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Testimony

Before the Subcommittee on Oversight, Committee on Ways  
and Means, House of Representatives

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TAX COMPLIANCE

1994 Taxpayer Compliance  
Measurement Program

Statement of Jennie S. Stathis, Director  
Tax Policy and Administration Issues  
General Government Division



064092/154731

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Madam Chairman and Members of the Subcommittee:

We are pleased to be here to assist the Subcommittee in its inquiry into the Internal Revenue Service's (IRS) Taxpayer Compliance Measurement Program (TCMP). TCMP is a key component of IRS' overall compliance strategy, providing both baseline compliance measurements and data to help IRS improve its compliance programs. IRS collects TCMP data by performing audits on a random sample of taxpayer returns in which every line of every return is examined.

My statement today covers the importance of the TCMP, our conclusions on criticisms of the TCMP, and features and status of the planned TCMP of 1994 tax returns.

I would like to begin with a brief description of TCMP.

#### TCMP AND ITS USES

TCMP began in 1962 when IRS recognized the increased importance of measuring compliance with the tax laws. Since then, TCMP audits have covered 11 different types of returns. TCMP audits of individual returns have been the most frequently employed, generally being conducted every 3 years. TCMP audits have also been conducted on the returns of corporations, partnerships, and S-corporations, but less frequently than on those submitted by individuals. It has taken IRS more than 4 1/2 years to complete a TCMP. This time frame covers the planning phase (which occurs before tax returns are filed) to final data analysis, which includes estimating compliance levels and developing formulas for selecting returns to audit in succeeding years.

TCMP is a unique tool in IRS' array of strategies to measure and correct noncompliance. It is the only tool that allows IRS to make statistically reliable estimates of compliance nationwide. TCMP data are also important to non-IRS users in congressional and executive branch agencies and academia for policy formulation, research, and revenue estimation purposes.

IRS uses TCMP data to develop objective, mathematical formulas, which it then uses to score returns for audit selection. In this way, IRS can make more efficient use of its audit resources and avoid burdening compliant taxpayers. For example, in 1968, the year before IRS started using this scoring system, about 43 percent of IRS' audits resulted in no change to an individual's tax liability. By using TCMP-based formulas, IRS has been able to more accurately select tax returns requiring changes, thus reducing the no-change rate to less than 15 percent in 1994.

Also, given TCMP's statistical validity and comprehensiveness, it is useful for identifying compliance trends for specific issues and groups of taxpayers. For example, by analyzing 1979 and 1982

TCMP data, IRS identified a significant compliance problem with the number of dependents claimed on tax returns. IRS reasoned that this problem could be mitigated if dependents' Social Security Numbers were required to be entered on tax returns. The 1986 Tax Reform Act required this entry for most dependents claimed. The Joint Committee on Taxation estimated that this change would generate an additional \$300 million in tax revenues annually. IRS has estimated that, as a result of this requirement, taxpayers claimed 7 million fewer dependents on their 1987 tax returns than they did the year before.

TCMP data also allow IRS to estimate the tax gap and its components. The tax gap is the difference between the amount of taxes owed and the amount of taxes voluntarily paid in a year. TCMP data are used to identify the compliance levels with all types of income and deductions and these are the data from which tax gap estimates are constructed.

TCMP data are also used outside IRS to (1) estimate the revenue impact of proposed legislation; (2) adjust the national income accounts, such as the gross domestic product; and (3) conduct research on tax compliance. We have made extensive use of TCMP data in our own analyses of tax administration issues. For example, we used TCMP to identify problems with the Earned Income Tax Credit and erroneous dependent and filing status claims. (A summary of reports in which we made use of TCMP data can be found in appendix I to this statement.)

#### CRITICISMS OF TCMP

In 1991, IRS decided that, despite its many benefits, TCMP had to be changed to make it less costly, less intrusive on compliant taxpayers, and more timely in producing results. IRS officials believed that these concerns were significant enough for them to undertake a major effort to redesign TCMP. By September of 1992, IRS officials had proposed cutting the sample size by half--to about 25,000 returns for individual taxpayers. IRS officials also proposed modifying TCMP procedures so that not all tax return lines would be audited. In addition, IRS began developing other programs to replace TCMP data, including proposals to use data from operational audits and non-IRS databases to identify noncompliance.

In an April 1993 report, we noted that while these concerns had some validity and TCMP could probably be improved, our analysis of TCMP cases and IRS' support for its concerns led us to believe that these problems were not as significant as IRS asserted.<sup>1</sup> We reported that TCMP was not too costly because past TCMP

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<sup>1</sup>Tax Administration: IRS' Plans to Measure Tax Compliance Can Be Improved (GAO/GGD-93-52, April 5, 1993).

results had been used to more efficiently allocate billions of dollars in enforcement resources and to recommend tax law changes that generated millions of dollars of revenue a year. We also noted that the burden was small compared with the benefits derived from the TCMP audits. We pointed out that TCMP audits actually reduced the audit burden on taxpayers not included in TCMP to the extent that the use of TCMP data reduced the number of compliant taxpayers selected for other IRS audits. We also noted that IRS could speed up its analysis of TCMP data if, for example, it validated data earlier in the process.

We concluded that the proposed changes to the size and scope of TCMP would undercut its significant benefits. Moreover, IRS itself recognized the value of TCMP as an important source for objective compliance data. Out of this recognition came a new TCMP covering tax year 1994 returns that is larger than previous surveys and for which audits are slated to begin in late 1995.

#### 1994 TCMP--A COMPREHENSIVE EFFORT

The 1994 TCMP will be the most comprehensive TCMP effort ever undertaken. With a sample of about 153,000 income tax returns, this TCMP is designed to obtain compliance information for individuals, small corporations (i.e., those with assets of \$10 million or less), partnerships, and S corporations.<sup>2</sup> Previously, IRS had done separate TCMP surveys for each of these entity types.

IRS estimates that the TCMP will cost about \$559 million in direct costs over the next 3 fiscal years (1996-1998)--about 16 percent of IRS' estimated \$3.4 billion examination budget--and about \$1.5 billion in opportunity costs, which are the revenues that will not be realized from conducting regular audits. While the primary purpose of TCMP audits is not to produce revenues, IRS also estimates that the revenue yield from these cases will be about \$685 million. The 153,000 taxpayers that will be audited represent about 1/10 of 1 percent (0.1 percent) of the 125 million individual and business taxpayers covered by this TCMP. Thus, relatively few taxpayers will be burdened by TCMP audits. These audits are scheduled to begin in November 1995 and be concluded by May 1998.

The 1994 TCMP sample will stratify tax returns by market segment. A market segment represents a group of taxpayers with similar characteristics, such as those in manufacturing, regardless of

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<sup>2</sup>An S corporation is one taxed similarly to a partnership. A qualifying corporation may choose to be generally exempt from federal income tax. Its shareholders then include in their income their share of the corporation's separately stated items of income, deduction, loss, and credit.

the type of return they file. IRS plans to stratify the sampled returns into 25 business (including one on foreign controlled corporations) and 3 nonbusiness (individual) market segments. IRS believes that stratifying the sample in this manner will allow it to more effectively use TCMP data for identifying noncompliance trends and selecting cases for audit. To ensure comparability with previous TCMP surveys, the sample can also be analyzed in the groupings used in prior TCMP surveys (i.e., by return type, assets, and income). (Appendix II shows the number of sampled cases and estimated number of taxpayers in each market segment.)

IRS also plans to provide its auditors more information on each sample case than in the past. Auditors are to receive 3 years of tax returns (1994 and the two prior years), third-party information returns, and other taxpayer-specific data. Also, District Office Research and Analysis sites are to provide industry-specific profiles for each market segment in their geographical areas. IRS believes that this additional information will help auditors better plan their audits and reduce taxpayer burden by requesting only those taxpayer records that are needed for the audit. This additional information should also improve the results, and thus the value, of TCMP audits.

Unlike in prior surveys, in the 1994 TCMP auditors will try to identify and record the cause of noncompliance and the related tax issues. Knowing the specific tax issues involved and understanding the reasons for noncompliance will help IRS develop cost-effective ways to improve compliance.

IRS is emphasizing quality audits in this TCMP and is training auditors on how to spot potential noncompliant behavior in specific market segments. IRS has also modified its quality review program to help ensure quality audits. In past TCMP surveys, quality control was left largely to line supervisors. For the 1994 survey, IRS plans to have a three-tier quality control program, in addition to supervisory review. In the first tier, an "in-process" review team will review audit workpapers on a sample basis while the audits are still under way to help ensure that auditors are doing quality audits. For the second tier, audit managers will review each case prior to closure. Finally, IRS' audit quality review group will review a sample of closed cases. In addition, the District Office Research and Analysis sites plan to review data entered onto the TCMP database for input accuracy.

In past TCMP surveys, IRS concentrated primarily on income tax issues. In the 1994 survey, employment taxes will receive more attention. Examiners will be told to refer businesses that appear to be in violation of employment tax regulations to employment tax auditors. Information from these audits will also

be part of the TCMP database. This effort should provide much needed information on employment tax compliance as well as data on the treatment of workers as independent contractors--an issue that has suffered from the lack of statistical data and has been the subject of extensive controversy.

Finally, IRS hopes to improve the data collection process. In past TCMP surveys, auditors manually recorded audit adjustments on a checksheet, which was later transcribed into the TCMP database by district or regional office clerical staff. IRS officials have long had a concern about errors that occurred during this data entry process and were not detected until long after the audits were complete. In the 1994 TCMP, for the first time, all case data will be entered directly into computers. To help ensure accurate data, IRS plans to have computer software to do consistency checks that will alert the auditor to correct errors while the audit workpapers are still available for reference. Using such computerized input should reduce the potential for transcription errors and improve the quality of the data transmitted to the TCMP database maintained at IRS' Detroit Computing Center.

#### STATUS OF THE 1994 TCMP

The 1994 TCMP offers IRS an opportunity to obtain information on the compliance characteristics of a broad segment of the taxpaying population. It is important that TCMP proceed on a timely basis because IRS' compliance data are becoming quite old. The longer the interval between TCMP surveys, the less useful is TCMP, given changes in the economy and the tax law. The latest TCMP surveys were made of 1988 individual returns, 1987 small corporation returns, 1984 S corporation returns, and 1981 partnership returns. The 1994 TCMP, however, is not progressing as smoothly as IRS expected.<sup>3</sup>

IRS has not met some of its key milestones, including testing of the data collection system to be used for gathering data and development of training materials. Consequently, the first audits will be delayed at least one month, to November 1995.

-- IRS is developing two electronic checksheets or data collection systems for TCMP. The Totally Integrated Examination System (TIES), under development for use in the regular audit program, is being modified to meet TCMP specifications. Because IRS officials are not sure whether TIES will meet the TCMP data requirements, IRS is also

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<sup>3</sup>In December 1994, we issued a status report on the progress IRS was making on planning for TCMP entitled Tax Compliance: Status of the Tax Year 1994 Compliance Measurement Program (GAO/GGD-95-39, Dec. 30, 1994).

developing a backup system specifically for TCMP. IRS had planned to test these systems in June 1995; but at that time neither was ready. IRS now hopes to have these tests completed by August 31, 1995.

- IRS had planned to have training materials available by March 1995 and to complete training of the auditors by September 1995. As of July 12, 1995, the training materials were not complete. Auditor training is now planned to begin in October 1995, with most auditors trained by the end of November 1995.

It is important to have a fully functional data collection system as soon as possible because other steps in the planning process, such as auditor training and development of TCMP procedures, depend on it. IRS is counting on TIES to work, but is also developing a backup system in case TIES fails. TIES has the capability to do more audit routines better and faster than the backup system. For example, TIES can automatically produce the Revenue Agent Report that taxpayers receive on the results of their audits. TIES also has the capability to perform on-line data validity and consistency checks, helping ensure that TCMP data are accurate. The backup system does not have all of these capabilities. Therefore, if TIES cannot be used for TCMP, it may take auditors longer to complete each audit; and TCMP data will be more prone to error.

IRS officials are confident that TIES will pass the August tests, but do not have the same level of confidence that TIES can be used for all TCMP audits. They told us that all revenue agents who will conduct audits at a taxpayer's place of business are scheduled to have portable computers that can handle TIES. These agents are scheduled to conduct about 57,000 of the 93,000 Form 1040 TCMP audits. The remaining 36,000 Form 1040 audits are supposed to be done by tax auditors in IRS field offices. However, all tax auditors do not have access to computers that can use TIES.

According to IRS officials, only 29 of the 63 district offices have computers with TIES capability that tax auditors can use. IRS estimates that about 21,000 TCMP returns will have to be audited either by having tax auditors use the backup data collection system or having revenue agents who have adequate computers conduct the audits. Using the backup data collection system could delay audits and adversely affect the quality of the TCMP data. Having revenue agents audit the returns would increase program costs.<sup>4</sup>

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<sup>4</sup>IRS estimated that having revenue agents conduct the audits would reduce examination yield by \$394 million over fiscal years 1996 through 1998.



IRS has estimated that it would cost about \$1.7 million to provide the additional 425 computers and related furniture needed to properly equip tax auditors. IRS officials said that funds are not available to make these purchases. IRS has thus encouraged the districts where tax auditors do not have computers with TIES capability to canvas their districts for computers that can be given to tax auditors doing TCMP audits.

We are concerned that the districts may not find enough computers and will therefore use either more costly revenue agents to conduct the audits or have tax auditors use the less efficient backup collection system.

We are also concerned that IRS will not be taking full advantage of all TIES features for TCMP purposes. IRS officials told us that the "other expenses" and the "other income" lines on business returns are often adjusted during audits, sometimes relating to more than one type of expense or income. Using TIES, auditors may assign codes that identify the specific reason and related tax issue for each type of adjustment made to these lines. However, only one adjustment code will be put on the TCMP database at the Detroit Computing Center.

We were told that the TCMP database would have to be modified to accommodate more than one code and that it would be too costly to do so. However, it may be possible to create a subsidiary file that could be attached to the database that would allow additional codes to be captured. IRS may want to consider this option so that these data can be used for compliance research purposes.

Similarly, TIES allows for computerized workpapers, with detailed information on reasons for noncompliance and audit techniques used. However, according to IRS officials, while auditors are required to use the TIES data collection feature, IRS cannot require auditors to use the TIES workpaper feature because the union contract gives auditors the option of generating workpapers by hand. In our 1994 TCMP status report, we suggested that IRS find ways to make workpapers available through electronic media so that the workpapers would be readily available for compliance research.

IRS agreed to explore the feasibility of at least retaining the disks in cases where auditors use computerized workpapers. We are not aware of any action that IRS has taken on this issue. Better, more efficient compliance research could be done if all audit workpapers were computerized and readily accessible to researchers.

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In concluding my testimony, I would like to again take this opportunity to indicate our support for TCMP. IRS' 1994 TCMP plans, if effectively implemented, should go a long way towards improving its collection of compliance data. Better data provide the foundation for better compliance programs as well as the capability to avoid auditing compliant taxpayers. While the start of audits will be delayed at least 1 month, it appears that TCMP audits can still be completed on time. This can only be done, however, if IRS makes a concerted effort to finish development and testing of its data collection system, as well as ensure that all auditors are adequately equipped and trained by the end of 1995.

This concludes my testimony. We will be pleased to answer any questions you may have.

GAO REPORTS THAT USED TCMP DATAErroneous Dependent and Filing Status Claims (GAO/GGD-93-60, Mar. 19, 1993)

We found that the dependent support test was too complex and burdensome for many taxpayers to voluntarily comply with; about 73 percent of dependent claims failed to meet the dependent support test. We recommended that Congress consider enacting legislation that would substitute a residency test for the support test and consider eliminating the household maintenance test from the head-of-household filing status. We recommended that IRS correct the problems in its limited matching program and implement a 100-percent computer matching program to identify erroneous dependent claims. We used a sample of 1988 TCMP cases to determine the sources of erroneous dependent and filing status claims.

Many Benefits and Few Costs to Reporting Net Operating Loss Carryover (GAO/GGD-93-131, Sept. 23, 1993)

We found that IRS instructions on the amounts that corporations should report on the net operating loss deduction line were incomplete and confusing. We also found that it was profitable to audit NOLD returns. We recommended that IRS revise its instructions on reporting the deduction to clarify amounts that can be deducted, clearly define net operating loss carryover, require corporations to annually report their carryovers, and use the reported amounts to track corporate deductions of these losses. IRS has implemented our recommendations. We used the 1987 corporate TCMP to identify taxpayers who claimed the NOLD incorrectly.

Computer Matching Could Identify Overstated Business Deductions (GAO/GGD-93-133, August 13, 1993)

Small business tax noncompliance is a serious problem. TCMP audits showed that small corporations in 1987 and sole proprietors in 1988 overstated their deductions by an estimated \$40 billion and did not file required information returns on at least \$19 billion in payments to individual taxpayers. Our analysis of TCMP databases showed reverse matching could have identified overstated deductions and unreported wages. We recommended that IRS do a limited test of a reverse matching program on wages while it addresses the limitations to an expanded program for other deductions, such as for services and bad debts.

Earned Income Tax Credit Design and Administration Could Be Improved (GAO/GGD-93-145, Sept. 24, 1993)

We found that EITC appears to be achieving its goals. Those workers who receive the credit and are below the poverty line have their overall federal tax burden substantially reduced, while those qualified workers who are above the poverty line have their taxes reduced somewhat. Also, work incentives for some workers appear to be enhanced by the credit. However, we also found that one-third of the taxpayers who received the credit were not entitled to it. This occurred primarily because tax filers claimed the wrong filing status. We recommended that IRS modify the tax return to capture all the requisite qualifications information. We used TCMP data to determine the magnitude and types of erroneous EIC claims that IRS' processing procedures could not detect.

IRS Can Better Pursue Noncompliant Sole Proprietors (GAO/GGD-94-175, August 2, 1994)

Sole proprietors account for a disproportionate share of noncompliance. Although only 13 percent of individual taxpayers, they account for an estimated 40 percent of the noncompliance. We found that IRS did not have a comprehensive compliance strategy for sole proprietors. We noted that IRS could better use existing TCMP data to identify root causes of noncompliance. We demonstrated this by using TCMP data to look at the causes of noncompliance for truckers and automobile body repair shops. We recommended that IRS develop pro forma recordkeeping for truckers and ensure that insurance companies provided information returns on payments to automobile repair shops.

Estimates of the Tax Gap for Service Providers (GAO/GGD-95-59, December 28, 1994)

Using the 1988 TCMP and the broadest definition of service provider, we estimated that between 0.2 million and 1.6 million of the 11.5 million service providers may be misclassified employees. The estimate of the 1992 income tax gap for these service providers ranged from \$21 billion to over \$30 billion. If those misclassified workers were reclassified as employees, a significant amount of the taxes owed would likely have been withheld by the employers. IRS studies have indicated that taxpayers subject to withholding were substantially more compliant.

MARKET SEGMENTS AND SAMPLE SIZES FOR IRS' 1994 TCMP

Table II.1: Market Segments and Sample Sizes for IRS' 1994 TCMP--  
Individuals

Market segment	Population of market segment (000)	Sample size		
		Form 1040s	All returns	Percent that are 1040s
Nonbusiness--no schedules	66,069	5,042	5,042	100.0
Nonbusiness--no Schedules C, E, or F	24,647	15,175	15,175	100.0
Nonbusiness with Schedule E	10,250	7,958	7,958	100.0
Very small business	9,785	5,105	5,105	100.0
Farm business	850	6,852	8,602	79.7
Building trade contractors	942	3,135	5,851	53.6
All other construction	226	2,759	6,049	45.6
Manufacturing	201	1,502	6,313	23.8
Mining and minerals	28	1,502	3,457	43.4
Agricultural services	233	1,506	3,067	49.1
Wholesale trade	241	2,167	7,792	27.8
Direct sales to individual	187	1,506	1,595	94.4
Auto and boat dealers and service stations	149	1,504	3,965	37.9
Food and beverage	342	2,841	4,931	57.6
Apparel, furniture, and general merchandise	130	1,506	3,540	42.5
Retail--all other	295	1,526	4,268	35.8
Real estate	312	1,506	5,759	26.2

Source: Final 1994 TCMP Sample Design.

Table II.1: Market Segments and Sample Sizes for IRS' 1994 TCMP--  
Individuals

Market segment	Population of market segment (000)	Sample size		
		1040s	All returns	Percent that are 1040s
Finance and insurance	246	1,758	4,040	43.5
Air, bus, and taxi	75	1,508	2,805	53.8
Other transportation and utilities	381	1,522	3,703	41.1
Amusement, recreation, and motion pictures	194	1,507	3,671	41.1
Medical and health	444	2,042	5,034	40.6
Business and personal services	509	1,682	6,144	27.4
Hotel, lodging, automotive	813	1,509	5,473	27.6
Unable to classify	57	12,024	15,317	78.5
Miscellaneous business and personal services	532	2,382	2,382	100.0
Miscellaneous services	465	3,159	5,496	57.5
Total <sup>a</sup>	118,071	92,185	152,534	60.4

<sup>a</sup>Totals may not add due to rounding.

Source: Final 1994 TCMP Sample Design.

Table II.2: Market Segments and Sample Sizes for IRS' 1994 TCMP--  
Corporations

Market segment	Population of market segment (000)	Sample size		
		Form 1120s	All returns	Percent that are 1120s
Nonbusiness--no schedules	0	0	5,042	0.0
Nonbusiness--no Schedules C, E, or F	0	0	15,175	0.0
Nonbusiness with Schedule E	0	0	7,958	0.0
Very small business	0	0	5,105	0.0
Farm business	50	538	8,602	6.3
Building trade contractors	144	1,615	5,851	27.6
All other construction	116	2,175	6,049	36.0
Manufacturing	216	3,662	6,313	58.0
Mining and minerals	25	665	3,457	19.2
Agricultural services	17	444	3,067	14.5
Wholesale trade	213	4,502	7,792	57.8
Direct sales to individual	not available	0	1,595	0
Auto and boat dealers and service stations	74	1,369	3,965	34.5
Food and beverage	129	936	4,931	19.0
Apparel, furniture, and general merchandise	51	917	3,540	25.9
Retail--all other	175	1,625	4,268	38.1
Real estate	266	2,967	5,759	51.5

Source: Final 1994 TCMP Sample Design.

Table II.2: Market Segments and Sample Sizes for IRS' 1994 TCMP--Corporations

Market segment	Market segment population (000)	Sample size		
		1120s	All returns	Percent that are 1120s
Finance and insurance	103	994	4,040	24.6
Air, bus, and taxi	8	382	2,805	13.6
Other transportation and utilities	76	963	3,703	26.0
Amusement, recreation, and motion pictures	46	963	3,671	26.2
Medical and health	210	1,708	5,034	33.9
Business and personal services	175	3,173	6,144	51.6
Hotel, lodging, automotive	127	2,680	5,473	49.0
Unable to classify	0	2,002	15,317	13.1
Miscellaneous business and personal services	not available	0	2,382	0.0
Miscellaneous services	294	1,080	5,496	19.7
Total <sup>a</sup>	2,514	35,360	152,534	23.2

<sup>a</sup>Totals may not add due to rounding.

Source: Final 1994 TCMP Sample Design.



Table II.3: Market Segments and Sample Sizes for IRS' 1994 TCMP--S-corporations

Market segment	Market segment population (000)	Sample size		
		Form 1120Ss	All returns	Percent that are 1120Ss
Nonbusiness--no schedules	0	0	5,042	0.0
Nonbusiness--no Schedules C, E, or F	0	0	15,175	0.0
Nonbusiness with Schedule E	0	0	7,958	0.0
Very small business	0	0	5,105	0.0
Farm business	37	591	8,602	6.9
Building trade contractors	109	598	5,851	10.2
All other construction	80	594	6,049	9.8
Manufacturing	121	595	6,313	9.4
Mining and minerals	17	597	3,457	17.3
Agricultural services	25	596	3,067	19.4
Wholesale trade	111	595	7,792	7.6
Direct sales to individual	not available	0	1,595	0.0
Auto and boat dealers and service stations	46	596	3,965	15.0
Food and beverage	135	597	4,931	12.1
Apparel, furniture, and general merchandise	40	596	3,540	16.8
Retail--all other	128	593	4,268	13.9
Real estate	204	594	5,759	10.3

Source: Final 1994 TCMP Sample Design.

Table II.3: Market Segments and Sample Sizes for IRS' 1994 TCMP--S-corporations

Market segment	Market segment population (000)	Sample size		
		Form 1120Ss	All returns	Percent that are 1120Ss
Finance and insurance	68	598	4,040	14.8
Air, bus, and taxi	11	599	2,805	21.4
Other transportation and utilities	64	594	3,703	16.0
Amusement, recreation, and motion pictures	52	594	3,671	16.2
Medical and health	74	595	5,034	11.8
Business and personal	244	593	6,144	9.7
Hotel, lodging, automotive	78	593	5,473	10.8
Unable to classify	32	595	15,317	3.9
Miscellaneous business and personal services	Not available	0	2,382	0.0
Other miscellaneous services	139	598	5,496	10.9
Total <sup>a</sup>	1,815	12,501	152,534	8.2

<sup>a</sup>Totals may not add due to rounding.

Source: Final 1994 TCMP Sample Design.

Table II.4: Market Segments and Sample Sizes for IRS' 1994 TCMP--Partnerships

Market segment	Market segment population (000)	Sample size		
		Form 1065s	All returns	Percent that are 1065s
Nonbusiness--no Schedules	0	0	5,042	0.0
Nonbusiness--no Schedules C, E, or F	0	0	15,175	0.0
Nonbusiness with Schedule E	0	0	7,958	0.0
Very small business	0	0	5,105	0.0
Farm business	104	621	8,602	7.2
Building trade contractors	31	503	5,851	8.6
All other construction	25	521	6,049	8.6
Manufacturing	24	554	6,313	8.8
Mining and minerals	39	693	3,457	20.0
Agricultural services	21	521	3,067	17.0
Wholesale trade	18	528	7,792	6.8
Direct sales to individual	1	89	1,595	5.6
Auto and boat dealers and service stations	16	496	3,965	12.5
Food and beverage	56	557	4,931	11.3
Apparel, furniture, and general merchandise	23	521	3,540	14.7
Retail--all other	56	524	4,268	12.3
Real estate	662	692	5,759	12.0

Source: Final 1994 TCMP Sample Design.

Table II.4: Market Segments and Sample Sizes for IRS' 1994 TCMP--Partnerships

Market segment	Market segment population (000)	Sample size		
		Form 1065s	All returns	Percent that are 1065s
Finance and insurance	134	690	4,040	17.1
Air, bus, and taxi	3	316	2,805	11.3
Other transportation and utilities	23	624	3,703	16.9
Amusement, recreation, and motion pictures	23	607	3,671	16.5
Medical and health	29	689	5,034	13.7
Business and personal services	76	696	6,144	11.3
Hotel, lodging, automotive	58	691	5,473	12.6
Unable to classify	7	696	15,317	4.5
Miscellaneous business and personal services	Not available	0	2,382	0.0
Miscellaneous services	72	659	5,496	12.0
Total <sup>a</sup>	1,501	12,488	152,534	8.2

<sup>a</sup>Totals may not add due to rounding.

Source: Final 1994 TCMP Sample Design.

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