High-Income Tax Returns for 1990

The Tax Reform Act of 1976 required annual publication of data on individual income tax returns reporting income of $200,000 or more, including the number of such returns reporting no income tax liability and the importance of various tax provisions in making these returns nontaxable [1]. This article presents summary data on high-income tax returns for the period 1977 to 1990, and detailed data for 1990. Data for the years 1974 through 1989 have been published previously [2].

Two income concepts are used in this article to classify tax returns as high income: the statutory income concept of "Adjusted Gross Income" (AGI), and the "Expanded Income" concept [3]. Expanded income uses items reported on tax returns to obtain a more comprehensive measure of income than AGI. Specifically, expanded income is AGI *plus* tax-exempt interest, nontaxable social security benefits, the foreign earned income exclusion, and items of "tax preference" for "alternative minimum tax" purposes; *less* unreimbursed employee business expenses, moving expenses, investment interest to the extent it does not exceed investment income, and miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor [4]. Note that although expanded income is a more comprehensive measure of income than AGI, for some taxpayers the subtractions from AGI to arrive at expanded income exceed the additions, with the result that expanded income is less than AGI.

Number of High-Income Returns

For 1990, there were 834,957 individual income tax returns reporting AGI of $200,000 or more, and 860,940 reporting expanded income of $200,000 or more. These returns represented, respectively, 0.734 and 0.757 percent of all returns for 1990 (see the top panel of Figure A).

Since 1977, the number of returns reporting income of $200,000 or more increased at a much more rapid rate than the total number of returns filed. This pattern is true under both income concepts. Each year these high-income returns have comprised a larger share of all returns than for the preceding years (Figure A). The difference in the number of high-income returns between the two income concepts significantly decreased beginning with 1987, when AGI began to include 100 percent of long-term capital gains. This change in the definition of AGI makes the income concepts of AGI and expanded income more comparable. In addition, as a result of the inclusion of tax-exempt interest in expanded income starting with 1987, expanded income for years after 1986 is not strictly comparable to expanded income for years before 1987.

In the top panel of Figure A the $200,000 threshold for high-income returns is measured in current year (nominal) dollars. As a result of inflation, the real (constant) dollar level of the threshold has fallen over time, and some returns are classified as high income that would not have been classified as high income in earlier years. To maintain the comparability of the threshold over time, the threshold has been adjusted for inflation to constant 1976 dollars for all years, and the number of high-income tax returns has been recomputed [5].

The results using the constant 1976 dollar threshold are shown in the lower panel of Figure A. Using the expanded income concept, the number of high-income returns for 1990 measured in current year dollars was 13 times as large as for 1977. Measured in constant 1976 dollars, the number of returns for 1990 was four times the number for 1977. Note that since 1977, the number of returns with income of $200,000 or more in constant 1976 dollars increased at a more rapid rate than the total number of returns filed. Between 1977 and 1990, the share of such returns rose from 0.067 percent to 0.201 percent of all returns.

Based on AGI, the number of high-income returns for 1990 measured in current year dollars was 16 times as large as for 1977. Measured in constant 1976 dollars, the number of returns for 1990 was five times the number for 1977. Between 1977 and 1990, the share of such returns rose from 0.052 percent to 0.191 percent of all returns.

Nontaxable High-Income Returns

Two tax concepts are used in this article to classify tax returns as taxable or nontaxable. The first concept, "U.S. Income Tax," is total Federal income tax liability (including the alternative minimum tax), less all credits against income tax (except the earned income tax credit). Since the U.S. income tax applies to worldwide income and since a credit (subject to certain limits) is allowed against U.S. income tax for income taxes paid to foreign governments, a return could be classified as nontaxable under this first concept even though income taxes had been paid to a foreign government. The second tax concept, "Worldwide Income Tax," addresses this circumstance by adding back to U.S. income tax the allowed foreign tax credit and foreign taxes paid on excluded foreign earned income [6], [7].

For 1990, of the 834,957 income tax returns with AGI of $200,000 or more, 1,219, or 0.146 percent, had no U.S. income tax liability; and 1,114, or 0.133 percent, had no worldwide income tax liability (see the top panel of Figure

This article was prepared under the direction of Jeff Hartzok, Chief, Individual Returns Analysis Section.

Figure A

All Returns and Returns with Income of $200,000 or More Measured in Current Dollars and in Constant 1976 Dollars, by Income Concept, Tax Years 1977-1990

Tax year	$200,000 income threshold measured in current dollars				
	All returns	Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(1)	(2)	(3)	(4)	(5)
1977	88,634,640	53,403	67,580	0.060	0.076
1978	89,771,551	68,506	85,137	0.076	0.095
1979	92,694,302	93,731	122,231	0.101	0.132
1980	93,902,459	117,250	149,826	0.125	0.160
1981	96,396,123	138,136	175,092	0.143	0.182
1982	95,337,432	169,367	207,291	0.178	0.217
1983	96,321,310	198,608	249,319	0.206	0.259
1984	99,438,708	243,760	310,042	0.245	0.312
1985	101,660,287	296,507	370,340	0.292	0.364
1986	103,045,170	374,363	529,460	0.363	0.514
1987	106,996,270	539,967	557,848	0.505	0.521
1988	109,708,280	725,345	737,659	0.661	0.672
1989	112,135,673	786,063	814,152	0.701	0.726
1990	113,717,138	834,957	860,940	0.734	0.757

Tax year	Total	$200,000 income threshold measured in constant 1976 dollars				
		Number of returns by income concept		Percentage of all returns by income concept		Current dollar income threshold equal to $200,000 in constant 1976 dollars (whole dollars)
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	
	(6)	(7)	(8)	(9)	(10)	(11)
1977	88,634,640	45,931	58,991	0.052	0.067	213,005
1978	89,771,551	49,388	62,556	0.055	0.070	229,174
1979	92,694,302	55,542	76,479	0.060	0.083	255,184
1980	93,902,459	52,512	71,704	0.056	0.076	289,631
1981	96,396,123	50,880	71,146	0.053	0.074	319,508
1982	95,337,432	59,411	81,297	0.062	0.085	339,192
1983	96,321,310	67,310	93,977	0.070	0.098	350,088
1984	99,438,708	80,800	116,389	0.081	0.117	365,202
1985	101,660,287	95,740	134,715	0.094	0.133	378,207
1986	103,045,170	119,550	191,596	0.116	0.186	385,237
1987	106,996,270	161,408	169,942	0.151	0.159	399,297
1988	109,708,280	235,051	241,201	0.214	0.220	415,817
1989	112,135,673	217,685	228,530	0.194	0.204	435,852
1990	113,717,138	216,716	228,659	0.191	0.201	459,400

B). For 1989, there were 1,081 returns (0.138 percent) with AGI of $200,000 or more with no U.S. income tax liability; and 987 returns (0.126 percent) with no worldwide income tax liability.

Of the 860,940 tax returns with expanded income of $200,000 or more, 1,183, or 0.137 percent, had no U.S. income tax liability; and 1,087, or 0.126 percent, had no worldwide income tax liability. Of the 814,152 returns with expanded income of $200,000 or more for 1989, there were 779 (0.096 percent) with no U.S. income tax liability; and 691 (0.085 percent) with no worldwide income tax liability. Although the number of nontaxable returns went up greatly between 1977 and 1990, because the number of all returns -- taxable and nontaxable -- with income of $200,000 or more also increased very substantially, the percentage of nontaxable returns increased only

modestly. Since the inclusion of tax-exempt interest in expanded income starting with 1987, the concept of expanded income is no longer strictly comparable to expanded income calculated for years before 1987.

Using the constant 1976 dollar threshold, the number of nontaxable returns was significantly lower than the number of such returns in current dollars. Yet the percentages of returns which were nontaxable are not substantially different as measured by AGI and are much lower as measured by expanded income. Of returns with AGI of $200,000 or more in current dollars, 0.146 percent reported no U.S. income tax for 1990, and 0.133 percent had no worldwide income tax. For returns in constant 1976 dollars, the percentage of returns without U.S. income tax liability was 0.156; the percentage of these returns without worldwide income tax liability was 0.142

Figure B

Nontaxable Returns with Income of $200,000 or More Measured in Current Dollars and in Constant 1976 Dollars, by Tax and Income Concept, Tax Years 1977-1990

Tax year	$200,000 income threshold measured in current dollars							
	Number of nontaxable returns with income of $200,000 or more				Percentage of all returns with income of $200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1977	60	85	37	64	0.112	0.126	0.069	0.095
1978	98	105	60	67	0.143	0.123	0.088	0.079
1979	70	114	28	64	0.075	0.093	0.030	0.052
1980	143	198	56	114	0.122	0.132	0.048	0.076
1981	226	304	79	114	0.164	0.174	0.057	0.065
1982	262	299	109	153	0.155	0.144	0.064	0.074
1983	447	579	321	437	0.225	0.232	0.162	0.175
1984	532	325	471	271	0.218	0.105	0.193	0.087
1985	612	613	442	454	0.206	0.166	0.149	0.123
1986	659	595	437	379	0.176	0.112	0.117	0.072
1987	857	472	740	364	0.159	0.085	0.137	0.065
1988	822	397	731	309	0.113	0.054	0.101	0.042
1989	1,081	779	987	691	0.138	0.096	0.126	0.085
1990	1,219	1,183	1,114	1,087	0.146	0.137	0.133	0.126

Tax year	$200,000 income threshold measured in constant 1976 dollars							
	Number of nontaxable returns with income of $200,000 or more				Percentage of all returns with income of $200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1977	54	75	32	56	0.118	0.127	0.070	0.095
1978	62	70	31	39	0.126	0.112	0.063	0.062
1979	38	71	15	39	0.068	0.093	0.027	0.051
1980	56	71	22	39	0.107	0.099	0.042	0.054
1981	53	87	21	55	0.104	0.122	0.041	0.077
1982	58	68	27	36	0.098	0.084	0.045	0.044
1983	138	135	113	108	0.205	0.144	0.168	0.115
1984	170	78	160	66	0.210	0.067	0.198	0.057
1985	190	155	137	99	0.198	0.115	0.143	0.073
1986	201	189	138	120	0.168	0.099	0.115	0.063
1987	312	126	271	85	0.193	0.074	0.168	0.050
1988	277	141	251	116	0.118	0.058	0.107	0.048
1989	293	128	269	106	0.135	0.056	0.124	0.046
1990	339	169	307	137	0.156	0.074	0.142	0.060

(see the lower panel of Figure B). Of the returns with expanded income of $200,000 or more in current dollars, 0.137 percent reported no U.S. income tax, and 0.126 percent reported no worldwide income tax. For returns in constant 1976 dollars, the percentage of these returns without U.S. tax liability was 0.074; the percentage of these returns without worldwide income tax liability was 0.060. Beginning with 1987, the number of high-income returns whose nontaxability may be attributed to foreign tax credits has been reduced substantially. The reduction appears to be attributable to changes in the foreign tax credit provisions of the "alternative minimum tax" (AMT).

Note that the number of nontaxable returns with incomes of $200,000 or more are based on samples. Thus, year-to-year differences in the numbers and percentages of nontaxable returns with expanded income of $200,000 or more may represent sampling variability in addition to actual changes in the numbers of such returns [8].

Figures C and D show the number of nontaxable, high-income returns in both current year and constant 1976 dollars, and their proportion of all high-income returns between 1977 and 1990. Figure C is for returns with expanded income of $200,000 or more and no U.S. income tax liability measured in both current year and constant 1976 dollars. Figure D is for returns with expanded income of $200,000 or more and no worldwide income tax liability. In both figures, the spread between the two percentage lines is small for the late 1970's, showed an increase for the early 1980's, then narrowed before widening again for 1989 and 1990.

Detailed Data for 1990

Tables 1 through 12 present data based on 1990 income tax returns, mainly those with incomes of $200,000 or more (measured in current year dollars) of AGI or

Figure C

Number and Percentage of Returns with No U.S. Income Tax and with Expanded Income of $200,000 or More, Tax Years 1977-1990

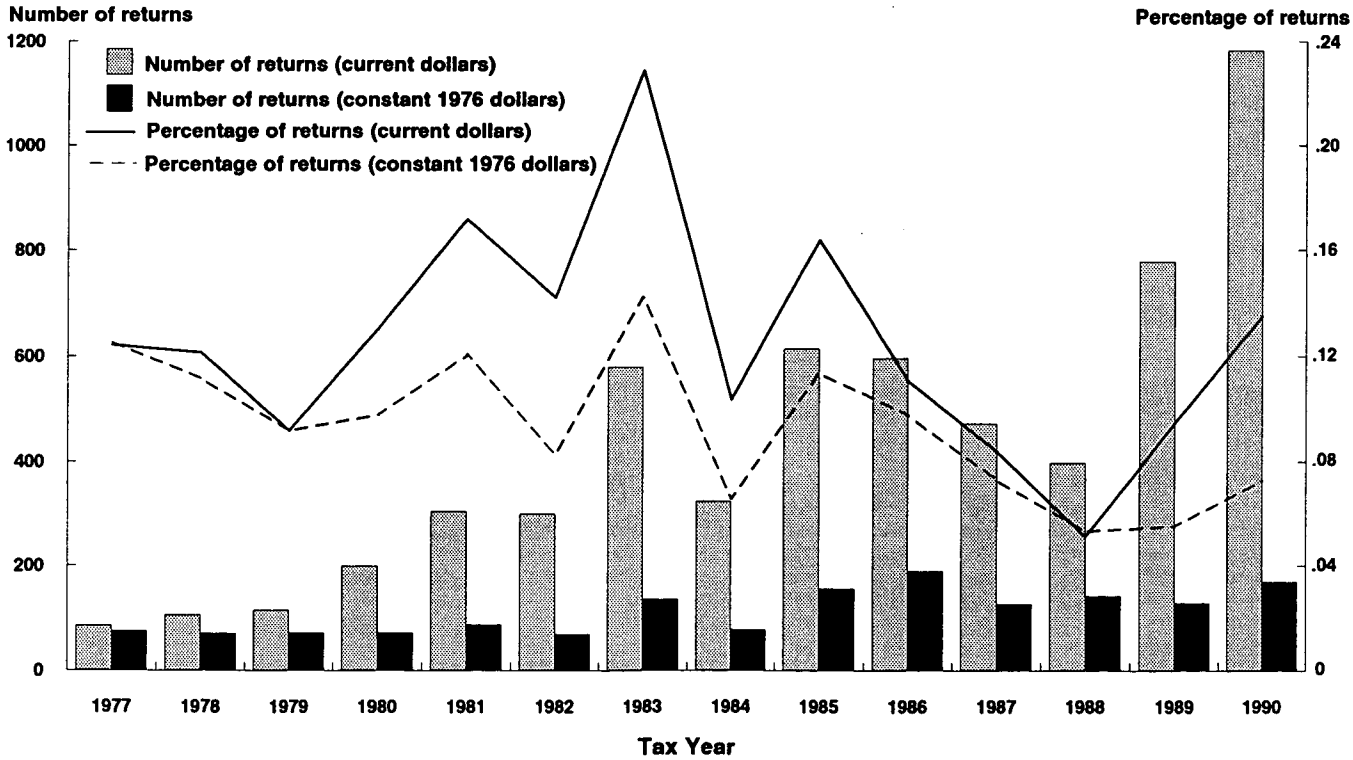
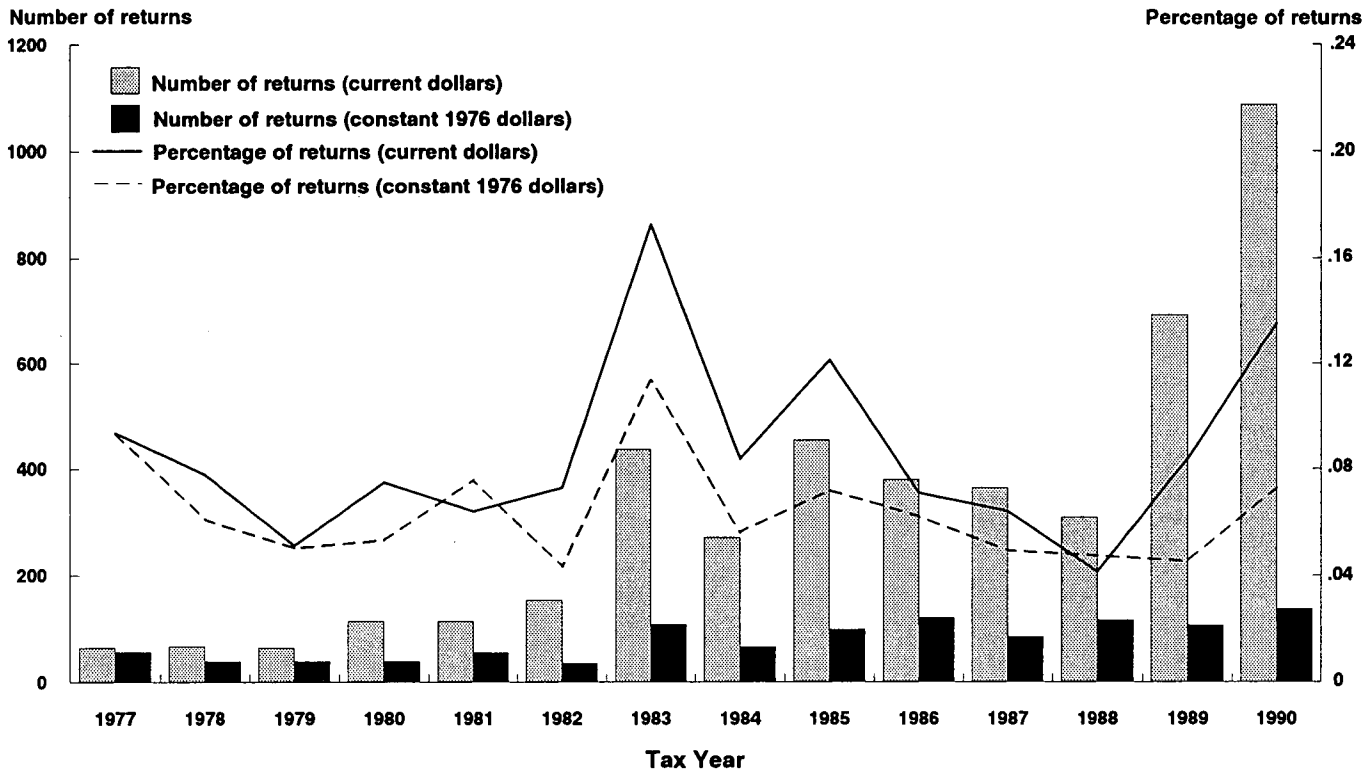


Figure D

Number and Percentage of Returns with No Worldwide Income Tax and with Expanded Income of $200,000 or More, Tax Years 1977-1990



expanded income. Most of the data are shown for taxable and nontaxable returns, both separately and combined. In summary, the tables show:

- The numbers of returns under the two tax concepts, cross-classified by broad AGI and expanded income classes (Tables 1 and 2);
- The distributions of taxable income as a percentage of AGI and expanded income (Tables 3 and 4);
- The frequencies and amounts of various sources of income, exclusions, deductions, taxes, and tax credits, as well as the relationship between the two income concepts (Tables 5 and 6);
- The frequencies with which various deductions and tax credits are the most important and the second most important items in reducing (or eliminating) income taxes (Tables 7 and 8);
- The frequencies with which various itemized deductions, tax credits, and preferences occur as certain percentages of income (Tables 9 and 10); and
- The distributions of effective tax rates, i.e., income tax under each definition as a percentage of income, by broad income classes (Tables 11 and 12).

Tables 1,3,5,7,9, and 11 use the U.S. income tax concept to classify returns as taxable or nontaxable, whereas Tables 2,4,6,8,10, and 12 use the worldwide income tax concept.

Size of Income

Tables 1 and 2 show the number of all returns, taxable returns, and nontaxable returns, cross-classified by broad AGI and expanded income size classes. The tables show that most returns fall in the same broad income size class under both income concepts, but that expanded income tends to be a broader measure of income and therefore

classifies more total and taxable returns in each of the $50,000-and-over income size classes. However, for nontaxable high- income returns, AGI tends to be a broader measure. For example, Table 1 shows that 1,219 returns with no U.S. income tax had an AGI of $200,000 or more, and 1,183 returns with no U.S. income tax had an expanded income of $200,000 or more.

Distribution of Tax Levels

Tables 3 and 4 show the distributions of high-income returns by the ratios of "adjusted" taxable income (adjusted to reflect tax credits and special tax computations) to AGI or expanded income. Taxable income has been adjusted for these tables by subtracting from taxable income the deduction equivalents of tax credits and other items [9]. The tables illustrate three important facts about high-income tax returns. (The examples in the paragraphs below are drawn from the "expanded income" columns in Table 4.)

- As already described, only a small proportion of high-income taxpayers were able to escape all income taxes (0.126 percent).
- Another group of high-income taxpayers--also a small group, but larger than the nontaxable group--was able to offset a very substantial fraction of its income before being subject to tax. This type of high-income taxpayer pays income tax equal to only a small share of his or her income. Such taxpayers may be called "nearly nontaxables." (About 0.8 percent of high expanded-income taxpayers were able to reduce their taxable income to less than 25 percent of their expanded income.)
- Overall, a large portion of high-income taxpayers were subject to tax on a large share of their income and reported very substantial amounts of tax. (About 65 percent had taxable income exceeding 80 percent of expanded income. Over 95 percent had taxable income of more than 50 percent of expanded income.)

Tables 11 and 12 present another way of showing the distributions of tax returns: by tax burden. These two tables classify all tax returns by both the size of income and the effective tax rate, i.e., income tax as a percentage of income. These tables show that, on average, high-income taxpayers do have higher effective tax rates. The tables also illustrate the wide dispersion of effective tax rates for high-income returns. For example, Table 12 shows that while 2.4 percent of returns with expanded incomes of $200,000 or more had either no worldwide income tax or worldwide income tax of less than 10 percent of expanded income, about 30 percent had effective tax rates exceeding 25 percent. About 93 percent had average tax rates ranging from 15 percent to 30 percent, with 52.4 percent having effective tax rates between 20 and 25 percent and 29.2 percent having rates between 25 and 30 percent.

Characteristics of Tax Returns

Tables 5 and 6 show, in the aggregate, the frequencies and amounts of the types of income, the items of tax preference, and the various deductions, credits, and income taxes shown on high-income returns. By comparing the columns for nontaxable returns with those for taxable returns, some of the different characteristics of nontaxable returns can be deduced. For example, nontaxable returns, under both income concepts, are much more likely to have sizable partnership and S Corporation losses than are taxable returns [10], but they are much less likely to have any income from wages and salaries.

Reasons for Nontaxability

It is possible for certain itemized deductions and certain exclusions from income to cause nontaxability by themselves, but high-income returns are more often nontaxable as a result of a combination of reasons, no one of which by itself would result in nontaxability. Moreover, some items which singly or in combination may eliminate regular tax liability cannot eliminate an AMT liability since these items give rise to offsetting adjustments or preferences for AMT purposes.

Because they do not generate AMT adjustments or preferences, tax-exempt bond interest, itemized deductions for interest expense, miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor, moving expenses, casualty or theft losses, and medical expenses (exceeding 10 percent of AGI) can, by themselves, produce nontaxability [11].

Due to the AMT exclusion of $40,000 on joint returns ($30,000 on single and head-of-household returns and $20,000 on returns of married taxpayers filing separately), a return could be nontaxable even though it included some items which produced AMT adjustments or preferences [12]. Further, since the starting point for AMT income is taxable income for regular tax purposes, a taxpayer could have adjustments and preferences exceeding the AMT exclusion without incurring AMT liability. This situation occurs if taxable income for regular tax purposes was sufficiently negative, as a result of itemized deductions and personal exemptions exceeding AGI, that the taxpayer's AMT adjustments and preferences were less than the sum of the AMT exclusion and the amount by

which regular taxable income was below zero. Note that because of the AMT, taxpayers may have found it beneficial to report additional deduction items on their tax returns, even if the items did not produce a benefit for regular tax purposes.

Tables 7 and 8 classify tax returns by the items that had the largest and second largest effects in reducing or eliminating income tax. For returns on which each of the largest effects have been identified, the tables show each of the second largest effects. For example, on taxable returns with expanded income of $200,000 or more, the most important item in reducing the amount of tax reported on 53 percent of the returns was the itemized deduction of State and local taxes; for these returns, the itemized deduction for interest payments was the second most important reason 48 percent of the time, and the deduction for charitable contributions was the second reason 42 percent of the time (Table 8). Conversely, on nontaxable returns (with no worldwide income tax), the itemized deduction for medical and dental expenses was the most important item 39 percent of the time. Where this was the primary item, the deduction for charitable contributions was the second most important item 88 percent of the time, and the taxes paid deduction was the second most important item 6 percent of the time.

The four categories which most frequently had the largest effect in reducing taxes for nontaxable, high expanded-income returns were: the itemized deduction for medical and dental expenses (387 returns, or 39.3 percent of the 985 returns with expanded income of $200,000 or more and with no worldwide tax liability); the charitable contributions deduction (327 returns or 33.2 percent); net losses from partnerships or S Corporations (137 returns or 13.9 percent); and the itemized deduction for interest paid (56 returns or 5.7 percent). Note that the net losses from partnerships and S Corporations reduce AGI; the other three items reduce "taxable income." The two items which most frequently had the second largest effect in reducing "regular tax" liability, i.e., income tax excluding AMT, were the total for miscellaneous deductions, and the deduction for charitable contributions.

Tables 9 and 10 represent another way of illustrating the importance of various tax provisions in reducing or eliminating income tax. Unlike Tables 7 and 8, these tables cover only nontaxable returns, i.e., returns showing no income tax liability. Tables 9 and 10 show the number of times that various items reduced income by different fractions of income. The items shown are the various categories of itemized deductions, the deduction equivalents of two different types of tax credits, and total tax preferences excluded from income. For example, for high expanded-income returns with no worldwide income tax (Table 10), the itemized deduction for casualty or theft losses exceeded 100 percent of expanded income on 28 of the 1,087 returns, but there was no casualty or theft loss deduction on 1,042 returns. The total interest paid deduction exceeded total expanded income on 20 returns and was between 70 percent and 100 percent of expanded income on an additional 30 returns.

Notes and References

[1] The statutory requirement is contained in section 2123 of the Tax Reform Act of 1976 (90 Stat. at 1915).

[2] Lerman, Allen H., "High-Income Tax Returns: 1974 and 1975, A Report on High-Income Taxpayers Emphasizing Tax Returns with Little or No Tax Liability," U.S. Department of Treasury, Office of Tax Analysis, March 1977, and "High- Income Tax Returns: 1975 and 1976, A Report Emphasizing Nontaxable and Nearly Nontaxable Income Tax Returns," U.S. Department of Treasury, Office of Tax Analysis, August 1978.

U.S. Department of Treasury, Internal Revenue Service, *Statistics of Income--Individual Income Tax Returns*, for 1977 through 1982 and 1985 through 1988. (For 1977 and 1978, only the number of nontaxable, high-AGI returns were published.)

Lerman, Allen H., "High-Income Tax Returns, 1983," *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4, pp. 31-61, and "High-Income Tax Returns, 1984," *Statistics of Income Bulletin*, Spring 1987, Volume 6, Number 4, pp. 1-29.

"High-Income Tax Returns, 1989," *Statistics of Income Bulletin*, Spring 1993, Volume 12, Number 4, pp. 23-50.

[3] The 1976 Act specified four income concepts for classifying tax returns: adjusted gross income (AGI), expanded income, AGI plus excluded preferences, and AGI less investment interest not in excess of investment income. Section 441 of the Deficit Reduction Act of 1984 (90 Stat. at 815) eliminated the requirement for using the last two income concepts.

[4] The definition of adjustments to AGI to obtain the expanded income given in the text is for 1990. See Appendix A for a discussion of AGI and expanded income, and a list of adjustments covering all years since 1977.

[5] The price deflator used was the consumer price index (CPI) for all items as reported in Table B-56, page 361 of the 1992 *Economic Report of the President.*

[6] See Appendix B for a discussion of the tax concepts. In data published previous to Tax Year 1989, either in articles presented in the *Statistics of Income Bulletin* or in chapters in *Statistics of Income - Individual Income Tax Returns* (see footnote 2), the "U.S. income tax" concept was described as "total income tax," and the "worldwide income tax" concept was described as "modified total income tax."

[7] The inclusion of foreign taxes paid on excluded foreign earned income, beginning with Tax Year 1990, represents an improvement in the worldwide income tax concept. It does, however, represent a slight break in the comparability of data for worldwide income tax. (The number of returns with foreign taxes paid on excluded foreign earned income is extremely small compared to the number of returns with the foreign tax credit.)

[8] Beginning with Tax Year 1991, nontaxable returns with expanded incomes of $200,000 or more will be sampled at higher rates for *Statistics of Income,* which will reduce the sampling variability of these returns.

[9] See Appendix B for a description of how the deduction equivalent of credits was computed.

[10] S Corporations are generally small corporations having no more than 35 shareholders. These companies elect to be taxed at the shareholder level.

[11] The deduction for charitable contributions would also fall into this class were it not limited to 50 percent of AGI.

[12] The AMT exclusion phases out above a certain level of "alternative minimum taxable income," but since taxpayers will have some AMT liability in the phaseout range, the phaseout income is not relevant for nontaxable returns.

Appendix A: Income Concepts

The Congress wanted data on high-income taxpayers classified by an income concept that was more comprehensive than adjusted gross income (AGI), but that was based entirely on items already reported on income tax returns. In order to derive such an income concept, it is necessary to begin with a broad, inclusive concept of income. AGI must then be compared to this broad income concept, and the differences (both additions and subtractions) that can be determined from items reported on tax returns identified.

This Appendix begins by defining "Haig-Simons income," a very broad concept of income used by economists and others as a standard. AGI is then compared to Haig-Simons income, and the major differences between the two income concepts listed. The final section defines "expanded income," the more comprehensive income measure than AGI based entirely on tax return data.

Haig-Simons Income

The broadest measure of annual income generally used by economists and others is defined as the value of a household's consumption plus the change, if any, in its net worth. This income concept is referred to as Haig-Simons income, or H-S income, after the two economists who wrote extensively about it [A1]. The H-S income of a household that consumed $25,000 and saved $2,000 in a year would be $27,000. Alternatively, the H-S income of a household that consumed $25,000 and had no additions to savings but had assets that declined in value by $1,000 in a year would be $24,000.

H-S income consists of three broad components: labor income, capital income (income from assets), and income from transfer payments. The major elements of each of these three components are as follows:

- *Labor income* - This includes all forms of employee compensation, including wages and salaries; employee fringe benefits, such as employer-provided health insurance and accrued pension benefits or contributions; and the employer share of payroll taxes, such as social security taxes. Labor income also includes the labor share of self-employment income. Expenses of earning labor income would be deducted in arriving at H-S income. Deferred labor income, such as pension benefits, would be counted in the year it was earned, rather than in the year it was received.

- *Capital income* - This includes all income from assets, including interest, dividends, rents, royalties, accrued capital gains (whether or not realized), the capital income share of self-employment income, and the rental value of consumer durables (most importantly, the rental value of owner-occupied housing). Capital income is measured in real (inflation-adjusted) terms, and is net of real eco-

nomic depreciation and all other expenses (which could exceed capital income).

- *Transfer payments* - These include payments in cash (such as social security benefits, workers' compensation, unemployment benefits, aid for dependent children (AFDC), and noncash benefits (such as Medicare, Medicaid, and food stamps).

For purposes of tax analysis, H-S income should be measured on a pre-tax basis, the amount that would be earned if there were no Federal income tax in place. Most items of income are unaffected, or little affected, by the income tax, and so are reported on a pre-tax basis. However, certain income items from tax-preferred sources may be reduced because of their preferential treatment. An example is interest from tax-exempt State and local Government bonds. The interest rate on tax-exempt bonds is generally lower than the interest rate on taxable bonds of the same maturity and risk, with the difference being approximately equal to the tax rate of the typical investor in tax-exempt bonds. Thus, investors in tax-exempt bonds are effectively paying a tax, referred to as an "implicit tax," and tax-exempt interest as reported is measured on an after-tax, rather than a pre-tax, basis. Income from all tax-preferred sources should be grossed up by implicit taxes to properly measure H-S income.

Adjusted Gross Income

AGI is the statutory definition of income for Federal income tax purposes. AGI differs from H-S income by excluding some components of H-S income and by allowing accelerated business deductions and deductions unrelated to income, but also by disallowing or limiting certain expenses of earning income and certain losses. In addition, AGI is not "grossed up" for implicit taxes.

The components of H-S income excluded from AGI include most employee fringe benefits, the employer share of payroll taxes, accrued but deferred employee compensation, accrued but unrealized real capital gains, the rental value of consumer durables, most social security benefits and most other cash transfers, all noncash transfers, and the real income of borrowers due to inflation [A2].

Depreciation and certain other expenses allowed in determining AGI may be accelerated (relative to economic depreciation and other costs) in the early years of an investment, thus understating investment income. In later years, however, investment income in AGI will be overstated because depreciation and other accelerated expenses will then be understated. AGI also excludes contributions to individual retirement arrangements (IRA's) and self-employed retirement plans (Keogh's), which are not expenses related to earning income.

AGI generally *exceeds* H-S income to the extent expenses of earning income and losses are limited or disallowed. Most of the expenses of earning income are deductible *from* AGI in calculating taxable income, but only if the taxpayer "itemizes" deductions and then in some cases only to the extent that the sum of all such items exceeds 2 percent of AGI. Expenses incurred in the production of income that are itemized deductions include certain expenses of employees (such as union dues; expenditures for items used on-the-job but not reimbursed by the employer; and the employees' travel, meal, and entertainment expenses); job-related moving expenses; and expenses attributable to a taxpayer's investments (as opposed to the active operation of a trade or business) including, but not limited to, interest expense incurred in connection with investments in securities. Note that there are limits on certain types of deductible expenses. In particular, deductible meals and entertainment expenses are limited to 80 percent of total meal and entertainment expenses. Job-related moving expenses such as temporary quarters, and expenses of selling the old home are also limited.

Although net capital losses reduce economic income, only the first $3,000 of net realized capital losses may be deducted in computing AGI. Any additional realized losses must be carried forward to future years.

AGI can also exceed H-S income because of differences in the timing of income between the two concepts. For example, a taxpayer may realize more capital gains in a year than he or she accrues in capital gains. Since AGI includes only realizations of capital gains whereas H-S income includes only accruals, AGI in this circumstance would exceed H-S income.

Finally, just as AGI understates the income of borrowers due to inflation, it overstates the income of lenders, which include bond owners and owners of bank deposits.

Expanded Income

Expanded income is meant to be a measure of income that is conceptually closer to H-S income than AGI, but which is derived entirely from items already reported on income tax returns. Figure E shows the adjustments made to AGI to arrive at expanded income. Since the definition of AGI has been changed by legislation several times since 1977, and certain reporting requirements have also changed, the adjustments have differed over the years, as indicated for each item [A3]. Most of these adjustments are relatively straightforward, but the adjustment for investment requires some explanation.

Figure E

Derivation of Expanded Income from Adjusted Gross Income, Tax Years 1977 - 1990

"Adjusted gross income (AGI)"

PLUS:
- Excluded capital gains (tax years prior to 1987)
- Tax-exempt interest (1987 and later tax years)
- Nontaxable social security benefits (1987 and later tax years)
- Tax preferences for alternative minimum tax purposes [A4]
- Foreign earned income exclusion (Tax Year 1990)

MINUS:
- Unreimbursed employee business expenses [A5]
- Nondeductible rental losses (Tax Year 1987)
- Moving expense deduction (1987 and later tax years) [A6]
- Investment interest expense to the extent it does not exceed investment income
- Miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor (1989 and later tax years)

EQUALS: "Expanded Income"

Investment Interest

In measuring H-S income, it generally would be appropriate to deduct all expenses incurred in the production of income, including those related to any income-producing investments, without limit. Investment expenses in excess of investment income would then represent net economic losses. However, such a liberal deduction for investment-related expenses is not necessarily correct when not all income items have been included currently. (Investment income includes interest, dividends, and capital gains.)

If all income has not been included currently, full deduction of investment expenses might represent a mismatching of receipts and expenses and might result in *understating* income. For example, if a taxpayer borrowed funds to purchase securities, net income would be understated if the taxpayer deducted all interest payments on the loan but did not include as income any accrued gains on the securities. A similar mismatching of income and expenses would occur if investment expenses that should properly be capitalized were deducted when paid. In these instances, a more accurate measure of income might be obtained by postponing the deduction of the expense until such time as the income were recognized for tax purposes.

Additional problems are created when a person with a loan has both income-producing assets, such as securities, and non-income-producing assets, such as a vacation home or yacht. It is not possible to determine what portion of the interest expense should be attributed to taxable income-producing assets and, therefore, ought to be deductible against the gross receipts from such taxable assets. As a result of these problems, it has been necessary to set arbitrary limits on the amount of investment expenses which are deductible in calculating expanded income.

Investment expenses that have not been deducted in determining AGI generally can appear on a Federal individual income tax return in two places. Investment interest is taken into account in the calculation of the itemized deduction for interest. Deductible investment interest is a separate part of the total interest deduction. Other investment expenses, such as management fees, are included in the miscellaneous category of itemized deductions [A7]. Beginning with 1987, most of the types of income-producing expenses included as miscellaneous itemized deductions are only deductible to the extent that their total exceeds 2 percent of AGI. To determine expenses that should be deductible in calculating an approximation of H-S income, investment expenses have been *defined* as deductible investment interest. Other investment expenses could not be separated from the remainder of "miscellaneous" deductions. Hence, they have not been used in the adjustment for investment expenses.

To the extent that interest expenses do *not* exceed investment income, they are generally allowed as a deduction in the computation of deductible investment interest and thus expanded income. Investment interest expenses which do *exceed* investment income are *not* deductible in calculating expanded income. One consequence of this definition is that investment expenses can never turn positive investment income into investment losses. Generally, allowing investment expenses to offset all investment income is generous and tends to understate broadly-measured income. However, in some instances, limiting investment expenses to investment income may *overstate* income by disallowing genuine investment losses.

Notes to Appendix A

[A1] Haig, Robert M. (ed.), *The Federal Income Tax*, Columbia University Press, 1921, and Simons, Henry C., *Personal Income Taxation*, University of Chicago Press, 1938.

[A2] Borrowers receive income due to inflation because the real value of debt is reduced by inflation. Even though inflation may be anticipated and reflected in interest rates, tax deductions for nominal interest payments overstate interest costs because part of these payments represents a return of principal to the lender, rather than interest.

[A3] For 1977, 50 percent of long-term capital gains were included in AGI. During 1978, the inclusion

ratio was changed to 40 percent. This inclusion ratio remained unchanged through 1986. Beginning with 1987, there was no exclusion allowed for capital gains in computing AGI, and thus this adjustment was not made in computing expanded income for returns for years after 1986.

From this time forward, taxpayers were required to report on their Federal income tax returns the amount of their tax-exempt interest income from State and local Government bonds. Since 1987, tax-exempt interest has been included in expanded income.

Taxpayers are also required to report social security benefits. Since 1988, nontaxable social security benefits have been included in expanded income. The subtraction of unreimbursed employee business expense and the moving expense deduction is to make the concept of expanded income comparable to years prior to 1987.

Due to subtracting non-limited miscellaneous deductions and not subtracting the nondeductible rental loss for 1989, the expanded income concept for 1989 is not strictly comparable to expanded income for 1988. The expanded income concept for 1990 is not strictly comparable to expanded income for 1989 because of the addition of the foreign earned income exclusion. Specific details on the definition of expanded income for any given year are available in the reports and publications enumerated in footnote 2, under Notes and References.

[A4] The "tax preferences" (obtained from Form 6251, *Alternative Minimum Tax Computation*) excluded from adjusted gross income and tabulated in Tables 5 and 6 include the following items: the excess of accelerated depreciation over straight-line depreciation on certain real property and property subject to a lease (for property placed in service before 1987); the excess of rapid amortization allowable on certain capital expenditures (such as pollution control facilities) over depreciation otherwise allowable; the appreciated portion of the value of property contributed to charitable organizations; the excess of percentage depletion over the "adjusted basis" of the property; unrealized gain on the exercise of stock options; and certain intangible drilling costs to the extent that they exceed the otherwise allowable amortization deductions. Preferences obtained through itemized deductions do not represent omitted income; hence, they have not been counted as preference items in calculating a broader measure of income. The preference from tax-exempt interest on certain private activity bonds was not included since the interest for all tax-exempt State and local Government bonds is considered to be omitted income. Specific details on the tax preference items obtained from Form 6251 for earlier years are available in the reports and publications enumerated in footnote 2 under Notes and References.

[A5] Deductible meal and entertainment expenses are limited to 80 percent of total meal and entertainment expenses, beginning with Tax Year 1987.

[A6] Certain moving expenses such as expenses for temporary quarters and expenses of selling the old home are limited.

[A7] Some income deferrals and accelerated expense deductions may also be involved in income or losses from rental property, from royalties, from partnerships, and from certain small business corporations, only the net amounts of which are included in adjusted gross income.

Appendix B: Tax Concepts

This Appendix provides a brief summary of the U.S. taxation of worldwide income and the foreign tax credit. The two tax concepts used in the article are then defined. The following section explains the computation of the deduction equivalent of credits and other items. A final section discusses the possible implications of the use of unaudited tax return data for this article.

U.S. Taxation of Worldwide Income and the Foreign Tax Credit

Citizens and residents of the United States, regardless of where they reside, must generally include in income for Federal income tax purposes income from all geographic sources. Thus, for example, dividends and interest received from a foreign corporation or income earned working abroad is subject to Federal income tax in the same manner as income received from sources inside the United States [B1]. Income from sources outside the United States may also be subject to tax by foreign governments.

To reduce, if not eliminate, the possibility of double taxation of the foreign source income of U.S. citizens and residents, the Federal income tax allows a credit for income taxes paid to foreign governments. This foreign tax credit is generally limited to the amount of (pre-credit)

U.S. tax liability attributable to foreign-source income. This limit prevents the foreign tax credit from offsetting the U.S. tax on U.S. source income.

As a result of taxing citizens and residents on a worldwide basis but allowing a foreign tax credit, some Federal income tax returns may report substantial income but little or no U.S. tax liability after credits. This may occur, for example, if a taxpayer has income only from foreign sources (the taxpayer may live abroad the entire year and have no income-producing assets in the United States), or if a taxpayer has foreign-source income that exceeds a net loss from U.S. sources, and pays income taxes to a foreign government that are comparable to the U.S. tax [B2].

For taxpayers with income from foreign sources, these procedures understate the taxpayers' true worldwide income tax liabilities and effective income tax rates. For such taxpayers, it does not seem appropriate to classify U.S. income tax credits for foreign tax payments as reducing tax liabilities. That is particularly true for tax filers who appear to be nontaxable because they do not have any U.S. tax liability but who have paid foreign income taxes. A more accurate measure of overall income tax burden, as well as the numbers of nontaxable returns, can be obtained by considering all income taxes -- U.S. as well as foreign. Thus, a second tax concept "Worldwide Income Tax" has been used in addition to the traditional "U.S. Income Tax."

Two Tax Concepts

Two tax concepts are used in this article to classify tax returns as taxable (i.e., they show an income tax liability) or nontaxable (i.e., they do not show an income tax liability) and to measure the tax burdens on taxable returns: "U.S. Income Tax" and "Worldwide Income Tax." Worldwide income tax is defined for purposes of this article as U.S. income taxes plus the amount of foreign tax credits reported on the U.S. income tax return and foreign taxes paid on excluded foreign earned income (obtained from Form 1116). The amount of the foreign tax credits and foreign taxes paid on excluded foreign earned income is used as a proxy for foreign tax liabilities [B3]. The relationship of U.S. income tax to tax items reported on individual income tax returns, and to worldwide income tax is shown in Figure F.

Figure F

Derivation of "U.S. Income Tax" and "Worldwide Income Tax," Tax Year 1990

	Tax at normal rates (tax generated)
PLUS:	Additional taxes (such as tax on accumulation distributions from qualified retirement plans, Form 4972)
EQUALS:	Income tax before credits
PLUS:	Alternative minimum tax (Form 6251)
MINUS:	Tax credits (except the earned income credit)
EQUALS:	"U.S. Income Tax"
PLUS:	Foreign tax credit
PLUS:	Foreign taxes paid on excluded foreign earned income (Form 1116)
EQUALS:	Worldwide Income Tax

Comparing Exclusions, Deductions, Tax Credits, and Special Tax Computations

In order to compare the importance of various exclusions, deductions, tax credits, and special tax computations (such as the alternative minimum tax on tax preferences), the different types of items must be placed on the same basis. One way of doing so is to calculate the size of the deduction that would reduce (or increase) income tax by the same amount as a tax credit or special computation. This amount is called the "deduction equivalent" of the tax credit or special computation.

The deduction equivalent of a tax credit or a special tax computation is the difference between the taxable income that, using the ordinary tax rate schedules, would yield the actual tax before the provision in question is considered and the actual tax after the provision. For example, the "deduction equivalent of all tax credits" is equal to the difference between "taxable income which would yield income tax before credits" and "taxable income which would yield income tax after credits."

Using this method of equating the value of deductions, exclusions, credits, and special tax computations, the order in which the various credits and special tax computations are calculated may affect the value of their deduction equivalents. Because the tax rate schedules are progressive with successive increments to income taxed at successively higher tax rates, the deduction equivalent of the credit converted last to a deduction equivalent will be larger (for the same amount of a credit) than the item converted first, unless all relevant taxable income amounts are within a single tax rate bracket.

The deduction equivalents of tax credits shown in Tables 9 and 10 were computed by assuming that deductions and exclusions reduce taxes before credits. As a

result, the deduction equivalent of tax credits may be overstated.

Unaudited Data

Tax return data used for Statistics of Income have been tabulated as they were reported on tax returns filed with the Internal Revenue Service (IRS). Certain obvious arithmetic errors have been corrected, and certain adjustments have been made to achieve consistent statistical definitions. Otherwise, the data have not been altered. In particular, the data do not reflect any changes that may have been made or that may be made in the future as a result of IRS audits. While this is true of data throughout the entire Statistics of Income program, it is of particular relevance for high-income tax returns. Because of the greater complexity of these returns, there is a higher probability of error and more scope for disagreement about the proper interpretation of tax laws.

The fact that the data have been drawn from unaudited returns is of even greater importance for those high-income returns that are nontaxable. Almost any audit changes would make such returns taxable. Even where the tax consequences were minor, such returns would be reclassified from nontaxable to taxable, thereby changing the counts of nontaxable returns.

Notes to Appendix B

[B1] An exception is that certain income earned abroad may be excluded from AGI. Any foreign taxes paid on such income are not creditable against U.S. income tax. The tables in this article include such excluded income in expanded income. Foreign taxes paid on such income are reflected in worldwide income tax, as discussed later.

[B2] Although the foreign tax credit is an item of tax preference for AMT purposes, taxpayers below the AMT exclusion thresholds, or with preferences or deductions not subject to AMT, may completely offset their pre-credit U.S. income tax liability with their foreign tax credit.

[B3] Where foreign tax rates exceed U.S. rates, foreign tax credits will be less than foreign tax liabilities. In such cases, using foreign tax credits as a proxy for foreign tax liabilities understates worldwide income tax liability. In other cases, when foreign tax credits are for taxes paid on income from previous years, use of foreign tax credits as a proxy may overstate *or* understate worldwide taxes on current year income.

Table 1.--Returns With and Without U.S. Income Tax: Number of Returns, by Size of Income and by Tax Liability

[All figures are estimates based on samples]

Size of expanded income	Size of adjusted gross income				
	Total	Under $50,000	$50,000 under $100,000	$100,000 under $200,000	$200,000 or more
	(1)	(2)	(3)	(4)	(5)
All returns					
Total	**113,717,138**	**96,332,376**	**14,220,244**	**2,329,562**	**834,957**
Under $50,000	95,970,036	95,571,236	394,021	3,896	883
$50,000 under $100,000	14,494,901	741,917	13,641,788	110,724	473
$100,000 under $200,000	2,391,262	19,040	181,056	2,167,910	23,256
$200,000 or more	860,940	183	3,380	47,032	810,345
Returns with U.S. income tax [1]					
Total	**92,542,013**	**75,186,303**	**14,196,474**	**2,325,498**	**833,738**
Under $50,000	74,862,833	74,469,158	391,220	2,074	381
$50,000 under $100,000	14,433,613	700,894	13,622,058	110,330	331
$100,000 under $200,000	2,385,810	16,235	180,077	2,166,415	23,082
$200,000 or more	859,756	*15	3,119	46,678	809,944
Returns without U.S. income tax					
Total	**21,175,126**	**21,146,073**	**23,770**	**4,064**	**1,219**
Under $50,000	21,107,203	21,102,078	2,801	1,822	502
$50,000 under $100,000	61,288	41,023	19,730	*394	142
$100,000 under $200,000	5,452	2,804	*979	1,495	174
$200,000 or more	1,183	168	*261	*354	401

*Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Returns with U.S. income tax include returns on which income tax was entirely offset by the earned income credit.

NOTE: Detail may not add to totals because of rounding.

Table 2.--Returns With and Without Worldwide Income Tax: Number of Returns, by Size of Income and by Tax Liability

[All figures are estimates based on samples]

Size of expanded income	Size of adjusted gross income				
	Total	Under $50,000	$50,000 under $100,000	$100,000 under $200,000	$200,000 or more
	(1)	(2)	(3)	(4)	(5)
All returns					
Total	**113,717,138**	**96,332,376**	**14,220,244**	**2,329,562**	**834,957**
Under $50,000	95,970,036	95,571,236	394,021	3,896	883
$50,000 under $100,000	14,494,901	741,917	13,641,788	110,724	473
$100,000 under $200,000	2,391,262	19,040	181,056	2,167,910	23,256
$200,000 or more	860,940	183	3,380	47,032	810,345
Returns with worldwide income tax [1]					
Total	**92,565,018**	**75,207,803**	**14,197,715**	**2,325,657**	**833,843**
Under $50,000	74,878,051	74,484,372	391,220	2,074	384
$50,000 under $100,000	14,440,533	706,799	13,623,071	110,330	333
$100,000 under $200,000	2,386,581	16,616	180,306	2,166,574	23,086
$200,000 or more	859,852	*15	3,119	46,678	810,040
Returns without worldwide income tax					
Total	**21,152,121**	**21,124,573**	**22,529**	**3,905**	**1,114**
Under $50,000	21,091,985	21,086,864	2,801	1,822	499
$50,000 under $100,000	54,368	35,118	18,717	*394	140
$100,000 under $200,000	4,680	2,424	*750	1,336	170
$200,000 or more	1,087	168	*261	*354	305

*Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Returns with worldwide income tax include returns on which income tax was entirely offset by the earned income credit.

NOTE: Detail may not add to totals because of rounding.

Table 3.--Returns With and Without U.S. Income Tax and With Income of $200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept

[All figures are estimates based on samples]

Specified item	Adjusted gross income			Expanded income		
	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	**834,957**	**100.0**	**–**	**860,940**	**100.0**	**–**
Returns without U.S. income tax	**1,219**	**0.1**	**–**	**1,183**	**0.1**	**–**
Returns with U.S. income tax:						
Total	**833,738**	**99.9**	**100.0**	**859,758**	**99.9**	**100.0**
Ratio of adjusted taxable income to income per concept:						
Under 5 percent	442	0.1	0.1	754	0.1	0.1
5 under 10 percent	1,393	0.2	0.2	3,275	0.4	0.5
10 under 15 percent	1,618	0.2	0.4	3,505	0.4	0.9
15 under 20 percent	1,726	0.2	0.6	3,219	0.4	1.3
20 under 25 percent	1,020	0.1	0.7	3,555	0.4	1.7
25 under 30 percent	2,316	0.3	1.0	5,151	0.6	2.3
30 under 35 percent	2,388	0.3	1.3	5,147	0.6	2.9
35 under 40 percent	1,891	0.2	1.5	6,717	0.8	3.6
40 under 45 percent	4,301	0.5	2.1	8,239	1.0	4.6
45 under 50 percent	5,483	0.7	2.7	9,487	1.1	5.7
50 under 60 percent	22,974	2.8	5.5	33,396	3.9	9.6
60 under 70 percent	59,803	7.2	12.6	65,203	7.6	17.2
70 under 80 percent	153,253	18.4	31.0	166,607	19.4	36.6
80 percent or more	575,130	69.0	100.0	545,501	63.4	100.0

NOTE: Detail may not add to totals because of rounding.

Table 4.–Returns With and Without Worldwide Income Tax and With Income of $200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept

[All figures are estimates based on samples]

Specified item	Adjusted gross income			Expanded income		
	Number of returns	Percent of total	Cumulative percent of total	Number of returns	Percent of total	Cumulative percent of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	**834,957**	**100.0**	**–**	**860,940**	**100.0**	**–**
Returns without worldwide income tax	**1,114**	**0.1**	**–**	**1,087**	**0.1**	**–**
Returns with worldwide income tax:						
Total	**833,843**	**99.9**	**100.0**	**859,852**	**99.9**	**100.0**
Ratio of adjusted taxable income to income per concept:						
Under 5 percent	360	([1])	([1])	58	([1])	([1])
5 under 10 percent	650	0.1	0.1	262	([1])	([1])
10 under 15 percent	336	([1])	0.2	2,049	0.2	0.3
15 under 20 percent	665	0.1	0.2	1,682	0.2	0.5
20 under 25 percent	417	0.1	0.3	2,444	0.3	0.8
25 under 30 percent	1,622	0.2	0.5	4,345	0.5	1.3
30 under 35 percent	1,603	0.2	0.7	4,286	0.5	1.8
35 under 40 percent	1,608	0.2	0.9	5,955	0.7	2.5
40 under 45 percent	3,749	0.4	1.3	7,311	0.9	3.3
45 under 50 percent	4,868	0.6	1.9	8,677	1.0	4.3
50 under 60 percent	21,819	2.6	4.5	33,274	3.9	8.2
60 under 70 percent	57,960	7.0	11.5	63,872	7.4	15.6
70 under 80 percent	152,308	18.3	29.7	167,370	19.5	35.1
80 percent or more	585,877	70.3	100.0	558,268	64.9	100.0

[1] Less than 0.05 percent.

NOTE: Detail may not add to totals because of rounding.

Table 5.--Returns With and Without U.S. Income Tax and With Income of $200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax by Tax Status

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Returns with adjusted gross income of $200,000 or more						Returns with expanded income of $200,000 or more					
	Total		Returns with U.S. income tax		Returns without U. S. income tax		Total		Returns with U.S. income tax		Returns without U. S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Salaries and wages	690,713	190,653,025	690,008	190,528,617	705	124,407	693,330	190,112,538	693,013	190,048,966	318	63,572
Business or profession:												
Net income	192,293	25,746,408	192,037	25,724,153	256	22,255	194,830	25,797,703	194,749	25,785,352	81	12,352
Net loss	57,415	1,613,302	57,194	1,574,067	221	39,235	56,548	1,616,564	56,232	1,593,169	316	23,395
Farm:												
Net income	13,561	929,709	13,538	928,728	23	981	13,648	915,004	13,636	914,303	12	701
Net loss	27,040	1,245,127	26,978	1,230,179	62	14,948	28,118	1,306,251	27,979	1,257,334	139	48,917
Partnership and S Corporation net income after section 179 property deduction:												
Net income	329,351	70,409,641	329,138	70,379,269	213	30,372	334,783	70,479,140	334,678	70,458,179	105	20,961
Net loss	233,042	11,464,490	232,299	10,833,107	743	631,383	238,584	10,948,744	238,055	10,685,911	529	262,833
Sales of capital assets:												
Net gain	418,981	68,256,150	418,278	67,881,032	703	375,118	441,360	68,504,027	440,697	68,424,927	663	79,100
Net loss	208,604	498,907	208,243	497,888	361	1,019	212,947	510,800	212,539	509,613	408	1,187
Sales of property other than capital assets:												
Net gain	58,458	1,693,539	58,347	1,678,328	111	15,211	58,734	1,671,344	58,704	1,663,814	30	7,530
Net loss	78,598	768,606	78,383	747,764	215	20,842	78,692	722,345	78,587	710,686	105	11,659
Taxable interest received	828,644	41,612,209	827,460	40,870,234	1,184	741,975	854,336	41,793,978	853,174	41,472,379	1,162	321,599
Tax-exempt interest	325,963	14,081,099	325,607	14,026,473	356	54,626	365,831	17,700,078	364,884	17,461,358	947	238,720
Dividends	659,379	24,827,203	658,441	24,726,877	938	100,326	688,029	26,065,156	686,974	25,958,648	1,056	106,511
Pensions and annuities in adjusted gross income	142,440	5,306,414	142,267	5,298,144	173	8,270	159,130	5,740,836	158,778	5,736,061	351	4,775
Rent:												
Net income	167,594	6,605,808	167,339	6,576,150	255	29,658	173,003	6,685,673	172,919	6,680,939	84	4,734
Net loss (deductible and nondeductible)	184,058	3,353,337	183,656	3,311,240	402	42,097	187,060	3,108,311	186,637	3,093,817	423	14,494
Total nondeductible rental loss	137,451	2,184,281	137,132	2,156,407	319	27,874	139,111	1,965,939	138,975	1,957,611	137	8,328
Royalty:												
Net income	72,349	1,888,414	72,182	1,882,483	167	5,931	77,792	1,984,650	77,477	1,975,742	315	8,907
Net loss	4,135	33,564	4,122	33,439	13	125	4,126	33,448	4,123	33,440	3	8
Estate or trust:												
Net income	39,408	2,537,427	39,324	2,532,073	84	5,354	44,863	2,599,245	44,820	2,594,876	43	4,369
Net loss	7,532	104,206	7,485	101,317	47	2,889	7,824	104,181	7,548	95,327	277	8,854
State income tax refunds	397,503	2,321,369	396,991	2,307,622	512	13,748	405,934	2,342,702	405,724	2,335,204	210	7,498
Windfall profit tax refunds	-	-	-	-	-	-	-	-	-	-	-	-
Windfall profit tax withheld	-	-	-	-	-	-	-	-	-	-	-	-
Alimony received	1,535	85,091	1,535	85,091	-	-	1,452	84,042	1,452	84,042	-	-
Social security benefits in adjusted gross income	↑	↑	↑	↑	210	1,368	144,411	1,047,908	143,697	1,042,270	714	5,639
Social security benefits (nontaxable)	117,208	825,589	116,998	824,221	210	1,368	144,414	1,047,974	143,700	1,042,335	714	5,639
Unemployment compensation	5,173	16,440	5,168	16,422	5	17	4,656	14,559	↑	↑	↑	↑
Other income	192,871	7,649,007	192,493	7,608,443	378	42,564	195,615	7,374,662	195,226	7,365,541	389	9,121
Other loss	10,511	385,410	10,452	374,536	59	10,874	12,968	464,306	12,946	462,055	22	2,251
Foreign earned income exclusion	6,476	438,441	6,435	435,541	41	2,900	12,716	925,061	12,677	922,284	39	2,777
Total income	834,957	433,940,008	833,738	433,249,535	1,219	690,474	860,940	435,940,329	859,756	435,655,266	1,183	285,063
Statutory adjustments, total	352,062	4,117,128	351,600	4,110,125	462	7,003	357,864	4,165,138	357,657	4,163,103	206	2,036
Payments to an IRA	85,213	253,522	85,158	253,383	55	139	85,974	253,969	85,933	253,879	42	90
Payments to a Keogh plan	103,605	2,170,459	103,578	2,169,808	27	651	104,992	2,214,806	104,983	2,214,603	9	203
Adjusted gross income	834,957	429,822,880	833,738	429,139,409	1,219	683,471	860,940	431,775,191	859,756	431,492,164	1,183	283,027
Investment interest	284,064	7,223,492	283,093	6,586,241	971	637,251	280,923	5,968,413	280,439	5,866,741	484	101,672
Total tax preferences excluded from adjusted gross income	378,781	16,760,034	378,315	16,700,224	466	59,810	417,951	20,588,131	416,973	20,338,314	977	249,817
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	120,831	2,516,787	120,649	2,512,036	182	4,751	126,947	2,661,318	126,606	2,651,933	341	9,384
Passive activity loss (alternative minimum tax adjustment)	357,174	1,039,996	356,731	1,043,021	443	-3,025	365,947	994,353	365,486	997,004	461	-2,651
Expanded income	834,952	438,756,575	833,738	438,677,514	1,214	79,061	860,940	446,983,274	859,756	446,545,865	1,183	437,409

Table 5.--Returns With and Without U.S. Income Tax and With Income of $200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax by Tax Status--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Returns with adjusted gross income of $200,000 or more						Returns with expanded income of $200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax		Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Exemption amount	833,873	5,110,526	†	†	†	†	859,857	5,189,167	858,674	5,184,353	1,183	4,814
Itemized deductions:												
Total per adjusted gross income concept	816,097	63,511,309	814,916	62,573,929	1,181	937,380	837,375	62,150,757	836,397	61,807,576	978	343,181
Total per income concept	816,097	63,511,309	814,916	62,573,929	1,181	937,380	837,259	55,132,415	†	†	†	†
Contributions deduction	792,274	11,634,522	791,215	11,574,096	1,059	60,427	811,779	11,922,480	810,844	11,851,130	935	71,350
Interest paid deduction:												
Total per adjusted gross income concept	721,315	21,259,701	720,202	20,554,871	1,113	704,830	727,933	19,741,547	727,333	19,612,007	600	129,540
Total per income concept	721,315	21,259,701	720,202	20,554,871	1,113	704,830	692,196	13,773,134	691,891	13,745,266	304	27,868
Total home mortgage interest deduction	625,266	13,572,688	624,401	13,509,552	865	63,137	625,780	13,320,502	625,545	13,295,609	235	24,893
Medical and dental expense deduction	11,734	341,261	11,636	324,397	98	16,864	15,045	406,777	14,383	356,821	662	49,956
Net casualty or theft loss deduction	401	45,716	349	11,348	52	34,367	397	44,257	351	12,417	46	31,840
Taxes paid deduction	811,923	27,209,467	810,799	27,148,568	1,124	60,899	832,500	27,373,239	831,541	27,338,666	958	34,573
Net limited miscellaneous deductions per adjusted gross income concept	120,759	2,284,611	120,234	2,253,428	525	31,183	124,813	2,189,714	124,028	2,165,579	784	24,135
Non-limited miscellaneous deductions	20,447	472,240	20,360	443,589	87	28,651	18,318	241,366	18,303	239,729	15	1,636
Moving expense deduction	23,906	263,792	23,899	263,632	7	160	23,070	231,376	23,064	231,225	6	151
Excess of exemptions and deductions over adjusted gross income	1,649	435,924	589	125,500	1,060	310,423	1,455	190,102	399	75,518	1,056	114,584
Taxable income	833,306	361,537,326	†	†	†	†	859,482	364,501,994	859,357	364,453,338	125	48,656
Tax at normal rates	833,313	102,293,964	833,151	102,280,029	162	13,935	859,485	103,087,541	859,360	103,073,790	125	13,751
Income tax before credits	833,318	102,676,171	833,156	102,662,236	162	13,935	859,489	103,487,411	859,364	103,473,660	125	13,751
Tax credits:												
Total	185,412	1,427,251	185,250	1,413,315	162	13,935	198,879	1,566,061	198,754	1,552,310	125	13,751
Child care credit	35,352	19,106	35,347	19,101	5	5	34,146	18,383	34,142	18,380	4	4
Minimum tax credit	16,367	169,102	16,324	167,579	43	1,522	17,482	174,475	17,455	173,021	27	1,454
Foreign tax credit	115,943	1,027,965	115,839	1,015,882	104	12,083	130,565	1,165,556	130,470	1,153,519	95	12,038
Business credit	28,547	191,315	28,517	191,061	30	254	28,763	187,770	28,750	187,584	13	186
Alternative minimum tax (Form 6251)	27,348	472,807	27,348	472,807	-	-	28,167	479,099	28,167	479,099	-	-
Income tax:												
U.S. total income tax	833,738	101,721,728	833,738	101,721,728	-	-	859,756	102,400,449	859,756	102,400,449	-	-
Foreign taxes paid	-	-	-	-	-	-	-	-	-	-	-	-
Foreign taxes paid on excluded foreign earned income (Form 1116)	-	-	-	-	-	-	-	-	-	-	-	-
Taxable income which would yield:												
Income tax before credits	833,318	366,615,279	833,156	366,565,157	162	50,121	859,489	369,653,262	859,364	369,604,007	125	49,254
Income tax after credits	832,719	361,593,707	832,719	361,593,707	-	-	858,622	364,160,956	858,622	364,160,956	-	-
U.S. total income tax	833,738	363,278,993	833,738	363,278,993	-	-	859,756	365,865,571	859,756	365,865,571	-	-
Reconciliation of adjusted gross income and expanded income:												
Adjusted gross income	834,957	429,822,880	833,738	429,139,409	1,219	683,471	860,940	431,775,191	859,756	431,492,164	1,183	283,027
plus: Total tax preferences excluded from adjusted gross income [1]	378,781	16,760,034	378,315	16,700,224	466	59,810	417,951	20,588,131	416,973	20,338,314	977	249,817
Social security benefits (nontaxable)	117,208	825,589	116,998	824,221	210	1,368	144,414	1,047,974	143,700	1,042,335	714	5,639
Foreign earned income exclusion	6,476	438,441	6,435	435,541	41	2,900	12,716	925,061	12,677	922,284	39	2,777
minus: Investment interest	284,064	7,223,492	283,093	6,586,241	971	637,251	280,923	5,968,413	280,439	5,866,741	484	101,672
Non-limited miscellaneous deductions	20,447	472,240	20,360	443,589	87	28,651	18,318	241,366	18,303	239,729	15	1,636
Moving expense deduction	23,906	263,792	23,899	263,632	7	160	23,070	231,376	23,064	231,225	6	151
Unreimbursed employee business expense	146,382	1,130,846	146,254	1,128,419	128	2,427	138,743	911,928	138,701	911,536	42	392
equals: Expanded income	834,952	438,756,575	833,738	438,677,514	1,214	79,061	860,940	446,983,274	859,756	446,545,865	1,183	437,409

† Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.

[1] Includes tax exempt interest, total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds), and excluded capital gains on returns for Tax Year 1986 and earlier.

NOTE: Detail may not add to totals because of rounding.

Table 6.–Returns With and Without Worldwide Income Tax and With Income of $200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax by Tax Status

[All figures are estimates based on samples–money amounts are in thousands of dollars]

Item	Returns with adjusted gross income of $200,000 or more						Returns with expanded income of $200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax		Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Salaries and wages	690,713	190,653,025	690,096	190,556,724	617	96,300	693,330	190,112,538	693,096	190,076,608	235	35,929
Business or profession:												
Net income	192,293	25,746,408	192,057	25,728,604	236	17,804	194,830	25,797,703	194,765	25,789,200	65	8,504
Net loss	57,415	1,613,302	57,200	1,574,798	215	38,504	56,548	1,616,564	56,236	1,593,763	312	22,801
Farm:												
Net income	13,561	929,709	13,540	929,140	21	569	13,648	915,004	13,638	914,715	10	289
Net loss	27,040	1,245,127	26,983	1,231,277	57	13,850	28,118	1,306,251	27,984	1,258,432	134	47,819
Partnership and S Corporation net income after section 179 property deduction:												
Net income	329,351	70,409,641	329,149	70,386,895	202	22,746	334,783	70,479,140	334,689	70,465,806	94	13,334
Net loss	233,042	11,464,490	232,326	10,842,862	716	621,627	238,584	10,948,744	238,074	10,694,274	510	254,470
Sales of capital assets:												
Net gain	418,981	68,256,150	418,315	67,892,624	666	363,526	441,360	68,504,027	440,729	68,436,062	631	67,965
Net loss	208,604	498,907	208,259	497,931	345	975	212,947	510,800	212,551	509,645	396	1,156
Sales of property other than capital assets:												
Net gain	58,458	1,693,539	58,350	1,679,699	108	13,839	58,734	1,671,344	58,707	1,665,186	27	6,158
Net loss	78,598	768,606	78,392	747,895	206	20,712	78,692	722,345	78,594	710,796	98	11,549
Taxable interest received	828,644	41,612,209	827,548	40,875,943	1,096	736,266	854,336	41,793,978	853,253	41,475,518	1,083	318,460
Tax-exempt interest	325,963	14,081,099	325,625	14,027,121	338	53,978	365,831	17,700,078	364,898	17,461,759	933	238,319
Dividends	659,379	24,827,203	658,496	24,731,452	883	95,751	688,029	26,065,156	687,022	25,962,809	1,008	102,347
Pensions and annuities in adjusted gross income	142,440	5,306,414	142,277	5,298,543	163	7,871	159,130	5,740,836	158,785	5,736,211	344	4,625
Rent:												
Net income	167,594	6,605,808	167,352	6,576,494	242	29,314	173,003	6,685,673	172,930	6,681,269	73	4,404
Net loss (deductible and nondeductible)	184,058	3,353,337	183,683	3,311,919	375	41,418	187,060	3,108,311	186,663	3,094,457	397	13,854
Total nondeductible rental loss	137,451	2,184,281	137,153	2,156,923	298	27,358	139,111	1,965,939	138,996	1,958,126	116	7,812
Royalty:												
Net income	72,349	1,888,414	72,190	1,883,974	159	4,440	77,792	1,984,650	77,482	1,977,233	310	7,417
Net loss	4,135	33,564	4,124	33,446	11	119	4,126	33,448	↑	↑	↑	↑
Estate or trust:												
Net income	39,408	2,537,427	39,328	2,532,821	80	4,606	44,863	2,599,245	44,824	2,595,625	39	3,620
Net loss	7,532	104,206	7,486	101,378	46	2,828	7,824	104,181	7,548	95,327	277	8,854
State income tax refunds	397,503	2,321,369	397,007	2,308,052	496	13,317	405,934	2,342,702	405,735	2,335,423	199	7,279
Windfall profit tax refunds	-	-	-	-	-	-	-	-	-	-	-	-
Windfall profit tax withheld	-	-	-	-	-	-	-	-	-	-	-	-
Alimony received	1,535	85,091	1,535	85,091	-	-	1,452	84,042	1,452	84,042	-	-
Social security benefits in adjusted gross income	↑	↑	↑	↑	205	1,354	144,411	1,047,908	143,700	1,042,274	711	5,635
Social security benefits (nontaxable)	117,208	825,589	117,003	824,235	205	1,354	144,414	1,047,974	143,703	1,042,339	711	5,635
Unemployment compensation	5,173	16,440	5,168	16,422	5	17	4,656	14,559	↑	↑	↑	↑
Other income	192,871	7,649,007	192,509	7,607,985	362	41,022	195,615	7,374,662	195,237	7,366,984	378	7,678
Other loss	10,511	385,410	10,465	375,190	46	10,220	12,968	464,306	12,958	462,639	10	1,667
Foreign earned income exclusion	6,476	438,441	6,473	↑	↑	↑	12,716	925,061	↑	↑	↑	↑
Total income	834,957	433,940,008	833,843	433,302,036	1,114	637,972	860,940	435,940,329	859,852	435,704,513	1,087	235,816
Statutory adjustments, total	352,062	4,117,128	351,625	4,110,552	437	6,576	357,864	4,165,138	357,677	4,163,499	186	1,639
Payments to an IRA	85,213	253,522	85,161	253,389	52	133	85,974	253,969	85,936	253,885	39	84
Payments to a Keogh plan	103,605	2,170,459	103,582	2,169,852	23	607	104,992	2,214,806	104,986	2,214,645	6	161
Adjusted gross income	834,957	429,822,880	833,843	429,191,484	1,114	631,396	860,940	431,775,191	859,852	431,541,013	1,087	234,177
Investment interest	284,064	7,223,492	283,126	6,590,195	938	633,297	280,923	5,968,413	280,463	5,868,090	460	100,323
Total tax preferences excluded from adjusted gross income	378,781	16,760,034	378,337	16,701,163	444	58,871	417,951	20,588,131	416,991	20,339,007	959	249,124
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	120,831	2,516,787	120,656	2,512,328	175	4,459	126,947	2,661,318	126,613	2,652,225	334	9,092
Passive activity loss (alternative minimum tax adjustment)	357,174	1,039,996	356,758	1,040,430	416	-433	365,947	994,353	365,511	994,527	436	-175
Expanded income	834,952	438,756,575	833,843	438,728,837	1,109	27,738	860,940	446,983,274	859,852	446,596,379	1,087	386,895

Table 6.--Returns With and Without Worldwide Income Tax and With Income of $200,000 or More Under Alternative Concepts: Income, Deductions, Credits and Tax by Tax Status--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Returns with adjusted gross income of $200,000 or more						Returns with expanded income of $200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax		Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Exemption amount	833,873	5,110,526	†	†	†	†	859,857	5,189,167	858,770	5,184,959	1,087	4,208
Itemized deductions:												
Total per adjusted gross income concept	816,097	63,511,309	814,983	62,582,490	1,114	928,819	837,375	62,150,757	836,455	61,812,717	920	338,040
Total per income concept	816,097	63,511,309	814,983	62,582,490	1,114	928,819	837,259	55,132,415	†	†	†	†
Contributions deduction	792,274	11,634,522	791,266	11,575,176	1,008	59,346	811,779	11,922,480	810,887	11,852,002	892	70,478
Interest paid deduction:												
Total per adjusted gross income concept	721,315	21,259,701	720,261	20,560,517	1,054	699,184	727,933	19,741,547	727,383	19,614,777	550	126,771
Total per income concept	721,315	21,259,701	720,261	20,560,517	1,054	699,184	692,196	13,773,134	691,934	13,746,687	261	26,447
Total home mortgage interest deduction	625,266	13,572,688	624,448	13,511,205	818	61,483	625,780	13,320,502	625,585	13,297,010	195	23,492
Medical and dental expense deduction	11,734	341,261	11,636	324,397	98	16,864	15,045	406,777	14,383	356,821	662	49,956
Net casualty or theft loss deduction	401	45,716	350	11,504	51	34,212	397	44,257	352	12,573	45	31,684
Taxes paid deduction	811,923	27,209,467	810,852	27,149,437	1,071	60,030	832,500	27,373,239	831,586	27,339,310	913	33,929
Net limited miscellaneous deductions per adjusted gross income concept	120,759	2,284,611	120,257	2,253,965	502	30,646	124,813	2,189,714	124,048	2,166,073	764	23,641
Non-limited miscellaneous deductions	20,447	472,240	20,364	443,716	83	28,524	18,318	241,366	18,305	239,790	13	1,576
Moving expense deduction	23,906	263,792	†	†	†	†	23,070	231,376	†	†	†	†
Excess of exemptions and deductions over adjusted gross income	1,649	435,924	593	125,975	1,056	309,948	1,455	190,102	400	75,523	1,055	114,579
Taxable income	833,306	361,537,326	†	†	†	†	859,482	364,501,994	859,452	364,496,276	30	5,718
Tax at normal rates	833,313	102,293,964	833,255	102,292,249	58	1,716	859,485	103,087,541	859,455	103,085,958	30	1,583
Income tax before credits	833,318	102,676,171	833,260	102,674,456	58	1,716	859,489	103,487,411	859,459	103,485,828	30	1,583
Tax credits:												
Total	83,835	399,286	83,777	397,570	58	1,716	84,105	400,504	84,075	398,921	30	1,583
Child care credit	35,352	19,106	†	†	†	†	34,146	18,383	†	†	†	†
Minimum tax credit	16,367	169,102	16,329	167,668	38	1,434	17,482	174,475	17,458	173,107	24	1,368
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	-	-
Business credit	28,547	191,315	28,521	191,106	26	209	28,763	187,770	28,752	187,625	11	144
Alternative minimum tax (Form 6251)	27,348	472,807	27,348	472,807	-	-	28,167	479,099	28,167	479,099	-	-
Income tax:												
Worldwide total income tax	833,843	102,858,094	833,843	102,858,094	-	-	859,852	103,803,419	859,852	103,803,419	-	-
Foreign taxes paid	115,951	1,136,366	115,951	1,136,366	-	-	130,573	1,402,970	130,573	1,402,970	-	-
Foreign taxes paid on excluded foreign earned income (Form 1116)	4,255	108,401	4,255	108,401	-	-	8,899	237,414	8,899	237,414	-	-
Taxable income which would yield:												
Income tax before credits	833,318	366,615,279	833,260	366,608,870	58	6,408	859,489	369,653,262	859,459	369,647,498	30	5,763
Income tax after credits	833,261	365,594,865	833,261	365,594,865	-	-	859,460	369,071,613	859,460	369,071,613	-	-
Worldwide total income tax	833,843	367,273,423	833,843	367,273,423	-	-	859,852	370,764,103	859,852	370,764,103	-	-
Reconciliation of adjusted gross income and expanded income:												
Adjusted gross income	834,957	429,822,880	833,843	429,191,484	1,114	631,396	860,940	431,775,191	859,852	431,541,013	1,087	234,177
plus: Total tax preferences excluded from adjusted gross income [1]	378,781	16,760,034	378,337	16,701,163	444	58,871	417,951	20,588,131	416,991	20,339,007	959	249,124
Social security benefits (nontaxable)	117,208	825,589	117,003	824,235	205	1,354	144,414	1,047,974	143,703	1,042,339	711	5,635
Foreign earned income exclusion	6,476	438,441	†	†	†	†	12,716	925,061	†	†	†	†
minus: Investment interest	284,064	7,223,492	283,126	6,590,195	938	633,297	280,923	5,968,413	280,463	5,868,090	460	100,323
Non-limited miscellaneous deductions	20,447	472,240	20,364	443,716	83	28,524	18,318	241,366	18,305	239,790	13	1,576
Moving expense deduction	23,906	263,792	†	†	†	†	23,070	231,376	†	†	†	†
Unreimbursed employee business expense	146,382	1,130,846	146,265	1,128,605	117	2,241	138,743	911,928	†	†	†	†
equals: Expanded income	834,952	438,756,575	833,843	438,728,837	1,109	27,738	860,940	446,983,274	859,852	446,596,379	1,087	386,895

† Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.

[1] Includes tax exempt interest, total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds), and excluded capital gains on returns for Tax Year 1986 and earlier.

NOTE: Detail may not add to totals because of rounding.

Table 7.--Returns With and Without U.S. Income Tax and With Income of $200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect [1]

[All figures are estimates based on samples]

Item with second largest tax effect	Item with largest tax effect: Total		Interest paid deduction		Investment interest deduction		Taxes paid deduction		Contributions deduction		Medical and dental expense deduction	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Returns with U.S. income tax												
Returns with adjusted gross income of $200,000 or more												
Total	**821,409**	**100.0**	**227,498**	**27.7**	**26,598**	**3.2**	**408,504**	**49.7**	**65,575**	**8.0**	**4,806**	**0.6**
Interest paid deduction	230,344	28.0	-	-	7,212	27.1	190,986	46.8	10,520	16.0	602	12.5
Investment interest deduction	37,226	4.5	9,618	4.2	-	-	18,957	4.6	2,669	4.1	-	-
Taxes paid deduction	283,561	34.5	179,913	79.1	13,203	49.6	-	-	45,974	70.1	2,823	58.7
Contributions deduction	184,561	22.5	21,953	9.6	2,257	8.5	152,280	37.3	-	-	620	12.9
Medical and dental expense deduction	2,188	0.3	117	0.1	22	0.1	1,379	0.3	359	0.5	-	-
Net casualty or theft loss deduction	106	(2)	22	(2)	-	-	-	-	76	0.1	-	-
Total miscellaneous deduction	26,488	3.2	6,701	2.9	623	2.3	14,624	3.6	2,177	3.3	753	15.7
Foreign tax credit	5,721	0.7	772	0.3	162	0.6	3,563	0.9	292	0.4	†	†
Business credit	4,538	0.6	905	0.4	373	1.4	2,744	0.7	105	0.2	-	-
All other tax credits	3,724	0.5	781	0.3	163	0.6	1,497	0.4	242	0.4	-	-
Partnership and S Corporation net losses	33,907	4.1	6,713	3.0	2,558	9.6	20,228	5.0	2,505	3.8	†	†
No second largest item	9,045	1.1	3	(2)	25	0.1	2,247	0.6	656	1.0	-	-
Returns with expanded income of $200,000 or more												
Total	**844,988**	**100.0**	**231,240**	**27.4**	**-**	**-**	**440,770**	**52.2**	**75,613**	**8.9**	**5,538**	**0.7**
Interest paid deduction	244,145	28.9	-	-	-	-	208,793	47.4	12,711	16.8	602	10.9
Investment interest deduction	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid deduction	293,556	34.7	191,793	82.9	-	-	-	-	54,613	72.2	3,128	56.5
Contributions deduction	219,668	26.0	27,083	11.7	-	-	183,325	41.6	-	-	620	11.2
Medical and dental expense deduction	2,985	0.4	124	0.1	-	-	2,190	0.5	360	0.5	-	-
Net casualty or theft loss deduction	225	(2)	138	0.1	-	-	-	-	76	0.1	-	-
Total miscellaneous deduction	18,112	2.1	1,743	0.8	-	-	10,346	2.3	2,811	3.7	†	†
Foreign tax credit	6,654	0.8	713	0.3	-	-	4,519	1.0	309	0.4	†	†
Business credit	4,533	0.5	939	0.4	-	-	3,013	0.7	124	0.2	-	-
All other tax credits	5,056	0.6	1,054	0.5	-	-	1,806	0.4	542	0.7	-	-
Partnership and S Corporation net losses	36,355	4.3	7,650	3.3	-	-	23,309	5.3	3,321	4.4	†	†
No second largest item	13,699	1.6	4	(2)	-	-	3,469	0.8	746	1.0	-	-

Item with second largest tax effect	Item with largest tax effect: Total		Interest paid deduction		Investment interest deduction		Taxes paid deduction		Contributions deduction		Medical and dental expense deduction	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Returns without U.S. income tax												
Returns with adjusted gross income of $200,000 or more												
Total	**1,219**	**100.0**	**79**	**6.5**	**590**	**48.4**	**10**	**0.8**	**29**	**2.4**	**58**	**4.8**
Interest paid deduction	273	22.4	-	-	157	26.6	†	†	11	37.9	3	5.2
Investment interest deduction	230	18.9	20	25.3	-	-	-	-	11	37.9	†	†
Taxes paid deduction	161	13.2	33	41.8	71	12.0	-	-	†	†	19	32.8
Contributions deduction	136	11.2	7	8.9	78	13.2	5	50.0	-	-	14	24.1
Medical and dental expense deduction	11	0.9	-	-	4	0.7	†	†	†	†	-	-
Net casualty or theft loss deduction	†	†	-	-	-	-	-	-	†	†	-	-
Total miscellaneous deduction	70	5.7	†	†	39	6.6	-	-	†	†	18	31.0
Foreign tax credit	†	†	†	†	-	-	-	-	-	-	-	-
Business credit	5	0.4	-	-	†	†	-	-	-	-	-	-
All other tax credits	7	0.6	-	-	†	†	-	-	-	-	-	-
Partnership and S Corporation net losses	272	22.3	15	19.0	233	39.5	†	†	†	†	-	-
No second largest item	49	4.0	-	-	3	0.5	-	-	-	-	†	†
Returns with expanded income of $200,000 or more												
Total	**1,081**	**100.0**	**59**	**5.5**	**-**	**-**	**14**	**1.3**	**327**	**30.2**	**387**	**35.8**
Interest paid deduction	93	8.6	-	-	-	-	†	†	15	4.6	†	†
Investment interest deduction	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid deduction	140	13.0	35	59.3	-	-	-	-	36	11.0	24	6.2
Contributions deduction	389	36.0	†	†	-	-	7	50.0	-	-	342	88.4
Medical and dental expense deduction	7	0.6	-	-	-	-	†	†	†	†	-	-
Net casualty or theft loss deduction	†	†	-	-	-	-	-	-	†	†	-	-
Total miscellaneous deduction	287	26.5	-	-	-	-	†	†	261	79.8	17	4.4
Foreign tax credit	3	0.3	†	†	-	-	-	-	-	-	-	-
Business credit	†	†	-	-	-	-	-	-	-	-	-	-
All other tax credits	8	0.7	-	-	-	-	-	-	†	†	-	-
Partnership and S Corporation net losses	41	3.8	15	25.4	-	-	†	†	9	2.8	-	-
No second largest item	108	10.0	-	-	-	-	-	-	†	†	†	†

Footnotes at end of table.

Table 7.--Returns With and Without U.S. Income Tax and With Income of $200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect--Continued [1]

[All figures are estimates based on samples]

Item with second largest tax effect	Item with largest tax effect: Net casualty or theft loss deduction		Total miscellaneous deduction		Foreign tax credit		Business credit		All other tax credits		Partnership and S Corporation net losses	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns with U.S. income tax												
Returns with adjusted gross income of $200,000 or more												
Total	10	(2)	17,836	2.2	12,963	1.6	4,919	0.6	3,269	0.4	49,431	6.0
Interest paid deduction	-	-	3,537	19.8	4,328	33.4	798	16.2	788	24.1	11,574	23.4
Investment interest deduction	-	-	781	4.4	545	4.2	575	11.7	128	3.9	3,953	8.0
Taxes paid deduction	†	†	10,147	56.9	3,389	26.1	2,219	45.1	†	†	23,942	48.4
Contributions deduction	-	-	1,879	10.5	636	4.9	356	7.2	147	4.5	4,434	9.0
Medical and dental expense deduction	-	-	116	0.7	76	0.6	-	-	-	-	118	0.2
Net casualty or theft loss deduction	-	-	-	-	-	-	-	-	-	-	8	(2)
Total miscellaneous deduction	-	-	-	-	532	4.1	79	1.6	-	-	999	2.0
Foreign tax credit	-	-	357	2.0	-	-	170	3.5	†	†	391	0.8
Business credit	-	-	†	†	98	0.8	-	-	†	†	288	0.6
All other tax credits	-	-	91	0.5	115	0.9	13	0.3	-	-	822	1.7
Partnership and S Corporation net losses	†	†	923	5.2	553	4.3	291	5.9	†	†	-	-
No second largest item	-	-	†	†	2,690	20.8	419	8.5	†	†	2,903	5.9
Returns with expanded income of $200,000 or more												
Total	10	(2)	9,604	1.1	18,942	2.2	4,989	0.6	4,019	0.5	54,264	6.4
Interest paid deduction	-	-	1,380	14.4	6,295	33.2	498	10.0	880	21.9	12,986	23.9
Investment interest deduction	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid deduction	†	†	5,305	55.2	4,490	23.7	2,743	55.0	†	†	28,937	53.3
Contributions deduction	-	-	1,805	18.8	731	3.9	495	9.9	175	4.4	5,435	10.0
Medical and dental expense deduction	-	-	†	†	†	†	-	-	-	-	118	0.2
Net casualty or theft loss deduction	-	-	-	-	-	-	-	-	-	-	10	(2)
Total miscellaneous deduction	-	-	-	-	†	†	82	1.6	-	-	1,601	3.0
Foreign tax credit	-	-	353	3.7	-	-	170	3.4	†	†	493	0.9
Business credit	-	-	†	†	105	0.6	-	-	†	†	322	0.6
All other tax credits	-	-	206	2.1	497	2.6	20	0.4	-	-	931	1.7
Partnership and S Corporation net losses	†	†	437	4.6	818	4.3	536	10.7	†	†	-	-
No second largest item	-	-	†	†	5,504	29.1	444	8.9	†	†	3,431	6.3

Item with second largest tax effect	Item with largest tax effect: Net casualty or theft loss deduction		Total miscellaneous deduction		Foreign tax credit		Business credit		All other tax credits		Partnership and S Corporation net losses	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns without U.S. income tax												
Returns with adjusted gross income of $200,000 or more												
Total	48	3.9	58	4.8	84	6.9	-	-	12	1.0	251	20.6
Interest paid deduction	23	47.9	23	39.7	22	26.2	-	-	†	†	31	12.4
Investment interest deduction	†	†	†	†	3	3.6	-	-	-	-	189	75.3
Taxes paid deduction	15	31.3	6	10.3	6	7.1	-	-	†	†	6	2.4
Contributions deduction	3	6.3	8	13.8	5	6.0	-	-	†	†	†	†
Medical and dental expense deduction	-	-	†	†	-	-	-	-	-	-	†	†
Net casualty or theft loss deduction	-	-	-	-	-	-	-	-	-	-	†	†
Total miscellaneous deduction	†	†	-	-	8	9.5	-	-	-	-	-	-
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	†	†
Business credit	-	-	-	-	-	-	-	-	†	†	†	†
All other tax credits	-	-	-	-	-	-	-	-	-	-	†	†
Partnership and S Corporation net losses	3	6.3	8	13.8	5	6.0	-	-	5	41.7	-	-
No second largest item	†	†	†	†	35	41.7	-	-	-	-	-	-
Returns with expanded income of $200,000 or more												
Total	42	3.9	10	0.9	84	7.8	†	†	†	†	145	13.4
Interest paid deduction	20	47.6	3	30.0	24	28.6	-	-	†	†	25	17.2
Investment interest deduction	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid deduction	15	35.7	†	†	8	9.5	-	-	†	†	17	11.7
Contributions deduction	3	7.1	†	†	5	6.0	-	-	†	†	21	14.5
Medical and dental expense deduction	-	-	†	†	-	-	-	-	-	-	†	†
Net casualty or theft loss deduction	-	-	-	-	-	-	-	-	-	-	†	†
Total miscellaneous deduction	-	-	-	-	4	4.8	-	-	-	-	†	†
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	†	†
Business credit	-	-	-	-	-	-	-	-	†	†	†	†
All other tax credits	-	-	-	-	-	-	-	-	-	-	†	†
Partnership and S Corporation net losses	†	†	3	30.0	5	6.0	-	-	4	36.4	-	-
No second largest item	†	†	-	-	38	45.2	†	†	-	-	†	†

* Estimate should be used with caution because of the small number of sample returns on which it is based.
† Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.
[1] Returns that have at least one of the tax effects are included in the table.
[2] Less than 0.05 percent.
NOTE: Detail may not add to totals because of rounding.

Table 8.--Returns With and Without Worldwide Income Tax and With Income of $200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect [1]

[All figures are estimates based on samples]

Item with second largest tax effect	Item with largest tax effect: Total		Interest paid deduction		Investment interest deduction		Taxes paid deduction		Contributions deduction		Medical and dental expense deduction	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Returns with worldwide income tax												
Returns with adjusted gross income of $200,000 or more												
Total	**818,789**	**100.0**	**231,852**	**28.3**	**27,152**	**3.3**	**411,899**	**50.3**	**66,216**	**8.1**	**4,882**	**0.6**
Interest paid deduction	229,019	28.0	-	-	7,497	27.6	193,202	46.9	10,739	16.2	602	12.3
Investment interest deduction	37,190	4.5	9,693	4.2	-	-	19,282	4.7	2,704	4.1	-	-
Taxes paid deduction	285,992	34.9	183,873	79.3	13,457	49.6	-	-	46,486	70.2	†	†
Contributions deduction	187,945	23.0	22,543	9.7	2,379	8.8	155,370	37.7	-	-	620	12.7
Medical and dental expense deduction	2,195	0.3	117	0.1	22	0.1	1,462	0.4	359	0.5	-	-
Net casualty or theft loss deduction	106	(2)	22	(2)	-	-	-	-	76	0.1	-	-
Total miscellaneous deduction	26,682	3.3	6,865	3.0	652	2.4	15,101	3.7	2,222	3.4	†	†
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	-	-
Business credit	4,646	0.6	905	0.4	374	1.4	2,793	0.7	184	0.3	-	-
All other tax credits	3,815	0.5	877	0.4	163	0.6	1,599	0.4	243	0.4	-	-
Partnership and S Corporation net losses	33,770	4.1	6,827	2.9	2,573	9.5	20,467	5.0	2,538	3.8	†	†
No second largest item	7,429	0.9	129	0.1	34	0.1	2,624	0.6	665	1.0	-	-
Returns with expanded income of $200,000 or more												
Total	**839,541**	**100.0**	**237,562**	**28.3**	**-**	**-**	**445,268**	**53.0**	**76,349**	**9.1**	**5,614**	**0.7**
Interest paid deduction	241,265	28.7	-	-	-	-	211,708	47.5	12,928	16.9	602	10.7
Investment interest deduction	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid deduction	296,381	35.3	197,209	83.0	-	-	-	-	55,267	72.4	†	†
Contributions deduction	224,544	26.7	27,788	11.7	-	-	188,046	42.2	-	-	620	11.0
Medical and dental expense deduction	2,992	0.4	124	0.1	-	-	2,273	0.5	360	0.5	-	-
Net casualty or theft loss deduction	225	(2)	138	0.1	-	-	-	-	76	0.1	-	-
Total miscellaneous deduction	18,308	2.2	1,975	0.8	-	-	10,681	2.4	2,858	3.7	1,104	19.7
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	-	-
Business credit	4,637	0.6	939	0.4	-	-	3,064	0.7	204	0.3	-	-
All other tax credits	4,791	0.6	1,150	0.5	-	-	1,914	0.4	543	0.7	-	-
Partnership and S Corporation net losses	36,135	4.3	7,854	3.3	-	-	23,645	5.3	3,357	4.4	†	†
No second largest item	10,261	1.2	385	0.2	-	-	3,936	0.9	755	1.0	†	†

Item with second largest tax effect	Item with largest tax effect: Total		Interest paid deduction		Investment interest deduction		Taxes paid deduction		Contributions deduction		Medical and dental expense deduction	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Returns without worldwide income tax												
Returns with adjusted gross income of $200,000 or more												
Total	**1,114**	**100.0**	**75**	**6.7**	**584**	**52.4**	**10**	**0.9**	**29**	**2.6**	**58**	**5.2**
Interest paid deduction	249	22.4	-	-	157	26.9	†	†	11	37.9	3	5.2
Investment interest deduction	222	19.9	19	25.3	-	-	-	-	11	37.9	†	†
Taxes paid deduction	155	13.9	33	44.0	71	12.2	-	-	†	†	19	32.8
Contributions deduction	129	11.6	†	†	78	13.4	5	50.0	-	-	14	24.1
Medical and dental expense deduction	11	1.0	-	-	4	0.7	†	†	†	†	-	-
Net casualty or theft loss deduction	†	†	-	-	-	-	-	-	†	†	-	-
Total miscellaneous deduction	61	5.5	†	†	39	6.7	-	-	†	†	18	31.0
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	-	-
Business credit	†	†	-	-	†	†	-	-	-	-	-	-
All other tax credits	7	0.6	-	-	†	†	-	-	-	-	-	-
Partnership and S Corporation net losses	260	23.3	14	18.7	227	38.9	†	†	†	†	-	-
No second largest item	14	1.3	-	-	†	†	-	-	-	-	†	†
Returns with expanded income of $200,000 or more												
Total	**985**	**100.0**	**56**	**5.7**	**-**	**-**	**14**	**1.4**	**327**	**33.2**	**387**	**39.3**
Interest paid deduction	67	6.8	-	-	-	-	†	†	15	4.6	†	†
Investment interest deduction	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid deduction	131	13.3	34	60.7	-	-	-	-	36	11.0	24	6.2
Contributions deduction	382	38.8	8	14.3	-	-	7	50.0	-	-	342	88.4
Medical and dental expense deduction	7	0.7	-	-	-	-	†	†	†	†	-	-
Net casualty or theft loss deduction	†	†	-	-	-	-	-	-	†	†	-	-
Total miscellaneous deduction	282	28.6	-	-	-	-	†	†	261	79.8	17	4.4
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	-	-
Business credit	†	†	-	-	-	-	-	-	-	-	-	-
All other tax credits	7	0.7	-	-	-	-	-	-	†	†	-	-
Partnership and S Corporation net losses	35	3.6	14	25.0	-	-	†	†	9	2.8	-	-
No second largest item	70	7.1	-	-	-	-	-	-	†	†	†	†

Footnotes at end of table.

Table 8.--Returns With and Without Worldwide Income Tax and With Income of $200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With Largest Tax Effect and by Item With Second Largest Tax Effect--Continued [1]

[All figures are estimates based on samples]

Item with second largest tax effect	Item with largest tax effect: Net casualty or theft loss deduction		Total miscellaneous deduction		Foreign tax credit		Business credit		All other tax credits		Partnership and S Corporation net losses	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns with worldwide income tax												
Returns with adjusted gross income of $200,000 or more												
Total	11	(2)	18,376	2.2	-	-	5,017	0.6	3,384	0.4	49,999	6.1
Interest paid deduction	-	†	†	†	-	-	874	17.4	800	23.6	11,645	23.3
Investment interest deduction	-	-	795	4.3	-	-	587	11.7	129	3.8	3,999	8.0
Taxes paid deduction	†	†	10,778	58.6	-	-	2,315	46.1	2,033	60.1	24,144	48.3
Contributions deduction	-	-	1,984	10.8	-	-	364	7.3	155	4.6	4,531	9.1
Medical and dental expense deduction	-	-	116	0.6	-	-	-	-	-	-	118	0.2
Net casualty or theft loss deduction	-	-	-	-	-	-	-	-	-	-	8	(2)
Total miscellaneous deduction	-	-	-	-	-	-	†	†	-	-	1,009	2.0
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	-	-
Business credit	-	-	†	†	-	-	-	-	†	†	367	0.7
All other tax credits	-	-	†	†	-	-	†	†	-	-	823	1.6
Partnership and S Corporation net losses	†	†	932	5.1	-	-	291	5.8	132	3.9	-	-
No second largest item	-	-	†	†	-	-	495	9.9	†	†	3,354	6.7
Returns with expanded income of $200,000 or more												
Total	11	(2)	10,032	1.2	-	-	5,095	0.6	4,516	0.5	55,095	6.6
Interest paid deduction	†	†	†	†	-	-	575	11.3	899	19.9	13,073	23.7
Investment interest deduction	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid deduction	†	†	5,852	58.3	-	-	2,842	55.8	2,699	59.8	29,300	53.2
Contributions deduction	-	-	1,915	19.1	-	-	506	9.9	184	4.1	5,487	10.0
Medical and dental expense deduction	-	-	116	1.2	-	-	-	-	-	-	118	0.2
Net casualty or theft loss deduction	-	-	-	-	-	-	-	-	-	-	10	(2)
Total miscellaneous deduction	-	-	-	-	-	-	82	1.6	-	-	1,607	2.9
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	-	-
Business credit	-	-	†	†	-	-	-	-	†	†	401	0.7
All other tax credits	-	-	212	2.1	-	-	27	0.5	-	-	946	1.7
Partnership and S Corporation net losses	†	†	445	4.4	-	-	543	10.7	281	6.2	-	-
No second largest item	-	-	†	†	-	-	520	10.2	†	†	4,152	7.5

Item with second largest tax effect	Item with largest tax effect: Net casualty or theft loss deduction		Total miscellaneous deduction		Foreign tax credit		Business credit		All other tax credits		Partnership and S Corporation net losses	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns without worldwide income tax												
Returns with adjusted gross income of $200,000 or more												
Total	47	4.2	58	5.2	-	-	-	-	12	1.1	241	21.6
Interest paid deduction	22	46.8	23	39.7	-	-	-	-	†	†	30	12.4
Investment interest deduction	†	†	†	†	-	-	-	-	-	-	185	76.8
Taxes paid deduction	15	31.9	6	10.3	-	-	-	-	†	†	6	2.5
Contributions deduction	3	6.4	8	13.8	-	-	-	-	†	†	13	5.4
Medical and dental expense deduction	-	-	†	†	-	-	-	-	-	-	†	†
Net casualty or theft loss deduction	-	-	-	-	-	-	-	-	-	-	†	†
Total miscellaneous deduction	†	†	-	-	-	-	-	-	-	-	-	-
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	-	-
Business credit	-	-	-	-	-	-	-	-	†	†	-	-
All other tax credits	-	-	-	-	-	-	-	-	-	-	†	†
Partnership and S Corporation net losses	3	6.4	8	13.8	-	-	-	-	5	41.7	-	-
No second largest item	†	†	9	15.5	-	-	-	-	-	-	-	-
Returns with expanded income of $200,000 or more												
Total	41	4.2	10	1.0	-	-	†	†	†	†	137	13.9
Interest paid deduction	19	46.3	3	30.0	-	-	-	-	†	†	24	17.5
Investment interest deduction	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid deduction	15	36.6	†	†	-	-	-	-	†	†	17	12.4
Contributions deduction	3	7.3	†	†	-	-	-	-	†	†	19	13.9
Medical and dental expense deduction	-	-	†	†	-	-	-	-	-	-	†	†
Net casualty or theft loss deduction	-	-	-	-	-	-	-	-	-	-	†	†
Total miscellaneous deduction	-	-	-	-	-	-	-	-	-	-	†	†
Foreign tax credit	-	-	-	-	-	-	-	-	-	-	-	-
Business credit	-	-	-	-	-	-	-	-	†	†	-	-
All other tax credits	-	-	-	-	-	-	-	-	-	-	†	†
Partnership and S Corporation net losses	†	†	3	30.0	-	-	-	-	4	36.4	-	-
No second largest item	†	†	-	-	-	-	†	†	-	-	†	†

* Estimate should be used with caution because of the small number of sample returns on which it is based.
† Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.
[1] Returns that have at least one of the tax effects are included in the table.
[2] Less than 0.05 percent.
NOTE: Detail may not add to totals because of rounding.

Table 9.--Returns Without U.S. Income Tax and With Income of $200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income

[All figures are estimates based on samples]

Income concept and type of deduction or credit	Total	Number of returns on which income was reduced by percentages of income									
		No deduction or credit	Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Adjusted gross income concept											
Total itemized deductions	1,219	38	33	13	7	6	4	4	6	124	984
Interest paid deduction:											
Total	**1,219**	**106**	**122**	**25**	**23**	**17**	**22**	**30**	**35**	**367**	**472**
Investment interest per income concept	1,219	248	88	31	21	26	34	44	70	335	322
Taxes paid deduction	1,219	95	715	262	73	27	18	6	3	12	8
Contributions deduction	1,219	160	756	96	51	42	32	82	-	-	-
Medical and dental expense deduction	1,219	1,121	22	6	†	4	4	†	3	28	26
Net casualty or theft loss deduction	1,219	1,167	-	†	†	†	†	†	†	11	33
Net limited miscellaneous deduction per income concept	1,219	694	369	75	37	16	9	5	4	6	4
Non-limited miscellaneous deduction	1,219	1,132	28	4	†	†	†	†	†	25	23
Deduction equivalent of:											
Total credits	1,219	1,057	39	9	3	7	4	3	6	80	11
Foreign tax credit	1,219	1,115	11	†	†	†	†	†	3	69	11
Business credit	1,219	1,189	20	6	†	†	-	-	†	-	-
Tax preferences excluded from adjusted gross income	1,219	753	268	58	29	14	15	14	7	23	38
Expanded income concept											
Total itemized deductions	1,183	213	35	20	305	14	14	13	9	396	164
Interest paid deduction:											
Total	**1,183**	**882**	**146**	**27**	**31**	**15**	**13**	**10**	**9**	**30**	**20**
Investment interest per income concept	1,183	704	99	24	271	6	5	10	8	15	41
Taxes paid deduction	1,183	229	817	75	20	13	10	4	-	3	12
Contributions deduction	1,183	254	193	313	26	340	12	15	8	10	12
Medical and dental expense deduction	1,183	521	268	3	3	5	333	7	8	24	11
Net casualty or theft loss deduction	1,183	1,137	-	†	-	†	†	†	†	11	28
Net limited miscellaneous deduction per income concept	1,183	410	729	23	8	†	†	†	†	†	5
Non-limited miscellaneous deduction	1,183	1,168	12	†	-	-	-	-	-	-	†
Deduction equivalent of:											
Total credits	1,183	1,058	9	5	5	†	4	†	8	84	6
Foreign tax credit	1,183	1,088	4	†	†	-	†	†	6	72	6
Business credit	1,183	1,170	8	†	-	†	-	-	†	-	-
Tax preferences excluded from adjusted gross income	1,183	206	66	27	339	13	19	11	7	316	179

†Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.

NOTE: Detail may not add to totals because of rounding.

Table 10.–Returns Without Worldwide Income Tax and With Income of $200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income

[All figures are estimates based on samples]

Income concept and type of deduction or credit	Total	Number of returns on which income was reduced by percentages of income									
		No deduction or credit	Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Adjusted gross income concept											
Total itemized deductions	1,114	-	3	4	3	3	†	†	3	113	981
Interest paid deduction:											
Total	**1,114**	**60**	**90**	**19**	**18**	**15**	**21**	**27**	**35**	**358**	**471**
Investment interest per income concept	1,114	176	71	27	19	25	34	43	70	327	322
Taxes paid deduction	1,114	43	671	254	73	27	17	6	3	12	8
Contributions deduction	1,114	106	714	91	48	42	32	81	-	-	-
Medical and dental expense deduction	1,114	1,016	22	6	†	†	4	3	3	28	26
Net casualty or theft loss deduction	1,114	1,063	-	†	†	†	†	†	†	11	3[illegible]
Net limited miscellaneous deduction per income concept	1,114	612	351	74	33	16	9	5	4	6	4
Non-limited miscellaneous deduction	1,114	1,031	25	3	†	†	†	†	†	25	23
Deduction equivalent of:											
Total credits	1,114	1,056	30	7	†	4	†	†	3	10	-
Foreign tax credit	1,114	1,114	-	-	-	-	-	-	-	-	-
Business credit	1,114	1,088	17	6	†	†	-	-	-	-	-
Tax preferences excluded from adjusted gross income	1,114	670	251	58	27	13	15	13	7	23	37
Expanded income concept											
Total itemized deductions	1,087	170	5	12	301	12	9	12	8	394	164
Interest paid deduction:											
Total	**1,087**	**827**	**117**	**23**	**27**	**14**	**12**	**10**	**7**	**30**	**20**
Investment interest per income concept	1,087	630	84	20	271	5	5	9	8	14	41
Taxes paid deduction	1,087	175	781	69	20	13	10	4	-	3	12
Contributions deduction	1,087	197	160	309	25	339	12	15	8	10	12
Medical and dental expense deduction	1,087	425	268	3	3	5	333	7	8	24	11
Net casualty or theft loss deduction	1,087	1,042	-	†	-	†	†	†	†	11	28
Net limited miscellaneous deduction per income concept	1,087	330	716	21	7	†	†	†	†	†	5
Non-limited miscellaneous deduction	1,087	1,074	10	†	-	-	-	-	-	-	†
Deduction equivalent of:											
Total credits	1,087	1,057	7	4	†	†	†	†	†	11	-
Foreign tax credit	1,087	1,087	-	-	-	-	-	-	-	-	-
Business credit	1,087	1,076	7	†	-	†	-	-	-	-	-
Tax preferences excluded from adjusted gross income	1,087	128	52	25	338	13	19	10	7	316	179

† Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.

NOTE: Detail may not add to totals because of rounding.

Table 11.--Returns With and Without U.S. Income Tax: Number of Returns and Percentages of Returns Classified by Effective Tax Rate and by Size of Income Under Alternative Concepts [1]

[All figures are estimates based on samples]

Effective tax rate	Size of adjusted gross income									
	Total		Under $50,000		$50,000 under $100,000		$100,000 under $200,000		$200,000 or more	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns	**113,717,138**	**100.0**	**96,332,376**	**100.0**	**14,220,244**	**100.0**	**2,329,562**	**100.0**	**834,957**	**100.0**
Returns without U.S. income tax	**21,175,126**	**18.6**	**21,146,073**	**22.0**	**23,770**	**0.2**	**4,064**	**0.2**	**1,219**	**0.1**
Returns with U.S. income tax	**92,542,013**	**81.4**	**75,186,303**	**78.0**	**14,196,474**	**99.8**	**2,325,498**	**99.8**	**833,738**	**99.9**
Effective tax rate:										
Under 5 percent	17,147,125	15.1	16,977,156	17.6	144,951	1.0	19,472	0.8	5,545	0.7
5 under 10 percent	36,215,255	31.8	34,135,172	35.4	2,007,693	14.1	65,432	2.8	6,957	0.8
10 under 15 percent	27,719,669	24.4	20,484,523	21.3	6,889,471	48.4	324,443	13.9	21,233	2.5
15 under 20 percent	8,917,254	7.8	3,389,289	3.5	4,463,438	31.4	980,180	42.1	84,348	10.1
20 under 25 percent	2,014,572	1.8	115,730	0.1	657,736	4.6	808,521	34.7	432,585	51.8
25 under 30 percent	471,722	0.4	42,999	(2)	26,360	0.2	122,756	5.3	279,607	33.5
30 under 35 percent	16,764	(2)	10,841	(2)	1,886	(2)	2,929	0.1	1,110	0.1
35 under 40 percent	6,112	(2)	4,520	(2)	586	(2)	422	(2)	585	0.1
40 under 45 percent	6,902	(2)	5,594	(2)	501	(2)	306	(2)	500	0.1
45 under 50 percent	6,153	(2)	†	†	†	†	672	(2)	309	(2)
50 under 60 percent	3,173	(2)	-	-	2,489	(2)	230	(2)	454	0.1
60 under 70 percent	334	(2)	-	-	33	(2)	9	(2)	292	(2)
70 under 80 percent	35	(2)	†	†	†	†	-	-	23	(2)
80 percent or more	16,942	(2)	15,958	(2)	669	(2)	126	(2)	190	(2)

Effective tax rate	Size of expanded income									
	Total		Under $50,000		$50,000 under $100,000		$100,000 under $200,000		$200,000 or more	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns	**113,717,138**	**100.0**	**95,970,036**	**100.0**	**14,494,901**	**100.0**	**2,391,262**	**100.0**	**860,940**	**100.0**
Returns without U.S. income tax	**21,175,126**	**18.6**	**21,107,203**	**22.0**	**61,288**	**0.4**	**5,452**	**0.2**	**1,183**	**0.1**
Returns with U.S. income tax	**92,542,013**	**81.4**	**74,862,833**	**78.0**	**14,433,613**	**99.6**	**2,385,810**	**99.8**	**859,756**	**99.9**
Effective tax rate:										
Under 5 percent	18,288,283	16.1	18,032,287	18.8	192,550	1.3	50,984	2.1	12,461	1.4
5 under 10 percent	35,847,776	31.5	33,650,808	35.1	2,098,964	14.5	80,480	3.4	17,523	2.0
10 under 15 percent	27,130,427	23.9	19,708,372	20.5	7,065,731	48.7	321,666	13.5	34,658	4.0
15 under 20 percent	8,885,695	7.8	3,261,908	3.4	4,494,432	31.0	1,029,827	43.1	99,528	11.6
20 under 25 percent	1,939,224	1.7	131,838	0.1	558,681	3.9	801,099	33.5	447,605	52.0
25 under 30 percent	400,978	0.4	42,759	(2)	15,593	0.1	97,940	4.1	244,685	28.4
30 under 35 percent	13,325	(2)	8,143	(2)	1,031	(2)	2,709	0.1	1,442	0.2
35 under 40 percent	9,258	(2)	6,009	(2)	2,287	(2)	407	(2)	555	0.1
40 under 45 percent	3,462	(2)	2,705	(2)	503	(2)	79	(2)	175	(2)
45 under 50 percent	3,449	(2)	1,807	(2)	662	(2)	408	(2)	572	0.1
50 under 60 percent	2,611	(2)	-	-	2,480	(2)	81	(2)	50	(2)
60 under 70 percent	363	(2)	24	(2)	24	(2)	-	-	315	(2)
70 under 80 percent	1,141	(2)	363	(2)	662	(2)	116	(2)	-	-
80 percent or more	16,021	(2)	15,810	(2)	13	(2)	12	(2)	186	(2)

[1] Returns with U.S. income tax include returns on which income tax was entirely offset by the earned income credit.

[2] Less than 0.05 percent.

† Data deleted to avoid disclosure of information for specific taxpayers. Deleted data are included in the appropriate totals.

NOTE: Detail may not add to totals because of rounding.

Table 12.--Returns With and Without Worldwide Income Tax: Number of Returns and Percentages of Returns Classified by Effective Tax Rate and by Size of Income Under Alternative Concepts [1]

(All figures are estimates based on samples)

Effective tax rate	Size of adjusted gross income									
	Total		Under $50,000		$50,000 under $100,000		$100,000 under $200,000		$200,000 or more	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns	**113,717,138**	**100.0**	**96,332,376**	**100.0**	**14,220,244**	**100.0**	**2,329,562**	**100.0**	**834,957**	**100.0**
Returns without worldwide income tax	**21,152,121**	**18.6**	**21,124,573**	**21.9**	**22,529**	**0.2**	**3,905**	**0.2**	**1,114**	**0.1**
Returns with worldwide income tax	**92,565,018**	**81.4**	**75,207,803**	**78.1**	**14,197,715**	**99.8**	**2,325,657**	**99.8**	**833,843**	**99.9**
Effective tax rate:										
Under 5 percent	17,102,668	15.0	16,949,297	17.6	137,583	1.0	13,676	0.6	2,112	0.3
5 under 10 percent	36,207,507	31.8	34,140,083	35.4	2,001,737	14.1	60,940	2.6	4,747	0.6
10 under 15 percent	27,739,041	24.4	20,515,318	21.3	6,884,700	48.4	319,116	13.7	19,907	2.4
15 under 20 percent	8,921,248	7.8	3,389,213	3.5	4,469,725	31.4	980,817	42.1	81,494	9.8
20 under 25 percent	2,022,832	1.8	114,900	0.1	661,383	4.7	812,996	34.9	433,553	51.9
25 under 30 percent	488,232	0.4	45,662	(2)	28,726	0.2	127,785	5.5	286,060	34.3
30 under 35 percent	19,877	(2)	10,917	(2)	3,158	(2)	3,766	0.2	2,036	0.2
35 under 40 percent	9,237	(2)	4,520	(2)	1,575	(2)	1,716	0.1	1,426	0.2
40 under 45 percent	10,554	(2)	6,333	(2)	2,154	(2)	1,144	(2)	923	0.1
45 under 50 percent	8,789	(2)	5,326	(2)	1,346	(2)	1,662	0.1	455	0.1
50 under 60 percent	7,095	(2)	1,631	(2)	3,631	(2)	1,220	0.1	613	0.1
60 under 70 percent	2,220	(2)	739	(2)	718	(2)	541	(2)	223	(2)
70 under 80 percent	1,818	(2)	1,489	(2)	230	(2)	-	-	100	(2)
80 percent or more	23,900	(2)	22,376	(2)	1,049	(2)	279	(2)	196	(2)

Effective tax rate	Size of expanded income									
	Total		Under $50,000		$50,000 under $100,000		$100,000 under $200,000		$200,000 or more	
	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total	Number of returns	Percent of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns	**113,717,138**	**100.0**	**95,970,036**	**100.0**	**14,494,901**	**100.0**	**2,391,262**	**100.0**	**860,940**	**100.0**
Returns without worldwide income tax	**21,152,121**	**18.6**	**21,091,985**	**22.0**	**54,368**	**0.4**	**4,680**	**0.2**	**1,087**	**0.1**
Returns with worldwide income tax	**92,565,018**	**81.4**	**74,878,051**	**78.0**	**14,440,533**	**99.6**	**2,386,581**	**99.8**	**859,852**	**99.9**
Effective tax rate:										
Under 5 percent	18,238,297	16.0	18,009,442	18.8	188,488	1.3	35,836	1.5	4,531	0.5
5 under 10 percent	35,855,448	31.5	33,668,682	35.1	2,093,070	14.4	78,266	3.3	15,430	1.8
10 under 15 percent	27,148,737	23.9	19,725,338	20.6	7,070,241	48.8	320,948	13.4	32,210	3.7
15 under 20 percent	8,895,214	7.8	3,263,397	3.4	4,499,455	31.0	1,033,937	43.2	98,424	11.4
20 under 25 percent	1,953,307	1.7	130,856	0.1	561,957	3.9	809,008	33.8	451,486	52.4
25 under 30 percent	416,220	0.4	44,249	(2)	17,861	0.1	102,717	4.3	251,393	29.2
30 under 35 percent	16,721	(2)	8,143	(2)	1,618	(2)	3,623	0.2	3,337	0.4
35 under 40 percent	11,482	(2)	6,009	(2)	3,500	(2)	864	(2)	1,109	0.1
40 under 45 percent	4,236	(2)	2,705	(2)	503	(2)	308	(2)	720	0.1
45 under 50 percent	3,449	(2)	1,807	(2)	662	(2)	408	(2)	572	0.1
50 under 60 percent	2,923	(2)	-	-	2,480	(2)	310	(2)	133	(2)
60 under 70 percent	363	(2)	24	(2)	24	(2)	76	(2)	239	(2)
70 under 80 percent	1,294	(2)	363	(2)	662	(2)	193	(2)	76	(2)
80 percent or more	17,329	(2)	17,035	(2)	13	(2)	88	(2)	193	(2)

[1] Returns with worldwide income tax include returns on which income tax was entirely offset by the earned income credit.

[2] Less than 0.05 percent.

NOTE: Detail may not add to totals because of rounding.