $2,008,666 (an increase of $1,298,466 over last year).

A half century of Federal government service was completed by Mrs. Myrle Dodge, Audit Clerk, in the IRS Detroit District, this year. Mrs. Dodge entered Federal service with the Veterans Administration, August 10, 1925, in Washington, D.C. In 1933, she transferred to the IRS and a year later to the Detroit office, where she has since been employed. During 50 years of service, Mrs. Dodge has received three Superior Performance Awards, a Special Achievement Award, and two Suggestion Awards.

In addition, 345 awards were granted for special achievements which saved IRS $1,328,723 ($792,823 more than last year's savings). In both categories, many employees received letters signed by President Ford thanking them for their participation in improving economy. All award recipients had created tangible benefits of $5,000 or more.

The Service continues to rank as one of the top Federal agencies in the area of safety and health, although the rate of 2.8 disabling employee injuries per million staff hours worked in calendar year 1975 is an increase over the 1974 rate of 1.9.

Service personnel drove 135.3 million miles on official business in 1975 with 874 accidents for a low accident frequency rate of 6.4 accidents per million miles driven.

Executive Development

The Service continued to maintain a competent and effective career executive corps by enrolling 20 employees in executive development training. Included in this training were 16 employees selected by nationwide competition and four incumbent executives.

Middle Management Development

The Service's course for new middle managers, reduced last year from four weeks to two and one-half weeks, was offered fifteen times. This enabled the Service to substantially reduce the backlog of middle managers requiring this training. Training costs were further reduced by conducting the program at field locations as well as in the National Office.

Basic Management Training

Increased responsibilities have made the position of the IRS first level manager more complex and critical. Thus, the Basic Management Training course, attended by all new managers, provides the IRS with a means to prepare first level supervisors for their responsibilities.

This year the Basic Management Training course was redesigned to include more essential material in the same classroom time. Job aids were developed to instruct the manager in the basic mechanics of the position as well as to provide a ready reference when on the job. Subjects such as communications, motivation, labor relations, and performance appraisal are taught in a manner that integrates them into the manager's job.

Labor Management Activities

In July 1975 the IRS concluded negotiations for a three year collective bargaining agreement with the National Treasury Employees Union (NTEU) covering 30,000 employees in the Data Center, National Computer Center, and in 9 of 10 service centers. Overall, the National Office agreement, the multicenter agreement, and the multiregional and multidistrict agreements cover over 65,000 IRS employees.

This agreement renewed the need for training managers and supporting staff people on their supervisory responsibilities under its provisions. Briefings were held for management officials and first level managers received formal training.

Presently the IRS and NTEU are involved in the process of negotiating a new multidistrict agreement covering 30,000 employees in 57 of 58 districts. Upon completion of these negotiations, negotiations for a new multiregional agreement will commence.

Approximately 220 unfair labor practice cases and 330 collective bargaining agreement arbitration cases were filed during the past year which represents a significant increase over the previous 12 month period.

During the year the agency has conducted training on local negotiations, arbitration, and unfair labor practice procedures to increase the expertise of personnel specialists engaged in the administration of Executive Order 11491, as amended, and the provisions of the collective bargaining agreements.

Commissioner Alexander congratulated National Office Volunteer Income Tax Assistance (VITA) coordinators for their efforts in organizing the program to help taxpayers in the Washington, D.C., area. (L to R) Blanca Zayas, Taxpayer Service; John Totten, Fiscal; Athene Evans, Taxpayer Service; Jane Collinson, Tax Programs; Commissioner Alexander; Carolyn Leonard, Asst. Director, Taxpayer Service; Betty Frey, Taxpayer Communications; Jim Owens, Deputy Asst. Commissioner for Accounts, Collection, and Taxpayer Service.

Employment of the Handicapped

The IRS continued to increase its employment of the handicapped in all occupations. By the end of calendar year 1975, 1,642 handicapped persons were employed by the IRS. Over 100 blind individuals were working as taxpayer service representatives in IRS districts and as tax examiners in the service centers.

Each year, the IRS focuses attention on the valuable contributions of IRS handicapped employees and their ability to perform top-level work by presenting an IRS Outstanding Handicapped Employee of the Year Award. This year, for the first time, two employees received this honor: Robert Clayton, from our Phoenix District, and Breland Collier, from our Jackson District. Mr. Clayton received an additional honor in being selected as the Department of the Treasury's Outstanding Handicapped Employee of the Year.

Equal Employment Opportunity

The IRS continued to increase equal employment opportunity and to insure Upward Mobility opportunities for all employees. There was minimum hiring during the period from year-end 1975 to year-end 1976, with a total on-board increase of only 4 percent. Increases in minority representation exceeded that figure, however, with a total minority increase of 4.8 percent, from 14,321 to 15,008. Blacks increased by 4.5 percent from 11,101 to 11,596, and Hispanics by 13.6 percent, from 2,188 to 2,486. It is also notable that 21 percent of the total increase were minorities.

Revenue Officer Training

The Revenue Officer training program (Phase III) was changed from two weeks of classroom training to a self-taught program requiring about 40 hours of study. This produced an annual savings of over $250,000 in travel, per diem, and staff costs for training about 400 new Revenue Officers.

Also, the redesigned program eliminated the need for senior Revenue Officers to serve as classroom instructors. Instead, trainees are given individual instruction and guidance, as needed, by a Revenue Officer at their work location.

Taxpayer Service Training

Major efforts have been made to improve Taxpayer Service employees' training. Basic courses have been redesigned to emphasize technical accuracy in answering taxpayer questions. The training program for Taxpayer Service Specialists has been significantly improved to provide greater tax information in more complex areas. Also, improvements have been instituted in the Refresher Tax Law program which is given all employees furnishing taxpayer assistance during the filing period. The Refresher program provides assistors with sufficient knowledge of tax law to answer a wide range of taxpayers' questions.

Writing Improvement Program

Increased attention was given this year to our continuing effort to improve the quality of written communication to the public and also of our internal-use memorandums, reports and directives.

The Effective Writing Program was revised and now includes a three-part training program for originators, reviewers and managers. All segments are designed to ensure that our written communications are clear, correct, concise, and that they serve the purpose of the sender and receiver.

Nearly 600 employees completed this training during the past year. Our objective is that all employees responsible for correspondence will be trained to improve the Service's written image.

Internal Revenue Manual Revision

The Internal Revenue Manual production methods are being converted to a more modern rapid publishing system. The new system will utilize computerized composition, data base maintenance for information retrieval purposes, light-weight paper and a convenient 6" x 9" size. The result will be a more up-to-date manual with space and cost savings over the current system.

Document Security Program

Although the Internal Revenue Service has always been concerned with protecting the confidential nature of information concerning individuals, new guidelines were issued this past year to comply with the Security requirements of the Privacy Act of 1974. These guidelines require that all information concerning individuals be properly protected whether it is recorded on paper documents, magnetic tape, or microfilm. This is a further step in the over-all effort of the Service to protect against unauthorized disclosure of taxpayer information.

Art Advisory Panel

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

The Commissioner's Art Advisory Panel held three meetings at the National Office during fiscal year 1976. The panel reviewed 541 items representing works of art with a claimed value of more than $40,180,500. Adjustments were recommended on approximately 63 percent of the items and amounted to more than $13,500,000. Assistance was provided to the panel by the in-house art program which, in addition, provides support to field requests for valuing such works of art as antique furniture, ceramics, Oriental and African Art, gemstones, and historical and political memorabilia. Almost half of the appraisal items received are now being referred to our in-house art activities program for valuation recommendations.

In its eight years of operation, the Panel has reviewed estimates valued at more than $185 million and has recommended valuation adjustments of over $48 million.

Commissioner's Advisory Group

The Commissioner named 15 prominent attorneys, accountants, business executives, educators, and public interest representatives to serve as his Advisory Group during the past year.

The group met with the Commissioner twice during 1976 to provide him and his staff with useful observations and suggestions concerning IRS operations that have been helpful in expanding taxpayer assistance to the public.

Members of the group are selected on the basis of recommendations from professional and public interest organizations in the tax field, IRS officials across the nation, and other groups and individuals interested in sound tax administration. The Commissioner's Advisory Group members serve for one calendar year without compensation.

Small Business Advisory Committee

In order to better understand and provide assistance to small businessmen's particular tax problems, the IRS instituted a Small Business Advisory Committee. During the past year, the Committee has held two meetings. It reviewed many issues affecting small business and made helpful suggestions and recommendations.

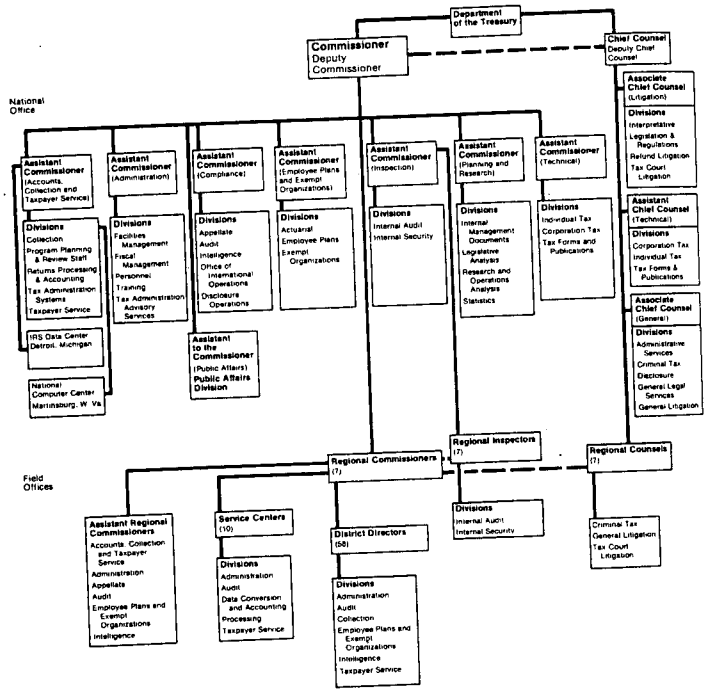
Chapter 10

Appendix

"To levy a tax in those cases only which are clearly provided for by statue, and consequently, whenever a reasonable doubt exists, to rule against the government and in favor of the individual".

George S. Boutwell
Commissioner of Internal Revenue 1862

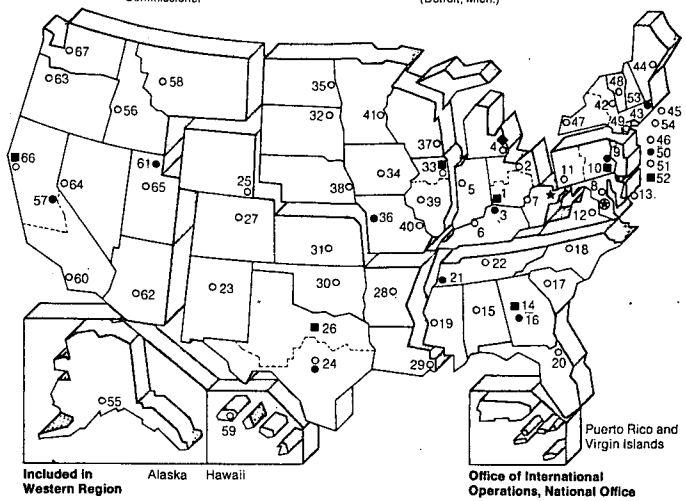
IRS Organizational Chart



Map of Regions, Districts and Service Centers

Key:

- ⊕ Commissioner of Internal Revenue (Washington, D.C.)
- ■ Regional Commissioner
- ○ District Director
- ● Service Center
- ★ National Computer Center (Martinsburg, W. Va.)
- ◆ IRS Data Center (Detroit, Mich.)
- — Regional Boundary
- ---- District Boundary



Included in Western Region

Office of International Operations, National Office

Region and District Legend:

Central Region

1 Cincinnati, Ohio
2 Cleveland, Ohio
3 Covington, Ky. (Cincinnati SC)
4 Detroit, Mich.
5 Indianapolis, Ind.
6 Louisville, Ky.
7 Parkersburg, W. Va.

Mid-Atlantic Region

8 Baltimore, Md.
9 Newark, N.J.
10 Philadelphia, Pa.
11 Pittsburgh, Pa.
12 Richmond, Va.
13 Wilmington, Del.

Southeast Region

14 Atlanta, Ga.
15 Birmingham, Ala.
16 Chamblee, Ga.
17 Columbia, S.C.
18 Greensboro, N.C.
19 Jackson, Miss.
20 Jacksonville, Fla.
21 Memphis, Tenn.
22 Nashville, Tenn.

Southwest Region

23 Albuquerque, N. Mex.
24 Austin, Tex.
25 Cheyenne, Wyo.
26 Dallas, Tex.
27 Denver, Colo.
28 Little Rock, Ark.
29 New Orleans, La.
30 Oklahoma City, Okla.
31 Wichita, Kans.

Midwest Region

32 Aberdeen, S. Dak.
33 Chicago, Ill.
34 Des Moines, Iowa
35 Fargo, N. Dak.
36 Kansas City, Mo.
37 Milwaukee, Wis.
38 Omaha, Neb.
39 Springfield, Ill.
40 St. Louis, Mo.
41 St. Paul, Minn.

North Atlantic Region

42 Albany, N.Y.
43 Andover, Mass.
44 Augusta, Maine
45 Boston, Mass.
46 Brooklyn, N.Y.
47 Buffalo, N.Y.
48 Burlington, Vt.
49 Hartford, Conn.
50 Holtsville, N.Y. (Brookhaven SC)
51 Manhattan, N.Y.
52 New York, N.Y.
53 Portsmouth, N.H.
54 Providence, R.I.

Western Region

55 Anchorage, Alaska
56 Boise, Idaho
57 Fresno, Calif.
58 Helena, Mont.
59 Honolulu, Hawaii
60 Los Angeles, Calif.
61 Ogden, Utah
62 Phoenix, Ariz.
63 Portland, Ore.
64 Reno, Nev.
65 Salt Lake City, Utah
66 San Francisco, Calif.
67 Seattle, Wash.

Commissioners of Internal Revenue 1862-1976 and Acting Commissioners during transitory periods.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Donald C. Alexander
Ohio
May 25, 1973

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

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

John W. Douglas, of Pennsylvania from Nov. 1, 1870, to Jan. 2, 1871; Henry C. Rogers, of Pennsylvania, from May 1 to May 10, 1883, and from May 1 to June 4, 1907; John J. Knox, of Minnesota from May 11 to May 20, 1883; Robert Williams, Jr., of Ohio, from Nov. 28 to Dec. 19, 1900; Millard F. West, of Kentucky, from Apr. 12 to May 26, 1921; H. F. Mires, of Washington, from Aug. 16 to Aug. 19, 1930; Pressly R. Baldridge, of Iowa, from May 16 to June 5, 1933; Harold N. Graves, of 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 Mar. 31, 1969; Harold T. Swartz of Indiana, from June 23 to Aug. 5, 1971; and Raymond F. Harless of California from May 1 to May 25, 1973.

Internal Revenue Commissioners who served in Cabinet positions.

George S. Boutwell
Secretary of the Treasury
1869-1873

Columbus Delano
Secretary of the Interior
1870-1875

Daniel C. Roper
Secretary of Commerce
1933-1939

Robert E. Hannegan
Postmaster General
1945-1947

Principal Officers of the Internal Revenue Service as of September 30, 1976

National Office

Office of the Commissioner

Commissioner
Donald C. Alexander

Deputy Commissioner
William E. Williams

Assistant to the Commissioner
Meade Emory
Thomas V. Glynn

Assistant to the Commissioner (Public Affairs)
A. James Golato

Assistant to the Deputy Commissioner
Michael J. Murphy

Accounts, Collection and Taxpayer Service

Assistant Commissioner
(Vacant)

Deputy Assistant Commissioner
James I. Owens

Division Directors:
Collection
Thomas L. Davis
Returns Processing [Accounting
Russell E. Dyke
Tax Administration Systems
Patrick J. Ruttle
Taxpayer Service
Stanley Goldberg
IRS Data Center, Detroit, Mich.
James E. Daly, Jr.
National Computer Center, Martinsburg, W.Va.
William E. Palmer

Administration

Assistant Commissioner
Joseph T. Davis

Deputy Assistant Commissioner
Alan A. Beck

Division Directors:
Facilities Management
Leo C. Inglesby
Fiscal Management
Joseph F. Kump
Personnel
Billy J. Brown
Tax Administration Advisory Services
Gordon C. Hill, Jr.

Training
Orion L. Birdsall

Deputy Equal Employment Opportunity Officer
Barbara R. Thompson

Commpliance

Assistant Commissioner
S. B. Wolfe

Deputy Assistant Commissioner
Philip E. Coates

Division Directors:
Appellate
James C. Stigamire
Audit
John L. Wedick, Jr.
Intelligence
Thomas J. Clancy
Office of International Operations
Joseph G. McGowan

Employee Plans/Exempt Organizations

Assistant Commissioner
Alvin D. Lurie

Deputy Assistant Commissioner
Theodore C. Rademaker

Division Directors:
Actuarial
(Vacant)
Employee Plans
Fred J. Ochs
Exempt Organizations
Joseph A. Tedesco

Inspection

Assistant Commissioner
Warren A. Bates

Deputy Assistant Commissioner
Robert L. Rebein

Division Directors:
Internal Audit
Rudolph W. Arena
Internal Security
William E. Mulroy

Planning and Research

Assistant Commissioner
Anita F. Alpern

Deputy Assistant Commissioner
Walter E. Bergman

Division Directors:
Internal Management Documents
Jack G. Petrie
Legislative Analysis
Claude D. Baldwin
Research and Operations Analysis
Walter E. Bergman
Statistics
Vito Natrella

Technical

Assistant Commissioner
John L. Withers

Deputy Assistant Commissioner
S. A. Winborne

Division Directors:
Corporation Tax
John W. Holt
Individual Tax
Aaron Feibel
Tax Forms and Publications
Roy J. Linger

Office of Chief Counsel

Chief Counsel
Meade Whitaker

Deputy Chief Counsel
Charles L. Saunders, Jr.

Technical Advisors to Chief Counsel
David E. Dickinson
Daniel F. Folzenlogen

Staff Assistant to Chief Counsel
Richard A. Fisher

Staff Assistant to Deputy Chief Counsel
James T. Fuller, III

Associate Chief Counsel (Tax Litigation)
Dennis J. Fox

Special Assistant to Associate Chief Counsel (Tax Litigation)
Margaret M. Richardson

Staff Assistant to Associate Chief Counsel (Tax Litigation)
Lewis J. Hubbard, Jr.

Division Directors:
Administrative Services
Joseph H. Hairston, Acting
Criminal Tax
David E. Gaston
Disclosure
James L. Keightley
General Legal Services
George J. Shaw, Jr.
General Litigation
Harold T. Flanagan
Interpretative
Jerome D. Sebastian

Legislation and Regulations

James F. Dring
Refund Litigation
John H. Menzel
Tax Court Litigation
David R. Brennan

Regional and District Officers

Central Region

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

Regional Commissioner
Leon C. Green

Assistant Regional Commissioners:
Accounts, Collection [Taxpayer Service
L. Stanley Baker
Administration
Anthony W. D'Amato
Appellate
Claude C. Rogers, Jr.
Audit
Jack P. Chivatero
Employee Plans/Exempt Organizations
Edwin A. Kelleher
Intelligence
Harold B. Holt

District Directors:
Cincinnati, Ohio 45201
Dwight L. James, Jr.
Cleveland, Ohio 44199
Robert J. Dath
Detroit, Mich. 48226
Roger L. Plate
Indianapolis, Ind. 46204
James W. Caldwell
Louisville, Ky. 40202
Paul F. Niederecker
Parkersburg, W.Va. 26101
T. Blair Evans

Director, Cinicnnati Service Center, Covington, Ky. 41011
John O. Hummel
Regional Counsel
David E. Mills
Regional Inspector
John E. McManus

Mid-Atlantic Region

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

Regional Commissioner
William D. Waters

Assistant Regional Commissioners:
Accounts, Collection [Taxpayer Service
Leroy C. Gay
Administration
Americo P. Attorri
Appellate
Reuben H. Saideman
Audit
Paul H. Thornton
Employee Plans/Exempt Organizations
James J. Ryan
Intelligence
Robert L. Browne

District Directors
Baltimore, Md. 21201
Gerald G. Portney
Newark, N.J. 07102
Elmer H. Klinsman
Philadelphia, Pa. 19108
James T. Rideoutte
Pittsburgh, Pa. 15222
Cornelius J. Coleman
Richmond, Va. 23240
James P. Boyle
Wilmington, Del. 19801
James E. Quinn

Director, Philadelphia Service Center, Philadelphia, Pa. 19155
Norman E. Morrill
Regional Counsel
Robert L. Liken
Regional Inspector
Benjamin J. Redmond

Midwest Region

All Regional Officers at
1 East Wacker Drive
Chicago, Ill. 60606, unless a different address is indicated

Regional Commissioner
Edwin P. Trainor

Assistant Regional Commissioners:
Accounts, Collection [Taxpayer Service
Thomas J. Laycock
Administration
David S. Burckman
Appellate
Bernard L. Hardiek
Audit
Leon Moore
Employee Plans/Exempt Organizations
John Edwards
Intelligence
Robert J. Bush

District Directors
Aberdeen, S.Dak. 57401
John B. Langer
Chicago, Ill. 60604
Charles F. Miriani
Des Moines, Iowa 50309
Donald J. Porter
Fargo, N.Dak. 58102
Mitchell E. Premis, Jr.
Milwaukee, Wis. 53202
Lawrence M. Phillips
Omaha, Neb. 68102
Everett Loury
Springfield, Ill. 62704
Ira S. Loeb
St. Louis, Mo. 63101
Richard C. Voskuil
St. Paul, Minn. 55101
C. Dudley Switzer

Director, Kansas City Service Center Kansas City, MO 64170
Roy D. Clark
Regional Counsel
Frank C. Conley
Regional Inspector
John T. Kelly

North-Atlantic Region

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

Regional Commissioner
Elliott H. Gray

Assistant Regional Commissioners:
Accounts, Collection [Taxpayer Service
Marshall P. Cappelli
Administration
Harry J. Bodkin
Appellate
Richard E. Fogwell
Audit
Joseph Slipowitz
Employee Plans/Exempt Organizations
Toomer F. Carr
Intelligence
Harry P. McCall

District Directors:
Albany, N.Y. 12206
Raymond A. Spillman
Augusta, Maine 04330
John J. Jennings
Boston, Mass. 02203
Herbert M. Mosher
Brooklyn, N.Y. 11201
George S. Alberts
Buffalo, N.Y. 14202
William H. Tompkins
Burlington, Vt. 05401
Peter L. Dillon
Hartford, Conn. 06103
Pete J. Medina
Manhattan, N.Y. 10007
Charles H. Brennan
Portsmouth, N.H. 03801
Frank T. Murphy
Providence, R.I. 02903
John J. O'Brien

Director, Andover Service Center, Andover, MA 01812
M. Eddie Heironimus
Director, Brookhaven Service Center,
Holtsville, N.Y. 11742
Theodore E. Davis
Regional Counsel
Sidney M. Wolk
Regional Inspector
John T. Gallagher

Southeast Region

All Regional Officers at 275 Peachtree Street N.E., Atlanta, GA 30303, unless a different address is indicated

Regional Commissioner
Harold A. McGuffin

Assistant Regional Commissioners:
Accounts, Collection [Taxpayer Service
William E. Douglas
Administration
Philip N. Sansotta
Appellate
Tully Miller
Audit
Philip J. Sullivan
Employee Plans/Exempt Organizations
Billy M. Hargett
Intelligence
Anthony V. Langone

District Directors:
Atlanta, Ga. 30303
John W. Henderson
Birmingham, Ala. 35203
Dwight T. Baptist
Columbia, S.C. 29201
Harold Bindseil
Greensboro, N.C. 27401
Robert A. LeBaube
Jackson, Miss. 39202
William Daniel
Jacksonville, Fla. 32202
Charles O. DeWitt
Nashville, Tenn. 37203
James A. O'Hara

Director, Atlanta Service Center Chamblee, Ga. 30006
William B. Hartlage
Director, Memphis Service Center
Memphis, Tenn. 38110
Claude A. Kyle
Regional Counsel
Jack D. Yarbrough
Regional Inspector
Dale W. Gardner

Southwest Region

All Regional Officers at
7839 Churchill Way,
Dallas, Texas 75251, unless a different address is indicated

Regional Commissioner
Walter T. Coppinger

Assistant Regional Commissioners:
Accounts, Collection [Taxpayer Service
Joseph E. Bishop
Administration
Raymond Astumian
Appellate
Douglas M. Moore
Audit
Howard C. Longley
Employee Plans/Exempt Organizations
Percy P. Woodard, Jr.
Intelligence
John M. Rankin, Jr.

District Directors:
Alburquerque, N.Mex. 87101
Arturo A. Jacobs
Austin, Texas 78701
Robert M. McKeever
Cheyenne, Wyo. 82001
Bobby G. Hughes
Dallas, Texas 75202
Alden W. McCanless
Denver, Colo. 80202
Gerald L. Mihlbachler
Little Rock, Ark. 72203
Paul D. Williams
New Orleans, La. 70130
Robert M. Cutts
Oklahoma City, Okla. 73102
(Vacant)
Wichita, Kans. 67202
Maurice E. Johnson

Director, Austin Service Center
Austin, Texas 78740
Leonard E. Semrick
Regional Counsel
William B. Riley
Regional Inspector
Paul F. Kearns

Western Region

All Regional Officers at 525 Market Street,
San Francisco, Calif. 94105 unless a different address is indicated

Regional Commissioner
Thomas A. Cardoza

Assistant Regional Commissioners:
Accounts, Collection [Taxpayer Service
John D. Johnson
Administration
Kenneth G. Rivett
Appellate
(Vacant)
Audit
Johnnie Robertson
Employee Plans/Exempt Organizations
Ralph F. Albrecht
Intelligence
Richard C. Wassenaar

District Directors:
Anchorage, Alaska 99510
Charles E. Roddy
Boise, Idaho 83724
Howard T. Martin
Helena, Mont. 59601
Frederick C. Nielsen
Honolulu, Hawaii 96813
William M. Wolf
Los Angeles, Calif. 90012
William H. Connett
Phoenix, Ariz. 85025
Prescott A. Berry
Portland, Ore. 97204
Ralph B. Short
Reno, Nev. 89502
Gerald F. Swanson
Salt Lake City, Utah 84111
Roland V. Wise
San Francisco, Calif. 94102
Francis L. Browitt
Seattle, Wash. 98121
Michael D. Sassi

Director, Fresno Service Center
Fresno, Calif. 93730
Fredric F. Perdue
Director, Ogden Service Center
Ogden, Utah 84402
Robert H. Terry
Regional Counsel
Emory L. Langdon
Regional Inspector
Frederick R. Rowe, Jr.

Audit Charts and Tables

Table 1.—Audit Staff Years Realized, FY 1976

	Years		
	Planned[1]	Actual[2]	Percent
Revenue Agents			
United States	14,097	14,166	100.5
North Atlantic	2,888	2,885	99.9
Mid-Atlantic	1,844	1,841	99.8
Southeast	1,574	1,606	102.0
Central	1,564	1,598	102.2
Midwest	2,067	2,062	99.8
Southwest	1,751	1,753	100.1
Western	2,310	2,325	100.6
OIO	99	96	97.0
Tax Auditors			
United States	4,763	4,763	100.0
North Atlantic	763	772	101.2
Mid-Atlantic	566	579	102.3
Southeast	650	687	105.7
Central	451	461	102.2
Midwest	567	557	98.2
Southwest	518	486	93.8
Western	1,180	1,148	97.3
OIO	68	73	107.4
Other (Permanent)[3]			
United States	6,947	6,732	96.9
North Atlantic	1,252	1,193	95.3
Mid-Atlantic	789	786	99.6
Southeast	861	824	95.7
Central	748	767	102.5
Midwest	1,008	952	94.4
Southwest	817	818	100.1
Western	1,320	1,257	95.2
OIO	152	135	88.8

[1]Operating Financial Plan
[2]Report of Average Positions Realized and Costs Incurred. (Includes Regional Analysts).
[3]Other includes ARC Audit, Executive Assistant, Chief of Audit and Clerks.

Table 2. Returns Filed, Examinations, and Audit Coverage

	Returns Filed	Examined FY 1976			Returns
	CY 1975	Revenue Agents	Tax Auditors	Total	Percent Of Coverage
Individual, total	83,913,057	326,951	1,560,449	1,887,400	2.25
NB Under $10,000	42,924,677	37,216	731,641	768,857	1.79[1]
NB $10,000 Under $50,000	30,348,306	74,872	670,476	745,348	2.46
NB $50,000 and Over	566,948	51,986	18,511	70,497	12.43
B Under $10,000	4,685,157	43,093	93,681	136,774	2.92
B $10,000 Under $30,000	4,466,931	57,531	36,077	93,608	2.10
B $30,000 and Over	921,038	62,253	10,063	72,316	7.85
Fiduciary	1,558,570	18,625	109	18,734	1.20
Corporation, total	1,765,539	166,709	1,044	167,753	9.50
Assets not reported	125,587	8,405	62	8,467	6.74
Under $50,000	649,353	21,340	649	21,989	3.39
$50,000 Under $100,000	251,053	15,926	206	16,132	6.43
$100,000 Under $250,000	319,567	24,929	66	24,995	7.82
$250,000 Under $500,000	176,646	25,672	31	25,703	14.55
$500,000 Under $1 Mil.	109,011	20,610	10	20,620	18.92
$1 Mil. Under $5 Mil.	94,718	32,246	14	32,260	34.06
$5 Mil. Under $10 Mil.	14,848	5,855	2	5,857	39.45
$10 Mil. Under $50 Mil.	18,052	7,144	1	7,145	39.58
$50 Mil. Under $100 Mil.	2,974	1,644	2	1,646	55.35
$100 Mil. and Over	3,730	2,938	1	2,939	78.79
Estate, total	225,827	39,549	8,473	48,022	21.27
Gross Estate Under $300,000	195,448	21,264	7,641	28,905	14.79
Gross Estate $300,000 and Over	30,379	18,285	832	19,117	62.93
Gift	273,184	10,214	2,727	12,941	4.74
Income, Estate and Gift, Total	87,738,177	562,048	1,572,802	2,134,850	2.43[3]
Service Center Examination Inc., Est. and Gift	—	—	—	134,628	.15[3]
Income, Estate and Gift, **Grand Total**	—	562,048	1,572,802	2,269,478	2.59[3]
Excise[2]	846,508	79,394	12,827	98,797	11.43
District	—	79,394	12,827	92,221	—
Service Center Examinations	—	—	—	6,576	—
Employment	24,737,828	92,054	39,816	131,870	.53
Service Center Disposals:					
Total	—	—	—	1,882,178	—
Examinations	—	—	—	141,204	—
Corrections	—	—	—	1,740,974	—

[1]Percentage Coverage in NB Under $10,000 Standard was .69 NB Under $10,000 Itemized was 4.33
[2]Excludes special occupational and alcohol and tobacco taxes
[3]Does not add due to rounding.

Table 3.—Accomplishments vs Plan, FY 1976 Revenue Agents

Tax Class	Desys[1]		Returns		Percent of Plan	
	Plan	Actual	Plan	Actual	Desys	Returns
Individual Total	**2,649**	**2,845**	**317,552**	**326,951**	**107**	**103**
Form 1040—Standard	3	42	740	8,144	1,367	1,101
NB under $10,000—Itemized	130	157	22,365	29,072	121	130
NB $10,000 under 50,000	329	430	58,569	74,872	131	128
NB $50,000 and over	389	408	50,016	51,986	105	104
B under $10,000	471	495	49,564	43,093	105	87
B $10,000 under $30,000	575	584	63,065	57,531	102	91
B $30,000 and over	752	729	73,233	62,253	97	85
Fiduciary	**127**	**141**	**14,526**	**18,625**	**111**	**128**
Corporation Total	**3,474**	**3,615**	**165,757**	**166,709**	**104**	**101**
No Balance Sheet	65	47	5,133	8,405	71	164
Under $50,000	191	180	20,256	21,340	95	105
$50,000 under $100,000	145	152	15,436	15,926	105	103
$100,000 under $250,000	228	251	24,513	24,929	110	102
$250,000 under $500,000	279	280	26,451	25,672	101	97
$500,000 under $1 Mil.	255	266	21,419	20,610	104	96
$1 Mil. under $5 Mil.	570	639	33,125	32,246	112	97
$5 Mil. under $10 Mil.	195	211	6,876	5,855	108	85
$10 Mil. under $50 Mil.	331	398	7,688	7,144	120	93
$50 Mil. under $100 Mil.	163	165	1,945	1,644	101	85
$100 Mil. and over	1,052	1,026	2,915	2,938	98	101
Estate	**567**	**580**	**39,228**	**39,549**	**102**	**101**
Gift	**42**	**57**	**8,396**	**10,214**	**134**	**122**
Income, Estate & Gift Total	**6,859**	**7,238**	**545,459**	**562,048**	**106**	**103**
Excise	**176**	**188**	**75,283**	**79,394**	**107**	**105**
Employment	**235**	**252**	**84,780**	**92,054**	**107**	**109**
Joint Compliance	**93**	**41**	**—**	**—**	**44**	**—**
Special Enforcement Program	**289**	**271**	**—**	**—**	**94**	**—**

[1]Direct examination staff-years

Table 4.—Accomplishment vs Plan, FY 1976 Tax Auditors

Tax Class	Desys[1]		Returns		Percent of Plan	
	Plan	Actual	Plan	Actual	Desys	Returns
Individual total	**2,342**	**2,580**	**1,516,187**	**1,560,449**	**110**	**103**
Form 1040—standard	176	182	195,768	198,989	104	102
NB under $10,000—itemized	594	676	501,281	532,652	114	106
NB $10,000 under $50,000	873	1,088	659,273	670,476	125	102
NB $50,000 and over	42	39	19,499	18,511	94	95
B under $10,000	473	430	100,881	93,681	91	93
B $10,000 under $30,000	140	127	30,176	36,077	91	120
B $30,000 and over	44	37	9,309	10,063	84	108
Fiduciary	**—**	**—**	**—**	**109**	**—**	**—**
Corporation	**—**	**3**	**—**	**1,044**	**—**	**—**
Estate	**41**	**39**	**8,676**	**8,473**	**96**	**98**
Gift	**10**	**8**	**2,998**	**2,727**	**83**	**91**
Income, estate, gift, Total	**2,393**	**2,630**	**1,527,861**	**1,572,802**	**110**	**103**
Excise	**18**	**19**	**11,680**	**12,827**	**101**	**110**
Employment	**44**	**40**	**38,643**	**39,816**	**90**	**103**

[1]Direct examination staff-years

Table 5.—Audit Recruitment · Commitments and Appointments, FY's 1974-1976

Region	FY 1976	FY 1975	FY 1974
Revenue Agents			
United States	**956**	**981**	**956**
North Atlantic	145	160	156
Mid-Atlantic	125	118	133
Southeast	117	115	115
Central	120	112	101
Midwest	154	178	159
Southwest	155	137	120
Western	132	152	162
OIO	8	9	10
Tax Auditors			
United States	**497**	**484**	**512**
North Atlantic	54	64	81
Mid-Atlantic	67	59	76
Southeast	75	77	70
Central	50	40	40
Midwest	64	63	82
Southwest	52	53	66
Western	131	125	96
OIO	4	3	1

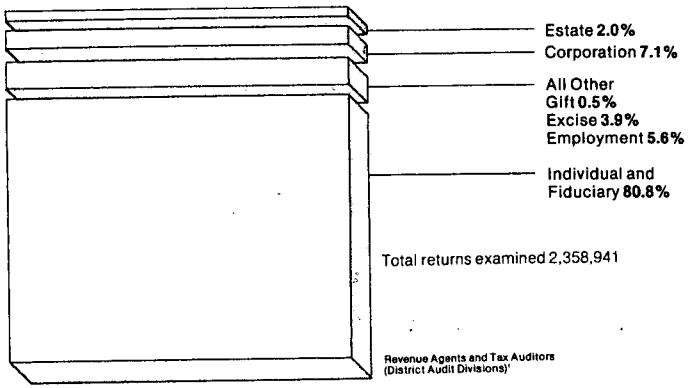
Table 6.—Audit Attrition—Revenue Agents and Tax Auditors, FY's 1974-1976

Region	FY 1976	FY 1975	FY 1974
Revenue Agents[1]			
United States	**1,192**	**597**	**3,376**
North Atlantic	232	77	512
Mid-Atlantic	121	34	492
Southeast	177	143	491
Central	161	30	206
Midwest	222	27	596
Southwest	67	25	529
Western	212	261	550
Tax Auditors			
United States	**1,119**	**1,150**	**2,031**
North Atlantic	158	205	350
Mid-Atlantic	115	53	403
Southeast	147	228	305
Central	126	130	84
Midwest	174	112	283
Southwest	25	—	197
Western	374	422	409

[1]Includes Estate Tax Attorneys and Valuation Engineers

Table 7.—Revenue Agents and Tax Auditors (District Audit Divisions)

Percent of Returns Examined
By Type of Tax
FY 1976



Percent of Time Spent on Examinations
By Type of Tax
FY 1976

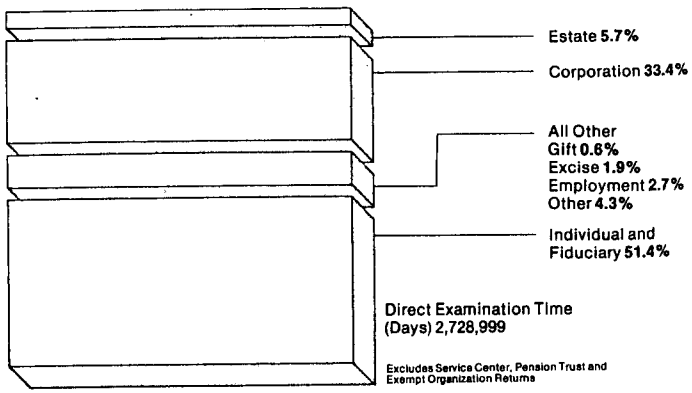
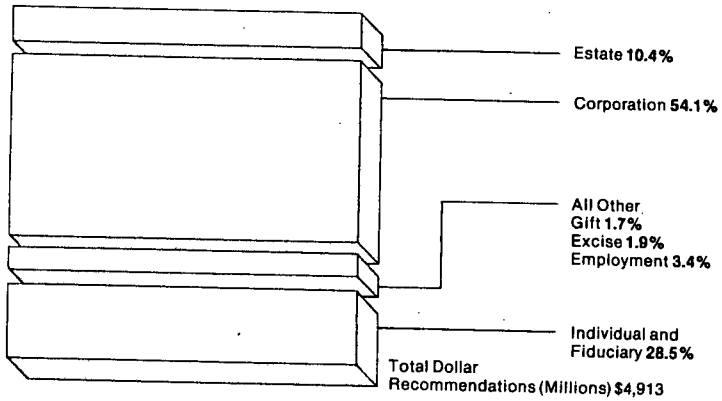


Table 7.—Revenue Agents and Tax Auditors—Continued

Percent of Dollar Recommendations (Millions)
By Type of Tax
FY 1976



Percent of Collections By
Type of Tax
FY 1976

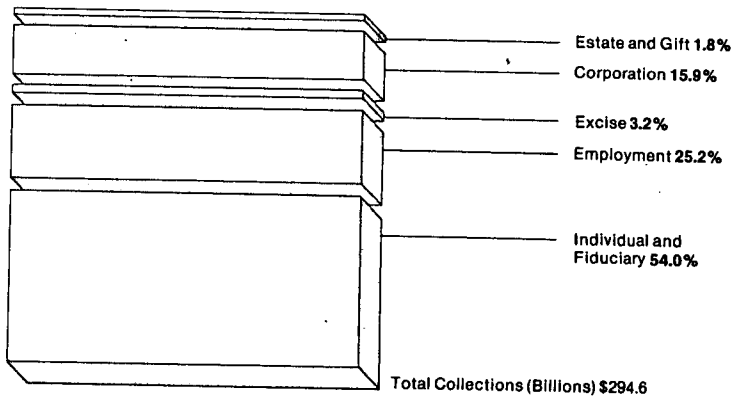
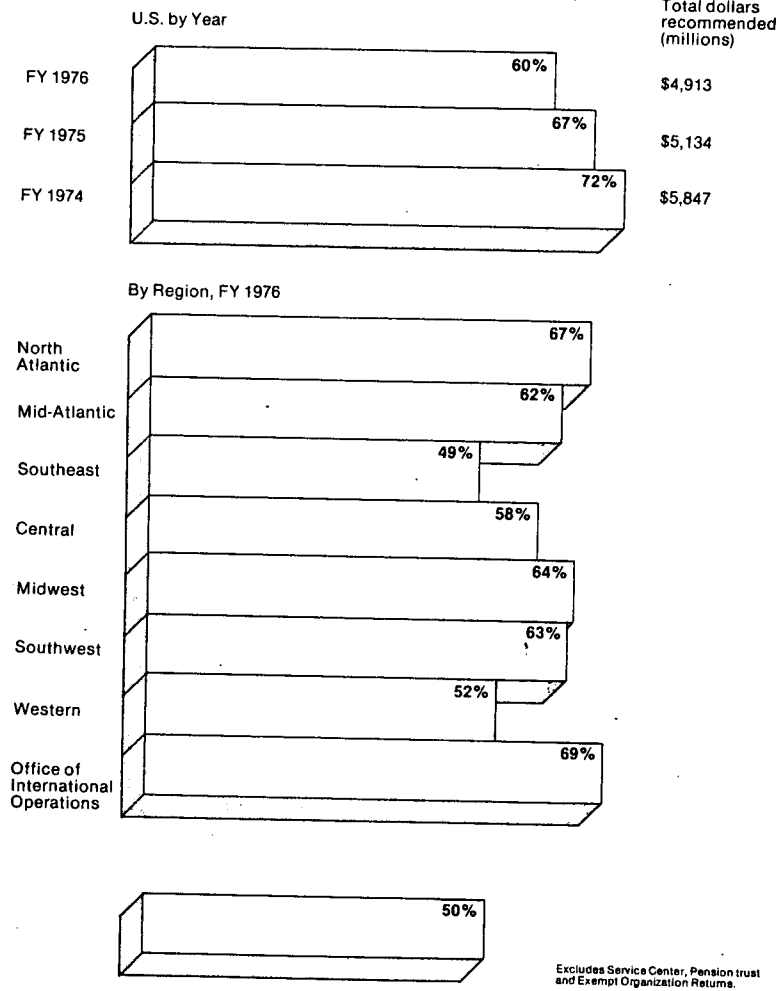


Table 8.—Large Deficiencies Recommended ($100,000 & Over) Returns and Dollars, FY's 1974-1976

Region	FY 1976	FY 1975	FY 1974
Returns			
United States	[1]5,143	[1]5,137	[1]5,731
North Atlantic	1,130	1,122	1,436
Mid-Atlantic	675	797	703
Southeast	735	633	683
Central	529	559	686
Midwest	791	683	868
Southwest	677	602	625
Western	739	831	1,001
OIO	81	112	61
Dollar Recommendations (Millions)			
United States	$2,959.2	$3.421.3	$4,220.9
North Atlantic	767.0	814.4	1,241.1
Mid-Atlantic	371.9	608.2	370.3
Southeast	281.7	396.0	385.0
Central	296.6	415.6	509.4
Midwest	440.0	403.5	630.9
Southwest	390.3	294.5	394.5
Western	368.4	427.3	668.6
OIO	43.5	61.7	21.2

[1]Regional totals do not add to U.S. Total because of special reporting procedures for large cases.

Table 9 – Large Deficiencies ($100,000 and over) Percent of Relationship to Total Tax (District Audit Divisions)

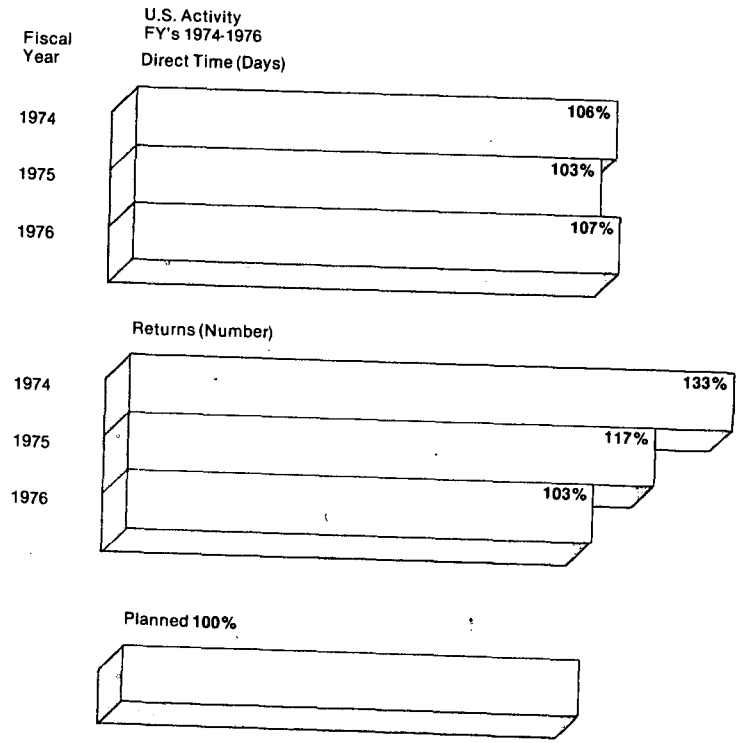


Excludes Service Center, Pension trust and Exempt Organization Returns.

Table 10.—Individual Returns—Accomplishments in Relation to Plan FY 1976 Revenue Agents

Region	Planned	Actual	Percent
Direct Examination Time(Days)			
United States	**667,611**	**716,821**	**107**
North Atlantic	109,754	109,325	100
Mid-Atlantic	71,169	80,336	113
Southeast	86,400	93,839	109
Central	73,183	83,638	114
Midwest	88,206	91,570	104
Southwest	97,715	97,779	100
Western	137,682	155,773	113
OIO	3,502	4,564	130
Returns Examined			
United States	**317,552**	**326,951**	**103**
North Atlantic	49,371	54,611	111
Mid-Atlantic	34,376	40,253	117
Southeast	38,121	41,948	110
Central	34,034	36,228	106
Midwest	42,199	37,763	89
Southwest	45,963	39,184	85
Western	72,445	75,242	104
OIO	1,043	1,722	165

Table 11.— Revenue Agents Accomplishments-Individual Returns (District Audit Divisions)



Note: Individual and Fiduciary Combined for 1974

Table 12.—Accomplishments in Relation to Plan-Fiduciary Returns FY 1976
Revenue Agents

Region	Planned	Actual	Percent
Direct Examination Time (Days)			
United States	**31,997**	**35,453**	**111**
North Atlantic	9,256	6,925	75
Mid-Atlantic	4,959	3,934	79
Southeast	2,556	3,700	145
Central	2,911	4,268	147
Midwest	4,475	5,500	123
Southwest	3,730	5,457	146
Western	4,085	5,657	139
OIO	25	13	52
Returns Examined			
United States	**14,526**	**18,625**	**128**
North Atlantic	3,547	4,359	123
Mid-Atlantic	1,988	2,313	116
Southeast	1,386	1,588	115
Central	1,321	1,914	145
Midwest	2,509	3,260	130
Southwest	1,634	2,310	141
Western	2,136	2,871	134
OIO	5	10	200

Table 13.—Examination Time, Returns and Dollars—Individual and Fiduciary—FYs 1974-1976
Revenue Agents

Region	FY 1976[1]	FY 1975[1]	FY 1974[1]
Direct Examination Time (Days)			
United States	**752,274**	**754,230**	**586,660**
North Atlantic	116,250	128,028	97,487
Mid-Atlantic	84,270	86,445	71,378
Southeast	97,539	101,002	75,686
Central	87,906	78,167	66,025
Midwest	97,070	95,673	75,402
Southwest	103,236	111,309	81,251
Western	161,430	149,894	115,815
International Operations	4,577	3,714	3,619
Returns Examined			
United States	**345,576**	**366,728**	**311,267**
North Atlantic	58,970	57,597	44,120
Mid-Atlantic	42,566	43,264	34,963
Southeast	43,536	47,410	38,406
Central	38,142	41,145	31,394
Midwest	41,023	45,238	44,216
Southwest	41,494	51,752	52,862
Western	78,113	79,095	64,120
International Operations	1,732	1,227	1,186
Dollar Recommendations (Millions)			
United States	**$1,019.0**	**$947.7**	**$896.8**
North Atlantic	192.9	194.6	185.0
Mid-Atlantic	119.2	116.0	96.7
Southeast	177.8	155.5	129.8
Central	93.3	93.4	81.5
Midwest	113.0	87.4	67.8
Southwest	118.6	96.8	102.1
Western	176.8	194.9	225.9
International Operations	27.5	9.2	8.0

Note: Dollars may not add due to rounding.

[1]Individual and Fiduciary combined for comparison with FY 1974.

Table 14.—Revenue Agents (Average Hours Per Return) individual and Fiduciary returns by class and region FYs 1974-1976

	Fiscal Years		
	1976	1975	1974
Class			
Total (Individual & Fiduciary)	*17.5	*16.3	16.0
Form 1040 Standard	11.5	10.0	9.4
Nonbusiness, under $10,000— Itemized	16.8	13.6	11.9
Nonbusiness, $10,000 under $50,000	12.6	11.0	9.3
Nonbusiness, $50,000 and over	15.7	15.9	17.5
Business, under $10,000	21.2	19.4	22.0
Business, $10,000 under $30,000	19.6	18.6	19.5
Business, $30,000 and over	22.5	20.9	21.9
Total Fiduciary	13.6	10.3	—
Region			
United States	**17.5	**16.3	16.0
North Atlantic	18.8	18.9	21.1
Mid-Atlantic	16.7	16.8	16.9
Southeast	17.8	16.0	15.5
Central	16.6	16.7	18.2
Midwest	19.5	16.0	14.2
Southwest	10.5	15.5	12.6
Western	14.5	14.5	15.1
International Operations	19.2	22.5	22.5

*Individual by class only for FY 1975 and FY 1976. Individual and Fiduciary are combined for FY 1974 class data.
**Includes Individual and Fiduciary by region for comparison with FY 1974.

Table 15.— Revenue Agents (Average Dollar Recommendations Per Return) Individual and Fiduciary Returns by Class and Region FYs 1974-1976

	Fiscal Years		
	1976	1975	1974
Class			
Total (Individual & Fiduciary)	*$2,949	*$2,584	$2,881
Form 1040 Standard	1,087	846	1,307
Nonbusiness, under $10,000—Itemized	2,596	2,917	2,023
Nonbusiness, $10,000 under $50,000	1,759	1,530	1,377
Nonbusiness, $50,000 and over	4,761	5,837	7,731
Business, under $10,000	1,912	1,565	2,236
Business, $10,000 under $30,000	1,650	1,463	1,941
Business, $30,000 and over	4,931	3,672	4,752
Total Fiduciary	3,824	1,817	— —
Region			
United States	**$2,949	**$2,584	$2,881
North Atlantic	3,271	3,379	4,194
Mid-Atlantic	2,800	2,680	2,765
Southeast	4,084	3,279	3,379
Central	2,447	2,270	2,595
Midwest	2,754	1,931	1,534
Southwest	2,857	1,871	1,931
Western	2,263	2,464	3,523
International Operations	15,858	7,487	6,777

*Individual by class only for FY 1975 and FY 1976. Individual and Fiduciary arecombined for FY 1974 class data.
**Includes Individual and Fiduciary by region for comparison with FY 1974.

Table 16.—No Change Percent—Individual and Fiduciary—Return and Time—by Class and Region—FYs 1974-1976
Revenue Agents

	Returns			Time		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Class						
Total (Individual & Fiduciary)	***16**	***19**	**23**	***13**	***15**	**14**
Form 1040 Standard	16	23	34	11	15	17
NB under $10,000	15	20	24	11	14	15
NB $10,000 under 50,000	12	16	27	10	12	15
NB $50,000 and over	12	18	21	11	15	13
Business under $10,000	16	19	20	12	14	13
Business $10,000 under $30,000	15	18	20	11	14	15
Business $30,000 and over	16	18	20	12	14	14
Total Fiduciary	52	55	—	47	51	—
Region						
United States	****16**	****19**	**23**	****13**	****15**	**14**
North Atlantic	15	19	18	13	16	13
Mid-Atlantic	20	23	24	17	19	17
Southeast	16	18	21	11	14	13
Central	18	19	21	14	15	15
Midwest	15	16	25	12	13	15
Southwest	16	21	30	12	16	16
Western	15	19	19	13	15	14
OIO	19	22	24	17	19	19

*Individual by class only for FY 1975 and FY 1976. Individual and Fiduciary are combined for FY 1974 class data.
**Includes Individual and Fiduciary by region for comparison with FY 1974.

Table 17.—Accomplishments in Relation to Plan—Individual Returns—FY 1976
Tax Auditors

Region	Planned	Actual	Percent
Direct Examination Time (Days)			
United States	**590,149**	**649,848**	**110**
North Atlantic	95,649	105,156	110
Mid-Atlantic	68,738	80,029	116
Southeast	88,802	104,792	118
Central	53,487	61,941	116
Midwest	67,089	74,124	111
Southwest	68,363	68,587	100
Western	139,950	146,347	105
OIO	8,071	8,876	110
Returns Examined			
United States	**1,516,187**	**1,560,449**	**103**
North Atlantic	265,496	284,337	107
Mid-Atlantic	186,148	204,007	110
Southeast	230,768	241,165	105
Central	128,987	149,877	116
Midwest	160,943	146,847	91
Southwest	157,586	146,490	93
Western	368,181	367,408	100
OIO	18,078	20,318	112

Table 20.—Tax Auditors (Average Hours per Return)
Individual and Fiduciary Returns by Class and Region FYs 1974-76

	Fiscal Years		
	1976	1975	1974
Class			
Total (Individual & Fiduciary)	*3.0	*2.8	2.5
Form 1040 Standard	1.7	1.0	1.4
Nonbusiness, under $10,000—Itemized	2.4	2.4	2.1
Nonbusiness, $10,000 under $50,000	2.9	2.8	2.4
Nonbusiness, $50,000 and over	3.6	3.7	3.3
Business, under $10,000	8.0	7.8	8.3
Business, $10,000 under $30,000	6.3	6.3	5.9
Business, $30,000 and over	6.4	6.5	6.1
Total Fiduciary	4.9	4.5	---
Region			
United States	**3.0	**2.8	2.5
North Atlantic	2.7	2.6	2.6
Mid-Atlantic	2.7	2.7	2.5
Southeast	3.1	2.9	2.2
Central	3.0	2.8	2.6
Midwest	3.5	3.3	2.7
Southwest	3.5	3.1	2.3
Western	2.8	2.8	2.8
International Operations		2.4	2.6

*Individual by class only for FY 1975 and FY 1976. Individual and Fiduciary are combined for comparison with FY 1974

**Includes Individual and Fiduciary by regions for comparison with FY 1974.

Table 21.—Tax Auditors (Average Dollar Recommendations per Return)
Individual and Fiduciary Returns by Class and Region FYs 1974-1976

	Fiscal Years		
	1976	1975	1974
Class			
Total (Individual & Fiduciary)	*$243	*$220	$199
Form 1040 Standard	139	143	120
Nonbusiness, under $10,000—Itemized	182	172	156
Nonbusiness, $10,000 under $50,000	250	230	203
Nonbusiness, $50,000 and over	631	562	801
Business, under $10,000	543	472	533
Business, $10,000 under $30,000	464	414	476
Business, $30,000 and over	784	691	916
Total Fiduciary	766	1,396	---
Region			
United States	**$243	**$220	$199
North Atlantic	253	221	226
Mid-Atlantic	235	211	181
Southeast	262	231	208
Central	220	188	181
Midwest	244	212	173
Southwest	246	206	159
Western	228	232	225
International Operations	389	332	355

*Individual by class only for FY 1975 and FY 1976. Individual and Fiduciary are combined for comparison with FY1974.

**Includes Individual and Fiduciary by regions for comparison with FY 1974.

Table 22.—No Change Percent—Individual and Fiduciary—Returns and Time by Class and Region, FY 1974-1976
Tax Auditors

	Returns			Time		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Class						
Total	***23**	***24**	**29**	***16**	***18**	**20**
Form 1040—Standard	34	33	43	29	32	37
NB under $10,000—Itemized	20	21	25	15	16	19
NB $10,000 under $50,000	23	24	29	16	17	20
NB $50,000 and over	38	40	39	26	28	28
Business under $10,000	18	21	21	15	18	17
Business $10,000 under $30,000	14	17	16	11	13	13
Business $30,000 and over	23	27	25	17	20	19
Region						
United States	****23**	****24**	**29**	****16**	****18**	**20**
North Atlantic	26	26	25	20	20	20
Mid-Atlantic	27	26	33	20	21	24
Southeast	21	22	29	14	17	20
Central	25	22	23	18	16	16
Midwest	19	21	29	13	15	18
Southwest	25	28	41	16	21	27
Western	21	22	26	15	17	19
OIO	26	28	30	18	19	21

*Individual by class for FY 1975 and FY 1976. Individual and Fiduciary are combined for FY 1974.

**Includes individual and Fiduciary by region for comparison with FY 1974.

Table 23.—Corporation Returns—Accomplishments in Relation to Plan FY 1976
Revenue Agents

Region	Planned	Actual	Percent
Direct Examination Time (Days)			
United States	**875,360**	**910,948**	**104**
North Atlantic	208,985	222,677	107
Mid-Atlantic	129,561	129,013	100
Southeast	86,297	91,779	106
Central	100,525	101,155	101
Midwest	130,301	134,246	103
Southwest	97,859	100,913	103
Western	114,505	124,335	109
OIO	7,327	6,833	93
Returns Examined			
United States	**165,757**	**166,709**	**101**
North Atlantic	33,788	36,827	109
Mid-Atlantic	23,841	25,813	108
Southeast	19,735	19,947	101
Central	21,760	22,951	105
Midwest	24,166	20,074	83
Southwest	20,064	17,213	86
Western	21,774	23,010	106
OIO	629	874	139

Table 24.—Revenue Agent Audits of Corporations (Average Hours Per Return) Corporation Returns by Class and Region FYs 1974-1976

	Fiscal Years		
	1976	1975	1974
Class			
Total	**37.6**	**38.2**	**49.1**
No Balance Sheet	25.7	25.6	32.3
Under $50,000	20.0	19.3	13.2
$50,000 under $100,000	20.6	19.0	15.9
$100,000 under $250,000	20.5	19.3	19.0
$250,000 under $500,000	22.2	21.6	22.2
$500,000 under $1,000,000	25.1	24.5	26.1
$1,000,000 under $5,000,000	36.1	35.4	39.4
$5,000,000 under $10,000,000	57.9	60.7	58.0
$10,000,000 under $50,000,000	84.9	90.4	91.5
$50,000,000 under $100,000,000	162.1	147.0	175.7
$100,000,000 and over	450.4	478.1	620.7
Region			
United States	**37.6**	**38.2**	**49.1**
North-Atlantic	42.6	49.7	54.6
Mid-Atlantic	34.0	35.4	39.1
Southeast	31.5	30.0	40.0
Central	32.7	36.7	52.2
Midwest	46.2	37.1	50.4
Southwest	38.5	33.7	53.0
Western	35.3	38.6	50.9
International Operations	52.8	65.9	53.0

Table 25.—Revenue Agent Audits of Corporations (Average Dollar Recommendations Per Return) Corporation Returns by Class and Region FYs 1974-1976

	Fiscal Years		
	1976	1975	1974
Class			
Total	**$15,924**	**$19,078**	**$28,951**
No balance Sheet	5,947	13,061	11,545
Under $50,000	1,832	1,828	1,892
$50,000 under $100,000	1,274	1,323	1,596
$100,000 under $250,000	1,994	1,821	2,141
$250,000 under $500,000	2,489	2,240	2,490
$500,000 under $1,000,000	4,351	3,874	3,916
$1,000,000 under $5,000,000	8,498	7,395	9,639
$5,000,000 under $10,000,000	21,164	20,068	23,859
$10,000,000 under $50,000,000	33,006	43,553	39,913
$50,000,000 under $100,000,000	77,045	93,628	93,580
$1000,000,000 and over	538,361	622,137	673,198
Region			
United States	**$15,924**	**$19,078**	**$28,951**
North-Atlantic	19,244	25,572	32,614
Mid-Atlantic	12,891	22,863	16,833
Southeast	11,161	14,763	24,949
Central	12,521	20,104	33,046
Midwest	20,178	15,836	33,891
Southwest	18,808	14,188	28,404
Western	15,502	15,983	31,048
International Operations	20,374	40,593	31,654

Table 26.—Examination Time, Returns and Dollars—Corporation—FYs 1974-1976
Revenue Agents

Region	FY 1976	FY 1975	FY 1974
Direct Examination Time (Days)			
United States	**910,948**	**858,435**	**662,778**
North Atlantic	222,677	197,193	160,502
Mid-Atlantic	129,013	127,554	94,151
Southeast	91,779	82,759	60,448
Central	101,155	97,756	79,239
Midwest	134,246	129,662	102,168
Southwest	100,913	87,875	62,065
Western	124,335	127,745	98,831
International Operations	6,833	7,892	5,377
Returns Examined			
United States	**166,709**	**153,240**	**134,083**
North Atlantic	36,827	27,470	34,337
Mid-Atlantic	25,813	24,555	21,012
Southeast	19,947	18,162	13,777
Central	22,951	19,764	14,774
Midwest	20,074	24,038	18,008
Southwest	17,213	16,911	12,565
Western	23,010	21,672	19,115
International Operations	874	668	495
Dollar Recommendations (Millions)			
United States	**$2,654.7**	**$2,923.4**	**$3,881.9**
North Atlantic	708.7	702.5	1,119.9
Mid-Atlantic	332.8	561.4	353.7
Southeast	222.6	268.1	343.7
Central	287.4	397.3	488.2
Midwest	405.0	380.7	610.3
Southwest	323.7	239.9	356.9
Western	356.7	346.4	593.5
International Operations	17.8	27.1	15.7

Note: Dollars may not add due to rounding.

Table 27.—No Change Percent—Corporation—Returns and Time—by Class and Region—FYs 1974-1976
Revenue Agents

Class	Returns			Time		
	1976	1975	1974	1976	1975	1974
Total	27	28	26	16	16	13
No Balance Sheet	33	31	28	22	20	22
Under $50,000	33	38	29	27	32	34
$50,000 under $100,000	32	34	29	27	31	30
$100,00 under $250,000	29	28	28	26	27	27
$250,000 under $500,000	28	29	27	26	27	25
$500,000 under $1,000,000	24	25	26	22	25	23
$1,000,000 under $5,000,000	24	24	24	18	18	19
$5,000,000 under $10,000,000	19	19	21	12	12	16
$10,000,000 under $50,000,000	16	15	16	8	8	11
$50,000,000 under $100,000,000	12	9	10	4	3	6
$100,000,000 and over	6	5	8	1	2	3
Region						
United States	**27**	**28**	**26**	**16**	**16**	**13**
North-Atlantic	26	26	20	15	14	12
Mid-Atlantic	31	31	25	18	17	15
Southeast	27	27	29	18	18	14
Central	28	32	30	16	16	13
Midwest	22	21	24	12	14	11
Southwest	29	32	32	16	19	12
Western	23	26	27	14	14	15
International Operations	39	41	35	30	25	22

Table 28.—Estate Tax Returns

	Revenue Agents			Tax Auditors		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Total Examination	39,549	40,591	40,143	8,473	8,357	7,586
Total Direct Examination (Days)	146,057	145,306	141,542	9,903	9,331	8,476
Total Dollar Recommendations (Mils)	$498.3	$546.9	$498.4	$12.7	$11.8	$10.3
Average Hours per Return	29.7	29.9	30.2	8.9	8.0	8.7
Average Dollar Recommendation per return	$12,599	$13,472	$12,415	$1,496	$1,408	$13,353
No Change Percentage	14%	14%	14%	19%	15%	18%

Table 29.—Gift Tax Returns

	Revenue Agents			Tax Auditors		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Total Examination	10,214	9,955	8,876	2,727	3,118	2,594
Total Direct Examination (Days)	14,280	14,195	12,367	2,090	2,344	2,265
Total Dollar Recommendations (Mils)	$83.4	$64.4	$65.9	$2.5	$2.7	$2.9
Average Hours per Return	10.6	10.4	10.9	5.9	5.7	6.6
Average Dollar Recommendation per Return	$8,166	$6,465	$7,424	$922	$860	$1,118
No Change Percentage	25%	30%	28%	33%	34%	31%

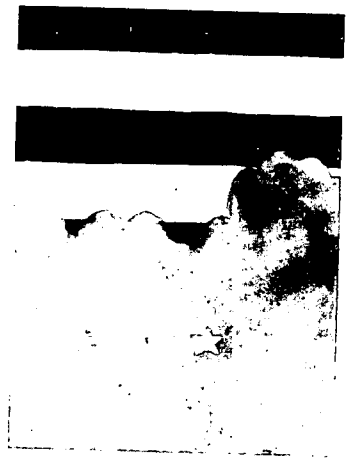
Table 30.—Excise Tax Returns

	Revenue Agents			Tax Auditors		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Total Examination	79,394	74,493	72,405	12,827	12,774	15,943
Total Direct Examination (Days)	47,336	45,336	43,771	4,703	4,421	4,158
Total Dollar Recommendations (Mils)	$89.6	$102.1	$95.5	$2.7	$2.2	$2.4
Average Hours per Return	4.5	4.6	4.8	1.7	1.6	1.4
Average Dollar Recommendation per Return	$1,129	$1,370	$1,319	$213	$171	$151
No Change Percentage	30%	35%	34%	17%	19%	20%

Table 31.—Employment Tax Returns

	Revenue Agents			Tax Auditors		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Total Examination	92,054	81,250	60,842	39,816	29,683	15,690
Total Direct Examination (Days)	63,473	58,094	40,669	10,041	8,698	5,716
Total Dollar Recommendations (Mils)	$147.9	$185.6	$99.9	$16.8	$12.0	$8.1
Average Hours per Return	4.7	4.7	5.0	1.5	1.6	1.8
Average Dollar Recommendation per Return	$1,607	$2,284	$1,642	$422	$403	$519
No Change Percentage	14%	14%	18%	5%	7%	8%

Statistical Tables



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July 1975 - June 1976

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

Internal revenue regions, districts, States and other areas[1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		Total internal revenue collections (1)	Individual income and employment taxes: Corporation income tax[2] (2)	Total (3)	Income tax not withheld and SECA[3 4 5] (4)	Income tax withheld and FICA[3 4 6] (5)	Railroad retirement (6)	Unemployment insurance (7)
United States, total		**302,519,792**	**46,782,956**	**233,171,651**	**39,046,072**	**190,906,443**	**1,656,384**	**1,562,752**
North-Atlantic Region		**52,843,652**	**8,859,493**	**41,174,897**	**5,203,510**	**35,642,362**	**50,885**	**278,140**
Albany	(See (c) below)	2,704,660	240,493	2,421,306	209,438	2,192,775	5,472	13,624
Augusta	(Maine)	733,004	71,672	630,170	137,392	481,266	6,310	5,202
Boston	(Massachusetts)	7,391,129	898,131	6,052,871	896,469	5,105,391	8,894	42,117
Brooklyn	(See (c) below)	5,337,206	452,194	4,459,945	962,057	3,448,323	19,386	30,180
Buffalo	(See (c) below)	4,690,144	723,060	3,777,408	519,772	3,229,682	257	27,697
Burlington	(Vermont)	311,565	28,297	273,423	61,026	209,775	470	2,152
Hartford	(Connecticut)	5,622,418	842,765	4,307,779	726,505	3,552,674	63	28,537
Manhattan	(See (c) below)	24,205,940	5,400,438	17,694,897	1,448,360	16,120,191	9,689	116,658
Portsmouth	(New Hampshire)	678,298	55,431	578,795	116,026	458,202	156	4,411
Providence	(Rhode Island)	1,169,289	146,813	978,301	126,466	844,084	189	7,562
Mid-Atlantic Region		**42,301,878**	**5,039,050**	**33,889,685**	**5,135,053**	**27,998,519**	**546,754**	**209,358**
Baltimore	(Maryland & D.C.)	8,077,159	586,368	6,927,518	945,758	5,763,955	190,503	27,302
Newark	(New Jersey)	10,820,765	1,799,675	8,377,101	1,399,862	6,913,618	4,910	58,712
Philadelphia	(See (e) below)	10,092,052	1,136,235	8,248,402	1,205,921	6,735,370	249,028	58,083
Pittsburgh	(See (e) below)	6,844,348	714,996	5,649,778	709,015	4,882,164	23,585	35,014
Richmond	(Virginia)	5,083,650	505,558	3,688,772	760,931	2,825,047	78,729	24,065
Wilmington	(Delaware)	1,383,904	296,217	998,115	113,566	878,365	(*)	6,184
Southeast Region		**27,559,094**	**3,464,230**	**21,174,027**	**4,681,090**	**16,046,051**	**72,643**	**174,242**
Atlanta	(Georgia)	4,554,322	588,385	3,563,176	609,323	2,920,299	2,868	30,685
Birmingham	(Alabama)	2,739,928	355,113	2,188,453	449,761	1,717,274	2,231	19,188
Columbia	(South Carolina)	1,840,381	219,666	1,556,795	291,228	1,250,303	215	15,049
Greensboro	(North Carolina)	6,010,066	788,635	3,751,925	665,835	3,050,747	408	33,935
Jackson	(Mississippi)	1,174,545	169,369	949,463	280,564	660,325	635	7,939
Jacksonville	(Florida)	7,673,872	862,751	6,284,044	1,931,001	4,242,662	66,139	44,242
Nashville	(Tennessee)	3,569,181	480,112	2,880,170	652,377	2,204,441	147	23,205
Central Region		**44,105,437**	**5,921,485**	**34,220,007**	**4,675,768**	**29,216,171**	**106,730**	**221,337**
Cincinnati	(See (d) below)	6,016,240	960,347	4,636,162	704,747	3,898,871	41	32,504
Cleveland	(See (d) below)	10,836,727	1,449,883	8,492,700	985,355	7,417,284	33,311	56,750
Detroit	(Michigan)	15,171,014	2,191,435	12,215,737	1,234,406	10,882,867	21,894	76,568
Indianapolis	(Indiana)	6,832,976	594,061	5,762,127	933,323	4,800,078	1,839	26,886
Louisville	(Kentucky)	3,988,013	511,299	2,118,980	557,819	1,489,963	49,553	21,645
Parkersburg	(West Virginia)	1,260,466	214,460	994,301	260,117	727,109	93	6,982
Midwest Region		**46,807,463**	**7,051,934**	**36,632,122**	**6,218,650**	**29,685,443**	**493,227**	**234,802**
Aberdeen	(South Dakota)	461,097	39,499	396,980	144,989	249,255	2	2,734
Chicago	(See (b) below)	18,112,573	2,917,981	14,082,458	1,829,134	11,977,750	179,815	95,758
Des Moines	(Iowa)	2,796,025	402,165	2,248,292	763,698	1,470,219	768	13,607
Fargo	(North Dakota)	573,098	49,938	491,553	215,778	273,147	46	2,581
Milwaukee	(Wisconsin)	5,340,463	817,050	4,113,990	625,252	3,459,387	1,103	28,248
Omaha	(Nebraska)	2,097,411	318,639	1,620,445	422,817	1,124,656	63,976	8,996
St. Louis	(Missouri)	7,813,007	1,218,510	5,978,082	844,063	4,992,650	103,220	38,149
St. Paul	(Minnesota)	6,052,691	798,382	5,002,858	626,334	4,205,911	140,669	29,944
Springfield	(See (b) below)	3,561,098	489,771	2,697,465	746,585	1,932,469	3,626	14,785
Southwest Region		**32,365,813**	**4,946,070**	**24,512,894**	**5,689,995**	**18,512,824**	**148,141**	**161,934**
Albuquerque	(New Mexico)	750,039	63,465	651,523	154,236	492,919	45	4,322
Austin	(See (f) below)	9,341,006	1,593,151	6,651,100	1,491,801	5,105,615	7,105	46,501
Cheyenne	(Wyoming)	366,397	39,796	288,625	112,229	174,538	5	1,852
Dallas	(See (f) below)	7,023,540	1,142,623	5,257,446	1,379,827	3,820,588	18,376	38,655
Denver	(Colorado)	4,366,318	362,976	3,715,426	511,766	3,172,011	15,668	15,981
Little Rock	(Arkansas)	1,299,026	176,455	1,036,222	333,198	695,962	908	8,155
New Orleans	(Louisiana)	3,358,623	513,490	2,698,169	627,398	2,050,113	2,114	18,544
Oklahoma City	(Oklahoma)	3,335,391	689,186	2,207,017	508,926	1,681,982	163	15,948
Wichita	(Kansas)	2,525,473	364,327	2,005,365	570,612	1,319,017	103,786	11,979
Western Region		**41,096,376**	**4,324,419**	**33,813,454**	**6,526,105**	**26,975,367**	**98,675**	**213,306**
Anchorage	(Alaska)	749,948	56,006	678,146	78,496	596,393	(*)	3,256
Boise	(Idaho)	849,787	82,595	744,376	157,437	580,550	668	5,721
Helena	(Montana)	517,858	38,531	454,874	165,155	286,326	433	2,961
Honolulu	(Hawaii)	945,899	130,719	786,842	144,220	639,284	—	3,338
Los Angeles	(See (a) below)	15,815,679	1,919,430	12,751,448	2,332,629	10,336,195	692	81,933
Phoenix	(Arizona)	1,736,206	125,448	1,547,188	343,410	1,192,742	269	10,767
Portland	(Oregon)	2,463,326	268,445	2,084,886	449,682	1,618,308	1,310	15,566
Reno	(Nevada)	693,987	78,881	579,312	131,403	443,160	1	4,748
Salt Lake City	(Utah)	932,188	115,587	792,630	154,794	630,144	1,312	6,381
San Francisco	(See (a) below)	12,276,318	1,102,468	9,938,959	1,822,447	7,966,069	93,210	57,233
Seattle	(Washington)	4,115,178	406,286	3,454,791	746,432	2,686,197	781	21,382
Office of International Operations		**1,412,062**	**143,289**	**1,103,196**	**199,289**	**891,145**	**4,094**	**8,667**
Puerto Rico		431,885	1,014	269,960	16,919	264,816	—	8,225
Other		980,178	142,275	813,236	182,371	626,329	4,094	442
Undistributed:								
Federal tax deposits[7]		13,601,914	6,993,289	6,264,850	—	6,068,650	135,234	60,968
Gasoline lubricating oil, and excess FICA credits[8]		556,306	39,697	516,609	516,609	—	—	—
Transferred to Government of Guam		−16,078	—	−16,078	—	−16,078	—	—
Withheld taxes of Federal employees		−153,148	—	−153,148	—	−153,148	—	—
Clearing account for Excise taxes-aviation fuel and oil-Air Force and Navy		−113	—	—	—	—	—	—
Presidential Election Fund[9]		33,549	—	33,549	—	33,549	—	—
Earned Income Credits[10]		5,587	—	5,587	—	5,587	—	—
Totals for States not shown above								
	(a) California	28,091,997	3,021,919	22,690,408	4,155,076	18,302,264	93,902	139,166
	(b) Illinois	21,673,671	3,407,752	16,779,923	2,575,719	13,910,219	183,441	110,543
	(c) New York	36,937,950	6,816,185	28,353,558	3,139,627	24,990970	34,802	188,159
	(d) Ohio	16,852,967	2,410,230	13,128,863	1,690,102	11,316,155	33,352	89,254
	(e) Pennsylvania	16,936,400	1,851,231	13,898,180	1,914,937	11,617,534	272,612	93,096
	(f) Texas	16,364,546	2,736,374	11,908,546	2,871,628	8,926,281	25,482	85,155

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

Internal revenue regions, districts, States and other areas[1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table		Estate tax (8)	Gift tax (9)	Excise taxes total, (sum of columns 11, 26, 30, 36, 41, and 55) (10)	Alcohol taxes: Total (sum of columns 12, 18 and 22) (11)	Distilled spirits taxes: Total (12)	Imported (Collected by Customs) (13)	Domestic[11] (14)	Rectification[11] (15)	Occupational[12] (16)	Other[12] (17)
United States, total		**4,875,735**	**431,730**	**17,257,720**	**5,427,722**	**3,919,935**	**682,794**	**3,199,044**	**29,123**	**8,728**	**246**
North-Atlantic Region		**870,464**	**83,304**	**1,855,494**	**549,770**	**422,062**	**208,193**	**211,420**	**1,118**	**1,330**	**1**
Albany	(See (c) below)	29,472	1,086	12,301	293	89	—	(*)	—	89	—
Augusta	(Maine)	18,110	1,687	11,166	2,911	2,824	—	2,761	26	37	—
Boston	(Massachusetts)	122,885	9,411	307,831	168,954	157,007	82,355	73,617	779	255	—
Brooklyn	(See (c) below)	218,879	5,773	200,416	38,503	8,045	—	7,817	(*)	226	1
Buffalo	(See (c) below)	77,606	3,940	108,130	45,403	209	—	—	—	209	—
Burlington	(Vermont)	5,790	1,156	2,899	46	22	—	—	—	22	—
Hartford	(Connecticut)	116,607	10,339	344,929	126,372	125,831	—	125,366	298	167	(*)
Manhattan	(See (c) below)	238,256	47,943	824,406	138,740	126,088	125,838	(*)	—	250	(*)
Portsmouth	(New Hampshire)	18,465	1,214	24,392	18,753	1,892	—	1,657	14	20	—
Providence	(Rhode Island)	24,395	756	19,024	9,796	55	—	—	—	55	—
Mid-Atlantic Region		**574,565**	**43,726**	**2,754,853**	**986,289**	**799,967**	**63,213**	**722,249**	**13,243**	**1,146**	**117**
Baltimore	(Maryland & D.C.)	122,188	10,849	430,236	292,246	265,983	63,213	199,954	2,631	176	9
Newark	(New Jersey)	138,469	10,520	495,000	319,781	252,033	—	249,955	1,685	393	(*)
Philadelphia	(See (e) below)	140,896	9,510	557,009	224,533	172,791	—	168,081	4,368	318	25
Pittsburgh	(See (e) below)	68,912	5,329	405,333	104,326	87,918	—	83,218	4,451	171	77
Richmond	(Virginia)	82,037	5,074	802,209	45,366	21,206	—	21,041	108	57	—
Wilmington	(Delaware)	22,063	2,443	65,066	37	35	—	—	—	30	6
Southeast Region		**602,816**	**52,342**	**2,265,680**	**313,521**	**114,359**	**48,749**	**62,913**	**1,923**	**690**	**83**
Atlanta	(Georgia)	64,798	6,602	331,361	47,119	11,397	—	11,207	53	120	17
Birmingham	(Alabama)	45,062	3,866	144,434	3,158	3,013	2,942	17	—	39	14
Columbia	(South Carolina)	34,499	1,830	27,590	663	110	—	2	—	92	16
Greensboro	(North Carolina)	76,303	5,044	1,387,959	51,917	83	—	60	—	23	—
Jackson	(Mississippi)	29,992	4,937	20,784	169	97	—	19	—	44	24
Jacksonville	(Florida)	293,874	24,505	208,497	113,438	50,889	45,807	2,912	1,870	290	11
Nashville	(Tennessee)	58,287	5,557	145,054	97,058	48,779	—	48,896	—	83	—
Central Region		**502,275**	**47,392**	**3,414,277**	**1,571,908**	**1,435,865**	**196,398**	**1,230,181**	**8,009**	**1,251**	**27**
Cincinnati	(See (d) below)	92,079	7,160	320,472	266,883	186,453	—	185,153	1,110	188	1
Cleveland	(See (d) below)	104,037	9,982	780,125	61,357	47,758	34,770	11,972	694	297	25
Detroit	(Michigan)	141,079	15,080	607,683	302,474	286,164	161,627	123,418	760	358	1
Indianapolis	(Indiana)	97,272	11,544	367,972	258,113	247,233	—	243,090	3,875	269	—
Louisville	(Kentucky)	42,894	2,330	1,312,510	676,633	661,877	—	660,205	1,569	103	—
Parkersburg	(West Virginia)	24,914	1,276	25,516	6,449	6,380	—	6,344	—	37	—
Midwest Region		**748,400**	**67,270**	**2,307,736**	**809,331**	**439,215**	**53,599**	**380,645**	**3,070**	**1,887**	**15**
Aberdeen	(South Dakota)	14,272	873	9,473	55	38	—	—	—	38	—
Chicago	(See (b) below)	217,838	27,535	866,761	178,143	170,522	38,646	130,872	462	527	15
Des Moines	(Iowa)	91,064	6,002	48,502	1,196	507	—	386	—	120	—
Fargo	(North Dakota)	18,100	1,443	12,064	64	52	12	—	—	40	—
Milwaukee	(Wisconsin)	69,916	4,247	335,260	217,199	8,208	3,726	3,938	29	515	—
Omaha	(Nebraska)	56,917	6,014	95,397	5,642	89	—	—	—	89	—
St. Louis	(Missouri)	110,912	8,815	496,688	141,677	57,384	8,507	47,840	770	266	—
St. Paul	(Minnesota)	75,449	5,702	170,300	50,386	19,202	2,707	16,236	143	116	(*)
Springfield	(See (b) below)	93,931	6,641	273,290	214,968	183,213	—	181,372	1,666	175	(*)
Southwest Region		**621,719**	**79,539**	**2,205,590**	**291,637**	**63,942**	**37,434**	**25,434**	**5**	**1,071**	(*)
Albuquerque	(New Mexico)	16,234	1,805	17,012	1,946	1,892	—	1,836	1	54	(*)
Austin	(See (f) below)	206,074	24,173	865,909	73,267	28,305	24,619	3,451	—	234	(*)
Cheyenne	(Wyoming)	9,464	865	27,648	32	25	—	—	—	25	—
Dallas	(See (f) below)	144,250	24,631	454,588	62,133	195	—	(*)	—	195	(*)
Denver	(Colorado)	38,135	5,958	243,822	112,526	146	—	—	—	146	—
Little Rock	(Arkansas)	25,015	3,061	56,273	549	53	—	3	—	60	—
New Orleans	(Louisiana)	58,885	5,636	82,442	40,678	33,047	12,614	19,988	4	241	(*)
Oklahoma City	(Oklahoma)	60,239	4,397	374,552	186	55	—	1	—	54	(*)
Wichita	(Kansas)	63,422	9,014	83,346	321	216	—	152	—	64	(*)
Western Region		**939,758**	**57,063**	**1,981,683**	**778,565**	**517,875**	**75,208**	**439,577**	**1,736**	**1,352**	(*)
Anchorage	(Alaska)	2,285	176	13,333	39	36	7	—	—	29	—
Boise	(Idaho)	14,326	1,186	7,303	84	35	—	—	—	35	—
Helena	(Montana)	15,450	1,270	7,733	2,191	2,167	4	2,099	4	60	—
Honolulu	(Hawaii)	11,449	1,709	15,180	3,503	2,279	2,129	93	3	54	—
Los Angeles	(See (a) below)	384,014	16,950	743,836	217,011	138,524	32,663	105,297	149	416	—
Phoenix	(Arizona)	45,548	2,938	15,084	4,362	1,992	1,873	—	—	119	—
Portland	(Oregon)	50,470	4,925	54,602	21,481	14,351	1,144	13,133	24	48	1
Reno	(Nevada)	19,674	4,659	11,461	68	59	—	—	—	59	(*)
Salt Lake City	(Utah)	10,039	2,257	11,675	28	8	—	—	—	8	—
San Francisco	(See (a) below)	313,800	15,586	905,484	459,871	344,252	28,395	313,905	1,532	420	—
Seattle	(Washington)	72,702	5,406	175,992	69,928	14,171	8,993	5,050	24	104	—
Office of International Operations		**15,737**	**1,095**	**148,745**	**126,698**	**126,650**	—	**126,629**	20	(*)	(*)
Puerto Rico		594	74	140,243	126,698	126,649	—	126,629	20	—	(*)
Other		15,143	1,021	8,502	(*)	(*)	—	—	—	(*)	—
Undistributed:											
Federal tax deposits[7]		—	—	343,776	—	—	—	—	—	—	—
Gasoline lubricating oil, and excess FICA credits[8]											
Transferred to Government of Guam											
Withheld taxes of Federal employees											
Clearing account for Excise taxes-aviation fuel and oil-Air Force and Navy		—	—	−113	—	—	—	—	—		—
Presidential Election Fund[9]											
Earned Income Credits[10]											
Totals for States not shown above											
	(a) California	697,814	32,536	1,649,320	676,882	482,776	61,058	419,202	1,681	838	—
	(b) Illinois	311,769	34,176	1,140,051	393,111	353,735	38,646	312,244	2,128	702	15
	(c) New York	564,213	58,742	1,145,253	222,938	134,431	125,838	7,818	(*)	774	1
	(d) Ohio	196,116	17,162	1,100,596	328,241	234,211	34,770	197,125	1,804	485	26
	(e) Pennsylvania	209,807	14,840	962,342	328,859	260,709	—	251,299	8,819	489	102
	(f) Texas	350,326	48,804	1,320,496	135,400	28,499	24,619	3,451	—	429	1

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

Internal revenue regions, districts, States and other areas[1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		Alcohol taxes—Continued: Wines, cordials, etc., taxes: Total (18)	Imported (Collected by Customs) (19)	Domestic[11] (20)	Occupational taxes[12] (21)	Beer taxes: Total (22)	Imported (Collected by Customs) (23)	Domestic[11] (24)	Occupational taxes[12] (25)
United States, total		**175,482**	**21,546**	**150,276**	**3,660**	**1,332,304**	**16,280**	**1,313,706**	**2,318**
North-Atlantic Region		**31,995**	**9,175**	**22,668**	**152**	**95,713**	**9,264**	**86,165**	**283**
Albany	(See (c) below)	183	—	174	9	21	—	—	21
Augusta	(Maine)	64	—	37	27	24	—	—	24
Boston	(Massachusetts)	2,216	2,055	136	25	9,731	4,150	5,576	5
Brooklyn	(See (c) below)	3,618	—	3,601	18	26,840	—	26,761	79
Buffalo	(See (c) below)	18,315	—	18,296	20	26,879	—	26,821	57
Burlington	(Vermont)	22	—	1	22	1	—	—	1
Hartford	(Connecticut)	73	—	64	8	466	—	447	20
Manhattan	(See (c) below)	7,480	7,121	343	16	5,172	5,114	—	58
Portsmouth	(New Hampshire)	20	—	16	4	16,841	—	16,823	18
Providence	(Rhode Island)	4	—	—	4	9,738	—	9,737	(*)
Mid-Atlantic Region		**10,134**	**3,122**	**6,302**	**710**	**176,187**	**1,093**	**174,853**	**236**
Baltimore	(Maryland & D.C.)	3,202	3,122	49	31	23,061	1,093	21,946	22
Newark	(New Jersey)	3,941	—	3,373	569	63,806	—	63,774	31
Philadelphia	(See (e) below)	1,324	—	1,306	17	50,418	—	50,350	69
Pittsburgh	(See (e) below)	19	—	12	7	16,389	—	16,339	49
Richmond	(Virginia)	1,647	—	1,562	85	22,513	—	22,449	64
Wilmington	(Delaware)	1	—	—	1	1	—	—	1
Southeast Region		**3,543**	**1,810**	**1,046**	**687**	**195,620**	**813**	**194,356**	**451**
Atlanta	(Georgia)	602	—	471	131	35,120	—	35,073	47
Birmingham	(Alabama)	56	33	—	23	89	27	—	62
Columbia	(South Carolina)	517	—	415	102	35	—	—	35
Greensboro	(North Carolina)	157	—	(*)	157	51,677	—	51,608	69
Jackson	(Mississippi)	2	—	—	2	80	—	—	80
Jacksonville	(Florida)	2,206	1,776	159	271	60,342	786	59,493	63
Nashville	(Tennessee)	3	—	—	3	48,276	—	48,182	94
Central Region		**7,121**	**1,833**	**4,732**	**556**	**128,922**	**1,072**	**127,685**	**164**
Cincinnati	(See (d) below)	3,788	—	3,643	145	76,642	—	76,629	13
Cleveland	(See (d) below)	1,299	918	245	137	12,300	18	12,270	12
Detroit	(Michigan)	1,936	915	838	183	14,373	1,054	13,309	10
Indianapolis	(Indiana)	92	—	6	86	10,787	—	10,765	23
Louisville	(Kentucky)	3	—	—	3	14,752	—	14,713	40
Parkersburg	(West Virginia)	2	—	—	2	66	—	—	66
Midwest Region		**6,763**	**2,244**	**4,444**	**75**	**363,354**	**662**	**362,363**	**328**
Aberdeen	(South Dakota)	1	—	—	1	16	—	—	16
Chicago	(See (b) below)	4,809	1,534	3,252	23	2,812	413	2,380	18
Des Moines	(Iowa)	32	—	27	4	658	—	616	41
Fargo	(North Dakota)	4	2	—	1	8	2	—	6
Milwaukee	(Wisconsin)	277	246	13	17	208,714	236	208,406	73
Omaha	(Nebraska)	4	—	—	4	5,549	—	5,537	13
St. Louis	(Missouri)	1,383	227	1,150	7	82,910	2	82,831	76
St. Paul	(Minnesota)	240	234	—	6	30,944	8	30,861	75
Springfield	(See (b) below)	12	—	2	10	31,743	—	31,733	10
Southwest Region		**2,062**	**871**	**449**	**742**	**225,633**	**691**	**224,263**	**678**
Albuquerque	(New Mexico)	2	—	(*)	1	52	—	51	1
Austin	(See (f) below)	1,045	677	1	367	43,918	605	43,080	232
Cheyenne	(Wyoming)	2	—	—	2	6	—	—	6
Dallas	(See (f) below)	314	—	—	314	61,624	—	61,520	103
Denver	(Colorado)	9	—	—	9	112,371	—	112,336	35
Little Rock	(Arkansas)	459	—	447	13	27	—	—	27
New Orleans	(Louisiana)	206	194	2	11	7,425	86	7,275	64
Oklahoma City	(Oklahoma)	5	—	(*)	5	126	—	1	125
Wichita	(Kansas)	20	—	—	20	84	—	—	84
Western Region		**113,845**	**2,491**	**110,616**	**738**	**146,847**	**2,684**	**143,986**	**177**
Anchorage	(Alaska)	1	(*)	(*)	1	2	1	—	1
Boise	(Idaho)	32	—	(*)	32	17	—	—	17
Helena	(Montana)	6	1	—	5	18	2	—	16
Honolulu	(Hawaii)	75	71	1	4	1,149	175	972	1
Los Angeles	(See (a) below)	6,165	1,047	4,924	194	72,322	1,717	70,556	49
Phoenix	(Arizona)	53	1	—	53	2,317	84	2,221	12
Portland	(Oregon)	218	102	32	85	6,912	21	6,885	5
Reno	(Nevada)	6	—	—	6	3	—	—	3
Salt Lake City	(Utah)	1	—	—	1	19	—	—	19
San Francisco	(See (a) below)	106,589	1,053	105,296	240	9,029	560	8,427	42
Seattle	(Washington)	697	216	363	118	55,060	125	54,924	11
Office of International Operations		**19**	—	**19**	—	**30**	—	**30**	(*)
Puerto Rico		19	—	19	—	30	—	30	—
Other		—	—	—	—	(*)	—	—	(*)
Undistributed:									
Federal tax deposits[7]									
Gasoline lubricating oil, and excess FICA credits[8]									
Transferred to Government of Guam									
Withheld taxes of Federal employees									
Clearing account for Excise taxes—aviation fuel and oil-Air Force and Navy									
Presidential Election Fund[9]									
Earned Income Credits[10]									
Totals for States not shown above									
(a) California		112,755	2,100	110,221	434	81,351	2,277	78,983	91
(b) Illinois		4,821	1,534	3,253	34	34,555	413	34,113	28
(c) New York		29,596	7,121	22,414	62	58,911	5,114	53,582	215
(d) Ohio		5,088	918	3,888	282	88,942	18	88,899	25
(e) Pennsylvania		1,343	—	1,318	25	66,807	—	66,689	118
(f) Texas		1,359	677	1	682	105,541	605	104,600	336

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

Internal revenue regions, districts, States and other areas[1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		Tobacco taxes: Total (26)	Cigarettes (27)	Cigars (28)	Other[12] (29)
United States, total		**2,487,894**	**2,434,831**	**49,812**	**3,252**
North-Atlantic Region		**1,995**	**198**	**361**	**1,426**
Albany	(See (c) below)	82	—	64	18
Augusta	(Maine)	—	—	—	—
Boston	(Massachusetts)	266	(*)	1	265
Brooklyn	(See (c) below)	30	15	14	—
Buffalo	(See (c) below)	5	5	—	—
Burlington	(Vermont)	—	—	—	—
Hartford	(Connecticut)	262	—	262	(*)
Manhattan	(See (c) below)	1,351	178	19	1,154
Portsmouth	(New Hampshire)	(*)	—	(*)	—
Providence	(Rhode Island)	—	—	—	—
Mid-Atlantic Region		**699,340**	**680,498**	**18,538**	**304**
Baltimore	(Maryland & D.C.)	120	—	(*)	119
Newark	(New Jersey)	490	354	13	123
Philadelphia	(See (e) below)	18,483	(*)	18,482	—
Pittsburgh	(See (e) below)	3	—	3	—
Richmond	(Virginia)	680,244	680,144	38	61
Wilmington	(Delaware)	(*)	—	(*)	—
Southeast Region		**1,255,046**	**1,240,487**	**13,285**	**1,274**
Atlanta	(Georgia)	1,313	1	1,312	—
Birmingham	(Alabama)	2,351	(*)	2,351	(*)
Columbia	(South Carolina)	—	—	—	—
Greensboro	(North Carolina)	1,242,433	1,240,483	1,484	466
Jackson	(Mississippi)	—	—	—	—
Jacksonville	(Florida)	8,390	3	8,133	254
Nashville	(Tennessee)	559	—	5	554
Central Region		**517,608**	**513,537**	**4,034**	**38**
Cincinnati	(See (d) below)	—	—	—	—
Cleveland	(See (d) below)	653	—	649	4
Detroit	(Michigan)	1	—	1	1
Indianapolis	(Indiana)	442	—	442	—
Louisville	(Kentucky)	516,281	513,537	2,711	33
Parkersburg	(West Virginia)	231	—	231	—
Midwest Region		**80**	—	10	70
Aberdeen	(South Dakota)	—	—	—	—
Chicago	(See (b) below)	72	—	2	69
Des Moines	(Iowa)	—	—	—	—
Fargo	(North Dakota)	(*)	—	—	(*)
Milwaukee	(Wisconsin)	8	—	7	(*)
Omaha	(Nebraska)	—	—	—	—
St. Louis	(Missouri)	(*)	—	(*)	—
St. Paul	(Minnesota)	—	—	—	—
Springfield	(See (b) below)	—	—	—	—
Southwest Region		**278**	**1**	**244**	**32**
Albuquerque	(New Mexico)	—	—	—	—
Austin	(See (f) below)	275	1	244	29
Cheyenne	(Wyoming)	—	—	—	—
Dallas	(See (f) below)	—	—	—	—
Denver	(Colorado)	—	—	—	—
Little Rock	(Arkansas)	—	—	—	—
New Orleans	(Louisiana)	3	—	(*)	3
Oklahoma City	(Oklahoma)	—	—	—	—
Wichita	(Kansas)	**130**	**1**	**31**	**98**
Western Region		(*)	(*)	—	(*)
Anchorage	(Alaska)	—	—	—	—
Boise	(Idaho)	(*)	—	—	(*)
Helena	(Montana)	2	1	—	1
Honolulu	(Hawaii)	104	(*)	29	74
Los Angeles	(See (a) below)	—	—	—	—
Phoenix	(Arizona)	(*)	(*)	—	—
Portland	(Oregon)	1	—	1	(*)
Reno	(Nevada)	—	—	—	—
Salt Lake City	(Utah)	19	(*)	1	18
San Francisco	(See (a) below)	4	(*)	—	4
Seattle	(Washington)	**13,418**	**108**	**13,310**	—
Office of International Operations		13,418	108	13,310	—
Puerto Rico		—	—	—	—
Other					
Undistributed:					
Federal tax deposits[7]					
Gasoline lubricating oil, and excess FICA credits[8]					
Transferred to Government of Guam					
Withheld taxes of Federal employees					
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy					
Presidential Election Fund[9]					
Earned Income Credits[10]					
Totals for States not shown above					
(a) California		123	(*)	30	93
(b) Illinois		72	—	2	69
(c) New York		1,467	198	98	1,171
(d) Ohio		653	—	649	4
(e) Pennsylvania		18,486	(*)	18,486	—
(f) Texas		275	1	244	29

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

Internal revenue regions, districts, States and other areas[1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		Manufacturer's excise taxes: Total	Gasoline	Lubricating oil, etc.	Tires (wholly or in part of rubber), inner tubes, and tread rubber	Motor vehicle chassis bodies, parts and accessories	Other[12]	Total	Retailer's excise taxes: Non-Commercial aviation fuel gasoline	Non-Commercial aviation fuel other than gasoline
		(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
United States, total		**5,486,106**	**4,125,674**	**92,851**	**730,117**	**445,910**	**91,554**	**417,250**	**10,295**	**27,814**
North-Atlantic Region		**372,268**	**141,003**	**698**	**165,241**	**10,934**	**54,392**	**20,011**	**583**	**2,752**
Albany	(See (c) below)	3,990	3,480	3	96	237	174	1,379	42	132
Augusta	(Maine)	4,767	4,082	(*)	585	97	3	1,430	33	75
Boston	(Massachusetts)	50,565	43,808	212	881	977	4,687	3,373	96	92
Brooklyn	(See (c) below)	36,497	9,977	53	24,727	1,549	191	1,429	54	106
Buffalo	(See (c) below)	46,043	22,001	35	19,973	2,169	1,865	5,021	142	810
Burlington	(Vermont)	1,512	1,284	(*)	57	32	138	633	19	18
Hartford	(Connecticut)	164,137	14,390	35	112,069	2,407	35,236	2,885	110	522
Manhattan	(See (c) below)	47,394	32,927	360	6,452	3,024	4,621	2,317	48	706
Portsmouth	(New Hampshire)	3,438	1,849	(*)	179	79	1,331	972	22	51
Providence	(Rhode Island)	13,925	7,206	(*)	213	362	6,144	573	18	239
Mid-Atlantic Region		**677,872**	**532,355**	**18,114**	**74,249**	**47,921**	**5,233**	**48,370**	**730**	**4,612**
Baltimore	(Maryland & D.C.)	72,088	30,685	248	39,977	1,102	76	3,664	78	140
Newark	(New Jersey)	76,323	58,769	3,356	6,391	4,394	3,413	7,846	213	1,825
Philadelphia	(See (e) below)	218,375	153,274	4,948	22,893	36,298	962	11,297	74	175
Pittsburgh	(See (e) below)	287,518	268,482	9,563	4,323	5,038	112	18,279	209	1,171
Richmond	(Virginia)	22,503	20,222	-1	654	975	652	5,880	142	569
Wilmington	(Delaware)	1,064	922	—	10	114	18	1,404	13	731
Southeast Region		**164,258**	**130,607**	**608**	**14,843**	**14,975**	**3,226**	**48,439**	**1,798**	**3,093**
Atlanta	(Georgia)	26,979	21,397	97	1,139	4,314	32	7,022	230	540
Birmingham	(Alabama)	19,035	13,883	2	2,146	2,754	250	5,335	145	295
Columbia	(South Carolina)	18,125	17,080	12	291	373	369	3,363	167	226
Greensboro	(North Carolina)	46,001	39,994	4	2,656	3,342	4	8,967	396	496
Jackson	(Mississippi)	14,048	5,892	3	7,766	3,67	21	3,264	145	123
Jacksonville	(Florida)	14,757	9,644	189	505	2,021	2,398	10,175	535	921
Nashville	(Tennessee)	25,313	22,716	301	340	1,805	152	10,313	179	492
Central Region		**1,019,482**	**383,044**	**5,797**	**438,670**	**189,464**	**2,507**	**49,243**	**1,027**	**2,184**
Cincinnati	(See (d) below)	20,265	15,427	39	2,725	2,003	71	3,356	144	426
Cleveland	(See (d) below)	630,973	164,913	2,269	436,599	26,411	781	15,896	207	259
Detroit	(Michigan)	215,785	68,256	219	-1,454	147,481	1,283	9,636	284	599
Indianapolis	(Indiana)	46,006	34,569	164	244	10,685	344	10,681	228	491
Louisville	(Kentucky)	102,795	97,054	3,074	339	2,309	19	7,478	98	230
Parkersburg	(West Virginia)	3,659	2,825	32	217	575	10	2,194	65	182
Midwest Region		**681,693**	**542,917**	**9,986**	**12,642**	**102,004**	**14,144**	**67,501**	**1,268**	**3,883**
Aberdeen	(South Dakota)	5,833	4,416	9	11	1,396	1	1,649	55	48
Chicago	(See (b) below)	397,514	306,682	7,258	4,253	73,805	5,515	24,673	211	630
Des Moines	(Iowa)	29,507	18,758	169	5,619	4,477	484	7,153	160	346
Fargo	(North Dakota)	7,532	3,833	29	22	3,647	(*)	1,160	61	72
Milwaukee	(Wisconsin)	72,467	63,511	167	378	7,422	988	6,794	147	400
Omaha	(Nebraska)	7,997	6,677	349	27	769	175	3,781	129	316
St. Louis	(Missouri)	71,462	62,486	1,066	2,188	5,273	449	10,362	204	1,111
St. Paul	(Minnesota)	55,509	45,939	936	110	2,232	6,294	6,554	177	435
Springfield	(See (b) below)	33,873	30,616	3	33	2,782	238	5,175	123	525
Southwest Region		**1,906,824**	**1,831,133**	**44,677**	**5,952**	**21,784**	**3,278**	**111,022**	**2,489**	**8,271**
Albuquerque	(New Mexico)	9,508	7,796	10	42	1,658	1	4,508	144	116
Austin	(See (f) below)	1,044,650	1,007,295	29,358	3,581	4,327	90	41,703	650	3,734
Cheyenne	(Wyoming)	23,192	23,139	3	12	34	4	2,732	90	48
Dallas	(See (f) below)	313,151	298,987	7,419	1,073	5,102	569	24,622	516	1,069
Denver	(Colorado)	36,311	32,370	6	373	2,426	1,135	3,715	222	599
Little Rock	(Arkansas)	43,110	39,933	331	73	2,982	1,082	5,689	176	234
New Orleans	(Louisiana)	26,966	25,010	426	199	1,127	203	5,371	282	702
Oklahoma City	(Oklahoma)	354,630	343,714	6,643	520	3,604	149	15,491	159	1,372
Wichita	(Kansas)	55,306	52,888	480	79	1,813	45	7,191	249	397
Western Region		**663,681**	**564,816**	**12,971**	**10,507**	**58,814**	**8,772**	**72,556**	**2,402**	**3,015**
Anchorage	(Alaska)	612	8	(*)	13	584	7	1,093	161	95
Boise	(Idaho)	2,740	2,257	(*)	146	161	175	2,458	88	120
Helena	(Montana)	1,372	1,192	—	55	98	26	1,960	87	82
Honolulu	(Hawaii)	341	20	(*)	235	58	29	328	29	20
Los Angeles	(See (a) below)	207,840	174,838	3,948	14,109	10,955	3,990	17,589	634	1,158
Phoenix	(Arizona)	1,305	948	(*)	218	128	11	6,050	208	245
Portland	(Oregon)	32,093	16,515	65	636	13,708	1,169	4,784	163	228
Reno	(Nevada)	2,159	2,099	1	31	28	(*)	1,702	53	46
Salt Lake City	(Utah)	5,479	2,334	-1	170	385	2,590	4,051	95	144
San Francisco	(See (a) below)	371,651	355,894	8,919	2,635	4,009	194	28,727	695	707
Seattle	(Washington)	38,091	8,513	39	259	28,699	580	3,814	167	170
Office of International Operations		**29**	(*)	—	**13**	—	**2**	**109**	(*)	1
Puerto Rico		—	—	—	—	—	—	—	—	—
Other		29	(*)	—	13	14	2	109	(*)	1
Undistributed:										
Federal tax deposits[7]										
Gasoline lubricating oil, and excess FICA credits[8]										
Transferred to Government of Guam										
Withheld taxes of Federal employees										
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy										
Presidential Election Fund[9]										
Earned Income Credits[10]										
Totals for States not shown above										
(a) California		579,490	530,731	12,867	16,744	14,964	4,185	46,316	1,329	1,865
(b) Illinois		431,387	337,299	7,262	4,286	76,788	5,753	29,848	334	1,159
(c) New York		133,924	68,384	451	51,258	6,979	6,851	10,145	285	1,178
(d) Ohio		651,238	180,340	2,308	439,324	28,414	852	19,254	351	95
(e) Pennsylvania		505,893	421,756	14,511	27,217	41,336	1,074	29,576	283	1,348
(f) Texas		1,357,801	1,306,282	36,776	4,654	9,429	659	66,325	1,165	4,803

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

Internal revenue regions, districts, States and other areas[1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		Retailer's excise taxes—Continued: Diesel and special motor fuels	Other[12]	Total	Miscellaneous excise taxes: Telephone and teletype writer services	Transportation of persons by air	Use of international air travel facilities	Transportation of property by air	Sugar
		(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)
United States, total		**379,125**	**15**	**3,095,229**	**1,837,362**	**793,597**	**52,979**	**45,490**	**28,820**
North-Atlantic Region		**16,676**	—	619,765	318,449	204,489	**23,881**	8,422	8,572
Albany	(See (c) below)	1,205	—	4,390	2,869	61	—	4	(*)
Augusta	(Maine)	1,322	—	1,720	459	145	(*)	2	1
Boston	(Massachusetts)	3,185	—	66,834	59,634	757	(*)	21	479
Brooklyn	(See (c) below)	1,269	—	126,863	2,432	108,562	6,870	6,195	26
Buffalo	(See (c) below)	4,069	—	13,195	8,870	272	(*)	34	2
Burlington	(Vermont)	598	—	694	170	38	—	10	(*)
Hartford	(Connecticut)	2,253	—	54,485	49,958	145	5	1	4
Manhattan	(See (c) below)	1,563	—	349,785	193,756	94,449	17,006	2,141	8,059
Portsmouth	(New Hampshire)	898	—	1,067	298	15	—	1	1
Providence	(Rhode Island)	315	—	732	3	25	—	13	(*)
Mid-Atlantic Region		**43,028**	—	**316,065**	**258,343**	**15,045**	340	**658**	**1,900**
Baltimore	(Maryland & D.C.)	3,446	—	64,124	42,016	14,346	280	398	3
Newark	(New Jersey)	5,807	—	91,171	80,906	195	45	32	752
Philadelphia	(See (e) below)	11,048	—	96,653	84,810	272	5	135	1,115
Pittsburgh	(See (e) below)	16,898	—	15,683	9,658	69	4	5	4
Richmond	(Virginia)	5,168	—	46,273	40,951	142	6	38	25
Wilmington	(Delaware)	660	—	2,160	1	19	—	50	2
Southeast Region		**43,549**	—	**505,917**	**300,310**	**151,779**	**3,663**	**4,638**	**2,852**
Atlanta	(Georgia)	6,253	—	252,210	132,530	108,436	1,241	932	1,641
Birmingham	(Alabama)	4,895	—	115,973	110,299	23	—	(*)	990
Columbia	(South Carolina)	2,970	—	5,231	2,349	154	—	7	3
Greensboro	(North Carolina)	8,075	—	40,946	22,760	8,769	31	338	2
Jackson	(Mississippi)	2,995	—	2,973	494	42	—	62	—
Jacksonville	(Florida)	8,718	—	57,902	26,268	18,330	1,902	955	213
Nashville	(Tennessee)	9,643	—	30,681	5,611	16,025	489	2,344	2
Central Region		**46,028**	—	**244,744**	**199,203**	**1,482**	38	**816**	**1,120**
Cincinnati	(See (d) below)	2,786	—	29,421	22,162	601	15	6	479
Cleveland	(See (d) below)	15,432	—	71,945	60,920	430	(*)	320	67
Detroit	(Michigan)	8,753	—	80,459	66,525	214	4	465	520
Indianapolis	(Indiana)	9,961	—	44,035	35,560	125	19	19	53
Louisville	(Kentucky)	7,149	—	8,713	5,516	93	—	6	1
Parkersburg	(West Virginia)	1,947	—	10,173	8,519	20	—	(*)	(*)
Midwest Region		**62,350**	—	**726,842**	**364,025**	**273,723**	**11,999**	**18,199**	**2,254**
Aberdeen	(South Dakota)	1,747	—	1,862	753	2	—	(*)	1
Chicago	(See (b) below)	23,832	—	245,024	75,558	139,721	6,923	5,933	387
Des Moines	(Iowa)	6,646	—	10,532	5,738	79	—	73	41
Fargo	(North Dakota)	1,027	—	2,302	959	46	—	—	151
Milwaukee	(Wisconsin)	6,247	—	37,094	26,122	700	3	116	3
Omaha	(Nebraska)	3,336	—	64,513	61,716	22	(*)	1	2
St. Louis	(Missouri)	9,046	—	289,578	177,562	91,184	2,563	10,230	5
St. Paul	(Minnesota)	5,941	—	59,659	3,511	41,743	2,506	1,841	1,131
Springfield	(See (b) below)	4,527	—	16,278	12,106	227	4	4	533
Southwest Region		**100,263**	—	**226,230**	**109,386**	**57,425**	**1,782**	**2,290**	**6,670**
Albuquerque	(New Mexico)	4,248	—	1,350	220	82	—	69	27
Austin	(See (f) below)	37,320	—	33,175	2,931	14,868	341	523	1,174
Cheyenne	(Wyoming)	2,593	—	1,032	152	22	—	1	1
Dallas	(See (f) below)	23,037	—	62,076	18,488	28,990	1,279	1,236	1
Denver	(Colorado)	2,894	—	94,731	74,282	12,042	71	364	3,582
Little Rock	(Arkansas)	5,279	—	5,724	2,340	301	—	5	(*)
New Orleans	(Louisiana)	4,387	—	9,687	2,344	977	85	9	1,881
Oklahoma City	(Oklahoma)	13,960	—	7,278	1,561	77	5	64	1
Wichita	(Kansas)	6,544	—	11,177	7,068	68	(*)	20	5
Western Region		**67,124**	**15**	**447,129**	**287,599**	**84,652**	**6,927**	**10,377**	**5,089**
Anchorage	(Alaska)	837	—	11,408	3,766	3,674	163	2,732	—
Boise	(Idaho)	2,249	—	2,030	229	51	—	(*)	(*)
Helena	(Montana)	1,791	—	1,875	512	111	(*)	(*)	(*)
Honolulu	(Hawaii)	279	—	11,906	6,743	3,723	99	(*)	2
Los Angeles	(See (a) below)	15,797	—	141,164	47,671	70,383	5,580	278	(*)
Phoenix	(Arizona)	5,597	—	2,436	166	61	—	4,846	5
Portland	(Oregon)	4,378	15	7,641	1,853	23	—	2	(*)
Reno	(Nevada)	1,602	—	6,191	170	286	—	219	9
Salt Lake city	(Utah)	3,811	—	4,895	155	74	—	11	(*)
San Francisco	(See (a) below)	27,325	—	195,203	173,491	3,492	2,086	3	2,955
Seattle	(Washington)	3,457	—	62,380	52,842	2,775	999	2,128	2,115
Office of International Operations		**108**	—	**6,536**	**47**	**5,002**	**2,350**	155	2
Puerto Rico		—	—	376	—	(*)	4	—	362
Other		108	—	8,160	47	5,002	2,346	—	362
Undistributed:									
Federal tax deposits[7]									
Gasoline lubricating oil, and excess FICA credits[8]									
Transferred to Government of Guam									
Withheld taxes of Federal employees									
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy									
Presidential Election Fund[9]									
Earned Income Credits[10]									
Totals for States not shown above									
(a) California		43,122	—	336,367	221,162	73,875	7,666	6,976	2,120
(b) Illinois		28,359	—	261,302	87,664	139,948	6,927	5,938	920
(c) New York		8,105	—	494,233	207,927	203,365	23,875	8,374	8,087
(d) Ohio		18,219	—	101,366	63,083	1,031	15	326	545
(e) Pennsylvania		27,947	—	112,336	94,468	342	9	140	1,119
(f) Texas		60,357	—	95,251	21,419	43,857	1,620	1,759	1,174

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

Internal revenue regions, districts, States and other areas[1] (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		Miscellaneous excise taxes—Continued: Narcotics and marijuana including occupational taxes (47)	Coin-operated gaming devices (48)	Wagers: Occupational (49)	Wagers (50)	Use tax on highway motor vehicles (51)	Use tax on civil aircraft (52)	Private foundations net investment income (53)	Other[12] (54)	Unclassified excise tax (55)
United States, total		103	6,187	965	4,962	212,793	21,188	59,538	31,334	343,518
North-Atlantic Region		27	16	14	574	18,741	4,496	20,441	11,642	291,665
Albany	(See (c) below)	—	—	—	(*)	1,177	48	158	53	2,167
Augusta	(Maine)	(*)	1	—	—	992	23	62	35	338
Boston	(Massachusetts)	26	15	4	326	3,635	84	1,231	619	17,839
Brooklyn	(See (c) below)	—	—	5	51	2,066	77	161	419	-2,906
Buffalo	(See (c) below)	—	—	2	69	3,138	88	652	67	-1,536
Burlington	(Vermont)	—	—	—	—	428	9	28	10	15
Hartford	(Connecticut)	—	(*)	(*)	18	2,104	73	1,118	1,060	-3,212
Manhattan	(See (c) below)	—	(*)	1	108	4,116	4,063	16,799	9,287	284,820
Portsmouth	(New Hampshire)	1	—	2	1	586	21	126	16	162
Providence	(Rhode Island)	—	—	(*)	1	501	9	105	77	-6,002
Mid-Atlantic Region		3	663	31	327	27,654	801	6,640	3,659	26,918
Baltimore	(Maryland & D.C.)	2	555	4	114	3,527	243	1,311	1,325	-2,007
Newark	(New Jersey)	(*)	16	1	7	6,115	133	2,397	573	-611
Philadelphia	(See (e) below)	1	2	6	17	8,280	162	1,127	722	-12,332
Pittsburgh	(See (e) below)	(*)	48	10	80	4,874	149	562	219	-20,476
Richmond	(Virginia)	—	42	11	103	3,960	98	788	108	1,943
Wilmington	(Delaware)	1	(*)	—	6	899	17	454	712	60,401
Southeast Region		17	1,507	177	632	31,409	3,096	4,075	1,761	-21,501
Atlanta	(Georgia)	1	44	6	50	4,481	1,573	763	511	-3283
Birmingham	(Alabama)	1	1	10	62	4,282	-46	130	221	-1418
Columbia	(South Carolina)	—	424	7	111	1,977	53	96	51	298
Greensboro	(North Carolina)	—	7	39	66	6,815	264	1,642	212	-2305
Jackson	(Mississippi)	—	157	34	42	2,018	74	39	11	331
Jacksonville	(Florida)	14	10	(*)	78	7,936	837	860	500	3,835
Nashville	(Tennessee)	(*)	864	80	224	3,901	342	545	254	-18,869
Central Region		3	359	176	270	32,301	874	6,691	1,410	11,291
Cincinnati	(See (d) below)	2	150	8	10	4,228	132	1,234	396	547
Cleveland	(See (d) below)	1	27	21	43	7,881	189	1,523	523	-702
Detroit	(Michigan)	—	(*)	4	46	9,322	304	2,812	241	-672
Indianapolis	(Indiana)	—	36	75	93	6,994	167	760	134	8,697
Louisville	(Kentucky)	(*)	13	20	28	2,556	51	316	112	610
Parkersburg	(West Virginia)	—	134	48	50	1,320	30	46	4	2,811
Midwest Region		9	206	46	225	36,421	6,418	10,308	3,009	22,289
Aberdeen	(South Dakota)	2	87	3	1	978	27	3	5	-125
Chicago	(See (b) below)	1	12	2	68	8,267	3,695	2,296	2,160	21,335
Des Moines	(Iowa)	—	(*)	5	29	4,239	111	152	66	115
Fargo	(North Dakota)	(*)	4	5	(*)	1,056	66	5	9	1,006
Milwaukee	(Wisconsin)	2	—	(*)	7	5,202	171	4,549	220	1,698
Omaha	(Nebraska)	(*)	31	16	63	2,267	98	178	120	13,463
St. Louis	(Missouri)	1	51	3	9	5,475	1,082	1,231	183	-16,391
St. Paul	(Minnesota)	1	(*)	9	27	5,893	1,081	1,712	205	-1,808
Springfield	(See (b) below)	2	22	3	22	3,044	86	183	42	2,996
Southwest Region		13	120	83	321	32,835	2,126	7,315	5,865	-330,401
Albuquerque	(New Mexico)	7	10	1	(*)	834	54	11	34	-300
Austin	(See (f) below)	2	2	16	36	6,878	438	3,547	2,421	-327,162
Cheyenne	(Wyoming)	1	11	1	(*)	715	63	64	1	660
Dallas	(See (f) below)	1	8	10	57	8,295	747	1,744	1,222	-7,394
Denver	(Colorado)	2	15	2	1	2,926	244	1,115	87	-3,461
Little Rock	(Arkansas)	(*)	6	24	68	2,817	68	59	36	1,200
New Orleans	(Louisiana)	—	12	20	111	2,816	138	362	933	-263
Oklahoma City	(Oklahoma)	—	51	10	49	3,971	230	266	994	-3,033
Wichita	(Kansas)	—	5	(*)	(*)	3,581	145	147	138	9,352
Western Region		31	3,315	439	2,610	33,150	3,374	3,931	3,636	-380
Anchorage	(Alaska)	(*)	—	22	10	671	358	4	8	180
Boise	(Idaho)	—	(*)	(*)	(*)	1,566	49	38	96	-8
Helena	(Montana)	—	55	18	3	1,070	76	25	2	334
Honolulu	(Hawaii)	1	95	2	7	577	79	244	59	-899
Los Angeles	(See (a) below)	2	27	(*)	25	8,134	1,510	1,498	1,482	160,128
Phoenix	(Arizona)	2	6	-(*)	1	1,950	102	116	31	931
Portland	(Oregon)	1	227	2	1	4,972	126	181	28	-11,397
Reno	(Nevada)	-(*)	2,360	64	2,286	479	101	421	12	1,340
Salt Lake City	(Utah)	(*)	99	66	12	1,436	40	41	14	-2,778
San Francisco	(See (a) below)	22	61	2	15	6,768	714	970	1,338	-149,987
Seattle	(Washington)	3	385	264	251	3,527	218	393	566	1,775
Office of International Operations		—	—	—	2	282	2	137	352	-46
Puerto Rico		—	—	—	2	(*)	(*)	3	4	-249
Other		—	—	—	—	281	1	134	348	204
Undistributed:										
Federal tax deposits[7]										343,776
Gasoline lubricating oil, and excess FICA credits[8]										
Transferred to Government of Guam										
Withheld taxes of Federal employees										
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy										-113
Presidential Election Fund[9]										
Earned Income Credits[10]										
Totals for States not shown above										
(a) California		23	88	2	40	16,902	2,224	2,468	2,820	10,141
(b) Illinois		3	33	6	90	11,311	3,782	2,479	2,201	24,331
(c) New York		—	(*)	8	228	10,497	4,277	17,770	9,826	282,544
(d) Ohio		3	176	29	53	12,109	322	2,757	919	-154
(e) Pennsylvania		1	50	15	97	13,154	311	1,689	942	-32,808
(f) Texas		3	10	26	92	15,173	1,185	5,291	3,642	-334,556

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

Source of revenue	Quarter ended: Sept. 30, 1975	Dec. 31, 1975	Mar. 31 1976	June 30, 1976
Grand total	67,159,753	62,632,767	75,138,290	97,588,982
Corporation income tax[2]	9,159,982	9,650,348	9,459,155	18,513,471
Individual income and employment taxes, total	52,238,589	47,297,264	60,212,930	73,422,887
Income tax not withheld and SECA[3, 4, 5]	6,456,288	1,460,675	10,045,371	21,083,738
Income tax withheld and FICA[3, 4, 6]	45,069,998	45,239,486	49,448,608	51,148,351
Railroad retirement	397,379	423,772	407,835	427,398
Unemployment insurance	314,925	173,330	311,117	763,381
Estate tax	1,299,096	1,120,857	1,210,720	1,248,262
Gift tax	85,476	109,146	140,526	96,582
Excise taxes, total	4,376,610	4,455,352	4,114,958	4,310,799
Alcohol taxes, total[12]	1,257,373	1,483,241	1,307,867	1,379,441
Distilled spirits[11]	863,870	1,119,267	949,845	986,954
Wines, cordials, etc.[11]	30,681	53,626	46,545	44,630
Beer[11]	362,822	310,348	311,277	347,857
Tobacco taxes, total[12]	595,188	570,778	674,022	647,908
Cigarettes[11]	583,104	556,445	662,157	633,125
Cigars[11]	11,404	13,594	10,906	13,908
Other[11, 12]	678	739	960	876
Manufacturer's excise taxes, total	1,385,655	1,360,899	1,385,111	1,354,441
Gasoline	1,036,237	1,033,701	1,071,609	984,127
Lubricating oil, etc.	23,300	23,542	22,841	23,168
Tires (wholly or in part of rubber), inner tubes, and tread rubber	192,365	182,942	163,702	191,106
Motor vehicles, chassis, bodies, parts, and accessories	110,648	97,743	109,167	128,352
Other[12]	23,104	22,971	17,792	27,687
Retailer's excise taxes, total	102,266	97,915	108,048	109,022
Noncommercial aviation gasoline	2,583	3,107	2,472	2,134
Noncommercial aviation fuel other than gasoline	6,414	7,693	6,591	7,116
Diesel and special motor fuels	93,268	87,115	96,971	99,770
Other[12]	—	—	13	2
Miscellaneous excise taxes, total	881,956	699,501	823,284	689,153
Telephone and teletypewriter exchange services	501,567	431,854	537,600	366,342
Transportation of persons by air	192,242	200,236	197,388	203,731
Use of international air travel facilities	13,013	15,115	12,356	12,495
Transportation of property by air	11,013	11,272	11,542	11,574
Sugar	28,060	9	742	9
Narcotics and marihuana, including occupational taxes	42	33	14	14
Coin-operated gaming devices	4,943	519	275	450
Wagering taxes:				
Occupational	439	247	147	133
Wagers	951	1,298	1,659	1,054
Use tax on highway motor vehicles	114,050	25,350	39,515	33,877
Use tax on civil aircraft	9,562	2,951	4,651	4,035
Exempt organizations, total	1,052	4,612	9,789	46,370
Other[12]	5,033	6,006	7,608	9,068
Unclassified excise taxes	154,174	243,019	-183,175	130,835

Table 3.—Internal revenue collections by sources, fiscal years 1975 and 1976 (In thousands of dollars)

Sources of revenue	Fiscal Year 1975	Fiscal Year 1976
Grand total, all sources	293,822,726	302,519,792
Corporation income taxes, total[14]	**45,746,660**	**46,782,956**
Regular	45,723,608	46,739,120
Exempt organization business income tax	23,052	43,836
Individual income and employment taxes, total	**226,540,246**	**233,171,651**
Income tax, not withheld and SECA[3, 4, 15]	37,712,721	39,046,072
Income tax withheld and FICA[3, 4, 6, 16]	185,823,300	190,906,443
Railroad retirement[17]	1,616,143	1,656,384
Unemployment insurance, employers of 1 or more persons at any time in each of 20 calendar weeks, or paid wages of $1,500 or more in any calendar quarter, taxed 3.2 percent, effective January 1, 1974, on taxable portion of wages up to $4,200	1,388,082	1,562,752
Estate tax, graduated rates from 3 percent on first $5,000 of net estate in excess of $60,000 exemption to 77 percent on portion over $10,000,000; credit allowed for State death taxes	**4,312,657**	**4,875,735**
Gift tax, graduated rates from 2¼ percent on first $5,000 of net gifts in excess of $30,000 exemption to 57¾ percent on portion over $10,000,000; $3,000 annual exclusion for each donee	**375,421**	**431,730**
Excise taxes, total	**16,847,741**	**17,257,720**
Alcohol taxes, total	**5,350,858**	**5,427,722**
Distilled spirits taxes, total	**3,865,162**	**3,919,935**
Imported (collected by Customs, rates same as domestic)	704,513	682,794
Domestic, $10.50 per proof gallon or wine gallon when below proof[11]	3,124,645	3,198,990
Rectification, 30 cents per proof gallon[11]	22,156	29,123
Occupational taxes:		
Nonbeverage manufacturers of spirits, $25, $50, $100, per year	80	82
Rectifiers:		
Less than 20,000 proof gallons, $110 per year	4	3
20,000 proof gallons or more, $220 per year	23	17
Retail dealers in liquor or medicinal spirits, $54 per year	12,500	8,104
Wholesale liquor dealers, $225 per year	714	517
Manufacturers of stills, $55 per year	4	3
Seizures, penalties, etc.	519	246
Stills or condensers manufactured, $22 each	3	2
Wines, cordials, etc., taxes, total	**177,113**	**175,482**
Imported (collected by Customs, rates same as domestic)	18,081	21,546
Domestic (Still-wines, 17 cents, 67 cents, $2.25 per wine gallon; sparkling wines, $3.40; artificially carbonated wines, $2.40; liqueurs, cordials, $1.92)[11]	154,358	150,276
Occupational taxes:		
Retail dealers in wines or in wines and beer, $54 per year	4,296	3,366
Wholesale dealers in wines or in wines and beer, $225 per year	377	294
Beer taxes, total	**1,308,583**	**1,332,304**
Imported (collected by Customs, rates same as domestic)	11,638	16,280
Domestic, $9 per barrel of 31 gallons[11]	1,293,396	1,313,706
Occupational taxes:		
Brewers:		
Less than 500 barrels, $55 per year	1	(*)
500 barrels or more, $110 per year	13	13
Retail dealers in beer, $24 per year (includes limited retail dealers in wines or beer, $2.20 per month)	2,838	1,825
Wholesale dealers in beer, $123 per year	697	480
Tobacco taxes, total	**2,315,090**	**2,487,894**
Cigarettes, total	**2,261,116**	**2,434,831**
Small (Class A), $4 per thousand	2,261,099	2,434,812
Large (Class B), $8.40 per thousand, except if over 6½ inches long $4 per thousand for each 2¾ inches or fraction thereof[1]	16	18
Prepayments	1	1
Cigars, total	**51,226**	**49,812**
Large cigars, total[11]	**48,733**	**47,958**
Class A (Retailing at not over 2½ cents each), $2.50 per thousand	77	8
Class B (Over 2½ cents, not over 4 cents each), $3 per thousand	1,315	946
Class C (Over 4 cents, not over 6 cents each), $4 per thousand	6,460	4,756
Class D (Over 6 cents, not over 8 cents each), $7 per thousand	8,351	9,325
Class E (Over 8 cents, not over 15 cents each), $10 per thousand	18,173	17,163
Class F (Over 15 cents, not over 20 cents each), $15 per thousand	9,689	10,888
Class G (Over 20 cents each), $20 per thousand	4,668	4,871
Small cigars, 75 cents per thousand	2,472	1,829
Prepayments	20	25
Imported cigars, cigarettes, cigarette papers and cigarette tubes (collected by Customs, rates same as domestic)	1,254	1,850
Miscellaneous Tobacco	—	71
Cigarette papers and tubes, papers one-half cent per 50; tubes 1 cent per 50	1,494	1,330

Table 3.—Internal revenue collections by sources, fiscal years 1975 and 1976—Continued (In thousands of dollars)

Sources of revenue	Fiscal Year 1975	Fiscal Year 1976
Excise taxes—Continued		
Manufacturer's excise taxes, total	**5,516,611**	**5,486,106**
Gasoline, 4 cents per gallon	3,980,412	4,125,674
Lubricating oil, etc., 6 cents per gallon	91,053	92,651
Tires (wholly or in part of rubber), inner tubes, and tread rubber:		
Tires, highway type, 10 cents per pound, other, 5 cents per pound except laminated tires (other than type used on highway vehicles), 1 cent per pound	647,187	675,589
Inner tubes, 10 cents per pound	27,989	28,803
Tread rubber, 5 cents per pound	22,484	25,725
Motor vehicles, chassis, bodies, parts, and accessories:		
Passenger automobiles, chassis, bodies, etc., 7 percent[17]	3,343	17
Trucks, and buses, chassis, bodies, etc., 10 percent[17]	534,156	321,848
Parts and accessories for trucks and buses, 8 percent	125,055	124,045
Pistols and revolvers, 10 percent	11,331	11,910
Fishing rods, creels, etc., 10 percent	21,899	20,152
Bows and arrows, 11 percent	546	4,716
Firearms (other than pistols and revolvers), shells and cartridges, 11 percent	51,170	54,211
Other[18]	-14	565
Retailer's excise taxes, total	**404,187**	**417,250**
Noncommercial aviation gasoline, 3 cents per gallon	11,127	10,295
Noncommercial aviation fuel other than gasoline, 7 cents per gallon	22,573	27,814
Diesel and special motor fuels, 4 cents per gallon (in some instances 2 cents per gallon)	370,489	379,125
Other[19]	-2	15
Miscellaneous excise taxes, total	**3,306,077**	**3,093,895**
Telephone and teletypewriter exchange services[19]	2,023,744	1,837,362
Transportation of persons by air, 8 percent (which was increased from 5 percent effective July 1, 1970)	750,641	793,597
Transportation of property by air, 5 percent	47,332	45,400
Use of international air-travel facilities, $3 per person	52,594	52,979
Sugar, approximately half-cent per pound[20]	103,769	26,820
Narcotics and marihuana, total[21]	151	103
Narcotics	16	3
Marihuana	135	100
Coin-operated gaming devices, $250 per device per year	6,626	6,187
Wagering taxes:		
Occupational tax, $500 per year[22]	227	965
Wagers, 2 percent of amount waged[23]	5,540	4,962
Use tax on highway vehicles weighing over 26,000 pounds, $3 per 1,000 pounds per year (installment privileges permitted)	207,663	212,793
Use tax on civil aircraft, $25 per year with an additional 2 cents per pound on nonturbine engine powered over 2,500 pounds or 3½ cents per pound on turbine engine powered	20,959	21,188
Adulterated butter and filled cheese (imported and domestic), process or renovated butter and imported oleo margarine[24]	2	1
Firearms transfer and occupational taxes[25]	280	313
Interest equalization[26]	1,536	1,128
Foreign insurance	19,458	25,371
Exempt organizations, total	65,069	61,823
Net investment income, 4 percent[13]	63,828	59,538
Self dealing, 5 percent on self-dealer, lesser of $10,000 or 2½ percent on foundation manager	324	291
Excess business holdings, 5 percent on foundation	6	9
Taxable expenditures, 10 percent on foundation, lesser of $5,000 or 2½ percent on foundation	1	75
Failure to timely file certain information returns, $10 per day up to a maximum of $5,000	550	893
Failure to distribute income, 15 percent of undistributed income	360	915
Investments which jeopardize charitable purpose, 5 percent on foundation, lesser of $5,000 or 5 percent on foundation manager	—	102
Employee pension plans, total	39	920
Prohibited transactions, 5 percent	39	208
Excess contributions to an IRA, 6 percent	—	712
Other[19]	244	-17
Unclassified excise taxes	**-45082**	**344,853**

Table 4.—Internal revenue collections by principal sources, fiscal years 1940 through 1976 (In thousands of dollars)

Fiscal year ended June 30	Total internal revenue collections	Income and profits taxes: Total	Corporation income and profits taxes [2, 13]	Individual income taxes [3, 5, 15]	Employment taxes [3, 15]	Estate and gift taxes	Alcohol taxes [11]	Tobacco taxes [11]	Manufacturers' excise taxes	All other taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1940	5,340,452	2,129,609	1,147,592	982,017	833,521	360,071	624,253	608,518	447,088	337,392
1941	7,370,108	3,471,124	2,053,469	1,417,655	925,856	407,058	820,056	698,077	617,373	430,564
1942	13,047,859	8,006,884	4,744,083	3,262,800	1,185,362	432,540	1,048,517	780,982	771,902	821,682
1943	22,371,386	16,298,888	9,668,956	6,629,932	1,498,705	447,496	1,423,646	923,857	504,746	1,274,048
1944	40,121,760	33,027,802	14,766,796	18,261,005	1,738,372	511,210	1,618,775	988,483	503,462	1,733,655
1945	43,800,388	35,061,526	16,027,213	19,034,313	1,779,177	643,055	2,309,866	932,145	782,511	2,292,108
1946	40,672,097	31,258,138	12,553,602	18,704,536	1,700,828	676,832	2,526,165	1,165,519	922,671	2,421,944
1947	39,108,386	29,019,756	9,676,459	19,343,297	2,024,365	779,291	2,474,762	1,237,768	1,425,260	2,147,184
1948	41,864,542	31,172,191	10,174,410	20,997,781	2,381,342	899,345	2,255,327	1,300,280	1,649,234	2,206,822
1949	40,463,125	29,605,491	11,553,669	18,051,822	2,476,113	796,538	2,210,607	1,321,875	1,771,533	2,280,969
1950	38,957,132	28,007,659	10,854,351	17,153,308	2,644,575	706,227	2,219,202	1,328,464	1,836,053	2,214,951
1951	50,445,686	37,384,879	14,387,569	22,997,309	3,627,479	729,730	2,546,806	1,380,396	2,383,677	2,392,719
1952	65,009,586	50,741,017	21,466,910	29,274,107	4,464,264	833,147	2,549,120	1,565,162	2,348,943	2,507,933
1953	69,686,535	54,130,732	21,594,515	32,536,217	4,718,403	891,284	2,780,925	1,654,911	2,862,788	2,647,492
1954	69,919,991	54,360,014	21,546,322	32,813,691	5,107,623	935,121	2,783,012	1,580,229	2,689,133	2,464,859
1955	66,288,692	49,914,826	18,264,720	31,650,106	6,219,665	936,267	2,742,840	1,571,213	2,885,016	2,018,866
1956	75,112,649	56,636,164	21,298,522	35,337,642	7,295,784	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380
1957	80,171,971	60,560,425	21,530,653	39,029,772	7,580,522	1,377,999	2,973,195	1,674,050	3,761,925	2,243,856
1958	79,978,476	59,101,874	20,533,316	38,568,559	8,644,386	1,410,925	2,946,461	1,734,021	3,974,135	2,166,675
1959	79,797,973	58,826,254	18,091,509	40,734,744	8,853,744	1,352,962	3,002,096	1,806,816	3,958,789	1,997,292
1960	91,774,803	67,125,126	22,179,414	44,945,711	11,158,589	1,626,348	3,193,714	1,931,504	4,735,129	2,004,394
1961	94,401,066	67,917,941	21,764,940	46,153,001	12,502,451	1,916,392	3,212,801	1,991,117	4,896,802	1,963,582
1962	99,440,839	71,945,305	21,295,711	50,649,594	12,708,171	2,035,187	3,341,282	2,025,736	5,120,340	2,264,817
1963	105,925,395	75,323,714	22,336,134	52,987,581	15,004,486	2,187,457	3,441,656	2,079,237	5,610,309	2,278,536
1964	112,260,257	78,891,218	24,300,863	54,590,354	17,002,504	2,416,303	3,577,499	2,052,545	6,020,543	2,299,645
1965	114,434,634	79,792,016	26,131,334	53,660,683	17,104,306	2,745,532	3,772,634	2,148,594	6,418,145	2,453,406
1966	128,879,961	92,131,794	30,834,243	61,297,552	20,256,133	3,093,922	3,814,378	2,073,956	5,613,869	1,895,909
1967	148,374,815	104,288,420	34,917,825	69,370,595	26,958,241	3,014,406	4,075,723	2,079,869	5,478,347	2,479,809
1968	153,636,838	108,148,565	29,896,520	78,252,045	28,085,898	3,081,979	4,287,237	2,122,277	5,713,973	2,196,909
1969	187,919,560	135,778,052	38,337,646	97,440,406	33,068,657	3,530,065	4,555,560	2,137,585	6,501,146	2,348,495
1970	195,722,096	138,686,568	35,036,983	103,651,585	37,449,188	3,680,076	4,746,382	2,094,212	6,683,061	2,380,609
1971	191,647,198	131,072,374	30,319,953	100,752,421	39,918,690	3,784,283	4,800,482	2,206,585	6,684,799	3,179,985
1972	209,855,737	143,804,732	34,925,546	108,879,186	43,714,001	5,489,969	5,110,001	2,207,273	5,728,657	3,801,104
1973	237,787,204	164,157,315	39,045,309	125,112,006	52,081,709	4,975,862	5,149,513	2,276,951	5,395,750	3,750,104
1974	268,952,254	184,648,094	41,744,444	142,903,650	62,093,632	5,100,675	5,358,477	2,437,005	5,742,154	3,572,217
1975	293,822,726	202,146,097	45,746,650	156,399,437	70,140,809	4,688,079	5,350,858	2,315,090	5,516,611	3,665,182
1976	302,519,792	205,751,753	46,782,956	158,968,797	74,202,853	5,307,466	5,427,722	2,487,894	5,486,106	3,855,998

Footnotes for Tables 1-4

*Less than $500.

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

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

3. Collections of individual income tax not withheld include old-age, survivors, disability, and hospital insurance taxes on self-employment income (SECA). Similarly, the collections of individual income tax withheld are reported in combined amounts with old-age, survivors, disability, and hospital insurance taxes (FICA) on salaries and wages. Estimated separate national totals for individual income tax and for old-age, survivors, disability, and hospital insurance taxes are shown in the text table on p. 14 and are used in obtaining national totals for individual income taxes and employment taxes in table 4.

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

5. Includes Fiduciary income tax collections of $849,312,000.

6. Beginning with fiscal year 1957, the United States total is adjusted to exclude withheld individual income taxes transferred to the Government of Guam in accordance with the provisions of Public Law 630, approved Aug. 1, 1950 (64 Stat. 392). This adjustment amounted to $16.1 million for 1976.

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

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

9. 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.

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

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

12. Refer to Table 3 for components.

13. Corporation income tax rates. Effective January 1, 1965, first $25,000 of net income normal tax of 22 percent, net income in excess of $25,000 combined normal and surtax of 48 percent. Normal tax and surtax also apply to net income derived by certain exempt organizations from unrelated trade or business. Effective January 1, 1968, a 10 percent per annum surcharge was added to the tax (Public Law 90-364). The 10 percent per annum surcharge was extended to December 31, 1969, by Public Law 91-53, extended to June 30, 1970, by Public Law 91-172 at a 5 percent annual rate, and then discontinued. Under the Tax Reduction Act of 1975 (P.L. 94-12), effective for 1975 returns, surtax exemption increased to $50,000 and normal tax reduced to 20 percent on first $25,000 of taxable income. These changes were extended by The Revenue Adjustment Act of 1975 (P.L. 94-164) to June 30, 1976, for 1976 returns at rates designed to achieve the half year extension.

14. Rates of tax are as follows: Individual income tax: Effective January 1, 1965, graduated rates from 14 percent to 70 percent of taxable income. Includes old-age, survivors, disability, and hospital insurance taxes on self-employment income. The 10 percent per annum surcharge added by Public Law 90-364, effective April 1, 1968, for individuals, was extended to December 31, 1969, at the same annual rate (Public Law 91-53), extended to June 30, 1970 (Public Law 91-172) at a 5 percent annual rate, and then discontinued.

15. Rates of taxe are as follows: Income Tax graduated withholding on wages in excess of exemptions: Public Law 89-368, effective July 1, 1967, 14 to 33 percent; Public Law 91-172, effective January 1, 1970, 14 to 25 percent; 14 to 36 percent effective January 16, 1972, under Public Law 92-178; and 16 to 36 percent, effective April 30, 1975, under Public Laws 94-12 and 94-164. A combined FICA tax rate of 11.7 percent was in effect on salaries and wages up to $14,100 for calendar year 1975 and $15,300 for 1976.

16. Consists of regular railroad retirement combined tax rate of 21.2 percent for calendar years 1975 and 1976. Tax applies to employers (15.35%) and employees (5.85%) and is imposed on taxable portion of wages (limited to first $1,175 of monthly taxable compensation for 1975 and $1,275 for 1976). Further includes railroad employee representatives' tax of 21.2 percent for calendar years 1975 and 1976 on taxable portion of compensation received. In addition, a supplemental tax levied quarterly by the Railroad Retirement Board is imposed on employers and employee representatives based on man-hours worked.

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

18. Includes delinquent taxes on liens repealed by Public Laws 87-456, 88-36, and 89-44.

19. Rate was reduced from 9 percent to 8 percent on January 1, 1974, to 7 percent on January 1, 1975, and to 6 percent January 1, 1976 (Public Law 91-614).

20. Terminated effective June 30, 1975.

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

22. Tax increased from $50 to $500, effective December 1, 1974 (Public Law 93-499).

23. Rate reduced from 10 percent to 2 percent, effective December 1, 1974 (Public Law 93-499).

24. Adulterated butter, 10 cents per pound. Process or renovated butter, ¼ cent per pound. Domestic filled cheese, 1 cent per pound. Imported filled cheese, 8 cents per pound. Imported adulterated butter and oleo-margarine, 15 cents per pound. Occupational taxes are levied on manufacturers or dealers in these products and are included in the amounts shown. Filled cheese taxes repealed effective October 26, 1974 (Public Law 93-499).

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

26. Legislative authority expired June 30, 1974.

Table 5.—Amount of internal revenue refunds including interest (In thousands of dollars) (excluding tax rebates[1])

Internal revenue regions, districts, States and other areas. (States represented by single districts indicated in parentheses: totals for other States shown at bottom of table)		Total[2]	Corporation Income	Individual income and employment taxes: Excessive pre-payment	Individual income and employment taxes: Other	Estate	Gift	Excise[3]
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total		**34,493,792**	**5,569,355**	**27,215,507**	**1,307,738**	**92,120**	**10,587**	**298,485**
North-Atlantic Region		**5,198,533**	**1,146,178**	**3,896,212**	**111,044**	**19,712**	**6,790**	**18,597**
Albany	(See (c) below)	269,081	38,029	226,323	3,810	833	10	75
Augusta	(Maine)	124,917	10,684	111,061	2,825	248	17	82
Boston	(Massachusetts)	953,444	203,815	724,795	19,982	2,488	119	2,245
Brooklyn	(See (c) below)	1,009,090	80,926	903,261	15,516	2,820	161	6,406
Buffalo	(See (c) below)	716,374	118,078	584,416	9,887	2,581	49	1,362
Burlington	(Vermont)	54,056	6,501	46,013	1,306	220	3	14
Hartford	(Connecticut)	596,581	104,572	471,077	14,710	1,986	206	4,028
Manhattan	(See (c) below)	1,206,053	530,756	618,554	38,375	8,057	6,172	4,139
Portsmouth	(New Hampshire)	120,090	19,222	98,252	2,342	174	48	52
Providence	(Rhode Island)	148,847	33,595	112,460	2,291	305	3	194
Mid-Atlantic Region		**4,773,872**	**723,954**	**3,895,241**	**98,305**	**12,967**	**489**	**42,918**
Baltimore	(Maryland & D.C.)	896,166	126,755	743,633	18,178	1,789	58	5,753
Newark	(New Jersey)	1,320,627	232,770	1,035,468	29,420	4,849	142	17,980
Philadelphia	(See (e) below)	1,096,499	164,709	890,915	23,598	4,158	138	12,981
Pittsburgh	(See (e) below)	648,177	93,465	541,828	9,826	1,385	75	1,600
Richmond	(Virginia)	703,061	73,512	610,271	15,272	673	61	3,272
Wilmington	(Delaware)	109,342	32,743	73,128	2,011	113	15	1,332
Southeast Region		**4,117,005**	**617,034**	**3,340,255**	**128,192**	**10,727**	**469**	**20,312**
Atlanta	(Georgia)	729,342	128,645	570,670	20,476	928	55	8,567
Birmingham	(Alabama)	411,237	39,967	359,611	10,799	423	29	407
Columbia	(South Carolina)	341,324	59,292	274,829	6,623	379	14	188
Greensboro	(North Carolina)	642,433	103,951	521,892	13,245	873	167	2,304
Jackson	(Mississippi)	218,903	21,398	188,617	8,033	441	29	384
Jacksonville	(Florida)	1,213,193	197,314	954,601	52,879	6,773	130	1,495
Nashville	(Tennessee)	560,573	66,467	470,046	16,137	910	45	6,967
Central Region		**4,691,580**	**668,866**	**3,906,743**	**86,691**	**6,950**	**376**	**19,750**
Cincinnati	(See (d) below)	711,813	117,945	578,652	11,083	1,276	44	2,812
Cleveland	(See (d) below)	1,054,132	201,404	832,769	16,565	1,390	71	1,932
Detroit	(Michigan)	1,486,498	182,633	1,270,339	23,724	1,819	144	7,838
Indianapolis	(Indiana)	794,616	106,775	662,762	19,245	1,435	86	4,314
Louisville	(Kentucky)	418,050	38,425	361,879	14,179	791	26	2,749
Parkersburg	(West Virginia)	226,471	21,684	200,342	4,095	239	5	105
Midwest Region		**4,841,583**	**1,017,894**	**3,641,324**	**141,817**	**14,913**	**478**	**25,162**
Aberdeen	(South Dakota)	71,166	7,849	57,002	6,068	171	8	68
Chicago	(See (b) below)	1,730,939	456,958	1,222,517	38,269	7,278	52	5,865
Des Moines	(Iowa)	355,791	54,990	282,169	16,916	700	41	975
Fargo	(North Dakota)	78,746	7,616	65,701	5,140	164	21	105
Milwaukee	(Wisconsin)	651,015	114,808	519,665	14,128	918	47	1,449
Omaha	(Nebraska)	203,559	36,747	151,731	13,988	579	56	458
St. Louis	(Missouri)	697,851	133,310	529,299	17,868	3,285	85	14,034
St. Paul	(Minnesota)	643,325	150,402	474,012	16,926	869	112	1,032
Springfield	(See (b) below)	409,181	55,214	339,228	12,514	949	1,124	1,176
Southwest Region		**3,816,533**	**553,978**	**3,099,040**	**145,203**	**8,368**	**19**	**8,821**
Albuquerque	(New Mexico)	138,062	8,198	124,532	4,880	294	150	138
Austin	(See (f) below)	1,070,634	168,463	862,733	35,347	2,676	16	1,266
Cheyenne	(Wyoming)	57,735	4,254	50,296	2,961	125	222	83
Dallas	(See (f) below)	742,964	124,154	576,990	36,073	1,958	61	3,568
Denver	(Colorado)	417,421	52,752	348,473	14,778	646	19	712
Little Rock	(Arkansas)	222,369	25,187	188,267	8,498	262	610	135
New Orleans	(Louisiana)	507,749	76,526	414,551	14,552	872	16	638
Oklahoma City	(Oklahoma)	370,166	57,793	296,112	13,579	887	11	1,779
Wichita	(Kansas)	289,433	36,651	237,086	14,535	648	850	502
Western Region		**6,313,637**	**800,436**	**5,305,102**	**177,863**	**17,653**	**11**	**11,931**
Anchorage	(Alaska)	130,783	4,012	123,219	3,334	67	33	139
Boise	(Idaho)	111,452	13,681	90,466	6,846	329	36	98
Helena	(Montana)	95,755	8,328	81,087	5,859	323	6	122
Honolulu	(Hawaii)	154,128	19,015	131,028	3,618	359	199	102
Los Angeles	(See (a) below)	2,575,531	362,848	2,146,469	50,740	9,342	67	5,932
Phoenix	(Arizona)	357,187	41,798	302,567	11,546	1,095	89	114
Portland	(Oregon)	395,939	67,991	313,287	13,805	455	7	311
Reno	(Nevada)	124,633	12,929	107,415	3,886	364	12	32
Salt Lake City	(Utah)	180,471	18,238	157,290	4,766	67	246	98
San Francisco	(See (a) below)	1,614,753	185,155	1,369,497	51,486	4,490	144	3,880
Seattle	(Washington)	573,005	66,441	482,777	21,777	762	10	1,103
Office of International Operations		**157,893**	**27,073**	**120,412**	**8,907**	**831**		**660**
Puerto Rico		27,781	193	24,249	2,686	4	(*)	649
Other		130,112	26,880	96,163	6,221	827	10	11
Gasoline, lubricating oil and excess FICA credits[4]		**556,306**	—	—	**407,628**	—	—	**148,678**
Bureau of Customs		**1,653**	—	—	—	—	—	**1,653**
Earned Income Credits Offsets		**5,587**	—	**5,587**	—	—	—	—
Refunds reversals unclassified[5]		**19,610**	**13,942**	**5,580**	**88**	—	—	—
Totals for States not shown above								
	(a) California	4,190,284	548,003	3,515,966	102,226	13,832	445	9,812
	(b) Illinois	2,140,130	512,172	1,561,745	50,783	8,227	164	7,041
	(c) New York	3,200,598	767,789	2,332,554	67,588	14,291	6,392	11,982
	(d) Ohio	1,765,945	319,349	1,411,421	27,648	2,666	115	4,744
	(e) Pennsylvania	1,744,676	258,174	1,432,741	33,424	5,543	213	14,581
	(f) Texas	1,813,598	292,617	1,439,723	71,420	4,634	372	4,834

1 Tax year 1974 rebates totaled $178,189,586, including $1,776,384 interest.
2 Figures include credits for the Federal Old Age and Survivors, Federal Disability, and Federal Hospital Insurance Funds amounting to $407,628,000.
3 Includes credits for gasoline and lubricating oil tax payments.
4 Credits for excess payments under the Federal Insurance Contributions Act (FICA) were $407,628,000.
5 District office details were not available for refund reversals pending classification when FY 1976 books were closed.

* Less than $500

Table 6.—Number of internal revenue refunds issued (In thousands of dollars) (excluding tax rebates[1])

Internal revenue regions, districts, States, and other areas. (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		Total	Corporation Income	Individual income and employment taxes: Excessive Pre-payment	Individual income and employment taxes: Other	Estate	Gift	Excise
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total		**66,969,506**	**477,297**	**63,830,756**	**2,581,693**	**26,885**	**4,410**	**48,465**
North-Atlantic Region		**9,621,343**	**77,456**	**9,170,354**	**352,936**	**5,286**	**735**	**6,596**
Albany	(See (c) below)	588,729	4,114	564,311	19,547	257	23	477
Augusta	(Maine)	336,760	2,542	321,006	12,709	125	14	364
Boston	(Massachusetts)	1,886,388	17,791	1,800,212	66,408	734	115	1,128
Brooklyn	(See (c) below)	2,050,318	9,443	1,973,695	64,774	1,244	156	1,004
Buffalo	(See (c) below)	1,475,033	10,437	1,418,892	43,793	723	106	1,082
Burlington	(Vermont)	143,161	1,372	134,552	7,034	61	10	132
Hartford	(Connecticut)	1,155,889	8,044	1,100,003	46,295	654	82	811
Manhattan	(See (c) below)	3,394,061	17,561	1,302,188	71,647	1,286	204	1,175
Portsmouth	(New Hampshire)	275,054	2,707	261,332	10,662	99	15	239
Providence	(Rhode Island)	315,950	3,445	302,163	10,067	83	8	184
Mid-Atlantic Region		**9,637,579**	**58,925**	**9,231,085**	**335,613**	**3,933**	**841**	**7,182**
Baltimore	(Maryland & D.C.)	1,721,178	10,194	1,651,306	57,806	753	170	949
Newark	(New Jersey)	2,441,600	17,735	2,329,126	91,180	1,554	134	1,871
Philadelphia	(See (e) below)	2,328,466	13,185	2,230,852	81,788	848	255	1,538
Pittsburgh	(See (e) below)	1,403,420	5,588	1,353,962	42,636	360	201	673
Richmond	(Virginia)	1,549,805	9,106	1,484,600	54,806	361	58	874
Wilmington	(Delaware)	193,110	3,117	181,239	7,397	57	23	1,277
Southeast Region		**9,415,312**	**66,813**	**8,984,618**	**353,884**	**3,053**	**569**	**6,375**
Atlanta	(Georgia)	1,502,148	11,382	1,438,927	50,260	346	91	1,142
Birmingham	(Alabama)	1,003,574	5,204	964,601	32,872	187	42	668
Columbia	(South Carolina)	831,839	5,013	801,198	24,844	193	43	548
Greensboro	(North Carolina)	1,622,019	11,859	1,552,072	56,659	341	93	995
Jackson	(Mississippi)	584,090	3,403	556,422	21,545	130	30	560
Jacksonville	(Florida)	2,518,733	23,097	2,374,004	118,194	1,587	214	1,637
Nashville	(Tennessee)	1,352,909	6,855	1,295,394	49,510	269	56	825
Central Region		**9,365,658**	**55,355**	**8,992,108**	**309,601**	**2,793**	**325**	**5,476**
Cincinnati	(See (d) below)	1,453,317	9,047	1,397,066	45,989	467	42	706
Cleveland	(See (d) below)	2,012,224	13,640	1,935,261	61,552	661	100	1,010
Detroit	(Michigan)	2,809,794	18,303	2,705,381	83,599	759	76	1,676
Indianapolis	(Indiana)	1,629,018	7,206	1,557,913	62,172	534	66	1,127
Louisville	(Kentucky)	943,328	4,690	899,203	38,519	263	25	628
Parkersburg	(West Virginia)	517,977	2,469	497,284	17,770	109	16	329
Midwest Region		**9,167,119**	**71,737**	**8,676,337**	**406,704**	**3,791**	**682**	**7,868**
Aberdeen	(South Dakota)	182,705	1,522	164,147	16,659	104	21	252
Chicago	(See (b) below)	2,748,695	19,753	2,635,801	90,455	929	144	1,613
Des Moines	(Iowa)	784,228	6,304	726,037	50,454	512	68	853
Fargo	(North Dakota)	173,960	1,131	156,980	15,416	133	40	260
Milwaukee	(Wisconsin)	1,377,306	11,734	1,311,202	52,676	454	67	1,173
Omaha	(Nebraska)	443,005	4,443	403,034	34,481	376	92	579
St. Louis	(Missouri)	1,398,453	12,870	1,327,258	56,455	431	89	1,350
St. Paul	(Minnesota)	1,195,402	9,094	1,132,728	51,946	462	96	1,076
Springfield	(See (b) below)	863,365	4,886	819,150	38,162	390	65	712
Southwest Region		**8,190,012**	**51,845**	**7,765,636**	**362,296**	**2,883**	**566**	**6,764**
Albuquerque	(New Mexico)	346,982	1,774	331,273	13,619	102	16	198
Austin	(See (f) below)	2,259,982	10,975	2,161,084	85,341	670	142	1,770
Cheyenne	(Wyoming)	124,906	1,472	115,587	7,530	72	25	220
Dallas	(See (f) below)	1,560,508	10,487	1,471,523	76,392	575	144	1,387
Denver	(Colorado)	840,802	7,006	795,390	37,457	286	87	576
Little Rock	(Arkansas)	556,880	3,836	526,760	25,688	139	24	433
New Orleans	(Louisiana)	1,069,436	5,854	1,023,383	39,031	255	32	881
Oklahoma City	(Oklahoma)	773,550	5,087	730,382	36,912	385	51	733
Wichita	(Kansas)	656,966	5,354	610,254	40,326	399	67	566
Western Region		**11,303,675**	**76,272**	**10,782,839**	**430,777**	**4,980**	**666**	**8,141**
Anchorage	(Alaska)	133,228	837	125,951	6,215	20	4	201
Boise	(Idaho)	242,352	1,882	224,790	15,218	111	23	328
Helena	(Montana)	224,720	2,506	205,111	16,563	123	26	391
Honolulu	(Hawaii)	289,809	2,696	277,166	9,866	80	28	173
Los Angeles	(See (a) below)	4,276,479	28,807	4,104,042	139,394	2,080	202	1,954
Phoenix	(Arizona)	687,959	5,094	655,756	26,327	264	52	466
Portland	(Oregon)	815,062	6,248	773,367	34,529	251	64	603
Reno	(Nevada)	231,176	1,619	220,715	8,547	58	23	214
Salt Lake City	(Utah)	373,391	2,258	356,656	14,026	63	21	367
San Francisco	(See (a) below)	2,879,649	16,684	2,750,857	108,194	1,502	142	2,270
Seattle	(Washington)	1,149,850	7,641	1,088,428	52,098	428	81	1,174
Office of International Operations		**206,577**	**592**	**176,294**	**29,438**	**186**	**4**	**63**
Puerto Rico		45,752	20	31,043	14,684	4	-1	2
Other		160,825	572	145,251	14,754	182	5	61
Refund reversals unclassified[2]		**62,231**	**16,302**	**43,485**	**444**	—	—	—
Totals for States not shown above								
	(a) California	7,156,128	45,491	6,854,899	247,588	3,582	344	4,224
	(b) Illinois	3,612,060	24,639	3,454,951	128,617	1,319	209	2,325
	(c) New York	5,508,141	41,555	5,259,086	199,761	3,510	491	3,738
	(d) Ohio	3,465,541	22,587	3,332,327	107,541	1,128	142	1,716
	(e) Pennsylvania	3,731,886	18,773	3,584,814	124,424	1,206	456	2,211
	(f) Texas	3,820,490	21,462	3,632,607	161,733	1,245	286	3,157

1 The number of 1974 Tax Year rebates was 1,045,982.
2 District office details were not available for refund reversals pending classification when FY 1976 books were closed.

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

Internal revenue regions, districts, States and other areas (States represented by single districts indicated in parentheses; total for other States shown at bottom of table.)		Total tax Returns (1)	Individual income tax (2)	Declaration of estimated tax (3)	Fiduciary (4)	Partnership (5)	Corporation income tax (6)	Estate tax (7)
United States, total		**127,348,211**	**82,755,521**	**7,844,411**	**1,610,306**	**1,143,213**	**2,144,036**	**236,482**
North-Atlantic Region		**18,688,741**	**11,960,925**	**1,179,029**	**345,139**	**137,598**	**466,122**	**40,699**
Albany	(See (c) below)	1,113,064	745,816	69,199	10,209	8,098	21,030	2,855
Augusta	(Maine)	632,534	409,473	38,833	8,222	3,308	7,064	1,113
Boston	(Massachusetts)	3,512,899	2,327,376	216,826	92,948	18,777	75,683	6,236
Brooklyn	(See (c) below)	3,869,560	2,570,377	257,340	21,885	27,403	112,538	9,928
Buffalo	(See (c) below)	2,609,647	1,793,618	155,879	36,085	18,885	43,768	6,531
Burlington	(Vermont)	301,478	181,177	19,951	4,448	2,622	6,143	570
Hartford	(Connecticut)	2,188,479	1,438,811	150,917	42,648	19,280	42,481	4,623
Manhattan	(See (c) below)	3,355,161	1,774,081	204,714	113,770	33,115	131,990	7,005
Portsmouth	(New Hampshire)	511,850	332,576	31,743	5,659	3,077	9,597	947
Providence	(Rhode Island)	589,569	387,620	33,627	9,265	3,033	15,628	891
Mid-Atlantic Region		**18,373,397**	**11,865,894**	**1,111,833**	**261,125**	**133,642**	**295,231**	**32,032**
Baltimore	(Maryland & D.C.)	3,059,656	2,106,983	189,354	44,912	22,206	41,079	4,624
Newark	(New Jersey)	4,703,223	3,031,203	302,764	51,336	37,394	131,030	10,479
Philadelphia	(See (e) below)	4,262,950	2,906,787	284,541	91,227	31,511	50,820	7,958
Pittsburgh	(See (e) below)	2,460,084	1,715,955	157,646	37,066	19,308	22,938	3,573
Richmond	(Virginia)	2,806,618	1,878,624	156,119	25,902	20,776	41,045	4,602
Wilmington	(Delaware)	361,851	226,342	21,409	10,682	2,447	8,319	796
Southeast Region		**17,851,989**	**11,503,050**	**1,036,248**	**159,509**	**146,103**	**297,328**	**28,467**
Atlanta	(Georgia)	2,712,978	1,766,984	124,144	21,263	22,549	42,352	3,068
Birmingham	(Alabama)	1,809,939	1,204,356	85,281	13,525	12,471	24,092	1,722
Columbia	(South Carolina)	1,494,826	996,525	73,549	8,806	11,199	22,005	2,003
Greensboro	(North Carolina)	2,996,670	1,975,897	150,104	22,010	23,604	46,529	3,860
Jackson	(Mississippi)	1,112,520	711,169	53,264	5,464	10,270	15,009	1,102
Jacksonville	(Florida)	5,328,294	3,234,994	435,713	70,851	41,755	118,544	13,688
Nashville	(Tennessee)	2,396,762	1,613,125	114,193	17,590	24,255	28,797	3,024
Central Region		**16,711,814**	**11,361,870**	**1,011,154**	**182,285**	**131,106**	**241,976**	**27,616**
Cincinnati	(See (d) below)	2,599,659	1,771,559	161,230	31,466	19,215	34,698	4,705
Cleveland	(See (d) below)	3,604,557	2,446,376	222,315	43,392	24,189	55,286	6,341
Detroit	(Michigan)	4,869,324	3,352,439	287,248	49,832	40,920	70,487	5,930
Indianapolis	(Indiana)	2,966,562	2,019,218	187,831	33,529	20,475	43,490	6,531
Louisville	(Kentucky)	1,759,935	1,163,189	101,644	15,744	18,292	24,665	2,663
Parkersburg	(West Virginia)	911,777	609,089	50,886	8,322	8,015	13,350	1,446
Midwest Region		**18,247,952**	**11,829,601**	**1,214,463**	**277,158**	**173,658**	**290,366**	**46,401**
Aberdeen	(South Dakota)	409,233	245,902	26,418	4,140	5,036	6,060	1,263
Chicago	(See (b) below)	5,047,331	3,424,429	317,124	93,559	51,747	81,957	10,490
Des Moines	(Iowa)	1,805,495	1,110,074	134,989	31,371	16,372	28,004	7,049
Fargo	(North Dakota)	415,798	241,376	36,330	4,002	4,427	5,927	1,586
Milwaukee	(Wisconsin)	2,754,334	1,780,881	182,540	46,189	21,800	46,339	6,867
Omaha	(Nebraska)	979,246	590,489	67,692	12,508	11,122	17,195	3,303
St. Louis	(Missouri)	2,769,416	1,788,088	186,705	38,486	24,594	47,405	4,686
St. Paul	(Minnesota)	2,281,418	1,490,430	135,386	25,561	21,180	38,962	5,679
Springfield	(See (b) below)	1,772,870	1,157,932	127,279	21,542	17,380	18,497	5,478
Southwest Region		**15,729,675**	**10,059,409**	**896,050**	**148,522**	**172,373**	**241,234**	**24,500**
Albuquerque	(New Mexico)	632,372	416,718	32,889	4,729	6,145	9,183	702
Austin	(See (f) below)	4,077,725	2,696,936	204,502	38,192	44,456	52,632	5,291
Cheyenne	(Wyoming)	260,796	152,969	17,358	2,140	3,186	5,383	409
Dallas	(See (f) below)	3,133,047	1,948,968	182,780	38,871	44,735	44,997	4,501
Denver	(Colorado)	1,566,707	1,007,691	95,700	19,615	21,067	30,725	2,791
Little Rock	(Arkansas)	1,110,777	720,354	61,863	6,734	10,853	16,638	1,331
New Orleans	(Louisiana)	1,921,715	1,253,603	102,085	8,575	12,882	36,296	1,979
Oklahoma City	(Oklahoma)	1,548,397	988,793	95,582	13,742	15,566	24,264	3,274
Wichita	(Kansas)	1,419,633	873,377	103,291	15,924	13,483	21,116	4,232
Western Region		**21,089,796**	**13,767,141**	**1,346,769**	**235,625**	**248,404**	**308,612**	**36,060**
Anchorage	(Alaska)	233,485	149,379	6,264	843	3,190	3,781	152
Boise	(Idaho)	487,514	304,547	28,674	3,498	5,995	8,325	896
Helena	(Montana)	485,944	287,213	31,462	4,555	5,812	8,924	1,165
Honolulu	(Hawaii)	538,202	358,721	31,724	5,203	5,618	11,771	812
Los Angeles	(See (a) below)	7,812,358	5,151,374	497,958	91,374	93,851	114,778	13,219
Phoenix	(Arizona)	1,256,560	829,355	81,588	15,737	11,639	20,008	1,918
Portland	(Oregon)	1,532,196	987,184	94,965	16,156	17,788	24,423	2,628
Reno	(Nevada)	402,138	266,417	19,338	4,222	4,402	7,788	401
Salt Lake City	(Utah)	655,713	432,443	29,070	8,202	8,039	12,416	778
San Francisco	(See (a) below)	5,478,371	3,593,672	385,269	61,809	68,011	62,385	10,646
Seattle	(Washington)	2,207,315	1,406,836	140,457	24,226	24,059	34,011	3,447
Office of International Operations		**654,847**	**407,631**	**48,865**	**943**	**329**	**3,167**	**707**
Puerto Rico		256,878	72,725	11,216	74	39	375	37
Other		397,969	334,906	37,649	869	290	2,792	670
Totals for States not shown above								
	(a) California	13,290,729	8,745,046	883,227	152,983	161,862	177,163	23,865
	(b) Illinois	6,820,201	4,582,361	444,403	114,901	69,127	100,454	15,968
	(c) New York	10,947,452	6,883,892	687,132	181,949	87,501	309,326	26,319
	(d) Ohio	6,204,218	4,217,935	383,545	74,858	43,404	89,984	11,046
	(e) Pennsylvania	6,723,034	4,622,742	442,187	128,293	50,819	73,758	11,531
	(f) Texas	7,210,772	4,645,904	387,282	77,063	89,191	97,629	9,792

Column contents:

(2) Includes Forms 1040, 1040A, 1040NR, 1040SS-PR, 1040C, and 1042.
(3) Form 1040ES
(4) Form 1041
(5) Form 1065
(6) Includes Forms 1120, 1120 Specials (Sched. PH, 1120L, 1120M), 1120S, 1120-DISC, 1120 POL, and 1120F
(7) Includes Forms 706 and 706NA
(8) Form 709
(9) Includes Forms 940, 940PR, 941, 941PR & SS, 941E, 941M, 942, 942PR, 943, 943PR, CT-1, and CT-2.
(10) Includes Forms 990, 990PF, 990T, 990C, 5227 and 4720.
(11) Includes Forms 5500, 5500C, 5500K, 4848, 4848A, 990P
(12) Includes Forms 7, 8, 11, 4705, 4706, 4707, and 4708, Alcohol Excise Tax Returns, Tobacco Excise Tax Returns.
(13) Includes Forms 720, 720M, 730, 2290, 11B, 11C, 3780, 3780A, and 4638.
(14) Includes Forms 1040X, 1120X, 2688, 4868, 7004, Tent. 1120L & M, 7005, 990AR, 4578, 5300 Series, 5329 and 1041A and 2438.

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

Internal revenue regions, districts, States and other areas (States represented by single districts indicated in parentheses; total for other States shown at bottom of table.)		Gift tax (8)	Employment taxes (9)	Exempt Organization (10)	Employee Plans (11)	ATF Returns (12)	Excise taxes (13)	(14)
United States, total		**302,464**	**24,677,380**	**474,199**	**761,505**	**511,955**	**680,214**	**3,986,525**
North-Atlantic Region		**44,062**	**3,700,351**	—				
Albany	(See (c) below)	2,152	208,102	—	97,819	57,191	84,332	[4] 575,474
Augusta	(Maine)	1,439	133,182	—	4,451	5,131	8,325	27,716
Boston	(Massachusetts)	7,955	631,555	—	2,360	3,923	6,650	16,967
Brooklyn	(See (c) below)	6,825	705,828	—	17,242	7,821	15,558	94,922
Buffalo	(See (c) below)	5,517	441,078	—	17,063	9,563	11,417	119,393
Burlington	(Vermont)	810	71,587	—	13,487	10,745	15,816	68,138
Hartford	(Connecticut)	6,226	390,985	—	1,290	1,905	2,289	8,686
Manhattan	(See (c) below)	11,180	898,583	—	11,018	6,545	9,810	65,135
Portsmouth	(New Hampshire)	1,060	102,912	—	26,443	7,673	7,513	139,094
Providence	(Rhode Island)	898	116,539	—	1,876	2,325	4,522	15,556
Mid-Atlantic Region		**35,171**	**3,246,279**	[1] **454,738**	2,589	1,560	2,332	15,387
Baltimore	(Maryland & D.C.)	6,626	538,271	—	[2] **284,541**	**58,311**	[3] **103,761**	[4] **490,839**
Newark	(New Jersey)	10,294	915,319	—	762	9,295	14,144	81,400
Philadelphia	(See (e) below)	7,361	741,964	—	21,929	12,640	22,206	156,629
Pittsburgh	(See (e) below)	3,605	418,908	—	900	15,148	24,968	99,765
Richmond	(Virginia)	6225	556,674	—	—	9,036	18,524	53,525
Wilmington	(Delaware)	1060	75,143	—	8,299	10,906	17,406	80,040
Southeast Region		**42,500**	**3,842,068**	953	62	1,286	2,473	10,879
Atlanta	(Georgia)	6,602	607,955	—	39,273	75,059	123,387	558,997
Birmingham	(Alabama)	3,776	395,823	—	4,942	9,913	20,278	82,928
Columbia	(South Carolina)	3,109	321,072	—	2,400	7,444	14,236	44,813
Greensboro	(North carolina)	6,088	645,444	—	2,227	7,794	11,782	34,755
Jackson	(Mississippi)	2,233	261,244	—	9,373	12,623	21,602	79,536
Jacksonville	(Florida)	16,568	1,124,059	—	1,640	8,195	11,300	31,630
Nashville	(Tennessee)	4,124	486,471	—	12,175	18,826	25,576	215,545
Central Region		**32,182**	**2,949,547**	**19,461**	6,516	10,264	18,613	69,790
Cincinnati	(See (d) below)	5,073	444,291	8,671	**66,964**	**68,747**	**122,206**	**496,700**
Cleveland	(See (d) below)	7,070	621,514	4,068	10,639	9,348	15,731	83,033
Detroit	(Michigan)	8,923	829,505	6,722	16,869	12,807	23,347	120,983
Indianapolis	(Indiana)	6370	517,194	—	21,604	17,592	33,867	144,255
Louisville	(Kentucky)	3,321	356,671	—	11,517	12,390	30,132	77,885
Parkersburg	(West Virginia)	1,425	180,172	—	4,323	10,492	11,773	46,958
Midwest Region		**60,582**	**3,402,792**	—	2,012	6,116	7,356	23,586
Aberdeen	(SouthDakota)	2,027	93,295	—	143,673	90,641	148,304	[5] 570,313
Chicago	(See (b) below)	13,739	823,442	—	2,491	2,587	6,131	13,863
Des Moines	(Iowa)	9,584	374,269	—	43,713	15,344	18,525	153,262
Fargo	(North Dakota)	2,702	91,925	—	17,024	8,995	18,220	49,544
Milwaukee	(Wisconsin)	7,314	514,352	—	3,989	2,273	7,907	13,354
Omaha	(Nebraska)	6,873	211,348	—	23,028	22,283	22,306	80,435
St. Louis	(Missouri)	7,291	532,456	—	5,405	4,778	13,750	34,783
St. Paul	(Minnesota)	5,183	423,337	—	17,779	16,626	24,568	80,732
Springfield	(See (b) below)	5,869	338,368	—	16,937	9,208	22,813	86,742
Southwest Region		**45,487**	**3,334,524**	—	13,307	8,547	14,084	44,787
Albuquerque	(New Mexico)	1,410	134,550	—	43,894	64,727	142,334	[7] 536,621
Austin	(See (f) below)	11,526	826,094	—	1,230	2,799	5,276	16,741
Cheyenne	(Wyoming)	1,179	61,134	—	8,695	26,684	27,449	135,268
Dallas	(See (f) below)	8,875	702,240	—	860	1,391	4,092	10,695
Denver	(Colorado)	4,910	309,758	—	9,090	12,441	32,322	103,227
Little Rock	(Arkansas)	3,069	241,280	—	8,116	6,780	12,914	66,640
New Orleans	(Louisiana)	2,979	426,286	—	2,109	5,862	13,337	27,357
Oklahoma City	(Oklahoma)	4,648	324,597	—	3,706	11,936	14,223	47,165
Wichita	(Kansas)	6,891	308,585	—	4,054	10,005	16,551	47,321
Western Region		**41,853**	**4,018,050**	—	6,034	6,829	16,170	43,701
Anchorage	(Alaska)	252	43,218	—	**105,335**	**76,959**	**154,888**	**750,102**
Boise	(Idaho)	1,313	104,826	—	861	1,761	4,202	19,582
Helena	(Montana)	2,608	108,266	—	2,422	2,811	7,411	16,796
Honolulu	(Hawaii)	2,076	93,875	—	2,400	3,689	8,676	21,174
Los Angeles	(See (a) below)	11,143	1,509,188	—	2,574	1,437	2,757	21,634
Phoenix	(Arizona)	3,124	226,087	—	34,592	21,301	34,847	238,733
Portland	(Oregon)	3,963	284,612	—	5,753	5,306	7,238	48,807
Reno	(Nevada)	872	73,006	—	9,389	6,587	17,192	67,309
Salt Lake City	(Utah)	1,809	126,004	—	1,792	1,953	5,604	16,343
San Francisco	(See (a) below)	10,372	1,013,475	—	2,703	2,034	7,523	24,692
Seattle	(Washington)	4,321	435,493	—	31,266	23,337	36,769	181,560
Office of International Operations		**627**	**183,769**	—	11,583	6,743	22,667	93,472
Puerto Rico		49	171,551	—	6	320	1,004	7,479
Other		578	12,218	—	—	311	158	343
Totals for States not shown above					6	9	846	7,136
	(a) California	21,515	2,522,663	—	65,858	44,638	71,616	420,293
	(b) Illinois	19,608	1,161,810	—	57,020	23,891	32,609	188,049
	(c) New York	25,674	2,253,591	—	61,444	33,112	43,171	354,341
	(d) Ohio	12,143	1,065,805	12,739	27,508	22,155	39,078	204,016
	(e) Pennsylvania	10,966	1,160,872	—	900	24,184	43,492	153,290
	(f) Texas	20,401	1,528,334	—	17,785	39,125	59,771	238,495

[1] Includes 453,785 EO forms not identified by districts.
[2] Includes 54,676 Forms 4848, 195,160 Forms 990P, and 2,753 forms 4848A not identified by districts.
[3] Includes 4,040 Forms 4638 not identified by districts.
[4] Includes 4,480 Forms 7005 not identified by districts.
[5] Includes 2 Forms 4868 and 8,599 Forms 990AR not identified by districts.
[6] Includes 12,811 Forms 2688 not identified by districts.
[7] Includes 38,506 Forms 2688 not identified by districts.

Table 8.—Internal revenue collections, costs, employees, and U.S. population, 1947 through 1976

Fiscal Year	Operating cost (1)	Collections (2)	Cost of collecting $100 (3)	Population (Thousands) (4)	Tax per capita (5)	Number of employees: Total (6)	National Office (7)	Field (8)
1947	203,916,822	39,108,385,742	0.52	144,696	270.28	52,830	4,771	48,049
1948	183,731,060	41,864,542,295	0.44	147,208	284.39	52,143	4,662	47,481
1949	209,205,715	40,463,125,019	0.52	149,767	270.17	52,266	4,554	47,712
1950	230,408,200	38,957,131,768	0.59	152,271	255.84	55,551	4,303	51,248
1951	245,869,538	50,445,686,315	0.49	154,878	325.71	57,795	4,030	53,765
1952	271,872,192	65,009,585,560	0.42	157,553	412.62	55,370	3,842	51,528
1953	268,590,806	69,686,535,389	0.38	160,184	435.00	53,463	3,834	49,629
1954	268,969,107	69,919,990,791	0.38	163,026	428.89	51,411	2,707	48,704
1955	278,834,278	66,288,692,000	0.42	165,931	399.50	50,890	2,675	48,215
1956	299,894,710	75,112,649,000	0.40	168,903	444.71	50,682	2,583	48,099
1957	305,537,814	80,171,971,000	0.38	171,984	466.16	51,364	2,602	48,762
1958	337,428,789	79,976,476,484	0.42	174,882	457.33	50,816	2,638	48,178
1959	355,469,228	79,797,972,806	0.44	177,830	448.73	50,200	2,633	47,567
1960	363,735,359	91,774,802,823	0.40	180,671	507.96	50,199	2,702	47,497
1961	413,295,238	94,401,086,398	0.44	183,691	513.91	53,680	3,031	50,649
1962	450,060,420	99,440,839,245	0.45	186,538	533.09	56,510	3,357	53,153
1963	500,804,314	105,925,395,281	0.47	189,242	559.74	59,486	3,562	55,924
1964	549,892,131	112,260,257,115	0.49	191,889	585.03	59,357	3,753	55,604
1965	597,387,471	114,434,633,721	0.52	194,303	588.95	60,360	3,790	56,570
1966	624,861,929	128,879,961,342	0.48	196,560	655.68	61,689	3,816	57,873
1967	667,080,295	148,374,814,552	0.45	198,712	746.68	65,122	4,060	61,062
1968	699,190,304	153,636,837,665	0.46	200,706	765.46	65,177	3,939	61,238
1969	758,765,475	187,919,559,668	0.40	202,677	927.19	64,507	4,037	60,470
1970	886,159,162	195,722,096,497	0.45	204,878	955.31	68,098	4,356	63,742
1971	981,065,297	191,647,198,138	0.51	207,053	925.63	68,987	4,521	64,466
1972	1,127,390,411	209,855,736,878	0.54	208,846	1,004.83	74,086	4,823	69,263
1973	1,162,009,945	237,787,204,058	0.49	210,410	1,130.11	71,646	4,646	67,200
1974	1,312,894,661	268,952,253,663	0.49	211,901	1,269.24	78,233	4,685	73,548
1975	1,584,711,486*	293,822,725,772	0.54	213,540	1,375.96	82,266	4,960	77,306
1976	1,667,311,689*	302,519,791,922	0.56	215,118	1,406.30	85,712	4,944	80,768

*This figure represents actual IRS operating costs for FY 1975, 1976, exclusive of reimbursements received from other agencies for services performed. While the operating cost figures for fiscal year prior to 1975 may in some cases include reimbursements, those amounts are sufficiently small so as not to alter the cost figures in column 3.

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

Region, service center, and district	Total	Individual	Fiduciary	Corporation	Estate	Gift	Excise	Employment	Exempt Organization	Employee Plans
Total	2,546,419	2,022,028	18,734	167,753	48,022	12,941	98,797	131,870	16,635	29,639
North-Atlantic	460,345	367,418	4,388	37,055	9,343	2,335	13,572	16,004	2,734	7,496
Mid-Atlantic	324,420	252,912	2,322	25,951	5,685	1,630	9,525	17,263	2,698	6,434
Southeast	383,691	311,408	1,594	20,219	6,289	2,457	14,194	20,037	2,374	5,409
Central	260,335	194,180	1,920	23,025	5,294	1,229	13,098	16,365	2,251	2,973
Midwest	275,684	199,769	3,301	20,134	8,408	2,157	15,364	20,387	2,759	3,405
Southwest	262,016	198,217	2,321	17,330	5,209	1,857	15,413	18,038	1,866	1,766
Western	552,754	475,963	2,877	23,158	7,410	1,235	17,290	20,712	1,953	2,156
International Operations	26,974	22,161	11	881	385	41	431	3,064	—	—
North-Atlantic Region:										
Albany	20,052	17,190	146	831	310	65	784	726	—	—
Augusta	10,936	8,023	57	886	222	56	699	993	—	—
Boston	57,670	41,577	1,121	4,988	1,212	259	2,971	2,441	1,094	2,007
Brooklyn	119,231	103,244	288	5,477	2,044	453	2,090	3,208	448	1,979
Buffalo	46,083	37,014	399	3,655	1,113	351	1,621	1,930	—	—
Burlington	6,887	5,792	35	352	78	16	256	356	—	—
Hartford	36,291	28,878	480	3,235	1,290	280	569	1,559	—	—
Manhattan	114,636	82,835	1,716	15,712	2,829	787	2,201	3,854	1,192	3,510
Portsmouth	11,098	9,044	66	834	136	52	257	709	—	—
Providence	7,138	5,351	80	1,085	109	16	269	228	—	—
Andover Service Center	14,641	13,590	—	—	—	—	1,051	—	—	—
Brookhaven Service Center	15,682	14,880	—	—	—	—	802	—	—	—
Mid-Atlantic Region:										
Baltimore	62,750	48,472	479	3,898	966	357	1,571	3,291	1,341	2,375
Newark	87,037	66,155	613	8,299	1,994	396	2,244	4,467	316	2,553
Philadelphia	76,357	62,310	514	5,877	965	312	1,758	2,074	1,041	1,506
Pittsburgh	35,719	25,042	322	3,199	873	284	1,965	4,034	—	—
Richmond	47,715	39,105	274	2,971	745	223	1,585	2,812	—	—
Wilmington	6,103	3,176	120	1,707	142	58	315	585	—	—
Philadelphia Service Center	8,739	8,652	—	—	—	—	87	—	—	—
Southeast Region:										
Atlanta	58,232	42,954	211	2,664	824	378	2,717	3,240	1,425	3,819
Birmingham	30,373	24,721	249	1,505	363	211	1,096	2,228	—	—
Columbia	27,229	22,768	97	1,474	386	63	847	1,594	—	—
Greensboro	54,150	43,130	201	3,438	752	429	2,807	3,393	—	—
Jackson	24,943	19,902	106	1,301	350	133	1,185	1,966	—	—
Jacksonville	116,315	94,055	568	7,228	3,014	1,029	3,865	4,017	949	1,590
Nashville	44,156	35,583	162	2,609	600	214	1,389	3,599	—	—
Atlanta Service Center	13,400	13,289	—	—	—	—	111	—	—	—
Memphis Service Center	15,093	15,006	—	—	—	—	87	—	—	—
Central Region:										
Cincinnati	34,878	24,843	278	3,500	701	128	1,453	2,418	748	809
Cleveland	56,488	38,536	491	6,334	1,344	408	3,318	4,256	760	1,041
Detroit	88,836	68,548	576	7,725	1,152	281	3,688	5,000	743	1,123
Indianapolis	37,355	28,980	280	2,429	1,271	212	2,095	2,488	—	—
Louisville	23,734	18,490	218	1,738	627	146	1,114	1,401	—	—
Parkersburg	9,988	7,108	77	1,299	199	54	449	802	—	—
Cincinnati Service Center	9,056	8,075	—	—	—	—	981	—	—	—
Midwest Region:										
Aberdeen	5,332	4,053	32	328	255	75	148	441	—	—
Chicago	82,428	60,930	1,614	6,897	2,043	453	3,063	4,809	927	1,692
Des Moines	20,415	12,404	220	1,887	1,401	268	2,140	2,095	—	—
Fargo	5,088	3,910	39	142	315	95	168	419	—	—
Milwaukee	30,939	21,510	304	2,829	809	187	2,394	2,906	—	—
Omaha	14,018	9,696	174	861	711	388	1,135	1,053	—	—
St. Louis	45,892	33,426	338	3,606	1,178	341	1,817	3,700	733	753
St. Paul	34,443	24,557	223	2,088	902	222	1,475	2,917	1,099	960
Springfield	20,622	14,124	357	1,496	794	128	1,676	2,047	—	—
Kansas City Service Center	16,507	15,159	—	—	—	—	1,348	—	—	—
Southwest Region:										
Albuquerque	7,897	6,059	40	483	131	67	365	752	—	—
Austin	65,286	49,693	635	4,814	1,253	467	2,450	3,767	1,163	1,044
Cheyenne	2,754	1,901	26	286	99	15	216	211	—	—
Dallas	52,546	38,476	636	3,153	1,190	495	3,427	3,744	703	722
Denver	21,914	16,240	216	1,342	570	157	1,413	1,976	—	—
Little Rock	16,017	12,416	80	1,047	237	80	1,329	828	—	—
New Orleans	33,864	26,011	142	2,396	523	199	1,495	3,098	—	—
Oklahoma City	23,716	17,214	230	2,189	627	239	1,682	1,535	—	—
Wichita	24,921	17,664	316	1,620	578	138	2,478	2,127	—	—
Austin Service Center	13,101	12,543	—	—	—	—	558	—	—	—
Western Region:										
Anchorage	7,083	5,590	—	307	49	8	579	550	—	—
Boise	8,199	6,758	34	367	145	41	422	432	—	—
Helena	9,773	8,075	51	578	155	32	437	445	—	—
Honolulu	9,988	8,161	60	741	101	44	389	492	—	—
Los Angeles	245,560	217,709	943	9,616	3,260	489	3,882	7,458	791	1,432
Phoenix	29,171	25,811	140	1,273	406	82	680	779	—	—
Portland	22,154	17,485	146	1,393	429	132	924	1,645	—	—
Reno	13,103	10,644	86	673	92	37	1,089	482	—	—
Salt Lake City	12,998	10,572	114	906	144	27	603	632	—	—
San Francisco	127,260	107,886	986	5,063	2,004	266	5,088	4,835	678	454
Seattle	32,602	23,959	317	2,241	625	97	1,647	2,962	484	270
Ogden Service Center	15,583	14,470	—	—	—	—	1,113	—	—	—
Fresno Service Center	19,280	18,843	—	—	—	—	437	—	—	—

Table 10.—Additional tax and penalties recommended after audit examination by class of tax, and by internal revenue regions, districts, and other areas. (In thousands of dollars)

Region, service center, and district	Total	Individual	Fiduciary	Corporation	Estate	Gift	Excise	Employment	Exempt Organization
Total	5,153,051	1,553,070	71,313	2,660,747	510,941	85,919	93,080	164,679	13,302
North-Atlantic	1,201,115	305,876	3,985	709,534	119,414	7,978	26,414	21,895	6,019
Mid-Atlantic	622,151	184,092	1,305	333,739	68,024	6,085	14,262	14,057	587
Southeast	622,560	279,023	12,116	224,415	67,354	8,865	8,742	21,854	191
Central	528,333	144,583	925	287,582	59,922	6,179	10,168	16,231	743
Midwest	715,192	154,670	16,385	405,915	64,804	35,546	8,022	30,405	1,445
Southwest	642,512	158,776	14,875	324,296	75,091	15,743	16,444	33,124	4,163
Western	756,718	292,653	18,548	357,456	53,522	5,337	10,682	18,366	154
International Operations	64,469	33,395	3,173	17,810	2,811	186	345	6,748	—
North-Atlantic Region:									
Albany	38,006	8,777	93	25,309	3,072	143	207	405	—
Augusta	12,420	3,981	35	6,183	1,008	212	309	692	—
Boston	141,675	38,855	1,326	74,776	18,464	1,637	768	5,717	132
Brooklyn	123,153	52,848	426	35,114	20,201	1,382	9,524	2,703	955
Buffalo	129,504	23,254	184	74,994	27,512	438	355	2,766	—
Burlington	3,790	1,837	7	1,019	712	19	58	138	—
Hartford	122,667	16,670	1,164	90,956	10,564	746	409	2,158	—
Manhattan	562,433	106,197	686	389,515	36,711	3,255	14,411	6,727	4,931
Portsmouth	9,180	4,432	26	3,780	656	84	43	159	—
Providence	13,264	4,110	39	7,838	513	62	222	430	—
Andover Service Center	20,348	20,274	—	—	—	—	74	—	—
Brookhaven Service Center	24,674	24,641	—	—	—	—	33	—	—
Mid-Atlantic Region:									
Baltimore	98,841	35,442	376	47,486	8,019	2,445	904	3,728	441
Newark	195,128	47,264	212	107,717	28,926	1,036	7,014	2,892	67
Philadelphia	162,894	35,556	545	106,181	13,092	848	3,838	2,755	79
Pittsburgh	70,955	21,658	74	38,037	6,720	578	1,092	2,796	—
Richmond	60,634	22,245	91	24,995	9,807	838	1,070	1,588	—
Wilmington	15,349	3,585	8	9,323	1,461	339	334	299	—
Philadelphia Service Center	18,353	18,342	—	—	—	—	11	—	—
Southeast Region:									
Atlanta	101,679	28,886	382	52,701	8,809	682	4,550	5,516	153
Birmingham	37,869	20,157	255	11,283	3,458	1,229	535	952	—
Columbia	40,228	16,959	111	18,801	2,665	270	449	973	—
Greensboro	75,019	27,899	39	36,466	6,708	1,009	656	2,242	—
Jackson	33,030	14,060	118	10,429	5,264	1,915	327	917	—
Jacksonville	207,879	92,864	10,777	61,160	30,350	1,879	1,761	9,050	38
Nashville	76,504	27,941	434	33,576	10,101	1,882	367	2,203	—
Atlanta Service Center	23,450	23,359	—	—	—	—	91	—	—
Memphis Service Center	26,905	26,900	—	—	—	—	5	—	—
Central Region:									
Cincinnati	66,698	12,769	103	43,610	6,218	743	1,035	1,612	608
Cleveland	161,310	23,028	219	112,455	9,773	1,459	3,049	11,219	108
Detroit	117,449	43,718	167	48,597	18,092	780	3,419	2,648	28
Indianapolis	91,229	22,153	237	48,843	13,941	2,548	1,877	1,630	—
Louisville	51,495	13,884	188	27,824	7,608	596	558	837	—
Parkersburg	20,831	9,853	11	6,252	4,291	53	87	284	—
Cincinnati Service Center	19,321	19,178	—	—	—	—	143	—	—
Midwest Region:									
Aberdeen	6,505	2,974	7	1,997	1,199	151	40	137	—
Chicago	332,691	61,313	14,965	228,891	16,700	1,109	3,278	6,315	120
Des Moines	31,138	7,021	131	11,275	10,299	486	824	1,102	—
Fargo	5,610	2,134	43	954	1,840	261	29	349	—
Milwaukee	60,371	11,074	33	40,850	4,253	627	472	3,062	—
Omaha	50,886	6,172	54	26,935	4,061	10,948	139	2,577	—
St. Louis	81,485	17,600	805	36,292	11,787	1,151	471	12,653	729
St. Paul	82,401	13,906	126	36,273	7,539	20,535	312	3,111	599
Springfield	41,840	10,303	222	22,448	7,125	277	368	1,097	—
Kansas City Service Center	22,262	22,173	—	—	—	—	89	—	—
Southwest Region:									
Albuquerque	9,273	5,879	19	1,497	1,194	190	332	162	—
Austin	236,969	37,463	1,551	158,201	29,142	5,145	1,901	2,917	649
Cheyenne	6,368	3,615	—	540	772	229	1,159	53	—
Dallas	118,412	35,365	11,561	33,230	15,564	7,680	3,331	8,166	3,515
Denver	37,153	8,318	381	17,725	5,338	222	3,749	1,420	—
Little Rock	22,825	7,748	124	10,080	3,449	264	771	389	—
New Orleans	63,871	17,034	740	35,238	6,566	1,014	2,099	1,180	—
Oklahoma City	63,731	11,752	184	42,884	5,872	831	884	1,324	—
Wichita	64,758	12,514	316	24,901	7,192	168	2,155	17,512	—
Austin Service Center	19,151	19,088	—	—	—	—	63	—	—
Western Region:									
Anchorage	8,828	3,904	—	2,567	271	38	1,712	336	—
Boise	7,759	2,706	29	3,734	1,002	30	81	177	—
Helena	9,621	4,801	18	3,121	1,201	60	148	272	—
Honolulu	16,914	5,615	141	9,133	1,063	108	46	808	—
Los Angeles	269,537	108,168	587	126,941	20,425	1,347	4,179	7,821	69
Phoenix	26,562	13,167	35	9,574	2,902	213	263	408	—
Portland	36,060	10,472	28	19,667	3,342	1,696	323	532	—
Reno	50,348	13,616	40	31,345	2,571	200	1,709	867	—
Salt Lake City	20,266	8,107	28	8,312	1,972	41	196	1,610	—
San Francisco	204,987	53,298	16,961	118,938	11,282	529	1,090	2,629	60
Seattle	55,172	18,332	681	24,125	7,491	1,075	737	2,707	24
Ogden Service Center	23,128	23,081	—	—	—	—	47	—	—
Fresno Service Center	27,539	27,388	—	—	—	—	151	—	—

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

A. Progress of work

FY 1976

Status	Number of cases	Amount stated in revenue agent's report (thousand dollars) Deficiency and penalty	Overassessment
	(1)	(2)	(3)
Pending July 1	19,688	3,914,139	191,604
Received	19,754	1,502,661	42,815
Disposed of, total	**19,496**	**1,464,819**	**44,732**
By agreement	13,802	1,058,830	40,319
Unagreed: (Overassessment, claims, excise, employment, and offer-in-compromise rejections)	1,992	38,984	4,413
By taxpayer defaul on statutory notice	725	57,866	—
By petition to the Tax Court—transferred to docketed status	2,977	309,139	—
Pending June 30	**19,946**	**3,951,981**	**189,587**

B. Results obtained in dispositions

Method	Number of cases	Appellate determination (thousand dollars) Deficiency and penalty	Overassessment
	(1)	(2)	(3)
Disposed of, total	**19,496**	**850,354**	**66,677**
By agreement	13,802	467,945	59,759
Unagreed: (Overassessments, claims, excise, employment, and offer-in-compromise rejections)	1,992	37,692	6,918
By taxpayer default on statutory notice	725	53,509	—
By petition to the Tax Court—transferred to docketed status	2,977	291,206	—

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

A. Progress of work

FY 1976

Status	Number of cases	Amount stated in statutory notice (thousand dollars) Deficiency and penalty	Overassessment
	(1)	(2)	(3)
Pending July 1	15,263	2,066,831	
Received, total	**11,360**	**783,687**	
Petitions filed in response to—			
District Directors' statutory notices	8,723	515,289	Not Applicable
Appellate Division's statutory notices[1]	2,637	268,398	
Disposed of, total	**9,600**	**490,487**	
By stipulated agreement	7,007	379,422	
By dismissal by the Tax Court or taxpayer default	1,186	15,564	Not Applicable
Tried before the Tax Court on the merits	1,407	95,501	
Pending June 30	**17,023**	**2,380,031**	

1 Difference from table 13, transferred to docketed status is caused by excluding district directors' statutory notices considered by Appellate in 90-day status.

B. Results obtained in dispositions

Method	Number of cases	Appellate determination (thousand dollars) Deficiency and penalty	Overassessment
	(1)	(2)	(3)
Disposed of, total	**9,600**	**224,747**	—
By stipulated agreement	7,007	114,549	Not Applicable
By dismissal by the Tax Court or Taxpayer default	1,186	14,697	
Tried before the Tax Court on the merits[1]	1,407	95,501	

1 Represents amounts petitioned

Table 13.—Appellate Division processing of all cases for 1975-1976 (Income, estate, gift, excise, employment, and offers-in-compromise)

Status	Number of cases 1975	1976
Pending July 1	35,139	34,951r
Received	29,835	31,114
Disposed of, total	30,027	29,096
By agreement	22,506	20,811
Unagreed: (Overassessments, claims, excise, employment, and offer-in-compromise rejections)	1,979	1,924
By taxpayer default on statutory notice or dismissal by Tax Court	1,893	1,979
By petition to the Tax Court	2,682	2,975
Tried in the Tax Court	967	1,407
Pending June 30	34,947	36,969

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Table 14.—District conference activity

	Revenue Agents	Tax Auditors	FY 1976 Total
Cases pending July 1	8,186	6,912	15,098
Cases received	20,423	30,381	50,804
Conference completed	19,427	28,994	48,421
Number agreed	12,627	22,566	e5,193
Agreed as a percent of total	65.0	77.8	72.7
Cases pending June 30	9,182	8,299	17,481

Table 15.—Overassessments of tax exclusive of claims for refund

	Number 1975	1976	Amount Recommended (thousand dollars) 1975	1976
Total	122,399	137,455	$302,797	$290,511
Individual	96,766	108,749	69,252	96,041
Fiduciary	820	1,649	2,666	7,298
Corporation	11,464	11,807	185,823	133,409
Estate	5,902	6,127	34,406	33,441
Gift	665	679	1,694	1,621
Excise	4,145	4,922	6,708	7,594
Employment	2,637	3,522	2,248	11,107

Table 16.—Work flow in the Internal Revenue Service and the courts, fiscal years 1975 and 1976

Returns	1975	1976
RETURNS		
Tax returns filed, total	126,048,734[1]	127,348,211
Individual income tax	84,004,525	82,755,521
Declaration of estimated tax	7,543,339	7,844,411
Fiduciary	1,514,194	1,610,306
Partnership	1,137,961	1,143,213
Corporation income tax	2,111,731	2,144,036
Estate tax	215,918	236,482
Gift tax	260,094	302,464
Employment taxes	24,756,630	24,677,380
Exempt Organization	374,200	474,199
Employee Plans	1,103,504	781,505
ATF Returns	602,429	511,955
Excise Taxes	824,557	880,214
Supplemental Documents	1,599,652	3,986,525

1 The classification of returns has been changed from prior reports. The Supplemental Documents category in 1976 includes returns not previously counted, in addition it includes Form 1040X which increases the 1975 Grand Total by 931,634.

Income, Estate and Gift Tax		
Number of returns examined by Audit Division	2,171,923	2,269,478
Returns with adjustment proposed by Audit Division	1,667,492	1,772,307
Disposed of by Audit Division		
Agreed, paid or defaulted	1,625,147	1,726,049
Transferred to Appellate	28,624	30,141
Other	13,721	16,117
Number of returns examined by Exempt Organization Division	22,168	16,635
Returns with adjustments proposed by Exempt Organization Division	6,247	3,044
Number of returns examined by Employee Plans Division	65,562	29,639
Returns with adjustments proposed by Employee Plnas Division	6,225	7,169

Civil Tax Cases		
Courts of Original Jurisdiction Tax Court:		
Total Petitioned to Tax Court	11,206	11,360
Dismissed	1,143	1,209
Settled by Stipulation	6,436	7,070
Closed by Tax Court decision	989	1,210
Decided by Tax Court, but appealed	265	299
District Courts and Court of Claims:		
Total filed in District Courts and Court of Claims	1,018	1,033
Settled in District Courts and Court of Claims	500r	532
Decided by District Courts and Court of Claims	414	402
Courts of Appeals:		
Settled by Courts of Appeals decision	356	299
Favorable to government	250	231
Favorable to taxpayer	52	56
Decided by Court of Appeals but reviewed by Supreme Court	3	2
Supreme Court:		
Settled by Supreme Court decision	—	1

Fraud Cases		
Cases initiated by Intelligence Division	9,268	9,035
Disposed of by Intelligence Division:		
Prosecution recommended	2,760	3,147
Prosecution not recommended	5,971	5,650
Disposed of by Office of Chief Counsel:		
Prosecution not warranted, including cases declined by the Department of Justice	381	589
Prosecutions	1,397	2,037

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Table 17.—Amounts of revenue involved at each level of the tax system, fiscal years 1975 and 1976

Item	(millions of dollars) 1975	1976
Internal revenue collections, total	293,823	302,520
Individual income taxes, total	156,399	158,969
Withholding	122,103	123,441
Other	34,296	35,528
Corporation income taxes	45,747	46,783
Estate and gift taxes	4,688	5,307
Employment taxes	70,141	74,203
Excise taxes	16,848	17,258
Income, Estate, and Gift Taxes		
Civil Cases		
Tax and penalties determined by settlement in Tax Court	114	115
Tax and penalties determined by Tax Court decisions:		
Dismissed	11	15
Decisions on merits[1]	21	42
Tax and penalties determined in cases decided by the Supreme Court and Courts of Appeals	6	18
Amount in dispute but not refunded to taxpayers as a result of final action on refund suits	75	64

[1] Reflects amount determined in all Tax Court decisions, including those subsequently appealed.

Fraud Cases		
Deficiencies and penalties in cases disposed of in Intelligence Divisions:		
Prosecution recommended	235	609
Prosecution not warranted	7	11

Table 18.—Determination letters issued on pre-ERISA* employee benefit plans, fiscal year 1976.

Item	Profit-sharing and stock bonus plans	Pension or annuity plans	Self-employed	Total
Determination letters issued with respect to—				
1. Initial qualification				
a. Plans approved	5,907	5,865	423	12,195
b. Plans disapproved	88	106	16	210
c. Number of participating employees in plans requesting initial qualification	70,577	254,078	1,943	326,398
2. Termination	5,283	7,065	67	12,415
3. Amendments	2,354	5,602	99	8,055
4. Investments	29	23	—	52

*Employment Retirement Income Security Act of 1974.

Table 18A.—Determination letters issued on ERISA* employee benefit plans, fiscal year 1976.

Item	Defined Contribution	Defined Benefit	Total
Determination letters issued with respect to—			
1. Initial qualification:	7,613	426	8,039
a. Plans approved	0	0	0
b. Plans disapproved	140,001	9,930	149,931
c. Number of participating employees in plans requesting initial qualification	0	0	0
2. Termination	4,518	392	4,910
3. Amendments			

*Employment Retirement Income Security Act of 1974.

Table 19.—Earned Income Credits January - June 1976 (Tax Reduction Act of 1975) (Amount in thousands of dollars)

Internal revenue regions, districts, States and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		TOTAL EARNED INCOME CREDITS[1]		NEW FILERS WITH EIC AND ZERO TAX LIABILITY[2]		APPLICATION OF EARNED INCOME CREDITS[3]: APPLIED TO 1975 LIABILITY		REFUNDED		OFFSET-FROZEN[5]	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number[4]	Amount
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
United States, total		5,976,793	1,212,702	377,079	85,443	3,065,328	339,568	4,150,123	860,031	87,386	13,103
North-Atlantic Region		697,614	137,988	42,418	9,697	355,953	38,569	474,176	97,539	11,347	1,880
Albany	(See (c) below)	45,147	8,905	1,904	423	23,118	2,548	31,057	6,269	593	88
Augusta	(Maine)	38,205	7,603	1,429	286	20,566	2,309	26,136	5,223	581	71
Boston	(Massachusetts)	115,402	22,644	6,461	1,382	54,648	5,917	80,907	16,483	1,608	244
Brooklyn	(See (c) below)	151,538	30,388	12,109	2,925	75,671	8,164	102,968	21,646	3,217	577
Buffalo	(See (c) below)	104,641	22,530	4,229	902	53,725	5,904	71,833	14,464	1,156	162
Burlington	(Vermont)	14,840	2,913	563	116	8,014	936	10,245	1,945	259	32
Hartford	(Connecticut)	70,486	13,724	4,526	996	35,709	3,812	47,492	9,751	941	160
Manhattan	(See (c) below)	111,951	22,456	9,174	2,234	61,290	6,506	72,694	15,478	2,475	472
Portsmouth	(New Hampshire)	21,143	4,028	762	159	11,650	1,263	13,730	2,730	268	35
Providence	(Rhode Island)	24,261	4,798	1,261	273	11,562	1,211	17,114	3,550	249	38
Mid-Atlantic Region		688,897	136,454	35,888	7,818	363,160	39,848	482,269	95,305	8,709	1,301
Baltimore	(See (g) below)	76,229	15,232	3,751	809	41,231	4,491	50,569	10,599	978	142
Newark	(New Jersey)	157,878	31,263	10,929	2,436	76,806	8,354	108,814	22,512	2,384	397
Philadelphia	(See (e) below)	164,971	32,335	7,504	1,631	87,559	9,727	109,665	22,316	1,929	293
Pittsburgh	(See (e) below)	93,851	18,169	4,096	806	49,095	5,370	63,003	12,675	932	124
Richmond	(Virginia)	141,544	28,747	6,158	1,365	78,029	8,575	95,498	19,945	1,711	227
Washington DC.	(See (g) below)	39,173	7,674	2,698	606	22,316	2,459	24,592	5,126	572	89
Wilmington	(Delaware)	15,251	3,034	752	165	8,124	873	10,128	2,133	203	28
Southeast Region		1,271,037	267,544	81,103	16,812	646,818	72,326	902,483	192,632	17,919	2,586
Atlanta	(Georgia)	203,877	43,377	14,219	3,280	101,331	11,392	146,476	31,597	2,717	388
Birmingham	(Alabama)	146,941	31,634	10,166	2,351	71,233	7,941	107,916	23,445	1,732	248
Columbia	(South Carolina)	118,782	24,881	6,538	1,505	59,725	6,522	84,181	18,140	1,563	220
Greensboro	(North Carolina)	229,106	47,665	9,510	2,143	125,239	14,186	157,569	33,073	3,110	405
Jackson	(Mississippi)	109,822	24,256	12,925	3,140	48,288	5,381	84,024	18,622	1,658	253
Jacksonville	(Florida)	266,412	54,991	17,799	4,211	139,257	15,587	183,957	38,667	4,713	738
Nashville	(Tennessee)	196,097	40,741	9,946	2,183	101,745	11,318	138,360	29,088	2,426	334
Central Region		769,275	153,543	36,893	7,864	388,742	42,564	534,468	109,758	8,678	1,221
Cincinnati	(See (d) below)	122,526	24,159	5,450	1,152	62,756	6,727	83,133	17,216	1,569	216
Cleveland	(See (d) below)	128,590	25,221	5,811	1,224	66,078	7,179	86,645	17,821	1,459	220
Detroit	(Michigan)	185,348	36,463	9,383	1,954	87,921	9,451	131,569	26,706	2,174	307
Indianapolis	(Indiana)	141,814	28,190	6,495	1,392	74,274	8,167	96,171	19,813	1,445	210
Louisville	(Kentucky)	133,544	27,746	6,930	1,529	69,450	8,074	95,772	19,465	1,589	206
Parkersburg	(West Virginia)	57,453	11,765	2,824	614	28,263	2,967	41,178	8,737	442	61
Midwest Region		682,530	134,533	35,159	7,642	380,946	44,671	457,658	88,709	7,867	1,153
Aberdeen	(South Dakota)	23,185	4,550	908	197	15,226	1,982	15,345	2,545	195	23
Chicago	(See (b) below)	162,732	31,722	11,821	2,658	81,460	8,690	109,759	22,633	2,365	399
Des Moines	(Iowa)	59,091	11,434	2,357	495	36,959	4,585	37,877	6,772	584	76
Fargo	(North Dakota)	16,373	3,135	653	138	11,076	1,386	10,345	1,731	131	18
Milwaukee	(Wisconsin)	87,816	17,017	3,302	659	49,488	5,934	56,945	10,955	928	128
Omaha	(Nebraska)	36,771	7,096	1,324	294	23,409	2,869	23,296	4,183	336	43
St. Louis	(Missouri)	151,285	31,051	8,475	1,845	80,840	9,406	105,153	21,390	1,836	254
St. Paul	(Minnesota)	79,693	15,459	3,148	662	46,949	5,799	52,974	9,547	853	113
Springfield	(See (b) below)	65,584	13,070	3,171	674	35,539	4,019	43,964	8,952	639	99
Southwest Region		947,043	196,950	71,910	16,699	481,570	53,667	570,029	141,320	12,856	1,964
Albuquerque	(New Mexico)	50,035	10,137	4,332	910	22,414	2,390	37,230	7,847	695	100
Austin	(See (f) below)	270,432	57,101	22,822	5,466	129,484	13,873	196,636	42,626	3,751	602
Cheyenne	(Wyoming)	9,274	1,829	536	123	5,317	601	6,164	1,213	103	16
Dallas	(See (f) below)	170,298	35,131	12,528	2,960	91,931	10,396	115,218	24,332	2,611	403
Denver	(Colorado)	64,061	12,669	3,758	837	34,396	3,795	43,587	8,738	947	138
Little Rock	(Arkansas)	99,160	20,991	6,563	1,543	50,731	5,954	71,026	14,843	1,365	194
New Orleans	(Louisiana)	136,111	29,167	12,528	2,872	64,370	7,104	100,745	21,816	1,571	247
Oklahoma City	(Oklahoma)	95,985	19,808	6,266	1,398	51,703	5,927	66,626	13,697	1,260	183
Wichita	(Kansas)	51,687	10,118	2,577	591	31,224	3,627	32,797	6,408	553	83
Western Region		916,959	184,994	73,360	16,828	447,109	47,828	646,193	134,181	17,737	2,986
Anchorage	(Alaska)	5,193	1,024	386	88	2,764	288	3,484	722	90	14
Boise	(Idaho)	24,971	4,954	1,315	304	14,229	1,639	16,631	3,260	376	55
Helena	(Montana)	22,002	4,423	1,241	269	12,444	1,457	15,055	2,923	315	42
Honolulu	(Hawaii)	16,146	2,984	968	205	8,802	876	10,709	2,087	135	21
Los Angeles	(See (a) below)	376,279	77,196	35,070	8,238	173,063	18,599	271,050	56,962	9,088	1,634
Phoenix	(Arizona)	71,670	14,578	5,225	1,191	32,438	3,405	52,422	10,960	1,306	213
Portland	(Oregon)	63,421	12,553	3,694	800	33,038	3,597	43,356	8,818	947	137
Reno	(Nevada)	19,505	3,881	1,282	301	11,098	1,156	12,928	2,678	287	47
Salt Lake City	(Utah)	29,791	5,898	1,625	358	15,466	1,656	20,472	4,188	371	54
San Francisco	(See (a) below)	212,670	42,588	17,391	3,920	103,946	10,941	148,804	31,006	3,946	638
Seattle	(Washington)	75,311	14,916	5,163	1,155	39,821	4,212	51,282	10,574	876	130
Office of International Operations		3,438	695	348	81	1,030	96	2,847	588	69	12
Puerto Rico		2,623	540	295	70	599	49	2,319	487	29	5
Other		815	155	53	11	431	47	528	101	40	7
Totals for District and States not shown above											
	(a) California	588,949	119,784	52,461	12,158	277,009	29,540	419,854	87,971	13,034	2,273
	(b) Illinois	228,316	44,792	14,992	3,332	116,999	12,709	153,723	31,585	3,004	497
	(c) New York	413,277	82,279	27,416	6,484	213,804	23,122	278,552	57,857	7,441	1,299
	(d) Ohio	251,116	49,379	11,261	2,376	128,834	13,906	169,778	35,037	3,028	436
	(e) Pennsylvania	258,822	50,504	11,600	2,437	136,654	15,097	172,668	34,990	2,861	417
	(f) Texas	440,730	92,232	35,350	8,426	221,415	24,269	311,854	66,958	6,362	1,005
	(g) Baltimore District (Maryland & D.C.)	115,402	22,906	6,449	1,415	63,547	6,950	75,161	15,725	1,550	231

1. Includes Earned Income Credits claimed by taxpayers and more than a million responses to notices sent to and returned by taxpayers whose tax returns showed the characteristics of but did not claim Earned Income Credit on their tax return.
2. Includes taxpayers who filed solely to claim Earned Income Credit as well as those who received an Earned Income Credit notice because their return, filed as non-taxable or refundable, showed Earned Income Credit characteristics.
3. The number of Earned Income Credit applications exceeds the total number of such credits in column (1) because of dual application, i.e. partially refunded and partially applied to outstanding balance due. The amount of Earned Income Credit applications equals the amount shown in column (2).
4. The United States total for column 9 includes 2,204 other Earned Income Credit applications which are not available by district and region.
5. Earned Income Credits generated but applied to other than 1975 liabilities and those generated but temporarily unapplied pending resolution of taxpayer accounts.

Table 20.—Tax withheld from payments to foreign persons of treaty and nontreaty countries—Calendar year 1974 (In thousands of dollars)

Country	Income	Total tax withheld	Tax withheld by domestic withholding agents	Tax from foreign governments or withholding agents	Number of information documents filed by withholding agents
Treaty Countries:					
Australia	6,828	1,501	1,501	—	6,955
Austria	3,250	388	388	—	3,360
Belgium	47,906	7,949	6,486	1,463	13,699
Former Belgian o/s Territories	25	4	4	—	81
Canada	401,934	47,322	43,177	4,145[1]	274,764
Denmark	4,402	251	250	1	2,320
Finland	393	241	27	214	351
France	152,303	15,333	15,333	—	14,278
Federal Republic of Germany	74,735	6,932	6,932	—	54,010
Greece	1,647	335	335	—	3,255
Ireland	5,379	734	702	32	4,220
Italy	16,976	2,713	2,713	—	13,529
Japan	79,115	10,805	10,805	—	4,532
Luxembourg	23,024	5,572	5,219	353	4,464
Netherlands	130,254	19,090	18,969	121	12,297
Netherlands Antilles	197,901	3,931	3,928	3	1,425
New Zealand	711	125	125	—	1,281
Norway	3,176	365	365	—	3,947
Pakistan	54	11,922	11,922	—	100
Sweden	29,833	3,504	3,504	—	4,992
Switzerland	472,145	58,244	58,244	—	29,963
Trinidad & Tobago	330	24	24	—	292
Republic of South Africa	2,348	492	492	—	2,006
United Kingdom	424,950	48,113	47,779	334	53,882
Former U.K. o/s Territories	1,335	192	192	—	1,003
Nontreaty countries	179,067	30,221	30,221	—	109,516
Total	**2,260,021**	**276,303**	**269,637**	**6,666**	**620,524**

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

Table 21.—Internal revenue refunds, including interest, fiscal years 1975 and 1976 (excluding rebates) (For refunds by region, and district, see tables 5 and 6)

	Number		Amount refunded (principal and interest-thousand dollars)		Amount of interest included (thousand dollars)	
	1975	1976	1975	1976	1975	1976
Total refunds of internal revenue[1, 2]	**67,834,472**	**66,969,506**	**32,208,671**	**34,493,792**	**236,034**	**294,227**
Corporation income taxes	359,238	477,297	5,290,433	5,569,355	164,886	194,627
Individual income and employment taxes, total[2]	67,386,316	66,412,449	26,532,559	28,523,245	59,921	85,754
Excessive prepayment income tax[2]	64,953,020	63,630,756	25,444,032	27,215,507	28,953	43,441
Other income tax and Federal Insurance Contributions Act taxes[3, 4]	2,212,418	2,377,426	1,053,256	1,274,843	30,220	41,363
Railroad retirement	726	736	332	365	16	16
Unemployment insurance	220,152	203,531	34,939	32,530	730	934
Estate tax	26,366	26,885	79,364	92,120	7,154	9,606
Gift tax	7,033	4,410	5,496	10,587	751	2,144
Excise taxes, total	55,519	48,465	300,820	296,485	3,322	2,095
Alcohol taxes[5]	14,080	12,251	112,534	110,301	10	163
Tobacco taxes[5]	323	377	3,485	4,328	(*)	-4
Manufacturers' and retailers' excise taxes, total	3,981	4,066	157,489	158,692	1,716	436
Gasoline used on farms	144	129	128,417	122,136	—	—
Gasoline, nonhighway	876	833	1,946	2,691	—	—
Other[6]	2,961	3,104	27,125	33,865	1,716	436
All other excise taxes[7]	37,135	31,771	27,313	25,165	1,596	1,500

1 Figures include credits for the Federal Old-Age and Survivors, Federal Disability, and Federal Hospital Insurance Trust Funds amounting to $360,000,000 in 1975 $407,628,000 in 1976; for the Highway Trust Fund amounting to $145,764,031 in 1975 $152,078,475 in 1976.
2 Net of 89,481 undeliverable checks totaling $25,509,000 in 1975 and 176,742 undeliverable checks totaling $44,728,000 in 1976.
3 Includes refunds "not otherwise classified."
4 Includes excess FICA credits.
5 Includes drawbacks and stamp redemptions.
6 Includes refunds and credits for aviation fuels, lubricating oil used for nonhighway use and miscellaneous manufacturers' and retailers' excise taxes.
7 Includes refunds on interest equalization tax, aircraft use tax, narcotics, silver, wagering (excise and stamps), capital stocks and other excise tax refunds and credits.
* Less than $500.

Table 22—Obligations Incurred by Internal Revenue Service by Appropriation and Activity (In thousands of dollars)

Appropriation by Activity	Total 1975	Total 1976	Personnel Compensations and Benefits 1975	Personnel Compensations and Benefits 1976	Other 1975	Other 1976
Total obligations, appropriations and reimbursable	1,589,125	1,682,557	1,215,540	1,332,437	373,585	350,120
Obligations against appropriation funds	1,584,711	1,667,311	1,211,923	1,318,223	372,788	349,088
Salaries and Expenses:						
Total	41,607	44,685	35,533	38,234	6,074	6,451
Executive Direction	18,161	19,410	15,478	16,603	2,683	2,807
Internal Audit and Security	23,446	25,275	20,055	21,631	3,391	3,644
Accounts, Collection and Taxpayer Service:						
Total	732,442	777,223	519,328	573,169	213,114	204,054
Data processing operations	385,104	410,517	284,462	306,135	100,642	104,382
Statistical reporting	12,102	12,763	9,801	9,892	2,301	2,871
Collection	226,178	242,625	185,128	198,161	41,050	44,464
Taxpayer Service	109,058	111,318	39,937	58,981	69,121	52,337
Compliance:						
Total	810,662	845,403	657,062	706,820	153,600	138,583
Audit of tax returns	578,191	600,726	467,956	500,738	110,235	99,988
Employee plans	23,004	30,664	18,974	26,096	4,030	4,568
Tax fraud and special investigations	101,061	100,293	78,066	81,387	22,995	18,906
Exempt organizations	19,303	20,581	16,059	17,494	3,244	3,087
Taxpayer conferences and appeals	36,892	35,886	31,850	32,159	5,042	3,727
Technical rulings and services	17,181	18,848	14,292	16,013	2,889	2,835
Legal services	35,030	38,405	29,865	32,933	5,165	5,472
Reimbursable obligations, Total	4,414	15,246	3,617	14,214	797	1,032

Table 23—Staff years authorized and realized[1]

Appropriation	Authorized 1975	Authorized 1976	Realized 1975	Realized 1976	Percentage Realized 1975	Percentage Realized 1976
Salaries and Expenses	1,823	1,874	1,867	1,880	102.4	100.3
Accounts, Collection and Taxpayer Service	42,613	44,248	42,517	44,215	99.8	99.9
Compliance	38,050	38,042	37,955	38,169	99.8	100.3
Total	82,486	84,164	82,339	84,264	99.8	100.1
Increase 1976 over 1975	—	+ 1,678	—	+ 1,925	—	—

1 Does not include staff years devoted to reimbursable projects.

Table 24.—Costs incurred by the Internal Revenue Service
(In thousands of dollars)

Internal revenue office, district or region	Total (1)	Personnel Compensation (2)	Travel (3)	Equipment (4)	Other (5)
A. National Office and regional totals (including district director's offices and service centers)					
Total Internal Revenue Service	1,682,557	1,332,436	46,843	6,525	296,754
National Office	307,016	96,172	2,220	2,410	206,213
North-Atlantic	248,271	229,153	5,039	292	14,787
Mid-Atlantic	175,022	159,499	4,250	743	10,530
Southeast	175,519	155,517	6,732	532	12,737
Central	146,163	131,999	5,207	323	8,634
Midwest	163,632	149,480	5,372	171	8,608
Southwest	149,051	132,374	6,235	373	10,069
Western	233,330	207,248	8,327	1,234	16,521
Regional Counsel	20,622	19,888	231	—	504
Regional Inspection	19,807	17,706	1,601	47	454
Office of International Operations	11,976	9,464	1,472	99	941
National Computer Center	9,258	5,651	54	1	3,552
IRS Data Center	22,891	19,285	104	299	3,203
B. Regional commissioner's offices (excluding district director's offices and service centers)					
North-Atlantic	12,938	11,985	199	7	748
Mid-Atlantic	9,827	8,389	195	70	1,174
Southeast	8,562	7,578	290	48	645
Central	8,079	7,218	159	42	660
Midwest	9,358	8,176	282	46	854
Southwest	8,165	7,326	287	42	509
Western	13,313	11,040	399	500	1,374
C. Regional costs undistributed					
North-Atlantic	2,348	1,066	1,155	14	94
Mid-Atlantic	1,872	782	975	—	116
Southeast	2,815	1,032	1,738	—	45
Central	2,404	880	1,471	4	48
Midwest	2,332	1,255	1,027	—	51
Southwest	2,182	846	1,242	19	75
Western	2,071	—	1,899	—	172
D. District director's offices and service centers:					
North Atlantic:					
Albany	7,449	6,683	223	6	536
Augusta	4,146	3,741	165	29	211
Boston	26,404	24,748	556	33	1,067
Brooklyn	29,294	27,747	456	103	987
Buffalo	17,271	15,895	482	14	880
Burlington	2,288	2,039	112	2	135
Hartford	13,693	12,851	331	5	505
Manhattan	57,067	54,966	663	59	1,398
Portsmouth	3,531	3,246	127	4	155
Providence	5,090	4,745	107	7	232
North-Atlantic Regional Training Ctr.	149	133	1	—	15
North-Atlantic Region-Centralized Tr.	253	—	248	—	5
Andover Service Center	32,195	28,413	121	6	3,655
Brookhaven Service Center	34,135	29,875	92	2	4,166
Mid-Atlantic:					
Baltimore	22,923	21,560	408	126	829
Newark	35,026	32,867	820	119	1,220
Philadelphia	29,266	27,524	581	79	1,081
Pittsburgh	15,494	14,450	375	77	592
Richmond	15,034	13,650	565	65	754
Wilmington	3,398	3,179	72	13	135
Mid-Atlantic Regional Training Ctr.	321	288	3	—	31
Mid-Atlantic Region-Centralized Tr.	159	—	159	—	(*)
Philadelphia Service Center	41,701	36,811	98	195	4,598
Southeast:					
Atlanta	19,915	18,184	980	58	693
Birmingham	9,425	8,595	400	30	399
Columbia	7,201	6565	275	17	344
Greensboro	15,219	13,829	709	39	641
Jackson	6,389	5,799	306	13	271
Jacksonville	34,455	31,535	1,202	80	1,639
Nashville	12,273	11,202	529	17	525
Southeast Regional Training Ctr.	32	—	—	—	32
Southeast Region-Centralized Tr.	160	—	160	—	1
Atlanta Service Center	28,923	24,970	62	72	3,819
Memphis Service Center	30,150	26,228	81	157	3,684

Table 24.—Costs incurred by the Internal Revenue Service —*Continued*
(In thousands of dollars)

Internal revenue office, district, or region	Total (1)	Personnel Compensation (2)	Travel (3)	Equipment (4)	Other (5)
Central:					
Cincinnati	16,208	14,978	448	27	755
Cleveland	23,404	21,827	580	20	977
Detroit	32,808	30,267	997	94	1,449
Indianapolis	15,976	14,526	653	22	775
Louisville	9,621	8,740	403	17	461
Parkersburg	5,385	4,872	250	4	258
Central Regional Training Ctr.	551	479	9	8	56
Central Region-Centralized Training	152	—	150	—	1
Cincinnati Service Center	31,577	28,211	86	86	3,194
Midwest:					
Aberdeen	2,661	2,361	185	14	101
Chicago	40,139	38,032	807	20	1,280
Des Moines	8,688	7,967	345	4	372
Fargo	2,471	2,182	129	5	154
Milwaukee	13,018	12,174	390	4	449
Omaha	5,833	5,287	230	7	309
St. Louis	20,687	19,195	777	11	704
St. Paul	14,609	13,530	524	5	550
Springfield	10,139	9,164	465	7	504
Midwest Regional Training Ctr.	—	—	—	—	—
Midwest Region-Centralized Training	125	—	125	—	(*)
Kansas City Service Center	33,571	30,157	85	48	3,280
Southwest:					
Albuquerque	4,074	3,649	184	13	227
Austin	25,589	23,343	1,081	33	1,133
Cheyenne	1,980	1,767	118	3	92
Dallas	25,533	22,810	1,081	34	1,608
Denver	10,200	9,138	407	15	640
Little Rock	6,292	5,691	271	14	316
New Orleans	12,081	11,051	394	51	584
Oklahoma City	11,194	10,173	513	15	493
Wichita	8,018	7,299	324	17	378
Southwest Region-Centralized Training	209	—	209	—	—
Austin Service Center	33,160	29,242	122	116	3,681
Southwest Regional Training Center	373	38	3	1	333
Western:					
Anchorage	3,570	2,898	268	12	392
Boise	3,561	3,190	208	4	159
Helena	3,298	2,892	225	4	178
Honolulu	4,194	3,802	144	6	242
Los Angeles	55,887	51,826	1,702	45	2,315
Phoenix	8,449	7,554	308	14	574
Portland	9,025	8,105	392	17	511
Reno	6,027	5,419	254	2	351
Salt Lake City	4,261	3,847	140	9	266
San Francisco	37,054	33,975	1,158	90	1,831
Seattle	13,890	12,646	617	20	607
Western Regional Training Ctr.	565	502	8	(*)	54
Western Region-Centralized Training	340	—	339	—	1
Ogden Service Center	33,020	29,042	134	299	3,546
Fresno Service Center	34,805	30,511	133	212	3,949

Table 25—Personnel Summary

Location and type	Average Positions Realized 1975	Average Positions Realized 1976	Number Employees At Close of Year 1975	Number Employees At Close of Year 1976
Service Total	**82,616**	**85,455**	**82,268**	**85,712**
Permanent	70,923	71,936	71,734	70,868
Temporary	11,693	13,519	10,532	14,843
National Office[1]	4,579	4,783	4,585	4,558
Field Service Total[2]	**78,037**	**80,672**	**77,681**	**81,153**
Data Processing, total	25,732	26,938	23,694	27,370
Collection, total	11,492	11,784	11,810	12,081
Revenue Officers	6,765	6,918	6,919	6,781
Other	4,727	4,866	4,891	5,300
Taxpayer Service, total	**2,917**	**3,506**	**3,001**	**3,647**
Taypayer Ser. Specs.	N.A.	482	—	—
Taxpayer Ser. Reps.	2,072	1,491	2,032	1,327
Other	845	1,533	969	2,320
Audit, total	**26,386**	**26,691**	**27,411**	**26,399**
Revenue Agents	14,265	14,166	14,223	13,865
Off. Audit & Tax Tech.	4,666	4,763	4,772	4,596
Other	7,455	7,762	8,416	7,938
Employee Plans Org., total	**781**	**1,103**	**970**	**1,212**
Revenue Agents	525	714	592	756
Tax Law Specialists	—	30	6	82
Tax Auditors	30	42	34	42
Other	206	317	336	332
Intelligence, total	**3,757**	**3,739**	**3,795**	**3,683**
Special Agents	2,638	2,611	2,626	2,553
Other	1,119	1,128	1,169	1,110
Exempt Org., total	**658**	**684**	**668**	**652**
Revenue Agents	412	447	417	421
Tax Law Specialists	—	7	3	8
Tax Auditors	83	77	86	70
Other	163	153	160	153
Appellate, total	**1,288**	**1,215**	**1,273**	**1,205**
Appellate Conferees	615	585	603	576
Auditors	125	120	122	121
Other	548	510	548	508
Administration, total	**3,256**	**3,209**	**3,211**	**3,102**
Regional Counsel	**920**	**935**	**949**	**947**
Regional Inspection	**870**	**868**	**901**	**875**

Note: Reimbursements are included in above figures
1 Includes terminal leave for average positions realized for entire service
2 Includes Office of International Operations, National Computer Center and IRS Data Center
N.A. Not Applicable

Table 26.—Quantity and Cost Statistics for Printing[1]

Class of Work	Quantity: Tax Packages	Quantity: Other Printing FY-76	Cost (1,000 dollars) FY-75	Cost (1,000 dollars) FY-76
1. Tax Packages (1975)				
Package 1 (Form 1040, Instructions, Schedules A&B—40 pages)	25,453	—	—	1,453
Package 2 (Form 1040, Schedules A&B, D, E, R, & Instructions—52 pages)	10,553	—	—	877
Package 3 (Form 1040, Schedules A, B, C, D, E&R, SE & Instructions—60 pages)	5,603	—	—	876
Package 4 (Form 1040, Schedules A&B, C, D, E&R, F, SE, Forms 3468,4136,4797, & Instructions—80 pages)	2,722	—		
Package 1040A (Form 1040A & Instructions—24 pages)	40,788	—	—	1,613
Package 1065 (Form 1065, Schedule K-1, Form 4797 & Instructions—48 pages)	1,600	—	165	153
Package 1120 (Form 1120, Schedule D, Forms 1120-W, 3468, 4797, 4874, 7004 & Instructions—40 pages)	2,050	—	143	154
2. Employment Tax Package				
Pub. 393 (1975)	5,640	—	—	387
Total Cost of Tax Returns & Instructions for Major Mailing to Taxpayer	—	—	—	6,202
3. Other Tax Returns, Instructions, Public-use Forms, and Pamphlets	—	3,851,871	—	21,547
4. Administrative Forms and Pamphlets	—	634,147	—	7,793
5. Field Printing	—	273,853	—	2,053
Grand Total	—	**4,759,871**	—	**37,577**

[1] Due to the volume of printing requirements, solicitations for the major tax packages are issued in each year in the Spring. Expenditures may, therefore, overlap two fiscal years.

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