

Internal Revenue Service

17,458,924	1,124,379	16,213,546	1,585,649	14,270,260
131,261,303	9,900,660	118,062,123	36,943,224	80,000,176
74,824,364	14,582,950	56,641,155	9,911,746	46,466,254
7,122,326	655,818	6,184,056	1,820,109	4,341,029
8,279,632	603,353	7,592,855	1,734,272	5,814,711
129,891,703	24,143,928	102,622,203	19,680,063	82,400,136
39,851,966	5,179,590	34,002,874	5,607,673	28,251,515

432,320	1,606,551,781	57,989,543
4,259,140	14,926,629	175,889
906,663	2,761,111	47,221
8,423,114	20,372,655	604,707
2,282,937	16,076,012	705,598
66,285,468	179,715,041	3,566,015
7,765,468	29,440,437	1,405,500
9,663,283	29,299,094	378,574
1,948,833	10,202,519	20,564
1,585,649	14,270,260	8,107
36,943,224	80,000,176	964,934
9,911,746	46,466,254	3,155,922
1,820,109	4,341,029	185,922
1,734,272	5,814,711	185,136
19,680,063	82,400,136	32,747
5,607,673	28,251,515	1,879,155
2,656,746	12,333,530	408,771
3,106,197	12,650,055	161,275
3,285,175	16,383,604	1,484,995
3,373,608	22,211,867	150,423
1,278,878	4,248,091	305,776
8,847,187	37,266,856	169,311
13,311,609	47,715,564	112,598
8,889,841	52,127,749	528,378
6,684,641	49,103,004	243,624
1,721,668	6,876,816	1,388,240
5,999,022	30,902,109	275,915
1,126,834	2,624,052	1,042,439
1,916,546	8,900,001	51,192
6,256,039	9,279,131	103,159
1,871,637	6,432,668	87,070
14,712,728	73,752,255	79,896
1,801,649	5,235,672	1,609,125
36,540,727	134,356,183	27,653
8,684,062	39,323,108	1,143,565
707,331	2,272,331	318,756
10,330,930	62,314,295	20,282
4,257,011	12,048,707	427,017
4,379,128	16,019,389	5,647,913
15,041,366	70,797,849	207,549
1,356,882	6,507,650	2,775,417
3,942,183	25,246,952	7,442
1,331,186	2,654,234	439,600
6,054,796	33,350,510	31,646
31,945,128	112,353,278	911,315
2,875,240	8,426,021	20,702,545
766,290	2,553,679	601,852
11,022,591	38,638,536	27,657
10,967,692	35,266,519	1,341,656
1,137,839	4,273,177	1,073,518
6,299,959	28,481,964	111,654
1,413,201	1,704,024	333,532
332,768	1,864,125	234,763
304,348	3,010,438	4,278
2,391,059	1,747,090	1,205
118,512	48,552	207,332
2,213,400	621,808	2,053
59,147	452,953	598,502
59,147	100,973	7,641
2,304,266	961,118	59,140
72,379,610	1,439,259	11,158,589
73,733,156	1,745,480	12,502,451
65,990,832	1,796,227	12,708,171
61,779,556	1,971,614	15,004,486
74,179,370	2,110,992	17,002,504

DATA BOOK

2007

OCTOBER 1, 2006
to
SEPTEMBER 30, 2007



Department of the Treasury

Department of the Treasury

Internal Revenue Service

Linda E. Stiff

Acting Commissioner

Mark J. Mazur

Director, Research, Analysis, and Statistics

Thomas B. Petska

Director, Statistics of Income Division

Thomas F. Nagle

Acting Chief, Special Studies Branch

Martha Eller Gangi

Chief, Statistical Data Section

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

Enforcement

COLLECTIONS, PENALTIES, AND CRIMINAL INVESTIGATION

The mission of IRS's Collection function is to collect Federal taxes that are reported or assessed but not paid, and to secure tax returns that have not been filed. Table 16 provides information on these activities.

The failure to comply with Federal tax laws may result in civil penalties. Table 17 provides information on penalties assessed and abated during Fiscal Year 2007, by type of tax and type of penalty. Individuals who deliberately fail to comply with Federal tax laws may also be subject to a criminal investigation, which could result in prosecution, fines, and imprisonment.

Table 18 summarizes criminal investigation activity related to legal source tax crimes; illegal source financial crimes; and narcotics-related financial crimes. Legal source tax investigations involve activities, industries, and occupations that generate legitimate income. The Legal Source Tax Crimes Program also includes cases that may threaten the tax system, such as frivolous filers or nonfilers who challenge the legitimacy of the tax laws, unscrupulous tax return preparers, and fraudulent refund schemes.

Illegal source financial crimes relate to proceeds derived from illegal sources other than narcotics and involve tax and tax-related violations, as well as money laundering. In the Narcotics Program, the IRS investigates narcotics-related tax and money-laundering crimes. The IRS often cooperates with the Justice Department and other law enforcement agencies to accomplish its work.

Table 16. Delinquent Collection Activities, Fiscal Years 2004-2007

[Money amounts are in thousands of dollars.]

Activity	2004	2005	2006	2007
	(1)	(2)	(3)	(4)
Returns filed with additional tax due:				
Total amount collected [1]	36,659,487	37,113,036	40,813,309	43,318,830
Taxpayer delinquent accounts (thousands):				
Number in beginning inventory	6,170	5,981	6,478	7,074
Number of new accounts	5,179	5,870	6,100	7,146
Number of accounts closed	5,368	5,373	5,504	5,980
Ending inventory:				
Number	5,981	6,478	7,074	8,240
Balance of assessed tax, penalties, and interest [2]	50,680,546	57,594,901	69,555,590	83,488,988
Returns not filed timely:				
Delinquent return activity:				
Net amount assessed [3]	15,635,584	22,765,462	23,305,535	30,287,802
Amount collected with delinquent returns	2,976,681	3,584,255	3,905,764	3,968,163
Taxpayer delinquency investigations (thousands) [4]:				
Number in beginning inventory	2,964	3,022	3,658	3,874
Number of new investigations	2,051	2,558	2,373	2,587
Number of investigations closed	1,993	1,922	2,157	2,729
Number in ending inventory	3,022	3,658	3,874	3,732
Offers in compromise (thousands) [5]:				
Number of offers received	106	74	59	46
Number of offers accepted	20	19	15	12
Amount of offers accepted	275,331	325,640	283,746	228,975
Enforcement activity:				
Number of notices of Federal tax liens filed	534,392	522,887	629,813	683,659
Number of notices of levy served upon third parties	2,029,613	2,743,577	3,742,276	3,757,190
Number of seizures	440	512	590	676

[1] Includes previously unpaid taxes on returns filed plus assessed and accrued penalty and interest. For Fiscal Year 2007, a total of \$43,552,191 (dollars) was collected by private debt collection agencies.

[2] Includes assessed penalties and interest but excludes any accrued penalties and interest. Assessed penalties and interest are those that are usually assessed at the same time as the unpaid balance of tax. They are computed on the unpaid balance of tax from the due date of the return to the date of assessment. Accrued penalties and interest are the portion of the total penalties and interest that is not the original assessed amounts.

[3] Net assessment of tax, penalty, and interest amounts less prepaid credits (withholding and estimated tax payments) of delinquent tax returns secured by Collection activity.

[4] Investigation actions opened subsequent to nonresponse to notices for tax returns that have not been filed timely.

[5] An offer in compromise is an agreement, binding both the taxpayer and the Service, which resolves the taxpayer's tax liability where it has been determined that there is doubt as to the taxpayer's liability; doubt as to the Service's ability to collect the balance due; the taxpayer does not have the financial ability to fully pay the liability within the collection statute expiration date plus 5 years; or there is a serious economic hardship or other exceptional circumstance which warrants acceptance of less than full payment of the taxes owed.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars.

SOURCE: Small Business/Self-Employed, Collection Planning and Analysis, Collection National Reports SE:S:C:PA:CNR

Table 17. Civil Penalties Assessed and Abated, by Type of Tax and Type of Penalty, Fiscal Year 2007

[Money amounts are in thousands of dollars.]

Type of tax and type of penalty	Civil penalties assessed		Civil penalties abated	
	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)
Civil penalties, total	37,566,699	29,524,556	4,908,112	11,135,878
Individual income tax:				
Civil penalties, total	27,338,827	14,883,408	3,018,698	3,973,560
Accuracy [1]	327,822	771,048	42,238	189,654
Bad check	249,716	20,841	13,099	7,742
Delinquency	3,847,589	5,765,933	709,057	2,056,639
Estimated tax	7,722,178	2,274,586	253,625	297,761
Failure to pay	15,172,385	5,826,851	1,995,949	1,390,932
Fraud	2,275	122,600	225	12,172
Partnership information [2]	5,122	96,923	2,417	15,729
Other [3]	11,740	4,625	2,088	2,931
Corporation income tax:				
Civil penalties, total [4]	762,718	1,786,166	124,275	846,990
Accuracy [1]	2,736	211,721	92	31,919
Bad check	2,194	7,619	471	13,314
Delinquency	124,835	535,485	19,667	363,731
Estimated tax	291,834	440,254	19,586	196,879
Failure to pay	340,979	368,810	84,459	241,147
Fraud	140	222,278	0	0
Employment taxes:				
Civil penalties, total [5]	8,454,024	7,232,594	1,555,813	3,055,606
Accuracy [1]	2,396	5,641	94	978
Bad check	65,595	7,449	8,538	9,015
Delinquency	1,695,870	1,844,553	240,546	425,339
Estimated tax	5,028	35,960	1,152	15,243
Failure to pay	4,413,486	1,146,643	765,122	293,995
Federal tax deposits	2,271,223	4,170,503	540,346	2,310,751
Fraud	426	21,845	15	286
Excise taxes:				
Civil penalties, total [6]	592,945	419,796	140,965	291,716
Accuracy [1]	175	157	49	30
Bad check	4,005	199	325	423
Daily delinquency	87,415	280,818	66,233	233,357
Delinquency	184,435	38,597	18,311	14,270
Estimated tax	10,198	3,446	305	336
Failure to pay	301,694	39,869	53,911	9,705
Federal tax deposits	4,932	52,438	1,769	32,243
Fraud	91	4,272	62	1,352
Estate and gift tax:				
Civil penalties, total [7]	14,173	268,315	8,550	172,055
Accuracy [1]	62	8,447	d	d
Bad check	110	692	55	851
Delinquency	4,621	168,234	2,934	120,220
Failure to pay	9,380	90,942	5,550	50,429
Fraud	0	0	d	d
Nonreturn penalties [8]	404,012	4,934,279	59,811	2,795,951

d—Not shown to avoid disclosure of information about specific taxpayers. However, the data are included in the appropriate totals.

[1] Includes penalties for negligence; substantial understatement of income tax; substantial valuation misstatement; substantial overstatement of pension liabilities; substantial estate or gift tax valuation understatement (under Internal Revenue Code section 6662); and understatement of reportable transactions (under Internal Revenue Code section 6662A). Also includes penalties related to negligence or disregard of rules and regulations (under Internal Revenue Code section 6653(a)) assessed on returns due before January 1, 1990.

[2] Represents penalties associated with failure to provide information on Forms 1065 (partnership) or 8752 (partnership or S corporation required payment or refund under Internal Revenue Code section 7519), or failure to file electronically for Form 1065-B (large partnership).

[3] Represents penalties related to failure to supply taxpayer identification number and failure to report tip income.

[4] Represents penalties associated with Forms 1120 (corporation income tax return series); 990-C (farmers' cooperative private foundation); and 990-T (tax-exempt organization business income tax).

[5] Represents penalties associated with Forms 940 (employer's Federal unemployment tax); 941 (employer's employment tax); 942 (employer's tax for household employees); 943 (employer's tax for agricultural employees); 944 (employer tax); 945 (withheld income tax); 1042 (withheld income tax on U.S.-source income of foreign person); and CT-1 (railroad retirement tax).

[6] Represents penalties associated with Forms 11-C (occupational tax and registration for wagering); 720 (quarterly excise tax); 730 (tax on wagering); 990 (tax-exempt organization except private foundation tax); 990-PF (private foundation tax); 1041-A (trust accumulation of charitable amounts); 2290 (heavy highway vehicle use tax); 4720 (excise taxes of private foundations and other persons); and 5227 (split-interest trust tax).

Table 17. Civil Penalties Assessed and Abated, by Type of Tax and Type of Penalty, Fiscal Year 2007—Continued

Footnotes—Continued

[7] Represents penalties associated with Forms 706 (estate tax) and 709 (gift tax).

[8] Represents various penalties assessed and abated for a wide range of noncompliant behaviors, such as noncompliance related to trust fund recovery; to tax return preparers; and to information returns (e.g., Forms 1099, W-2, 3520A, 8027, 8300); as well as aiding and abetting; frivolous return filings; and misuse of dyed fuel. Trust fund recovery penalties assessed to all responsible officers are reduced when one officer or the business pays a portion of the total amount assessed. The amount of trust fund recovery assessments credited is \$654,445 (thousands) and is included in the amount abated.

NOTES: An abatement is a reduction of penalties due to IRS error, reasonable cause, administrative and collection costs not warranting collection of the amount due, unpaid assessments discharged in bankruptcy, and IRS acceptance of partial payment of unpaid tax assessment in settlement of the balance due. Fiscal year data represent assessments and abatements recorded in a given fiscal year, regardless of the tax year to which the penalty may apply. Abatements for a given fiscal year apply to assessments made in the current or in a prior fiscal year.

SOURCE: Chief Financial Officer, Revenue Financial Management OS:CFO:R

Table 18. Criminal Investigation Program, by Status or Disposition, Fiscal Year 2007

Status or disposition	Total	Legal source tax crimes [1]	Illegal source financial crimes [2]	Narcotics-related financial crimes [3]
	(1)	(2)	(3)	(4)
Investigations initiated [4]	4,211	1,664	1,731	816
Investigations discontinued	1,432	770	503	159
Referrals for prosecution	2,837	976	1,313	548
Indictments and informations [5]	2,323	733	1,031	559
Convictions	2,155	732	947	476
Sentenced	2,123	677	978	468
Incarcerated [6]	1,724	526	795	403
Percentage of those sentenced who were incarcerated [6]	81.2	77.7	81.3	86.1

[1] Legal source tax investigations involve legal industries and legal occupations and, more specifically, legally earned income associated with the violation of Title 26 (tax violations) and Title 18 (tax-related violations) of the U.S. Code. The Legal Source Tax Crimes Program also includes those cases that threaten the tax system, such as Questionable Refund Program (QRP) cases, unscrupulous return preparers, abusive tax schemes, and frivolous filers/nonfilers who challenge the legality of the filing requirements. Excise tax and employment tax cases are also important elements of the Legal Source Tax Crimes Program.

[2] Illegal source financial crimes involve proceeds derived from illegal sources other than narcotics. These encompass all tax and tax-related violations, as well as money-laundering and currency violations under the following statutes: Title 26 (tax violations); Title 18 (tax-related and money-laundering violations); and Title 31 (currency violations) of the U.S. Code. The utilization of forfeiture statutes to deprive individuals and organizations of illegally obtained assets is also linked to the investigation of criminal charges within this program.

[3] Under the Narcotics Related Financial Crimes Program, IRS Criminal Investigation seeks to identify, investigate, and assist in the prosecution of the most significant narcotics-related tax and money-laundering offenders. IRS derives this authority from the statutes for which it has jurisdiction: Title 26 (tax violations); Title 18 (tax-related and money-laundering violations); and Title 31 (currency violations) of the U.S. Code. IRS Criminal Investigation devotes resources to high-level multiagency narcotics investigations warranting Organized Crime Drug Enforcement Task Force designation.

[4] Since actions on a specific investigation may cross fiscal years, the data shown in cases initiated may not always represent the same universe of cases shown in other actions within the same fiscal year.

[5] Both "indictments" and "informations" are accusations of criminal charges. An "indictment" is an accusation made by a Federal prosecutor and issued by a Federal grand jury. An "information" is an accusation brought by a Federal prosecutor without the requirement of a grand jury.

[6] The term "incarcerated" may include prison time, home confinement, electronic monitoring, or a combination thereof.

SOURCE: Criminal Investigation, Communications and Education Division SE:CI:CE