

Tax Year 2003



September 2005
Research

W&I Research Group 5

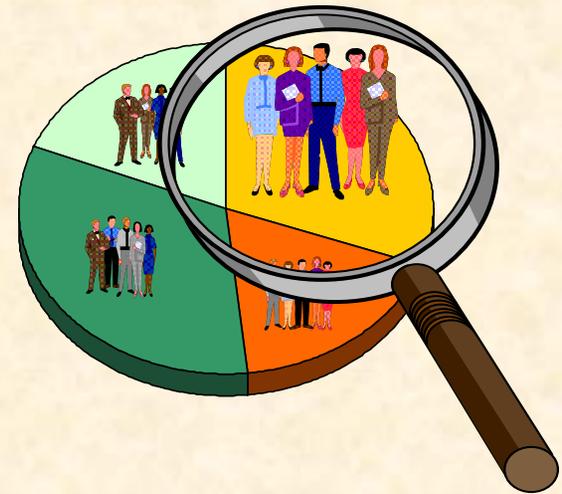
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Research Project Objectives

- ☆ To answer baseline questions relating to the six major *e-file* market segments,
- ☆ To answer three new questions
- ☆ To present new data available in the seven-year relational database of Tax Year (TY) 1998, 1999, 2000, 2001, 2002, and 2003 returns.





Baseline Questions for TY 2003

(EXCEL spreadsheets already provided)

- 1) Profile of TY 2003 taxpayers by the four historical market segments.
- 2) Profile of TY 2003 taxpayers using each filing method (On-Line, ELF, TeleFile, and paper) within each of the four historical market segments.
- 3) Determine the repeat rates and intermodal migration rates for paper, ELF, TeleFile, and On-Line returns between TY 2002 and TY 2003 including SPEC territory, if available.



Baseline Questions for TY 2003

(Excel spreadsheets already provided and will comment in written report as needed)

- 4) Profile of TY 2003 taxpayers by the six new ETA market segments (self-prepared simple, self-prepared intermediate, self-prepared complex, paid-preparer simple, paid-preparer intermediate, and paid-preparer complex).
- 5) Profile TY 2003 taxpayers using each filing method and preparation method (On-Line, ELF, TeleFile, V-code and hand prepared paper) in each of the six market segments.



Baseline Questions for TY 2003

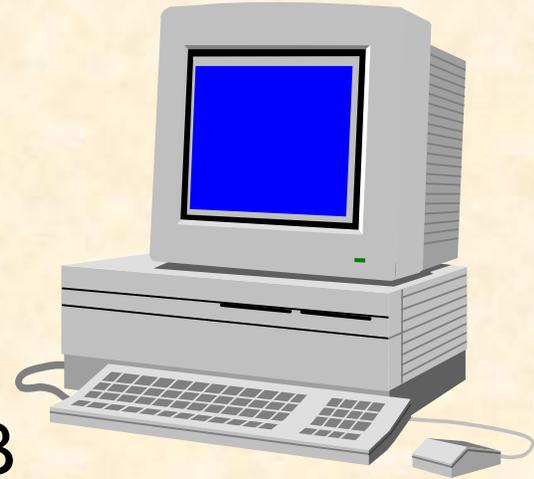
(Written report topics)

- 6) Analyze preparers who *e-filed* and also file V-coded returns over the last four years (TY 2000 through TY 2003) and identify the software used in TY 2003.
- 7) Profile extension filers by the six market segments including: repeat rates, the TC 460 date ranges, and the method of electronic filing.
- 8) Analyze VITA PTINS and determine how they are filing, and track where the growth of VITA is coming from.



Primary Data Source

- All individual income tax returns filed for tax year 2003
 - Processed through December 31, 2004 (cycle 200452)
 - Certain variables from the TRDB and TeleFile mailing list were added to the IRTF
-
- Over 127 million returns for TY 2003
 - Seven years of tax data in a relational database that includes: all individual income tax returns filed for tax years 1997, 1998, 1999, 2000, 2001, 2002, and 2003



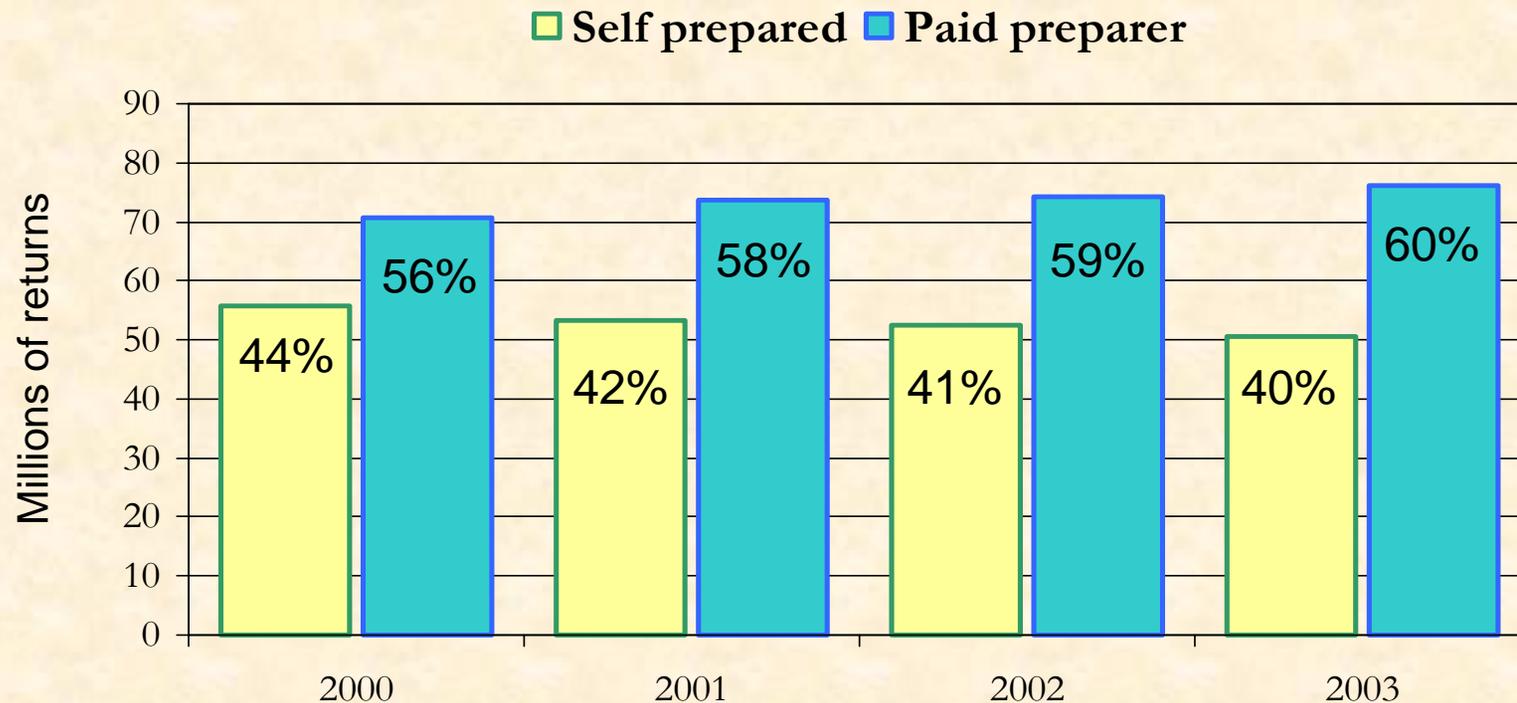


Market Segment Definitions

- **Self-prepared return** - there was no paid-preparer identification number on the return
- **Paid-preparer return** - there was a paid-preparer identification number on the return
- **Simple-** TeleFile, Form 1040EZ, and Form 1040 or Form 1040A without any schedules.
- **Intermediate-** Form 1040A w/schedule 1, Child Tax Credit or Education Credit, EIC, or Form 1040 w/schedules A, B, D, Child Tax Credit or Education Credit, or EIC.
- **Complex-** Form 1040 w/schedules C, E, F or other schedules and all other specific Forms 1040, e.g. 1040 PR, etc.



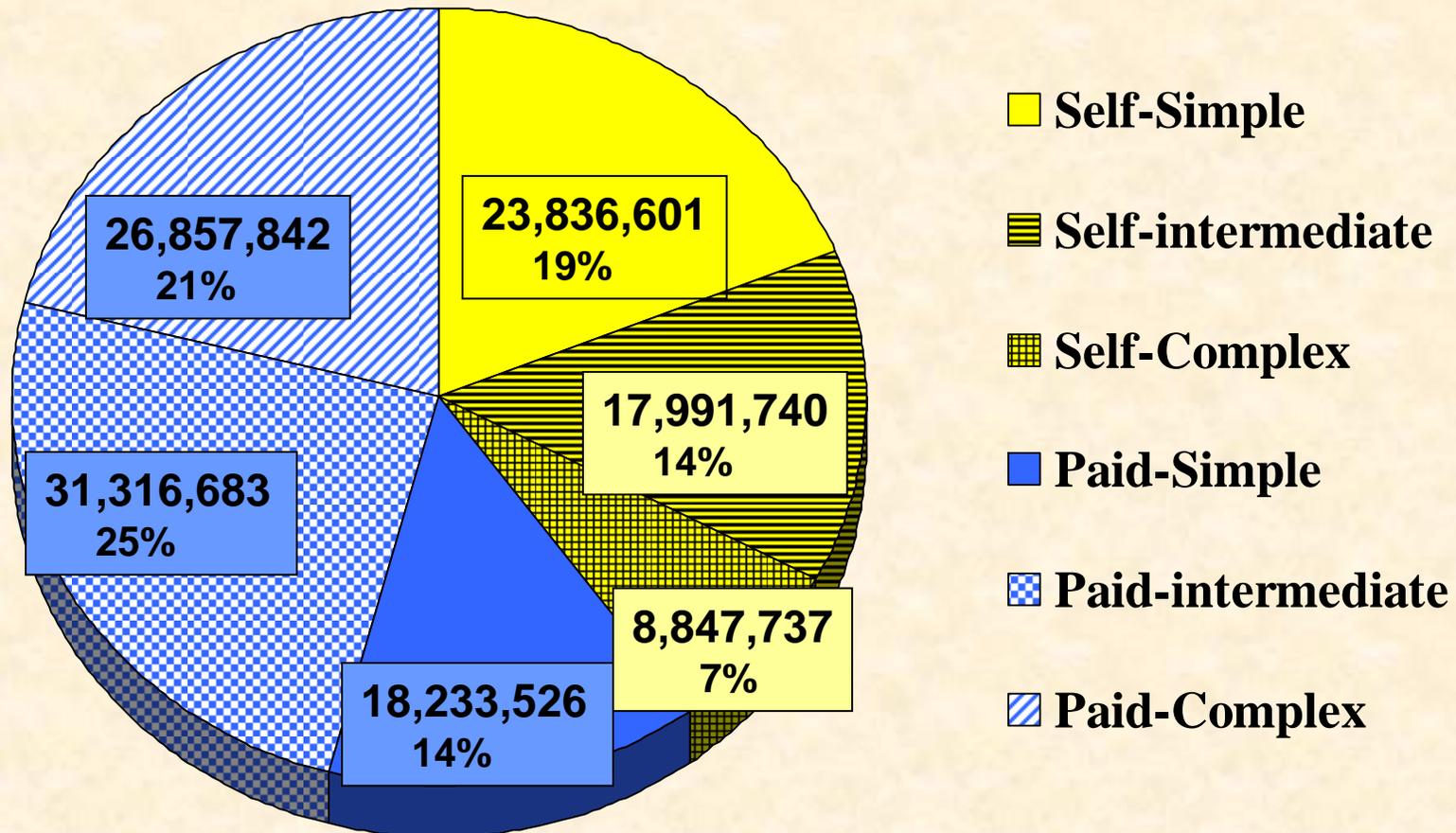
Returns by Type of Preparation TY 2000 - TY 2003



While the total number of returns filed has remained fairly constant at about 127 million returns, taxpayers in the self prepared segments have consistently moved to paid preparers.



Number of Returns by Market Segment for TY 2003

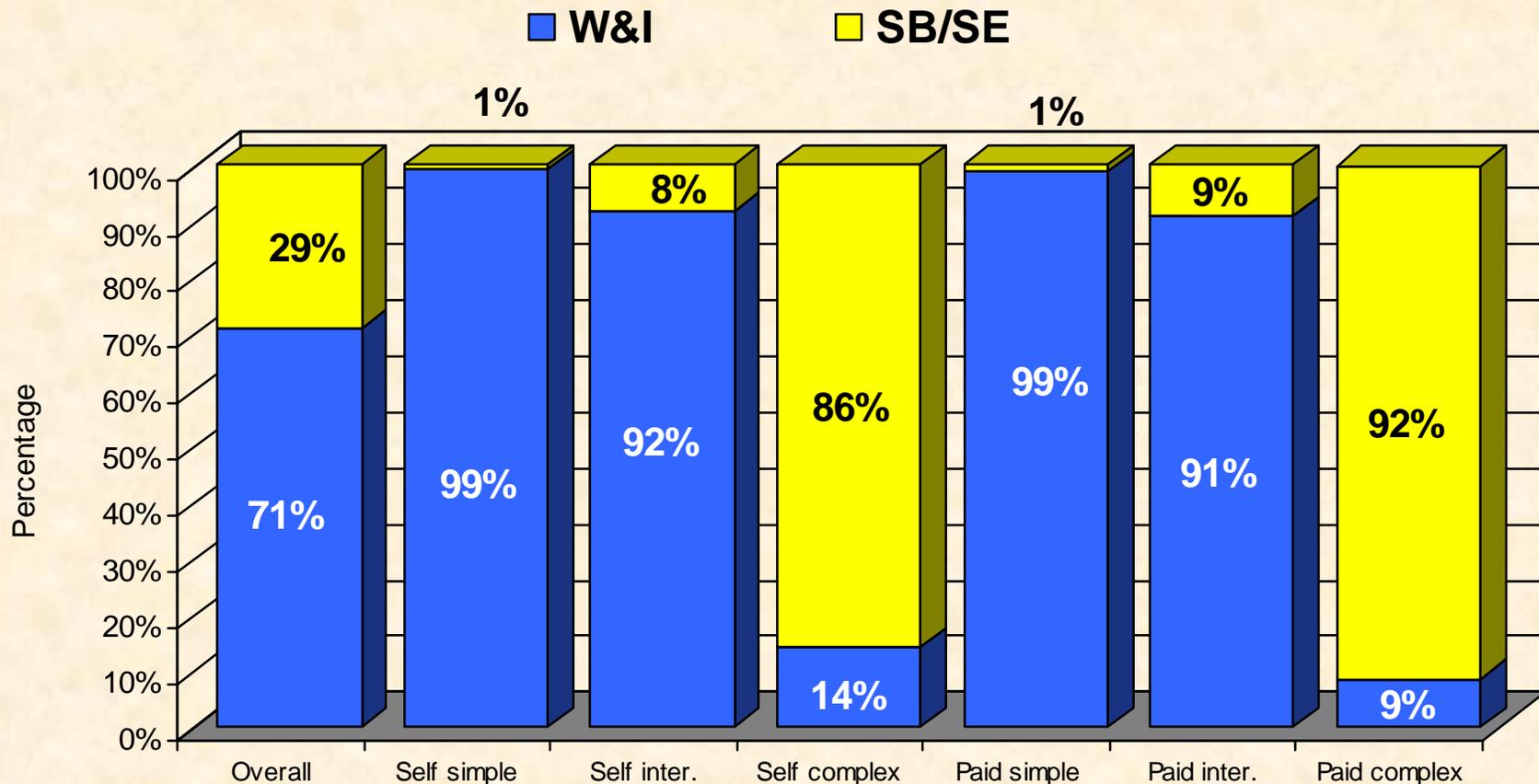


60% of all returns are now completed by Paid Preparers



TY 2003 by Operating Division

The number of returns filed in TY 2003 increased by 3,605 from TY 2002
The number of SB/SE returns increased by 1.2 million returns.



Totals may not add to 100% due to rounding.



Percentage of Returns by Taxpayer Age Range TY 2003

Age	Self-simple	Self-inter.	Self-complex	Paid-simple	Paid-inter.	Paid-complex	All returns
Under 18	2.3	0.6	0.6	1.9	1.0	0.9	1.3
18-25	34.5	8.4	7.5	27.6	10.3	4.2	15.6
26-35	19.8	22.8	17.1	19.4	22.4	13.0	19.2
36-45	13.8	25.2	23.2	15.0	22.6	21.7	20.1
46-55	12.6	22.1	23.8	12.6	18.1	23.5	18.4
56-64	7.7	11.5	15.1	8.6	10.6	16.8	11.5
65 plus	9.0	9.2	12.3	14.7	14.8	19.8	13.8

Columns do not add to 100% as all segments had 0.2% unknown ages



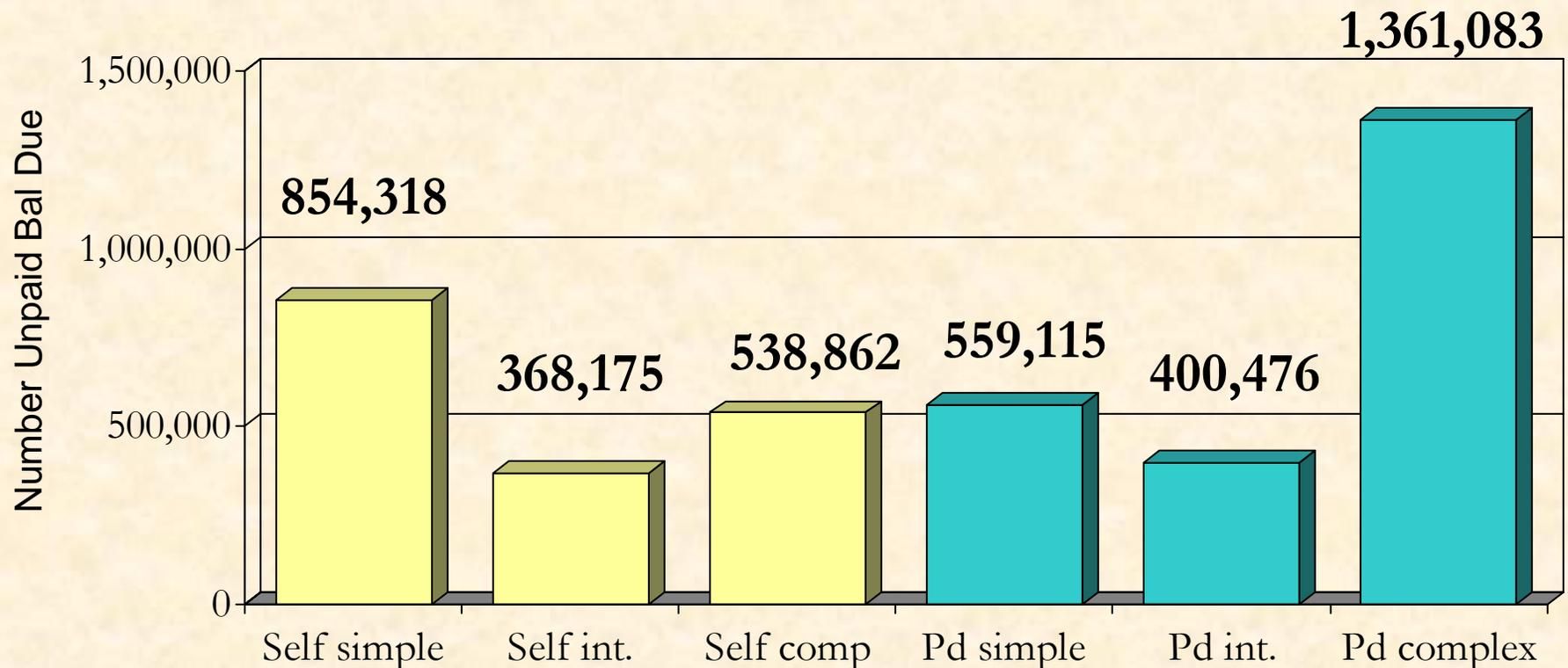
Percentage of Returns by AGI Range TY 2003

AGI	Self-simple	Self-inter.	Self-complex	Paid-simple	Paid-inter.	Paid-complex	All returns
Negative AGI	0.1	0.6	1.8	0.0	1.0	3.1	1.1
\$0-16,999	48.4	18.6	25.9	43.1	28.3	22.5	31.4
\$17,000-24,999	14.0	11.2	8.4	15.2	15.3	8.6	12.6
\$25,000-34,999	13.7	12.1	9.1	14.3	13.4	9.2	12.2
\$35,000-49,999	13.1	13.1	12.0	15.9	11.9	12.1	12.9
\$50,000-74,999	8.2	18.8	15.6	9.1	14.8	15.6	13.5
\$75,000-99,999	2.0	13.1	10.5	1.8	8.3	9.7	7.3
\$100,000 & over	0.6	12.4	16.7	0.5	6.9	19.2	8.9

Totals may not add to 100% due to rounding.

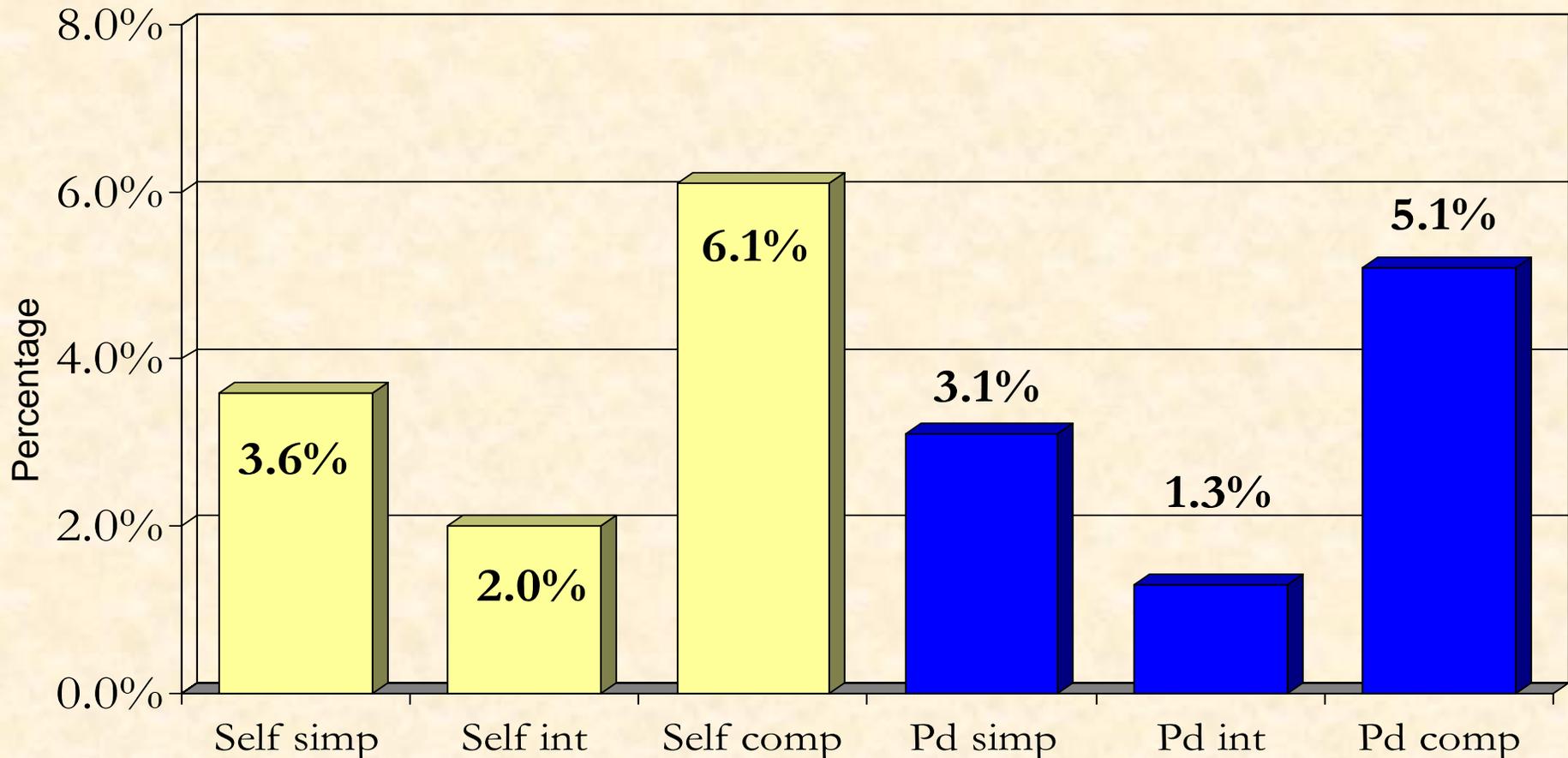


Number of Unpaid Balance Due Returns by Market Segment for TY2003



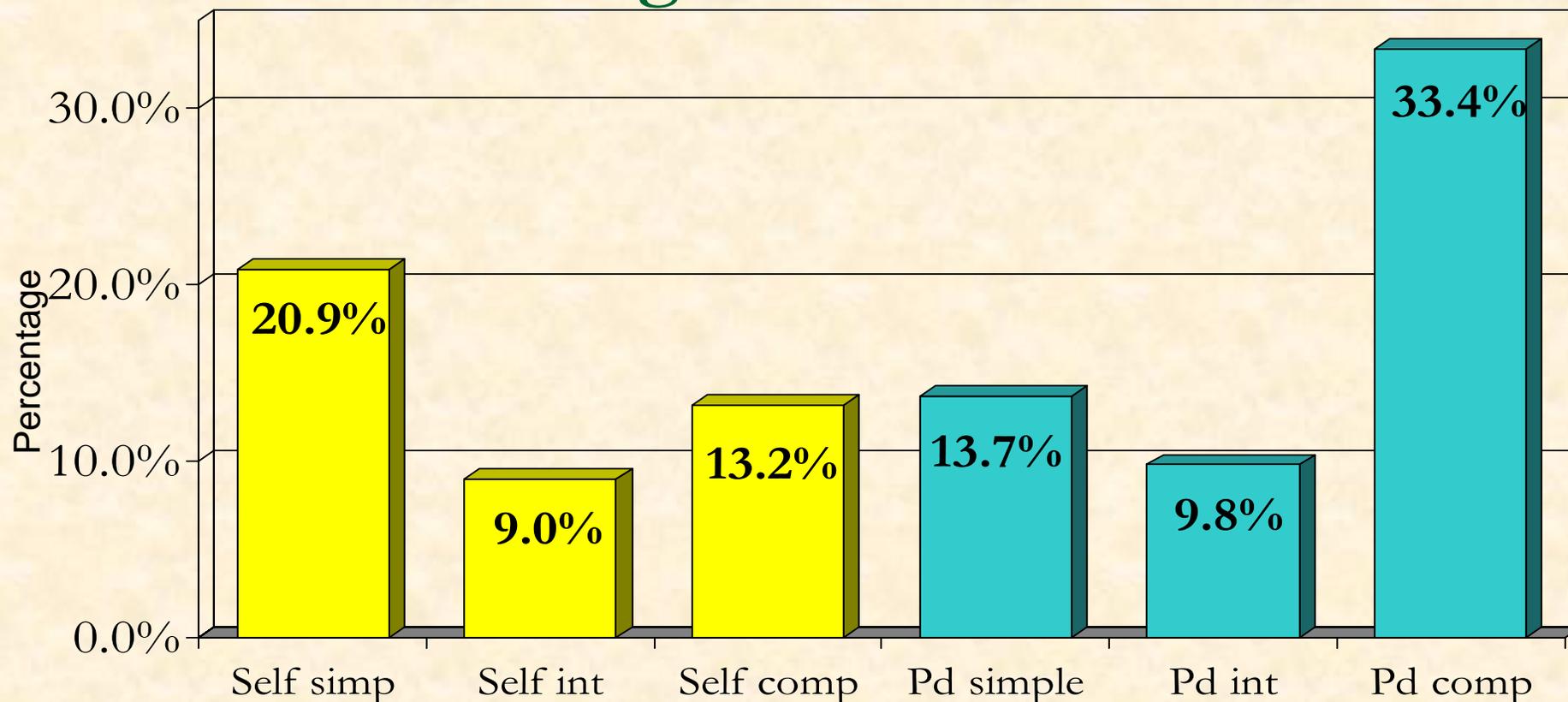


Unpaid Balance Due Returns by Market Segment for TY2003





Overall Percent of Unpaid Balance Due Returns in each Market Segment for TY2003



Slightly over 1/3 of all unpaid at filing, balance due returns are from the paid preparer complex segment



Electronic Filing for TY 2003



- **TY 2003 Electronic Filing by Market Segment**
- **Comparison of TY2002 and TY2003**
- **Method of Electronic Filing by Market Segment in TY 2003**



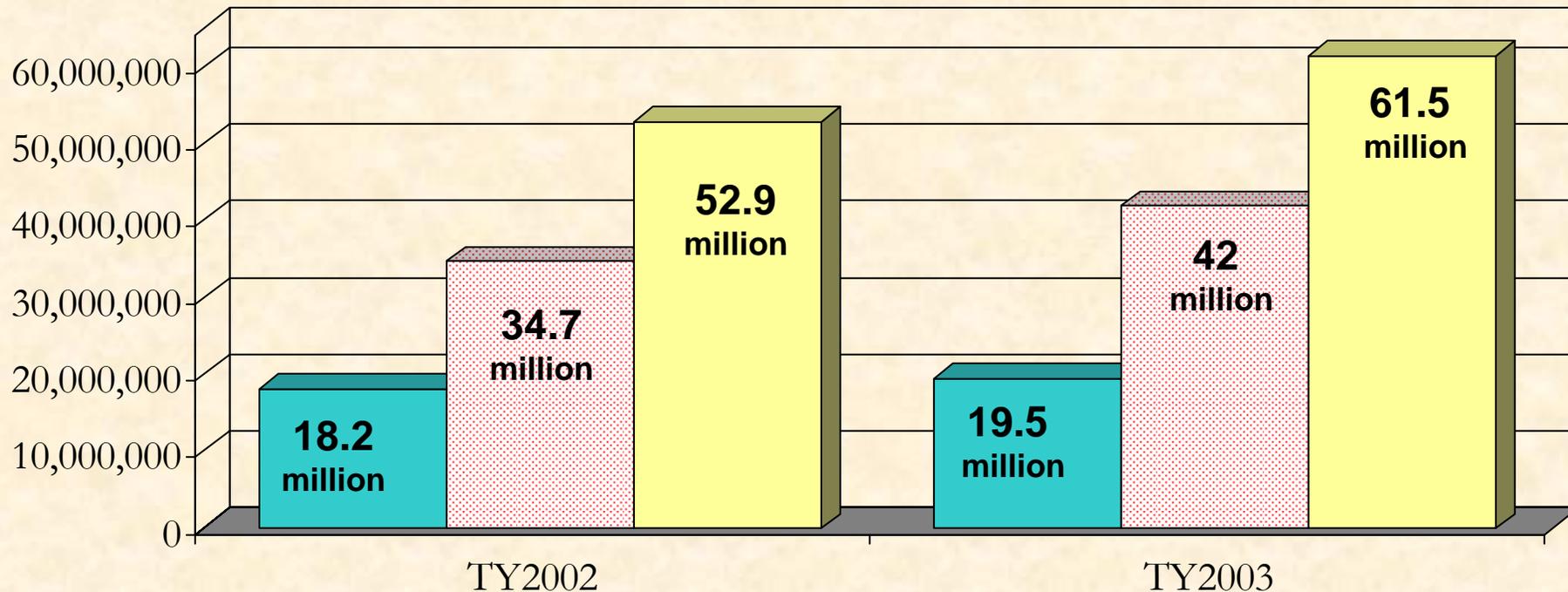
TY 2003 Electronic Filing by Market Segment

Market segment	Total returns	Electronic returns	Percent electronic
Self simple	23,836,601	9,243,631	38.7
Self intermediate	17,991,740	7,735,172	43.0
Self complex	8,847,737	2,550,713	28.8
Paid simple	18,233,526	10,737,275	58.9
Paid intermediate	31,316,683	20,464,325	65.3
Paid complex	26,857,842	10,758,572	40.1
Total	127,084,129	61,489,688	48.4



Change in Number of Electronic Filers TY 2002 to TY 2003

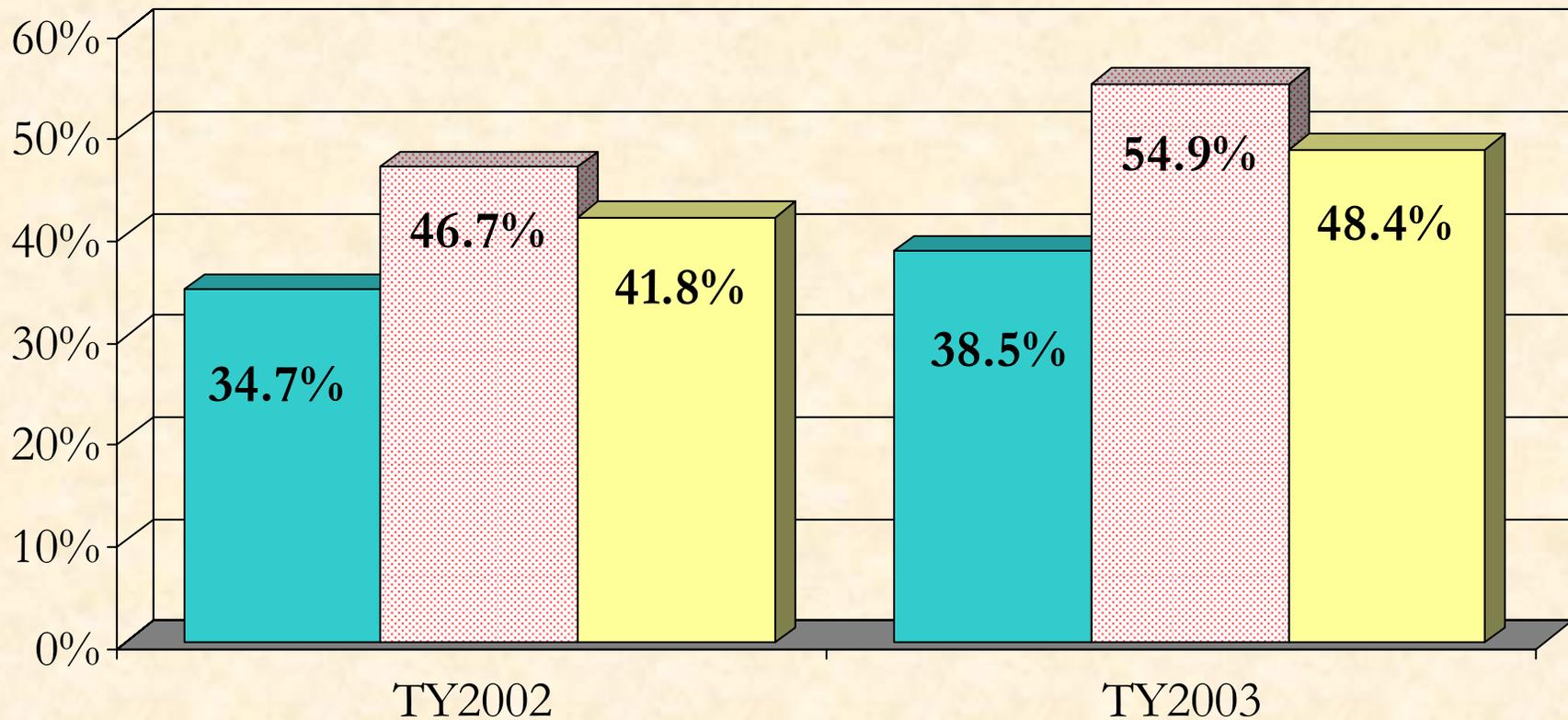
■ Self prepared ■ Paid Preparer ■ Total





Change in Electronic Filing Rates TY 2002 to TY 2003

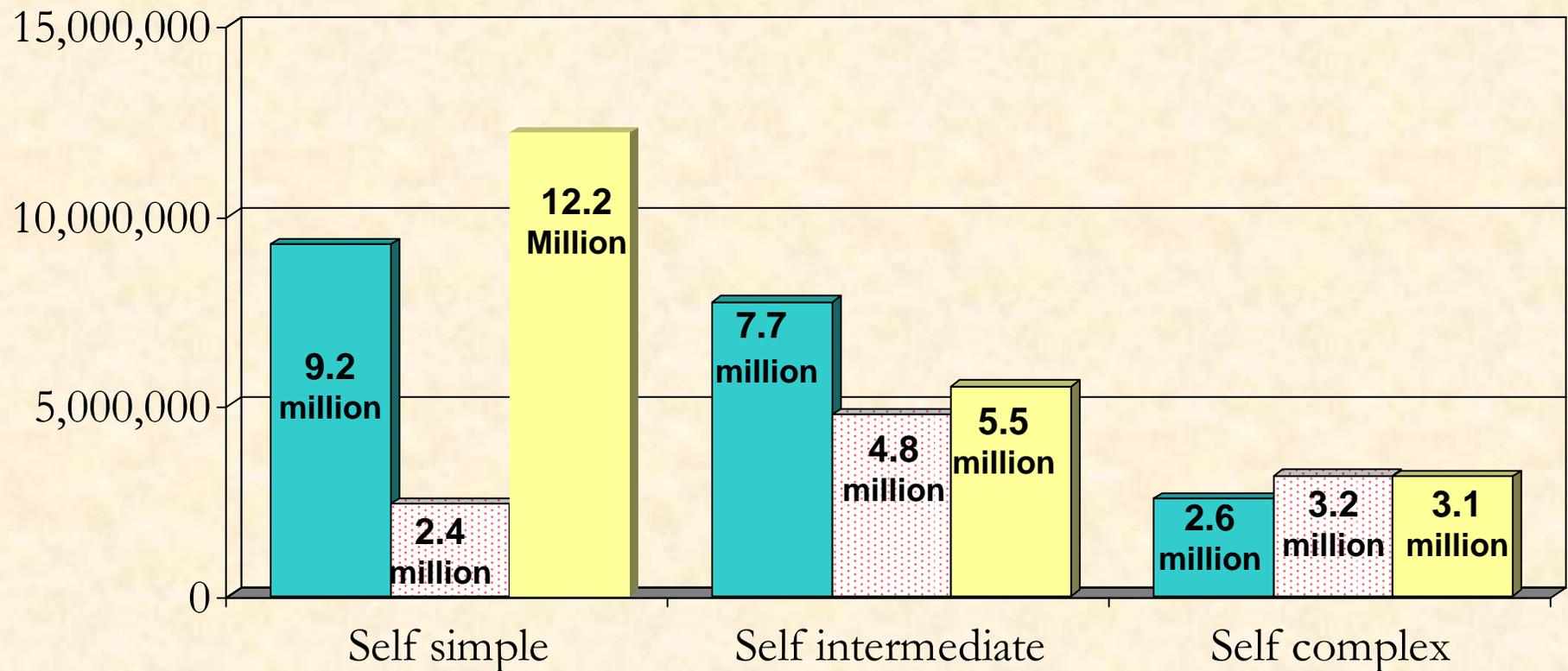
■ Self prepared ■ Paid Preparer ■ Total





TY 2003 Self Prepared Returns by Method of Filing

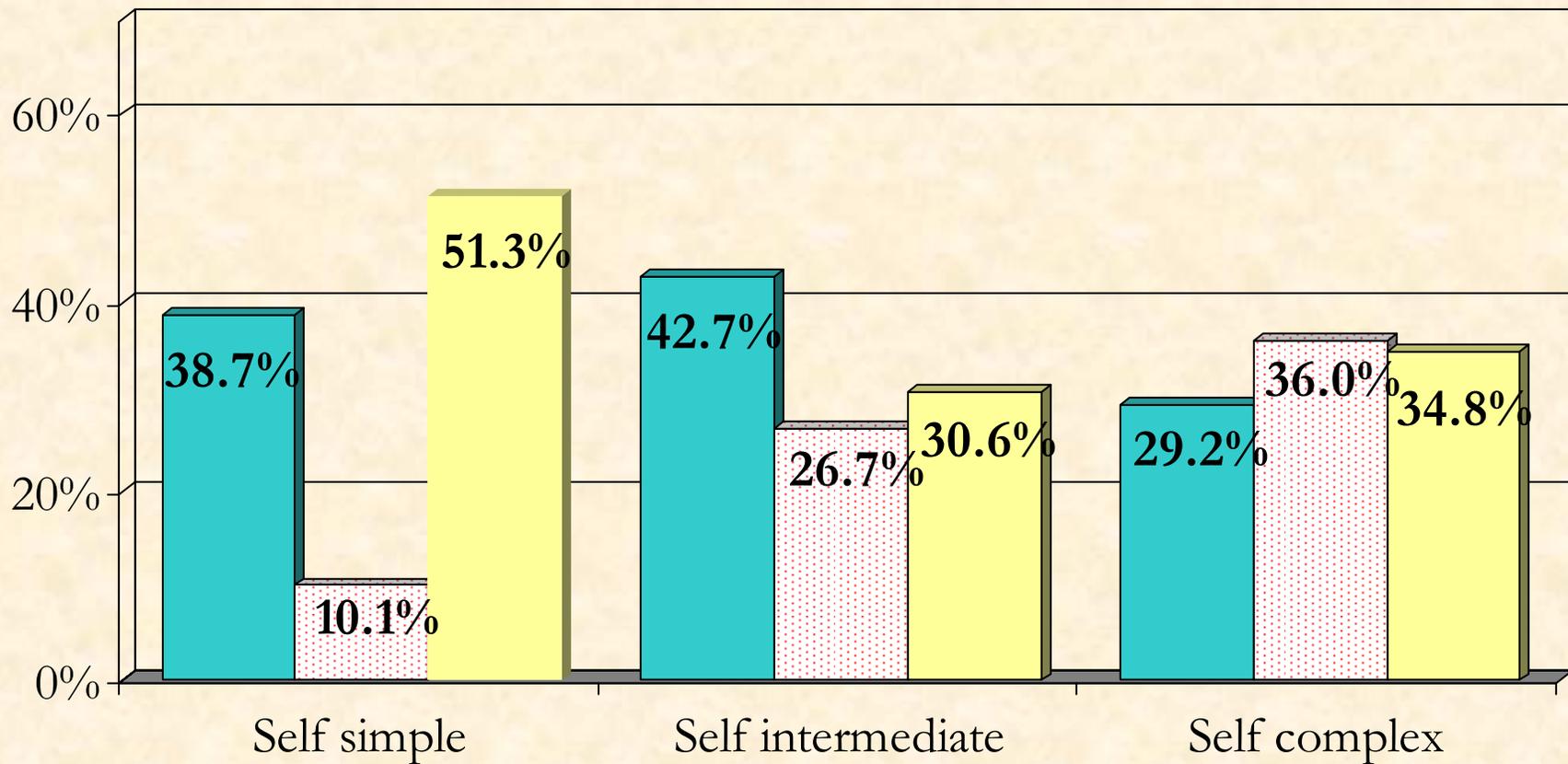
■ e-filed ■ V-code ■ Paper





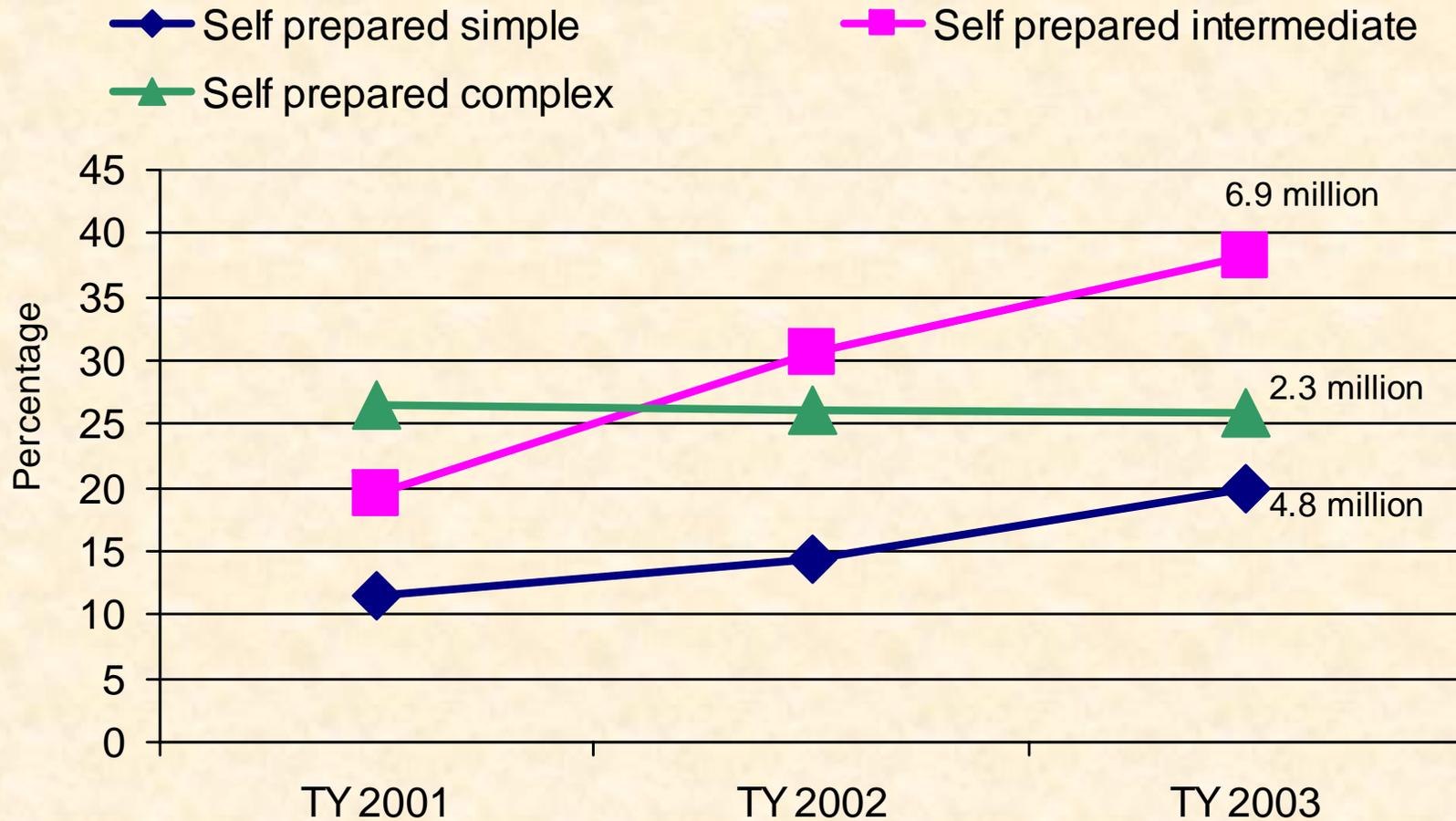
TY 2003 Self Prepared Returns by Method of Filing

■ e-filed ■ V-code ■ Paper





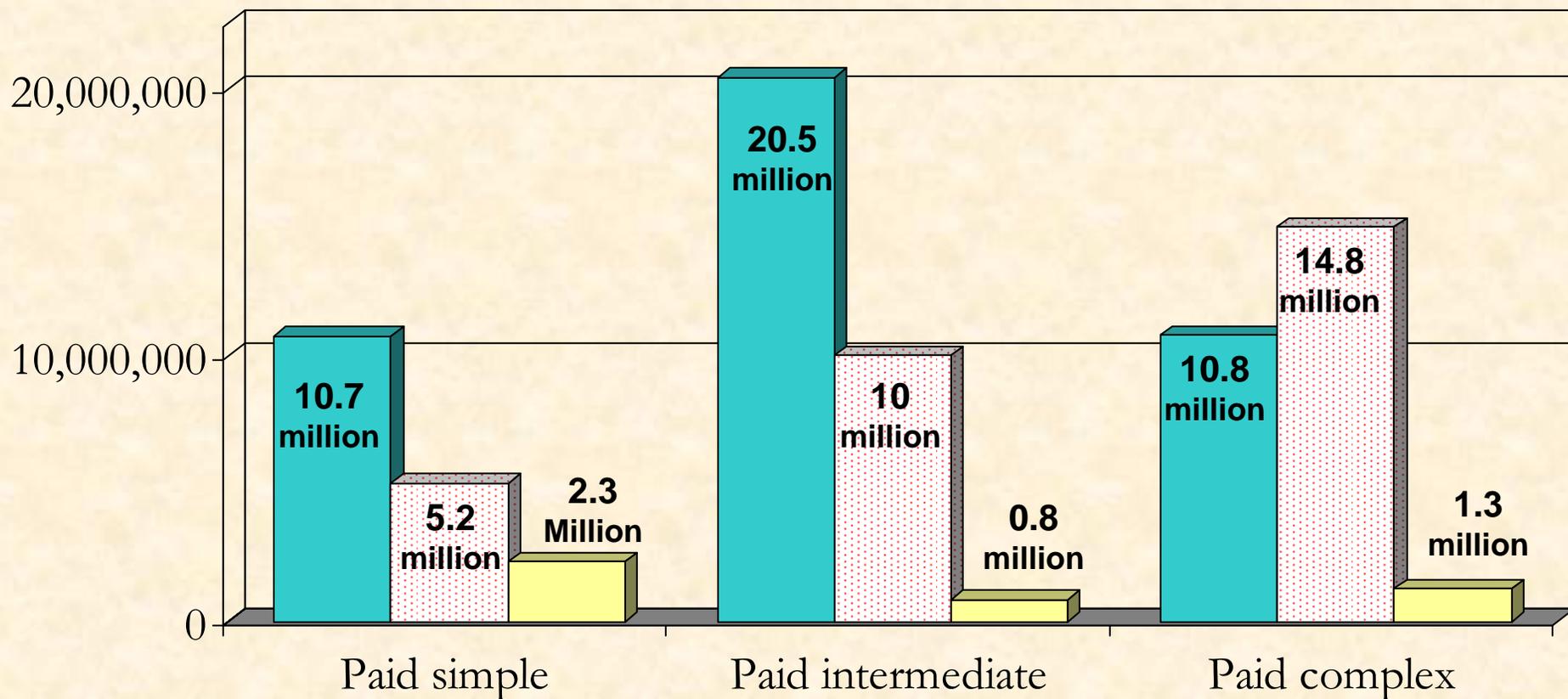
Growth of On-Line Filing in the Self-prepared Market Segment





TY 2003 Paid Preparer Returns by Method of Filing

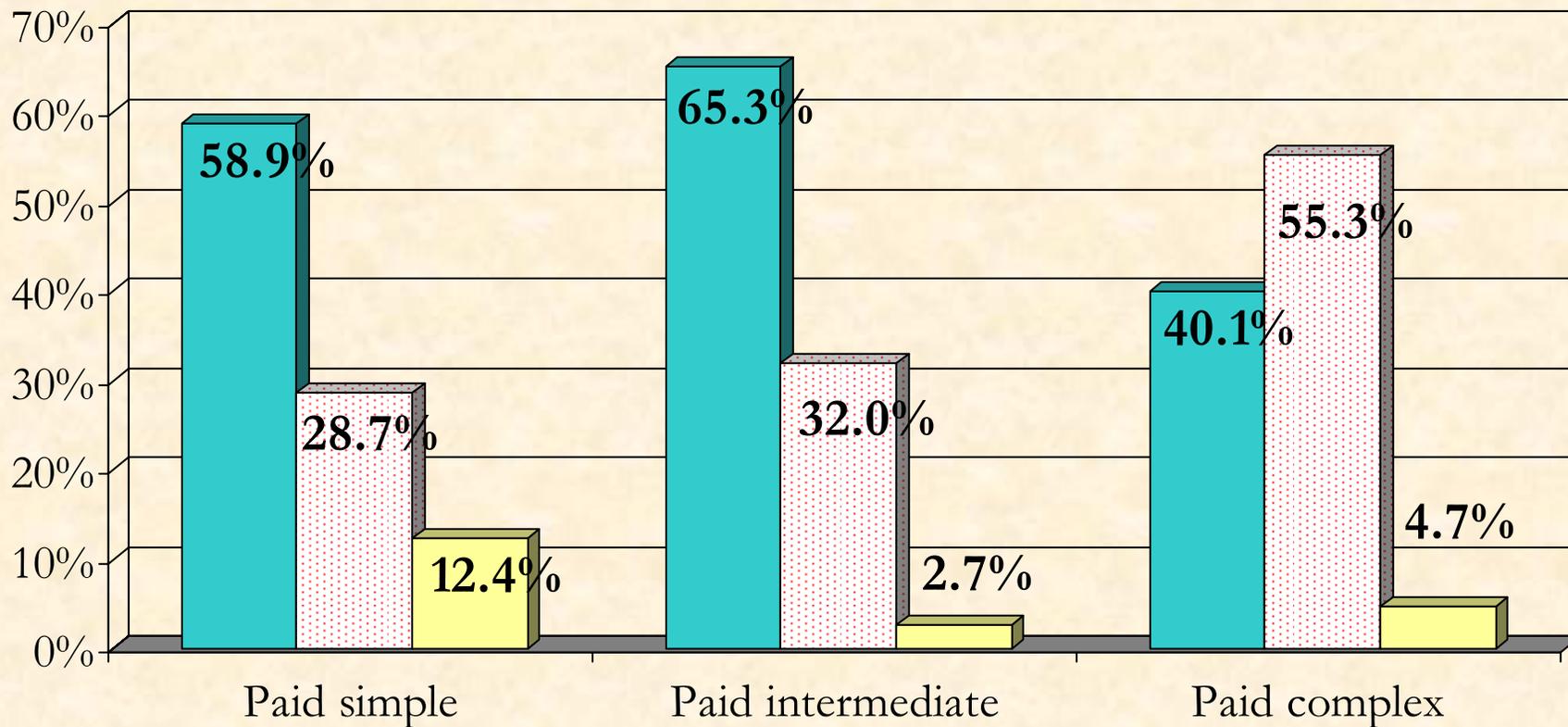
■ ELF ■ V-code ■ Paper





TY 2003 Paid Preparer Returns by Method of Filing

■ ELF ■ V-code ■ Paper





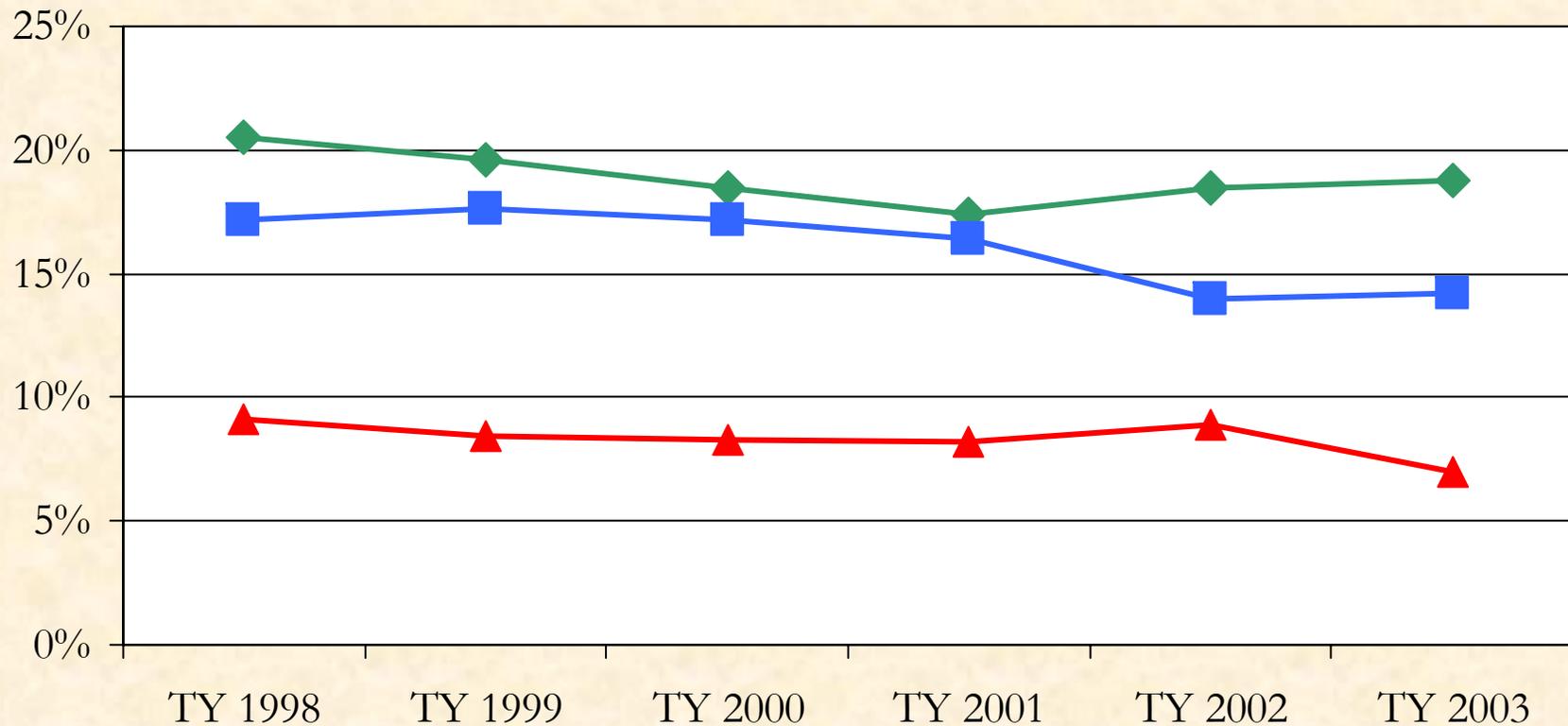
Question 4 - Filing Trends by Market Segment TY 1998 - TY 2003

- Number and percentage of returns by Market segment TY 1998 - TY 2003
- V-code and paper return filing trends by market segment TY 1998 - TY 2003
 - The accuracy of the slides in this section may be questionable and of marginal value in that the various indicators and variables available differed from year to year. As a result, we were unable to apply the same definition to the intermediate and complex segments every year.



Percentage of Self Prepared Returns TY 1998 - TY 2003

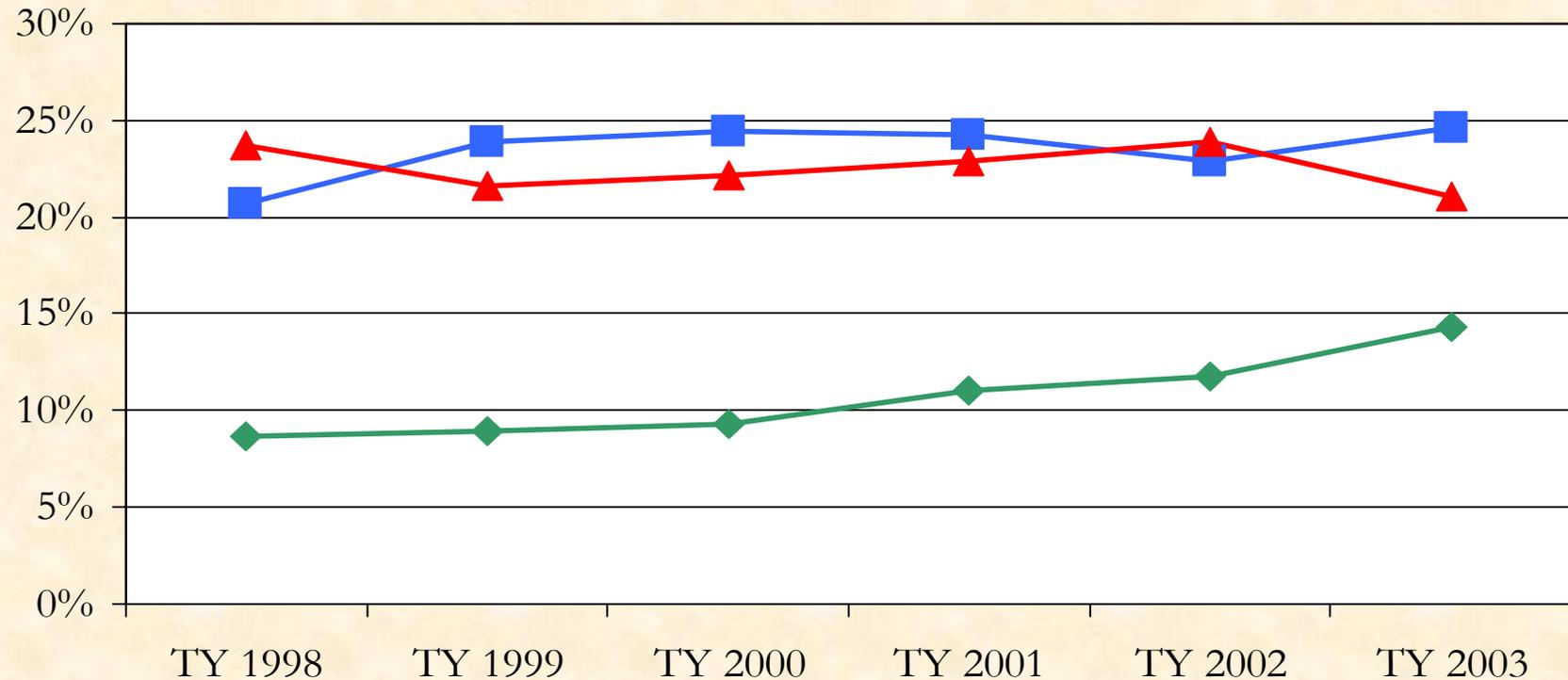
◆ Self simple ■ Self inter. ▲ Self complex





Percentage of Paid Preparer Returns TY 1998 - TY 2003

◆ Paid simple ■ Paid inter. ▲ Paid complex

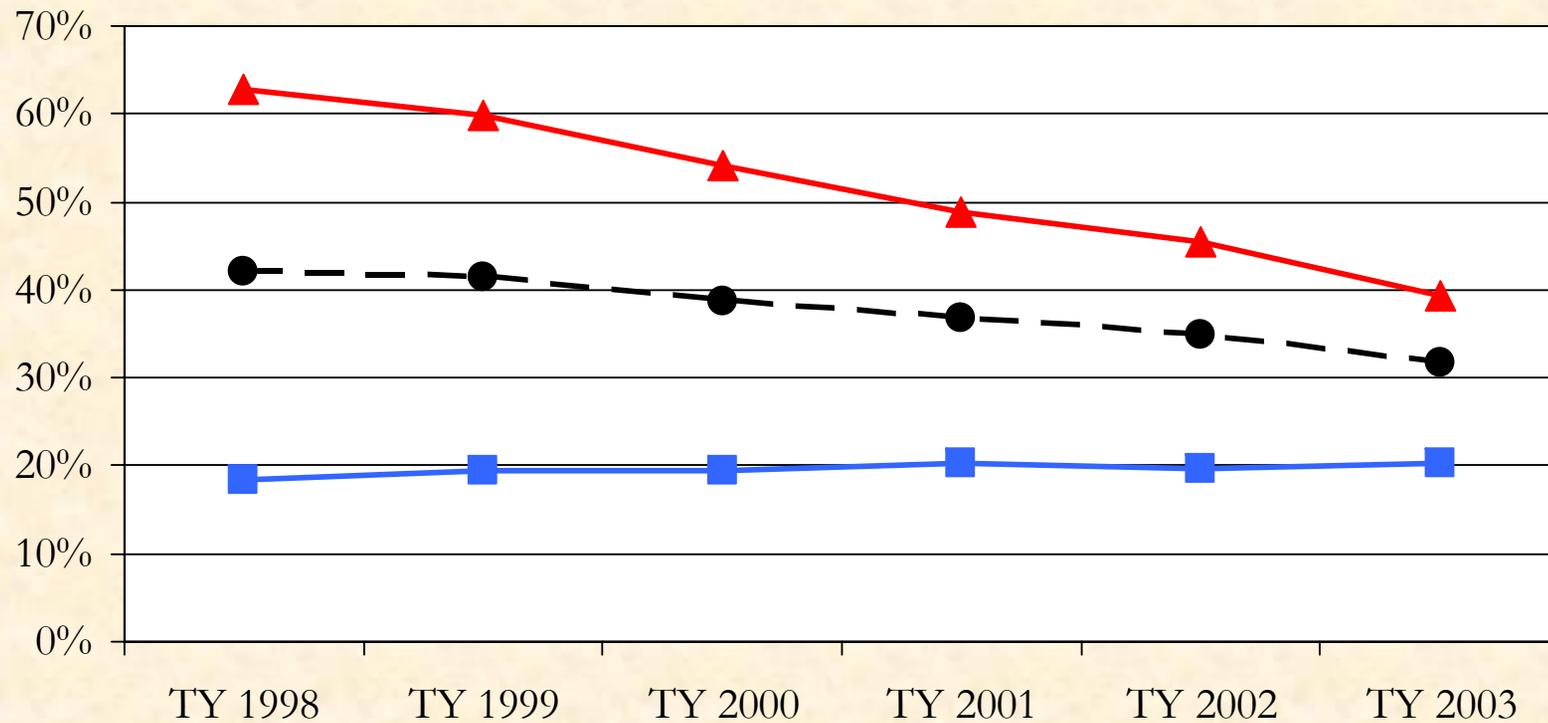


For most years all three segments have increased. A substantial portion of the decrease in the TY 2003 paid complex segment is believed to be due to our ability to better classify those taxpayers as intermediate.



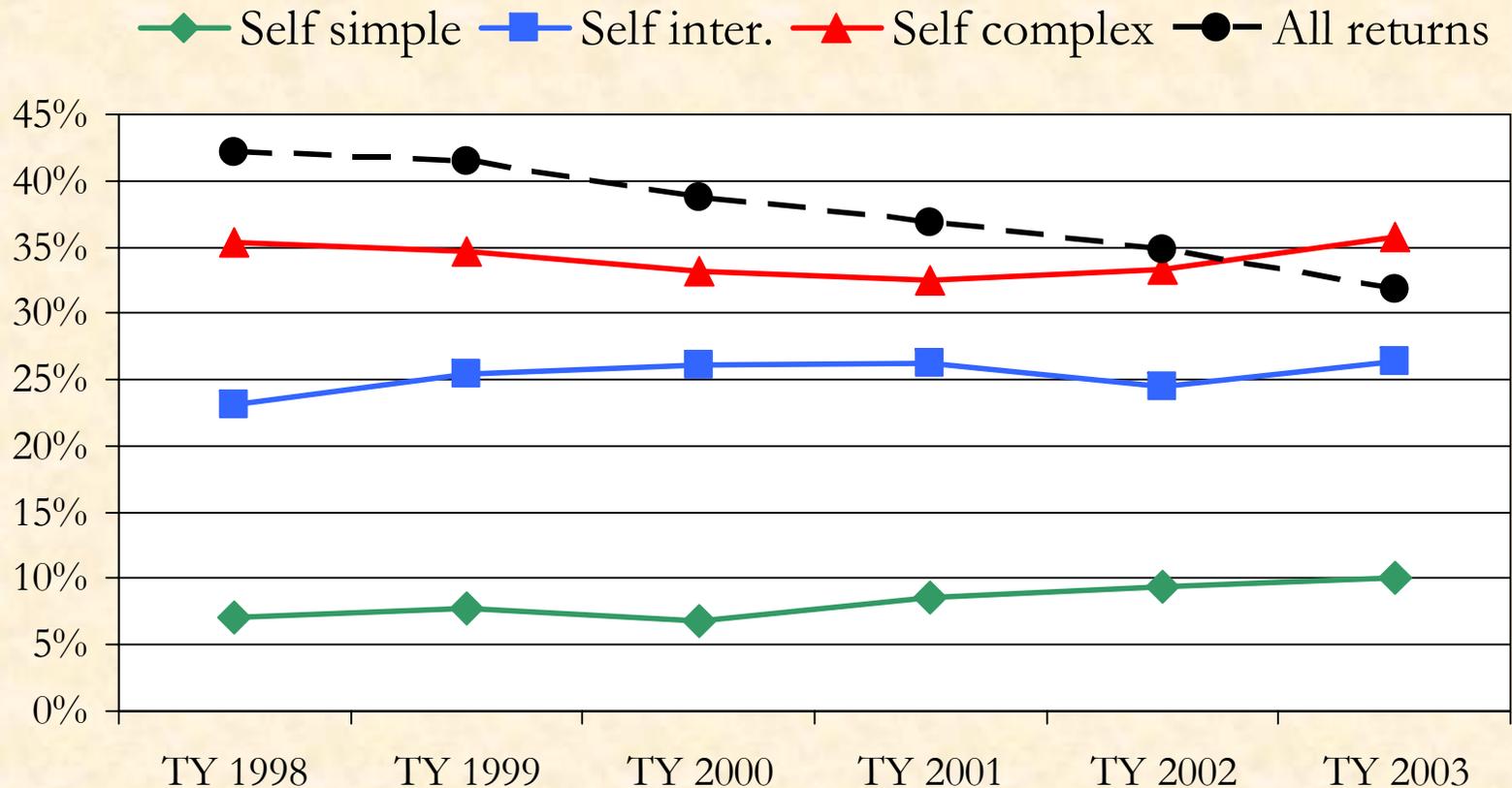
Percentage of V-Coded Returns TY 1998 - TY 2003

—■— Self prepared —▲— Paid preparer —●— All returns





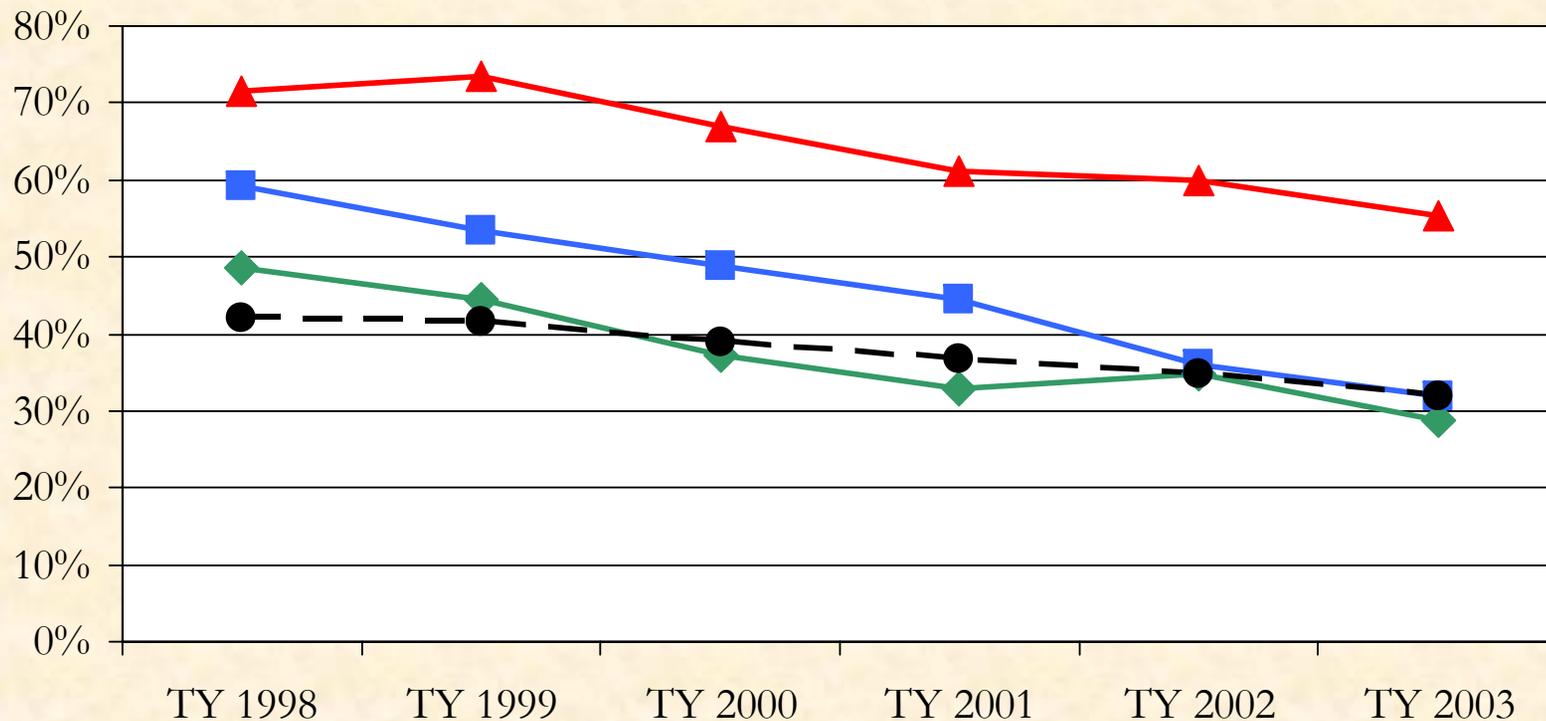
Percentage of Self Prepared V-Coded Returns TY 1998 - TY 2003





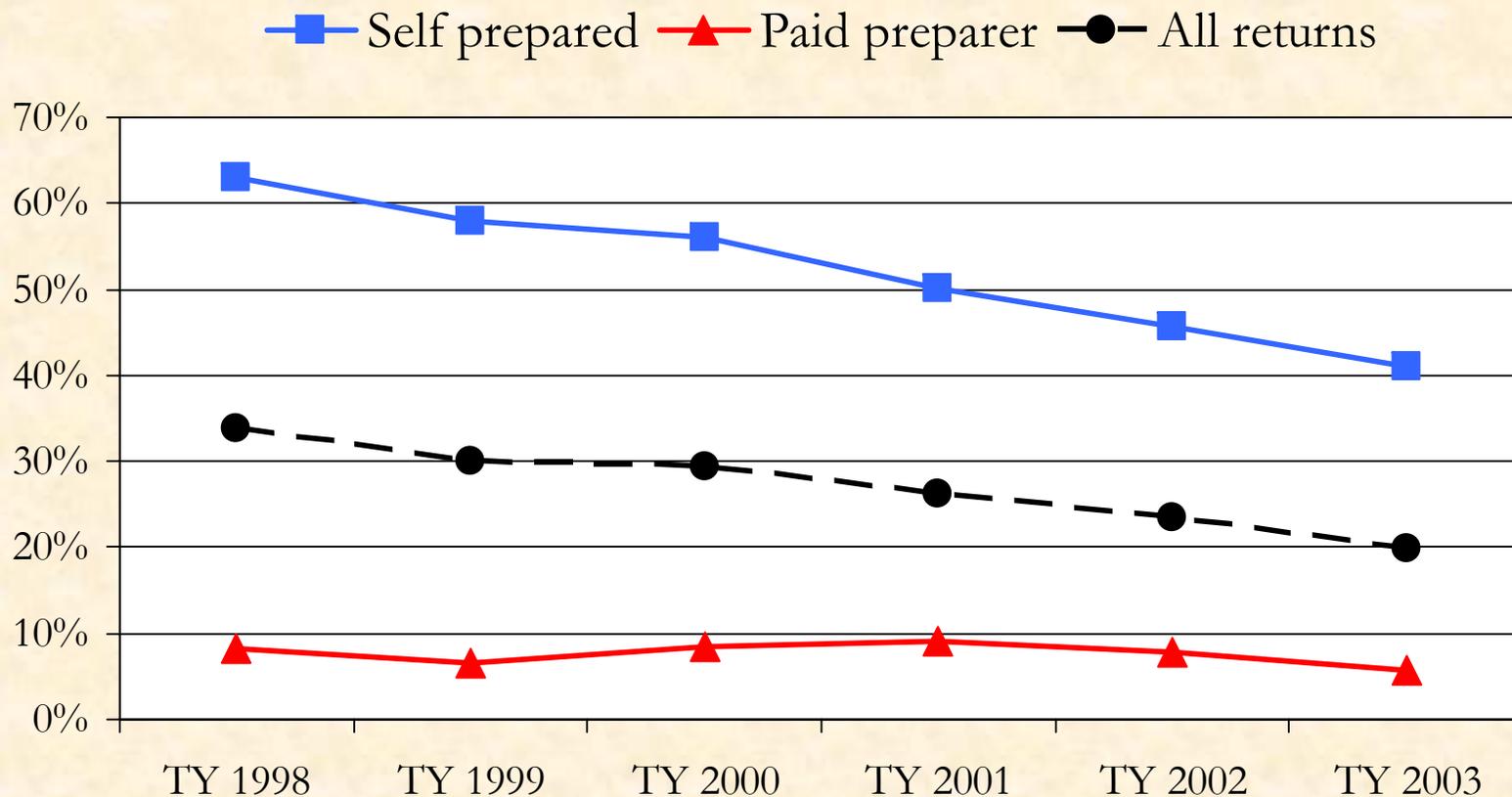
Percentage of Paid Preparer V-Coded Returns TY 1998-TY 2003

—◆— Paid simple —■— Paid inter. —▲— Paid complex —●— All returns





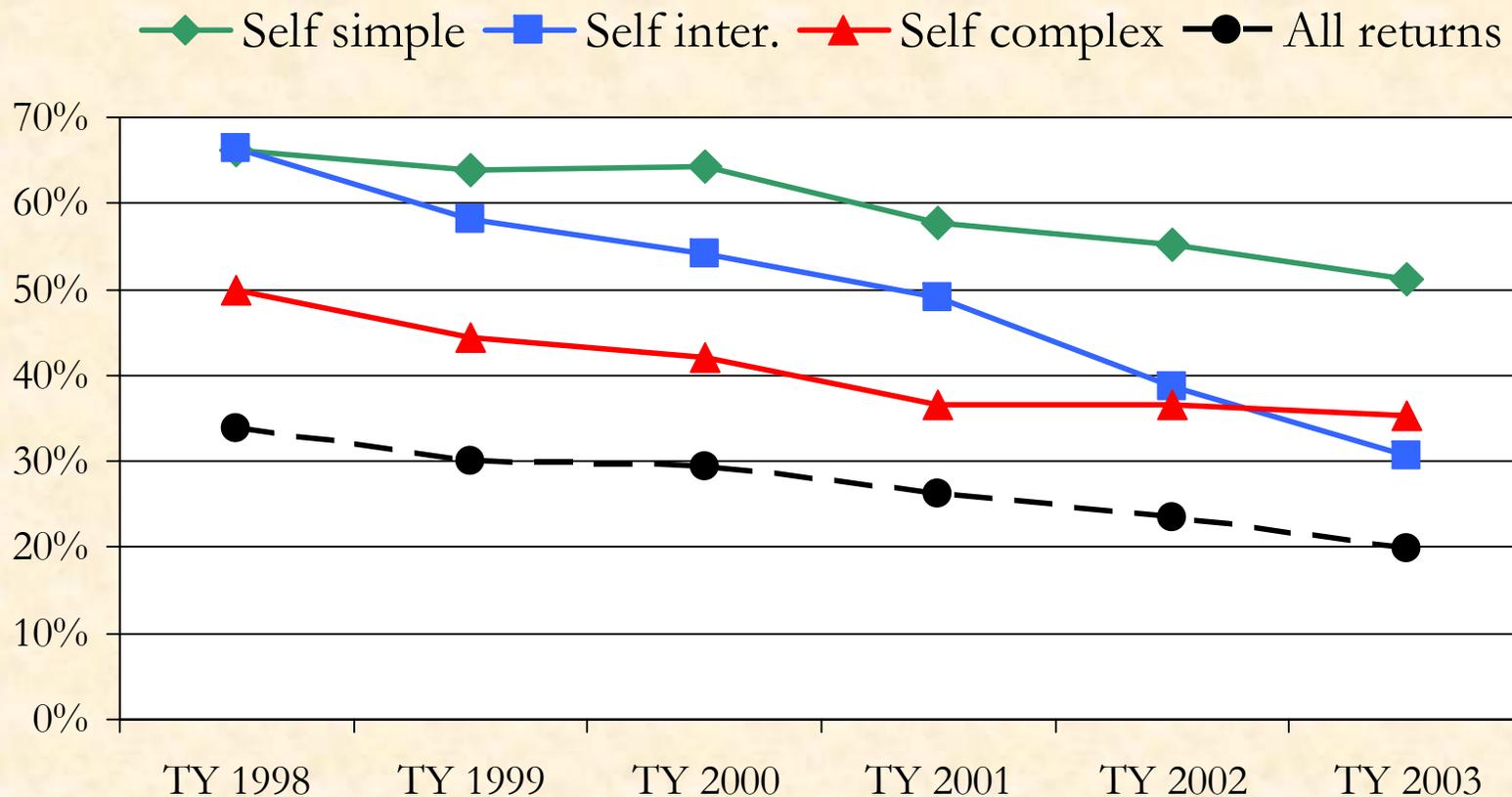
Percentage of Paper Returns TY 1998 - TY 2003



Overall the number of paper returns has declined by nearly half since TY 1998.



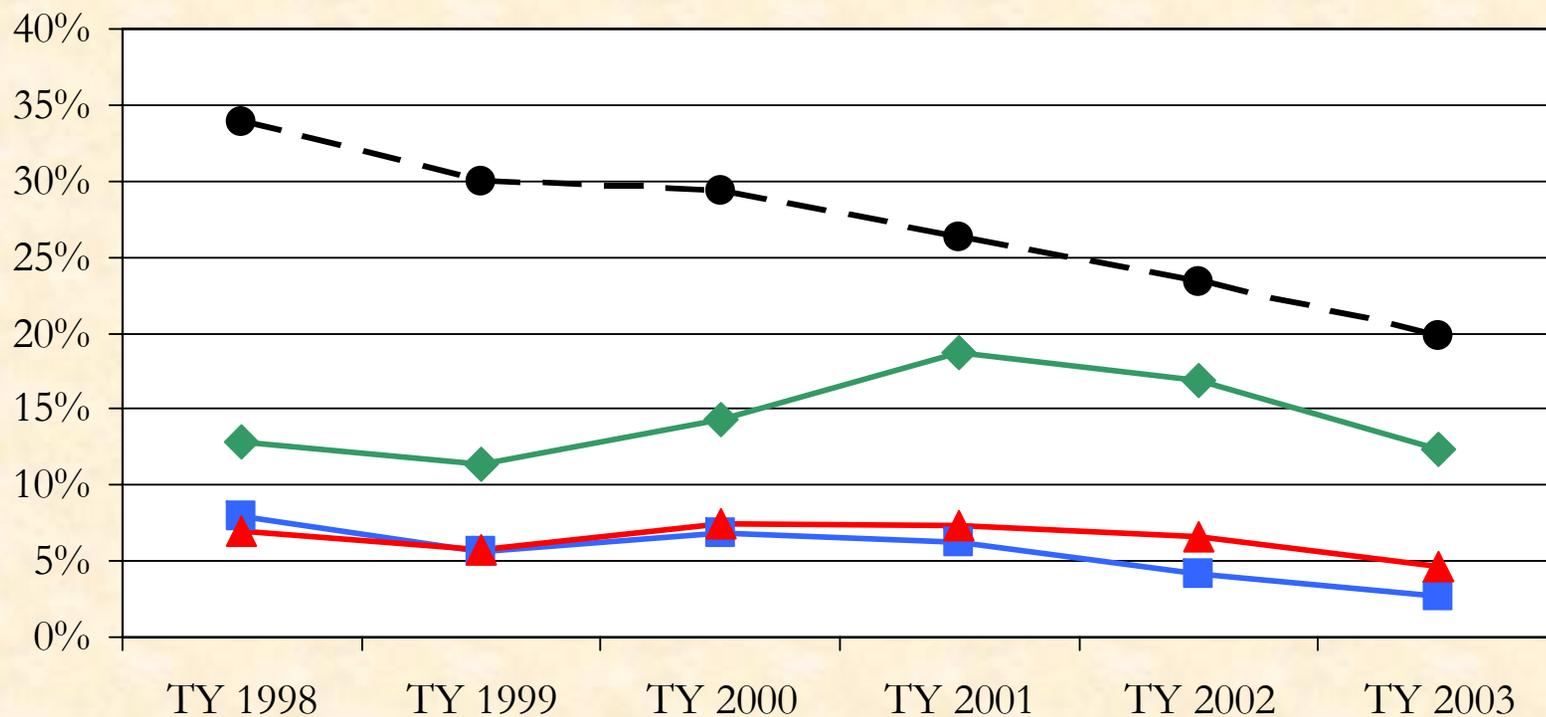
Percentage of Self Prepared Paper Returns TY 1998 - TY 2003





Percentage of Paid Preparer Paper Returns TY 1998 - TY 2003

—◆— Paid simple —■— Paid inter. —▲— Paid complex —●— All returns



After peaking in TY2001, all three paid preparer segments have reduced the number of paper returns filed from a total of over 6.5 million in TY 2001 to about 3.4 million in TY 2003 . The paid simple return segment continues to file the largest number of paper returns at 2.3 million returns.



Question 5- Profile by Method of Filing

- On-Line filing
 - AGI
 - Age
- V-code returns
 - Self-prepared
 - Paid-preparer
 - AGI
 - Age





TY 2003 On-Line Rates by AGI Range

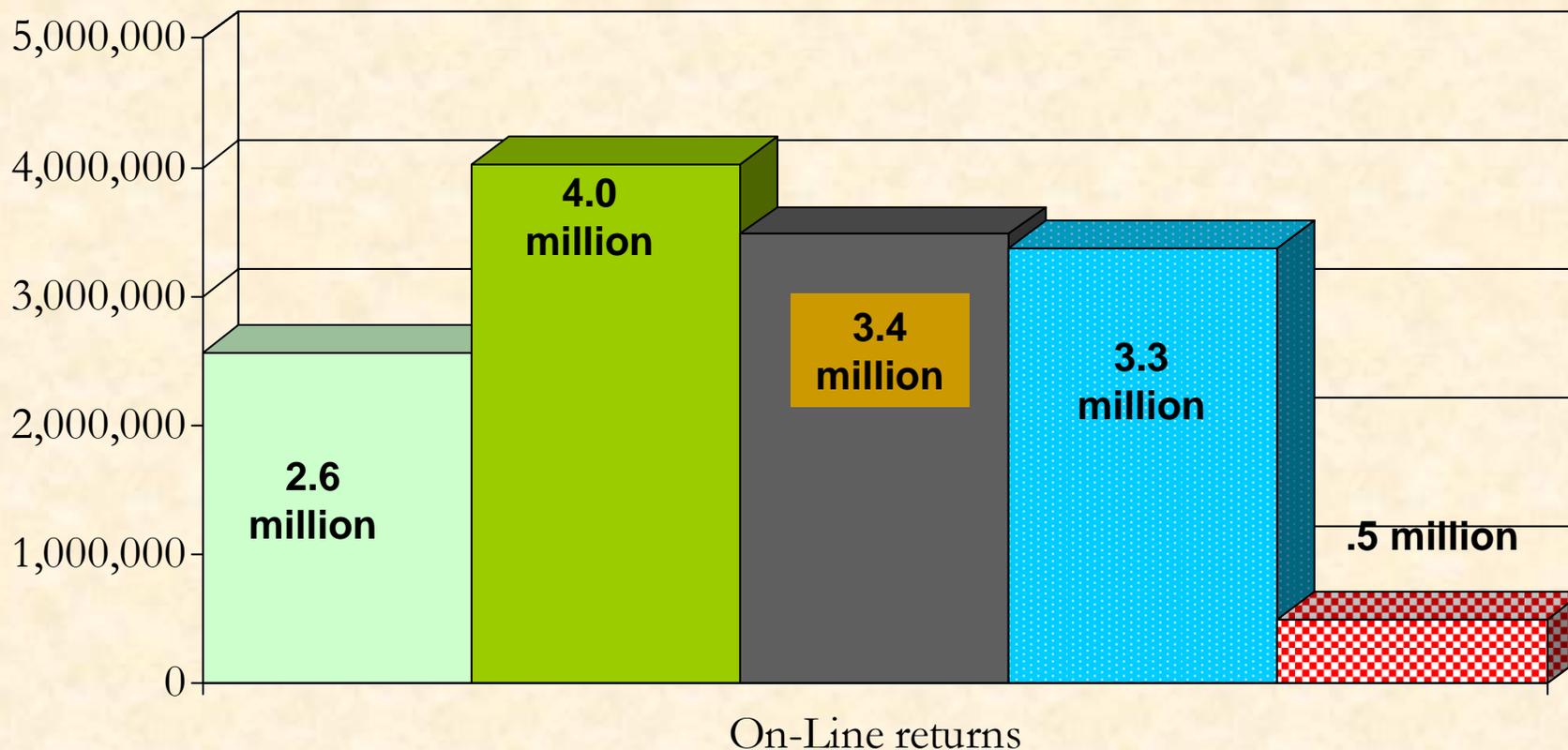
Market segment	AGI \$0 to \$17,000	AGI \$17,000- \$49,999	AGI \$50,000 and over	Number of On-Line returns
On-Line self simple	39.7	45.4	14.7	4,754,583
On-line self intermediate	16.0	37.0	46.9	6,896,959
On-Line self complex	14.0	28.2	56.7	2,293,874
All self prepared returns	34.4	37.1	28.3	
All TY 2003 returns	31.4	37.7	29.7	

The paid preparer segments are not included here as the total number of On-Line returns for all three segments was less than 6,300 returns. Negative AGI counts are not shown as they are minimal for the self prepared segment.



Distribution of TY 2003 On-Line Returns by Age

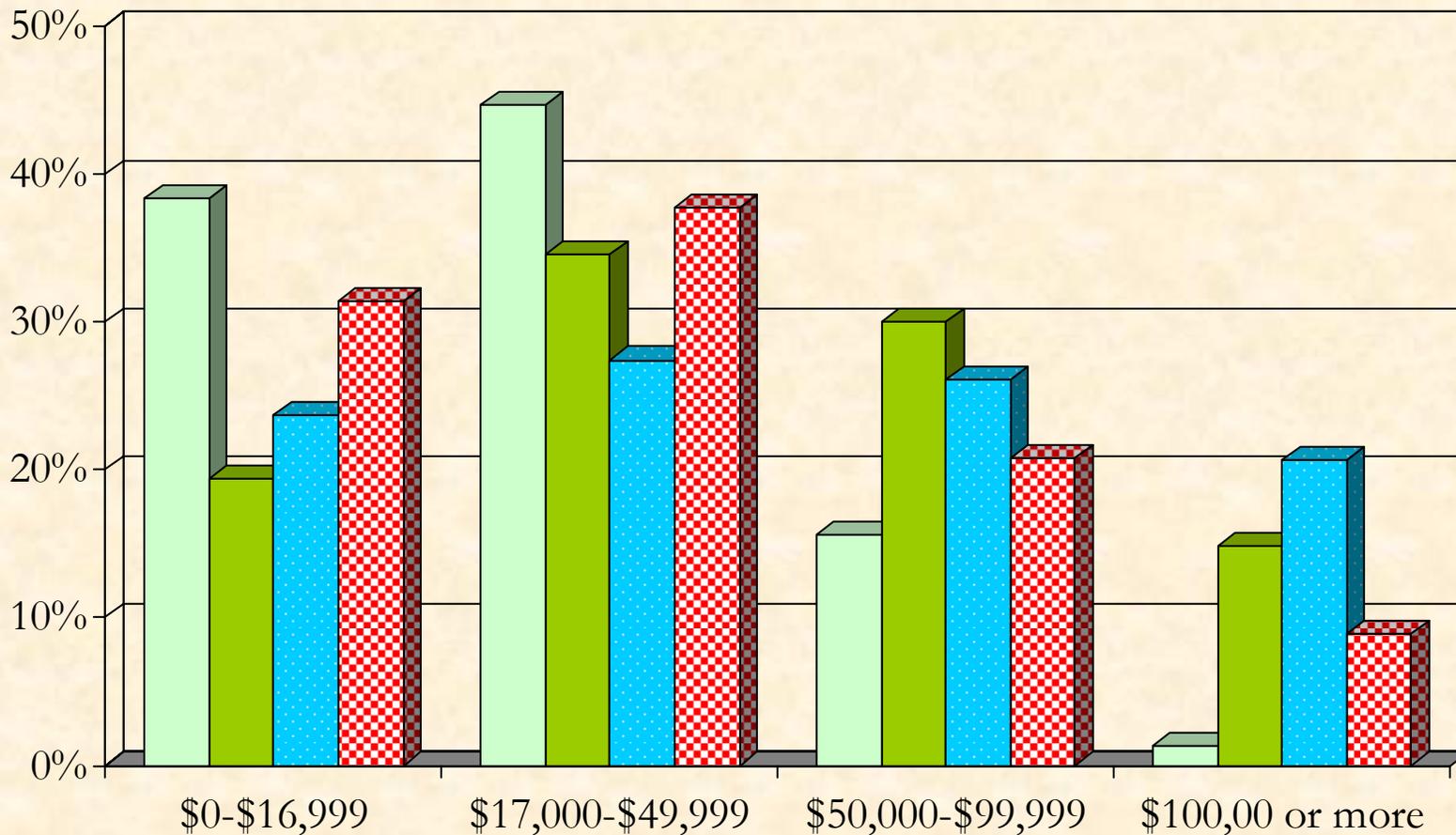
25 & under 26-35 years 36-45 years 46-64 years 65 & older





Distribution of TY 2003 Self Prepared V-Coded Returns

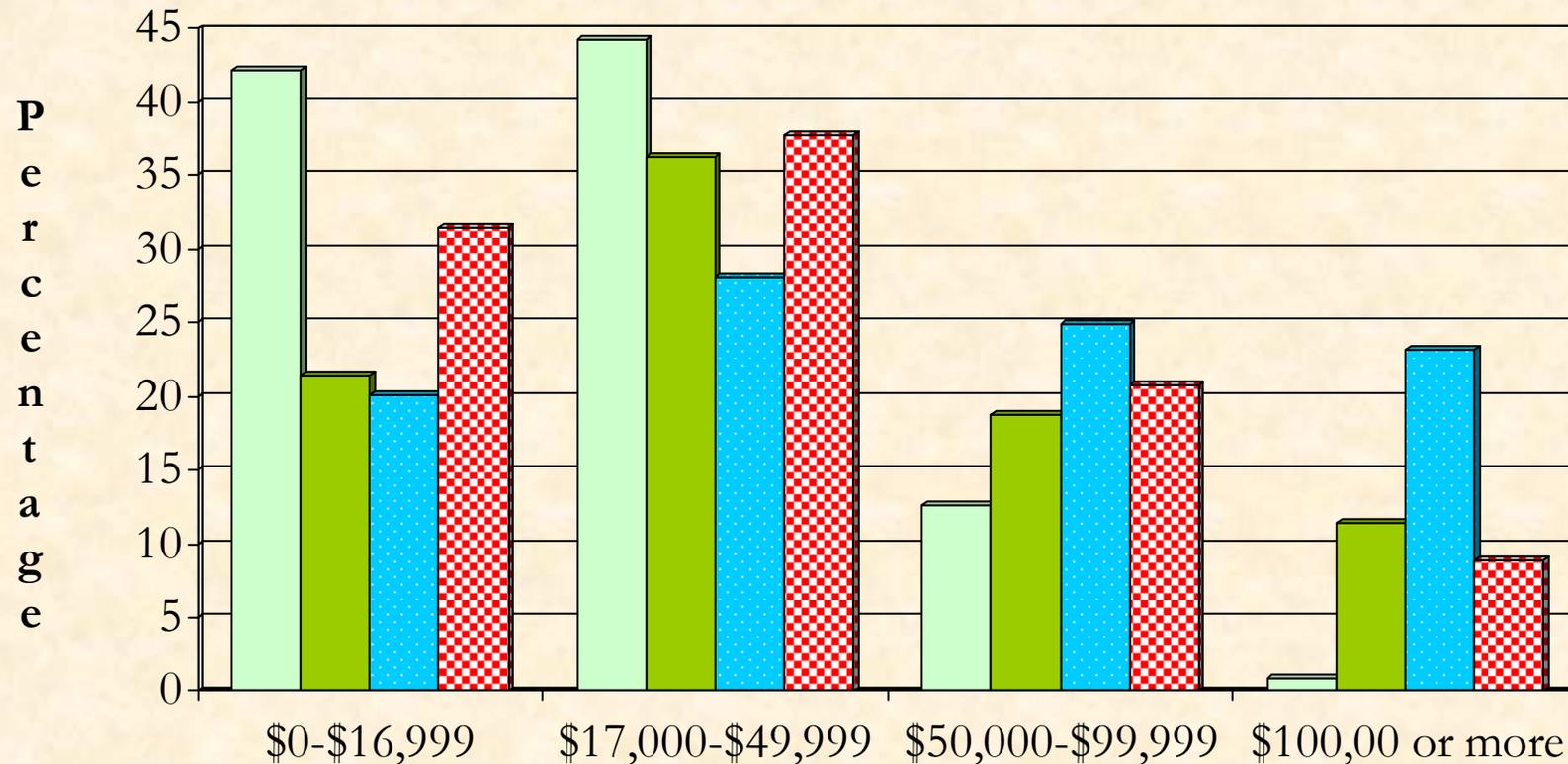
Self simple Self intermediate Self complex All TY 2003 returns





Distribution of TY 2003 Paid Preparer V-Coded Returns

□ Paid simple ■ Paid intermediate ■ Paid complex ■ All TY 2003 returns





TY 2003 V-Code Percentages by AGI Ranges

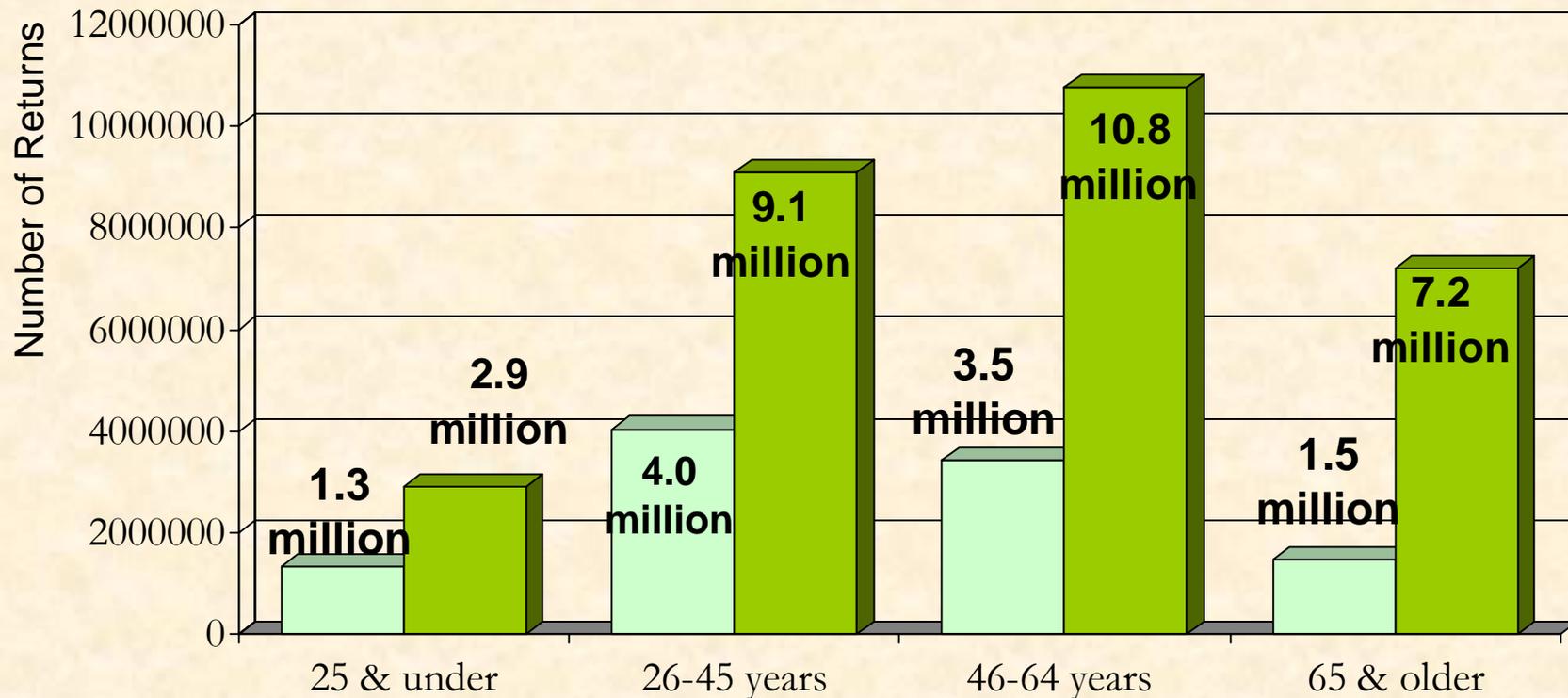
Market segment	Negative AGI	AGI \$0 to \$17,000	AGI \$17,000-\$49,999	AGI \$50,000 and over	Number of V-Code returns
Self simple	0.2	38.3	44.5	17.0	2,414,637
Self intermediate	1.3	19.4	34.5	44.8	4,755,009
Self complex	2.3	23.7	27.3	46.7	3,163,973
Paid simple	0.1	42.1	44.2	13.6	5,228,573
Paid inter	2.3	21.4	36.1	40.2	10,021,699
Paid complex	3.7	20.1	28.1	48.1	14,844,157

In the simple return segments, the lower and middle AGI returns are more likely to be V-coded. As return complexity increases and AGI increases, the percentage of V-coded returns increases for both the self prepared and paid preparer segments.



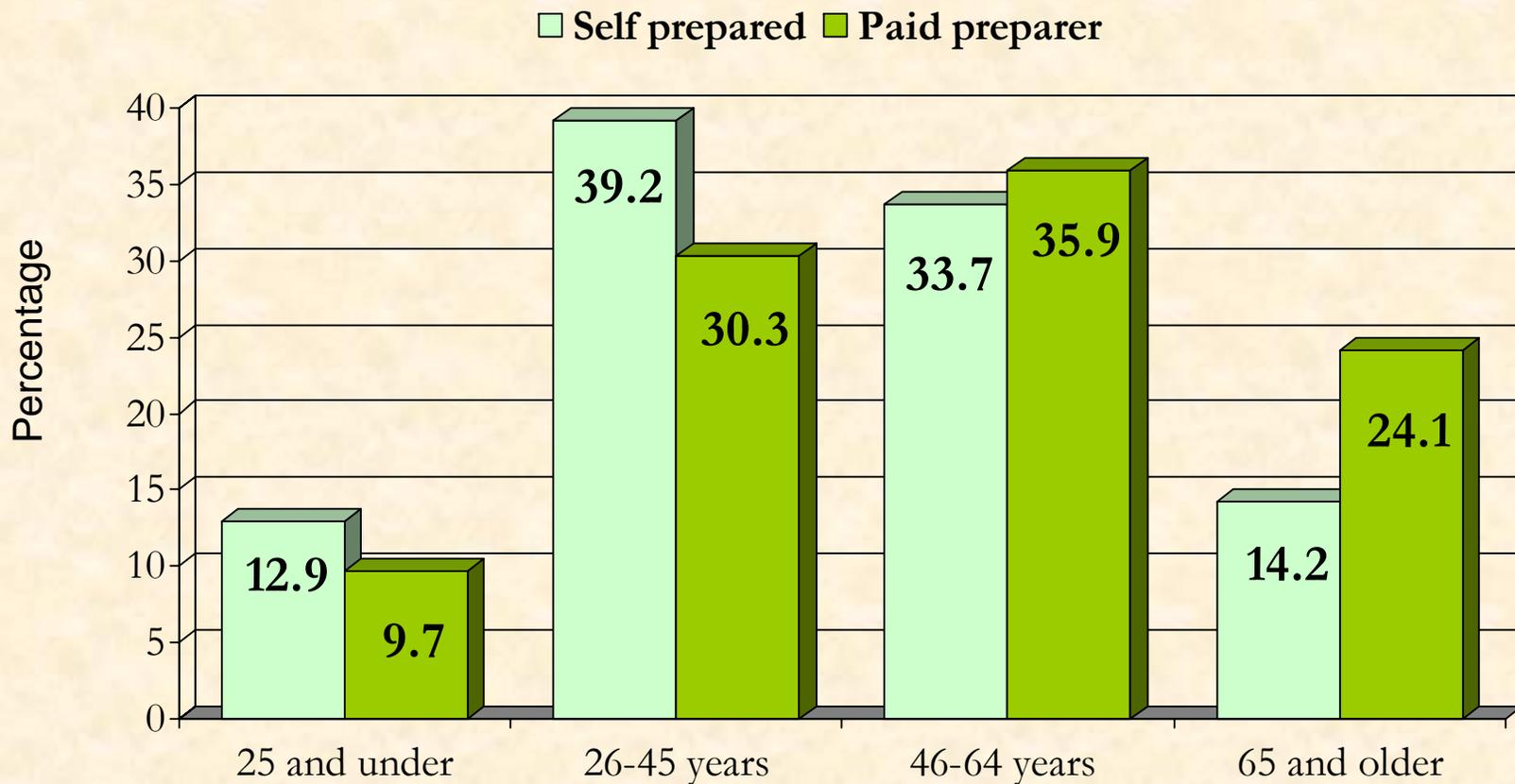
Distribution of TY 2003 V-Code Returns by Age Group

Self prepared Paid preparer





Percentage of TY 2003 V-Code Returns by Age Group





Question 6- Preparers that *e-file* and V-code



- Analysis of preparers that submitted both *e-file* and V-Coded returns for TY 2000 – TY 2003
 - Difficulty in identifying preparers
 - Preparers identified as preparing 100 or more returns
- Identify software used by preparers for TY 2003



Number and Type of Preparer Identification Numbers Used in TY 2003

Category	Number of preparer ID numbers	Percentage
Returns with one preparer ID	17,191,833	22.6
Return with two preparer IDs	32,547,730	42.7
Returns w/all three preparer IDs	26,480,440	34.7
Total	76,220,003	100.0
Type of preparer identification used		
Returns with preparer SSNs	72,564,158	95.2
Returns with preparer EINs	52,415,939	68.8
Returns w/preparer firm number	36,748,516	48.2



Number and Type of Preparer Identification Numbers Used in TY 2002

Category	Number of preparer ID numbers	Percentage
Returns with one preparer ID	16,150,429	21.7
Return with two preparer IDs	36,099,930	48.6
Returns w/ all three preparer IDs	22,062,145	29.7
Total	74,312,504	100.0
Type of preparer identification used		
Returns with preparer SSNs	70,732,502	95.2
Returns with preparer EINs	52,103,775	70.1
Returns w/preparer firm number	31,700,447	42.7



Number and Type of Preparer Identification Numbers Used in TY 2001

Category	Number of preparer ID numbers	Percentage
Returns with one preparer ID	16,593,452	22.5
Return with two preparer IDs	38,089,385	51.6
Returns w/ all three preparer IDs	19,086,921	25.9
Total	74,312,504	100.0
Type of preparer identification used		
Returns with preparer SSNs	70,323,354	95.3
Returns with preparer EINs	51,121,675	69.3
Returns w/ preparer firm number	28,587,956	38.8



Summary of Attempt to Complete Trend Analysis by Preparer

- Reporting of multiple ID's by preparers is increasing year by year:
 - In 2001 25.9 percent reported all three ID's.
 - In 2003 34.7 percent reported all three ID's.
- The same percentage report preparer SSN and preparer EIN but an increasing percentage report preparer firm.
 - In 2001, 38.8 percent
 - In 2003, 48.2 percent



Summary of Attempt to Complete Trend Analysis by Preparer

- Combinations of preparer identification numbers are exponential:
 - If two years, 9 combinations.
 - If three years, 27 combinations.
 - If four years are used there are 81 combinations.
- As a result, we were unable to complete a trend analysis for all four tax years on all preparers.
- But we tried an alternative method to find the answer



2003 Returns with Preparer EIN and Prepared Over 100 Returns

EIN combinations	Number of entities	Total number of returns	Number of V-Code returns	% V-Code	Number of e-file returns	% e-file
Only EIN	34,004	9,336,011	4,113,912	44.1	4,156,194	44.5
Two IDs always	10,904	2,533,656	2,123,316	83.8	230,262	9.1
All three IDs	173	50,996	0	0.0	50,996	100.0
Various combinations	114,685	55,000,871	19,046,922	34.6	34,261,476	62.3
Total	159,766	66,921,534	25,284,150	37.8	38,698,928	57.8

Difference between Total returns and the sum of the V-Coded and e-file returns are paper returns.



2003 Returns with Preparer Firm ID and Prepared Over 100 Returns

Firm ID combinations	Number of entities	Total number of returns	Number of V-Code returns	% V-Code	Number of e-file returns	% e-file
Only Firm ID	34,542	9,436,951	4,184,643	44.4	4,178,354	44.4
Two IDs always	9,414	2,311,108	2,123,315	91.9	18,815	0.8
All three IDs	171	50,296	0	0.0	50,296	100.0
Various combinations	78,723	56,370,721	18,565,744	32.9	36,177,943	64.2
Total	122,850	68,169,076	24,873,702	36.5	40,425,408	59.3

Difference between Total returns and the sum of the V-Coded and *e-file* returns are paper returns.



2003 Returns with Preparer SSN and Prepared Over 100 Returns

SSN combinations	Number of entities	Total number of returns	Number of V-Code returns	% V-Code	Number of e-file returns	% e-file
Only SSN	29,830	8,028,929	3,631,590	45.2	3,432,574	42.8
Two IDs always	19,599	4,216,838	3,680,995	87.3	253,821	6.0
All three IDs	7,464	1,213,259	0	0.0	1,213,259	100.0
Various combinations	164,033	48,887,563	16,465,761	33.7	30,805,438	63.0
Total	220,926	62,346,589	23,778,346	38.1	35,705,092	57.3

Difference between Total returns and the sum of the V-Coded and *e-file* returns are paper returns.



Summary of Attempt to Complete Trend Analysis by Preparer

- Whether you key on the SSN, EIN, or firm ID the results are similar
- We will focus on preparer SSN to illustrate a trend analysis for three years by preparer reporting.



2001 Returns with Preparer SSN and Prepared Over 100 Returns

SSN combinations	Number of entities	Total number of returns	Number of V-Code returns	% V-Code	Number of e-file returns	% e-file
Only SSN	26,866	6,909,499	4,023,216	58.2	1,683,089	24.4
Two IDs always	26,827	5,868,871	4,959,953	84.5	196,293	3.3
All three IDs	6,045	999,006	0	0.0	999,006	100.0
Various combinations	154,222	46,995,665	20,129,031	42.8	23,979,073	51.0
Total	213,960	60,773,041	29,112,205	47.9	26,857,461	44.2

Difference between Total returns and the sum of the V-Coded and e-file returns are paper returns.



2002 Returns with Preparer SSN and Prepared Over 100 Returns

SSN combinations	Number of entities	Total number of returns	Number of V-Code returns	% V-Code	Number of e-file returns	% e-file
Only SSN	26,606	6,981,399	3,927,487	56.3	2,009,029	28.8
Two IDs always	24,737	5,337,686	4,566,644	85.6	229,005	4.3
All three IDs	7,075	1,160,362	0	0.0	1,160,362	100.0
Various combinations	156,490	47,329,663	18,671,965	39.5	26,105,400	55.2
Total	214,908	60,809,110	27,166,096	44.7	29,503,796	48.5

Difference between Total returns and the sum of the V-Coded and e-file returns are paper returns.



2003 Returns with Preparer SSN and Prepared Over 100 Returns

SSN combinations	Number of entities	Total number of returns	Number of V-Code returns	% V-Code	Number of e-file returns	% e-file
Only SSN	29,830	8,028,929	3,631,590	45.2	3,432,574	42.8
Two IDs always	19,599	4,216,838	3,680,995	87.3	253,821	6.0
All three IDs	7,464	1,213,259	0	0.0	1,213,259	100.0
Various combinations	164,033	48,887,563	16,465,761	33.7	30,805,438	63.0
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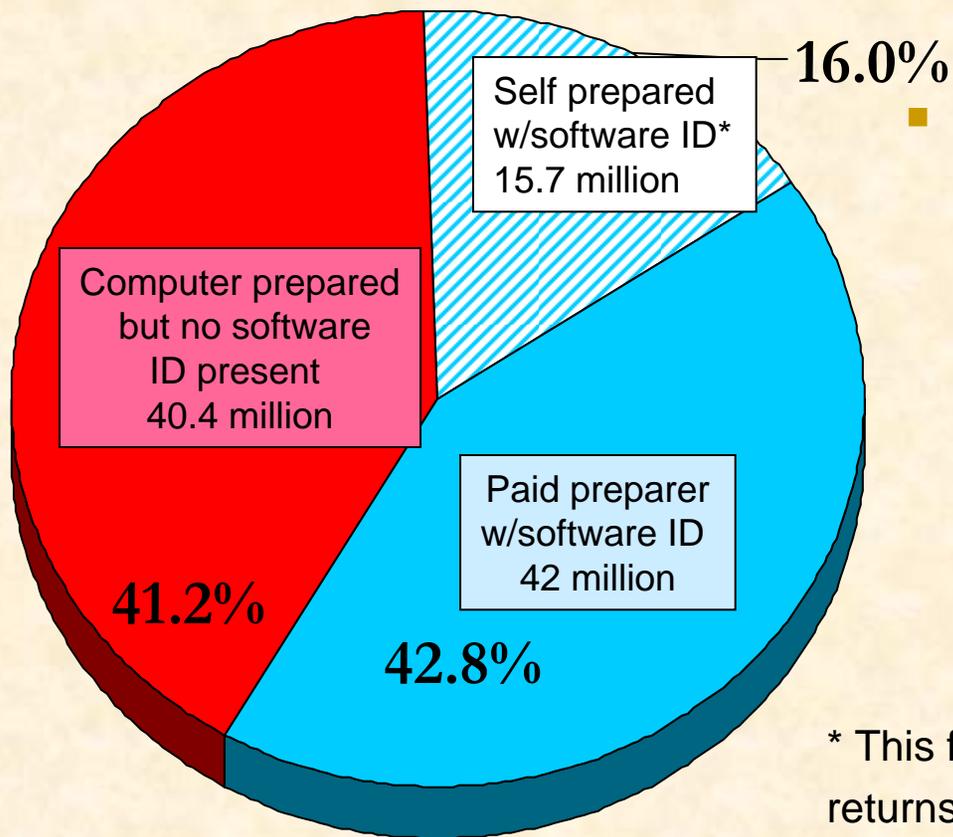


Summary of Preparer ID Used and Method of Filing

- When a single preparer identification number is used, the trend over the last three years is from a 33-67 split between *e-file* and V-code returns to about a 50-50 split between *e-file* and V-code returns.
- When two numbers are entered on the return, the trend is toward *e-file* but nearly 90 percent of the returns are still V-code.
- When all three preparer identification numbers are entered on the return, all the returns are *e-file*.



TY 2003 Return Preparation Software Used For 98.1 Million Computer Prepared Returns



- The software identification number is not captured from V-code returns, only returns electronically filed contain the software identification number. As a result we could make no comparisons between preparers that electronically file and those that file predominately V-code returns.

* This figure includes On-Line and self prepared returns that are filed through an ERO.



Return Preparation Software Used by Paid Preparers in TY 2003

- **In TY 2003 sixty-four unique software identification numbers were captured from paid preparer electronic returns.**
 - Usage ranged from three software numbers that had only one return each to thirteen software numbers that had over 500,000 returns each. The largest volume of returns filed using a specific software number was nearly 14 million returns.
- **Of the 72 million computer prepared returns, prepared by paid preparers in TY 2003, only 42 million returns (58%) had a software identification number captured.**



TY 2003 Return Preparation Software Used by Self Prepared Taxpayers

- **An additional 30 software identification numbers, for a total of 104 software identification numbers, were captured from self prepared returns.**
 - Usage ranged from one return to seven software numbers that had over 500,000 returns each. The largest volume of returns filed using a specific software number was slightly over 4.6 million returns.
- **Of the 26 million computer prepared returns, in the self prepared markets segments, only 15.7 million returns (60%) had a software identification number captured in TY 2003.**



Question 7- Extension Filers in TY 2003

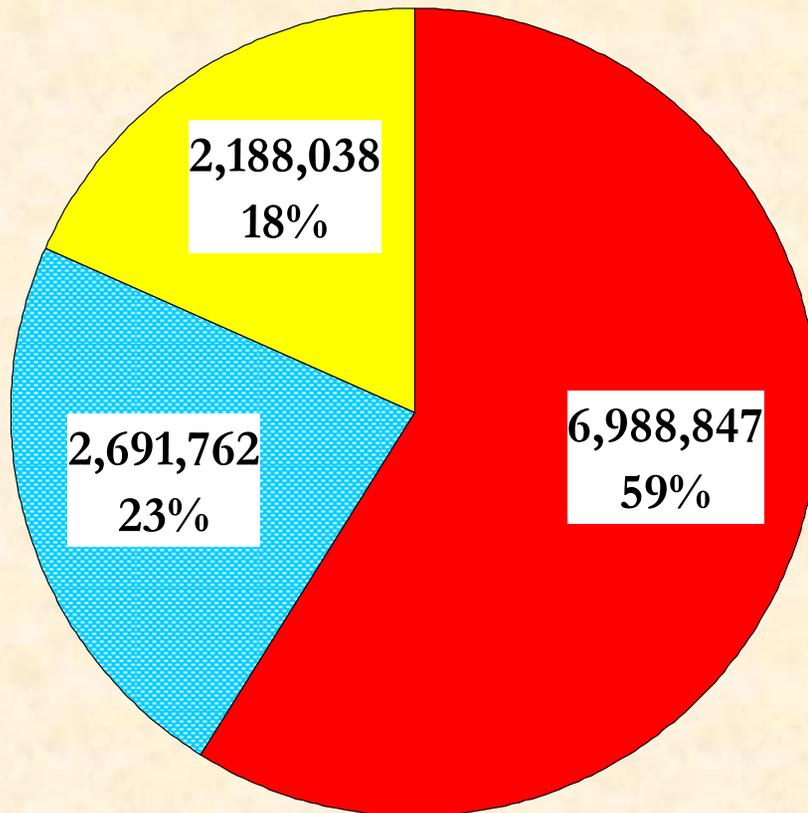
- Profile
 - Age
 - AGI
 - Filing status
 - Balance due
- Repeat rates





Number of Taxpayers Filing Extensions TY 2001 through TY 2003

■ Filed 1 extension ■ Filed 2 extensions ■ Filed all 3 years

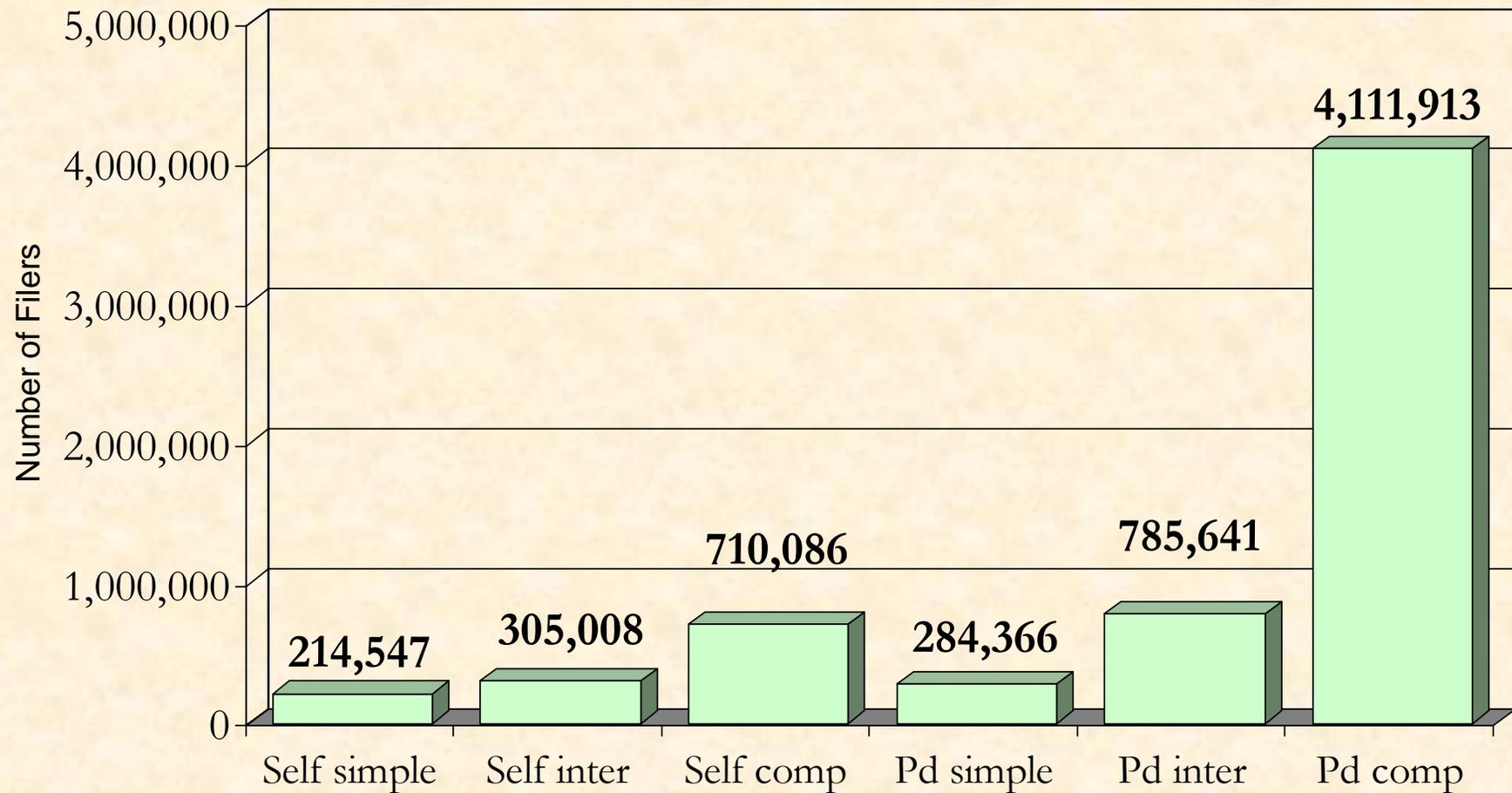


- 11,868,647 taxpayers filed extensions in TY2001-TY2003
- 41% (4.9 million) filed an extension in more than one year
- Only 18% (2.2 million) filed an extension in all three years of which
 - 582,202 always filed between 6/16 and 8/15
 - 692,126 always filed between 8/16 and 10/15

The fact that only 18% filed for an extension in all three years dispels the commonly held belief that most extension filers are habitual.

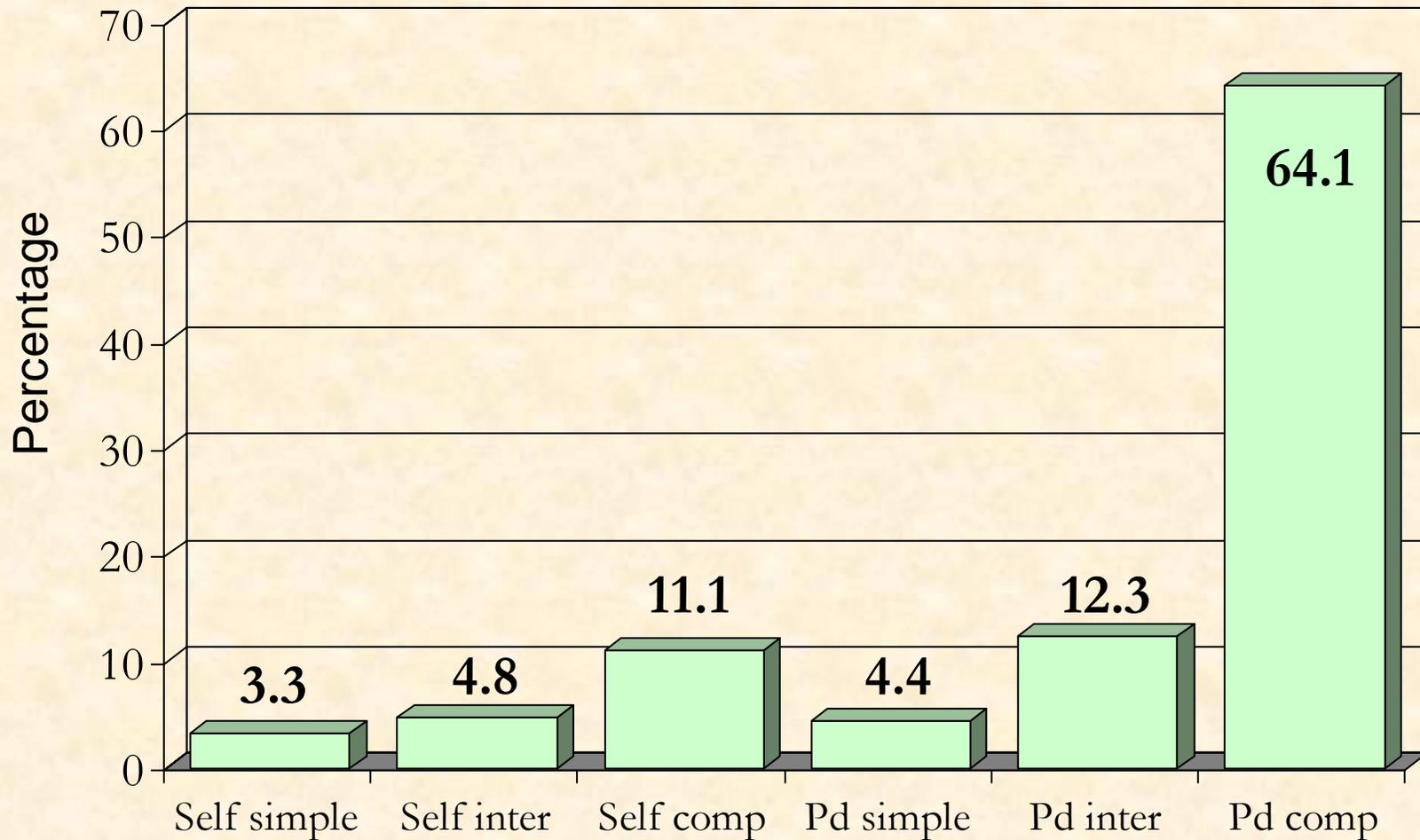


TY 2003 Extension Filers by Market Segment





TY 2003 Extension Filers by Market Segment



Almost 2/3 of extension filers are Paid Complex



Number and Percentage of TY 2003 Extension Filers by Age

Taxpayer age range	Number of extensions	Percentage	Percentage all TY 2003 returns
Under 18 yrs	121,721	1.9	1.3
18-25 yrs	338,070	5.3	15.6
26-35 yrs	695,172	10.7	19.1
36-45 yrs	1,365,052	21.3	20.1
46-55 yrs	1,634,548	25.5	18.4
56-64 yrs	1,127,335	17.6	11.5
65 and older	1,112,662	17.4	13.8
Unknown	17,001	0.3	0.2
Total	6,411,561	100.0	100.0

Total may not add to 100% due to rounding



AGI Ranges of TY 2003 Extension Filers

AGI range	Number of extensions	Percentage	Percentage all TY 2003 returns
Negative AGI	341,662	5.3	1.1
\$0-\$16,999	1,354,405	21.1	31.4
\$17,000-\$24,999	456,975	7.1	12.6
\$25,000-\$34,999	506,725	7.9	12.2
\$35,000-\$49,999	674,855	10.5	12.9
\$50,000-\$74,999	882,309	13.8	13.5
\$75,000-\$99,999	602,222	9.4	7.3
\$100,000 & over	1,592,408	24.8	8.9
Total	6,411,561	100.0	100.0

Total may not add to 100% due to rounding



Summary of TY 2003 Extension Filers Compared to All TY 2003 Filers

Extension filers

All returns

■ Age

□ 46-55 yrs	1.6 million	25.5%	■ 18.4%
□ 56-64 yrs	1.1 million	17.6%	■ 11.5%
□ 65 and older	1.1 million	17.4%	■ 13.8%

■ AGI

□ \$0-\$16,999	1.4 million	21.1%	■ 31.4%
□ \$50,000 or higher	3.1 million	48.0%	■ 30.0%
□ \$100,000 +	1.6 million	24.8%	■ 8.9%



TY 2003 Extension Filers Compared to All TY 2003 Filers

Extension filers

All returns

■ Filing status

■ Joint return	3.5 million	54.6 %	■ 39.8 %
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■ Operating Division

■ SB/SE	4.8 million	74.8 %	■ 29.0 %
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■ Balance due

■ Refund	4.6 million	71.8 %	■ 84.4%
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■ Bal not paid	0.6 million	9.3 %	■ 3.2%
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TY 2003 Extension Returns by Market Segment

Market segment	Filed 4/16-8/15		Filed 8/16-10/15		Filed After 10/16	
	Returns	%	Returns	%	Returns	%
Self simple	177,722	4.5	36,267	1.5	558	0.4
Self intermed.	247,599	6.3	56,668	2.4	741	0.6
Self complex	510,379	13.0	197,937	8.4	1,770	1.4
Paid simple	203,534	5.2	80,355	3.4	477	0.4
Paid intermed.	542,239	13.8	242,251	10.3	1,141	0.9
Paid complex	2,242,825	57.2	1,744,351	74.0	124,737	96.4
Total	3,924,308	100.0	2,357,829	100.0	129,424	100.0



Would a Two Week Extension for Electronic Returns Be Effective?

Market segment	Filed 4/16-6/15		Filed 6/16-8/15		Total as of 8/15	
	Returns	%	Returns	%	Returns	%
Self simple	2,784	11.7	174,938	4.5	177,722	4.5
Self inter	1,749	7.4	245,850	6.3	247,599	6.3
Self complex	2,324	9.8	508,055	13.0	510,379	13.0
Paid simple	2,081	8.8	201,453	5.2	203,534	5.2
Paid inter	2,875	12.1	539,374	13.8	542,239	13.8
Paid complex	11,969	50.3	2,230,856	57.2	2,242,825	57.2
Total	23,782	100.0	3,900,526	100.0	3,924,308	100.0



TY 2003 Extension Returns by Method of Filing

Method of filing	4/16-8/15		8/16-10/15		After 10/16	
	Returns	%	Returns	%	Returns	%
ELF	778,876	19.8	433,728	18.4	1,223	0.9
TeleFile	3,924	0.1	788	0.0	6	0.0
On-Line	135,770	3.5	34,862	1.5	803	0.6
V-Code	2,457,825	62.6	1,740,855	73.8	13,624	10.5
Paper	547,913	14.0	147,596	6.3	113,768	87.9
Total	3,924,308	100.0	2,357,829	100.0	129,424	100.0



Nearly Three Out of Four TY 2003 Extension Returns were Refund Returns

Balance due at filing	4/16-8/15		8/16-10/15		After 10/16		% All TY 2003
	Returns	%	Returns	%	Returns	%	Returns
Refund	2,863,975	73.0	1,615,906	68.5	123,628	95.5	84.4
Balance paid	702,848	17.9	503,829	21.4	4,876	3.8	12.4
Balance unpaid	357,485	9.1	238,094	10.1	920	0.7	3.2
Total	3,924,308	100.0	2,357,829	100.0	129,424	100.0	100.0



Question 8- Analysis of VITA PTINS

- What do VITA users look like?
- Where is the growth of VITA coming from?





TY 2003 VITA Returns Compared to All TY 2003 Returns

■ VITA returns

- Form filed
 - 75% Form 1040 (1,225,567)
 - 15% Form 1040A (251,612)
 - 9% Form 1040EZ (142,835)

- Filing Status
 - 55% Single (900,973)
 - 12% Unmarried head of household (UHOH)

- Number of dependents
 - 77% None (1,255,836)

- EITC
 - 20% claimed EITC (325,654)

■ All returns

- Form filed
 - 68 % Form 1040
 - 18% Form 1040A
 - 10% Form 1040EZ

- Filing status
 - 44% file single
 - 15% UHOH

- Number of dependents
 - 62% None

- EITC
 - 17% claimed EITC



TY 2003 VITA Returns Compared to All TY 2003 Returns

■ VITA returns

- Age
 - 35% 65 or older (573,799)
 - 31% Under 36 (501,896)

- AGI
 - 54% Under \$17,000 (868,523)
 - 30% \$17,000-\$34,999(492,967)

- Refund
 - 82% had a refund (1,329,213)

- Complexity
 - 52% simple returns (with 6 segments)

■ All returns

- Age
 - 14% 65 or older
 - 36% Under 36 years

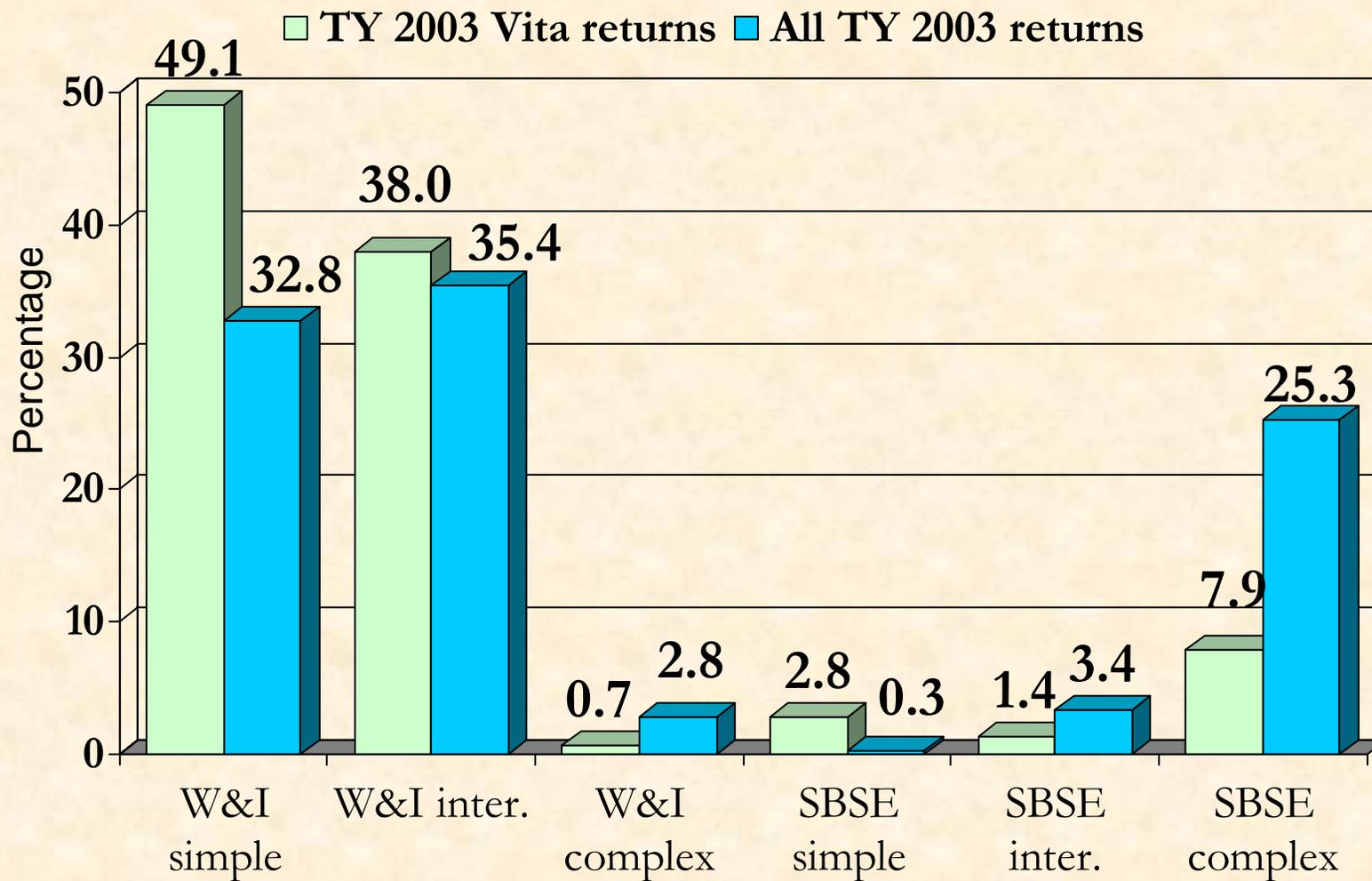
- AGI
 - 45% Under \$17,000
 - 25% \$17,000-\$34,999

- Refund
 - 84% had a refund

- Complexity
 - 33% simple returns (with 6 segments)



Percentage of TY 2003 VITA returns by ETA Market Segment





Previous Filing by TY2003 VITA Filers

Previous filing TY 1997-TY 2002	Number of taxpayers	Percentage
Filed all six years electronically	80,726	4.9
Filed all six years paper	300,731	18.4
Filed all years using more than one method	535,824	32.8
Did not file in all the previous six tax years (Intermittent filers)	608,522	37.3
Did not file in any previous year (New filer)	106,990	6.6
Total	1,632,793	100.0



Where are VITA Taxpayers Coming From?

Method of preparation in TY 2002	Number of returns	Percentage
Self-prepared	1,132,743	69.4
Paid preparer	278,089	17.0
Did not file	221,961	13.6
Total	1,632,793	100.0



Ideas for Consideration To Improve Future Research

- **Establish and promote procedures for consistent completion of the preparer identification information on returns.**
- **The software identification number is not captured from V-code returns, only returns electronically filed contain the software ID number. Complete a RIS to capture the software ID number on future V-code returns.**