

IRS Data Book Table 17

Examination Coverage and Recommended Additional Tax After Examination, by Type and Size of Return, Tax Year 2019

[Money amounts are in thousands of dollars]

Type and size of return	All returns filed for Tax Year 2019 [1]	Returns examined			Number of returns examined with no change [5]	Recommende d additional tax (thousands of dollars)
		Closed [2]	In process [3]	Percentage covered [4]		
	(1)	(2)	(3)	(4)	(5)	(6)
All returns, total	205,095,150	251,583	111,317	[6]	34,232	\$1,416,178
Individual income tax returns, total	157,951,815	243,715	98,130	0.2	32,491	\$1,138,841
Size of total positive income [7]:						
No total positive income	822,945	732	5,709	0.8	49	\$14,071
\$1 under \$25,000	49,276,854	153,256	30,960	0.4	16,607	\$707,263
\$25,000 under \$50,000	37,980,961	55,526	12,900	0.2	6,578	\$263,910
\$50,000 under \$75,000	22,635,798	13,859	10,753	0.1	3,337	\$44,665
\$75,000 under \$100,000	14,507,318	5,944	8,729	0.1	1,275	\$21,789
\$100,000 under \$200,000	22,850,934	9,228	18,042	0.1	2,296	\$38,283
\$200,000 under \$500,000	7,784,215	2,564	5,416	0.1	1,082	\$13,011
\$500,000 under \$1,000,000	1,298,420	1,287	2,563	0.3	602	\$7,742
\$1,000,000 under \$5,000,000	574,713	1,201	2,263	0.6	639	\$17,606
\$5,000,000 under \$10,000,000	40,191	46	362	1.0	16	\$2,742
\$10,000,000 or more	24,457	66	426	2.0	10	\$7,745
International returns [8]	155,009	6	7	[9]	0	\$14
Returns with earned income tax credit [10]	26,738,391	185,833	16,943	0.8	21,417	\$915,256
Corporation income tax returns, except Form 1120–S, total [11]	1,522,958	1,359	3,036	2.9	741	\$14,439
Returns other than Forms 1120–C and 1120–F, by size of balance sheet assets:						
No balance sheet	306,698	89	338	0.1	33	\$445
\$1 under \$250,000	666,383	335	702	0.2	182	\$1,626
\$250,000 under \$1,000,000	263,681	448	636	0.4	255	\$2,601
\$1,000,000 under \$5,000,000	162,802	227	388	0.4	114	\$1,801
\$5,000,000 under \$10,000,000	33,772	23	139	0.5	7	\$371
\$10,000,000 under \$50,000,000	36,409	86	305	1.1	43	\$1,542
\$50,000,000 under \$100,000,000	7,549	24	110	1.8	15	\$1,056
\$100,000,000 under \$250,000,000	6,426	15	91	1.6	7	\$499
\$250,000,000 under \$500,000,000	3,304	8	29	1.1	6	\$27
\$500,000,000 under \$1,000,000,000	2,245	6	39	2.0	d	\$0
\$1,000,000,000 under \$5,000,000,000	2,701	29	74	3.8	19	\$1,021
\$5,000,000,000 under \$20,000,000,000	867	35	84	13.7	28	\$2,216
\$20,000,000,000 or more	472	29	84	23.9	26	\$1,199
Form 1120–C returns [12]	8,612	d	d	[9]	d	\$0
Form 1120–F returns [13]	21,037	d	d	0.1	d	\$35
Partnership returns [14]	4,152,992	66	2,031	0.1	48	N/A
S corporation returns [15]	4,940,351	318	2,868	0.1	113	N/A
Estate and trust income tax returns [16]	3,031,198	6	62	[9]	d	\$1
Estate tax returns [17]	24,008	51	295	1.4	12	\$555
Gift tax returns	248,821	27	95	[9]	14	\$109
Employment tax returns	32,175,619	4,448	4,034	[9]	443	\$160,680
Excise tax returns [18]	1,047,388	1,580	741	0.2	365	\$101,543
Other taxable returns [19]	[6]	6	7	[6]	d	\$10
Other nontaxable returns [20]	[6]	7	18	[6]	0	N/A

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

† —The shaded tax years show returns still within the normal 3-year statute of limitations. Therefore, the percentage covered and recommended additional tax will increase in future years as additional examinations are opened. See Notes for additional details.

*—Data preceded by an asterisk are values from the Fiscal Year (FY) 2019 Data Book, Table 17a. Due to the relatively small changes between FY 2019 and FY 2020, the FY 2020 values cannot be shown in order to avoid disclosure about specific taxpayers. However, the totals, percentage covered, and recommended additional tax amounts shown are the FY 2020 values.

N/A—Not applicable.

[1] Includes all returns filed for the specified tax year as of December 31, 2020.

[2] Includes examinations that were closed as of September 30, 2020. Represents a distinct count of taxpayers by tax year and form type. During the course of an examination, additional related returns within the statute of limitations may require examination; these related return closures are counted by the appropriate tax year and form type.

[3] Includes examinations that are in an open examination status. During the course of an examination, additional related returns within the statute of limitations may require examination; these related returns examinations are counted by the appropriate tax year and form type. Represents a distinct count of taxpayers by tax year and form type.

[4] Represents total returns (closed and in-process) examined for each classification, as a percentage of the total number of returns filed for the tax year for that classification. This percentage may increase in future years as additional returns are selected for examination.

[5] No-change examinations (cases where no adjustment is made) tend to close in less time than examinations resulting in changes. For recent tax years, the percentage of returns with no changes may appear higher than previous years because these cases have already closed, and this rate could decrease over time as more examinations are closed.

[6] Not tabulated.

[7] Includes all Form 1040 series returns, except 1040–PR and 1040–SS, shown separately (see footnote 8). In general, total positive income (TPI) 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.

[8] 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).

[9] Less than 0.05.

[10] Includes all returns selected for examination on the basis of an earned income tax credit (EITC) claim. Shown separately for information purposes. Counts are included in the appropriate TPI classes above.

[11] Includes the Form 1120 series as follows: 1120 (corporation income tax return); 1120–C (income tax return for cooperative associations); 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–ND (return for nuclear decommissioning funds); 1120–PC (property and casualty insurance company income tax return); and 1120–SF (income tax return for settlement funds). Excludes counts of examinations for certain other types of corporation returns, which are included in “Other taxable returns,” as described in footnote 19.

[12] Forms 1120–C are filed by cooperative associations.

[13] 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).

[14] Generally, entities filing Form 1065 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. Under certain conditions, some partnerships are subject to tax and counts of those examinations are included in “Other taxable returns” in this table, as described in footnote 19.

[15] Includes most Forms 1120–S, which are filed by qualifying S corporations electing to be taxed through shareholders. Under certain conditions, some S corporations are subject to tax and counts of those examinations are included in “Other taxable returns” in this table, as described in footnote 19.

[16] Includes taxable Form 1041 (income tax return for estates and trusts) and Form 1041–N (income tax return for electing Alaska Native Settlement Trusts).

[17] Includes Form 706 series as follows: 706 (estate and generation-skipping transfer tax return); 706–NA (estate tax return of nonresidents not a citizen of the United States); 706–GS(T) (generation-skipping transfer tax return for terminations); and 706–GS(D) (generation-skipping transfer tax return for distributions).

[18] Excludes excise tax returns filed with U.S. Customs and Border Protection and the Alcohol and Tobacco Tax and Trade Bureau.

[19] Includes Forms 1120–FSC (foreign sales corporation income tax return); 1120–S for S corporations reporting a tax; 1120–REIT (real estate investment trust income tax return); 1120–RIC (regulated investment company income tax return); 1065–B for partnerships reporting a tax; 8288 (withholding tax return for disposition by foreign persons of U.S. real property interests); and 8804 (return of withholding tax on foreign partner’s share of effectively connected income).

[20] Includes the following nontaxable returns: Form 1120–IC–DISC (domestic international sales corporation return); Form 1041 (income tax return for estates and trusts); and Form 1066 (real estate mortgage investment conduit income tax return). Under certain circumstances, estates and trusts (Form 1041) are not subject to tax and are reported as nontaxable. See Estate and trust income tax returns for taxable Forms 1041.

NOTES: Table 17 is presented as a “snapshot” in time of the examination process, and the data will continue to change as open examinations close and new ones are opened. Comparing returns filed and returns audited for the same tax year provides the most accurate measure of audit coverage, allowing for a direct and clear picture of IRS activities. Some audits close within a year while others take several. As new audits of returns filed for recent tax years are opened, audit rates for those years will increase. In contrast, audit rates are less subject to change for returns filed for tax years that are past the normal statute of limitations for assessment. Generally, the assessment statute expiration date is 3 years after the return was due or 6 years if the income on the return was understated by 25 percent or more, and there is no statutory limit if a tax return was filed with the intent to commit fraud.. Tax Year 2016 is the most recent year outside the normal statute period. Going forward, the oldest tax year will drop off the table and be replaced by the newest full tax year. All money amounts are in current dollars.

SOURCE: Small Business/Self-Employed, Examination, Performance Planning and Analysis Examination, Small Business Exam Data Management.