

COLLECTION RESULTS

(\$ in Billions)

Yield

For FY-2003, both the total Collection Yield and the TDA yield were the highest of the last 9 years. This reflects the ongoing success in getting taxpayers to respond to initial notices.

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Total Yield	\$25.150	\$29.776	\$29.913	\$29.907	\$29.167	\$29.936	\$32.187	\$32.558	\$35.508

Enforcement Actions

Use of the major collection enforcement tools – levies, liens, and seizures – declined sharply after the enactment of RRA '98. This resulted from both the continuing decline in staff and from the need to develop and implement procedures to comply with the new taxpayer rights provisions. Although this drop has been reversed, these activities have not returned to pre-1998 levels.

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Levies	2,721,823	3,108,926	3,659,417	2,503,409	504,403	219,778	674,080	1,283,742	1,680,844
Liens	798,677	750,225	543,613	382,755	167,867	287,517	426,166	482,509	503,200
Seizures	10,707	10,449	10,090	2,307	161	74	234	296	399

EXAMINATION ACTIVITY

Examination coverage – commonly known as the “audit rate” – is figured by dividing the number of returns examined by the total number of returns filed the previous calendar year.

In FY 2003, the total number of individual returns examined rose over 15% to more than 849,000. Coverage increased from 0.57% to 0.65%.

This chart shows the coverage portions attributed to "Field" examinations, which are “in-person” at either an IRS office or the taxpayer’s place of business, and "Correspondence" examinations. It also gives the coverage for “High Income” taxpayers, i.e., those with incomes of \$100,000 and higher.

Examination Coverage -- Individual Returns *(totals may not add due to rounding)*

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
All Individuals									
Field	0.70%	0.66%	0.60%	0.47%	0.31%	0.20%	0.16%	0.16%	0.16%
Correspondence	0.98%	1.02%	0.68%	0.52%	0.58%	0.29%	0.42%	0.42%	0.49%
Total	1.67%	1.67%	1.28%	0.99%	0.90%	0.49%	0.58%	0.57%	0.65%
High Income (\$100K + Up)									
Field	1.87%	2.08%	1.98%	1.53%	1.03%	0.61%	0.48%	0.50%	0.51%
Correspondence	1.10%	1.12%	0.76%	0.49%	0.37%	0.35%	0.31%	0.36%	0.55%
Total	2.97%	3.21%	2.74%	2.01%	1.40%	0.96%	0.79%	0.86%	1.06%

The charts on the next two pages show the changes in examinations for the last nine years for individuals and corporations, by income and asset size, respectively.

INDIVIDUAL EXAMINATIONS - FISCAL YEAR TOTALS

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Individuals - Income under \$100K									
Field	684,395	625,430	571,201	443,220	289,725	187,891	146,671	140,179	139,018
Correspondence	1,055,171	1,106,084	747,972	585,246	682,150	330,327	493,535	491,439	570,899
Total	1,739,566	1,731,514	1,319,173	1,028,466	971,875	518,218	640,206	631,618	709,917
Returns Filed - Prior CY*	108,625,300	109,513,000	111,060,700	112,185,800	113,368,900	114,518,500	115,486,900	116,424,764	117,148,037
<i>Coverage</i>	<i>1.60%</i>	<i>1.58%</i>	<i>1.19%</i>	<i>0.92%</i>	<i>0.86%</i>	<i>0.45%</i>	<i>0.55%</i>	<i>0.54%</i>	<i>0.61%</i>
Individuals - Income \$100K + Up									
Field	113,090	136,420	144,414	124,539	94,759	63,217	55,844	64,955	67,439
Correspondence	66,781	73,612	55,656	39,775	33,639	36,330	35,706	47,308	71,940
Total	179,871	210,032	200,070	164,314	128,398	99,547	91,550	112,263	139,379
Returns Filed - Prior CY*	6,058,100	6,546,700	7,301,900	8,156,600	9,178,000	10,368,600	11,610,500	13,020,183	13,193,122
<i>Coverage</i>	<i>2.97%</i>	<i>3.21%</i>	<i>2.74%</i>	<i>2.01%</i>	<i>1.40%</i>	<i>0.96%</i>	<i>0.79%</i>	<i>0.86%</i>	<i>1.06%</i>
Total Individuals									
Field	797,485	761,850	715,615	567,759	384,484	251,108	202,515	205,134	206,457
Correspondence	1,121,952	1,179,696	803,628	625,021	715,789	366,657	529,241	538,747	642,839
Total	1,919,437	1,941,546	1,519,243	1,192,780	1,100,273	617,765	731,756	743,881	849,296
Returns Filed - Prior CY*	114,683,400	116,059,700	118,362,600	120,342,400	122,546,900	124,887,100	127,097,400	129,444,947	130,341,159
<i>Coverage</i>	<i>1.67%</i>	<i>1.67%</i>	<i>1.28%</i>	<i>0.99%</i>	<i>0.90%</i>	<i>0.49%</i>	<i>0.58%</i>	<i>0.57%</i>	<i>0.65%</i>

[* CY = Calendar Year]

CORPORATE EXAMINATIONS - FISCAL YEAR TOTALS

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Corps. w/ Assets Less Than \$10M									
Field	36,803	45,091	55,021	40,735	27,484	17,580	13,169	12,713	10,464
Correspondence	1,900	1,477	1,302	1,083	784	1,043	1,163	1,942	3,144
Total	38,703	46,568	56,323	41,818	28,268	18,623	14,332	14,655	13,608
Returns Filed - Prior CY*	2,460,500	2,482,700	2,534,700	2,508,700	2,446,200	2,430,000	2,372,900	2,329,479	2,327,272
<i>Coverage</i>	<i>1.57%</i>	<i>1.88%</i>	<i>2.22%</i>	<i>1.67%</i>	<i>1.16%</i>	<i>0.77%</i>	<i>0.60%</i>	<i>0.63%</i>	<i>0.58%</i>
Corps. w/ Assets \$10M + Up									
Field	12,374	12,586	12,706	11,464	10,287	8,978	8,465	8,211	6,828
Correspondence	306	305	266	366	250	234	253	232	297
Total	12,680	12,891	12,972	11,830	10,537	9,212	8,718	8,443	7,125
Returns Filed - Prior CY*	49,200	50,900	53,400	55,200	55,300	56,500	57,800	59,602	58,974
<i>Coverage</i>	<i>25.77%</i>	<i>25.33%</i>	<i>24.29%</i>	<i>21.43%</i>	<i>19.05%</i>	<i>16.30%</i>	<i>15.08%</i>	<i>14.17%</i>	<i>12.08%</i>
Total Corporations									
Field	49,177	57,677	67,727	52,199	37,771	26,558	21,634	20,924	17,292
Correspondence	2,206	1,782	1,568	1,449	1,034	1,277	1,416	2,174	3,441
Total	51,383	59,459	69,295	53,648	38,805	27,835	23,050	23,098	20,733
Returns Filed - Prior CY*	2,509,700	2,533,600	2,588,100	2,563,900	2,501,500	2,486,500	2,430,700	2,389,081	2,386,246
<i>Coverage</i>	<i>2.05%</i>	<i>2.35%</i>	<i>2.68%</i>	<i>2.09%</i>	<i>1.55%</i>	<i>1.12%</i>	<i>0.95%</i>	<i>0.97%</i>	<i>0.87%</i>

[* CY = Calendar Year]

NON-AUDIT ENFORCEMENT EFFORTS

The IRS has an extensive system to catch people who don't report their income. The agency uses a variety of enforcement tools to verify the accuracy of tax returns without conducting a formal audit.

Some of the most important efforts involve document matching. This effort cross-checks wages, interest and investment income to make sure people file and pay the right amount. With the help of computers, document matching ensures compliance by cross-checking information provided by employers, financial institutions and other business with the tax return information reported by taxpayers. These third parties report approximately 80 percent of the personal income received by taxpayers.

Notices Sent to Taxpayers (000s):

Nonfiler Program: This program contacts apparent non-filers of tax returns identified through document matching. The IRS can ask for a return to be filed or generate its own "substitute for return" for the taxpayer and assess tax, interest and penalties.

<i>FY-1999</i>	<i>FY-2000</i>	<i>FY-2001</i>	<i>FY-2002</i>	<i>FY-2003</i>
1,891	1,251	1,371	1,963	2,728

Underreporter Program: This program contacts individuals who may have underreported income, identified by matching payment information from third parties with the amounts reported on the recipients' tax returns.

<i>FY-1999</i>	<i>FY-2000</i>	<i>FY-2001</i>	<i>FY-2002</i>	<i>FY-2003</i>
1,771	1,354	1,162	1,491	1,561

Math Error Program: This program contacts taxpayers for a variety of reasons, including math errors on tax returns, omitted or inconsistent data on tax returns or other information on the return that needs to be corrected.

<i>FY-1999</i>	<i>FY-2000</i>	<i>FY-2001</i>	<i>FY-2002</i>	<i>FY-2003</i>
6,552	5,751	6,083	13,316	4,968

CRIMINAL INVESTIGATION ACTIVITY

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Investigations Initiated									
Tax investigations	3,090	3,278	3,049	2,461	1,916	1,785	1,851	2,466	2,446
Other financial crimes	1,910	2,056	2,286	2,194	2,036	1,587	1,433	1,440	1,555
TOTAL	5,000	5,334	5,335	4,655	3,952	3,372	3,284	3,906	4,001
Prosecutions Recommended									
Tax investigations	1,932	1,944	1,813	1,726	1,358	1,043	1,002	1,025	1,353
Other financial crimes	1,683	1,661	2,004	1,801	1,762	1,391	1,333	1,108	1,188
TOTAL	3,615	3,605	3,817	3,527	3,120	2,434	2,335	2,133	2,541
Indictments / Informations									
Tax investigations	N/A	N/A	1,673	1,445	1,260	1,122	998	954	1,036
Other financial crimes	N/A	N/A	1,858	1,735	1,692	1,347	1,294	970	1,092
TOTAL	3,384	3,274	3,531	3,180	2,952	2,469	2,292	1,924	2,128
Sentenced									
Tax investigations	1,373	1,488	1,484	1,482	1,167	1,134	906	1,023	835
Other financial crimes	1,428	1,289	1,525	1,492	1,452	1,341	1,332	1,178	933
TOTAL	2,801	2,777	3,009	2,974	2,619	2,475	2,238	2,201	1,768
Special Agents	3,356	3,335	3,158	3,004	2,850	2,740	2,800	2,903	2,805

Notes:

- >> "Tax investigations" = all investigations that have a violation of Title 26, 18-286, 18-287, 18-371K or 18-371B.
- >> "Other financial crimes" = all money laundering and currency crimes violations not specified under tax investigations.
- >> "Indictments / Informations" breakdown not available before FY 1997.
- >> Since actions on criminal cases may span more than one fiscal year, the data for various actions do not represent the same universe of cases within a given fiscal year.

ENFORCEMENT Full Time Equivelant Positions

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Revenue Agents	15,331	14,592	13,702	13,037	12,528	11,932	11,737	11,717
Revenue Officers	7,652	7,333	6,792	6,484	5,536	5,561	5,502	5,077
Special Agents	3,350	3,244	3,045	2,916	2,751	2,757	2,868	2,835
TOTAL	26,333	25,169	23,539	22,437	20,815	20,250	20,107	19,629