



**STATISTICS OF INCOME DIVISION  
RESEARCH, APPLIED ANALYTICS, AND STATISTICS**

# Publication 6292

*Fiscal Year Return Projections for the United States: 2020–2027*

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## Fall 2020



**Projections**  
of Federal Tax Return Filings

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# **Fiscal Year Return Projections for the United States: 2020–2027**

## **Publication 6292 Fall 2020**

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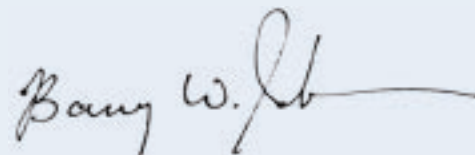
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## Online Availability of Forecasts

Forecasts from the most recent edition of this publication may be found on the IRS Internet site. The World Wide Web address is: [www.irs.gov/statistics](http://www.irs.gov/statistics). From the Website, select “All Topics” in the “Products, Publications & Papers” section.

We thank our customers for their support as we continually seek to improve our products and services wherever possible. We welcome customer feedback at any time. Comments and suggestions regarding this publication can be directed to Timothy Castle, Chief, Servicewide Support Section, at (202) 803-9106.



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## **Overview**

The Fall 2020 edition of IRS Publication 6292, *Fiscal Year Return Projections for the United States*, provides U.S.-level projections of the number of tax returns expected to be filed in Fiscal Year (FY) 2020 through FY 2027 by: (1) major return categories; and (2) business operating divisions.

Statistics of Income (SOI) staff within the IRS Research, Applied Analytics, and Statistics (RAAS) organization prepare these projections semiannually to incorporate changes in filing patterns, economic and demographic trends, legislative requirements, and IRS administrative processes.

## **Data Sources and Projections Methodology**

### ***IRS Data Sources***

To develop projections for FY 2020 through FY 2027, SOI staff relied on data from the IRS Master File, which reports the historical number of returns processed and recorded each year. In cases where master file return counts were not available, SOI staff relied on data provided by program staff in the IRS operating divisions.

### ***General Projections Methodology***

SOI staff computed the projections presented here for the calendar year of filing, and then converted them to the corresponding fiscal year based on the historical quarterly filing experience. For some individual return series, SOI staff computed the projections based on quarterly historical data and then derived the fiscal year projections by adding the relevant four quarters.

The projections are derived from various statistical models that capture and extrapolate historical filing trends by unique form types and filing mediums. Most of the models use time series extrapolation methods, such as trended exponential smoothing. However, the projections for some return types are based on regression models that used the August 2020 economic and demographic variables provided by IHS Markit as key input factors. Additionally, where historical data were limited or nonexistent, such as for new e-file products, the filing pattern for a comparable return type was applied.

### ***Adjustments Related to COVID-19 Pandemic and Economic Uncertainties***

SOI staff performed an extensive research of U.S. laws and the IRS administrative processes that will impact the FY 2020 to FY 2027 tax return volumes. The staff's biggest challenges for this publication were determining how to deal with the tax provisions of the CARES Act of 2020 (e.g., the effect of Recovery Rebate Credits on filer behavior) and how to handle the extension of the April 15, 2020, tax filing and payment deadline due to the COVID-19 pandemic.

SOI staff incorporated some off-model adjustments using the information gathered from their research efforts. For example, staff adjusted the modeled individual tax return volumes to account for those taxpayers who traditionally are not required to file a return, but who will file solely to receive the Recovery Rebate Credit. This adjustment was guided, in part, by the filer behavior patterns during the 2008 stimulus package (the Economic Stimulus Act of 2008).

Nevertheless, the FY 2020 to FY 2027 projections presented in this publication are valid as of early-August 2020.

## ***New Electronic Filing Option for Form 1040-X***

On May 28, 2020, the IRS announced that taxpayers can submit an Amended *U.S. Individual Income Tax Return* (Form 1040-X) electronically using commercial tax-filing software, beginning August 2020. As e-filing has grown in the past 30 years, the Form 1040-X was one of the last major individual tax forms that was required to be filed on paper.

To develop the initial forecasts for the new electronic filing option for Form 1040-X, SOI staff re-researched past scenarios and taxpayer filing behavior patterns following the IRS launch of a new e-file option for other IRS forms. The behavior observed and the number of returns submitted electronically when past e-file options first became available is reflected in the electronic Form 1040-X projections, in the short term, which accounts for a standard diffusion curve. Alternatively, the volume of electronically filed 1040-X forms, in the long-run, depends on the taxpayers who file amended returns and the updates to the actual reports, effectively transitioning this methodology closer to forecasting within the trend model moving forward.

## **Summary of Significant Trends**

A summary of the major trends for this edition of Publication 6292 are noted below:

### ***Trends in the Grand Total Return Filings***

As presented in Table 1, grand total return filings were 255.2 million in FY 2019, an increase of 0.5 percent over FY 2018. After FY 2019, grand total return filings are projected to grow at an average annual rate of 1.0 percent, reaching 276.1 million by FY 2027. The paper grand total return filings were 70.1 million in FY 2019, a decrease of 5.9 percent from the FY 2018 total. The electronic grand total return filings were 185.1 million in FY 2019, an increase of 3.1 percent over FY 2018. After FY 2019, electronic grand total return filings are projected to grow at an average annual rate of 2.3 percent.

### ***Detail by Business Operating Division***

Table 2 presents estimates of selected return filings by IRS Business Operating Division (BOD). The selected returns include total individual income tax returns, corporation income tax returns, partnership returns, employment returns, excise returns, and exempt organization returns. As applicable, these volumes are broken out by their operating division components: Wage and Investment (W&I), Small Business/Self-Employed (SB/SE), Large Business and International (LB&I), and Tax Exempt/Government Entities (TE/GE). Also included are the projected total filings of employee plan (EP) returns, including those processed by the Department of Labor, which comprise major return filings by taxpayers served by the TE/GE operating division.

## **Accuracy of Prior Projections**

To measure the quality of our products and services, this section, along with Table 3, provides a brief analysis of the accuracy of prior projections. Using 4 years of actual data, from 2016 through 2019, Table 3 presents the accuracy of our national-level projections by major return categories. This analysis covers only the major return categories projected on a calendar-year basis and serves as a general measure for approximating the overall reliability of our U.S.-level return projections.

The table presents two measures of projection accuracy: (1) the mean absolute percent error (MAPE); and (2) the number of overprojections. The MAPE is computed as the average percentage projection error for the 4-year period, regardless of whether the projections were over or under the actual filings in each of the four projection cycles. In addition, the number of overprojections can show whether projections are consistently over- or underprojected. A value of “2” indicates balanced forecasts over the four cycles.

The table groups these two measures by time horizon. The time horizon is determined based on the year a forecast was made and the year projected. For example, a forecast for 2018 made in 2015 would be part of the “3-years-ahead” time horizon.







**Table 2. Selected Fiscal Year Return Filing Estimates by Business Operating Division (BOD), 2020–2027**

Type of Return/BOD	Actual— FY 2019	Projected							
		2020	2021	2022	2023	2024	2025	2026	2027
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Individual Income Tax, Total</b>	<b>153,130,682</b>	<b>159,443,000</b>	<b>160,399,500</b>	<b>158,491,100</b>	<b>161,231,900</b>	<b>163,646,900</b>	<b>165,315,800</b>	<b>166,554,500</b>	<b>167,743,100</b>
Small Business/Self-Employed	43,238,735	47,249,100	48,180,700	48,153,000	49,479,700	50,678,100	51,622,700	52,413,000	53,170,400
Wage and Investment	109,891,947	112,193,900	112,218,800	110,338,000	111,752,100	112,968,800	113,693,100	114,141,500	114,572,700
<b>Corporation Income Tax, Total</b>	<b>7,288,019</b>	<b>7,119,900</b>	<b>7,338,700</b>	<b>7,398,600</b>	<b>7,448,700</b>	<b>7,508,400</b>	<b>7,568,700</b>	<b>7,630,300</b>	<b>7,691,800</b>
Small Business/Self-Employed	7,085,040	6,919,900	7,134,200	7,191,800	7,241,000	7,299,400	7,358,500	7,418,700	7,479,000
Large Business and International	192,514	189,900	194,200	196,500	197,500	198,800	200,000	201,300	202,500
Tax Exempt/Government Entities	10,465	10,100	10,300	10,200	10,200	10,200	10,300	10,300	10,300
<b>Partnership Returns, Total</b>	<b>3,946,342</b>	<b>4,274,100</b>	<b>4,419,900</b>	<b>4,522,400</b>	<b>4,598,000</b>	<b>4,669,400</b>	<b>4,745,000</b>	<b>4,858,000</b>	<b>4,976,300</b>
Small Business/Self-Employed	3,754,067	4,065,800	4,204,600	4,302,100	4,373,900	4,441,900	4,513,800	4,621,300	4,733,900
Large Business and International	191,875	207,800	214,900	219,900	223,600	227,000	230,700	236,200	242,000
Tax Exempt/Government Entities	400	400	400	500	500	500	500	500	500
<b>Employment Tax, Total</b>	<b>31,513,501</b>	<b>31,093,700</b>	<b>30,924,400</b>	<b>31,329,700</b>	<b>31,547,400</b>	<b>31,696,000</b>	<b>31,859,800</b>	<b>32,074,500</b>	<b>32,322,600</b>
Small Business/Self-Employed	28,671,583	28,298,100	28,134,000	28,503,800	28,703,800	28,838,600	28,988,200	29,185,700	29,413,500
Large Business and International	788,123	778,000	772,300	782,200	787,000	790,200	793,700	798,700	804,400
Tax Exempt/Government Entities	2,053,795	2,017,700	2,018,100	2,043,800	2,056,600	2,067,200	2,077,800	2,090,200	2,104,600
<b>Excise, Total</b>	<b>1,074,480</b>	<b>1,053,100</b>	<b>1,089,600</b>	<b>1,106,000</b>	<b>1,116,000</b>	<b>1,126,300</b>	<b>1,136,400</b>	<b>1,146,600</b>	<b>1,156,700</b>
Small Business/Self-Employed	938,103	921,000	953,900	970,000	980,800	992,000	1,002,900	1,014,000	1,025,000
Large Business and International	94,059	91,400	94,300	95,000	94,800	94,700	94,600	94,500	94,400
Tax Exempt/Government Entities	42,318	40,700	41,400	41,100	40,300	39,600	38,800	38,100	37,300
<b>Exempt Organization, Total</b>	<b>1,587,359</b>	<b>1,505,300</b>	<b>1,688,600</b>	<b>1,740,000</b>	<b>1,787,500</b>	<b>1,836,800</b>	<b>1,885,600</b>	<b>1,935,000</b>	<b>1,984,600</b>
Tax Exempt/Government Entities	1,587,359	1,505,300	1,688,600	1,740,000	1,787,500	1,836,800	1,885,600	1,935,000	1,984,600
<b>Employee Plans, Forms 5500, 5500EZ, and 5500SF</b>	<b>904,167</b>	<b>908,900</b>	<b>919,300</b>	<b>929,000</b>	<b>937,900</b>	<b>946,200</b>	<b>953,900</b>	<b>961,000</b>	<b>967,500</b>
Tax Exempt/Government Entities	904,167	908,900	919,300	929,000	937,900	946,200	953,900	961,000	967,500

NOTES: Detail may not add to total due to rounding. See Table Notes page for definitions of "Type of Return/BOD."  
SOURCE: Internal Revenue Service, Statistics of Income Division, Fall 2020 Publication 6292.

**Table 3. Accuracy Measures for U.S. Forecasts of Major Return Categories—Mean Absolute Percent Error (MAPE) and Number of Overprojections for the Four Most Recent Projection Cycles**

Item	Projection Error on Forecasts for:					
	Calendar Year 2019 Actual* (thousands)	1 Year Ahead N=4	2 Years Ahead N=4	3 Years Ahead N=4	4 Years Ahead N=4	5 Years Ahead N=4
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Grand Total—Selected Returns*</b>	<b>256,216</b>					
MAPE		0.70%	1.30%	1.41%	1.64%	1.68%
Number of Overprojections		3	2	3	4	4
<b>Grand Total—Paper</b>	<b>72,766</b>					
MAPE		3.66%	5.05%	5.24%	6.19%	9.68%
Number of Overprojections		2	3	4	4	4
<b>Grand Total—E-file</b>	<b>183,450</b>					
MAPE		0.98%	1.37%	1.49%	0.79%	1.87%
Number of Overprojections		1	2	1	1	1
<b>Total Primary—Selected Returns*</b>	<b>227,622</b>					
MAPE		0.54%	1.08%	1.43%	1.95%	2.03%
Number of Overprojections		2	3	4	4	4
<b>Primary Total—Paper</b>	<b>60,312</b>					
MAPE		1.50%	2.74%	4.73%	7.54%	11.07%
Number of Overprojections		3	2	4	4	4
<b>Primary Total—E-file</b>	<b>167,309</b>					
MAPE		0.51%	0.61%	0.65%	0.57%	1.63%
Number of Overprojections		1	2	3	1	1
<b>Individual Total</b>	<b>153,463</b>					
MAPE		0.64%	0.73%	1.33%	1.93%	2.48%
Number of Overprojections		3	3	4	4	4
<b>Individual Total—Paper</b>	<b>15,964</b>					
MAPE		2.11%	3.11%	5.01%	9.19%	15.19%
Number of Overprojections		3	2	2	2	4
<b>Individual Total—E-file</b>	<b>137,499</b>					
MAPE		0.44%	1.10%	1.50%	1.65%	1.71%
Number of Overprojections		1	3	3	3	3
<b>Individual Estimated Tax</b>	<b>22,280</b>					
MAPE		3.03%	5.25%	7.43%	9.74%	8.70%
Number of Overprojections		2	3	4	4	4
<b>Fiduciary Total</b>	<b>3,158</b>					
MAPE		1.39%	2.72%	3.72%	4.05%	4.62%
Number of Overprojections		2	3	4	3	3
<b>Partnership Total</b>	<b>4,315</b>					
MAPE		0.81%	1.38%	2.47%	5.21%	5.81%
Number of Overprojections		2	1	0	0	0
<b>Corporation Total</b>	<b>7,340</b>					
MAPE		1.41%	0.64%	2.55%	4.10%	6.86%
Number of Overprojections		2	1	1	0	1
<b>Employment Total</b>	<b>31,584</b>					
MAPE		0.65%	1.17%	1.73%	1.49%	2.45%
Number of Overprojections		1	1	1	2	1
<b>Exempt Organization Total</b>	<b>1,650</b>					
MAPE		3.13%	3.98%	3.92%	6.71%	5.23%
Number of Overprojections		3	3	3	4	3
<b>Excise Total</b>	<b>1,075</b>					
MAPE		0.51%	1.41%	2.32%	1.94%	8.03%
Number of Overprojections		2	2	1	0	0

\* Some actuals shown in this table may differ from official counts reported elsewhere because they exclude certain return series only recently projected and whose accuracy cannot yet be evaluated.  
SOURCE: Internal Revenue Service, Statistics of Income Division, Fall 2020 Publication 6292.

## Table Notes

- Detail may not add to total due to rounding.
- Projected return counts are rounded to the nearest hundred; therefore, counts of 49 or fewer are rounded to 0. However, some forms may report zero filings because they are associated with only selected areas, or because their filing options were recently established or eliminated.
- Actual and projected return counts for the major categories are based on IRS Master File processing, as recorded in the electronic versions of the *Report of Returns Posted to the IRS Master Files*.

### Table 1:

- “Grand Total” is the sum of “Total Primary Returns” and “Supplemental Documents.” The “Total Primary Returns” category is the sum of all forms shown in the table, excluding “Supplemental Documents.”
- “Individual Income Tax, Total” is the sum of paper and electronic Forms 1040, 1040-A, 1040-EZ, 1040-SR, 1040-NR, 1040-NR-EZ, 1040-PR, 1040-SS, and 1040-C. Forms 1040, 1040-A, and 1040-EZ were replaced with a new, streamlined Form 1040 beginning with Filing Year 2019. Additionally, Form 1040-SR is a new tax return form for seniors that became available in Filing Year 2020. Refer to Publication 6187, *Calendar Year Projections of Individual Returns by Major Processing Categories*, for projections and more information on Form 1040-SR.
- “Individual Estimated Tax, Form 1040-ES” includes both paper and electronic Form 1040-ES. Various return categories, such as Form 1040-ES and other business and individual returns, include line items to account for alternative tax-filing methods. The “paper-only” components can be derived by subtracting the electronic counts from their respective return totals.
- “Fiduciary, Form 1041, Total” includes both paper and electronic Form 1041.
- “Fiduciary Estimated Tax, Form 1041-ES” is the *Estimated Income Tax for Estates and Trusts*.
- “Partnership, Forms 1065/1065-B, Total” includes both paper and electronic Forms 1065 and 1065-B.
- “Corporation Income Tax, Total” includes Forms 1120 (paper and electronic), 1120-C, 1120-F (paper and electronic), 1120-H, 1120-FSC, 1120-L, 1120-ND, 1120-PC, 1120-REIT, 1120-RIC, 1120-SF, and 1120-S (paper and electronic). Form 1120-POL volumes are reported separately under the forms for “Political Organizations.” Form 1120-IC-DISC is not included in these corporation projections.
- “Form 2553” is the *Election by a Small Business Corporation* (to file Form 1120-S).
- “Form 1066” is the *U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return*.
- “Estate” includes Forms 706, 706-NA, 706-GS(D), and 706-GS(T).
- “Gift, Form 709” is the *United States Gift (and Generation-Skipping Transfer) Tax Return*.
- “Employment Tax, Total” includes paper and electronic Forms 940, 940-EZ, 940-PR, 941, 941-PR, 941-SS, 943, 943-PR, 943-SS, 944, 945, and CT-1. CT-2 is excluded since the return counts were only available on the non-master file.

- “Form 1042” is the *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*. This form is assigned to the International area. It is sometimes considered an employment tax return but is listed separately here.
- “Exempt Organizations, Total” includes Forms 990 (paper and electronic), 990-EZ (paper and electronic), 990-N (only available electronically), 990-PF (paper and electronic), 990-T, 4720, and 5227. Beginning in Tax Year 2021, the Form 990 series must be filed electronically. Temporary waivers will be available for small business filers.
- “Form 1041-A” is the *U.S. Information Return, Trust Accumulation of Charitable Amounts*.
- “Government Entities/Bonds” includes Forms 8038, 8038-CP, 8038-G, 8038-GC, 8038-T, 8038-TC, and 8328.
- “Political Organizations, Total” includes Forms 1120-POL (paper and electronic), 8871 (only available electronically), and 8872 (paper and electronic). Beginning in Tax Year 2021, Form 8872 must be filed electronically. Temporary waivers will be available for small business filers.
- “Excise, Total” includes Forms 11-C, 720 (paper and electronic) 730, 2290 (paper and electronic), and 8849 (paper and electronic).
- “Form 5330” is the *Return of Excise Taxes Related to Employee Benefit Plans*.
- “Form 5500-EZ” is the *Annual Return for One-Participant (Owners and Their Spouses) Retirement Plan*.
- “Form 8752” is the *Required Payment or Refund Under Section 7519*.
- “Supplemental Documents” consists mainly of applications for extensions of time to file and amended tax returns, which include Forms 1040-X (paper and electronic), 4868 (paper and electronic), 1120-X, 5558, 7004 (paper and electronic), and 8868 (paper and electronic). In August 2020, the IRS began allowing taxpayers to file Form 1040-X electronically.

**Table 2:**

- Individual filers classified as “Small Business/Self-Employed” reflect those taxpayers filing a Form 1040 return with a Schedule C, Schedule F, Schedule E, and/or Form 2106 attached, or with mailing addresses or forms considered “International.” All other individual filers are classified as “Wage and Investment.”
- In general, corporation filers (Form 1120 series returns including Form 1120-S) and partnership filers are classified as “Large Business and International” if their reported total assets are \$10 million or more. Corporation and partnership returns with assets below \$10 million are generally classified as “Small Business/Self-Employed.” However, there are also some partnership and corporation returns classified as part of the “Tax Exempt/Government Entities” operating division.
- Nonprofit organizations, pension plan filers, tribal authorities, and governmental units comprise the “Tax Exempt/Government Entities” classification.
- “Employee Plans” returns include paper and electronic Forms 5500, 5500-EZ, and 5500-SF. Counts by operating division in this table are based primarily upon the IRS Master File “BOD indicator.” This indicator is a single, point-in-time, taxpayer-level identifier (in contrast to a return-by-return identifier).

## Other Projection Publications

Title	IRS Publication Number	Typical Updates
Fiscal Year Return Projections for the United States	6292	Spring & Fall
Calendar Year Projections of Information and Withholding Documents for the United States and IRS Campuses	6961	Summer
Calendar Year Return Projections for the United States and IRS Campuses	6186	Fall
Calendar Year Projections of Individual Returns by Major Processing Categories	6187	Fall
Calendar Year Return Projections by State	6149	Winter

These publications are available electronically as noted on page iii of this report at [www.irs.gov/statistics](http://www.irs.gov/statistics).