

Table 9a. Examination Coverage: Recommended and Average Recommended Additional Tax After Examination, by Type and Size of Return, Fiscal Year 2010

Type and size of return	Returns filed in Calendar Year 2009 [1, 2]		Returns examined in Fiscal Year 2010 [1]					Percentage of returns examined with no change		Recommended additional tax (thousands of dollars)			Average recommended additional tax per return (dollars)	
	All returns	Total	Percentage covered	Field [3]	Corres- pondence	Field [3]	Corres- pondence	Total	Field [3]	Corres- pondence	Field [3]	Corres- pondence		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
United States, total	[4] 187,124,450	1,735,083	0.9	462,131	1,272,952	[5]	[5]	44,810,483	36,415,664	8,394,819	[5]	[5]		
Taxable returns:														
▶ Individual income tax returns, total	142,823,105	[6] 1,581,394	1.1	342,762	1,238,632	12	14	[7] 15,066,486	6,898,893	8,167,593	20,127	6,594		
▶ Returns with total positive income under \$200,000 [8]:														
▶ Nonbusiness returns without Earned Income Tax Credit:														
Without Schedules C, E, F, or Form 2106 [9]	80,254,935	363,424	0.5	34,682	328,742	20	15	1,321,469	274,913	1,046,556	7,927	3,184		
With Schedule E or Form 2106 [10]	16,052,553	190,746	1.2	61,268	129,478	9	15	762,653	418,093	344,560	6,824	2,661		
▶ Business returns without Earned Income Tax Credit:														
Nonfarm business returns by size of total gross receipts [11]:														
Under \$25,000	10,736,434	132,584	1.2	47,260	85,324	7	17	579,400	346,152	233,248	7,324	2,734		
\$25,000 under \$100,000	3,136,694	79,389	2.5	47,784	31,605	10	11	575,901	298,543	277,358	6,248	8,776		
\$100,000 under \$200,000	893,707	42,403	4.7	30,333	12,070	8	9	923,734	537,748	385,986	17,728	31,979		
\$200,000 or more	705,877	23,569	3.3	21,627	1,942	12	43	528,770	523,683	5,087	24,214	2,619		
Farm returns	1,367,656	4,921	0.4	2,122	2,799	11	38	15,104	12,397	2,707	5,842	967		
▶ Business and nonbusiness returns with Earned Income Tax Credit by size of total gross receipts [11, 12]:														
Under \$25,000	22,910,578	[13] 556,809	2.4	17,472	539,337	11	8	2,073,713	76,019	1,997,694	4,351	3,704		
\$25,000 or more	1,591,972	[13] 28,393	1.8	15,894	12,499	9	23	248,382	212,431	35,951	13,365	2,876		
▶ Returns with total positive income of at least \$200,000 and under \$1,000,000 [8]:														
Nonbusiness returns	3,109,116	78,859	2.5	21,043	57,816	20	38	2,005,761	1,150,932	854,829	54,694	14,785		
Business returns	1,432,541	41,622	2.9	20,969	20,653	14	34	881,617	512,039	369,578	24,419	17,895		
▶ Returns with total positive income of \$1,000,000 or more [8]	388,763	32,494	8.4	16,509	15,985	24	34	5,121,162	2,507,290	2,613,872	151,874	163,520		
▶ International returns [14]	242,279	6,181	2.6	5,799	382	7	1	28,820	28,653	167	4,941	437		
▶ Corporation income tax returns, except Form 1120-S, total [15]	2,143,808	29,803	1.4	28,601	1,202	29	52	26,237,074	26,126,609	110,465	913,486	91,901		
▶ Returns other than Forms 1120-C and 1120-F [16]:														
▶ Small corporations [17]	2,041,474	19,127	0.9	18,258	869	30	54	635,005	545,127	89,878	29,857	103,427		
No balance sheet returns	453,583	2,016	0.4	1,800	216	15	42	125,033	99,730	25,303	55,406	117,144		
Balance sheet returns by size of total assets:														
Under \$250,000	1,031,229	8,423	0.8	7,935	488	29	59	178,216	176,950	1,266	22,300	2,594		
\$250,000 under \$1,000,000	351,196	4,783	1.4	4,741	42	32	71	106,268	106,256	12	22,412	286		
\$1,000,000 under \$5,000,000	175,221	3,011	1.7	2,932	79	35	56	138,855	117,746	21,109	40,159	267,203		
\$5,000,000 under \$10,000,000	30,245	894	3.0	850	44	31	52	86,633	44,445	42,188	52,288	958,818		
▶ Large corporations [18]	61,570	10,207	16.6	9,934	273	27	47	25,280,520	25,259,991	20,529	2,542,781	75,198		
Balance sheet returns by size of total assets:														
\$10,000,000 under \$50,000,000	32,107	4,307	13.4	4,231	76	33	42	513,222	512,775	447	121,195	5,882		
\$50,000,000 under \$100,000,000	7,756	1,259	16.2	1,232	27	36	52	353,846	352,720	1,126	286,299	41,704		
\$100,000,000 under \$250,000,000	8,094	1,191	14.7	1,166	25	32	44	650,456	650,456	[19]	557,852	[20]		
\$250,000,000 under \$500,000,000	4,688	754	16.1	735	19	24	32	320,965	320,776	189	436,430	9,947		
\$500,000,000 under \$1,000,000,000	3,396	615	18.1	581	34	20	47	652,401	638,159	14,242	1,098,380	418,882		
\$1,000,000,000 under \$5,000,000,000	3,943	1,127	28.6	1,060	67	12	46	2,789,705	2,785,224	4,481	2,627,570	66,881		
\$5,000,000,000 under \$20,000,000,000	1,139	516	45.3	498	18	6	89	6,572,351	6,572,343	8	13,197,476	444		
\$20,000,000,000 or more	447	438	98.0	431	7	3	29	13,427,574	13,427,538	36	31,154,381	5,143		
▶ Form 1120-C returns [16]	8,657	32	0.4	29	3	24	100	196,859	196,859	0	6,788,241	0		
▶ Form 1120-F returns [16]	32,107	437	1.4	380	57	39	46	124,690	124,632	58	327,979	1,018		
▶ Estate and trust income tax returns	3,095,891	5,298	0.2	801	4,497	15	55	40,256	17,663	22,593	22,051	5,024		
▶ Estate tax returns, total	42,366	4,288	10.1	4,288	0	17	N/A	1,405,415	1,405,415	N/A	327,755	N/A		
▶ Size of gross estate:														
Under \$5,000,000	33,803	2,206	6.5	2,206	0	18	N/A	200,826	200,826	N/A	91,036	N/A		
\$5,000,000 under \$10,000,000	5,550	1,154	20.8	1,154	0	17	N/A	458,415	458,415	N/A	397,240	N/A		
\$10,000,000 or more	3,013	928	30.8	928	0	14	N/A	746,174	746,174	N/A	804,067	N/A		
▶ Gift tax returns	238,851	1,777	0.7	1,777	0	37	N/A	203,403	203,403	N/A	114,464	N/A		
▶ Employment tax returns	30,158,258	63,937	0.2	43,822	20,115	14	10	1,245,789	1,155,358	90,431	26,365	4,496		
▶ Excise tax returns	783,926	18,249	2.3	16,200	2,049	35	52	580,356	579,455	901	35,769	440		
▶ Other taxable returns [21]	[5]	541	[5]	269	272	8	13	31,704	28,868	2,836	107,316	10,426		
Nontaxable returns [22]:														
▶ Partnership returns	3,423,583	12,406	0.4	8,300	4,106	44	41	N/A	N/A	N/A	N/A	N/A		
▶ S corporation returns [23]	4,414,662	16,327	0.4	15,146	1,181	33	50	N/A	N/A	N/A	N/A	N/A		

► Estate and trust returns	[5]	1,063	[5]	165	898	36	46	N/A	N/A	N/A	N/A	N/A
Income, estate, and gift tax, and nontaxable returns, total	156,182,266	1,652,356	1.1	401,840	1,250,516	15	14	42,952,634	34,651,983	8,300,651	[5]	[5]

N/A—Not applicable.

[1] Excludes excise tax returns filed with the U.S. Customs and Border Protection and the Alcohol and Tobacco Tax and Trade Bureau, and returns of tax-exempt organizations, Government entities, and employee plans.

[2] Calendar Year 2009 data are presented because, in general, examination activity is associated with returns filed in the previous calendar year.

[3] Field examinations are generally performed by revenue agents, tax compliance officers, tax examiners and revenue officer examiners in person. However, some field examination cases may ultimately be conducted through correspondence in order to better serve the taxpayer.

[4] Provided by Research, Analysis, and Statistics, Office of Research from Document 6186 (revision October 2010). Some data may differ from those published elsewhere, which were based on an earlier version of Document 6186.

[5] Not tabulated.

[6] Includes a total of 473,999 returns with an Earned Income Tax Credit (EITC) claim. These returns were selected for examination on the basis of an EITC claim or other selection criteria. Excludes one return associated with the earned income tax credit qualifying child certification test, which is tracked in IRS's examination database.

[7] Includes a total of \$1,972,602 thousand in recommended additional tax (including an Earned Income Tax Credit) on returns selected for examination on the basis of an EITC claim or other selection criteria. Excludes \$2 thousand in denied EITC related to the qualifying child certification test. These EITC cases are tracked in IRS's examination database.

[8] In general, total positive income is the sum of all positive amounts shown for the various sources of income reported on the individual income tax return and, thus, excludes losses. Examinations of individual income tax returns are shown in this table by total positive income of: under \$200,000; at least \$200,000 and under \$1,000,000; and \$1,000,000 or more.

[9] Includes Forms 1040 without a Schedule C (nonfarm sole proprietorship), Schedule E (supplemental income and loss), Schedule F (profit or loss from farming), or Form 2106 (employee business expenses).

[10] Includes Forms 1040 with a Schedule E (supplemental income and loss) or Form 2106 (employee business expenses), but without a Schedule C (nonfarm sole proprietorship) or Schedule F (profit or loss from farming).

[11] Total gross receipts is the sum of gross receipts from farm and nonfarm businesses. It is calculated by adding the positive values of gross receipts and other income from Schedule C and gross income (which can be positive or negative) from Schedule F. Schedule C is used to report profit or loss from nonfarm sole proprietorships. Schedule F is used to report profit or loss from farming. If a taxpayer reports both farm and nonfarm income, the return is classified by the larger source of income.

[12] Includes all Forms 1040, those with and without business income, reporting an Earned Income Tax Credit claim. These returns are classified by size of total gross receipts. Business returns have total gross receipts reported on Schedule C (nonfarm sole proprietorship) or Schedule F (profit or loss from farming). Nonbusiness returns, those with no Schedules C or F, are reported in the "Under \$25,000" classification.

[13] Includes returns selected for examination on the basis of an Earned Income Tax Credit (EITC) claim.

[14] Includes Forms 1040-PR (self-employment income tax return for Puerto Rico residents) and 1040-SS (self-employment income tax return for U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands residents).

[15] Includes the Form 1120 series as follows: 1120 (corporation income tax return); 1120-A (corporation income tax return, short form); 1120-F (foreign corporation income tax return, except foreign life insurance company, foreign property and casualty insurance company, or foreign sales corporation); 1120-H (homeowner association income tax return); 1120-L (life insurance company income tax return); 1120-M (mutual income company income tax return); 1120-ND (return for nuclear decommissioning funds); 1120-PC (property and casualty insurance company income tax return); 1120-POL (income tax return for certain political associations); 1120-REIT (real estate investment trust income tax return); 1120-RIC (regulated investment company income tax return); and 1120-SF (income tax return for settlement funds). Excludes certain other types of corporation returns, which are included in "other taxable returns" described in footnote 21.

[16] Forms 1120-F are filed by foreign corporations with U.S. income, other than foreign life insurance companies (Form 1120-L); foreign property and casualty insurance companies (Form 1120-PC); or foreign sales corporations (Form 1120-FSC). Forms 1120-C are filed by cooperative associations.

[17] Includes returns with assets of less than \$10 million examined by either the Small Business/Self-Employed Operating Division or the Large and Mid-Size Business Operating Division.

[18] Includes returns with assets of \$10 million or more examined by either the Small Business/Self-Employed Operating Division or the Large and Mid-Size Business Operating Division.

[19] Less than \$500.

[20] Less than \$0.50.

[21] Includes 1120-FSC (foreign sales corporation income tax return); 1120-S for S corporations reporting a tax (see footnote 23); 8288 (withholding tax return for disposition by foreign persons of U.S. property interests); and 8804 (partnership withholding tax return).

[22] Nontaxable returns are filed for entities that generally do not have a tax liability, but pass through any profits and losses to the underlying owners who include these profits or losses on their income tax returns. The examination of partnership, S corporation, and estate and trust returns affects the amount of recommended additional tax for these associated income tax returns.

[23] Includes most Forms 1120-S, which are filed by qualifying S corporations electing to be taxed through shareholders. Under certain conditions, S corporations are subject to tax and are included in "other taxable returns" in this table. See footnote 21.

NOTES:

Detail may not add to totals because of rounding. In the 2009 *Data Book*, both "All returns" and "All returns with a filing requirement" were reported in Table 9a. "All returns" included both returns filed by individuals with no reason to file other than to claim an Economic Stimulus Payment, as well as returns filed by individuals with income at or above the filing threshold. The column in the 2009 publication labeled "All returns with a filing requirement" excluded the stimulus-only returns. Economic Stimulus Payments, were special payments to taxpayers associated with the Economic Stimulus Act of 2008 and were claimed primarily in 2008 and 2009. In this 2010 table, "All returns" represents primarily those returns filed because their income is subject to a filing requirement as most taxpayers were not eligible to claim an Economic Stimulus Payment on returns processed during Fiscal Year 2010.

This table includes information on examinations of all individual income tax, corporation income tax, estate and trust income tax, estate tax, gift tax, employment tax, excise tax, partnership, S corporation other taxable returns.

SOURCE: Small Business/Self-Employed, Examination, Examination Planning and Delivery, Workload Planning and Analysis.