

IRS Data Book Table 18

Examination Coverage: Recommended Additional Tax, and Returns with Unagreed Additional Tax, After Examination, by Type and Size of Return, Fiscal Year 2021

[Money amounts are in thousands of dollars]

Type and size of return	Examinations closed in Fiscal Year 2021 [1]			Recommended additional tax			Taxable return examination closures with unagreed recommended additional tax [1]			Amount unagreed		
	Total	Field [2]	Correspondence	Total	Field [2]	Correspondence	Total	Field [2]	Correspondence	Total	Field [2]	Correspondence
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
United States, total	738,959	159,487	579,472	26,776,033	21,991,615	4,784,418	13,725	9,872	3,853	11,317,969	11,287,193	30,776
Taxable returns:												
Individual income tax returns, total	659,012	99,591	559,421	8,076,816	3,496,621	4,580,195	10,818	6,972	3,846	1,039,649	1,008,873	30,776
Size of total positive income [3]:												
No total positive income	71,859	12,255	59,604	2,608,106	841,963	1,766,143	1,294	864	430	187,469	168,496	18,973
\$1 under \$25,000	249,109	9,425	239,684	1,243,134	140,159	1,102,975	1,364	473	891	23,523	20,384	3,138
\$25,000 under \$50,000	105,475	10,096	95,379	645,225	180,292	464,932	1,049	485	564	26,157	24,290	1,867
\$50,000 under \$75,000	66,803	9,565	57,238	349,591	113,082	236,509	927	507	420	26,324	25,332	992
\$75,000 under \$100,000	46,245	9,360	36,885	328,397	138,000	190,397	840	d	d	19,259	d	d
\$100,000 under \$200,000	72,440	23,798	48,642	586,815	337,249	249,566	2,301	1,545	756	74,524	72,614	1,910
\$200,000 under \$500,000	24,157	10,675	13,482	440,948	349,878	91,070	1,353	1,052	301	133,803	132,601	1,203
\$500,000 under \$1,000,000	8,955	4,765	4,190	266,429	224,068	42,361	648	576	72	75,583	74,756	827
\$1,000,000 under \$5,000,000	9,930	6,514	3,416	632,130	473,340	158,789	829	789	40	252,054	251,056	998
\$5,000,000 under \$10,000,000	1,299	965	334	253,734	219,808	33,926	107	d	d	44,159	d	d
\$10,000,000 or more	1,983	1,499	484	718,262	474,800	243,462	103	d	d	176,752	d	d
International returns [4]	757	674	83	4,046	3,983	64	3	3	-	40	40	N/A
Returns with earned income tax credit [5]	277,936	648	277,288	1,376,593	2,709	1,373,885	1,171	8	1,163	4,329	79	4,250
Corporation income tax returns, except Form 1120-S, total [6]	10,428	10,198	230	15,296,120	15,271,499	24,620	1,026	1,026	-	8,741,819	8,741,819	N/A
Returns other than Forms 1120-C and 1120-F [7]:												
No balance sheet returns	1,403	1,392	11	225,372	216,311	9,061	130	130	-	47,569	47,569	N/A
Balance sheet returns by size of total assets:												
Under \$250,000	1,616	1,574	42	93,487	91,837	1,650	d	d	-	d	d	N/A
\$250,000 under \$1,000,000	1,861	1,843	18	114,709	114,502	207	165	165	-	55,370	55,370	N/A
\$1,000,000 under \$5,000,000	1,512	1,489	23	184,496	184,144	352	208	208	-	132,414	132,414	N/A
\$5,000,000 under \$10,000,000	255	242	13	19,359	16,239	3,120	63	63	-	7,268	7,268	N/A
\$10,000,000 under \$50,000,000	1,024	1,010	14	126,773	121,386	5,387	66	66	-	33,494	33,494	N/A
\$50,000,000 under \$100,000,000	433	426	7	399,469	399,283	186	15	15	-	69,469	69,469	N/A
\$100,000,000 under \$250,000,000	441	426	15	191,508	191,381	126	46	46	-	147,804	147,804	N/A
\$250,000,000 under \$500,000,000	269	d	d	103,113	d	d	13	13	-	43,439	43,439	N/A
\$500,000,000 under \$1,000,000,000	255	d	d	88,949	d	d	23	23	-	57,627	57,627	N/A
\$1,000,000,000 under \$5,000,000,000	538	517	21	1,002,708	1,002,708	-	63	63	-	885,451	885,451	N/A
\$5,000,000,000 under \$20,000,000,000	363	353	10	1,225,592	1,225,584	8	29	29	-	454,927	454,927	N/A
\$20,000,000,000 or more	312	302	10	11,418,440	11,417,815	625	66	66	-	6,783,141	6,783,141	N/A
Form 1120-C returns [7]	24	24	-	14,839	14,839	N/A	d	d	-	d	d	N/A
Form 1120-F returns [7]	122	90	32	87,305	85,164	2,142	-	-	-	-	-	N/A
Estate and trust income tax returns [8]	651	279	372	35,540	24,737	10,803	d	d	d	d	d	d
Estate tax returns [9]	1,635	1,635	-	1,340,082	1,340,082	N/A	51	51	-	937,863	937,863	-
Gift tax returns	1,187	1,187	-	476,610	476,610	N/A	130	130	-	300,423	300,423	-
Employment tax returns	46,204	29,964	16,240	1,318,846	1,152,814	166,033	1,240	1,240	-	251,349	251,349	-
Excise tax returns	7,991	6,789	1,202	226,884	225,712	1,172	421	421	-	30,067	30,067	-
Other taxable returns [10]	216	38	178	5,136	3,540	1,596	d	d	d	d	d	d
Nontaxable returns [11]:												
Partnership returns	4,141	3,127	1,014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S corporation returns [12]	7,091	6,605	486	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other nontaxable returns [13]	403	74	329	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

N/A—Not applicable.

[1] Excludes excise tax returns filed with U.S. Customs and Border Protection and the Alcohol and Tobacco Tax and Trade Bureau. Also excludes returns of tax-exempt organizations, Government entities, employee retirement benefit plans, and tax-exempt bonds; and excludes information returns (e.g., Forms 1098, 1099, 5498, W-2 and W-2G, and Schedule K-1).

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

[3] 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.

[4] 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).

[5] 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.

[6] 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); 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 10.

[7] Forms 1120-C are filed by cooperative associations. 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).

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

[9] Includes Form 706 (estate and generation-skipping transfer tax return).

[10] Includes Forms 1120-FSC (foreign sales corporation income tax return); 1120-S for S corporations reporting a tax (see footnote 12); 1065-B for partnerships reporting a tax; 8288 (withholding tax return for disposition by foreign persons of U.S. property interests); and 8804 (return of withholding tax on foreign partner's share of effectively connected income).

[11] 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 other nontaxable returns affects the amount of recommended additional tax for these associated income tax returns.

[12] 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 10.

[13] 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: Detail may not add to totals because of rounding. This table includes information on examinations closed in Fiscal Year 2020 of all individual income tax, corporation income tax, estate and trust income tax, estate tax, gift tax, employment tax, excise tax, and other taxable returns, as well as partnership, S corporation, and other nontaxable returns, and information on examinations in which the taxpayer did not agree with the IRS examiner's determination. When this occurs, the taxpayer may appeal the decision. The individual income tax portions of Tables 18-20 were reorganized for the FY 2020 IRS Data Book in order to be more consistent with the way data are presented in Table 17.

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