

IRS reports increase in audits and taxpayer services for fiscal 2007

The IRS reports that it continues to make strong progress in a number of key enforcement areas. Recently published statistics show the number of audits increased in all areas in fiscal 2007, the number of e-filers has increased, and the usage of the IRS Web site is increasing as well.

During 2007 the IRS audited 84 percent more returns of individuals with incomes of \$1 million or more than during 2006. Overall, enforcement revenue reached \$59.2 billion, up from \$48.7 billion in 2006 and nearly \$34.1 billion in 2002.

Highlights of the enforcement and services numbers for fiscal year 2007, which ended on September 30, include:

Individuals

Audit rates increased in 2007, both for overall individual rates and for higher-income taxpayers.

Audits of individuals with incomes of \$1 million or more increased from 17,015 during fiscal year 2006 to 31,382 during fiscal year 2007, an increase of 84 percent. One out of 11 individuals with incomes of \$1 million or more faced an audit in 2007.

Overall, the total individual returns audited increased by 7 percent to 1,384,563 in 2007 from 1,293,681 in 2006. That's the highest number since 1998.

Audits of individuals with incomes over \$200,000 reached 113,105 returns, up 29.2 percent from the prior year total of 87,885.

The IRS increased audits of individual returns with income of \$100,000 or more, auditing 293,188 of these returns in 2007, up 13.7 percent from last year's total of 257,851.

The IRS filed 3.8 million levies and almost 700,000 liens during 2007, an increase from the previous year and a substantial increase from five years earlier.

Businesses

In the business arena, the IRS continued efforts to review more returns of flow-through entities – partnerships and S Corporations. The agency's business

numbers reflect that they have placed more emphasis in the growing area of these flow-through returns. While large corporate audits are down slightly, they have increased their focus on mid-market corporations – those with assets between \$10 million and \$50 million dollars. The IRS enforcement budget in 2007 was similar to the budget in 2006, and in times of flat budgets, the agency states that it cannot increase activity across the board but must address the areas where there is growth and potential risk.

Audits of S Corporations increased to 17,681 during 2007, up 26 percent from the prior year's total of 13,984.

Audits of partnerships increased to 12,195 during 2007, up almost 25 percent from the prior year's total of 9,777.

Audits of mid-market corporations increased to 4,473, up 6 percent from last year's total of 4,218.

Audits of businesses in general rose to 59,516, an increase of almost 14 percent from the prior year's total of 52,223.

Although the audits of large corporations dipped slightly in 2007 to 9,644 audits, the number of audits is up 14 percent from the fiscal year 2002 level.

Taxpayer Services

More taxpayers chose to file electronically in 2007 than during the prior year, with 57 percent of individual tax filers choosing to e-file in 2007, up from 54 percent in 2006.

More people visited the IRS internet site, IRS.gov. The IRS site was accessed more than 217 million times in 2007, up more than 10.5 percent from the same period in 2006.

The IRS helped more taxpayers find out about their refunds through the agency's internet-based system 'Where's my Refund?' The system was accessed 32.1 million times during 2007, up 30 percent from last year's usage of 24.7 million.

As in the prior year, the IRS accuracy was 91 percent on tax law questions answered through its toll-free telephone service.

The agency held a 94 percent customer satisfaction rating for its toll-free telephone service.

More detailed information is available in the [FY 2007 IRS Enforcement and Services Tables](#) and the [FY 2007 Enforcement Revenue and Individual Audits Chart](#).

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