~~18433~~ 115251

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY
EXPECTED AT 1:00 P.M. EST.
MONDAY, MAY 11, 1981

STATEMENT OF

WILLIAM J. ANDERSON, DIRECTOR

GENERAL GOVERNMENT DIVISION

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT

HOUSE COMMITTEE ON WAYS AND MEANS

ON THE ADEQUACY OF IRS COMPLIANCE

RESOURCES FOR FY 1982

115251

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here to assist your subcommittee in carrying out its oversight responsibilities. Our testimony today, which deals with the fiscal year 1982 IRS budget request, is based primarily on our overall experience in the tax administration area. Over the past several years, we have looked at most major IRS programs and now have underway a study of the relationship among the Service's compliance programs.

Effective, efficient, and fair tax administration obviously requires the commitment of adequate resources. What the appropriate level of these compliance resources should be is a difficult question and one we are not prepared to specifically answer. There is, however, a trend toward decreasing voluntary compliance with the Nation's tax laws. To stem that trend, and in consideration

016938

of the additional direct tax revenue that could be generated, we believe that a combination of measures is required. These measures include, along with a commitment of additional compliance resources, management improvements and legislative changes.

DECREASING VOLUNTARY COMPLIANCE IS A SERIOUS PROBLEM

The Federal Government's financial well-being depends, to a very large extent, on whether people in this country are willing and able to support our voluntary system of taxation. To the extent that our citizenry are so willing and able, our tax system provides an efficient way of collecting the revenue that finances over 90 percent of the Government's programs and activities. In 1980, the system took in more than $520 billion in revenue from all sources, and IRS' budget was $2.3 billion. Thus, the average cost to collect $100 was just 44 cents.

Despite this impressive statistic, the tax system is not in as good health as we think it could be. There is an accelerating trend toward contempt and abuse of the system which seriously undermines the basic concept of voluntary compliance on which the system operates. Extensive evidence is available which shows that noncompliance among both corporate and individual taxpayers is a serious problem. Although much of this evidence dates back to 1976, noncompliance is clearly a massive problem, and current indications are that the problem is becoming even more severe.

Concerning individual taxpayers, the most complete picture that we can develop shows that for tax year 1976 such taxpayers failed to pay taxes totaling $27.6 billion. This shortfall resulted from four types of noncompliance:

--Failing to pay tax reported on returns filed ($1.5 billion).

--Nonfiling of returns by persons with tax liability ($2.5 billion).

--Overclaiming of deductions, exemptions, and credits ($3.6 billion).

--Failing to report all income on which tax is due ($20.0 billion).

Had individual taxpayers fully complied with the tax laws in 1976, the additional taxes generated would have reduced the Federal deficit by 58 percent for that year.

Since 1965, IRS has periodically estimated, through its Taxpayer Compliance Measurement Program (TCMP), voluntary compliance levels among individual taxpayers who have filed returns. Although these studies provide the best available measure of the noncompliance problem of overstating offsets to income (exemptions, deductions, and credits), IRS has made other studies which indicate that TCMP detects less than one-half of unreported income. Even so, TCMP results can provide some insight into voluntary compliance trends since 1965.

These studies show that in the 11 years from 1965 to 1976, compliance rates, in terms of dollars of tax liabilities accurately reported, dropped by 2 percent, from 94.3 percent to 92.3 percent. Had the compliance rate remained at the 1965 level of 94.3 percent, tax collections in 1976 would have produced increased revenue of $9 billion. Compliance among certain taxpayer classes has seriously deteriorated since 1965. Compliance among four of the seven classes IRS measures was below 90 percent in 1976, compared with only one in 1965. For example, compliance among individual taxpayers who own small businesses with under $10,000 income dropped from 79.2 percent in 1965 to 43.2 percent in 1976. That means that taxpayers in this class paid only 43 percent of the taxes they owed in 1976.

The noncompliance problem is not restricted to individual taxpayers. For example, according to TCMP results, compliance among small corporations (those with assets of up to $1 million) dropped about 10 percent, from 83.1 to 73.3, between 1969 and 1978. Tax revenue losses for those corporate classes measured through TCMP in both 1969 and 1978 more than doubled from $600 million to $1.3 billion between those years.

As part of its 1978 TCMP, IRS included corporate taxpayers with assets in the $1 million to $5 million and the $5 million to $10 million ranges as well as "no balance sheet" returns. "No balance sheet" returns are those filed by newly formed, liquidating or other special types of corporations without assets. Compliance among these three classes was determined to be 88.0, 90.7, and 63.0 percent, respectively. These classes added $1 billion to the total tax revenue loss. For all the corporate taxpayers measured through TCMP, the estimated tax loss was $2.3 billion for 1978. The major cause of the corporate noncompliance involves unreported income, comprising about two-thirds of the noncompliance among corporate taxpayers.

Along with the general decline in voluntary compliance among both individual and corporate taxpayers, several special compliance problems and issues have emerged in recent years which further jeopardize the tax system's efficiency and equity. These include: (1) abusive tax shelters; (2) tax protesters; (3) use of overseas tax havens; (4) diversion of resources to administration of the crude oil windfall profit tax; and (5) the growing appellate and tax litigation backlogs. While each of these problems is complex enough to merit its own testimony, I will just highlight them.

--Abusive tax shelters is one of the most serious problems now facing the Service. IRS reports that it has identified 27,000 abusive shelters involving 190,000 taxpayers and $5 billion in deductions and several billion dollars in income taxes.

--Tax protesters are those who object to payment of their taxes and attempt through various schemes and devices to evade their tax obligations. IRS estimates that 18,200 protester returns were filed in 1980, an 11,000 increase from 1978.

--Use of overseas tax havens has grown rapidly in the past several years. Because of inherent limitations on U.S. information gathering and enforcement activities in foreign countries, tax havens are an exceedingly difficult compliance problem.

--The Crude Oil Windfall Profit Tax Act of 1980 is an excise tax which is expected to raise over $227 billion in net additional revenue by 1990. As I stated before the Subcommittee on Commerce, Consumer and Monetary Affairs on April 13, 1981, the act is very complex and present compliance levels are unknown. IRS had to undertake this major new responsibility with no increase in resources. One result will be an estimated $150 million in foregone revenue that would have been generated by the examiners who will be diverted from regular examinations to Windfall Profit Tax examinations.

--Increasingly, taxpayers who object to IRS' audit determinations are taking advantage of their rights to appeal within IRS and in the courts. The IRS Appeals Division backlog increased more than 10 percent from September 30, 1979, to September 30, 1980, when almost 27,000 cases were awaiting appeals actions. The rate of backlog growth in the courts, especially the U.S. Tax Court, is even greater--33 percent--during the same 1-year period. IRS estimates that 55,000 additional tax cases will be referred to the U.S. Tax Court in 1981 and that the backlog of tax cases awaiting trial will reach an all-time high of more than 80,000 cases by September 1981. Despite these increases, the Service's 1982 budget request proposes a decrease of 104 average positions for the appeals activity (from an estimated 1,877 in 1981 to 1,773 in 1982). The increasing backlog coupled with a smaller 1982 budget request will, according to IRS, increase the average inventory per appeals officer from 43 in 1980 to an estimated 70 in 1982.

IRS COMPLIANCE RESOURCES HAVE NOT KEPT PACE WITH GROWING WORKLOAD DEMANDS

As the tax administering agency for the Federal Government, IRS must, of course, respond to the deteriorating compliance and the related range of special compliance problems and issues. It must also cope with the increasing workload created by the year-to-year growth in the taxpaying population. In the past 5 years, 1976-80, IRS resources have failed to keep pace with this growth.

For 1982, IRS expects 140 million tax returns to be filed, including 96 million Form 1040s and Form 1040As; whereas, in 1976, only 123 million were filed, including 83 million Form 1040s and Form 1040As. This is an overall growth of 14 percent. While increases in return filings do not necessarily require proportionate increases in IRS resources, it is still noteworthy that, between 1976 and 1982, the number of returns filed will increase by 14 percent while IRS resources will only increase 5 percent, from 84,000 to 88,000 staff years--about a third the rate of the workload increase.

Attachment I to my prepared statement shows the resources and workload trends for major IRS components for fiscal years 1976 through 1982. To illustrate the increasing demands being placed on IRS resources, I will discuss briefly IRS' examination and collection programs.

IRS' examination resources have failed to keep pace with the increase in tax return filings, and the tax revenue shortfall is increasing. While filings will increase by 14 percent from 1976 to 1982, examination resources received from 1976 to date in 1981 and requested for 1982 will have increased by only 7 percent. This increase, combined with the increasing complexity of the returns filed, will reduce coverage from 2.6 percent in 1976 to an expected 1.83 percent in 1982. At the 1980 coverage level of 2.12 percent of 1979 filings, IRS examinations resulted in a recommended $2.8 billion in additional taxes. Based on TCMP data, however, IRS projected that a total of $19.8 billion in additional taxes could have been recommended in 1980, a shortfall of $17 billion. IRS recently made preliminary estimates that this tax shortfall is growing at an annual compound rate of 13.5 percent.

According to IRS, tax revenue not collected because of delinquent accounts will almost quadruple from 1976 to 1982, increasing from $1.7 billion involving 614,000 accounts, to an estimated $6 billion involving 2.1 million accounts. However, these figures understate the total collection problem because they refer only to year-end inventory of active accounts receivable. On this basis, IRS would have reported $2.9 billion not collected at the end of fiscal year 1979--but the actual amount outstanding was $13.3 billion, including:

--Accounts in notice process ($4.3 billion).

--Accounts classified as currently not collectible ($3.3 billion).

--Installment and deferred accounts ($.5 billion).

--Accounts set aside for further investigation or adjustment ($2.3 billion).

IRS resources devoted to collection of accounts decreased from 9,422 staff years in 1976 to 9,416 staff years in 1980. IRS is requesting an increase to 10,621 staff years for 1982. However, even at that staffing level, the ratio of active accounts to staff years will have tripled from 64:1 in 1976 to 197:1 in 1982.

ARE IRS COMPLIANCE RESOURCES ADEQUATE?

IRS has one of the largest Federal workforces of all nondefense agencies and is requesting $2.6 billion to support 88,000 staff years for fiscal year 1982. Given the deteriorating compliance with the tax laws and the corresponding effect on IRS' compliance activities, we believe there is a need to be concerned with whether IRS is efficiently and effectively using its resources and whether those resources are adequate.

Our work has shown that improvements in IRS' compliance programs and its other activities can be made to permit more efficient use of existing resources. Also, legislative changes are needed in selected areas. For example, a recent GAO report 1/ proposed legislation to require that a new method be used to calculate the interest rate on unpaid taxes. The rate proposed would more closely follow the true market borrowing cost and would thereby encourage taxpayers to comply by paying their taxes on time. This would not only improve voluntary compliance but could also free some IRS resources for use in other areas.

1/"New Formula Needed to Calculate Interest Rate on Unpaid Taxes" (GGD-81-20), October 16, 1980.

Also, this suggested interest rate would have generated additional revenue of $286 million in fiscal year 1979. Attachment II lists this and other open recommendations which would contribute to improved compliance and/or IRS efficiency.

We have also noted that overall IRS planning does not adequately integrate the compliance plans developed by the various IRS divisions. We attribute this situation largely to the fact that IRS and the Congress have relied so heavily on the examination program to improve compliance and deal with the many related problems and issues. As a result, the potential role and contributions of other compliance programs, and the interactions among programs, are matters that have not received adequate attention.

What we think IRS needs, therefore, as we have pointed out in previous testimony, is an overall compliance strategy which strikes an optimum balance among its programs to best achieve the common goal of improved compliance. Such a strategy would enable the Service to (1) target resources to the most serious areas of noncompliance, (2) assure that resources are at optimal levels in each program, and (3) compare the contributions each program makes to achieving the Service's compliance goal.

We recognize that such an approach to improving compliance is ideal and that developing a strategy of this type will be difficult and cannot be done overnight. The principal obstacle to effectively integrating IRS' compliance programs is the lack of data on how the individual programs actually affect voluntary compliance. As we and others have recommended previously, IRS needs to find out, first of all, what factors contribute most to increasing and decreasing compliance and whether it can control those factors. Furthermore, it needs to identify more clearly the major forms of noncompliance, such as unreported income, and, having done this, develop information on noncompliance patterns--the geographic locations, the taxpayer groups, the income levels, and so forth. Until the Service has better data in these areas, it cannot be sure that its resources are optimally allocated or that its programs are having maximum impact.

Beyond that, the Service needs better data on the cost and revenue yield of its compliance programs. Generally, IRS has data showing only "average" dollar yields. IRS' management information systems do allow measurements of yield "at the margin" for the examination program and do permit a rough estimate for the information returns program, but they do not provide marginal yield data for other compliance programs.

Although IRS' cost/yield data must be used with caution, we can state with some confidence that additional resources in various programs would provide average revenue yields that significantly exceed average cost. This is particularly true for accounts receivable, where additional resources would have a sizeable, immediate impact on revenue collections. Unfortunately, however, the shortfall in IRS' management information is such that neither the Service nor we can estimate accurately how much revenue will be secured through an increase in resources nor which programs provide the best dollar return for each additional investment. No one knows where diminishing returns will make further resource investment uneconomic at the margin.

Even so, the magnitude of the compliance problem, the growth of return filings, and the increase in complexity of the tax returns being filed pose demands for IRS so great that program efficiencies, including optimal resource allocations among programs, will go only so far in protecting the tax system. In our view, an increase in IRS' resources is warranted and, further, such an increase should not increase the Federal budget deficit. For example, the average-yield-to cost ratio was 5:1 for information returns and 16:1 for securing delinquent returns in 1980, according to data compiled by IRS. Additional information on program cost/yield ratios is given in attachment III of my statement.

- - - - -

In summary, while we know that the compliance problems with the Nation's tax system require attention, we cannot state precisely to which programs additional resources could be allocated to optimize use of all available resources. We do know, however, that additional resources in some programs will result in a large and immediate flow of tax revenue to the Treasury. These resources are not only justified by the potential revenue gains, but--of equal or more importance--the need to cope with the general problem of decreasing compliance.

There are fundamental questions of fairness and of taxpayers' perception which, I think, should also be kept in mind when considering IRS' budget request. Is it fair to the vast majority of taxpayers who, despite these difficult economic times, are managing to pay their proper share, that

--the returns of many taxpayers with high potential for tax change should go unaudited,

--fraud should go uninvestigated, or

--unpaid taxes be written off?

Taxpayers' perceptions that others can get away with not complying jeopardizes the entire system. For example, one reason for the growth of the tax protester movement seems to be the apparent success of some protesters who manage to prolong the process and/or avoid paying.

In closing, let me set forth some considerations that the Congress should keep in mind in deliberating on the desirability of providing IRS with more resources.

First, the agency's unique role should be recognized and it should be treated separately on any initiatives aimed at paring the size of the Federal work force. The rest of Government can essentially be lumped together and characterized as the "expenditure side." With some minor exceptions, IRS stands alone on the "revenue side." Actions to cut the cost of Government and scale back the pervasive Federal presence should not be indiscriminately applied to this agency and its special mission.

Second, it's important to keep in mind that IRS' various compliance activities do no more than require citizens to pay those taxes that were properly due in the first place, and that in fact were so paid by most of their number. Effective compliance should not be viewed as representing a special burden to the public at large; rather it's aimed at ensuring that all share their fair burden.

Finally, with respect to the question at hand, namely how many additional resources should IRS be provided with, let me offer the following. There is no doubt that IRS can return in added revenue some multiple of the additional funds it may be provided. As I noted earlier, the problem is trying to identify the optimum application of any finite amount of such resources. So I think that I would be inclined to ask IRS to come forward with its informed judgment on how various incremental funding increases would be applied. To me, it would not be unreasonable to task IRS with calculating the operational, revenue, and cost impacts of personnel gains of some staff-year increment, 500 for example, ranging up to perhaps a total increase of 5,000 people. Let me caution, however, that the Congress must be alert that the agency provides for meeting its basic management information needs, such as (1) the need for research to identify factors affecting voluntary compliance and (2) the need to develop a management information system that will provide the marginal cost yield data necessary for developing a more scientific approach to making resource determinations and allocations.

That concludes my prepared statement. I would be pleased to answer any questions.

IRS RESOURCES AND WORKLOAD BY PROGRAM
FISCAL YEARS 1976, 1980, 1982

	1976		1980		1982		Change 1976-82	
Program	Workload (000)	Staff years[1/]	Workload (000)	Staff years	Workload (000)	Staff years (estimates)	Workload %	Staff years %
Examination	123,361 filings	28,164	137,381 filings	28,370	140,000 filings	28,501	+ 13.5	+ 1.2
Collection								
Accts. Rec.	614 inventory	9,415	1,204 inventory	9,416	2,076 inventory	10,621	+238.1	+12.8
Delinq. Ret.	281 inventory	1,849	540 inventory	3,145	665 inventory	3,418	+136.7	+84.9
Returns Compliance	55 returns	442	137 returns	241	39 returns	117	- 29.1	-73.5
Criminal Inv.	8.1 invest.	4,090	7.1 invest.	4,353	6.4 invest.	4,191	- 21.0	+ 2.5
Inf. Returns[2/]	462,000 doc. rec.	1,700	573,000 doc. rec.	2,963	660,000 doc. rec.	3,260	+ 42.9	+91.8
Total IRS staff years		84,264		87,464		88,000		+ 4.4
Total IRS appropriations		$1,691,520 (000)		$2,288,489 (000)		$2,565,649 (000)		+51.7

1/1976 staff years are not adjusted to reflect organizational shifts.

2/Information Returns is a multifunctional program and some of the staff years shown for that program are also included in the staff years for the other programs listed above.

ATTACHMENT I

OPEN GAO RECOMMENDATIONS TO THE CONGRESS AND IRS TO IMPROVE COMPLIANCE AND/OR IRS EFFICIENCY

Congressional Recommendations	Source
1. Eliminate the requirement for a declaration of estimated tax.	GGD-80-61 5-8-80
2. Reconsider tax information disclosure limitations on law enforcement activities.	GGD-78-110 3-12-79
3. Modify summons provisions of 1976 Tax Reform Act.	GGD-80-76 6-17-80
4. Change the formula for calculating interest rates on unpaid taxes to make it more closely reflect true cost to the Treasury.	GGD-81-20 10-16-80
5. Impose mandatory withholding on agricultural employees.	B-137762 3-26-75
6. Repeal occupational taxes on the alcohol industry.	B-137762 1-16-76
7. Adopt standards for determining whether an individual is an employee or self-employed.	GGD-77-88 11-21-77
8. Improve penalties on taxpayers who falsely claim employment tax deposits on their tax return.	GGD-78-14 2-21-78
9. Revise educational expense deduction to clarify tax status of educational grants.	GGD-78-72 10-31-78
10. Consider ways of imposing a late filing charge on taxpayers due refunds who file late.	GGD-79-69 7-11-79
11. Revise the personal casualty and theft loss deduction.	GGD-80-10 12-5-79

Recommendations to the Commissioner of Internal Revenue 1/	Source
1. Increase use of computer audit techniques in all compliance programs.	GGD-80-33 1-24-80
2. Strengthen efforts to detect and pursue corporate nonfilers.	GGD-80-34 2-11-80
3. Simplify estimated tax forms and instructions.	GGD-80-89 7-16-80
4. Improve the selection system for traditional partnership returns.	GGD-80-98 9-5-80
5. Expand and improve the computer processing of information returns.	FGMSD-81-4 10-20-80
6. Improve programs to collect taxes withheld by employers.	GGD-78-14 2-21-78
7. Improve utilization of currency transaction reports.	GGD-79-24 4-6-79
8. Develop and use an ADP Cost Accounting System in IRS.	GGD-79-48 6-18-79
9. Develop more selective system for detecting and investigating nonfilers.	GGD-79-69 7-11-79
10. Establish a system to check delinquent returns for unreported income.	GGD-79-69 7-11-79
11. Improve the corporate audit selection system.	GGD-79-43 8-3-79
12. Develop standards to assure quality of audit of individual returns.	GGD-79-59 8-15-79
13. Improve planning for criminal tax cases to develop goals.	GGD-80-9 11-6-79
14. Work with Attorney General to develop a streamlined legal review process for criminal tax cases.	GGD-81-25 4-29-81

1/As of May 1981, IRS had many of these recommendations at various stages of implementation.

YIELD/AVERAGE COST ESTIMATES FOR MAJOR IRS PROGRAMS FISCAL YEAR 1982

Program	Yield 1/	Cost (millions)	Yield/Cost Ratio
Examination	$7,244	$866	8.4
Criminal Investigations	6,543 (Invest.)	141	$21,550 cost per Invest.
Accounts Receivable	$5,948	286	20.8
Accounts	3,961	2/	2/
Notices	1,987	2/	2/
Delinquency Investigations	1,531	92	16.6
Returns Compliance	11	3	3.7
Document Matching	2/	2/	5.0
Math Error	2/	2/	2/

1/ Yield is measured in millions of dollars of net assessments except for the Criminal Investigations and the Accounts Receivable Programs. The Criminal Investigations Program is measured in total investigations; the Accounts Receivable Program in millions of dollars collected.

2/ Data not readily available.

YIELD/AVERAGE COST ESTIMATES FOR MAJOR IRS PROGRAMS FISCAL YEAR 1981

Program	Yield 1/	Cost (millions)	Yield/Cost Ratio
Examination	$6,718	$835	8.0
Criminal Investigations	6,608 (Invest.)	151	$22,851 cost per Invest.
Accounts Receivable	$5,534	264	21.0
Accounts	3,686	2/	2/
Notices	1,848	2/	2/
Delinquency Investigations	1,163	79	14.7
Returns Compliance	24	7	3.4
Document Matching	2/	2/	5.0
Math Error	2/	2/	2/

1/ Yield is measured in millions of dollars of net assessments except for the Criminal Investigations and the Accounts Receivable Programs. The Criminal Investigations Program is measured in total investigations; the Accounts Receivable Program in millions of dollars collected.

2/ Data not readily available.

YIELD/AVERAGE COST ESTIMATES FOR MAJOR IRS PROGRAMS FISCAL YEAR 1980

Program	Yield 1/	Cost (millions)	Yield/Cost Ratio
Examination	$6,317	$780	8.1
Criminal Investigations	7,114 (Invest.)	154	$21,647 cost per Invest.
Accounts Receivable	$6,000	219	27.4
Accounts	3,996	2/	2/
Notices	2,004	2/	2/
Delinquency Investigations	1,309	73	17.9
Returns Compliance	18	6	3.0
Document Matching	311	63	4.9
Math Error	1,242	2/	2/

1/ Yield is measured in millions of dollars of net assessments except for the Criminal Investigations and the Accounts Receivable Programs. The Criminal Investigations Program is measured in total investigations; the Accounts Receivable Program in millions of dollars collected.

2/ Data not readily available.

YIELD/AVERAGE COST ESTIMATES FOR MAJOR IRS PROGRAMS FISCAL YEAR 1979

Program	Yield 1/	Cost (millions)	Yield/Cost Ratio
Examination	$4,863	$720	6.8
Criminal Investigations	8,700 (Invest.)	130	$14,942 cost per Invest.
Accounts Receivable	$4,900	213	23.0
Accounts	3,316	2/	2/
Notices	1,584	2/	2/
Delinquency Investigations	839	62	13.5
Returns Compliance	21	6	3.5
Document Matching	227	57	4.0
Math Error	1,270	2/	2/

1/ Yield is measured in millions of dollars of net assessments except for the Criminal Investigations and the Accounts Receivable Programs. The Criminal Investigations Program is measured in total investigations; the Accounts Receivable Program in millions of dollars collected.

2/ Data not readily available.

YIELD/AVERAGE COST ESTIMATES FOR MAJOR IRS PROGRAMS FISCAL YEAR 1978

Program	Yield 1/	Cost (millions)	Yield/Cost Ratio
Examination	$4,994	$675	7.4
Criminal Investigations	8,733 (Invest.)	121	$13,855 cost per Invest.
Accounts Receivable	$3,315	201	16.5
Accounts	2/	2/	2/
Notices	2/	2/	2/
Delinquency Investigations	435	57	9.8
Returns Compliance	125		
Document Matching	219	52	4.2
Math Error	1,068	2/	2/

1/ Yield is measured in millions of dollars of net assessments except for the Criminal Investigations and the Accounts Receivable Programs. The Criminal Investigations Program is measured in total investigations; the Accounts Receivable Program in millions of dollars collected.

2/ Data not readily available.

YIELD/AVERAGE COST ESTIMATES FOR MAJOR IRS PROGRAMS FISCAL YEAR 1977

Program	Yield 1/	Cost (millions)	Yield/Cost Ratio
Examination	$4,084	$632	6.5
Criminal Investigations	8,361 (Invest.)	105	$12,558 cost per Invest.
Accounts Receivable	$3,069	188	16.3
Accounts	2/	2/	2/
Notices	2/	2/	2/
Delinquency Investigations	363	36	10.1
Returns Compliance	138	10	13.8
Document Matching	2/	39	2/
Math Error	716	2/	2/

1/Yield is measured in millions of dollars of net assessments except for the Criminal Investigations and the Accounts Receivable Programs. The Criminal Investigations Program is measured in total investigations; the Accounts Receivable Program in millions of dollars collected.

2/Data not readily available.

YIELD/AVERAGE COST ESTIMATES
FOR MAJOR IRS PROGRAMS
FISCAL YEAR 1976

Program	Yield 1/	Cost (millions)	Yield/Cost Ratio
Examination	$4,447	$601	7.4
Criminal Investigations	8,797 (Invest.)	100	$11,367 cost per Invest.
Accounts Receivable	$3,492	179	19.5
Accounts	2/	2/	2/
Notices	2/	2/	2/
Delinquency Investigations	407	35	11.6
Returns Compliance	133	8	16.6
Document Matching	130	24	5.4
Math Error	662	2/	2/

1/ Yield is measured in millions of dollars of net assessments except for the Criminal Investigations and the Accounts Receivable Programs. The Criminal Investigations Program is measured in total investigations; the Accounts Receivable Program in millions of dollars collected.

2/ Data not readily available.