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internal Revenue Service

Visitors Gallery

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Department of the Treasury total Revenue Service



Associate Supreme Court Justice Harry Blackmun (right) administers the oath of office to Johnnie M. Walters, Commissioner of Internal Revenue as Mrs. Walters looks on.

Corporation Statistics Staff Statistics Division IRS.

Honorable George P. Shultz Secretary of the Treasury Washington, D. C. 20220

Dear Mr. Secretary:

We proudly present to you the Annual Report of the Internal Revenue Service for fiscal year 1972.

For the first time, receipts surpassed the \$200 billion mark, reaching a total of \$209.9 billion. Collections increased in almost every category, reflecting the good health of the economy. the conscientiousness and good citizenship of Americans, and the dedication of the men and women of the Internal Revenue Service.

For this year, in particular, the statistics do not depict adequately the accomplishments of Service employees, who merit a "well done" not only for effective collection of the Federal revenues but also for superb execution of their added responsibilities under the Economic Stabilization Program.

Federal tax administration in the United States, with its low cost per-dollar-collected, far surpasses the efficiency of revenue gathering efforts in other countries. Yet, we must not rest on these laurels. We must continue to seek ways to make our operations more responsive to the needs of taxpayers so that voluntary compliance, the backbone of our tax system, will reach even higher levels.

The Service is striving to provide tax assistance, education, and information to all who ask for it, and to reach out to those who are unaware of tax law requirements with programs of expanded

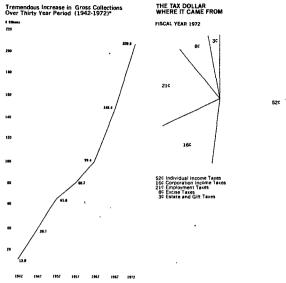
In 1972, the Service made substantial progress, and we expect to report greater accomplishments in 1973.

Johnnie M. Walters

Commissioner of Internal Revenue

MISSION OF THE SERVICE

The mission of the Service is to encourage and achieve the highest possible degree of voluntary compliance with the tax laws and regulations and to maintain the highest degree of public confidence in the efficiency and integrity of the Service. This includes communicating the requirements of the law to the public, determining the extent of compliance and causes of noncompliance, and doing all things feasible for a proper administration and enforcement of the law.



STATISTICAL HIGHLIGHTS

(Amount (thousand dollars))

			•
	1971	1972	Percent Change
Gross Collections	\$191,647,198	\$209,855,737	9.5
Individual Income	\$100,752,421	\$108,879,186	8.1
Corporation Income	\$30,319,953	\$34,925,546	15.2
Employment	\$39,918,650	\$43,714,001	9.5
Estate and Gift	\$3,784,283	\$5,489,969	45.1
Excise	\$16,871,851	\$16,847,036	- 0.1
Refunds:			
Number	55.916.604	55,154,883	- 1.4
Amount	\$19,022,568	\$18,970,640	- 0.3
Returns Filed	111,447,000	112,000,449	0.5
Returns Examined			
Number	1.645.929	1,695,848	3.0
Tax Increase Recommended	\$3,408,347	\$3,413,133	0.1
Returns Mathematically Verified:			
Number	72,938,000	72,482,000	- 0.6
Amount of Tax Increase	\$313.052	\$238,882	-23.7
Amount of Tax Decrease	\$140,235	\$118,406	14.9
Delinquent Returns Secured:			
Number	735,000	815.000	10.9
Amount	\$489,359	\$452,324	- 7.6
Delinquent Accounts Collected	\$2,606,838	\$2,327,585	10.7

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REPORT ON OFFICERS

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ORGANIZATION-PRINCIPAL OFFICERS

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Notes

All yearly data are on a fiscal year basis, unless otherwise specified. For example, data headed "1972" pertain to the fiscal year ended June 30, 1972 and "July 1" inventory items under this heading reflect inventories as of July 1, 1971.

In many tables and charts, figures have been rounded and may not add to the totals which are based on unrounded figures.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Price \$1.75 (paper cover)—domestic postpaid, or \$1.50 GPO Bookstore Stock Number 4804–00591



New Dimensions in Taxpaver Service

As part of the Service's continuing commitment to increase assistance to taxpayers and improve forms and instructions, Commissioner Walters ordered a study to determine the feasibility of reintroducing the short-form income tax return (Form 1040A). The study produced a simplified half-sheet size form for reporting 1972 taxes which can be used by more than 30 million taxpavers. or 40 percent of individual income tax filers. The Revenue Act of 1971 made an abbreviated form especially practical because of an increase in the standard deduction and extension of the optional tax tables to more taxpayers. A simplified form also was desirable because of an increasing public reliance on commerical returns preparers, especially among lower income taxpayers.

In 1972, the Service responded to more than 41 million taxpayers seeking information and assistance with tax matters. Over 19 million persons telephoned, about 9 million visited Service offices, and almost 300,000 more wrote. The Service reached 13 million through various educational programs.

The Service provided prompt taxpayer assistance through a variety of methods. Centiphone, a system of toll-free telephone lines to Service offices, was available to taxpayers in 27 states. Nationwide, the Service gave assistance at shopping centers, public libraries, at taxmobiles stationed at strategic locations to assist low-income taxpayers and senior citizens, and at military installations, nursing homes, hospitals and other institutions. The Service increased the tempo of its assistance toward the close of the filing period by adding more employees to the program and extending office hours, it helped more than 500,-000 taxpayers who visited Service offices during the last six days of the 1972 filing season.

Taxpayer Education Aids Millions

This year Service-sponsored taxpayer education programs helped more than 13,000,000 taxpayers.

Teaching Taxes, the largest Service taxpayer education program, provided materials and instruction to 4.1 million students in 23,000 secondary schools. The Teaching Taxes Program explains the tax system and teaches students to prepare accurate tax

Tax practitioner institute programs dealing with tax situations of farmers, military personnel and the general public provided training to 54,000 participants who in turn assisted nearly 8,000,000 taxpayers. The Volunteer Income Tax Assistance (VITA) Program trained volunteers who then assisted 300,000 low-income and other disadvantaged taxpayers such as those with language problems, the blind, and the deaf. VITA is a program in which IRS employees train volunteers from the community to assist disadvantaged taxpayers in preparing their returns. Through VITA, members of diverse organizations such as community action groups, churches, colleges, and retirement organiizations assisted taxpavers in community centers, Indian reservations, churches, store-fronts, hospitals, and elsewhere. Also as part of the VITA program, the Institutes of Lifetime Learning coordinated with the Service in providing assistance to 53,000 elderly and retired taxpavers in 317 cities. Other national organizations will be contacted next year to develop similar programs for their groups.

Many junior colleges, colleges, and universities offered the Teaching Business Taxes Program with material provided by the Service. In 1972, some 14,000 students in economics, business, and accounting received instructions through this program in preparing tax forms filed for small businesses and corpora-

New Integrated Data Retrieval System (IDRS) **Becomes Operational**

The Service is trying to develop and use the most advanced scientific methods to speed replies to the growing number of inquiries it receives from taxpavers.

In 1972 the Integrated Data Retrieval System operated successfully in the Austin, Texas, Service Center and the six states of the Region. The key to IDRS is a series of video display-inquiry stations in IRS offices. These stations link to large random-access computer files in an IRS service center. When the taxpayer visits or writes an IRS field office concerning his account status, an IRS employee consults the computer by sending a message through the terminal link to the service center. Within seconds. the computer responds to the inquiry by flashing a message on a video screen in the field office.

In addition to providing IRS personnel with almost immediate access to a particular taxpayer file and a speedy response to the taxpayer, IDRS eliminates paper work and permits rapid updating of stored information.

The IRS will install the Integrated Data Retrieval System in all service centers, district offices, and many other locations in fiscal year 1973.

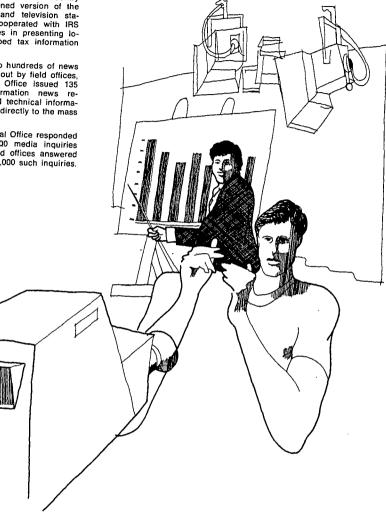
Taxpayers Reached Through Cooperation of the Media

This year the Service provided a weekly tax column ("Taxpayers Ask IRS") to 1,508 daily newspapers and 5,986 weekly newspapers. Field personnel reported heavy usage of the column, especially during the filing period. As a public service, 4,750 radio stations broadcast Service-developed spot announcements and 765 television stations carried film spots.

Television stations throughout the country gave public service time to a 30-minute Service film. providing in dramatized form. general tax information for the public. More than 800 motion picture theatres across the country ran a shortened version of the film. Radio and television stations also cooperated with IRS district offices in presenting locally developed tax information programs.

In addition to hundreds of news releases put out by field offices. the National Office issued 135 general information news releases and 91 technical information releases directly to the mass media.

The National Office responded to over 40,000 media inquiries while the field offices answered more than 31,000 such inquiries.



Taxpayer Publications Explain the Tax Law

The Service produces several forms of interpretative publications which explain the tax law in non-technical language. Service personnel revise most of these publications annually to reflect changes in the law, adding new publications from time to time and discontinuing others.

The Superintendent of Documents of the Government Printing Office and IRS offices handle the distribution and sales of tax-payer publications. This year, many local offices of the Postal Service also sold "Your Federal Income Tax" and "Tax Guide for Small Business." These are two of the more popular publications and the only ones not distributed free of charge.

"Your Federal Income Tax" continues as one of the Government's best selling publications with 1.873,654 copies sold this year.

Service technicians rearranged the "Tax Guide for Small Business" to discuss in sequence the starting, operating, and disposing of a small business. The publication also covers differences in tax treatment of sole proprietorships, partnerships, corporations, and electing small business corporations.

This year the Service developed four new publications: "Tax Information on United States Savings Bonds." Publication 576; "Amortization of Pollution Control Facilities," Publication 577; "Guides for Qualification of Pension, Profit-Sharing, and Stock Bonus Plans" Publication 778; and a Spanish language version of "Information for Preparation and Filing of the Individual Federal Income Tax Return," Publication 579. For a list of titles of taxpayer publications see page 93.

Public Informed on Economic Stabilization Program

In support of the Office of Emergency Preparedness, during Phase I of the President's Economic Stabilization Program, the Service responded to almost 8,000 media inquiries; participated in 68 news conferences, 614 radio and 330 television programs; furnished public speakers on 557 occasions; and issued 746 news releases. A weekly economic stabilization question and answer column provided information to the public through 8,000 daily and weekly newspapers.

With the move into Phase II the Service stepped up its information efforts and issued 1,367 news releases publicizing regulations and informing the public of matters of general interest. The Service responded to 11,004 media inquiries; participated in 58 news conferences, 784 radio programs

and 446 television programs; and provided speakers for 2,938 meetings of business associations and other groups. The National Office prepared 11 radio spot announcements for the Cost of Living Council Radio Spotmaster system for use by stations across the country.



Each year the Service publishes a number of pamphlets and instructional packages to assist taxpayers in filling returns. The pamphlets pictured above make up only a small portion of the total tax information publica-

Spanish Language Program For the first time the Service

undertook a program of providing some tax information in Spanish for the largest non-English speaking group in the United States. Through simultaneous press conferences in New York City, Miami and Los Angeles and news releases, the Service announced the publication of a new Spanish language guidebook for individual taxpayers. The Service also issued some Spanish lanquage news releases and spot announcements to news media that print or broadcast in Spanish. Spanish speaking Service personnel appeared on radio and television programs to broadcast tax information.

Publicizing Changes in the Tax Law—Increase in Withholding Rates

The Revenue Act of 1971 provided for increased withholding rates to eliminate the substantial underwithholding potential inherent in prior law. In some situations it was apparent that the new rates would cause too much tax to be withheld from the paychecks of many taxpayers. To meet this problem, the Service conducted

program to inform taxpayers about the latest change in the aithholding tables, and of remedies available to prevent excesive withholding.

he Service prepared news releases and articles and arranged nterviews with wire services, nalonal magazines, and newsletter publishers. Nearly 900 television stations and the networks carried two television spot announcements on withholding, and Service offices distributed four radio spots to nearly 5,000 stations.

The Commissioner sent letters to more than 160,000 employers of 100 or more persons, explaining changes in the withholding rates. Service offices distributed copies of the Employer's Tax Guide (Circular E), which explained (Circular E) which explained to 4.3 million employers who withhold

taxes from employees. The Service also sent explanatory letters to Cabinet members and other heads of Federal agencies with sizeable groups of employees.

Other Changes in the Tax Law

The Revenue Act of 1971 brought about several other important changes for individual and corporate taxpayers. The Service answered press inquiries and issued releases to inform individuals about the increased standard deduction, changes in filing requirements, deductibility of household and dependent care, limited deduction or credit for political contributions, and changes in estimated tax filing requirements. Similar activities for corporate taxpayers covered Domestic International Sales Corporations, the Work Incentive Program, the Asset Depreciation Range System, and the Investment Credit.

Casualty Loss Deductions

Many taxpayers in the East and Northwest suffered severe losses due to flood and wind damage. To assist these taxpayers, Congress extended the time to file amended 1971 tax returns so that taxpayers can deduct disaster area casualty losses sustained after the tax return filing deadline. The Service also applied special techniques to claims for refund in the disaster areas in order to process them and authorize refunds within three weeks.

Field offices in affected areas conducted information campaigns stressing local situations. The National Office answered press and taxpayer inquiries on changes in the law and issued news releases advising taxpayers in disaster areas that they could file amended 1971 tax returns.

Special Procedures Speed Up Processing of DISC Rulings

The Revenue Act of 1971 authorized creation of Domestic International Sales Corporations (DISC). The purpose of this legislation was to make American goods and services more competitive in foreign markets. The Service, in conjunction with the Treasury and Commerce Departments, publicized advantages of operating a DISC to Chambers of Commerce and World Trade Committees in 40 cities.

Technical Interpretations for Taxpayers and Service Employees

Many individuals and organizations write to the Service for interpretive assistance in the form of letter rulings where the tax treatment and implications of their financial transactions are not clear from the tax law regulations or published rulings.

Taxpayer and field office requests for technical interpretations and advice in various tax categories appear below:

REQUESTS FOR TAX RULINGS & TECHNICAL ADVICE (CLOSINGS)

Subject	Total	Taxpayers Requests	Field Requests
Total	18,356	15,702	2,654
Actuarial Matters	453	417	36
Administrative Provisions	85	64	21
Alcohol, Tobacco & Firearms Taxes	3.647	2.754	893
Employment & Self-Employment Taxes	264	219	45
Engineering Questions	164	92	72
Estate and Gift Taxes	503	441	62
Exempt Organizations	3,964	3,400	564
Other Excise Taxes	322	231	91
Other Income Tax Matters	6,569	6,248	321
Pension Trusts	2,385	1,836	549

The Service received 13,671 applications from taxpayers for permission to change their accounting period or method, made 953 earnings or profit determinations, and issued 1,336 supplemental group rulings to parent exempt organizations.

Published Rulings and Procedures Guide Taxpayers and Service Personnel

Revenue Rulings are published positions of the Service based primarily on letter rulings on issues of general interest.

Revenue Procedures announce internal practices and procedures that affect taxpayers' rights and obligations.

The table below shows the number of Revenue Rulings and Revenue Procedures published during 1972 in the various tax categories:

Revenue Rulings and Revenue Procedures Published

Туре	Numbe
Total	704
Administrative	27
Alcohol, Tobacco and	
Firearms	26
Employment taxes	41
Estate and gift taxes	23
Excise taxes	102
Exempt organizations	40
Income tax	372
Pension trusts	65
Tax conventions	8

Following Examples Illustrate Significant Administrative Interpretations and Procedures Published:

Revenue Ruling 71-425 provides that, subject to certain guidelines stated therein, amounts received by a participant in a work-training program, such as a program under Title V of the Economic Opportunity Act, are neither includable in gross income nor considered wages for purposes of withholding income tax or taxes under the Federal Insurance Contributions Act.

Revenue Ruling 71-447 holds that a private school that otherwise meets the requirements of section 501 (c)-(3) of the Code will not qualify for exemption from Federal income tax if it does not have a racially nondiscriminatory policy as to students.

Revenue Ruling 71-556 presents detailed guidelines for integration of benefits or contributions in qualified pension or profit-sharing plans with benefits provided under the Social Security Act as amended through June 30, 1971. (Basic integration rules appear in section 1.401-3(e) of the regulations.)

Revenue Procedures 72-1 through 72-9 update and restate the general procedures of the Service for issuing rulings and determination letters to taxpayers and technical advice to district offices.

Bulletin Provides Official Guidance

The Service publishes rulings, procedures, and other significant technical developments in the weekly Internal Revenue Bulletin for the guidance of taxpayers, tax practitioners, and Service personnel.

Bulletins in 1972 contained: 647 Revenue Rulings, 57 Revenue Procedures, 14 Public Laws relating to Internal Revenue matters. 5 Committee Reports, 8 Executive • Orders, 2 Tax Conventions, 70 Treasury Decisions containing new or amended regulations, 11 Delegation Orders, 6 Notices of Suspension and Disbarment from practice before the Service, and 229 announcements of general interest. Bulletins also announced 72 notices of acquiescence or nonacquiescence in adverse decisions of the United States Tax Court. The Service cumulates semiannually, contents of the Weekly Bulletins and publishes these as Cumulative Bulletins.

Regulations Aid in the Uniform Administration of Revenue Laws

The Service issues regulations to turnish its personnel and the public guidelines to minimize administrative discretion and encourage uniformity in application of the taxing statutes.

Normally, the Service issues proposed regulations through publication of the complete text in a public notice of proposed rule making. All notices invite written comments on the proposed regulations and inform the public of its right to request a hearing and to comment at the hearing. After considering the comments and suggestions, the Service revises proposed regulations as necessary. Preparation and publication of a Treasury decision in the Federal Register follows. These regulations have the force and effect

At times a new law may require taxpayers to make important decisions soon after the law's enactment. To aid such taxpayers, the Service publishes temporary regulations pending issuance of permanent regulations in the normal manner. Where a notice is unnecessary or impractical, the Service publishes regulations without a notice of proposed rule making.

During the year, the Service held 24 public hearings on proposed regulations, with total attendance over 960.

The Tax Reform Act of 1969 re-

quired 179 regulations projects. The Service also undertook 36 projects to clarify changes made by the Revenue Act of 1971. The following appeared in the Federal Register on projects associated with the Tax Reform Act of 1969: 22 Treasury decisions containing final regulations; 3 Treasury decisions containing temporary regulations; and 39 notices of proposed rule making. These actions covered income averaging, capital losses, multiple corporations, charitable remainder trusts, and reserves for losses on mutual savings banks. The following appeared in the Federal Register on projects associated with the Revenue Act of 1971: 4 Treasury decisions containing temporary regulations; and 3 notices of proposed rule making. These actions dealt with investment credit and treatment of corporations qualified as a Domestic International Sales Corporation, On projects not under the Tax Reform Act of 1969 or the Revenue Act of 1971. the following appeared: 24 Treasury decisions containing final regulations: 4 Treasury decisions containing temporary regulations; and 22 notices of proposed rule making.

Deductible Contributions Guide For Donors and Service Personnel

The latest biennial revision of Publication 78, Cumulative List of Exempt Organizations, contains the names of approximately 130,-000 organizations. Cumulative bimonthly supplements, issued in 1972 added 11,430 names to and deleted 943 names from this list of organizations to which contributions are deductible for Federal income tax purposes. The supplements issued in 1971 added 9,871 names to and deleted 1,180 names from the list.

Pension Trust Activity

The number of new pension and profit-sharing plans continues to climb. Based on letters of determination issued in the first three quarters of the fiscal year, corporate pension and profit-sharing plans were up approximately 31% and 15% respectively. Approximately 35 million people participated in nongovernmental pension and profit-sharing plans of various types. Assets of these plans were about \$151 billion at the end of 1972. The large number of people and huge assets involved in these plans generated considerable interest on the part of the press and the congress.

Alcohol and Tobacco Industries, and Firearms and Explosive Materials Licensees Notified of Technical Changes

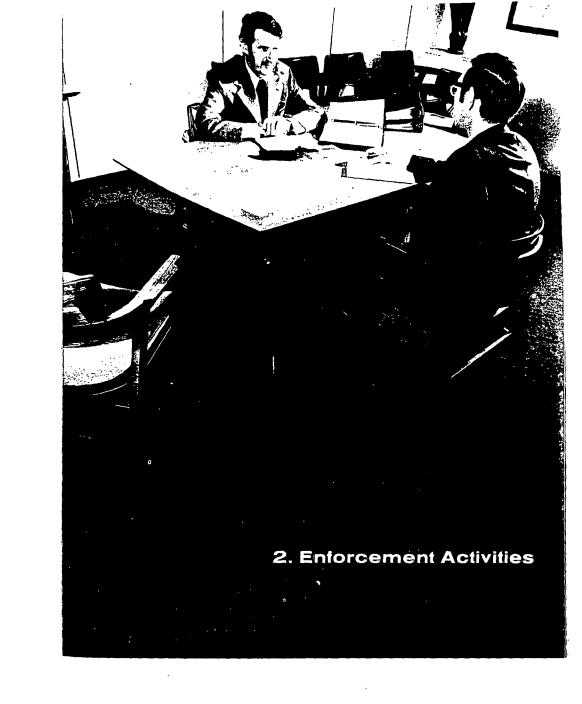
The Service issues industry circulars to keep the alcohol and tobacco industries, firearms licensees, and explosive materials licensees informed about requirements of laws, regulations, rulings, and procedures.

The majority of circulars informed industry members of Treasury Decisions and/or Revenue Rulings. Topics in the remaining circulars included: Environmental impact statements concerning use of polyvinyl choloride plastic in the manufacture of liquor bottles; changes in design of green strip stamps used on bottled-in-bondwhiskey; revocation of approval of various food activities used in alcoholic beverages; sale of explosive materials to nonpermittees or nonlicensees; and application of Federal explosive regulations on finished common fireworks.

The Internal Revenue Service's responsibility for regulation of the alcohol and tobacco industries ended at the close of the fiscal year. The responsibility has been transferred to the Treasury Department. The next chapter provides information on 1972 accomplishments in the alcohol and tobacco regulated operations.

Determination Letters Issued on Employee Benefit Plans, FY 1972

Item	Profit sharing and stock bonus plans	Pension or annuity plans	;	Total
Determination letters issued with	Sand arrive	<u>) </u>	() ()	2 .
1. Initial qualification of plans:			,	
a. Plans approved Number of participating	19,061	24,855	;	43,916
employees	241.752	538,845	Ċ	780,597
b. Plans disapproved	155	230	i)	385
2. Termination of plans	1.724	1.657	:	3.381
3. Amendments	5,709	14.075	,	19.784
4. Investments	317	250	•	577
Cases closed without issuance of				2,,
determination letter and other disposals:	1.618	2.818	1	4.436



New Challenges in Enforcement

Enforcement activities help assure that taxpayers compute their tax liabilities properly and pay according to law. Most important, these activities serve to maintain general confidence in the voluntary self-assessment system.

In major enforcement developments Commissioner Walters Isunched an investigation of the activities of incompetent and unscrupulous tax return preparers. At the same time, the Service shouldered new responsibilities in the tax investigations of key figures engaged in the narcotics traffic, as part of the president's War on Narcotics Trafficers.

The Commissioner, in public appearances, also expressed concern about the disparity and inadequacy of judicial sentences handed down in tax fraud cases, as well as the questionable practice of some societies and commercial associations promoting conventions and seminars as business endeavors when they appear to be shallowly disguised personal trips or vacations.

Tax Return Preparers

For some time the Service has been concerned about unscrupulous tax return preparers, their effect on taxes paid, and their effect on voluntary compliance. Investigations have disclosed that some preparers typically increased or created deductions, or falsified the number of dependents. During the 1972 filing period, the Service launched a nationwide program to identify and prosecute such tax return preparers.

Of the 3200 tax practitioners contacted throughout the nation, the Service found that more than 1,800 prepared inaccurate or false returns. The Service has filed criminal action against practitioners in 26 states. The program has led to 430 potential or actual prosecutions so far, and 55 convictions or guilty pleas.

Throughout the filing period the Service worked through the news media in cautioning taxpayers to choose tax return preparers carefully.

The Intelligence Division will continue to monitor activities of suspected practitioners, and the Service will audit, as necessary, individual returns prepared by them.

Abuses by return preparers in recent years have led to a number of bills before Congress to provide for regulation or licensing of return preparers. This appears to have encouraged an increasing number of tax practitioners to take the Service's annual Special Enrollment Examination to qualify for practice before the Service.

Deceptive Trade Practices by Commercial Tax Return Preparers

Aside from evidence of improper returns preparation, it appears that the search for increased business by preparers has led to a number of deceptive trade practices, including misleading advertising, misleading guarantees, and using customer's tax information for preparation of mailing lists and other unauthorized purposes.

The Service and the Federal Trade Commission have conferred to combat these abuses. (For a description of pending leaislative proposals see page 57.) Some of the nations' largest returns preparation firms have entered into agreements with the Federal Trade Commission consenting to a cease and desist order on deceptive trade practices. A number of other agreements are pending approval. Further, the Revenue Act of 1971 prohibits use of a customers' confidential tax information for purposes other than the preparation of tax returns.

Examination Results

In 1972, the Service examined 1,695,849 returns, 49,920 more than the preceding year, reversing a nine year downward trend. Recommendations for additional assessments reached \$3,413 billion. The total included \$1,2 billion in additional tax and penalties recommended under the team audit approach used to examine large corporations. Examinations cover verification of income, deductions, and computation items reported on returns.

Individual and fiduciary returns comprised 79.2 percent of all examinations, and accounted for 29.3 percent of the additional tax recommended, while corporation returns accounted for over 50 percent of the additional tax recommended.

The table below shows the number of returns examined in 1971 and 1972 by type of tax.

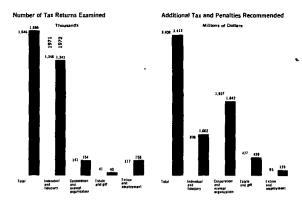
Number of tax returns examined

(Figures in thousands)

	To	tai	Fit	ble	Offi	ice
Type of return	1971	1972	1971	1972	1971	1972
Grand total	1,646	1,696	566	593	1,080	1,103
income tax, total Corporation	1,487 130	1,497 136	429 129	424 135	1,058 1	1,073 1
Individual and fiduciary Exempt organization Estate and gift tax	1,346 11 41	1,343 18 40	289 11 36	271 18 35	1,057 (') 4	1,072 (¹) 5
Excise and employment tax	117	158	100	133	18	25

less than 1,000.

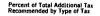
The audit activity made impressive gains this year in reducing its inventory. By the end of the year, prior year returns in inventory were at the lowest level since 1963.

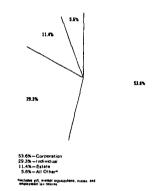


Greater Reliance Placed on Computers To Select Returns for Audit

In 1969, the Service introduced the Discriminant Function System (DIF), to select returns for examination. The system uses computers to classify and rank individual income tax returns by error potential. In that way the Service can select returns with the highest probability of errors.

In addition to producing a higher tax yield, the system assures uniformity by using the same criteria to screen all individual income tax returns. Another advantage is fewer audits that result in no tax changes, thus improving taxpayer relations and operational efficiency. This year, the Service agreed with the tax liabilities reported by taxpayers in 32 percent of the returns audited, a record low.





79.2%

9.2%—Individual and Fiduciary 9.0%—Corporations

Percent of Total Returns Examined by Type of Tax

10.9%—All Other

"Includes pit, esempt organizations, excusemployment to "Firms



Studying output date for a joint audit-intelligence investigation in the Ogden Sartica Geriter computer room ere: (i. to r.) Henry Philicox, Computer Audit Specialist, Reno District; Raiph Inghreitsen, Assistant Division Chief, Date Conversion, Ogden Service Center; and Cliff Rich, Western Regional Intelligence Analyst.

Increased Computer Assisted Audits

Computer assisted techniques play an important role in tax audits of automatic data processing accounting systems. Large masses of data which meet predetermined audit criteria are scanned, analyzed, and recomputed at tremendous speed. This technique produces printouts of manageable size, thus saving considerable resources for the Service and taxpayers.

Revenue Ruling 71–20, requires that taxpayers retain pertinent computerized tax records. The Service has completed record evaluation requests for a substantial number of taxpayers. After evaluation, Service personnel advise the taxpayers as to which records to retain in machinesensible form.

Joint Committee Reviews Large Overassessments

A report on all refunds and credits on income, estate and gift taxes over \$100,000 must be sent to the Joint Committee on Internal Revenue Taxation, as required by law. During 1972, the Service reported 1,171 cases involving overassessments of \$756.1 million to the Joint Committee, as compared with 790 cases and \$518.3 million in overassessments in 1971.

Exempt Organization Program

Exempt organizations classified as private foundations reported more than \$4.3 million as initial taxes under the excise tax provisions of the Tax Reform Act of 1969.

The Service makes every effort to keep pace with its two-year audit cycle for large exempt organizations and its five-year cycle for private foundations. In 1972, the Service issued determination letters to 23 thousand organizations that applied for confirmation of tax exempt status under the law. In addition, the Service withdrew advance assurance of the deductibility of contributions from 45 private schools that failed to establish a racially nondiscriminatory admissions policy.

The Exempt Organization Master File (EOMF) continued to grow. The number of exempt organizations in the file has increased from 309,000 in 1967 to 535,000 in 1972. The rate of growth in 1972 was almost 5 percent.

Team Audit Technique Used for Large Taxpayers

The Audit Division uses the team audit technique in examing complex corporate structures. Many corporations have diverse activities, intricate practices and transactions, and widely dispersed operations across the nation and in foreign countries. For these reasons, the teams may require engineer agents, international examiners, actuaries, data processing specialists, attorneys, statisticians, and economists.

Expansion of Audit Concepts to Service Centers

Service centers conducted several correspondence audit programs in 1972, including the new Unallowable Items Program, This is a low cost audit program which uses computers to contact taxpayers about deductions which appear to be unallowable by law. Typical unallowable items include dividends exclusions in excess of the amount allowable, failure to reduce medical expenses by the percent of adjusted gross income, and the taking of fractional exemptions. In the period of January 1 to June 30, the Service corrected 452,521 unallowable items returns producing revenue of \$24.2 million.

The Information Document Matching Program matches information documents and other records filed with the Service with information reported on individual tax returns, thereby identifying persons who failed to report all of their income. Forms W-2 (Wage and Tax Statement) and Forms 1099 (U.S. Information Return) are principally used in this program.

The Multiple Filer Audit Program began in the final months of 1972. Computers analyzed individual returns to determine if more than one return had been filed under the same social security number. in many instances, married taxpayers filed two joint returns or separate returns and claimed duplicate exemptions or deductions, usually because of a misunderstanding in filing requirements. The Service sent letters to taxpayers explaining the error and proper return filing requirements and statements of additional tax due.

Art Panel Assists in Evaluations

Since 1968, a panel of art experts has been assisting the Service in determining whether realistic valuations have been placed on contributed works of art and on art objects valued for estate tax purposes.

The panel met three times in 1972 and reviewed 711 works of art valued in tax returns at more than \$18 million. The panel recommended a 30 percent reduction in the claimed value of works of art for charitable contributions and a 25 percent increase in the value of art objects included in estates.

In its four years of operation, the panel has reviewed approximately \$70 million worth of art and has recommended adjustments of approximately \$20 million.

الدعر العبه

Administrative Appeals System General

The appeals function of the Service provides the taxpayer who disagrees with a proposed adjustment to his tax liability an opportunity for an early, independent review of his case. The purpose is to enable the taxpayer to settle his case promptly, without litigation, on a fair and impartial basis.

The appeals function is decentralized and operates in 58 district offices and 40 regional appellate offices. As need arises, the Service provides conferences at other locations. The taxpayer can go to either the district or regional office for an initial conference.

Although differences in authority and jurisdiction exist, both district and regional offices have the same objective-to resolve cases as soon as possible on a basis which reflects a fair administration of the law. The principal difference in authority is that only regional appellate offices may dispose of cases by considering hazards of litigation, that is, uncertainty as to outcome in the event of trial. The appellate division has this authority in keeping with longstanding Service policy which favors administrative settlements over protracted litigaCases considered involve all types of taxes except those on alcohol, tobacco, firearms, narcotics and wagering. Issues run from the most elementary to the most complex, and deficiencies in tax from a few dollars to many millions. Claims for refund of tax and offers in compromise also rate consideration.

In most cases Service conferees and taxpayers reach a mutually acceptable basis for resolving the dispute, as a result, a relatively few cases actually go to trial. The Service closed over 98 percent of all cases without trial in the last seven years, and this year the appeals function achieved the greatest number of case disposals per conferee in history.

District Conference Case Work-load

Field	Umice	
Audit	Audit	Total
8,769	3,825	12,594
24.882	17,250	42,132
24.141	16,628	40,769
14.861	11.853	26,714
61.5	71.2	65.5
9,510	4,447	13,957
	8,769 24,882 24,141 14,861 61.5	Audit Audit 8,769 3.825 24,882 17,250 24,141 16,628 14,861 11,853 61.5 71.2

Early Informal Hearing Provided

At both district and appellate levels, the Service offers a conference soon after the case is received. To the extent possible, the Service arranges a date, time, and place most convenient to the taxpayer. Where the disputed tax is less than \$2,500, the taxpayer need not file a written protest for conference in the district office. The same rule applies in the regional appellate office if the taxpayer has first availed himself of a district conference.

Informal proceedings prevail at both levels and the taxpayer may represent himself or have counsel. If a conference fails to produce agreement, the Service informs the taxpayer of his additional rights and options.

In 1972, the appeals function disposed of 52,189 cases by agreement; the Tax Court decided 1,096 cases; U.S. District Courts and the Court of Claims decided 460 cases.

About half of the cases closed by agreement are at the district level and half at the appellate level. District conference staffs obtained agreement on about two-thirds of the cases. Activity in the district conference staffs appear in the table below:

Appeal Options Available to Taxpayer

If there is no agreement at either district or regional level, the taxpayer can, in most instances, file an appeal with the Tax Court. Even though this is done, and the case is docketed for trial, the taxpayer may still reach a settlement with the appellate office. Except in unusual circumstances, the timely filling of an appeal with the Tax Court stays the assessment and collection of the tax until the Court has entered its decision.

As an alternative to trial in the Tax Court, the taxpayer can pay the deficiency in tax, file a claim for refund (at any time within two years from date of payment) and after either denial of the claim by the Service, or after 6 months from date of filing, enter suit for recovery against the Government in either. a United States district court or the Court of Claims.

Appellate Receipts and Disposals

Receipts in regional appellate offices had remained even at about 33,000 cases in each of the past four years. This year receipts increased to 34,278. Both nondocketed and docketed case receipts increased over the prior year.

There also was a substantial increase in docketed cases involving \$1,000 or less of disputed tax (for which special simplified provisions were made in the Tax Reform Act of 1969). In 1968, the Service received 972 cases; in 1969, 1970, 1971 and 1972 receipts were 1,267, 2,100, 2,781 and 3,321, respectively. Most of these cases were ultimately settled

About 75 percent of the appellate workload consists of nondocketed income, estate, gift, exise and employment tax cases. In 1972, appellate offices closed 78 percent of these cases by agreement with the taxpayer. Agreements in this category have averaged more than 80 percent over the past 5 years.

Taxpayers filed petitions for hearings before the Tax Court in 8,945 cases in 1972, as compared to 6,968 cases in 1970 and 8,299 cases in 1971. The increase was largely in the small case category where the Service offers informal procedures. Settlement negotiations on docketed cases continue and most cases are ultimately settled without trial.

The following table and chart shows the processing of both nondocketed and docketed cases in 1971 and 1972. (For additional information see tables 12 and 13, page 123).

Failure To Pay by the Prescribed Date

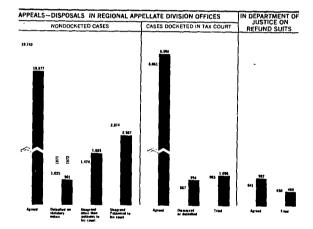
The Service makes every reasonable effort to collect taxes due, starting with notices to taxpayers requesting payment and then establishing delinquent accounts for assignment to enforcement personnel.

New Delinquent Accounts Drop

Establishment of delinquent accounts declined in 1972 despite continued growth in population and taxable income. Principal factors were: (1) increased use of the

Appellate Division processing of all cases for 1971-1972 (Income, estate, gift, excise, employment, and offers-in-compromise)

1971 33,468	1972
33 46P	
	33,491
32.682	34,278
	32,898
25.804	25,475
22,004	,-,-
1.474	1.885
	.,
1.602	1,855
	2,587
	1.096
33,491	34,871
	32,659 25,804 1,474 1,602 2,814 965



essing system to mail out tax bills; (2) the impact of recent tax legislation which removed many low income taxpayers from the tax rolls; and (3) some easing in economic conditions. The Service established 2.6 million delinquent accounts, 202,000 or 7.2 percent fewer than last year. The amount of delinquent tax also dropped by \$298 million or 8.5 percent to \$3.2 billion.

Disposals Down Slightly But **Inventory Down Sharply**

lion delinquent accounts in 1972. accounts or 4.8 percent below

The relatively small reduction in disposals is evidence of notable accomplishment considering: (1) increased budgetary limitations; (2) heavy manpower demands imposed by the Economic Stabilization Program which drained 1.3 million man hours from this enforcement area; and (3) expanded Taxpayer Service activity instituted in April, which further limited available manpower.

For the second successive year, the inventory of delinquent accounts declined. The 1972 level of 659,000 accounts is the lowest point reached since 1965, and represents a reduction of 100,000 accounts, or 13.2 percent, below 1971. The \$1.9 billion value of these accounts is \$2.4 million less

The Service disposed of 2.7 mil-This was a decline of 138,000 1971. Delinquent taxes collected amounted to \$2.2 billion, which is \$265 million below 1971.

than the prior year's.

			ount id dollars)
1971	1972	1971	1972
2,821 2,847	2,619 2,709	\$3,509,677 3,579,694	\$3,211,963 3,337,947
2,265 582	2,164 546	2,498,077 108,761 972,856	2,232,953 94,632 1,010,364 \$1,897,384
	(thou 1971 2,821 2,847 2,265	2,821 2,619 2,847 2,709 2,265 2,164 582 546	(thousands) (thousands) 1971 1972 1971 2,821 2,619 \$3,509,679 2,847 2,709 3,579,694 2,265 2,164 2,498,077 108,761 502 546 972,855

1 Includes disposals due to uncollectibility, erroneous and duplicate assessments, payment tracer and adjustment cases.

Frograms for Prompt Identification of Federal **Tax Deposit Offenders**

The Service is concerned especially with the failure of employers to deposit taxes withheld from employees' wages because in effect, it represents a misappropriation of funds that belong to the Government. To combat the probiem, the Service initiated a Federal Tax Deposit (FTD) Alert Program. The program involves early identification of potential offenders through use of data processing. The system determines which employers have failed to make deposits. A notice then alerts an enforcement officer who calls on the employer to determine why he has not complied.

Automatic Data Processing System Aids Program Against Delinguent Filers

The Service's automatic data processing system played a major role in detecting non-filers, first by monitoring and following up preselected types of delinquent accounts, and secondly by increasing the use of four master files to issue automatic delinquency notices or investigations. These factors permitted a greater development of enforcement personnel in seeking out non-filers. thereby reversing the fall-off that had occurred in recent years because of budgetary limitations.

Laxpayer Delinguent Accounts Millions of Dollars



Increase in Number of **Delinquent Returns Secured**

The Service secured 815,000 delinguent returns valued at \$452 million. This compares with 735,-000 delinquent returns assessed at \$489 million in fiscal year 1971.

Master Files-The Operational **Foundation of Tax Delinquent** Returns Program

The business master file (BMF), the individual master file (IMF), the exempt organization master file (EOMF), and the residual master file (RMF) provide the operational foundation for a major portion of delinquent returns activity. Each has a routine tailored to meet variations in tax regulations and filing requirements and issues a delinquency notice or investigation in every apparent non-filer situation.

The business master file deals with several classes of tax. The Service can program BMF to deliver a single investigation for one or more tax periods during the year. This elminates massive paperwork as well as multiple enforcement contacts, since the computer will not issue another investigation or accept as satisfactory any completed investigation which does not satisfy all periods of delinquency.

The individual master file provides an annual delinquency check for instances of non-filing of individual income tax returns.

The exempt organization master file (EOMF) is relatively new, Programs implemented under EOMF provide for issuing delinquency letters and taxpayer delinquency investigations.

The residual master file (RMF) provides processing and handling operations for a variety of returns of limited volume or unusual characteristics which did not adapt well to earlier mechanization. The RMF also provides timely issuance of delinquency notices and subsequent delinquency investigations whenever required returns are not forthcoming.

Over half of all apparent non-filer cases are resolved through computer generated issuances. For tax year 1970, the individual master file selected over 500,000 nonfiler cases for delinquency checking, over twice as many as ever

New Programs in Returns Compliance

Among several specialized programs in progress is a survey of 12,000 airport facilities across the country to insure compliance with tax provisions of the Airport and Airway Revenue Act of 1970, Another program involves a nationwide effort to achieve a higher level of compliance with Federal Highway Use Tax laws. Through use of available information, the Service will identify virtually all motor vehicles, or vehicle owners potentially liable for this tax. Expected benefits include a substantial revenue return and greater awareness of the tax requirements among all segments of the truck-owning public.

Returns compliance programs underway and planned involve coordination with nearly every major Federal department or agency and a number of private firms. The Service compares data from these sources against the various master tax files for possible delinquency.

While actual tax fiabilities of some taxpayers may be slight in comparison with their neighbor's, all taxpayers have an obligation to file what is required and pay what is due. Thus, the Service includes a significant number of individuals and smaller business enti-

Enforcement Approach Geared to Reduce Non-Compliance

The Service trains enforcement personnel to review all possible returns delinquencies whenever taxpayers are interviewed in apparent non-filer situations. For example, a self-employed individual delinquent in filing an income tax return, may not have filed returns for recent income tax periods. The Service will also check for business tax returns if the taxpayer employs other people, or for excise tax returns if required.

Tax Fraud Investigations and the Intelligence Division

The Intelligence Division identifies areas of noncompliance and enforces the criminal sanctions of the Internal Revenue Code. The Intelligence function employed over 3000 technical and clerical employees in 1972.

Tax Fraud Investigations, Indictments, and Convictions

The Service completed 8.882 fraud investigations during the year, with prosecution recommended in 1,777 cases. Agents screened more than 132,000 allegations of fraud in selecting the investigative caseload.

Grand juries indicted 1,074 defendants in tax fraud cases in fiscal 1972. A total of 772 defendants pleaded guilty; courts convicted 113 defendants after trial and acquitted 39, and dismissed 137.

Intelligence Compliance Program

The Service conducted a program to identify patterns of noncompliance by homogeneous groups of taxpayers, and areas of noncompliance not covered in other pro-

Service investigators made compliance checks of more than 250 professions, occupations, businesses, industries, and income information sources. Among pockets of noncompliance located were sub-contractors in the construction industry, area managers in the direct selling industry, insurance salesmen, recipients of land condemnation awards, attorneys, and persons liable for highway use taxes. The Service imposes criminal sanctions where evidence of tax evasion is discovered, and takes remedial action to assure future compliance.

For example, offices in several areas inquired into compliance with reporting income requirements by private duty nurses. All offices found noncompliance where payments were made in cash without issuing information

documents (Forms 1099 or W-2). In one district, the State Nurses Association published an article on the results of the compliance test, advising nurses to report their income from private assign-

Another project involved scrap metal and textile waste operators. Here, agents examined 258 returns and recommended deficiencies of \$488,307. They also recommended prosecution of five industry officials.

The impact on voluntary compliance is apparent. Agents examined returns of hospital medical employees who had not reported wages paid from scholarship funds. The major hospitals which had been paying employees from scholarship funds transferred \$500,000 annually to accounts to be included in future withholding tax statements.

Another investigation disclosed \$3.4 million in unreported income earned by policemen in a large metropolitan area. More than 1900 policemen had not reported on their tax returns earnings from private employers for police related security jobs, such as quarding property, crowd control. and watching for shoplifters. The police department assigned policemen on a rotation basis. Five employers paid the department which in turn paid the policemen. The department did not withhold tax or file information reports. City officials cooperated in correcting the situation.

A midwestern district found that house-to-house cosmetics sales can be big business. A revenue agent audited a parent corporation and recorded serial numbers of United Savings Bonds awarded as prizes to sales persons who sold at least \$3,000 in cosmetics during an eighteen-week period. The firm had awarded as prizes approximately \$4,000,000 in United States Savings Bonds, An inspection of the tax returns of known sales representatives disclosed that 80 percent either failed to file or made no mention of their selling activity.

The Service had found that zone managers receive millions of dollars in promotional expenses with no accounting required nor withholding statements issued. One company disburses about \$650,-000 in promotional expenses each year. This same company pays commissions of about \$11,000,000 a year of which only \$3,000,000 appears on information returns

Sentencing in **Tax Evasion Cases**

Nationwide, only 43 percent of those convicted in income tax cases received jail terms. Comparisons of the sentencing practices by judicial districts reflect wide disparities.

In the first quarter of 1972 for example, courts in the Eastern District of Michigan handed down 10 sentences and imposed no prison terms. Four of the cases involved additional taxes and penalities of \$95,250, \$203,552, \$191,399, and \$164,664. During the same period, the court in the Central District of California ordered no confinements for six tax evasion convicts. On the other hand, tax violators go to jail in the Southern District of Texas. Three recent sentences included a six-month term and two four-year terms.

In Philadelphia, courts ordered confinement for ten income tax evaders. They are: EDWARD P. SWARTZ, a physician and former Public Health Director, six-month iail sentence; MORRIS WEINER. a prominent dress manufacturer. a one-year prison sentence: JOHN C. PARENTI, a major racketeer, a one-year prison sentence: IRVING H. MYERS, a business executive, a one-year sentence; PAUL G. HOFFMAN, a restaurant operator, 100 days imprisonment; ANTHONY KLIJJIAN, a roofing contractor, six months imprisonment; ANTHONY LEMISCH, a voting machines salesman, six months imprisonment: WILLIAM J. KILROY, a "political expeditor", 90 days imprisonment: LOUIS SALERNO, 60 days imprisonment; and FRED L. MATHERN four months imprisonment. Some of these defendants also paid large fines.

Interesting Cases

The court fined Dan B Ball, a former county judge, \$30,000 and placed him on five years probation for evading part of his income taxes over a four-year period. During these four years, he prepared more than 800 income tax returns for other people.

John S. Allessio, a race track official, received three years in prison and a \$20,000 fine for income tax evasion; and his brother. Angelo Allessio, also associated with the race track, received a sentence of one year in prison and a fine of \$20,000. Additional taxes and penalties in the case exceeded \$6,000,000.

Gregory Taylor, a narcotics distributor, received a sentence of five years in prison and a fine of \$30,000 for income tax evasion. A lengthy arrest record and several previous prison confinements, plus the cooperation of the U.S. Bureau of Engraving and Printing helped to refute his claim of a cash hoard used to pay for substantial real estate, automobiles, jewelry, and other expenditures.

Lee W. Merrich, a dog food processor, received a sentence of eighteen months in prison for income tax evasion on unreported sales of \$170,000. Cooperation from Canadian tax authorities made it possible to locate currency deposits of \$142,000 in a Canadian bank account. He had made the bulk of unreported sales to a wholesaler of meat for human consumption. This meat came from the same supply processed for dog food sales.

Morris Greenberg, an attorney, received a sentence of ninety days in prison and a fine of \$10,-000 for failure to file interest equalization tax returns. One incriminating factor was a letter he had written to a Canadian stock transfer agent explaining the interest equalization tax provisions.

Emmett J. Avo. a night club operator, received a sentence of three years in prison for income tax evasion after understating income by \$228,000 over a four year pe-

Phillip Armento, Sr., a county assessor, received a sentence of three years in prison for income tax evasion. This scheme involved special handling of personal property tax bills and real estate valuations for fees not reported on his tax returns.

Lionel E. Clark, a former county judge received a sentence of one year in prison for failure to file income tax returns for four years. During this period his gross income was \$62,352.

Nelson E. Weber, an aircraft insurance executive, received a prison term through revocation of probation of a previous tax evasion sentence. Part of the conditions of probation involved full settlement of his \$170,000 tax liability. Instead, he filed an offer in compromise proposing to settle his liability for \$10,000 based on stated assets of only \$13,000. Agents discovered an undisclosed safe deposit box containing over \$219,000. They seized the money to apply to his tax liability.

James G. Waller, a funeral home director, received a sentence of three years in prison for understating business receipts by \$210,000.

Referrals to the **Department of Justice**

This year, the Service forwarded prosecution recommendations to the Department of Justice in 1,355 income and miscellaneous criminal cases (involving 1,364 prospective defendants). Compared with the prior year, this was an increase of 33 percent in the number of referrals, In 1972, indictments in such cases were up 13 percent.

In income, excise, and wagering tax criminal cases, the court results included: 733 quilty or nolo contendere (no contest) pleas, 113 convictions after trial, 40 acquittals, and 151 dismissals.

A comparison of indictments and court actions for the last two vears follows:

Results of criminal action in tax fraud cases

Action	Number of	Number of defendants 1971 1972		
Total		.;		
Indictments and Informations	956	1.085		
Disposals, total	997	1.037		
Plea, guilty or noto contendere	645	723		
Convicted after trial	142	113		
Acquitted	1 57	40		
Not-pressed or dismissed ¹	153	151		
Income and miscellaneous cases?	il.	11		
Indictments and informations	952	1,074		
Disposats, total	961	1,011		
Plea, guilty or nolo contendere	638	722		
Convicted after trial	136	113		
Acquitted	.55	39		
Not-prossed or dismissed 1	132	4 137		
Wagering Tax Cases	4			
Indictments and informations	11 4	. 11		
Disposals, total	36	26		
Plea, guilty or noto contendere	1 7	. 11		
Convicted after trial	6	. 0		
Acquitted	2	. 1		
Nol-prossed or dismissed	21	14		

¹ Includes cases dismissed for the following reasons: 10 because of death of principal defendant, 5 because of serious illness, and 102 because principal defendant had pleaded guilty or had been convicted in a related case.

¹ Includes income, estate, gift, and excise taxes other than wagering, alcohol, tobacco,

and firearms taxes.

Cases Involving **Criminal Prosecution**

Cases received in the Chief Counsels' Office with recommendations of criminal prosecution involved additional taxes and penalties of \$193 million. This was \$14 million more than the prior year. An analysis of the receipt and disposal of criminal cases in the Chief Counsel's Office follows:

Receipt and disposal of criminal cases in Chief Counsel's Office

Status		1971	1,	1872
Pending July 1		- A 660	1 :=:	
Pending July 1	- 11	2,206		2,407
Received, total		1,313	1,	1,680
With recommendations for prosecution		1,204	- #F	1,523
With requests for opinion, etc.	- t.	109		157
Disposed of, total	· //	1.052	H	1,385
Prosecution not warranted		79	- 11	94
Department of Justice declined	- 1	48	11	.57
Prosecutions	- 4	759		1,009
Opinions delivered		46	-4	58
All other closings		120	(167
Pending June 30	1.	2,467	1	2,762

....

1tem	1971	197
Internal revenue collections, total	191,647	209,85
Individual income taxes, total	100.752	108,87
Witholding	76,490	83.20
Other	24,262	25,67
- Corporation Income taxes	30,320	34,92
Estate and gift taxes	3,784	5,49
Employment taxes	39.918	43,71
Excise tax	16,872	16,84
income, Estate, andi Gift Taxes		
Civil Cases		
Additional tax and penalties in cases disposed of in		
audit divisions by agreement, payment or default	1,499	1,41
Additional tax and penalties in cases disposed of		3
in appellate divisions by agreement, payment	ĺ .	1
of default	349	. 40
Additional textand penalties determined by		1
settlement in Tax Court	101	15
Additional tax and penalties determined by Tax	1	1
Court decisions:	}	}}
Dismised	21	ll.
Decisions on merits	22	1 1
Additional tax and penalties in cases decided by	}	i)
Suprame Court and courts of appeals	9	1 2
Amount refunded to texpayers as a result of refunds suits	57	4
Fraud cases		
Deficiencies and penalties in cases disposed of in	ſ	
intelligence divisions:	1	13
Presecution recommended	179	9

¹ Includes excise taxes

Gross tax, penalties and interest resulting from direct enforcement

resecution not warranted and cases declined by Decartment of Justice

(In Thousands of dollars)

Item	1971	1972
Additional tax, penalties, and interest assessed, total	4,022,705	4,271,407
From examination of tax returns, total	2,708,153	3,205,724
Income tax, total	2,250,883	2,683,262
Corporation	1.503.633	1,727,241
Individual and fiduciary	747.250	956,021
Estate and gift tax	345,210	390,923
Employment tax (including withheld income tax)	62,508	95,234
Excise tax	49.552	36,305
From mathematical varification of income tax returns	313,052	238,982
From verification of estimated tax payments claimed	512,141	374,377
From delinguent returns secured, total	489,359	452,324
By district collection divisions	427.647	380,676
By district audit divisions	61,7,12	71,648
Delinquent taxes collected, total	2,606,838	2,327,585

Tax and penalty and number of tax years involved in criminal fraud case disposals

(Exclusive of wagering and coin-operated gaming device cases)

Disposition	Tax	years	Tax and Penalty	
Dispasition	1971	1972	1971	1972
Total	2,953	3,344	\$107,778,423	\$77,912,774
Prosecutions	2,509	2,890	70,447,957	55,377,297
All other closings 1	444	454	37,330,466	22,535,477

Includes cases declined by Department of Justice.

Summary of Additional Taxes from Direct Enforcement

Additional revenue resulting from direct enforcement historically has represented a relatively small part of total tax collections. The main importance of direct enforcement cannot be expressed in dollars. Its importance lies in reassuring the public that the Service has an effective enforcement system, and a balanced program aimed at equitable enforcement of the law for all taxpayers, regardiess of position or wealth.

The table below sets forth for the last two years the source of additional tax, penalities, and interest assesed and certain other results of direct enforcement.

Additional detail on legal workload involved in the prosecution of criminal cases by Service attorneys during the past two years appears in the table at the left.

Workflow in the Service and the Courts

The unit of measurement at the audit level is a return. In the Appellate and Intelligence Divisions, as well as in the courts, the work unit is the case. A case may involve more than one return and more than one taxpayer. The table at the right reflects comparative data on actions completed by the Service during 1971 and 1972.

End of Era in Regulated Operations

The Internal Revenue Service's responsibility for regulation of the alcohol and tobacco industries to assure compliance with various Federal requirements ended at the close of fiscal year 1972 after 110 years. This responsibility and firearms control activities, have been transferred to the Treasury Department's Bureau of Alcohol, Tobacco and Firearms. In 1972 the number of plants regulated remained fairly stable, as did the number of activities requiring compliance inspections. The table at the right and the first table on the next page reflect production volume and revenue control manpower use for fiscal year 1972.

Workflow in the Internal Revenue Service and the courts, fiscal years 1971 and 1972

	d	ums
Items	1971	197
Tax returns filed, total	111,446,930	112,000,44
Individual income	76,619,563	77,105,69
Corporation income	1.820,556	1.880.81
Estate and gift	314,913	383,57
Employment	21,689,343	22,007,33
Excise	1,400,704	1,310,81
Other income	9,401,851	9,312,21
Income, Estate, and Gift Taxes		,
Number of returns examined (including forms 990)	1,529,454	1,537,30
Returns with adjustments proposed by audit divisions	1,006,325	1,024,00
Disposed of by audit divisions:	1,000,025	1,024,00
Agreed, paid, or defaulted	956,311	983,21
Transferred to appellate	46,119	36,73
Other	3.895	4.05
Control to the control of the contro		
CiVII Cases	,	, in - i
Total received in appetiate division	22,061	22,20
Disposed of by appellate divisions: Agreed, paid, or defaulted	20,277	18,89
Courts of original jurisdiction:	20,211	10,09
Tax court:		p=
Total petitioned to Tax Court	8,299	8,94
Dismissed	567	95
Settled by stipulation	6,187	6,67
Settled by Yax Court, decision	806	. 88
Decided by Tax Court, but appealed	338	. 28
District courts and Court of Claims:	 	ļ
Total filed in district courts and Court of Claims	1.177	
Settled in district courts and Court of Claims	647	1,44
Decided by district courts and Court of Claims	450	46
	430	46
Court of Appeals: Settled by courts of appeals decision	355	46
Favorable to Government	237	28
Favorable to taxpayers	95	12
Modified	23	, 12
Decided by court of appeals but reviewed by	23	
Supreme Court	۱ ۵۱	
Supreme Court: Settled by Supreme Court decision	4 1	
Fraud cases	Altinope in	
Received for full-scale investigation in intelligence	parameter.	;:- ·=:
divisions	2,482	2,640
Disposed of by intelligence divisions:	1	
Prosecution recommended	1.379	1,79
Prosecution not recommended	1.142	1.48
Disposed of by Office of Chief Counsel:	-,-	,
Prosecution not warranted, including cases declined		
by the Department of Justice	127	15
Prosecutions	759	1.009

Production by alcohol and tobacco industries, fiscal year 1972

Distilled spirits Rectified distilled spirits Still wine	1 '.	764.4 million tax gations 120.7 million proof gallons 389.1 million gallons
Effervescent wines Vermouth and other special natural wines	* .	22.9 million gallons 64.5 million gallons
Beer	j.	140.3 million gallons
Large cigars Small cigars Cigarettes	ंक नक्ते " 	6.4 billion 165.6 million 596.6 billion

¹ 281.7 million gallons removed from bonded storage after determination of taxes due (includes 30.3 million gallons of imported spirits transferred from Customs custody to bonded storage); 525.3 million gallons tax free; 1,107.6 million gallons in bonded storage at end of year.

Liquor Law Enforcement

Extensive use of manpower to meet expanded enforcement and regulatory responsibilities associated with intensified firearms and explosive programs has had an impact on Illicit liquor investigations. In 1972, the Service used only 29.4 percent of the investigator force for liquor law enforce-

Illicit distillery seizures for 1972 totaled 2,090, compared to 2,272 in 1971. Similar declines occurred in seizures of mash and non-tax paid spirits. A more detailed summary of accomplishments in liquor law enforcement is shown be-

Seizures of most of the nation's illicit distilleries occur in the Southeast Region and portions of the Central and Southwest Regions. The overwhelming majority of these operations exist in the rural areas of Alabama, Georgia, South Carolina, North Carolina, Mississippi, Tennessee, and Flor-

"Operation Dry-Up," a program employing heavy concentration of Federal officers in three states of the Southeast Region, continues to curb non-taxpaid whiskey traffic. This, along with stringent sentences in some court districts, has reduced the number of persons deriving income from unregistered distilleries.

Revenue Growth-

Alcohol and Tobacco Taxes

Distilled spirits revenue rose to \$3.761 billion in fiscal year 1972, and tobacco taxpayments increased to \$2,207 billion in the same period. The following table presents data on alcohol and tobacco tax collections reflecting the growth from 1863 to 1972.

ATF revenue control manpower use 1971 1972 Plants and permitees subject to IRS regulatory control (excludes retail liquor dealers): inspector man-years realized 831 22,673 21,675 On site inconstions completes Days of industry operation requiring on-premises 134,040 24,471 135,871 21,492 SUDERVISION Permits issued, amended and terminated Claims, offers-in-compromise and assessments reviewed and processed

Results of criminal action in alcohol and tobacco cases

		Number of defendants		
Action		1971		1972
Indictments and information		3,054		3,029
Disposals, total		3,169		3,004
Plea, guilty or noto contendere		2,166		2,115
Convicted after trial		612		478
Acquitted		107		140
Nol-prossed or dismissed	1	284		.271

Seizures and arrests for alcohol and tobacco violations

Item	. ,	1971	197
Seizures:			
Distilleries	number	2,272	2,09
Stills at distilleries	do	3,327	2,98
Non-taxpaid distilled spirits	gallons	78,878	67,58
Mash	do	1,387,986	1,238,91
Vehicles	number	815	79
Property (appraised value)	dollars	1,071,138	1,490,68
Arrests .	number	3,222	3,19

Alcoholic Beverage Advertising, Labeling, **Trade Practices**

Distillers, blenders and bottlers of spirits, producers and blenders of wine, and wholesalers and importers of all alcoholic beverages, operate under permits subject to suspension or revocation for any violation of Federal liquor laws. In 1972, the Service revoked two permits and suspended one permit while closing 83 cases involving violations of the Federal Alcohol Administration Act and the Internal Revenue Code through acceptance of offers-in-compromise totaling \$106.900.

Advertising of alcoholic beverages must conform to statutory and regulatory requirements and prohibitions. To insure compliance, the Service examines advertising in a selected grouping of newspapers and magazines of general circulation, and trade publications. Service personnel examined more than 18,000 publications containing alcoholic

39,146

36,466

beverage advertisements during the year. In addition, comment is offered on proposed advertising themes or campaigns submitted for examination.

Bottlers of distilled spirits, wines and malt beverages, and importers of such products, must obtain certificates of label approval (or certificates of exemption from label approval for intrastate bottling) prior to removal of bottled goods from establishments or Customs custody. This year, the Service approved 55,955 certificates of label approval and disapproved 766 labels covering all classes and types of alcoholic beverages.

Alcohol, Tobacco and Firearms Laboratories

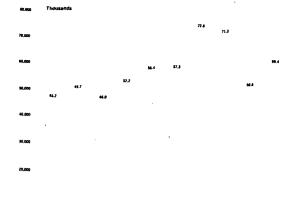
Sophisticated equipment and additional space enabled the National Office Laboratory and the three field laboratories to broaden the services offered in law enforcement and revenue control The number of criminal enforcement samples continued to increase. In 1972, the Service analyzed 46,542 samples compared to 33,374 in fiscal 1971.

Chemical Staff Activities

The laboratory received a large number of requests for non-alcoholic beverage flavors for special natural wines. Since artificial colors are not permitted in special natural wines, the laboratory is developing less time-consuming artificial color tests using thin layer chromatography.

In addition, the laboratory monitors various commercial wines for sodium content and pesticide residues and checks manufacturing processes of denatured alcohol users for discharges of waste materials. The staff authorized toluene as an alternate denaturant for two denatured alcohol formulas after reports that Benzene is a suspected carcinogenic agent. The laboratory also developed a method of Differential Solvent Extract to differentiate between small cigars and cigarettes.

CERTIFICATES OF LABEL APPROVAL ISSUED



Forensic Staff Work

In fiscal 1972, the Forensic Laboratory workload almost doubled. The staff examined approximately 23,000 physical evidence samples connected with 3,230 cases involving illicit firearms and destructive devices, illicit liquor conspiracies, income tax frauds. and other crimes. The photo laboratory processed about 80 requests per month for photographs of questioned documents. The staff also performed numerous special photo assignments for use in court cases.

The laboratory staff processed more than 735 bomb cases and approximately 344 document cases. The Service used successfully in court cases much of the evidence examined in connection with firearms and bomb offenses. Substantial increases occurred in firearms examinations involving tool marks, ballistics, gunshot residue, gunshot patterns and bullet identification. The number of physical evidence samples submitted in connection with illicit distillery operations remained nearly the same as last fiscal year.

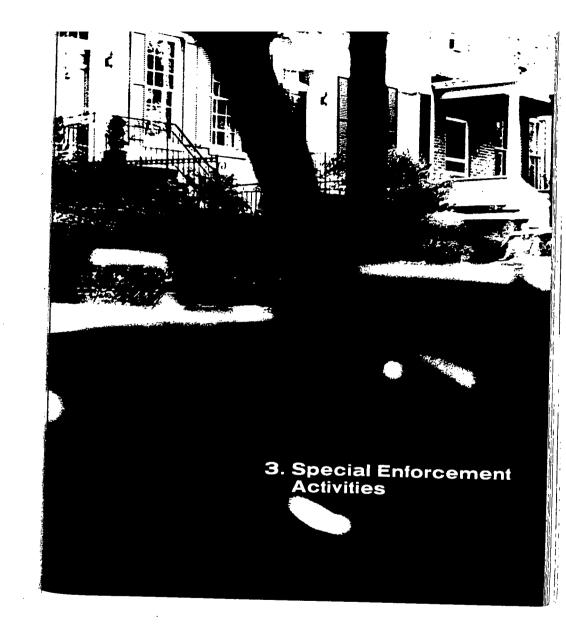
Formulas and Labels examined

Туре	1971	1972
Formulas for nonbeverage food, flavors and medicinal products	2,010	2,100
Formulas for specially denatured articles	3,897	4,151
Label requests for alcoholic toiletries, medicines, etc.	8,286	6,873
Rectified products	1,197	1,089
Wine	215	2931

Increase in wine formulas reflects apparent consumer acceptance of the cur-

Revenue growth of alcohol and tobacco industries

(Amount—Thousand Dollars)	1863	i	197
Distilled Spirits	3,300.0		3,760,915.
Wine	8.8		181,223.
Beer	1,558.1		1,167,863.
Tobacco Products	3,055.6		2,207,273.



Audit Contribution to Strike Force Activities

The Audit Division contributes leads and expertise in reconstructing complicated financial transactions which help other Federal agencies obtain indictments for violations outside of the Service's jurisdiction. It has asserted substantial tax liabilities within the Service's jurisdiction. The table at the right reflects the effort expended and results obtained.

The War Against Narcotics Traffickers

In June 1971, the President called for an increased effort to combat the growing problem of drug abuse. The Service set up a special program to conduct tax investigations on key figures engaged in narcotics traffic. The objectives are to prosecute those who have committed criminal tax violations and to reduce drasticaly the profits from the illicit drug traffic by assessing taxes and penalties on unreported profits. The Service has assigned 189 revenue agents, 268 special agents, and 110 clerical support personnel to the project. A Target Selection Committee composed of Treasury's Director of Law Enforcement, with members from the Bureau of Customs. the Bureau of Narcotics and Dangerous Drugs, and the Audit and Intelligence Divisions of the Internal Revenue Service establishes criteria and identifies subjects for investigation. The committee identified 697 targets in 49 districts for joint investigation and 94 for independent audit. Agents completed 155 cases and recommended prosecutions of 56 persons. Of those, 7 have been indicted and convicted. Additional tax and penalties of 43 million have been assessed or recommended for assessment. In addition, the Service issued spontaneous assessments (terminations of taxable years and jeopardy assessments) amounting to \$49.9 million. Agents seized \$7.2 million in cash and

Audit Strike Force Accomplishments

Period		Revenue Agents Assigned	Closed Examinations	Recommended Additional Tax & Penalties	Pending Exami- nations
				(millions)	
1967-1970 1971 1972	,	176 351 549	1,302 2,731 5,894	\$ 22.1 \$105.6 \$254.8	2,368 3,708 2,866

\$1.3 million in other property after the spontaneous assessments. The largest seizure occurred in New York on April 29, 1972, when investigators discovered \$1,078,100, a part of which was concealed in a basement wall and the remainder found buried in the backyard of a convicted heroin distributor.

The neal stacks of money on the desiemount to \$1,078,100,00. The money had been concealed at the home and in the garden of a convicted heroin distributor. Service agents discovered and seized the money for application as a partial paymen against his Federal tax Hability. Pictured below (I. to I, are Martin Poliner, Director of Lew Enforcement, Treasury Department; Daniel Casey, Narcotics and Dangerous Drugs Director; and Elifott Gray, Director of Internal Revenue. Manhattan District.





The money so neatly stacked on the desk in the picture above is shown here in its hiding place as discovered by Service agents.

Organized Crime and Strike Forces

There is no glamour in the underworld. Contrary to the image portrayed on movie and television screens and in publications of fiction, organized crime is a vicious, dirty business. It is as real as this year's tax bill, and it is characterized by violence. In the past year, for example, gangland violence erupted to take the lives of seven men in a ten day period.

The Government combats organized crime through the Strike Force concept which melds the investigative resources of various Federal agencies. Although all Federal law enforcement agencies participate, the Internal Revenue Service supplies more than half of the agent manpower to the 18 Strike Forces strategically located throughout the country. Agents from the Audit, Intelligence, and Alcohol, Tobacco, and Firearms Divisions participated in the program. This vear. Service activity in the Strike Force Program established new records in criminal and civil enforcement.

The protection of witnesses in the Service's probe of the underworld is a difficult task. In cooperation with other law enforcement agencies, the Service provides around-the-clock protection when needed, and, where necessary, assists in the relocation of witnesses and their families.

The success of any program is measured by its results. During fiscal year 1972, investigative efforts by the Service helped to produce 355 indictments. Other accomplishments follow.

A grand jury returned an indictment against a District Attorney on charges of filing false income tax returns and bribery, illegal gambling, and obstruction of local law enforcement. The same charges were filed against nine others, including two high ranking police officers and major operators of illegal gaming devices.

Strike Force investigations resulted in indictments against the world's largest manufacturer of slot machines and pinball machines, the company's president, and several others, including two brothers of the area's crime boss.

Investigative efforts produced an indictment of a United States Congressman. The Congressman is charged with Income tax evasion, perjury before the grand jury, and consipracy to impede the administration of the Internal Revenue laws. The conspiracy charge alleges that the Congressman assisted the former Mayor of Jersey City and the former Jersey City Council President in concealing a large amount of cash to hide their true income tax liabilities.

Hugh Addonizio, a former Mayor of Newark, Anthony La Morte, former Public Works Director, and Joseph Blancone, syndicate enforcer, lost final appeals to the U.S. Supreme Court and began serving ten year sentences. The U. S. Attorney remarked: "The incarceration of former Mayor Hugh J. Addonizio gives confidence to all decent law abiding citizens that those who abuse and corrupt their high political office for their self-enrichment can be brought to account within our judicial system."

Anthony Russo pleaded guilty to charges of failure to file corporate tax returns for two firms in which he was the principal officer. He received 18 months imprisonment and a \$50,000 fine.

Investigation of a conspiracy in Kansas City resulted in the indictment and arrest of an organized crime figure involved in narcotics traffic, prostitution, income tax evasion and hidden ownership in taverns.

Donald Dawson, described as one of the biggest interstate bookmakers in the Midwest, received a prison term of one year. The Service is assisting other agencies in bringing law violators to justice. This is especially visible within the operations of various Strike Forces. In Detroit, the Service furnished information to the Federal Bureau of investigation on loan sharking operations. and coordinated with other elements in identifying night clubs owned by organized crime subjects but titled in the names of nominees.

The Service continues to receive outstanding cooperation from the Royal Canadian Mounted Police. They were especially helpful in the recent location, identification, and apprehension of a fugitive who had entered Canada under an assumed name. The fugitive has been returned to the United States to face trial on a \$700,000 tax evasion charge.

Strike Force investigators also combat corruption in governmental agencies. This year they uncovered a conspiracy to deprive the poor people of Calumet. Indiana of benefits from the food voucher program, Investigative efforts resulted in the conviction of Davage Minor, a former investigator in the office of the Calumet Township Trustee. He had funnelled food vouchers intended for the poor through local grocery stores, and split proceeds between public officials and the store owners. Two other employees of the Trustee's office entered guilty pleas to charges of tax evasion and received prison In a recent investigation, using the team approach, agents investigated a notorious organization purportedly engaging in multikilo narcotics trafficking, gambling, and prostitution. They were assisted by twelve agents from the offices of the City District Attorney, City Sheriff, City Police Department, State Bureau of Narcotics, U.S. Bureau of Narcotics and Dangerous Drugs, and the Bureau of Customs. The combined efforts produced probable cause for search warrants, 20 arrests, and numerous leads to tax evasion cases.

New procedures and techniques reduce the time required for completing financial investigations. The use of computers will facilitate scrutiny of the finances of each of the drug traffickers. By computerizing this information each year, the Service will be able quickly to examine each trafficker targeted under the program.

Foreign Financial Transactions

Newly issued Treasury Regulations under Public Law 91–508 require financial institutions to retain records that will facilitate reconstruction of international and domestic banking transactions. The same regulations also require reporting international transportation of currency or monetary instruments in amounts exceeding \$5,000.

The Service participated in drawing up treaties which would permit agents to obtain tax information from countries whose bank or economic secrecy laws have been used in evasion schemes. The proposed mutual assistance treaty with Switzerland is one instance in which the Service made significant contributions. The Service also developed information on the need for treaties with other countries whose financial facilities are used to impede enforcement efforts.

The Service concluded a significant criminal tax case involving use of foreign facilities when Irving Braverman and Sidney Rosenstein received sentences in the Southern District of New York, and paid fines of \$100,000 each, Braverman and Rosenstein are manufacturers' representatives who specialized in sales to military post exchanges. The government contended that Braverman and Rosenstein secretly formed a Liechtenstein company and diverted untaxed commissions to that company's account in a Swiss bank, Criminal charges included the evasion of income taxes totalling more than \$1,600,000.

New Developments in the Firearms Program

The conversion of the National Firearms Registration and Transfer Record to an automated system of filing and retrieval is near completion. The Service has placed approximately 200,000 records of registrations and

transfers of firearms and destructive devices in the Miracode Retrieval System. The system provides instant response to field inquiries and eliminates misfiling, while saving space, time, and manpower.

Firearms experts developed bullet trap and sound measurement instrumentation to test silencers. The equipment has been used successfully at several count trials.

Firearms Program Intensified

In 1972, the Service expended 1,146 investigator man-years on firearms work, up 299 man-years from 1971. Firearms investigations produced 3,341 criminal cases, arrests of 2,507 violators and the seizure of 7,142 firearms. These figures compared with 2,785 criminal cases, 2,223 violators arrested and 7,995 firearms seized in 1971.

Service investigations of the activities of 62,423 licensed gun dealers increased in 1972. These investigations disclosed 3,143 purchasers of firearms who had criminal records, used fictitious names, or turnished other false information in purchasing firearms. Additional accomplishments under the Firearms program are set forth in the table below.

Number of defendants

Results of criminal action in firearms cases

Action	, 1971	1972
Indictments and information	1,906	2,645
Disposals, total	1,691	2,420
Plea guilty or nolo contendere Convicted after trial Acquitted Nol-prossed or dismissed	784 372 114 421	1,116 448 168 681

Firearms Licenses and Permits

In 1972, Service investigators made 31,259 license application investigations and 31,164 compliance investigations, compared to 20,088 applications investigations and 23,684 compliance investigations in 1971. Under the import provisions of the Gun Control Act, the Service received 22,320 permits to import 1,199,614 guns compared to 26,658 permits covering 964,122 firearms processed in 1971.

Federal Gun Control at Work

The effectiveness of the Federal firearms laws in bringing criminals to justice is best illustrated by actual cases. A few examples follow:

In Connecticut, two employees of a firearms manufacturer stole automatic rifles from the plant by breaking down, concealing and removing the parts and reassembling the rifles. The defendants sold the stolen rifles to eight persons. One of the rifles is believed to have been used in a bank robbery in New Britain, Connecticut. The defendants have been charged with unlawful receipt. possession and transfer of unregistered firearms and with engaging as a firearms dealer without a license. Their associates have been indicted on six counts in companion cases by reason of the sale of six of the stolen firearms to undercover investigators in New York.

A gun store in New Hampshire was robbed of 44 weapons, including shotguns, rifles and handguns. The stolen firearms were subsequently transported to Massachusetts where they were sold to a "fence." Service investigators gathered sufficient information to obtain arrest warrants for 21 defendants.

After an intense Service investigation, three defendants were convicted in Miami, Florida, for manufacture and possession of firearm assassination kits. They received prison terms of 20 years. An undercover investigation by the Service resulted in the purchase of an illegal machine gun from a member of a radical group. A subsequent seizure involved explosives, hundreds of rounds of ammunition, and eight additional machine guns.

Service investigators arrested a defendant and raided an illegal machine gun factory. Machine guns, sillencers, and miscellaneous parts were seized.

vestigators in Honolulu, Hawaii, arrested four men after the undercover purchase of two sawed-off shotguns and one sawed-off sifle. It was later they learned that one of the subjects, armed with a handgun at the time of arrest, had intentions of killing the Service and Customs agents assisting in the case. The murder of the agents, was to take place immediately after the shotgun sale. It was prevented by the quick action of backup agents

On March 13, 1972, Service In-

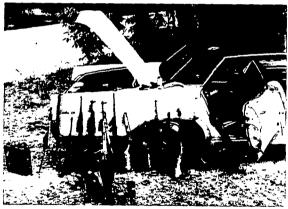
Seizures and arrests for firearms violations

tem		1971	1972
eizures:			
Firearms	number	6.910	7.142
Destructive devices	do	1.085	699
Vehicles	do	344	237
Property (appraised value)	dollars	844.613	669,703
rrests	number	2,223	2,507

on the scene.

Service investigators seized 7,841 firearms and destructive devices in 1972. Weapons such as those pictured below, seized in New York State, pose a potential threat to the well-being of all citizens. The weapons seized included sawed-off rifles and shotguns, automatic weapons, and destructive devices.

Weapons seized by AT&F investigators in New York state.



Bombs and Explosives

The assignment of jurisdictional responsibility for Title XI of the Organized Crime Control Act of 1970 has led to the development of new procedures and techniques for perfecting cases involving destructive devices, explosives, incendiaries, and other materials.

Some significant cases investigated by the Service involving use of explosives follow:

In January 1972, Service investigators assisted by the Woburn, Massauchusetts Police Department arrested 15 persons on charges of conspiracy to make incendiary bombs, making and possessing incendiary bombs, and destruction of a motor vehicle. The arrests climaxed a 15-month investigation of firebombings of a school in North Woburn, Massachusetts.

Investigation of a bomb incident in Chattanooga, Tennessee, led to the arrest and conviction of a long-time whiskey violator. Analysis of parts of the bomb disclosed the latent prints of the individual arrested.

In February 1972, Service investigators working undercover foiled a plot to blow up railroad junctions and electric transmission lines in the Lehigh Valley of Pennsylvania. They seized eleven bombs, numerous firearms, and a quantity of dynamite.

The babblings of an attempted suicide victim recovering from an overdose of barbituates caused Alcohol, Tobacco and Firearms investigators to spend a day and a half in a boobytrapped farm house. Two investigators acting on the victim's information proceeded to his house located some 45 miles from town. They were stopped at an improvised roadblock by two deputized farmers armed with shotguns who stated that they had heard that the suspect was crazy and was in the vicinity. After identifying themselves, the investigators proceeded. Several miles later they were again stopped by the same deputies and asked to identify themselves again. They said that the suspect was very clever and might have disquised himself as a government man.

Service investigators receive practical training in bomb scene searches.

Once again allowed to proceed, the investigators arrived at the farm house to find it equipped with a high fence, a watch tower and a two-wheel cannon made from well casing and fired remotely by an electrical device. They found the fence gate equipped with a buzzer and microphone.

As one investigator moved to use the buzzer, the other grabbed his arm and pointed to a wire leading to a mound of dirt at their feet. Both investigators immediately took cover in a ditch only to discover another wire and mound of dirt beneath them. Neither bomb detonated.

Noting suspicious diggings near the house and suspecting the yard might be mined, the investigators borrowed horses from a nearby pasture and stampeded them through the yard. No mines or bombs detonated.

Upon approaching the house, the investigators saw four sticks of capped dynamite taped beneath the porch and a wire leading into the house. Closer examination showed all windows and doors rigged with electrical switches. Since the regular entries to the house could not be used, the investigators entered by means of a hole sawed in the living room wall.

In a bedroom of the unoccupied house the investigators found a bomb made of 238 sticks of dynamite wired to the house circuit. Various other rooms in the house contained 19 bombs.

They then began the long process of decapping the dynamite and defusing the bombs. By tracing the lead wires, the investigators discovered that the bombs were connected to a telephone type control panel with key and toggle switches designed to remotely fire the charges collectively or one at a time. They rendered all the devices safe and removed them.

The suspect and owner of the house was an unemployed electrician. He was deeply in debt and planned to blow himself up along with any officers who might try to arrest him. He received a sentence of 10 years in prison for illegal possession of 23 destructive devices.

Training in Bomb Scene Searches

Alcohol, Tobacco and Firearms investigators received intensive training in bomb scene searches necessary to carry out their responsibility of enforcing Title XI of the Organized Crime Control Act of 1970 (Regulation of Explosives). The intent of the act is to curb the criminal misuse of explosive materials and regulate the legitimate explosives industry.

Assistance to State and Local Law Officials

The Alcohol, Tobacco and Firearms Division provided extensive investigator training to State and local law enforcement agencies in a program sponsored by the Law Enforcement Assistance Administration of the Department of Justice.

Results of criminal action in explosives cases
Action
Number of cases
Number of defendants
Explosives seized (lbs.)

The instruction spans investigatory skills and techniques, law (rules of evidence and criminal procedure), and such functional training as bomb scene searches, use and handling of expolsives, and firearms investigations.

During fiscal year 1972, the Service conducted six, two-week and two, one-week investigator training schools for State and local officers in Maine, Vermont, Georgia, Virginia, Texas, New York, lowa and Nebraska.

A series of 15 lesson plans, incorporating texts and various visual aids in the explosives area assisted State and local law enforcement.

Congressman Dante Fascell commended this training in a speech to the House of Representatives (Congressional Record, March 8, 1971):

"Mr. Speaker, one of the unsung but most effective proponents of improved cooperation and coordination among Federal, State and local law enforcement agencies is the Alcohol, Tobacco and Firearms Division of the Internal Revenue Service, Charged with weighty and growing responsibilities, under recent congressional enactments pertaining to explosives and firearms, among its many other responsibilities, the Alcohol, Tobacco and Firearms Division has fashioned an overall enforcement program, including comprehensive formal training and cooperation with State and local agencies, which is or should be a model for emulation by other Federal enforcement agencies."

1971

1,702

1972



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New Responsibility

The Service played a key role during the past year in the nationwide program to combat inflation. On August 15, 1971 President Nixon announced a 90-day freeze on most prices, wages, and rents. The President's Executive Order created the Cost of Living Council as a major policy making body, Simultaneously, the Office of Emergency Preparedness (OEP) took over responsibility to implement, administer, and enforce the Economic Stabilization Program.

On August 19, OEP redelegated responsibility to the Internal Revenue Service to establish local service and compliance centers. Staffs at the centers provided information to the public, investigated complaints, and monitored compliance with the stabilization program.

Because of the minimum of advance notice of its new responsibility, the Service had little time to develop planning programs to handle the volume of inquiries and investigations that quickly followed.

Since no precedent body of knowledge, experience, or procedures existed an innovative program followed. The first week of operation brought 120,000 inquiries and more than 4,000 complaints of violation, During the 90-day freeze, which came to be known as Phase I, the Service developed a responsive and flexible program to meet its responsibilities under the Economic Stabilization Program.

Background of Phase II

On October 15th, the President issued an Executive Order providing the legal foundation for the postfreeze program, or Phase II.

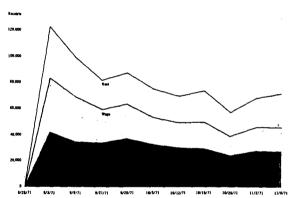
The Order continued the Cost of Living Council as the major policy body, and created the Pay Board and Price Commission. The Pay Board develops standards and criteria for pay adjustments consistent with program objectives, and the Price Commission develops standards and criteria for price and rent adjustments.

The role of the Service was to receive inquiries and complaints, carry out investigations and perform other related duties, as the OEP moved out of the Stabilization Program.

IRS Organization and Manpower for Stabilization Activities

On November 14, 1971, Phase II emerged as an ongoing operation and the President assigned the Service the responsibility for enforcement of the program. The Service established an Office of Assistant Commissioner (Stabilization) at the National Office and counterpart offices at regional and district offices. With this organization, the Service provides enforcement services at each of the 58 district offices and at 302 local service and compliance centers.

Verbal and Written Inquiries Phase I



Manpower for the program consists of full time stabilization employees and other employees transferred from tax administration tasks. They include such as revenue agents, tax auditors, revenue officers, taxpayer service representatives, special agents. and appellate conferees.

From November 15, 1971 to June 30, 1972, the Service answered 2,320,358 oral inquiries and 102,-324 written inquiries. The National Office responded to 14,083 special executive, policy board, congressional, and public inauiries.

The program involves complex stabilization issues, increasing the need for technically proficient professionals. Revenue agents performed much of this work.

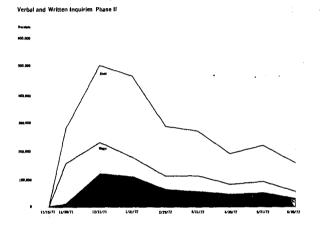
The Cost of Living Council formulates broad policy decisions. while the Pay Board and Price Commission establish specific criteria and policy objectives. Additional delegations of authority from the policy bodies permit the Service to make a variety of wage and price determinations, to issue rulings, and to resolve price violations.

Compliance Program

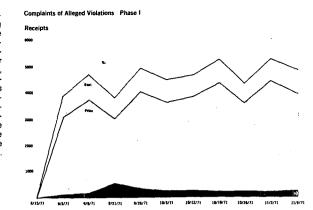
The objective of the compliance program is to monitor inflationary leaders or companies with a high degree of visibility in the community, as well as to respond to consumer complaints. There are four principal types of investigations:

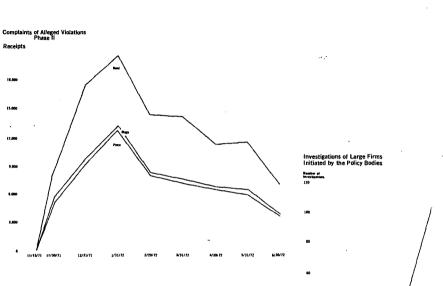
- (1) major investigations of industry leaders, initiated by the Cost of Living Council, Price Commission, Pay Board, or the Internal Revenue Service:
- (2) follow-up investigations of firms who fall to file required reports with the Pay Board or Price Commission, or whose reports showed excessive profit margins:
- (3) investigations of consumer complaints:
- (4) locally initiated investigations of inflationary leaders.

The Service develops monitoring techniques and guidelines after making preliminary surveys of industries. For example, the Service performed a full-scale monitoring investigation of the retail food industry. Service personnel drafted a model audit plan for food retailers for use in other



major food compliance investigations. Other full-scale monitoring investigations span the textile industry, the ferrous metals industry, the lumber and paper industry, wholesale meat packer industry, meat retailer industry, and the machinery and equipment manufacturing industry, as well as investigations of institutional health providers and professional service firms, From January 1, 1972 to June 30, 1972, the Service investigated 426 large firms, and ensured compliance with rollbacks or refunds orders.





Exceptions and Exemptions

When regulations create extreme hardship or gross inequity, exceptions and exemptions provide relief. An exception is a waiver of one aspect of the regulations for a specific firm or individual. An exemption is a general waiver from the regulations for certain classes or property.

In March, 1972, the Pay Board delegated authority to the Service to approve or deny exceptions for wage and salary adjustments. This affected employee units of fewer than 1,000 persons, and shortened the time for a citizen to receive an answer to his request for a pay exception. The Service received over 10,000 requests for pay exceptions with the delegated authority.

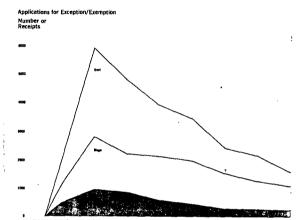
Price Adjustment Exemptions

In May, 1972, the Price Commission delegated authority for exceptions in all rent and price cases involving firms with annual sales or revenues of \$50 million or less. During the post-freeze Phase, the Service processed over 4,000 requests for exceptions to the price regulations.

Frequently, persons requesting an exception are unaware that their proposed action is within the boundaries of the wage-price guidelines, and allowable without requiring an exception. For this reason, Service representatives work with the applicant in initially determining whether it is necessary to file a formal exception application.

Exemptions

In April 1972, the Cost of Living Council delegated authority to the Service to deny exemption requests that are the same as, or substantially the same as exemptions that the Council previously considered. To date, the number of exemption requests has been small, limiting the scope of Service action in this area.



Appeals Program

Regulations provide for appeal at the local level. Persons may appeal decisions on interpretations and requests for exceptions or exemptions. The Service issues formal notice in instances of denial and the appellant may appeal further to the Cost of Living Council, the Pay Board, or the Price Commission.

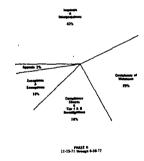
As of June 30, 1972, the Service received 2,557 appeals and resolved the majority at the district level.

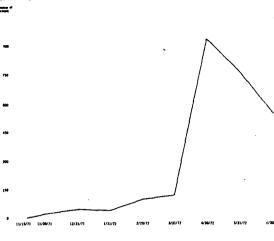
Notices of violations are not subject to appeal, but the alleged violator may request a hearing. Following the hearing, the Service withdraws the notice of violation or refers it to an Assistant United States Attorney for possible prosecution.

Stabilization Programs

The programs described above break down into two major categories: those that assist and answer questions from the public; those that ensure compliance with stabilization regulations. The accompanying chart displays the major Phase II programs and compares the manpower expended on each of the programs during the past year.

PERCENTAGE OF MANPOWER EXPENDED ON MAJOR STABILIZATION PROGRAMS





Stabilization Support Activities Review of Proposed

Review of Proposed Regulations

The Service reviews all regulations proposed by the Cost of Living Council, the Pay Board, and the Price Commission to help insure that the public understands them. This review helps the policy bodies recognize when enforcement of a proposed regulation would require an undue expenditure of manpower, when proposed regulations are vague or inconsistent, or when enforcement of a particular provision would result in severe inequities.

Publications Explaining Stabilization

The emphasis on voluntary compliance called for a program to convert complex economic regulations into plain-language. The Service approached this in two ways: first, developing comprehensive publications to explain regulations on a particular subject; second, developing a series of publications for selected segments of the economy. The Service sends reproducible copies of publications to associations or

organizations for distribution to their members and for reproduction in their periodicals. For example, "Posting Requirements for Retailers" went to 180 retail associations for distribution to all member retailers. In this way, distribution is widespread and reaches hundreds of thousands of interested persons. In many cases, retailers, employers, and landlords obtain additional copies for distribution to their customers, employees, or tenants, clarifying the provisions of the price, wage, and rent controls. Thus far, the Service has distributed 12 million copies of publications.

Post-Review Necessary for Uniformity

The National Office has primary responsibility for insuring technical accuracy, uniformity, and consistency of all stabilization actions. It accomplishes this by analyzing closed stabilization cases relating to interpretations; identifying significant technical or procedural errors; and taking corrective measures. The objective is to maintain quality and uniformity to encourage citizen support and voluntary compliance.

Stabilization Accomplishments

The Service works hand-in-hand with the Justice Department in developing litigation cases. Stabilization investigators are in frequent contact with Assistant U.S. Attorneys to assist in documentation of cases. Notices of Violation go to large firms only after case reviews by the Department of Justice.

From November 15, 1971, to June 30, 1972, the Service received 105,502 consumer complaints. Subsequent investigations resulted in the issuance of 1615 Notices of Violation.

in one case, a Federal Grand Jury indicted the landlord of a low-rent apartment complex for stabilization violations. The landlord allegedly raised rents excessively and then forced tenants, under threat of eviction, to sign statements saying the increase was for maid and answering services. The charge carries a maximum penalty of five years in prison and a \$10,000 fine.

Another price case involved a corporate chain of resort hotels which raised room rates without notifying the Price Commission. The Justice Department has asked the court to impose civil penalties of \$109,500 and to order refunds of approximately \$50 non.

From November 15, 1971 to June 30, 1972, the program involved 11,045 rollbacks of excessive increases in prices, wages, or rents. A bank in Detroit rolled back excessive rentals on safety deposit boxes and refunded \$6,000 to 1,963 customers. A major professional football team rolled back set prices, affecting the ticket prices paid by the expected season's attendance of 706,000 fans.

o June Row Poly Not P

Rollbacks of Excessive Increases in Prices, Wages and Rents

Grants of Banaca's

600

500

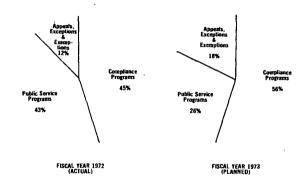
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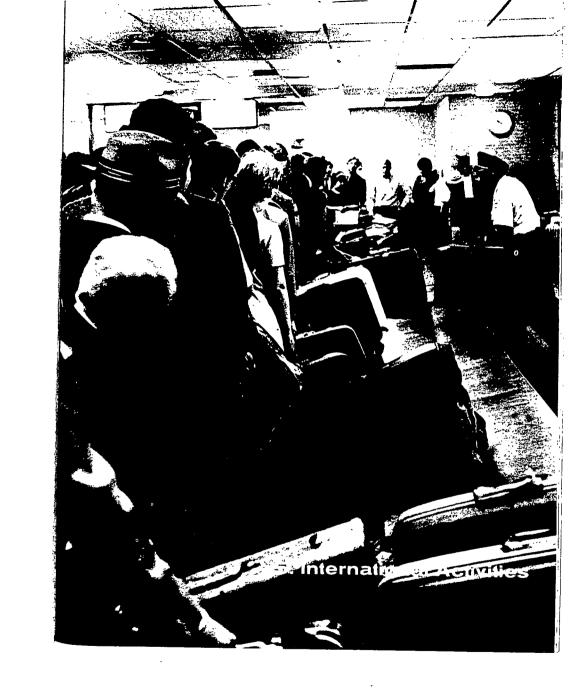
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The Service handled more than 3.7 million stabilization inquiries, mostly centering on rent issues. Most compliance programs dealt with price actions, except for the appeals program which primarily involved wage cases. The Service is adjusting to the need for additional technical personnel by apportioning more manpower to compliance programs and by increasing the number of revenue agents used in the program.

s and by frevenue am. STABILIZATION MANPOWER ALLOCATION FISCAL YEARS

1972 AND 1973





Foreign Posts' Mission Restructured

The Service operates permanent posts staffed by Revenue Service Representatives in ten major cities around the world. These posts in Bonn, London, Manila, Mexico City, Ottawa, Paris, Rome, Saigon, Sao Paulo and Tokyo provide important contact points with U.S. citizens and business entities overseas.

Revenue Service Representatives devote time to a variety of activities, including servicing requests for information from foreign tax officials, acting as liason between U.S. and foreign tax authorities in resolving cases of double taxation or other inequities arising under tax treatles, and providing information and guidance to U.S. citizens with tax problems.

Overseas Audits— A New Development

Until 1972, the Service handled most audits of returns filed by taxpayers overseas through correspondence. In some cases Service personnel at foreign posts carried out intermittent audits, assisted by agents from Washington on short assignments.

Recent surveys pointed to a need to expand overseas audit activity to counter a growing noncompliance problem.

Under a new program, the Service details teams of revenue agents and tax auditors to the Service's overseas posts. The agents work throughout the area covered by each post, while auditors examine returns and do related work at the post itself. Each agent-auditor team usually is stationed abroad from four to six months. After this tour of duty, a replacement team takes over, assuring year-round continuity.

Teams perform compliance checks, make collateral examinations, provide taxpayer assistance, hold conferences, and handle delinquent returns and collections cases. They work with permanent Service personnel stationed at foreign posts who are familiar with the area and its problems.

Worldwide Taxpayer Assistance Programs

For the past 19 years the Service has provided a worldwide tax assistance program. In 1972, the overseas taxpayer assistance program encompassed visits to 102 cities in 56 countries by specially trained Service personnel who helped more than 31,000 persons prepare their tax returns.

The program offered tax seminars in 78 foreign cities. The Service tailors seminars to inform and assist all U. S. taxpayers residing in the foreign area, and arranges them to allow for a presentation by the tax assistor on tax rules, a question and answer session, and a return preparation period.

Approximately 1,000 servicemen received several days of income tax instruction at bases abroad. After completing training, they provided assistance to many other members of the military community.



Barbara Stratton (right), a member of the overseas taxpayer assistance team heips a U.S. citizen in Rome. Assistance is given at various locations in more than 100 toreign cities.

Developing Cooperative Contacts Abroad

In 1972, U.S. and foreign tax authorities met to discuss ways of improving exchanges of information, and expediting relief to taxpayers involved in double taxation.

From these exchanges, more effective procedures for international cooperation will evolve, aiding equity to taxpayers and deterring tax avoidance practices.

A continuing program of mutual assistance is conducted with tax authorities of the possessions of the United States and with the Commonwealth of Puerto Rico. It includes exchanges of information, joint audits, and assistance in collection of tax. A tax administration accord recently concluded with Puerto Rico formalized and expanded an existing policy of cooperation. A previous agreement reached with tax authorities of Guam resolved potental conflicts in tax determinations, particularly those involving allocation of income between sources in Guam and the United States.

Extension of Federal Unemployment Tax to Americans Overseas

Prior to 1972, the Federal Unemployment Tax Act did not apply to citizens of the United States and Puerto Rico who worked in foreign countries. Recent changes in the law apply the tax to U.S. citizens and citizens of Puerto Rico who work outside the United States or Puerto Rico. if they qualify as employees of American employers. The tax does not apply to money earned in Canada, since these earnings are covered by a reciprocal unemployment compensation agreement, nor to services performed in the Virgin Islands. Thus, with

the latter exceptions, Federal unemployment tax and related unemployment benefits (or their counterparts under the agreement with Canada) now extend to the large group of citizens working for American employers overseas.

Withholding Tax—A Key Collection Tool

A withholding tax is imposed on investment income from sources within the United States before it is remitted to nonresident alien payees. Tax is withheld at a rate of 30 percent or, in most cases, at reduced rates as specified in treaties.

Tax and information returns filed by withholding agents serve several purposes. They help secure compliance with U.S. tax laws and provide information for delinquency checks; they provide a source of data for foreign tax authorities; and they are useful in making fiscal projections and planning Service programs.

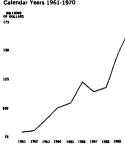
The chart below summarizes income received by nonresident aliens and foreign corporations, and U.S. tax withheld. This includes additional tax withheld and remitted by foreign banks and other nominees on behalf of clients who are not residents of a treaty country, and thus not entitled to reduced treaty rates.

Tax withheld from payments to nonresident alien persons of treaty and nontreaty countries-calendar year 1970

,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,					
		Thousand	is dollars	•	
Country	Income	Tax with- held by domestic withhold- ing agents	Tax from foreign govern- ments or with- holding agents	Total tax withheld	Number of informa- tion docu- ments filed by withhold- ing agents
Treaty countries:					
Austrelia	3.457	548			C 150
Austria	1,934	230		548	5,157
Belgium	27.196	3.544	438	230	5.027
Former Belgian o/s	27,190	3,344	438	3,982	12,565
Territories	586			i	
retritories	586	92		92	759
Canada	238,216	27,469	3.283	30.752	254,643
Denmark	2.564	179	5,205	179	2.083
Finland	607	45		45	340
France	70,147	7.364	118	7.482	20,607
Federal Republic of		,,504	110	7,402	20,007
Germany	48,479	4.297		4,297	95,550
					33,330
Greece	1,451	302		302	2,910
Ireland	4,259	468		468	4,030
Italy	15,387	1,718		1.718	14.825
Japan	31,864	3,231		3.231	3,683
Luxembourg	16,749	3,010	628	3,638	2,766
Netherlands	189.604	13,504	273	13,777	0.501
Netherlands Antilles	91.250	4,499	2/3		8,531
New Zealand	593	82	5	4,504	1,854
Norway	2.168	266		82	1,086
Pakistan	188	22		266	4,905
	160	22		22	164
Sweden	10,055	693		693	5.011
Switzerland	310,522	39,733	25.001	64.734	46.289
Trinidad and Tobago	73	16		16	244
Republic of South					
Africa	1.462	384		384	1,490
United Kingdom	297,241	34.877	474	35.351	49,310
U.K. overseas territ.	4,692	944		944	3,935
Nontreaty countries	88,241	22.376		22,376	108,129
•					
Total	1,458,985	169,893	30,220	200,1:13	655,893

The following graph shows a sharp rise in the amount of taxes withheld over the period 1961 through 1970, reflecting the sizeable growth of foreign investment in the U.S. economy.

Increase in Tax Withheld from Payments to Non-Resident Alien Persons of Treaty and Non-treaty countries Calendar Years 1961-1970



Negotiating New Tax Conventions—A Continuing Program

The United States and Norway signed a new income tax convention at Oslo on December 3, 1971.

The existing convention will remain in effect until instruments of ratification of the new convention are exchanged. The United States also concluded an agreement with the Republic of China for the purpose of granting relief from double taxation on earnings derived from the operation of ships and aircraft by corporations or citizens of the two countries. The agreement became effective upon exchange of notes at Taipei on February 26, 1972.

These developments reflect a continuing program to extend the U.S. tax treaty network to additional countries and to modernize existing treaties. The new Norwegian convention, for example, takes into account changes in U.S. and Norwegian tax laws and in the tax treaty area which have occurred since adoption of the prior convention. To the extent that technical and

policy factors permit, the new convention follows the model tax convention prepared by the 23nation Organization for Economic Cooperation and Development.

Technical Assistance In Tax Administration

The Tax Administraiton Advisory Staff (TAAS), formerly known as the Foreign Tax Assistance Staff, assists foreign governments wishing to improve their tax administration, and coordinates exchange of personnel between the internal Revenue Service and state and local governments and universities. The latter is a newly acquired responsibility.

This new activity is conducted under the Intergovernmental Personnel Act of 1970, and involves temporary exchanges or assignments of officials for projects related to tax administration. Major objectives are to strengthen state and local tax agencies and to improve the effectiveness of Federal-state/local tax operations.

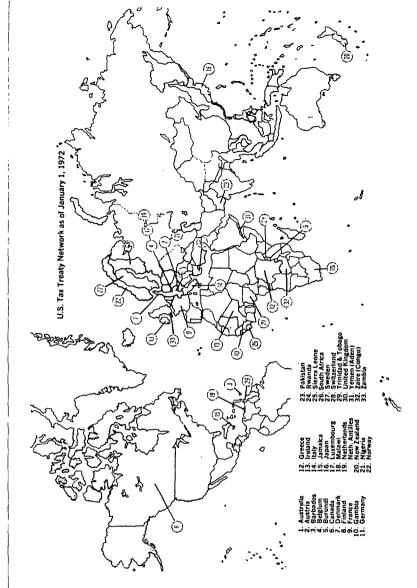
TAAS provides technical assistance in tax administration to developing countries that request it. The latter program involves onsite assistance as well as training for foreign tax officials within and outside the United States and is financed by and administered in collaboration with the Agency for International Development. The program is coordinated with activities of the Inter-American Center for Tax Administrators (CIAT), the Organization of American States, the United Nations, other multi-country organizations and various founda-

This year, Commissioner Walters led the U. S. delegation to the 6th General Assembly held at Asuncion, Paraguay.



Under the intergovernmental Personnel Act of 1970, the Service assigns officials and technicians to work with state and local tax agencies to atrengthen tax edministration and increase the effectiveness of Federal-state/local tax operations, Pictured above (i. to r.) are

Edward A. Dore, a Service official on assignment to the State of Virginia; Linwood Holton, Governor of Virginia; and W. H. Forst, Virginia Tax Commissioner.





Active Country Programs

This is the tenth year in which the Service has provided technical assistance to developing countries. Long-term advisory teams served in Bolivia, Brazil. Colombia, Costa Rica, Dominican Republic, El Salavador, Guatemala, Guyana, Honduras, Jamaica. Nicaragua, Paraguay, Trinidad and Tobago, Uruguay and Viet Nam. The teams are staffed by IRS technicians who generally serve two years of duty. They are aided by specialists on shortterm assignments drawn from the Service and occasionally from state and local governments.

Service personnel conducted surveys of the tax administration systems of Barbados and Zambia to identify major weaknesses, propose solutions, and outline an approach for strengthening their systems.

The request from the Government of Zambia reflects a rising interest within Africa for the kind of technical assistance the Service has been extending throughout the world. Service representatives arranged meetings with tax officials of the East Africa Community, Liberia, the Economic Commission for Africa and others. During the year, Liberia began implementing recommendations made during a 1970 survey.

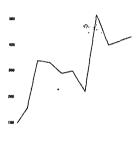
Host countries continued to make gains in audit, collections, processing of tax returns and remittances, taxpayer education, training, organization, and management. This progress is reflected in increased voluntary compliance and rising revenue receipts.

Each year the Service is host to many foreign tax officiats, Pictured above (1, to r,) are Johnson W. Wellers, Commissioner of Internal Revenue; J. C. Duignan, Chairman of the Irish Revenue Commissioners; S. P. Bedord, Collector General of the Irish Inland Revenue; and Raymond F. Harless, Deputy Commissioner of Internal Revenue;

Foreign Visitors

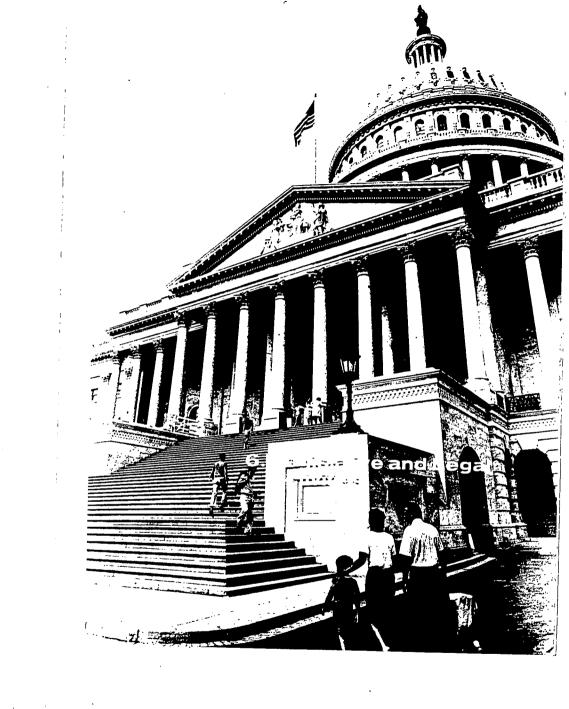
During the year, 452 foreign tax officials came to study and observe tax administration in a series of courses offered under, the International Tax Administration Training Series (INTAX), and to participate in programs specially designed to fit their needs. The courses covered the major functions of tax administration, and the observation sites included state and local agencies as well as Service installations. Visitors this year came from 59 countries and ranged from subcabinet officials to technicians.

3052 Officials from 101 Countries Were Trained in The United States in Past Ten Years



Inter-American Center of Tax Administrators (CIAT)

CIAT is an organization of tax administrators from 23 countries in North and South America. It continues to attract world-wide attention as an organization devoted to self-help in tax administration. CIAT's technical seminars on audit, automatic data processing, and land tax administration draw participants from all parts of the world. Its monthly newsletter and technical materials generated by seminars and general assemblies receive world-wide distribution. CIAT also arranges for the exchange of technical missions among member countries. It is a model for regional organizations under consideration in Asia, the Middle East, and Africa.



THE CHICC OF THE CHIEF COURSE! (under the supervision of the Treasury Department) performs the legal work of the Internal Revenue Service. It renders opinions to Service officials on substantive legal questions and provides technical assistance to the Treasury Department's legislative program.

The Chief Counsel represents the Commissioner in trying and in helping to settle cases docketed in the Tax Court. This chapter covers general activities in the legal area, important court actions are included in the appendix beginning on page 94.

iax Court Litigation Activity

Tax Court cases on hand as of June 30, 1972 amounted to 12,-625, as compared to 12.192 a year earlier. New cases totalled 8.949 for the year and the Court disposed of 8,507. Dispositions included 880 decided by the Tax Court on the merits, 954 dismissed, and 6,673 closed by stipulated agreement of the parties.

The Supreme Court decided one case, which had originated in the Tax Court, in favor of the Government. The Tax Court entered 523 oninions involving 824 cases. It decided 288 cases for the Government, 84 for the taxpaver, and 151 partially for the Government and partially for the taxpayer. In addition the Tax Court entered 191 Summary Opinions involving 200 Small Tax Cases. In this area the Tax Court decided 111 for the Government, 29 for the taxpayer, and 51 partially for the

Government and partially for the taxpayer. The Courts of Appeals rendered 177 opinions involving 308 Tax Court cases: 121 favored the Government, 36 favored the taxpayer, and 20 partially favored the Government and partially favored the taxpaver.

in the trial or settlement of cases. the Tax Court awarded the Government \$133 million in taxes and penalties out of \$401 million ventory to be contested in the Tax Court. (The next three tables show comparable statistics for

The fourth table shows the record in trial courts (Court of Claims, U.S. District Courts and U.S. Tax Court) having jurisdiction of Federal tax cases.

placed in issue, and held for the Government \$9 million out of \$12 million in overpayments claimed by taxpayers. At the end of the year, \$1.6 billion remained in in-

the last 5 fiscal years.)

Results in Tax Court cases

Recovery rcentage
31.48
36.98
32.67
36.75
33.19
•

Cases disposed of by settlement

Fiscal year	Number	Total Deficiencies and penalties asserted (thousands)	Total Amounts recovered (thousands)	Overall Recovery percentage	
1968	5.058	\$281,785	\$ 82,215	29.18	
1969	4.776	329,938	118,974	36.06	
1970	5,343	352,328	105,447	29.93	
1971	6.197	316.997	100,788	31.79	
1972	6,673	350,129	106,301	30.36	

Cases disposed of by trial?

Fiscal year	Total number of cases disposed of	Total Deficiencies and penalties asserted (thousands)	Total Amounts recovered (thousands)	Overali Recovery percentage
1968	611	\$29,131	\$13.859	47.57
1969	783	59.798	22.888	38,28
1970	763	44,926	22,654	50.43
1971	806	52,998	21,779	41.09
1972	880	41,132	17,371	42.23

1 Figures for settled and tried cases do not add to overall totals, which include a small number of cases dismissed

Trial court case record

	Court of Claims		District Courts		Tax Court	
Action	1971	19721	1971	1972 ²	1971	1972 3
Decided in Favor of Government	16	16	207	218	407	494
Decided in Favor of Taxpayer Decided partially for the taxpayer	6	51	147	116	100	156
and partially for the Government	4	3	70	56	280	374

1 56 opinions rendered involving 70 cases.
 2 323 opinions rendered involving 390 cases.
 3 714 opinions rendered nvolving 1,024 cases.

Tax in litigation in thousands of dollars)

	•	Tax Court			
Status	Total	Taxes and penalties	Over- payments	litigation refund suits	
Pending July	·\$2.118.791	\$1,451,453	\$143.623	\$523,715	
Received	722,549	567,008	15.330	140.211	
Disposed of	547,539	400.631	12,491	134,417	
Pending June 30	2.293.801	1.617.830	146,462	529,509	
Amount saved	227,986	132,984	9,058	85,944	

Results in refund suits (settlements and trials combined)

Fiscal Year	Number of cases disposed of	Amount in dispute (Thousand dollars)	Amounts saved— not refunded (Thousand dollars)	Percentage not refunded
All refund suits				
1968 1969 1970 1971 1972	1,296 1,563 1,160 1,091 1,442	\$ 94,607 120,059 84,356 106,223 134,417	\$ 39,856 72,670 50,262 48,323 85,944	42.13 60.53 59.58 45.49 63.93
District Courts				
1968 1969 1970 1971 1972	1,118 1,394 1,053 938 1,292	50,703 97,500 49,246 63,816 85,629	23,562 56,992 26,401 39,841 51,916	46.47 58.45 53.61 62.43 60.62
Court of Claims				
1968 1969 1970 1971 1972	178 169 107 153 150	43,904 22,559 35,110 42,407 48,788	16,294 15,678 23,861 8,482 34,028	37.11 69.50 67.96 20.00 69.74

Civil Litigation Refund Litigation Activities

This year, the Refund Litigation Division closed 1,442 cases leaving a total of 3,167 cases pending at the end of the year. In the preceding year it had closed 1,091

The Supreme Court rendered three decisions in tax refund suits, sustaining the Government's position in two of the cases. In the preceding year the Supreme Court rendered one decision in a refund suit sustaining the Government's position.

Of the 136 opinions rendered by the Courts of Appeal (involving 155 cases), 89 favored the Government, 37 favored the taxpayer, and 10 decisions partially favored the Government.

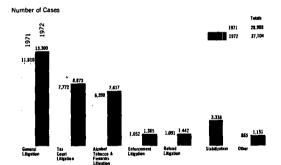
The amount involved in pending refund litigation cases increased slightly to \$529.5 million, from \$523.7 million at the start of the year. This increase resulted from the receipt of new cases totalling \$140.2 million and the disposal of cases totalling \$134.4 million. The \$140.2 million in new cases compares to \$134.1 million in the preceding year. The 1,442 refund suits disposed of during the year resulted in refunds of \$48,474,000, consisting of \$1,444,-000 refunded pursuant to Court of Claims judgments, \$7,044,000 refunded pursuant to district court judgments, and \$39,985,000 refunded as a result of settlements. The total refund of \$48,-474,000 represents a recovery by the taxpayer of about 36.06 percent of the amount of \$134,417,-000 involved in completed refund suits. In these refund suits, the Government successfully defended its position with respect to \$85,944,000 of the amounts claimed for refund. (Comparable statistics for the 5 fiscal years appear in the table at left.)

Stabilization Legal Services

The Office of the Chief Counsel to the IRS established a Stabilization Division on November 14, 1971, and appointed an Assistant Regional Counsel (Stabilization) in each of the seven Regional Offices. The Division provides interpretative advice and guidance to the Assistant Commissioner (Stabilization), field offices, and the public. It issues rulings and reviews regulations issued by the Cost of Living Council, the Price Commission, and the Pay Board. The Assistant Regional Counsels, (Stabilization) provide interpretative quidance on rulings issued by the Stabilization Division and on regulations issued by the policy bodies.

The Service published 292 rulings during the fiscal year. These included: 60 Cost of Living Council Rulings; 192 Price Commission Rulings; and 40 Pay Board Rulings. It also issued 157 private rulings. Requests for reconsideration are filed with the Office of Chief Counsel and appeals are filed with policy bodies.

Case Disposals By Office of Chief Counsel



One of the first published rulings involved the question of whether wage increases are allowable costs. Early in Phase II of the Economic Stabilization Program a potential conflict surfaced between the goals of stabilizing prices and stabilizing wages and salaries. Price increases can occur if justified by sufficient allowable cost increases, such as wages and salaries. If the Pay Board approves an increase in wages of 5.5% then the firm can automatically raise prices to compensate for increased costs. Price Commission Ruling 1971-3, 36 Fed. Reg. 23661 (1971) held that wage payments including fringe benefits in excess of 5.5% per year are not generally allowable costs.

A situation arose on price posting requirements for drugs. Many states prohibit a pharmacist from posting prices for drugs. Relying on the Supremacy Clause of the Constitution, Price Commission Ruling 1972–28, 37 Fed. Reg. 1412 (1972) required the posting of drug prices despite states laws to the contrary.

Pay Board Ruling 1972–32, involved parties to a contract who agreed that any portion of the increase in wages and salaries not allowable under the Stabilization Program would be the subject of a supplemental wage provision after lifting of the controls which would provide the full value of the wage increase denied. The ruling held that the value of this provision would be chargeable against the 5.5 percent wage and salary limitation.

A ruling of wide impact in the

price area is 1972-13, 37 Fed.

Reg. 765 (1972). It deals with al-

lowing a manufacturer to in-

crease prices over the base

price, only to reflect allowable

costs in effect on November 13,

1971 and cost increases after

that date. The question arose

whether the manufacturer can

raise prices only on a dollar-for-

dóllar basis or on a percentage

basis which would allow a profit

element in the new price. The

Ruling held that the manufac-

turer can raise prices by the

same percent that costs increase

if the price increase did not

cause the manufacturer's profit

margin to exceed his base period

Another ruling deals with the re-

lationship between price in-

creases and the base period

profit margin. Price Commission

Ruling 1972-206, 37 Fed. Reg.

13192 (1972) held that if proof ex-

ists that a firm would have had a

smaller margin without a price

increase, the profit margin limi-

tation is in violation.

profit margin.

Regulations issued include procedural rules with respect to disclosure of the results of economic stabilization investigations; rules relating to stabilization matters before the Service; and the authority of Service employees and the Department of Justice to inspect stabilization records for tax administration purposes.

General Litigation Legal Services

General litigation case receipts increased sharply over the preceding year. Although disposals also increased (from 11,810 cases in 1971 to 13,320 in 1972) the inventory of pending cases at the end of the year stands at 7,429. an increase of 555 cases over 1971. Increased receipts occurred at National Office and field levels and related to cases in litigation and non-court cases, such as advisory opinions. Receipts at the field level for 1972 included 6,996 cases in litigation and 6,336 non-court cases, as compared to 1971 field receipts of 6,765 cases in litigation and 5.840 non-court cases. National Office receipts for the year included 279 cases in litigation and 246 non-court cases, as compared to 1971 figures of 199 and 260, respectively. Field disposals for 1972 included 6,698 cases in litigation and 6,226 non-court cases, in comparison to 1971 disposals of 5,911 cases in litigation and 5,544 non-court cases. For detailed statistics on case receipts and disposals, see tables 18 through 25 on page 125.

The Supreme Court did not render any decisions in the general litigation area during the year. It did grant certiorari in one case. Courts of appeals received and denied 10 petitions for writs of certiorari. The decisions in the general litigation area involve issues relating to the collection of Federal tax claims and liens, and matters concerning injunctions and civil enforcement of the Internal Revenue summons. The summons cases continue to represent a major area of litigation at the appellate level. Summaries of some of the general litigation cases begin at page 96.

The Office of the Chief Counsel furnished substantial legal services in connection with disclosure of information, non-collection matters, and matters arising under the Freedom of Information Act (R U.S.C, 552), General litigation supervisors and lawvers participated in training sessions held in the regions in the Advanced Technical Training Program for Revenue Officers and the Special Procedures Seminars. They also rendered extensive legal assistance and performed many services which did not relate to docketed cases. such as reviewing district office collection cases and furnishing advice on administrative proce-

Interpretative Activities

Personnel of the Chief Counsel's Office participated with other technical personnel in solving urgent problems. They also reviewed all revenue rulings prior to publication. Many questions of significant impact arose, such as the following:

In the partnership area, Chief Counsel personnel participated in the preparation of Rev. Proc. 72-13, 1972-2 I.R.B. 26, which establishes the conditions necessary before the Service will consider issuing advance rulings concerning classification of an organization as a limited partnership where a corporation is the sole general partner. The two tests that must be satisfied are: (1) that the limited partners will not own directly or indirectly, individually or in the aggregate, more than 20% of the stock of the corporate general partner or any affiliates; and (2) if the corporate general partner has an interest in only one limited partnership and total contributions to that partnership are less than \$2,500,000 the net worth of the corporate general partner at all times will be at least 15% of such total contributions or \$250,000. whichever is lesser and if the total contributions to the partnership are \$250,000 or more, the net worth of the corporate general partner at all times will be at least 10% of the total contributions

Attorneys in the Interpretative Division considered the treatment of a lessee's gain or loss upon the sale of a leasehold of land where the lessee uses the lease in his trade or business but is not a dealer in leases. The publication of Rev. Rul. 72–85, 1972–9 I.R.B. 15, resolved the matter by concluding that such a lease hold is property used in the trade or business for purposes of Code 1231

service attorneys participated in the preparation of Rev. Rul. 72-315, 1972-26, I.R.B. 8, which holds that all finance charges on revolving charge accounts at retail stores are deductible as interest under Code Section 163 (a). They considered related issues in connection with Rev. Rul. 72-100, 1972-10, I.R.B. 9. which deals with the reporting of interest income by the lender and the interest deduction on an installment loan where the note requires, in the event of a prepayment, computation of interest by the Rule of 78's method.

As in the past, tax exempt organizations received a great deal of attention. In one case, Service attorneys considered whether an international exposition commemorating historical events and cultural achievements and exhibiting products of various nations qualifies for recognition of exemption under Code Section 501 (c) (3). Rev. Rul. 71–545, 1971–2, C.B. 235 held that the organization qualified for the exemption.

Another problem involved the tax status of abortion clinics that operate on a nonprofit basis and provide abortions for indigent women.

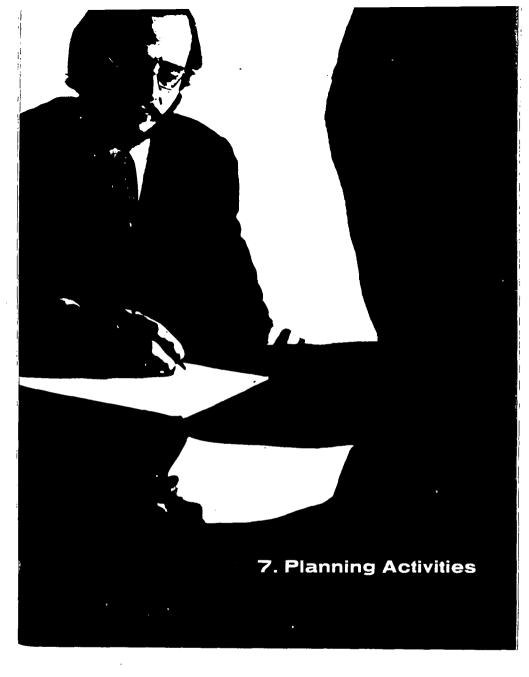
Legislative Activities Legislative Assistance

The Office of Chief Counsel prepared reports and summaries on fifteen bills in the alcohol, tobacco, firearms, and explosives area for the Treasury Department. Attorneys also prepared comments for departmental use on five legislative proposals.

Revenue Legislative Assistance Provided

The Service provided technical assistance to other offices of the Treasury Department and to committees of Congress in developing legislation and legislative proposals relating to internal revenue matters. This assistance involved (1) preparing information reports, technical reports, drafts of bills and accompanying technical explanations and other data relating to legislative matters, and (2) attending public hearings and congressional committee meetings. Most of the activity involved efforts toward legislation enacted during the year.

The Service also conducted research and study projects involving tax administrative problems and unintended benefits and inequities with a view toward corrective legislation.



Introduction

The Service's planning activities encompassed complex subjects such as the new Asset Depreciation Range System, a restructuring of the income tax withholding system, a system for detecting unallowable tax return items prior to audit, planning for revenue sharing, Federal collection of state income taxes, and full use of information documents for delinquency checking and income reporting.

Summaries of some of the more important developments follow.

Office of Industrial Economics

The Service organized an Office of Industrial Economics as a division of Planning and Research early in fiscal 1972, with responsibility for recommending changes in definitions of asset guideline classes and in the associated depreciation and repair norms necessary to the new Class Life Depreciation Range System. The Office is staffed by economists and engineers who formulate plans for the future collection and analysis of tax return data. These professionals collect information from trade sources to serve as a basis for applying the Class Life System to various types of real and personal property, particularly computers, and such activities as shipbuilding, communications, commercial fisheries, and animal husbandry. From these sources they make recommendations for new asset classes and for revision of asset classes and their depreciation and repair guidelines

The Class Life System affords taxpayers the opportunity to determine reasonable allowances for depreciation on property for which the Service has established guideline classes, provided taxpayers adhere to prescribed accounting and reporting rules. Taxpayers electing the Class Life System may also elect to use a guideline repair allowance rule for the determination of allowable repair and maintenance expense.

Storage and Retrieval of Images of Returns and Related Documents (STAR)

The Service continued a test to study costs and benefits of using microfilmed images in lieu of original documents at the Cincinnati Service Center and the Cleveland District Office. By filming pages of all returns and related documents there is no need to extract documents from the files. Users can make new images or photocopies with view-printers. Microfilm images

permit faster response to taxpayer correspondence, and more efficient service to taxpayers who visit District Offices.

Technical Reference Information

Researchers tested an automated technical reference system this year. Computers stored technical information from the U.S. Code, the Cumulative Bulletin, Index Digest Supplements, and selected court decisions. Attorneys and technical personnel at the National Office and the Cincinati District searched this data base via remote terminals. Users input key words or phrases, and in response, the terminals displayed relevant citations, abstracts, or text.

Remittance Processing System (RPS)

The Service tested a program to modernize the clearing, depositing, and crediting of taxpayer's checks through an automated Remittance Processing System.

The heart of the RPS is a new computer device which verifies the taxpayer's identification and remittance amount and signals the operator to insert the check into the system. The check then moves past print stations where it is automatically encoded with the remittance amount and endorsed, with the complete audit trail printed on the reverse side. The operator then places the accompanying document, such as a return or bill, into the numbering station for imprinting of the document number and remittance amount.

Benefits of this new system include rapid posting of credits to tax account files, and a better audit trail to facilitate payment tracers

Research Programs

In 1972 the Service directed research toward (a) Improving the withholding system (b) developing proposed legislation to promote the quality of tax return preparer services; (c) designing a system to administer Federal collection of state income taxes; (d) providing data for use in Federal revenue sharing; (e) formulating a plant to extract benefits from information documents; and (f) implementing the employee plans master file system.

To counter underwithholding problems inherent in the Tax Reform Act of 1969, Congress passed new legislation. It included: (a) restructuring the withholding system to provide only one low income allowance per family in a dual employment situation: (b) incorporating the dollar limitation into the withholding system on the standard deduction; and (c) adding a seventh withholding rate and bracket to the previous six-rate schedule. The purpose of these changes is to withhold the full amount of tax liability up to a wage level of about \$25,000 for single persons and \$31,000 for married couples where only one spouse works.

To avoid excessive withholding, the law provides for a special added withholding allowance (except in dual employment situations) and a liberalization of the rules for claiming additional withholding allowances due to large itemized deductions."

Tax Return Preparers

In response to growing complaints alleging incompetent and unethical performance by some tax return preparers, the Service made a comprehensive study of pending Congressional bills and other proposals to remedy the situation. The Service consulted professional organizations and leading commercial tax return preparing companies. Commissioner Walters presented the problems as well as the Service's efforts to deal with them at a public hearing of the Legal and Monetary Affairs Subcommittee

of the House Committee on Government Operations. Pending proposals are:

- Imposing a statutory penalty of from 10 to 25 percent of the deficiency in tax (caused by the preparer) on the preparer who knowingly understates income or overstates deductions, exemptions, or credits.
- Authorizing the Government to apply to a District Court for an injunction to prevent further preparation of returns by preparers who consistently prepare false or deficient returns.
- Establishing a penalty on the preparer of approximately \$5 for each return which he fails to sign.
- Requiring each preparer to furnish an annual information return listing all of their client taxpayers with their identification numbers.

The Service is also considering the preparation of model courses and course materials for the use of schools and universities who offer instruction In tax return preparation.

Federal Collection of State Individual Income Taxes

The Congress is considering legislation to authorize the Service by agreements, to collect and administer State individual income taxes. A State would have to conform its individual income tax law closely to the Federal law before agreements could be made.

Under the proposed legislation, Federal administrative and judicial procedures would apply to the collection of State income tax. The Service would collect state withholding and estimated income taxes under the same procedures applicable to Federal taxes.

This legislation would require redesign of the Service's systems and procedures—including modifications in tax forms, instructions, regulations, internal operating procedures, and master file systems.

Employee Plan Master File System

The Service developed a new master file system for employee pension, profit-sharing, and other deferred compensation plans. It is similar to the Business Master File and Individual Master File, and links employer entities with adopted plans, the trusts or funds through which they finance their plans and the fiduciaries of these trusts or funds. The system will ald the Service in selecting returns for audit, in detecting nonfilers, and in providing management information for monitoring the employee plan and fund area. As part of the President's fivepoint program for pension reform. the Departments of the Treasury and Labor have undertaken a study of the nature and extent of employee benefit losses resulting from termination of certain qualified pension and profit-sharing

Revenue Sharing

Legislation is pending in Congress for sharing Federal revenue by State and local governments. Under this legislation, the Service would extract data from Federal individual income tax returns to determine the amounts of Federal assistance to States and local government units. Taxpayers will provide their actual place of residence rather than mailing addresses on their tax returns since this will determine the allocation of revenue sharing funds. The Service is developing changes in 1972 individual income tax forms and instructions and redesigning and reprogramming data processing procedures to provide required data by the fall of 1973.

Total Information Document Utilization Program

A plan for the creation of a wage and other income information tape file incorporates all of the useable information documents as a base for conducting more effective income and employment tax enforcement programs. This program should increase tax-payer compliance and revenue by pinpointing delinquent return leads and assuring that payers and payees have properly reported all income and withheld layes.

Federal-State Cooperation

The Service expanded programs for Federal-State cooperation in 1972. Tax administrators in 41 States, and the District of Columbia and Puerto Rico, now receive uniform data on magnetic tape from the Service's Individual Master File. Only 32 States received data in the previous year. With the exception of Nevada and Texas the Service has entered into agreements for exchange of tax information with all States, and the District of Columbia and Puerto Rico. Over one-half of these agreements conform to the model designed to reflect recent changes in Federal and State tax administra-

Long-Range Planning System Develops Program Plans

In 1971, the Service re-examined its long-range planning process and subsequently developed a new System which is a simplified, flexible version of the Planning, Programming, and Budgeting System (PPBS). The new system defines the nature and size of the tax administration job, develops goals, proposes and analyzes different programs, establishes concrete program objectives, provides the basis for budgeting resources and for evaluating effectiveness in terms of objectives.

Regional Commissioners increasingly are participating in the long-range planning process through their review of program issues and assumptions, and through conferences devoted to review of program plans.

The Taxpayer Compliance Measurement Program

The Compliance Measurement Program (TCMP) is the Service's major long-term scientific research program. The program uses statistical survey techniques to determine how well taxpayers are complying with tax laws. TCMP provides a basis to compare the size of the tax administration job versus the amount of the job being done. By highlighting significant non-compliance problems, it allows the Service's program development effort to focus on the areas most in need of attention

TCMP information is also necessary to develop the Discriminant Function formulas used to select high error probability returns for examination.

Analytical Studies Sharpen Program Development

The Service conducted a number of analytical and organizational studies during the year. These include:

Discriminant Function Formulas Developed for Small Corporation Returns

A completed TCMP survey of corporations with assets of less than \$1 million is helping to develop discriminant function formulas to select small corporations' returns for examination. The Service will install the new classification system in 1973.

Enforcement Operations in Hazardous Duty Areas

The Service initiated a study of the hazards to enforcement personnel working in inner city areas with a high incidence of violent crime. Major focal areas of the study include the exclusive use of office audit techniques for returns from these areas, and improved coordination of account collection activities.

Measuring the Impact of Compliance Programs

The Service is conducting two studies to develop methods for measuring the impact of enforcement programs on taxpayer compliance.

The first study attempts to examine the deterrent effect of the returns examination program on compliance. Information on the tax reported on returns in the years before and after audit will help determine whether audit increases the amount of tax reported in subsequent years.

The second study will use specialized statistical methods to determine the effects of the Service's audit program, other IRS compliance programs, and social and economic factors on levels of compliance for a cross section of taxpayers.

Statistics of Income Highlights

Estimates of individual income and business receipts published in the Statistics of Income reports reflected continued growth in the U. S. economy.

Individual taxpayers reported adjusted gross income of \$632 billion on tax year 1970 returns, up 4.7 percent from 1969. Taxable income was \$401 billion after allowing for personal exemptions and deductions. Changes in individual filling requirements and increased deductions granted certain low-income taxpayers in the Tax Reform Act of 1969 dampened the amount of the 1970 increase in income.

Receipts reported on business returns increased to more than \$1.9 trillion. Corporations alone accounted for \$1.6 trillion of tax year 1970 receipts, while corporate profits increased to \$83 billion. In the unincorporated area, proprietorships reported receipts of \$238 billion and profits of \$33 billion; partnerships had profits of \$9.8 billion on receipts of \$9.8 billion.

The table below focuses on the frequency and amount of personal deductions and exemptions claimed on individual income tax returns. The total amount of deductions and exemptions for tax year 1970 was approximately 28 percent greater than that for 1966. This growth resulted mainly from the tremendous increase in itemized deductions, up almost 62 percent in the period.

The chart at the top of the next page reflects the large increase in deductions itemized on individual income tax returns. In the period 1966-1970, deductions tor State and local income taxes, real estate taxes and home mortgage interest rose by 121 percent, 58 percent, and 41 percent respectively. Over the longer period 1960-1970, the total amount of taxes deducted more than tripled (up 205 percent) and deductions for interest paid has almost tripled (up 184 percent).

Chart B on the next page pictures how the returns that individuals filed for 1970 and the tax liability they reported are distributed in terms of the size of tax.

Individual income tax returns: Number of returns, personal deductions and exemptions

- Item					
	1966	1967	1968	1969	1970
			(Thousands)		
All individual returns, total	70,160	71,652	73,729	75,834	74.286
Standard deduction returns ¹ Itemized deduction returns	41,500 28,550	41,877 29,774	41,693 32,030	40,914 34,915	38,827 35,459
Number of exemptions	194,062	193,036	201,288	206,197	264,187
			(Million dollars)		
Total personal deductions and exemptions	193,363	200,543	212,024	225,555	248,143
Amount of exemptions Amount of standard deduction Amount of Itemized deductions	116,977 21,820 54,565	118,822 22,103 59,523	120,773 22,074 69,177	123,718 21,627 80,210	127,574 32,370 88,199
Itemized deductions by type: Taxes total	17,468)	24,360)	32,045
Real estate taxes State and local income taxes Other taxes	7,315 4,006 5,925		9,362 6,499 8,481	-	11,559 8,997 11,489
Interest paid, total	14,971	Not	19,545	Not	23,895
Home mortgage interest Other interest paid	8,142 5,830	tabulated	9,822 8,723	tabulated	12,898 10,997
 Contributions Medical and dental expenses Other deductions 	9,122 7,681 5,322	}	11,139 8,438 6,647	}	12.913 10,588 8,752

¹ Includes returns with no adjusted gross income.

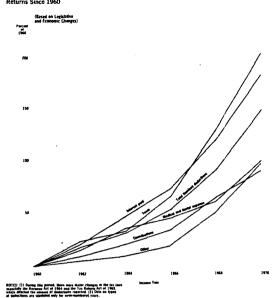


Chart B. Number of Returns and Amount of Tax, Percent Distribution by Size of Tax Liability, 1970

PERCENT OF RETURNS	TAX LIABILITY	PERCENT OF TAX	
39.1	BONE		
n2	\$1 made: \$300	:3.0	
22.5	\$100 ander \$1,000	12.4	
ж	81,000 minu CS,000		5.63
	2.1 \$3,000 meter \$50,000	20.2	
	.05 136.500 or many	2.1	
100		18% 20% 18%	405

Significant Developments for the Tax Models in 1972

The use of a larger computer for processing tax files with a standard programming language meant more flexibility and greater speed and production capacity in tax model operations.

The Service developed tax models nine years ago to develop estimates of the revenue effect of proposed tax legislation. Each model consists of the application of generalized computer programs to specially formatted data files made up of samples of taxpayer records.

The models are valuable tools for fiscal, administrative, and economic planning.

The uses of tax model tabulations can be shown by reference to the Revenue Act of 1971, The Service developed statistical tables to simulate the revenue effects of the proposed restoration of investment credit provisions. After enactment, the Service developed further simulations to project the number of returns to be filed, categorized by complexity.

In the past year other Government agencies made use of tax model data. The Department of Agriculture requested tabulations concerning farm income by type of income and geographic region; the Small Business Administration requested income data for partnerships and proprietorships by size of receipts, industrial classification, and State; the recently established Cost of Living Council requested corporate sales data by industrial classifications and size classes tailored to the Council's purposes.

Returns Filed Projections

Returns filed projections serve as a basis for planning activities throughout the Service. The Service revises the projections each year to include changes in tax law and to incorporate the most recent thinking in economic and demographic expectations.

Between 1965 and 1970, the total number of returns filed increased almost 11 million, with much of the increase occurring in individual returns. Between 1970 and 1972, the total number of returns dropped almost 3 million. This is largely traceable to changes in filing requirements for individuals and other provisions of the Tax Reform Act of 1969, and the Revenue Act of 1971.

Present indications are that the total number of returns to be filed will begin to grow rapidly starting in 1973, and by 1975 will exceed 120 million returns and should reach 132 million by 1980.

Projections of some major categories of returns are shown in the table below.

Selected Types of Returns Filed in 1971, and Projected for 1973, 1975, and 1980 by Calendar Year (Thousands)

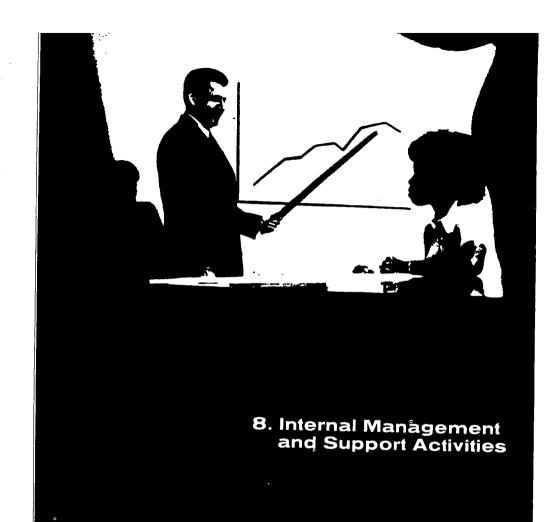
Type of Return	Actual 1971	1973	Projected 1975	1980	Change 1971-1980
Fotal returns	111,374	114,843	120,069	131,819	18.4
Individual, total	75,392	77,425	81,864	91,618	21.5
AGI under \$10,000 ¹ AGI \$10,000 and over	51,402 23,990	48,981 28,443	47,710 34,154	44,271 47,347	13.9 97.4
Fiduciary Partnership	1,2 3 2 1,005	1,374 1,026	1,553 1,042	1,978 1,083	60.5 7.7
Corporation	1,833	1,965	2,105	2,480	35.3
Forms 1120, 1120 Special, total Assets under \$50,000 ² Assets \$50,000 under \$1 million Assets \$1 million or more Form 1120-S, 1120-DISC and 1120X	1,542 682 757 103	1,640 703 821 116	1,741 739 876 126	2,021 837 1,028 155	. 31.0 22.8 35.8 50.2 58.3
Employment Estate and Gift Exempt Organization Excise Other ³	21,909 374 562 709 8,359	22,981 385 524 740 8,424	23,141 423 568 730 8,663	23,754 527 683 301 9,396	8.4 40.9 21.4 -57.6 12.4

NOTE: Detail may not add because of rounding. Data by size class are estimated.

In addition to Form 1040, includes Forms 1040A, 1040C, NR, PR, and SS.

Includes Form 1120 returns with assets not reported.

Includes Forms 7, 8, 11, 118, 11C, 678 through 1971, 4705, 4706, 4707, 4708, 1040ES, 7004, 7005, 2438, and 1042.



Financial Developments

The Service's fiscal year 1972 budget totaled \$1.1 billion, providing for an employment level of close to 73,000. Administration costs amount to approximately one-half of one percent of tax collections.

A number of internal organizational developments in 1972 brought important budgetary changes to the Service. Late in FY 1971, the Secretary approved changes in the IRS organization that resulted in a newly designated appropriation: Accounts. Collection and Taxpayer Service (ACTS). Under this alignment. revenue accounting and returns processing functions, formerly an appropriation in themselves. Collection (Formerly in Compliance). and an expanded taxpayer service program were combined to form the new appropriation.

In the shift of the Alcohol, Tobacco, and Firearms Division to a separate bureau within Treasury, the Service lost 4,000 man years and \$73.7 million of its appropriation which were shifted to the new AT&F Bureau.

Cost Reduction and Management Improvement Efforts Yield Substantial Savings

Cost reduction and management improvement programs saved the Service \$11.2 million in 1972.

Of the total savings realized, \$3.4 million is attributable to 9 major projects, several of which appear elsewhere in this report. Hundreds of operational improvements accounted for the balance of \$7.8 million.

Recruitment Efforts Successful In Face of Requirements

Two developments had some impact on the 1972 recruitment effort. First, a government-wide requirement to reduce the average grade level caused the Service to recruit new employees at the lowest possible grade level. The Service had to hire at GS-4 or GS-5, instead of the more usual GS-7 level. A large number of qualified candidates accepted GS-5.

The other development involved cancellation of special salary rates for accountants and accelerated promotions from GS-5 to GS-7 for revenue agents and special agents.

Service Employee Nominated as Outstanding Federal Handicapped Employee

The Service nominated Miss Patricia Porembski, a cerebral palsy victim and a Tax Examiner at the North Atlantic Service Center, for the Outstanding Federal Handicapped Employee of the Year. The Civil Service Commission honored her at a ceremony on April 6th, during which each finalist received a special citation from Mrs. Tricia Nixon Cox. At a subsequent ceremony Patricia received a plaque as the IRS nominee. Other nominees awarded IRS plaques are: Joseph Cihanowyz, Librarian, Newark District; James A. Gray, Tax Examiner. Jacksonville District: and Reese Nelson, Accounting Technician, Odden Service Center.

Man-Years Authorized and Realized

	Authorized		Realized		Percentage Realized	
Appropriation	1971	1972	1971	1972	1971	1972
Salaries and expenses	1,560	1,687	1,566	1,660	100.4	98.4
Accounts, collection and taxpayer service	23,110	36,555	22,125	36,089	95.7	98.7
Compliance	45,281	34,502	45,045	34,198	99.5	99.1
Total	69,951	72,744	68,736	71,947	98.3	98.9
increase 1972 over 1971		+2,793		+3,211		+ .6

Note: Delinquent Accounts and Returns function transferred from Compliance to Accounts, Collection & Taxpayer Service in 1972.

Plaques Presented for Distinguished Work

Twenty-six persons received plaques for their distinguished work for the Service's handicapped. Twenty-two are Service workers, while four are from outside the Service.

President's Committee Commends the Service on Employment of the Handicapped

in a letter to the Commissioner on December 9, 1971, Chairman Harold Russell of the President's Committee on Employment of the Handicapped referred to the Service as "an agency doing an outstanding job of opening up broader opportunities for the handicapped - many times in areas where the handicapped have never worked before." Mr. Russell extended his congratulations to the Commissioner and to "all who have had a part in compiling such a splendid record." The Commissioner passed on this tribute to the many Service employees who have worked with enthusiasm and dedication on the program for employing the handicapped.

The Service continued to make inroads for employment of deaf professionals (programmers and statisticians), the retarded (about 100 are on Service rolls), and the blind as taxpayer service representatives, (71 in 42 districts, 50 cities, 35 states).



Handicapped employees continued to do a good lob for the Service. Patricla Porembaki conquered cerebrai plasty to pursue full-lime employment as the Senior Tex Examiner at the Senior Tex Examiner at the Senior Tex Examiner at the Service Center. This year she Brookhaven Service Center. This year she was presented with an award as an outstanding handicapped Federal employee. Shown left to right are Commissioner Walters, Patricla Porembski, Patricla Nixon Cox, and Jayne B. Spain at the caremony.



Although confined to a wheelchair since birth, Donad Peterson, pictured at his desk in the Ogden Service Center, was one of 272 permanent employees who accepted the challenge of a new tob at the Frasno Service Center



Roy Kumpe, Executive Director, Arkansas Enterprises for the Blind, receives a plaque for his distinguished work in benaff of the Service's handicapped. Seventy Diffic Texpayers Service Representatives have been trained by the Enterprise. A. J. Schaffer, Director of IRS Personnel Division, and Nicholas W. Williams, IRS Coordinator for the Employment of the Handicapped, made the presentation, Pictured fett to right; Mr. Schaffer, Mr. Kumpe, and Mr. Williams

Printed Products for the Visually Handicapped

Last year, the Service produced "Your Federal Income Tax" (Publication 17) in a form useful for the visually handicapped. By using a process of electronic composition, finished products appear in braille for the blind and in large print for the partially sighted.

Scholarship Program Aids Disadvantaged

The Service inaugurated a scholarship program for disadvantaged high school seniors who want to major in accounting while working part-time and during summer vacations. The scholarships provide employment while students are not attending college, plus payment of fees and expenses up to a maximum of \$5,000 per year—the bulk of which is for salaries.

Union Relations

Successful negotiations led to the first multi-unit agreement with the National Association of Internal Revenue Employees (NAIRE). At the same time, the Commissioner issued policy and philosophy statements on union-management relations.

The signing of the agreement on April 5, 1972, covering all district offices in which NAIRE has gained exclusive recognition, marked the culmination of nine months of intense bargaining. The Service and the union started negotiations on July 9, 1971, when NAIRE first submitted its proposals for bargaining, and

continued them through the formulation of management positions by a national planning committee.

The agreement covers about 28,-000 employees in 54 district offices, marking the first time that the Service and a Federal employee union reached a nation-wide agreement. Among important provisions are those dealing with promotion, travel, grievances, training, and discipline.

The Service anticipates expansion and change in union relations activities as a result of the multi-unit pattern of negotiated agreements which set the tone for similar agreements covering service center and regional office employees.

Gain Achieved in Equal Employment

Minority group employees and women made encouraging gains in all grades from GS-5 to GS-17. Twenty-two members of minority groups and women, assigned to senior staff and managerial positions, were at GS-15 level and above at year's end.

Under changes in Civil Service standards, the Service now hires female criminal investigators. The Service urged supervisors to encourage women to compete for supervisory and managerial jobs and the number of women serving at GS-13 and above increased more than 20%.

New Management Careers Program

The Service implemented a new Careers Program to fill most managerial positions. Major features include: establishment of Regional Boards, thereby placing reliance on collective judgment; a comprehensive selection and development process; selection in advance of first line supervisory vacancies where feasible; required training for those selected for first-line supervisory positions before assuming new duties; and continued emphasis on career development of employees.



Vincent Connery, President of NATE, on the occasion of the Multi-Unit Agreement algning in April, The Agreement covered all district offices in which NATE has gained exclusive recognition.

Training Program Varied and Extensive

The majority of Service jobs require at least introductory specialized training. The Training Division designed over 300 courses, ranging from clerical training to executive development to meet these needs. In 1972, 49,000 employees enrolled in advanced technical and professional skills courses. An additional 30,000 para-professionals attended courses in service center occupations and nearly 5,500 newly recruited employees received training in basic skills.

Course Revision Stresses Quality and Economy

The Service restructured many basic training programs and removed extraneous materials to shorten training time whenever possible.

Typical of these redesigned programs is the basic training course for revenue officers. The revised program deleted 60 hours of classroom time for each of the 500 revenue officers trained annually. This revision will save 14 man-years and \$3.5 million each year.

Similar revisions continue in basic training courses for taxpayer service representatives and revenue agents. Approximately 1100 taxpayer service representatives and 1000 new revenue agents receive training each year.

New Techniques at Training Centers

The Service completed a network of field training centers in the past year. These facilities will provide more efficient and economical training, and allow for more extensive use of modern instructional aids such as student-responder systems and closed-circuit television.

Computer-assisted instruction plays an important role in training service center data transcribers. Some 6,000 employees received training using this technique in conjunction with the Direct Data Entry System. Programmed instruction, algorithms, and similar techniques extended the concept of self-instruction.

The year's accomplishments also included the publication of a series of program guides. The guides mark the introduction of a true management-by-objectives system into the training area and have already proved to be practical, efficient, management tools.

Management Programs Revised and Unified

The Service revised the Basic Supervisory Course and began modifying the Executive Selection and Development Program to incorporate it into the new Federal Executive Development Program

Changes in the Basic Supervisory Course included development of a video training unit on theories of management and new revised material on utilization of resources, performance analysis, union-management relations, and training and career development. Revisions to the executive development program provide guidelines for pre-identification of managers with high executive potential and establish a system for insuring continued development of incumbent executives.

Plans are also well underway to unify the Service's various management development programs. The goal of the new unified Management Career Program is to guarantee uniform, systematic development by new supervisors and managers of the skills necessary for performances before actual assignment to the job.

Effective and Rapid Training

The early stages of the Economic Stabilization Program (ESP) involved constant change, A selfinstructional Reference Guide included materials designed to enable employees to learn the new skills needed to perform their jobs at their work areas. An instructor's Manual aided in in teaching stabilization procedures and regulations. These materials will satisfy most taxpayer service representative needs for the near future. The Service also produced a handbook for compliance investigators.

Instructors from the Service, the Price Commission, and the Pay Board conducted regional seminars on pay regulations and price and rent exceptions.

New Furniture Used to Brighten IRS Offices

The General Services Administration selected the Internal Revenue Service as the first major Government agency to use contemporary-style furniture. All desk work stations in the three new IRS service centers are of contemporary design, square corners and functional form.

Contemporary desks and chairs, as well as the bright decor and open space layout within the centers, encourage the return of the 2,000 or so temporary employees hired for each filing period. Further, these cheerful and attractive work areas are expected to improve employee productivity and morale.

Facsimile Transmission Equipment Installed Nationwide

The Service installed special facsimile transmission equipment nationwide last year to support Phase II of the Economic Stabilization Program. The National Office uses automatic polling and multi-caster broadcast devices to transmit information to its 275 field offices. A transmission can reach all offices in 18 minutes.

The Accident Prevention Program

During 1971, the first year of the new "Zero In On Federal Safety" campaign, the accident prevention effort of the Service resulted in a frequency rate of only 1.8 disabling injuries per one million man-hours the lowest ever. This rate is about 70% less than the Federal rate.

This year, Service personnel drove almost 114 million miles on official business with an accident frequency rate of 7.9 per million miles driven.

Also in 1972 the Service acted on 81 claims under the Military Personnel and Civilian Employees' Claims Act of 1964, settling 49 in favor of employees who suffered personal property losses incident to their employment. This is a decrease of 19 percent over the number of claims handled last year.

Improved Protection of Facilities

The Service updated plans and developed new procedures to cope with bomb threats, civil disorders, and demonstrations against its facilities. Problems of this type decreased significantly from the preceding two years. Service offices lost less than 2,000 man-hours from bomb threat evacuations in fiscal 1972, compared to 12,000 in fiscal

Inspection Activities Assure Integrity of IRS

The success of the American tax system depends on public confidence in the Internal Revenue Service as the fair and impartial administrator of the federal tax laws, Inspection, through its internal audit and internal security activities, assists Service managers in their efforts to maintain operational integrity. Management officials have the responsibility for taking appropriate action on facts developed through audits and investigations. These officials refer violations of federal criminal statutes directly to the Department of Justice for prosecutive consideration.

Internal Audit Programs Result In Improved Operations

Internal audit programs provide management with independent reviews of the accounting, financial, and other operating activities of the Service. These reviews help insure that policies, procedures, and controls protect the revenue and are applied efficiently and effectively. The Service places emphasis on activities most closely associated with collection of revenue and enforcement of tax laws.

Internal audit reviews automatic data processing activities on a continuing basis. This on-line auditing extends to other Service programs. One objective is to identify problems of interpretation or implementation as they occur instead of waiting for periodic audits. Prompt reporting enables management to take immediate action to strengthen procedures, controls, and communications.

Corrective actions by management on internal audit findings often result in additional revenue or savings, which for fiscal year 1972 amounts to an estimated \$37 million.

Examples of improvements and savings resulting from these actions follow:

Internal Audit designed a computer program which identified more than 82,000 income tax returns containing suspect exemption deductions. By using data provided from this program, internal auditors and internal security inspectors detected several fraudulent refund schemes perpetrated by tax practitioners.

Another internal audit computer program identified over 30,000 income tax returns with tax due of more than \$4 million. Tests of returns filed for tax year 1969 disclosed that many taxpayers made duplicate claims of credits for exemptions and standard deductions already allowed by the tax tables.

Another recommendation involved revising procedures to verify the status of surviving widow(er) with a dependent child. The Service had automatically allowed joint tax rates on all such returns although the higher single or unmarried head of household tax rates applied in many cases. The Service is determining the correct filing status of these taxpayers and studying systemic controls and tax return revisions. Tests indicate that revised annual procedures will result in additional revenue of several million dollars.

Investigative Team Produces Results

Internal auditors and internal security inspectors investigate breaches of integrity by employees as well as by taxpayers in collusion with employees. Intensive investigations have resulted in successful criminal prosecutions as well as recommendations for improved controls and procedures.

One investigation involved attempted bribery of an internal security inspector. The case has extended over several years and resulted in arrests or indictments of 31 employees or former employees and 21 taxpayers or tax practitioners. By June 30, 1972, controlled tax examinations in connection with the investigation had resulted in proposed additional taxes and penalties of \$8.1 million.

Another investigation brought about the arrest of two individuals on charges of preparing and filing false tax returns. To date, investigators have identified 228 returns claiming questionable refunds of \$191,000.

Internal Security Division Activities Extensive In Scope

Continuing Attempts to Bribe Service Personnel

The Service's program of enlisting the support of employees in reporting bribery attempts continues to show results. In fiscal year 1972, 125 employees reported possible bribery attempts, resulting in 47 arrests or indictments.

Service employees have continued most effectively in bringing to justice those persons who challenge the integrity of the Service through bribery. Service employees have reported 1,003 bribery attempts since 1961. One of every four instances resulted in prosecution action. During the eleven year period, bribery investigations resulted in 283 arrests

or indictments, and 202 convictions or guilty pleas. At the end of the fiscal year 41 persons charged with attempted bribery awalted trial. Bribes offered, solicited, or paid ranged from \$40.00 to \$100,000. In the latter case, the taxpayer attempted to avoid over one million dollars in tax assessments.

The graph on this page illustrates program results. Each bar on the graph shows the number of attempted bribery cases reported by employees; the shaded subsection indicates the number of arrests or indictment each year resulting from these reports.

The following cases show that attempts to bribe follow no particular location or occupational paterns.

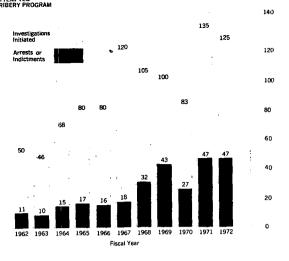
A New York accountant offered a bribe to a revenue agent for a favorable audit. He pleaded guilty and received a suspended prison term, probation, and a \$3,000 fine.

A Pennsylvania attorney received three months imprisonment, one year probation, and a fine of \$3,000 for attempting to bribe a revenue officer to abate penalties owed on an estate tax return.

A New York fish market owner and his accountant offered a bribe for a favorable audit. They received fines of \$600 and \$750, and sentences of one and two years probation, respectively.

A North Carolina liquor law violator offered an investigator \$2600 to induce him to delay confidential information and not raid or investigate his illicit liqour operations. He received 18 months imprisonment, three years probation, and a \$24,000 fine.

A Florida accountant received three months imprisonment, 20 months probation, and a fine of \$5,000 for offering a bribe of \$1,500 to influence an audit.



An Illinois supermarket owner offered a bribe to a revenue officer to delay enforced collection of taxes. He pleaded guilty, and received six months imprisonment followed by 30 months probation.

A New York Federal Home Loan Bank Board employee, moonlighting as a public accountant, offered a revenue agent \$5,200 for a favorable audit. He pleaded guilty and received four months imprisonment and three years probation.

Convictions Continue Upward Trend

Comparison of convictions for the past six fiscal years appears in the table below. Of a total of 300 convictions, 197 preferred to plead guilty rather than to go to trial.

	Convicted	Pleaded Guilty	Employees, Former Employees	Non- Employees	Total
F.Y. '67	14	19	17 12	16 33	33 45
F.Y. '68 F.Y. '69	26 9	19 30	13	26	39
F.Y. '70 F.Y. '71 F.Y. '72	14 22 18	32 48 49	20 16 13	26 54 54	46 70 67
Total	103	197	91	209	300

Organized Crime Influences During the past three years the

Service conducted extensive investigations of possible corruptive influence by organized crime upon the Service. In one case, the investigation involved 90 persons, 37 of whom were IRS employees or former employees, and 21 were organized crime figures. To date there have been 25 indictments and 20 convictions. The 25 persons indicted include 8 organized crime figures, 11 Service employees, 4 former Service employees, and 2 tax practitioners.

Criminal Action Remains Constant

During this fiscal year officials arrested or indicted 77 individuals including 12 employees or former employees of the Service and 65 taxpayers, tax practitioners or others. Comparison of prosecutive actions initiated by the Service during the past three years appears in the table below.

At the end of the year, 70 taxpayers and 18 employees or former employees awaited trial or possible indictment.

Prosecution actions covered such charges as emblezzlement, selling confidential tax information, fraudulent refund schemes, attempted bribery, solicitation of a bribe, conspiracy to defraud the Government of taxes due, preparation of false returns, perjury, and obstruction of justice

A few examples follow:

An employee who converted seized property to his own use, pleaded guilty and received a fine. The investigation continues with two additional arrests.

Another employee received \$13,-000 to influence his decision on official matters. The court sentenced him to one year imprisonment and ordered him to pay a fine of \$2,500.

The court convicted another employee of unauthorized disclosure and conspiracy to disclose information from a Federal tax return.

In one fraudulent refund scheme, an employee filed numerous Fed-eral and state tax returns using valid taxpayers names and social security numbers. Investigation disclosed the employee maintained the funds acquired under assumed names in 26 bank accounts located in Los Angeles, Chicago, Switzerland, New York

and the Bahamas. The Service recovered over \$116,000, constituting full restitution. The perpetrator of the scheme pleaded guilty and received two months in prison and three years probation.

High Case Closure Rate Continues

The Internal Security Division completed 13,863 investigations during fiscal year 1972. Investigatiors carried out police record searches on 15,782 persons considered for temporary short-term appointments or for positions created for special economic and educational programs.

The vast majority of investigations involving an alleged impropriety on the part of Service personnel result in exoneration of the employee. The employees identified as involved in questionable or unlawful actions constitute a very small percentage of the IRS employment force.

The tabulation on page 72 shows the types of investigations completed during the past two years and related dispositions.

PERSONS INVOLVED IN ATTEMPTS TO CORRUPT IRS	Nu	TOTAL		
•	1970	1971	1972	
Employees or former employees of IRS Taxpayers, tax practitioners.	21	12	12	45
others	37	54	65	156
TOTAL	58	66	77	201

Type of Investigation and Action	1971	1972
Total Investigations Closed	14.263	13,868
Personnel Investigations	14,203	13,000
Number of cases closed, total	11,600	10,697
Character and Security Investigations Conduct Investigations Special Inquiries	8,946 499 2,155	7,877 618 2,202
Actions taken by Service management officials as a result of personnel investigations		
Rejected for Employment	146	296
Clearance Letters on Conduct Investigations 1	(¹)	174
Disciplinary actions, total	582	714
Separations 2	222	211
Bribery, extortion, or collusion Embezzlement, or theft of Government funds	8	2
or property Failure of employee to pay proper tax Falsification or distortion of Government	6	4 9
reports, records, etc. Unauthorized outside activity Failure to discharge duties properly	91 2 6	101 9 7
Divulgence of confidential information Acceptance of fees of gratuities Personal and other misconduct	0 1 106	3 1 75
Suspension from duty and pay Reprimands, warnings, or demotions	37 323	34 469
Nondisciplinary actions	10,913	9,513
Other Investigations		
Number of cases closed, total	2,663	3,171
Assault on Service Personnel * Disclosure of Official Information Applications for admission to practice before the I.R.S. Charges against Attorneys, CPA'S and Enrollees Federal Tort Claims Bribery Discrimination	(*) 0 899 60 214 129	17 2 1,178 78 180 130
Investigations for other Treasury Bureaus	1,359	1,585
Included under pondisciplinary actions in previous years		

Included under nondisciplinary actions in previous years.
Includes resignations, retirements, or other separations while employees were under investigation or before administrative decision was made on disciplinary action where in vestigation disclosed derogatory information.

Bekuldes nondisciplinary actions in Conduct Investigations.
Data not compiled inspection for f.y. 1971.

Assaults and Threats

During the year Internal Security was assigned primary jurisdiction for investigating threats, assaults, and forcible interference against IRS personnel. This additional responsibility is being accorded the highest priority by the Inspection Service.

Assistance to Other Agencies

The Internal Security Division conducted 1,585 investigations for other Treasury components. One case involved cooperation with the Federal Bureau of Investigation, Secret Service and the Postal Inspection Service in breaking a refund check theft and cashing scheme in Chicago. Inspectors have participated in details involving protection of dignitaries and civil disturbances. The Service loaned inspectors to the Knapp Commission to investigate corruption in the New

York City Police Department, Mr. Whitman Knapp, Commission Chairman, commended the Inspectors for an outstanding job. He stressed hope that city departments could "come up with a system similar to the Internal Revenue Service, which is relatively free of corruption because of their fine Inspection Service,"

As in prior years, the Service provided assistance to the Virgin Islands in developing and installing a modern tax system. Since 1962, this assistance has significantly contributed to improved operations.



Pictured above on the left is tormer Assistant Commissioner (Inspection) Vernon D. Acree, receiving an award from Commissioner Johnson M. Walfers. The award was given in approciation of the magnificent contribution Mr. Acree made during the thirteen years the served as Assistant Commissioner (Inspection). Pictured above on the left is former Assistant



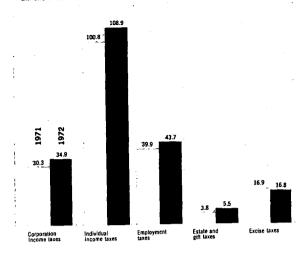
Gross Collections Rise to Record High

Gross internal revenue collections surpassed \$200 billion for the first time. Contributing to the record level was the largest amount ever collected in one month, \$27.2 billion in April.

Total collections of \$209.9 billion were up \$18.3 billion (9.5%) from fiscal year 1971. The increase was the third largest in history, exceeded only by those in 1967 and 1969. Improved economic conditions, higher corporate profits, and steadily rising salaries and wages were principal factors contributing to the record collection picture. These factors offset overall tax reductions from the Revenue Act of 1971 on individual, corporation, and excise tax collections. The chart at the right presents data on collections for the various tax categories.

Tax Collections From All Sources

Billions of Dollars



Gross Internal Revenue Collections

	Percent of		4	Increase or	Рестевне
Source	1972 collections	1971	1972	Amount	Percent
Grand total 1	100.0	191,647,198	209,855,737	18,208,539	9.5
Income taxes, total Corporation Individual, total	68.5 16.6 51.9	131,072,374 30,319,953 100,752,421	143,804,731 34,925,546 108,879,186	12,732,357 4,605,593 8,126,765	15.2 8.1
Withheld by employers 2 Other 2	39.6 12.2	76,490,128 24,262,293	83,200,866 25,678,820	6,710,238 1,416,527	8.8 5.8
Employment texes, total Old-age and disability insurance, total Federal insurance contributions Self-amployment insurance contribu-	20.8 19.8 18.9 1.0	39,918,690 37,902,403 35,954,752 1,947,651	43,714,001 41,617,156 39,584,991 2,032,165	3,795,311 3,714,753 3,630,239 84,514	9.5 9.8 10.1 4.3
tions Unemployment insurance Railroad retirement	0.5	972,409 1,043,878	1,024,069 1,072,776	51,660 28,898	5.3 2.8
Estate and gift taxes Excise taxes, total	2.6 8.0	3,784,283 16,871,851	5,489,969 16,847,036	1,705,686 -24,815	45.1 -0.1
Alcohol Tobacco Other	2.4 1.1 4.5	4,800,482 2,206,585 9,864,784	5,110,001 2,207,273 9,529,762	309,519 688 -335,022	6.4 -3.4

Collections are adjusted to exclude amounts transferred to the Government of Guam. For details see table 1, p. 102 and footnote

and disability insurance taxes on self-employment income. The amount of old-age and disability insurance tax collections shown is based on estimates made by the Secretary of the Treasury pursuant to the provisions of sec. 201(a) of the Social Security Act as amended, and includes all ald-age and disability insurance taxes. The estimates shown for the 2 classes of individual income taxes were derived by subtracting the old-age and disability in-surance tax estimates from the combined totals reported.

Individual income tax receipts of \$108.9 billion accounted for over one-half of total collections. Corporation income taxes and employment taxes contributed the bulk of the remainder. Other classes of tax showed minor changes.

New withholding rates-provided by the Revenue Act of 1971 have resulted in over-withholding because many taxpayers did not adjust their withholding allowances and exemptions to accord with the new law. The resulting over-withholding naturally boosted collections.

Corporation income tax collections rose by \$4.6 billion, up 15.2 percent, Improved economic conditions and higher corporate profits contributed to the increase. The 7 percent job development credit and accelerated depreciation provisions offset some of the additional collections that would have occurred from rising profits.

Excise taxes levied on a variety

of manufactured products, services, and activities, declined slightly from the 1971 record high. Collections of \$16.8 billion were lower because of the repeal of excise taxes on vehicles. Tobacco tax collections increased from last year, while alcohol tax collections were up \$688 thousand. Over the last 10 years, tobacco tax collections have remained relatively stable while receipts from alcohol tax have increased by almost 50 percent.

Employment taxes amounting to \$43.7 billion, were the second biggest source of revenue. Increased rates for social security (FICA) taxes and self-employment (SECA) taxes were in effect for the full fiscal year, Also, beginning January 1, 1972, the taxable base for both went up from \$7,800 to \$9,000, In addition, as of January 1, 1972, Federal Unemployment Tax Act taxes extended to almost every employer and the wage base was up from \$3,000 to \$4,200.

Over the past eight years, employment taxes have soared from \$17.1 billion to \$43.7 billion in fiscal year 1972, an increase of 156 percent. During this same period, employment tax collections replaced corporation income tax as the second highest source of revenue, increasing from 14.9 percent to 20.8 percent of total collections.

Estate and gift tax collections amounted to \$5.5 billion. Most of the \$1.7 billion growth from last year resulted from an administrative speed-up in collections. A change in the law, effective January 1, 1971, shortened the period for filing estate tax returns and remitting payment from 15 to 9 months.

Refunds Paid

Although two thirds of the individual taxpavers received refunds in 1972, the total number of refunds declined slightly. The total amount of taxes refunded to all classes of taxpayers was \$18.9 billion, including interest of

Internal Revenue refunds, including interest (For refunds by region and district, see table 5, p. 114)

Type of Yax	Numi	Þer	Amount re (principal an thousand	d interest	Amount of interest included (thousand dollars)	
	1971	1972	1971	1972	1971	197
Total refunds of internal revenue 1 z	55,916,604	55,154,883	19,022,566	18,970,849	132,140	182,76
Corporation income taxes Individual income and employment taxes, total ²	264,291	268,559	3,622,489	2,894,407	87,111	134,77
	55,596,555	54,823,528	15,083,753	14,642,417	35,526	38,70
Excessive prepayment income tax 2 Other income tax and Federal Insur-	54,285,510	53,203,811	14,207,752	13,750,862	18,498	16,39
ance Contributions Act taxes 14	1,263,196	1,543,374	866,701	877,554	16,644	21,93
Railroad retirement Unemployment insurance	546	458	285	619	56	-
Onemployment insurance	47,303	75,880	9,014	13,382	328	37
state tax	12,789	15,346	5 2,757	52,702	6,386	5,23
lift tax	1.705	2,110	3,234	7,501	399	86
xcise taxes, total	41,264	45,345	260,333	1,373,322	2,719	3,1
Alcohol s	8,918	8,320	104.911	106.031	. 24	
Tobacco taxes 5	234	390	1,566	2.102	(•)	. (*
Manufacturers' and retailers' excise			•		. ``	
taxes, total	4,636	5,094	128,583	1,246,972	437	1,9
Gasoline used on farms	369	62	82.638	103,619	:.	
Gasoline, nonhighway	1,291	1,247	19.275	23,120		
Other 5	2,976	3,785	26,670	1,120,233	437	1,9
All other excise taxes?	27,476	31,541	25,272	18,217	2,257	1,23

¹ Figures have not been reduced to reflect reimbursements from Figures have not been reduced to reflect reimbursements from the Federal Old-Age and Survivors, Federal Disability, and Federal Hospital Insurance Trust Funds amounting to \$17,614,000 in 1971 and \$447,332,000 in 1972 from the Highway Trust Fund amounting to \$122,296,000 in 1971 and \$144,325,000 in 1972; and from the unemployment Trust Fund amounting to \$9,014,000 in 1972 and \$13,382,000 in 1972.

² Estimated.-Collections of individual income tax withheld are not reported separately from old-age and disability insurance taxes on wages and salaries. Similarly, collections on individual income tax not withheid are not reported separately from old-age

Net of 96,148 undeliverable checks totaling \$14,547,000 in 1971

and 80,725 undeliverable checks totaling \$14,082,000 in 1972.

Includes refunds "not otherwise classified."

Includes excess FICA credits.

Includes drawbacks and stamp redemptions.

Includes orswooks and stamp recemptions.
 Includes bibricating oil used for nonhighway purposes.
 Includes narcotics, silver, wagering (excise and stamps), capital stock, and other excise tax refunds.
 Less than \$500.

\$182.8 million. Income tax refunded to corporations declined \$728 million from 1971. Refunds to individuals were down slightly, both in number and size of refund. The average refund was \$251. While the retroactive repeal of automobile excise taxes did not greatly increase the number of refunds (because sellers claimed the refunds and distributed the money to consumers), it did result in a record amount of excise tax refunded.

Three New Centers Constructed

The Internal Revenue Service has constructed new service centers in Memphis, Tennessee; Fresno, California; and Brookhaven, New York to better cope with the burgeoning processing task.

The Memphis Center began processing 1971 individual income tax returns in January 1972 for tax-payers residing in Kentucky, Tennessee and Virginia. Starting in January 1973, this center will process individual business returns from North Carolina, Indiana and West Virginia.

Also, in January 1972, the Fresno Service Center started processing individual income tax returns received from the San Francisco and Honolulu Districts. Individual returns from the Los Angeles District will be processed in Fresno starting January 1973. All other returns for these three districts will be processed in Fresno beginning in July 1972.

The Service Center in Brookhaven, N. Y. will start processing returns for the Brooklyn and Manhattan Districts on July 1, 1972, and returns for the Newark District in October 1972.

Increase in Returns Filed

One of every three Americans filed an income tax return in 1972, Three of every four individuals who filed returns received returns

About one-half million taxpayers took advantage of the new automatic extension, which postpones the filing deadline without penalty, provided the request is accompanied by payment of the tax liability

Taxpayers filed 112 million returns of all types in 1972. The 75.7 million individual income tax returns accounted for 66 percent of the total, while the 22 million employment tax returns accounted for 20 percent of all returns received.

The following table presents data on returns filed by type of return for 1971 and 1972.

Number of returns filed, by principal type of return

(Figures in thousands. For details, see table 7, p. 115)

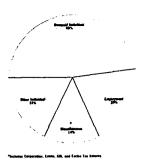
Type of return		1971	1972
Grand total		111,447	112,000
income tax, total		87,842	88,299
Individual and fiduciary, total		76,620	77,106
Individual-citizens and resident aliens, total		75,280	75,684
All other individual and fiduciary		1,340	1,422
Declarations of estimated tax, total		7,408	7,328
Individual		7,408	7,328
Corporation		NA	NA.
Partnerships		1,052	1,029
Corporations		1,821	1,881
Other		942	955
Employment tax, total		21,889	22,007
Employers' Form 941		15,757	16,068
Employers' Form 942 (household employees)		3,854	3,616
Employers' Form 943 (agricultural employees)		501	475
Railroad retirement, Forms CT-1, CT-2		16	15
Unemployment insurance, Form 940		1,761	1,832
Gift tax		165	191
Excise tax, total		1,401	1,311
Occupational tax		701	574
Form 720 (retailers, manufacturers, etc.)		308	297
Alcohol		22 '	20
Tobacco	,	5 '	5
Highway use tax		237	295
Other		127	120



Service centers process a large volume of texreturns through many operations. Commissioner Johnfle M. Walters (soated) reviews a date extracting process during a visit to the Ogden, Utah Service Center, He is accompanied by (i. to r.) Marie Morris, Ogden Service Canter; Homer Crossmun, Regional Commissioner, Western Region; William I. Greener, Jr., Assistant to the Commissioner (Public Affairs); and Robert H. Terry, Ogden Service Center Director.

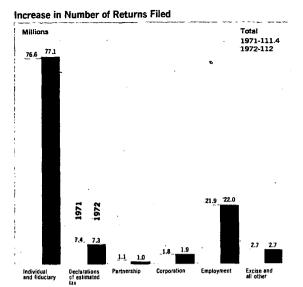


The Service sends millions of tax packages to texpayers in advance of the filling season francis Browill, Director of the Andoor, Mass. Service Center checks the automated processing assembly through which 11.9 million Forms 1000 were mailed to taxpayers throughout New England and New York.



Mathematical Verification by Computer

Service center computers checked the mathematics on 72.5 million individual income tax returns in 1972, Computers detected errors on 2.2 million returns that resulted in \$239 million in additional tax liability, Taxpayers erred against themselveson 1.6 million returns. The Service decreased their reported liability by \$119.4 million. The net yield to the Government from the validation of individual returns was \$119.6 million or \$1.65 per return verified.



Income Sources Reported on Magnetic Tape Increases

The Service received almost 380 million information documents (reporting wages, interest and dividends) in 1972. Almost 90 million of these documents were on magnetic tape which helped reduce the amount of paperwork processing.





INFORMATION DOCUMENTS REPORTED ON MAGNETIC TAPE

-	*				-	
	Tax Year	 Documen	rts (Thou	sands)		Reporti: Entities
	1966	 7	26,248			591
	1967		36,492			1.048
	1968		47,686			2,426
	1969		58,951			2,963
	1970	(58,300			4.637
	1971		89,162			6,583

Information documents reported on magnetic tape

Individual income tax returns mathematically verified

Item	4	1971	1972
Number	thousands	72,938	72,482
Number of returns on which changes were made	do	4,647	3,762
Returns with increase: Number Amount	do thousand dollars	2,905 313,052	2,162 238,882
Returns with decrease: Number Amount	thousands thousand dollars	1,742 140,235	1,599 119,406
Net Yield: Total Average per return verified	do dollars	172,817 2,37	119,577 1.65

Organization— Principal Officers

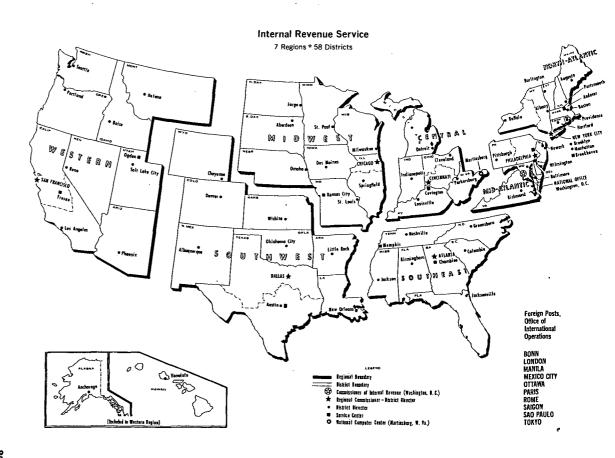
Organization of the Internal Revenue Service

Internal Revenue Regions and Districts

Principal Officers

Historical List of Commissioners

INTERNAL REVENUE SERVICE ORGANIZATION U.S. TREASURY DEPARTMENT GENERAL COUNSEL COMMISSIONER Deputy Commissi CHIEF COUNSEL TAX ADMINISTRATION ADVISORY STAFF Deputy Chief Counsel (Public Affairs) ASSISTANT COMMISSIONER ASSISTANT COMMISSIONER ASSISTANT COMMISSIONER ASSISTANT COMMISSIONER DIVISIONS ASSISTANT COMMISSIONER ASSISTANT COMMISSIONER ASSISTANT COMMISSIONER Alcohot, Tobacco and Firearms Legal (Accounts, Collection and Taxpayer Service) (Planning and Research) (Technical) (Stabilization) Enforcement General Litigation Refund Litigation Tax Court Litigation DIVISIONS DIVISIONS DIVISIONS DIVISION\$ DIVISIONS DIVISIONS DIVISIONS Planning and Analysis Program Analysis Alcohol, Tobacco and Firearms Intermal Security Taxpeyer Service Miscellaneous and Special Provisions Tax Service and Compliance Associate Chief Counsel (Technical) Technical Pu tions and Services Technical Programs DIVISIONS Intelligence Systems Develo Interpretative Legislation and Regulations Operations and Planning Division IRS Data Center Stabilization Division REGIONAL INSPECTORS REGIONAL COMMISSIONERS REGIONAL COUNSELS Field Office (7) ASSISTANT REGIONAL DIVISIONS ACTIVITIES District Directors (58) SERVICE CENTERS Alcohol, Tobacco and Firearms Legal General Litigation DIVISIONS OTVISIONS Tax Court Litigation Accounting and Adjus Audit Administration Date Convers Jackudes IRS Data Center, Detroit, Mich. Includes Habional Composter Center. Matinsburg, W. Va. Not in all districts Note-Solid lines represent direct line supervisory authority, broken lines represent advisory or support relationship.



Principal Officers of the Internal Revenue Service

As of June 30, 1972

National Officers

Office of the Commissioner

Commissioner Johnnie M. Walters Deputy Commissioner Raymond F. Harless Assistant to the Commissioner Edwin M. Perkins Assistant to the Commissioner Roger V. Barth Assistant to the Commissioner (Public Affairs) William I. Greener, Jr. Assistant to the Deputy Commissioner Donald C. Dawkins Chairman, Tax Forms Coordinating Committee James N. Kinsel Director, Tax Administration Advisory Staff Joseph R. Harmon

Administration Acting Assistant Commissioner Alvin M. Kelley Director, Program Staff Julius H. Lauderdale Division Directors: Facilities Management Leo C. Inglesby Fiscal Management Alan A. Beck Personnel Albert J. Schaffer Training (Acting) James R. Stone Equal Employment Opportunity Officer Philip N. Sansotta

Compliance

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Accounts, Collections and **Taxpayer Service** Assistant Commissioner

Dean J. Barron Deputy Assistant Commissioner Gerald G. Portney Division Directors: Collection Division Harold E. Snyder Taxpayer Service William F. Culliney Accounts and Data Processing Donald G. Elsberry IRS Data Center, Detroit, Mich. Ernest Shaw National Computer Center, Martinsburg, W. Va. Eddie Heironimus

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Assistant Commissioner (Acting) Francis I. Geibel Division Directors: Internal Audit (Acting) William C. Rankin Internal Security Raymond N. Kiely

Planning and Research

Assistant Commissioner (Acting) James R. Turner **Division Directors:** Planning and Analysis Ramon L. Ray Research (Acting) Claude D. Baldwin Statistics Vito Natrella Systems Development Lancelot W. Armstrong Office of Industrial Economics (Acting) Seymour Fiekowsky

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Deputy Assistant Commissioner Richard J. Stakem Division Directors Income Tax John W. S. Littleton Miscellaneous and Special Provisions Tax Linder Hamblen Technical Publications and Services (Acting) Roy J. Linger

Assistant Commissioner

Peter P. Weidenbruch, Jr.

Economic Stabilization

Acting Assistant Commissioner Edward F. Preston Division Directors: Technical Programs William H. Connett Service and Compliance Stanley Goldberg Program Analysis William Daniel

Office of Chief Counsel

Technical Advisor to Chief

Chief Counsel

Lee H. Henkel

Counsel Robert B. Jacoby Special Assistant to Chief Counsel (Vacant) Special Assistant to Chief Counsel Lester Stein Associate Chief Counsel (Litigation) John T. Rogers Division Directors: Alcohol, Tobacco, and Firearms (Legal) Matthew J. Werneth General Litigation J. Walter Feigenbaum Enforcement (Acting) Albert L. Henkle Refund Litigation John W. Holt Tax Court Litigation Robert A. Bridges Associate Chief Counsel (Technical) Richard M. Hahn Special Assistant to Chief Counsel Arthur B. White Division Directors: Interpretative John L. Withers Legislation and Regulations James F. Dring Operations and Planning William P. Crewe

Central Region

All Regional Offices at 550 Main Street, Cincinnati, Ohio 45202. unless a different address is indicated. Regional Commissioner Charles G. Keebler Assistant Regional Commissioners: Administration

Alcohol, Tobacco, and Firearms Fred Murrell Apellate W. Franklin Hammack Audit Michael A. DeGuire Accounts, Collection & Taxpayer Service Wayne S. Kegerreis Intelligence Harold B. Holt Stabilization Edgar H. Hughson

Arthur J. Collinson

District Directors: Cincinnati, Ohio 45202 Paul A. Schuster Cleveland, Ohio 44199 Frank S. Turbett, Jr. Detroit, Mich. 48226 Thomas A. Cardoza Indianapolis, Ind. 46204 James E. Daly Louisville, Ky. 40202 Robert J. Dath Parkersburg, W. Va. 26101 H. Daniels Jones

Director, Central Service Center. Covington, Ky. 41019 Patrick J. Ruttle

Regional Counsel Clarence E. Price

Regional Inspector Edward A. Conroy

Mid-Atlantic Region

All Regional Offices at 2 Penn Center Plaza, Philadelphia, Pa. 19102, unless a different address is indicated

Regional Commissioner Edward J. Fitzgerald

Assistant Regional Commissioners: Administration Americo P. Attorri Alcohol, Tobacco, and Firearms Edward J. Fox Apellate Victor Cunialio Audit Dwight L. James

Accounts. Collection & Taxpayer Service Anthony L. Carrea Intelligence Amerigo R, Manzi Stabilization Edward J. Manning

District Directors: Baltimore, Md. 21201 Irving Machiz Newark, N.J. 07102 Roland H. Nash, Jr. Philadelphia, Pa. 19108 Alfred L. Whinston Pittsburgh, Pa. 15222 H. Alan Long Richmond, Va. 23240 James P. Boyle Wilmington, Del. 19801 Charles O. DeWitt

Director, Mid-Atlantic Service Center, Philadelphia, Pa. 19155

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Emanuel L. Schuster

Southeast Region

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Regional Commissioner William J. Bookholt

Assistant Regional Commissioners: Administration Richard C. McCullough Alcohol, Tobacco, and Firerams William N. Griffin Appellate Vance N. Bates Audit Harold B. Bindseil Accounts, Collection & Taxpaver Service James G. Martin, Jr. Intelligence Edmund J. Vitkus Stabilization Richard C. Lewis

District Directors:
Atlanta, Ga. 30303
Walter T. Coppinger
Birmingham, Ala. 35203
Dwight T. Baptist
Columbia, S.C. 29201
Harold M. McLeod
Greensboro, N.C. 27401
John E. Wall
Jackson, Miss. 39202
John W. Henderson
Jacksonville, Fla. 32202
Andrew J. O'Donnell, Jr.
Nashville, Tenn. 37203
James A. O'Hara

Director, Southeast Service Center, Chamblee, Ga. 30006 Donald H. Hollums Memphis, Tenn. 38130 Claude A. Kyle

Regional Counsel Henry C. Stockell, Jr.

Regional Inspector Delmar L. Janney

Southwest Region

All Regional Offices at 1114 Commerce Street, Dallas, Tex. 75202, unless a different address is indicated.

Regional Commissioner Albert W. Brisbin

Assistant Regional Commissioners: Administration George E. Andreason Alcohol, Tobacco, and Firearms Billy L. Gaunt Appellate Roydell S. Rosfeld Audit Howard C. Longley Accounts, Collection & Taxpayer Service George M. Oliver Intelligence Robert D. Elledge Stabilization Alfred N. Kay

District Directors: Albuquerque, N. Mex. 87101 Maurice E. Johnson Austin, Tex. 78701 R. L. Phinney Chevenne, Wyo, 82001 T. Blair Evans Dallas, Tex. 75202 (Vacant) Denver, Colo. 80202 Arthur A. Kennedy Little Rock, Ark. 72203 Emmett E. Cook, Jr. New Orleans, La. 70130 Carl R. Gromatzky Oklahoma City, Okla. 73102 Clyde L. Bickerstaff Wichita, Kans, 67202

(Vacant)

Director, Southwest Service Center, Austin, Tex. 78740

Ervin B. Osborn

Regional Counsel, 1025 Elm Street, Dallas, Tex. 75202 William B. Riley

Regional Inspector (Acting), 1511 Bryan Street, Dallas, Tex. 75201 Paul F. Kearns

Midwest Region

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Regional Commissioner Edwin P. Trainor

Assistant Regional Commissioners: Administration Roy D. Clark Alcohol, Tobacco, and Firearms Cecil M. Wolfe Appellate (Vacant) Audit John H. Rauen, Jr. Accounts, Collection & Taxpayer Service Donald J. Porter Intelligence John J. Olszewski Stabilization (Acting) Richard C. Voskuil

District Directors: Aberdeen, S. Dak. 57401 John B. Langer Chicago, III, 60602 Roger C. Beck Des Moines, Iowa 50309 Herbert B. Mosher Fargo, N. Dak, 58102 Frederick G. Kniskern Milwaukee, Wis, 53202 Walter S. Stumpf Omaha, Nebr. 68102 Richard P. Vinal St. Louis, Mo. 63101 Eugene C. Covle St. Paul, Minn. 55101 George O. Lethert Springfield, III, 62704 Jay G. Philpott

Director, Midwest Service Center, Kansas City, Mo. 64170 Arnold S. Drever

Regional Counsel Frank C. Conley Regional Inspector

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Regional Commissioner John J. Flynn

Assistant Regional Commissioners: Administration Harry J. Bodkin Alcohol, Tobacco, and Firearms John L. Piper Appellate Theodore C. Rademaker Audit William M. Wolf Accounts, Collection & Taxpaver Service Marshall P. Cappelli Intelligence Howard F. McHenry Stabilization Raymond I. Maller

District Directors: Albany, N.Y. 12206 Donald T. Hartley Augusta, Maine 04330 Whitney L. Wheeler Boston, Mass. 02203 William E. Williams Brooklyn, N.Y. 11201 Elmer H. Klinsman Buffalo, N.Y. 14202 John E. Folev Burlington, Vt. 05401 Fulton D. Fields Hartford, Conn. 06103 Joseph J. Conley, Jr. Manhattan, N.Y. 10007 Elliott H. Gray Portsmouth, N.H. 03801 Frank W. Murphy Providence, R.I. 02903 John J. O'Brien

Director, North-Atlantic Service Center Andover, Mass. 01802 Francis L. Browitt

Director, North-Atlantic Service Center, Brookhaven, N.Y. 11716 Earl L. Torgerson

Regional Counsel, 26 Federal Plaza, New York, N.Y. 10007 Marvin E. Hagen

Regional Inspector, 26 Federal Plaza, New York, N.Y. 10007 Sidney M. Wolk

Western Region

All Regional Offices at 870 Market Street, San Francisco, Calif. 94102, unless a different address is indicated.

Regional Commissioner Homer O. Croasmun

Assistant Regional Commissioners: Administration (Acting) Warren S. DeWeese Alcohol, Tobacco, and Firearms Brenton G. Thorne Appeliate Wallace J. Spencer, Jr. Audit George S. Heard Accounts. Collection & Taxpayer Service Charles D. Moran Intelligence Herman F. Kuehi Stabilization

Joseph T. Davis

Anchorage, Alaska 99501 (Vacant) Boise, Idaho 83707 Calvin E. Wright Helena, Mont. 59601 Nelson L. Seelev Honolulu, Hawaii 96813 Robert M. Cutts Los Angeles, Calif. 90012 Frank S. Schmidt Phoenix, Ariz. 85025 Alden W. McCanless Portland, Ore. 97204 Ralph B. Short Reno, Nevada 89502 Warren A. Bates Salt Lake City, Utah 84110 Roland V. Wise San Francisco, Calif. 94102 (Vacant) Seattle, Wash, 98121 (Vacant)

District Directors:

Director, Western Service Center, Ogden, Utah 84405 Robert H. Terry

Director, Western Service Center, Fresno, Calif. 93730 Leonard E. Semrick

Regional Counsel, 447 Sutter Street, San Francisco, Calif. 94108 Richard C. Schwartz

Regional Inspector, 1076 Mission Street, San Francisco, Calif. 94103 Frederick R. Rowe, Jr. Historical List of Commissioners

of Internal Revenue
Office of Commissioner of Internal Revenue created by Act of Congress, July 1,
1862

In addition, the following were Acting Commissioners during periods of time when there was no Commissioner holding the office; John W. Douglass, of Pennsylvania, from Rov. 1, 1870, to Jan. 2, 1871; vania, from Rov. 1, 1870, to Jan. 2, 1871; he was a constant of the second of the se

George S. Boutwell

Massachusetts July 17, 1862/Mar. 4, 1863

Joseph J. Lewis Pennsylvania Mar. 18, 1863/June 30, 1865

William Orton New York

July 1, 1865/Oct. 31, 1865

Edward A. Rollins
New Hampshire

Nov. 1, 1865/Mar. 10, 1869 Columbus Delano

Ohio
Mar. 11, 1869/Oct. 31, 1870

Alfred Pleasonton New York Jan. 3, 1871/Aug. 8, 1871

John W. Douglass Pennsylvania

Aug. 9, 1871/May 14, 1875

Daniel D. Pratt

Indiana May 15, 1875/July 31, 1876

Illinois Aug. 2, 1876/Apr. 30, 1883

Green B. Raum

Walter Evans Kentucky May 21, 1883/Mar. 19, 1885

Joseph S. Miller West Virginia Mar. 20, 1885/Mar. 20, 1889

John W. Mason West Virginia Mar. 21, 1889/Apr. 18, 1893

Joseph S. Miller West Virginia Apr. 19, 1893/Nov. 26, 1896

W. St. John Forman Illinois Nov. 27, 1896/Dec. 31, 1897

Nathan B. Scott West Virginia Jan. 1, 1898/Feb, 28, 1899

George W. Wilson Ohio Mar. 1, 1899/Nov. 27, 1900

John W. Yerkes Kentucky Dec. 20, 1900/Apr, 30, 1907

John G. Capers
South Carolina
June 5, 1907/Aug, 31, 1909

Royal E. Cabell Virginia Sept. 1, 1909/Apr. 27, 1913

William H. Osborn North Carolina Apr. 28, 1913/Sept. 25, 1917

Daniel C. Roper South Carolina Sept. 26, 1917/Mar. 31, 1920

William M. Williams
Alabama
Apr. 1, 1920/Apr. 11, 1921

David H. Blair North Carolina May 27, 1921/May 31, 1929

Robert H. Lucas Kentucky June 1, 1929/Aug. 15, 1930

David Burnet Ohio Aug. 20, 1930/May 15, 1933

Guy T. Helevering Kansas June 6, 1933/Oct. 8, 1943 Robert E. Hannegan Missouri Oct. 9, 1943/Jan. 22, 1944

Joseph D. Nunan, Jr. New York Mar. 1, 1944/June 30, 1947

George J. Schoeneman Rhode island July 1, 1947/July 31, 1951

John B. Dunlap Texas Aug. 1, 1951/Nov. 18, 1952

T. Coleman Andrews Virginia Feb. 4, 1953/Oct. 31, 1955

Russell C. Harrington Rhode Island

Dec. 5, 1955/Sept. 30, 1958

Dana Latham

California

Nov. 5, 1958/Jan. 20, 1961

Mortimer M. Caplin Virginia

Feb. 7, 1961/July 10, 1964

Sheldon S. Cohen Maryland Jan. 25, 1965/Jan. 20, 1969

Randolph W. Thrower Georgia Apr. 1, 1969/June 22, 1971

Johnnie M. Walters South Carolina Aug. 6, 1971

Appendix

Taxpayer Publications

Tax Forms Activity

Supreme Court Decisions

Actions of Lower Courts

Tax Legislation Enacted

Tax Legislation Pending

Publication Number/ Title

Your Federal Income Tax. Price 75¢

Tax Guide for U.S. Citizens Abroad

Law and Regulations relating to the treatment of Annuities for Income Tax purposes. Price 45¢ (revised 5-69)

Farmer's Tax Guide

Tax Guide for Small Business. Price 75¢

Law and Regulations Relating to Employee Pension, Annuity, Profit-Sharing, Stock Bonus, and Bond Purchase Plans including Plans for Self-Employed Individuals. Price 70¢ (revised 7-68)

Federal Use Tax on Trucks. Truck-Tractors and Buses

377

Pension Trust Procedures and Guides for Qualification Under Section 401(a) and 405(a) of the Internal Revenue Code of 1954. Price 35¢

Federal Fuel Tax Credit or Refund for Nonhighway and Transit Users

A Guide to Federal Estate and Gift Taxation, Price 50¢ (revised 7-71)

Travel, Entertainment and Gift Expenses

Your Exemptions and Exemptions for Dependents

Deduction for Medical and Dental Expenses

Child Care and Disabled Dependent Care

Income Tax Deductions for Alimony Payments

Tax Withholding and Declaration

Computing Your Tax Under the

of Fetimated Tax

Income Averaging Method

Tax Information on Educational Expenses

Tax Calendar and Check List for 1972

510

Information on Excise Taxes for

Sales and Other Dispositions of Depreciable Property

Personal Property

United States

Credit Sales by Dealers in

Tax Information for Visitors to the

Foreign Tax Credit for U.S. Citizens and Resident Aliens

515

Withholding of Tax on Nonresident Aliens and Foreign Corporations

516

Tax Information for U.S. Government Civilian Employees Stationed Abroad

Social Security for Clergymen and Religious Workers

Foreign Scholars and Educational and Cultural Exchange Visitors

United States Tax Guide for Aliens

Tax Information for American Scholars in the U.S. and Abroad

Tax Information on Moving Expenses

Adjustments to income for Sick Pay

Tax Information on Selling Your Home

Retirement Income and Retirement Income Credit

Taxable Income and Nontaxable Income

Income Tax Deduction for Contributions

Rental Income and Royalty Income

Information on Filing Your Tax Return

Other Miscellaneous Deductions

Tax Information on Deductions for Homeowners

Reporting Your Tips for Federal Tax Purposes

Tax Information for Students and Parents

Information on Self-Employment

Depreciation, Amortization, and Depletion (Includes Class Life Asset Depreciation Range System)

Tax Information on Business Expenses

Losses From Operating a

Installment and Deferred-Payment Sales

Tax Information on Accounting Periods and Methods

Withholding Taxes From Your Employee's Wages

Income Tax

a Business

Income and Losses

Tax Information on Repairs. Replacements, and Improvements

Corporations and the Federal

Tax Information on the Sale of

Sales and Exchanges of Assets

Income Tax Deduction for Taxes

Tax Information on Disasters

Casualty Losses, and Thefts

Tax Information on Deduction

Tax Information on Investment

Condemnations of Private

Property for Public Use

Income and Expenses

Other Basis of Assets

the Tax Law

Tax Information on Cost or

Recordkeeping Requirements

Highlights of 1971 Changes in

Tax Benefits for Older Americans

Community Property and the

Audit of Returns, Appeal Rights

How to Apply for Recognition of

Exemption for an Organization

Federal Income Tax

and Claims for Refund

and a Guide to Tax Publications

Income Tax Deduction for

Interest Expense

for Bad Debts

549

Tax Information on Partnership

Federal Tax Guide for Survivors, Executors, and Administrators

Tax Information for Sponsors of

Contests and Sporting Events

Retirement Plans for Self-

Employed Individuals

Valuation of Donated Property

Tax Return Filing Requirements for U.S. Citizens Abroad

Tax Information on Mutual Fund Distributions

Tax Information on the Interest **Equalization Tax**

Questions and Answers on

Retirement Plans for the Self-Employed

Tax Advice on Civil Service Disability Retirement Payments

Federal Tax Information for Civil Service Retirees

Questions Asked by U.S. Taxpayers Abroad

570

Tax Guide for U.S. Citizens Employed in U.S. Possessions

Tax-Sheltered Annuity Plans for Employees of Public Schools and Certain Tax-Exempt Organizations

Tax Information on Investment Credit

Interest Equalization Tax Highlights

Tax Information on Pensions and

Annuities

Tax Information on United States Savings Bonds

577

Amortization of Pollution Control **Facilities**

570

Información sobre la Preparción y Presentación de la Declarción del Impuesto Federal sobre Ingreso Individual

721

Comprehensive Tax Guide to U.S. Civil Service Retirement Benefits. Price 70¢

778

Guides for Qualification of Pension, Profit-Sharing, and Stock Bonus Plans, Price 35¢

Tax Forms Activity The following new forms were issued:

Number/Title 990—Schedule A

Organizations Exempt Under 501(c)(3) Supplementary Information.

990-Schedule B

Exempt Private Foundations (Defined in Section 509(a) and Exempt Under Section 501(a) Determination of Liability for Chapter 42 Taxes.

1041-Schedule PF Determination of Liability for Chapter 42 Tax Trusts Described in Section 4947(a)

1099-DIV

U.S. Information Return for Recipients of Dividends and Distributions

1099-INT

U.S. Information Return for Recipients of Interest Income

1099-MISC

U.S. Information Return for Recipients of Miscellaneous Income

Employee Moving Expense Information

Currency Transaction Report

Report of International Transportation of Currency or Monetary Instruments

Supplemental Schedule of Gains and Losses

4831

Rental Income

4832

Asset Depreciation Range

Farm Rental Income (crop share) and Expenses

Annual Employer's Return for Employees' Pension or Profit-Sharing Plan

4848-Schedule A Annual Status Report of an Employees' Pension or Profit-Sharing Plan

4849

Financial Statement of Employees' Pension or Profit-Sharing Fund or Fiduciary Account

Application for Automatic Extension of Time to File U.S. Individual Income Tax Return

4876

Election to be Treated as a DISC

Declaration of a Candidate for Public Office Receiving Political Contributions Qualifying for Credit or Deduction

4909

Declaration of Campaign Committee Receiving Political Contributions Qualifying for Credit or Deduction.

The following forms were eliminated:

W-4-Schedule A Additional Withholding Allowances Based on Itemized Deductions

Ownership Certificate

1001-A

Ownership Certificate-Austria

1001-B

Exemption or Reduced Rate Certificate-Belgium

1001A-B

Exemption or Reduced Rate Certificate-Belgium

1001-C

Ownership Certificate—Canada

1001A-C

Exemption or Reduced Rate Certificate-Canada

1001-D

Ownership Certificate-Denmark

1001A-D

Exemption Certificate-Denmark

1001-FIN

Ownership Certificate-Finland

1001-GER

Ownership Certificate-Germany

Ownership Certificate-France

1001-G

Ownership Certificate-Greece

1001-IR

Ownership Certificate-Ireland

1001-J

Ownership Certificate-Japan

1001A-J Reduced Rate Certificate-Japan

1001_

Ownership Certificate-Luxembourg

1001-N

Ownership Certificate-Netherlands

1001A-N

Exemption Certificate-Netherlands

1001-NA

Ownership Certificate --Netherlands Antilles

1001-NO

Ownership Certificate-Norway

1001-SWED

Ownership Certificate-Sweden

1001-S

Ownership Certificate-Switzerland

1001A-S

Exemption or Reduced Rate Certificate-Switzerland

1001-UK

Ownership Certificate-Malawi, Zambia, and Southern Rhodesia

1001-UK-2

Ownership Certificate-United Kingdom

1099

U.S. Information Return

1099M

U.S. Information Return for Requiated Investment Company Distributions

Stabilization Forms Activity Number/Title

Alleged Violation Report

S-16 (Rev. 2-72)

Application for Exemption or Exception

Notice (of Appeal Rights)

S-21 (Rev. 4-72)

Affidavit

S-29 (Rev. 2-72)

Acknowledgement and Referral Postcard

S-41 Notice of Violation

Noninstitutional (Individual) Health Services Providers Supplemental Worksheet

S-55 Subpoena

> S-70 Lease Notification Addendum

Public Use Publications Distributed **Publication Number/Title**

General Information, Economic Stabilization Program

S-3 (Rev. 3-72) Posting Requirements for Retailers

Price and Wage Classification

Record Keeping for ESP

S-3001 (Rev.) Offices Providing Economic Stabilization Information

S-3004 Information for Retailers and

Wholesalers

S-3007 (Rev.) Items Not Controlled by ESP

S-3008 (Rev.) Enforcement Provisions of ESP

S-3009 IRS Stabilization Rulings

Determinations-Appeal Procedures S-3010

Posting Requirements for Prescription Druggists

S-3011 (Rev.) Legal Price Increases S-3012

Construction Industry S-3013

Retroactive Pay

S-3015 **Doctors and Dentists Fiver**

S-3016 Wearing Apparel Price Controls

S-3017 Service Organizations S-3019

Rent Guidelines

S-3020 (Rev.) How to Compute Productivity Gains

S-3021 Price Controls on Retailers S-3022 Dividends and Interest

S-3023 Price Controls on Wearing Apparel

S-3024 Violations of Economic Stabilization Records

S-3025 Rent Controlled Housing

S-3026 Rent Violations (Consumer Information Series)

S-3029
Executive and Variable
Compensation

S-3030 Appeal Procedures, Policy Bodies

S-3031
Restaurants and Carryouts
(Consumer Information Series)

S-3033 Term Limit Pricing

Supreme Court Decisions Criminal Cases On December 20, 1971, the Su-

preme Court in United States v. Bass. 404 U.S. 336 (1971), in a five to two decision rejected the position taken by the preponderance of the circuits which had considered the issue and held Title VII of the Omnibus Crime Control and Safe Streets Act of 1968 (18 U.S.C. App. § 1202(a)(1)) does not make it a crime for a convicted feion merely to "possess" a firearm. The court said that the statute requires the government to allege and prove in each case involving unlawful "receipt", "possession", or "transportation" that such "receipt". "possession", or "transportation" was "in commerce or affecting commerce". The court came to this conclusion due to the ambiguity of the statute and the lack of conclusive legislative intent and resolved the ambiguity of the criminal statute in favor of the narrower construction taken by the Second Circuit (United States v. Bass, 434 F. 2d 1269 (2nd Cir. 1970)).

However, the court pointed out that the nexus with interstate commerce could be established in a number of ways saying "we note only some of these. For example, a person possesses . . . in commerce or affecting commerce if at the time of the offense the gun was moving interstate or on an interstate facility, or if the possession affects commerce. Significantly broader in reach, however, is the offense of receiving in commerce or affecting commerce, for we conclude that the Government meets its burden here if it demonstrates that the firearm received has previously traveled in interstate commerce". However, presumably in the case of a "receipt" charge the person charged with the offense would have to be shown to have received the firearm after the date of enactment of the law (June 19, 1968). Since almost all of the Title VII charges brought prior to the Supreme Court's decision in Bass did not allege the

commerce element many cases are being reversed and remanded. See United States v. Harp., 454 F. 2d 1161 (5th Cir. 1972); United States v. Young, 454 F. 2d 1168 (9th Cir. 1972); and United States v. Harris, 456 F. 2d 62 (8th Cir. 1972).

On May 15, 1972 the Supreme Court in United States v. Biswell. 406 U.S. 311 (1972) 40 L W 4489, by an eight to one vote, upheld the conviction of a federally licensed firearms dealer who reluctantly permitted inspection of his locked firearms storeroom only after being advised that such inspection was authorized by 18 U.S.C. 923(g) and being shown a copy of the law. The Supreme Court reversed the decision of the Tenth Circuit (United States v. Biswell, 442 F. 2d 1189 (10th Cir. 1971)) which had held that Biswell did not "consent" to the entry of the locked storeroom. and that if the statute were construed as permitting entry without such "consent" that it violated the Fourth Amendment prohibition against "unreasonable" search and seizures. The Supreme Court did not hold that Biswell gave "consent" but rather that there was on his part a "a submission to lawful authority" rather than face a possible criminal prosecution (or administrative action with respect to his license).

The court said "in the context of a regulatory inspection system of business premises which is carefully limited in time, place, and scope, the legality of the search depends not on consent but on the authority of a valid statute." The court recognized as to firearms that "close scrutiny of this traffic is undeniably of central importance in federal efforts to prevent violent crime and to assist the states in regulating the firearms traffic within their borders." The court said "large interests are at stake, and inspection is a crucial part of the requlatory scheme, since it assures that weapons are distributed through regular channels and in a traceable manner and makes possible the prevention of sales to undesirable customers and the detection of the origin of particular firearms". The court explained that in See v. City of Seattle, 387 U.S. 541 (1967), they had no occasion to consider the reach of the Fourth Amendment with respect to various federal regulatory statutes.

The court distinguished Colonade

Catering Corp v. United States,

397 U.S. 72 (1970), a retail liquor dealer case where the statutory authority to enter and inspect was similar to the statutory authority in Biswell, on the grounds that there was no forcible entry in Biswell. In Colonade the court said the statute had not authorized forcible entry. The court said as to federally licensed firearms dealers "if the inspection is to be effective and serve as a credible deterrent, unannounced, even frequent, inspections are essential. In this context, the prerequisite of a warrant could easily frustrate inspection; and if the necessary flexibility as to time, scope and frequency is to be preserved, the protections afforded by a warrant would be negligible." The court also noted that "when a dealer chooses to engage in this pervasively requlated business and to accept a federal license, he does so with the knowledge that his business records, firearms and ammunition will be subject to effective inspection." The court further held that the seizure of the two contraband National Firearms Act weapons discovered in the course of the inspection was not unreasonable under the Fourth Amendment.

In Kastigar v. United States, 406 U.S. 441 (1972), the Supreme Court upheld the constitutionality of those portions of the Organized Crime Control Act of 1970, 18 U.S.C. § 6002, empowering the Federal Government to compel testimony from a witness involving the Fifth Amendment by conferring immunity from use of the compelled testimony or use of evidence derived therefrom criminal proceedings are subsequently instituted against such a witness, the Court further held, the Government has the burden of providing affirmatively that evidence proposed to be used is derived from a legitimate source wholly independent of the compelled testimony.

The appellees in United States v. Marion, 404 U.S. 307 (1971). claimed that the Government had known of the crimes with which they were charged, the circumstances of the crimes, and appellees' identities for over three years before they were indicted and at their trial successfully moved to dismiss on the ground that the delay in returning the indictment deprived them of their right to a speedy trial as secured by the Sixth Amendment. The Supreme Court reversed the trial court's dismissal and held that . . the Sixth Amendment speedy trial provision has no application until the putative dedendant in some way becomes an 'accused' . . ." The Court defined "accused," for purposes of the Sixth Amendment, as one against whom there is either a formal indictment or an information, or one who is actually restrained by being arrested or otherwise held to answer a criminal charge. However, the Court stated that "the Due Process Clause of the Fifth Amendment would require dismissal of the indictment if it were shown at trial that the pre-indictment delay . . . caused substantial prejudice to (the accused's) rights to a fair trial and that the delay was an intentional device to gain tactical advantage over the accused."

In Barker v. Wingo, 407 U.S. 514 (1972), the Court further clarified the right to a speedy trial by holding that alleged denials of the right can only be determined by an ad hoc balancing test rather than by any inflexible time standard. In striking the balance, the Court stated, the factors to be weighed include the length of delay between arrest and trial. justification for the delay, the defendant's assertion of or failure to assert his right to speedy trial, and prejudice to the defendant caused by oppressive pretrial incarceration, impairment of his defense, and pretrial anxiety and obloguy.

Supreme Court

Civil Cases

In Commissioner v. First Security Bank of Utah, 405 U.S. 394 (1972), aff'g 436 F.2d 1192 (10th Cir. 1971), the Supreme Court disapproved an allocation under section 482 that would have constituted income received in violation of Federal banking laws. The Court, disagreeing with the Commissioner, held that insurance commission income was not partially allocable under section 482 to bank subsidiaries of a holding company that also controlled a management company, an insurance agency, and an insurance company where (pursuant to 12 U.S.C.A. § 92) national banks could not legally receive any proceeds from selling insurance. Here the banks offered to arrange credit life, health, and accident insurance for borrowers who were reinsured through the insurance company subsidiary. All reinsurance premiums were reported in the income of the insurance company which was subject to a lower tax rate than the other corporations. The Court refused to apply the assignment of income doctrine to the banks and stated that the "complete power" to allocate referred to in Treas. Reg. 1.482-1(b)(1) "hardly includes the power to force a subsidiary to violate the law." There were three dissents.

In Coit v. Green, 404 U.S. 997, (1971) the Supreme Court affirmed without opinion in December 1971, the June 1971 decision in Green v. Connally, 330 F. Supp. 1150 (D. D.C. 1971). In view of the constitutional issue in the complaint filed in May 1969, a three-judge district court was convened. The court enjoined the recognition of any private school in Mississippi as tax exempt under section 501(e)(3) of the Internal Revenue Code unless the school has a racially nondiscriminatory admissions policy. The Service announced in July 1970, that it can no longer legally justify allowing tax-exempt status to private schools which practice racial discrimination nor can it

treat gifts to such schools as charitable deductions for income tax purposes. The Service thought the June 1971 injunction was unnecessary but did not appeal. Direct appeal to the Supreme Court was by interveners representing parents and children who support or attend Mississippi private schools whose enrollment was restricted to white students.

On November 9, 1971, the Supreme Court denied without opinion the motion for leave to file a bill of complaint in Alabama v. Connally, 404 U.S. 933 (1971). Alabama, acting through its Governor, claimed original jurisdiction of the Court and sought an injunction restraining the defendants from assessing and collecting federal income taxes from Alabama citizens and from exempting income or religious. charitable, educational and other organizations described in section 501(c)(3) of the Internal Revenue Code. The Government opposed the Alabama motion citing Florida v. Mellon, 273 U.S. 12 (1927), which held that a State, as parens patriae, cannot represent its citizens in a suit to protect them from unconstitutional inequalities alleged to result from a federal tax law.

On February 23, 1972, the Supreme Court reversed an opinion of the United States Court of Appeals for the Fifth Circuit and held for the Government in an important case involving bad debt deductions. United States v. Generes, 405 U.S. 93 (1972), The question resolved was whether the "significant", rather than the "dominant", motivation test is to be applied in determining whether losses resulting from a taxpayer's advances or payments on quarantees of loans to a corporation in which he is a shareholder-employee are "proximately related" to the taxpayer's trade or business. The problem arose where an individual taxpayer bore a dual relationshipas shareholder and also as employee-to the corporation whose default gave rise to the

bad debt loss. The Supreme Court accepted the Government's position that business bad debt treatment is appropriate only where protection of the salaried position is the dominant motivating force and held that where a taxpayer shows only that he was significantly motivated by a desire to protect his salaried position the requisite proximate relationship does not exist. The holding prevents the allowance of a business bad debt deduction where the principal or dominantreason for creating the debt is a nonbusiness reason.

On March 6, 1972, the Supreme Court again reversed an opinion of the United States Court of Appeals for the Fifth Circuit and held for the Government in United States v. Mississippi Chemical Corp., 405 U.S. 298 (1972). The issue was whether amounts paid by farmers' cooperatives for purchases of Class C stock of a regional bank for cooperatives. made in connection with loans secured from the bank, are nondeductible capital outlays rather than deductible interest expenses. The cooperatives were required by the Farm Credit Act of 1955 to make purchases of the stock in amounts constituting a certain percentage of the interest paid to the bank on their loans from the bank. The taxpavers contended that the stock had no value and the amounts paid on the purchase price represented merely additional borrowing costs. The Supreme Court recognized that the Class C stock had characteristics which rendered the market for the shares virtually nonexistent, but nevertheless held that it had substantial value deriving from attributes other than marketability. The Court held its value extended for more than one taxable year, and that it was a capital asset and its cost was nondeductible.

An adverse decision was rendered by the Supreme Court on June 26, 1972, in *United States* v. *Byrum*, — U.S. — (1972), an estate tax case. The case involved shares of stock in three

corporations controlled by decedent, which shares had been transferred before his death to an irrevocable trust for his children. He retained the right to vote the shares, to veto the sale of any of the shares, and to remove the trustee at will. The issue was whether the shares of stock were includible in his gross estate under Int. Rev. Code of 1954, § 2036(a), because he retained either the right to designate the persons who would enjoy the income from the property or the right to enjoy the property himself. The Government's argument, which was rejected by the majority of the court, was based primarily on the decedent's ability to control the flow of corporate dividends to the trust through the exercise of his retained voting control. Justice White's dissenting opinion, joined in by Justice Brennan and Justice Blackmun, suggests that the decision "will open a gaping hole in the estate tax laws.

Actions of Lower Courts Civil Cases

In B. Forman Co., Inc. v. Commissioner, 453 F.2d 1144 (2nd Cir. 1972), the Second Circuit upheld the Commissioner's allocation of imputed interest under section 482 to two corporations each of which owned 50 percent of a third corporation. The court held that "control" under section 482 includes any type of control, direct or indirect, whether legally enforceable, as it is the "reality of control which is decisive, not its form or the mode of its existence." In approving the imputed interest allocation, the Second Circuit criticized certain Tax Court decisions relied upon by taxpayer, including P.P.G. Industries, Inc., 55 T.C. 928 (1970), noting that to the extent those cases would require a different result they do not accord with "either economic reality, or with the declared purpose of section

Distribution of stock of a spunoff corporation to the sole shareholders of the parent corporation was held to constitute a taxable dividend under section 355 where taxpayer's purpose was to put stockholdings in a form facilitating estate planning, there was an absence of any direct benefit to the business of the original company, and the spin-off put saleable assets in the hands of the taxpavers the retention of which was not needed to continue the business enterprise. While reaffirming its holding in Lewis v. Commissioner, 176 F.2d 646 (1st Cir. 1949), that a shareholder's personal motives could be considered, the court held that a distribution which had considerable potential for use as a device for distribution of earnings and profits should not qualify for tax-free treatment on the basis of personal motives unless those motives are germane to the continuation of the corporate business. The court found that the purpose here, giving other assets to taxpayer's daughters so as to exclude them from active management of the business, was not a

business purpose. Rafferty v. Commissioner, 452 F.2d 767 (1st Cir. 1971).

An important limitation on the right of insurance companies to achieve a wholly tax-free liquidation under section 337 was spelled out in Buckeye Union Casualty Co. v. Commissioner, 450 F.2d 109 (6th Cir. 1971). The Sixth Circuit held that the gain realized by an insurance company through retention of 35 percent of its unearned premium reserves on the sale of their insurance business through a reinsurance and assumption agreement was not subject to nonrecognition under section 337 because the amount did not result from a sale or exchange but from elimination of the requirement of maintaining reserves. The result, at least in the Tax Court and the Sixth Circuit, is that the "reinsuring" of its risks is now severly limited with respect to use as a liquidation tool by an insurance company.

In Labay v. Commissioner, 450 F.2d 445 (5th Cir. 1971), the court affirmed the Tax Court by holding that the new custodial spouse provision of section 152(e), which obliged the custodial spouse to "clearly establish" that he or she provided more support than the non-custodial parent, required such proof only by a "clear preponderance of the evidence" and not the "clear and convincing" standard normally used in testing the Government's burden in fraud cases.

In a case with significant effect on publicly-held corporations. the Tax Court concluded as a matter of law that the accumulated earnings tax can apply to a publicly held corporation where the management is dominated by a single large shareholder or a small group of large shareholders who exercise effective control over the dividend policy of the company or the company represents itself to prospective or existing shareholders as an investment company with the avowed policy of accumulating its invest-

ment income. Having found taxpayer not to be a "mere holding company or investment company," the Tax Court refused to find taxpaver's accumulations unreasonable and subject to the accumulated earnings tax provisions of sections 532(a) and 533(a) for 1962 through 1965, but sustained the Commissioner's determination for 1966. In making its determination for 1966, the court considered the market value of taxpaver's liquid assets, i.e., its stock investments. Golconda Mining Corp., 58 T.C. No. 13 (1972).

After service of a summons by a special agent on the taxpayer's accountant to secure the taxpaver's books and records, the accountant, upon instruction of the taxpayer, delivered the books and records in his possession to the taxpayer's attorney. The taxpayer intervened in the summons enforcement action brought by the Government and asserted as defenses to compliance with the summons that the summons was issued for the improper purpose of conducting a criminal investigation and that the records were encompassed within the taxpayer's Fifth Amendment privilege against self-incrimination. The district court ordered enforcement of the summons and the Fourth Circuit affirmed. The court of appeals held that if a civil purpose existed, as it concluded it did, the summons is proper. As to the privilege argument the court held that the books and records had voluntarily passed from the taxpayer's possession and control and thus from the "sphere of privilege surrounding her" for there was no accountant-client privilege. The taxpayer petitioned for writ of certiorari on January 10, 1972 which was granted on April 3, 1972. United States v. Lillian Couch, 449 F.2d 141 (4th Cir. 1971).

In Clifford Irving, et al. v. Elliott Gray, --- F. Supp. ---, (S.D. N.Y. 1972), the Court determined on June 15, 1972, that the procedure employed by the Service in terminating the taxpayers' taxable year under section 6851, notifying them of that termination, and assessing tax liabilities under section 6201 before the normal due date for the 1971 income tax return was proper under the facts and circumstances of the case. The plaintiffs had demanded injunctive relief and a summary judgment. The Government moved to dismiss the complaint on the ground that maintenance of the action was barred under section 7421(a). The court agreed and held that the plaintiffs did not fall under the exceptions to section 7421(a), citing Enochs v. Williams Packing and Navigation Co., 370 U.S. 1 (1962).

In United States v. First National Bank of Arizona, 458 F.2d 513 (9th Cir. 1972), the Ninth Circuit affirmed per curiam a district court order granting the Government's motion for summary judgment in this action for failure to honor a levy. After being served with a notice of levy to reach the taxpayer's bank account, the bank set off the account against a debt owed it by the taxpayer, evidenced by a promissory note executed after the tax assessments were made. Prior to the assessments, however, the taxpayer had signed a signature card stating that the account should be governed by the regulations of the bank, which provided that the bank may at any time set off against funds held in any account all debts owed to the bank, whether matured or unmatured, and the promissory note contained a similar set-off provision. Notice of tax lien was not filed until after the date of levy and set-off.

The Government contended on appeal that the case was controlled by the court's previous decision in Bank of Nevada v. United States, 251 F.2d 820 (9th Cir. 1957), and that the bank's right to set-off does not qualify as a security interest under Internal Revenue Code of 1954, section 6323. In its opinion, the Ninth Circuit stated only that Bank of Nevada requires affirmance.

In Mike Scarafiotti v. Shea, 456 F.2d 1052 (10th Cir. 1972), the Tenth Circuit Court of Appeals affirmed the district court's order dismissing a mandamus action brought by taxpayer. The prayer for relief was that the court issue an order in the nature of mandamus ordering the special agent to give the taxpayer or his attorney advance notice of any requests for information from third parties concerning his tax investigation of the taxpayer.

The Tenth Circuit held that before mandamus will issue, the duty of the officer involved must be found to be ministerial, plainly defined and peremptory. The court found no clear duty to give notice. The statutes authorizing the use and enforcement of a summons, including 7602 of the 1954 Code, do not require Service agents to give notice to a taxpayer that he intends to talk to a third party about any tax matter relating to the taxpayer.

The court did not acecpt plaintiff's argument that *Reisman* v. *Caplin*, 375 U.S. 440 (1964), by implication requires notice to be given before any request or interview of a third party, relying instead on *In re Cole*, 342 F.2d 5 (2nd Cir. 1965) which rejected such an argument.

Tax Legislation Enacted

The Revenue Act of 1971 is the most important tax law enacted during the year. The provisions of Title I adopted a job development credit repealed in 1969, and codified the asset depreciation rules (ADR) announced by the Treasury Department in January 1971.

Title II of the Act dealt with personal income tax provisions. The most significant changes involved are an increase in the personal exemption and the standard deduction, and the allowance of certain child care expenses.

Title III of the Act provided structural improvements to the Code. It included amendments such as amortization of certain expenditures for on-the-job training and for child care centers.

Title IV of the Act repealed the Federal excise tax on automobiles and light-duty-trucks.

Title V of the Act enacted tax incentives to spur exports by deferring the export income of domestic international sales corporations (DISC's).

Title VI of the Act provided a special tax credit for employing welfare recipients and made a number of improvements in the existing Work Incentive Program (WIN) for welfare recipients.

Title VII of the Act dealt with a credit or a deduction on an individual's tax return for contributions to candidates for public office.

Title VIII of the Act provided public financing as an alternative way of financing the general election campaigns of presidential and vice presidential candidates

Congress enacted a number of other public laws relating to tax matters, the most important of which are listed and summarized below:

Public Law 92-138, enacted October 14, 1971, and known as "Sugar Act Amendments of

1971," amends and extends the provisions of the Sugar Act of 1948.

Public Law 92–181, enacted December 10, 1971, and known as the "Farm Credit Act of 1971", provides for (1) the farmer-owned cooperative system of making credit available to farmers and ranchers and their cooperatives, for rural residences, and to associations and other entities upon which farming operations are dependent, (2) an adequate and flexible flow of money into rural areas, and (3) modernizing and consolidating existing needs.

Public Law 92-203, enacted December 18, 1971, and known as the "Alaska Native Land Claims Settlement Act", provides for settlement of certain land claims of Alaska Natives.

Public Law 92-279, enacted April 26, 1972, provides complete exclusion from income for compensation paid to members of U.S. Armed Forces and civilian governmental employees while in a "missing status" during the Vietnam conflict.

Tax Legislation Pending

Among the tax bills awaiting action by Congress at the end of the year are the following:

H.R. 25, to simplify the Internal Revenue Code of 1954 by repealing obsolete and rarely used provisions.

H. R. 424, to provide an income tax deduction, in the case of disabled individuals, for transportation expenses to and from work and to provide an extra exemption for a taxpayer or spouse who is disabled.

H. R. 1467, to include nationals of the United States within the meaning of "dependent" for tax purposes.

- H. R. 6640, to provide rules for the application of Secs. 269 and 1551 of the Internal Revenue Code of 1954 to any corporation organized before Janaury 1, 1970, as part of a business expansion program to engage in a separate marketing location not previously served by an affiliated company.
- H. R. 7296, to permit a governmental unit issuing industrial development bonds to elect to have a \$10 million limit apply to an issue.
- H.R. 10264, to permit an election by a foreign banking business in U.S. to treat U.S. source interest income as effectively connected income.
- H.R. 10335, to permit periodic retirement payments made to retired or disabled partner to be excluded for self-employment tax purposes.
- H.R. 10646, to amend Subpart F provisions to eliminate from the concept of U.S. property certain debt obligations acquired by controlled foreign corporations engaged in the banking business.
- H.R. 11124, to amend Sec. 103 of the Internal Revenue Code of 1954, relating to interest on state and local governmental obligations, to increase the exemption for small issues.
- H.R. 11184, to allow an income tax deduction for additions to an account for accrued vacation pay earned by employees.
- H. R. 11197, to reduce minimum investment return requirements for private foundations.
- H.R. 11200, to relax exemption requirements for social and membership clubs.
- H.R. 12272, to establish minimum eligibility and vesting standards for retirement plans and allow deductions to individuals for retirement plan contributions.

H.R. 14370, to establish a "piggyback" system whereby the Internal Revenue Service would take over the collection and administration of state income

H.R. 14628, to provide for the coordination of United States and Guam individual income taxes.

H.R. 15230, to provide for an orderly and systematic review of virtually all provisions of the Internal Revenue Code of 1954 giving any special exclusion or deduction or special tax rate to any particular type of group or category of income.

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STATISTICAL TABLES

Internal revenue regions, districts, States,				Individual i	ncome and empl	oyment taxes	
and other areas ((States represented by single districts indicated in parantheses; totals for other States shown at bottom of table)	Total internal revenue collections	Corporation income tax?	Total	income tax not withheld and self-em- ployment tax 34	Income tax withheld and old-age and disability insurance 34.8	Railroad retirement	Unemploymen insurance
	(1)	(2)	(3)	(4)	(5)	. (6)	(7)
United States, total	209,855,737	34,925,546	152,593,187	27 ,710 ,985	122,785,357	1.072,776	1,024,065
North-Atlantic Region Albany, See (c) below) Augusta (Maine) Boston (Massachusetts), Brooklyn (See (c) below) Burlaio, See (c) below) Burlaio, See (c) below) Burlaion (Vermoni), Hartford (Connecteut), Mandatah (See (c) below) Providonce (Mandatah (See (c) below) Mid-Atlantic Region (Mandatah (See (c) below)) Mid-Atlantic Region (Mandatah (See (c) below)) Baltimore (Mandatah (See (c) below))	43,591,539 2,249,836 526,566 5,896,884	9,318,349	31 .285 ,672	4.903,825	26.100.241	54,854	226,753
Augusta(Maine)	526,566	379,851 62,354 893,549	1,804,002 432,258 4,505,621 3,461,187 2,684,020	184.705 103.578 797,665	1 603 727 320 859	4,068 4,786	11.502 3.045 31.369
Brooklyn (See (c) below)	5,896,884 4,226,032	893,549 414,163	4.505.621	797,665	3.670.071	6.515	31.369
Buffalo (See (c) below)	3.606,454 247,638	684 515	2.684,020	881.135 447,345	2.545,643 2.217,313	12,219	22.190 19,142
Hartford (Connecticut)	247,638 4,377,211	27,465 725,381		51,579	152 320	219 350	1,242 22,437 107,215 2,978
Manhattan (See (c) below)	21,024,919	5,910.266	3,150,045 13,908,170 413,240 721,628	604.912 1.632.399	2.522,662 12.141,921	26,635	22,437
Portsmouth (New Hampshire)	508,739 927,260	39.56/	413,240	86,995 113,512	323,265 602,460	20,653	2.978
Mid-Atlantic Region	30,766,764	161,238 4,530,736	721,628 22,915,198	113,512 3,850,397	602,460 18,558,711	24	5.632
Missellantic Region Baltimore Baltimore (New Jersey) Philadelphia (New Jersey) Philadelphia (See (e) below) Richmond (Virginia) Wilmington (Delaware) Southeast Region Atlanta Georgia) Atlanta Georgia Atlanta Georgia Atlanta Georgia Jersenboro (North Carolina) Jeckson Missrssippi) Jeckson Missrssippi) Jeckson Missrssippi) Jeckson Missrssippi) Jeckson Missrssippi) Jeckson Kentholo Kentholo Jeckson Missrssippi Jeckson Jeckson Jeckson Missrssippi Jeckson Jeckson Missrssippi Jeckson Jeckson Missrssippi Jeckson Jeckson Jeckson Missrssippi Jeckson Jeckson Jeckson Jeckson Jeckson Missrssippi Jeckson Jeckson	5.835.217 7.875.826	524.636 -1.537.674	4.777.600	717.379	3 925 388	358,962 115,430	147,129
Philadelphia (See (6) below)	7.875.826	-1.537.674	4,777,600 5,620,074	1,120,734	4.454,203 4.686,229 3.169,915	5 188	19,403 39,950
Pittsburgh (See (e) below)	7,660,720 4,779,067	977 .352 594 .793	5.826.405 3.698,248	927 525 486 221	4.686,229	173.182	39,469
Richmond (Virginia)	4,779,067 3,321,400	380.665	2.2/5.324	489,466 109,072	1.719.559	14,000 51,152	28,111 15,147
Southeast Region (Delaware)	1.294,533 19,434,098 3.456,495 1,724,392	515,616	717.548	109.072	603,417	9 (5 060
Atlanta(Georgia)	3,456,495	2,851,006 533,468	13,979,528	3.381,925 495,026	10,434,458 2.080,933	59,712 2,543	103,433 18,093 10,378
Birmingham (Alabama)	1,724,392	533,468 226,923	2.596.594 1.332.956 987.563 2.569.343	284.538	1.028.334	9,706	18,093
Greenshoro (North Carolina)	1,214,932 4,743,152	175.841 746.401	987,563	284.538 203.208 498.918	775,858 2,046,375	127	8 369
Jackson (Mississippi)	760,974	106.395	602.553	179,492	2.046.375 417 946	1,407	22,643
Jacksonville (Florida)	5,184,731	700.166	4.026,495	1.280.015	417,946 2.678,208	43,136	4,543 25,136 14,271
entral Region (rennessee)	2,349,423 34,986,649	361.813		440.728	1.406.804	2.220	14.271
Cincinnati (See (d) below)	4.271.928 7,963.204	6,796,561 814,139	23,224,992 3,089,278	440,728 3,401,046 562,995	2 502 849	80,805 255	148,906
Cleveland (See (d) below)	7,963,204 13,949,874	1.210.591 3,710,712	5,823,410	744.996	2.502.849 5.012.685	28.951	23.178 36.778
Indianapolis (Indiana)	5.220.473	3,710,712 I	8,416,463	1,026,096 602,782	7,313,104	18.488 1.668	58 775
Louisville (Kentucky)	2.834,458	621,306 328,655	4,050,875 1,250,153 594,813	304.299 159.878	3.428,306 906,331	31,386	18,120 8,138
lidwest Region	746,712 32,037,187	111,158 5,531,962	594,813	159.878		57 /	3,917
Aberdeen (South Dakota)	267.169 12.999,707	28 125	23 .555 ,763	3 ,910 ,070 67 ,392	19,148,288	334 .753	162,652 1,326
Letwest Region (West Virginis) . Aberdeen (South Dakota) . Aberdeen (South Dakota) . Chicago (See (b) below) . Parkonines (lover) . Milwaukee (Wicconsin) . Omaha (Nebraska) . St. Louis (Missouri)	12.999,707	28,125	9,4/5,993	1.381.782	7.903.309	119,214	71,688
Des moines (16wa) Faigo (16vrth Dakola) Faigo (16vrth Dakola) (16vrth	1,681,371	289,290 21,508	1,302,641	376,084	918.024 147.740	536	7 996
Milwaukee (Wisconsin)	263,849 3,705,737	654 4R3 I	216,711 2,719,136	67.754 455.392	2 243 733	10 692	1,207 19,319
Omaha (Nebraska)	1.234.215	149,803	958,753 4,101,537	211.613	693,359	48.294	5.487
St. Paul (Minnesota)	5,602,595	887.806 648.776	4.101.537 2.979.592	608,620 379,882	3.397.062	68 317	5.487 27.537
Springfield (See (b) below)	3,871,477 2,411,068	429.723	1 589 471	361,551	2,486,192 1,215,665	94,625 3,057	18,894 9,198
outhwest Region Albuquerque (New Messco) Austin (See (1) below) Chevenne (See (2) below) Dallas (See (1) below) Denver (Colorado) Little Bock (Arkansa)	20,093,236 462,451 5,870,914	2.610.978	14,708,446 400,448	3.368.732	11,160,381	90,343	88,990
Albuquerque (New Mexico) Austin (See (f) below) Cheyenne (Wyoming)	5 870 914	41,535 755,350	400,448 3,826,573	92.995	305.163	10	88,990 2,280 24,333
Cheyenne (Wyoming)	183.670 E		141.845	934.341 53.238	2.863,268 87.821	4,632	24.333
Denver (Colorado)	4.532,381 2,919,188	730,209	3,299,356		2,447,448 2,133,872	13.822 9.697	784 22,757
Dallas. (See (1) below) Denver (Colorado) Little Rock (Arkansas)	777 520	730,209 221,783 104,775 269,784	2.446,960 611,700	294,384 187,719	2.133,872 419,014	9.697	
New Orleans (Louisiana)	2.001,285 1.946,235	269,784	1.597.427	375.558 307.745	1,210,846	1.192	4,534 9,831
Wichita (Kensas)	1.946,235	273.952 199.969	1.272,227	307.745 307.423	955,305 737,645	117	9.061
Little Rock, (Aikansas), New Orleans (Louisiana), Oklahoma City (Oklahoma), Wichita (Kansas), satern Region (Aisasa), Osisen (Aisasa), Helena (Montana), Honolulu (Hawaii),	27.087.557 1	3 .170 .603 17 .605 52 .273	21 .355 .181	4,246,782 31,542 79,593 85,503	16,878,153	60 . 435 89 . 739	6,406 140,508
Anchorage (Alaska)	215.821 507.757	17.605	21 ,355 ,181 192 ,512	31.542	160.074	(*) 540	895 3,233
Helena (Montana)	316.082	35,399	441,668 263,654	/9,593 85,503	358.302 176,393	540 253	
Boise (Idaho) Helena (Montana) Honolulu (Hawaii) Los Angeles (See (a) below)	632,583 10,594,922	65,715	535,816			2	3,425
Phoenix. (Arizona)	1,181,099	1,394,061	8.268.694	1,625.255 241.151 324.261 86.794	6 584 646 730 323	485	3.425 58.308 6.740 9.558
	1,689,682	258.156	978,395 1,351,384	324 261	1 016 475	181	6,740
roviana (Oregon) Reno. (Nevada). Salt Lake City. (Otah). San Francisco. (See (a) below). Seattle. (Washington). flice of international Operations. Puerto Rico.	1,689,682 477,557 576,406	68,465	372.026	86,794	1.016.475 282,613	21	2.617
San Francisco. (See (a) below)	8 367 623	80.271	469,616 6,472,611	90,741	374,733 5,183,970	1.003	3,139
Seattle(Washington)	2 528 024	782,534 279,788	2,008,806	416,165	1,579,079	85,906 277	37,803 13,284
Puerto Rico	837,316 308,809	39,858	659,169 194,569	92 953	557,726 178,670	2.877	5.614
Other	528,507	705 39,153	464,600	10,602 82,351	1/8,670 - 379,056	2,877	5,297
distributed;				02,551	i i	1	317
Federal tax deposits and depository receipts Gasoline lubricating oil, and excess FICA credits?	351.007 586,964	43,783 31,708	270,500 .	555,256	269,684	733	83
Transferred to Government of Guam Withheld taxes of Federal employees Clearing account for Excise taxes—aviation fuel	-10.690	31,700	555,256 10,690	335,236	- 10.690		
Withheld taxes of Federal employees	94,172		94,172		94,172		***********
and oil—Air Force and Navy	-61						
	Tota	is for states not	shown above	<u></u>			
(a) California	18.962.545	2.176.596	14.741,305	2,790,187	11.768.616	86.391	96.111
(b) Illinois(c) New York	15.410.775 31.107,241	2.176.596 2.852.171 7.388,796	14.741,305 11.065,464 21.857,379 8.912,687	1.743,333 3,145,584 1,307,991 1,413,747	9 118 973 1	122.271	80,886 160,050
(d) Ohio.	12,235,132	2.024,730 1.572,145	8.912.687	3,143,584	18.508,604 7,515,534 7,856,144	43.141 29.206	160,050 59,956
(d) Ohio. (e) Pennsylvania. (f) Texas.	12,439,788	1.572.145	9.524.653 7.125.930	1.413,747	7.856.144 5.310,716	187.182	67.580 47.090

areas-Continued [in thousands of dollars. See table 3, p. 000 for tax rates and further breakdown of national totals by sources]

	1		1			Aicol	hol taxes			
			Excise taxes, total (sum			D	istilled spirits	taxes		
nternal revenue regions, Bistricts, States an areas ¹ . (States represented by single d indicated in parentheses; totals for other shown at bottom of table)	istricts Estate tax	Gift tax	of columns 11, 26, 30, 36, 41 and 55)	Total	Total	imported (collected) by customs)	Domestic *	Rectifi- cation	Occupa- tional*	Other
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
United States, total	5,126,522	363,447	16 .847 .036	5,110.001	3,760,915	761 ,612	2 ,958 .725	27 ,163	12 ,854	-:
forth-Atlantic Region	1.230.854	88,040	1,668,623	669,684	499.487 198	271 ,839	222.976	2.075	2,576	
Albany (See (c) below)	41.025 22.466	863 645	24,096 8.833	14,941	2.370		2.317 68.126	23 973	30 436	
Boston (Massachusetts), Brooklyn (See (c) below), Buffalo (See (c) below), Burlington (Vermont), Hartford (Connectcut)	169.962	9.739	318,014 197,908	181 .840 75 .035	163,716 13 479	94.179	13.113	33	331	t
Brooklyn (See (c) below) Ruffain (See (c) below)	142,384 125,861	8.526	103 532	38,350	727		4	28	331 723 36	1
Burlington (Vermont)	11.841 162,938	505 8,878	2,336 329,969	116 89 777	88,819		88.298	225	295	
Hartford(Connecticut) Manhattan(See (c) below)	511,233	45.794	649.455	89 777 239,670	229,694	177.660	50.825 292	788 5	406	ļ.
Portsmouth (New Hampshire)	14.676	1.062	20,195	17:.063 10:.333	332 88		292	3	35 88	
Providence (Rhode Island)	28.469 674.135	1.640 51,671	14.285 2,595,023	810 .140 267 .003	615.424	76,051	527 .540	9,555	2 ,263 371	1
lid-Atlantic Region (Maryland and D.	C.)108.310	7,113	417,558	267,003 281,261	237.813 182.582	76,051	157.919 178.506	3,470 3,456 1,218	718	
Newark (New Jersey) Philadelphia (See (e) below)	213,220 154,132	15,496 15,855	489.362 686.976	145 666	106.558		178,506 104,705	1,218	636	ļ
Pittsburgh (See (e) below)	93,543	5.195	686.976 387,289 582.065	89.037	67,948		66,812 19,599	669 742	461 30	ì
Richmond (Virginia)	78.975 25.954	4,371		27,122	20.375 48		(°)		48	ļ
Ballimare (Maryland and D. Newari (New Jarrey). Philadelphia (See (e) below). Pittsburgh (Virginal)	550,742	3.641 38,188	2.014.629 246.330 126,609	51 198,584	85,248	42,151	42.218 6.027	56 43	582 108	ĺ
Atlanta(Georgia)	70,231 35,339	9,872 2,565	246,330	22.830 2,650	6,245 2,486	2.393	25	-3	. 40	1
Atlanta (Georgia) Allahama) (Alabama) (South Carolina) Greensboro (North Carolina)	25 969	2.565	1 24.560	602	80		11		. 56	1
Greensboro (North Carolina)	25,969 91,292	3.450	1.332.665	40,115	124 362		27 231	1	- 30	1
Jackson (Mississippi) (Florida) (Florida)	31,377 246,526	1,424 15,013	19,225 196,527	580 93.703	46.329	39.757) E 380	(1)	113 170	1
Nashville (Tennessee)	50.006	4 866	68,714	38 105	29.622		29,518 1,295,823	10,315	1.603	
entral Region	536.145	37,516	68,714 4,391,435 259,930	1,620,317 213,577	1.490.756 182.957	182,973	181.456	1 1 282	' 217	
Nashville (Tennessee), entral Region (Cincinnati (See (d) below). Cleveland (See (d) below). Detroit (Michigan) (Indianapolis (Indiana). Louisville (Kentucky) Parkersburg (West Virginia). Idwest Region (Cincinnation). Chicago. (See (b) below). Des Moines (Jowa)	101.793	11.623		42.348	32,430	24,740	181.456 7.176	116	393	
Detroit (Michigan)	166,554	10,998	1.645.148 456,973 1.214.810	299.641	248.765	158,234	89,413 331,595	594 6,361	508 318	
Indianapolis (Indiana)	85.439 39.636	5.879 1.204	456,973	360 .146 701 .581	338,278 685,385		683.286	1.962	126	
Parkershura (West Virginia)	20.422	1.024	19,295	3.025	2.941	60.566	2,898 422,399	4,354	2.468	
Aberdeen (South Dakota)	742,10	48,803	2.158.555	811.714 159	489,841 123	60,566	422,399	4,334	123	·
Aberdeen (South Dakota)	18,190 282,33	1,164	7,762 803,271	182,276	171,384	45,438	124,790	487	616	
Adverse (See (b) below). Des Moines. (10wa) Fargo. (North Dakota). Milwaukee. (Wisconsin). Omaha (Nebraska). St. Louis. (Miscouri).	51.071	1 3,572	34,797	604	305 181	59	-(1		304 122	: 1
Fargo (North Dakota)	15.946	290 3.959	9.394 250,773	223 144,154	6.185	3.549	1,850	206	580	i l
Milwaukeo (Wisconsin)	77.386 34.93	1,797	88,924	7,493	96	8.149	32.652	522	580 96 238	
St. Louis (Missouri)	125.794	8.292	479.167 151.652	139.533	41,561 13,859	3,371	10.187	121	181	
St. Paul (Minnesota)	57.29	1.766	1 332.815	7,493 139,533 49,889 287,384	256.147		1 252 920	3,018	1.269	
Chicago Des Moines (10wa) Far go (North Dakota) Milwaukea (Nictonsin) Omaha (Nebraska) St. Louis (Missouri) St. Paul (Minnesotia) Springfield (See (b) below) Southwest Region (New Mexico)	501,29	3 43,743	2.228,774 8,863	230 ,134 961	52 .710 954		1 850	1 2	5 1 75	ı i
Albuquerque (New Mexica)	10.28	1.317		79.273	25,073	21,707	3,090		. 220	1
Chevenge (Wyoming)	6.22	657	21,325		36		210		175	1
Dallas (See (f) below).	118.50	13,062	371,253 208,419	30.563 75.195	189]		178	1
Denver (Colorado) (Arkansas)	38.64 14.85 53.38	1.054	41,157	1 583	52	1	. 3	,	383	:
New Orleans (Louisiana)	53.38	4.919	75,767 351,706	42,837	25,556		1 4		. 61	i I
Oklahoma City (Oklahoma)	44.67 44.55	3,672	43.196 1,635,198	459	349		260	76	3 2.10	<u>i</u>
Western Region	871,74	6 54.827	1,635,198	676,399 149	434,433	95,338	336.201			i
Anchorage (Alaska)		21 593	4.853 5.290	87	31				31	l
Helena (Montana)	11,80	າ) 506	1 4.722	1,106	1,086	2.823	1,011	. 1	2 66	·
Honolulu (Hawaii)	13.66	932	16,453 534,329	5.431 172,312	114,041	36.889	76,257	15	0 73	?
Los Angeles (See (a) below).	379.41 49.53	7,830	9.000	2.499 15.107		6	il (*)		- 159 2 89	
Portland (Oregon)	34.76	6 I 2.240	1 43 136	15.107	8,282	1,293	6,898	1	. 8	;
keno (Nevada)	20.07	1.587	15,404 17,325 821,384	37	1 7	1		58	8 64	5
San Francisco (See (a) below)	274,47	4 [16,619	821.384	409.834 69.743	282,485 25,067	32,482	248.76	5 58	6 17	
Seattle(Washington)	71.03 19,50	3 5,093 3 658	163.303 118,136 111,974	93,029	93,016	21.741	92,99	1 1	7	
Diffice of International Operations.	1,50	6 64	111,974	93,029	93,016	i	92,999	5 1	7	
Other	17.99	7 594	6,162		.					
Undistributed:	sceints 4		36,723	·						
SL Paul (Minnesota) Springfield (See fb) below). Springfield (See fb) below). Springfield (See fb) below). Springfield (See fb) below). Albaquerque (See (I) below). Cheyenne (See (I) below). Cheyenne (See (I) below). Daliss (See (I) below). Wichita (Minisa). Okahoma City (Oklahoma). Wichita (Kansa). Bestern Region (Alaska). Bestern Region (Manisa). Helena (Montana). Helena (Montana). Henolulu (Rawai). Los Angeles (Maho). Helena (Oregon). Neno (Minisa). Neno (Minisa). Neno (Minisa). Western Region (Manington). Sail Lake City (Utah). Diffice of International Operations. Puerto Rico. Other data deposits and depository regarded	A credits 7						:			:: :::
			-1	1						
Withheld taxes of Federal employees Clearing account for Excise taxes—av	iation fuel			1	1	1	1	1		_1_
and oil-Air Force and Navy			- 61	ļ						-1
		Total	s for states not	shown above						_
(a) California	653.89	2 35.04 6 17.42	0 1.355.712	582.146 469.660	396.52	69.37 45.43	325.02 8 377.71	0 3.50	18 1.37 5 82	4
(b) Illinois (c) New York (d) Ohio	339.62 820.50	13 65,57	21 9/4.99	367.997	244.09	45.43 177.66	0 63,94	2 \ 82	21 1,65	7 (
(d) AL:	224.09		I 1.055,209	255.92	215,38	7 24.74	0 188,63	≤ 1.3°	87 1 1.09	2 1

(d) Ohio. (e) Pennsylvania.....(t) Texas.....

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars, See table 3, p. 110 for tax rates and further breakdown of national totals by sources]

	Alcohol taxes—Continued							
Internal revenue regions, districts, States, and other arcas! (States represented by single districts indicated in parentheses; totals for other States shown		Wines, cordi	als, elc., taxe	3		Bee	rtaxes	
cated in parentheses; totals for other States shown at bottom of table)	Total	Imported (collected by Custonis)	Domestic *	Occupa- tional taxes to	Tetal	Imported (collected by Customs)	Domestic *	Occupa- tional taxes 17
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
United States, total	181,223	17,547	160,150	3,526	1,167,863	6,539	1,157,745	3.57
North-Atlantic Region	35,076 556	8,271	26,541	264	135,121	3,351	131.214	55
Albany (See (c) below) Augusta (Maine)	157		550 107	50	14.186		14.135	5 3
	5.499 3.967	1,697	3,774	27	12.625	1.146	11.469 57.455	1
Botton (Masskinusetts) through (Masskinusetts) throthly (See (c) below) through (Masskinusetts) throug	3.967 17.116		3.959 17,069	48	57.590 20.507		20,377	13
Burlington (Vermont)	45		1 (1)	45	7			
Hartford (Connecticut)	110	6.573	102	1 7	849		809	4
Portsmouth (New Hampshire)	7,617	6,5/3	975	69	2.359 16.726 10.242	2.205	16,696	123
Providence (Rhode (sland)] ,3			. 3	10.242		10.241 178,703	
Mid-Atlantic Region (Washington and D.C.)	15,227	1,836	13,141	250	179.489	381	178.703	40
Newark (New Jersey)	2.101 9.685	1.836	211 9,674	54 11	27.089 88,894	381	26.658	40' 51 3 12: 91
Philadelphia (See (e) below)	1.637		1.632	14	37.472		88,863 37,350	12
Pittsburgh (See (e) below)	1.794		8	1 2	21,079		20.989	9
Wilmington (Delaware)	1.794		1.615	179	4,953		4.843	110
Description (Meanington of University of Meanington of University of Meanington (Meanington of Meanington (Meanington Obligation Obligation of Meanington (Meanington Obligation Obligation of Meanington (Meanington Obligation (Meanington Obligation Oblig	3,902	1.216	1,783	903	109,435	419	108,406	61
Atlanta (Georgia)	704	43	531	173	15.880	!	15.824	. 51
Birmingham (Alabama) Columbia (South Carolina) Greensboro (North Carolina)	48 465		331	135	116 57	35		8 5
Greensbaro (North Carolina).	193		331	193	39,798		39,661	13
Jackson(Mississippi)	1111			111	107			107
Nashville (Tennessee)	2.374	1,173	922	279	45,000	383	44.539	78
Diminigram (Alabama) Columbia (South Carolina) Greensboro (North Carolina) Jackson (Mississippi) Jackson/elle (Florida) Asstrivite (Florida) Central Region (See (d) below)	5,394	1,409	3,380	605	8.476 124 167	435	8.382 123.529 29.720 8,424 48.112	20
	882		763	115	124,167 29,737	ł	29.720	17
Cieveland (See (d) below) Detroit (Michigan)	1,428 2,367	870 540	393	165 215	8.490 48.509	51 384	8,424	14
Detroit (Michigan) Indianapolis (Indiana) Louisville (Kentucky)	103	340	1.613	102	21.765	354	48.112 21.731	12 34
Louisville (Kentucky)	l 609.		607	3	15,587		15,541	46
Parkersburg (West Virginia)	5			5	79			46 79
Aberdeen (South Dakota)	7,750	2,297	5,347	106	314.123 30	387	313,185	550
Chicago (See (b) below)	4.894	1,666	3,177	51	5,997	310	5,637	30 50
Des Moines(lowa)	114		105	1 91	185		95	90
Milwaukee (Wisconsin)	350	267		3 17	137.618	75	137,440	.36
Parkersburg. (West Virginis) Midwest Region Aberdeen (South Dalota) Aberdeen (South Dalota) Des Moines (Iowa) Pargo. (See (I)) below) Pargo. (North Dakota) Midwalkee. (Wisconsio) St. Louis (Misconsi) St. Paul. (Minnesota) Springfield (See (I)) below) Southwast Region Abloguterque. (New Mesico)	13		66 10	1 131	7 384		7 363	103
St. Louis (Missouri)	1.995	166	1,825	3 5	95,976	1	7,363 95,905	70 70 136
St. Paul(Minnesota)	366	196	162	8 5	35,664 31,231		35,528 31,217	136
Southwest Region	1,838	762	484	592	175,585	282	174,403	900
Southwest Region Abuquerque (New Mexico) Austin. (See (1) below) Cheyenne (Myoming) Dallas. (See (1) below) Denver (Colorado) Little Rock. (Arkanass) New Orleans (Joursiana)	. 4		(*)	1 2 1	3			3
Austin (See (f) below)	912	552	(*)	359	53,288	238	52,701	349
Dallas. (See (f) helow)	184			184	29.951		29,857	6
Denver(Colorado)	12 1			101	74,995		74,954	40
Little Rock (Arkansas)	496		480	16	35			35
Oklahoma City (Oklahoma)	221	210	(*)	ji s	17,060 143	- 44	16,891	6 94 40 35 124 143
Wichita(Kansas)	. šl			1 5 1	105			105
Western Region	112,032	1.755	109,472	805	129,934	1,283	128,295	355
Denvel (Colorado) Little Roch. (Arkanas). New Orleam. (Louisiana). Wichila. (Kansas). Wichila. (Kansas). Wastern Region. Ancharage. (Alaska). Boise. (Idaho). Helena. (Montan). Honoluly (Hawaii). Phoenis (Aryagelow).	25	(*)	(*)	25	31	4		1 31 16 2 136
Helena (Montaga)	2 1		(*)	1	17	·····i		16
Honolulu	73 4 499	70	(*)	3 }	2,318	107	2.209 52.905 2.272	. 2
Phoenia (Arzona)	4,499 52	872	3,408	219 51	53,772 2,282 6,586	731	52.905	136
Postland (Ocean)	239	(*) 52	42	145	6.586	(*) 15	6.542	29
Reno (Nevada)	4 (3	4 ((*)	4
Sall Lake City (Utah)	106.416	657	105,521	239	20.932	363	1	10 29 4 27 83
Seattle (Washington)	. 100.717	104	500	113	43,959	62	20.485 43.881	8.8 61
Office of International Operations	3		3		10		10 !	
rousing (Oregon) Reno, (Wewada) Sall Lake City, (Utah) San Francisco, (See (a) below), Seatile (Washington) Flice of International Operations Puerto Rico	3		3		10		10	
Indictributed:		• • • • • • • • • • • • • • • • • • • •						
Federal tax deposits and depository receipts								
Gasoline lubricating oil, and excess FICA credits? Transferred to Government of Guam				·]				
Withheld laxes of Federal employees							•	
Clearing account for Excise lates—aviation fuel and oil—Air Force and Navy								
and oil—Arr Force and Navy		••••••						
	loi	lais for states	not shown abo	ive				
(a) California	110.915	1,528	108.929	458	74.705 37.228	1.094	73,391	219 64 437 31
(b) Illinois(c) New York	4,901 29,257	1.666 6.573	3.179 22.553	55 130	37.228 94,642	310 2,205	36.854 92.000	64 477
(d) Unio	2.310 1.647	870	1.160	280	38,227	51	38.145 58.339	31
(e) Pennsylvánia (f) Texas	1.647	552	1.640	6 1	58.550	1	58.339	212 444
(f) Texas	1.096	552	(*)	543	83.239	238	82,558	444

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

(In thousands of dollars, See table 3, p. 110 for tax rates and further breakdown of national totals by sources)

Internal revenue regions, districts. States, and other areas! (States reg	resented by single		Tobaco	o taxes e	
districts indicated in parentheses; totals for other States shown at botto	on of table)	Total	Cigarettes	Cigars •	Other 13
		(26)	(27)	(23)	(29)
United States, total		2,207,273	2.151.158	54,173	1,94
forth-Atlantic Region		1,132	213	330	585
Albany (See (c) below)		38	8	38	
Augusta (Maine) Boston (Massachusetts)		146	1 2		144
Brooklyn (See (c) below:		52	(1)	ا ءُ	l '*;
Ruffalo (See (c) below)		13			13
Burlington (Vermont). Hartford (Connecticut).		229		723	***************************************
Manhattan (See (c) below)		653	169	65	420
Portsmouth (New Hampshire)		(*)		(0)	
Providence (Rhode Island)		522 ,775	499 ,856	22,627	291
Pattimore (Maryland and D.C.)		27		(*)	27 27 51
Newark (New Jersey) Philadelphia (See (e) below)		55	.1	4	51
Philadelphia (See (e) below)		22,237 163	1 8	22.237 162	
Richmond (Virginia)		500,292	499,855	224	214
Wilmington (Delaware)		1,236,360	1.220.429		
		1,238,360	1,220,429	15,069 1,017	862
Birmingham (Alabama)		1,915		1,915	(*)
Columbia (South Carolina)		1,584		1.584	
Greensboro (North Carolina)		1,215,067 223	1,213,953	569	545
Jacksonville (Florida)		16,292	6,476	9,757	60
Nashville (Tennessee)		262		4	257 74
entral Region (See (d) below)		434,929 91	430,654	4,200 91	
Cleveland (See (d) below)		687		684	22
Detroit (Michigan)		23		2 '	2.2
Indianapolis (Indiana)		498 433,323	430.654	498 2,618	50
Louisville (Kentucky). Parkersburg (West Virginia)		433,323	,	307	
		49	3	9	37
Aherdeen (South Dakota)		· ·			
Chicago (See (b) below) (bes Moines (lowa)		42	3	3	36
Fargo (North Dakota)		(*)			(*)
Milwauker (Wisconsin)		(*)	(*)	6	[3]
Omaha (Nehraska).			_{[-5} -		
St. Louis (Missouri) (Missouri)					
St. Louis. (Missouri). St. Paul. (Minnesota). Springfield (See (b) below).		\		1	(*) 19
		203	i	183	19
Albuquerque. (New Mexico). Austin (See (f) below).		20?		183	18
Dallas (See (f) below)					
Denver(Colorado), Little Rock (Arkansas)					• • • • • • • • • • • • • • • • • • • •
New Orleans (Louisiana)		1			i
Oklahoma City. (Oklahoma)			************		
Wichita (Kansas)	******	92	2	22	69
		(5)			l či
Roise (Idaho)		[·····································			رم:
Helena (Montana) (Hawaii)		[]	75	*** ****	7
Los Angeles (See (a) below:		64	[[•	21	43
Phoenix (Arizona)		[8	(- 5		(*)
Portland (Oregon)		(-)			יי ו
Salt Lake City (Mah)					************
San Francisco (See (a) below)		19	2	ı	16
Seattle (Washington) (Hickory of International Operations		11.733	(*)	11.733	3
Puerto Rico		11,733		11.733	
Other					
Indistributed:		Į			
Gasoline Juhricating oil, and excess FICA credits?					
Federal lax deposits and depository receipts* Gaspline lubricating oil, and excess FICA credits? Transferred to Government of Guam Withheld tays of I enderal employees					
Withheld taxes of Federal employees Clearing account for Excise taxes—aviation fuel and oil—Air Force ar	d Navy				
	s for states not shown	<u> </u>			
(a) California		83	2	22	
(a) Gailtornia		42] 3	1 1	36
(b) (Illinois (c) New York		756	212	104	59 36 439
(d) Ohio		778		775	2
(c) Pennsylvania (1) Texas		22,400 202		22.399 183	18
11/ 16192		402	٠ .	l '63	l '°

(a) California. (b) Illinois. (c) New Yols. (d) Obio. (e) Pennsylvania (f) Testa.	83 42 756 778 22,400 202	2 3 212	22 3 104 775 22.399 183	
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Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 110 for tax rates and further breakdown of national totals by sources]

	Manufacturer's excise taxes							Retailers' excise taxes		
Internal revenue regions, districts, States and other areas, (States represented by single districts indicated in parentheses totals for other States shown at bottom of table)	Total	Gasoline	Lubricaling 'oil, etc.	Tires (wholly or in part of rubber) inner tubes, and tread rubber	parts	Other 19	Total	Non- Com- mercial aviation fuel gasoline	Non- Com- mercial aviation fuel other than gasoline	
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	
United States, total	5,728,657	3,741,160	95,474	681.320	1,154,460	56,243	326,833	8,838	19.38	
North-Atlantic Region. Albany (See (c) below)	292,729 2,946	85,109 2,578	415	159,039	17,067 285	31,100	18,526	533 30	1.40	
	3.911	3.309 33.618	225	367 1.007	86 948	16 149 2.065	1,455 1,335 3,555	102	į	
Boston (Massachusetts) Brooklyn (See (c) below) Buffalo (See (c) below) Burlington (Vermont)	20.384 40.257	5.298 20.238	70	8.857	6.014	144	1.259	71 143	12	
Burlington (Vermont) Hartford (Connecticut)	1,073	906	29 (*) 10	17,482 58	37	1.044	4,524 675	143	59 1	
Hartford (Connecticut) Manhattan (See (c) below)	115.562 66,091	10.532	1 19	76.119 54.660	2.806 5.004	26.095 1.408	2.290 2.446	82 38	1 3	
Manhattan (See (c) below). Portsmouth (New Hampshire). Providence (Rhode I sland). Mid-Atlantic Region Baltimore (Maryland and D.C.).	1,767	1.404	i	186	151	25	659	15	52	
Providence (Rhode Island) Mid-Atlantic Region	2.874 883.797	2,278 691,838	20,690	72,423	94,653	4,194	46,392	786	3 27	
Mid-Atlantic Region (Maryland and D.C.)	84.830 112.192	26.273 58.138	225 2,393	57,486 3,716	680 45,433	166 2.512	3.274 7.027	82 241 127 207	3,22 9 1,47 14 1,33	
Bulled at a training and the state of the st	408,829	350.940	8,044	6.844	42,203	798	13,170	127	1,47	
Newark (New Jersey) Philadelphia (See (e) below) Pitsburgh (See (e) below) Richmond (Virginia) Wilmington (Obelaware)	266 .405 11 .058	248.077 7.927	9.961 65	3,641 735	4,611 1,729	116 602	16,870 5,141	207 116	1,33	
Pritaburgh (See (e) Delow) Pittsburgh (See (e) below) Richmond (Virginia) Wilmington (Delaware) Southeast Region Allanta (Georgia)	481	483 110,922	1		- 3	(*)	910	13		
Atlanta (Georgia) Birmingham (Alabama)	146,251 28,599	22,603 9,782	1,242 188	15.736 1.712	15,671 3,865	2,679 230	30,822 5,841	1.529 285	1,95 42 18	
Birmingham (Alabama) Columbia (South Carolina) Greensboro (Morth Carolina) Jackson (Mississippi) Jacksonville (Florida)	16,323	9.782	441 187	2,174 269	3.686 275	241	3,652 2,654	115	18	
Cotumbia (South Carolina) Greensboro (North Carolina)	14.167 37,378	13.184 32,745	49	2,609	1,944	251 30	5,120	68 261	12	
Jackson (Mississippi) Jacksonville (Florida)	16.388 17.798	7,678 13,126	18 270	8,212	523 2.119	1.830	2.118 6.799	119	6	
Cantal Danier		11,804	89	453 307	3.259	140	4.638	510 172	54 32	
Central Region Cincinnali (See (d) below) Cleveland (See (d) below) Detroit (Michigan) Indianapolis (Indiana) Louisville (Kentucky) Parkersburg (West Virgins)	1,541.596 16.128	324,394 13,601	8,444 56	407,782 1,189	799,096 1,201	1,881	39,899 3,117	995 126	1,71	
Cleveland (See (d) below)	635,180 778,098	166.090 48 579	5,175	428,750	35.357	808	14,406	258 253	25 62	
Indianapolis (Indiana) Louisville (Kentucky)		32,280	378 807	-22,785 179 243	751,237 9,200	689 268 32	6,198 9,095	253 219	28 29	
Louisville (Kentucky) Parkersburg (West Virginia)	65.927 2.529	61,952 1.891	1.921 108	243 206	1,778	32	5,386 1,697	86 53	18	
Midwest Region (South Dakots)	654,553	517.682	10,372	8,930	109,610	7.958	50.828	1.110	2,14	
Midwest Region (South Dakota) Aberdeen (South Dakota) (Chicago (See (b) below) Des Moines (Iowa) Fargo (North Dakota)	4,468 380,621	4.124 281,107	7.548	10 4.124	85 737	2.105	1.308 20.085	30 204	2,14 4 27 8	
Des Moines (lowa)	19.768 5.626	14 723	105	2.130	2,347 2,497	462	4.393 917	204 135 37	. 8	
Fargo(North Dakota)	63,931	3.053 52.000	29 165	47 331	10,662	773	4,609	146	25 22	
Omaha(Nebraska) St Louis (Missouri)	7.459 89.734	6,544 82,535	1.249	21	532 3,813	87 212	2,867	99 162	22. 72.	
St. Paul (Minnesota)	55, 239	48.381	998	1,924 317	1,498 2,194	4.046	· 8,235 5.408	174	40	
Southwest Region (See (b) below)	27,707 1,706,746	25,216 1,626,148	42,458	18,129	18.365	272 1,645	3.005 86,326	123 2,157	120 7,100	
Milwaukee (Wiscontm) Omaha (Nebraska) St. Louis (Missouri) St. Paul (Minesota) Springfield (See (b) below) Southwest Region Albuquerque (New Mexico) Austin (See (f) below)	4,219 948,547	4,097 915,539	25,823	48 4.812	2,280	94	86,326 2,974 32,938	113	1 82	
Cheyenne (wyoning)	16.320	18.267	21	15	13	4 1	1.827	611 32	3,45 40	
Dallas (See (f) below) (Colorado)	291.852 37.533	275,370 24,951	7,390 -314	1.787 10.412	6.991 2.175	314 309	19,440 3,138	427 132	70. 375	
Little Rock (Arkansas)	34,780 13,607	31,731 11,883	1.224	67	1,027	731	3,594	151	141	
Oklahoma City (Oklahoma)	328,125	315,756	7.505	790	1,095 3,981	82 92	3,286 15,290	222 268	287 1,829	
Wortern Region (Kensas)	29.764 502,662	28.554 385,067	354 11,852	105 736	732 99,982	6,497	3,839 53,962	201 1,726	194	
Anchorage (Alaska)	32	17	AA, 632 (*)	7	7	1	148	62	31	
Dallas (See (f) below) Denver (Colorado) Little Rock (Arkansas) New Orleans (Lousiana) Oklahoma City (Oklahoma) Wichita (Kansas) Western Region Date ((Gabo) Date ((Gabo) Date ((Gabo) Date (Gabo) Honolulu (Haweii) Los Angeles (See (a) briow) Phomis (Arciona)	1,766 711	1.384 587	1 2	112 56	135 43	134 22	2.113 1.417	103 49	64 35	
Honolulu (Hawaii)	1.456 241,265	180,117	5.147	. 257 4,244	1.156 57.835	2,411	219 15,751	23 513	977	
Los Angeles (See (a) below) Phoenia (Arcine) Phoenia (Arcine) Prolland (Oregon) Reno (Messad) (See (a) below) (Salt Lake (City) (Utah) (Washington) (Washington) (Wishington) (Wishington) (Mishington)	414	40 21,310	(*) 32	212	144	18	5,072	158	932 147 66 30 38	
Portland (Oregon)	34,359 1,004	900 {	32 (*)	479 35	12,068	470	3.428 1.668	114 52	66	
Salt Lake City (Utah)	5.129 187.172	1.905	6.615	201 1.878	62 297 7,396	2.725 371	1.668 1.880 19.521	64 457	38	
Seattle(Washington)	29.356 i	7,884	55	271	20,839	308	2.745	133	374 108	
Office of International Operations	322	(*)		17	16	289	78	1		
Other	318	(*)		17	12	289	78	i		
Federal tax deposits and depository receipts a. Gasoline lubricating oil, and excess FICA					<u>[</u>					
		- 1		7			-			
Transferred to Government of Guam									· · · · · · · · · · · · · · · · · · ·	
Clearing account for Excise Lakes—aviation I				•				}		
fuel and oil—Air Force and Navy									· · · · · · · · · · · · · · · · · · ·	
		Totals for	states not sho	own above				<u>-</u>		
					 ,	 i		 ,		
(a) California(b) Illingis	428.436 408.328	351.029 306.323	11.762 7.547	-2,366 4 151	65,230 87 931	2.781 2.377	35,272	969 328	1,306 398	
(b) Illinois (c) New York	129.678	306.323 33.062 179.692	7,547 178 5,230	4,151 81,059 429,939	87,931 12,768 36,558	2,612	23.090 9.785 17.523	282	1.268	
(e) Pennsylvania	129.678 652.308 675.235	599.016	18.005	10.485	36.558 46.814 9.270	889 914	30.040 i	384 334	880 1.481	
(f) Texas	1,240,399	1.190.908	33.214	6.599	9,270	407	52,378	1,038	4.156	

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[in thousands of dollars. See table 3, p. 110 for tax rates and further breakdown of national totals by sources]

				r					
	Retailers	excise taxes—	Continued	Miscellaneous excise taxes					
Internal revenue regions, districts, States, and other areas' (States represented by single districts indi- cated in parentheses; totals for other States shown at bottom of table)	Diesel and special motor fuel	Other 14	Total	Telephone and teletype- writer services	Transpor- tation of persons by air	Use of in- ternational air travel facilities	Transpor- tation of property by air	Sugar	
	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	
United States, total	298 ,608	7	2,694,942	1 ,650 ,499	515 ,269	42 ,271	29 ,455	115 ,752	
North-Atlantic Region	16,590	-1	614,078	275.747	157,030	21,291	6.488	42,067	
North-Atlantic Region (See (c) below) (Albany (See (c) below) (Maine) (Massachusetts) (Massachusetts) (Brooklyn (See (c) below) (See (c) below) (See (c) below)	1.400 1,284		4,452 1,274	3.332 453	44 51	34		······	
Boston(Massachusetts)	3.395		73.998	56,778	8.350	458	176	2,987	
Brooklyn (See (c) below)	1.063 3.888		72.490 18,096	676 11,943	63.920 3,493	2,978 113	3,195 105	2.307	
Buffalo (See (c) below) Burlington (Vermont) Hartford (Connecticut)	651		460	127	6		(*) [(*)	
Hartford (Connecticut)	2.175 1.883		85.162 356,799	80.071 123.147	151 80.988	477 17,231	78 2,929	1,072 38,003	
Manhattan (See (c) below). Portsmouth (New Hamsphire)	631		758	209	11	17,231	2,323		
Providence (Knode (sland)	220		589	12	17	97	l 🕮 l	Ω.	
	42,377 3.096 5.311	(3)	287,028 58,943 78,229	237,564 43,258 69,423	10,391 10,038	38	531 340	4,865 (*) 827	
Newark (New Jersey)	5.311 12.894		78,229	69,423	47	54	10	827	
Philadelphia (See (e) below)	15,330		98,941 12,898	83,028 9,006	185 47	34	67	4,037 (*)	
Richmond (Virginia)	4,849	(*)	36,491	32,848	62	4			
	897 27,337	······	1.526 381 160	251,163	12 80,068	2,164	101 3,058	17,450	
Atlanta (Georgia) Rirmingham (Atahama)		(*)	381,160 174,978 99,712	110.405 91.063	50,720	439	1.978	5,665 5,352	
Birmingham (Alabama)	3.353 2.459		99,712	91,063	90		[5,352	
Greensboro(North Carolina)	4.576	7	4,746 32,958	20.197	5,306	13	189	(*) (*) 1,433	
Jackson (Mississippi)	1.931 5.747	ļ	2.504	464	14		1 1	. (*)	
Atlania (Georgia) Birmingham (Alabama) Columbia (South Carolina) Greensboro (Horth Carolina) Jackson, (Horth Carolina) Jackson, (Horth Carolina) Jackson, (Horth Carolina) Jackson (Horth Carolina) Jackson (Horth Carolina)	4,139		55.103 11.159	21,126 5,935	23,726 211	1,264 447	854 36		
Central Region	37,188		236,131	200,528	941	80	187	2.038	
Cincinnati (See (d) below)	2.739 13.521		33,023 66,917	25,382 60,241	413 138	7	112	(*) 298	
Jentral Negion (See (d) below) (Cincinnali (See (d) below) (Cleveland (See (d) below) (Detroit (Michigan) (Indianapolis (Indiana) (Louisville (Kentucky) Parkersburg (West Virginia) (Midwast Recion)	5.664		75,560	64,470	185	(*)	38 (1.773	
Indianapolis(Indiana)	8,578 5.115 1.572		42,169	35.683	194	68	25 !	16 (*)	
Parkersburg (West Virginia)	1.572		7.133 11.329	4,869 9,883	12		2		
Louisville. (Kentucky). Parkerzburg. (West Virginia). Ridwost Region (South Dakota). Obs. (Milwauke. (Wisconsin). Omsha. (Wesnash).	47,574	1	597,011	348,941	181 ,927	8 536	9,870	5 ,211	
Chicago (See (h) below)	1.235 19.603		1.546 240,987	664 112,467	100,487	4.000	5.084	4,336	
Chicago (See (b) below). Des Moines (fowa) Fargo (North Dakota) Milwaukee (Wisconsin)	4,174		7.654	4,315	35	4,000	15	7.33	
Fargo (North Dakota)	864 4,213		1,346 29,901	686 24,542	313	8	35	(*)	
Omaha(Nebraska)	2.545		69.354	67.285	24 62,214)	4.131	3	
St. Louis (Missouri). St. Paul (Minnesota). Springfield	2,545 7,346 4,833 2,762	1	199,108	121.981	62,214	3.475	4.131	863	
Springfield (See (b) below)	2,762		33,577 13,499	6,211 10,791	18.783 69	1,049	593 11	29.522	
Southwest Region (New Mexico). Albuquerque (New Mexico). Austin (See (1) below). Cheyenne (Wyoming). Dallas (See (1) below). Denver (Colorano).	77,064 2,779		185,335 896	79.050	32,651	1,251	5,603	29,522	
Milwaukee (Wisconsin) Omaha (Nebraska) St. Louis (Missouri) St. Louis (Missouri) Springfield (See (b) helmon Southwest Region (Abunesta) Absquerage (New Mexico) Austin (See (f) below) Chevenne (Wyoming) Dallas (See (f) below) Little Rock (Abunesta) New Oileans (Louisiana) New Oileans (Louisiana)	28.874		26,565	190 2,266	8,310	49	(*) 89	4,309	
Cheyenne(Wyoming)	1.755		754	105	1		(*) i	(*)	
Denver (Colorado).	18,310 2,631		47,785 76,686	18,287 48,492	15,382 8,413	1,108	5.056 239	15,964	
Little Rock (Arkansas)	3 301		3.957	1,811	32		1 2 1	1	
New Orleans (Louisiana) (Oklahoma)	2.777 13.193	·	15,340 5,194	1,075	394 19	57	19ī 21	9,236	
Wichita (Kansas)	3.444		8.159	5.593	86	(*)	1 4 1	(1)	
Western Region	50.403 55	(*)	386,097 4,546	256,441 2,118	49,293 1,311	6,641 81	3,724 560	17 ,808	
Boise (Idaho)	1.947		1.367	214	44		l (*)	i	
Denver (Colorado). Little Rock. (Arkensas). Little Rock. (Arkensas). Oklahoma. Wichita. (Kansas). Mestern Region Mestern Region Boise. (Idaho). Helena (Montan). Honolulu (Hawaii). Los Angeles (See (ai below).	1,329	(*)	1,349	482	72	(*) 57	4 ((*)	
itemplate (itemati)	191 14.306		7,714 82,563	4.543 23.204	2.116 34.743	3,146	146 2,415	551	
Los Angeles (See (a) below) Phoenix (Arizona). Porlland (Oregon), Reno. (Meada). Sall Lake (ii) (Ulah). San Francisco (See (a) below). Office of International Operations. Puerlo Reo. Other.	14,306 4,767		82.563 1,824 44.483	105 48.802	124	4	14 [551 (*) 906	
Renn (Nevada)	3,248 1,587		12.515	48.802	-10,323	992	323		
Salt Lake City (Utah)	1.778		9.910	141	15		(*)	8.487	
San Francisco (See (a) below)	18.690 2,505		169.502 50,324	131,015 45,677	20,268 965	2.029 334	215 41	7.860	
Office of International Operations	2,50		8.102	64	2,882	2.210		1.788	
Puerto Rico			1.789 6.313	64	2.882	2,210		1,788	
Undistributed:	, "		0.313	87	2,002	2.210		***********	
Gasoline lubricating oil, and excess FICA credits?									
Transferred to Government of Guam									
Indistributed: Federal trai deposits and depository receipts* Gasoline lubricating oil, and excess FICA ciedits? Fransferred to Government of Quam Withheld taxes of Federal employees Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy.					**********				
and on-All Force and Navy		otale to: state	not shows						
		uta:5 f0/ 5t8(6:	ds nwodz ton a	ove					
(2) Collinsis		(252.005	154 212	EE 010	6 174	2 670	0 411	
(a) California(b) Illinois	32,996		252,065 254,486	154,219 123,258	55.010 100.556	5,174 4,005	2.630 5.095	8.411 4.336	
(b) Illinois	32,996 22,364		254,486 451,838	154,219 123,258 139,097	100.556 148.445	5,174 4,005 20,356	5.095	8,411 4,336 38,008	
(a) California. (b) Illinois. (c) New York. (d) Ohio. (e) Pennsylvania. (f) Texas.	32,996 22,364		252,065 254,486 451,838 99,940 111,839 74,350	154,219 123,258 139,097 85,622 92,034 20,553	55.010 100.556 148.445 550 232 23.692	5,174 4,005 20,356 7 54 1,158	5.095	8.411 4.336 38.008 299 4.037 4.320	

(e) Pennsylvania 28,224 111,839 92,034 232 54 72 4,037 (f) Texas 47,184 74,350 20.553 23,692 1,158 5,146 4,320
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Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued

[In thousands of dollars. See table 3, p. 110 for tax rates and further breakdown of national totals by sources]

	1		A	fiscellaneou	s excise taxes	Continued			
Internal revenue regions, districts, States, and other areas* (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Narcotics and marijuana including	Coin- operated gaming	Wagerin	ng taxes	Use tax on	Use tax on	Private foundations	Other ¹⁷	Unclassi-
Shown at bettern of table)	occupational taxes	devices	Occupa- tional	Wagers	highway mo- tor vehicles	aircraft	investment income	Other	fied excise
	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)
United States, total	466	14 .847	348	4.315	157,279	20,375	56,045	88,022	779,33
North-Atlantic Region (See (c) below:	31	30	126	94	14,427	5,503	26,495	63,744	72,47. 26 24
Albany (See (c) below)	(6	(*)	4 1	3	982 622	24	83	53 36	-24
Boston(Massachusetts)	10 6	23	13	12	2,793	155	1.378	871	20.61
Buffalo(See (c) below)	5	(*)	80	14	1.539 2.366	1		91 49	28.68 2.19
Burlington (Vermont) Hartford (Connecticut)	(*) 1	(*)		64	2,366 284 1,718	12	23 779	6	1 11
Manhattan (See ic) below)	6	1	ıí	(*)	3.322	5.207	24,048	681 61,906	36,948 -16,205
	1 1	6	4 1	(*) 2 2	378	21	112	9	- 53
Providence (Rhode Island) Mid-Atlantic Region	(°)	650	123	213	423 21.546	14 993	72 5.825	42 4,185	262 44.89
Mid-Atlantic Region (Maryland and D.C.) (Maryland and D.C.) (New Jersey) (Maryland and D.C.) (New Jersey) (Maryland and D.C.) (New Jersey) (Maryland and J	5	465	39	70	2.681	369	696	943	3.480 10.598
Philadelphia (Sea (e) helow)	8 11	30 4	53 19	7 48	4.827 7.096	154 308	988 3.135	1.856 943	10.598 -1,868
Pit(sburgh (See (e) below)	3	67	4	52 31	3,545			170	1.916
Wilmington (Virginia)	6 13	85	2 6	31	2.895	105	306	139	1.961
Southeast Region	1 23 1	2,150	13	405	502 21.705	56 2,704	701 3.530	129	28,806 21,451
Southeast Region	9	205 \	- 1	66	3,059 2,827	1.155	935 112	337	13,065
Columbia(South Carolina)	1 1 1	(*) 813	(-)	63 23	1.635	109 53	112	18]	2,357 807
		38	i•) (8	5.123	247	1.667	162	2.023
Jackson (Mississippi)	유 (164	3	48 168	1.711 4.407	80 929	10 352	819	-2.587 6.831
Nashville (Tennessee)	17	917	(5)	29	2.944	131	306 i	200	-1.050
Cincinnati (See (4) below)	17	677 178	23	901	22,329	969	5,829	1.614	518 563
Gensour (Rotin Azerina), Jackson (Mississippi), Jackson (Mississippi), Jacksonville (Florida), Nashville (Tennessee), Central Region (Cincinnati, (See (d) below), Cleveland (See (d) below), Detroit (Miriban)	4	38	- 11	83 126	3,435 L 5,664	369	2,449	700 296	6.007 34.742
Detroit (Michigan) Indianapolis (Indiana)	4 1	(*)	-	58	6,326	314	2,175	262	485.629 2.330
Indianapolis (Indiana)	4	158 18	13	418 96	4,287 1,696	194 62	997 150	112 232	2.330 1.462
Detroit (Michigan) Indianapolis (Indiana) Louisville (Kentucky) Parkersburg (West Virginia) Midwest Region Abordeen (South Dakola) Chezgo (See (b) below) Parkersburg (town) Midwakee (town) Midwakee (Wisconain) Midwakee (Wisconain)	i l	284	2 6	120	921	32	59 [12	407
Aberdoen (South Dakota)	43	368	19	221	27,564	4,874 37	6,001	3.435	44,400 282
Chicago (See (b) below)	27	128 17	1 3	74	6 684	3,177	2,538	2.092	-20.739
Des Moines (lowa)	2 1	1 1	1	17	2.944	115	185	25	2,379
Milwaukee (Wisconsin)	· "}	. 12	1 2	9	3 942	39 134	799	114	1.282 8.172
Omaha (Nebraska) St. Louis (Missouri), St. Paul (Minnesota), Springheld (See (b) below).	3	· (*)	11	66	1.663	85	141	81	1,710
SI, Louis (Missouri)	2	92	(*)	11	4,525	268 1,021	898	649	42.557
Springfield (See (b) below)	1	70 [3 7	34	2.492		1,426	437 L 25	7.538 1.220 20.029
Southwest Region (New Mexico)	137	546	7	379	24,858	2,212	4.359	4,759	20,029
Austin (See (f) below)	31	8	····· ···¿·	138	610 4,864	55 1,197	3,039	2,266	-186 19,562
Austin(See (f) below) Cheyenne(Wyoming) Dallas(See (f) below)	11	35	ĩ	3	510	56	33	9	383
Dallas (See (f) below)	40 45	28	(1)	64	7,190 2,396	258		645	18.387
Little Rock (Arkansas.	(9)	112	7	57 37	1 805	92	421 58	339	15.866 -1.757
New Orleans (Louisiana)	1	251 58	1	59 17	2.699	144 282	58 174	1.058	697
Wichita (Kansas)	á l	50	- d	1/2	2.044	128	525	289 138	2,871 975
Western Region	159	10,428	37	2.102	24 686	3,103	3,733	7,857	15.986
Dallas (See (1) below)	(2)	65	(*)	47	1.002	178 50	10	44	22 43
	1 [16	`4	10	650	64	19	27	140
Honoluiu (Hawaii) (See (a) below) (See (b) below)	67	92 -	··· i -	37	7.145	2,239	107 2,913	6,059	1,628 22,375
Phoenix (Arizona)	12	33	0	8	1.250	131	52	91 !	-810
Portland,'(Oregon)	3 (9,813	(2)	1,864	3.289	115	115	3 (-54.241
Salt Lake City (Utah).	1	163	181	55	334 919	· 46	181 39	81 34	122 369
San Francisco (See (a) bolow)	40	44	(*)	2.1	7,097 .			933	35,336
Office of International Operations	19	2	4	41	2,350	186	294 273	410 709	11.131 4.873
Los Angeres (See (a) allow) (Phoen) (Arcinal) (Phoen) (Arcinal) (Phoen) (Phoen					(*) 163			(°) 709	5,420
Other					163	11	273	709	-547
Enderal tax deposits and depository receipts 5				<u>.</u>					36.723
Gasoline Jubricating oil, and excess FICA									50,.20
					• • • • • • • • • • • • • • • • • • • •		· -		
Fransferred to Government of Guam									
Clearing account for Excise taxes aviation fuel and oil—Air Force and Navy.	i	1			- 1		1	1	
and on ir roice and havy		•							-61
	To	tals for state	es not shown	above					
(a) California	107	88	1	39	14.242 9.176	2.239	2.913	6.991 2,117	57,711
(b) Illinois.	28 17 5	87	6 96	108 15	8.209	3,177 5,214	2.538	62.100 l	-19.520 14 938
(d) Ohio	, š	217	23	209	9.099	369	2.449	996	14.938
(e) Pennsylvania(f) Texas	14	71 5	23	202	10.641	308	3.135	1,119	1 175

(a) California	107	88 87 2 217 71 5	1	39	14.242	2,239	2.913	6.991	57,711
(b) Ilimois	28		6	108	9.176	3,177	2.538	2,117	-19,520
(c) New York.	17		96	15	8.203	5,214	24.048	62.100	14,938
(d) Ohio	5		2	209	9.099	369	2.449	996	28,735
(e) Pennsylvania	14		23	99	10.641	308	3.135	1,119	48
(f) Texas	71		3	202	12.054	1,197	3.039	2.911	1,175

Table 2.—Internal revenue collections by sources and by quarters

(in thousands of dollars)

	Quarter ended						
Source of revenue	Sept. 30, 1971	Dec. 31, 1971	Mai 31, 1972	June 30, 1972			
Grand total	45,252,754	41,666.893	52,768.015	70,168,070			
Corporation income tax	6,356,439	6,905,071	7.100.505	14,563 531			
Individual income and employment taxes, total	33 453,095	28,651.685	40,148,880	50,339.526			
income tax not withheld and sell-employment tax ¹⁴ Income tax withheld and old-age and disability insurance ¹⁴⁵ Ralitoad retirement. Unemployment insurance.	4,701,304 28,331,416 271,497 148,878	1,042,184 27,261,051 253,020 95,429	6,760,333 32,730,520 268,100 389,927	15,207,163 34,462,370 280,159 389,834			
Estate tax. Gift tax Excise lares, total	845.976 60,127 4,537,118	1,416,923 95,864 4,597,355	1,730,404 100,090 3,688,136	1,133,219 107,366 4,024 428			
Alcohol taxes, total	1,240.025	1,366,509	1,180,054	1,323,413			
Distilled spirits *. Wines, cordials, etc. * Beer *.	885,961 39,002 315,061	1,039.068 52,628 274,814	882,809 46,203 251,036	953 077 43 384 326,952			
Tobacco taxes, lotal	525,221	557.167	527.845	597,038			
Cigarettes Cigars ² Other	511,446 13,416 359	542.217 14.420 530	515,252 12,194 402	582,242 14,143 652			
Manufacturers' excise taxes, total	1,978,629	1,839,286	946,919	963,823			
Gasoline Luhreding oil, etc. Tins; (wholly or in part of robbet), inner tybes, and tread tybes Motor vehicles, chassis, bodies, parls and accessories ¹⁴ Other ¹⁵	933,178 20,168 192,366 818,628 14,283	974,927 22,974 167,054 657,503 16,828	934,618 27,334 160,426 -184,021 8,561	898,438 24,999 161,473 —137,650 16,565			
Retailers' excise taxes, total	67,273	88,796	85.218	85,546			
Moncommercial aviation gasoline Moncommercial aviation fuel other than gasoline Diesel and special motor fuels. Other ¹⁴	2,250 4,657 60,371 (*)	2.495 4.957 81.346 —1	2.020 4,846 78,352	2.074 4,926 78,539 7			
Miscellaneous excise taxes, total	642.623	743.373	614,538	694,405			
Telephone and telelypowriter exchange services. Transportation of persons by all Use of international air travel facilities. Transportation of properly by all transportations of properly by all transpor	351.515 125.052 8.327 7.132 29.467 139 13.337	511.146 128.765 14.321 6.987 32.368 131 505	386,808 128,662 8,410 7,470 20,387 72 326	401.030 133.390 11.212 7.866 33.530 123 680			
"Securitional. Wagers. Use lax on highway motor vehicles. Use lax on civil arcraft. Private foundations, net unvestment income. Other ''.	133 862 75,131 8,204 2,128 21,195	102 1,428 22,212 4,235 6,131 15,042	47 945 28.588 3.931 14,859 14.635	66 1.079 31,347 4.005 32,927 37,151			
Unclassified excise taxes	83.346	2.223	333.557	360,203			

	Fisc	cal year
Sources of revenue	1971	1972
	(1)	(2)
Grand total, all sources.	. 191,647,198	209,855,737
Corporation income taxes, total	30,319,953	34,925,546
Regular	30,313,195 6,758	34,916,132 9,414
Individual income and employment taxes, total	140,671,111	152,593,187
Income tax not withheld and soft-employment tax **** income tax withheld and cityage and disability insurance, lotal ***** Railroad retirement, lotal **** Income tax withheld and cityage and disability insurance, lotal **** Income tax withheld and lotal *** Income tax withheld and tax with tax with a lotal *** Income tax withheld and tax with a lotal *** Income tax withheld and tax with a lotal *** Income tax withheld and tax w	26,209,943 112,444,880 1,043,878	27,710,985 122,785,357 1,072,776
more in any calendar quarter, taxed 3.2 percent on taxable portion of wages, effective January 1, 1972	972,409	1,024.069
310.000,000, credit allowed for State death sact on the state in excess of 300,000 exemption to 77 percent on portion over all 10.000,000, credit allowed for State death sact, 500 of one gifts in excess of 330,000 exemption to 57%, percent on portion over 310,000,000 a.500 enumber solution for each done.	3,352,641 431,642	5,126,522
Excise laxes, total.	16.871.851	16,847,036
Alcohol taxes, total. Distilled spirits taxes, total. Imported collected by Cusioms, rates same as domestic. Demestic, 10.50 or proof gallon or wine gallon when below proof*. Rectification, 30 cents per proof gallon.	4,800,482 3,515,487 775,391 2,703,540 25,001	5.110.001 3.760.915 761.612 2.958.725 27.163
Nonbeverage manufacturers of spirits, 325, 550, \$100, per year. Rectifiers: Less than 20,000 proof gallons, \$110 per year. 20,000 proof gallons or more, \$220 per year. 20,000 proof gallons or more, \$220 per year. 400 proof gallons or more, \$220 per year. 400 proof gallons or more, \$220 per year. 400 proof gallons or gallons \$250 per year. 400 per year.	53 4 16 10,572 503 5 400 2	71 4 22 12,116 646 5 550 2
Wines, cordials, etc., taxes, total	177,273	181,223
Imported (collected by Customs, rates same as domestic). Domestic (Still-wines, 1/ cont., 57 cents, \$2.25 per wine gallon: sparkling wines, \$3.40; artificially carbonated wines, \$2.40; liquous, cordals, \$1.82).	17,259	17,547
Occupational taxes: Retail dealers in wines or in wines and beer, \$54 per year Wholesale dealers in wines or in wines and beer, \$225 per year	157,270 2,538 206	160,150 3,251 274
Beer taxes, total	1,107,722	1,167,863
Imported (collected by Custons, rates same as domestic). Domestic, Speciarrier of 31 gallons*. Occupational taxes: Errewiss.	6,584 1,097,657	6.539 1,157,745
Less than 500 barrels, 555 per year. 500 barrels or more, 510 per year. 600 barrels or more, 510 per year (includes limited retail deafers in wines or beer, \$2,20 per month). Wholesald deafers in beer, 525 per year (includes limited retail deafers in wines or beer, \$2,20 per month).	1 17 2.826 638	1 13 2.873 692
Tobacco taxes, total	2,206.585	2,207,273
Cigarettes, total. Small Class A), 34 per thousand. Large (Class A), 34 per thousand. Large (Class B), 38.40 per thousand, except if over 65½ inches long 34 per thousand for each 2½ inches or fraction thereof *. Propayments.	2,149,527 2,149,514	2,151,158 2,151,153
Prepayments	12 1	5
Cigats, lotal	54,775	54,173
Large cigars, Intal, Class A (Retailing at not over 2½ cents each), 12.50 per thousand * Class B (Over 2½; cents, not over 4 cents each), 13 per thousand * Class C (Over 4 cents, not over 6 cents each), 14 per thousand * Class D (Over 5 cents, not over 8 cents each), 14 per thousand * Class C (Over 8 cents, not over 8 cents each), 14 per thousand * Class C (Over 8 cents, not over 15 cents each), 150 per thousand * Class G (Over 20 cents each) each), 151 per thousand * Class G (Over 20 cents each) 250 per thousand * Small cigars, 75 cents per thousand *	54,088 419 1,986 10,876 10,957 21,577 4,827 3,446 637 50	52,989 493 1,822 10,215 9,275 22,585 4,916 3,683 1,126
Imported cigas, cigaretts, cigarette papers and cigarette tubes, (collected by Customs, rates same as domestic). Micellaneous fobacco, Gigarette papers and tubes, papers one-half cent per 50; tubes 1 cent per 50.	765 4 1.513	58 779 10 1.153
tamp taxes on documents, other instruments, and playing cards ,total??	68	259

Table 3.—Internal revenue collections by sources, fiscal years 1971 and 1972—Continued

(in thousands of dollars)

	Fiscal year			
. Sources of revenue	1971	1972		
	(1)	(2)		
Manufacturers' excise taxes, lotal	6,684,799	5,728.657		
Gasoline, 4 cents per gallon. Lubricating oi, etc., 6 cents per gallon; cutting oil, 3 cents per gallon ²² . Tires (wholly oi in part of rubber), inner tubes, and tread rubber: Tires, highway type, 10 cents per pound other, 5 cents per pound except laminated tires (other than type used on highway	3,547.678 88,185	3,741,160 95,474		
Anes, nigoway yupe, 10 cents per pound uner, 2 cents per pound accept tentinated these values are a large way whereigh, 1 cent per pound. Tread rubber, 5 cents per pound. Tread rubber, 5 cents per pound. Motor vehicles, chassis, bodies, parts, and accessories: Passenger automobiles, chassis, bodies, ct, 7 percent ¹⁴ .	541.840 23.500 28.037	626,401 27,053 27,866		
Motor vehicles chassis, bodies, parts, and accessories. Trucks, and boars, chassis, bodies, etc. 10 percent Trucks, and boars, chassis, bodies, etc. 10 percent Parts and accessories for automobiles, trucks, etc. 8 percent Radio and televism sets, phonographs, components, etc. 10 percent? Refrigerators, (recents, air-conditioners, etc. 5 percent; self-contained air-conditioning units, 10 percent air- Prisolis and reviews, 10 percent Phonograph records, 10 percent air- Phonograph records, 10 percent air- Sporting goods other than inshing roots, creels, etc.), 10 percent air- Sporting goods other than inshing roots, creels, etc.), 10 percent air- Electric light hubbs and tubes, 10 percent air- Electric light hubbs and tubes, 10 percent air- Mechanical pencils, pon., 10 percent lighters, 10 entry fighter (§) to percent air- Mechanical pencils, pon., 10 percent lighters, 10 entry fighter (§) to percent (etc.), 10 percent air- Mechanical pencils, pon., 10 percent lighters, 10 entry fighter (§) to percent (etc.), 10	1,695,112 625,290 84,078 129	563,223 497,138 94,099 8		
Refrigerators, freezers, air-conditioners, etc., 5 percent; self-contained air-conditioning units, 10 percent ²⁸ . Electric, gas, and in appliances, 5 percent ²³ . Pistots and revolvers, 10 percent, 10 perc	-10 -7 7,270 1	14 7,563 37		
Musical instruments, 10 percent. Sporting pools (other than insting gods, creels, etc.), 10 percent. Fabing rods, creels, etc., 10 percent. Business and store machines, 10 porcent.	-30 (*) 14.303 -12	-25 -2 13,023		
Electric light bulbs and tubes, 10 percent ¹⁷ . Freatms coller than pistols and revolvers), shells and cartridges, 11 percent. Mechanical pencils, pen, 10 percent, lighters, 10 cents per lighter (\$1 or more) 10 percent (less than \$1). ¹⁴ Mechanical pencils, pen, 10 percent, lighters, 10 cents per lighter (\$1 or more) 10 percent (less than \$1). ¹⁴ Mechanical pencils, pen, 10 percent, lighters, 10 percent of selling ories); lancy woogen or colored settings. 5% exents per thousand ¹⁸	29,484 1 (*)	-17 35,771		
		326,833		
Noncommercial aviation gazoline, 3 conts per gallon. Noncommercial aviation fuel other than gazoline, 7 cents per gallon. Diesel and special motor fuels, 4 cents per gallon (in some instances 2 cents per gallon). Luggage, etc. 10 percent. Levelry, etc., 10 percent.	4,753 10,918 266,388 (*)	8,838 19,381 298,608		
reworty, etc., 10 percent. Furs, 10 percent. Toilet preparation, 10 percent	-69	(*)		
Miscellaneous excise taxes, total	+ 2,487,773	2,694,682		
Admissions taxes, total 21	62	99		
Theaters concerts, athletic contests, etc.: Admissions, I cent for each 10 cents or major fraction thereof of the amount paid in excess of \$1. Leases of boxes or seals, 10 percent of the amount for which similar accommodations are sold. Rool gardens, cabasets, etc., 10 percent of total paid for admissions, services, etc.	-4 83	-18 (*) -8i		
Cibb dues and initiation fees, 20 percent (if dues or fees are in excess of \$10 per yeas) 12. Telephone and intelligenties each age startines 10 percent inverted and equipment services, 8 percent 12. Transportation of persons by air, 8 percent (which was increased from 5 percent effective July 1, 1970). Transportation of property by air, 5 percent. Use of international air travel facilities, \$3 per person. Sugar, approximately half-cent per pound.	22 1.624.533 423.082 21.585 25.713 113.556	-37 1,650,499 515,269 29,455 42,271 115,752		
Narcotics and marihuana, total ^{sa}	1,853	466		
Narcotics		11 454		
Coin-operated amusement devices \$10 per device, per year, bowling alleys, pool tables, etc. \$20 per alley or table, per year 11. Coin-operated gaming devices, \$250 per device per year. Wagering Lass:	15,183	19 14,847 348		
waggorugational Ias, 150 per year Waggers, 10 percent of amount wagered. Waggers, 10 percent of amount wagered Use Ias on highway vehicles weighing over 25,000 pounds, 53 per 1,000 pounds per year (installment privileges permitted). Use Ias on civil avarralt, 125 per year with an additional 7 cents per pound on nenturbine engine powered over 2,500 pounds, or 33;	4 .572 145 .058	4.315 157,279		
Cents per pound on turbine engine powered. Adultrate butter and filled cheese (imported and domestic), process or renovated butter and imported oleo marganine 17. Firearms transfer and occupational taxes 17. Interest equalization.	17.72	20,375 4 161 71.885 15,725		
Private foundations . Net investment income, 4 percent	24,589	56.045		
Self dealing, disqualished persons, 5 percent, loundation menagers (if applicative) iesses of \$10,000 or 2½ percent or amount involved. Takable expenditures foundation managers (if applicable) lesses of \$5,000 or 2½ percent of amount. Failure to fine certain information returns ²⁴ . Assessable penalins with respect to annual reports.	8 27 1	45 51 7 (*)		
Assessable penalities with respect to annual reports. Unclassified excise taxes.	410,000	779,330		

Table 4.—Internal revenue collections by principal sources, fiscal years 1940 through 1972

		Income and profits taxes							Manufac -	
Fiscal year ended June 30	Total internal revenue collections	Total	Corporation income and profits taxes 2	Individual income taxes 3	Employment taxes 15	Estate and gift laxes	Alcohol taxes ?	Tobacco taxes s	turers' excise taxes	All other taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10;
1940	5.340,452	2,129,609	1,147,592	982.017	833,521	360,071	624,253	608.518	447,088	337.392
1941	7.370,108	3,471,124	2,053,469	1.417.655	925,856	407,058	820,056	698.077	617,373	430.564
1942	13.047,859	8,006,884	4,744,083	3.262.800	1,185,362	432,540	1,048,517	780.982	771,902	821.682
1943	22.371,386	16,298,888	9,668,956	6.629.932	1,493,705	447,496	1,423,646	923.857	504,746	1.274.048
1944	40,121,760	33,027,802	14,766,796	18,261.005	1,738,372	511,210	1,618,775	988.483	503,462	1.733.655
1945	43.800.388	35,061,526	16,027,213	19,034,313	1.779,177	643,055	2,309,866	932.145	782,511	2,292,108
1946	40,672.097	31,258,138	12,553,602	18,704,536	1.700,828	676,832	2,526,165	1.165.519	922,671	2,421,944
1947	39.108,386	29,019,756	9,676,459	19,343,297	2.024,365	779,291	2,474,762	1.237.768	1,425,260	2,147,184
1948	41,864.542	31,172,191	10,174,410	20,997,781	2.381,342	899,345	2,255,327	1.300,280	1,649,234	2,206,823
1948	40,463,125	29,605,491	11,553,669	18,051,822	2.476,113	796,538	2,210,607	1.321.875	1,771,533	2,280,969
1950	38.957,132	28,007,659	10,854,351	17,153,308	2,644,575	706,227	2,219,202	1.328.464	1.836.053	2,214,951
1951	50.445.686	37,384,879	14,387,569	22,997,309	3,627,479	729,730	2,546,808	1.380.396	2.383.677	2,392,719
1952	65.009.586	50,741,017	21,466,910	29,274,107	4,464,264	833,147	2,549,120	1.565,162	2.348.943	2,507,933
1953	69.686,535	54,130,732	21,594,515	32,536,217	4,718,403	891,284	2,780,925	1.654,911	2.862.788	2,647,492
1954	69.919,991	54,360,014	21,546,322	32,813,691	5,107,623	935,121	2,783,012	1.580,229	2.689.133	2,464,859
1955	66, 288, 692	49,914,826	18,264,720	31,650,106	6.219,665	936,267	2,742,840	1.571.213	2,885.016	2,018,866
1956	75, 112, 649	56,636,164	21,298,522	35,337,642	7.295,784	1,171,237	2,920,574	1.613,497	3,456.013	2,019,380
1957	80, 171, 971	60,560,425	21,530,653	39,029,772	7.530,522	1,377,999	2,973,195	1.674,050	3,761.925	2,243,856
1958	79, 978, 476	59,101,874	20,533,316	38,568,559	8,644,386	1,410,925	2,946,461	1.734,021	3,974,135	2,166,675
1959	79, 797, 973	58,826,254	18,091,509	40,734,744	8,853,744	1,352,982	3,002,096	1.806.816	3,958,789	1,997,292
1960 1961 1962 1963	91.774.803 94.401.086 99.440.839 105.925.395 112,260.257	67,125,126 67,917,941 71,945,305 75,323,714 78,891,218	22,179,414 21,764,940 21,295,711 22,336,134 24,300,863	44.945,711 46,153.001 50.649.594 52,987,581 54,590.354	11,15£,539 12,502,451 12,708,171 15,004,486 17,002,504	1.626.348 1.916.392 2.035.187 2.187.457 2.416.303	3,193,714 3,212,801 3,341,282 3,441,656 3,577,499	1.931.504 1.991.117 2.025,736 2.079.237 2.052.545	4,735,129 4,896,802 5,120,340 5,610,309 6,020,543	2.004.394 1.963.532 2.264.817 2.278.536 2.299,645
1965	114,434,634	79,792,016	26,131,334	53,660,683	17.104,306	2,745,532	3.772.634	2.148,594	6,418,145	2,453,406
	128,879,961	92,131,794	30,834,243	61,297,552	20,256,133	3,093,922	3.814.378	2.073,956	5,613,869	1,895,909
	148,374,815	104,288,420	34,917,825	69,370,595	26,958,241	3,014,406	4.075.723	2.079,869	5,478,347	2,479,809
	153,636,838	103,148,565	29,896,520	78,252,045	28,085,898	3,081,979	4.287.237	2.122,277	5,713,973	72,196,909
	187,919,560	135,778,052	38,337,646	97,440,406	33,068,657	3,530,065	4.555.560	2.137,585	6,501,146	12,348,495
	195,722,096	138,688,588	35,036,983	103,651,585	37,449,188	3,680,076	4.746.382	2.094,212	6,683,061	2,380,609
	191,647,198	131,072,374	30,319,953	100,752,421	39,918,690	3,784,283	4.800.482	2.206,585	6,684,799	73,179,985
	209,855,737	143,804,732	34,925,546	108,879,186	43,714,001	5,489,969	5.110.001	2.207,273	5,728,657	3,801,104

Less than \$500.

* Less than \$500.

* Reviend.

1 The receipts in the various States do not indicate the Federal tax burden of each, since in many instances, taxes are collected in one State from residents of another State. For example, withholding taxes reported by employer's ocacien near the state of the state from the state of th

*** Includes sacroles, pelantics, etc., and its of paints of relational contents an animature of the contents of the contents

*** Corporation income tax rates: Effective Jan. 1, 1955, first \$25,000 of net income normal tax of 22 percent; net income in excess of \$15,000 combined normal and surfax of 48 percent. Normal tax and surfax is also apply to net income derived by certain exempt organizations from unrelated trade or hustness. Effective Jan. 1, 1956, a 10 percent per annual surfaxings was added to the tax (Public Law 90 -364). The 10 percent per annual surcharge was added to the tax (Public Law 90 -364). The 10 percent per annual surcharge was deviced to the tax (Public Law 90 -364). The 10 percent per annual surcharge was deviced to the tax (Public Law 90 -364). The 10 percent of the 10

rate changed to 5.2 percent (4.6 percent for social security, and 0.6 percent for inappital insurance) for 1970 and 1971 the tax applies to wages up to \$7,800 and effective January 1, 1972 to wages up to \$9,000 and by the employer to the employer to the employer and the security of the employer to the employer and the security of the employer to the employer and the security of the employers and employers imposed on taxable portion of wages. Also includes supplemental tax on employers indeed and employers imposed on taxable portion of wages. Also includes supplemental tax on employers indeed and the employers, and on income of each port man-hour Ordinary of the security of the

Table 5.—Internal revenue refunds including interest

(In thousands of dollars)

Internal revenue regions, districts, States and other		<u> </u>	Individual	income and ent taxes]		
(States represented by single districts indicated in parentheses; total for other States shown at bottom	Total 1 2	Corporation tincome	Excessive prepayment 1	Other ?	Estate	GIM	Exisce 34
of table)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total 1	18,970,640	2,894,407	13.750.862				
				891,555	52,702	7,501	1.373,6
North-Atlantic region Albary Augusts (Mainn) Boston Boston Brooklyn CSe (c) below) Burlios Brooklyn CSe (c) below) Burlios GSe (b below) Burlios GSe (c) below) Burlios Burlios	3,054,013 121,843	762.645 8.087	2,164,801 110,675	78,790 2,408	14 ,237 521	385	33 ,1 1
Augusta (Maine)	63.409	8,087 7,154	54.655	1.351	186		1
Brooklyn (See (c) below)	505, 223 579, 786	85.687 75.227	403.094	12,765 11,402	1,403 3,158	34	2.2
Buffalo (See (c) below)	380.644	53,554	477,534 317,795	5,634	1.152	26 44	12.4
Burlington (Verment)	30.109 332,331	3,586	25 048	1,393	1 70 1	3 /	
Manhattan (See (c) below)	891 858	75,162 427,601	238,202 418,804	7,887 33,202	1.700 5.709	70 175	9,3
Portsmouth (New Hampshire) Providence (Rhode Island)	54.348 94.462	4.884	48,347 70,647	973	1 129 1	11	6,3
Mid-Atlantic Region Baltimore (Maryland & D.C.)	2.558.137	21,702 425,445	1 921 292	1,774 52,753	208 7,283	26	~ !
Baltimore (Maryland & D.C.)	2,558,137 451,286	60.866	373,012 546,749	9,882	1 279	912 703	90,4 4,9 68,0
Philadelphia (See (e) below)	759.066 622,583	127,170 114,249	546.749 480,248	14,552 14,192	2,477 990	57 32	68,0
Pittsburgh (See (e) below)	374.090	76.454	289,252	5,899	1,239	29	12.8
Wilmington (Delaware)	288.867 62.244	21,610 25,095	257 A20 J	6.186	704	85	2,8
Battmore (Maryland & D.C.) Newark, (New Jersey) Philadelphia (See (e) below) Pittaburgh (See (e) below) Rickmond (Virginia) Wilmington (Delaware) Southeas Region (Georgia) Rickmond (Georgia)	1.663.315	192.342	34 .617 1,401.818	2.042 48,960	3,754	603	12.8 1.2 2.8 4
Atlanta (Georgia) Birmingham (Alabama)	300,771 173,425	43,278 13,512	243,133	8,159	325	41 19	5.8.
Columbia (South Carolina) (Rorth Carolina)	129,395	13,512	154,875 113,068	4,556 2,994	291 184	19	1
Greensboro(North Carolina)	264,652	37.878	213,458 77,625	. 5,794	429	13	7,0
Jacksonville (Florida)	86.109 490.793	5,523	77,625	2.589	73	22	2
Greenboro (Morth Carolina) Jackson (Mississippi) Jackson (Mississippi) Jackson (Mississippi) Central Region (Tennesse) Cincinnati (See (d) below) Circeinnati (See (d) below) Datroli (Michigan) Indianapolis (Indiana) Indianapolis (Indiana) Parkersburg (Mississippi) Parkersburg (Mississippi)	218 168	56,318 23,070	412,292 187,368	18,674 6,194	1,888	500	1,1 9
Cincinnati (See (d) below)	3,413,754	358,024	1 959 793	49,336	563 5,384	369	1,040,8
Cleveland (See (d) below)	374.116 572.614	69,947 124,636	292.098 434.989	7,861 9,656	543 1,833	16	3.6
Detroit (Michigan)	1,824,466 371,362	109,060	670.306	14.577	1.466	198	1,4 1,028,8
Louisville (Kentucky)	371,362 172,785	34,479 12,985	320,841 152,469	11.139	730	39 [4.13
Parkersburg (West Virginia)	98.412	6.917	180 68	4,268 1,835	410 402	19	2.6
	2,405,767	456 ,331 1 ,893	1,855,909 [56,961 1,249	5,193	392	19,9
Chicago. (See (b) below). Des Moines. ((lowa) Fargo. (North Dakota). Milwaukee (Wisconsin)	29,476 881,403	193.788	26.193 660,533	21.069	1,569	170	4.2
Des Moines (lowa)	157.794	11.288 2.224	140.326	4,641	507	12	1 01
Milwaukee (Wisconsin)	28,608 321,754	54 207 1	25.065 260,003	1.100 5.967	43 579	88	91
Omaha (Nebraska)	94.403	16.419 71,859	73.164	3,890	389	°5	53
St. Paul (Minnesota)	361,955 331,924	/1,859 80,110	270.905 242.949	7.927	877	91 (10.29
St. Louis (Missouri). St. Paul (Minnesota). Springfield (See (b) below). Southwest Region.	198,450	24 544	167,771	6 869 4 250	622 527	19	10.29 1.39 1.35
Southwest Region Albuquerque (New Mexico) Austin (See (f) below) Cheyenne (Wyoming) Dallas (See (f) below)	1,655,301 59,661	252,272	1.329 978	56,604 1,766	5.906	4,316	6,22
Austin(See (f) below)	463.580	2,492 96,253	55,116 347,985 18,760	1,766 16,720	202 957	16	
Cheyenne (Wyoming)	20.875 L	1.172 (18,760	823	95 \	12	1.56
Denver (Golgrado)	338,240 173,301	62,844	252,706 154,477	14,588 4,795	1,487	3.871	2,74
Little Rock (Arkansas)	86,797 [12.889 8,292 26,751	75.434	2.497	366 562	49 98	11
Denver (Colorado) (Little Rock (Arkansas) (Louisiana) (Jouisiana) (Oklahoma City (Oklahoma) (Michigana) (Michigana) (Michigana City (Michigana) (Michi	225,066	26,751 17,066	191,130 123,534	6,256 4,754	562	41	32
Wichita(Kansas)	146,575 141,205	24.515	110.836	4.405	431 941	105	68 48
Anchorage (Alaska)	3,536,318	436 .890	2 970 097	92,996	10.117	523	25.69
Anchorage (Alaska) Boise (Idaho) Helena (Montana) Horoitilu (Hawaii) Los Angeles (See (a) below)	34,662 49,205	2,470 7,846	31,005 39,282 36,287	1,107	93 }	···	.7
Helena (Montana)	40.013 (1.547	36,287	1,780	344	3 (10
Los Angeles (See (a) below)	77,345 1,656,836	14.309 202,414	59,940 1,402,093	2,127 35,903	355 4.606	172	61
	147 596	11.813 1	130,390	4,834 1	377	63	11,64
Portland (Oregon) Reno (Nevada)	191,912 55,588	35,966 2,069	147,669 51,388	6,179 1,723	550 196	13 J	1,53
Reno (Revada) Salt Lake City (Ulah) San Francisco (See (a) below) Seattle (Washington) Hice of International Operations	83,305 I	9.911	71 037	2,210	82	149	6.
Seattle (Washington)	920,776 279,080	124 .529 24 .016	757,670 }	25,579 9,685	2,610	86	11.64 12 1.53 6. 10.30
Office of International Operations	95.658	10,458	243.337 76,177	7.822	899 827	(*) 20	1,12
Tuesto Reconstruction and the second	18.325 77.333	10,420	16.003	1.945].		8	331
asoline. I ubricating oil and excess FICA credits	586.964 I.	10,420	60,174	5,877 447,332	827	(*)	35
Bureau of Customs	1,413						139,63 1,41
	Tota	of tor States not s	hown above			<u>-</u>	
(a) California	2 672 612						
(a) California(b) Illinois	2.577.612 1.079.853	326,943 218,332	2 .159 .763 828 .304	61,482 25,319	7.216 2.096	258	21,950
(c) New York	1.974.131	564,469 194,583	1 324 ROR	52,646	10,540 [175 247	5,627 21,420
(d) Ohio	946,730	194.583	727,087	17.517	2,376	24	5.144

(a) California	946,730	326,943 218,332 564,469 194,583	2 .159 .763 828 .304 1 .324 ,808 727 .087	61,482 25,319 52,646 17,517	7.216 2.096 10.540 2.376	258 175 247 24	21,956 5,627 21,420
(e) Pennsylvania (f) Texas	996,673 801,820	194.583 190.703 159.097	727 087 769 500 600 691	17.517 20.091 31.308	2,376 2,229 2,444	24 61 3.975	5,144 14,088 4,307

Table 6.-Internal revenue refunds issued by regions, districts, States and other areas

nternal revenue regions, districts, States and other areas		Corporation	Individual i employme			.	
States represented by single districts indicated in parentheses; total for other States shown at bot- tom of table)	Total	income	Excessive prepayments ^L	Other	Estate	Gift	Excise
ion or table)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	55,154,883	268 ,559	53,203,811	1,619,712	15,346	2,110	45,349
North-Atlantic Region	8,441.148	51,406	8,136,201	743,285	2,991	356	6,909
Albany (See (r) below) Augusta (Maine) Boston (Massachusetts)	510,224 273,203	2,025 1,342	494.692 263,527	13.190 8.063	166 97	11,	140 167
Boston (Massachusetts)	1,675,151	10.741 6.434	1.619,623	43,543	522	sí	671
Brooklyn (See (c) below)		6.434	1,767,600	46,494	580	41	819
Buffato(See (c) below)	1,000.971	6.424 652	964,818 117,268	28.642 4.507	420 32	37	630 51
Hartford (Connecticut)	122.517 932.274	5 684	897.863	26.460 59.507	280 (59	1 028
Manhatlan (See (c) below)	1,562.264	14.657 1,273 2.174	1,484,906	59.507 6,061	766 62	123	2.305 80
Providence (Rhode (sland)	218.882 323,694	2 174	211,397 314,507	6,818	66	9	118
BIODALYI (See (c) Below) Buffalo (See (c) Below) Buffalo (See (c) Below) Hatford (Connecticut) Manhattan (See (c) below) Portsmouth (New Hampshire) Providence (Rhode Island) Bld Atlantic Region (Maryland & D.C.)	8,318,530	33,523	8,062,750	214,750	2,050	224	5.733
Baltimore (Maryland & D.C.)	1.508.311 2,104.075	5.675 10,173	1,461,910 2,033,552	39,754 57,823	376 730	43 67	553 1.730
Philadelphia (See (e) below)	2.095.148	8.263	2.032.840 \	52,143	424	49	1.429
Pittsburgh (See (e) below)	1.252.798	3,938	1,221.473	26.688	260	49 14 37	1,429 425 840
Newark (New Jersey) Philadelphia (See (e) below) Pittsburgh (See (e) below) Richmond (Virginia) Wilmington (Delaware)	1,204.104 154.094	4,096 1,378	1,165,442 147,533	33,461 4,881	728 32	14	840 256
Wilmington (Defaware)		29,641	L 6.822.474 L	215,797	1,489	255	256 5,461
Atlanta(Georgia)	1,159,585 778,661	5,006 2,515	1.117.981 753.701	35,495 21,819	156 94	35 33	912 499
Birmingham (Alabama) Columbia (South Carolina) Greensboro (North Carolina)	634,739	2,274	615 990	15 822	110	15	528
Greensboro (North Carolina)	1.241.752	5,646	615.990 1.202.615	15,822 32,266	219	15 34	528 972
Jackson (Mississippi) Jacksonville (Florida)	426,307 1,838,488	1.539 9.256	410,364 1,760,000	13.864 67.117	55 661	9 1	476
	l 995.585 l	3,405 37,295	961.823 [29.414	194	29	1.354
entral Region Cincinnati (See (d) below) Cleveland (See (d) below)	7.931.577	37,295	7.688.881	199.768	1.282	100 29 141 24 34 33 33 74	4.210
Cleveland (See (d) below)	1,243,039	6.305 9.783	1,204,559 1,672,511	31.335 41.797	209 287	34	607 698
	1,725.110 2,432.993	11.952	2.360,546	58,811	351	33	1.300
Indianapolis (Indiana)	1.371.441 735.201	4,887 2,802	1.330.238 708.407	35,310 23,161	233 144	?4	749 673
Parkersburg (West Virginia)	423.793	1 566	412,620	9.354	58	12 1	183
Indianapolis (Indiana) Louisville (Kentucky) Parkersburg (West Virginia) Ridwest Region Aberdeen (South Dakota)	7,779,714	43,170 774	7.483.751	243.361	2,671	437	6 324
Aberdeen (South Dakota) Chicago (See (c) bellow) Des Moints. (Lows) Des Moints. (Lows) Milwaukte. (Wisconsin) Omaha (Nebraska) St. Louis (Missouri) St. Paul (Minnesotia) St. Fraul (Minnesotia)	141,542 2,464,235	13,055	132,204 2,391,404	8.249 57.695	67 706	152	242 1,223
Des Moines (Iowa)	648,734	3,341	617,404 [26,731	365	40	853
Fargo (North Dakota)	127.758 1.148.843	555 7,075	118,885 1,107,874	8.072 32.715	65 316	11	170 810
Omaha (Nebraska)	353.995	1 883	333.324	18:097	211	53 29 64 47	451
St. Louis (Missouri)	1.187.065	8,031	1.140.920	36,626	386	64	1,038
St. Paul	986.676 720.866	5.662 2.794	947.098 694.638	32,684 22,492	273 282	35	. 912
outhwest Region		27.251	l 5,922,044 l	201.117	1,660	354	9 981
Albuquerque (New Mexico) Austin (See (f) below) Cheyenne (Wyoming)	257.335	888	248.820	7.351	70 347	16 86 16 69	190 5,603
Chevenne (Wyomine)	1,642,936 86,248	6,252 712	1.582,674 81,840	47.974 3,531	347	86	5,603 102
	1.188.727	6,107	1.137.896	42.883	330	69	1.442
Denver (Colorado)	629,245 414,673	2.927 1.833	607.107 I	18.441 14.503	204 72	49 19 30	522
New Orleans (Louisiana)	821.628	3,559	397,924 793,714	23,184	175	30	322 966
Denver (Colorado) Little Rock (Arkansas) New Orleans (Louisiana) Oklahoma City (Oklahoma)	596.545	2.336	572,641	20,909	196	55	408
Wichita (Kansas)	525.080 9,262.068	2,642 45,630	499,428 8,927,787	22,341 278,115	219 3,071	24 328	426 7,137
Wichits (Kansas). Vestern Region Anchorage (Alaska). Boise (Idaho). Helena (Montana). Honolulu (Hawaii)	80.628	565	76.813	3.148	3,071	328	96
Boise (Idaho)	178,729	1,072	169.568	7.830	56	7	196 188 191
Honolulu (Hawaii)	172,111 234 594	1.273	163,104 225,315	7.458	76 77	12	881 191
Los Angeles (See (a) below)	234,594 3,677,586	1.567 18.433 1.959	225.315 3.560.590	7.435 94.752	1,301	124	2,386
Honolulu (Hawaii) Los Angeles (See (a) below) Phoenix (Alizona) Portland (Oregon)	503.465 645.255	1,959 3,867	487.218 619.242	13,889	146	19	2,386 234 438 117
roritand (Uregon) Reno (Nevada) Salt Lake City (Utah) San Francisco (See (a) below) Seattle (Washington) Office of International Operations Purris Rice Pu	168 796	685	163.016	21.528 4.943	160 27	20	438 117
Saft Lake City (Utah)	168,796 288,976	1.232	279.621 I	7.833	46	9	
San Francisco (See (a) below)	2.391,310 920,618	9,832 5,145	2,298,942 884,358	79.312 29,987	893 283	98	2,233
Office of International Operations	184.312	643 26	159,923	23,519	132	" s i	90
Puerto RicoOther	40,714	26	29,083	11,582		5 5 2 3	2,233 823 90 21
Other	143,598	617	130,840	11,937	132	3	69
		al for States not		 -			
(a) California	6,068,896 3,185,101	28.265 15,849	5.859,532 3.086,042	174.064 80.187	2.194	222	4,619
		13,649	3.000,042	5V.18/ I	1 889	187	1.848
(b) Illinais(c) New York	4 895 426	29,540	4.712.016	147.833	1.932	212	3,894
(b) finds. (c) New York(d) Ohio(e) Pennsylvania	4.895,426 2.968,149 3.347,946	29.540 16.088 12.201	4.712,016 2.877.070 3.254.313	147, 833 73, 132 78, 831	1.932 496 684	212 58 63	1,848 3,894 1,305 1,854 7,045

1 Nat of 80,725 undeliverable refund checks.

^{*} Less than \$500.

1 Excludes 80.725 andeliverable refund checks totaling \$14,082,000.

2 Excludes 80.725 andeliverable refund checks totaling \$14,082,000.

3 Includes credits for excess Social Security payments under the Federal Insurance Contributions Act (FICA) of \$447,322,000.

3 Includes Credits for excess Social Security payments under the Federal Insurance Contributions Act (FICA) of \$447,322,000.

4 Includes Credits for excess Social Security payments in the Federal One of the Contributions Act (FICA) of \$447,322,000.

5 Includes Credits for excess Social Security payments in the Contributions Act (FICA) of \$447,322,000.

6 Includes Credits for excess Social Security payments in the Contributions Act (FICA) of \$447,322,000.

7 Includes Credits for excess Social Security payments and Contributions Act (FICA) of \$447,322,000.

8 Includes Credits for excess Social Security payments and Contributions Act (FICA) of \$447,322,000.

9 Includes Credits for excess Social Security payments and Contributions Act (FICA) of \$447,322,000.

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9 Includes Credits for excess Social Security payments and Contributions Act (F

Table 7.—Number of returns filed, by internal revenue regions, districts, States, and other areas

Internal revenue regions, districts, States and other areas (States represented by single districts indicated in parentleses; tolals for other States shown at bottom of table.)	Total	Individual income tax	Corporation income tax	Partner- ship	Declaration of esti- mated tax and all other income taxes!	Employment taxes	Estate tax	Gift tax	Excise taxes?
	(1)	(2)	. (3)	(4)	(5)	(6)	(7)	(8)	(9)
United States, total	112,000,449	75,806,367	1,880.819	1.029,214	9,582,326	22.007,335	192,833	190,743	1,310,8
North-Atlantic Region	17,821,026	11,800,089	470,727	135,610	1,657,188	3,536,580	35,432	34.824	150.5
Albany (See (c) below) (Manne)	963.547 539.796	650,543 360,322	19,776 9,759	7.083 2,942 16.753 27.529	79.210 42.923	191.452 113.678	2,151 936	1.161	12.10
Augusta (Maine) Boston (Massachusetts) Brooklyn (See (c) below) Buffalo (See (c) below)	3.297,660 3,603,643	2.253.867 2.492.028	82.178	16.753	324.357 297,413	587.168	5.495	5.870	8,4 21,9
Brooklyn (See (c) below)	3,603,643	2.492.028	88,115	27.529	297,413	666,718	7,871	5,228	1 18.74
	2,452,079 264,628	1,743,271 168,667	44.022 5.502	19.011	196,334 23,565	413,747 59,341	5,211 454	3.616 419	26,86
Hartford (Connecticut). Manhattan (See (c) below). Portsmouth (New Hampshire).	264,628 1,904,048	1.252.423	66.967	2.214 18,661	190,601	349.294	4.017	4,617	4,46 17,46
Manhattan (See (c) below)	3,767,065 431,396	2.168,003 291,529	128,749 9,001	35,961 2,418	421,675 35,299	961.986 85.824	7,799 741	11.740 672	31,15 5,91
Providence (Rhode Island)	597,980	419,431	16.658	3.038	45.811	107.372	757	707	4.20
Mid-Atlantic Region	16,209,233	10.908.057	266 .273	122,106	11.779.894	2.933.278	27.077	23.367	149.18
Baltimore (Maryland & D.C.)	2,799,883	1.980,786 2.691,164	44.800 103.329	20,699 35,364	216.382 363.291	505,612	3.957 9.045	4.365	23.28 33.11
Newark (New Jersey) Philadelphia (See (e) below)	4.023.497 3.978.254	2.758,621	55,912	29.884	374,840	781,859 707,377	6.669	6.335 5,772	39,17
Pittsburgh (See (e) below)	2,282,031 2,359,164	1,623,478	24.072 30.548	21.552 12.801	189,196 164,633	392,769 476,931	3.383 3.376	2,441 3,707	25,19
Merovidenco (Rhode Island) Merovidenco (Rhode Island) Battimore (Wavriand & D.C.) Newark, (Wew Jersey) Newark, (We	327.779	212.654	7.612	1,806	31.921	68.730	647	747	25.81 3.66
Southeast Region	14.836.905 2,327.672	9,875,669	236,069	124,119	1,044,892	3,329,138	21.523	25,959	179,53
Atlanta (Georgia)	1,542,643	1.555,261	34,225 19,397	19.029 12.193	141.432 86.824	546.478 355.932	2.606 1.428	4,000 2,184	24.64 18.71
Co'umbia (South Carolina) (South Carolina) (North Carolina)	1,280,324	870.051	19,397 17,880	8.937	73.537	285 729	1.478 2.955	1 843	20 87
Greensboro (North Carolina)	2,592,429	1.771,391	35.734 12.395	19.149 10,008	159,691 53,828	570,092	2.955 937	4,086	29,33 18,88
Jackson (Mississippi) Jacksonville (Florida)	928,755 4,165,031	598,815 2,654,365	95,653	35,745	408,810	232,613 907,859	9,740	1.275 9.969	42.89
Nashville (Tennessee)	2,000.696 15,047,298	1.379,816	20,785	19,063	120,770	430 435 I	2.379	2.602	24.84
Cincinnati (See (d) below)	2,385,618	1.675.067	216,214 38,034	114,118 19,009	1,177,611 201,189	2,690,291 417,308	22.887 4.026	21.884 3,522	171.75 27.46
Cleveland (See (d) below)	3.246,773	2,290,657	52,313 61,790	20.455	266,531	572,285	5.374	5.214	33.94
Detroit (Michigan) (Indianapolis (Indiana)	4.402.801 2.654.216	3,146,135 1,891,399	61,790 34,269	34,615 17,986	338,794 206,955	764.892 461.796	5.385 4.800	6.265 3.733	41,92 33,27
Indianapolis (Indiana)	1,546,098	1 066 465	19.349	14.220	108,140	313.009	2,283	2,205	20.42
Louisville (Kentucky) Parkersburg (West Virginia)	813,150	562.812.1	10.459	7,833	56.002	161.001	1.014	945	13.08
Parkersburg. (West Virginia). Mewest Region. Aberdreen. (South Dakota). Chicago. (See (b) below). Des Moines. (lowa). Fargo. (Merih Dakota). Omaha. (Nebraska). St. Jouis (Missouri).	16,440,546 353,832	215,141	248 ,766 4 538	158,623	1,443,203 25,006	3 089 411	36 ,492 853	31,470 989	217,44
Chicago (See (b) below) Des Moines (lows)	353,832 4,735,187	229,089 3,355,734	4.538 77.733	2.783 54.563	428,640	82,405 763,712	9.075	8,692	8,16 37,03
Des Moines (lows)	1,593,654 335,578	1,034,798 218,208	21,569 3,968	19.701 2.361	150,546 22,480	333.313 79.387	5.313 1.173	3,603 826	24.81
Fargo(North Dakota) Mitwaukee(Wisconsin)	2,438,710	1 673 483 [41,127	21.074	226 402	427.267	4,493	4.011	7.17 40,76
Omaha(Nebraska)	854,489 2,554,759 1,993,760	558.147	12,093	6,321 21,892	72,940	183,091	2.578 4.200	3,065	16.25
St. Louis (Missouri)	2,554,759	1,685,617 1,388,063	44,627 27,154	12.105	223.765 158.022	535,915 370,615	4,200	4.332 2.997	34,41
SI. Paul(Minnesota)		1.072.002	15,957	17 823	135,312	313.706 2,937,535	4.603	2,954	19.06
Southwest Region	13,232,051 503,080	8,724,691	192.124	142,300	968,849	2,937,535	19,543	26,180	220,58
Albuquerque (New Mexico) (See (f) below)	3,443.079	337.377 2.350,101	6,533 44,559	4,854 36,980	31,706 230,853	112,913 721,869	527 4,340	1.244 6.252	7.92 48.12
Austin(See (f) below) Cheyenne(Wyoming) Dallas(See (f) below)		124.936 1	3 309	2 167	15 708	49,124	337	662	5,22
Denver (Colorado)	2.689,496 1,276,347	1,708,338 860,836	33.508 19.905	38,080 12,412	209.737 101.177	637.320 258.199	4.177 2.073	5.246 2.829	48,09 18,91
Little Rock. (Arkansas)	918,851	595,176	13,539	10,115	63,446 107,745	216.814	1.005	1.572	17,18
New Orleans (Louisiana)	1.644.469 1.311.985	1.074.680 864.679	29.289 20.472	11.829 13.449	107.745 101.395	385.604 282.293	1.559	1.952 3.006	30.81 24.44
Wichita (Kansas)	1 244 005 1	808.568	16.010	12.414	107.082	272 399 3,342.191	3.281	3,417	20.83
Springfield See (i) below southwest Region Albuquerque (New Mexico) Austin See (i) below below the see (ii) Coherdol Delow Cheyonne (iii) Delow Denver (iii) Coherdol Denver (iii) Coherdol Denver (iii) Coherdol Denver (iii) Coherdol Delow (iiii) Coherdol Delow (iiiii) Coherdol Delow (iiiiiiii) Coherdol Delow (iiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiii	17,844,763	12.275.244	248.343	232,086	1,470,745	3,342.191	29,086	26,590	220.47
Anchorage (Alaska)	147,208 395,315	103,221 258,136	2,860 6,377	1.752 4.300	6.188 29.505	28.543 87.357	86 520	89 710	4.46 8.41
Helena(Montana)	402.015	257,500	6.322	4.540	32 832	88,416	895	1,345	9.66
Honolulu (Hawaii)	431,310 6,686,192	305,306 4,651,954	7,517 83,676	3,403 83,14 3	36.007 547.755	73.785 I.230.858	501 11.313	952	3.83
Phoenix (Arizona)	982,532 1,387,761	681.725	14,725	7,307	83,054	181.603	1.540	8.257 1.780	69,231 10,79
Portland (Oregon)	1,387,761	900,162	39,451	39 538 1	120.858	263,374	1.957 1	2,357	20.06
Reno (Nevada)	313,185 534,866	217.601 371.373	5.889 9.863	3,469 5,551	21,359	57,267 100,520	308 530	489 921	6.80
San Francisco (See (a) below)	4.712.672	3,264,064	42,571	58.331	35.444 406.000	871.998	8.704	7.369	10,664 53,63
Seattle(Washington)	1.857.537	1,264,202	28.592	20,752	151,743	358,470	2.732	2.321	23.72 1,00
Puerto Rico	568,617 [229,717]	374,941 73,733	2.303 301	252	39,944 11,548	148,911 143,979	793 L	469 55	1,00
Meaterin (Legion Meaterin (Legion Meaterin (Legion Meaterin Meater	338,900	301.208	2,002	16 236	28,396	4,932	769	414	94
		Total for State	s not shown a	ibove		···'			
(a) California	11.398.864	7,916,018	126.247	141,474	953.755	2,102,856	20,017	15.626	122,87
(b) Illinais(c) New York	6,316.613	4.427.736 7.053.850	93.690 280.662	72.386 89.584	563.952 994.632	1.077.418	13.678	11.646	56,107
(d) Ohio	10.786.334 5.632.391	3.965.724	90.347	39,464	467,720	989,593	23.032 9.400	21,745 8,736	88,926 61,40
(d) Ohio.	6,260,335	4,382.099	79,984	51.436	564.036	1.100.146	10,052	8.213	64.369

(a) Cahfornia	10.786,334 5.632,391 6.260,335	7,916,018 4,427,736 7,053,850 3,965,724 4,382,099	126,247 93,690 280,662 90,347 79,984	141,474 72,386 89,584 39,464 51,436	953,755 563,952 994,632 467,720 564,036	2,102,856 1,077,418 2,233,903 989,593 1,100,146	20,017 13,678 23,032 9,400 10,052	15.626 11.646 21.745 8.736 8.213	122.871 56.107 88.926 61.407 64.369
(e) Pennsylvania	6,260,335	4,382.099	79,984	51.436	564.036	1.100.146	10,052	8.213	64.369
(f) Texas	6,132,575	4,058,439	83,067	75,060	440,590	1,359,189	8,517	11.498	96.215

Table 8.-Internal Revenue Collections, Costs, Employees, and U. S. Populations, 1943 through 1972

	Operating		Cost of	Population	Tax	Nu	mber of employed	es
Fiscal Year	cost	Collections	collecting \$100	(Thousands)	per capita	Total	National Office	Field
	(1)	(2)	(3)	(4)	(5)	(6)	77)	(8)
1943	99,093,512	22,371,386,497	0.44	137,250	163.00	36.338	4.377	31,96
1944	129,941,848	40,121,760,233	0.32	138,916	288.82	46.171	4.273	41,89
1945 1946 1947 1948	145,390,720 174,795,640 203,916,822 183,731,060 209,205,715	43,800,387,576 40,672,096,998 39,108,385,742 41,864,542,295 40,463,125,019	0.33 0.43 0.52 0.44 0.52	140,468 141,936 144,698 147,208 149,767	311.82 286.55 270.28 284.39 270.17	49,814 59,693 52,830 52,143 52,266	4 441 5,144 4 771 4 662 4,554	45,37 54,54 48,05 47,48 47,71
1950	230,408,200	38,957,131,768	0.59	152,271	255.84	55,551	4,303	51.24
1951	245,869,538	50,445,686,315	0.49	154,878	325.71	57,795	4,030	53.76
1952	271,872,192	65,009,585,560	0.42	157,553	412.62	55,370	3,842	51.52
1953	268,590,806	69,686,535,389	0.33	160,184	435.00	53,463	3,834	49.62
1954	268,969,107	69,919,990,791	0.38	163,026	428.89	51,411	2,707	48.70
1955	278.834.278	65,288,692,000	0.42	165.931	399,50	50 890	2,675	48.21
1956	299.894.710	75,112,649,000	0.40	168.903	444,71	50 682	2,583	48.09
1957	305.537.814	80,171,971,000	0.38	171.984	466,16	51 364	2,602	48.76
1957	337.428.789	79,978,476,484	0.42	174.882	457,33	50 816	2,638	48.17
1958	355.469.228	79,797,972,806	0.44	177.830	448,73	50 200	2,633	47.56
1960	363,735,359	91,774,802,823	0.40	180 671	507, 96	50,199	2.702	47,49,
1961	413,295,238	94,401,086,398	0.44	183 691	513, 91	53,680	3.031	50,64!
1962	450,080,420	99,440,839,245	0.45	186 538	533, 09	56,510	3.357	53,15;
1963	500,804,314	105,925,395,281	0.47	189 242	559, 74	59,486	3.562	55,92;
1964	549,692,131	112,260,257,115	0.49	191 889	585, 03	59,357	3.753	55,60
1965 1966 1967 1968 1969	597, 387, 471 624, 861, 929 667, 080, 295 699, 190, 304 758, 785, 475	114,434,633,721 128,879,961,342 148,374,814,552 153,636,837,665 187,919,559,668	0.52 0.48 0.45 0.46	194,303 196,560 198,712 200,706 202,677	588.95 655.68 746.68 765.48 927.19	60,360 61,689 65,122 65,177 64,507	3.790 3.816 4.060 3.933 4.037	56.576 57.87: 61.06: 61.23: 60.47
1970	886,159,162	195,722,096,497	0.45	204,879	955.31	68 098	4,356	63,74
1971	981,065,297	191,647,198,138	0.51	207,049	925.61	68 987	4,521	64,46
1972	1,127,390,411	209,855,736,999	0.54	208,837	1,004.88	74,086	4,823	69,26

<sup>Includes estimated tax declarations not available by districts
Includes forms 4705 through 4708 not available by districts to 1st 6 months.
Includes forms 7004, 7005, rentative 1204, and M, 950, 930C, 930P and 9301 not available by districts.</sup>

Table 9.—Number of occupational tax stamps issued, covering fiscal year 1972, or portion thereof, by class of tax and by internal revenue regions, districts, and States

						Distille	d spirits				
Internal revenue regions, districts and States (States represented by single districts indicated in parentheses;	Total number of occu-	Мапи	Rec	tifiers		Retail	dealers		Manu	facturers rerage pro	of non- ducts
totals for other States shown at bottom of table)	pational tax stamps issued	fac- turers of stills \$55	Less than 20,000 proof gallons, \$110	20,000 proof gallons or more, \$220	Whole- sale dealers, \$255	Retail deafers, \$54	At large \$54	Medic- inal spirits \$54	Not ex- ceeding 25 gallons \$25	Not ex- ceeding 50 gallons \$50	More than 50 gallon \$100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
United States, total	419,493 65,118	89 20	29 1	101 26	2,582 454	212.679 38.448	1,176	666 348	108	39	6:
North-Atlantic Region (See (c) below) Albany (Maine)	5,902 2,574	2		3	9	3,781	18	348	9	5 1	1
Boston (Massachusetts)	7,929	3	<u>i</u> -	1 5	85 ·	477 6,572	38	340	3	l	Ι.
	11.643	l il		3	37	6.1B9	23	340	2	1	1 1
Buffalo (See (c) below). Burlington (Vermont) Hartford (Connecticut)	13,101 1,483	7			23	8.003	67	i	ī	2	
Hartford (Connecticut)	6,484			<u>2</u> -	2 25	523 4,697	28	4 3			
Manhattan (See (c) below). Portsmouth (New Hampshire)	12,634	4		12	257	6.160	19		2		4
Providence (Phode telend)	1.805			1	13	604	5				1
Mid-Atlantic Region (Rhode Island)	1.563 49.936	3 29		17	13 210	1,437 34,739	31		1 2	i-	١
	9.051		2	2	45	5,235	10	9 2	z		1
Newark (New Jersey) Philadelphia (See (e) below)	12.358 11.795	17	1 1	10	84 57 5 9	11,198	29			i	į
Pittsburgh (See (e) below)	8.527	ا " ا	1	5	57	9.909 7.209	2	1	2		3
Richmond (Virginia)	7.256	2			9	381		3			
Wilmington(Delaware)	949	1 1	2	i	10	807	i	[
Atlanta (Cassaia)	52,981 6,135]			179 31	9,931		13	8 2 1	2	1 2 3 1
Birmingham (Alabama)	3,821				6	647		- 4	í		1
Birmingham (Alabama), Columbia (South Carolina), Greensboro (North Carolina),	8,310				4	977		i			
Jackson (Mississippi)	6,259 5,783	2			9	211 878		4		·····i	
Jacksonville (Florida)	15.842		i	. 1	52	4,691			1	·····i	
Nashville (Tennessee)	6,831	₁₁	į	- 1	26	937		2			,
Cincinnati (Sae (d) below)	52,655 8,151		8	17	333	31,348 4.179	60	11	74 34	19	3
Cleveland	12,007	5		·i-	55 56 100 22 97	7,709	12	1 2	34	8	1
Detroit (Michigan)	16,393		2	3	100	11,222	26 10	- Ā		ľil	1
Indianapolis (Indiana) Louisville (Kentucky)	8,939 3,614	·····ś	2 2	īa-	22	5,836	10	1	18		•
Parkersburg (West Virginia)	3.551		2 1		9/	1,763 639	5	1 2	18	6	
INDIVEST REGION	68.148	·····	i }	12	350	44 .931	669	156	18	1	11
Aberdeen (South Dakota) Chicago (See (b) below)	2.472 13.422		•••••	5	10	1.004		1	3	3	
Des Moines (Iows)	5.531	i		9	107	11.558 2.966	233	6 12	3 [3	5
Fargo(North Dakola)	5,531 2,238				11	2.000		2			
Milwaukee (Wisconsin) Omaha (Nebraska)	18.039 2.979	1].			84	12,600	3	101	2		
	10,298		··i	3	16 45	1,964 5,758	277	8			2 1
St. Paul (Minnesota)	7,844			11	11 64 573	2,622	152	19	2	i	74
Springfield (See (b) below)	5.325 64,116	15		3	64	4.459	1 1	3]			
Albuquerque	1.311		2		23	17,792 1,214	161	75	i		4
	22.612	3 .			232	2.682	41	5	i-		i
Cheyenne (Wyoming) Dallas (See (1) below)	905 9,018		·].		!	643					
Denver (Colorado)	4,629	7 1-			181 15	1,895 2,861	73 47	67			i
Little Rock (Arkansas)	4.629 2.728 10.827				8.	778					5
Oklahoma City (Oklahoma)	7 248	7	1 /-		60 19	5.381		1			ii
Wichita(Kansas)	7,248 4,838				34	1.055					1
New Orleans (Louisiana) Oklahoma City (Oklahoma) Wichita (Kansza) astern Region Anchorage (Alaska)	66,539	4	11	28	533	35,490	5	54	6	4	a.
Anchorage (Alaska) Boise (idaho)	876 L 2,214	····i-			1 2	705 659					
	2,077		i-		í	1.260					
Honolulu (Hawaii) Los Angeles (See (a) below)	1.377		2 -	8	25	1.147					2
Phoenix	21.713		z	8	113	12.978 2.303		42		2	4
	3,531 5,216		····i		59 37	1.282					- 1
Call Lake City (Nevada)	3.391 1.997		[28	1,325	3	12			
San Francisco (See (a) below)	17,921	3	5		190	114	·		1 .	2	i
Seattle (Washington)	6,226			ĭ	*77	3,078			3 2	4	3 <u>1</u> 2
	Tot	als for Star	tes not sh	Own abov	<u> </u>				- -		
(a) Calitornia(b) Illinois	39.634 18.747	3	7	27	303 171	23,617 16,017	22	42	3 3	4	76 58 106 19
(c) new tork	43,280	14		15	326	24.138	234 127	1	5 1	3	58 109
(d) Ohio	20.158	6	i	1 5	111	11.888	19	3	38	8	19
(e) Pennsylvania (f) Texas	20,322 31,630	9	1	5	413	17.118	114	4	2		40 20
***	-4,000	/									

Table 9.—Number of occupational tax stamps issued, covering fiscal year 1972, or portion thereof, by class of tax and by internal revenue regions, districts, and States—Continued

			w	ine				Beer		
		Wholesa	ile dealers	Retail	dealers -	Brewers			Γ	Tempo
Internal revenue regions, districts, sented by single districts indicate other States shown at bottom of the states shown at bottom	d in parentheses total for	Wines, \$255	Wines and beer, \$255	Wines, \$54	Wines and beer, \$54	500 barrels or more, \$110	Whole- sale dealers, \$123	Retail dealers, \$24	Retail dealers at large, \$24	rary dealers in liquor (wines or beer \$2.20 per month
		(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
United States, total		269	931	494	56,402	140	5,880	115,502	39	4,1
North-Atlantic Region	(See (c) below)	45 1	88	106 5	3,678 130	13	629 81	20,239	26	4
		2	38	36	740			1.853	2	
Brooktyn	(See (c) helow)	10	20	3 14 10	385 123	6 5	13 218	315 4,950	11	
		2	21	10	272 832	5	177	4,249		2
Hartford Manhattan Portsmouth Providence Mid-Atlantic Region	(Vermont) (Connecticut)	2		23	98		2 27	1,440	·····i	1
Portsmouth	(See (c) below) (New Hampshire)	28	1 2	23	1,060	i	88	4,909	3	1
Providence	(Rhode Island)		5	3 2 7	10 28		22	1,141	i	1
		15	84	7	3,638	34	1,680	6.801	·	7.
Newark	(New Jersey) (See (e) below)	1	13	3	779 141	6 7	81 100	1.363 312	6	3:
Newark Philadelphia Pittsburgh	(See (e) below)	4	2	Ţ.	46	12	823 606	856		, ,
Richmond	(Virginia)	6	60] 2	24 2,636	8	606 61	419 3.840		l
Wilmington	(Delaware)		174		12		9	ii		1 ,
Atlanta Birmingham	(Georgia)	88 5	174	128 12	12,694 2,008	i	335 58 60 20 58	23.402		:
Birmingham	(Alabama) (South Carolina)	7	14		26 2,178		60	2,028 3,034		
Columbia Greensboro	(North Carolina)	1 6	48 41	15 85	2,178		20	2,572		1
Jackson Jacksonville				87	1,693		58 63	4.078		
Jacksonville Mashville	(Florida) (Tennessee)	3	51	14	6.725	1	75	4,156 4,166		
Central Region	(1 cmessee),	66 26	219	57	12 .728	·) 598	3.368	3	
Cincinnati	(See (d) below)(See (d) below)(Mirbigan)	, 7	15	19	2 441	3	40	5,315 756	3	1.77
Claveland	(Michigan)	7	18 170	12	3.541 4.275	į į	40 86	756 355		1 6
DetroitIndianapolis		i	16	11 1	1.802	1	74	358 354		!
Louisville	(Kentucky) (West Virginia)			i	61	1	192 107	1.474	i 2	
Louisville	(west sugma)	16	38	26	1,319	69	99 1,249	2.018 15,374	3	
Aberdeen	(South Dakota)		2		31 542		43 147	1.018		1 1
Chicago	(See (b) below) (lowa)	í	8	9	542 81	3 2	147	421 2,297	1	2
Fargo	(North Dakota)	·5			81 30	- 1	38	83		
	(Wisconsin)(Nebraska)	5	14	9	300	36	310	3,725		83
St. Louis	(Missouri)		4	······································	60 70	16	67 154	684 3.459		20
St. Paul	(Minnesota) (See (b) below)	3	6	2	80 125	9	235	4.496	2	16
outhwest Region			54	77	10,363	3 8	123 893	191 31,164	******	25
Albuquerque	(New Mexico) (See (f) below)	4	13	31	23 1	. 1	14	9		
AuslinCheyenne	(Wyoming) (See (f) below)	•	. 13	31	6,406	2	351 40	12.747 84		·
Dallus Denver	(See (f) below)		15	41	3.257	2 2	122	3 397		i
Little Park	(Colorado) (Arkansas)		5 18	3	144 199		65	1,287		
Little Rock New Orleans Oklahoma City	(Louisiana) (Oklahoma) (Kansas)	i		ĭ	190	2	65 44 91	1,287 1,285 3,224		i
Wichita	(Kansas)	2		•••••	83 55		79 1	5,869		
Wichita Jestern Region	(Alaska)	71	274	93	12,482	9	77 496	3.267 12,207		68
Anchorage Boise	(Alaska) (Idaho)	······	28		22 368		9	24		
				5	25 1		37 56	1,100 523		7
I ns Angeles	(Hawaii) (See (a) below)	17	58	39	44	i	56 13	26		
Phoenix	(Arizona)		5		3,042 835	1	104	5.023 279		12
Portland	(Oregon)		44	6	2,244		19 58	820		12
Reno	(Nevada) (Utah)		1		74		12 i	96 979		1
San Francisco	(Utah) (See (a) below)	39	82	29	3,551	3	26 132	2.694		39
Seatue	(Washington)	3	56	13	2.233	3	30	643		
	- 	Totals	for States n	ot shown abo	ove					
	(a) California. (b) Hinois.	56 7	140 12	68	6,593 667	4	236 270	7,717		51
	(c) New York(d) Ohio	41 13	12 3 33	52 31 2 72	1.585 5,982	12 4 20	564 1	15 961	21	51: 53: 28: 14: 1: 2:
					5 987		126	1 111		14
	(e) Pennsylvania (f) Texas	[]	28	~ j	70 9,663	20	1.429	1.111		125

	(a) California. (b) Himois. (c) New York. (d) Ohio. (e) Pennsylvania. (f) Texas.	56 7 41 13 4	140 12 3 33 33 28	68 9 52 31 2 72	6,593 667 1,585 5,982 70 9,663	4 6 12 4 20 4	236 270 564 126 1,429 483	1,275	21	51 53 28 14 1
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]		National F	irearms Act					
Internal revenue regions, districts, and States (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	or im	acturers porters Class 2, \$500	Dealer in fire- arms, Class 3, \$200	1mporter only of weapons classified as "Any Other Weapon," Class 4, \$25	Manufac- turer only of weapons classified as "Any Other Weapon," Class 5, \$25	Dealer only in weapons classified as "Any Other Weapon," Class 6, \$10	Coin- operated garning devise premises; \$250 per device	Adulter- aled process of renovated butter and filled cheese	Wager- ing, \$50
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)
United States, total	10	23	149	5	6	92	15,605	59	1,566
North-Atlantic Region See (c) below) See (c) below)	. 3	9	27			11 3	65 1	3	13
Augusta, (Maine)		3	. 2			l î	I		
	. 1	3	6 2			1 1	62	1	1 3
Buffalo (See (c) below)	1		<u>.</u>			1 1			l
Buffalo (See (c) below) Buffalo (See (c) below) Buffalo (Vermont) Hartford (Connecticut) Manhattan (See (c) below) Portreputh (New Hampshire)		5	1 2			2		ž	
Manhattan (See (c) below)		ļ	12			1 1	ii		·i
Portsmouth(New Hampshire)			2			1			
Providence (Rhode Island)	2	·····i	15	3		14	1.596		ثئ ا
	}		10			-4	1,131	l	. 7
Newark(New Jersey)	· · · · · · · ·		1	3			15 15	8	
Pittsburgh (See (e) below)			1		1	4	207	i	30
Richmond (Virginia) Wilmington (Delaware)	2	·····i	3			6	228		7
Southeast Region	2	2 2	26			19	5,812	5	····iis
Atlanta(Georgia)	i	2	4			2	358	2] 3
Birmingham (Alabama) (South Carolina) (South Carolina)			1 1			1 1	2,480	**********	10
Greenshoro (North Carolina)			3			1	50	1	10
Jackson (Mississippi) Jacksonville (Fiorida)	i		16			27	569 13	2	75
Nashville (Tennessee)	ļ	i	1 2			3	2,341		11
Central Region Cincinnati(See (d) below)		_	2			17	1,538	11	416
Cieveland (See (d) below)		1	2		***********	3	466 82	6 2	23 34
Detroit (Michigan)						3 7	l 8	1	1 6
Indianapolis (Indiana) (Kentucky)		}				4	397 23	1	237
Parkersburg (West Virginia)	·····i				·····i	2	23 562		31 85
Midwest Region	1		20	1	1	6	871 332	7	118 19
Chicago (See (b) below)	i i		11	1	i		47	1	1 7
Des Moines (towa) (North Dakota)			ı				1 31		39
Milwaukee (Wisconsin)			4			3		1 2	1 39
Omaha (Nebraska)						2	142	- -	34
St. Louis (Missouri) St. Paul (Minnesota)						Z Z	258 17	1	1
St. Paul (Minnesota). Springfield (See (b) helow). Southwest Region		6	29				43	i	, š
Southwest Region (New Mexico)			29		2	10	2,599 25	18	140
Austin (See (f) below)		4	14		1	4	1	13	19
Cheyenne (Wyoming) Dallas (See (f) below)			6			1	98		22 6
Denver (Colorado)			3			i	116		ı
Little Rock (Arkansas)		_i -	1	•			365 1.807	4	22
Oktahoma City (Oktahoma)	*****	İ	1 7				92	·····i	22 35 33
Wichita (Kansas)	2	·····-	30	i	2	1 15	95	6	
Anchorage (Alaska)	l	l	30	1		13	3,124	0	820 115
Boise (Idaho) Helena (Montana)			1			i			2
Honolulu(Hawaii)						2 2	93 115		91
Honolulu (Hawaii) Los Angeles (See (a) below)	1	4	19			4	85 1	5	
Phoenix (Arizona) Portland (Oregon)			2	• • • • • • • • • • • • • • • • • • • •		i	25 589		3
							1,703		121
Salt Lake City (Utah)	1		1		2	1 4	418	·····i	408
San Francisco			6	1			86 5	1	2 76
	1	otals for :	States not	shown above		· !			
			· ·						
(a) Catifornia	1	4	25	1	2	8.	171 [6 I	
(b) Illinois	1	4	25 15	1	2 1		171 90	5 2	12
(b) Illinois	1 1 1	4	14	} 1		6	548	8	12 2 57
(b) Illinois	1 1 1	4 1	14	1		6	171 90 2 548 222	8 1 1	2 12 57 33 25

¹ Includes 11 browers less than 500 bbis @ \$55.00.

Table 10.—Number of returns examined by class of tax and by Internal Revenue regions, districts, and other areas

Region, service center, and district	Total	Individual and fiduciary	Corpora- tion	Estato	Gift	Excise	Employ- ment	Exempl organi- zation
North-Atlantic Mid-Atlantic Southeast Central Midwest Southwest Westerdings of the Midwest North-Atlantic Region: Service Center Service Center	1,695,849 304,797 742,682 224,648 218,019 234,406 177,459 278,516 15,322	1,342,810 257,886 192,075 180,128 171,014 175,280 130,198 222,067 14,162	135.893 20,485 22,393 16,732 20,321 22,460 14,028 19,205 269	32.673 5,682 3,765 3.250 3,617 5,848 3,490 6,739 282	7,857 1,329 959 972 823 1,183 1,297 1,261 33	90,026 8,323 11,951 11,694 10,665 15,424 16,786 15,129 54	68,521 7,193 9,430 10,112 8,757 10,521 10,130 11,920 458	18.00 3.85 2.11 1.77 2.85 3.66 1.51 2.15
Albany Augusta Boston Hronklyn Buffalo Buffalo Buffalo Mahaltan Mahaltan Pertsmouth Pertsmouth Mahaltan	13.146 5.797 46.914 75.530 40.699 4.350 29.198 72.595 7.202 9.366	10.749 4.286 33.959 69.243 34.287 3.575 23.916 53.997 6.200 7.674	659 669 3.788 3.045 3.546 2.159 4.944 552	333 142 943 995 645 28 612 1,803 82 94	61 25 160 156 141 10 184 554 22	887 305 1,464 1,270 1,065 32 1,053 1,763 20 464	441 367 645 790 947 459 1,223 1,783 313 225	95 6 2,74
Service Center Ballimore - Newark Philadelphis Pittsburgh Richmond Wilmington Southeast Region:	41.678 70.650 50.440 29.956 38.905 11.053	33.841 57.476 39.795 22.819 29.659 8.485	3,610 5,437 4,313 3,615 3,702 1,716	703 1,336 617 651 390 68	154 284 114 251 146 10	1,330 3,593 2,565 1,714 2,407 342	1,059 2,468 2,036 ,885 2,583 399	98 1,00 1
Service Center Afgata Hirningham Columbia Greensboro Jacksonville Jacksonville Nestriville Central Region:	36,177 22,696 20,004 37,490 18,766 57,456 32,059	28.999 19.161 16.707 30.867 16.012 44.547 23.835	2,315 1,614 1,013 2,770 820 4,701 3,499	423 244 287 484 209 1.135 463	111 138 46 192 114 274 97	1,459 653 933 2,509 553 3,622 1,965	1,317 848 1,000 654 1,049 3,088 2,156	1.55 3 1 1 1 8
Servire Center Cincinnali Cleveland Detroll Indianapolis Louisville Parkersburg Parkersburg	34,308 47,542 65,925 37,286 21,593 11,365	25.679 36.859 53.752 28.638 17.245 8.841	3,686 4,546 4,484 4,203 2,067 1,330	514 1,066 920 633 351 128	62 341 275 64 46 35	1,597 1,847 3,862 2,401 647 311	1,653 1,996 1,854 1,313 1,225	1,11 88 77 2 1
Service Center Aberdeen Chicago Des Mounts Milwaukee Omaha St. Louri St. Paul St. Paul St. Paul St. Sourice Center Stervice Center	3.824 80.546 20,981 4.593 28,375 14.130 34.627 28.558 18,772	2,480 64,284 14,057 3,222 20,955 8,716 24,765 22,853 13,948	296 8,240 1,592 345 3,450 1,098 3,930 2,222 1,287	149 1,662 767 176 525 526 872 633 538	22 371 130 31 171 107 169 117 65	560 2,810 2,059 358 2,186 1,724 2,408 1,472 1,847	315 1,417 2,362 447 1,039 1,946 1,485 464 1,046	1,76 1 1 4 1 99 79
Albuquerque Austin. Cheyenne Demver Little Rock New Orleans Olikoma City Western Region:	6,159 39,742 4,014 40,359 13,907 12,311 25,587 16,056 19,324	4,592 28,728 3,147 28,543 9,795 9,264 20,616 11,759 13,754	525 3.276 254 3.082 975 1.131 2.018 1.370 1.397	101 903 65 689 297 287 339 467 342	41 360 32 350 115 107 104 119 69	444 4,067 268 4,177 2,083 921 1,271 1,483 2,072	445 1,561 241 2,986 603 582 1,227 819 1,666	53. 31. 11. 33. 24
Service Genter Anchorage Boise Helena Honolulu Los Augeles Frena Frena Frena Salt Lake City San Francisco Seattle	3,375 9,820 8,502 6,718 102,690 14,878 16,568 7,339 10,884 70,732 27,010	2.894 8.340 6.655 5.416 82.994 11.803 13.418 6.377 8.578 55.423 20,169	242 437 673 410 6.990 1,388 1,060 405 813 4,600 2,187	15 139 132 72 3,086 316 385 56 63 2,020 455	2 45 27 13 591 56 82 26 18 336 65	128 537 659 543 4,382 358 893 144 619 4,731 2,136	94 311 351 259 3,737 933 704 331 765 2,841 1,594	11 6 910 24 26 781 404

Table 11.—Additional tax and penalties recommended after audit examination by class of tax, and by Internal Revenue regions, districts, and other areas

(in thousands of dollars)

Region, service center, and district	Total	Individual and fiduciary	Corpora- tion	Estate	Gift	Excise	Employ- ment	Exempt organi- zation
North-Atlantic Mid-Atlantic Southeast Central Midwest Southeast Midwest Midwes	3,413,133 705,559 487,526 375,867 400,142 564,119 330,148 510,638 39,132	1,001,563 221,183 137,360 139,503 98,022 118,566 107,630 171,814 7,486	1,828,672 362,588 300,240 186,284 221,256 359,770 158,517 217,621 22,595	390, 834 96, 286 29, 520 34, 646 56, 768 50, 672 37, 523 77, 359 8,059	48 ,149 6,549 3,350 4,178 3,832 5,319 7,639 17,133	79.094 8,316 12,297 4,906 15,655 9,667 10,672 17,522	60,300 10,200 4,426 6,276 4,557 18,044 6,898 9,116 784	4,327 437 333 74 57 2,081 1,265 73
Augusta Boston Brooklyn Outlington Hartford Manhattan Portsmouth Portsmouth Portsmouth Manhattan	14.230 6.753 94.824 113.644 47.673 3.273 94.574 307.293 6.776 16.520	5, 153 1, 974 29, 780 74, 222 16, 516 1, 911 12, 469 72, 696 2, 324 4, 140	5,728 3,979 44,590 21,662 19,037 53,639 198,620 3,302 11,077	2.484 541 13.851 14.673 8.291 374 26.731 27.296 940 1,106	138 79 769 870 1,487 4 778 2,313 52 59	175 48 3.950 1.761 225 2 585 1.512	550 132 1,877 456 2,117 29 372 4,428 157 81	428
Service Center Baltimore Newark Philadelphia Pittsburgh Richmond Wiffmington Service Center Service Center	70.327 139.532 131.054 67.247 71.481 7.885	30.376 34.533 36.826 13.748 18.464 3,413	32.301 95.737 84.561 38.933 45.621 3,087	4,805 7,621 6,405 4,489 5,532 668	236 163 255 2,127 286 283	1,295 938 2,159 7,456 406 43	1.278 540 835 492 1.159 122	36 13 2 13 269
Allanta Birmingham Columbia Greensboro Jackson Jacksonwille Mashville	49,281 29,106 15,899 60,003 23,960 131,811 65,807	16,811 11,301 7,133 15,312 15,219 57,204 16,524	27,308 14,259 5,774 38,043 5,440 55,392 40,068	3.108 2.779 1.182 4.433 2.227 13.730 7.188	252 239 148 886 332 1.905 415	930 174 1,132 801 116 1,281 471	841 354 530 528 626 2,261 1,136	31
Central Region: Service Center Cincinnati Cleveland Detroil Indian profis Parkersburg Bridsers (Service) Parkersburg Blidwest Region:	51,041 103,549 109,629 92,407 31,456 12,062	12,403 23,028 31,639 14,252 11,624 5,075	31,728 58,210 65,124 46,342 14,263 5,590	5.133 8.546 8.000 29.496 4.678 917	252 1,230 1,905 135 138 173	773 11,416 1.927 1.217 225 96	736 1.112 1.005 965 528 211	16 7 29
Service Center Aberdeen Chicage Des Moines Fargo SI Louis SI Louis SI Louis Su Louis Su Louis Su Louis Su Louis	2,877 267,571 33,611 4,347 41,481 30,089 101,402 64,852 17,891	1,346 49,139 6,455 1,792 10,988 8,192 21,602 12,582 6,470	589 188.561 14.588 694 25.838 17.661 57.634 47.028 7,177	602 19.284 10.678 989 2.373 2.418 7.657 3.498 3,173	112 1.884 636 17 142 352 1.224 791 161	77 3,979 627 63 1,760 615 1,349 653 545	3,729 627 792 379 851 10,933 222 361	(*) 1,003 78 4
Service Center Albuquerque Austin Cheyenne Dallss Little Rock New Orleans Oklahoma City Wichits Wetchts	10,516 81,696 2,449 77,392 28,526 16,404 32,905 53,883 26,378	5,251 24,833 1,164 31,836 5,546 7,452 13,438 10,920 7,190	4, 355 38, 793 882 33, 449 13, 947 5, 944 11, 048 36, 280 13, 820	663 13,702 259 7,249 3,122 1,755 4,525 3,935 2,314	91 1,587 83 1,291 567 585 2,873 220 341	30 1,330 14 2,052 5,040 231 372 1,025 578	126 1,298 47 1,379 304 435 649 525 2,135	153 (*) 2 978
Service Center Service Center South Helena Honolulu Los Angeles Phoenit Portland Reno Salt Lake City San Trancisco.	2.812 5.237 7.248 6.299 231.875 22.761 22.768 16.297 12.698 151.153 31.491	1.591 3,072 3,399 3,166 87,097 8,653 7.575 4,565 4,117 37,663 10,915	877 1,379 2,125 2,452 96,525 7,152 11,537 7,489 6,672 65,326 16,088	66 445 1.256 352 33.036 2.753 2.407 3.836 176 30,438 2.594	10 58 136 15 1.999 394 401 70 29 13,848 175	94 218 181 109 9.511 3.215 721 53 1.379 1.462 580	· 174 65 149 205 3,706 593 127 284 323 2,387 1,101	2 (*) 29 38

^{*} Less than \$500.

Table 12.—Appellate Division receipts and dispositions of cases not before the Tax Court (nondocketed cases)

A. Progress of work

F.Y. 1972

Status	Number of	Amount stated in report (thou	revenue agent's and dollars)	
	cases	Deficiency and penalty	Overassess- ment	
	(1)	(2)	(3)	
Pending July 1	22,328 25,333	2,616,235 1,529,700	135,518 83,899	
Disposed of, total	24,250	1,317,996	58,994	
By agreement. Unagreed: (Overassessments, claims, excise, employment, and offer in compromuse rejections). By tarpayer default on statutory notice. By polition to the Tax Court-Inansterred to dockoled status.	18,877 1,885 901 2,587	1,024,903 24,664 20,957 247,472	55,232 1,070 61 2,631	
Pending June 30	23,411	2,827,939	160,423	

B. Results obtained in dispositions

Method	Number of	Appellate determ doll	ination (thousand lars)
	cases	Deficiency and penalty	Overassess- ment
	(I)	(2)	(3)
Disposed of, total	24,250	638,231	65,690
By agreement, Unagreed: (Overassessments, claims, excise, employment, and offer in compromise rejections) By tapasyes default on statutory notice By petition to the Tax Court—transferred to docketed status	18.877 1.885 901 2,587	357,943 22,964 20,321 237,003	64,329 1,360 1

Table 13.—Appellate Division receipt and disposition of income, estate and gift tax cases petitioned to the Tax Court (docketed cases) A. Progress of work

F.Y. 1972

Status	Number of	Amount stated in statutory notice (thousand dollars)		
	cases	Deficiency in tax and penalty	Overassess- ment	
	(1)	(2)	(3)	
Pending July 1. Received, total. Petitions filed in esponse to— District Directors' statutory notices.	8,945	1,467,403 604,629 362,525		
Appellate Division's statutory notices 1	2,423	242,104		
Disposed of, total	8.648	468,626		
By stipulated agreement. By dismissal by the lax Court or laxpayer default. Tried before the 1 ax Court on the ments.	6,598 954 1,096	395,187 9,507 63,932		
Pending June 30	11,460	1,603,406		

² Difference from table 12, transferred to docketed status is caused by excluding district directors' statutory notices considered by Appellate in 90-day status.

B. Results obtained in dispositions

Method	Number of cases	Appellate d	etermination d dollars)
		Deficiency in tax and penalty	Overassess- ment
	(1)	(2)	(3)
isposed of, total, By stipulated agreement, By definish by the Tax Court or taxpayer default Tried before the Tax Court on the merits 1.	8,648 6,598 954 1,096	187.825 114.581 9.312 63.932	

¹ Represents amounts petitioned

Table 14.—Office of Chief Counsel—Processing of income, estate, and gift tax cases in the Tax Court

		Amount in dispute (thousand dollars)			
Status	Number of cases	Deficiency		Overpayment	
		Tax	Penalty		
	(1)	(2)	(3)	(4)	
Pending July 1. Filed or reopened. Disposed of Pending June 30.	* 12,183 8,949 8,507 12,625	*1.328,697 520,667 372,105 1.477,259	* 122,756 46,341 28,526 140,571	*143.623 15.330 12.491 146,462	

Revised

Table 15.—Office of Chief Counsel—Receipt and disposal of Tax Court cases in courts of appeals and in Supreme Court

	in courts of appeals			In Supreme Court						
	Number		in dispute id dollars)		approved d dollars)	- Number		in dispute id dollars)	Amount (thousan	approved d dollars)
Status	of cases	Deficien- cy and penalty	Over- payment	Deficien- cy and penalty	Over- payment	of cases	Deficien- cy and penalty	Over- payment	Deficien- cy and penalty	Over- payment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Pending July 1, total	503	r 39.632	254							
Appealed by Commissioner Appealed by taxpayer Appealed by both	7 373 7 68	*13.830 *22.120 *3,682	5 157 192							
ppealed, total	268	14,651	162		THE ARE	2	399			
By Commissioner	49 207 17	3.192 9,793 1.666	7 14 141			2	399			
isposed of total	364	30.696	144	26.215	86	2	399			
Favorable to Commissioner	206 78 24 13 43	24.698 3.204 1.227 726 841 23.587	57 77 10	24,698 930 113 424	77 9					
Appealed by Commissioner	55 317 40	4.723 15.626 3.238	7 17 248							

r Revised

Table 16.—Receipt and disposal of refund suits filed by taxpayers in Federal courts

Status	Total	Refund Suits (other than alcohol, tobacco, and firearms taxes) ¹		
		Court of claims	District courts	
	(I)	(2)	(3)	
Pending July 1:				
Casesnumber	3,467	454	3,013	
Amount in disputethousand dollars. Received during year;	523,715	210,353	313,362	
Casesnumber .	1.042	164	878	
Amount in disputethousand dollars	140.211	63.020	77.191	
Disposed during year:	,			
Casesnumber	1.442	150	1,292	
Amount in disputethousand dollars	134,417	48,783	85.629	
Refunded during year: Amount	40 472	14 700	20 212	
Percent of amount disposed of	48.473 36.06	14,760 30,25	33 713	
Pending lune 30:		30.25	39.37	
Cases	3.067	468	2.599	
Amount in disputethousand dollars	529,509	224.585	304.924	

¹ The number of cases disposed of does not agree with the number of cases in which docisions were rendered by these courts during the year, due to sattlement by stipulation, dismissals, and time required for retrial, recomputation of taz, etc. In the Court of Claims the number of decisions was 70 of which 16 were for the Government, 51 against the Government, and 3 partly for and partly against the Government, and 5 partly for and partly against the Government, and 55 partly for and partly against the Government, and 55 partly for and partly against the Government, and 55 partly for and partly against the Government, and 55 partly for and partly against the Government, and 55 partly for and partly against the Government, and 55 partly for and partly for any partly for an

Table 17.—Office of Chief Counsel—Decisions of courts of appeals and Supreme Court in civil tax cases

Court	Total	For the Govern- ment	Against the Gov- ernment	Partly for and partly against the Gov- ernment
	<i>f</i> 1)	(2)	(3)	(4)
Total	468	301	131	36
By courts of appeals, total	463	299	128	36
Originally tried in— Tax Court District courts	1 308 155	206 93	78 50	24 12
By Supreme Court, total	5	2	3	
Originally tried in— 1 ax Court District courts Court of Claims	† 2 3	2	2 1	

³ The Courts of Appeals rendered 177 opinions in 303 docket numbers of which 121 opinions were for the Government, 20 opinions were partially for the Government and 36 opinions were against the Government.

The Supreme Court rendered 1 opinion in 2 docket numbers

Table 18.—Office of Chief Counsel—Receipt and disposal of collection, injunction, summons, disclosure cases and erroneous refund suits

Status	Number of cases
Pending July 1 (1971). Received. Disposed of.	1,976 2,758 2,591
Pending June 30 (1972)	2,143

Note.— This table includes cases handled at national and regional levels which are under consideration for suit or are in surt in Federal and State courts, it does not include cases relating to alcohol, lobacco, and firea

Table 19.—Office of Chief Counsel—Receipt and disposal of insolvency and debtor proceedings

Status	Fotal	Reorganiza- tion pro- coedings ¹	Bankruptcy and re- ceivership proceed- ings ²	Miscella- neous insolvency proceed- ings ¹
	(1)	(2)	(3)	(4)
Pending July 1 (1971) Received Disposed of Pending June 30 (1972)	2,974 3,651 3,528 3,097	1,875 1,810 1,781 1,904	629 1.218 1.178 669	470 623 569 524

¹ Proceedings instituted under the following section or chapters of the Bankruptly Act: Sec. 77 iraitroad reorganizations) and the X (corporate reorganizations). XI (arrangements as to unsocured indebtedencs). XII (real property
arrangements), and XIII (wage earners plans), which involve to a claims and other
- Etankrupt's foundation proceedings and texteral or State receivership proceedings which involve tax claims of the fluited States.
- Proceedings estilizate to corporate dissolution, resolvent banks, assignments
for this benefit of certains or administration of estates of decedents, which involve
tax claims of the Other States.

Note. -- Includes cases handled at national and regional levels.

Table 20.—Office of Chief Counsel—Receipt and disposal of miscellaneous court cases, lien cases not in court, noncourt general litigation cases, and appeal cases

			-		
Status	Total	Miscel- laneous court cases ¹	Lien cases not in court ?	Noncourt general litigation cases ³	Appeal cases 4
	(1)	(2)	(3)	(4)	(5)
Pending July 1	1.924 7.448 7.183 2.189	428 690 621 497	120 2.311 2.312 119	1.191 4.271 4.123 1.339	185 176 127 234

Table 21.—Office of Chief Counsel—Caseload report

Activity	Pending July 1	Receipts	Disposals	Pending June 30
	(1)	(2)	(3)	(4)
Total	727,700	38,673	37,104	29,269
Administration	124	167	163	128
Alcohol, Tobacco and Firearms	1,272	7,559	7.617	1,214
National Office	421 851	2,065 5,494	2.158 5,459	328 886
General Litigation	6,874	13.855	13.300	7,429
National Office	474 6.361	525 13 ,330	378 12.883	621 6,808
Enforcement	2,467	1,680	1.385	2.762
National Office	99 2.368	136 1,544	82 1.303	153 2,609
Interpretative Division	360	888	778	470
egislation and Regulations	445	205	210	440
Refund Litigation Division	3,467	1.042	1,442	3,067
Stabilization		4,058	3,336	722
National Office		1.941 2.117	1,397	544 178
Fax Court Litigation	12,691	9,219	8,873	13,037
National Office Trial Branch National Office Field	508 207 11.976	270 62 8,887	366 16 8,491	412 253 12,372

² Statutory Notices not included. r Revised.

Table 22.—Establishments qualified to engage in the production, distribution, storage, and use of alcohol and alcohol liquors

Class of establishment	As of J	une 30
	1971	1972
Distilled spirits plants:		
Plants (net number)	342	3 319
Production	152	148
Warehousing	276	275
Bottling in band.	56	54
Denaturing	51	52
Taxpaid bottling	145	143
Rectifying	136	132
Denatured and tax-free products (dealers, users, etc.):	l i	
Dealers in specially denatured alcohol and denatured		
rum	42	40
Users of specially denatured alcohol and denatured		
rum	3.008	2,594
Limited users of specially denatured alcohol and	[
denatured rum Reprocessors, rebottlers, etc., of specially denatured	386	718
Reprocessors, rebuttlers, etc., of specially denatured	1	
alcohol articles	969	904
Users of tax-free alcohol	5.662	5.318
Limited users of tax-free alcohol	1.599	1.880
Beet: Breweries	148	7 147
Nines;		
Bonded wine cellars	446	1 464
Taxpaid wine bottling houses	57	56
inegar: Vinegar factories using vaporizing process	3	2
Beverage dealers:		
importersWholesale dealers in liquors	2.214	2,302
Wholesale dealers in liquors	3,718	4,090
Potali deniore la l'avera	5.871	5,630
Retall dealers in liquors Retail dealers in beer	281 340	213.768
ther:	126,506	114.721
	765	
Manufacturers of non-beverage products (drawback). Fruit-flavor concentrate plants.	/65 64	723
Bottle manufacturers	125	62 130
Dottle manufacturers	120	130

¹ includes experimental distilled spirits plants.
2 includes experimental brewers.
3 Includes experimental bonded wine cellars.

Table 23.—Establishments qualified to engage in the production or exportation of tobacco products and cigarette papers and tubes

Class of establishment	As of Ju	ne 30
	1971	1972
Manufacturers of tobacco products	195 5 191	187 7 203

Table 24.—Permits relating to distilled spirits under chapter 51, Internal Revenue Code 1954

		Section 5171 I.R. Code			Section 527	1, I.R. Code		
Status	Total Distilled		Dealers in			Users of—		
V.V.L.	,	spirits plants	specially denatured alcohol	Specially alco	denatured phol	Specially denatured	Tax-free	alcohol
			ļ	REG	ŁTD	rum	REG	LTD
	(1)	(2)	(3)	(4)	(5)	(8)	(6)	(7)
in effect July 1, 1971	10,895 1,005	194 18	42 9	2.994 240	386 249	18 3	5,662 118	1,59 36
Terminated, total	1.050	16	11	542	31	1	384	6
RevokedOtherwise terminated	1.049	16	ii	1 541	31	· · · · · · · · · · · · · · · · · · ·	384	6
In effect June 30, 1972	10,850 804	196 24	40	2,692 257	604 27	20 1	5,396 426	1.90

Table 25.—Permits for operations relating to alcoholic beverages under the Federal Alcoholic Administration Act

Grand	Distilled spirits plants !				Wine	Wine		İ
total	Total ²	Distillers	Warehousing and bottling	Rectifiers	producers	blenders	Importers	Wholesalers
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
12,545 1,713	336 19	160 9	177 11	155 9	370 51	36 5	2,214 342	9,589 1,165
i,498	34	21	17	14	38	7	254	1,165
1,495	34	Žì	17	14	38	······;	254	3 1,162
12.760 1.504	321 231	148	171	150	383 100	34 4	2,302 319	9.720 850
	(1) 12,545 1,713 1,498 3 1,495	total Total ² (1) (2) 12,545 336 1,713 19 1,498 34 1,495 34 12,760 321	Grand total Total Distillers (1) (2) (3) 12.545 13 19 160 1.713 19 1.498 34 21 1.495 34 21 12.760 321 148	Grand total Total Distillers Warehousing and bottling (1) (2) (3) (4) 12,545 335 160 177 1,498 34 21 17 1,495 34 21 17 1,2760 321 148 171	Grand total Total Distillers Warehousing and bottling (1) (2) (3) (4) (5) 12,545 13 136 160 177 155 1.713 1.498 34 22 177 1.4 1,495 34 21 17 14 17.1 150	Grand total total Total Distillers Warehousing and bottling (1) (2) (3) (4) (5) (6) (6) (1) (2) (3) (4) (5) (6) (6) (6) (7) (7) (7) (7) (7) (7) (7) (7) (7) (7	Grand total Total ² Distillers and boilting and boilting and boilting and boilting brodgers and blenders Rectifiers and blenders and blenders Wine prodgers and blenders (1) (2) (3) (4) (5) (6) (7) 12,545 7,713 319 9 9 11 9 5 51 370 5 5 370 5 5 5 1,498 34 21 17 14 38 38 7 7 1,495 34 22 17 17 14 38 38 7 38 7 12,790 321 148 37 150 333 34 34	Grand total total total Total 1 Total 2 Distillers and bolting and bo

¹ Excludes permits for customs manufacturing bonded warehouses since such establishments are not required to quality as distilled spirits plants.
2 Column (2) does not represent the sum of (3), (4) and (5) since one permit may cover more than one activity.

Table 25.—Permits relating to tobacco under chapter 52, internal Revenue Code 1954

Status	Total	Manufac- turers of tobacco products	Export warehouse proprietors
	(1)	(2)	(3)
In effect July 1, 1971	384	193	191
	66	29	37
Terminated, total	60	35	25
Revoked	1	1	25
Otherwise terminated	59	34	
In effect June 30, 1972	390	187	203
	48	22	26

Table 27.—Label activity under Federal Alcohol Administration Act.

	Applications acted upon						
Type of label		Certificat	Dis-				
	Total	Approvals	Exemp- tions	approved			
Grand total	59,445	58.312	150	983			
Distilled spirits, total	19.616	19,233	9	374			
Domestic	16,192	15,939	9	244			
imported	3,424	3,294		130			
Wines, total	38.089	37,371	141	577			
Domestic	14.452	14,082	141	229			
Imported	23,637	23,289		348			
Malt beverages, total	1.740	1.708		32			
Domestic	1,254	1,242		12			
Imported	486	466		20			
Lotters, total	139						
Telegrams, total	39						
Form 1649A corrections, total	759						

Includes suits for foreclosure by mortgagees or other secured creditors, and suits to quiel title to which the United States is made a party.

Primarily applications for discharge of properly from tax lenes.

Primarily memorandums on general higation matters from regional counset to district discertor which are not related to court proceedings or lien cases.

Includes cases in Federal and State appellate courts relating to insolvency and debor proceedings, lien cases in court, and callection, summons, and injunction

cases.
Note,—Includes cases handled at national and regional levels.

Table 28.—Internal revenue tax collected on Puerto Rican manufactured products transported to the United States, by object of taxation

(in thousands of dollars)

• Objects of taxation	1971	1972
1 otal	90.707	104,76
Distilled spirits Distilled spirits rectification tax Wine	63	92.99
Brei Cigars, large: Class A	16	1Č
Class B. Class C. Class U.	1,239	1.378
Class F	6.683 1.192	8.665 1.247
Class G. Garatis, small. Jigarettes, large. Jigarettes, small.		

Note.—Amounts of internal revenue taxes collected on Fuerlo Riean (obacco and layer manufactures transported to the United States, or consumed in the stand (teas refund, darabacks, and expenses) are covered into the Treasury of the Treasury of the Treasury of the Treasury of the Treasury of Revenue Code of 1954. The gross amounts are included in overall collections results (tables I through 4), beginning with 1955.

*Less than \$500.
*Revised.

Table 29.-Costs incurred by the Internal Revenue Service

[In thousands of dollars]

Internal revenue office, district, or region-	Total	Personnel compensation	Travel	Equipment	Other?
·	(I)	(2)	(3)	(4)	(5)
A. National Office and regional totals (including district directors' offices and service centers)					
Total Internal Revenue Service National Office - North Atlantic Mid-Atlantic	1,127,390 147,883 174,286 128,764	948,627 73,899 157,983 118,571	34,287 2,152 3,946 3,213	27,180 16,047 2,914 759	117,297 55,786 9,442 6,222
Southeast Central Midwest South west	118,363 117,168 126,667	101.668 106,503 113,846 91.503	4,793 3,859 4,351 3,909	2.457 895 892 776	9.444 5,911 7,578 5,521
Western Regional Coursel Regional Inspection Office of International Operations	155.792 15.296 14.317	134,975 14,660 12,759 5,666	6,017 243 1,203 , 465	2.269 8 71	12,530 385 284 315
National Computer Center	4,957	3,382 13,210	51 85	13 79	1,511 2,368
B. Regional commissioner's offices (excluding district directors' offices and service centers) North-Allantic	17,890	16.288	491	173	938
Mid-Atlantic Southeast Central Midwest	16,853 21,577 17,043 16,363	14,962 18,506 15,549 13,933	539 913 469 629	120 364 125 151	1,232 1,795 900 1,649
Southwest	12.167 22.518	10.576 20.286	616 892	121 235	854 1,104
C. Regional costs undistributed North-Atlantic Mid-Atlantic	1,792	558 907 907	1.005 824	14	202 61
Southest Central Midwest Southwest	2.109 2.029	907 941 966 297	1.139 1.105 993 875	37 26	44 26 44 27
Western	2,296	796	1,417		83

Table 29.—Costs incurred by the Internal Revenue Service—Continued

in thousands of dollars

Internal Revenue office, district, or region	Total	Personnel compensation	Travel	Equipment	Other ?
	(1)	(2)	(3)	(4)	(5)
District directors' offices and service centers: orth Atlantic:					
Albany	4,991 2,579 18,835	4,644	135	52	
	2.579	2.374 17.737	105	13	
Augusia Boston Brooklyn Buffalo Buffington	18.835	17,737	372 288	117	
Brooklyn.	20.226 12.393	19,190	288	77	
BUTTAIO	12,393	19,190 11,743 1,233	282	49	
Hartford	1.346	1,233	55	12	
Manhattan	9,356	8,846	186	.53	
	42.254 2.036	40,252 1,876	431 79	266	1,
Frovidence	3.175	2,962	65	20 16	
Puerto Rico Branch(AT&F)	176	158	ıš,		
Potential Control of the Control of	310	31	3		
North-Atlantic Region-Centralized Training	162		159		
Andover Service Center	162 30.526	27,255	1.19	207	2.
Brooknayen Service Center	6.251	2,836	137	1.843	17
Baltimore	15.026	14.424	208	45	
Newari Philadelphia Pritsburgh Richmond	22.577 20,589	21,464 19,555 10,948	463	118	
Pittehurah	20,589	19,555	375	119	
Richmond	11.475 10.210	10,948	204	100	
Witmington	2,729	9,551 2,558	53	53 13	
Mid-Atlantic Regional Training Center	29	2.000	,	15	
Mid-Atlantic Region—Centralized Training	96		95		
Wilmington Mid-Atlantic Regional Training Center Mid-Atlantic Region—Centralized Training Philadelphia Service Center	27,389	24,193	104	185	2.
Atlania Birmingham	11.439	10,374	496	200	
Birmingham	5.974 4.399	5.426 3,980	237	91	
Columbia. Greensboro	4,399	3,980	160	93	
Greenzooro	10.048	9.131	390	136	
Jackson Jacksonville	3.909	3.494	172 606	94	
Nachville	18.509 7.764	16,621	606 279	393	
Southeast Regions: Training Conter	7.764	7,035	2/9	145	
Southeast Region—Centralized Training	33 126		122	2	
Atlanta Service Center	21 294	19 057	80	115	2
Nashviller Southeast Regiona: Training Center Southeast Region — Centralized Training Atlanta Service Center Memphis Service Center	21,294 11,201	19.057 7,140	199	822	2.
rrai:	**	,,,,,,,,,,	133	044	
	11,238	10.627	269	51	
Cleyeland	17.394	16.451	411	07	
Detroit	21.641	20.166	545	222	
Criticinata Cleyeland Detroit Indianapolis Indianapolis	11.551	10.738 U	35.1	85	
Louisville	7.284	6.627 3.894	286 201	75	
Parkersburg	4,315	3.894	102	222 85 75 90	
Central Regional Training Center	221	197	106	11	
Parkersburg. Central Regional Training Center. Central Region—Centralized Training. Cincinnati Service Center.	110 24,261	21,314	106		
iwest:	44,201	21,319	112	102	2,
Aherdeen	2.063	1.869	115	14	
Chicago Des Moines	28,175 6,708 1,925	26,561 6,267 1,745	557	332	
Des Moines	6 708	6 267	232	332	
Fargo	1 925	1 745	232 101		
Milwaukee	9.688	8,874	281	177	
Omaha	4.504	4,168	281 176	14	
St. Louis	13,475	12.625	430	46	
S1. Paul	9.605 I	9,081	264 298	38	
Springfield	7.335	6,806	298	16	
Midwest Regional Training Center	21	1			
Springfield Midwest Regional Training Centes Midwest Region—Centralized Training Kansas City Service Center	140		139		
Ransas City Service Center	24,636	20.948	135	57	3,
Albumperous	ا ا		ا	1	
Albuquerque	2,746	2.477	132	.21	
Abounne	15,830 1,547	14,540 1,383	499	109	
	14.39/	1.383	[00]	20	
Denver	14,721	13.714	423	81	
Delites Denye Little Rock. New Orleans. Oklahoma City.	5,899 4,153	5,427 3,710	193	46	
New Orleans	8.851	8.277	555	38 57	
Oklahoma City	7.162	6,610	249	52	
Wichila Southwest Region—Centralized Training Austin Service Center	6,341	5,608	143 157 223 249 239	66	
Southwest Region—Centralized Training	188 1		18/1		
Austin Service Center	20,860	18,883	67	121	1,3
tern:		1	1	1	
Anchorage	1,340	1.116	109	20	
Boise. Helena.	2.209 2.213	1,924	123 120	38	
Honolulu	2,213	1.797	120	30	:
Helens Honelium Honel	2.391	2.050	83	72	1,
Phoenix	33,154 4,674	30,630 4,082	984	241 93	1,
Portland	5.854	5.320	167 223 193	93 39	
Renn	3,794	3 162	223	39 47	
Salt Lake City	3.794 2.926	3,163 2,654	91	3/ I	,
	22,369	20.427	724	20 192	1,0
Seattle	8,507	7,743	309	102	1,5
Western Regional Training Center	538	324	4 1	28	• '
Seattle Western Regional Training Center Western Region—Centralized Training Ogden Service Center	191 \		189 {		
	27.828	25.312 7.351	168	164	2.1
Ugden Service Center	12.990		223	949	

Includes \$5.9 million financed from reimbursements,
 Amounts shown do not include transfer to GSA for rent of space amounting to \$2,202,000.

Table 30.—Obligations incurred by Internal Revenue Service, by appropriation and activity

Appropriation by activity	To	tal	Personnel compensation and benefits		Other	
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1971	1972	1971	1972	1971	1972
Fotal obligations, appropriations, and reimbursable	981.065	1,127,391	848,362	948,628	132,703	178.763
Obligations against appropriation funds	975,725	1,121,511	844.512	943,773	131.213	177,738
Salaries and expenses: Total	27.961	31.901	24.533	27,419	3,428	4.482
Executive direction Internal audit and security.	11.903 16.053	13,462 18,439	10.653 13,880	11,660 15,759	1,255 2,173	1,802 2,680
Accounts, collection and taxpayer service:	409.048	471.623	339,955	377,386	69,093	94,237
Data processing operations Collection and tarpayer service. Statistical reporting. District manual operations.	227.655 171.522 8.801 1.070	277.406 184.849 8,817 551	180,023 151,423 7,443 1,066	207 ,735 161 ,377 7 ,725 549	47,632 20,099 1,358 4	69.671 23.472 1.092 2
Compliance:	538,716	617,987	480,024	538,968	58.692	79.019
Audit of tax returns Tax fraud and special investigations. Alcohol, lobacco and frearms. Taxpayer conferences and appeals Technical rulings and services. Legal services.	59,440 29,166	411,229 64,153 70,273 30,914 16,171 25,247	322.513 46.591 48.642 27,259 13,536 21,483	361,947 53,014 56,665 28,715 15,066 23,561	34,624 7,774 10,798 1,907 1,185 2,404	49.282 11.139 13.608 2.199 1.105 1.686
Reimbursable obligations, total	5,340	5.880	3,850	4.855	1,490	1,025

Note,--Amounts shown do not include transfer to GSA for rent of space amounting to \$948,000 in 1971; \$2,202,000 in 1972.

Table 31.-Quantity and cost statistics for printing

,		iscal year 197	1		Fiscal year 197	2
Class of work	Quantity (thousands) Co			Quantity (Cost
	Items or sets	Packages	(thousand		Packages	(thousand dollars)
	(1)	(2)	(3)	(4)	(5)	(6)
I. Tax Packages (1970): Package I (form 1040, Instructions, Schedules A & B.—24 pages) Package 2 (form 1040 Schedules A & B. D, L & R, and Instructions—40 pages).	257,000 157,500	51,400 17,500	786 492			
Package 3 (Form 1640, Schedules A & B, C, D, E & R, F, Form 4136 and Instructions—56 pages. Package 1055 (Form 1055, Schedule D and Instructions—20 pages). Package 1120 (Form 1120, Schedule D, Forms 1120-W, 3468, 4626 and Instructions for Form 1120 and Schedule D—32 oncess).	158,500 7,325 220,000	10,570 1,465 2,000	546 42 80			
II. Tax Packages (1971): Package 1 (Form 1040 Instructions, Schedules A & B—28 pages). Package 2 (Form 1040 Schedules A & B, D, E & R, and Instructions—40 pages).				249,700 114,525	49.940 12.725	966 433
Package 3 (Form 1040, Schedules A & B, C, D, E & R, F, SE, Form 4136 and Instructions—56 pages Package 1055 (Form 1055, Schedule D and Instructions—20 pages). Package 1120 (Form 1120, Schedule D, Forms 1120-W, 3468, 4626 and In- structions for Form 1120 and Schedule D—32 pages).]	157,335 136,000 220,000	9,255 1,700 2,000	513 70 92
III. Employment Tax Package: Pub. 393 (Forms 7018, 941C, W-2, 941A, W-4, W-4E, Schedule A for W-4, Pub. 213, and unemployment tax schedule)	96,140	5,060	220	91,010	4.790	194
Tax returns and instructions for major mailing to taxpayer—Total. JV. Other Tax Returns, Instructions, Public-Les Forms, and Pamphiots! V. Administrative Forms and Pamphiels! VI. Field Printing. VII. Excise Tax Stamps. VIII. All Printing to support Phase II of the Economic Stabilization Program	1,411,509 541,000 354,229 2,556,612	87,995	2,166 9,675 3,263 1,300 1,195	968.570 2.374.629 537.635 507.618 2.626.982 41,219	80.410	2,268 10,208 3,900 1,716 1,361 499
GRAND TOTAL			17,599			19,952

I Includes printing for Phase I of the Economic Stabilization Program.

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