

High-Income Tax Returns for 2005

by Brian Balkovic

The Tax Reform Act of 1976 requires 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 detailed data for the 3.6 million high-income returns for 2005, as well as summary data for the period 1977 to 2004. Detailed data for the years 1974 through 2004 have been published previously (see Reference Section for more details).

Two income concepts are used in this article to classify tax returns as high-income: the statutory concept of adjusted gross income (AGI) and the expanded income concept.² 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 expense to the extent it does not exceed investment income, and miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor.^{3, 4, 5} 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

Figure A and Table 1 show that, for 2005, there were 3,566,125 individual income tax returns reporting AGI of \$200,000 or more, and 3,584,012 returns

with expanded income of \$200,000 or more. These returns represented 2.654 percent and 2.667 percent, respectively, of all returns for 2005.

From 1977 to 2000, the numbers of returns reporting incomes of \$200,000 or more increased each year, and, each year, those high-income returns were a larger share of all tax returns. However, for 2001 and 2002, both the number of high-income returns and their percentage of all returns decreased. For 2003, both the numbers of high-income returns and their share of all returns increased, but by all measures were still lower than in 2001. With a slightly larger increase than 2003, the number of returns and their percentage of all returns for 2004 rose above the previous high set in 2000. This trend continued in 2005 by having the single largest year-to-year increase in both number of returns and percentage of all returns since at least 1978.

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. That change in the definition of AGI made AGI and expanded income concepts 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 for earlier years. To maintain the comparability of the real threshold over time, the nominal \$200,000 threshold has been adjusted for inflation to 1976 constant dollars for all years, and the number of high-income tax returns has been recomputed in the lower panel of Figure A.⁶

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

² The 1976 Act specified four income concepts for classifying tax returns: adjusted gross income (AGI), expanded income, AGI plus excluded tax preference items, and AGI less investment interest expense not in excess of investment income. Section 441 of the Deficit Reduction Act of 1984 (98 Stat. at 815) eliminated the requirement to use the last two income concepts.

³ The definition of adjustments to AGI to obtain the expanded income given in the text is for the current year. See Appendix A for a discussion of AGI and expanded income and a list of adjustments covering all years since 1977.

⁴ See Notes to Appendix A, A4.

⁵ Tax-exempt interest had to be reported on the individual income tax return starting with Tax Year

1987 and is included in expanded income starting with that year. Beginning with Tax Year 1991, tax-exempt interest was incorporated into the criteria used for sampling returns for Statistics of Income, thus increasing the reliability of the estimates of expanded income.

⁶ Inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review. The consumer price index approximates buying patterns of typical urban consumers. The annual index is the average of the monthly indices.

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Figure A

All Returns and Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Income Concept, Tax Years 1977-2005

Tax year	All returns	\$200,000 income threshold measured in current dollars			
		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	86,634,640	53,403	67,580	0.062	0.078
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	95,396,123	138,136	175,092	0.145	0.184
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
1991	114,730,123	846,707	892,178	0.738	0.778
1992	113,604,503	954,747	989,522	0.840	0.871
1993	114,601,819	993,326	1,043,213	0.867	0.910
1994	115,943,131	1,109,498	1,153,829	0.957	0.995
1995	118,218,327	1,272,508	1,319,382	1.076	1.116
1996	120,351,208	1,523,407	1,572,114	1.266	1.306
1997	122,421,991	1,807,900	1,854,031	1.477	1.514
1998	124,770,662	2,085,211	2,132,301	1.671	1.709
1999	127,075,145	2,429,942	2,479,556	1.912	1.951
2000	129,373,500	2,771,577	2,807,804	2.142	2.170
2001	130,255,237	2,567,220	2,605,021	1.971	2.000
2002	130,076,443	2,414,128	2,464,515	1.856	1.895
2003	130,423,626	2,536,439	2,573,133	1.945	1.973
2004	132,226,042	3,021,435	3,067,602	2.285	2.320
2005	134,372,678	3,566,125	3,584,012	2.654	2.667

Tax year	Current dollar income threshold equal to \$200,000 in 1976 constant dollars (whole dollars)	\$200,000 income threshold measured in 1976 constant dollars [1]			
		Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(6)	(7)	(8)	(9)	(10)
1977	213,005	45,931	58,991	0.053	0.068
1978	229,174	49,388	62,556	0.055	0.070
1979	255,184	55,542	76,479	0.060	0.083
1980	289,631	52,512	71,704	0.056	0.076
1981	319,508	50,880	71,146	0.053	0.075
1982	339,192	59,411	81,297	0.062	0.085
1983	350,088	67,310	93,977	0.070	0.098
1984	365,202	80,800	116,389	0.081	0.117
1985	378,207	95,740	134,715	0.094	0.133
1986	385,237	119,550	191,596	0.116	0.186
1987	399,297	161,408	169,942	0.151	0.159
1988	415,817	235,051	241,201	0.214	0.220
1989	435,852	217,685	228,530	0.194	0.204
1990	459,400	216,716	228,659	0.191	0.201
1991	478,735	183,442	195,743	0.160	0.171
1992	493,146	213,783	227,354	0.188	0.200
1993	507,909	201,236	212,853	0.176	0.186
1994	520,914	204,532	214,673	0.176	0.185
1995	535,677	237,770	248,077	0.201	0.210
1996	551,494	278,342	288,194	0.231	0.239
1997	564,148	335,040	345,869	0.274	0.283
1998	572,934	385,183	396,207	0.309	0.318
1999	585,589	436,118	446,583	0.343	0.351
2000	605,272	482,396	492,589	0.373	0.381
2001	622,495	391,901	400,906	0.301	0.308
2002	632,337	345,892	356,402	0.266	0.274
2003	646,749	356,727	367,012	0.274	0.281
2004	663,972	436,583	445,934	0.330	0.337
2005	686,467	519,216	527,126	0.386	0.392

[1] 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

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When measured in 1976 constant dollars, under the expanded income concept, the total number of high-income returns for 2005 was only 8.9 times the number for 1977, whereas the number of high-income returns for 2005 measured in current-year dollars was 53.0 times as large as for 1977. For 2005, the share of high-expanded income returns in constant dollars was 0.392 percent, an increase from 0.337 percent in 2004, and above the previous peak of 0.381 percent in 2000. Figure B shows the difference between the constant and current dollar shares of high expanded-income returns.

Based on AGI, the number of high-income returns for 2005 measured in current-year dollars was 66.8 times as large as for 1977, whereas, measured

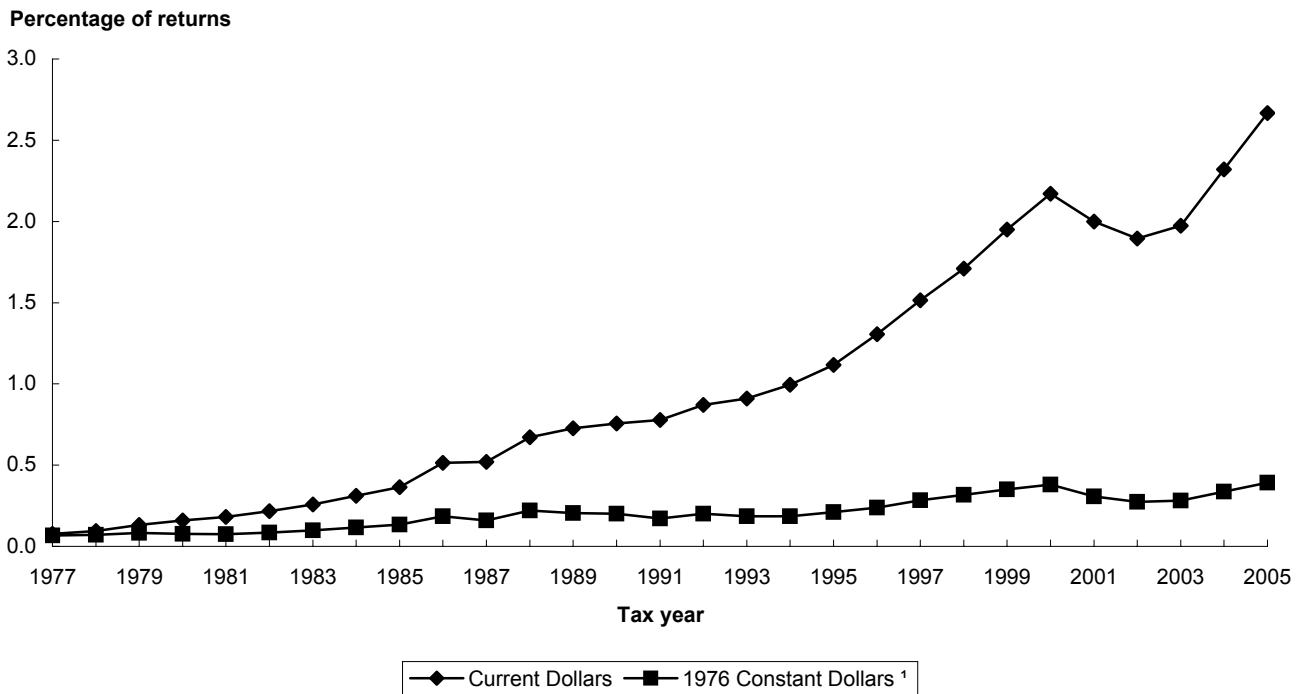
in 1976 constant dollars the number of returns for 2005 was only 11.3 times the number for 1977. For Tax Year 2005, the share of high AGI income returns in constant dollars, increased to 0.386 percent from 0.330 percent in 2004.

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" (AMT)), less all credits against income tax. 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

Figure B

Returns with Expanded Income of \$200,000 or More: Percentage of All Returns Measured in Current and 1976 Constant Dollars, Tax Years 1977-2005



¹ 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

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 to U.S. income tax the allowed foreign tax credit and foreign taxes paid on excluded foreign-earned income.^{7 8}

For 2005, of the 3,566,125 tax returns with AGI of \$200,000 or more, 7,389 (0.207 percent) had no U.S. income tax liability; and 4,224 (0.118 percent) had no worldwide income tax liability (the top panel of Figure C). For 2004, of the 3,021,435 returns with AGI of \$200,000 and over, 2,833 (0.094 percent) had no U.S. income tax liability, and 2,420 (0.080 percent) had no worldwide income tax liability.

For 2005, of the 3,584,012 tax returns with expanded income of \$200,000 or more, 10,680 (0.298 percent) had no U.S. income tax liability; and 5,420 (0.151 percent) had no worldwide income tax liability. For 2004, of the 3,067,602 returns with expanded income of \$200,000 or more, 5,028 (0.164 percent) had no U.S. income tax liability; and 4,101 (0.134 percent) had no worldwide income tax liability.

Whether measured by the absence of U.S. income tax or worldwide income tax, AGI, or expanded income, the numbers of nontaxable high-income returns increased significantly between 2004 and 2005. The increases, however, in both the numbers of returns and the percentages of nontaxable returns were dramatically larger when measured by U.S. income tax than when measured by worldwide income tax.

The major reason for the very large increases when measured by U.S. income tax was a 2004 statutory change that allowed individual taxpayers, beginning in Tax Year 2005, to use alternative minimum tax foreign tax credit to reduce up to 100 percent of precredit alternative minimum tax. Prior to Tax Year 2005, the foreign tax credit could reduce precredit AMT liability by only 90 percent. Tax law changes related to Hurricane Katrina also led to increases in the numbers of nontaxable high income returns, whether measured by U.S. or worldwide income tax liability. That legislation permitted cash charitable

contributions made after August 27, 2005, and before January 1, 2006, not to be subject to either the overall limit on itemized deductions or the 50-percent-of-AGI limit for charitable contributions.

Regardless of the income measure (AGI or expanded income) or the tax concept (U.S. income tax or worldwide income tax) used, the numbers of 2005 nontaxable, high-income returns in 1976 constant dollars were much lower than the numbers in current dollars. The percentages of nontaxable returns, however, are not substantially different regardless of whether measured in constant or current dollars. Of returns with AGI of \$200,000 or more in current dollars, 0.207 percent had no U.S. income tax for 2005; and 0.118 percent had no worldwide income tax. For returns in 1976 constant dollars, the percentage without U.S. income tax liability was 0.225; the percentage without worldwide income tax liability was 0.120 (see the lower panel of Figure C).

Of returns with expanded income of \$200,000 or more in current dollars, 0.298 percent had no U.S. income tax for 2005; and 0.151 percent had no worldwide income tax. When looking at these returns using 1976 constant dollars, the percentage without U.S. income tax liability was 0.234; the percentage without worldwide income tax liability was 0.118.

Figure D shows the number of returns with no worldwide income tax and with expanded income of \$200,000 or more and their proportion of all high-expanded income returns for 1977 through 2005. These data are shown in both current-year and 1976 constant dollars. In this figure, the spread between the two percentage lines was small for the late 1970s, showed an increase for the early 1980s, and then narrowed before widening again after 1988. The spread generally narrowed after 1993 but has increased or stayed fairly consistent since 2002.

Note that, because the number of nontaxable returns with expanded income of \$200,000 or more is based on samples, 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

⁷ See Appendix B for a discussion of the tax concepts. In data published for years prior to 1989, either in articles presented in the *Statistics of Income Bulletin* or in chapters in *Statistics of Income-Individual Income Tax Returns* (see Reference Section), 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.”

⁸ 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 year-to-year comparability of data for worldwide income tax. However, 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.

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Figure C

Nontaxable Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Tax and Income Concept, Tax Years 1977-2005

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
1991	1,253	1,933	1,131	1,740	0.148	0.217	0.134	0.195
1992	909	1,896	823	1,799	0.095	0.192	0.086	0.182
1993	1,022	2,392	932	1,950	0.103	0.229	0.094	0.187
1994	1,137	2,574	1,061	2,161	0.102	0.223	0.096	0.187
1995	998	2,676	896	1,746	0.078	0.203	0.070	0.132
1996	1,044	1,820	950	1,660	0.069	0.116	0.062	0.106
1997	1,189	1,814	1,048	1,562	0.066	0.098	0.058	0.084
1998	1,467	2,224	1,283	1,914	0.070	0.104	0.062	0.090
1999	1,605	2,525	1,398	2,174	0.066	0.102	0.058	0.088
2000	2,328	2,766	2,022	2,320	0.084	0.099	0.073	0.083
2001	3,385	4,910	2,875	4,119	0.132	0.188	0.112	0.158
2002	2,959	5,650	2,551	4,922	0.123	0.229	0.106	0.200
2003	2,824	5,839	2,416	4,934	0.111	0.227	0.095	0.192
2004	2,833	5,028	2,420	4,101	0.094	0.164	0.080	0.134
2005	7,389	10,680	4,224	5,420	0.207	0.298	0.118	0.151

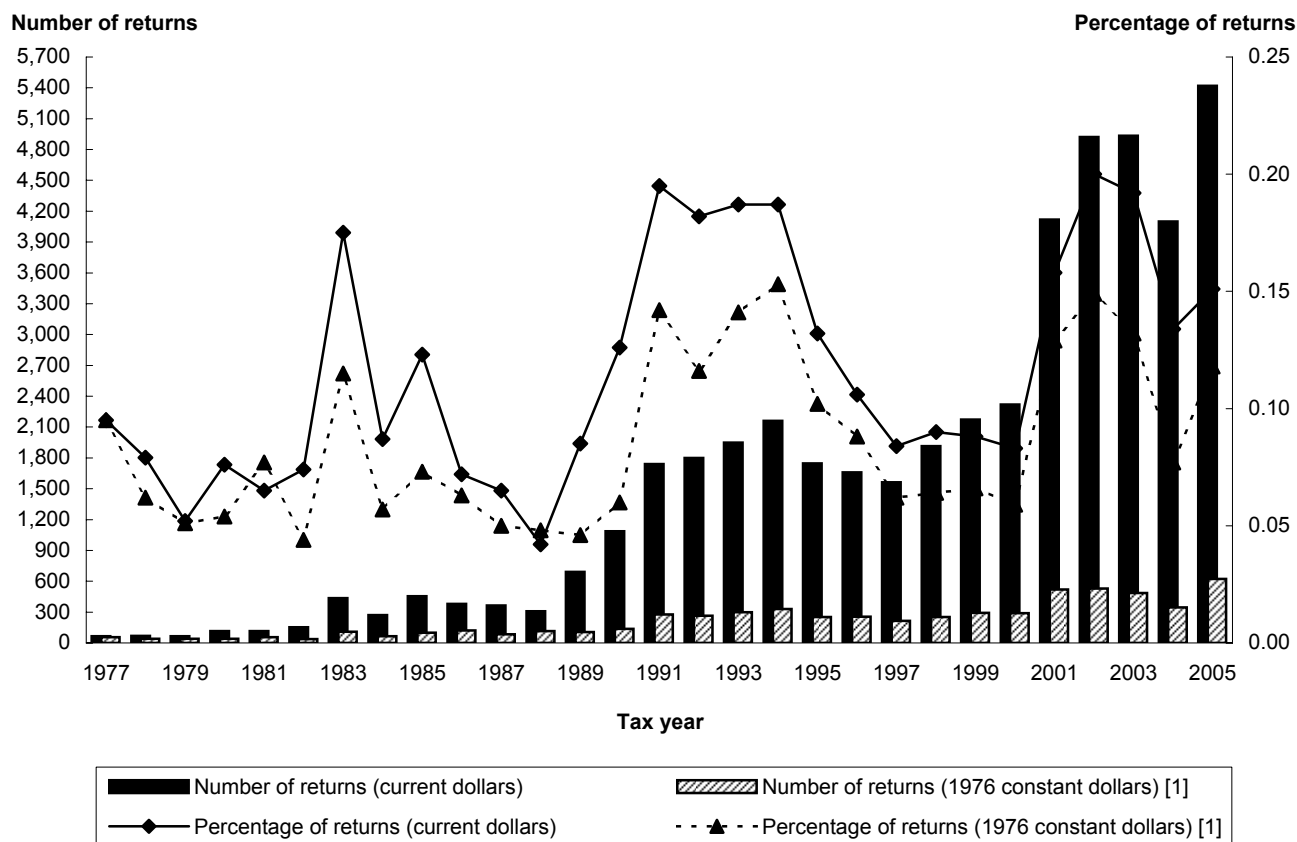
Tax year	\$200,000 income threshold measured in 1976 constant dollars [1]							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by 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
1991	301	305	273	277	0.164	0.156	0.149	0.142
1992	171	288	148	264	0.080	0.127	0.069	0.116
1993	180	323	160	300	0.089	0.152	0.080	0.141
1994	227	345	209	329	0.111	0.161	0.102	0.153
1995	202	281	174	252	0.085	0.113	0.073	0.102
1996	236	275	213	254	0.085	0.095	0.077	0.088
1997	256	247	222	214	0.076	0.071	0.066	0.062
1998	290	289	251	253	0.075	0.073	0.065	0.064
1999	351	343	296	293	0.080	0.077	0.068	0.066
2000	464	365	390	290	0.096	0.074	0.081	0.059
2001	694	648	567	519	0.177	0.162	0.145	0.129
2002	520	616	437	530	0.150	0.173	0.126	0.149
2003	407	567	339	485	0.114	0.154	0.095	0.132
2004	350	396	301	344	0.080	0.089	0.069	0.077
2005	1,166	1,236	625	624	0.225	0.234	0.120	0.118

[1] 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

NOTE: See Figure H for the derivation of U.S. income tax and worldwide income tax.

Figure D

Number and Percentage of Returns with No Worldwide Income Tax and with Expanded Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, Tax Years 1977-2005



[1] 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

NOTE: See Figure H for the derivation of worldwide income tax.

in the numbers of such returns. Beginning with Tax Year 1991, nontaxable returns with expanded income of \$200,000 or more were sampled at higher rates for Statistics of Income, which reduced the sampling variability of these returns and therefore provided improved estimates. Thus, the data for returns prior to 1991 are not entirely comparable with data for more recent years.

Detailed Data for 2005

Tables 1 through 12 present data based on income tax returns for 2005, mainly those with income of \$200,000 or more (measured in current-year dollars) of AGI or 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-size classes (Tables 1 and 2 for 2005 current dollar income classes and Table 1 and 2 for 1976 constant dollar income classes);
- 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);

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- The frequencies with which various deductions and tax credits are the most important and second most important items in reducing (or eliminating) income tax (Tables 7 and 8);
- The frequencies with which various itemized deductions, tax credits, and tax preference items 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-size 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 the number of nontaxable returns is greater in each income class over \$50,000 when income is measured by economic income rather than by AGI. Table 1 shows that 7,389 returns with no U.S. income tax had an AGI of \$200,000 or more; and 10,680 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 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 Thus, the tables show the extent to which AGI or expanded income, respectively, are reduced before taxes are imposed on the remaining income. The tables also 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 portion of high-income taxpayers were able to escape all income taxes (0.2 percent).
- Another group of high-income taxpayers—small, 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.” (Around 0.8 percent of high expanded-income taxpayers who reported at least some worldwide tax liability were able to reduce their taxable incomes to less than 25 percent of their expanded incomes.)
- Overall, a large portion of high-income taxpayers were subject to tax on a large share of their incomes and, consequently, reported very substantial amounts of tax. (62.2 percent of high-expanded income taxpayers had taxable income equal to 80 percent or more of expanded income; and 94.5 percent had taxable income equal to 50 percent or more of expanded income.)

Tables 11 and 12 show the distributions of tax returns in another way: by tax burden. These two tables classify all tax returns by both size of income and effective tax rate, i.e., income tax as a percentage of either adjusted gross income or expanded income. These tables show that, on average, high-income taxpayers did 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 adjusted gross income of \$200,000 or more had either no worldwide income tax or worldwide income tax of less than 10 percent of expanded income, 23.6 percent had effective tax rates of 25 percent or more. In addition, 33.3 percent had effective tax rates between 20 percent and 25 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.

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

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 the expanded-income concept were much more likely to have tax-exempt interest than were taxable returns, and, when they did have it, the average amount was much higher. Similarly, nontaxable returns were much less likely to have any income from salaries and wages.

The impact of the previously mentioned legislative change to allow individual taxpayers to reduce their precredit minimum tax by up to 100 percent of their alternative minimum tax foreign tax credit can also be seen in Table 5 when compared to the 2004 data published in the spring 2007 edition of the *SOI Bulletin*. For returns under the adjusted gross income-concept with incomes of \$200,000 or more and no U.S. income tax, there were 3,164 returns showing a total of \$447.3 million in foreign tax credit claimed for 2005. This compares to only 412 returns showing a total of \$16.6 million in foreign tax credit claimed for 2004. Charitable contributions reported on nontaxable returns also increased significantly due to the legislative change made as a result of Hurricane Katrina. A total of 4,925 returns showed \$1,334.8 million for the charitable contributions deduction for 2005 compared to 2,160 returns showing a total of \$148.6 million for the charitable contributions deduction for 2004.

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, none of which, by itself, would result in nontaxability. Moreover, some items, which singly or in combination may eliminate “regular tax” liability, i.e., income tax excluding the alternative minimum tax (AMT), cannot eliminate an AMT liability, since these items give rise to 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 item-

ized deductions not subject to the 2-percent-of-AGI floor, casualty or theft losses, and medical expenses (exceeding 10 percent of AGI) could, by themselves, produce nontaxability.¹⁰

Due to the AMT exemption of \$58,000 on joint returns (\$40,250 on single and head-of-household returns and \$29,000 on returns of married taxpayers filing separately), a return could have been nontaxable, even though it included some items that produced AMT adjustments or preferences.¹¹ Further, since the starting point for “alternative minimum taxable income” was taxable income for regular tax purposes, a taxpayer could have adjustments and preferences exceeding the AMT exclusion without incurring AMT liability. This situation could occur if taxable income for regular tax purposes was sufficiently negative, due to itemized deductions and personal exemptions exceeding AGI, that the taxpayer’s AMT adjustments and preferences are less than the sum of the AMT exclusion and the amount by which regular taxable income is 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 was identified, the tables show each of the second largest effects.¹² For example, Table 7 shows that, on taxable returns with some U.S. income tax and expanded income of \$200,000 or more, the taxes paid deduction was the most important item 52.2 percent of the time. Where this was the primary item, the interest paid deduction was the second most important item 60.1 percent of the time, and the charitable contributions deduction was the second most important item 27.0 percent of the time.

Table 8 shows that, on returns without any worldwide tax and expanded income of \$200,000 or more, the most important item in eliminating tax, on 44.3 percent of returns, was the exclusion for State and local government interest (“tax-exempt interest”). For these returns, the itemized deduction for

¹⁰ For Tax Year 2005, the deduction for charitable contributions could also fall into this class if it was made after August 27, 2005, and before January 1, 2006. Such deductions were not subject to the 50 percent adjusted gross income limitation or the overall limitation on itemized deductions.

¹¹ The AMT exclusion phases out above certain levels of “alternative minimum taxable income,” based on filing status, but, since taxpayers will have some AMT liability in the phaseout range, the phaseout income is not relevant for nontaxable, high-income returns.

¹² Tax-exempt interest and the foreign-earned income exclusion were not included in Tables 7 and 8 as possible tax effects before Tax Year 1994. Thus, caution should be exercised in making comparisons between data prior to 1994 and after 1993.

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taxes paid was the second most important item 25.1 percent of the time, and the deduction for medical and dental expenses was the second most important item 22.0 percent of the time.

The four categories with the largest effect in reducing taxes on high adjusted-gross-income returns with no worldwide income tax were the total miscellaneous deductions (1,112 returns, or 26.3 percent of the 4,224 tabulated returns with AGI of \$200,000 or more and with no worldwide tax liability); net casualty or theft loss deduction (863 returns, or 20.4 percent); charitable contributions deduction (837 returns, or 19.8 percent); and investment interest expense deduction (444 returns, or 10.5 percent). These effects are also shown in Figure E.

The four categories that most frequently had the largest effect in reducing taxes for high expanded-income returns with no worldwide income tax were tax-exempt interest (2,399 returns, or 44.3 percent of the 5,420 tabulated returns with expanded income of \$200,000 or more and with no worldwide tax liability);

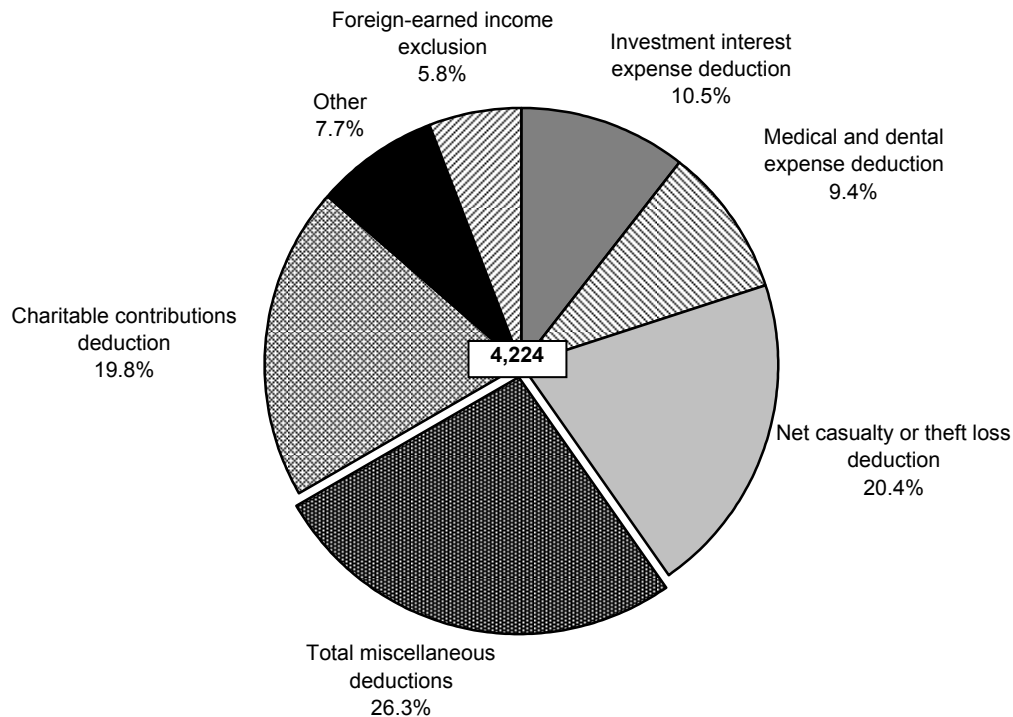
net casualty or theft loss deduction (862 returns, or 15.9 percent); charitable contributions deduction (844 returns, or 15.6 percent); and medical and dental expense deductions (680 returns, or 12.5 percent). These effects are also shown in Figure F.

Table 8 also shows the two items that most frequently had the second largest effect in reducing regular tax liability for high expanded-income returns with no worldwide tax. These were the deduction for taxes paid (1405 returns, or 25.9 percent) and tax-exempt interest (908 returns, or 16.8 percent).

Tables 9 and 10 present 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 percentages 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 prefer-

Figure E

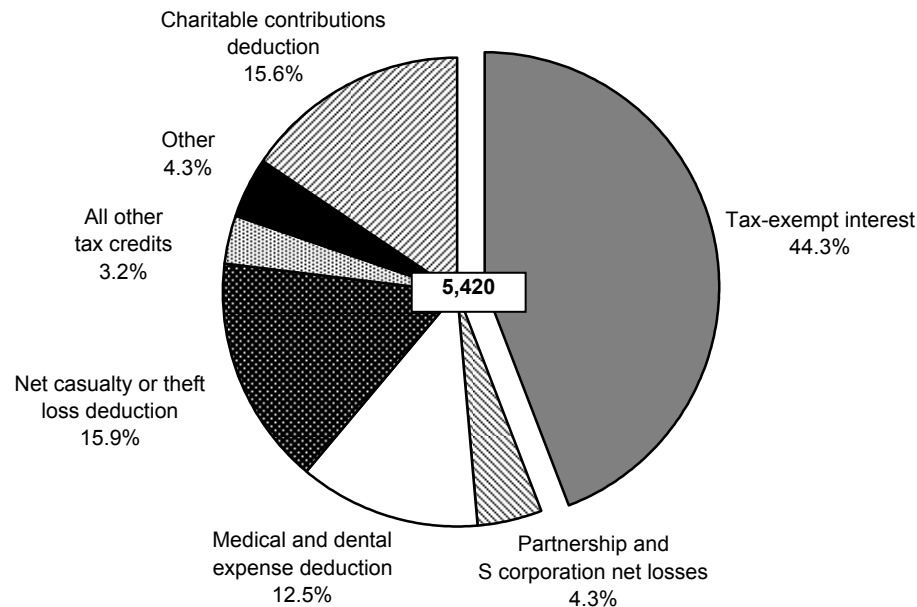
Returns with No Worldwide Income Tax and with Adjusted Gross Income of \$200,000 or More: Primary Reasons for Reduced Income Tax Liabilities, Tax Year 2005



NOTE: Details may not add to 100 percent due to rounding.

Figure F

Returns with No Worldwide Income Tax and with Expanded Income of \$200,000 or More: Primary Reasons for Reduced Income Tax Liabilities, Tax Year 2005



NOTE: Detail may not add to 100 percent due to rounding.

ences 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 591 of the 5,420 returns, but there was no casualty or theft loss deduction on 4,426 returns.

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Appendix A: Income Concepts

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 was 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 are listed. The final section defines “expanded income,” a 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, economic 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 to Families with 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 pretax 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 pretax 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 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 pretax, 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, most other cash transfers, all noncash transfers, and the real incomes 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 some expenses not related to earning income, such as contributions to self-employed retirement (Keogh) plans, deductible contributions to Individual Retirement Arrangements (IRAs), the portion of Social Security contributions for self-employed workers that is analogous to the employer share of such contributions for employees, and contributions to medical savings accounts.

AGI generally *exceeds* H-S income to the extent that 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); and expenses attributable to a taxpayer’s (passive) investments (as opposed to active participation in a trade or business, for example), including, but not limited to, interest expense incurred in connection with investments in securities [A3]. Note that there are limits on certain types of deductible expenses. In particular, deductible meal and entertainment expenses are limited to 50 percent of total meal and entertainment expenses.

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. In a somewhat similar manner, passive losses (from investments in a trade or business in which the taxpayer does not materially participate) can also reduce economic income, but, in computing AGI, they can only be deducted from passive income from other, similar investments (although a larger amount may be deducted when the losses are from rental real estate activities).

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, who 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

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than AGI, but which is derived entirely from items already reported on income tax returns. Figure G shows the adjustments made to AGI to arrive at expanded income. Since the definition of AGI was changed by legislation several times since 1977, and certain reporting requirements also changed, the adjustments differ over the years, as indicated for each item [A4]. Most of these adjustments are relatively straightforward, but the adjustment for investment requires some explanation.

Figure G

Derivation of Expanded Income from Adjusted Gross Income, Tax Years 1977-2005

Adjusted gross income (AGI)

- PLUS:
- o Excluded capital gains (tax years prior to 1987)
 - o Tax-exempt interest (1987 and later tax years)
 - o Nontaxable Social Security benefits (1987 and later tax years)
 - o Tax preferences for alternative minimum tax purposes [A5]
 - o Foreign-earned income exclusion (1990 and later tax years)
- MINUS:
- o Unreimbursed employee business expenses [A4]
 - o Nondeductible rental losses (Tax Year 1987)
 - o Moving expense deduction (Tax Years 1987 through 1993) [A4]
 - o Investment interest expense deduction to the extent it does not exceed investment income
 - o Miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor (1989 and later tax years)

EQUALS: o Expanded income

NOTE: Footnotes to Figure G are included with the footnotes to Appendix A.

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 tax-

payer 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 nonincome-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 that 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 expense is taken into account in the calculation of the itemized deduction for interest paid. Deductible investment interest expense 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 [A5].

Beginning with 1987, most 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 expenses. 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 expense and thus expanded income. Investment interest expenses that 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. (editor) (1921), *The Federal Income Tax*, Columbia University Press, and Simons, Henry C. (1938), *Personal Income Taxation*, University of Chicago Press.
- [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 represent a return of principal to the lender, rather than interest.
- [A3] See references and A4.
- [A4] For 1977, 50 percent of net 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.

Beginning in 1987, taxpayers were required to report on their Federal income tax returns the amounts 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. However, if none of a particular taxpayer's Social Security benefits are taxable, then gross Social Security benefits are not required to be shown on the income

tax return. In such instances, which generally only affect lower- and middle-income taxpayers, Social Security benefits are not 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. All current-year moving expenses beginning with Tax Year 1994 were deducted in the calculation of AGI as a statutory adjustment.

Due to subtracting nonlimited 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. Nor is the expanded income concept for 1990 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 found under the Reference Section.

- [A5] Some income deferrals and accelerated expense deductions may also be involved in income or losses from rental property, from royalties, from partnerships, and from S 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 this 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 physically 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

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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 (precredit) 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. This 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., returns showing an income tax liability) or nontaxable (i.e., returns showing no 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

tax plus the foreign tax credits reported on the U.S. income tax return and foreign taxes paid on excluded foreign-earned income (obtained from Form 1116, *Foreign Tax Credit*). 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 H.

Figure H

Derivation of "U.S. Income Tax" and "Worldwide Income Tax," Tax Year 2005

Tax at regular rates (tax generated)	
PLUS:	Additional taxes (such as tax on accumulation distributions from qualified retirement plans, Form 4972)
PLUS:	Alternative minimum tax (Form 6251)
EQUALS:	Income tax before credits
MINUS:	Tax credits
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 that would yield income tax before credits” and “taxable income that 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 or could be made as a result of IRS audits. While this is true of data throughout the entire Statistics of Income program, it is particularly relevant 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 are minor, such returns could 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, could completely offset pre-credit U.S. income tax liability with foreign tax credits.
- [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.

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Table 1. Returns With and Without U.S. Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2005

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 [1]	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
All returns					
Total	134,372,678	91,195,160	28,801,026	10,810,367	3,566,125
Under \$50,000 [1]	90,292,532	89,467,670	809,608	11,189	4,064
\$50,000 under \$100,000	29,853,509	1,689,622	27,727,119	431,877	4,890
\$100,000 under \$200,000	10,642,626	35,443	257,796	10,283,960	65,427
\$200,000 or more	3,584,012	2,424	6,503	83,341	3,491,744
Returns with U.S. income tax					
Total	92,343,188	50,195,911	27,821,158	10,767,383	3,558,736
Under \$50,000 [1]	49,379,651	48,667,302	703,713	5,808	2,828
\$50,000 under \$100,000	28,807,139	1,509,077	26,864,708	428,657	4,696
\$100,000 under \$200,000	10,583,067	18,322	247,331	10,252,321	65,093
\$200,000 or more	3,573,331	1,210	5,406	80,596	3,486,119
Returns without U.S. income tax					
Total	42,029,489	40,999,249	979,868	42,984	7,389
Under \$50,000 [1]	40,912,880	40,800,368	105,895	5,381	1,236
\$50,000 under \$100,000	1,046,370	180,545	862,411	3,220	194
\$100,000 under \$200,000	59,558	17,121	10,464	31,639	334
\$200,000 or more	10,680	1,214	1,097	2,744	5,625

[1] Includes returns with adjusted gross deficit or with negative expanded income.

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

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Table 2. Returns With and Without Worldwide Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2005

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 [1]	\$50,000 under \$100,000	\$100,000 under \$200,000	200000 or more
	(1)	(2)	(3)	(4)	(5)
All returns					
Total	134,372,678	91,195,160	28,801,026	10,810,367	3,566,125
Under \$50,000 [1]	90,292,532	89,467,670	809,608	11,189	4,064
\$50,000 under \$100,000	29,853,509	1,689,622	27,727,119	431,877	4,890
\$100,000 under \$200,000	10,642,626	35,443	257,796	10,283,960	65,427
\$200,000 or more	3,584,012	2,424	6,503	83,341	3,491,744
Returns with worldwide income tax					
Total	92,546,925	50,347,653	27,859,501	10,777,870	3,561,901
Under \$50,000 [1]	49,520,556	48,807,439	704,470	5,808	2,838
\$50,000 under \$100,000	28,847,168	1,515,434	26,897,916	429,104	4,714
\$100,000 under \$200,000	10,600,609	23,518	251,402	10,260,550	65,139
\$200,000 or more	3,578,591	1,262	5,712	82,407	3,489,210
Returns without worldwide income tax					
Total	41,825,753	40,847,507	941,526	32,497	4,224
Under \$50,000 [1]	40,771,976	40,660,231	105,138	5,381	1,226
\$50,000 under \$100,000	1,006,340	174,188	829,203	2,773	176
\$100,000 under \$200,000	42,017	11,925	6,394	23,410	288
\$200,000 or more	5,420	1,162	791	933	2,534

[1] Includes returns with adjusted gross deficit or with negative expanded income.

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

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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, Tax Year 2005

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	3,566,125	100.0	100.0	3,584,012	100.0	100.0
Returns without U.S. income tax	7,389	0.2	0.2	10,680	0.3	0.3
Returns with U.S. income tax: Total	3,558,736	99.8	N/A	3,573,331	99.7	N/A
Ratio of adjusted taxable income to income per concept:						
Over 0 under 5 percent	5,867	0.2	0.2	8,904	0.2	0.2
5 under 10 percent	6,299	0.2	0.3	13,983	0.4	0.6
10 under 15 percent	7,948	0.2	0.6	10,868	0.3	0.9
15 under 20 percent	9,349	0.3	0.8	8,003	0.2	1.2
20 under 25 percent	8,071	0.2	1.1	13,668	0.4	1.5
25 under 30 percent	10,661	0.3	1.4	16,072	0.4	2.0
30 under 35 percent	13,786	0.4	1.7	17,304	0.5	2.5
35 under 40 percent	20,469	0.6	2.3	27,827	0.8	3.3
40 under 45 percent	37,733	1.1	3.4	43,263	1.2	4.5
45 under 50 percent	68,917	1.9	5.3	74,597	2.1	6.5
50 under 60 percent	226,717	6.4	11.7	240,733	6.7	13.3
60 under 70 percent	318,932	9.0	20.6	324,020	9.1	22.3
70 under 80 percent	625,428	17.6	38.1	598,823	16.8	39.0
80 percent or more	2,198,559	61.8	99.8	2,175,267	60.9	99.7

N/A—Not Applicable.

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

High-Income Tax Returns for 2005

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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, Tax Year 2005

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	3,566,125	100.0	100.0	3,584,012	100.0	100.0
Returns without worldwide income tax	4,224	0.1	0.1	5,420	0.2	0.2
Returns with worldwide income tax: Total	3,561,901	99.9	N/A	3,578,591	99.8	N/A
Ratio of adjusted taxable income to income per concept:						
Over 0 under 5 percent	2519	0.1	0.1	3869	0.1	0.1
5 under 10 percent	2721	0.1	0.1	5320	0.1	0.3
10 under 15 percent	3894	0.1	0.3	3878	0.1	0.4
15 under 20 percent	4912	0.1	0.4	4286	0.1	0.5
20 under 25 percent	6095	0.2	0.6	9883	0.3	0.8
25 under 30 percent	8040	0.2	0.8	13032	0.4	1.1
30 under 35 percent	11264	0.3	1.1	15238	0.4	1.5
35 under 40 percent	18635	0.5	1.6	24720	0.7	2.2
40 under 45 percent	35241	1	2.6	39366	1.1	3.3
45 under 50 percent	63942	1.8	4.4	70520	2	5.3
50 under 60 percent	220293	6.2	10.6	237346	6.6	11.9
60 under 70 percent	316382	8.9	19.5	325869	9.1	21
70 under 80 percent	620906	17.4	36.9	598482	16.7	37.7
80 percent or more	2247058	63.1	99.9	2226783	62.2	99.8

N/A—Not Applicable.

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

High-Income Tax Returns for 2005

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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, Tax Year 2005

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

Income concept, item	Returns with income of \$200,000 or more					
	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
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income concept						
Salaries and wages	3,037,602	917,754,477	3,033,010	916,303,403	4,592	1,451,074
Business or profession:						
Net income	711,757	84,176,298	710,574	84,031,279	1,183	145,019
Net loss	225,010	5,914,517	224,313	5,824,130	697	90,387
Farm:						
Net income	25,943	1,440,185	25,904	1,437,548	39	2,637
Net loss	77,794	3,329,303	77,619	3,297,427	175	31,876
Partnership and S corporation net income after Section 179 property deduction [1]:						
Net income	1,246,960	397,841,799	1,245,340	397,390,780	1,620	451,019
Net loss	375,955	34,552,297	374,456	33,639,395	1,499	912,902
Sales of capital assets:						
Net gain	1,835,002	557,831,935	1,831,810	556,194,208	3,192	1,637,727
Net loss	962,873	2,461,233	960,547	2,454,865	2,326	6,368
Sales of property other than capital assets:						
Net gain	194,327	6,253,352	193,826	6,227,867	501	25,485
Net loss	211,463	2,814,355	210,961	2,768,537	502	45,818
Taxable interest received	3,399,578	71,302,458	3,393,074	70,318,808	6,504	983,650
Tax-exempt interest	978,981	32,690,464	976,833	32,233,846	2,148	456,618
Dividends	2,792,525	91,015,212	2,787,127	90,248,607	5,398	766,606
Qualified dividends	2,574,956	70,899,940	2,570,257	70,310,122	4,699	589,818
Pensions and annuities in adjusted gross income	722,297	29,022,912	720,904	28,945,132	1,393	77,780
Rent:						
Net income	471,190	22,088,356	470,270	22,032,685	920	55,672
Net loss, total (deductible and nondeductible)	478,148	9,454,651	477,001	9,386,109	1,147	68,542
Nondeductible rental loss	275,998	4,333,502	275,228	4,310,979	770	22,523
Royalty:						
Net income	211,903	9,735,263	211,259	9,673,578	644	61,685
Net loss	6,371	92,243	6,351	90,343	20	1,900
Estate or trust:						
Net income	90,448	13,224,453	90,121	13,190,673	326	33,781
Net loss	11,458	963,278	11,386	946,934	72	16,345
State income tax refunds	1,246,228	6,201,745	1,244,782	6,176,574	1,446	25,171
Alimony received	7,179	1,254,454	7,171	1,253,785	8	668
Social Security benefits in adjusted gross income	581,486	10,782,907	579,761	10,751,913	1,725	30,993
Social Security benefits (nontaxable)	581,497	1,903,174	579,768	1,897,642	1,729	5,533
Unemployment compensation	72,021	396,185	71,922	395,780	99	405
Other income	517,882	16,105,911	516,634	16,007,931	1,248	97,980
Other loss	38,455	1,873,114	37,712	1,840,512	743	32,602
Foreign-earned income exclusion	34,850	2,540,344	32,936	2,378,120	1,914	162,224
Total income	3,566,125	2,198,789,963	3,558,736	2,193,765,747	7,389	5,024,216
Statutory adjustments, total	1,569,936	28,641,540	1,567,640	28,605,345	2,296	36,194
Payments to Individual Retirement Arrangements	140,860	959,748	140,661	958,593	199	1,155
Payments to self-employed retirement (Keogh) plans	386,912	11,529,427	386,678	11,522,683	234	6,744
Moving expenses adjustment	35,694	264,022	35,601	263,191	93	831
Adjusted gross income	3,566,125	2,170,148,423	3,558,736	2,165,160,401	7,389	4,988,022
Investment interest expense deduction	653,754	16,723,479	651,504	15,999,707	2,250	723,772
Total tax preferences excluded from adjusted gross income	993,209	35,542,553	991,068	35,082,833	2,141	459,720
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	26,895	2,868,205	26,861	2,863,389	34	4,815
Passive activity loss (alternative minimum tax adjustment)	594,744	4,991	593,836	4,113	908	878
Expanded income	3,565,995	2,177,847,646	3,558,736	2,173,667,141	7,259	4,180,505

Footnotes at end of table.

High-Income Tax Returns for 2005

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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, Tax Year 2005—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	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
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income concept—continued						
Exemption amount	1,995,412	13,139,518	1,991,720	13,117,805	3,692	21,713
Itemized deductions:						
Total per adjusted gross income concept	3,338,816	266,425,646	3,332,754	262,597,689	6,062	3,827,957
Charitable contributions deduction	3,197,215	76,123,864	3,192,290	74,789,094	4,925	1,334,770
Interest paid deduction:						
Total per adjusted gross income concept	2,825,656	69,373,134	2,821,054	68,518,851	4,601	854,283
Total home mortgage interest	2,679,860	52,409,221	2,676,014	52,279,683	3,846	129,538
Medical and dental expense deduction	69,752	2,070,082	69,003	1,937,697	749	132,385
Net casualty or theft loss deduction	61,196	2,224,553	60,197	1,767,333	999	457,221
Taxes paid deduction	3,334,579	139,413,292	3,328,880	139,105,533	5,699	307,759
Net limited miscellaneous deductions per adjusted gross income concept	527,890	11,038,079	526,106	10,912,350	1,784	125,729
Non-limited miscellaneous deductions	206,438	9,470,528	204,807	8,766,295	1,631	704,233
Excess of exemptions and deductions over adjusted gross income	6,473	2,051,743	2,708	1,299,421	3,765	752,322
Taxable income	3,559,568	1,890,509,931	3,556,028	1,888,630,309	3,540	1,879,622
Tax at regular rates	3,559,579	475,594,761	3,556,043	475,123,322	3,536	471,438
Alternative minimum tax (Form 6251)	2,206,295	14,166,767	2,206,278	14,166,530	17	237
Income tax before credits	3,562,273	489,773,293	3,558,736	489,301,618	3,537	471,676
Tax credits:						
Total	1,445,105	10,014,638	1,441,568	9,542,962	3,537	471,676
Child care credit	225,594	122,198	225,536	122,178	58	20
Minimum tax credit	111,338	843,986	110,733	821,331	605	22,654
Foreign tax credit	1,173,001	8,216,854	1,169,837	7,769,509	3,164	447,345
General business credit	73,693	649,974	73,563	649,140	130	835
U.S. total income tax	3,558,736	479,759,018	3,558,736	479,759,018	0	0
Taxable income which would yield:						
Income tax before credits	3,562,273	1,634,526,882	3,558,736	1,632,975,827	3,537	1,551,055
Income tax after credits	3,558,734	1,604,674,399	3,558,734	1,604,674,399	0	0
U.S. total income tax	3,558,736	1,604,675,458	3,558,736	1,604,675,458	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	3,566,125	2,170,148,423	3,558,736	2,165,160,401	7,389	4,988,022
plus: Total tax preferences excluded from adjusted gross income	993,209	35,542,553	991,068	35,082,833	2,141	459,720
Social Security benefits (nontaxable)	581,497	1,903,174	579,768	1,897,642	1,729	5,533
Foreign-earned income exclusion	34,850	2,540,344	32,936	2,378,120	1,914	162,224
minus: Investment interest expense deduction	653,754	16,723,479	651,504	15,999,707	2,250	723,772
Non-limited miscellaneous deductions	206,438	9,470,528	204,807	8,766,295	1,631	704,233
Unreimbursed employee business expenses	647,473	6,092,841	646,921	6,085,853	552	6,988
Equals: Expanded income	3,565,995	2,177,847,646	3,558,736	2,173,667,141	7,259	4,180,505

Footnotes at end of table.

High-Income Tax Returns for 2005

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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, Tax Year 2005—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	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
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded income concept						
Salaries and wages	3,019,178	914,246,010	3,012,785	912,399,614	6,393	1,846,396
Business or profession:						
Net income	711,966	84,467,935	710,600	84,306,164	1,366	161,771
Net loss	221,580	5,848,511	220,868	5,766,515	712	81,995
Farm:						
Net income	26,049	1,440,234	26,008	1,438,047	41	2,187
Net loss	78,980	3,353,295	78,778	3,321,008	202	32,286
Partnership and S Corporation net income after Section 179 property deduction [1]:						
Net income	1,251,372	397,684,591	1,249,464	397,247,154	1,908	437,437
Net loss	378,790	34,138,015	376,911	33,419,263	1,879	718,752
Sales of capital assets:						
Net gain	1,864,369	558,415,476	1,860,210	557,014,877	4,159	1,400,600
Net loss	970,899	2,489,001	966,698	2,477,425	4,201	11,576
Sales of property other than capital assets:						
Net gain	197,355	6,297,277	196,787	6,273,836	568	23,441
Net loss	211,440	2,786,457	210,823	2,756,080	617	30,377
Taxable interest received	3,422,645	71,965,391	3,412,926	71,237,942	9,719	727,448
Tax-exempt interest	1,037,910	38,802,496	1,032,964	37,437,148	4,945	1,365,348
Dividends	2,833,882	93,189,249	2,825,443	92,357,454	8,438	831,795
Qualified dividends	2,613,909	72,567,669	2,606,626	71,939,678	7,283	627,992
Pensions and annuities in adjusted gross income	738,980	29,631,702	737,008	29,541,128	1,972	90,574
Rent:						
Net income	475,086	22,287,651	473,997	22,236,876	1,089	50,775
Net loss, total (deductible and nondeductible)	476,201	9,251,184	474,758	9,200,244	1,443	50,940
Nondeductible rental loss	274,016	4,241,276	273,123	4,216,856	893	24,421
Royalty:						
Net income	217,519	9,819,583	216,656	9,765,170	863	54,413
Net loss	6,711	95,557	6,684	94,102	27	1,456
Estate or trust:						
Net income	94,717	13,285,155	94,225	13,251,759	492	33,396
Net loss	11,487	956,525	11,389	938,071	98	18,454
State income tax refunds	1,240,223	6,202,794	1,238,480	6,175,478	1,743	27,316
Alimony received	7,186	1,255,015	7,177	1,254,012	9	1,003
Social Security benefits in adjusted gross income	626,549	11,648,147	623,540	11,594,067	3,009	54,080
Social Security benefits (nontaxable)	626,565	2,055,912	623,547	2,046,261	3,018	9,651
Unemployment compensation	68,887	381,741	68,794	381,304	93	437
Other income	519,131	16,103,778	517,617	16,007,696	1,513	96,081
Other loss	49,364	2,254,727	47,969	2,202,502	1,395	52,225
Foreign-earned income exclusion	52,761	4,132,004	48,854	3,775,855	3,907	356,149
Total income	3,584,012	2,195,532,733	3,573,331	2,191,023,460	10,680	4,509,273
Statutory adjustments, total	1,568,726	28,753,624	1,566,049	28,714,857	2,677	38,767
Payments to Individual Retirement Arrangements	140,652	952,029	140,366	950,424	286	1,605
Payments to self-employed retirement (Keogh) plans	388,655	11,608,797	388,392	11,601,819	263	6,978
Moving expenses adjustment	36,806	273,375	36,685	272,410	121	965
Adjusted gross income	3,584,012	2,166,779,109	3,573,331	2,162,308,603	10,680	4,470,506
Investment interest expense deduction	648,489	15,938,552	646,214	15,617,185	2,275	321,367
Total tax preferences excluded from adjusted gross income	1,053,114	41,764,719	1,048,170	40,395,806	4,944	1,368,913
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	28,260	2,978,317	28,211	2,973,061	49	5,256
Passive activity loss (alternative minimum tax adjustment)	603,543	8,632	602,345	8,194	1,198	439
Expanded income	3,584,012	2,188,920,324	3,573,331	2,183,068,501	10,680	5,851,824

Footnotes at end of table.

High-Income Tax Returns for 2005

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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, Tax Year 2005—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	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
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded income concept—continued						
Exemption amount	2,019,158	13,180,058	2,011,364	13,125,716	7,794	54,343
Itemized deductions:						
Total per adjusted gross income concept	3,339,608	260,359,256	3,331,750	257,451,783	7,858	2,907,473
Total per expanded income concept	3,339,380	279,645,779	3,331,550	277,010,875	7,830	2,634,904
Charitable contributions deduction	3,197,036	76,420,771	3,190,370	75,074,539	6,665	1,346,232
Interest paid deduction:						
Total per adjusted gross income concept	2,795,488	67,846,007	2,790,268	67,394,699	5,220	451,308
Total per expanded income concept	2,648,694	51,907,455	2,644,395	51,777,514	4,298	129,941
Total home mortgage interest	2,643,621	51,674,758	2,639,338	51,545,331	4,283	129,427
Medical and dental expense deduction	83,153	2,397,290	80,683	2,154,973	2,470	242,317
Net casualty or theft loss deduction	61,943	2,203,457	60,900	1,754,062	1,043	449,394
Taxes paid deduction	3,335,043	139,398,945	3,327,670	139,074,082	7,373	324,863
Net limited miscellaneous deductions per adjusted gross income	509,593	10,172,704	506,195	10,027,665	3,397	145,039
Non-limited miscellaneous deductions	183,897	5,076,427	183,248	5,054,700	649	21,727
Excess of exemptions and deductions over adjusted gross income.	8,132	1,307,730	3,194	680,034	4,937	627,695
Taxable income	3,575,839	1,892,267,169	3,570,145	1,890,154,633	5,694	2,112,536
Tax at regular rates	3,575,856	475,707,506	3,570,157	475,188,022	5,699	519,484
Alternative minimum tax (Form 6251)	2,198,240	14,098,686	2,198,102	14,098,377	138	308
Income tax before credits	3,579,083	489,817,958	3,573,331	489,298,166	5,752	519,792
Tax credits:						
Total	1,482,141	10,302,330	1,476,388	9,782,538	5,752	519,792
Child care credit	221,091	119,838	220,965	119,797	126	41
Minimum tax credit	116,280	849,466	115,606	826,831	674	22,636
Foreign tax credit	1,214,884	8,498,615	1,209,628	8,003,404	5,256	495,211
General business credit	73,480	652,123	73,347	651,287	133	836
U.S. total income tax	3,573,331	479,515,990	3,573,331	479,515,990	0	0
Taxable income which would yield:						
Income tax before credits	3,579,083	1,635,013,410	3,573,331	1,633,234,206	5,752	1,779,204
Income tax after credits	3,573,329	1,603,901,299	3,573,329	1,603,901,299	0	0
U.S. total income tax	3,573,331	1,603,902,358	3,573,331	1,603,902,358	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	3,584,012	2,166,779,109	3,573,331	2,162,308,603	10,680	4,470,506
plus: Total tax preferences excluded from adjusted gross inc	1,053,114	41,764,719	1,048,170	40,395,806	4,944	1,368,913
Social Security benefits (nontaxable)	626,565	2,055,912	623,547	2,046,261	3,018	9,651
Foreign-earned income exclusion	52,761	4,132,004	48,854	3,775,855	3,907	356,149
minus: Investment interest expense deduction	648,489	15,938,552	646,214	15,617,185	2,275	321,367
Non-limited miscellaneous deductions	183,897	5,076,427	183,248	5,054,700	649	21,727
Unreimbursed employee business expenses	605,448	4,785,450	604,811	4,781,459	637	3,991
Equals: Expanded income	3,584,012	2,188,920,324	3,573,331	2,183,068,501	10,680	5,851,824

[1] Section 179 of the Internal Revenue Code permits certain taxpayers to elect to deduct all or part of the cost of certain qualifying property in the year they place it in service, instead of taking depreciation deductions over a specified recovery period.

[2] Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

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

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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, Tax Year 2004

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income concept						
Salaries and wages	3,037,602	917,754,477	3,035,552	917,415,015	2,050	339,461
Business or profession:						
Net income	711,757	84,176,298	710,999	84,113,489	758	62,809
Net loss	225,010	5,914,517	224,509	5,848,710	501	65,807
Farm:						
Net income	25,943	1,440,185	25,915	1,438,398	28	1,787
Net loss	77,794	3,329,303	77,665	3,303,717	129	25,586
Partnership and S corporation net income after section 179 property deduction [1]:						
Net income	1,246,960	397,841,799	1,245,818	397,648,741	1,142	193,058
Net loss	375,955	34,552,297	374,842	33,723,515	1,113	828,782
Sales of capital assets:						
Net gain	1,835,002	557,831,935	1,833,025	556,721,065	1,977	1,110,870
Net loss	962,873	2,461,233	961,563	2,457,578	1,310	3,656
Sales of property other than capital assets:						
Net gain	194,327	6,253,352	193,948	6,234,162	379	19,189
Net loss	211,463	2,814,355	211,081	2,777,077	382	37,278
Taxable interest received	3,399,578	71,302,458	3,395,835	70,435,477	3,743	866,980
Tax-exempt interest	978,981	32,690,464	977,390	32,273,229	1,591	417,235
Dividends	2,792,525	91,015,212	2,789,441	90,526,871	3,084	488,342
Qualified dividends	2,574,956	70,899,940	2,572,134	70,513,088	2,822	386,852
Pensions and annuities in adjusted gross income	722,297	29,022,912	721,240	28,962,552	1,057	60,360
Rent:						
Net income	471,190	22,088,356	470,553	22,051,312	637	37,044
Net loss, total (deductible and nondeductible)	478,148	9,454,651	477,494	9,400,526	654	54,125
Nondeductible rental loss	275,998	4,333,502	275,599	4,318,346	399	15,156
Royalty:						
Net income	211,903	9,735,263	211,454	9,701,314	449	33,950
Net loss	6,371	92,243	6,353	91,559	18	684
Estate or trust:						
Net income	90,448	13,224,453	90,211	13,199,895	237	24,558
Net loss	11,458	963,278	11,408	950,312	50	12,966
State income tax refunds	1,246,228	6,201,745	1,245,176	6,182,107	1,052	19,638
Alimony received	7,179	1,254,454	7,172	1,253,847	7	606
Social Security benefits in adjusted gross income	581,486	10,782,907	580,011	10,755,794	1,475	27,112
Social Security benefits (nontaxable)	581,497	1,903,174	580,022	1,898,390	1,475	4,785
Unemployment compensation	72,021	396,185	71,934	395,854	87	332
Other income	517,882	16,105,911	517,056	16,065,842	826	40,068
Other loss	38,455	1,873,114	38,411	1,871,771	44	1,343
Foreign-earned income exclusion	34,850	2,540,344	34,840	2,539,677	10	667
Total income	3,566,125	2,198,789,963	3,561,901	2,195,958,963	4,224	2,831,000
Statutory adjustments, total	1,569,936	28,641,540	1,568,395	28,620,481	1,541	21,058
Payments to Individual Retirement Arrangements	140,860	959,748	140,769	959,228	91	520
Payments to self-employed retirement (Keogh) plans	386,912	11,529,427	386,749	11,524,967	163	4,461
Moving expenses adjustment	35,694	264,022	35,671	263,791	23	230
Adjusted gross income	3,566,125	2,170,148,423	3,561,901	2,167,338,482	4,224	2,809,942
Investment interest expense deduction	653,754	16,723,479	652,142	16,052,657	1,612	670,822
Total tax preferences excluded from adjusted gross income	993,209	35,542,553	991,618	35,124,988	1,591	417,565
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	26,895	2,868,205	26,877	2,866,808	18	1,397
Passive activity loss (alternative minimum tax adjustment)	594,744	5,920	594,173	5,456	571	464
Expanded income	3,565,995	2,177,847,646	3,561,901	2,175,990,237	4,094	1,857,410

Footnotes at end of table.

High-Income Tax Returns for 2005

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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, Tax Year 2004—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income concept—continued						
Exemption amount	1,995,412	13,139,518	1,993,177	13,127,019	2,235	12,499
Itemized deductions:						
Total per adjusted gross income concept	3,338,816	266,425,646	3,334,605	262,945,915	4,211	3,479,731
Charitable contributions deduction	3,197,215	76,123,864	3,193,729	74,987,801	3,486	1,136,064
Interest paid deduction:						
Total per adjusted gross income concept	2,825,656	69,373,134	2,822,588	68,606,569	3,068	766,566
Total home mortgage interest	2,679,860	52,409,221	2,677,310	52,314,369	2,550	94,852
Medical and dental expense deduction	69,752	2,070,082	69,074	1,941,392	678	128,689
Net casualty or theft loss deduction	61,196	2,224,553	60,243	1,771,715	953	452,838
Taxes paid deduction	3,334,579	139,413,292	3,330,476	139,168,003	4,103	245,290
Net limited miscellaneous deductions per adjusted gross income concept	527,890	11,038,079	526,528	10,929,402	1,362	108,677
Nonlimited miscellaneous deductions	206,438	9,470,528	204,951	8,771,336	1,487	699,192
Excess of exemptions and deductions over adjusted gross income	6,473	2,051,743	2,712	1,299,818	3,761	751,925
Taxable income	3,559,568	1,890,509,931	3,559,189	1,890,440,407	379	69,524
Tax at regular rates	3,559,579	475,594,761	3,559,206	475,583,275	373	11,486
Alternative minimum tax (Form 6251).....	2,206,296	14,166,768	2,206,296	14,166,768	0	0
Income tax before credits	3,562,273	489,773,293	3,561,900	489,761,807	373	11,486
Tax credits:						
Total	416,998	1,797,784	416,625	1,786,297	373	11,486
Child care credit	225,594	122,198	225,573	122,190	21	8
Minimum tax credit	111,338	843,986	111,054	833,139	284	10,847
Foreign tax credit	0	0	0	0	0	0
General business credit	73,693	649,974	73,610	649,460	83	515
Worldwide income tax	3,561,901	488,733,862	3,561,901	488,733,862	0	0
Foreign taxes paid	1,173,002	8,974,845	1,173,002	8,974,845	0	0
Foreign taxes paid on excluded foreign-earned income (Form 1116)	23,907	757,990	23,907	757,990	0	0
Taxable income which would yield:						
Income tax before credits	3,562,273	1,634,526,882	3,561,900	1,634,479,891	373	46,991
Income tax after credits	3,561,901	1,631,428,957	3,561,901	1,631,428,957	0	0
Worldwide income tax	3,561,901	1,631,429,991	3,561,901	1,631,429,991	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	3,566,125	2,170,148,423	3,561,901	2,167,338,482	4,224	2,809,942
plus: Total tax preferences excluded from adjusted gross income [2]	993,209	35,542,553	991,618	35,124,988	1,591	417,565
Social Security benefits (nontaxable)	581,497	1,903,174	580,022	1,898,390	1,475	4,785
Foreign-earned income exclusion	34,850	2,540,344	34,840	2,539,677	10	667
minus: Investment interest expense deduction	653,754	16,723,479	652,142	16,052,657	1,612	670,822
Nonlimited miscellaneous deductions	206,438	9,470,528	204,951	8,771,336	1,487	699,192
Unreimbursed employee business expenses	647,473	6,092,841	647,103	6,087,306	370	5,534
Equals: Expanded income	3,565,995	2,177,847,646	3,561,901	2,175,990,237	4,094	1,857,410

Footnotes at end of table.

High-Income Tax Returns for 2005

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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, Tax Year 2004—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded income concept						
Salaries and wages	3,019,178	914,246,010	3,017,239	913,945,512	1,939	300,498
Business or profession:						
Net income	711,966	84,467,935	711,275	84,413,410	691	54,525
Net loss	221,580	5,848,511	221,115	5,791,421	465	57,090
Farm:						
Net income	26,049	1,440,234	26,024	1,438,963	25	1,271
Net loss	78,980	3,353,295	78,835	3,327,818	145	25,477
Partnership and S corporation net income after section 179 property deduction [1]:						
Net income	1,251,372	397,684,591	1,250,034	397,506,292	1,338	178,299
Net loss	378,790	34,138,015	377,390	33,502,133	1,400	635,882
Sales of capital assets:						
Net gain	1,864,369	558,415,476	1,861,860	557,541,079	2,509	874,397
Net loss	970,899	2,489,001	968,401	2,481,912	2,498	7,089
Sales of property other than capital assets:						
Net gain	197,355	6,297,277	196,927	6,280,302	428	16,975
Net loss	211,440	2,786,457	210,971	2,765,104	469	21,353
Taxable interest received	3,422,645	71,965,391	3,417,367	71,357,527	5,278	607,864
Tax-exempt interest	1,037,910	38,802,496	1,033,784	37,511,658	4,125	1,290,838
Dividends	2,833,882	93,189,249	2,829,009	92,648,503	4,872	540,746
Qualified dividends	2,613,909	72,567,669	2,609,454	72,150,106	4,455	417,564
Pensions and annuities in adjusted gross income	738,980	29,631,702	737,474	29,561,921	1,506	69,781
Rent:						
Net income	475,086	22,287,651	474,398	22,256,711	688	30,940
Net loss, total (deductible and nondeductible)	476,201	9,251,184	475,560	9,219,256	641	31,928
Nondeductible rental loss	274,016	4,241,276	273,677	4,227,054	339	14,222
Royalty:						
Net income	217,519	9,819,583	216,888	9,793,226	631	26,357
Net loss	6,711	95,557	6,689	95,324	22	234
Estate or trust:						
Net income	94,717	13,285,155	94,339	13,261,114	378	24,041
Net loss	11,487	956,525	11,412	941,098	75	15,427
State income tax refunds	1,240,223	6,202,794	1,238,992	6,181,378	1,231	21,416
Alimony received	7,186	1,255,015	7,179	1,254,247	7	767
Social Security benefits in adjusted gross income	626,549	11,648,147	623,876	11,599,418	2,673	48,729
Social Security benefits (nontaxable)	626,565	2,055,912	623,891	2,047,312	2,674	8,600
Unemployment compensation	68,887	381,741	68,819	381,501	68	240
Other income	519,131	16,103,778	518,175	16,071,785	955	31,993
Other loss	49,364	2,254,727	49,307	2,252,160	57	2,567
Foreign-earned income exclusion	52,761	4,132,004	52,718	4,126,370	43	5,634
Total income	3,584,012	2,195,532,733	3,578,591	2,193,493,867	5,420	2,038,866
Statutory adjustments, total	1,568,726	28,753,624	1,567,114	28,732,905	1,612	20,719
Payments to Individual Retirement Arrangements	140,652	952,029	140,543	951,422	109	607
Payments to self-employed retirement (Keogh) plans	388,655	11,608,797	388,480	11,604,274	175	4,523
Moving expenses adjustment	36,806	273,375	36,785	273,138	21	238
Adjusted gross income	3,584,012	2,166,779,109	3,578,591	2,164,760,963	5,420	2,018,147
Investment interest expense deduction	648,489	15,938,552	646,946	15,654,905	1,543	283,647
Total tax preferences excluded from adjusted gross income	1,053,114	41,764,719	1,048,988	40,473,263	4,126	1,291,456
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	28,260	2,978,317	28,234	2,976,592	26	1,724
Passive activity loss (alternative minimum tax adjustment)	603,543	10,253	602,784	9,443	759	810
Expanded income	3,584,012	2,188,920,324	3,578,591	2,185,906,625	5,420	3,013,699

Footnotes at end of table.

High-Income Tax Returns for 2005

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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, Tax Year 2004—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded income concept—continued						
Exemption amount	2,019,158	13,180,058	2,014,888	13,153,183	4,270	26,875
Itemized deductions:						
Total per adjusted gross income concept	3,339,608	260,359,256	3,334,529	257,813,399	5,079	2,545,857
Total per expanded income concept	3,339,380	279,645,779	3,334,301	277,360,687	5,079	2,285,092
Charitable contributions deduction	3,197,036	76,420,771	3,192,423	75,280,233	4,613	1,140,539
Interest paid deduction:						
Total per adjusted gross income concept	2,795,488	67,846,007	2,792,515	67,479,860	2,973	366,147
Total per expanded income concept	2,648,694	51,907,455	2,646,368	51,824,955	2,326	82,500
Total home mortgage interest	2,643,621	51,674,758	2,641,306	51,592,631	2,315	82,126
Medical and dental expense deduction	83,153	2,397,290	80,891	2,161,028	2,262	236,261
Net casualty or theft loss deduction	61,943	2,203,457	60,949	1,758,354	994	445,103
Taxes paid deduction	3,335,043	139,398,945	3,329,995	139,142,692	5,048	256,253
Net limited miscellaneous deductions per adjusted gross income concept	509,593	10,172,704	506,842	10,046,777	2,751	125,927
Non-limited miscellaneous deductions	183,897	5,076,427	183,402	5,058,326	495	18,101
Excess of exemptions and deductions over adjusted gross income	8,132	1,307,730	3,203	680,416	4,928	627,314
Taxable income	3,575,839	1,892,267,169	3,575,396	1,892,197,437	443	69,732
Tax at regular rates	3,575,856	475,707,506	3,575,411	475,696,026	445	11,480
Alternative minimum tax (Form 6251)	2,198,240	14,098,686	2,198,181	14,098,642	59	44
Income tax before credits	3,579,083	489,817,958	3,578,587	489,806,433	496	11,524
Tax credits:						
Total	417,872	1,803,715	417,376	1,792,190	496	11,524
Child care credit	221,091	119,838	221,073	119,831	18	7
Minimum tax credit	116,280	849,466	115,986	838,689	294	10,777
Foreign tax credit	0	0	0	0	0	0
General business credit	73,480	652,123	73,404	651,625	76	498
Worldwide income tax	3,578,591	489,066,106	3,578,591	489,066,106	0	0
Foreign taxes paid	1,214,888	9,550,116	1,214,888	9,550,116	0	0
Foreign taxes paid on excluded foreign-earned income (Form 1116)	34,672	1,051,501	34,672	1,051,501	0	0
Taxable income which would yield:						
Income tax before credits	3,579,083	1,635,013,410	3,578,587	1,634,965,822	496	47,588
Income tax after credits	3,578,591	1,632,861,916	3,578,591	1,632,861,916	0	0
Worldwide income tax	3,578,591	1,632,862,950	3,578,591	1,632,862,950	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	3,584,012	2,166,779,109	3,578,591	2,164,760,963	5,420	2,018,147
plus: Total tax preferences excluded from adjusted gross income [2]	1,053,114	41,764,719	1,048,988	40,473,263	4,126	1,291,456
Social Security benefits (nontaxable)	626,565	2,055,912	623,891	2,047,312	2,674	8,600
Foreign-earned income exclusion	52,761	4,132,004	52,718	4,126,370	43	5,634
minus: Investment interest expense deduction	648,489	15,938,552	646,946	15,654,905	1,543	283,647
Non-limited miscellaneous deductions	183,897	5,076,427	183,402	5,058,326	495	18,101
Unreimbursed employee business expenses	605,448	4,785,450	605,083	4,783,372	365	2,079
Equals: Expanded income	3,584,012	2,188,920,324	3,578,591	2,185,906,625	5,420	3,013,699

** Data combined to avoid disclosure of information for specific taxpayers.

[1] Section 179 of the Internal Revenue Code permits certain taxpayers to elect to deduct all or part of the cost of certain qualifying property in the year they place it in service, instead of taking depreciation deductions over a specified recovery period.

[2] Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

NOTE: Detail may not add to totals due to rounding.

High-Income Tax Returns for 2005

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005

[All figures are estimates based on samples]

Tax status, item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns with U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	3,383,626	100.0	752,092	22.2	47,802	1.4	1,910,897	56.5
Interest paid deduction	1,291,173	38.2	0	0.0	10,396	21.7	1,118,882	58.6
Investment interest expense deduction [1]	72,320	2.1	13,842	1.8	0	0.0	39,648	2.1
Taxes paid deduction	1,078,640	31.9	667,960	88.8	24,743	51.8	0	0.0
Charitable contributions deduction	670,012	19.8	43,872	5.8	4,906	10.3	593,445	31.1
Medical and dental expense deduction	8,592	0.3	656	0.1	233	0.5	4,821	0.3
Net casualty or theft loss deduction	10,079	0.3	1,973	0.3	272	0.6	3,534	0.2
Total miscellaneous deductions	119,250	3.5	15,393	2.0	3,260	6.8	81,266	4.3
Foreign tax credit	18,999	0.6	151	[2]	182	0.4	15,052	0.8
General business credit	6,889	0.2	856	0.1	146	0.3	3,384	0.2
All other tax credits	14,484	0.4	851	0.1	485	[2]	7,997	0.4
Partnership and S corporation net losses	54,402	1.6	6,530	0.9	3,178	6.6	33,384	1.7
No second largest item	38,785	1.1	8	[2]	3	[2]	9,485	0.5
Returns with expanded income of \$200,000 or more								
Total	3,487,683	100.0	737,702	21.2	0	0.0	1,822,100	52.2
Interest paid deduction	1,307,387	37.5	0	0.0	0	0.0	1,095,706	60.1
Tax-exempt interest [3]	165,405	4.7	8,341	1.1	0	0.0	106,462	5.8
Taxes paid deduction	1,108,125	31.8	670,053	90.8	0	0.0	0	0.0
Charitable contributions deduction	584,258	16.8	45,340	6.1	0	0.0	492,572	27.0
Medical and dental expense deduction	12,054	0.3	656	0.1	0	0.0	4,334	0.2
Net casualty or theft loss deduction	9,799	0.3	1,969	0.3	0	0.0	3,398	0.2
Total miscellaneous deductions	49,075	1.4	1,733	0.2	0	0.0	25,066	1.4
Foreign tax credit	33,172	1.0	148	[2]	0	0.0	12,473	0.7
General business credit	6,964	0.2	875	0.1	0	0.0	2,936	0.2
All other tax credits	12,726	0.4	843	0.1	0	0.0	7,927	0.4
Partnership and S corporation net losses	52,463	1.5	6,765	0.9	0	0.0	28,303	1.6
Foreign-earned income exclusion [3]	28,277	0.8	0	0.0	0	0.0	613	[2]
AMT tax preference [3]	2,756	0.1	19	[2]	0	0.0	1,346	0.1
Nontaxable Social Security benefits [3]	77,216	2.2	951	0.1	0	0.0	32,707	1.8
No second largest item	38,006	1.1	8	[2]	0	0.0	8,257	0.5

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2004—Continued

[All figures are estimates based on samples]

Tax status, item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Returns with U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	311,094	9.2	23,449	0.7	18,489	0.5	94,918	2.8
Interest paid deduction	62,666	20.1	1,778	7.6	4,863	26.3	23,083	24.3
Investment interest expense deduction [1]	6,492	2.1	383	1.6	359	1.9	2,322	2.4
Taxes paid deduction	219,151	70.4	14,707	62.7	10,238	55.4	55,296	58.3
Charitable contributions deduction	0	0.0	2,133	9.1	1,514	8.2	9,334	9.8
Medical and dental expense deduction	1,483	0.5	0	0.0	141	0.8	811	0.9
Net casualty or theft loss deduction	2,091	0.7	41	0.2	0	0.0	545	0.6
Total miscellaneous deductions	11,095	3.6	3,632	15.5	489	2.6	0	0.0
Foreign tax credit	718	0.2	140	0.6	18	0.1	255	0.3
General business credit	500	0.2	0	0.0	640	3.5	190	0.2
All other tax credits	655	0.2	8	[2]	10	0.1	176	0.2
Partnership and S corporation net losses	6,151	2.0	626	2.7	214	1.2	2,754	2.9
No second largest item	91	[2]	0	0.0	3	[2]	151	0.2
Returns with expanded income of \$200,000 or more								
Total	297,961	8.5	23,227	0.7	17,211	0.5	17,586	0.5
Interest paid deduction	63,853	21.4	2,173	9.4	4,355	25.3	2,170	12.3
Tax-exempt interest [3]	20,236	6.8	3,188	13.7	1,478	8.6	1,437	8.2
Taxes paid deduction	195,934	65.8	10,592	45.6	8,629	50.1	10,763	61.2
Charitable contributions deduction	0	0.0	2,168	9.3	1,590	9.2	1,932	11.0
Medical and dental expense deduction	1,155	0.4	0	0.0	141	0.8	185	1.1
Net casualty or theft loss deduction	1,467	0.5	41	0.2	0	0.0	124	0.7
Total miscellaneous deductions	5,248	1.8	2,233	9.6	49	0.3	0	0.0
Foreign tax credit	463	0.2	436	1.9	17	0.1	179	1.0
General business credit	503	0.2	0	0.0	640	3.7	0	0.0
All other tax credits	696	0.2	0	0.0	6	[2]	0	0.0
Partnership and S corporation net losses	5,254	1.8	604	2.6	194	1.1	**650	**3.7
Foreign-earned income exclusion [3]	60	[2]	0	0.0	0	0.0	**	**
AMT tax preference [3]	181	0.1	0	0.0	0	0.0	**4	[2]
Nontaxable Social Security benefits [3]	2,864	1.0	1,793	7.7	107	0.6	**	**
No second largest item	47	[2]	0	0.0	3	[2]	141	0.8

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Tax status, item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign tax credit		General business credit		All other tax credits		Partnership and S corporation net losses	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(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	67,835	2.0	9,665	0.3	23,389	0.7	123,996	3.7
Interest paid deduction	14,796	21.8	2,667	27.6	5,916	25.3	46,127	37.2
Investment interest expense deduction [1]	1,133	1.7	401	4.1	553	2.4	7,187	5.8
Taxes paid deduction	21,388	31.5	3,649	37.8	9,788	41.8	51,719	41.7
Charitable contributions deduction	2,374	3.5	827	8.6	1,051	4.5	10,557	8.5
Medical and dental expense deduction	226	0.3	0	0.0	0	0.0	222	0.2
Net casualty or theft loss deduction	525	0.8	503	5.2	44	0.2	551	0.4
Total miscellaneous deductions	1,247	1.8	37	0.4	32	0.1	2,799	2.3
Foreign tax credit	0	0.0	428	4.4	761	3.3	1,295	1.0
General business credit	389	0.6	0	0.0	195	0.8	589	0.5
All other tax credits	3,586	5.3	151	1.6	0	0.0	564	0.5
Partnership and S corporation net losses	1,401	2.1	47	0.5	118	0.5	0	0.0
No second largest item	20,770	30.6	954	9.9	4,932	21.1	2,387	1.9
Returns with expanded income of \$200,000 or more								
Total	60,668	1.7	9,328	0.3	22,803	0.7	116,907	3.4
Interest paid deduction	4,553	7.5	2,204	23.6	4,943	21.7	34,741	29.7
Tax-exempt interest [3]	2,199	3.6	737	7.9	1,944	8.5	8,817	7.5
Taxes paid deduction	14,855	24.5	3,590	38.5	9,554	41.9	49,053	42.0
Charitable contributions deduction	571	0.9	848	9.1	1,072	4.7	10,302	8.8
Medical and dental expense deduction	45	0.1	3	[2]	0	0.0	222	0.2
Net casualty or theft loss deduction	524	0.9	498	5.3	3	[2]	455	0.4
Total miscellaneous deductions	495	0.8	**	**	**10	[2]	**1,872	**1.6
Foreign tax credit	0	0.0	**271	**2.9	**713	**3.1	**514	**0.4
General business credit	233	0.4	0	0.0	181	0.8	578	0.5
All other tax credits	341	0.6	138	1.5	0	0.0	691	0.6
Partnership and S corporation net losses	**842	**1.4	**	**	**151	**0.7	0	0.0
Foreign-earned income exclusion [3]	**27,512	**45.3	0	0.0	**8	[2]	**66	0.1
AMT tax preference [3]	**144	**0.2	4	[2]	**105	**0.5	268	0.2
Nontaxable Social Security benefits [3]	**780	**1.3	426	4.6	**207	**0.9	**7,730	**6.6
No second largest item	7,574	12.5	608	6.5	3,911	17.2	**1,598	**1.4

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Tax status, item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign-earned income exclusion [3]		Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Returns with U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	0	0.0	0	0.0	0	0.0
Interest paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0	0	0.0
Foreign tax credit	0	0.0	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0	0	0.0
Partnership and S corporation net losses	0	0.0	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0
Returns with expanded income of \$200,000 or more								
Total	17,855	0.6	221,359	7.4	17,855	0.6	68,956	2.3
Interest paid deduction	4,176	23.4	24,695	11.2	3,717	20.8	35,203	51.1
Tax-exempt interest [3]	578	3.2	0	0.0	633	3.5	9,952	14.4
Taxes paid deduction	**	**	** 109,368	** 49.4	11,643	65.2	9,617	13.9
Charitable contributions deduction	** 375	** 2.1	28,090	12.7	800	4.5	6	[2]
Medical and dental expense deduction	0	0.0	3,695	1.7	41	0.2	356	0.5
Net casualty or theft loss deduction	0	0.0	144	0.1	3	[2]	0	0.0
Total miscellaneous deductions	**	**	** 11,033	** 5.0	5	[2]	0	0.0
Foreign tax credit	** 12,186	** 68.2	** 768	** 0.3	91	0.5	1,934	2.8
General business credit	0	0.0	730	0.3	3	[2]	43	0.1
All other tax credits	0	0.0	802	0.4	85	0.5	131	0.2
Partnership and S corporation net losses	70	0.4	7,551	3.4	789	4.4	1,934	2.8
Foreign-earned income exclusion [3]	0	0.0	5	[2]	0	0.0	0	0.0
AMT tax preference [3]	0	0.0	200	0.1	0	0.0	158	0.2
Nontaxable Social Security benefits [3]	0	0.0	28,855	13.0	21	0.1	0	0.0
No second largest item	470	2.6	5,423	2.5	25	0.1	9,623	14.0

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Tax status, item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns without U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	7,389	100.0	95	1.3	519	7.0	85	1.2
Interest paid deduction	1,935	26.2	0	0.0	89	17.1	12	14.1
Investment interest expense deduction [1]	413	5.6	12	12.6	0	0.0	11	12.9
Taxes paid deduction	1,824	24.7	39	41.1	95	18.3	0	0.0
Charitable contributions deduction	785	10.6	18	18.9	101	19.5	27	31.8
Medical and dental expense deduction	127	1.7	4	4.2	14	2.7	**3	3.5
Net casualty or theft loss deduction	57	0.8	3	3.2	3	0.6	0	0.0
Total miscellaneous deductions	461	6.2	6	6.3	54	10.4	10	11.8
Foreign tax credit	100	1.4	**	**	21	4.0	8	9.4
General business credit	27	0.4	**	**	**	**	**	**
All other tax credits	129	1.7	**9	**9.5	**10	**1.9	**	**
Partnership and S corporation net losses	532	7.2	4	4.2	132	25.4	11	12.9
No second largest item	999	13.5	**	**	**	**	**3	**3.5
Returns with expanded income of \$200,000 or more								
Total	10,680	100.0	85	0.8	0	0.0	102	1.0
Interest paid deduction	1,031	9.7	0	0.0	0	0.0	13	12.7
Tax-exempt interest [3]	1,025	9.6	6	7.1	0	0.0	29	28.4
Taxes paid deduction	1,719	16.1	34	40.0	0	0.0	0	0.0
Charitable contributions deduction	945	8.8	19	22.4	0	0.0	22	21.6
Medical and dental expense deduction	631	5.9	3	3.5	0	0.0	5	4.9
Net casualty or theft loss deduction	59	0.6	3	3.5	0	0.0	0	0.0
Total miscellaneous deductions	407	3.8	**	**	0	0.0	**8	**7.8
Foreign tax credit	1,060	9.9	3	3.5	0	0.0	5	4.9
General business credit	29	0.3	3	3.5	0	0.0	0	0.0
All other tax credits	87	0.8	**	**	0	0.0	4	3.9
Partnership and S corporation net losses	534	5.0	**6	**7.1	0	0.0	**11	**10.8
Foreign-earned income exclusion [3]	2,770	25.9	4	4.7	0	0.0	5	4.9
AMT tax preference [3]	10	0.1	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	145	1.4	4	4.7	0	0.0	0	0.0
No second largest item	228	2.1	0	0.0	0	0.0	**	**

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Tax status, item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Returns without U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	962	13.0	412	5.6	877	11.9	1,127	15.3
Interest paid deduction	94	9.8	19	4.6	302	34.4	399	35.4
Investment interest expense deduction [1]	102	10.6	16	3.9	30	3.4	21	1.9
Taxes paid deduction	413	42.9	127	30.8	343	39.1	369	32.7
Charitable contributions deduction	0	0.0	127	30.8	91	10.4	70	6.2
Medical and dental expense deduction	64	6.7	0	0.0	15	1.7	19	1.7
Net casualty or theft loss deduction	4	0.4	4	1.0	0	0.0	32	2.8
Total miscellaneous deductions	146	15.2	109	26.5	48	5.5	0	0.0
Foreign tax credit	39	4.1	**	**	4	0.5	7	0.6
General business credit	7	0.7	**	**	6	0.7	**	**
All other tax credits	18	1.9	**3	**0.7	**	**	**8	**0.7
Partnership and S corporation net losses	75	7.8	7	1.7	**38	**4.3	**132	**11.7
No second largest item	0	0.0	0	0.0	**	**	**70	**6.2
Returns with expanded income of \$200,000 or more								
Total	970	9.1	698	6.5	875	8.2	48	0.4
Interest paid deduction	96	9.9	19	2.7	296	33.8	5	10.4
Tax-exempt interest [3]	335	34.5	372	53.3	85	9.7	9	18.8
Taxes paid deduction	269	27.7	81	11.6	325	37.1	**	**
Charitable contributions deduction	0	0.0	118	16.9	76	8.7	**19	**39.6
Medical and dental expense deduction	54	5.6	0	0.0	14	1.6	**	**
Net casualty or theft loss deduction	4	0.4	4	0.6	0	0.0	0	0.0
Total miscellaneous deductions	86	8.9	71	10.2	9	1.0	0	0.0
Foreign tax credit	30	3.1	0	0.0	3	0.3	**	**
General business credit	5	0.5	**	**	**7	**0.8	0	0.0
All other tax credits	16	1.6	0	0.0	**	**	0	0.0
Partnership and S corporation net losses	65	6.7	6	0.9	35	4.0	**15	**31.3
Foreign-earned income exclusion [3]	5	0.5	0	0.0	6	0.7	0	0.0
AMT tax preference [3]	**	**	0	0.0	**3	**0.3	0	0.0
Nontaxable Social Security benefits [3]	**5	**0.5	**27	**3.9	**16	**1.8	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

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[All figures are estimates based on samples]

Tax status, item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign tax credit		General business credit		All other tax credits		Partnership and S corporation net losses	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(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	2,693	36.4	4	0.1	303	4.1	312	4.2
Interest paid deduction	**983	**36.5	**4	**100.0	**12	**4.0	**23	**7.4
Investment interest expense deduction [1]	85	3.2	0	0.0	23	7.6	113	36.2
Taxes paid deduction	281	10.4	**	**	**156	**51.5	**	**
Charitable contributions deduction	231	8.6	0	0.0	36	11.9	84	26.9
Medical and dental expense deduction	7	0.3	0	0.0	0	0.0	**	**
Net casualty or theft loss deduction	11	0.4	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	58	2.2	0	0.0	7	2.3	23	7.4
Foreign tax credit	0	0.0	0	0.0	0	0.0	20	6.4
General business credit	**	**	0	0.0	4	1.3	4	1.3
All other tax credits	**	**	0	0.0	**43	**14.2	45	14.4
Partnership and S corporation net losses	**113	**4.2	**	**	**22	**7.3	0	0.0
No second largest item	924	34.3	0	0.0	**	**	0	0.0
Returns with expanded income of \$200,000 or more								
Total	3,612	33.8	5	[2]	303	2.8	302	2.8
Interest paid deduction	223	6.2	5	100.0	100	33.0	9	3.0
Tax-exempt interest [3]	40	1.1	0	0.0	18	5.9	**127	**42.0
Taxes paid deduction	**178	**4.9	**	**	**107	**35.3	42	13.9
Charitable contributions deduction	107	3.0	0	0.0	**37	**12.2	77	25.5
Medical and dental expense deduction	**12	**0.3	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	8	0.2	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	22	0.6	0	0.0	5	1.6	**13	**4.3
Foreign tax credit	**	**	0	0.0	0	0.0	**19	**6.3
General business credit	**	**	0	0.0	4	1.3	**5	**1.7
All other tax credits	**16	**0.4	0	0.0	0	0.0	**6	**2.0
Partnership and S corporation net losses	**66	**1.8	**	**	**23	**7.6	0	0.0
Foreign-earned income exclusion [3]	**2,750	**76.1	0	0.0	0	0.0	**	**
AMT tax preference [3]	**	**	0	0.0	**3	**1.0	**4	**1.3
Nontaxable Social Security benefits [3]	37	1.0	0	0.0	6	2.0	0	0.0
No second largest item	**153	**4.2	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Tax status, item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign-earned income exclusion [3]		Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Returns without U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	0	0.0	0	0.0	0	0.0
Interest paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0	0	0.0
Foreign tax credit	0	0.0	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0	0	0.0
Partnership and S corporation net losses	0	0.0	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0
Returns with expanded income of \$200,000 or more								
Total	1,072	10.0	2,608	24.4	0	0.0	0	0.0
Interest paid deduction	46	4.3	219	8.4	0	0.0	0	0.0
Tax-exempt interest [3]	**4	**0.4	0	0.0	0	0.0	0	0.0
Taxes paid deduction	**33	**3.1	650	24.9	0	0.0	0	0.0
Charitable contributions deduction	**	**	470	18.0	0	0.0	0	0.0
Medical and dental expense deduction	**	**	543	20.8	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	40	1.5	0	0.0	0	0.0
Total miscellaneous deductions	**	**	193	7.4	0	0.0	0	0.0
Foreign tax credit	986	92.0	14	0.5	0	0.0	0	0.0
General business credit	0	0.0	**5	**0.2	0	0.0	0	0.0
All other tax credits	3	0.3	**42	**1.6	0	0.0	0	0.0
Partnership and S corporation net losses	0	0.0	307	11.8	0	0.0	0	0.0
Foreign-earned income exclusion [3]	0	0.0	**	**	0	0.0	0	0.0
AMT tax preference [3]	0	0.0	**	**	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	0	0.0	50	1.9	0	0.0	0	0.0
No second largest item	0	0.0	75	2.9	0	0.0	0	0.0

** Data deleted to avoid disclosure of information for specific taxpayers. However, deleted data are included in the appropriate totals.

[1] Investment interest expense deduction only has an effect when using the adjusted gross income concept.

[2] Less than 0.05 percent.

[3] Tax-exempt interest, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

NOTES: Detail may not add to totals due to rounding. Total columns do not include returns with no tax effect.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005

[All figures are estimates based on samples]

Item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns with worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	3,358,426	100.0	761,129	22.7	49,095	1.5	1,932,586	57.5
Interest paid deduction	1,295,266	38.6	0	0.0	10,673	21.7	1,132,458	58.6
Investment interest expense deduction [1]	72,885	2.2	14,165	1.9	0	0.0	40,732	2.1
Taxes paid deduction	1,068,585	31.8	675,471	88.7	25,247	51.4	0	0.0
Charitable contributions deduction	684,984	20.4	44,294	5.8	5,243	10.7	609,264	31.5
Medical and dental expense deduction	8,560	0.3	660	0.1	235	0.5	4,904	0.3
Net casualty or theft loss deduction	9,651	0.3	1,974	0.3	276	0.6	3,620	0.2
Total miscellaneous deductions	120,672	3.6	15,966	2.1	3,351	6.8	82,977	4.3
General business credit	7,027	0.2	856	0.1	152	0.3	3,691	0.2
All other tax credits	11,849	0.4	1,040	0.1	529	1.1	8,530	0.4
Partnership and S corporation net losses	54,019	1.6	6,539	0.9	3,229	6.6	34,140	1.8
No second largest item	24,928	0.7	165	[2]	162	0.3	12,271	0.6
Returns with expanded income of \$200,000 or more								
Total	3,484,111	100.0	741,380	21.3	0	0.0	1,837,157	52.7
Interest paid deduction	1,330,122	38.2	0	0.0	0	0.0	1,106,511	60.2
Tax-exempt interest [3]	168,434	4.8	8,358	1.1	0	0.0	108,565	5.9
Taxes paid deduction	1,104,988	31.7	673,276	90.8	0	0.0	0	0.0
Charitable contributions deduction	595,392	17.1	45,373	6.1	0	0.0	501,313	27.3
Medical and dental expense deduction	12,368	0.4	657	0.1	0	0.0	4,375	0.2
Net casualty or theft loss deduction	9,376	0.3	1,970	0.3	0	0.0	3,482	0.2
Total miscellaneous deductions	50,054	1.4	2,072	0.3	0	0.0	25,794	1.4
General business credit	7,265	0.2	875	0.1	0	0.0	3,222	0.2
All other tax credits	18,513	0.5	885	0.1	0	0.0	8,118	0.4
Partnership and S corporation net losses	52,619	1.5	6,769	0.9	0	0.0	28,681	1.6
Foreign-earned income exclusion [3]	2,264	0.1	166	[2]	0	0.0	1,166	0.1
AMT tax preference [3]	3,077	0.1	19	[2]	0	0.0	1,365	0.1
Nontaxable Social Security benefits [3]	78,178	2.2	951	0.1	0	0.0	33,626	1.8
No second largest item	51,460	1.5	9	[2]	0	0.0	10,941	0.6

Footnotes at end of table.

High-Income Tax Returns for 2005

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Returns with worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	313,823	9.3	23,696	0.7	19,038	0.6	96,240	2.9
Interest paid deduction	63,788	20.3	1,779	7.5	5,378	28.3	23,738	24.7
Investment interest expense deduction [1]	6,625	2.1	385	1.6	361	1.9	2,351	2.4
Taxes paid deduction	220,796	70.4	14,896	62.9	10,268	53.9	55,750	57.9
Charitable contributions deduction	0	0.0	2,281	9.6	1,528	8.0	9,753	10.1
Medical and dental expense deduction	1,584	0.5	0	0.0	142	0.7	811	0.8
Net casualty or theft loss deduction	2,091	0.7	41	0.2	0	0.0	546	0.6
Total miscellaneous deductions	11,283	3.6	3,675	15.5	491	2.6	0	0.0
General business credit	514	0.2	0	0.0	640	3.4	190	0.2
All other tax credits	810	0.3	9	[2]	11	[2]	178	[2]
Partnership and S corporation net losses	**6,205	**2.0	**629	**2.7	214	1.1	2,767	2.9
No second largest item	**127	**	**	**	4	[2]	155	[2]
Returns with expanded income of \$200,000 or more								
Total	298,764	8.6	23,293	0.7	17,755	0.5	18,114	0.5
Interest paid deduction	63,967	21.4	2,174	9.3	4,868	27.4	2,175	12.0
Tax-exempt interest [3]	20,523	6.9	3,201	13.7	1,480	8.3	1,442	8.0
Taxes paid deduction	196,463	65.8	11,030	47.4	8,657	48.8	10,841	59.9
Charitable contributions deduction	0	0.0	2,174	9.3	1,602	9.0	2,095	11.6
Medical and dental expense deduction	1,257	0.4	0	0.0	142	0.8	185	1.0
Net casualty or theft loss deduction	1,467	0.5	41	0.2	0	0.0	125	0.7
Total miscellaneous deductions	5,328	1.8	2,274	9.8	49	0.3	0	0.0
General business credit	514	0.2	0	0.0	640	3.6	0	0.0
All other tax credits	709	0.2	0	0.0	6	[2]	0	0.0
Partnership and S corporation net losses	5,285	1.8	605	2.6	194	1.1	663	3.7
Foreign-earned income exclusion [3]	134	[2]	0	0.0	6	[2]	299	1.7
AMT tax preference [3]	192	0.1	0	0.0	0	0.0	3	[2]
Nontaxable Social Security benefits [3]	2,874	1.0	1,794	7.7	107	0.6	143	0.8
No second largest item	52	[2]	0	0.0	3	[2]	141	0.8

Footnotes at end of table.

High-Income Tax Returns for 2005

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect—continued							
	General business credit		All other tax credits		Partnership and S corporation net losses		Foreign-earned income exclusion [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns with worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	10,057	0.3	27,185	0.8	125,576	3.7
Interest paid deduction	0	0.0	2,759	27.4	7,757	28.5	46,937	37.4
Investment interest expense deduction [1]	0	0.0	406	4.0	612	2.3	7,248	5.8
Taxes paid deduction	0	0.0	3,782	37.6	9,876	36.3	52,499	41.8
Charitable contributions deduction	0	0.0	881	8.8	1,092	4.0	10,648	8.5
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0	224	0.2
Net casualty or theft loss deduction	0	0.0	503	5.0	45	0.2	555	0.4
Total miscellaneous deductions	0	0.0	46	0.5	47	0.2	2,835	2.3
General business credit	0	0.0	0	0.0	381	1.4	604	0.5
All other tax credits	0	0.0	154	1.5	0	0.0	588	0.5
Partnership and S corporation net losses	0	0.0	89	0.9	208	0.8	0	0.0
No second largest item	0	0.0	1,437	14.3	7,167	26.4	3,440	2.7
Returns with expanded income of \$200,000 or more								
Total	9,564	0.3	23,292	0.7	117,892	3.4	49,484	1.4
Interest paid deduction	2,251	23.5	5,149	22.1	35,036	29.7	19,015	38.4
Tax-exempt interest [3]	750	7.8	1,986	8.5	8,897	7.5	2,673	5.4
Taxes paid deduction	3,711	38.8	9,662	41.5	49,812	42.3	7,236	14.6
Charitable contributions deduction	902	9.4	1,102	4.7	10,371	8.8	2,398	4.8
Medical and dental expense deduction	3	[2]	0	0.0	224	0.2	155	0.3
Net casualty or theft loss deduction	498	5.2	4	[2]	459	0.4	5	[2]
Total miscellaneous deductions	**	**	**16	**0.1	1,889	1.6	383	0.8
General business credit	0	0.0	326	1.4	578	0.5	42	0.1
All other tax credits	141	1.5	0	0.0	705	0.6	5,952	12.0
Partnership and S corporation net losses	**86	**0.9	**122	**0.5	0	0.0	566	1.1
Foreign-earned income exclusion [3]	0	0.0	74	0.3	108	0.1	0	0.0
AMT tax preference [3]	5	0.1	106	0.5	271	0.2	134	0.3
Nontaxable Social Security benefits [3]	425	4.4	222	1.0	7,733	6.6	92	0.2
No second largest item	792	8.3	4,525	19.4	1,809	1.5	10,831	21.9

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)
Returns with worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total	0	0.0	0	0.0	0	0.0
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Partnership and S corporation net losses	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
Returns with expanded income of \$200,000 or more						
Total	238,928	6.9	13,404	0.4	95,084	2.7
Interest paid deduction	29,504	12.3	2,069	15.4	57,405	60.4
Tax-exempt interest [3]	0	0.0	932	7.0	9,627	10.1
Taxes paid deduction	114,334	47.9	9,033	67.4	10,934	11.5
Charitable contributions deduction	27,407	11.5	478	3.6	177	0.2
Medical and dental expense deduction	5,229	2.2	0	0.0	141	0.1
Net casualty or theft loss deduction	1,276	0.5	41	0.3	8	[2]
Total miscellaneous deductions	12,234	5.1	13	0.1	0	0.0
General business credit	1,057	0.4	3	[2]	8	[2]
All other tax credits	1,650	0.7	177	1.3	170	0.2
Partnership and S corporation net losses	6,908	2.9	82	0.6	2,659	2.8
Foreign-earned income exclusion [3]	171	0.1	141	1.1	0	0.0
AMT tax preference [3]	640	0.3	0	0.0	341	0.4
Nontaxable Social Security benefits [3]	29,857	12.5	353	2.6	0	0.0
No second largest item	8,662	3.6	81	0.6	13,614	14.3

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Item with the second largest tax effect	Total		Item with the largest tax effect—continued					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns without worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	4,224	100.0	86	2.0	444	10.5	65	1.5
Interest paid deduction	973	23.0	0	0.0	84	18.9	8	12.3
Investment interest expense deduction [1]	293	6.9	12	14.0	0	0.0	11	16.9
Taxes paid deduction	1,431	33.9	37	43.0	85	19.1	0	0.0
Charitable contributions deduction	498	11.8	16	18.6	90	20.3	24	36.9
Medical and dental expense deduction	116	2.7	4	4.7	13	2.9	**	**
Net casualty or theft loss deduction	44	1.0	3	3.5	**	**	**	**
Total miscellaneous deductions	359	8.5	6	7.0	**44	**9.9	**5	**7.7
General business credit	21	0.5	**	**	**	**	**4	**6.2
All other tax credits	23	0.5	**4	**4.7	**	**	**	**
Partnership and S corporation net losses	392	9.3	4	4.7	128	28.8	**9	**13.8
No second largest item	74	1.8	**	**	**	**	**4	**6.2
Returns with expanded income of \$200,000 or more								
Total	5,420	100.0	76	1.4	0	0.0	82	1.5
Interest paid deduction	708	13.1	0	0.0	0	0.0	9	11.0
Tax-exempt interest [3]	908	16.8	6	7.9	0	0.0	28	34.1
Taxes paid deduction	1,405	25.9	33	43.4	0	0.0	0	0.0
Charitable contributions deduction	721	13.3	**23	**30.3	0	0.0	**12	**14.6
Medical and dental expense deduction	605	11.2	3	3.9	0	0.0	5	6.1
Net casualty or theft loss deduction	49	0.9	3	3.9	0	0.0	0	0.0
Total miscellaneous deductions	342	6.3	**	**	0	0.0	**7	**8.5
General business credit	22	0.4	**	**	0	0.0	**3	**3.7
All other tax credits	40	0.7	**	**	0	0.0	**3	**3.7
Partnership and S corporation net losses	425	7.8	4	5.3	0	0.0	**11	**13.4
Foreign-earned income exclusion [3]	8	0.1	**	**	0	0.0	4	4.9
AMT tax preference [3]	4	0.1	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	106	2.0	4	5.3	0	0.0	0	0.0
No second largest item	77	1.4	0	0.0	0	0.0	**	**

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Returns without worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	837	19.8	398	9.4	863	20.4	1,112	26.3
Interest paid deduction	88	10.5	18	4.5	302	35.0	399	35.9
Investment interest expense deduction [1]	92	11.0	14	3.5	29	3.4	20	1.8
Taxes paid deduction	380	45.4	124	31.2	340	39.4	367	33.0
Charitable contributions deduction	0	0.0	123	30.9	89	10.3	68	6.1
Medical and dental expense deduction	**64	**7.6	0	0.0	14	1.6	**17	**1.5
Net casualty or theft loss deduction	4	0.5	**5	**1.3	0	0.0	32	2.9
Total miscellaneous deductions	**130	**15.5	**114	**28.6	**40	**4.6	0	0.0
General business credit	3	0.4	0	0.0	**7	**0.8	**	**
All other tax credits	**11	**1.3	0	0.0	**	**	**8	**0.7
Partnership and S corporation net losses	**65	**7.8	**	**	**39	**4.5	**133	**12.0
No second largest item	0	0.0	0	0.0	3	0.3	**68	**6.1
Returns with expanded income of \$200,000 or more								
Total	844	15.6	680	12.5	862	15.9	38	0.7
Interest paid deduction	92	10.9	**18	**2.6	296	34.3	3	7.9
Tax-exempt interest [3]	303	35.9	360	52.9	83	9.6	8	21.1
Taxes paid deduction	248	29.4	80	11.8	324	37.6	6	15.8
Charitable contributions deduction	0	0.0	115	16.9	73	8.5	8	21.1
Medical and dental expense deduction	**51	**6.0	0	0.0	13	1.5	3	7.9
Net casualty or theft loss deduction	4	0.5	4	0.6	0	0.0	0	0.0
Total miscellaneous deductions	75	8.9	71	10.4	9	1.0	0	0.0
General business credit	**	**	**3	**0.4	6	0.7	0	0.0
All other tax credits	10	1.2	0	0.0	**	**	0	0.0
Partnership and S corporation net losses	**57	**6.8	**3	**0.4	**35	**4.1	10	26.3
Foreign-earned income exclusion [3]	0	0.0	0	0.0	**4	**0.5	0	0.0
AMT tax preference [3]	0	0.0	0	0.0	**	**	0	0.0
Nontaxable Social Security benefits [3]	4	0.5	26	3.8	**19	**2.2	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect—continued							
	General business credit		All other tax credits		Partnership and S corporation net losses		Foreign-earned income exclusion [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns without worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	0	0.0	174	4.1	245	5.8
Interest paid deduction	0	0.0	0	0.0	65	37.4	9	3.7
Investment interest expense deduction [1]	0	0.0	0	0.0	12	6.9	103	42.0
Taxes paid deduction	0	0.0	0	0.0	59	33.9	39	15.9
Charitable contributions deduction	0	0.0	0	0.0	**22	**12.6	**66	**26.9
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0	**4	**1.6
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	**	**	**20	**8.2
General business credit	0	0.0	0	0.0	3	1.7	4	1.6
All other tax credits	0	0.0	0	0.0	0	0.0	**	**
Partnership and S corporation net losses	0	0.0	0	0.0	**13	**7.5	0	0.0
No second largest item	0	0.0	0	0.0	**	**	0	0.0
Returns with expanded income of \$200,000 or more								
Total	3	0.1	172	3.2	231	4.3	33	0.6
Interest paid deduction	**3	**100.0	**66	**38.4	4	1.7	**11	**33.3
Tax-exempt interest [3]	0	0.0	6	3.5	114	49.4	0	0.0
Taxes paid deduction	**	**	**60	**34.9	33	14.3	**19	**57.6
Charitable contributions deduction	0	0.0	20	11.6	61	26.4	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	**	**	**3	**9.1
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	**	**	11	4.8	**	**
General business credit	0	0.0	3	1.7	4	1.7	0	0.0
All other tax credits	0	0.0	0	0.0	**4	**1.7	0	0.0
Partnership and S corporation net losses	0	0.0	12	7.0	0	0.0	0	0.0
Foreign-earned income exclusion [3]	0	0.0	0	0.0	0	0.0	0	0.0
AMT tax preference [3]	0	0.0	**	**	**	**	0	0.0
Nontaxable Social Security benefits [3]	0	0.0	**5	**2.9	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

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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 the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2005—Continued

[All figures are estimates based on samples]

Item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)
Returns without worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total	0	0.0	0	0.0	0	0.0
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Partnership and S corporation net losses	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
Returns with expanded income of \$200,000 or more						
Total	2,399	44.3	0	0.0	0	0.0
Interest paid deduction	206	8.6	0	0.0	0	0.0
Tax-exempt interest [3]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	602	25.1	0	0.0	0	0.0
Charitable contributions deduction	**409	**17.0	0	0.0	0	0.0
Medical and dental expense deduction	527	22.0	0	0.0	0	0.0
Net casualty or theft loss deduction	38	1.6	0	0.0	0	0.0
Total miscellaneous deductions	169	7.0	0	0.0	0	0.0
General business credit	3	0.1	0	0.0	0	0.0
All other tax credits	**22	**0.9	0	0.0	0	0.0
Partnership and S corporation net losses	**293	**12.2	0	0.0	0	0.0
Foreign-earned income exclusion [3]	**	**	0	0.0	0	0.0
AMT tax preference [3]	**5	**0.2	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	**48	**2.0	0	0.0	0	0.0
No second largest item	**77	**3.2	0	0.0	0	0.0

** Data combined to avoid disclosure of information for specific taxpayers.

[1] Investment interest expense deduction only has an effect when using the adjusted gross income concept.

[2] Less than 0.05 percent.

[3] Tax-exempt interest, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

NOTE: Detail may not add to totals due to rounding. Total columns do not include returns with no tax effect.

High-Income Tax Returns for 2005

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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, Tax Year 2005

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income concept						
Total itemized deductions	7,389	1,327	908	490	194	96
Interest paid deduction:						
Total	7,389	2,788	2,646	729	230	132
Investment interest per income concept	7,389	5,139	1,239	150	101	90
Taxes paid deduction	7,389	1,690	4,363	817	229	104
Charitable contributions deduction	7,389	2,464	3,107	291	127	181
Medical and dental expense deduction	7,389	6,640	189	52	37	31
Net casualty or theft loss deduction	7,389	6,390	67	17	14	12
Net limited miscellaneous deduction per income concept	7,389	5,605	1,205	293	128	56
Non-limited miscellaneous deduction	7,389	5,758	462	37	15	16
Deduction equivalent of:						
Total credits	7,389	3,852	301	70	70	81
Foreign tax credit	7,389	4,225	347	29	38	47
General business credit	7,389	7,259	90	17	11	**12
Tax preferences excluded from adjusted gross income	7,389	5,248	1,367	213	131	87
Nontaxable Social Security benefits	7,389	5,660	1,729	0	0	0
Expanded income concept						
Total itemized deductions	10,680	2,917	1,602	1,367	670	435
Interest paid deduction:						
Total	10,680	6,394	2,996	866	252	72
Investment interest per income concept	10,680	8,470	1,740	147	76	56
Taxes paid deduction	10,680	3,348	5,630	1,117	271	117
Charitable contributions deduction	10,680	4,069	4,427	554	304	197
Medical and dental expense deduction	10,680	8,210	1,128	241	149	130
Net casualty or theft loss deduction	10,680	9,637	99	26	19	15
Net limited miscellaneous deduction per income concept	10,680	7,482	2,382	479	163	63
Non-limited miscellaneous deduction	10,680	10,037	565	34	11	13
Deduction equivalent of:						
Total credits	10,680	4,928	585	188	196	285
Foreign tax credit	10,680	5,424	517	137	171	252
General business credit	10,680	10,547	90	22	8	**6
Tax preferences excluded from adjusted gross income	10,680	5,736	1,250	315	238	253
Nontaxable Social Security benefits	10,680	7,662	**3,018	**	0	0

Footnotes at end of table.

High-Income Tax Returns for 2005

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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, Tax Year 2005—Continued

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
Adjusted gross income concept—continued					
Total itemized deductions	54	51	45	610	3,614
Interest paid deduction:					
Total	114	91	100	300	259
Investment interest per income concept	83	89	91	228	179
Taxes paid deduction	55	39	20	29	43
Charitable contributions deduction	109	364	47	308	391
Medical and dental expense deduction	31	33	36	151	189
Net casualty or theft loss deduction	12	11	38	232	596
Net limited miscellaneous deduction per income concept	29	22	11	15	25
Non-limited miscellaneous deduction	12	12	25	532	520
Deduction equivalent of:					
Total credits	223	277	164	2,345	6
Foreign tax credit	125	182	122	2,268	6
General business credit	**	**	**	0	0
Tax preferences excluded from adjusted gross income	60	52	36	73	122
Nontaxable Social Security benefits	0	0	0	0	0
Expanded income concept—continued					
Total itemized deductions	317	290	257	936	1,889
Interest paid deduction:					
Total	30	14	7	25	24
Investment interest per income concept	33	28	16	42	72
Taxes paid deduction	56	35	21	41	44
Charitable contributions deduction	195	160	121	531	122
Medical and dental expense deduction	139	121	86	286	190
Net casualty or theft loss deduction	6	15	35	237	591
Net limited miscellaneous deduction per income concept	38	21	11	19	22
Non-limited miscellaneous deduction	**8	**	**	4	8
Deduction equivalent of:					
Total credits	607	1,155	969	**1,767	**
Foreign tax credit	516	1,051	925	**1,687	**
General business credit	7	**	**	0	0
Tax preferences excluded from adjusted gross income	262	299	350	1,648	329
Nontaxable Social Security benefits	0	0	0	0	0

** Data combined to avoid disclosure of information for specific taxpayers.

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

High-Income Tax Returns for 2005

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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, Tax Year 2005

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income concept						
Total itemized deductions	4,224	13	51	61	45	12
Interest paid deduction:						
Total	4,224	1,156	1,552	455	171	109
Investment interest per income concept	4,224	2,612	754	101	77	76
Taxes paid deduction	4,224	121	2,999	648	197	85
Charitable contributions deduction	4,224	738	1,985	188	82	137
Medical and dental expense deduction	4,224	3,546	147	41	34	29
Net casualty or theft loss deduction	4,224	3,271	44	15	11	8
Net limited miscellaneous deduction per income concept	4,224	2,862	864	247	105	47
Non-limited miscellaneous deduction	4,224	2,737	338	29	11	15
Deduction equivalent of:						
Total credits	4,224	3,851	136	26	11	16
Foreign tax credit	4,224	4,224	0	0	0	0
General business credit	4,224	4,141	56	12	**	**9
Tax preferences excluded from adjusted gross income	4,224	2,633	925	182	110	68
Nontaxable Social Security benefits	4,224	2,749	1,475	0	0	0
Expanded income concept						
Total itemized deductions	5,420	342	319	586	446	319
Interest paid deduction:						
Total	5,420	3,095	1,437	531	203	61
Investment interest per income concept	5,420	3,878	1,165	108	63	46
Taxes paid deduction	5,420	373	3,606	921	237	97
Charitable contributions deduction	5,420	808	2,808	409	241	148
Medical and dental expense deduction	5,420	3,158	974	211	145	128
Net casualty or theft loss deduction	5,420	4,426	73	22	14	13
Net limited miscellaneous deduction per income concept	5,420	2,768	1,915	432	145	54
Non-limited miscellaneous deduction	5,420	4,925	430	25	9	12
Deduction equivalent of:						
Total credits	5,420	4,924	262	25	10	14
Foreign tax credit	5,420	5,420	0	0	0	0
General business credit	5,420	5,344	48	14	4	**4
Tax preferences excluded from adjusted gross income	5,420	1,294	742	267	200	225
Nontaxable Social Security benefits	5,420	2,746	2,674	0	0	0

Footnotes at end of table.

High-Income Tax Returns for 2005

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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, Tax Year 2005—Continued

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
Adjusted gross income concept					
Total itemized deductions	11	15	6	401	3,609
Interest paid deduction:					
Total	96	79	87	261	258
Investment interest per income concept	68	82	78	198	178
Taxes paid deduction	49	36	18	28	43
Charitable contributions deduction	91	315	36	267	385
Medical and dental expense deduction	31	31	33	143	189
Net casualty or theft loss deduction	11	9	32	228	595
Net limited miscellaneous deduction per income concept	28	20	11	15	25
Non-limited miscellaneous deduction	11	9	25	529	520
Deduction equivalent of:					
Total credits	50	56	29	49	0
Foreign tax credit	0	0	0	0	0
General business credit	6	**	0	0	0
Tax preferences excluded from adjusted gross income	49	47	35	65	110
Nontaxable Social Security benefits	0	0	0	0	0
Expanded income concept					
Total itemized deductions	252	252	218	808	1,878
Interest paid deduction:					
Total	27	12	7	23	24
Investment interest per income concept	25	20	14	38	63
Taxes paid deduction	53	28	20	41	44
Charitable contributions deduction	164	133	102	486	121
Medical and dental expense deduction	136	118	83	277	190
Net casualty or theft loss deduction	5	13	32	231	591
Net limited miscellaneous deduction per income concept	36	19	11	18	22
Non-limited miscellaneous deduction	3	**	**8	**	8
Deduction equivalent of:					
Total credits	44	66	26	49	0
Foreign tax credit	0	0	0	0	0
General business credit	6	**	**	0	0
Tax preferences excluded from adjusted gross income	223	260	308	1,572	329
Nontaxable Social Security benefits	0	0	0	0	0

** Data combined to avoid disclosure of information for specific taxpayers.

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

High-Income Tax Returns for 2005

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Table 11. Returns With and Without U.S. Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2005

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of adjusted gross income		
			Under \$50,000 [1]		\$50,000 under \$100,000
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns
	(1)	(2)	(3)	(4)	(5)
All returns	134,372,678	100.0	91,195,160	100.0	28,801,026
Returns without U.S. income tax	42,029,489	31.3	40,999,249	45.0	979,868
Returns with U.S. income tax	92,343,188	68.7	50,195,911	55.0	27,821,158
Effective tax rate:					
Under 5 percent	28,134,683	20.9	23,065,132	25.3	4,705,119
5 under 10 percent	35,532,603	26.4	20,852,801	22.9	12,757,418
10 under 15 percent	19,688,239	14.7	6,233,690	6.8	7,673,587
15 under 20 percent	6,594,318	4.9	20,809	[2]	2,669,644
20 under 25 percent	1,563,842	1.2	7,813	[2]	13,570
25 under 30 percent	684,997	0.5	4,130	[2]	1,298
30 under 35 percent	133,474	0.1	5,192	[2]	316
35 under 40 percent	2,421	[2]	352	[2]	11
40 under 45 percent	476	[2]	42	[2]	8
45 under 50 percent	480	[2]	3	[2]	12
50 under 60 percent	994	[2]	354	[2]	143
60 under 70 percent	757	[2]	71	[2]	8
70 under 80 percent	289	[2]	0	0.0	0
80 percent or more	5,615	[2]	5,522	[2]	23

Tax status, effective tax rate	Size of adjusted gross income—continued				
	\$50,000 under \$100,000	\$100,000 under \$200,000		\$200,000 or more	
	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(6)	(7)	(8)	(9)	(10)
All returns	100.0	10,810,367	100.0	3,566,125	100.0
Returns without U.S. income tax	3.4	42,984	0.4	7,389	0.2
Returns with U.S. income tax	96.6	10,767,383	99.6	3,558,736	99.8
Effective tax rate:					
Under 5 percent	16.3	324,398	3.0	40,034	1.1
5 under 10 percent	44.3	1,854,681	17.2	67,703	1.9
10 under 15 percent	26.6	5,444,860	50.4	336,102	9.4
15 under 20 percent	9.3	2,775,312	25.7	1,128,554	31.6
20 under 25 percent	[2]	359,398	3.3	1,183,060	33.2
25 under 30 percent	[2]	7,222	0.1	672,348	18.9
30 under 35 percent	[2]	943	[2]	127,023	3.6
35 under 40 percent	[2]	376	[2]	1,681	[2]
40 under 45 percent	[2]	9	[2]	417	[2]
45 under 50 percent	[2]	52	[2]	413	[2]
50 under 60 percent	[2]	106	[2]	391	[2]
60 under 70 percent	[2]	10	**	667	**
70 under 80 percent	0.0	**	**	289	**
80 percent or more	[2]	15	[2]	55	[2]

Footnotes at end of table.

High-Income Tax Returns for 2005

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Table 11. Returns With and Without U.S. Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2005—Continued

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of expanded income		
			Under \$50,000 [1]		\$50,000 under \$100,000
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns
	(11)	(12)	(13)	(14)	(15)
All returns	134,372,678	100.0	90,292,532	100.0	29,853,509
Returns without U.S. income tax	42,029,489	31.3	40,912,881	45.3	1,046,370
Returns with U.S. income tax	92,343,188	68.7	49,379,651	54.7	28,807,139
Effective tax rate:					
Under 5 percent	28,718,318	21.4	22,967,114	25.4	5,365,746
5 under 10 percent	34,621,047	25.8	19,822,283	22.0	13,025,772
10 under 15 percent	19,875,835	14.8	6,521,423	7.2	7,658,730
15 under 20 percent	6,694,150	5.0	45,037	[2]	2,733,006
20 under 25 percent	1,597,287	1.2	6,825	[2]	21,530
25 under 30 percent	697,658	0.5	5,401	[2]	1,985
30 under 35 percent	129,702	0.1	4,562	[2]	317
35 under 40 percent	1,595	[2]	357	[2]	0
40 under 45 percent	780	[2]	672	[2]	8
45 under 50 percent	279	[2]	8	[2]	11
50 under 60 percent	646	[2]	369	[2]	9
60 under 70 percent	84	[2]	14	[2]	8
70 under 80 percent	10	[2]	0	0.0	0
80 percent or more	5,797	[2]	5,586	[2]	16

Tax status, effective tax rate	Size of expanded income—continued				
	\$50,000 under \$100,000	\$100,000 under \$200,000		\$200,000 or more	
	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(16)	(17)	(18)	(19)	(20)
All returns	100.0	10,642,626	100.0	3,584,012	100.0
Returns without U.S. income tax	3.5	59,558	0.6	10,680	0.3
Returns with U.S. income tax	96.5	10,583,067	99.4	3,573,331	99.7
Effective tax rate:					
Under 5 percent	18.0	325,443	3.1	60,015	1.7
5 under 10 percent	43.6	1,687,823	15.9	85,169	2.4
10 under 15 percent	25.7	5,341,088	50.2	354,594	9.9
15 under 20 percent	9.2	2,822,030	26.5	1,094,077	30.5
20 under 25 percent	0.1	390,853	3.7	1,178,079	32.9
25 under 30 percent	[2]	14,377	0.1	675,895	18.9
30 under 35 percent	[2]	902	[2]	123,920	3.5
35 under 40 percent	0.0	367	[2]	871	[2]
40 under 45 percent	[2]	47	[2]	53	[2]
45 under 50 percent	[2]	9	[2]	250	[2]
50 under 60 percent	[2]	109	[2]	158	[2]
60 under 70 percent	[2]	9	[2]	53	[2]
70 under 80 percent	0.0	3	[2]	7	[2]
80 percent or more	[2]	6	[2]	188	[2]

** Data deleted to avoid disclosure of information for specific taxpayers. However, deleted data are included in the appropriate totals.

[1] Includes returns with adjusted gross deficit or with negative expanded income.

[2] Less than 0.05 percent.

NOTE: Detail may not add to totals due to rounding.

High-Income Tax Returns for 2005

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Table 12. Returns With and Without Worldwide Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2005

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of adjusted gross income		
			Under \$50,000 [1]		\$50,000 under \$100,000
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns
	(1)	(2)	(3)	(4)	(5)
All returns	134,372,678	100.0	91,195,160	100.0	28,801,026
Returns without worldwide income tax	41,825,753	31.1	40,847,507	44.8	941,526
Returns with worldwide income tax	92,546,925	68.9	50,347,653	55.2	27,859,501
Effective tax rate:					
Under 5 percent	28,211,428	21.0	23,167,093	25.4	4,710,615
5 under 10 percent	35,539,655	26.4	20,881,136	22.9	12,754,515
10 under 15 percent	19,704,263	14.7	6,248,992	6.9	7,688,614
15 under 20 percent	6,621,258	4.9	20,809	[2]	2,679,942
20 under 25 percent	1,575,574	1.2	6,848	[2]	14,375
25 under 30 percent	704,447	0.5	5,095	[2]	2,401
30 under 35 percent	149,512	0.1	5,192	[2]	1,273
35 under 40 percent	13,170	[2]	355	[2]	1,561
40 under 45 percent	6,238	[2]	696	[2]	1,009
45 under 50 percent	2,984	[2]	101	[2]	616
50 under 60 percent	6,422	[2]	2,597	[2]	2,714
60 under 70 percent	2,634	[2]	727	**	1,210
70 under 80 percent	765	[2]	**	**	313
80 percent or more	8,574	[2]	8,013	[2]	342

Tax status, effective tax rate	Size of adjusted gross income—continued				
	\$50,000 under \$100,000	\$100,000 under \$200,000		\$200,000 or more	
	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(6)	(7)	(8)	(9)	(10)
All returns	100.0	10,810,367	100.0	3,566,125	100.0
Returns without worldwide income tax	3.3	32,497	0.3	4,224	0.1
Returns with worldwide income tax	96.7	10,777,870	99.7	3,561,901	99.9
Effective tax rate:					
Under 5 percent	16.4	311,965	2.9	21,755	0.6
5 under 10 percent	44.3	1,844,667	17.1	59,337	1.7
10 under 15 percent	26.7	5,442,868	50.3	323,789	9.1
15 under 20 percent	9.3	2,792,176	25.8	1,128,331	31.6
20 under 25 percent	[2]	367,072	3.4	1,187,280	33.3
25 under 30 percent	[2]	10,049	0.1	686,902	19.3
30 under 35 percent	[2]	2,428	[2]	140,619	3.9
35 under 40 percent	[2]	2,247	[2]	9,006	0.3
40 under 45 percent	[2]	2,284	[2]	2,250	0.1
45 under 50 percent	[2]	1,305	[2]	962	[2]
50 under 60 percent	[2]	462	[2]	649	[2]
60 under 70 percent	**	26	[2]	671	[2]
70 under 80 percent	**	301	[2]	150	[2]
80 percent or more	[2]	19	[2]	200	[2]

Footnotes at end of table.

High-Income Tax Returns for 2005

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Table 12. Returns With and Without Worldwide Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2005—Continued

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of expanded income		
			Under \$50,000 [1]		\$50,000 under \$100,000
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns
	(11)	(12)	(13)	(14)	(15)
All returns	134,372,678	100.0	90,292,532	100.0	29,853,509
Returns without worldwide income tax	41,825,753	31.1	40,771,976	45.2	1,006,340
Returns with worldwide income tax	92,546,925	68.9	49,520,556	54.8	28,847,168
Effective tax rate:					
Under 5 percent	28,797,530	21.4	23,067,676	25.5	5,387,191
5 under 10 percent	34,626,148	25.8	19,847,273	22.0	13,020,825
10 under 15 percent	19,905,912	14.8	6,536,108	7.2	7,677,039
15 under 20 percent	6,723,697	5.0	45,037	[2]	2,737,574
20 under 25 percent	1,617,961	1.2	6,497	[2]	22,184
25 under 30 percent	719,378	0.5	6,367	[2]	1,982
30 under 35 percent	144,191	0.1	4,562	[2]	320
35 under 40 percent	3,544	[2]	357	[2]	0.0
40 under 45 percent	1,672	[2]	672	[2]	8
45 under 50 percent	309	[2]	8	[2]	11
50 under 60 percent	652	[2]	369	[2]	9
60 under 70 percent	88	[2]	14	[2]	8
70 under 80 percent	12	[2]	0.0	0.0	0.0
80 percent or more	5,830	[2]	5,616	[2]	16

Tax status, effective tax rate	Size of expanded income—continued				
	\$50,000 under \$100,000	\$100,000 under \$200,000		\$200,000 or more	
	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(16)	(17)	(18)	(19)	(20)
All returns	100.0	10,642,626	100.0	3,584,012	100.0
Returns without worldwide income tax	3.4	42,017	0.4	5,420	0.2
Returns with worldwide income tax	96.6	10,600,609	99.6	3,578,591	99.8
Effective tax rate:					
Under 5 percent	18.0	311,695	2.9	30,967	0.9
5 under 10 percent	43.6	1,682,631	15.8	75,420	2.1
10 under 15 percent	25.7	5,344,528	50.2	348,238	9.7
15 under 20 percent	9.2	2,843,904	26.7	1,097,183	30.6
20 under 25 percent	0.1	399,061	3.7	1,190,218	33.2
25 under 30 percent	[2]	15,563	0.1	695,467	19.4
30 under 35 percent	[2]	1,788	[2]	137,520	3.8
35 under 40 percent	0.0	663	[2]	2,524	0.1
40 under 45 percent	[2]	638	[2]	354	[2]
45 under 50 percent	[2]	9	[2]	281	[2]
50 under 60 percent	[2]	110	[2]	163	[2]
60 under 70 percent	[2]	9	[2]	57	[2]
70 under 80 percent	0.0	3	[2]	9	[2]
80 percent or more	[2]	6	[2]	191	[2]

** Data deleted to avoid disclosure of information for specific taxpayers. However, deleted data are included in the appropriate totals.

[1] Includes returns with adjusted gross deficit or with negative expanded income.

[2] Less than 0.05 percent.

NOTE: Detail may not add to totals due to rounding.