Statistics of Income
SOIBULLETIN

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# sOI BULLETIN 

Department of the Treasury Internal Revenue Service

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The SOI Bulletin provides the earliest published annual financial statistics from various types of tax and information returns filed with the Internal Revenue Service. It also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data are provided for selected types of taxpayers, as well as the gross internal revenue collections and other tax related items.

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division, TR:S Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on income tax returns can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Overall policy review of the SOI Bulletin is conducted by the Office of Tax Analysis, under the direction of Thomas Neubig. For this issue, those assisting in the review were B.K. Atrostic, Mordecai S. Feinberg, and James R. Nunns. Robert A. Wilson and Bettye Jamerson of the Statistics of Income Division were the technical editors and were assisted by Wendy Alvey and Beth Kilss, editors of the SOI Bulletin Board, and Clementine D. Brittain who provided editorial assistance and prepared the copy.

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## SOI STATISTICAL SERVICES

## (Available from Statistics of Income Division)

As part of the Statistics of Income program a series of special services is now being offered to data users (see below). Detailed information on these statistical services can be obtained by writing to Director, Statis:tics of Income Division (TR:S), Internal Revenue Service, 1111 Constitution Avenue, N.W:; Washington, DC 20224. Purchase is by check made payable to the IRS Accounting Section.

## Studies of International Income and Taxes, Publication 1267 - Price $\$ 45.00$

Purchase price includes a 516-page document for 1979-83 that presents information from 13 Statistics of In. come studies in the international area, including:

- Foreign activity of U.S. corporations
- Activity of foreign corporations in the U.S.
- Foreign interests in U.S. corporations
- Statistics related to individuals, trusts, and estates
- Data presented bygeographical area or industrial activity, as well as other classifiers

Purchasers of this service also will be provided with additional information for one year as it becomes available. The one year period for receiving additional information can be extended at a cost of $\$ 35.00$ per year. A long-term subscription ( $\$ 150$ ) includes the compendium and additional information as it becomes available through August 1990. (The next.compendium is scheduled for release in September 1990.)

## Individual Income Tax Returns, Publication 1304 - Price $\$ 32.00$

Purchase price includes a 196-page document for 1985 presenting Statistics of Income data and tables on:

- Sources of incomé
- Itemized dēdūctions
Data presented-by -
- Exemptions
- Tax computations
size of adjusted gross income, marital status

Purchasers of this.service also will be provided with additional articles relating to 1985 data and preliminary 1986 data as they become available and will be notified of future statistical releases relating to individual income tax returns.

## Partnership Returns, Publication 369 - Price $\$ 22.00$

Purchase price includes a 314-page document for 1978-82 presenting previously unpublished Statistics of Income data for 1980, 1981 and 1982, as well as data previously issued in other publications. Features include:

- Number of partnerships
- Deductions
- Data presented by-
- Limited partnerships
- Net income
- Receipts
- Capital gains
industry
- Cost of sales and operations
size of total assets state number of partners

Purchasers of this service also will be provided with data for 1983-1985 as they become available and will also be notified of future statistical releases relating to partnership returns.
Other Services - Price dependent on the request

- Unpublished täbulations from SOl program are available. Includes detailed tables underlying those published in SOI Bulletin. $\because$.
- Speciál tábulations produced to user specifications.
- Public use tape files, includ: ing the Individual Tax Model (1978-1985), among others. (Earlier files are available from the Ma chine Readable Branch (NNSR) of the National Archives, Washington, DC 20408.


## BUSINESS SOURCE BOOKS

(Available from Statistics of Income Division)
In addition to the Corporation Source Book, two others are now being offered by the Statistics of Income Division (see below). Information can be obtained by writing to Director, Statistics of Income Division (TR:S) at the address above. Purchase of Source Books is by check made payable to the IRS Accounting Section.

## Corporation Source Book, 1985, Publication 1053 - Price $\$ 175.00$

This is a 480-page document that presents detailed income statement, balance sheet, tax and investment credit items by major and minor industries and size of total assets. This report is part of an annual series and can be purchased for $\$ 175$ (issues prior to 1982 are for sale at $\$ 150$ ). A magnetic tape containing the tabular statistics for 1985 can be purchased for $\$ 1,500$.

## Partnership Source Book, Publication 1289 - Price $\$ 30.00$

This is a 291-page document showing key partnership data for 1957 through 1983, at the minor, major and division industry level. Includes a historical definition of terms section and a summary of legislative changes affecting partnerships during that period. Tables feature:

- Number of partnerships
- Depreciation
- Payroll
- Number of partners
- Taxes paid deduction
- Payments to partners
- Business receipts
- Interest paid
- Net income

Purchasers of this service also will be advised of the release of subsequent years' data. A magnetic tape containing the tabular statistics can be purchased for an additional $\$ 200$.

## Sole Proprietorship Source Book, Publication 1323 - Price $\$ 95.00$

This Source Book is a companion to that for partnerships, shown above. It is a 244 -page document showing key proprietorship data for 1957 through 1984. Each page contains statistics for a particular industry. Included will be data on:

- Number of business
- Depreciation
- Payroll
- Business receipts
- Taxes paid deduction
- Net income
- Interest paid

As with Partnerships, a magnetic tape containing the tabular statistics can be purchased for $\$ 245$.

## OTHER PUBLICATIONS

(Available from Superintendent of Documents GPO, Washington, D.C. 20402)
The Statistics of Income (SOI) Bulletin (Quarterly) - Publication No. 1136 Subscription price $\$ 16.00$; Single copy price $\$ 6.00$

The SOI Bulletin provides the earliest published financial statistics from the various types of tax and information returns filed with the Internal Revenue Service. The Bulletin also includes information from periodic or special analytical studies of particular interest to tax administrators and economists.

```
Statistics of Income-1985, Corporation Income Tax Returns, Publication No. 16
Price \(\$ 9.50\)
Presents information on-
```

- Receipts
- Deductions
- Net income
- Taxable income
- Income tax
- Tax credits
- Distribution to stockholders
- Assets
- Liabilities

Data classified by-

- industry
- accounting period
- size of total assets
- size of business receipts


## IRS Methodology Reports on Statistical Uses of Administrative Records

Statistics of Income and Related Administrative Record Research: 1986-1987.-Selected papers given at the 1986 and 1987 Annual Meetings of the American Statistical Association in Chicago and San Francisco, respectively. Papers focus on on-going wealth estimation research and U.S. and Canadian efforts regarding methodological enhancements to corporate and individual tax data and recent refinements to disclosure avoidance techniques.
Record Linkage Techniques-1985.-The Proceedings of the Workshop on Exact Matching Methodologies held in Arlington, Virginia, May 9-10, 1985. Includes landmark background papers on record linkage use and papers describing methodological enhancements, applications and technological developments, as well as extensive bibliographic material on exact matching.

Statistical Uses of Administrative Records: Recent Research and Present Prospects.-A two-volume reference handbook on research results involving the use of administrative records for statistical purposes from 1979 through 1982.

- Volume I (March 1984) focuses on general considerations in administrative record research, applications of income tax data, uses based on data from other major administrative record systems, and enhancements to statistical systems using administrative data.
- Volume II (July 1984) focuses on comparability and quality issues, access to administrative records for statistical purposes, selected examples of end uses of linked administrative statistical systems, and a status report which sets goals for the future.

Statistics of Income and Related Administrative Record Research: 1984.-Selected papers given at the 1984 Annual Meeting of the American Statistical Association in Philadelphia. Papers focus on future policy issues, applications, exact matching techniques, quality control, missing data and sample design issues.
Statistics of Income and Related Administrative Record Research: 1983*. -Selected papers given at the 1983 Annual Meeting of the American Statistical Association in Toronto. Papers focus on use of administrative records in censuses and surveys, applications for epidemiologic research and other statistical purposes, and statistical techniques involving imputation and disclosure and confidentiality.
Statistics of Income and Related Administrative Record Research: 1982. -Selected papers given at the 1982 Annual Meeting of the American Statistical Association in Cincinnati. Papers focus on statistical uses of administrative records, resulting methodologic advances, and estimates and projections for intercensal updates.

Statistics of Income and Related Administrative Record Research.-Selected papers given at the 1981 Annual Meeting of the American Statistical Association in Detroit. Papers focus on applications and methodologies with an emphasis on IRS' Statistics of Income Program, and Small Business Data Base, nonprofit and pension data, and on Canada's Generalized Iterative Record Linkage System.

Economic and Demographic Statistics*.-Selected papers given at the 1980 Annual Meeting of the American Statistical Association in Houston. Papers focus on evaluation of the 1977 Economic Census, CPS hot deck techniques, and efforts to upgrade Social Security's Continuous Work History Sample.

## ORDER FORM

REPORTS CURRENTLY AVAILABLE: To order, make selections and complete order form below.

SOI Bulletin Board ..... i
Individual Income Tax Shares and Average Tax Rates, 1916-1950 ..... 1
By Fritz Scheuren and Janet McCubbinThis is the first in a series of articles presenting individual income and tax data from 1916 to the present.This article covers Tax Years 1916 through 1950 and emphasizes average income tax rates and incometax shares, from returns with $\$ 25,000$ or more in 1986 dollars. In addition to tables and a discussion ofhow they were prepared, it includes a synopsis of the tax law in effect for each year.
Personal Income and Adjusted Gross Income, 1984-1986 ..... 71
By Thae S. Park and Jane S. Reeb
This article compares the Department of Commerce measure, "personal income," with the Internal Revenue Service measure, "adjusted gross income" or AGI, for 1984-86. The reconciliation incorpo- rates personal income estimates published in the July 1988 revision of the National Income and Product Accounts with final IRS estimates of AGI, for 1984-86.
Foreign Recipients of U.S. Income, 1986 ..... 79
By Margaret P. Lewis
U.S. source income paid to foreign persons rose 25 percent in 1986 to $\$ 21.8$ billion. The country that was the largest recipient of this income was the United Kingdom with $\$ 3.7$ billion, a 31-percent increase over 1985. Japan showed the greatest percentage increase, 56 percent, for a total of $\$ 2.9$ billion in U.S. source income in 1986. Interest remained the most common type of income, accounting for 54 percent of the total paid in 1986.
Projections of Tax Return Filings, 1990-1997 ..... 95 By Marian Mak For Fiscal Year 1989, 202.3 million returns and supplemental documents are projected to be filed, a 2.3 percent net increase over estimated 1988 filings. Individual income tax return filings in 1988 increased by 3.7 percent over 1987, caused primarily by two major occurrences. Provisions in the Tax Reform Act of 1986 led to an increase in the number of taxpayer dependents who had to file their own returns as well as a decline in the number of individuals required to file because of the increase in the standard deduction and personal exemption amounts. Also, the illegal alien amnesty program is expected to slightly increase the number of persons filing for the first time.
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# Bulletin Board 

## SOME OBSERVATIONS AND INSIGHTS

The Statistics of Income (SOI) Division has been heavily involved in quality since before the time that it became the "in" thing to do. In the mid-1960's processing of tax returns for the Statistics of Income programs was decentralized; work which had historically been done in-house was moved to the IRS service centers, where the tax returns were being received and processed for tax administration purposes. As part of that move, what are now thought of as "quality improvement initiatives" were instituted, to ensure that the data being extracted from the tax returns for statistical use were complete and accurate.

More recently our focus has been on supporting Servicewide quality initiatives, based on the concepts of Dr. Joseph Juran of the Juran Institute-one of the foremost leaders of modern quality techniques in the world.

In the last year we became directly involved in an IRS initiative to measure the accuracy of telephone responses to taxpayer requests for assistance. This joint effort between IRS and the General Accounting Office gained added importance because of all the tax law changes introduced by the Tax Reform Act of 1986, the effects of which were most apparent during the last filing season.

Closer to home, the SOI Division has been busy developing its own quality initiatives, which include "quality planning," "quality control" and "quality improvement"-also known as the Juran Trilogy:

- In the planning area we have recently completed the Service's first quality planning team project to redesign the SOI program's sample file of individual income tax returns.


##  Other planning activities have focused on the IRS service centers. The primary goal of those efforts has been to involve the "suppliers" (i.e., those who sample, edit, and key-enter data from tax returns) and "customers" (who are the data publishers and users, ourselves and you, the public) in the planning process. Obviously, we are still in the beginning stages here, and we need your ideas.

- In the area of quality control, we have established higher quality standards for such service center operations as key entry, error resolution, and location of missing returns. These expectations are being carried a step further this year by asking the service centers to develop new measures of the current quality of each operation and to commit themselves to more closely monitoring execution.
- Quality improvement initiatives have been undertaken on a national level, with the formation of a quality improvement team to develop a better system for locating returns needed for the SOI sample. (For a variety of reasons some of the returns are not readily available when needed for statistical processing.) This team has been very successful in improving the tracking of tax returns, benefiting not only the SOI program but also other parts of IRS, where the actual returns are needed for tax administration purposes. Still other SOI quality improvement initiatives are being undertaken on a local level, both in the service centers and here in the Statistics of Income Division.

With the establishment of the Di vision's own "quality council," quality activities have become a top priority, as the council assesses Division needs for new quality initia-
tives. This is costly in the beginning; however, we expect the long-term payback to be substantial. Your feedback on how to achieve these objectives is invited, as always.

Fritz Scheuren
Director
Statistics of Income Division

## THIS ISSUE AT A GLANCE

The Winter 1988-1989 issue of the Bulletin focuses on the income of certain classes of tax filers and provides projections of tax returns filings through 1996. A brief abstract of each article is provided below:

Projections of Returns to be Filed in Fiscal Years 1989-1996.—Presents projections of the major types of returns to be filed for fiscal years 1989-1996. These Fiscal Year projections include the effects of the Tax Reform Act of 1986. The projections also take into account the effects of other recent legislative as well as regulatory and administrative changes affecting the filings of the various tax returns.

Reconciliation of Personal Income and AGI.-Presents data on the reconciliation of the Bureau of Economic Analysis measure of personal income with the Internal Revenue Service measure of adjusted gross income, by type of income for 1984-1986.

Foreign Recipients of U.S. Income, and Tax Withheld, 1986.Presents data on the amount of income paid to foreign persons (including individuals, corporations and other organizations), and the U.S. tax that was withheld, based on all Forms 1042S filed with the IRS in 1986


## BEHIND THE SCENES

Even before our current commitment to modern quality management techniques, one of our past employees who did much to help maintain high standards in SOI programs was LILLIE DORSEY.

A 27-year veteran of the SOI Division, immediately prior to her retirement Lil was acting as Assistant Director of the Division. She began her career at IRS as a programmer, then, as a systems analyst, as the Division went through the transition from centralized to decentralized computer processing. Over the years Lil distinguished herself within the SOi Division, where she held many, increasingly responsible positions-including chief of nearly" every Branch in the Division. Her contributions were also recognized by the IRS, when she was nominated as an "Outstanding Woman in Government."

Some current Division employees who are following in the "quality tradition" exemplified by Lil have participated in two meetings of the American Statistical Association (ASA) during the past six months. CHARLES DAY, SUSAN HINKINS, HOMER JONES, JANET McCUB$\mathrm{BIN}_{i}$ and MIKE WEBER attended ASA's Annual Meeting in New Orleans, where they discussed the progress they've made on ongoing work in their areas of expertise:

- Charles spoke about an effort underway to develop previously unavailable employment and payroll data (i.e., wages paid
and number of employees) for persons who filed income tax returns for sole proprietorship businesses;
- Susan and Homer described" recent developments in their work to redesign the SOI sample of corporation income tax returns;
- Janet worked with me and H . LOCK OH to analyze the statistics on income and tax distributions based on individual tax returns filed since the inception of the income tax in 1913; and
- Mike's presentation on early results from a study of the individual income tax returns filed in the first four months of 1988 is included in this issue of the Bulletin.

More recently, MARY BATCHER and JERI MULROW attended ASA's winter meetings in San Diego, where they, too, spoke on current work in which they are involved:

- Mary described the statistical concepts employed to improve the 1987 Integrated Test Call Survey System-IRS' method for assessing the quality of their toll-free assistance operation; and
- Jeri's presentation documented procedures developed to correct for nonsampling errors in the Corporation SOI sample.

Look for these papers to appear in this and other SOI publications over the next year.

## YOUR CALL

As you may know, publication of the SOI Bulletin has not been as timely as we'd like it to be. Since the focus of this feature is "quality," you may be thinking that quality-like charity-"should begin at home."

Not surprisingly, the focus of one of our quality improvement projects is. to re-examine all aspects of the Bulletin publication process.

As part of that project, the editorial staff has already begun to try to streamline the printing effort for the Bulletin. In particular, we are exploring several in-house desk-top publishing options and other technological enhancements which could improve our' schedule. Furthermore, we have been in touch with our "customers"-you, the data users-to see how to better serve you, both in the interim and over the long run.

These discussions are partially responsible for our decision to -make - selected historical tables available on diskette, as we did in the spring of 1987; to publish special 75th anniversary releases, which highlight the historical development of the Statistics of Income programs (as we did in our last issue and will be continuing later in 1989); and to introduce the " SOl Bulletin Board" in the Winter 19871988 issue of the Bulletin.

## UPCOMING FEATURES

The following are a few of the articles to look for in upcoming issues of the SOI Bulletin: ,

- Individual Income Tax Returns, Preliminary Data, 1987;
- Foreign Corporate Investment and Activity in the U.S., 19841985;
- Private Foundations, 1985; ${ }^{\text { }}$
- Individual Income and Tax Shares, 1951-1987;
- Individual Income Tax Rates, 1986;
- Environmental Taxes; 1987.


# Individual Income Tax Shares and Average Tax Rates, Tax Years 1916-1950 

By Fritz Scheuren and Janet McCubbin*

The annual Statistics of Income (SOI) publications are an invaluable source of information on the U.S. economy. The first SOI report (released in 1918) focused on returns filed for 1916, and it also contained aggregate information (but not data distributed by income size class) for 1913 through 1915 [1]. Thus, the data published in SOI cover the entire 75 -year period of the modern income tax [2]. In view of this long history, it seemed worthwhile to try to analyze the published SOI volumes as if they constituted a time-series data base. To this end, a series of articles is planned for the SOI Bulletin. The series will include:

- An initial re-examination of the 1916 to 1950 period, presented in this article;
- A brief look at the 1951 to 1986 period, to be presented in the upcoming Spring SOI Bulletin;
- An overall look at the entire 1916 to 1987 period, to appear in the Fall 1989 or Winter 1989-1990 SOI Bulletin.

Subsequent articles may also be produced, as appropriate.
The principal focus of the first two articles will be on two important and closely related measures of the taxation of different income groups:

- Average Income Tax Rates-the Federal income tax liability for a group as a percentage of the reported income of that group; and
- Income Tax Shares-the Federal income tax liability for a group as a percentage of total Federal income tax liability for all groups.
(See the Data Limitations and Definitions Section for explanations of other terminology.) To derive these two measures, the original Statistics of Income publications for 1916 through 1986 were "dusted off" and information for each year on the number of returns, income and tax by income size class was entered onto a computer file [3]. A principal goal of this historical treatment is to provide previously published data that would otherwise be difficult to find or

[^0]inconvenient to use. There are plans, for example, to make all of the data produced available on tapes or on floppy disks.

The information presented here does suffer from a number of limitations. Some of these limitations have been mitigated, as noted in the Data Preparation section and some are still being addressed; other issues may best be left to scholars outside the Internal Revenue Service. Reports on the progress of their work will appear in subsequent issues of the Bulletin [4].

It must be remembered that the SOI data used for this study were prepared over a more than 70 -year period by many different people, almost none of whom envisioned the demands that a time-series analysis would place on their work. Under these circumstances, the results expected from this effort are modest; nonetheless, the data set could ultimately be very valuable to many researchers and policy analysts.

This article is organized into five sections. Perhaps the most important of these is the extensive set of basic tables that have been prepared. To guide the reader in their use, a synopsis of the individual income tax law changes over the 1916 to 1950 period (Exhibit A) is provided. Introducing these major pieces of the article are an overview of the preparation of the data, a brief review of a portion of the results obtained and a short discussion of data limitations and definitions of terms.

## OVERVIEW OF DATA PREPARATION

Historically, SOI data have been tabulated for use in SOI publications and, except for a few (mainly recent) experiments, these data have not been retained in an electronic medium [5]. The first step to take, therefore, was to go back to the original published SOI volumes, retrieve the information needed (including corrections entered by hand on the file copies) and computerize it. The data were then subjected to a number of adjustments designed to overcome some of the problems inherent in using annual crosssections in a time-series context. These adjustments included transforming the data from current to constant dollars, standardizing the coverage of each year and standardizing the income size classes.

## Constant Dollars

To eliminate the influence of the inflation (and deflation) in pn prices over the period, all money amounts in this study
are presented in 1986 dollars, unless otherwise noted. The Consumer Price Index (CPI) was employed to convert the data to 1986. dollars [6] (see Figure A).

Figure A.-Consumer Price Index, $1986=100$

| Year | Index | Year | Index |
| :---: | :---: | :---: | :---: |
| 1916 | 10.0 | 1934 | 12.2 |
| 1917............................. | 11.7 | 1935 | 12.5 |
| 1918. | 13.7 | 1936 | 12.6 |
| 1919.: | 15.8 | 1937 | 13.1 |
| 1920. | 18.3 | 1938 | 12.8 |
| 1921........................... | 16.3 | 1939 | 12.7 |
| 1922. | 15.3 | 1940 | 12.8 |
| 1923. | 15.6 | 1941 | 13.4 |
| 1924. | 15.6 | 1942 | 14.9 |
| - 1925. | 16.0 | 1943 | 15.8 |
| 1926....................... | 16.1 | 1944 | 16.0 |
| 1927. | 15.8 | 1945 | 16.4 |
| .1928............................. | 15.6 | 1946 | 17.8 |
| 1929............................. | 15.6 | 1947 | 20.4 |
| 1930............................. | 15.2 | 1948 | 22.0 |
| 1931. | 13.9 | 1949 | 21.7 |
| 1932. | 12.5 | 1950 | 22.0 |
| 1933.............................. | 11.8 |  |  |

Source: Bureau of Labor Statistics, as cited in U.S. Department of Commerce, Bureau of the Census. Statistical Abstract of the United States. The index for $1967=100 \mathrm{was}$ converted so that $1986=100$.

The CPI was chosen over other price indices, in part, because it appeared to be the only readily available series covering the years prior to 1929 [7]. The CPI was selected for other reasons as well. It is probably the most widely
used source of information on changes in the prices of consumer goods and services. Also, the change in the CPI over time is a more appropriate measure of inflation (or deflation) from year to year than the year-to-year change in the Personal Consumption Expenditure Deflator, another well-known index [8]. While the focus of the current research is on a CPI-based analysis, an analysis of the sensitivity of these estimates to the use of alternative price indices will be included in the third paper in this series [9].

## Filing Requirements

The comparability of tax return data over time is eroded by numerous legal and economic developments occurring between 1916 and 1950. Perhaps the most apparent of these is the fluctuation of the income tax filing requirement (see Figure B).

At the beginning of the period, returns were required if net incomes were above a certain value. For married couples filing joint returns, this level was set at $\$ 3,000$ in current dollars ( $\$ 30,000$ in 1986 dollars). At the onset of World War I in 1917, the net income filing requirement for joint returns was dropped to $\$ 2,000$ in current dollars ( $\$ 17,094$ in 1986 dollars), where it remained through 1923.

Figure B.-Income Tax Return Filing Requirements in 1986 Dollars, Tax Years 1916-1950

| Year | Married Filing Jointly |  | Single |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Net Income | Gross Income ${ }^{1}$ | Net Income | Gross Income | : |
|  | (1) | (2) | (3) | (4) |  |
| -1916. | \$30,000 | N/A | \$30,000 | N/A |  |
| 1917 ...................................................................... | 17,094 | N/A | 8,547 | N/A. | $\therefore$ : |
| 1918......................................................................................................... | 14,599 | N/A | 7,299 | N/A |  |
| 1919 ................................................................. | 12,658 | N/A | 6,329 | N/A |  |
| 1920........................................................................ | 10,929 | N/A | 5,464 | N/A |  |
| . 1921 ...................................................................... | 12,270 | \$30,675 | 6,135 | \$30,675 | , |
| 1922....................................................................... | 13,072 | 32,680 | 6,536 | 32,680. |  |
| 1923 .................................................................... | 12,821 | 32,051 | 6,410 | 32,051 |  |
| 1924...................................................................... | 16,026 | 32,051 | 6,410 | 32,051. |  |
| 1925....................................................................................................................... | 21,875 | 31,250 | 9,375 | 31,250 |  |
| 1926.......................................................................... | 21,739 | 31,056 | 9,317 | 31,056 |  |
| 1927 ...................................................................... | 22,152 | 31,646 | 9,494 | 31,646 |  |
| 1928. | 22,436 | 32,051 | 9.615 | 32,051 |  |
| 1929 ..................................................................... | 22,436 | 32,051 | 9,615 | 32,051 |  |
| 1930........................................................................ | 23,026 | 32,895 | 9,868 | 32,895. |  |
| 1931 ...................................................................... | 25,180 | 35,971 | 10,791 | 35,971 |  |
| 1932........................................................................ | 20,000 | 40,000 | 8,000 | 40,000: |  |
| 1933 ..................................................................... | 21,186 | 42,373 | 8,475 | 42.373 |  |
| 1934.......................................................................... | 20,492 | 40,984 | 8.197 | 40,984 |  |
| 1935 ........................................................................................... | 20,000 | 40,000 | 8,000 | 40,000 |  |
| 1936................................................................... | 19,841 | 39,683 | 7,937 | 39,683 |  |
| 1937 ......................................................................................................... | 19,084 | 38,168 | 7,634 | 38,168 |  |
| 1938.................................................................... | 19,531 | 39,063 | 7.813 | 39,063 |  |
| 1939 , $\%$..................................................................................................... | 19,685 | 39,370 | 7,874 | 39,370 |  |
|  | N/A | 15,625 | N/A | 6,250 |  |
| 1941 .................................................................... | N/A | 11,194 | N/A | 5.597 |  |
| 1942.................................................................................................. | N/A | 8,054 | N/A | 3,356 |  |
| 1943................................................................................................................... | N/A | $7.595^{2}$ | N/A | - $\begin{array}{r}3,165 \\ \hline\end{array}$ |  |
|  | N/A | 3,125 | N/A | 3:125 |  |
| 1945...................................................................... | $\cdots$ N/A . $\quad$. | 3,049 | - N/A. | $\cdots \mathrm{m}$ - 3 , 049 |  |
| 1946..:................................................................... | N/A . $\cdots$ | - 2,809 | N/A | $\cdots \quad-2,809$ |  |
| 1947..................................................................................................................... | N/A | 2,451 | N/A | 2,451 | ; |
|  | N/A | 2,727 | N/A | $\begin{array}{r}2,727 \\ \hline\end{array}$ |  |
|  | N/A. | 2,765 | N/A | $\begin{array}{r}2,765 \\ \hdashline \quad 2727\end{array}$ | , |
| 1950 ...................................................................... | N/A | 2,727 | N/A | 2,727 |  |

[^1]In 1921, however, a filing requirement based on gross income was also imposed. This additional criterion was set much higher than the net income requirement (at \$5,000 in current dollars from 1921 through 1939, which averaged $\$ 35,475$ in 1986 dollars). Net income filing levels varied prior to World War II, partly in response to the relative prosperity of the 1920's (when they were raised) and to the Great Depression (when they were lowered).

In 1940, steps were taken to begin expanding the coverage of the income tax and to simplify the filing requirements. For example, the net income requirement was eliminated altogether and the gross income level for joint returns was lowered to $\$ 2,000$ in current dollars (\$15,625 in 1986 dollars). This trend of lowering the gross income filing limit continued through 1944, when it stood at $\$ 500$ in current dollars ( $\$ 3,125$ in 1986 dollars), regardless of marital status. For 1948 this level was raised to $\$ 600$ in current dollars (\$2,727 in 1986 dollars), where it was to stay until 1970 [10].

## Constant Coverage

From this discussion of filing requirements, it is evident that during the early years of the Federal income tax, only fairly affluent individuals filed returns. Indeed, it really was
not until World War II that the income tax became a "mass" tax (see Figure C). The number of returns filed, expressed as a percentage of the U.S. population, fluctuated between 0.42 percent and 6.88 percent in the first 20 years of the period. In 1939, the ratio of returns to population stood at 5.8 percent [11]. During World War II, though, it rose dramatically and, after the War, it continued to climb, reaching a high of over 38 percent for 1947 [12]. Data for the period prior to 1940, therefore, are really not comparable to information for 1940 and thereafter.

As a first step in adjusting for the effects of the variation in the filing threshold, attention is confined to returns with income of $\$ 25,000$ or more in 1986 dollars [13]. This relatively high level is a compromise of sorts. For two of the years (1916 and 1931), the net income threshold for joint returns is actually above $\$ 25,000$, slightly in 1931 and significantly in 1916 [14].

The introduction of a common artificial filing threshold indexed to inflation has definite benefits in increasing year-to-year comparability. It also has the additional feature of straightening out the trend line, as shown in Figure C , and defining a more constant percentage of the U.S. population to study (especially in the pre-1940 period). There are some disadvantages to this approach too. The

Figure C
All Returns and Returns with Income of $\$ 25,000$ or More as Percentages of U.S. Population, 1916 - 1950

## Percentage


primary one is that, even with this change, it is not possible to look at exactly the same part of the income distribution in every year.

Limiting the analysis just to returns with $\$ 25,000$ or more in constant 1986 dollars is not entirely satisfactory since there are changes in real income over the period. A better basis for study would be returns that represent a constant portion (i.e., the top 1 percent) of the income distribution for each year. Pechman [15], for example, in his analysis of the post World War II period, examined constant percentiles of the U.S. population by relating data on the number of returns filed and the number of exemptions claimed (an indication of the number of individuals represented by the returns) to the U.S. Census Bureau information on families and unrelated individuals [16]. Pechman and others have also related income data from tax returns to aggregate personal income data produced by the Bureau of Economic Analysis [17].

The largest problem in extending. Pechman's approach to the data presented here is that the Census Bureau and Bureau of Economic Analysis series do not begin until after World War II; hence, these series will have to be estimated for earlier years before they can be applied to the older income tax data. Current SOl efforts to do this will be discussed in the third article of this series.

## Baseline Comparisons

Confining analysis just to returns with income of $\$ 25,000$ or more in 1986 dollars does result in a loss of data. For an initial look at the 1916 to 1950 period, this is not a serious omission, especially prior to 1940. For example, the aggregate income reported by this group tracks other economic time series very closely, notably the Gross National Product (GNP) series shown in Figure D [18]. (Incidentally, notice that two different scales are used in the graph. The scale on the left axis, which ranges from 0 to $\$ 300$ billion dollars, is for income from the returns and the scale on the right axis, which ranges from 0 to $\$ 1,500$ billion, is for GNP.) For most of the pre-1940 period, returns with income of $\$ 25,000$ and above in 1986 dollars accounted for 90 percent or more of the Federal individual income tax liability reported (see Figưres E and F). During the World War. Il years, however, a sharp drop occurred in the percentage of total tax liability accounted for by this group. Even so, it still stood at roughly 60 percent in the late 1940's. Except for 1916, though, the $\$ 25,000$ plus group at no time constituted a majority of returns filed and, after 1939, was never again to constitute more than half of the income reported. (1916 is not shown in Figure E; all returns filed for 1916 have income of over $\$ 25,000$ in 1986 dollars.)
'Tax rates are shown in two different ways in Figures G and $H$. Figure $G$ compares average tax rates for all returns with
average tax rates for returns having income of $\$ 25,000$ or more. The graph shows that the overall patterns are quite similar; however, there are greater rises in average tax rates for the $\$ 25,000$ group during periods of tax rate increases and steeper drops in periods of tax rate decreases. The difference in rates varies from 0.70 percent to 5.72 percent in the 1917 to 1940 period. In the later period, the difference in the average tax rates for the two groups is much greater, ranging from 7.81 percent in 1949 to 14.96 percent in 1943.

Figure $H$, which shows how tax rates changed at the margin, largely explains why the average tax rates behave as they do. The marginal normal tax and surtax rates are low and relatively flat from 1916 to 1940. Both rates were raised during World War II; however, the increase in marginal surtax rates, which were applied to higher incomes, was much greater. Figures G and H show that in general, average rates declined after 1943, although marginal surtax rates did not. This is due in part to the change in the income concept which occurred in 1944. AGI, applicable in 1944 and thereafter, is a broader concept than net income, which is applicable to data for 1916 through 1943. The average tax rate data in Figure G also reflect statutory reductions in combined normal tax and surtax or limitations on the combined taxes in effect for 1923, 1940 and 1944 through 1950; the marginal rates shown in Figure H do not reflect these reductions and limitations and so are slightly overstated for those years. This is particularly significant in explaining the drop in average tax rates occurring between 1947 and 1948 [19].

## Constant Size Classes

The current dollar income size classes used in the SOl publications over the years varied considerably, as the distribution of income changed and the coverage of the U.S. population grew. To treat the entire collection of information in a uniform way, a method had to be used to bring the different size classes into alignment. A relatively sophisticated technique was developed especially for adjusting the published size classes and corresponding aggregates to new common constant and current dollar size classes or to classes defined by fixed percentiles. While it is beyond the scope of the current discussion to explain the interpolation technique in detail, at least two observations should be made:

- The procedure uses all of the existing published information (before returns with income of less than $\$ 25,000$ in 1986 dollars are dropped) and perfectly fits a smooth curve to it so that new statistical data c̣an be obtained at any point, regardless of where the original size classes were placed.
- Recent SOI research and prior results with the interpolation method being used provide evidence on the

Figure D
Aggregate Income of Returns with Income of $\$ 25,000$ or More Compared to Gross National Product (GNP), in Billions of 1986 Dollars, 1916 - 1950


Figure E
Returns with Income of $\$ 25,000$ or More as a Percentage of Total Returns: Number, Income and Federal Income Tax, 1917 - 1950
Percentage


Figure F.-Number of Returns, Income and Federal Income Tax for All Returns and for Returns with Income of $\mathbf{\$ 2 5 , 0 0 0}$ or More, Tax Years 1916-1950
[Money amounts are in thousands of 1986 dollars]

| Tax year | All returns |  |  | Returns with income of \$25,000 or more |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Income | Foderal income tax | Number | Income | Federal income tax |
| 1916 | 429,401 | 63,285,233 | 1,742,110 | 429,401 | 63,285,233 | 1,742,110 |
| 1917 | 3,472,890 | 116,687,034 | 5,771,359 | 1,039,939 | 79,262,611 | 5,707,313 |
| 1918 | 4,425,114 | 116,238,241 | 8,231,547 | 1,088,142 | 65,729,460 | 7,611,418 |
| 1919 | 5,332,760 | 125,692,981 | 8,035,633 | 1,126,152 | 68,412,748 | 7,487,529 |
| 1920 | 7,259,944 | 129,702,891 | 5,874,612 | 845,294 | 50,604,900 | 5,064,399 |
| 1921 | 6,662,176 | 120,105,601 | 4,413,417 | 858,958 | 48,190,115 | 3,969,455 |
| 1922 | 6,787,481 | 139,452,373 | 5,627,824 | 1,096,551 | 65,389,500 | 5,198,177 |
| 1923 | 7,698,321 | 158,829,910 | 4,241,449 | 1,277,331 | 72,131,039 | 3,906,361 |
| 1924 | 7,369,788 | 164,462,519 | 4,514,519 | 1,401,885 | 82,526,321 | 4,314,416 |
| 1925 | 4,171,051 | 136,841,100 | 4,590,969 | 1,412,304 | 96,107,503 | 4,535,197 |
| 1926 | 4,138,092 | 136,388,236 | 4,549,509 | 1,389,218 | 95,754,882 | 4,482,275 |
| 1927 | 4,101,547 | 142,690,449 | 5,257,209 | 1,430,996 | 103,239,147 | 5,191,472 |
| 1928 | 4,070,851 | 161,707,224 | 7,463,167 | 1,567,243 | 124,197,168 | 7,396,152 |
| 1929 | 4,044,327 | 158,979,077 | 6,422,679 | 1,583,251 | 122,390,023 | 6,396,740 |
| 1930 | 3,707,509 | 119,201,546 | 3,136,283 | 1,359,949 | 84,679,225 | 3,086,864 |
| 1931 | 3,225,924 | 97,877,669 | 1,770,698 | 1,246,059 | 69,322,835 | 1,741,877 |
| 1932 | 3,877,430 | 93,247,272 | 2,639,696 | 971,415 | 52,728,840 | 2,459,475 |
| 1933 | 3,723,558 | 93,293,542 | 3,170,508 | 967,763 | 54,719,540 | 3,010,542 |
| 1934 | 4,094,420 | 104,891,820 | 4,191,803 | 1,142,863 | 63,171,129 | 4,051,364 |
| 1935 | 4,575,012 | 119,278,496 | 5,259,512 | 1,258,262 | 71,880,465 | 5,089,615 |
| 1936 | 5,413,499 | 152,699,286 | 9,635,056 | .1,536,232 | 96,512,174 | 9,364,099 |
| 1937 | 6,350,148 | 162,126,519 | 8,714,267 | 1,610,856 | 94,581,167 | 8,427,961 |
| 1938 | 6,150,776 | 145,788,508 | 5,672,813 | 1,475,320 | 78,265,050 | 5,398,252 |
| 1939 | 7,570,320 | 180,621,402 | 7,015,228 | 1,871,434 | 97,542,665 | 6,670,341 |
| 1940 | 14,598,074 | 283,669,680 | 11,257,555 | 2,011,064 | 106,603,665 | 10,331,317 |
| 1941 | 25,770,089 | 436,770,276 | 28,473,246 | 2,275,629 | 123,489,979 | 21,790,549 |
| 1942 .................................................. | 36,456,110 | 527,447,846 | 59,215,040 | 2,413,908 | 131,136,060 | 35,376,630 |
| 1943 ............................................... | 43,506,553 | 627,910,519 | 91,452,158 | 3,152,991 | 163,075,671 | 48,133,168 |
| 1944 | 46,919,590 | 729,467,100 | 101,352,506 | 5,238,391 | 237,897,231 | 56,448,045 |
| 1945 | 49,750,991 | 733,543,482 | 103,965,720 | 4,843,415 | 237,257,604 | 59,211,657 |
| 1946 | 52,600,470 | 754,662,955 | 90,314,118 | 4,478,549 | 233,097,131 | 53,640,771 |
| 1947 | 54,799,936 | 736,741,544 | 88,609,221 | 3,638,193 | 189,670,375 | 45,665,188 |
| 1948 | 51,745,697 | 746,244,823 | 70,188,768 | 4,555,689 | 226,287,703 | 40,441,135 |
| 1949 | 51,301,910 | 743,655,323 | 66,996,041 | 4,764,434 | 227,475,295 | 38,255,082 |
| 1950 ............................................. | 52,655,564 | 817,611,264 | 83,522,373 | 5,786,493 | 279,879,931 | 50,865,192 |

basic soundness of the approach, in part because the use of a strong global distributional assumption is not necessary [20].
(For the mathematically minded, it might be noted in passing that the basic approach taken was to employ "spline fitting" procedures to the tabulated income data. For a recent review of this area of statistical application, see [21].)

Six basic tables were produced using the interpolation approach devised. Of these, Table 1 is the most straightforward. It simply summarizes in current dollars the number of returns, income and tax for each year, for all returns, without regard to the $\$ 25,000$ threshold. This table is what the published Statistics of Income data would have looked like for the 1916 through 1950 period if they had always been tabulated with the same current dollar size classes. This table is not particularly useful because of the varying filing requirements over the years. However, it provides an interesting overview of the period and is included for the sake of completeness.

The remaining tables all start out by using the interpolation procedure to separate out what was, for most years, the
bulk of the usable portion of the tax return income distribution: returns with income of $\$ 25,000$ or more in ' 1986 dollars. This means that for any percentages shown (the top 1 percent of returns, for example), the base is returns with income of $\$ 25,000$ or more in 1986 dollars. In addition, all money amounts on Tables 2 through 6 are expressed in 1986 dollars. The tables are briefly described below:

- Table 2 shows selected statistics for groups of returns with constant tax shares ( 5 to 50 percent in increments of 5) for each year. These statistics include the number of returns in the group, the percentage of returns (with $\$ 25,000$ or more) accounted for by the group, income, Federal income tax, mean income before and after tax, the average income tax, the minimum income required for a return to be included in the group, the income share of the group before and after tax, the number of returns per 100,000 of U.S. population, the average income tax rate and the income tax share of the group. All groups are cumulated from the top.
- Table 3 shows the same statistics for groups of returns with constant income shares ( 5 to 50 percent in increments of 5) for each year.

Figure G
Average Tax Rates for All Returns and for All Returns with Income of $\$ 25,000$ or More, 1916 - 1950


Figure H
Marginal Normal Tax Rate for the Top Normal Tax Bracket and Marginal Surtax Rate on $\$ 100,000,1916$ - 1950
Percentage


- Table 4 shows the same statistics again, this time for constant percentiles of returns ( 1 percent and then 5 to 50 percent in increments of 5) for each year.
- Table 5 consists of the same data tabulated by selected constant dollar ( $\$ 25,000$ to $\$ 1,000,000$ ) income size classes. Part VII of this table may be of particular interest as it shows the statistics for the entire group of returns under consideration: returns with income of $\$ 25,000$ or more (summarized in Figures $E$ and $F$ above.)
- Table 6 looks at the income and tax data tabulated by selected constant numbers (10 to 200) of returns for each 100,000 of U.S. population. That is, it shows the statistics for groups of returns representing selected constant percentages ( 0.01 to 0.2 percent) of the U.S. population:

These six tables represent the beginning of a thorough re-analysis of the early days of the income tax. The limitations of the data stemming from the use of only returns with $\$ 25,000$ or more in income have been noted earlier in this - section. Other-issues are-reviewed in the_Data Limitations and Definitions Section.

## taX rates and tax shares

The basic tables provided in this article contain a gold mine of information. Just one small vein of the research that these data permit is opened up in this section. The main objective here is to guide the reader through one of the basic tables and perhaps provide some interesting observations along the way. This might facilitate analyses of the other tables, which are not permitted in the space available here.

The last panel of Table 6, repeated here as Figure 1, is discussed. This panel shows the statistics on the top 200 returns per 100;000 U.S. population. (Again, that the number of returns in the top 200 per 100,000 population group is equal to 0.2 percent of the U.S. population.)

Before going into the details of Figure I, three general points might be made:

- Confining attention to returns constituting a fixed percentage of the total U.S. population may be the best device used in the basic tables to increase year-to-year comparability; even so, difficulties remain. For exam= ple, the number of exemptions generally claimed on returns (an indicator of the number of-individuals

Figure I.-Top 200 Returns Per 100,000 U.S. Population (Table 6, Part VI) [All figures are estimates-money amounts are in 1986 constant dollars]

| Tax year | Returns |  | Net income (thousand dollars) | Federal income $\operatorname{tax}$ (thousand doilars) | Mean incorne |  | Average income $\underset{\text { (dollars) }}{\text { tax }}$ | Minimum income (doliars) | Income share |  | $\begin{gathered} \text { Returns } \\ \text { per } \\ \text { 100,000 } \\ \text { population } \end{gathered}$ | Average income tax (percent) | Income tax share (percent) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | $\begin{gathered} \text { Percent } \\ \text { of } \\ \text { total } \end{gathered}$ |  |  | $\begin{gathered} \text { Betore, } \\ \text { tax, } \\ \text { (dollars) } \end{gathered}$ | After tax (dollars) |  |  |  | $\begin{gathered} \text { Atter } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
| , ! | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part VI - Top 200 returns per 100,000 population |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 203,922 | 47.49 | 53,131,179 | 1,716,682 | 260,547 | 252,128 | 8,418 | 64,416 | 83.96 | 83.54 | 200.00 | 3.23 | 98.54 |
| 1917. | 206,536 | 19.86 | 47,812,162 | 5,281,043 | 231,496 | 205,926 | 25,570 | 71,478 | 60.32 | 57.82 | 200.00 | 11.05 | 92.53 |
| 1918. | 206,416 | 18.97 | 35,039,775 | 6,670,140 | 169,753 | 137.439 | 32,314 | 61,327 | 53.31 | 48.81 | 200.00 | 19.04 | 87.63 |
| 1919 | 209,028 | 18.56 | 35,861,246 | 6,621,807 | 171,562 | 139,883 | 31,679 | 65,426 | 52.42 | 47.99 | 200.00 | 18.47 | 88.44 |
| 1920 | 212,922 | 25.19 | 28,789,379 | 4,405,814 | 135,211 | 114.519 | 20,692 | 57,043 | 56.89 | 53.54 | 200.00 | 15.30 | 87.00 |
| 1921 | 217,076 | 25.27 | 26,940,224 | 3,522,335 | 124.105 | 107,879 | 16,226 | 52,838 | 55.90 | 52.96 | 200.00 | 13.07 | 88.74 |
| 1922 | 220,098 | 20.07 | 34,873,824 | 4,589,340 | 158,447 | 137.595 | 20,851 | 61,984 | 53.33 | 50.31 | 200.00 | 13.16 | - 88.29 |
| 1923. | 223,894 | 17.53 | 36,065,097 | 3,379,599 | 161,081 | 145,986 | 15,095 | 64,853 | 50.00 | 47.91 | 200.00 | 9.37. | . 86.52 |
| 1924 | 228,218 | 16.28 | 41,256,382 | 3,996,430 | 180,776 | 163,265 | 17,511 | 70,395 | 49.99 | 47.64 | 200.00 | 9.69 | 92.63 |
| 1925 | 231,658 | 16.40 | 51,494,093 | 4,307,657 | 222,285 | 203,690 | 18,595 | 80,562 | 53.58 | 51.53 | 200.00 | 8.37 : | $\because 94.98$ |
| 1926 | 234,794 | 16.90 | 51,251,270 | 4.255,537 | 218,282 | 200.157 | 18,125 | 79,104 | 53.52 | 51.49 | 200.00 | 8.30 | 94.94 |
| 1927 | 238,070 | 16.64 | 56,482,276 | 4,954,518 | 237,251 | 216,440 | 20,811 | 82,205 | 54.71 | 52.55 | 200.00 | 8.77 | 95.44 |
| 1928 | 241,018 | 15.38 | 70,530,870 | 7,091,568 | 292.637 | 263,214 | 29,423 | 90,074 | 56.79 | 54.31 | 200.00 | 10.05 | : 95.88 |
| 1929. | 243,534 | 15.38 | 68,568,430 | 6,259,323 | 281.556 | 255,854 | 25,702 | 86,558 | 56.02 | 53.72 | 200.00 | 9.13 | 97.85 |
| 1930 | 246,154 | 18.10 | 43,769,692 | 2,944,851 | 177,814 | 165,851 | 11,963 | 67,931 | 51.69 | 50.04 | 200.00 | 6.73 | 95.40 |
| 1931 | 248,080 | 19.91 | 34,656,155 | 1,661,799 | 139,697 | 132,999 | 6,699 | 58,815 | 49.99 | 48.82 | 200.00 | $4.80{ }^{\text {\% }}$ | $\therefore 95.40$ |
| 1932 | 249,680 | 25.70 | 29,357,463 | 2,228,461 | 117,580 | 108,655 | 8,925 | 48,604 | 55.68 | 53.97 | 200.00 | 7.59 | 90.61 |
| 1933 | 251,158 | 25.95 | 31,421,374 | 2,796,751 | 125,106 | 113.971 | 11,135 | 49,435 | 57.42 | 55.36 | 200.00 | 8.90 | 92.90 |
| 1934 | 252,748 | 22.12 | 32,956,309 | 3,774,298 | 130,392 | 115,459 | 14,933 | 55,168 | 52.17 | 49.36 | 200.00 | 11.45 | 93.16 |
| 1935. | 254,500 | 20.23 | 36,930,083 | 4,732,646 | 145,108* | 126,513 | 18,596 | 59,667 | 51.38 | 48.21 | 200.00 | 12.82 | 92.99 |
| 1936. | 256,106 | 16.67 | 48,370,271 | 8,565,601 | 188.868 | 155,423 | 33,446 | 74,870 | 50.12 | 45.67 | 200.00 | 17.71 | 91.47 |
| 1937 | 257,650 | 15.99 | 44,882,480 | 7,603,304 | 174,199 | 144,689 | 29,510 | 71,647. | 47.45 | 43.27 | 200.00 | 16.94 | 90.22 |
| 1938 | 259,650 | 17.60 | 36,047,702 | 4,837,611 | 138,832 | 120,201 | 18.631 | 61.159 | 46.06 | 42.83 | 200.00 | 13.42 | 89.61 |
| 1939 | 261,760 | 13.99 | 40,425,953 | 5,851,106 | 154,439 | 132.086 | 22,353 | 67,924 | 41.44 | 38.05 | 200.00 | 14.47 ; | 87.72 |
| 1940 | 264,914 | 13.17 | 43,905,438 | 9,007,524 | 165,735 | 131,733 | 34,002 | 72,798 | 41.19 | 36.25 | 200.00 | 20.52 | 87.19 |
| 1941 | 267.338 | 11.75 | 49,609,474 | 16,242,864 | 185,568 | 124,811 | 60,758 | 81,169 | 40.17 | 32.81 | 200.00 | 32.74 | 74.54 |
| 1942. | 269,234 | 11.15 | 51,867,400 | 22,957,578 | 192,648. | 107.378 | 85,270 | 85,236 | 39.55 | 30.19 | 200.00 | 44.26. | 64.89 |
| 1943. | 270,214 | 8.57 | 55,841,995 | 27,474,831 | 206,658 | 104,980 | 101,678 | 95,369 | 34.24 | 24.68 | 200.00 | 49.20 | 57.08 |
| 1944 | -267,830 | 5.11 | 59,254,525 | 26,678,757 | 221,239 | 121,629 | 99,611 | 106,613 | 24.91 | 17.95 | 200.00 | 45.02 | 47.26 |
| 1945 | 266,868 | 5.51 | 62,541,510 | 28,130,542 | 234,354 | 128,944 | 105,410 | 116,214 | 26.36 | 19.33 | 200.00 | 44.98 | 47.51 |
| 1946. | 281,372 | 6.28 | 64,532,574 | 26,767,937 | 229,350 | 134,216 | 95.134 | 115,348 | 27.68 | 21.04 | 200.00 * | 41.48 | 49.90 |
| 1947 | 288,166 | 7.92 | 57.069,054 | 23,490,480 | . 198,042 | 116,525 | 81.517 | 99,925 | 30.09 | 23.32 | 200.00 | $41.16 \%$ * | $\therefore .51 .44$ |
| 1948 | 293.460 | 6.44 | 62,649,175 | 20,498,312 | 213,485 | 143,634 | 69,850 | 104,854 | 27.69 | 22.68 | 200.00 | 32.72 | 50.69 |
| 1949 . .t. 5 | 298,608 | 6.27 | 60,089,354 | -18,663,273 | 201,232 | 138,731 | 62.501 | 99,977 | 26.42 | 21.89 | 200.00 | 31:06: | -48.79 |
| 1950 ............................ | 303,736 | 5.25 | 71.455,191 | 24,835,203 | 235,254. | 153,489 | 81,766 | 113,749 | 25.53 | 20.36 | 200.00 | 34.76 | 48.83 |

represented by the returns) may have been changing; this has not been studied as yet.

- Comparisons in the table are all relative to the base of returns with incomes of $\$ 25,000$ or more. For some statistics like tax shares, this is an extremely important consideration. For others like tax rates, it does not matter at all.
- Finally, the top 200 returns per 100,000 U.S. population constitute a very small fraction of the income distribution and movements in this upper tail may be different from movements elsewhere; hence, any conclusions about this select group may not apply to the population as a whole.

The following is a column-by-column review of Figure $I$, with comments about some trends and other features of the data.

Number of Returns (Columns 1 and 2). -Over the 1916 to 1950 period, the number of returns in the top 0.2 percent of the U.S. population group grew from about 200,000 for 1916 to just over 300,000 for 1950; that is, by almost exactly 50 percent. While the number of returns in this group (column 1) grew as indicated, the percentage of returns represented (column 2) fell over the period. The biggest drop in the percentage of returns occurred as the United States entered World War I; between 1916 and 1917, tax return filings for this group fell from 47 percent of total returns to about 20 percent of total returns. During most of the period leading up to World War II, the percentage fluctuated between about 15 and 25 percent. In the 1940's, however, this group fell steadily in importance. By 1950, the percentage had dropped to just over 5 percent of all returns with $\$ 25,000$ or more.

Net Income (Column 3).-This column shows the aggregate income reported for the top 0.2 percent of the U.S. population [22]. A cyclic pattern, similar to that in Figure E, exists in the aggregates; this pattern is tied in part to the rise and fall of GNP over the period.

Federal Income Tax (Column 4). -Unlike income, Federal taxes assessed followed a different pattern, less reflective of general economic circumstances and more indicative of the Federal Government's revenue needs. Several major jumps in Federal income tax are noticeable throughout the period, including from 1916 to 1917, 1927-1928, 1935-1936, 1940-1941, and 1941-1942, with a definite trend towards greater taxation after 1939.

Mean Income (Columns 5 and 6). -This portion of the table shows that mean income before taxes fluctuated quite a bit over the pre-World War II period, but otherwise fell in bad times and rose in good. After factoring in the effects of
taxation, however, the data show that mean income for these top 200 returns per 100,000 population look somewhat different. Even though before-tax income was rising, the after-tax income of this group actually fell between 1940 and 1943, because taxes increased (see Figure J). Changes in the progressive tax rate are no doubt responsible for this trend. The trends for incomes before and after tax are very similar until about 1940; then, there is a divergence, which reflects the much steeper tax rates that were introduced during World War II.

Average Income Tax (Column 7).-Like the aggregate Federal income tax presented in column 4, the average income tax of this group varied greatly. The data show that average taxes were very high in the 1917 to 1919 period and rose again steeply just before and during World War II, to a high of $\$ 105,000$ in 1945. In the intervening years, they were much less; in fact, taxes actually were quite low in some years (averaging $\$ 6,699$ in 1931). After World War II, however, average taxes fell only slightly, remaining at relatively high levels compared to earlier periods.

Minimum Income Cutoff (Column 8).-Column 8 of Figure I shows the smallest amount of income reported on a return in this group. The minimum income cutoff has some interest in its own right, but its primary value in this table is to relate what is shown here to trends in other tables which focus on the distributions by constant dollar cutoffs (notably Table 5).

Income Shares (Columns 9 and 10).-These columns are not the major focus of Figure I, but rather are included to make it possible to go readily from Table 6 to Table 3, the table that shows data corresponding to a series of income shares held constant over the 1916 to 1950 period.

Returns per 100,000 Population (Column 11).Column 11 is the item held constant in each part of Table 6. It is included here simply for the sake of completeness.

Average Income Tax Rate (Column 12) and Income Tax Share (Column 13). -The last two columns of this panel are, in many ways, the most important feature of the article (both here and elsewhere in the basic tables). In this particular table, when tax rates and tax shares are seen together, a very strong pattern is apparent (see Figure K). In the early period of the income tax, returns in this group were subjected to very low tax rates; on the other hand, their share of the total tax liability was extremely high. The most extreme case is 1916, when the average tax rate was only 3 percent for the group, even though these returns accounted for 98.5 percent of all the Federal income taxes assessed on returns with income of $\$ 25,000$ or more in that year. During the World War I years, the tax rates went up to the high teens and the tax shares fell into the high 80's. After the War, tax rates fell and tax shares grew again into

Figure J
Returns Accounting for the Top 0.2 Percent of U.S. Population: Mean Income in 1986 Dollars, 1916 - 1950 Income


Figure K
Returns Accounting for the Top 0.2 Percent of U.S. Population:
Federal Income Tax Share and Average Income Tax Rate, 1916 - 1950
Percentage

the 90 's. This rough pattern of low rates and high shares continued until just before World War II. During the 19411942 period, there were sharp rises in the tax rates accompanied by sharp declines in the tax shares. In the last few years of the 1916 to 1950 period, however, the tax share of this group remained roughly constant (at around 50 percent), while average tax rates fell from around 40 percent in 1943 to 35 percent in 1950.

## DATA LIMITATIONS AND DEFINITIONS

Throughout this article, the terminology generally employed is that found in the original Statistics of Income publications (from which the results were derived). While this seems appropriate, it can be a source of confusion; for example:

- There have been numerous tax law changes, many of which altered the definitions of apparently identical items from year to year.
- Although generally quite stable, statistical conventions have differed somewhat over time and these differences should be factored into any analyses done.
- Sampling and nonsampling error properties of the data vary over the period, and this requires some consideration as well.

Some of the limitations on the analyses, imposed by the data and statistical methods used, are discussed below. Following that, definitions of terms are provided.

## Limitations of Data

Without a doubt, changes in tax laws are the most important factor to consider. It is for this reason that an extensive, but still incomplete, synopsis of the law is provided in Exhibit A. The definitions given below provide only the general framework within which a concept has been used historically. For year-to-year variations, Exhibit A should be consulted.

Statistical conventions were altered over the 1916 to 1950 period. Most of these changes are believed to have only minor impacts. The one exception is the introduction in 1944 of Adjusted Gross Income (AGI) in place of Net Income as a classifier. This was a major change and makes for a break in the series at that point. Footnotes on the treatment of various items in the SOI publications and definitions of AGI and Net Income are also provided in Exhibit A.

In general, the bulk of the statistical information in this article is not subject to sampling error. While sampling was introduced very early in the Statistics of Income program, it
was confined largely to returns with net incomes under $\$ 5,000$ in current dollars until World War II. Yet by 1950, the last year for which data are included here, sampling was taking place for returns with adjusted gross incomes under $\$ 50,000$ in current dollars. Even so, the samples were of truly enormous size (about half a million returns in 1950 and even larger in earlier years); thus, this source of error is not likely to be a major factor.

Little is known about the nonsampling errors in the 1916 to 1950 tax data, since almost nothing specific is said about them in the SOI volumes. There are, however, only two major ways in which nonsampling errors can arise: taxpayer mistakes and processing mistakes.

Since the beginning of the Statistics of Income program, the tax returns used have been unaudited. Obvious mathematical errors made by taxpayers have always been corrected, but the results of IRS examinations are not included [23]. Changes in the compliance behavior of taxpayers occur, but (if recent experiences are a guide) in the absence of tax law changes, these tend to be fairly slow movements [24]. On the other hand, when a major tax law change occurs, misreporting by taxpayers can increase for a time until the altered requirements become familiar. The 1940's, like the 1980 's, would seem to be such a period, especially since so many people began to file for the first time. The growing complexity of the tax law is still another factor to consider.

As regards processing mistakes, while they undoubtedly arose, most were almost certainly detected and their impact on the data should be limited [25]. Great care has always been taken in SOI statistical processing; indeed, many practices from the 1916 to 1950 era are followed today (albeit in an updated context [26]).

A few additional points should be made before proceeding to the definition of terms. In the reprocessing of the historical SOI data, new errors may have been introduced. For example, it is possible that mistakes were made in transferring the basic printed information to computer tape. This is highly unlikely given the steps taken, but it cannot be ruled out altogether. Secondly, as noted in the Data Preparation section, the use of the CPI to convert from current to constant dollars has arbitrary elements and at least one alternative approach is planned [27]. Finally, the interpolation procedures used to adjust the data are known to be extremely good, but like all such methods may well be improved upon.

Other limitations exist in these data. Since the focus here is on examining tax rates and tax shares, these weaknesses have been touched on only briefly, if at all. A natural extension of the current work, for example, is to look at shifts in the before-tax and after-tax income distributions over
time. Changes in the income concept. during the 1916 to 1950 period, however, make the data in this article hard to use for that purpose. An attempt at such an analysis will be carried out after adjustments are made to standardize the income concepts applicable in various years [28].

## Definition of Terms

Three basic items were obtained from the old SOI volumes: number of returns, income and tax liability, all distributed by size of income. These are defined below.

Returns.-Joint returns for married persons have been allowed since the inception of the income tax. Returns for single persons and married persons filing separately were alṣo provided for. Head of Household returns were not introduced until 1952, however, and returns for surviving spouses were not introduced until 1954 [29]. Filing jointly was not more economical for taxpayers than filing separately, üntil "income-spliting" was introduced in 1948. As Exhibit A shows, there were many changes in the filing requirements over the 1916 to 1950 period. In addition, as discussed in the Data Preparation Section, the gross in-come-requirement in operation since 1921 makes it hard to use the entire tax return net income (or adjusted gross income) distribution for that period. This is the principal reason that an artificial, indexed ffiling threshold was introduced and attention confined to returns with $\$ 25,000$ or more in 1986 dollars [30].

Fiduciary income, accrued to personal trusts and estates, was reported on individual income tax returns from 1916 to 1936. (For 1937, a separate form was introduced for fiduciaries and, beginning with 1938; these returns were tabulated separately from individual returns.) The effect of this convention is to inflate the overall number of "individual" returns by a very small amount. For example, for 1938, the first year for which fiduciary returns are shown separately, there were 200,826 filed, compared to $6,251,009$ individual returns. Furthermore, in 1938 at least, there were only 15,956 fiduciary returns above the net income filing requirement in effect for married couples in that year, versus $2,689,311$ individual returns.

Prior to 1928, returns filed with deficits in income were not tabulated. To bring the entire time series into better alignment, such returns are omitted from the data provided for all: years, although they have been shown in the SOI publications since 1928. To provide an idea of the significance of such returns, they are shown in Figure $L$ as a percentage of total filings.

Income. - The income concept in use over the 1916 to 1950 period changed fairly frequently as the synopsis of law (Exhibit A) illustrates. The treatment of capital gains and losses was altered the most often, although other items of

Figure L.-Returns with Negative Net or Adjusted Gross Income as a Percentage of All Returns Filed, Tax Years 1928-1950

| Year | Percent | Year | Percent | Year | Percent |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 1928 | 1.8 | 1936 | 1.3 | 1944 | 0.2 |
| 1929 | ,2.2 | 1937 | . 1.3 | 1945 | 0.4 |
| 1930 | 3.8 | 1938 | . 1.6 | 1946 | . 0.4 |
| 1931 | . 5.4 | 1939 | . 1.1 | 1947 | . 0.5 |
| 1932 | 5.1 | 1940 | .... 0.8 | 1948 | ... 0.4 |
| 1933 | 4.3 | 1941 | 0.4 | 1949 | ... 1.0 |
| 1934 | ... 2.5 | 1942 | .. 0.4 | 1950 | ... 0.8 |
| 1935 | ... 2.0 | 1943 | .. 0.5 |  |  |

income were included or exempted from time to time as well. Examples of types of income exempted in some years include proceeds of life insurance policies; compensation for injuries or illness, earned income from sources outside the United States, and a variety of payments to military personnel and compensation to State employees. SOI data suggest that the definitional changes that occurred in the gross income concept did not greatly affect the distribution of returns with income in 1986 dollars of $\$ 25,000$ or more. On the other hand, the tabular convention change that occurred in 1944 had major significance. Prior to 1944, as has already been noted, net income was the classifier employed. For 1944 and later years, adjusted gross income has been used.

Generally speaking, net income equals adjusted gross income less allowable itemized personal deductions. Both concepts include gross income less such items as (1) allowable trade and business deductions; (2) travel, lodging and other reimbursed expenses connected with employment; (3) deductions attributable to rents and royalties; (4) deductions for depreciation and depletion allowable to beneficiaries of property held in trust; and (5) allowable losses from sales of property.

Adjusted gross income is defined at this point. Net income is more refined. Deductions taken in the computation of net income generally include allowable charitable deductions; interest on personal indebtedness; some State and local taxes paid; losses from fire, storm, other casualty or theft; bad debts; gambling losses and alimony paid.

As noted in Exhibit A, beginning with 1941, individuals with income under $\$ 3,000$ (in current dollars), derived only from salaries, wages, other compensation for services, dividends, interest, annuities, rents and royalties, could use a standard deduction in lieu of itemized deductions; thus, while AGI less the standard deduction might approximate the net income of these individuals, their precise net income was not calculated. (Individuals with income from rents and royalties could not use the standard deduction in 1942 and 1943.) The returns of these individuals were classified by size of gross income on SOI tables and the gross income reported on these returns was tabulated; however, this inconsistency does not affect the data empha-
sized in this article as all individuals using the standard deduction during 1941 through 1943 had income under $\$ 25,000$ in 1986 dollars.

In 1944, the availability of the standard deduction was extended to all individuals regardless of the size or source of income and its use became so common that the data tabulated in SOI publications since then have been classified by AGI rather than by net income. By 1950, the standard deduction was used on over 80 percent of all returns filed and on at least 50 percent of returns with AGI of $\$ 25,000$ or more in 1986 dollars.

In later articles, an attempt to synthetically construct a uniform income classifier for the whole period will be discussed and new data will be presented. For the present, an unavoidable break exists in the series.

Income Tax. -The calculation of Federal income taxes changed repeatedly over the 1916 to 1950 period. Special taxes (the war excess profits tax, the defense tax and the victory tax) were imposed during World Wars I and II. Tax rates and tax brackets were also changed regularly. An alternative tax was introduced to afford a special treatment of capital gain income. Tax credits also began to appear as adjustments to liability. In 1948, "income-splitting" was introduced for married couples filing jointly. Under this provision, couples pay twice the tax computed on one-half of their combined income. Thus, couples who file jointly are generally subjected to lower tax rates than married couples who file separately. For the years 1916 through 1942, tax liability in SOI publications is generally defined as before credits. (Credits for capital losses, however, were subtracted from the total tax figures in all applicable years.) For the later years, tax liability is net tax payable after tax credits. This difference probably has only a minor impact as there were only a few credits in effect during these years (see Exhibit A, Tax Credits).

In 1943, a new system of current tax payments through withholding from wages and estimated tax payments was implemented. To provide relief to taxpayers who otherwise would have been liable during 1943 for taxes due for both 1942 and 1943, taxpayers could write off all or part of the smaller of the two taxes due. About half of the tax due for 1942 and about 7 percent of the tax due for 1943 was forgiven. These adjustments are not reflected in any of the data presented in this article but will be incorporated into the data to be presented in the third article of this series. See Exhibit A for details on how this forgiveness of tax was accomplished.

## NOTES AND REFERENCES

[1] The information for 1913 through 1915 was obtained from: U.S. Department of Treasury, Bureau of Internal

Revenue, Annual Reports of the Commissioner of Internal Revenue, Fiscal Years 1914-1916. For the most recent report in the series, see U.S. Department of Treasury, Internal Revenue Service, The Commissioner's and Chief's Counsel's Annual Report, (Publication 55), 1987.
[2] The Nation's first income tax law was enacted in 1862 (during the Civil War) and was repealed in 1872. The 1894 revival of the income tax was declared unconstitutional in 1895 by the Supreme Court. An excise tax on the income of corporations was in effect from 1909 until 1913. The Sixteenth Amendment, providing for the Federal taxation of individual incomes, was ratified in 1913. The Revenue Act of 1916 included a provision requiring the annual preparation of statistics relevant to the operation of the tax laws.
[3] "Income" is net income for 1916 through 1943 and adjusted gross income (AGI) thereafter. For a discussion of these terms see the Data Limitations and Definitions Section in this article.
[4] Reports on progress by researchers outside of IRS will appear as published results in Statistics of Income Bulletin articles or as references to their work in the SOI "Bulletin Board."
[5] An example of such an experiment can be found in the Spring 1987 issue of the Statistics of Income Bulletin, where the basic tables are provided on floppy disks. Other important examples include the Source Book tabulations of partnerships, sole proprietorships and corporations, described earlier in this issue of the Bulletin. Microdata files have been preserved on computer tape for some time (about 30 years). For a description of these files see, for example, Strudler, Michael; Oh, H. Lock and Scheuren, Fritz, "Protection of Taxpayer Confidentiality with Respect to the Tax Model," American Statistical Association 1986 Proceedings, Section on Survey Research Methods.
[6] The Consumer Price Index, produced monthly by the Bureau of Labor Statistics, is a Laspeyres index; that is, it is a ratio of incomes needed in different years to purchase the base year's representative group of goods. For a recently published series, see U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States: 1988.
[7] Just as this article was nearing completion, our colleague, Tom Petska, called our attention to a Bureau of Economic Analysis price deflator dating back to 1909. The use of this index will be explored in later work.
[8] For discussions of various price indices, see Triplett, Jack E., "Reconciling the CPI and the PCE Deflator," Monthly Labor Review, U.S. Department of Labor, Bureau of Labor Statistics, September 1981, pp. 1215; and "Price Index Research and Its Influence on Data: A Historical Review," Berndt, Ernest R., Diewert, W. Erwin and Triplett, Jack E., editors, National Bureau of Economic Research Studies in Income and Wealth: 50th Anniversary Conference, University of Chicago Press (in preparation).
[9] For an example of an analysis of the sensitivity of income distribution estimates to the use of various price indices, see: Horrigan, Michael W. and Haugen, Steven E., "The Declining Middle-Class Thesis: A Sensitivity Analysis," Monthly Labor Review, U.S. Department of Labor, Bureau of Labor Statistics, May 1988.
[10] Prior to 1944, however, the filing requirement was applicable to the combined net or gross income of a couple filing jointly: For 1944 through 1969, the filing criterion is applied to_each spouse's gross income separately; thus a couple could have a combined income greater than the filing threshold but still not be required to file. The result is that each spouse is treated essentially as a single individual in determining whether or not a return must be filed and the effect of the much lower filing requirement (which was $\$ 1,200$ in 1943 or $\$ 7,595$ in 1986 dollars) is mitigated. In addition, higher filing requirements were introduced for aged individuals in 1954 and for widowed individuals in 1975. A lower filing requirement applicable to self-employed individuals was introduced in 1951, to facilitate the collection of social security taxes.
[11] That is not to say that in 1939, only 6 percent of Americans were covered by the income tax. A tax return usually represents a household of several individuals, rather than one person. It was estimated that in 1940 about a third of the U.S. population was represented on individual tax returns either as taxpayers, spouses or dependents. By 1946, over 87 percent of Americans were represented on individual tax returns. See Blacksin, Jack and Plowden, Ray, "'Statistics of Income for Individuals: A Historical Perspective," Statistics of Income and Related Administrative Record Research: 1981, U.S. Department of Treasury, Internal Revenue Service. For U.S. resident population see U.S. Department of Commerce, Bureau of the Census, Current Population Reports, series P-25, as cited in U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, 1988, December 1987.
[12] Actually, that figure of 38 percent for 1947 is a high only for the 1916 to 1950 period; the percentage of returns to population continued to increase after 1949. It stood at a high of 42 percent in 1986.
[13] The amount $\$ 25,000$ was chosen because it is roughly the lowest level that can serve as an artificial filing requirement common to all the years from 1916 through 1986. There is some difficulty in any use of data below the net income filing requirements established for joint returns (which are greater than or equal to those for other returns), since the distributions will be incomplete. Similarly, because gross income is always greater than or equal to net income, the introduction of a (relatively high) gross income filing requirement in 1921 resulted in the filing of a number of returns with net income below the net income threshold. In other words, there are data available from returns covering the entire net income distribution. However, the percentage of aggregate net income captured from below that income filing requirement is unknown. Because the distributions of net income below the gross income filing requirements (or net income -filing-requirements_ if also_applicable)_are incomplete, they would be difficult to use for this study. It does seem possible with a modest amount of extrapolation, though, to lower the artificial filing threshold to $\$ 20,000$. To go much beyond that, prior to 1940, would, however, require strong distributional assumptions-a point that will be addressed again in later articles in this series.
[14] The data for 1916 and 1931 shown in this article have not been adjusted for this problem but will be adjusted in later articles in this series.
[15] Pechman, Joseph A., Federal Tax Policy (5th edition), The Brookings Institution, 1987. See also, Pechman, Joseph A., Who Paid the Taxes, 1966-85?, The Brookings Institution, 1985.
[16] U.S. Department of Commerce, Bureau of the Census, Money, Income and Poverty in the United States, Series P-60.
[17] See U.S. Department of Commerce, Bureau of Economic Analysis, "Relationship Between Personal Income and Adjusted Gross Income: Revised Estimates, 1947-83," Survey of Current Business, May 1986 and U.S. Department of Commerce, Bureau of ${ }^{\prime}$ Economic Analysis, "Relationship Between Personail Income and Adjusted Gross Income, 1983-85;"' Survey of Current Business, May 1987: For a more recent article on the reconciliation of the Bureau of Economic Analysis measure of personal income with AGI' by source of
income, see Park, Thae S. and Reeb, Jane S., "Personal Income and Adjusted Gross Income, 19841986," Statistics of Income Bulletin, Winter 1988-89, Vol. 8, No. 3.
[18] The aggregate of the income reported on the returns generally increased over the period, as did real GNP. There were, of course, several recessionary periods, the most dramatic of which was the Great Depression. The ratio of mean income from those returns to per capita GNP ranged from about 11:1 to about 15:1 until 1933, when it began to decline. By 1944, the ratio of mean income from this group of returns to per capita GNP was 4.6:1. For GNP estimates, see U.S. Department of Commerce, Bureau of the Census, Historical Statistics of the U.S., Colonial Times to 1970, September 1975; U.S. Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts of the United States, 1929-76, September 1981 and U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, 1988, December 1987. These current dollar GNP figures were converted to 1986 dollars using the same CPI-based price index shown in Figure A. This treatment is somewhat unconventional (GNP figures are usually adjusted with an implicit price deflator) and as noted in the Data Preparation Section of this article, the use of alternatve price indices will be explored in the third part of this series.
[19] Net income subject to normal tax is net income less exemptions such as applicable personal exemptions for taxpayers and their dependents, dividends on stock in domestic corporations (through 1935), interest on some U.S. obligations and the earned income "credit" (for 1934 through 1943), as described in Exhibit A. Net income subject to surtax is all net income through 1933 and net income less the personal exemptions for taxpayers and their dependents thereafter. Capital gains could be exempted from both normal tax and surtax and taxed at an alternative rate of 12.5 percent for 1922 through 1933. Net long-term capital gains could be exempted from normal tax and surtax and taxed at alternative rates for 1938 through 1950. This alternative tax is not shown on Figure H , but it is reflected in Figure G and in all other tax data presented. Likewise, the following reductions in tax or limitations on total tax paid are not reflected in the marginal rates presented in Figure H , but are incorporated in all other tax data presented. A war excess profits tax of 8 percent of salaries over $\$ 6,000,8$ percent of net income from businesses having no invested capital, and 20 to 60 percent of net income from businesses having invested capital was imposed for 1917. The total tax for 1923 was reduced by a 25 percent credit or refund. The defense tax (essentially

10 percent of the total tax otherwise calculated) was added to the total tax for 1940. For 1943, a victory tax of 5 percent of net income (excluding capital gains or losses and interest on certain U.S. Government obligations but less business-related expenses, the prioryear business loss deduction, alimony paid and a $\$ 624$ exemption per taxpayer), less certain credits, was imposed. (The forgiveness of some tax in 1942 and 1943, discussed in the Data Limitations and Definitions Section of this article and in Exhibit $A$, is not reflected in any of the data.) For 1944 and 1945, the combined normal tax and surtax before the subtraction of tax credits was limited to 90 percent of net income. For 1946 and 1947, the normal tax and surtax were computed using the rates shown on Figure H and described in Exhibit A, and then the resulting combined tax was reduced by 5 percent. The combined tax (after the 5 percent reduction but before tax credits) was limited to 85.5 percent of net income. For 1948 and 1949, the normal tax and surtax were computed using the same rates as for 1946 and 1947, but then the first $\$ 400$ (in current dollars) of the resulting combined normal tax and surtax was reduced by 17 percent; the next $\$ 99,600$ of tax was reduced by 12 percent and the tax over $\$ 100,000$ was reduced by 9.75 percent. The total normal tax and surtax (after the reduction but before credits) was limited to 77 percent of net income. For 1950, the normal tax and surtax were again computed using the same marginal tax rates, but then the first $\$ 400$ of the resulting combined normal tax and surtax was reduced by 13 percent; the next $\$ 99,600$ of tax was reduced by 9 percent and the tax over $\$ 100,000$ was reduced by 7.3 percent. The combined normal tax and surtax (after the reduction but before credits) was limited to 80 percent of net income. (For individuals who use the standard deduction, the limitations on the tax described above apply to AGI less the standard deduction.)
[20] Scheuren, Fritz and McCubbin, Janet, "Piecing Together Personal Wealth Distributions," Statistics of Income and Related Administrative Record Research: 1986-1987, U.S. Department of the Treasury, Internal Revenue Service, 1987. For earlier results, see Oh, H. Lock and Scheuren, Fritz, "Osculatory Interpolation Revisited," Statistics of Income and Related Administrative Record Research: 1986-1987, U.S. Department of the Treasury, Internal Revenue Service, 1987, and Oh, H. Lock, "Osculatory Interpolation with a Monotonicity Constraint," 1977 American Statistical Association Proceedings, Section on Statistical Computing, 1977.
[21] Ramsay, J. O., "Monotone Regression Splines in Action," Statistical Science, Vol. 3, No. 4, 1988.
[22] As noted earlier, income for years prior to 1944 is net income and income for 1944 to 1950 is adjusted gross income.
[23] For information on the additional amount of assessments obtained through auditing, see U.S. Department of Treasury, Internal Revenue Service, The Commissioner's and Chief Counsel's Annual Report, Fiscal Year 1987. (This report is available for all earlier years as well.)
[24] For a look at trends of income tax compliance in the United States for selected years 1965-1987, see the following reports: U.S. Department of the Treasury, Internal Revenue Service, Estimates of Income Unreported on Individual Income Tax Returns; 1979; U.S. Department of the Treasury, Internal Revenue Service, Income Tax Compliance Research, Estimates for 1973-1981, 1983 and U.S. Department of the Treasury, Internal Revenue Service, Income Tax Compli: ance Research, Gross Tax Gap Estimates and Projections for 1973-1992, 1988:
[25] White- Edward, "Descriptive Synopsis of Economic Data Compiled from Federal Income Tax Returns of Individuals and Corporations and Federal Estate Tax Returns and of the History, Scope and Functions of the Statistical Section," reprinted from the original 1933 version in the Statistics of Income Bulletin, Fall 1988, .Vol. 8, No. 2.
[26] Duncan, Joseph W. and Shelton, William C., Revolution in United States Government Statistics: 19261976, U.S. Department of Commerce, '1978; Deming,
W. Edwards, Review of the Sampling Procedures Used by the Internal Revenue Service to Produce Statistics of Income from Individual Tax Returns, with Special Emphasis on Achievement of Quality, prepared for the Internal Revenue Service, U.S. Treasury Department, 1963 (unpublished) and Rosander, A.C., Applications of Quality Conitrol in the Service Industries, Marcel-Dekker, Inc. and ASQC Quality Press, 1985. For information on more current quality initiatives, see Scheuren, Fritz; Schwartz, Otto and Kilss, Beth, "Statistics from Individual Income Tax Returns: Quality Issues and Budget Cut Impact," Review of Public Data Use, Elsevier Science Publishing Co., Inc., December 1984.
[27] For an example of such an alternative approach, see the paper cited in note [9].
[28] As stated elsewhere, this analysis will be presented in a later article in this series, perhaps as early as the Fall 1989 issue of the Statistics of Income Bulletin.
[29] Head of Household returns were allowed for tax years beginning after October 31, 1951. Under this new filing classification, heads of households received approximately half of the income-splitting benefits accorded to a married couple. The 1954 Internal Revenue Code extended the full benefits of income splitting to widowed individuals, for two years following the death of a spouse, provided that the surviving spouse had not remarried and haḍ a dependent child or stepchild.
[30] See discussion in note [13].

# EXHIBIT A: Highlights of Major Changes in the Individual Income Tax Affecting Statistics of Income Data, by Tax Year, 1916-1950 

| Income 1916 |
| :--- |
| Salaries, wages, and commissions, except compensa- |
| tion of State and local Government employees; profit or |
| loss from sole proprietorships and partnerships; tax- |
| able interest; dividends, including stock dividends; |
| income or loss from rents and royalties; income from |
| estates and trusts; taxable pension and annuity in- |
| come; net gain (in excess of loss) from incidental sales |
| of real estate, stocks, bonds, and certain other property, |
| etc. |

## Less: Deductions

Interest paid; personal and nonbusiness property taxes paid; personal bad debts; employee business expense; uninsured personal casualty and theft loss; etc.
$\qquad$

## Equals: NET INCOME

## Net income exempt from normal tax

## Personal exemption-

$\$ 4,000$ for married couples or heads of families; $\$ 3,000$ for all other taxpayers.

## Other exemptions-

Dividends from domestic corporations.

## - <br> INCOME TAX ${ }^{3}$

Normal tax 2 percent of net income (less exemptions). Surtax on net income over $\$ 20,000$ ranged from 1 percent of income $\$ 40,000$ or less to 13 percent of income over $\$ 2,000,000$.

## Income

Same

## Less: Deductions

Same, except taxes paid excluded prior year's Federal income tax.

Charitable contributions (limited to 15 percent of net income before contributions deduction).

## Equals: NET INCOME ${ }^{\mathbf{1 , 2}}$

## Net income exempt from normal tax

## Personal exemption-

$\$ 2,000$ for married couples living together, or heads of families; $\$ 1,000$ for all other taxpayers.
\$200 per dependent.

## Other exemptions-

Same
"War excess profits tax" paid (see below).
Interest on certain U.S. Government obligations.

## INCOME TAX ${ }^{\mathbf{1 , 2 , 3}}$

Normal tax 2 percent of first $\$ 2,000$ of net income (less exemptions) and 4 percent of the income over $\$ 2,000$. Surtax on net income over $\$ 5,000$ ranged from 1 percent of income $\$ 7,500$ or less to 63 percent of income over $\$ 2,000,000$. Prior years' surtax rates could apply to dividend income depending on year(s) out of whose corporate profits dividends were paid.
"War excess profits tax" 8 percent of salaries over $\$ 6,000$ and of income over $\$ 6,000$ from businesses having no invested capital; tax on net income from businesses with invested capital ranged from 20 to 60 percent, depending on size of net income and invested capital.

EXHIBIT A. (Continued)

## 1916 (cont'd) <br> 1917 (cont'd)

## Less: Tax credits

Credit for tax withheld by payers of tax-free covenant bond interest.
Equals: Income tax after credits ${ }^{3}$
Filing requirement ${ }^{4}$
Net income $\$ 3,000$ or more, regardless of marital status. Joint returns for married couples permitted. Income reported on joint returns or on return of either spouse included income of dependent minors, unless dependents met income requirement to file separately.

## Less: Tax credits

Same
Equals: Income tax after credits ${ }^{1,2,3}$
Filing requirement ${ }^{4}$
Net income $\$ 2,000$ or more for married couples living together; $\$ 1,000$ for all others. Joint returns for married couples permitted unless either spouse subject to surtax on separate income. Income reporting requirement and conditions for separate reporting by dependent minors meeting net income filing thresholds, same.

See footnotes at end of Exhibit.

## EXHIBIT A. (Continued)

| 1918 |  |
| :--- | :---: |
| Income | Income |
| Same as 1916, except also included net loss (in excess | Same |
| of gain) from incidental sales of real estate, stocks, |  |
| bonds, and certain other property; wages excluded |  |
| compensation for sickness and injury and up to $\$ 3,500$ |  |
| in compensation of World War I military personnel. |  |
| Less: Deductions |  |
| Interest paid; personal bad debts; employee business | Less: Deductions |
| expense; casualty and theft loss, same as 1917. Taxes |  |
| paid same as 1917, except excluded foreign income |  |
| taxes if claimed as a tax credit (see below). |  |
| Charitable contributions, same as 1917. | Same |
| Equals: NET iNCOME 1,5 | Equals: NET INCOME 1 |
| Net income exempt from normal tax | Net income exempt from normal tax |
| Personal exemption- | Personal exemption- |
| Taxpayer exemptions, same as 1917. | Same |
| Dependent credit, same as 1917. | Same |
| Other exemptions- | Other exemptions- |
| Dividends from domestic corporations, same as | Same |
| 1917. |  |
| Interest on certain U.S. Government obligations, | Same |

## INCOME TAX ${ }^{\mathbf{1 , 3 , 5}}$

Normal tax 6 percent of first $\$ 4,000$ of net income (less exemptions); 12 percent of income over $\$ 4,000$. Surtax on net income over $\$ 5,000$ ranged from 1 percent of income $\$ 6,000$ or less to 65 percent of income over $\$ 1,000,000$. Maximum surtax on profit from sales of mineral mines and oil and gas wells, 20 percent of sales price. Prior years' surtax rates applicable to dividend income, same. Surtax rates for 1917 applicable to portion of income from partnerships, estates, trusts, and Personal Service Corporations that filed returns for noncalendar years beginning in 1917. (No "war excess profits tax.")
Less: Tax credits ${ }^{3}$
Foreign tax credit (for income tax paid to foreign countries or U.S. possessions).
Credit for tax withheld by payers of tax-free covenant bond interest, same as 1916.
Equals: Income tax after credits ${ }^{\mathbf{1 , 3 , 5}}$
Filing requirement ${ }^{4}$
Same as 1917, except joint returns for married couples permitted (without limitation).

## Income

Same

Same
Equals: NET INCOME ${ }^{1}$
Net income exempt from normal tax
Personal exemption-
Same
Same
Other exemptions-

Same

## INCOME TAX ${ }^{\mathbf{1 , 3}}$

Normal tax 4 percent of first $\$ 4,000$ of net income (less exemptions) and 8 percent of income over $\$ 4,000$. Surtax same, including maximum surtax on sales of mineral mines and oil and gas wells. Prior years' surtax rates applicable to certain stock dividends only, but surtax rates for 1918 applicable to portion of income from partnerships, estates, trusts, and Personal Service Corporations that filed returns for noncalendar years beginning in 1918.

## Less: Tax credits ${ }^{3}$

Same

Same

## Equals: Income tax after credits ${ }^{\mathbf{1 , 3}}$

Filing requirement ${ }^{4}$
Same

## EXHIBIT A. (Continued)

1920

Same as 1918, except excluded stock dividends.

## Less: Deductions

Interest and taxes paid; personal bad debts; employee business expense; casualty and theft loss; etc., same as 1918.

Charitable contributions, same as 1917.
Prior year business net loss carryover.
Equals: NET INCOME ${ }^{1}$
Net income exempt from normal tax

## Personal exemption-

Taxpayer exemptions, same as 1917.

## Other exemptions-

Dividends from domestic corporations, same as 1917.

Interest on certain U.S. Government obligations, same as 1917.
INCOME TAX ${ }^{1,3}$
Normal tax and surtax, including maximum surtax on sales of mineral mines and oil and gas wells and use of prior year surtax rates for income from partnerships, estates, trusts, or Personal Service Corporations attributed to prior year, same as 1919.
Less: Tax credits ${ }^{3}$
Foreign tax credit, same as 1918.

Credit for tax withheld by payers of tax-free covenant bond interest, same as 1916.
Equals: Income tax after credits ${ }^{1,3}$
Filing requirement ${ }^{4}$
Same as 1918.

## Income

Same, except excluded pensions and similar compensation from World War I military service.

## Less: Deductions

Same, except taxes paid included foreign taxes in excess of foreign tax credit (see below.).

Same

Equals: NET INCOME ${ }^{1}$
Net income exempt from normal tax
Personal exemption-
$\$ 2,500$ for married couples living together or heads of families; however, if combined net income exceeded $\$ 5,000$, exemption limited to $\$ 2,000$ provided tax did not exceed that computed with an exemption of $\$ 2,500$ by more than amount of net income over $\$ 5,000$. $\$ 1,000$ for all other taxpayers.
$\$ 400$ per dependent.
Other exemptions-
Same

Same
INCOME TAX ${ }^{1,3}$
Same

Less: Tax credits ${ }^{3}$
Same, except foreign tax credit limited based on ratio of foreign net income to total net income.

Same

Equals: Income tax after credits. ${ }^{1,3}$
Filing requirement ${ }^{4}$
: \%
Net income \$2,000 or more or gross income $\$ 5,000$ or more, regardless of net income, for married couples living together and heads of families; nét income $\$ 1,000$ or more or gross income $\$ 5,000$ or more, regardless of net income, for all others. Joint returns for married couples permitted. Income reporting requirement and conditions for separate reporting by dependent minors meeting income filing threshold, same principle as 1916.

EXHIBIT A. (Continued)

1922

## Income

Same as 1921, except excluded up to $\$ 300$ of interest from building and loan associations. Net gain (less loss) from sales of "capital assets" accorded special tax treatment (see below). (Gain from property not considered a "capital asset" taxable as "ordinary" income.) Net capital loss treated as "ordinary" loss deductible from "ordinary" income, but "ordinary" loss not deductible from net capital gain. ("Capital assets" comprised property held over 2 years, for profit or investment, including trade or business assets, except stock in trade or inventory held primarily for sale to customers; excluded property held for personal/family use or consumption.)

## Less: Deductions

Interest and taxes paid; personal bad debts; employee business expense; casualty and theft loss; etc.; same as 1921.

Charitable contributions, same as 1917.
Prior year business net loss carryover. ${ }^{6}$

## Equals: NET INCOME ${ }^{\mathbf{1 , 6}}$

Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax)-
Taxpayer exemptions, same as 1921.
Dependent credit, same as 1921.
Other exemptions (for normal tax)-
Dividends from domestic corporations, same as 1917.
Interest on certain U.S. Government obligations, same as 1917.
Other exemption (for normal tax and surtax)-
Net capital gain taxable at capital gains rate (see below).

## INCOME TAX ${ }^{1,3}$

Normal tax on net income (less exemptions), same as 1921. Surtax on net income (less exemption) over $\$ 6,000$ ranged from 1 percent of income $\$ 10,000$ or less to 50 percent of income over $\$ 200,000$. Net capital gain taxed separately at 12.5 percent, if taxpayer so elected, provided combined normal tax, surtax, and capital gains tax on net income was not less than 12.5 percent of total net income. Maximum surtax on sales of mineral mines and oil and gas wells, 16 percent of sales price. Prior year surtax rates applicable to income from partnerships, estates, or trusts attributed to prior year, same as 1919.

## Income

Same

## Less: Deductions

Same

Same
Same ${ }^{6}$
Equals: NET INCOME ${ }^{1,6}$
Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax) -
Same
Same
Other exemptions (for normal tax)-
Same
Same

Other exemption (for normal tax and surtax) -
Same

## INCOME TAX ${ }^{1,3}$

Normal tax and surtax, same as 1922, but total tax then reduced by 25 percent.

EXHIBIT A. (Continued)

|  |  |
| :--- | :--- |
| Less: Tax credits ${ }^{3}$ | Less: Tax credits ${ }^{3}$ |
| Foreign tax credit, same as 1921. | Same |
| Credit for tax withheld by payers of tax-free covenant'd) |  |
| bond interest, same as 1916. |  |
| Equals: Income tax after credits ${ }^{1,3}$ |  |
| Filing requirement ${ }^{4}$ | Equals: Income tax after credits ${ }^{1,3}$ |
| Same as 1921. | Filing requirement ${ }^{4}$ |

See footnotes at end of Exhibit.

EXHIBIT A. (Continued)

## Income

Same as 1922, except "capital assets" redefined to include assets held for personal/family use or consumption. Included net capital loss only if limitation based on 12.5 percent loss credit did not apply (see below). ${ }^{7}$

## Less: Deductions

Interest and taxes paid; personal bad debts; employee business expense; casualty and theft loss; same as 1921.
Charitable contributions, same as 1917.
Prior year business net loss carryover, same as $1922{ }^{6}$

## Equals: NET INCOME ${ }^{\mathbf{1 , 6}}$

Net income exempt from normal tax and/or surtax

## Personal exemptions (for normal tax)-

$\$ 2,500$ for married couples living together or heads of families; $\$ 1,000$ for all other taxpayers.
Dependent credit, same as 1921.
Other exemptions (for normal tax)-
Dividends from domestic corporations, same as 1917. Interest on certain U.S. Government obligations, same as 1917.
Other exemption (for normal tax and surtax)-
Net capital gain taxable at capital gains rate, same as 1923.

INCOME TAX ${ }^{1,3,7}$
Normal tax 2 percent of first $\$ 4,000$ of net income (less exemptions); 4 percent of income over $\$ 4,000$ to $\$ 8,000 ; \$ 8,000 ; 6$ percent of income over $\$ 8,000$. Surtax on net income (less exemption) over $\$ 10,000$ ranged from 1 percent of income $\$ 14,000$ or less to 40 percent of income over $\$ 500,000$. Net capital gain separately taxed at 12.5 percent, if taxpayer so elected. Capital gains tax applicable if resulting total tax less than combined normal tax and surtax on net income including net capital gain; otherwise gain taxable as part of net income subject to normal tax and surtax. For net capital loss, 12.5 percent of the loss was credited against combined normal tax and surtax on net income computed without net capital loss, if tax thus produced was not less than tax on net income including net capital loss. Maximum surtax on sales of mineral mines and oil and gas wells, same as 1922; prior year surtax rates applied to income from partnerships, estates, or trusts attributed to prior year, same as 1919.

## Income

Same, except excluded "earned" income from foreign sources by citizens residing abroad more than 6 months.

## Less: Deductions

Same
Same
Same ${ }^{6}$
Equals: NET INCOME ${ }^{1,6}$

## Net income exempt from normal tax and/or surtax

## Personal exemptions (for normal tax)-

$\$ 3,500$ for married couples living together or heads of families; $\$ 1,500$ for all other taxpayers.
Same
Other exemptions (for normal tax)-
Same
Same

## Other exemption (for normal tax and surtax) Same

## INCOME TAX ${ }^{1,3,7}$

Normal tax 1.5 percent of first $\$ 4,000$ of net income (less exemptions); 3 percent of income over $\$ 4,000$ to $\$ 8,000 ; 5$ percent of income over $\$ 8,000$. Surtax on net income (less exemption) over $\$ 10,000$ ranged from 1 percent of income $\$ 14,000$ or less to 20 percent of income over $\$ 100,000$. Capital gains tax and capital loss credit, maximum surtax on profit from sales of mineral mines and oil and gas wells, same. After 1925, income from partnerships, estates, or trusts with noncalendar year accounting periods was entirely attributed to current year and taxed at current-year tax rates.

## EXHIBIT A. (Continued)

| 1924 (cont'd) | 1925-27 (cont'd) |
| :---: | :---: |
| Less: Tax credits ${ }^{3}$ | Less: Tax credits ${ }^{3}$ |
| Foreign tax credit, same as 1921. | Same |
| Credit for tax withheld by payers of tax-free covenant bond interest, same as 1916. | Same |
| Earned income credit equal to 25 percent of normal tax on all net income of up to $\$ 5,000$ and 25 percent of normal tax on "earned" income up to $\$ 10,000$; limited to 25 percent of normal tax on total net income. | Earned income credit applied against normal tax on all net income of up to $\$ 5,000$, and against total tax on "earned" income of up to $\$ 20,000$; limited to the sum of 25 percent of normal tax on all net income and 25 percent of surtax on "earned" net income. |
| Equals: INCOME TAX after credits | Equals: INCOME TAX after credits ${ }^{1,3,7}$ |
| Filing requirement ${ }^{4}$ | Filing requirement ${ }^{4}$ |
| Net income $\$ 2,500$ or more or gross income $\$ 5,000$ or more, regardless of net income, for married couples living together and heads of families; for all others, same as 1922. Joint returns for married couples permitted. Income reporting requirement and conditions for-separate reporting by dependent minors meeting income filing threshold, same principle as 1916. | Net income $\$ 3,500$ or more or gross income $\$ 5,000$ or more, regardless of net income, for married couples living together and heads of families; net income $\$ 1,500$ or more or gross income $\$ 5,000$ or more, regardless of net income, for all others. Joint returns for married couples permitted. Income reporting requirement and conditions for separate reporting by-dependent minors meeting income filing threshold, same principle as 1916. |

[^2]EXHIBIT A. (Continued)

1928
1929

## Income

Same as 1925.

## Less: Deductions

Interest and taxes paid; personal bad debts; employee business expenses; casualty and theft loss; etc., same as 1921.
Charitable contributions, etc., same as 1917.
Prior year business net loss carryover, same as $1922 .{ }^{6}$
Equals: NET INCOME ${ }^{6}$
Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax) -
Taxpayer exemptions, same as 1927.
Dependent credit, same as 1921.
Other exemptions (for normal tax)-
Dividends from domestic corporations, same as 1917.

Interest on certain U.S. Government obligations, same as 1917.
Other exemption (for normal tax and surtax)-
Net capital gain taxed at capital gains rate, same as 1922.

INCOME TAX ${ }^{3,7}$
Same as 1927.

Less: Tax credits ${ }^{3}$
Foreign tax credit, same as 1921.
Credit for tax withheld by payers of tax-free covenant bond interest, same as 1916.
Earned income credit same as 1927, except applied against tax on all net income of up to $\$ 5,000$ and against tax on "earned" net income of up to $\$ 30,000$; credit limitations, same as 1927.
Equals: INCOME TAX after credits ${ }^{3,7}$
Filing requirement
Same as 1925.

## Same

## Income

Same

## Less: Deductions

## Same

Same
Same ${ }^{6}$
Equals: NET INCOME ${ }^{6}$
Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax)Same
Same
Other exemptions (for normal tax)-
Same

Same

Other exemption (for normal tax and surtax)-
Same
INCOME TAX ${ }^{3,7}$
Normal tax 0.5 percent of first $\$ 4,000$ of net income (less exemptions); 2 percent of income over $\$ 4,000$ to $\$ 8,000 ; 4$ percent of income over $\$ 8,000$. Surtax and capital gains tax and capital loss credit, same as 1924; maximum surtax on sales of mineral mines and oil and gas wells, same as 1922.
Less: Tax credits ${ }^{3,4}$
Same
Same

Same

Equals: INCOME TAX after credits ${ }^{3,7}$
Filing requirement

## EXHIBIT A. (Continued)

|  |  |
| :--- | :--- |
| Income | Income |
| Same as 1925. | Same, except excluded net loss (in excess of gain) from |
|  | sales of stocks and bonds that were not considered |
| "capital assets." Also, included all interest from build- |  |
| ing and loan associations (see 1922). |  |
| Less: Deductions | Less: Deductions |
| Interest and taxes paid; personal bad debts; employee | Same, except foreign taxes in excess of foreign tax |
| business expense; casualty and theft loss; etc., same | credit not deductible (full amount deductible if credit |
| as 1921. | not claimed). |
| Charitable contributions, same as 1917. | Same |
| Prior year business net loss carryover, same as 1922.6 | - |

## Equals: NET INCOME ${ }^{6}$

Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax)-
Taxpayer exemptions, same as 1925.
Dependent credit, same as 1921.
Other exemptions (for normal tax)-
Dividends from domestic corporations, same as 1917.

Interest on certain U.S. Government obligations, same as 1917.
Other exemption (for normal tax and surtax)-
Net capital gain taxed at capital gains rate, same as 1922.

INCOME TAX ${ }^{3,7}$
Normal tax 1.5 percent of first $\$ 4,000$ of net income (less exemptions); 3 percent of income over $\$ 4,000$ to $\$ 8,000 ; 5$ percent of income over $\$ 8,000$. Surtax, capital gains tax and capital loss credit, same as 1924; maximum surtax on sales of mineral mines and oil and gas wells, same as 1922.

Less: Tax credits ${ }^{3}$
Foreign tax credit, same as 1921.

Credit for tax withheld by payers of tax-free covenant bond interest, same as 1916.

Earned income credit, same as 1928.

## Equals: NET INCOME

Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax)-
$\$ 2,500$ for married couples living together or heads of families; $\$ 1,000$ for all other taxpayers.
Same

## Other exemptions (for normal tax)-

Same

Same

Other exemption (for normal tax and surtax)Same

INCOME TAX ${ }^{3,7}$
Normal tax 4 percent of first $\$ 4,000$ of net income (less. exemptions); 8 percent of income over $\$ 4,000$. Surtax on net income (less exemption) over $\$ 6,000$ ranged from 1 percent of income $\$ 10,000$ or less to 55 percent of income over $\$ 1,000,000$. Capital gains tax and capital loss credit, and maximum surtax on sales of mineral mines and oil wells, same.
Less: Tax credits ${ }^{3}$
Same, except maximum credit limited to the lesser of that computed on an "overall" basis and that computed on a "per country" basis.
Same

EXHIBIT A. (Continued)

| 1930-31 (cont'd) | 1932-33 (cont'd) |
| :--- | :--- |
| Equals: INCOME TAX after credits ${ }^{3,7}$ | Equals: Income Tax after credits ${ }^{3,7}$ |
| Filing requirement | Filing requirement |
| Same as 1925. | Net income $\$ 2,500$ or more or gross income $\$ 5,000$ or |
|  | more, regardless of net income, for married couples |
|  | living together and heads of families; net income |
|  | $\$ 1,000$ or more or gross income $\$ 5,000$ or more, |
|  | regardless of net income, for all others. Joint returns for |
|  | married couples permitted. Income reporting require- |
|  | ment and conditions for separate reporting by depen- |
|  | dent minors meeting income filing threshold, same |
|  | principle as 1916. |

See footnotes at end of Exhibit.

## EXHIBIT A. (Continued)

## 1934-35

## 1936-37.

## Income ${ }^{8}$

Same as 1932, except "capital assets" redefined to include all property (excluding stock in trade or inventory held primarily for sale to customers), regardless of length of time held. However, gain or loss from sales of assets included in income depended on length of time asset held before sale based on sliding scale, ranging from 30 percent for assets held over 10 years to 100 percent for assets held 1 year or less. (Gain or loss from property not considered a capital asset taxable as "ordinary" income or loss.) Net capital gain was excess of gains plus smaller of net income or $\$ 1,000$, over capital loss. Net capital loss (in excess of gain) limited to $\$ 2,000$ ( $\$ 4,000$ on joint returns), deductible from "ordinary" income. ${ }^{8}$

## Less: Deductions

Interest paid; personal bad debts; employee business expense; casualty and theft loss; etc., same as 1932; taxes paid same, except exclưded ${ }^{-}$Federal estate and gift taxes.
Charitable contributions, same as 1917.
Equals: NET INCOME
Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax and surtax)-
Taxpayer exemptions, same as 1932.
Dependent credit, same as 1921.
Other exemptions or credits (for normal tax)-
Dividends from domestic corporations, same as 1917.

Interest on certain U.S. Government obligations, same as 1917.
Earned income credit equal to 10 percent of all net income up to $\$ 3,000$, and of earned income up to $\$ 14,000$, limited to 10 percent of earned net income, but not in excess of 10 percent of all income.

## INCOME TAX ${ }^{3}$

Normal tax 4 percent of all net income (less exemptions). Surtax on net income (less exemptions) over $\$ 4,000$ ranged from 4 percent of income $\$ 6,000$ or less to 59 percent of income over $\$ 1,000,000$. Net capital gains (in excess of losses) taxed at regular normal tax and surtax rates (see above). For 1934, maximum surtax on sales of mineral mines and oil and gas wells, same as 1922.

Income
Same

## Less: Deductions

Same

## Same

Equals: NET INCOME

## Net income exempt from normal tax and/or surtax

Personal exemptions (for normal tax and surtax)Same

Same
Other exemptions or credits (for normal tax) -
-

Same

Same

## INCOME TAX ${ }^{3}$

Normal tax, same. Surtax on net income (less exemptions) over $\$ 4,000$ ranged from 4 percent of income $\$ 6,000$ or less to 74 percent of income over $2,000,000$. Net capital gains taxed at revised normal tax and surtax rates. Maximum surtax on profit from sales of oil and gas property, 30 percent of sales price.

## EXHIBIT A. (Continued)

| 1934-35 (cont'd) | 1936-37 (cont'd) |
| :--- | :--- |
| Less: Tax credits ${ }^{3}$ | Less: Tax credits ${ }^{3}$ |
| Foreign tax credit, same as 1932. | Same |
| Credit for tax withheld by payers of tax-free covenant | Same |
| bond interest, same as 1916. |  |
| Equals: Income tax after credits ${ }^{3}$ | Equals: Income tax after credits ${ }^{3}$ |
| Filing requirement | Filing requirement |
| Same as 1932. | Same |

See footnotes at end of Exhibit.

## EXHIBIT A. (Continued)

1938
1939

## Income

Same as 1934, except "capital assets" redefined to exclude depreciable trade or business assets. (Gain or loss on sales of latter assets fully includable as "ordinary" income or loss). Amount of gain or loss from sales of capital assets taken into account depended on length of time asset held before sale: 100 percent if assets held 18 months or less ("short-term"); or 66.7 percent if assets held over 18 to 24 months, and 50 percent if assets held over 24 months (both defined as "long-term"). Except for real property, net long-term capital loss either deducted, or not deducted and tax reduced by 30 percent of net long-term loss; see below. Net loss from sales of real property limited to $\$ 2,000$. Net short-term capital loss not deductible currently; amount not in excess of net income carried over and applied against short-term gain of the immediately following year.
Less:-Deductions
Interest and taxes paid; personal bad debts; employee business expense; casualty and theft loss; etc., same as 1934.
Charitable contributions, same as 1917.
Equals: NET INCOME
Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax and surtax)Taxpayer exemptions, same as 1932.
Dependent credits, same as 1921.
Other exemptions or credits (for normal tax)-
Interest on certain U.S. Government obligations, same as 1917
Earned income credit, same as 1934.
Other exemption (for normal tax and surtax)-
Net long-term capital gain subject to alternative tax (see below).

## Less: Deductions

 employment taxes.Same

## Equals: NET INCOME

Same
Same

Same

Same Same

## Income

Same, except wages included compensation of State and local Government employees. Net short-term capital gain included prior-year net short-term capital loss carried over.

Same, except taxes paid excluded social security and

Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax and surtax)-

Other exemptions or credits (for normal tax) -

Other exemption (for normal tax and surtax)-

## EXHIBIT A. (Continued)

## 1938 (cont'd)

## 1939 (cont'd)

INCOME TAX ${ }^{3,7,9}$
Same as 1936, except short-term capital gain (see below) fully taxable at normal tax and surtax rates. Maximum surtax on sales of oil and gas property, same as 1936. For net long-term capital gain, tax was the lesser of normal tax and surtax on total net income including net long-term capital gain, or normal tax and surtax on net income excluding long-term capital gain, plus 30 percent of net long-term capital gain ("alternative tax"). Conversely, for net long-term capital loss, tax was the greater of normal tax and surtax on total net income after subtracting net long-term capital loss, or normal tax and surtax on net income before subtracting net long-term capital loss, minus 30 percent of net long-term capital loss ("alternative tax").

## Less: Tax credits ${ }^{3}$

Foreign tax credit, same as 1932.
Credit for tax withheld by payers of tax-free covenant bond interest, same as 1916.
Equals: Income tax after credits ${ }^{\text {3,7,9 }}$
Filing requirement
Same as 1932.

INCOME TAX ${ }^{3,7,9}$
Same

Less: Tax credits ${ }^{3}$

Same
Same
Equals: Income tax after credits ${ }^{3,7,9}$
Filing requirement
Same

EXHIBIT A. (Continued)

## 1940

## Income

Same as 1939.

## Less: Deductions

Interest and taxes paid; personal bad debts; employee business expense; casualty and theft loss; etc., same as 1939.

Charitible contributions, same as 1917.
Prior-year business net loss carryover ${ }^{12}$
Equals: NET INCOME ${ }^{12}$.
Net income exempt from normal tax and/or surtax Personal exemptions (for normal tax and surtax)-
$\$ 2,000$ for married couples living together or heads of -families; $\$ 800$ for all other taxpayers.

- Dependent credits; same as 1921.

Other exemptions or credits (for normal tax)-
Interest on certain U.S. Government obligations, same as 1917.

Earned income credit, same as 1934.
Certain interest ("dividends") from Federal savings and loan associations.

Other exemption (for normal tax and surtax) -
Net long-term capital gain subject to alternative tax, same as 1938 (see below).
INCOME TAX ${ }^{\mathbf{3 , 7}, 9,12}$
Normal tax, same as 1936. Intermediate surtax rates on income (less exemptions) over \$4,000 increased for income between $\$ 6,000$ and $\$ 100,000$; highest and lowest rates, same as 1936. "Alternative tax," same as 1938; maximum surtax on sales of oil and gas property, same as 1936.

## Income ${ }^{10}$

Same, except "capital assets" redefined to exclude certain U.S. and State obligations. (Retroactive exclusion from wages of compensation of military enlisted personnel made applicable to 1941 ; see 1942 and 1943. $)^{10}$
Less: Deductions ${ }^{11}$
Same

Same
Same
Equals: NET INCOME ${ }^{11,12}$
Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax and surtax)$\$ 1,500$ for married couples living together or heads of families; $\$ 800$ for all other taxpayers.
Dependent credits same, except credit for one dependent disallowed for certain heads of families.
Other exemptions or credits (for normal tax)Same

Same
Same

Other exemption (for normal tax and surtax)-
Same

## INCOME TAX ${ }^{3,7,9,10,11,12}$

Normal tax, same. Surtax on all net income (less exemptions) ranged from 6 percent of income under \$2,000 to 76 percent of income over $\$ 2,000,000$. Maximum tax on sales of oil and gas property, same. "Alternative tax," same. (No "defense tax.") Elective short-form, 1040A, included "optional tax" look-up tables based on normal tax and surtax rates, marital status, and number of personal exemptions claimed; tax was applied to gross income adjusted for deductions and earned income credit (not reported on Form 1040A). Short-form usable, if gross income (in general, from other than capital or noncapital gain on property sales and from other than profit from unincorporated businesses or income from estates or trusts) was $\$ 3,000$ or less.

EXHIBIT A. (Continued)

## 1940 (cont'd)

Combined normal tax and surtax (or alternative tax) increased by "defense tax" equal to 10 percent of the combined tax. If combined tax exceeded 50 percent of net income, defense tax limited to 10 percent of amount by which net income exceeded the combined tax.

## Less: Tax credits ${ }^{3}$

Foreign tax credit, same as 1932.
Credit for tax withheld by payers of tax-free covenant bond interest, same as 1916.
Equals: Income tax after credits ${ }^{\mathbf{3 , 7 , 9 , 1 2}}$

## Filing requirement

Gross income $\$ 2,000$ or more, regardless of net income, for married couples living together and heads of families; gross income $\$ 800$ or more for single persons. Joint returns for married couples permitted. Income reporting requirement and conditions for separate reporting by dependent minors meeting gross income filing threshold, same principle as 1916.

1941 (cont'd)

Less: Tax credits ${ }^{3}$
Same
Same
Equals: Income tax after credits ${ }^{3,7,9,10,11,12}$
Filing requirement
Gross income $\$ 1,500$ or more, regardless of net income, for married couples living together and filing joint returns; gross income $\$ 750$ or more for all others. Joint returns for married couples permitted. Income reporting requirement and conditions for separate reporting by dependent minors meeting gross income filing threshold, same principle as 1916.

EXHIBIT A. (Continued)

|  |
| :--- |
| Income 10 |
| Same as 1941, except included alimony received; military |
| disability pay excluded, also compensation of military |
| enlisted personnel, up to $\$ 250$ if single, $\$ 300$ if married or |
| head of family (1942 and 1943 limitations later rescinded |
| retroactively; exclusion also made applicable to 1941)." |
| "Earned" income from foreign sources excluded only for |
| citizens residing abroad over 1 year (see 1926). Treatment |
| of gains and losses from sales of "capital assets" revised: |
| 50 percent of net gain (in excess of net loss) included in |
| income if assets sold held over 6 months (net "long-term" |
| gain), or 100 percent if assets held 6 months or less (net |
| "short-term" gain); portion of combination of net long- and |
| short-term capital loss deducted from "ordinary" income |
| limited to lesser of net income (excluding capital gain or |
| loss) or $\$ 1,000$. (Net loss in excess of limitation carried |
| over to 5 succeeding years, as necessary; treated as |
| short-term capital loss.) Lump-sum distribution from |
| "qualified" retirement-plan taxable-as long-term capital |
| gain. "Capital assets" redefined to exclude business real |
| property, but combined gain (less loss) from sales of real |
| and depreciable business property (including standing |
| timber) held over 6 months, plus "involuntary conver- |
| sions" (by condemnation, fire, theft, etc.) of such property |
| and of capital assets held over 6 months, treated as net |
| long-term capital gain; combined net loss was not treated |
| as net capital loss, was deducted from "ordinary" income |
| and not subject to loss limitation, above. Gains and losses |
| from all other property types or transactions fully included |
| as "ordinary" income or loss. |

## Less: Deductions

Interest and taxes paid; personal bad debts; employee business expense; casualty and theft loss; etc., same as 1939.

Charitable contributions, (limited to 15 percent of net incolme before contributions and medical deductions).
Prior-year business net loss carryover. ${ }^{12}$
Uninsured medical expenses (in excess of 5 percent of net income before medical deduction, limited to $\$ 2,500$ for married couples filing jointly and $\$ 1,250$ for all other taxpayers).

## Income ${ }^{10}$

Same, except short-term capital loss included prior year excess net capital loss carryover; wages excluded military compensation up to $\$ 1,500$ (1942 and 1943 limitations later rescinded retroactively; exclusion made applicable to 1941). ${ }^{10}$ Personal debt treated as capital loss.

## Less: Deductions

Same, except taxes paid excluded Federal excise taxes; no personal bad debt deduction (debt treated as capital loss, see above); gambling losses (not in excess of gains) deductible.
Charitable contributions, same.
Same ${ }^{12}$
Same

EXHIBIT A. (Continued)

| 1942 (cont'd) | 1943 (cont'd) |
| :---: | :---: |
| Equals: NET INCOME ${ }^{\mathbf{1 0 , 1 1 , 1 2}}$ | Equals: NET INCOME ${ }^{\mathbf{1 0 , 1 1 , 1 2}}$ |
| Net income exempt from normal tax and/or surtax Personal exemptions (for normal tax and surtax)$\$ 1,200$ for married couples living together or heads of families; $\$ 500$ for all others. | Net income exempt from normal tax and/or surtax Personal exemptions (for normal tax and surtax) Same |
| \$350 per dependent (\$385 on short-form 1040A). | Same |
| Other exemptions or credits (for normal tax)Interest on certain U.S. Government obligations, same as 1917. | Other exemptions or credits (for normal tax)Same |
| Earned income credit, same as 1934. | Same |
| Certain interest ("dividends") from Federal savings and loan associations, same as 1940. | Same |
| Other exemption (for normal tax and surtax) Net long-term capital gain (reduced by net short-term | Other exemption (for normal tax and surtax) Same |

INCOME TAX ${ }^{\mathbf{3}, \mathbf{9}, 10,11,12,13}$
Normal tax 6 percent of net income (less exemptions). Surtax on all net income (less exemptions) ranged from 13 percent of income under $\$ 2,000$ to 82 percent of income over $\$ 200,000$. Maximum tax on sales of oil and gas property, same as 1936. Net short-term capital gain (in excess of net long-term capital loss) taxed at normal tax and surtax rates. Under revised "alternative tax," maximum surtax on taxable half of net long-term capital gain (in excess of net short-term capital loss), see above, was 50 percent. "Optional tax" (see 1941) not applicable if gross income included rents or royalties.

## Equals: NET INCOME ${ }^{10,11,12}$

Net income exempt from normal tax and/or surtax
Personal exemptions (for normal tax and surtax) Same

Same
Other exemptions or credits (for normal tax) -
Same

Same
Same

Same

Income Tax ${ }^{\text {9,10,11,12,13 }}$
Normal tax, surtax, "alternative tax," "optional tax," same as 1942; maximum surtax on oil and gas property, same as 1936 .
"Victory tax" 5 percent of "victory tax net income" (gross income, in general, excluding capital gains and losses and certain interest on U.S. Government obligations, minus business and certain business-related expenses, prior-years business loss deduction, and alimony paid); minus $\$ 624$ exemption, per taxpayer ( $\$ 1,248$ for married couples filing jointly, unless net income of one spouse was less than $\$ 624$, then exemption was $\$ 624$ plus the net income of such spouse); a credit of 40 percent of tax if married and 25 percent if single (limited to $\$ 1,000$, if married filing jointly, and $\$ 500$, if single); and a credit of 2 percent of tax (limited to $\$ 100$ ), per dependent. Total victory tax limited to excess of 90 percent of total net income over normal tax and surtax, or "alternative tax," before foreign tax credit and credit for tax withheld on tax-free covenant bond interest.

## EXHIBIT A. (Continued)

1942 (cont'd)
See 1943 for effect on 1942 tax resulting from introduction of new system of current tax payments (during 1943).

## Less: Tax credits ${ }^{3}$

Foreign tax credit, same as 1932, except credit also allowed for certain income-related foreign taxes.
Credit for tax withheld by payers of tax-free covenant bond interest, same as 1916.
Equals: Income tax after credits ${ }^{\mathbf{3}, 9,10,11,12,13}$

## Filing requirement ${ }^{\mathbf{1 3 , 1 4}}$

Gross income $\$ 1,200$ or more, regardless of net income, for married couples living together and filing joint returns; gross income $\$ 500$ or more for all others. Income reporting requirement and conditions for separate reporting by dependent minors meeting gross income filing threshold, same principle as 1916 .

1943 (cont'd)
New system of current tax payments through tax withholding on wages (and through "estimated tax" payments) implemented during the same time period that tax for 1942 was due. For relief to those otherwise liable during 1943 for taxes due for both 1942 and 1943, tax liabilities for the 2 years were systematically merged. If taxpayer was liable for tax for both years, larger of the two taxes was payable. The smaller of the two could be written off wholly or partly: if smaller tax $\$ 50$ or less, 100 percent written off; if over $\$ 50$ to about $\$ 67$, over 75 but less than 100 percent written off; if over $\$ 67,75$ percent written off. For military personnel with 1942 or 1943 service whose 1942 tax was larger, write-off increased by recomputing 1942 tax to eliminate the excess over 1943 that was due to tax on "earned" net income.

## Less: Tax credits

Same

Same

## Equals: INCOME TAX AFTER CREDITS ${ }^{\mathbf{9}, 10,11,12,13}$

Filing requirement ${ }^{\mathbf{1 3 , 1 4}}$
Same, except that filing requirement also applicable to married couples filing joint returns if combined gross income was less than $\$ 1,200$, but one spouse had gross income over $\$ 624$ (because of "victory tax" provisions). Gross income $\$ 500$ or more for all others. Income reporting requirement and conditions for separate reporting by dependent minors meeting gross income filing threshold, same principle as 1916. Also, filing requirement extended to all with 1942 tax, regardless of 1943 gross income; and to others with refundable tax (due to tax overwithhholding on wages or "estimated tax" over payments).

See footnotes at end of Exhibit.

EXHIBIT A. (Continued)

| 1944-45 | 1946-47 |
| :---: | :---: |
| Income ${ }^{\mathbf{1 0 , 1 2}}$ <br> Same as 1943, except that shor-term capital loss included prior years' excess net capital loss carryover; business profit reduced by prior-year business net loss carryover; compensation of military personnel and mustering out payments for military service excluded. ${ }^{10.12}$ Also, cutting of timber for sale or other business use could, at taxpayer's option, be treated as sale of capital assets, if timber was previously owned over 6 months; such "sale" included in net gain or loss, real and depreciable business property (see 1942). | Income ${ }^{12}$ <br> Same |
| Less: Statutory exclusions <br> Employee business expense, etc. <br> Equals: ADJUSTED GROSS INCOME (AGI) ${ }^{12}$ <br> Less: Itemized deductions <br> Interest and taxes paid; casualty and theft loss; etc., same as 1943; employee business expense excluded directly from salary (see above). | Less: Statutory exclusions <br> Same <br> Equals: ADJUSTED GROSS INCOME (AGI) ${ }^{12}$ <br> Less: Itemized deductions <br> Same |
| Charitable contributions (limited to 15 percent of AGI). Uninsured medical expenses (in excess of 5 percent of AGI limited to $\$ 2,500$ for married couples filing jointly and $\$ 1,250$ for all other taxpayers). | Same <br> Same |
| $\$ 500$ blindness deduction. -OR- | Same -OR- |
| Less: Optional standard deduction ${ }^{11,14}$ <br> About 10 percent of AGI (if AGI under $\$ 5,000$, allowed through use of "optional tax" look-up table, described below); $\$ 500$ if AGI $\$ 5,000$ or more ("optional tax" table not applicable). | Less: Optional standard deduction ${ }^{11,14}$ Same |
| Equals: NET INCOME ${ }^{\mathbf{1 0 , 1 1 , 1 2}}$ | Equals: NET INCOME ${ }^{11,12}$ |
| Net income exempt from normal tax and/or surtax | Net income exempt from normal tax and/or surtax |
| Personal exemptions | Personal exemptions |
| Exemption (for normal tax)- <br> $\$ 1,000$ for married couples filing joint returns if both spouses had AGI $\$ 500$ or more; if not, exemption was $\$ 500$, plus lesser of the two AGI's. | Exemption (for normal tax)- |
| \$500 for all other taxpayers. | - |
| Exemption (for surtax) $\$ 500$ per taxpayer (and spouse). $\$ 500$ per dependent. | Exemption (for surtax)- |

## EXHIBIT A. (Continued)

1944-45 (cont'd)

## Exemption (for normal tax and surtax)-

Other exemption (for normal tax)
Interest on certain U.S. Government obligations (if deductions itemized).

## Other exemption (for normal tax and surtax)

Net long-term capital gain (reduced by net short-term capital loss) subject to alternative tax, same as 1942.

## Income tax ${ }^{\text {9,10, 11, 12, } 14}$

Normal tax 3 percent of net income (less exemptions). Surtax on net income (less exemptions) ranged from 20 percent of income under $\$ 2,000$ to 91 percent of income over $\$ 200,000$. Maximum surtax on sales of oil and gas property, same as 1936. Combined tax before credits limited to 90 percent of net income. "Alternative tax," (on net long-term capital gain), same as 1942. (Form W-2, receipt for tax withheld on wages, replaced optional short-form 1040A; W-2 and short-form 1040 included "optional tax" look-up tables that made allowance for 10 percent standard deduction, in addition to marital status, number of exemptions, and normal tax and surtax rates. "Optional tax" usable if AGI under $\$ 5,000$ consisted of wages subject to tax withholding and up to $\$ 100$ from interest, dividends, and wages not subject to tax withholding.)

## Less: Tax credits

Foreign tax credit (if deductions itemized).
Credit for tax withheld by payers of tax-free convenant bond interest (if deductions itemized).
Equals: INCOME TAX AFTER CREDITS ${ }^{\mathbf{9}, 10,11,12,14}$

## Filing requirement

Gross income $\$ 500$ or more, regardless of net income and marital status, even if joint return filed (so that filing requirement applied to income of each spouse, separately). Taxpayers with refundable tax (due to tax overwithholding on wages or "estimated tax" overpayments), same as 1943. Income reported on joint returns or on return of either spouse excluded income from services of dependent minors not meeting gross income filing threshold.

## Exemption (for normal tax and surtax)-

$\$ 1,000$ for married couples filing joint returns; $\$ 500$
for all other taxpayers.
$\$ 500$ per dependent
Other exemption (for normal tax)
Same

## Other exemption (for normal tax and surtax)

Same

## Income tax 11,12,14

Normal tax (after 5 percent statutory reduction) 2.85 percent of net income (less exemptions). Surtax (after 5 percent reduction) on net income (less exemptions) ranged from 16.15 percent of income under $\$ 2,000$ to 83.6 percent of income over $\$ 200,000$. Maximum surtax on sales of oil and gas property, same as 1936. Combined tax before credits limited to 85.5 percent of net income. "Alternative tax," same; "optional tax" reflected revised normal tax and surtax rates.

## Less: Tax credits <br> Same <br> Same

Equals: INCOME TAX AFTER CREDITS ${ }^{\mathbf{1 1 , 1 2 , 1 4}}$
Filing requirement
Same

EXHIBIT A. (Continued)

| 1948-49 | 1950 |
| :---: | :---: |
| Income ${ }^{12}$ | Income ${ }^{12}$ |
| Income components about the same as 1947. | Same, except excluded Korean War military compensation (limited to \$200 per month for officers). |
| Less: Statutory exclusions | Less: Statutory exclusions |
| Employee business expense, etc., same as 1944. | Same |
| Equals: ADJUSTED GROSS INCOME (AGI) ${ }^{12}$ | Equals: ADJUSTED GROSS INCOME (AGI) ${ }^{12}$ |
| Less: Itemized deductions | Less: Itemized deductions ${ }^{14}$ |
| Interest and taxes paid; casualty and theft loss; etc., same as 1944. | Same |
| Charitable contributions, same as 1944. | Same |
| Uninsured medical expenses (in excess of 5 percent of | Same |

ess: Optional standard deduction ${ }^{11,14}$
About 10 percent of AGI if AGI under $\$ 5,000$ allowed through use of tax look-up tables (see 1944); otherwise, lesser of 10 percent of AGI or $\$ 1,000$, if AGI $\$ 5,000$ or more; or $\$ 500$ per spouse for married couples filing separately.
Equals: NET INCOME ${ }^{\mathbf{1 1 , 1 2}}$

## Net income exempt from normal tax and/or surtax

 Personal exemptions (for normal tax and surtax) -\$1,200 for married couples filing joint returns; $\$ 600$ for all other taxpayers.
$\$ 600$ per dependent.
$\$ 600$ per taxpayer if age 65 or over (\$600 per spouse on joint returns if both age 65 or over).
$\$ 600$ per taxpayer if blind (\$600 per spouse on joint return if both blind).
Other exemption (for normal tax)
Interest on certain U.S. Government obligations (if deductions itemized), same as 1944.

## Other exemption (for normal tax and surtax)

Net long-term capital gain (reduced by net short-term capital loss) subject to alternative tax, same as 1942.

## EXHIBIT A. (Continued)

| 1948-49 (cont'd) | 1950 (cont'd) |
| :---: | :---: |
| Income Tax ${ }^{11,12,14}$ | Income Tax ${ }^{\text {11,12,14 }}$ |
| Normal tax. 3 percent of net income (minus exemptions). Surtax on net income (minus exemptions) ranged from 17 percent of income under $\$ 2,000$ to 88 percent of income over $\$ 200,000$. Maximum surtax on sales of oil and gas property, same as 1936. Combined tax then reduced by 17 percent of first $\$ 400$ of tax, plus 12 percent of next $\$ 99,600$ of tax and 9.75 percent of tax over $\$ 100,000$; combined tax before credits limited to 77 percent of net income. "Alternative tax" (on net long-term capital gain), same as 1942. <br> "Income splitting" introduced for married couples filing joint returns so that combined normal tax and surtax was reduced to equal twice the tax on 50 percent of combined net income (less exemptions). "Optional tax" reported on short-form 1040 and on Form 1040A (which replaced W-2 tax return) reflected revised normal tax and surtax rates, "income splitting," and revised personal exemp- | Normal tax and surtax, same; maximum surtax on sales of oil and gas property, same. Combined tax effectively reduced by 13 percent of first $\$ 400$ of tax, 9 percent of next $\$ 99,600$ of tax, and 7.3 percent of tax over $\$ 100,000$; combined tax limited to 80 percent of net income. "Alternative tax,"' (on net long-term capital ' gain), same. "Income splitting;" same. "Optiona! tax", on short-form 1040 and on Form 1040A reflected normal tax and surtax rate reductions. |

## Less: Tax credits

Foreign tax credit, (if deductions itemized), same as 1944.
Credit for tax withheld by payers of tax-free covenant bond interest (if deductions itemized), same as 1944.

## Equals: INCOME TAX AFTER CREDITS ${ }^{\mathbf{1 1 , 1 2 , 1 4}}$

## Filing requirement

Gross income $\$ 600$ or more, regardless of net income and marital status, even if joint returns filed (so that filing requirement ápplied to income of each spouse, separately). Taxpayers with refundable tax (due to tax overwithholding on wages or "estimated tax" overpayments), sáme. Income reported on joint returns or on return of either spouse excluded income from services of dependent minors not meeting gross income filing threshold, same principle as 1944.

[^3]Less: Tax credits
Same
Same

Equals: INCOME TAX AFTER CREDITS ${ }^{11,12,14}$

## Filing requirement

Same

## EXHIBIT A. (Continued)

## NOTES AND FOOTNOTES

The purpose of Exhibit $A$ is not to provide an exhaustive review of the tax code as it applied to 1916 through 1950, but to briefly define net income, adjusted gross inconie, tax and the filing requirements, and to call to the reader's attention changes in the tax law which could affect the statistics presented in this article. The scope of Exhibit A is further described below. Specifically, the Exhibit excludes provisions unique to nonresident aliens and to individuals reporting for a noncalendar year accounting period. It also excludes law changes affecting items underlying certain computations, such as those affecting the amortization and depletion deductions used in computing the unincorporated business profits that were, in turn, reflected in "net income" or "adjusted gross income."

The years for which provisions of law are shown in Exhibit A are directly related to the years for which statistics based on them are presented. If a provision is not reflected in the statistics it is generally not shown. For example, while the law permitted deductions for some years for unincorporated business losses that were "carried back" from a loss year, the deductions based on loss carrybacks are not shown in the Exhibit for the carryback years. This is because Statistics of Income does not include data on carrybacks, the need for which occurs after the tax returns used for the statistics have been filed (see also footnotes 3 and 14 , below).

In the Exhibit, some liberties have been taken in the terminology used in order to facilitate year-to-year comparisons. However, in equating various tax law provisions from one year to the next, it should be noted that the similarities are only in terms of the law as it is stated in the Exhibit. It was not possible to research all the details of a particular provision in order to determine whether it was completely identical from year to year. To have done so would have also complicated the Exhibit and defeated the purpose for which it was intended, i.e., to provide summarized highlights of the law to assist in interpreting the statistics for each year.

An example of the resulting limitations of the Exhibit is the credit for tax withheld on tax-free convenant bond interest. For most but not all years, the credit was based on a 2 percent withholding rate; yet, in the Exhibit, the credit is shown as being the same over time. As another example, for the earlier years and then for the more recent ones, allowable amounts for personal exemptions were based, not only on the dollars amounts stated in Exhibit A, but on the taxpayer's marital status at year end (with some variations for the later years). For the intervening years, the allowable exemption amount for years in which a taxpayer changed marital status was determined through a proration
based on the number of months in the year under each marital status category. Exhibit A does not recognize differences such as these.

Another limitation is the source of the information. Nearly all of Exhibit A is based on material found in Statistics of Income reports for various years, or on the tax return forms or accompanying instructions. A more complete analysis would have required more extensive use of other source materials as well, including the statutes themselves and supporting interpretative reports. Time constraints precluded this and, in addition, it was probably unnecessary given the purpose of the Exhibit.
[1] Statistics for net income (and the resultant tax) for 1917-1925 may exclude dividend and other income attributable to prior years reported on the tax returns for the current years. Statistics of Income reports for 1917-1925 do not specifically indicate whether this income and tax are reflected in the data.
[2] Net income statistics for 1917 are before the contributions deduction and are therefore somewhat overstated for this reason. In addition, for 1917 the income tax statistics exclude the tax reported on returns with net income under $\$ 2,000$. This does not affect the data emphasized in this article, since $\$ 2,000$ in current dollars ( $\$ 17,094$ in 1986 dollars) falls below the \$25,000 cutoff imposed.
[3] Income tax statistics for 1916-1942 are before reduction by foreign tax credit and credit for tax withheld at source by payers of tax-free covenant bond interest. For 1924-1931, however, the tax statistics are after reduction by the "earned income credit."
[4] Statistics for 1921-1927 exclude returns with gross income $\$ 5,000$ or more, but with no net income. (The filing requirement should automatically have excluded returns with no net income for tax years before 1921.) As noted in the text, returns with negative net income or negative adjusted gross income are excluded from the statistics presented in this article (see Figure L).
[5] Net income statistics for 1918 exclude the deduction for business net losses "carried back" from 1919. The statistics for the deduction of amounts carried over to 1920 (from 1919) represent the amount remaining after losses were first carried back and deducted on amended returns (which are not used for the statistics). As a result, the 1918 statistics for net income (and tax) are somewhat overstated.
[6] Net income statistics for 1922-1931 indicated are before the deduction for the business net losses

## EXHIBIT A. (Continued)

"carried over" from. a prior-year. For 1922 through 1930, the deduction represented amounts carried over either 1 or 2 years; for 1931, only .1 year. Loss amounts remaining after the carryover period could not be deducted. Net income is, therefore, overstated for these years. (Totals for this deduction are nevertheless published in Statistics of Income.)
[7]. To facilitate comparisons with later years, Exhibit A includes the "tax credits" for capital losses for 19241933 and 1938-1941 as an adjustment within the basic income tax computation (summarized under the heading, "Income tax"), rather than as an adjustment to the income tax liability, in the sense that the foreign tax credit was and continues to be. The tax return forms seemed to recognize this ambivalency by also including the capital loss "tax credit" in the tax computation. In any event, the statistics for income tax for the years involved, are after reduction by this "credit."

Changing usage of the term "credit" affects other items as well. In present day terms, the credit for tax withheld by payers of tax-free covenant bond interest is more in the nature of an income tax payment reduction than an income tax liability reduction. However, it is included as a tax credit in Exhibit A because the tax laws for the years concerned did not distinguish between the two types of "tax credits." (As a general observation, the term "credits" seems to have been more broadly used in the early years than it is today. Besides the several types of "credits" against tax, including those for capital losses, there were also "credits" against income, which under more current laws would more aptly be described as "deductions," "adjustments," or simply as unlabelled offsets or subtractions within a computation. As examples, dependent exemptions were often described as "credits" against net income; and the "earned income credit" for some years was a "credit" against tax, while for others it was a "credit" against net income.

The capital loss "credit," at least on the tax forms, was typically treated simply as an unlabelled subtraction in the computation of tax. Each of these items appears under its proper classification in Exhibit A, regardless of what it is called. In general, the same convention was observed in Statistics of Income.)
[8] This increased limitation on net capital loss reported on joint returns was rescinded by 1940 court decree. Because Statistics of Income reports are based returns as originally filed, statistics for net income and tax for the years affected are somewhat understated for this reason.
[9] Income tax could be reported on returns with no net income for certain years; these amounts are not: reflected in the income tax statistics used for this article. For 1938-1941, it was possible for returns with a net capital loss and no net income, to have "income" : subject to the "alternative tax" and, therefore, an income tax. (Such amounts could also be reported for 1942, on the few returns for noncalendar years that began in 1941.) For 1943-1944, it was possible for returns with no net income to show a "victory tax" which was computed on an income base that was somewhat different from that used for the regular income tax. (Such amounts could also be reported for 1944, on the few returns for noncalendar years that began in 1943.) For all of these years, the amounts of tax involved were negligible so that their exclusion from the tables is not a significant limitation of the data.
[10] Because salaries and wages shown in Statistics of Income reports for 1941-1944 include compensation of enlisted military personnel that was later excluded, retroactively, statistics for net income and tax for these years, which are based on the tax returns as originally filed, are somewhat overstated.
[11] Starting with 1941, when "optional tax" was used on short forms 1040A (for 1941-1943 and 1948-1950) and 1040 (1944-1950), or on Form W-2 (1944-1947) the tax assumed a "standard deduction" which was built into the tax look-up tables.

Net income statistics for 1941-1943 based on Forms 1040A actually represent gross income (the amount for net income was also reflected in the tax tables). The net income statistics for these 3 years are therefore overstated. This does not, however, affect the data emphasized in this article since no Form 1040A filers had income of $\$ 25,000$ or more in 1986 dollars. In general, after 1943, net income was computed only for returns with itemized deductions. Also, after 1943, Statistics of Income data are tabulated by size of net income. This change does affect all of the data.
[12] "Net operating loss deduction." Statistics of Income is based on returns as originally filed and so, for 1941 and thereafter, excludes the carryback effect of "unused" business net losses for subsequent years. So-called "net operating losses" of businesses incurred from 1939 on could be "carried back" and deducted from income for the 2 preceding years (but not to years before 1941). If not fully offset against the income of these years, they would be "carried over" and deducted from the income of the 2 succeeding years. Losses remaining after carryback and carryover could not be deducted. Therefore, the statistics for the

## EXHIBIT A. (Continued)

deduction represent only amounts carried over, after losses were first carried back and deducted on amended returns. Statistics for net income and adjusted gross income (and for tax) for these years are overstated for this reason.
[13] Notwithstanding the law as outlined in Exhibit A, the income tax data in Statistics of Income for 1942 and 1943 that were used for this article represent only the amounts computed on the income for these years. Therefore, they do not take into account the merging
of taxes for the 2 years and resultant tax write-downs designed to provide relief from concurrent implementation of tax withholding on wages earned in 1943 (and "estimated tax" payments, also during 1943) and payment in 1943 of tax due for 1942.
[14] For 1942-1943, if one spouse filed a separate return on a short form 1040A, the other spouse was also required to do so. For 1944-1950, if one spouse used the "optional tax" and "standard deduction," the other was also required to do so.

Table 1.-Returns with Income: Number of Returns, Income, and Federal Income Tax, By Size of Income, Tax Years 1916-1950
[All figures are estimates-money amounts are in current dollars]


See notes at end of tables.

Table 1;-Returns with Income: Number of Returns, Income, and Federal Income Tax, By Size of Income, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in current dollars]

| Tax year | Total | Size of income |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{aligned} & \text { Undor } \\ & \$ 10,000 \end{aligned}$ | $\begin{gathered} \mathbf{s} \mathbf{s}, 0000 \\ \text { sunder } \\ \mathbf{s i n}, 000 \end{gathered}$ | $\begin{aligned} & \$ 15,0000 \\ & \mathbf{c} 4125000 \\ & \$ 25,000 \end{aligned}$ | $\begin{aligned} & \$ 25,000 \\ & \mathbf{u n c o r} \\ & \$ 50,000 \end{aligned}$ | $\begin{aligned} & \$ 50,000 \\ & \text { under } \\ & \mathbf{s 7 5}, 000 \end{aligned}$ | $\begin{aligned} & \$ 75.000 \\ & \text { sinder } \\ & \mathbf{s} 100.000 \end{aligned}$ | $\begin{aligned} & \$ 100.000 \\ & \text { under } \\ & \$ 250.000 \end{aligned}$ |  | $\begin{aligned} & \$ 500,000 \\ & \mathbf{u n d o r} \\ & \$ 750,000 \end{aligned}$ |  | $\begin{gathered} \$ 1,000,000 \\ o \\ \text { more } \end{gathered}$ |
| 1916 |  |  |  |  | (5) | (6) | (7) | (8) | ${ }^{(9)}$ | (10) | (11) | (12) |
|  | Part III - Federal income tax (in thousand dollars) |  |  |  |  |  |  |  |  |  |  |  |
|  | 173,387 | 7.077 | 4,829 | 6,808 | 11,603 | 8,693 | 7.606 | 29,960 | 24,422 | 12,681 | 8,221 | 51,487 |
| 1917............................... | 675,249 | 71,447 | 32,680 | 48,015 | 76,593 | 49,978 | 35,049 | 123,034 | 69,678 | 36,854 | 22,495 | 109,425 |
| 1918. | 1,127,722 | 237,884 | 59,956 | 82,493 | 130,241 | 83,440 | 63,989 | 198.594 | 112.407 | 47,388 | 22,446 | 88,885 |
| 1919 | 1,269,630 | 220,407 | 67.264 | 97.568 | 154,946 | 107.681 | 78,676 | 248,432 | 119,399 | 44,748 | 31,480 | 99,027 |
| 1920 | 1,075,054 | 263.750 | 71,050 | 101,209 | 154,265 | 96,478 | 67,240 | 157,028 | 69,207 | 32,765 | 12,876 | 49.185 |
| 1921........... | 719,387 | 161.662 | 51,807 | 75.080 | 112.910 | 69,037 | 46,674 | 102,754 | 42,932 | 16,316 | 8.796 | 31,420 $\therefore$ |
| 1922. | 861,057 | 165,979 | 49,147 | 74,428 | 125,697 | 85,802 | 58,291 | 149,936 | 63,700 | 26,939 | 11.621 | 49,518 |
| 1923. | 661,666 | 135,298 | 41,200 | 61,910 | 103,601 | 64.495 | 44,383 | 104,223 | 45.269 | 16,083 | 9.416 | 35,788 |
| 1924. | 704,265 | 76,479 | 26,343 | 51,726 | 109,360 | 77,750 | 58.886 | 150,759. | 63,170 | 30,765 | 11,821 | 47.207 |
| 1925 | 734,555 | 33,057 | 22,419 | 51,753 | 120,689 | 85,379 | 62,464 | 158.929 | 79,323 | 34,313 | 19,361 | 66,868 |
| 1926 | 732,471 | 33,551 | 22,756 | 49,709 | 112,797 | 81,725 | 59,222 | 158,082 | 79,070 | 32,966 | 20,700 | 81,893 |
| 1927 | 830,639 | 32,417 | 23,123 | 51,103 | 119,475 | 89,453 | 67,222 | 181,957 | 102,967 | 38,596 | 25,669 | 98,657 |
| 1928. | 1,164,254 | 36,297 | 25,635 | 57,123 | 136,568 | 109,999 | 84,448 | 256,369 | 156,250 | 72,365 | 44,059 | 185,140 |
| 1929. | 1,001,938 | 13,938 | 15,918 | 43,975 | 113,904 | 90,846 | 69,968 | 218,727 | 137,389 | 66.898 | 39,321 | 191,054 |
| 1930......................................... | 476,715 | 27,416 | 16,276 | 33,285 | 72,708 | 51,290 | 36,089 | 96,031 | 48,233 | 22,597 | 11,692 | 61,098 |
| 1931:............................. | 246,127 | 19,672 | 10,845 | 21,052 | 40,096 | 26,249 | 18.531 | 45,231 | 22.108 | 9.783 | 5.674 | 26,886 |
| 1932. | 329,962 | 78,689 | 22,789 | 27,361 | 43,546 | 27.639 | 19,511 | 49,912 | 25,024 | 11,867 | 7.149 | 16,476 |
| 1933...................... | 374.120 | 71,626 | 23,885 | 31,091 | 52,355 | 33.831 | 23,660 | 62,406 | 26,285 | 13,294 | 7.927 | 27,759 |
| 1934............................... | 511,400 | 77,771 | 33,424 | 50,536 | 84,906 | 50.723 | 34,068 | 81,318 | 35,697 | 17,430 | 13,315 | 32,211 |
| 1935 ............................... | 657,439 | 88,961 | 41,394 | 62,360 | 106,671 | 67,484 | 45,332 | 111,430 | 53,985 | 25,017 | 13,306 | 41.500 |
| 1936. | 1,214,017 | 139,929 | 67,754 | 107,858 | 191,339 | 126,323 | 89,722 | 233,535 | 101,472 | 47,987 | 30,958 | 77,138 |
| 1937.............................. | 1,141,569 | 155,733 | 69,287 | 106,422 | 179,395 | 115,222 | 79,285 | 203,280 | 97,331 | 41,095 | 33,061 | 61,458 |
| 1938.: | 726,120 | 131,942 | 53,999 | 76,437 | 115,916 | 66,372 | 45,333 | 106.714 | 48,326 | 23,309 | 14,343 | 43,428 |
| 1939 : | 890,934 | 170,437 | 63,007 | 90,520 | 141,565 | 85,748 | 54,757 | 132,506 | 60,165 | 27,518 | 13,425 | 51,286 |
| 1940. | 1,440,967 | 303,233 | 92,912 | 153,925 | 262.234 | 149,625 | 92,441 | 195,470 | 84,184 | 28,556 | 17,582 | 60,806 |
| -1941. | -3,815,415 | -1,581,041 | 270,831 | 398.230 | 557,671 | 283,967 | 164,408 | 319,712 | 114,299 | 38,720 | 27,000 | 59.535 |
| 1942. | 8,823,041 | 5,115,947 | 513.512 | 698,904 | 930,345 | 460,042 | 268,036 | 501,917 | -174;239 | 64,075 | 34;718 | 61,303 |
| 1943. | 14.449.441 | 9,357,230 | 752,994 | 1,006,474 | 1,321,679 | 635,860 | 349,759 | 648,206 | 199,188 | 75.656 | 36,579 | 65.816 ". |
| 1944. | 16,216,401 | 10,762,902 | 866,922 | 1,152,992 | 1,412,266 | 665,744 | 356,254 | 632.454 | 187,006 | 66,467 | 37,336 | 76,057 |
| 1945-...................................... | 17,050,378 | 10,752,517 | 1,025,393 | 1,394,997 | 1,669,629 | 749,549 | 406,749 | 669,968 | 191,714 | 72,902 | 37,060 | 79,900 |
| $1946{ }^{\circ}$ | 16,075,913 | 9,301,928 | 1,105,837 | 1,476.547 | 1,800,013 | 798.875 | 424,440 | 717,267 | 213,215 | 82,785 | 44,886 | 110,117 |
| 1947. | 18,076,281 | 11,213,748 | 1,172,385 | 1,507.099 | 1,788,766 | 774,767 | 411,683 | 730,606 | 223,216 | 77,700 | 45,049 | 131,263 |
| 1948.................... | 15,441,529 | 8,917,565 | 1,002,044 | 1,210,716 | 1,555,194 | 788,984 | 458,176 | 906,202 | 295,076 | 103,851 | 52.015 | 151.715 |
| 1949...................... | 14,538,141. | 8,717,678 | 951,897 | 1,116,874 | 1,401,017 | 673;453 | 388,912 | 754,181 | 239,209 | 96,429 | 52,036 | 146,459 |
| 1950........................... | 18,374,922 | 10,394,117 | 1,157,379 | 1,373,377 | 1,887,944 | 949,587 | 567.419 | 1,151,498 | 393,170 | 152,615 | 87,266 | 260,550 |

[^4]Table 2.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1916-1950
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Peturns |  | Net income (thousand dollars) | Federal income tax (thousand dollars) | Mean income |  | Average income $\underset{\text { (dollars) }}{\substack{\text { tax } \\ \text { (d) }}}$ | Minimum income cutoff (dollars) | Income share |  | $\begin{aligned} & \text { Returns } \\ & \text { per } \\ & \text { too,000 } \\ & \text { popula- } \\ & \text { tion } \end{aligned}$ | $\begin{gathered} \text { Average } \\ \text { income } \\ \text { tax } \\ \text { rate } \\ \text { (percent) } \end{gathered}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | $\begin{gathered} \text { Percent } \\ \text { of } \\ \text { total } \end{gathered}$ |  |  | Before tax (dollars) | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (collars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Before } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { Atter } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part I-Returns accounting tor top 5 percent of Federal Income tax |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | $9^{2}$ | (') | 565,715 | 87,106 | 62,111,303 | 52,547,772 | 9,563,531 | N/A | . 89 |  |  |  |  |
| 1917. | $22^{2}$ | (1) | 708,539 | 285,366 | 32,121,207 | 19,184,329 | 12,936,878 | N/A | . 89 | 78 58 | 02 | 15.40 40.28 | $\begin{aligned} & 5.00 \\ & 5.00 \end{aligned}$ |
| 1918............................ | 23 | (1) | 587,565 | 380,571 | 25,456,905 | 8,968,241 | 16,488.664 | 12,638,714 | . 89 | 36 | 02 | 64.77 | 5.00 |
| 1919. | 18 | (1) | 566,246 | 374,376 | 31,083,356 | 10,532,447 | 20,550,909 | 12,580,937 | . 83 | 31 | . 01 | 66.12 | 5.00 |
| 1920. | 28 | (') | 396,043 | 253,220 | 13,950,967 | 5,031,062 | 8,919,905 | 5,789,072 | . 78 | 31 | . 02 | 63.94 | 5.00 |
| 1921. | 23 | (1) | 312,360 | 198,473 | 13,808.326 | 5,034,553 | 8,773,773 | 5,841,457 | 65 | 26 | . 02 | 63.54 | 5.00 |
| 1922. | 41 | (1) | 738,967 | 259,906 | 18,021,985 | 11,683,379 | 6,338,605 | 7,980,461 | 1.13 | . 80 | . 03 | 35.17 | 5.00 |
| 1923. | 53 | (1) | 827,054 | 195,318 | 15,742,233 | 12,024,529 | 3,717,703 | 7,723,560 | 1.15 | . 93 | . 04 | 23.62 | 5.00 5.00 |
| 1924. | 36 | (1) | 697,369 | 215,721 | 19,399,852 | 13,398,798 | 6,001,054 | 9,960,769 | 85 | . 62 | . 03 | 30.93 | 5.00 |
| 1925. | 65 | () | 1,440,723 | 226,760 | 22,185,890 | 18,693,985 | 3,491,906 | 11,912,656 | 1.50 | 1.33 | . 05 | 15.74 | 5.00 |
| 1926. | 45 | $\left.{ }^{1}\right)$ | 1,332,779 | 224,114 | 29,472,963 | 24,516,931 | 4,956,032 | 17,151,950 | 1.39 | 1.21 | . 03 | 16.82 | 5.00 |
| $1927 .$. | 61 | (1) | 1,641,987 | 259.574 | 27,137,599 | 22,847,551 | 4,290,048 | 15,774,519 | 1.59 | 1.41 | . 05 | 15.81 | 5.00 |
| 1928 | 54 | (1) | 2,374,333 | 369,808 | 44,012,936 | 37,157,823 | 6,855,113 | 22,188,999 | 1.91 | 1.72 | . 04 | 15.58 | 5.00 |
| 1929 | $35^{2}$ | (1) | 1,858,171 | 319,837 | 53,052,166 | 43,920,578 | 9,131,588 | N/A | 1.52 | 1.33 | . 03 | 17.21 | 5.00 |
| 1930 | 13 | (1) | 952,412 | 154,343 | 71,289,656 | 59,736,807 | 11,552,849 | 25.112,087 | 1.12 | . 98 | . 01 | 16.21 | 5.00 |
| 1931. | 14 | $\left.{ }^{1}\right)$ | 530.025 | 87.094 | 36,594,874 | 30,581,597 | 6,013,277 | 18,588.290 | . 76 | . 66 | . 01 | 16.43 | 5.00 |
| 1932. | 17 | (1) | 259,362 | 122.974 | 15,116,364 | 7,949,090 | 7,167,274 | 8,507,306 | . 49 | . 27 | . 01 | 47.41 | 5.00 |
| 1933............................ | $18^{2}$ | (1) | 305,274 | 150.527 | 16.709.158 | 8,470,066 | 8,239,092 | N/A | . 56 | . 30 | .01 | 49.31 | 5.00 |
| 1934............................. | $22^{2}$ | (1) | 352,424 | 202,568 | 16,334,491 | 6,945,677 | 9,388,815 | N/A | . 56 | . 25 | . 01 | 57.48 | 5.00 |
| 1935. | 25 | ( ${ }^{1}$ | 448,461 | 254,481 | 17,736,990 | 7.672,083 | 10,064,907 | 10,103,001 | . 62 | 29 | . 02 | 56.75 | 5.00 |
| $\begin{aligned} & 1936 \\ & 1937 \end{aligned}$ | 37 40 | (1) | 642,946 582,340 | 468,205 | 17,418,973 | 4,734,170 | 12.684,803 | 9,735,426 | . 67 | . 20 | . 02 | 72.82 | 5.00 |
| 1938. | 40 34 | (1) | 582,340 617,382 | 421,398 269,913 | $14,458,796$ $18,158,462$ | 3,996,002 | 10,462.794 | 8,466,562 | . 62 | . 19 | . 03 | 72.36 | 5.00 |
| 1939. | 31 | (1) | 619,057 | 269,913 | $18,158,462$ $16,567,285$ | $10,219,781$ $5,922,082$ | $7,938,680$ $10,645,203$ | $10,005,009$ $9,784,427$ | . 79 | . 48 | . 03 | 43.72 | 5.00 |
| 1940. | 58 | (1) | 749,342 | 516,566 | 12,963,895 | 4,027,113 | 8,936,782 | 6,798,332 | . 70 | . 24 | . 06 | $\begin{aligned} & 64.25 \\ & 68.94 \end{aligned}$ | $\begin{aligned} & 5.00 \\ & 5.00 \end{aligned}$ |
| 1941. | 278 | 01 | 1,735,191 | 1,089,527 | 6,248,543 | 2,325,080 | 3,923,463 | 3,249,943 | 1.41 | 63 | . 27 | 62.79 | 5.00 |
| 1942. | 557 | . 02 | 2,256,782 | 1,768,832 | 4,048,242 | 875,292 | 3,172,951 | 2,128,519 | 1.72 | 51 | . 41 | 78.38 | 5.00 |
| 1943. | 1.016 | . 03 | 3,035,008 | 2,406,658 | 2,986,855 | 678,380 | 2,368,474 | 1,575,171 | 1.86 | 55 | . 94 | 79.30 | 5.00 |
| 1944. | 1,681 | . 03 | 4,113,752 | 2,822,402 | 2,447,165 | 768,191 | 1,678,975 | 1,275,456 | 1.73 | . 71 | 1.53 | 68.61 | 5.00 |
| 1945. | 2,025 | . 04 | 4,714,637 | 2,960,583 | 2,327,811 | 866,049 | 1,461,762 | 1,211,406 | 1.99 | . 99 | 1.81 | 62.80 | 5.00 |
| 1946. | 1,704 | . 04 | 4,558,271 | 2,682,039 | 2,674,842 | 1,100,993 | 1,573,849 | 1,320,849 | 1.96 | 1.05 | 1.49 | 58.84 | 5.00 |
| 1947. | 1.454 | . 04 | 3,784,515 | 2,283,259 | 2,602,866 | 1,032,514 | 1,570,351 | +,260,624 | 2.00 | 1.04 | 1.26 | 60.33 | 5.00 |
| 1948 | 1.177 | . 03 | 3,543,675 | 2,022,057 | 3,011,949 | 1,293,301 | 1,718,648 | 1,544,738 | 1.57 | . 82 | 1.00 | 57.06 | 5.00 |
| 1949 | 1,064 | . 02 | 3,373,452 | 1,912,754 | 3,171,038 | 1,373,053 | 1,797,985 | 1,508,088 | 1.48 | . 77 | . 89 | 56.70 | 5.00 |
| 1950 | 1,067 | . 02 | 4,363.548 | 2,543,260 | 4,087,994 | 1,705,339 | 2,382,655 | 1,988,411 | 1.56 | . 79 | . 89 | 58.28 | 5.00 |
|  | Part II - Returns accounting for top 10 percent of Federal Income tax |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 39 | . 01 | 63,285,233 | 1,742,110 | 1,635,883,949 | 1,590,851,479 | 45,032,470 | N/A | 1.82 | 100.00 | . 03 | 2.75 | 10.00 |
| 1917. | 43 | . 01 | 1,495,137 | 570,731 | 34,497,965 | 21,329,226 | 13,168,739 | 16,614,860 | 1.82 | 1.26 | . 03 | 38.17 | 10.00 |
| 1918 | 98 | . 01 | 1,198,287 | 761.142 | 12,223,290 | 4,459,157 | 7,764,133 | 5,801,778 | 1.82 | . 75 | . 08 | 63.52 | 10.00 |
| 1919 | 99 | . 01 | 1,164,175 | 748,753 | 11,755,293 | 4,194,737 | 7,560,556 | 5,294,426 | 1.70 | . 68 | . 08 | 64.32 | 10.00 |
| 1920 | 148 | . 02 | 836,771 | 506,440 | 5,665,234 | 2,236,457 | 3,428,777 | 2,810,326 | 1.65 | . 73 | . 11 | 60.52 | 10.00 |
| 1921. | 117 | . 01 | 658,420 | 396,945 | 5,604,561 | 2,225,707 | 3,378,854 | 2,634,040 | 1.37 | . 59 | . 09 | 60.29 | 10.00 |
| 1922 | 184 | . 02 | 1,475,532 | 519,812 | 8,021,925 | 5,195,900 | 2,826,025 | 3,736,249 | 2.26 | 1.59 | . 14 | 35.23 | 10.00 |
| 1923. | 211 | . 02 | 1,575,767 | 390,636 | 7,475,062 | 5,621,978 | 1,853,084 | 3,254,648 | 2.18 | 1.74 | 16 | 24.79 | 10.00 |
| 1924. | 169 | . 01 | 1,474,576 | 431,442 | 8,722,645 | 6,170,514 | 2,552.130 | 4,252,284 | 1.79 | 1.33 | 13 | 29.26 | 10.00 |
| 1925 | 244 | . 02 | 2,863,303 | 453,520 | 11,732,044 | 9,873,801 | 1,858,243 | 5,738,041 | 2.98 | 2.63 | . 18 | 15.84 | 10.00 |
| 1926. | 177 | 01 | 2,698,366 | 448.227 | 15,243,963 | 12,711,778 | 2,532,186 | 7,399,578 | 2.82 | 2.47 | . 13 | 16.61 | 10.00 |
| 1927............................ | 204 | . 01 | 3,192,747 | 519.147 | 15,678,842 | 13,129,430 | 2,549,412 | 7,749,279 | 3.09 | 2.73 | . 15 | 16.26 | 10.00 |
| 1928. | 192 | 01 | 4,444,093 | 739,615 | 23,107,501 | 19,261,799 | 3,845,702 | 11,513,514 | 3.58 | 3.17 | . 14 | 16.64 | 10.00 |
| 1929 | 119 | . 01 | 4,088,405 | 639,674 | 34,383,575 | 29,003,902 | 5,379,673 | 15,537,928 | 3.34 | 2.97 | . 08 | 15.65 | 10.00 |
| 1930. | 80 | . 01 | 1,825,658 | 308,686 | 22,804,069 | 18,948,305 | 3,855,764 | 9,012,827 | 2.16 | 1.86 | . 05 | 16.91 | 10.00 |
| 1931. | 61 | (1) | 1,072,143 | 174,188 | 17,606,143 | 14,745,729 | 2,860.414 | 8,270,452 | 1.55 | 1.33 | . 04 | 16.25 | 10.00 |
| 1932. | 78 | . 01 | 625.817 | 245,948 | 8,038,885 | 4,879,585 | 3,159,300 | 4,646,004 | 1.19 | . 76 | . 05 | 39.30 | 10.00 |
| 1933. | 75 | . 01 | 916.917 | 301,054 | 12,294,876 | 8,258,063 | 4,036,813 | 6,379,463 | 1.68 | 1.19 | . 07 | 32.83 | 10.00 |
|  | 73 | . 01 | 741,822 | 405,136 | 10,196,527 | 4,627,825 | 5,568,701 | 5,560,467 | 1.17 | . 57 | . 07 | 54.61 | 10.00 |
| 1935............................ | 95 | . 01 | 925,031 | 508,962 | 9,785,948 | 4,401,619 | 5,384,329 | 5,229,611 | 1.29 | . 62 | . 09 | 55.02 | 10.00 |
| 1936. | 137 | . 01 | 1,348,503 | 936,410 | 9,830,193 | 3,004,039 | 6,826,154 | 5,480,283 | 1.40 | 47 | . 13 | 69.44 | 10.00 |
| 1937. | 140 | . 01 | 1,218,759 | 842,796 | 8,685,123 | 2,679.187 | 6.005,937 | 4,964,314 | 1.29 | 44 | . 13 | 69.15 | 10.00 |
| 1938 | 113 | . 01 | 1,139,012 | 539,825 | 10,106,396 | 5,316,555 | 4,789,840 | 4,807,361 | 1.46 | . 82 | . 10 | 47.39 | 10.00 |
| 1939 | 120 | . 01 | 1,058.770 | 667,034 | 8,788,043 | 3,251,503 | 5,536,540 | 4,353,453 | 1.09 | . 43 | . 11 | 63.00 | 10.00 |
| 1940. | 254 | . 01 | 1,592.519 | 1,033,132 | 6,262,185 | 2,199,652 | 4,062,533 | 3,075,091 | 1.49 | . 58 | . 23 | 64.87 | 10.00 |
| 1941. | 1,168 | . 05 | 3,564,107 | 2,179,055 | 3,052,586 | 1,186,269 | 1,866,316 | 1,489,648 | 2.89 | 1.36 | 1.02 | 61.14 | 10.00 |
| 1942. | 2,249 | . 09 | 4,653,602 | 3,537,663 | 2,069,217 | 496,200 | 1,573,016 | 1,067,823 | 3.55 | 1.17 | 1.67 | 76.02 | 10.00 |
| 1943. | 4,041 | . 13 | 6,289,196 | 4,813,317 | 1,556,487 | 365,259 | 1.191,228 | 834,897 | 3.86 | 1.28 | 3.44 | 76.53 | 10.00 |
| 1944. | 6.741 | . 13 | 8,584,676 | 5,644,805 | 1,273,430 | 436,093 | 837,337 | 682,802 | 3.61 | 1.62 | 5.66 | 65.75 | 10.00 |
| 1945. | 7.939 | . 16 | 9,683,180 | 5,921,166 | 1,219,621 | 473,835 | 745,786 | 651,666 | 4.08 | 2.11 | 6.59 | 61.15 | 10.00 |
| 1946. | 7.147 | . 16 | 9,378,702 | 5,364,077 | 1,312,210 | 561,701 | 750.508 | 674.747 | 4.02 | 2.24 | 5.87 | 57.19 | 10.00 |
| 1947. | 6,265 | 17 | 7,800,109 | 4,566,519 | 1,244,943 | 516,100 | 728,843 | 630,754 | 4.11 | 2.25 | 5.09 | 58.54 | 10.00 |
| 1948. | 5,085 | . 11 | 7,528,590 | 4,044,114 | 1,480,622 | 685,280 | 795,342 | 772,230 | 3.33 | 1.87 | 4.10 | 53.72 | 10.00 |
| 1949. | 5,073 | . 11 | 7,282,474 | 3,825,508 | 1,435,493 | 681,424 | 754,069 | 733,046 | 3.20 | 1.83 | 4.06 | 52.53 | 10.00 |
| 1950............................ | 5,041 | . 09 | 9,210,024 | 5,086,519 | 1,826,973 | 817,971 | 1,009,002 | 898,570 | 3.29 | 1.80 | 4.01 | 55.23 | 10.00 |

[^5]Table 2.-Returns with Income $\mathbf{\$ 2 5 , 0 0 0}$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | Not income (thousand dolars) | Federal income tax. (thousand doltars) | Mean income |  | Average income $\stackrel{\text { tax }}{\text { (dotars) }}$ | Minimum income cutof (dollars) | Income share |  | $\begin{aligned} & \text { Returns } \\ & \text { per } \\ & \text { 100,000 } \\ & \text { population } \end{aligned}$ | Average income tax rate (percent) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number. | Percent of total |  |  | $\begin{gathered} \text { Betore } \\ \text { tax } \\ \text { (dollars) } \end{gathered}$ | $\begin{aligned} & \text { Atter } \\ & \text { ftax } \\ & \text { (dollars) } \end{aligned}$ |  |  | $\begin{aligned} & \text { Before } \\ & \text { tax } \\ & \text { (percent) } \end{aligned}$ | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3)* | (4) | (5) | (6) ${ }^{\circ}$ | (7) | ${ }^{(8)}$ | (9) | (10) | (11) | (12) | (13) |
|  | Part III - Returns accounting for top 15 percent of Federal Income tax |  |  |  |  |  |  |  |  |  |  |  |  |
| $1916 .$ | 40 | . 01 | 2,132,839 | 261,317 | 53,175,765 | 46,660,642 | 6,515,123 | 27,522,812 | 3.37 | 3.04 | . 03 | 12.25 | 15.00 |
| 1917. | 111 | . 01 | 2,353,823 | 856,097 | 21,139,578 | 13,451,009 | 7,688,569 | 9,850,059 | 2.97 | 2.04 | . 08 | 36.37 | 15.00 |
| 1918. | 239 | . 02 | 1,844,014 | 1,141,713 | 7.728,615 | 2,943,479 | 4,785,136 | 3,697,028 | 2.81 | 1.21 | . 18 | 61.91 | 15.00 |
| 1919 | 261 | . 02 | 1,802,124 | 1.123,129 | 6,913,793 | 2,604,942 | 4,308,851 | 3,131,613 | 2:63 | 1.11 | . . 19 | 62.32 57.78 | 15.00 |
| 1920. | . 375 | . $04{ }^{\circ}$ | 1,314,767 | 759,660 | 3,509,869 | 1,481,900 | 2,027,968 | 1,691,108 | 2.60 | 1.22 | . 28 | 57.78 | 15.00 |
| 1921. | 311 | . 04 | 1,050,375 | 595,418 | 3,380,050 | 1,464,026 | 1,916,023 | 1,582,772 | 2.18 | 1.03 | 23 | 56.69 | 15.00 |
| 1922 | 430 | . 04 | 2,170,435 | 779,718 | 5,044,259 | 3,232,134 | 1,812,124 | 2,224,977 | 3.32 | 2.31 | 32 | 35.92 | 15.00 ? : |
| 1923. | 518 | . 04 | 2,343,976 | 585,954 | 4,522,086 | 3,391,642 | 1,130,444 | 1,992,349 | 3.25:; | 2.58 | 37 | 25.00 | 15.00 |
| 1924. | 402 | . 03 | 2,272,601 | 647.162 | 5,649,802 | 4.040,923 | 1,608,878 | 2,783,470 | 2.75 | 2.08 | . 28 | 28.48 | 15.00 |
| 1925. | 553 | . 04 | 4,243,941 | 680.280 | 7,667,882 | 6,438,764 | 1,229,118 | 3,603,926 | $4.42^{+}$ | 3.89 | . 38 | 16.03 | 15.00 |
| 1926. | 422 | . 03 | 4,042,368 | 672,341 | 9,571,370 | 7,979,425 | 1,591,945 | 4,269,453 | 4.22 | 3.69 | 28 | 16.63 | 15.00 |
| 1927. | 455 | . 03 | 4,697,314 | 778,721 | 10,320,937 | 8,609,932 | 1,711,005 | 4,789,437 | 4.55 | 4.00 | $\therefore 30$ | 16.58 | 15.00 |
| 1928. | 443 | . 03 | 6,648,478 | 1,109,423 | 14,998,858 | 12,496,019 | 2,502,840 | 6,982,530 | 5.35 | 4.74 | . 43 | 16.69 | 15.00 |
| 1929. | 289 | . 02 | 6,059,160 | 959,511 | 20,932,668 | 17,617.832 | 3,314,837 | 9,375,446 | 4.95 | 4.40 280 | 28 | 15.84 16.84 | $15.00$ |
| 1930 | 216 | 02 | 2,748,940 | 463,030 | 12,704,742 | 10,564,764 | 2,139,978 | 5,180,892 | 3.25 | 2.80 | . 21 | 16.84 | 15.00 |
| 1931. | 158 | . 01 | 1,659,325 | 261,282 | 10,515,903 | 8,860,042 | -1,655,861 | 4,543,296 | 2.39 | 2.07 | . 15 | 15.75 | $15.00 . \therefore$ |
| 1932. | 176 | . 02 | 981,353 | 368.921 | 5,585,887 | 3,485,977 | 2,099,909 | 2,932,885 | 1.86 | 1.22 | . 17 | 37.59 | 15.00 |
| 1933. | 158 | . 02 | 1,322,474 | 451,581 | 8,372,050 | 5,513,272 | 2,858,778 | 3,753,282 | 2.42 | 1.68 | . 15 | 34.15 | 15.00 |
| 1934............................ | 173 | . 02 | 1,149,839 | 607,705 | 6,653,829 | 3,137,194 | 3,516,634 | 3,064,106 | 1.82 | 92 | . 16 | 52.85 | 15.00 |
| 1935. | 222 | 02 | 1,434,580 | 763,442 | 6,462,509 | 3,023,348 | 3.439,161 | 3,213,402 | 2.00 | 1.00 | . 20 | 53.22 | 15.00 |
| 1936. | 317 | . 02 | 2,105,735 | 1,404,615 | 6,651,260 | 2,214,587 | . $4,436,673$ | 3,356,963 | 2.18 | . 80 | 28 | 66.70 | 15.00 |
| 1937. | 327 | 02 | 1,911,865 | 1,264,194 | 5,855,164 | 1,983,519 | 3,871,646 | 3,000,035 | 2.02 | 75 | . 28 | 66.12 | 15.00 |
| 1938. | 262 | . 02 | 1,663,027 | - 809,738 | 6,352,911 | 3,259,642 | 3,093,270 | 2,744,920 | 2.12 | 1.17 | . 22 | 48.69 | 15.00 |
| 1939 | 302 | . 02 | 1,659,155 | 1,000,551 | 5.489,426 | 2,179,035 | 3,310,391 | 2,557,136 | 1.70 232 | . 72 | . 25 | 60.30 62.73 | 15.00 15.00 |
| 1940 | 632 | . 03 | 2,470,385 | 1,549,698 | 3,908,468 | 1,456,647 | 2,451,822 | 1,863,052 | 2.32 | . 96 | . 52 | 62.73 | 15.00 |
| 1941. | 2.817 | . 12 | 5.525,671 | $1,5,268,582$ $5,306,495$ | $1,961,336$ $+1,369,491$ | 801,153 373,806 | $1,160,183$ 995,685 | $1,040,466$ 714,304 | $\begin{array}{r}4.47 \\ \hline 5.57 \\ \hline\end{array}$ | 2.22 2.08 | 2.31 3.96 | $\begin{aligned} & 59.15 \\ & 72.70 \end{aligned}$ | $\begin{aligned} & 15.00 \\ & 15.00 \end{aligned}$ |
| 1942 | 5.329 | - 22 | 7,298,692 | -5,306,495 | 1,369,491- | $\begin{array}{r}\text { 373,806 } \\ \hline 280,325\end{array}$ | -995,685 | $\begin{array}{r}714,304 \\ \hline 573,527 \\ \hline\end{array}$ | 5.47 -6.01 | 2.08 2.25 | 3.96 7.43 |  |  |
| 1943. | 9,213 | . 29 | 9,802,592 | 7,219,975 | 1,064,002 | 280,325 321,476 | 783,678 542,829 | 573,527 466,690 | 6.01 5.67 | 2.25 2.76 | $\begin{array}{r}7.43 \\ 12.49 \\ \hline\end{array}$ | 73.65 62.81 | 15.00 |
| 1944. | 15,598 | . 37 | 13,481,683 | $8,467,207$ $8,881,749$ | 864,305 | 321,476 342,882 | 542,829 495,926 | 466,690 456,757 | 5.67 6.33 | 2.76 3.45 | 14.26 | 59.12 | 15.00 15.00 |
| 1945. | 17,909 | 37 | 15,022,563 | 8,881,749 | 838,807 | 342,882 | 495,926 | 456,757 |  | 3.45 |  |  |  |
| 1946 | 16,521 | . 37 | 14,519,201 | 8,046,116 | 878,823 | 391,805 | 487.018 | 464,429 | 6.23 | 3.61 | 13.07 | 55.42 | 15.00 |
| 1947 | 14.809 | . 41 | 12.129,990 | 6,849,778 | 819,084 | 356,549 | 462,535 | 425,498 | 6.40 | 3.67 | 11.64 | 56.47 | 15.00 |
| 1948.......................... | 12.422 | . 27 | 12,057,665 | 6,066,170 | 970,644 | 482,316 | 488,328 | 516,272 | 5.33 | 3.22 | 9.70 | 50.31 | 15.00 |
| 1949............................ | 12,850 | . 27 | 11,761,962 | 5,738,262 | 915,302 | 468,757 | 446,545 | 475,681 | 5.17 | 3.18 | 9.98 | 48.79 | 15.00 |
| 1950. | 12,836 | . 22 | 14,643,840 | 7,629,779 | 1,140,873 | 546.452 | 594.421 | 570,409 | 5.23 | 3.06 | 9.89 | 52.10 | 15.00 |
|  |  |  |  |  | - Ret | accou | top | arcent of | ral Inc |  |  |  |  |
| 1916 | 77 | . 02. | 2,952,175 | 348,422 | 38,531,138 | 33,983,611 | 4,547,527 | 18,330,144 | 4.66 | 4.23 | . 06 | 11.80 | 20.00 |
| 1917........................... | 238 | . 02 | 3,338,582 | 1,141,463 | 14,010,187 | 9,220,099 | 4,790,088 | 6,308,383 | 4.21 | 2.99 | . 18 | 34.19 | 20.00 |
| 1918............................ | 463 | . 04 | 2,526,688 | 1,522,284 | 5,456,650 | 2,169,118 | 3,287,532 | 2,617,931 | 3.84 | 1.73 | 33 | 60.25 | 20.00 |
| 1919 | 526 | 05 | 2,482,836 | 1,497,506 | 4,715,949 | 1,871,556 | 2,844,392 | 2,139,634 | 3.63 | 1.62 | .37 | 60.31 | 20.00 |
| 1920 | 762 | . 09 | 1,853,697 | 1,012,880 | 2,433,044 | 1,103,603 | .1,329,441 | 1,172,158 | 3.66 | 1.85 | . 52 | 54.64 | 20.00 - |
| 1921 | 665 | . 08 | 1,512,367 | 793.891 | 2,272,539 | 1,079,609 | .1,192,930 | 1,112,247 | 3.14 | 1.62 | 45 | 52.49 | 20.00 |
| 1922 | 847 | . 08 | 2,926,052 | 1,039,623 | 3,453,166 | 2,226,259 | 1,226,907 | 1,518,340 | 4.47 | 3.13 | . 56 | 35.53 | 20.00 |
| 1923........................... | 1.014 | . 08 | 3,139,852 | 781,272 | 3,096,558 | 2,326,059 | 770,500 | 1,341,517 | 4.35 | 3.46 | . 99 | 24.88 | 20.00 |
| 1924........................... | 760 | . 05. | 3,089,441 | 862,883 | 4,065,330 | 2,929,880 | 1,135,450 | 1,945,468 | 3.74 | 2.85 | 74 | 27.93 | 20.00 |
| 1925:,........................ | 1,024 | . 07 | 5,628,179 | 907.039 | 5,494,597 | 4,609,086 | 885,511 | 2,487,553 | 5.86 | 5.16 | 99 | 16.12 | 20.00 |
| 1926............................ | 816 | 06 | 5,381,870 | 896,455 | 6,594,658 | 5,496.190 | 1,098,468 | 2,847,790 | 5.62 | 4.91 | 78 | 16.66 | 20.00 |
| 1927 | 865 | . 06 | 6,236,613 | 1,038,294 | 7.212,041 | 6,011,354 | 1,200,687 | 3,116,978 | 6.04 | 5.30 | 81 | 16.65 | 20.00 |
| 1928. | 823 | . 05 | 8,819,968 | 1,479,230 | 10,720,123 | -8,922,211 | 1,797.913 | 4,749,090 | 7.10. | 6.28 | . 76 | 16.77 | 20.00 |
| 1929... ........................ | 571 | . 04 | 8,120,458 | 1,279,348 | 14,231,543 | 11,989,416 | 2,242,127 | 6,038,380 | 6.63 | 5.90 | . 52 | 15.75 | 20.00 |
| 1930........................... | 451 | 03 | 3,697,742 | 617,373 | 8,205,556 | 6,835,561 | 1,369,994 | 3,357,154 | 4.37 | 3.78 | 40 | 16.70 | 20.00 |
| 1931. | 308 | . 02 | 2,199,172 | 348,375 | 7,149,120 | 6.016.613 | 1,132,507 | 2,943,908 | 3.17 | 2.74 | 27 | 15.84 | 20.00 |
| 1932 | 336 | . 03 | 1,362,036 | 491,895 | 4,059,227 | 2.593.249 | 1,465,977 | 1;967,241 | 2.58 | 1.73 | . 29 | 36.11 | 20.00 |
| 1933 | 321 | . 03 | 1,793,710 | 602.108 | 5,594,835 | 3,716.774 | 1,878,060 | 2,286,336 | 3.28 | 2.30 | . 27 | 33.57 | 20.00 |
| 1934 | 359 | . 03 | 1,598.290 | 810,273 | 4,446,041 | 2,192,066 | 2,253,975 | 2,040,504 | 2.53 | 1.33 | . 30 | 50.70 | 20.00 |
| 1935 . | 436 | . 03 | 1,982,420 | 1,017,923 | 4,547,344 | 2,212,397 | 2,334,947 | 2,139,129 | 2.76 | 1.44 | . 36 | 51.35 | 20.00 |
| 1936. | 627 | 04 | 2,942,065 | 1,872,820 | 4,693,750 | 1,705,866 | 2,987,884 | 2,226,945 | 3.05 | 1.23 | . 51 | 63.66 | 20.00 |
| 1937. | 638 | 04 | 2,673,706 | 1,685,592 | 4,191,580 | 1,549,070 | 2,642,510 | 2,067.081 | 2.83 | 1.15 | . 52 | 63.04 | 20.00 |
| 1938 .-.......... | 520 | 04 | 2,216,548 | 1,079,650 | 4,259,212 | 2,184,608 | 2,074,604 | 1,757,571 | 2.83 | 1.56 | . 42 | 48.71 | 20.00 |
| 1939. | . 624 | . 03 | 2,313,558 | 1,334,068 | 3,710,075 | 1.570.732 | 2,139,343 | 1,685,963 | 2.37 | 1.08 | . 50 | 57.66 | 20.00 |
| 1940 . | 1,265 | . 06 | 3,424.984 | 2,066.263 | 2,706,457 | 1,073,675 | 1,632,782 | 1,271,109 | 3.21 | 1.41 | 1.01 | 60.33 | 20.00 |
| 1941 | 5,269 | . 23 | 7,721,315 | 4,358,110 | 1,465,491 | 638,330 | 827,161 | 707,569 | 6.25 | 3.31 | 4.17 | 56.44 | 20.00 |
| 1942. | 10,034 | 42 | 10.165.501 | 7,075,326 | 1,013,123 | 307,976 | 705,147 | 531,479 | 7.75 | 3.23 | 7.45 | 69.60 | 20.00 |
| 1943 ........................... | 17,107 | . 54 | 13,681;084 | 9,626,634 | 799,725 | 237,002 | 562,723 | 430,314 | 8.39 | 3.53 | 13.36 | 70.36 | 20.00 |
| 1944............................ | 29,089 | . 56 | 18,882,729 | 11,289,609 | 649.143 | 261,033 | 388.110 | 350,162 | 7.94 | 4.19 | 22.58 | 59.79 | 20.00 |
| 1945.......................... | 32,527 | 67 | 20,793,602 | 11,842,331 | 639,269 | 275.194 | 364,075 | 347,505 | 8.76 | 5.03 | 25.05 | 56.95 | 20.00 |
| 1946. | 30,451 | . 68 | 20,101,291 | 10,728,154 | 660,114 | 307,808 | 352,306 | 351,966 | 8.62 | 5.22 | 23.27 | 53.37 | 20.00 |
| 1947. | 27,720 | 76 | 16,842,499 | 9,133,038 | 607,601 | 278,123 | 329,479 | 319,751 | 8.88 | 5.35 | 20.93 | 54.23 | 20.00 |
| 1948 | 23,593 | . 52. | 16,965,805 | 8,088,227 | 719,104 | 376,281 | 342,824 | 382,382 | 7.50 | 4.78 | 17.65 | 47.67. | 20.00 20.00 |
| 1949 | 25,243 | . 53 | 16,748,924 | 7,651,016 | 663.504 | 360,411 | 303,093 | 348,386 | 7.36 | 4.81 | 18.75 | 45.68 | 20.00 |
| 1950 . | 25.232 | .44: | 20,563,947 | 10,173,038 | 814.991 | 411,813 | 403,178 | 411.418 | 7.35 | 4.54 | 18.68 | 49.47 | 20.00 |

[^6]Table 2.-Returns with Income $\$ \mathbf{2 5 , 0 0 0}$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | $\begin{gathered} \text { Net } \\ \text { income } \\ \text { (thoussand } \\ \text { dollars) } \end{gathered}$ | Federal income tax (thousand dollars) | Mean income |  | Average income $\operatorname{tax}$ <br> (dollars) | Minimum income cutoff (doltars) | Income share |  | $\begin{aligned} & \text { Returns } \\ & \text { per } \\ & 100,000 \\ & \text { poputation } \end{aligned}$ | Averaga income tax (percent) | Incometaxshare(percent) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | $\begin{aligned} & \text { Percent } \\ & \text { of } \\ & \text { totas } \end{aligned}$ |  |  | Betore tax (dollars) | $\begin{gathered} \text { Ater } \\ \text { tax } \\ \text { (dollars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Betore } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (1) | (12) | (13) |
|  | Part V - Returns accounting for top $\mathbf{2 5}$ percent of Federal Income tax |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 131 | . 03 | 3,795,838 | 435,528 | 29,023,829 | 25,693,687 | 3,330,142 | 13,455,699 | 6.00 | 5.46 | 09 | 11.47 | 25.00 |
| 1917... | 441 | . 04 | 4,397,450 | 1,426,828 | 9,968,089 | 6,733,772 | 3,234,317 | 4,372,263 | 5.55 | 4.04 | 29 | 32.45 | 25.00 |
| 1918. | 796 | . 07 | 3,261,718 | 1,902,855 | 4,098,192 | 1,707,346 | 2,390,846 | 1,903,538 | 4.96 | 2.34 | 78 | 58.34 | 25.00 |
| 1919 | 934 | . 08 | 3,228,241 | 1,871,882 | 3,456,023 | 1,452,063 | 2,003,961 | 1,580,105 | 4.72 | 2.23 | . 90 | 57.98 | 25.00 |
| 1920. | 1,397 | . 17 | 2,476,159 | 1,266,100 | 1,772,252 | 866,071 | 906,181 | 839,514 | 4.89 | 2.66 | 1.35 | 51.13 | 25.00 |
| 1921. | 1,241 | . 14 | 2,057,221 | 992.364 | 1,657,385 | 857.895 | 799.491 | 824,511 | 4.27 | 2.41 | 1.19 | 48.24 | 25.00 |
| 1922. | 1,381 | . 13 | 3,627,211 | 1,299,529 | 2,626,327 | 1,685,387 | 940,940 | 1,163,854 | 5.55 | 3.87 | 1.30 | 35.83 | 25.00 |
| 1923. | 1,745 | . 14 | 3,969,650 | 976,590 | 2,275,474 | 1,715,675 | 559,799 | 991,215 | 5.50 | 4.39 | 1.61 | 24.60 | 25.00 |
| 1924... | 1,274 | . 09 | 3,930,655 | 1,078,604 | 3,085,253 | 2,238,635 | 846,619 | 1,429,041 | 4.76 | 3.65 | 1.16 | 27.44 | 25.00 |
| 1925. | 1,685 | . 12 | 7,008,552 | 1,133,799 | 4,160,605 | 3,487,528 | 673,076 | 1,803,919 | 7.29 | 6.42 | 1.50 | 16.18 | 25.00 |
| 1926. | 1,396 | . 10 | 6.764,702 | 1,120,569 | 4,844,429 | 4,041,952 | 802.477 | 2,028,851 | 7.06 | 6.18 | 1.22 | 16.56 | 25.00 |
| 1927. | 1,434 | . 10 | 7,749,457 | 1,297,868 | 5,402,939 | 4,498,063 | 904,876 | 2,307,555 | 7.51 | 6.58 | 1.24 | 16.75 | 25.00 |
| 1928. | 1,352 | . 09 | 10,926,730 | 1,849,038 | 8,083,952 | 6.715,974 | 1,367,979 | 3,417,488 | 8.80 | 7.77 | 1.15 | 16.92 | 25.00 |
| 1929. | 973 | . 06 | 10,147,208 | 1,599,185 | 10,423,995 | 8,781,189 | 1,642,806 | 4,278,871 | 8.29 | 7.37 | . 82 | 15.76 | 25.00 |
| 1930. | 807 | . 06 | 4,664,160 | 771,716 | 5,779,079 | 4,822,892 | 956,187 | 2,287,011 | 5.51 | 4.77 | . 67 | 16.55 | 25.00 |
| 1931. | 559 | . 04 | 2,804,044 | 435,469 | 5,018,928 | 4,239,486 | 779,442 | 1,999,279 | 4.04 | 3.50 | . 46 | 15.53 | 25.00 |
| 1932 | 620 | . 06 | 1,829,128 | 614,869 | 2,949,251 | 1,957,848 | 991,403 | 1,406,292 | 3.47 | 2.42 | . 50 | 33.62 | 25.00 |
| 1933 | 578 | . 06 | 2,293,746 | 752,635 | 3,967,577 | 2,665,716 | 1,301,861 | 1,666,730 | 4.19 | 2.98 | . 47 | 32.81 | 25.00 |
| 1934. | 639 | . 06 | 2,085,459 | 1,012,841 | 3,266,145 | 1,679,882 | 1,586,263 | 1,517,005 | 3.30 | 1.81 | . 51 | 48.57 | 25.00 |
| 1935. | 768 | . 06 | 2,581,438 | 1,272,404 | 3,361,723 | 1,704,713 | 1,657,010 | 1,557,294 | 3.59 | 1.96 | . 61 | 49.29 | 25.00 |
| 1936. | 1.113 | . 07 | 3,864,782 | 2,341,025 | 3,470,900 | 1,368,462 | 2,102,438 | 1,653,530 | 4.00 | 1.75 | . 88 | 60.57 | 25.00 |
| 1937. | 1.118 | . 07 | 3,515,336 | 2,106,990 | 3,145,432 | 1,260,151 | 1,885,281 | 1,516.685 | 3.72 | 1.63 | . 88 | 59.94 | 25.00 |
| 1938. | 928 | . 06 | 2,820,398 | 1,349,563 | 3,039,429 | 1,585,059 | 1,454,370 | 1,261,784 | 3.60 | 2.02 | . 72 | 47.85 | 25.00 |
| 1939 | 1,136 | . 06 | 3,047,820 | 1,667,585 | 2,683,634 | 1,215,310 | 1,468,325 | 1,237,558 | 3.12 | 1.52 | . 88 | 54.71 | 25.00 |
| 1940 | 2,246 | . 11 | 4,491,770 | 2,582,829 | 2,000,216 | 850,064 | 1,150,152 | 953,594 | 4.21 | 1.98 | 1.73 | 57.50 | 25.00 |
| 1941. | 8.767 | .39 | 9,895,198 | 5,447.637 | 1,128,632 | 507,283 | 621,350 | 552,029 | 8.01 | 4.37 | 6.70 | 55.05 | 25.00 |
| 1942. | 16,761 | . 69 | 13,301,590 | 8,844,158 | 793,609 | 265,943 | 527,667 | 414,418 | 10.14 | 4.65 | 12.45 | 66.49 | 25.00 |
| 1943 | 28,221 | . 90 | 17,890,802 | 12,033,292 | 633,945 | 207,556 | 426,389 | 338,361 | 10.97 | 5.10 | 21.11 | 67.26 | 25.00 |
| 1944. | 48,183 | . 92 | 24,754,839 | 14,112,011 | 513,769 | 220,884 | 292,885 | 273,184 | 10.41 | 5.87 | 35.79 | 57.01 | 25.00 |
| 1945. | 52,850 | 1.09 | 27,029,163 | 14,802,914 | 511,433 | 231,339 | 280,093 | 274,813 | 11.39 | 6.87 | 39.12 | 54.77 | 25.00 |
| 1946. | 49,714 | 1.11 | 26,120,507 | 13,410.193 | 525,414 | 255,668 | 269,746 | 281,220 | 11.21 | 7.08 | 37.12 | 51.34 | 25.00 |
| 1947. | 45,743 | 1.26 | 21,933,660 | 11,416,297 | 479,501 | 229,924 | 249,576 | 253,039 | 11.56 | 7.30 | 34.28 | 52.05 | 25.00 |
| 1948. | 40,055 | . 88 | 22,470,976 | 10,110,284 | 561,007 | 308,595 | 252.412 | 297,241 | 9.93 | 6.65 | 28.47 | 44.99 | 25.00 |
| 1949. | 43.699 | . 92 | 22,339,633 | 9,563,771 | 511,215 | 292,360 | 218,855 | 267,838 | 9.82 | 6.75 | 30.33 | 42.81 | 25.00 |
| 1950 | 43,836 | . 76 | 27,199,141 | 12,716,298 | 620,469 | 330,384 | 290,085 | 313,977 | 9.72 | 6.32 | 29.88 | 46.75 | 25.00 |
|  | Part VI - Returns accounting for top 30 percent of Federal Income tax |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 212 | . 05 | 4,727,865 | 522,633 | 22,265,200 | 19,803,934 | 2,461,266 | 9,853,449 | 7.47 | 6.83 | . 20 | 11.05 | 30.00 |
| 1917............................ | 753 | . 07 | 5,522,736 | 1,712,194 | 7,332,108 | 5,058,961 | 2,273,147 | 3,085,729 | 6.97 | 5.18 | . 71 | 31.00 | 30.00 |
| 1918. | 1,277 | . 12 | 4,059,774 | 2,283,426 | 3,179,793 | 1,391,314 | 1,788,479 | 1.454,687 | 6.18 | 3.06 | 1.18 | 56.25 | 30.00 |
| 1919. | 1,533 | . 14 | 4,054,938 | 2,246,259 | 2,644,616 | 1,179,614 | 1,465,002 | 1,234,237 | 5.93 | 2.97 | 1.39 | 55.40 | 30.00 |
| 1920. | 2,412 | . 29 | 3,233,370 | 1,519,320 | 1,340,373 | 710,548 | 629,824 | 670,589 | 6.39 | 3.76 | 2.15 | 46.99 | 30.00 |
| 1921. | 2,102 | . 24 | 2,679.029 | 1,190,836 | 1,274,698 | 708,091 | 566,607 | 644,071 | 5.56 | 3.37 | 1.84 | 44.45 | 30.00 |
| 1922 | 2,042 | . 19 | 4,312,829 | 1,559,435 | 2,111,950 | 1,348,310 | 763,640 | 933,074 | 6.60 | 4.57 | 1.76 | 36.16 | 30.00 |
| 1923. | 2,846 | . 22 | 4,929,915 | 1.171,908 | 1,732,110 | 1,320,364 | 411,746 | 778,115 | 6.83 | 5.51 | 2.42 | 23.77 | 30.00 |
| 1924. | 1,959 | . 14 | 4,799,924 | 1,294,325 | 2,449,927 | 1,789,291 | 660,636 | 1,136,973 | 5.82 | 4.48 | 1.65 | 26.97 | 30.00 |
| 1925 | 2.583 | . 18 | 8,416,183 | 1,360,559 | 3,257,892 | 2,731,221 | 526,670 | 1,376,714 | 8.76 | 7.70 | 2.14 | 16.17 | 30.00 |
| 1926 | 2,175 | . 16 | 8,124,335 | 1,344,682 | 3,735,978 | 3,117,625 | 618,353 | 1,524,182 | 8.48 | 7.43 | 1.79 | 16.55 | 30.00 |
| 1927 | 2,192 | . 15 | 9,279,149 | 1,557,442 | 4,232,766 | 3,522,325 | 710,441 | 1,787,343 | 8.99 | 7.88 | 1.78 | 16.78 | 30.00 |
| 1928 | 2,078 | . 13 | 13,062,820 | 2,218,846 | 6,285,344 | 5,217,718 | 1,067,626 | 2,554,561 | 10.52 | 9.28 | 1.68 | 16.99 | 30.00 |
| 1929 | 1,519 | . 10 | 12,149,019 | 1,919,022 | 7,995,882 | 6,732,877 | 1,263,005 | 3,163,168 | 9.93 | 8.82 | 1.22 | 15.80 | 30.00 |
| 1930 | 1,303 | . 10 | 5,634,861 | 926,059 | 4,323,827 | 3,613,229 | 710,598 | 1,699,810 | 6.65 | 5.77 | 1.04 | 16.43 | 30.00 |
| 1931. | 927 | . 07 | 3,426,687 | 522,563 | 3,694,651 | 3,131,224 | 563.427 | 1,447,197 | 4.94 | 4.30 | . 73 | 15.25 | 30.00 |
| 1932. | 1.036 | . 11 | 2,338,413 | 737.843 | 2,256,332 | 1,544,389 | 711,944 | 1,084,512 | 4.43 | 3.18 | . 81 | 31.55 | 30.00 |
| 1933. | 951 | . 10 | 2,834,931 | 903,162 | 2,981,348 | 2,031,540 | 949,809 | 1,281,304 | 5.18 | 3.74 | . 74 | 31.86 | 30.00 |
| 1934. | 1,060 | . 09 | 2,633,586 | 1,215,409 | 2,484,034 | 1,337,644 | 1,146,390 | 1,135,316 | 4.17 | 2.40 | . 82 | 46.15 | 30.00 |
| 1935. | 1,250 | . 10 | 3,237,136 | 1,526,885 | 2,590,597 | 1,368,670 | 1,221,926 | 1,200,549 | 4.50 | 2.56 | . 96 | 47.17 | 30.00 |
| 1936. | 1.812 | . 12 | 4,874,576 | 2,809.230 | 2,690,547 | 1,139,979 | 1,550,569 | 1,286,217 | 5.05 | 2.37 | 1.38 | 57.63 | 30.00 |
| 1937. | 1,829 | . 11 | 4,446,395 | 2,528,388 | 2,431,605 | 1,048,903 | 1,382,702 | 1,161,879 | 4.70 | 2.23 | 1.38 | 56.86 | 30.00 |
| 1938. | 1,591 | . 11 | 3,528,193 | 1,619,476 | 2,217.239 | 1,199,504 | 1,017,734 | 932,711 | 4.51 | 2.62 | 1.19 | 45.90 | 30.00 |
| 1939. | 1,957 | . 10 | 3,919,479 | 2,001,102 | 2,002,884 | 980,305 | 7.022,578 | 933.072 | 4.02 | 2.11 | 1.45 | 51.06 | 30.00 |
| 1940. | 3.573 | . 18 | 5,611,685 | 3,099,395 | 1,570,599 | 703,140 | 867,459 | 755,856 | 5.26 | 2.61 | 2.64 | 55.23 | 30.00 |
| 1941. | 13,549 | . 60 | 12,250,242 | 6,537,165 | 904,120 | 421,649 | 482,471 | 444,247 | 9.92 | 5.62 | 10.12 | 53.36 | 30.00 |
| 1942 | 25,970 | 1.08 | 16,705,451 | 10,612,989 | 643,248 | 234,592 | 408,656 | 333,053 | 12.74 | 6.36 | 19.29 | 63.53 | 30.00 |
| 1943 | 43,303 | 1.37 | 22,453,091 | 14,439,951 | 518,506 | 185,046 | 333,460 | 272,755 | 13.77 | 6.97 | 30.78 | 64.31 | 30.00 |
| 1944. | 74,875 | 1.43 | 31,228,941 | 16,934,414 | 417,083 | 190,913 | 226,170 | 217,775 | 13.13 | 7.88 | 51.97 | 54.23 | 30.00 |
| 1945. | 80,349 | 1.66 | 33,795,252 | 17,763,497 | 420,608 | 199,528 | 221,081 | 222,364 | 14.24 | 9.00 | 54.76 | 52.56 | 30.00 |
| 1946. | 75,276 | 1.68 | 32,588,493 | 16,092,231 | 432,918 | 219.143 | 213,775 | 229,823 | 13.98 | 9.19 | 50.42 | 49.38 | 30.00 |
| 1947............................. | 69,929 | 1.92 | 27,436,273 | 13,699,556 | 392,344 | 196.438 | 195,907 | 206,636 | 14.47 | 9.54 | 46.05 | 49.93 | 30.00 |
| 1948. | 63,141 | 1.39 | 28,574,312 | 12,132,341 | 452,545 | 260,399 | 192,146 | 237,951 | 12.63 | 8.85 | 61.93 | 42.46 | 30.00 |
| 1949............................. | 70.269 | 1.47 | 28,640,534 | 11,476,525 | 407,587 | 244,263 | 163,324 | 212,669 | 12.59 | 9.07 | 68.04 | 40.07 | 30.00 |
| 1950............................. | 70,357 | 1.22 | 34,550,710 | 15,259,558 | 491,076 | 274,189 | 216,887 | 247,773 | 12.34 | 8.42 | 68.17 | 44.17 | 30.00 |

[^7]Table 2.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | Net income (thoussand dollars) | Fedaral income tax (thousend dollars) | Mean income |  | Averrageincometax(dollars) | Minimum income cutoff (dollars) | incone share |  | $\begin{aligned} & \text { Returns } \\ & \text { peor.000 } \\ & \text { population } \end{aligned}$ | $\begin{aligned} & \text { Average } \\ & \text { income } \\ & \text { tax } \\ & \text { rate } \\ & \text { (percent) } \end{aligned}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent ot total |  |  | $\begin{gathered} \text { Betore } \\ \text { tax } \\ \text { (dollars) } \end{gathered}$ | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (dollars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Before } \\ \text { tesk } \\ \text { (percemt) } \end{gathered}$ | $\begin{gathered} \text { After } \\ \text { (pax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part VII - Retums accounting for top 35 percent of Federal income tax |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916 ... | 337 | . 08 | 5,776,894 | 609,739 | 17,152,962 | 15,342,504 | 1,810,458 | 7,291,889 | 9.13 | 8.40 | . 30 | 10.55 | 35.00 |
| 1917 | 1,260 | . 12 | 6,844,953 | 1,997,559 | 5,433,477 | 3,847,828 | 1,585,649 | 2,244,528 | 8.64 | 6.59 | 1.09 | 29.18 | 35.00 |
| 1918 | 1,998 | . 18 | 4,980,333 | 2,663,996 | 2,493,157 | 1,159,559 | 1,333,598 | 1,135,021 | 7.58 | 3.99 | 1.70 | 53.49 | 35.00 |
| 1919 | 2,349 | . 21 | 4,954,794 | 2,620,635 | 2,108,906 | 993,487 | 1,115,419 | 992,221 | 7.24 | 3.83 | 1.97 | 52.89 | 35.00 |
| 1920 | 3.740 | . 44 | 4,029,755 | 1,772,540 | 1,077,540 | 603,570 | 473,970 | 541,759 | 7.96 | 4.96 | 3.10 | 43.99 | 35.00 |
| 1921 : | 3,405 | . 40 | 3,429,554 | 1,389,309 | 1,007,166 | 599,164 | 408,002 | 522,935 | 7.12 | 4.61 | 2.80 | 40.51 | 35.00 |
| 1922 | 3,190 | . 29 | 5,257,616 | 1,819,341 | 1,648,396 | 1,077,986 | 570,409 | 737,636 | 8.04 | 5.71 | 2.59 | 34.60 | $35.00 \cdot$ |
| 1923 | 4,283 | . 34 | 5,934,804 | 1,367,226 | 1,385,815 | 1,066,559 | 319,256 | 635,563 | 8.23 | 6.69 | 3.45 | 23.04 | 35.00 |
| 1924 | 2,886 | . 21 | 5,743,700 | 1,510,045 | 1,990,213 | 1,466,976 | 523,236 | 929,509 | 6.96 | 5.41 | 2.31 | 26.29 | 35.00 |
| 1925 | 3,759 | . 27 | 9,856,194 | 1,587,319 | 2,621,679 | 2,199,463 | 422,216 | 1,095,875 | 10.26 | 9.03 | 2.99 | 16.10 | 35.00 |
| 1926 | 3,233 | . 23 | 9,542,741 | 1,568,796 | 2,951,311 | 2,466,125 | 485,186 | 1,188,270 | 9.97 | 8.74 | 2.56 | 16.44 | 35.00 |
| 1927 : | - 3,217 | . 22 | 10,883,754 | 1,817,015 | 3,383,242 | 2,818,418 | 564,824 | 1,389,786 | 10.54 | 9.25 | 2.53 | 16.69 | 35.00 |
| 1928 | 3,044 | . 19 | 15,243,895 | 2,588,653 | 5,008,320 | 4,157,828 | 850,491 | 2,008,631 | 12.27 | 10.83 | 2.38 | 16.98 | 35.00 |
| 1929 | 2,261 | . 14 | 14,204,079 | 2,238,859 | 6,282,455 | 5,292,209 | 990,246 | 2,435,208 | 11.61 | 10.32 | 1.76 | 15.76 | 35.00 |
| 1930 | 2,009 | . 15 | 6,664,053 | 1,080,402 | 3,317,267 | 2,779,459 | 537,808 | 1,277,770 | 7.87 | 6.84 | 1.55 | 16.21 | 35.00 |
| 1931 | 1.448 | . 12 | 4,085,343 | 609,657 | 2,821,008 | 2,400,028 | 420,980 | 1,122,687 | 5.89 | 5.14 | 1.11 | 14.92 | 35.00 |
| 1932. | 1.675 | . 17 | 2,945,371 | 860,816 | 1,758,359 | 1,244,460 | 513.899 | 841,791 | 5.59 | 4.15 | 1.26 | 29.23 | 35.00 |
| 1933. | 1,517 | . 16 | 3,463,049 | 1,053,690 | 2,282,812 | 1,588,229 | 694,583 | 984,146 | 6.33 | 4.66 | 1.13 | 30.43 | 35.00 |
| 1934. | 1,693 | . 15 | 3,258,068 | 1,417,977 | 1,924,060 | 1,086,670 | 837.390 | 871,516 | 5.16 | 3.11 | 1.26 | 43.52 | 35.00 |
| 1935. | 1,988 | . 16 | 4,005,725 | 1,781,365 | 2,014,690 | 1,118,748 | 895,943 | 923,984 | 5.57 | 3.33 | 1.47 | 44.47 | 35.00 |
| 1936 | 2,849 | . 19 | 6,051,400 | 3,277,435 | 2,123,711 | 973,511 | 1,150,201 | 1,013,682 | 6.27 | 3.18 | 2.13 | 54.16 | 35.00 |
| 1937 | 2,899 | . 18 | 5,543,744 | 2,949,786 | 1,912,408 | 894,829 | 1,017,578 | 917,079 | 5.86 | 3.01 | 2.17 | 53.21 | 35.00 |
| 1938 | 2,511 | . 17 | 4,289,327 | 1,889,388 | 1,708,528 | 955,945 | 752,583 | 744,274 | 5.48 | 3.29 | 1.78 | 44.05 | 35.00 |
| 1939. | 3,103 | . 17 | 4,868,585 | 2,334,619 | 1,568,793 | 816,514 | 752,279 | 744,130 | 4.99 | 2.79 | 2.15 | 47.95 | 35.00 |
| 1940................................. | 5,468 | . 27 | 6,894,664 | 3,615,961 | 1,260,956 | 599,638 | 661,318 | 615,908 | 6.47 | 3.41 | 3.73 | 52.45 | 35.00 |
| 1941. | 19,887 | . 87 | 14,735,584 | 7,626,692 | 740,948 | 357,456 | $383,492$ | 328,041 | 11.93 | $6.99$ | $13.32$ | $51: 76$ | $35.00$ |
| 1942 | 38,229 | 1.58 | 20,379,757 | -12,381,821- | - 533,103 | - 209,214 | -323,890 | 271,608 | 15.54 | $8.35$ | $28.40$ | $60.76$ | $35.00$ |
| 1943 | 63,709 | 2.02 | 27,458,645 | 16,846,609 | 430,999 | 166,570 | 264,429 | 222,524 | 16.84 | 9.23 | 62.48 | 61.35 51.72 | 35.00 |
| 1944 | 110,614 116,346 | 2.11 | 38,200,088 | 19,756,816 | 345,347 | 166,736 174,559 | 178,611 178,124 | 176.243 183.262 | 16.06 17.29 | 10.17 11.41 | 107.11 11273 | 51.72 50.51 | 35.00 35.00 |
| 1945. | 116,346 | 2.40 | 41,033,422 | 20,724,080 | 352,684 | 174,559 | 178,124 | 183,262 | 17.29 | 11.41 | 112.73 | 50.51 | 35.00 |
| 1946 | 109,252 | 2.44 | 39,677,102 | 18,774.270 | 363.172 | 191,327 | 171,844 | 190,808 | 17.02 | 11.65 | 104.53 | 47.32 | $35.00{ }^{-}$ |
| 1947. | 102,146 | 2.81 | 33,477,591 | 15,982,816 | 327,742 | 171,272 | 156,470 | 171,436 | 17.65 | 12.15 | 95.95 | 47.74 | 35.00 |
| 1948 | 95,065 | 2.09 | 35,389,384 | 14,154,397 | 372,266 | 223,374 | 148,892 | 193,300 | 15.64 | 11.43 | 87.59 | 40.00 | 35.00 |
| 1949 | 107,742 | 2.26 | 35,774,003 | 13,389,279 | 332,034 | 207,763 | 124,272 | 172,106 | 15.73 | 11:83 | 97.90 | 37.43 | 35.00 |
| 1950. | 107,792 | 1.86 | 42,826,700 | 17,802,817 | 397,309 | 232,150 | 165,159 | 199,453 | 15.30 | 10.93 | 96.29 | 41.57 | 35.00 |


|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1916. | 508 | . 12 | 6,853,955 | 696,844 | 13,501,161 | 12,128,493 | 1,372,668 | 5,506,134 | 10.83 | 10.00 | . 42 | 10.17 | 40.00 |
| 1917 | 2,014 | . 19 | 8,323,088 | 2,282,925 | 4,132,623 | 2,999,093 | 1,133,530 | 1,734,544 | 10.50 | 8.21 | 1.64 | 27.43 | 40.00 |
| 1918. | - 3,085 | . 28 | 6,070,560 | 3,044,567 | 1,967,605 | 980,792 | 986,813 | 896,768 | 9.24 | 5.21 | 2.49 | 50.15 | 40.00 |
| 1919. | 3,572 | . 32 | 6,034,028 | 2,995,011 | 1,689,360 | 850,840 | 838,520 | 796,133 | 8.82 | 4.99 | 2.86 | 49.64 | 40.00 「 |
| 1920. | 5,812 | . 69 | 5,040,970 | 2,025,760 | 867,346 | 518,795 | 348,551 | 443,801 | 9.96 | 6.62 | 4.63 | 40.19 | 40.00 |
| 1921 | 5,323 | . 62 | 4,337,092 | 1,587,782 | 814,824 | 516,522 | 298,302 | 431,580 | 9.00 | 6.22 | 4.21 | 36.61 | 40.00 |
| 1922 | 4,752 | . 43 | 6,292,753 | 2,079,247 | 1,324,293 | 886,721 | 437,572 | 601,397 | 9.62 | 7.00 | 3.73 | 33.04 | 40.00 |
| 1923. | 6,422 | . 50 | 7,159,083 | 1,562,544 | 1,114,797 | 871.481 | 243,316 | 521,573 | 9.93 | 8.20 | 5.02 | 21.83 | 40.00 |
| 1924 | 4,119 | :29 | 6,805,626 | 1,725,766 | 1,652,272 | 1,233,290 | 418.982 | 791,693 | 8.25 | 6.49 | 3.20 | 25.36 | 40.00 |
| 1925. | 5,325 | . 38 | 11,386,508 | 1,814,079 | 2.138,145 | 1,797,500 | 340,646 | 881,431 | 11.85 | 10.45 | 4.10 | 15.93 | 40.00 |
| 1926. | 4,606 | . 33 | 11,003,622 | 1,792,910 | 2,388,915 | 1,999,670 | 389,245 | 960,263 | 11.49 | 10.09 | 3.52 | 16.29 | 40.00 |
| 1927. | 4,565 | . 32 | 12,550,308 | 2,076,589 | 2,749,309 | 2,294,405 | 454,904 | 1,108,582 | 12.16 | 10.68 | 3.45 | 16.55 | 40.00 |
| 1928 | 4,316 | . 28 | 17,492,171 | 2,958,461 | 4,052,557 | 3,367,146 | 685,411 | 1,574,822 | 14.08 | 12.44 | 3.23 | 16.91 | 40.00 |
| 1929 | 3,238 | 20 | 16,280,292 | 2,558,696 | 5,027,982 | 4,237,758 | 790,224 | 1,874,689 | 13.30 | 11.83 | 2.41 | 15.72 | 40.00 |
| 1930 | 2,948 | 22 | 7,726,091 | 1,234,745 | 2,620,913 | 2,202,052 | 418,861 | 1,013,482 | 9.12 | 7.96 | 2.18 | 15.98 | 40.00 |
| 1931 | 2,177 | . 17 | 4,811,138 | 696,751 | 2,210,064 | 1,890,002 | 320,062 | 892,169 | 6.94 | 6.09 | 1.63 | 14.48 | 40.00 |
| 1932. | 2,702 | . 28 | 3,708,385 | 983.790 | 1,372,710 | 1,008,546 | 364,163 | 669,629 | 7.03 | 5.42 | 2.02 | 26.53 | 40.00 |
| 1933. | 2,277 | . 24 | 4,134,920 | 1,204,217 | 1,815,722 | 1,286,927 | 528,794 | -800,755 | 7.56 | 5.67 | 1.62 | 29.12 | 40.00 |
| 1934 | 2,641 | . 23 | 3,991,731 | 1,620,545 | 1,511,723 | - 898,001 | 613,723. | 702,513 | 6.32 | 4.01 | 1.83 | 40.60 | 40.00 |
| 1935 | 2,988 | 24 | 4,834,475 | 2,035,846 | 1,618,142 | 936,726 | 681,416 | 751,991. | 6.73 | 4.19 | 2.04 | 42.11 | 40.00 |
| 1936. | 4,234 | . 28 | 7,316,100 | 3,745,639 | 1,728,116 | 843,369 | 884,747 | 834,123 | 7.58 | 4.10 | 2.84 | 51.20 | 40.00 |
| 1937. | 4,302 | . 27 | 6,701,630 | 3,371,184 | 1,557,762 | 774,146 | 783,616 | 749,274 | 7.09 | 3.87 | 2.83 | 50.30 | 40.00 |
| 1938. | 3,931 | . 27 | 5,230,143 | 2.159.301 | 1,330,393 | 781,131 | 549,262: | 597,784 | 6.68 | 4.21 | 3.86 | 41.29 | 40.00 |
| 1939. | 4,893 | . 26 | 6,054,818 | 2,668,137 | 1,237,503 | 692,181 | 545,322 | 597,152 | 6.21 | 3.73 | 4.74 | 44.07 | 40.00 |
| 1940. | 8,018 | . 40 | 8,316,053 | 4,132,527 | 1,037,171 | 521,766 | 515,405 | 509,597 | 7.80 | 4.35 | 7.77 | 49.69 | 40.00 |
| 1941 | 28,269 | 1.24 | 17,346,766 | 8,716,220 | 613,640 | 305,304 | 308,335 | 300,101 | 14.05 | 8.49 | 27.05 | 50.25 | 40.00 |
| 1942 | 54,684 | 2.27 | 24,411,819 | 14,150,652 | 446,412 | 187,643 | 258,769 | 222,650 | 18.62 | 10.72 | 40.62 | 57.97 | 40.00 |
| 1943 | 90,216 | 2.86 | 32,799,589 | 19,253,267 | 363,568 | 150,155 | 213,414 | 183,699 | 20.11 | 11.79 | 83.12 | 58.70 | 40.00 |
| 1944. | 160,275 | 3.06 | 46,055,893 | 22,579,218 | 287,355 | 146,477 | 140,878 | 143,420 | 19.36 | 12.94 | 145.64 | . 49.03 | 40.00 |
| 1945............................. | 164,293 | 3.39 | 48,994,073 | 23,684,663 | 298,212 | 154,051 | 144,161. | 151,612 | 20.65 | 14.22 | 146.76 | 48.34 | 40.00 |
| 1946............................. | 152,365 | 3.40 | 47,196,301 | 21,456,308 | 309,758 | 168,936 | 140,822 | 160,397 | 20.25 | 14.34 | 133.53 | 45.46 | 40.00 |
| 1947. | 142,981 | 3.93 | 39,885,848 | 18,266,075 | 278,958 | 151,207 | 127,751 | 144,526 | 21.03 | 15.01 | 123.44 | 45.80 | 40.00 |
| 1948 | 139,750 | 3.07 | 43,165,048 | 16,176,454 | 308,872 | 193,120 | 115,752 | '157.987 | 19.08 | 14.52 | 119.04 | 37.48 | 40.00 |
| 1949 | 158,864 | 3.33 | 43,704,157 | 15,302,033 | 275,105 | 178,783 | 96,322 | 141,089 | 19.21 | 15.01 | 133.46 | 35.01 | 40.00 |
| 1950............................. | 160,418 | 2.77 | 52,239,554 | 20,346,077 | 325,647 | 198,815 | 126.832 | 161,726 | 18.66 | 13.93 | 133.12 | 38.95 | 40.00 |

See notes at end of tables.

Table 2.-Returns with Income $\mathbf{\$ 2 5 , 0 0 0}$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | Net income (thousand dollars) | Pederal income tax (thousand dollars) | Mean income |  | Average income (dollars) | Minimum income cutoff (dollars) | Income share |  | $\begin{aligned} & \text { Returns } \\ & \text { per.000 } \\ & \text { population } \end{aligned}$ | $\begin{gathered} \text { Average } \\ \text { income } \\ \text { tax } \\ \text { rate } \\ \text { (percent) } \end{gathered}$ | Incorme tax ghare (parcent) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent of total |  |  | Before tax (dotlars) | After (dollars) |  |  | Before tax (percent) | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | ${ }^{(2)}$ | (3) | (4) | (5) | (8) | (7) | (8) | ${ }^{(9)}$ | (10) | (11) | (12) | (13) |
|  | Part IX - Returns accounting for top $\mathbf{4 5}$ percent of Federal income tax |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 752 | . 18 | 8,037.065 | 783,950 | 10,682,977 | 9,640,941 | 1,042,037 | 4,298,906 | 12.70 |  |  |  |  |
| 1917 | 3.124 | . 30 | 10,006,059 | 2,568.291 | 10,203,351 | 2,381,136 | $1,042,037$ 822,216 | 1,341,282 | 12.62 | 11.79 | .60 2.45 | 9.75 25.67 | 45.00 |
| 1918 | 4.526 | . 42 | 7,227,292 | 3,425.138 | 1,596,966 | $\begin{array}{r}\text { 2,381,136 } \\ \hline 840,136\end{array}$ | 75,2,83 756,83 | $1,341,282$ 725,402 | 11.62 | 11.14 6.54 | 2.45 3.53 | 25.67 47.39 | $45.00$ |
| 1919 | 5.165 | . 46 | 7,182,099 | 3,369,388 | 1,390,444 | 738,135 | 652,309 | 657,618 | 10.50 | 6.26 | 4.01 | 46.91 | $\begin{aligned} & 45.00 \\ & 45.00 \end{aligned}$ |
| 1920 | 8,807 | 1.04 | 6,241,292 | 2,278,980 | 708,662 | 449,897 | 258,765 | 365,567 | 12.33 | 8.70 | 6.78 | 36.51 | $45.00$ |
| 1921. | 8,071 | . 94 | 5,411,396 | 1,786,255 | 670,459 | 449,146 | 221,313 | 358,211 | 11.23 | 8.20 |  |  |  |
| 1922. | 7,068 | . 64 | 7,553,031 | 2,339,153 | 1,068,694 | 737,723 | 330,972 | 496,605 | 11.55 | 8.20 8.66 | 6.17 5.34 | 33.01 30.97 | $\begin{aligned} & 45.00 \\ & 45.00 \end{aligned}$ |
| 1923. | 9,485 | . 74 | 8,601,475 | 1,757,862 | 906,812 | 721,489 | 185,323 | 428,790 | 11.92 | 10.03 | 7.10 | 20.44 | 45.00 |
| 1924. | 5,654 | . 40 | 7,904,552 | 1,941,487 | 1,398,064 | 1,054,677 | 343,387 | 645,733 | 9.58 | 7.62 | 4.20 | 24.56 | 45.00 |
| 1925. | 7,364 | . 52 | 13,013,611 | 2,040,839 | 1,767,126 | 1,489,999 | 277,127 | 728,201 | 13.54 | 11.98 | 5.45 | 15.68 | 45.00 |
| 1926. | 6,465 | . 47 | 12,611,234 | 2,017,024 | 1,950,687 | 1,638,697 | 311,990 | 785,472 | 13.17 | 11.61 | 4.83 | 15.99 | 45.00 |
| 1927. | 6,321 | 44 | 14,300,015 | 2,336,162 | 2,262,409 | 1,892,804 | 369,605 | 903,890 | 13.85 | 12.20 | 4.74 | 16.34 | 45.00 |
| 1928 | 5,950 | 38 | 19,793,847 | 3,328,268 | 3,326,445 | 2,767,115 | 559,331 | 1,269,971 | 15.94 | 14.10 | 4.23 | 16.81 | 45.00 |
| 1929. 1930. | 4.492 | . 28 | 18,373,604 | 2,878,533 | 4,090,090 | 3,449,309 | 640,781 | 1,500,703 | 15.01 | 13.36 | 3.12 | 15.67 | 45.00 |
| 1930. | 4.231 | . 31 | 8,888,925 | 1,389,089 | 2,100,817 | 1.772,518 | 328,298 | 818,787 | 10.50 | 9.19 | 2.88 | 15.63 | 45.00 |
| $\begin{aligned} & 1931 \ldots \\ & 1932 \ldots \end{aligned}$ | 3,107 | . 25 | 5,558,170 | 783,845 | 1,788,819 | 1,536.550 | 252,269 | 729,931 | 8.02 | 7.06 | 2.08 | 14.10 | 45.00 |
| 1933. | 4,277 | . 44 | 4,645,487 | 1,106,764 | 1,086,089 | 827,334 | 258,755 | 536.105 | 8.81 | 7.04 | 2.82 | 23.82 | 45.00 |
| 1934 | 4,036 | 35 | $4,989,952$ $4,872,117$ | $1,354,744$ $1,823,114$ | $1,437,516$ $1,207,216$ | $\begin{array}{r}1,047,238 \\ 755,484 \\ \hline\end{array}$ | 390,277 451,732 | 645,245 570,582 | 9.12 | 7.03 | 3.40 | 27.15 | 45.00 |
| 1935 | 4,510 | . 36 | 5,860,756 | 2,290,327 | $1.299,601$ | 755,484 | 45,732 $\mathbf{5 0 7 , 8 7 2}$ | 57,582 614,688 | 7.71 8.15 | 5.16 5.35 | 3.91 4.37 | 37.42 39.08 | 45.00 45.00 |
| 1936. | 6,151 | . 40 | 8,770,937 | 4,213,844 | 1,425,945 | 740,874 | 685,070 | 695,072 | 9.09 | 5.23 | 5.89 | 48.04 | 45.00 |
| 1937. | 6,442 | . 40 | 8,143,158 | 3,792,583 | 1,264,017 | 675,315 | 588,701 | 612,588 | 8.61 | 5.05 | 6.05 | 46.57 | 45.00 |
| 1938. | 6,033 | . 41 | 6,351,990 | 2,429,213 | 1,052,794 | 650,171 | 402,624 | 481,884 | 8.12 | 5.38 | 5.56 | 38.24 | 45.00 |
| 1939 | 7,520 | . 40 | 7,473,064 | 3,001,654 | 993,799 | 594,626 | 399,172 | 491,167 | 7.66 | 4.92 | 6.83 | 40.17 | 45.00 |
| 1940 | 11,446 | . 57 | 9,909,693 | 4,649,093 | 865,779 | 459,602 | 406,177 | 427.401 | 9.30 | 5.46 | 10.22 | 46.91 | 45.00 |
| $\begin{aligned} & 1941 . \\ & 1942 . \end{aligned}$ | 39,416 | 1.73 | 20,416,634 | 9,805,747 | 517.980 | 269,204 | 248,777 | 252,284 | 16.53 | 10.43 | 34.54 | 48.03 | 45.00 |
| 1943. | 76,165 125,890 | 3.16 | 28,749,192 | 15,919,484 | 377,460 | 168,447 | 209,014 | 184,473 | 21.92 | 13.40 | 56.58 | 55.37 | 45.00 |
| 1944. | 228,475 | 4.36 | $38,741,219$ $54,864,816$ | 21,659,926 | 307,739 | 135,684 | 172,054 | 151,944 | 23.76 | 14.86 | 107.23 | 55.91 | 45.00 |
| 1945. | 227,213 | 4.69 | 57,717,922 | 26,645,246 | 240,135 | 128,956 136,756 | 111.179 117.270 | 117,029 | 23.06 | 16.24 | 191.94 | 46.30 | 45.00 |
| 1946. | 209,422 | 4.68 | 55,571,272 | 24,138,347 | 265,356 | 150,094 |  |  |  |  |  |  |  |
| 1947 | 196,286 | 5.40 | 46,953,553 | 20,549,335 | 239,209 | 134,519 134 | 104,691 | 135,191 122,476 | 23.84 24.76 | 17.52 18.34 | 171.99 159.48 | 43.44 43.77 | $\begin{aligned} & 45.00 \\ & 45.00 \end{aligned}$ |
| 1948 | 198.865 | 4.37 | 51,631,387 | 18,198,511 | 259,630 | 168,118 | 91,512 | 130,594 | 22.82 | 17.99 | 160.32 | 35.25 | $\begin{aligned} & 45.00 \\ & 45.00 \end{aligned}$ |
| $\begin{aligned} & 1949 . \\ & 1950 . \end{aligned}$ | 229.185 | 4.81 | 52,645,679 | 17,214,787 | 229,708 | 154,595 | 75,113 | 115,573 | 23.14 | 18.72 | 183.58 | 32.70 | $45.00$ |
|  | 231,248 | 4.00 | 62,577,246 | 22,889,337 | 270,607 | 171,625 | 98,982 | 132,641 | 22.36 | \$7.33 | 184.15 | 36.70 36.58 | $\begin{aligned} & 45.00 \\ & 45.00 \end{aligned}$ |
|  | Part X - Returns accounting for top 50 percent of Federal income tax |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916 | 1,108 | 26 | 9,378,996 | 871,055 | 8,465.191 | 7,679,003 | 786,187 | 3,357,056 | 14.82 | 13.82 | . 85 | 9.29 |  |
| 1917 | 4,812 | 46 | 11,995,627 | 2,853,656 | 2,492.823 | 1,899,802 | 593,021 | 1,047,763 | 15.13 | 12.43 | 3.63 | 23.79 | 50.00 |
| 1918 | 6,824 | 63 | 8,705,816 | 3,805,709 | 1,275,687 | 718,026 | 557,661 | 573,475 | 13.24 | 8.43 | 5.11 | 43.71 | 50.00 |
| 1919 | 7,503 | . 67 | 8,561,742 | 3,743,764 | 1,141,082 | 642,125 | 498,957 | 535,178 | 12.51 | 7.91 | 5.57 | 43.73 | 50.00 |
| 1920 | 13,086 | 1.55 | 7,654,982 | 2,532,200 | 584,984 | 391,477 | 193,508 | 301,157 | 15.13 | 11.25 | 9.69 | 33.08 | 50.00 |
| $1921 .$ | 11,916 | 1.39 | 6,657,365 | 1,984,727 | 558,685 | 392,127 | 166,558 | 295,186 | 13.81 | 10.57 | 8.90 |  |  |
| $1922 .$ | 10,270 | 94 | 9,001,759 | 2,599,058 | 876,507 | 623,435 | 253,072 | 416,188 | 13.77 | 10.64 | 7.70 | 28.87 | 50.00 |
| 1923. | 13,765 | 1.08 | 10,264,369 | 1,953,180 | 745,691 | 603,795 | 141,896 | 354,858 | 14.23 | 12.18 | 9.78 | 19.03 | 50.00 |
| 1924. | 7.870 | . 56 | 9,218,303 | 2,157,208 | 1,171,253 | 897.164 | 274,089 | 546,682 | 11.17 | 9.03 | 5.46 | 23.40 | 50.00 |
| 1925 | 9.857 | . 70 | 14,675,613 | 2,267,599 | 1,488,839 | 1,258,791 | 230,048 | 613,082 | 15.27 | 13.55 | 6.72 | 15.45 | 50.00 |
| 1926. | 8,775 | . 63 | 14,262,010 | 2,241,137 | 1,625,238 | 1,369,848 | 255,391 | 653,655 | 14.89 | 13.17 | 5.88 | 15.71 | 50.00 |
| 1927 | 8.615 | . 60 | 16,177,352 | 2,595,736 | 1,877,796 | 1,576,495 | 301,302 | 743,795 | 15.67 | 13.85 | 5.67 | 16.05 | 50.00 |
| 1928 | 8,053 | . 51 | 22,189,401 | 3,698,076 | 2,755,368 | 2,296,159 | 459,208 | 1,030,333 | 17.87 | 15.83 | 7.90 | 16.67 | 50.00 |
| 1929 | 6.124 | . 39 | 20,559,943 | 3,198,370 | 3,357,316 | 2,835,041 | 522,275 | 1,203,464 | 16.80 | 14.97 | 5.93 | 15.56 | $\begin{aligned} & 50.00 \\ & 50.00 \end{aligned}$ |
| 1930. | 5,836 | . 43 | 10,082,649 | 1,543,432 | 1,727,659 | 1,463,193 | 264,467 | $1,203,464$ 680,862 | 16.91 | 14.97 10.47 | 5.93 5.65 | 15.56 15.31 | $\begin{aligned} & 50.00 \\ & 50.00 \end{aligned}$ |
| 1931. | 4,361 | . 35 | 6,392,829 | 870,938 | 1,465,764 | 1,266,073 | 199.691 | 606,980 | 9.22 | 8.17 | 4.17 | 13.62 |  |
| 1932. | 6,788 | . 70 | 5,840,179 | 1,229,738 | 860,349 | 679,189 | 181,159 | 427,189 | 11.08 | 9.17 | 6.38 | 21.06 | $50.00$ |
| 1933 | 5,353 | . 55 | 6,072,834 | 1,505,271 | 1,134,537 | 853,320 | 281,217 | 521,263 | 11.10 | 8.83 | 4.93 | 24.79 | 50.00 |
| 1934 | 6,072 | 53 | 5,921,559 | 2,025,682 | 975,293 | 641,659 | 333,634 | 468,563 | 9.37 | 6.59 | 5.52 | 34.21 | 50.00 |
| 1935 | 6.665 | . 53 | 7,059,167 | 2,544,808 | 1,059,167 | 677,341 | 381,826 | 506,697 | 9.82 | 6.76 | 5.95 | 36.05 | 50.00 |
| 1936 | 8.938 | . 58 | 10,523,661 | 4,682,049 | 1,177,426 | 653,581 | 523,845 | 573,461 | 10.90 | 6.70 | 7.83 |  |  |
| 1937 | 9,555 | . 59 | 9,867,084 | 4,213,981 | 1,032,662 | 591,638 | 441,024 | 506,240 | 10.43 | 6.7 6.56 | 7.83 8.25 | 44.49 42.71 | $\begin{aligned} & 50.00 \\ & 50.00 \end{aligned}$ |
| 1938. | 9,148 | . 62 | 7,697,452 | 2,699,126 | 841,412 | 546,370 | 295,043 | 391,021 | 9.84 | 6.86 | 7.79 | 35.07 | 50.00 |
| 1939. | 11,334 | . 61 | 9,154,691 | 3,335,171 | 807,692 | 513,440 | 294,253 | 400,422 | 9.39 | 6.40 | 9.52 | 36.43 | $50.00$ |
| 1940. | 16,058 | . 80 | 11,711,406 | 5,165,659 | 729,305 | 407,624 | 321,681 | 359,611 | 10.99 | 6.80 | 13.33 | 36.43 44.11 | $50.00$ |
| 1941. | 53,963 | 2.37 | 23,765,117 | 10,895,275 | 440,399 | 238,495 | 201,904 | 211,253 | 19.24 |  |  |  |  |
| 1942 | 105,303 | 4.36 | 33,630,369 | 17,688,315 | 319,367 | 151,392 | 167,975 | 153,110 | 19.24 25.65 | 12.65 | 44.32 78.22 | 45.85 52.60 | $\begin{aligned} & 50.00 \\ & 50.00 \end{aligned}$ |
| 1943. | 173,368 | 5.50 | 45,281,008 | 24,066,584 | 261,184 | 122,366 | 138,818 | 125,643 | 2.65 27.77 | 18.46 | 78.22 139.77 | 52.60 53.15 | $\begin{aligned} & 50.00 \\ & 50.00 \end{aligned}$ |
| 1944. | 321,016 | 6.13 | 64,625,987 | 28,224,023 | 201,317 | 113,396 | 137,818 87 | 125,643 95,891 | 27.77 27.17 | 18.46 20.06 | 139.77 257.14 | 53.15 43.67 | 50.00 50.00 |
| 1945. | 312,543 | 6.45 | 67,602,400 | 29,605,828 | 216,298 | 121,572 | 94,726 | 105,917 | 28.49 | 21.34 | 248.88 | 43.79 | 50.00 |
| 1946. | 283,035 | 6.32 | 64,724,093 | 26,820,385 | 228,679 | 133,919 | 94,760 | 114,979 |  |  |  |  |  |
| 1947 .................... | 264,871 | 7.28 | 54,689,289 | 22,832,594 | 206,475 | 120,272 | 84,203 | 114,979 104,494 | 28.83 | 21.12 22.12 | 223.97 208.15 | 41.44 41.75 | 50.00 50.00 |
| 1948.................... | 280,344 | 6.15 | 61,256,093 | 20,220,568 | 218,503 | 146,375 | 72,128 | 107,629 | 27.07 | 22.08 | 218.93 | 33.01 | 50.00 |
| 1949. | 324,091 | 6.80 | 62,580,281 | 19,127,541 | 193,095 | 134,076 | 59.019 | 95,620 | 27.51 | 22.96 | 251.57 |  | 50.00 50 |
| 1950 | 329,931 | 5.70 | 74,362,267 | 25,432,596 | 225,387 | 148,303 | 77,085 | 108,323 | 26.57 | 21.37 | 251.57 254.14 | 30.56 34.20 | 50.00 50.00 |

Table 3.-Returns with Income $\$ 25,000$ or more In 1986 Dollars: Number of Returns; Income; and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1916-1950
[All figures are estimates-money amounts are in 1986 dollars]


See notes at end of tables.

Table 3.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 constant dollars]

| Tax year | Returns |  | $\underset{\substack{\text { incorme } \\ \text { (thousand }}}{\substack{\text { Net } \\ \text { in }}}$ dollars) | Federal tax (thollars) | Mean income |  | Average income (dollars) | Minimum (dollars) | Incorne share |  | $\begin{gathered} \text { Returns } \\ \text { per } \\ \text { poporon } \\ \text { popuation } \end{gathered}$ | Average income rate (percent) | $\begin{gathered} \text { Income } \\ \text { tax } \\ \text { share } \\ \text { (percent) } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent of total |  |  | $\begin{gathered} \text { Betore } \\ \text { (obilars) } \end{gathered}$ | $\begin{gathered} \text { Athor } \\ \text { (dolarars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Betore } \\ \text { taxe } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { Atter } \\ \text { teax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (1) | (12) | (13) |
|  | Part III - Returns accounting tor top 15 percent of income |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 1,142 | . 27 | 9,492,785 | 878,199 | 8,311,160 | 7,542,276 | 768,884 | 3,288,734 | 15.00 | 14.00 | 1.12 | 9.25 | 50.41 |
| 1917 | 4,711 | 45 | 11,889,392 | 2,838,938 | 2,523,555 | 1,920,983 | 602.572 | 1.060.938 | 15.00 | 12.30 | 4.56 | 23.88 | 49.74 |
| 1918. | 9,012 | . 83 | 9,859,419 | 4,061,770 | 1,094,010 | 643,312 | 450,698 | 487,371 | 15.00 | 9.98 | 8.73 | 41.20 | 53.36 |
| 1919. | 11,074 | . 98 | 10,261,912 | 4,118,156 | 926,654 | 554,783 | 371,871 | 428,718 | 15.00 | 10.08 | 10.60 | 40.13 | 55.00 |
| 1920 | 12,873 | 1.52 | 7,590,735 | 2,521,412 | 589,647 | 393,784 | 195,863 | 303,635 | 15.00 | 11.13 | 12.09 | 33.22 | 49.79 |
| 1921. | 13,930 | 1.62 | 7,228,517 | 2,066.181 | 518,901 | 370.580 | 148,321 | 272,708 | 15.00 | 11.67 | 12.83 | 28.58 | 52.05 |
| 1922. | 12,314 | 1.12 | 9,808,425 | 2,727,573 | 796,538 | 575,033 | 221,505 | 376.009 | 15.00 | 11.76 | 11.19 | 27.81 | 52.47 |
| 1923. | 15,376 | 1.20 | 10,819,656 | 2,013,243 | 703,678 | 572,743 | 130,935 | 335.049 | 15.00 | 12.91 | 13.73 | 18.61 | 51.54 |
| 1924. | 14.739 | 1.05 | 12,378,948 | 2,574,449 | 839,882 | 665,211 | 174,670 | 395,623 | 15.00 | 12.54 | 12.92 | 20.80 | 59.67 |
| 1925. | 9,440 | . 67 | 14,416,125 | 2,233,131 | 1,527,202 | 1,290,630 | 236,571 | 629,891 | 15.00 | 13.30 | 8.15 | 15.49 | 49.24 |
| 1926. | 8,931 | . 64 | 14,363,232 | 2,254,750 | 1,608,244 | 1,355,781 | 252,463 | 646,727 | 15.00 | 13.27 | 7.61 | 15.70 | 50.30 |
| 1927. | 7,718 | . 54 | 15,485,872 | 2,500,871 | 2,006,491 | 1,682,456 | 324,036 | 798,020 | 15.00 | 13.24 | 6.48 | 16.15 | 48.17 |
| 1928. | 5,080 | . 32 | 18,629,575 | 3,143,186 | 3,667, 128 | 3,048,409 | 618,719 | 1,411,401 | 15.00 | 13.26 | 4.22 | 16.87 | 42.50 |
| 1929. | 4,482 | . 28 | 18,358,504 | 2,876,275 | 4,095,888 | 3,454,175 | 641,714 | 1,503,009 | 15.00 | 13.35 | 3.68 | 15.67 | 44.96 |
| 1930. | 10.481 | . 77 | 12,701,884 | 1,834,436 | 1,211,907 | +.036,881 | 175,027 | 479,751 | 15.00 | 13.32 | 8.52 | 14.44 | 59.43 |
| 1931. | 13.932 | 1.12 | 10,398,425 | 1,175,616 | 746,360 | 661,979 | 84,381 | 313,865 | 15.00 | 13.65 | 11.23 | 11.31 | 67.49 |
| 1932. | 12.511 | 1.29 | 7.909,326 | 1,400,052 | 632,199 | 520,292 | 111,907 | 310,718 | 15.00 | 12.95 | 10.02 | 17.70 | 56.92 |
| 1933 | 10,252 | 1.06 | 8,207,931 | 1.739,918 | 800.653 | 630,930 | 169,722 | 372,859 | 15.00 | 12.51 | 8.16 | 21.20 | 57.79 |
| 1934 | 16,006 | 1.40 | 9,475,669 | 2,542,270 | 592.012 | 433,178 | 158,833 | 285,620 | 15.00 | 11.73 | 12.67 | 26.83 | 62.75 |
| 1935. | 16,085 | 1.28 | 10,782,070 | 3,147,282 | 670,306 | 474,644 | 195,662 | 321.626 | 15.00 | 11.43 | 12.64 | 29.19 | 61.84 |
| $1936 .$. | 17,187 | 1.12 | 14,476,826 | 5,513,798 | 842,330 | 521,511 | 320.819 | 410.017 | 15.00 | 10.28 | 13.42 | 38.09 | 58.88 |
| 1937. | 20,083 | 1.25 | 14,187,175 | 5,040,987 | 706,417 | 455,413 | 251,004 | 341,998 | 15.00 | 10.62 | 15.59 | 35.53 | 59.81 |
| 1938. | 22,494 | 1.52 | 11,739,758 | 3,306,972 | 521,901 | 374,886 | 147,014 | 245,669 | 15.00 | 11.57 | 17.33 | 28.17 | 61.26 |
| 1939 | 29,325 | 1.57 | \$4,631,400 | 4,151,134 | 498,934 | 357,380 | 141,555 | 243,334 | 15.00 | 11.53 | 22.41 | 28.37 | 62.23 |
| 1940. | 30,270 | 1.51 | 15,990.550 | 6,175,929 | 528,258 | 324,232 | 204,026 | 257,501 | 15.00 | 10.19 | 22.85 | 38.62 | 59.78 |
| 1941. | 32,305 | 1.42 | 18,523,497 | 9,146,423 | 573.397 | 290,268 | 283.128 | 281,570 | 15.00 | 9.22 | 24.17 | 49.38 | 41.97 |
| 1942. | 35,665 | 1.48 | 19,670,409 | 12,054,773 | 551,525 | 213,530 | 337.996 | 282,076 | 15.00 | 7.95 | 26.49 | 61.28 | 34.08 |
| 1943. | 50,995 | 1.62 | 24,461,351 | 15,431,053 | 479,684 | 177,083 | 302,601 | 250,360 | 15.00 | 7.86 | 37.74 | 63.08 | 32.06 |
| 1944. | 96,828 | 1.85 | 35,681,885 | 18,767,613 | 368,508 | 174,684 | 193,825 | 189,533 | 15.00 | 9.32 | 72.31 | 52.60 | 33.25 |
| 1945. | 88,624 | 1.83 | 35,588,641 | 18,513,907 | 401,570 | 192,665 | 208,905 | 211,374 | 15.00 | 9.59 | 66.42 | 52.02 | 31.27 |
| 1946. | 85,966 | 1.92 | 34,964,570 | 17,004,538 | 406,728 | 208,921 | 197,807 | 215,242 | 15.00 | 10.01 | 61.10 | 48.63 | 31.70 |
| 1947 | 74,920 | 2.06 | 28,450.556 | 14,099,148 | 379,744 | 191,556 | 188,189 | 199,905 | 15.00 | 9.97 | 52.00 | 49.56 | 30.88 |
| 1948. | 87,734 | 1.93 | 33,943,155 | 13,738,441 | 386.889 | 230,296 | 156,593 | 201,428 | 15.00 | 10.87 | 59.79 | 40.47 | 33.97 |
| 1949 | 98,356 | 2.06 | 34,121,294 | 12,973,244 | 346,918 | 215,016 | 131,901 | 180,249 | 15.00 | 11.18 | 65.88 | 38.02 | 33.91 |
| 1950............................. | 103,599 | 1.79 | 41,981,990 | 17,552,745 | 405,234 | 235,805 | 169,429 | 203,548 | 15.00 | 10.67 | 68.22 | 41.81 | 34.51 |
|  | Part IV - Returns accounting for top $\mathbf{2 0}$ percent of Income |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916 | 2,372 | . 55 | 12,657,047 | 1,046,995 | 5,335,507 | 4,894,152 | 441,355 | 2,065,220 | 20.00 | 18.86 | 2.33 | 8.27 | 60.10 |
| 1917. | 9,430 | . 91 | 15,852,522 | 3,334,244 | 1,681,071 | 1,327,493 | 353,578 | 682,176 | 20.00 | 17.02 | 9.13 | 21.03 | 58.42 |
| 1918. | 17,360 | 1.60 | 13,145,892 | 4,651,618 | 757,230 | 489,288 | 267,943 | 328,341 | 20.00 | 14.62 | 16.82 | 35.38 | 61.11 |
| 1919. | 20.740 | 1.84 | 13,682,550 | 4,714.176 | 659,706 | 432,412 | 227,295 | 299,698 | 20.00 | 14.72 | 19.84 | 34.45 | 62.96 |
| 1920 | 22,610 | 2.67 | 10,120,980 | 2,898,082 | 447,642 | 319,463 | 128,180 | 226,300 | 20.00 | 15.86 | 21.24 | 28.63 | 57.22 |
| 1921. | 24,244 | 2.82 | 9,638.023 | 2,361.080 | 397,545 | 300,156 | 97,389 | 203,574 | 20.00 | 16.46 | 22.34 | 24.50 | 59.48 |
| 1922 | 22,664 | 2.07 | 13,077,900 | 3,169,391 | 577,046 | 437,200 | 139,845 | 270,555 | 20.00 | 16.46 | 20.59 | 24.23 | 60.97 |
| 1923 | 28,186 | 2.21 | 14,426,208 | 2,342,842 | 511,826 | 428,705 | 83,122 | 241,190 | 20.00 | 17.71 | 25.18 | 16.24 | 59.98 |
| 1924. | 27,256 | 1.94 | 16,505,264 | 2,977,741 | 605,575 | 496,322 | 109,253 | 280,704 | 20.00 | . 17.30 | 23.89 | 18.04 | 69.02 |
| 1925. | 18,965 | 1.34 | 19,221,501 | 2,789,537 | 1,013,517 | 866,429 | 147,087 | 417,149 | 20.00 | 17.94 | 16.37 | 14.51 | 61.51 |
| 1926. | 18.274 | 1.32 | 19,150,976 | 2,805,222 | 1,047,983 | 894,475 | 153,508 | 420,322 | 20.00 | 17.91 | 15.57 | 14.65 | 62.58 |
| 1927. | 16.021 | 1.12 | 20,647,829 | 3,156,084 | 1,288,759 | 1,091,769 | 196,991 | 505,057 | 20.00 | 17.84 | 13.46 | 15.29 | 60.79 |
| 1928 | 10,922 | . 70 | 24,839,434 | 4,074,118 | 2,274,160 | 1,901,157 | 373,004 | 832.195 | 20.00 | 17.78 | 9.06 | 16.40 | 55.08 |
| 1929. | 10,037 | . 63 | 24,478,005 | 3,735,844 | 2,438,719 | 2,066,521 | 372,198 | 846,664 | 20.00 | 17.88 | 8.24 | 15.26 | 58.40 |
| 1930. | 21,632 | 1.59 | 16,935,845 | 2,189,471 | 782,903 | 681.689 | 101,214 | 310,999 | 20.00 | 18.07 | 17.58 | 12.93 | 70.93 |
| 1931. | 27,734 | 2.23 | 13,864,567 | 1,347,726 | 499,917 | 451,321 | 48.595 | 207,995 | 20.00 | 18.52 | 22.36 | 9.72 | 77.37 |
| 1932. | 22,689 | 2.34 | 10,545,768 | 1,572,004 | 464,804 | 395,518 | 69,286 | 219,679 | 20.00 | 17.85 | 18.17 | 14.91 | 63.92 |
| 1933. | 19,093 | 1.97 | 10,943,908 | 1,973,894 | 573,196 | 469,811 | 103,384 | 260,241 | 20.00 | 17.35 | 15.20 | 18.04 | 65.57 |
| 1934. | 29,257 | 2.56 | 12,634,226 | 2,869,833 | 431,833 | 333,743 | 98,090 | 203.472 | 20.00 | 16.52 | 23.15 | 22.71 | 70.84 |
| 1935. | 29,517 | 2.35 | 14,376,093 | 3,571,710 | 487,042 | 366,038 | 121,005 | 227,509 | 20.00 | 16.18 | 23.20 | 24.84 | 70.18 |
| 1936. | 31,237 | 2.03 | 19,302,435 | 6,288,565 | 617,937 | 416,618 | 201,318 | 293.157 | 20.00 | 14.93 | 24.39 | 32.58 | 67.16 |
| 1937. | 36,607 | 2.27 | 18,916,233 | 5,723,176 | 516,743 | 360,400 | 156,342 | 244,309 | 20.00 | 15.31 | 28.42 | 30.26 | 67.91 |
| 1938. | 41,504 | 2.81 | 15,653,010 | 3,727,341 | 377,147 | 287,340 | 89,807 | 176,366 | 20.00 | 16.37 | 31.97 | 23.81 | 69.05 |
| 1939........................ | 53,270 | 2.85 | 19,508,533 | 4,662,557 | 366,220 | 278,693 | 87.527 | 174,690 | 20.00 | 16.34 | 40.70 | 23.90 | 69.90 |
| 1940...................... | 54,975 | 2.73 | 21,320,733 | 7,107,872 | 387,825 | 258,533 | 129,293 | 185,066 | 20.00 | 14.76 | 41.50 | 33.34 | 68.80 |
| 1941 .......................... | 58,482 | 2.57 | 24,697,996 | 11,177,679 | 422,316 | 231,186 | 191.129 | 201,766 | 20.00 | 13.29 | 43.75 | 45.26 | 51.30 |
| 1942 | 63.185 | 2.62 | 26,227,212 | 14,912,525 | 415,087 | 179,073 | 236,014 | 205,118 | 20.00 | 11.82 | 46.94 | 56.86 | 42.15 |
| 1943........................ | 89,215 | 2.83 | 32,615.134 | 19,173,557 | 365,580 | 150,665 | 214,915 | 184,847 | 20.00 | 11.69 | 66.03 | 58.79 | 39.83 |
| 1944. | 171,067 | 3.27 | 47.575.846 | 23,099.028 | 278,113 | 143,083 | 135,029 | 138,317 | 20.00 | 13.49 | 127.74 | 48.55 | 40.92 |
| 1945. | 154,290 | 3.19 | 47,451,521 | 23,142,206 | 307,548 | 157.556 | 149,992 | 156,913 | 20.00 | 13.65 | 115.63 | 48.77 | 39.08 |
| $1946 .$. | 148,791 | 3.32 | 46,619,426 | 21,258,424 | 313,321 | 170.447 | 142.874 | 162,423 | 20.00 | 14.13 | 105.76 | 45.60 | 39.63 |
| 1947............................ | 129,808 | 3.57 | 37,934,075 | 17,589,410 | 292.233 | 156.729 | 135,504 | 151,915 | 20.00 | 14.13 | 90.09 | 46.37 | 38.52 |
| 1948............................ | 153,329 | 3.37 | 45,257,541 | 16,693,354 | 295,166 | 186,293 | 108,873 | 150,424 | 20.00 | 15.37 | 104.50 | 36.89 | 41.28 |
| 1949. | 171.826 | 3.61 | 45,495,059 | 15,709,875 | 264,774 | 173,345 | 91,429 | 135,285 | 20.00 | 15.74 | 115.08 | 34.53 | 41.07 |
| 1950. | 184,419 | 3.19 | 55,975,986 | 21,292,305 | 303,525 | 188,069 | 115,456 | 150,097 | 20.00 | 15.14 | 121.43 | 38.04 | 41.86 |

[^8]Table 3.-Returns with Income $\$ \mathbf{2 5 , 0 0 0}$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 constant dollars]

| Tax year | Returns |  | Net income (thousand dollars) | Federal income tax (thousand dollars) | Mean income |  | Average income tax (dollars) | Minimum income cutoff (dollars) | Income share |  | $\begin{gathered} \text { Returns } \\ \text { per } \\ \text { 100,000 } \\ \text { population } \end{gathered}$ | Average income tax rate (percemi) | Incometaxshare(percem) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent of total |  |  | $\begin{gathered} \text { Betore } \\ \text { tax } \\ \text { (dotiars) } \end{gathered}$ | $\begin{gathered} \text { Alter } \\ \text { tax } \\ \text { (coltars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Before } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part V - Returns accounting for top 25 percent of Income |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 4,258 | . 99 | 15,821,308 | 1,176,560 | 3,715,425 | 3,439, 102 | 276,323 | 1,395,735 | 25.00 | 23.80 | 4.18 | 7.44 | 67.54 |
| 1917. | 16,490 | 1.59 | 19,815,653 | 3,718,861 | 1,201,677 | 976,155 | 225,522 | 473,435 | 25.00 | 21.88 | 15.97 | 18.77 | 65.16 |
| 1918. | 29,263 | 2.69 | 16,432,365 | 5,107,270 | 561,535 | 387,007 | 174,528 | 236.147 | 25.00 | 19.49 | 28.35 | 31.08 | 67.10 |
| 1919 | 34,183 | 3.04 | 17,103,187 | 5,170,513 | 500,347 | 349,085 | 151,261 | 219,329 | 25.00 | 19.59 | 32.71 | 30.23 | 69.05 |
| 1920. | 35,354 | 4.18 | 12,651,225 | 3,200.488 | 357,847 | 267,320 | 90.528 | 176,036 | 25.00 | 20.75 | 33.21 | 25.30 | 63.20 |
| 1921. | 37,730 | 4.39 | 12,047,529 | 2,607,210 | 319,312 | 250,210 | 69.102 | 158,465 | 25.00 | 21.35 | 34.76 | 21.64 | 65.68 |
| 1922. | 36,756 | 3.35 | 16,347,375 | 3,511,062 | 444,755 | 349,231 | 95,524 | 201,365 | 25.00 | 21.33 | 33.40 | 21.48 | 67.54 |
| 1923. | 45,466 | 3.56 | 18,032,760 | 2,606,752 | 396.618 | 339,284 | 57,334 | 183.044 | 25.00 | 22.61 | 40.61 | 14.46 | 66.73 |
| 1924. | 44,366 | 3.16 | 20,631,580 | 3,280,518 | 465,028 | 391,086 | 73,942 | 210.234 | 25.00 | 22.18 | 38.88 | 15.90 | 76.04 |
| 1925. | 32,685 | 2.31 | 24,026,876 | 3,220,076 | 735,098 | 636,580 | 98,518 | 299,661 | 25.00 | 22.72 | 28.22 | 13.40 | 71.00 |
| 1926. | 31,921 | 2.30 | 23,938,720 | 3,225,809 | 749,932 | 648,877 | 101,055 | 298,332 | 25.00 | 22.69 | 27.19 | 13.48 | 71.97 |
| 1927 | 28,367 | 1.98 | 25,809,787 | 3,668,516 | 909,858 | 780,534 | 129,324 | 353,169 | 25.00 | 22.58 | 23.83 | 14.21 | 70.66 |
| 1928. | 20,299 | 1.30 | 31,049,292 | 4,885,712 | 1,529,582 | 1,288,897 | 240,685 | 543,112 | 25.00 | 22.40 | 16.84 | 15.74 | 66.06 |
| 1929. | 19,328 | 1.22 | 30,597,506 | 4,482,734 | 1,583,097 | 1,351,163 | 231,934 | 529,554 | 25.00 | 22.51 | 15.87 | 14.65 | 70.08 |
| 1930. | 37,995 | 2.79 | 21,169,806 | 2,444,254 | 557,175 | 492,844 | 64,331 | 220,212 | 25.00 | 22.95 | 30.87 | 11.55 | 79.18 |
| 1931 | 47,424 | 3.81 | 17,330,709 | 1,460,025 | 365,444 | 334,657 | 30,787 | 152,376 | 25.00 | 23.48 | 38.23 | 8.42 | 83.82 |
| 1932 | 36,812 | 3.79 | 13,182,210 | 1,714,466 | 358,098 | 311.524 | 46.574 | 160,366 | 25.00 | 22.81 | 29.49 | 13.01 | 69.71 |
| 1933 | 31,527 | 3.26 | 13,679,885 | 2,159,956 | 433.904 | 365,394 | 68,510 | 188,285 | 25.00 | 22.28 | 25.11 | 15.79 | 71.75 |
| 1934. | 47,233 | 4.13 | 15,792,782 | 3,104,699 | 334,360 | 268,628 | 65,732 | 153,830 | 25.00 | 21.46 | 37.38 | 19.66 | 76.63 |
| 1935. | 47,899 | 3.81 | 17,970,116 | 3,883,993 | 375,170 | 294,082 | 81,088 | 170,642 | 25.00 | 21.09 | 37.64 | 21.61 | 76.31 |
| 1936. | 50,366 | 3.28 | 24,128,043 | 6,911,426 | 479,058 | 341,833 | 137,225 | 219.739 | 25.00 | 19.76 | 39.33 | 28.64 | 73.81 |
| 1937. | 59,069 | 3.67 | 23,645,292 | 6,254,671 | 400,300 | 294,412 | 105,888 | 183,650 | 25.00 | 20.19 | 45.85 | 26.45 | 74.21 |
| 1938. | 67,062 | 4.55 | 19,566,263 | 4,035,106 | 291,763 | 231,593 | 60.170 | 134,701 | 25.00 | 21.31 | 51.66 | 20.62 | 74.75 |
| 1939. | 85,540 | 4.57 | 24,385,666 | 5,036,053 | 285,080 | 226,206 | 58,874 | 132,573 | 25.00 | 21.29 | 65.36 | 20.65 | 75.50 |
| 1940. | 88,132 | 4.38 | 26,650,916 | 7.752,989 | 302,396 | 214.426 | 87,970 | 141,520 | 25.00 | 19.63 | 66.54 | 29.09 | 75.04 |
| 1941. | 93,789 | 4.12 | 30,872,495 | 12,825,928 | 329,170 328 | 192,417 154,140 | $136,753$ | 153,703 157,928 | 25.00 25.00 | 17.75 16.07 | 70.17 74.18 | 41.54 53.05 | $\begin{aligned} & 58.86 \\ & 49.16 \end{aligned}$ |
| 1942 | 99,861 | 4.14 | 32,784,015 | 17,391,427 | 328,297 | 154,140 | 174, 157 | 157.928 | 25.00 | 16.07 | 74.18 | 53.05 | $49.16$ |
| 1943. | 139,652 | 4.43 | 40,768,918 | 22,435,343 | 291.932 | 131,281 | 160,652 | 142.967 | 25.00 | 15.95 | 103.36 | 55.03 | $46.61{ }^{\circ}$ |
| 1944. | 269,855 | 5.15 | 59,469,808 | 26,740,890 | 220,377 | 121,284 | 99,094 | 106.147 | 25.00 | 18.04 | 201.51 | 44.97 | $47.37$ $45.86$ |
| 1945. | 239,936 | 4.95 | 59,314,401 | 27,152,624 | 247,210 | 134,043 | 113.166 | 123.587 | 25.00 | 18.06 | 179.82 | 45.78 | 45.86 |
| 1946 | 229,927 | 5.13 | 58,274,283 | 24,953,150 | 253.447 | 144.921 | 108.526 | 128,607 | 25.00 | 18.57 | 163.43 | 42.82 | 46.52 |
| 1947 | 200,095 | 5.50 | 47,417,594 | 20,689,095 | 236,976 | 133,579 | 103,397 | 121,237 | 25.00 | 18.56 | 138.87 | 43.63 | 45.31 |
| 1948. | 238,735 | 5.24 | 56,571,926 | 19,270,778 | 236,965 | 156,245 | 80.720 | 117,887 | 25.00 | 20.07 | 162.70 | 34.06 | 47.65 |
| 1949 | 267,336 | 5.61 | 56,868,824 | 18,043,299 | 212,724 | 145,231 | 67.493 | 106,199 | 25.00 | 20.52 | 179.06 | 31.73 | 47.17 |
| 1950. | 290,836 | 5.03 | 69,969,983 | 24,525,470 | 240,582 | 156,255 | 84.327 | 116,550 | 25.00 | 19.84 | 191.51 | 35.05 | 48.22 |
|  | Part VI - Returns accounting for top $\mathbf{3 0}$ percent of Income |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916 | 6,972 | 1.62 | 18,985,570 | 1,283,716 | 2,723,306 | 2,539,168 | 184,137 | 976,768 | 30.00 | 28.76 | 6.84 | 6.76 | 73.69 |
| 1917 | 26,453 | 2.54 | 23,778,783 | 4,045,265 | 898,907 | 745,984 | 152,923 | 339.786 | 30.00 | 26.83 | 25.62 | 17.01 | 70.88 |
| 1918 | 45,520 | 4.18 | 19,718,838 | 5,487,119 | 433,186 | 312,644 | 120.542 | 175,706 | 30.00 | 24.49 | 44.11 | 27.83 | 72.09 |
| 1919 | 52,181 | 4.63 | 20,523,824 | 5,543,232 | 393,322 | 287,090 | 106,231 | 166.804 | 30.00 | 24.59 | 49.93 | 27.01 | 74.03 |
| 1920 | 51.446 | 6.09 | 15,181,470 | 3,462,160 | 295,094 | 227,797 | 67,297 | 141,508 | 30.00 | 25.73 | 48.32 | 22.81 | 68.36 |
| 1921 | 54,764 | 6.38 | 14,457,034 | 2,814,486 | 263,987 | 212,594 | 51,393 | 127.110 | 30.00 | 26.33 | 50.46 | 19.47 | 70.90 |
| 1922. | 55,270 | 5.04 | 19,616,850 | 3,784,580 | 354,929 | 286,454 | 68,475 | 156,575 | 30.00 | 26.30 | 50.22 | 19.29 | 72.81 |
| 1923. | 67,806 | 5.31 | 21,639,312 | 2,816,291 | 319,133 | 277,599 | 41,534 | 143,674 | 30.00 | 27.59 | 60.57 | 13.01 | 72.10 |
| 1924 | 66,752 | 4.76 | 24,757,896 | 3,513,794 | 370.893 | 318,254 | 52,639 | 163,262 | 30.00 | 27.16 | 58.50 | 14.19 | 81.44 |
| 1925 | 51,289 | 3.63 | 28,832,251 | 3,553,845 | 562,158 | 492,867 | 69,291 | 225,741 | 30.00 | 27.60 | 44.28 | 12.33 | 78.36 |
| 1926 | 50,671 | 3.65 | 28,726,465 | 3,548,123 | 566,918 | 496,896 | 70,022 | 221,811 | 30.00 | 27.59 | 43.16 | 12.35 | 79.16 |
| 1927. | 45,577 | 3.19 | 30,971,744 | 4,068,487 | 679,544 | 590,278 | 89,266 | 258,451 | 30.00 | 27.44 | 38.29 | 13.14 | 78.37 |
| 1928. | 34,128 | 2.18 | 37,259,150 | 5,546,297 | 1,091,747 | 929,233 | 162,515 | 378,424. | 30.00 | 27.15 | 28.32 | 14.89 | 74.99 |
| 1929. | 33,568 | 2.12 | 36,717,007 | 5,068,137 | 1,093,823 | 942,840 | 150.983 | 357,571 | 30.00 | 27.29 | 27.57 | 13.80 | 79.23 |
| 1930 | 60,376 | 4.44 | 25,403,768 | 2,624,556 | 420,759 | 377.289 | 43,470 | 164,797 | 30.00 | 27.92 | 49.06 | 10.33 | 85.02 |
| 1931. | 73,383 | 5.89 | 20,796,850 | 1,528,447 | 283.403 | 262,575 | 20,828 | 118,540 | 30.00 | 28.51 | 59.16 | 7.35 | 87.75 |
| 1932. | 55,930 | 5.76 | 15,818,652 | 1,833,641 | 282,830 | 250,045 | 32,785 | 120,386 | 30.00 | 27.82 | 44.80 | 11.59 | 74.55 |
| 1933 | 48,520 | 5.01 | 16,415,862 | 2,312,796 | 338,331 | 290,665 | 47,667 | 139,034 | 30.00 | 27.27 | 38.64 | 14.09 | 76.82 |
| 1934 ....................................... | 70,540 | 6.17 | 18,951,339 | 3,291,769 | 268,660 | 221,995 | 46,665 | 120,705 | 30.00 | 26.49 | 55.82 | 17.37 | 81.25 |
| 1935. | 71,886 | 5.71 | 21,564,140 | 4,116,676 | 299,977 | 242.710 | 57,267 | 132,955 | 30.00 | 26.12 | 56.49 | 19.09 | 80.88 |
| 1936. | 75,444 | 4.91 | 28,953,652 | 7,387,513 | 383.775 | 285,855 | 97.920 | 170,410 | 30.00 | 24.75 | 58.92 | 25.51 | 78.89 |
| 1937 | 88,397 | 5.49 | 28,374,350 | 6,660,566 | 320.987 | 245.639 | 75,348 | 143,152 | 30.00 | 25.20 | 68.62 | 23.47 | 79.03 |
| 1938 | 99,765 | 6.76 | 23,479,515 | 4,292,933 | 235,348 | 192,317 | 43,030 | 107.443 | 30.00 | 26.33 | 76.85 | 18.28 | 79.52 |
| 1939............................ | 127,129 | 6.79 | 29,262,799 | 5,347,890 | 230,182 | 188,115 | 42,067 | 104,905 | 30.00 | 26.32 | 97.13 | 18.28 | 80.17 |
| 1940............................ | 130,628 | 6.50 | 31,981,099 | 8,255,760 | 244,826 | 181,625. | 63,200 | 112,189 | 30.00 | 24.64 | 98.62 | 25.81 | 79.91 |
| 1941. | 139,200 | 6.12 | 37,046,994 | 14,137,407 | 266, 143 | 164,581 | 101,562 | 121,533 | 30.00 | 22.53 | 104.14 | 38.16 | 64.88 |
| 1942 | 146,681 | 6.08 | 39,340,818 | 19,528,327 | 268,207 | 135,072 | 133,135 | 125,310 | 30.00 | 20.69 | 108.96 | 49.64 | 55.20 |
| 1943 | 203,791 | 6.46 | 48,922,701 | 25,262,558 | 240,064 | 116,100 | 123,963 | 114,141 | 30.00 | 20.58 | 150.84 | 51.64 | 52.48 |
| 1944 | 396,174 | 7.56 | 71,363,769 | 30,015,835 | 180,132 | 104.368 | 75,764 | 83,968 | 30.00 | 22.79 | 295.84 | 42.06 | 53.17 |
| 1945. | 347,378 | 7.17 | 71,177,281 | 30,634,169 | 204,899 | 116.712 | 88,187 | 99,585 | 30.00 | 22.77 | 260.34 | 43.04 | 51.74 |
| 1946 | 330,345 | 7.38 | 69,929,139 | 28.179.018 | 211,685 | 126,383 | 85,302 | 105,354 | 30.00 | 23.26 | 234.81 | 40.30 | 52.53 |
| 1947. | 286,488 | 7.87 | 56,901,112 | 23,445,440 | 198,616 | 116,779 | 81,837 | 100,236 | 30.00 | 23.23 | 198.84 | 41.20 | 51.34 |
| 1948............................. | 345.842 | 7.59 . | 67,886,311 | 21,515,921 | 196,293 | 134,080 | 62,213 | 95,541 | 30.00 | 24.95 | 235.70 | 31.69 | 53.20 |
| 1949............................. | 386,378 | 8.11 | 68,242,588 | 20,109,788 | 176,621 | 124,574 | 52.047 | 86,446 | 30.00 | 25.44 | 258.79 | 29.47 | 52.57 |
| 1950................................. | 425,705 | 7.36 | 83,963,979 | 27,331,844 | 197,235 | 133,031 | 64,204 | 93,258 | 30.00 | 24.73 | 280.31 | 32.55 | 53.73 |

See notes at end of tables.

Table 3.-Returns with Income $\mathbf{\$ 2 5 , 0 0 0}$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | Net income (thousand dollars) | Federal income tax (thousand dollars) | Mean income |  |  | Minimum income cutoff (dotlars) | income share |  | Returns per 100,000 population | Average income tax rate (percent) | Incometaxshare(percent) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent of total |  |  | Betore tax (dollars) | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (dollars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Before } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (parcent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | ( 7 | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part VII - Returns accounting for top 35 percent of income |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916 | 10,776 | 2.51 | 22,149,832 | 1,362,195 | 2,055,555 | 1,929,141 | 126,415 | 711,581 | 35.00 | 33.78 |  |  |  |
| 1917. | 40,108 | 3.86 | 27,741,914 | 4,332,084 | 691,674 | 1,583,664 | 108,009 | 250,729 | 35.00 | 33.78 31.83 | 10.57 38.84 | $\begin{array}{r} 6.15 \\ 15.62 \end{array}$ |  |
| 1918. | 67,002 | 6.16 | 23,005,311 | 5,805,691 | 343,351 | 256,702 | 108,009 86,649 | 134,374 | 35.00 35.00 | 31.83 29.59 | 38.84 64.92 | $\begin{aligned} & 15.62 \\ & 25.24 \end{aligned}$ | $\begin{aligned} & 75.90 \\ & 76.28 \end{aligned}$ |
| 1919. | 75,426 | 6.70 | 23.944,462 | 5,851,984 | 317,457 | 239,871 | 77,586 | 130,842 | 35.00 | 29.70 | 72.17 | 24.44 | $78.16$ |
| 1920. | 71.250 | 8.43 | 17.711,715 | 3,687,307 | 248,587 | 196,835 | 51,752 | 116,045 | 35.00 | 30.80 | 66.93 | 20.82 | $72.81$ |
| $\begin{aligned} & 1921 \ldots \\ & 1922 \ldots \end{aligned}$ | 75.836 | 8.83 | 16,866,540 | 2,988,366 | 222.409 | 183.003 | 39,406 | 103,738 | 35.00 | 31.38 | 69.87 | 17.72 | 75.28 |
| $\begin{aligned} & 1922 . \\ & 1923 . \end{aligned}$ | 78,760 95,945 | 7.18 | 22,886,325 | 4,007,710 | 290.585 | 239,699 | 50,885 | 125,011 | 35.00 | 31.36 | 71.57 | 17.51 | 77.10 |
| 1924. | 95,945 95181 | 7.51 6.79 | $25,245,863$ $28,884,213$ | 2,986,829 | 263.127 | 231,997 | 31,130 | 115,183 | 35.00 | 32.63 | 85.71 | 11.83 | 76.46 |
| 1925. | 75,538 | 5.35 | 33,637,626 | $3,687,675$ $3,818,574$ | 303,468 445,306 | 264,724 394,755 | 38,744 50,552 | 129,519 175,584 | 35.00 35.00 | 32.22 32.56 | 83.41 | 12.77 | 85.47 |
| 1926. | 75,386 | 5.43 | 33,514,209 | 3,801,144 | 444,569 | 394,146 | 50,422 | 171.092 |  |  | 65.22 | 11.35 | 84.20 |
| 1927 | 68,650 | 4.80 | 36,133,701 | 4,372,093 | 526,343 | 462,657 | 63,686 | 195,662 | 35.00 | 32.55 32.39 | 64.21 | 11.34 | 84.80 |
| 1928 | 53.562 | 3.42 | 43,469,009 | 6,051,236 | 811,568 | 698,591 | 60,686 112,977 | 195,662 | 35.00 35.00 | 32.39 32.04 | 57.67 44.45 | 12.10 13.92 | $\begin{aligned} & 84.22 \\ & 81.82 \end{aligned}$ |
| 1929. | 54,122 | 3.42 | 42,836,508 | 5,503,295 | 791,479 | 689,796 | 112,977 $+101,683$ | 252,861 | 35.00 | 32.04 32.19 | 44.45 44.45 | 13.92 12.85 | $\begin{aligned} & 81.82 \\ & 86.03 \end{aligned}$ |
| 1930 | 89,593 | 6.59 | 29,637,729 | 2,744,645 | 330,802 | 300,168 | 30,634 | 128,752 | 35.00 | 32.96 | 72.79 | 9.26 | 88.91 |
| 1931. | 106,050 | 8.51 | 24,262,992 | 1,579,612 | 228,788 | 213,893 | 14,895 | 95,829 | 35.00 | 33.56 | 85.50 | 6.51 | 90.68 |
| 1932. | 80.776 | 8.32 | 18,455,094 | 1,942,030 | 228.473 | 204,431 | 24,042 | 94,752 | 35.00 | 32.85 | 64.70 | 10.52 | 78.96 |
| 1933. | 71,109 99,765 | 7.35 | 19,151,839 | 2,445,112 | 269,332 | 234,947 | 34,386 | 107,109 | 35.00 | 32.31 | 56.62 | 12.77 | 81.22 |
| 1935. | 79,765 102,204 | 8.73 8.12 | 22,109,895 | 3,441,045 | 221.620 | 187,128 | 34,492 | 97.471 | 35.00 | 31.58 | 78.94 | 15.56 | 84.94 |
| 1936. | 107,323 | 6.99 | $25,158,163$ $33,779,261$ | 4,314,837 | 246.150 | 203.938 | 42,218 | 106,543 | 35.00 | 31.21 | 80.32 | 17.15 | 84.78 |
| 1937. | 125,454 | 7.79 | $33,779,261$ $33,103,409$ | $7,758,132$ $7,000,290$ | 314,745 263,869 | 242.457 | 72,288 | 135,488 | 35.00 | 29.86 | 83.81 | 22.97 | 82.85 |
| 1938. | 140.152 | 9.50 | 27,392.768 | 4,500,981 | 195,450 | 163,335 | 55,800 32,115 | 114,637 | 35.00 | 30.30 | 97.38 | 21.15 | 83.06 |
| 1939 | 178,828 | 9.56 | 34,139,933 | 5,597,734 | 190,909 | 163,335 159,607 | 32,115 31,302 | 88,067 85,480 | 35.00 35.00 | 31.42 31.41 | 107.95 136.64 | 16.43 16.40 | 83.38 83.92 |
| 1940. | 183.549 | 9.13 | 37,311,283 | 8,637,988 | 203,277 | 156,216 | 47,061 | 91,139 | 35.00 | 29.78 | 138.57 | 23.15 | $83.61$ |
| 1941. | 195,756 204,954 | 8.60 8.49 | $43,221,493$ 45,897 | 15,279,132 | 220,793 | 142,741 | 78,052 | 98,760 | 35.00 | 27.48 | 146.45 | 35.35 | 70.12 |
| 1943 | 204,954 283,352 | 8.49 8.99 | 45,897,621 | 21,430,080 | 223,941 | 119,381 | 104,560 | 101,605 | 35.00 | 25.55 | 152.25 | 46.69 | 60.58 |
| 1944. | 554,359 | 10.58 | 87,076,485 | 27,857,235 | 201.433 150.187 | 103,120 | 98,313 | 92,590 | 35.00 | 25.42 | 209.72 | 48.81 | 57.88 |
| 1945 | 479,231 | 9.89 | 83,040,161 | 33,855,093 | 173,278 | 102,633 | 59,284 70,645 | 67,762 81,657 | 35.00 35.00 | 27.78 27.62 | 413.96 359.15 | 39.47 40.77 | 58.22 57.18 |
| 1946 | 451,781 | 10.09 | 81,583,996 | 31,066,619 | 180,583 | 111,818 | 68,765 | 88,094 | 35.00 | 28.15 | 321.13 |  |  |
| 1947 | 389,840 | 10.72 | 66,384,631 | 25,830,967 | 170,287 | 104,026 | 66,260 | 84,494 | 35.00 | 28.16 | 270.57 | 38.91 | 57.92 |
| 1948 | 476,436 | 10.46 | 79,200,696 | 23,484,488 | 166,236 | 116,944 | 49,292 | 79,034 | 35.00 | 29.98 | 324.70 | 28.91 | $\begin{aligned} & 56.57 \\ & 5807 \end{aligned}$ |
| 1949. | 531,409 | 11.15 | 79,616,353 | 21,980,189 | 149,821 | 108,459 | 41,362 | 79,034 71,753 | 35.00 | 29.98 30.46 | 324.70 355.92 | 29.65 27.61 | 58.07 57.46 |
| 1950. | 592,834 | 10.25 | 97,957,976 | 29,781,195 | 165,237 | 115,001 | 50,235 | 75,696 | 35.00 | 29.77 | 390.36 | 30.40 | 58.55 |
|  | Part VIII - Returns accounting for top $\mathbf{4 0}$ percent of income |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 15,929 | 3.71 | 25,314,093 | 1,426,634 | 1,589,176 | 1,499,615 | 89,562 | 533,116 | 40.00 | 38.81 | 15.62 | 5.64 |  |
| 1917. | 58,439 | 5.62 | 31,705,044 | 4,585,185 | 542,533 | 464,072 | 78,461 | 188,677 | 40.00 | 36.87 | 56.59 | 14.46 | 80.34 |
| 1918. | 94,744 | 8.71 | 26,291,784 | 6.085,150 | 277,504 | 213,277 | 64,228 | 105,505 | 40.00 | 34.77 | 91.80 | 23.14 | 79.95 |
| 1919 | 104,708 | 9.30 | 27,365,099 | 6,108,716 | 261,348 | 203,007 | 58,341 | 105,053 | 40.00 | 34.89 | 100.19 | 22.32 | 81.59 |
| 1920 | 95,251 | 11.27 | 20,241,960 | 3,879,816 | 212,513 | 171,780 | 40,733 | 96,370 | 40.00 | 35.93 | 89.47 | 19.17 | 76.61 |
| 1921. | 101,309 | 11.79 | 19,276,046 | 3,148,419 | 190,270 | 159,192 | 31,077 | 86,574 | 40.00 | 36.47 | 93.34 |  |  |
| 1922 | 107.777 | 9.83 | 26,155,800 | 4,198,858 | 242,684 | 203,725 | 38,959 | 101,263 | 40.00 | 36.48 | 97.94 | 16.33 16.05 | $\begin{aligned} & 79.32 \\ & 80.78 \end{aligned}$ |
| 1923 | 130,717 | 10.23 | 28,852,415 | 3,138,410 | 220,724 | 196,715 | 24,009 | 93,993 | 40.00 | 37.69 | 116.77 | 10.88 | 80.34 |
| 1924. | 130,803 | 9.33 | 33,010.529 | 3,814,435 | 252,368 | 223,206 | 29,162 | 104,184 | 40.00 | 37.33 | 114.63 | 11.56 | 88.41 |
| 1925 | 106,299 | 7.53 | 38,443,001 | 4,009,555 | 361,648 | 323,929 | 37,719 | 139.893 | 40.00 | $37.60{ }^{\text {¢ }}$ | 91.77 | 10.43 | $88.41$ |
| $1926 .$ | 106,948 | 7.70 | 38,301,953 | 3,980,610 | 358,135 | 320,915 | 37,220 | 135,584 | 40.00 | 37.60 | 91.10 | 10.39 | 88.81 |
| $\begin{aligned} & 1927 . . \\ & 1928 . . \end{aligned}$ | 98,668 | 6.90 | 41,295,659 | 4,599,455 | 418,534 | 371,918 | 46,616 | 152,601 | 40.00 | 37.43 | 82.89 | 11.14 | 88.60 |
| 1928. | 79,975 | 5.10 | 49,678,867 | 6,430,836 | 621.177 | 540,767 | 80,410 | 204,047 | 40.00 | 37.03 | 66.36 | 12.94 | 86.95 |
| 1929. | 82,410 | 5.21 | 48,956,009 | 5,814,256 | 594,052 | 523,499 | 70,552 | 187,296 | 40.00 | 37.19 | 67.68 | 11.88 | 90.89 |
| 1930. | 126,381 | 9.29 | 33,871,690 | 2,825,762 | 268,012 | 245,653 | 22,359 | 103,643 | 40.00 | 38.05 | 102.68 | 8.34 | 91.54 |
| 1931. | 145,864 | 11.71 | 27,729,134 | 1,615,124 | 190,102 | 179,030 | 11.073 | 79,647 | 40.00 | 38.64 | 117.59 |  |  |
| 932. | 111,670 | 11.50 | 21,091,536 | 2,032,112 | 188,873 | 170,676 | 18.197 | 77,647 | 40.00 | 37.91 | 89.45 | 5.82 9.63 | 82.62 |
| 1933. | 99,772 | 10.31 | 21,887,816 | 2,553,417 | 219,379 | 193,787 | 25,593 | 85,922 | 40.00 | 37.39 | 79.45 | 11.67 | 84.82 |
| 934. | 135.549 | 11.86 | 25,268,452 | 3,563,393 | 186,415 | 160,127 | 26,289 | 80,545 | 40.00 | 36.71 | 107.26 | 14.10 | $87.96$ |
| 935. | 139,607 | 11.10 | 28,752,186 | 4,472,794 | 205,951 | 173.912 | 32,038 | 87,271 | 40.00 | 36.35 | 109.71 | 15.56 | $\begin{aligned} & 87.96 \\ & 87.88 \end{aligned}$ |
| 936. | 147,066 | 9.57 | 38,604,870 | 8,081,250 | 262,500 | 207.550 | 54,950 | 109,622 | 40.00 | 35.03 | 114.85 | 20.93 |  |
| 937 | 171,163 | 10.63 | 37,832,467 | 7,275,991 | 221.032 | 178.523 | 42.509 | 93,887 | 40.00 | 35.47 | 132.86 | 19.23 | $86.33$ |
| 938. | 188,853 | 12.80 | 31,306,020 | 4,672,376 | 165,769 | 141,028 | 24,741 | 73,802 | 40.00 | 35.47 36.55 | 145.47 | 19.23 14.92 | 86.33 86.55 |
| 939 | 241,513 | 12.91 | 39,017,066 | 5,800,666 | 161,553 | 137,535 | 24,018 | 71,312 | 40.00 | 36.55 | 184.53 | 14.87 | $\begin{aligned} & 86.55 \\ & 86.96 \end{aligned}$ |
| 940 | 247,895 | 12.33 | 42,641,466 | 8,943,960 | 172,015 | 135,935 | 36,080 | 75,785 | 40.00 | 35.00 | 184.53 187.15 | 14.87 20.97 | $\begin{aligned} & 86.96 \\ & 86.57 \end{aligned}$ |
| 941. | 264,716 | 11.63 | 49,395,992 | 16,213,300 | 186,600 | 125,352 | 61,248 | 81,687 | 40.00 | 32.63 |  |  |  |
| 942. | 276.178 | 11.44 | 52,454,424 | 23,099,665 | 189,930 | 106,289 | 83,640 | 83,833 | 40.00 | 30.65 | 205.16 | 32.82 44.04 | 74.41 65.30 |
| 943. | 380,663 | 12.07 | 65,230,268 | 30,146,535 | 171,360 | 92.165 | 79,195 | 76,232 | 40.00 | 30.52 | 281.75 | 46.22 | 62.63 |
| 944 | 748,158 | 14.28 | 95,151,693 | 35,430,649 | 127,181 | 79,824 | 47,357 | 55,954 | 40.00 | 32.92 |  |  | 62.77 |
| 945 | 639,128 | 13.20 | 94,903,042 | 36,704,983 | 148,488 | 91,058 | 57,430 | 67,761 | 40.00 | 32.69 | 478.98 | 37.24 38.68 | 62.77 61.99 |
| 946. | 595,803 | 13.30 | 93,238,852 | 33,710,095 | 156,493 | 99,914 | 56,579 | 74,609 | 40.00 |  |  |  |  |
| 947. | 511,164 | 14.05 | 75,868,150 | 28,120,253 | 148,422 | 93,410 | 55,012 | 72,620 | 40.00 | 33.16 | 354.77 | 36.15 37.06 | 62.84 61.58 |
| 948. | 632,286 | 13.88 | 90,515,081 | 25,358,287 | 143,155 | 103,050 | 40,106 | 67,007 | 40.00 | 35.06 | 354.77 430.92 | 37.06 28.02 | $61.58$ $62.70$ |
| 949. | 704,134 | 14.78 | 90,990,118 | 23,706,199 | 129,223 | 95,556 | 33,667 | 60,708 | 40.00 |  | 430.92 471.61 | 26.02 | $62.70$ |
| 950............................ | 796,103 | 13.76 | 111,951,972 | 32,071,321 | 140,625 | 100,340 | 33,667 40,285 | 60,708 62,996 | 40.00 40.00 | 35.56 34.88 | 471.61 524.21 | 26.05 28.65 | 61.97 63.05 |

Table 3.-Returns with Income $\mathbf{\$ 2 5 , 0 0 0}$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

\begin{tabular}{|c|c|c|c|c|c|c|c|c|c|c|c|c|c|}
\hline \& \multicolumn{2}{|l|}{Retums} \& \multirow[b]{2}{*}{Net income (thousand dollars)} \& \multirow[t]{2}{*}{Foderal income tax (thousand dollars)} \& \multicolumn{2}{|l|}{Mean income} \& \multirow[b]{2}{*}{Average
income tax
(dollars)} \& \multirow[b]{2}{*}{Minimum incorne cutoft (dodlars)} \& \multicolumn{2}{|c|}{Income share} \& \multirow[t]{2}{*}{\[
\begin{gathered}
\text { Roturns } \\
\text { perr } \\
100,000 \\
\text { popudation }
\end{gathered}
\]} \& \multirow[t]{2}{*}{Average income \(\operatorname{tax}\) rate (parcent)} \& \multirow[t]{2}{*}{Income
tax
share
(percemt)} \\
\hline Tax year \& Number \& Percent of total \& \& \& \[
\begin{gathered}
\text { Betore } \\
\text { tax } \\
\text { (dollars) }
\end{gathered}
\] \& \[
\begin{gathered}
\text { Atter } \\
\text { tax } \\
\text { (dollars) }
\end{gathered}
\] \& \& \& \[
\begin{aligned}
\& \text { Betore } \\
\& \text { tax } \\
\& \text { (percent) }
\end{aligned}
\] \&  \& \& \& \\
\hline \& (1) \& (2) \& (3) \& (4) \& (5) \& (6) \& ( 7 \& (8) \& (9) \& (10) \& (11) \({ }^{\circ}\) \& (12) \& (13) \\
\hline \& \multicolumn{13}{|c|}{Part IX - Returns accounting for top 45 percent of income} \\
\hline 1916 \& 22,794 \& 5.31 \& 28,478,355 \& 1,478,703 \& 1,249,400 \& 1,184,526 \& 64,873 \& 400,702 \& 45.00 \& 43.87 \& 22.36 \& 5.19 \& 84.88 \\
\hline 1917 \& 82,522 \& 7.94 \& 35,668,175 \& 4,794,367 \& 432.227 \& 374,129 \& 58,098 \& 144,880 \& 45.00 \& 41.97 \& 79.91 \& 13.44 \& 0 \\
\hline 1918 \& 129,794 \& 11.93 \& 29,578,257 \& 6,326,469 \& 227.887 \& 179,144 \& 48,743 \& 84,482 \& 45.00 \& 40.01 \& 125.76 \& 21.39 \& 83.12
84.69 \\
\hline 1919 \& 140,866 \& 12.51 \& 30,785,736 \& 6,340,856 \& 218,547 \& 173,533
151,073 \& 45,013
32,780 \& 85,827
81,582 \& 45.00
45.00 \& 40.12
41.09 \& 134.78
116.34 \& 20.60
17.83 \& 84.69
80.17 \\
\hline 1920 \& 123,861 \& 14.65 \& 22.772,205 \& 4,060,215 \& 183,853 \& 151.073 \& 32,780 \& 81,582 \& \& \& 116.34 \& \& \\
\hline 1921. \& 131,690 \& 15.33 \& 21,685,552 \& 3,283,968 \& 164,671 \& 139,734 \& 24,937 \& 72,976
82985 \& 45.00
45.00 \& 41.61
41.64 \& 121.33
130.45 \& 15.14
14.83 \& \[
\begin{aligned}
\& 82.73 \\
\& 83.96
\end{aligned}
\] \\
\hline 1922 \& 143.555 \& 13.09 \& 29,425,275 \& 4,364,137 \& 204,976 \& 174,575 \& 30,400 \& 82,985
77.663 \& 45.00
45.00 \& 4.64
42.79 \& 154.56 \& 10.07 \& 83.96
83.64 \\
\hline 1923. \& 173,025 \& 13.55 \& 32,458,967 \& 3,267,130 \& 187,597 \& 168,714
190,028 \& 18,882
22,420 \& 77,663
84,947 \& 45.00
45.00 \& 42.79
42.47 \& 154.56
153.19 \& 10.55 \& 83.64
90.84 \\
\hline 1924. \& 174.805 \& 12.47 \& 37,136,845 \& 3,919,086 \& 212,447
299,055 \& 190,028
270,385 \& 22,420
28,670 \& 84,947
113.132 \& 45.00
45.00 \& 42.47
42.70 \& 153.19 \& 9.59 \& 90.84
91.42 \\
\hline 1925 \& 144,617 \& 10.24 \& 43,248,376 \& 4,146,166 \& 299,055 \& 270,385 \& 28,670 \& 113.132
109560 \& \& 42.71 \& 124.68 \& 9.53 \& 91.60 \\
\hline 1926 \& 146,367 \& 10.54 \& 43,089,697 \& 4,105,635 \& 294,395
339,862 \& 266,345
305,043 \& 28,050
34,819 \& 109,560
121.527 \& 45.00
45.00 \& 42.53 \& 114.84 \& 10.25 \& 91.68 \\
\hline 1927 \& 136,696 \& 9.55 \& 46,457,616 \& 4,759,633 \& 339,862
486,254 \& 305,043
427,827 \& 34,819
58,428 \& 121,527
156,279 \& 45.00 \& 42.10 \& 95.38 \& 12.02 \& 90.80 \\
\hline 1928 \& 114.937 \& 7.33 \& 55,888,726 \& 6,715,503 \& 486,254
459,043 \& 427,827
408,849 \& 58,428
50,194 \& 156,279
143,175 \& 45.00
45.00 \& 42.29 \& 98.53 \& 10.93 \& 94.14 \\
\hline 1929. \& 119,979 \& 7.58
1261 \& \(55,075,511\)
\(38,105,651\) \& 6,022,173
2,887,686 \& 459,043
222,194 \& 408,849
205,356 \& 50,194
16,838 \& 143,175
85,506 \& 45.00
45.00 \& 43.16 \& 139.34 \& 7.58 \& 93.55 \\
\hline 1930. \& 171,497 \& 12.61 \& 38,105,651 \& 2,887,686 \& 222,194 \& 205,356
152970 \& 16,838
8,494 \& 85,506
67,874 \& \& \& \& 5.26 \& 94.22 \\
\hline 1931. \& 193,202
148,771 \& 15.51
15.31 \& \(31,195,276\)
\(23,727,978\) \& \(1,641,153\)
\(2,107,782\) \& 161,465
159,494 \& 152,970
145,326 \& 8,494
14,168 \& 67,874
65,389 \& 45.00
45.00 \& 43.73
43.01 \& 155.76
119.17 \& 5.26
8.88 \& 94.22
85.70 \\
\hline 1932 \& 148,771
134,808 \& 15.31
13.93 \& 23,727,978
\(24,623,793\) \& 2,107,782
\(2,642,046\) \& 159,494
182,658 \& 145,326
163,059 \& 14,168
19,599 \& 67,389
71,350 \& 45.00 \& 42.51 \& 107.35 \& 10.73 \& 87.76 \\
\hline 1933 \& 134,808
178,346 \& 13.93
15.61 \& \(24,623,793\)
\(\mathbf{2 8 , 4 2 7 , 0 0 8}\) \& \(2,642,046\)
\(3,672,346\) \& 189,658
159,392 \& 138,801 \& 20,591 \& 67,938 \& 45.00 \& 41.87 \& 141.13 \& 12.92 \& 90.64 \\
\hline 1935 \& 184,757 \& 14.68 \& 32,346,209 \& 4,608,376 \& 175.074 \& 150,131 \& 24,943 \& 73,021 \& 45.00 \& 41.53 \& 145.19 \& 14.25 \& 90.54 \\
\hline 1936. \& 195,778 \& 12.74 \& 43,430,478 \& 8,344,202 \& 221,835 \& 179,215 \& 42,621 \& 90,094 \& 45.00 \& 40.26 \& 152.89 \& 19.21 \& 89.11 \\
\hline 1937. \& 226,582 \& 14.07 \& 42,561,525 \& 7,505,922 \& 187.841 \& 154,715 \& 33,127 \& 77,991 \& 45.00 \& 40.69 \& 175.88 \& 17.64 \& 89.06
89.15 \\
\hline 1938 \& 246,313 \& 16.70 \& 35,219.273 \& 4,812,353 \& 142,986 \& 123,448 \& 19.538 \& 63,110 \& 45.00 \& 41.73 \& 189.73
241.35 \& 13.58 \& 39.15
39.38 \\
\hline 1939 \& 315,874 \& 16.88 \& 43,894,199 \& 5,961,707 \& 138,961 \& 120,087 \& \begin{tabular}{l}
18,874 \\
\hline 28,326
\end{tabular} \& 60,647
64,212 \& 45.00 \& 41.74
40.28 \& 244.96 \& 19.16 \& 88.96 \\
\hline 1940 \& 324.461 \& 16.13 \& 47,971,649 \& 9,190,588 \& 147,850 \& 119,524 \& 28,326 \& 64,212 \& \& \& \& \& \\
\hline 1941........................ \& 324,295
\(-361,860\) \& 15.26
14.99 \& \(55,570,491\)
\(59,011,227\) \& \(17,012,533\)
\(\mathbf{2 4 , 5 9 6 , 1 6 7}\) \& 160,009
163,078 \& 119,5024

95,106 \& 48,986
67,972 \& 68,863
70,204 \& 45.00

45.00 \& $$
\begin{aligned}
& 37.91 \\
& 35.94
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 259.82 \\
& 268.81
\end{aligned}
$$

\] \& \[

41.68

\] \& \[

69.53
\] <br>

\hline -1942 1943........................................ \& -361,860
497,844 \& -14.99 \& 59,011,227-
73,384,052 \& $174,596,167$
$32,219,793$ \& 163,078

147,404 \& | 1195,106 |
| :--- |
| 82,685 | \& 67,972

64,719 \& 63,764 \& 45.00 \& 35.81 \& 368.48 \& 43.91 \& 66.94 <br>
\hline 1943 ............................................................ \& 497.844
980,604 \& 15.79
18.72 \& 73,384,052
$107,045,654$ \& $32,219,793$
$37.766,355$ \& 147,404
109,163 \& -70,650 \& -38,513 \& 47,158 \& 45.00 \& 38.18 \& 732.26 \& 35.28 \& 66.90 <br>
\hline 1945. \& 830,080 \& 17.14 \& 106,765,922 \& 39,304,068 \& 128,621 \& 81,272 \& 47,350 \& 57,259 \& 45.00 \& 37.89 \& 622.09 \& 36.81 \& 66.38 <br>
\hline 1946 \& 765,000 \& 17.08 \& 104,893,709 \& 36,078,851 \& 137,116 \& 89,954 \& 47,162 \& 63,838 \& 45.00 \& 38.35 \& 543.76 \& 34.40 \& 67.26 <br>
\hline 1947 \& 651,786 \& 17.92 \& 85,351,669 \& 30,149,978 \& 130,950 \& 84,693 \& 46,257 \& 62,848 \& 45.00 \& 38.33 \& 452.37 \& 35.32 \& 66.02 <br>
\hline 1948 \& 815,122 \& 17.89 \& 101,829,466 \& 27,033,390 \& 124,925 \& 91,761 \& 33,165 \& 57.427 \& 45.00 \& 40.25 \& 555.53 \& 24 \& . 85 <br>
\hline 1949 \& 906,357 \& 19.02 \& 102,363,883 \& 25,269,692 \& 112,940 \& 85,059 \& 27,880 \& 52,428 \& 45.00
45.00 \& 40.74
40.10 \& 607.05

683.28 \& $$
\begin{aligned}
& 24.69 \\
& 27.09
\end{aligned}
$$ \& 66.06

67.07 <br>
\hline 1950. \& 1,037,681 \& 17.93 \& 125,945,969 \& 34,114,490 \& 121,373 \& 88,497 \& 32,876 \& 53,667 \& 45.00 \& \& \& \& <br>
\hline \& \multicolumn{13}{|c|}{Part X - Returns accounting for top $\mathbf{5 0}$ percent of income} <br>
\hline 1916 \& 31,732 \& 7.39 \& 31,642,617 \& 1,523,065 \& 997,176 \& 949,178 \& 47,997 \& 310,285 \& 50.00 - \& 48.94 \& 31.12 \& 4.81 \& 87.43 <br>
\hline 1917 \& 113,682 \& 10.93 \& 39,631,305 \& 4,982,401 \& 348,616 \& 304,788 \& 43,828 \& 112,594 \& 50.00 \& 47.11 \& 110.08 \& 12.57 \& 87.30 <br>
\hline 1918 \& 172,978 \& 15.90 \& 32,864,730 \& 6,537,930 \& 189,994 \& 152,198 \& 37,796 \& 69,248 \& 50.00 \& 45.30 \& 167.60 \& 19.89 \& 85.90 <br>
\hline 1919 \& 184,766 \& 16.41 \& 34,206,374 \& 6,537,759 \& 185,133 \& 149,749 \& 35,384

26,779 \& 71,236
69,776 \& 50.00
50.00 \& 45.41
46.30 \& 176.79
147.91 \& 19.11

16.67 \& $$
\begin{aligned}
& 87.32 \\
& 83.26
\end{aligned}
$$ <br>

\hline 1920. \& 157,469 \& 18.63 \& 25,302,450 \& 4,216,789 \& 160,682 \& 133,904 \& 26,779 \& 69,776 \& 50.00 \& 46.30 \& \& \& <br>
\hline 1921 \& 167,453 \& 19.49 \& 24,095,057 \& 3,402,715
$4,505,336$ \& 143,891
175,037 \& 123,571
150,917 \& 20,320
24,120 \& 62,423
69,271 \& 50.00
50.00 \& 46.79

46.83 \& $$
\begin{aligned}
& 154.28 \\
& 169.73
\end{aligned}
$$ \& 14.12

13.78 \& 85.72
86.67 <br>
\hline 1922 \& 186,788 \& 17.03 \& 32,694,750 \& 4,505,336 \& 175,037
161,078 \& 150,917
145,984 \& 24,120
15,094 \& 69,271
64,852 \& 50.00
50.00 \& 46.83
47.91 \& 200.01 \& 9.37 \& 86.52 <br>
\hline 1924. \& 228,314 \& 16.29 \& $41,263,161$
$48,053,752$ \& $3,996,540$
$4,252,677$ \& \& 163,225
228,455 \& 17,505
$\mathbf{2 2 , 1 8 1}$ \& 9,374
9820 \& 50.00 \& 47.83 \& 165.53 \& 8.85 \& 93.77 <br>
\hline 1925. \& 191,727 \& 13.58 \& 48,053,752 \& 4,252,677 \& 250,636 \& 228,455
224,245 \& 12,181
21.592 \& 8, 89,971 \& \& \& \& \& 93.82 <br>
\hline 1926. \& 194,752 \& 14.02 \& $47,877.441$
$51.619,573$ \& $4,205,149$
$4,872,865$ \& 245,838
280,610 \& 224,245
254,121 \& 21.592
26.490 \& 89,971
98,608 \& 50.00
50.00 \& 47.85
47.68 \& 165.89
154.54 \& 8.78
9.44 \& 93.86 <br>
\hline 1927. \& 183,955 \& 12.86
10.21 \& $51,619,573$
$62,098,584$ \& $4,872,865$
$6,912,413$ \& 280,610
387,927 \& 254,121
344,746 \& 26,490
43,182 \& 128,608
12,087 \& 50.00 \& 47.25 \& 132.83 \& 11.13 \& 93.46 . <br>
\hline 1928. \& 160,078
168,429 \& 10.21
10.64 \& $62,098,584$
$61,195,012$ \& $6,912,413$
$6,153,495$ \& 387,927
363,328 \& 344,746
326,794 \& 43,182
3635 \& 112,528 \& 50.00 \& 47.45 \& 138.32 \& 10.06 \& 96.20 <br>
\hline 1929. \& 168,429
225,676 \& 16.59 \& 42,339,613 \& 2,932,507 \& 187,613 \& 174,618 \& 12,994. \& 71,831 \& 50.00 \& 48.30 \& 183.36 \& 6.93 \& 95.00 <br>
\hline 1931 \& 248,169 \& 19.92 \& 34,661,417 \& 1,661,827 \& 139,668 \& 132,972 \& 6,696 \& 58,803 \& 50.00 \& 48.83 \& $200.07{ }^{\circ}$ \& 4.79 \& 95.40 <br>
\hline 1932. \& 192,339 \& 19.80 \& 26,364,420 \& 2;169,890 \& 137.073 \& 125,791 \& 11,282 \& 56,332 \& 50.00 \& 48.13 \& 154.07 \& 8.23 \& 88.23
90.15 <br>
\hline 1933 \& 176,570 \& 18.25 \& 27,359,770 \& 2.713,868 \& 154,952 \& 139,582 \& 15.370 \& 60,592 \& 50.00 \& 47.66 \& 140.60
18089 \& 9.92
11.86 \& 90.15
92.49 <br>
\hline 1934 \& 228,603 \& 20.00 \& 31,585,565 \& 3,747,074 \& 138,168 \& 121.777 \& 16,391
19,766 \& 58,477
62,156 \& 50.00
50.00 \& 47.09
46.76 \& 180.89
187.22 \& 11.86

13.10 \& $$
\begin{aligned}
& 92.49 \\
& 92.52
\end{aligned}
$$ <br>

\hline 1935 \& 238,242 \& 18.93 \& 35,940,233 \& 4,709,027 \& 150,856 \& 131.090 \& 19,766 \& 62,156 \& 50.00 \& 46.76 \& \& \& <br>

\hline 1936 \& 254,584 \& 16.57 \& 48,256,087 \& 8,560,950 \& 189,549 \& 155,922 \& 33,627 \& 75,179 \& $50.00{ }^{\circ}$ \& 45.55 \& | 198.81 |
| :--- |
| 227 | \& \& \[

$$
\begin{aligned}
& 91.42 \\
& 91.29
\end{aligned}
$$
\] <br>

\hline 1937........ \& 292,727 \& 18.17 \& 47,290,584 \& 7,694,066 \& 161,552
125041 \& 135,268
109,310 \& 26,284
15,731 \& 65,844
54,949 \& 50.00
50.00 \& 45.96
46.95 \& 227.23
241.06 \& 16.27
12.58 \& 91.29
91.20 <br>
\hline 1938 ............................: \& 312,957 \& 21.21 \& 39,132,525 \& 4,923,060 \& 125,041 \& 109,310
106,109 \& 15,731
15,136 \& 54,949
52,850 \& 50.00 \& 46.97 \& 307.35 \& 12.48 \& 91.28 <br>
\hline 1939 ............................ \& 402,254 \& 21.49 \& 48,771,332 \& 6,088,440 \& 121,245 \& 106,109
106,047 \& 15,136
$\mathbf{2 2 , 6 7 4}$ \& 52,850
55,350 \& 50.00
50.00 \& 45.61 \& 312.62 \& 17.61 \& 90.88. <br>
\hline 1940 ...*..................... \& 414,087 \& 20.59 \& 53,301,832 \& 9,388,998 \& 128,721 \& 106,047 \& 22,674 \& 55,350 \& 50.00 \& \& \& \& <br>
\hline 1941 . 1942 \& 444,557 \& 19.54 \& $61,744,990$
655689 \& $17,705,180$
25,954,295 \& 138,891
141,483 \& 99,064
85,479 \& 39,827
56,004 \& 58,729
59,639 \& 50.00
50.00 \& 43.30
41.37 \& 332.58
344.26 \& 28.67
39.58 \& 81.25
73.37 <br>
\hline 1942 ................................ \& 463.434 \& 19.20 \& $65,568,030$
$81,537,836$ \& 25,954,295
$34,135,602$ \& 141,483
128,221 \& 85,479
74,542 \& 56,004
53,679 \& 59,639
54,816 \& 50.00 \& 41.24 \& 470.68 \& 41.86 \& 70.92 <br>
\hline 1943 ....................................................... \& 635,917
$1,251,925$ \& 20.17
23.90 \& 81,537,836
$118,939,616$ \& $34,135,602$
$39,889,143$ \& 128,221
95,005 \& 74,542
63,143 \& 53,679
31,862 \& 54,816
41,156 \& 50.00 \& 43.57 \& 934.87 \& 33.54 \& 70.67 <br>
\hline 1944 ....... \& $1,251,925$
$1,054,353$ \& 23.90 \& $118,939,616$
$118,628,802$ \& $39,889,143$
$41,695.988$ \& 128,205
112,513 \& 63,143
72,967 \& 31,862
39,547 \& 49.086 \& 50.00 \& 43.21 \& 790.17 \& 35.15 \& 70.42 <br>
\hline 1946. \& 961,462 \& 21.47 \& 116,548,566 \& 38,251,381 \& 121,220 \& 81,436 \& 39,785 \& 55,353 \& 50.00 \& 43:63 \& 683.41 \& 32.82 \& 71.31 <br>
\hline 1947. \& 813,228 \& 22.35 \& 94,835,187 \& 32,026,083 \& \$16,616 \& 77,234 \& 39,381 \& 55,044 \& 50.00 \& 43.62 \& 564.42 \& 33.77 \& 70.13 <br>
\hline 1948 . \& 1,026,660 \& 22.54 \& 113,143,851 \& 28,582,115 \& 110,206 \& 82,366 \& 27,840 \& 50,026 \& 50.00 \& 45.50 \& 699.69 \& 25.26 \& 70.68 <br>
\hline 1949 \& 1,138,047 \& 23.89 \& 113,737,647 \& 26,713,621 \& 99,941 \& 76,468 \& 23,473 \& 46,250 \& 50.00 \& 45.99 \& 762.23
868.01 \& 23.49
25.72 \& 69.83
70.76 <br>
\hline 1950 ................ \& 1,318,224 \& 22.78 \& 139,939,965 \& 35,993,079 \& 106.158 \& 78,854 \& 27,304 \& 46,667 \& 50.00 \& 45.39 \& 868.01 \& 25.72 \& <br>
\hline
\end{tabular}

Table 4.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax,
Cumulated by Return Percentile Groups, Tax Years 1916-1950 Cumulated by Return Percentile Groups, Tax Years 1916-1950
[All figures are estimates-money amounts are in 1986 dollars]

| Tax yoar | Returns |  | $\underset{i n}{\mathrm{Net}}$ (thousand dollars) | Federal tax (thousanddollars) | Mean income |  | Average income (doliars) | Minimum income (dollars) | income share |  | Returns ${ }_{100}{ }^{\text {per }}$ population | Average taxtax <br> rate (percent) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | $\begin{gathered} \text { Percent } \\ \text { of } \\ \text { ototat } \end{gathered}$ |  |  | $\begin{gathered} \text { Betors } \\ \text { tax } \\ \text { (dollars) } \end{gathered}$ | $\begin{gathered} \text { Ather } \\ \text { (otalars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Before } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { Ather } \\ \text { tox } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | ${ }^{(2)}$ | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part I- Top 1 percent of returns |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 4,294 | 1.00 | 15,871,135 | 1,178,443 | 3,696, 110 | 3,421,672 | 274,439 | 1,388,879 | 25.08 | 23.87 |  |  |  |
| $1917 .$. | 10,399 | 1.00 | 16,490,937 | 3,398,969 | 1,585,760 | 1,258,917 | 326,843 | -637,966 | 25.081 20.81 | 23.87 17.80 | 4.21 10.07 | 7.43 20.61 | 67.64 59.55 |
| 1918 | 10,881 | 1.00 | 10.719,121 | 4,234,302 | 985,084 | -595,953 | 389,131 | 434,280 | 16.31 | 11.16 | 10.54 | 20.61 39.50 | 55.63 |
| 1919. | 11,262 | 1.00 | 10,341,845 | 4,134,184 | 918,335 | 551,228 | 367,97 | 424,535 | 15.12 | 10.19 | 10.78 | 39.98 | 55.63 |
| 1920 | 8,453 | 1.00 | 6,110,556 | 2,253,400 | 722,891 | 456,310 | 266,582 | 372,607 | 12.08 | 8.47 | 7.94 | 36.88 | 44.49 |
| $1921 .$ | 8,590 10,966 | 1.00 | 5,594,373 | 1,817,367 | 651,298 | 439,720 | 211,578 | 347,793 | 11.61 | 8.54 | 7.91 | 32.49 | 45.78 |
| 1923... | 10,966 12,773 | 1.00 1.00 | 9,285,953 $9,905,718$ | $2,646,076$ $1,913,207$ | 846,832 | 605,524 | 241,309 | 400,592 | 14.20 | 11.03 | 9.96 | 28.50 | 50.90 |
| 1924................................ | 12,019 | 1.00 1.00 | $9,905,718$ $12.090,304$ | $1,913,207$ $\mathbf{2 , 5 4 0 , 9 6 6}$ | 775,502 862,432 | 625,720 681,178 | 149,782 | 368,751 | 13.73 | 11.71 | 11.41 | 19.31 | 48.98 |
| 1925. | 14,123 | 1.00 | 17,019,740 | 2,551,457 | 1,205,104 | 6251,78 $1,024,445$ | 181,254 180,659 | 406,188 496,864 | 14.65 17.71 | 12.21 15.80 | 12.29 | 21.02 | 58.89 |
| 1926. | 13,892 | 1.00 | 17,154,954 | 2,593,867 | 1,234,864 | 1,048,150 | 186,714 | 496,821 | 17.92 | 15.95 |  |  | 57.87 |
| 1927. | 14,310 | 1.00 | 19,753,331 | 3,054,194 | 1,380,390 | 1,166,959 | 213,431 | 541,406 | 19.13 | 17.03 | 11.83 12.02 | 15.12 15.46 | 57.87 |
| 1928. | 15.672 | 1.00 | 28,309,366 | 4,547,329 | 1,806,317 | 1,516,168 | 290,148 | 648,879 | 22.79 | 20.34 | 13.01 | 15.46 16.06 | 58.83 61.48 |
| 1929. | 15,833 | 1.00 | 28,610,386 | 4,260,533 | 1,807,065 | 1,537,965 | 269,100 | 612,243 | 23.38 | 20.99 | 13.00 | 16.06 14.89 | 61.48 66.60 |
| 1930. | 13,599 | 1.00 | 14,081,869 | 1,964,587 | 1,035,471 | 891,010 | 144,460 | 410,220 | 16.63 | 14.85 | 11.05 | 14.95 <br> 1.85 | $\begin{aligned} & 66.60 \\ & 63.64 \end{aligned}$ |
| $\begin{aligned} & 1931 . \\ & 1932 \end{aligned}$ | 12,461 | 1.00 | 9,920,950 | 1,145,422 | 796,186 | 704,263 | 91,924 | 335,468 | 14.31 | 12.99 | 10.05 | 11.55 | 65.76 |
| $\begin{aligned} & 1932 . \\ & 1933 . \end{aligned}$ | 9,714 9.678 | 1.00 | 6,979,878 | 1,328,069 | 718,527 | 581,812 | 136,715 | 356,619 | 13.24 | 11.24 | 7.78 | 19.03 | 54.00 |
| 1934. | 11,429 | 1.00 | $7,990,646$ 8,047 | $1,718,250$ $2,361,92$ | 825,682 | 648,134 | 177,549 | 384,541 | 14.60 | 12.13 | 7.71 | 21.50 | 57.07 |
| 1935 | 12,583 | 1.00 | 9,581,517 | $1,7361,192$ <br> $2,974,920$ | 704,196 761,488 | 497,593 525,057 | 206,603 | 343, 167 | 12.74 | 9.62 | 9.04 | 29.34 | 58.28 |
| 1936. | 15,362 | 1.00 | 13,706,202 | 5,367,523 | 892,196 |  |  |  | 1.33 | 9.89 | 9.89 | 31.05 | 58.45 |
| 1937.......................... | 16,109 | 1.00 | 12,744,638 | 4,793,568 | 791,172 | 493,593 | 349,395 297579 | 435,356 | 14.20 | 9.57 | 12.00 | 39.16 | 57.32 |
| 1938. | 14,753 | 1.00 | 9,628,399 | 3,017,703 | 652,631 | 448,085 | 204,546 | 386,485 306,645 | 13.47 12.30 | 9.23 9.07 | 12.50 11.36 | 37.61 31.34 | 56.88 |
| 1939. | 18.714 | 1.00 | 11,736,129 | 3,757,800 | 627,119 | 426,322 | 200,798 | 309,534 | 12.03 | 8.78 | 14.30 | 31.34 32.02 | 55.90 56.34 |
| 1940 | 20.111 | 1.00 | 13,085,042 | 5,526,271 | 650,653 | 375,859 | 274,793 | 320,509 | 12.27 | 7.85 | 15.18 | $\begin{aligned} & 32.02 \\ & 42.23 \end{aligned}$ | $\begin{aligned} & 56.34 \\ & 53.49 \end{aligned}$ |
| 1941. | 22.756 | 1.00 | 15,653,446 | 8,038,754 | 687.873 | 334,619 | 353,254 | 315,595 | 12.68 | 7.49 | 17.02 | 51.35 | 36.89 |
| 1943. | 24,139 31,530 | 1.00 | 16,084,120 | 10,303,114 | 666.310 | 239,487 | 426,823 | 345,734 | 12.27 | 6.04 | 17.93 | 64.06 | 29.12 |
| 1944. | 31,530 52,384 | 1.00 1.00 | 18,980,149 | 12,625,057 | 601.973 | 201,558 | 400,415 | 320,622 | 11.64 | 5.53 | 23.34 | 66.52 | 26.23 |
| 1945. | 48,434 | 1.00 | $25,878.958$ $25,789,718$ | $14,628,291$ $14.228,009$ | 494,006 $\mathbf{5 3 2 , 4 7 0}$ | 214,754 238,710 | 279,252 | 261,775 | 10.88 | 6.20 | 39.12 | 56.53 | 25.91 |
| 1946. | 44,785 | 1.00 | 24,701,101 | 12,797,381 |  |  |  | 28,757 | 10.87 | 6.49 | 36.30 | 55.17 | 24.03 |
| 1947 | 36,382 | 1.00 | 19,439,030 | 10,317,129 | 534,305 |  | 285.748 283,578 | 295.099 | 10.60 | 6.63 | 31.83 | 51.81 | 23.86 |
| 1948 | 45,557 | 1.00 | 24,055,662 | 10,657.121 | 528,036 | 250,726 294 | 283,578 | 281,849 | 10.25 | 6.33 | 25.25 | 53.07 | 22.59 |
| 1949 | 47,644 | 1.00 | 23,374,074 | 9,894,681 | 490,595 | 298, 2917 | 233,930 207678 | 279,282 | 10.63 | 7.21 | 31.05 | 44.30 | 26.35 |
|  | 57,865 | 1.00 | 31,301,619 | 14,173,589 | 420,995 <br> 540 | 282,900 |  | 256,836 273,679 | 10.28 11.18 | 7.12 7.48 | $\begin{aligned} & 31.91 \\ & 38.10 \end{aligned}$ | $\begin{aligned} & 42.33 \\ & 45.28 \end{aligned}$ | $25.87$ |
|  | Part If - Top 5 percent of returns |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916.. | 21,470 | 5.00 | 27,934,324 | 1,470,546 | 1,301,083 | 1,232,590 | 68,493 | 421,911 | 44.14 | 43.00 | 21.06 |  |  |
| 1917. | 51,997 | 5.00 | 30,435,007 | 4,508,155 | 585,323 | 498,623 | 86,700 | 206, 128 | 38.40 | 35.25 | 50.35 | 5.26 14.81 | 84.41 78.99 |
| 1918. | 54,407 | 5.00 | 21,190,597 | 5,638,441 | 389,482 | 285,848 | 103,634 | 155,730 | 32.24 | 26.76 | 52.72 | 26.61 | 78.99 74.08 |
| 1919. | 56,308 | 5.00 | 21,194,812 | 5,606,811 | 376,411 | 276,836 | 99,575 | 158,529 | 30.98 | 25.59 | 53.88 | 26.45 | 74.08 74.88 |
| 1920 | 42,265 | 5.00 | 13,805,227 | 3,326.084 | 326,637 | 247.941 | 78,697 | 158,870 | 27.28 | 23.01 | 53.88 39.70 | 26.45 24.09 | 74.88 65.68 |
| 1921. | 42,948 | 5.00 | 12,843,525 | 2,677,838 | 299.049 | 236,698 | 62,351 | 147.019 | 26.65 | 22.99 | 39.57 |  |  |
| 1922 | 54,828 | 5.00 | 19,547,427 | 3,779,396 | 356,525 | 287,593 | 68,932 | 157,361 | 29.89 | 26.20 | 49.82 | 19.33 | 67.46 72.71 |
| 1923. | 63,867 | 5.00 | 21,062,684 | 2,785,139 | 329,792 | 286,183 | 43,609 | 149,104 | 29.20 | 26.79 | 57.05 | 13.22 | 71.30 |
| 1924 | 70,094 | 5.00 | 25,295,045 | 3,538,418 | 360,872 | 310,391 | 50.481 | 158,299 | 30.65 | 27.82 | 61.43 |  |  |
| 1925. | 70,615 | 5.00 | 32,754,052 | 3,775,225 | 463,838 | 410,376 | 53.462 | 183,538 | 34.08 | 31.65 | 60.97 | 11.53 | $\begin{aligned} & 82.01 \\ & 83.24 \end{aligned}$ |
| 1926 | 69,461 | 5.00 | 32,473,119 | 3,752,279 | 467,502 | 413,482 | 54,020 | 180,537 | 33.91 |  |  |  |  |
| 1927 | 71.550 | 5.00 | 36,692,884 | 4,401.297 | 512,830 | 451,316 | 61,514 | 190,128 | 35.54 | 32.93 | 59.17 60.11 | 11.56 11.99 | $\begin{aligned} & 83.71 \\ & 84.78 \end{aligned}$ |
| 1928 | 78.362 | 5.00 | 49,347,202 | 6,412,590 | 629,733 | 547,900 | 81,833 | 207,144 | 35.54 39.73 | 32.93 36.76 | 65.03 | 11.99 12.99 | 84.78 86.70 |
| 1929 | 79,163 | 5.00 | 48,339,034 | 5,786,805 | 610,630 | 537,530 | 73,100 | 192,708 | 39.50 | 36.69 | 65.01 | 12.99 11.97 | 86.76 90.46 |
| 1930 | 67,997 | 5.00 | 26,613,632 | 2,662,956 | 391,392 | 352.229 | 39,163 | 153,074 | 31.43 | 29.35 | 55.25 | 10.01 | 90.46 86.27 |
| 1931. | 62,303 | 5.00 | 19,421,128 | 1,503,921 | 311,721 | 287,582 | 24,139 | 130,260 | 28.02 | 26.51 | 50.23 | 7.74 | 86.34 |
| 1932. | 48,571 | 5.00 | 14,890,208 | 1,791,854 | 306,567 | 269,676 | 36,892 | 132,439 | 28.24 | 26.06 | 38.91 | 12.03 | 72.86 |
| 1933 | 48,388 | 5.00 | 16,397,496 | 2,311,839 | 338,874 | 291,097 | 47,777 | 139,310 | 29.97 | 27.24 | 38.53 | 14.10 | 76.79 |
| 1934 | 57.143 | 5.00 | 17,230,754 | 3,191,517 | 301,537 | 245,685 | 55,851 | 137,135 | 27.28 | 23.75 | 45.22 |  |  |
| 1935. | 62.913 | 5.00 | 20,321,549 | 4,041,319 | 323.010 | 258,773 | 64,237 | 144,414 | 28.27 | 24.37 | 49.44 | 18.52 19.89 | 78.78 79.40 |
| 1936............................. | 76,812 | 5.00 | 29,185,324 | 7,408,039 | 379.960 | 283,516 | 96,444 | 168,459 | 30.24 | 24.99 | 59.98 | 25.38 | 79.11 |
| 1937. | 80,543 | 5.00 | 27,217,380 | 6,572,274 | 337,924 | 256,325 | 81,600 | 151,649 | 28.78 | 23.96 | 62.52 | 24.15 | 77.98 |
| 1938 $\qquad$ | 73,766 | 5.00 | 20,444,793 | 4,096,444 | 277.157 | 221.624 | 55.533 | 127,591 | 26.12 | 22.44 | 56.82 | 20.04 | 75.88 |
| $1939 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ~$ | 93,572 | 5.00 | 25,422.257 | 5,108,175 | 271,687 | 217,096 | 54,591 | 125,681 | 26.06 | 22.35 | 71.49 | 20.09 | 76.58 |
| 1940 ...................... | 100,553 | 5.00 | 28,341,714 | 7,919,343 | 281,858 | 203,100 | 78,758 | 131,062 | 26.59 | 21.21 | 75.91 | 27.94 | 76.65 |
| 1941. | 113.781 | 5.00 | 33,771,134 | 13,463,625 | 296,807 | 178,478 | 118,329 | 137,075 | 27.35 | 19.97 |  |  |  |
| 1942. | 120,695 | 5.00 | 35,891,763 | 18,461,094 | 297,375 | 144,419 | 152,956 | 141,047 | 27.37 | 18.20 | 89.66 | $\begin{aligned} & 39.87 \\ & 51.44 \end{aligned}$ | 61.79 52.18 |
| 1943. | 157,650 | 5.00 | 43,249,773 | 23,357,808 | 274,341 | 126,178 | 148,163 | 133,014 | 26.52 | 17.31 | 116.68 | 51.44 54.01 | 48.53 |
| 1944. | 261,920 | 5.00 | 58,620,586 | 26,495,655 | 223,811 | 122,652 | 101,160 | 108,007 | 24.64 | 17.71 | 195.59 | 45.20 | 46.53 46.94 |
| 1945. | 242,171 | 5.00 | 59,589,907 | 27,238,130 | 246,066 | 133.591 | 112.475 | 122,944 | 25.12 | 18.17 | 181.49 | 45.71 | 46.00 |
| 1946. | 223,927 | 5.00 | 57,497,262 | 24,719,958 | 256,767 | 146,375 | 110,393 | 130.439 | 24.67 | 18.26 | 159.17 | 42.99 | 46.08 |
| 1947. | 181,910 | 5.00 | 45,157,844 | 19,998,061 | 248,243 | 138,309 | 109,934 | 127.423 | 23.81 | 17.47 | 126.25 | 44.28 | 43.79 |
| 1948. | 227,784 | 5.00 | 55,264,133 | 18,995,465 | 242,616 | 159,224 | 83,392 | 121,013 | 24.42 | 19.52 | 155.24 | 34.37 | 46.97 |
| 1949. | 238,222 | 5.00 | 53,678,990 | 17,418,788 | 225,332 | 152,212 | 73,120 | 113.148 | 23.60 | 19.16 | 159.55 | 32.45 | 45.53 |
| 1950. | 289,325 | 5.00 | 69,793,539 | 24,488,288 | 241,229 | 156,590 | 84,639 | 116,889 | 24.94 | 19.78 | 190.51 | 35.09 | 48.14 |

Table 4.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

|  | Returns |  | Net income (thousand dollars) | Federal income tax (thousand dollars) | Mean incorme |  | Average incorne $\underset{\text { (dollars) }}{\text { tax }}$ | Minimum income cutof (dollars) | Incorne share |  | Returns per 100,000 population | $\begin{gathered} \text { Average } \\ \text { income } \\ \text { tax } \\ \text { rate } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { Income } \\ \text { tax } \\ \text { share } \\ \text { (percent) } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Tax year | Number | Percent of total |  |  | $\begin{aligned} & \text { Betore } \\ & \text { tax } \\ & \text { (dollars) } \end{aligned}$ | $\begin{aligned} & \text { After } \\ & \text { tax } \\ & \text { (dollars) } \end{aligned}$ |  |  | $\begin{aligned} & \text { Before } \\ & \text { tax } \\ & \text { (percent) } \end{aligned}$ | $\begin{gathered} \text { Alter } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | ( $n$ | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part III - Top 10 percent of returns |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916 | 42,940 | 10.00 | 34,701,413 | 1,559,959 | 808,135 | 771,807 | 36,329 | 242,278 | 54.83 | -53.85 | 42.11 | 4.50 | 89.54 |
| 1917...................... | 103,994 | 10.00 | 38,501,980 | 4,932,197 | 370,233 | 322,805 | 47,428 | 120,695 | 48.58 | 45.64 | 100.70 | 12.81 | 86.42 |
| 1918 | 108,814 | 10.00 | 27,700,381 | 6,192,265 | 254,566 | 197.659 | 56,907 | 95.196 | 42.14 | 37.01 | 105.43 | 22.35 | 81.35 |
| 1919 | 112,615 | 10.00 | 28,175,211 | 6,167,224 | 250,190 | 195,426 | 54,764 | 99.910 | 41.18 | 36.12 | 107.75 | 21.89 | 82.37 |
| 1920. | 84,529 | 10.00 | 19,169,310 | 3,801,592 | 226,777 | 181,803 | 44,974 | 104,026 | 37.88 | 33.75 | 79.40 | 19.83 | 75.07 |
| 1921. | 85,896 | 10.00 | 17,870,306 | 3,057,595 | 208,046 | 172,450 | 35,597 | 96,120 | 37.08 | 33.50 | 79.14 | 17.11 | 77.03 |
| 1922. | 109,655 | 10.00 | 26,344,797 | 4,209,725 | 240,251 | 201.861 | 38,391 | 99,998 | 40.29 | 36.77 | 99.64 | 15.98 | 80.99 |
| 1923. | 127,733 | 10.00 | 28,569,778 | 3,127,520 | 223,668 | 199,183 | 24,485 | 95,436 | 39.61 | 37.29 | 114.10 | 10.95 | 80.06 |
| 1924 | 140,189 | 10.00 | 33,964,584 | 3,842,198 | 242,278 | 214.871 | 27,407 | 99,211 | 41.16 | 38.51 | 122.85 | 11.31 | 89.05 |
| 1925 | 141,230 | 10.00 | 42,862,023 | 4,137.145 | 303,490 | 274.196 | 29,294 | 115.023 | 44.60 | 42.29 | 121.93 | 9.65 | 91.22 |
| 1926. | -138,922 | 10.00 | 42,259,220 | 4,087.085 | 304,194 | 274,774 | 29,420 | 113.546 | 44.13 | 41.82 | 118.34 | 9.67 | 91.18 |
| 1927. | 143,100 | 10.00 | 47,223,770 | 4,777,438 | 330,006 | 296,621 | 33,385 | 117,761 | 45.74 | 43.29 | 120.22 | 10.12 | 92.02 |
| 1928. | 156,724 | 10.00 | 61,685,924 | 6,902,290 | 393,595 | 349,554 | 44,041 | 124,019 | 49.67 | 46.90 | 130.05 | 11.19 | 93.32 - |
| 1929 | 158,325 | 10.00 | 60,033,042 | 6,133,361 | 379,176 | 340,437 | 38,739 | 117,543 | 49.05 | 46.47 | 130.02 | 10.22 | 95.88: |
| 1930. | 135,995 | 10.00 | 34,844,972 | 2,843,456 | 256,223 | 235,314 | 20,909 | 98,931 | 41.15 | 39.22 | 110.50 | 8.16 | 92:111: |
| 1931. | 124,606 | 10.00 | 25,958,032 | 1,598,264 | 208,321 | 195.495 | - 12.827 | 87,264 | 37.45. | 36.05 | 100.46 | 6.16 | 91.76 |
| 1932. | 97,142 | 10.00 | 19,916,854 | 1,994,089 | 205,029 | 184.502 | 20,528 | 84,423 | 37.77 | 35.65 | 77.81 | 10.01 | 81.08 |
| 1933: | 96,776 | 10.00 | 21,627,937 | 2,544,095 | 223,484 | 197,195 | 26,288 | 87,619 | 39.53 | 36.91 | 77.06 | 11.76 | 84.51 |
| 1934. | 114,286 | 10.00 | 23,465,517 | 3,496,109 | 205,322 | 174,731 | 30,591 | 89,545 | 37.15 | 33.78 | 90.43 | 14.90 | 86.29 |
| 1935. | 125,826 | 10.00 | 27,509,497 | 4,421,000 | 218,631 | 183.495 | 35,136 | 93,248 | 38.27 | 34.57 | 98.88 | 16.07 | 86.86 |
| 1936 | 153,623 | 10.00 | 39,312,999 | 8,122,913 | 255,905 | 203,030 | 52,876 | 106,400 | 40.73 | 35.79 | 119.97 | 20.66 | 86.75 |
| 1937. | 161,086 | 10.00 | 36,867,525 | 7,223,486 | 228,869 | 184,027 | 44.843 | 97.672 | 38.98 | 34.41 | 125.04 | 19.59 | 85.71 |
| 1938. | 147.532 | 10.00 | 28,032,851 | 4,531,405 | 190,012 | 159,297 | 30,715 | 85.440 | 35.82 | 32.25 | 113.64 | 16.16 | 83.94 |
| 1939. | 187,143 | 10.00 | 34,840.916 | 5.629,720 | 186,172 | 156,090 | 30,082 | 83,150 | 35.72 | 32.15 | 142.99 | 16.16 | 84.40 |
| 1940 | 201,106 | 10.00 | 38,867,040 | 8,734,409 | 193,266 | 149,834 | 43,432 | 86,174 | 36.46 | 31.30 | 151.83 | 22.47 | 84.54. |
| 1941. | 227,563 | 10.00 | 46,214,899 | 15,751,748 | 203,086 | 133,867 | 69,219 | 89,834 | 37.42 | 29.95 | 170.24 | 34.08 | 72.29 |
| 1942. | 241;391- | -10.00- | -49,409;227- | -22,349,106 | -204,686 | -112,101 | 92,585 | 91,532 | -37.68 | 28.26 | 179.32 | 45.23 | 63.17 |
| 1943. | 315,299 | . 10.00 | 59,931,873 | 28,691,490 | 190,079 | 99,082 | 90,998 | 86,327 | 36.75 | 27.18 | 233.37 | 47.87 | 59.61 |
| 1944 | 523,839 | . 10.00 | 81,151,859 | 32,384,110 | 154,918 | 93,097 | 61,821 | 70,277 | 34.11 | 26.88 | 391.17 | 39.91 | 57.37. |
| 1945 | 484,341 | 10.00 | 83,456,055 | 33,959,958 | 172,308 | 102,193 | 70,116 | 81.116 | 35.18 | 27.80 | 362.98 | 40.69 | 57.35 |
| 1946. | 447,855 | 10.00 | 81,237,325 | 30,981,502 | 181,392 | 112,215 | 69,178 | 88,536 | 34.85 | 28.00 | 318.34 | 38.14 | 57.76 |
| 1947. | 363,819 | 10.00 | 64,144,492 | 25,282,634 | 176,309 | 106,816 | 69,492 | 87,802 | 33.82 | 26.99 | 252.51 | 39.42 | 55.37 |
| 1948 | 455,569 | 10.00 | 77,530,673 | 23,203,878 | 170,184 | 119,250 | 50,934 | 81,150 | 34.26 | 29.23 | 310.48 | 29.93 | 57.38 |
| 1949 | 476,443 | 10.00 | 75,548,140 | 21,315,097 | 158,567 | 113.829 | 44,738 | 76.433 | 33.21 | 28.66 | 319.11 | 28.21 | 55.72 |
| 1950 | 578,649 | 10.00 | 96,876,279 | 29,596,553 | 167.418 | 116,270 | 51,148 | 76,856 | 34.61 | 29.38 | 381.02 | 30.55 | 58.19 |
|  |  |  |  |  |  | Part IV - | P 15 pe | of retur |  |  |  |  |  |
| 1916 | 64,410 | 15.00 | 39,094,265 | 1,604,779 | 606,958 | 582,043 | 24.915 | 174,762 | 61.77 | 60.92 | 63.17 | 4.10 | 92.12 |
| 1917 | 155,991 | 15.00 | 43,823,582 | 5,147,886 | 280,937 | 247,936 | 33,001 | 88,081 | 55.29 | 52.58 | 151.05 | 11.75 | 90.20 |
| 1918 | 163,221 | 15.00 | 32,176,481 | 6.493,808 | 197.134 | 157,349 | 39,785 | 71,808 | 48.95 | 44.19 | 158.15 | 20.18 | 85.32 |
| 1919 | 168,923 | 15.00 | 33,042,882 | 6,474,319 | 195,609 | 157,282 | 38,327 | 75,655 | 48.30 | 43.61 | 161.63 | 19.59 | 86.47 |
| 1920 | 126,794 | 15.00 | 23,009,757 | 4,075,781 | 181,473 | 149,329 | 32,145 | 80,388 | 45.47 | 41.58 | 119.10 | 17.71 | 80.48 |
| 1921. | 128,844 | 15.00 | 21,476,358 | 3,272,905 | 166,685 | 141,283 | 25.402 | 74,011 | 44.57 | 41.17 | 118.71 | 15.24 | 82.45 . |
| 1922 | 164,483 | 15.00 | 31,080,875 | 4,437,894 | 188,961 | 161,980 | 26,981 | 75,599 | 47.53 | 44.26 | 149.46 | 14.28 | 85.38 |
| 1923 | 191,600 | 15.00 | 33,852,682 | 3,312,563 | 176,685 | 159,396 | 17,289 | 72,482 | 46.93 | 44.76 | 171.15 | 9.79 | 84.80 |
| 1924. | 210,283 | 15.00 | 39,956,385 | 3,974,305 | 190,013 | - 171,113 | 18,900 | 74,622 | 48.42 | 46.01 | 184.28 | 9.95 | 92.12 |
| 1925. | 211,846 | 15.00 | 49,846,330 | 4,282,729 | 235,295 | 215,079 | 20,216 | 85,934 | 51.87 | 49.76 | 182.90 | 8.59 | 94.43 , |
| 1926 | 208,383 | 15.00 | 49,075,383 | 4,224,191 | 235,506 | 215,235 | 20,271 | 85,874 | 51.25 | 49.14 | 177.50 | 8.61 | 94.24 |
| 1927. | 214,649 | 15.00 | 54,484,724 | 4,925,015 | 253,831 | 230,887 | 22,944 | 88,449 | 52.78 | 50.55 | 180.32 | 9.04 | 94.87 |
| 1928 | 235,086 | 15.00 | 69,991,412 | 7,082,706 | 297,726 | 267.598 | 30.128 | 91.819 | 56.36 | 53.86 | 195.08 | 10.12 | 95.76 |
| 1929 | 237,488 | . 15.00 | 68,040,509 | 6,253,939 | 286,501 | 260.167 | 26.334 | 88,079 | 55.59 | 53.27 | 195.03 | 9.19 | 97.77 |
| 1930 | 203,992 | 15.00 | 40.731,693 | 2,917,010 | 199,673 | 185,373 | 14,300 | 76,589 | 48.10 | 46.35 | 165.74 | 7.16 | 94.50 |
| 1931. | 186.909 | 15.00 | 30,764,180 | 1,638,287 | 164,595 | 155,829 | 8,765 | 69,121 | 44.38 | 43.10 | 150.68 | 5.33 | 94.05. |
| 1932. | 145,712 | 15.00 | 23,526,760 | 2,102,481 | 161,460 | 147.031 | 14,429 | 66,198 | 44.62 | 42.62 | 116.72 | 8.94 | 85.48 |
| 1933 | 145,164 | 15.00 | 25,345,738 | 2,662,666 | 174,600 | 156,258 | 18,342 | 68,139 | 46.32 | 43.87 | 115.60 | 10.51 | 88.44 |
| 1934 | 171.429 | 15.00 | 27,951,297 | 3,658,823 | 163,048 | 141,705 | 21,343 | 69,633 | 44.25 | 41.09 | 135.65 | 13.09 | 90.31 |
| 1935......................... | 188,739 | 15.00 | 32,635,004 | 4,617,323 | . 172.910 | 148,446 | 24,464 | 72,033 | 45.40 | 41.95 | 148.32 | 14.15 | 90.72 |
| 1936 | 230,435 | 15.00 | 46,378,236 | 8,481,873 | 201,264 | 164,456 | 36,808 | 80,482 | 48.05 | 43.49 | 179.95 | 18.29. | 90.58 |
| 1937. | 241.628 | 15.00 | 43,710,206 | 7,555,155 | 180.898 | 149,631 | 31,268 | 74,749 | 46.21 | 41.97 | 187.56 | 17.28 | 89.64 |
| 1938 \%. | 221,298 | 15.00 | 33,589,717 | 4,757,383 | 151,785 | 130,287 | 21,498 | 67,264 | 42.92 | 39.57 | 170.46 | 14.16. | 88.13 |
| 1939 :\%......................... | 280,715 | 15.00 | 41,686,260 | 5,894,147 | 148,500 | 127,503 | 20,997 | 65,105 | 42.74 | 39.39 | 214.48 | 14.14 | 88.36 |
| 1940\%:-...................... | 301,660 | 15.00 | 46,474,372 | 9,126,240 | 154,062 | 123,809 | 30,253 | 67,184 | 43.60 | 38.79 | 227.74 | 19.64 | 88.34 . |
| 1941. | 341,344 | 15.00 | 55,158,456 | 16,962,672 | 161,592 | 111,898 | 49,694 | 69,621 | 44.67 | 37.56 | 255.37 | 30.75 | 77.84 |
| 1942............................ | 362,086 | 15.00 | 59,027,134 | 24,599,632 | 163,020 | 95,081 | 67,939 | 70,175 | 45.01 | 35.95 | 268.98 | 41.68 | 69.54. |
| 1943 | 472,949 | 15.00 | 71,768,514 | 31,822,801 | 151,747 | 84.461 | 67,286 | 66,046 | 44.01 | 34.75 | 350.05 | 44.34 | 66.11 |
| 1944 ............................ | 785,759 | 15.00 | 97,221,234 | 35,852,040 | 123,729 | 78,102 | 45,627 | 54,160 | 40.87 | 33.83 | 586.76 | 36.88 | 63.51. |
| 1945............................. | 726,512 | 15.00 | 100,579,200 | 37,975,711 | 138,441 | 86,170 | 52,271 | 62,383 | 42.39 | 35.16 | 544.47 | 37.76 | 64.14 |
| 1946.:.......................... | 671,782 | 15.00 | 98,696,566 | 34,846,289 | 146,917 | 95,046 | 51,871 | 69,232 | 42.34 | 35.58 | 477.50 | 35.31. | 64.96 |
| 1947. | 545,729 | 15.00 | 78,330,824 | 28,662,436 | 143,534 | 91,013 | 52,521 | 69,921 | 41.30 | 34.49 | 378.76 | 36.59 | 62.77. |
| 1948 | 683,353 | 15.00 | 93,856,842 | 25,865,654 | 137,347 | 99,496 | 37,851 | 63,951 | 41.48 | 36.58 | 465.72 | 27.56 | 63.96 |
| 1949 | 714,665 | 15.00 | 91,626,622 | 23,797,340 | 128,209 | 94,911 | 33,299 | 60,176 | 40.28 | 35.85 | 478.66 | 25.97 | 62.21 |
| 1950..\%....... | 867,974 | 15.00 | 116,356,409 | 32,736,202 | 134,055 | 96,340 | 37.716 | 59,714 | 41.57 | 36.51 | 571.53 | 28.13 | 64.36 |

[^9]Table 4.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | Net income (thousand dollars) | Federal income tax (thousand dollars) | Mean incorme |  | Average income $\underset{\text { (dollars) }}{\text { tax }}$ | Minimum income cutoff (dollars) | Income share |  | $\begin{aligned} & \text { Returns } \\ & \text { peor } \\ & \text { population } \end{aligned}$ | Average income tax rate (percent) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent of total |  |  | Before tax (dollars) | Atter (dollars) |  |  | Before tax (percent) | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part V - Top 20 percent of returns |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 85,880 | 20.00 | 42,401,227 | 1.634.569 | 493,725 | 474.692 | 19,033 | 136,698 | 67.00 | 66.24 | 84.23 | 3.86 | 93.83 |
| 1917. | 207,988 | 20.00 | 47,915,669 | 5,284,439 | 230,377 | 204,970 | 25,407 | 71,093 | 60.45 | 57.96 | 201.41 | 11.03 | 92.59 |
| 1918. | 217,628 | 20.00 | 35,714,643 | 6,706,480 | 164,108 | 133,292 | 30,816 | 59,051 | 54.34 | 49.91 | 210.86 | 18.78 | 88.11 |
| 1919. | 225,230 | 20.00 | 36,894,556 | 6,670,994 | 163,808 | 134,189 | 29,619 | 62,254 | 53.93 | 49.61 | 215.50 | 18.08 | 89.09 |
| 1920. | 169,059 | 20.00 | 26,092,564 | 4,262,337 | 154,340 | 129,128 | 25,212 | 66,487 | 51.56 | 47.94 | 158.80 | 16.34 | 84.16 |
| 1921 | 171,792 | 20.00 | 24,363,598 | 3,414,852 | 141,821 | 121,943 | 19,878 | 61,388 | 50.56 | 47.37 | 158.28 | 14.02 | 86.03 |
| 1922 | 219,310 | 20.00 | 34.824,936 | 4,587,515 | 158,793 | 137,875 | 20,918 | 62,133 | 53.26 | 50.24 | 199.28 | 13.17 | 88.25 |
| 1923 | 255,466 | 20.00 | 38,021,245 | 3,434,560 | 148,831 | 135,387 | 13.444 | 59,268 | 52.71 | 50.70 | 228.20 | 9.03 | 87.92 |
| 1924 | 280,377 | 20.00 | 44,665,996 | 4,046,456 | 159,307 | 144,875 | 14.432 | 61,030 | 54.12 | 51.94 | 245.71 | 9.06 | 93.79 |
| 1925 ............................. | 282,461 | 20.00 | 55,296,673 | 4,356,199 | 195,768 | 180,345 | 15,422 | 69,710 | 57.54 | 55.63 | 243.86 | 7.88 | 96.05 |
| 1926 | 277,844 | 20.00 | 54,460,491 | 4,294,897 | 196,011 | 180,553 | 15,458 | 70,423 | 56.87 | 54.96 | 236.67 | 7.89 | 95.82 |
| 1927 | 286,199 | 20.00 | 60,185,752 | 5,000,643 | 210,293 | 192,82 | 17,473 | 72,238 | 58.30 | 56.28 | 240.43 | 8.31 | 96.32 |
| 1928 | 313,449 | 20.00 | 76,434,093 | 7,174,420 | 243.849 | 220.960 | 22,889 | 74,172 | 61.54 | 59.30 | 260.10 | 9.39 | 97.00 |
| 1929 | 316,650 | 20.00 | 74,327,708 | 6,306,263 | 234,731 | 214,816 | 19,916 | 72,065 | 60.73 | 58.64 | 260.05 | 8.48 | 98.59 |
| 1930 ............................ | 271,990 | 20.00 | 45,470,652 | 2,957,895 | 167,178 | 156,303 | 10,875 | 63,962 | 53.70 | 52.10 | 220.99 | 6.51 | 95.82 |
| 1931 | 249,212 | 20.00 | 34,722,631 | 1,662,159 | 139,330 | 132,660 | 6,670 | 58,661 | 50.09 | 48.92 | 200.91 | 4.79 | 95.42 |
| 1932 | 194,283 | 20.00 | 26,473.618 | 2,172,177 | 136,263 | 125,083 | 11,180 | 56,011 | 50.21 | 48.34 | 155.63 | 8.21 | 88.32 |
| 1933 | 193,553 | 20.00 | 28,361,327 | 2,736,264 | 146,530 | 132,393 | 14,137 | 57,431 | 51.83 | 49.56 | 154.13 | 9.65 | 90.89 |
| 1934 | 228,573 | 20.00 | 31,583.792 | 3,747,037 | 138,178 | 121,785 | 16,393 | 58,482 | 50.00 | 47.09 | 180.87 | 11.86 | 92.49 |
| 1935 | 251.652 | 20.00 | 36,759,592 | 4,728,667 | 146,073 | 127,282 | 18,790 | 60,081 | 51.14 | 47.96 | 197.76 | 12.86 | 92.91 |
| 1936 | 307,246 | 20.00 | 51,961,005 | 8,699,450 | 169.118 | 140,804 | 28.314 | 66,034 | 53.84 | 49.64 | 239.94 | 16.74 | 92.90 |
| 1937. | 322,171 | 20.00 | 49,168,532 | 7,758,802 | 152,616 | 128,533 | 24,083 | 61,844 | 51.99 | 48.07 | 250.08 | 15.78 | 92.06 |
| 1938 | 295,064 | 20.00 | 38,133,077 | 4,897,046 | 129,237 | 112,640 | 16,597 | 56,797 | 48.72 | 45.61 | 227.28 | 12.84 | 90.72 |
| 1939 | 374,287 | 20.00 | 47,263,485 | 6,052,424 | 126,276 | 110,106 | 16,171 | 55,024 | 48.45 | 45.35 | 285.98 | 12.81 | 90.74 |
| 1940 | 402,213 | 20.00 | 52,638,841 | 9,366,628 | 130,873 | 107,585 | 23,288 | 56,327 | 49.38 | 44.95 | 303.66 | 17.79 | 90.66 |
| 1941. | 455,126 | 20.00 | 62,361,019 | 17,769,190 | 137.019 | 97,977 | 39,042 | 57,857 | 50.50 | 43.85 | 340.49 | 28.49 | 81.55 |
| 1942 | 482,782 | 20.00 | 66,706,218 | 26,178,357 | 138,171 | 83,947 | 54,224 | 58,032 | 50.87 | 42.32 | 358.63 | 39.24 | 74.00 |
| 1943 | 630,598 | 20.00 | 81,245,509 | 34,069,282 | 128,839 | 74,812 | 54,027 | 55,113 | 49.82 | 41.04 | 466.74 | 41.93 | 70.78 |
| 1944 | 1,047,678 | 20.00 | 110,145,247 | 38,346,237 | 105,133 | 68,532 | 36,601 | 45,298 | 46.30 | 39.57 | 782.35 | 34.81 | 67.93 |
| 1945 | 968,683 | 20.00 | 114,311,482 | 40,847,689 | 118,007 | 75,839 | 42,168 | 51,793 | 48.18 | 41.26 | 725.96 | 35.73 | 68.99 |
| 1946 | 895,710 | 20.00 | 112,827,640 | 37,577,600 | 125,965 | 84.012 | 41,953 | 57,844 | 48.40 | 41.93 | 636.67 | 33.31 | 70.05 |
| 1947 | 727,639 | 20.00 | 89,964,382 | 31,079,748 | 123,639 | 80,926 | 42.713 | 58,913 | 47.43 | 40.89 | 505.01 | 34.55 | 68.06 |
| 1948 | 911.138 | 20.00 | 107,160,393 | 27,778,698 | 117,612 | 87,124 | 30,488 | 53,712 | 47.36 | 42.71 | 620.96 | 25.92 | 68.69 |
| 1949 | 952,887 | 20.00 | 104,768,315 | 25,585,131 | 109,948 | 83,098 | 26,850 | 50,949 | 46.06 | 41.85 | 638.22 | 24.42 | 66.88 |
| 1950 | 1,157,299 | 20.00 | 132,156,172 | 34,963,694 | 114,194 | 83,982 | 30,211 | 50,232 | 47.22 | 42.44 | 762.04 | 26.46 | 68.74 |
|  | Part VI - Top 25 percent of returns |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 107,350 | 25.00 | 45,062,615 | 1,657,841 | 419,772 | 404,329 | 15.443 | 112,484 | 71.21 | 70.53 | 105.29 | 3.68 | 95.16 |
| $1917$ | 259,985 | 25.00 | 51,325,719 | 5,388,786 | 197,418 | 176,691 | 20,727 | 60,427 | 64.75 | 62.45 | 251.76 | 10.50 | 94.42 |
| 1918 | 272,036 | 25.00 | 38,702,327 | 6,846,140 | 142,269 | 117.103 | 25,166 | 51,110 | 58.88 | 54.81 | 263.58 | 17.69 | 89.95 |
| 1919 | 281,538 | 25.00 | 40,144,068 | 6,811,597 | 142,588 | 118,394 | 24,194 | 53,623 | 58.68 | 54.71 | 269.38 | 16.97 | 90.97 |
| 1920 | 211,323 | 25.00 | 28,697.954 | 4,401,237 | 135,801 | 114,974 | 20,827 | 57,333 | 56.71 | 53.35 | 198.50 | 15.34 | 86.91 |
| 1921. | 214,739 | 25.00 | 26,816,324 | 3,517.575 | 124,878 | 108.498 | 16,381 | 53,215 | 55.65 | 52.69 | 197.85 | 13.12 | 88.62 |
| 1922 | 274,138 | 25.00 | 37,974,802 | 4,695,660 | 138,524 | 121,396 | 17,129 | 53,340 | 58.07 | 55.29 | 249.11 | 12.37 | 90.33 |
| 1923. | 319,333 | 25.00 | 41,523,674 | 3,522,085 | 130,033 | 119,003 | 11.030 | 50,718 | 57.57 | 55.70 | 285.25 | 8.48 | 90.16 |
| 1924 | 350,471 | 25.00 | 48,612,497 | 4,095,545 | 138,706 | 127,020 | 11,686 | 52,096 | 58.91 | 56.92 | 307.14 | 8.42 | 94.93 |
| 1925 | 353,076 | 25.00 | 59,820,513 | 4,399,913 | 169,427 | 156,965 | 12,462 | 59,268 | 62.24 | 60.52 | 304.83 | 7.36 | 97.02 |
| 1926. | 347,305 | 25.00 | 58,980,987 | 4,338,196 | 169,825 | 157,334 | 12,491 | 60,465 | 61.60 | 59.87 | 295.84 | 7.36 | 96.79 |
| 1927 | 357,749 | 25.00 | 64,951,429 | 5,046,855 | 181,556 | 167.449 | 14,107 | 61,802 | 62.91 | 61.10 | 300.54 | 7.77 | 97.21 |
| 1928. | 391,811 | 25.00 | 81,776,478 | 7,228,884 | 208,714 | 190,264 | 18,450 | 62,958 | 65.84 | 63.82 | 325.13 | 8.84 | 97.74 |
| 1929. | 395,813 | 25.00 | 79,591,247 | 6,332,917 | 201,083 | 185,083 | 16,000 | 61,804 | 65.03 | 63.16 | 325.06 | 7.96 | 99.00 |
| 1930. | 339,987 | 25.00 | 49,532,484 | 2,984,727 | 145,689 | 136,910 | 8,779 | 55,861 | 58.49 | 57.05 | 276.24 | 6.03 | 96.69 |
| 1931. | 311,515 | 25.00 | 38,146,284 | 1,679,373 | 122,454 | 117,063 | 5,391 | 51,680 | 55.03 | 53.96 | 251.14 | 4.40 | 96.41 |
| 1932 | 242,854 | 25.00 | 29,023,102 | 2,222,501 | 119,509 | 110,357 | 9,152 | 49,365 | 55.04 | 53.31 | 194.53 | 7.66 | 90.36 |
| 1933 | 241,941 | 25.00 | 30,961,046 | 2,788,510 | 127,970 | 116,444 | 11,526 | 50,457 | 56.58 | 54.48 | 192.66 | 9.01 | 92.62 |
| 1934. | 285,716 | 25.00 | 34,711,181 | 3,806,842 | 121.489 | 108,165 | 13,324 | 51,406 | 54.95 | 52.27 | 226.09 | 10.97 | 93.96 |
| 1935. | 314,566 | 25.00 | 40,286,553 | 4,801,934 | 128,070 | 112,805 | 15,265 | 52,546 | 56.05 | 53.13 | 247.20 | 11.92 | 94.35 |
| 1936. | 384,058 | 25.00 | 56,656,796 | 8,842,173 | 147.521 | 124,498 | 23,023 | 56,881 | 58.70 | 54.87 | 299.92 | 15.61 | 94.43 |
| 1937 | 402,714 | 25.00 | 53,798,339 | 7,892,379 | 133,589 | 113,991 | 19,598 | 53,687 | 56.88 | 53.28 | 312.61 | 14.67 | 93.65 |
| 1938 | 368,830 | 25.00 | 42,061,682 | 4,991.775 | 114,041 | 100,507 | 13,534 | 50,123 | 53.74 | 50.87 | 284.10 | 11.87 | 92.47 |
| 1939 | 467,859 | 25.00 | 52,094,086 | 6,162,349 | 111,346 | 98,174 | 13,171 | 48,622 | 53.41 | 50.55 | 357.47 | 11.83 | 92.38 |
| 1940 | 502,766 | 25.00 | 57,930,189 | 9,528,935 | 115,223 | 96,270 | 18,953 | 49,393 | 54.34 | 50.28 | 379.57 | 16.45 | 92.23 |
| 1941. | 568,907 | 25.00 | 68,486,374 | 18,366,761 | 120,382 | 88,098 | 32,284 | 50,283 | 55.46 | 49.28 | 425.61 | 26.82 | 84.29 |
| 1942. | 603,477 | 25.00 | 73,192,326 | 27,393,267 | 121,284 | 75,892 | 45,392 | 49,983 | 55.81 | 47.83 | 448.29 | 37.43 | 77.43 |
| 1943 ... | 788,248 | 25.00 | 89,313,385 | 35,846,396 | 113,306 | 67,830 | 45,476 | 47,694 | 54.77 | 46.52 | 583.42 | 40.14 | 74.47 |
| 1944 | 1,309,598 | 25.00 | 121,287,139 | 40,290,847 | 92,614 | 61,848 | 30.766 | 40,258 | 50.99 | 44.64 | 977.93 | 33.22 | 71.38 |
| 1945 | 1,210,854 | 25.00 | 125,975,447 | 43,086,549 | 104,039 | 68,455 | 35,584 | 44,960 | 53.10 | 46.55 | 907.46 | 34.20 | 72.77 |
| 1946 ............................. | 1,119,637 | 25.00 | 124,877,669 | 39,699,633 | 111,534 | 76,076 | 35,458 | 50,195 | 53.57 | 47.46 | 795.84 | 31.79 | 74.01 |
| 1947 | 909,548 | 25.00 | 99,957,849 | 32,980,433 | 109,898 | 73,638 | 36,260 | 51,433 | 52.70 | 46.51 | 631.27 | 32.99 | 72.22 |
| 1948. | 1,138,922 | 25.00 | 118,590,594 | 29,285,993 | 104,125 | 78,411 | 25,714 | 47,129 | 52.41 | 48.05 | 776.20 | 24.70 | 72.42 |
| 1949 ................t... | 1,191,108 | 25.00 | 116,160,987 | 27,009,832 | 97,523 | 74,847 | 22,676 | 45,088 | 51.07 | 47.12 | 797.77 | 23.25 | 70.60 |
| 1950............................. | 1,446,623 | 25.00 | 145,778,442 | 36,740,825 | 100,772 | 75,374 | 25,398 | 44,318 | 52.09 | 47.61 | 952.55 | 25.20 | 72.23 |

See notes at end of tables

Table 4.-Returns with Incóme $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Féderal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]


[^10]Table 4.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | Net income (thousand dollars) | Federal income tax (thousand dollars) | Mean income |  | Average income (dollars) | Minimum income cutoff (dolters) | Income share |  | Returns per 100,000 population | Average income tax rate (percent) | $\begin{aligned} & \text { tncome } \\ & \text { tax } \\ & \text { share } \\ & \text { (percent) } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent of total |  |  | $\begin{aligned} & \text { Betore } \\ & \text { tax } \\ & \text { (dollars) } \end{aligned}$ | $\begin{aligned} & \text { After } \\ & \text { tax } \\ & \text { (dollars) } \end{aligned}$ |  |  | $\begin{gathered} \text { Before } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { Atter } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part IX - Top 40 percent of returns |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916 | 171,760 | 40.00 | 50,904,558 | 1,703,010 | 296,370 | 286,455 | 9,915 | 74,707 | 80.44 | 79.95 | 168.46 | 3.35 | 97.76 |
| 1917. | 415,976 | 40.00 | 59,258,137 | 5,534,362 | 142,456 | 129,151 | 13,305 | 43,880 | 74.76 | 73.04 | 402.81 | 9.34 | 96.97 |
| 1918 | 435,257 | 40.00 | 45,895,299 | 7,104,343 | 105,444 | 89,122 | 16,322 | 38,635 | 69.82 | 66.75 | 421.73 | 15.48 | 93.34 |
| 1919 | 450,461 | 40.00 | 47,868,160 | 7.060,403 | 106,265 | 90,591 | 15,674 | 39,755 | 69.97 | 66.98 | 431.01 | 14.75 | 94.30 |
| 1920 | 338,118 | 40.00 | 34,878,112 | 4,666,620 | 103,154 | 89,352 | 13,802 | 42,119 | 68.92 | 66.34 | 317.60 | 13.38 | 92.15 |
| 1921 | 343,583 | 40.00 | 32,674,442 | 3,702,748 | 95,099 | 84.322 | 10,777 | 39.593 | 67.80 | 65.52 | 316.56 | 11.33 | 93.28 |
| 1922 | 438,621 | 40.00 | 45,490,720 | 4,899,222 | 103,713 | 92,544 | 11.170 | 39,334 | 69.57 | 67.44 | 398.57 | 10.77 | 94.25 |
| 1923 | 510,932 | 40.00 | 49,719,890 | 3,678,158 | 97,312 | 90,113 | 7,199 | 36,997 | 68.93 | 67.49 | 456.41 | 7.40 | 94.16 |
| 1924 | 560,754 | 40.00 | 57.836.841 | 4,180,468 | 103,141 | 95,686 | 7.455 | 37,606 | 70.08 | 68.60 | 491.42 | 7.23 | 96.90 |
| 1925 | 564,922 | 40.00 | 70,306,381 | 4,468,199 | 124.453 | 116,544 | 7,909 | 41,989 | 73.15 | 71.90 | 487.72 | 6.36 | 98.52 |
| 1926 | 555,687 | 40.00 | 69,604,017 | 4,408,230 | 125,258 | 117,325 | 7.933 | 43,631 | 72.69 | 71.43 | 473.34 | 6.33 | 98.35 |
| 1927. | 572,398 | 40.00 | 76,133,118 | 5,120,370 | 133,007 | 124,062 | 8,945 | 44.358 | 73.74 | 72.43 | 480.87 | 6.73 | 98.63 |
| 1928 | 626.897 | 40.00 | 94,171,422 | 7,312,772 | 150,218 | 138,553 | 11,665 | 44,927 | 75.82 | 74.36 | 520.21 | 7.77 | 98.87 |
| 1929 | 633,300 | 40.00 | 91,983,329 | 6,367,152 | 145,244 | 135,190 | 10,054 | 44,797 | 75.16 | 73.81 | 520.09 | 6.92 | 99.54 |
| 1930 | 543,979 | 40.00 | 59,318,174 | 3,033,995 | 109,045 | 103,467 | 5.577 | 41,803 | 70.05 | 68.98 | 441.98 | 5.11 | 98.29 |
| 1931 | 498,424 | 40.00 | 46,530,713 | 1,711,343 | 93,356 | 89,922 | 3,434 | 39,567 | 67.12 | 66.32 | 401.82 | 3.68 | 98.25 |
| 1932 | 388,566 | 40.00 | 35,316,681 | 2,318,730 | 90,890 | 84,922 | 5,967 | 38,307 | 66.98 | 65.64 | 311.25 | 6.57 | 94.28 |
| 1933 | 387,105 | 40.00 | 37,338,606 | 2,887,457 | 96,456 | 88,997 | 7.459 | 38,678 | 68.24 | 66.63 | 308.26 | 7.73 | 95.91 |
| 1934 | 457,145 | 40.00 | 42,345,970 | 3,920,591 | 92,631 | 84.055 | 8.576 | 39.297 | 67.03 | 65.00 | 361.74 | 9.26 | 96.77 |
| 1935 | 503,305 | 40.00 | 48,859,718 | 4,936,010 | 97,078 | 87,271 | 9,807 | 39,834 | 67.97 | 65.76 | 395.52 | 10.10 | 96.98 |
| 1936 ....................... | 614,493 | 40.00 | 67,849,896 | 9,086,183 | 110,416 | 95,630 | 14,786 | 42,135 | 70.30 | 67.43 | 479.87 | 13.39 | 97.03 |
| 1937 | 644.342 | 40.00 | 64,959,629 | 8,128,805 | 100,815 | 88,200 | 12,616 | 40,370 | 68.68 | 65.96 | 500.17 | 12.51 | 96.45 |
| 1938 | 590,128 | 40.00 | 51,734,865 | 5,170,297 | 87,667 | 78,906 | 8,761 | 38,663 | 66.10 | 63.90 | 454.56 | 9.99 | 95.78 |
| 1939 | 748,574 | 40.00 | 64,015,813 | 6,368,434 | 85.517 | 77,010 | 8,507 | 37,879 | 65.63 | 63.44 | 571.95 | 9.95 | 95.47 |
| 1940 | 804,425 | 40.00 | 70,924,022 | 9,837,523 | 88.167 | 75,938 | 12,229 | 38,057 | 66.53 | 63.45 | 607.31 | 13.87 | 95.22 |
| 1941. | 910,252 | 40.00 | 83,229,814 | 19,559,267 | 91.436 | 69,948 | 21,488 | 37,851 | 67.40 | 62.61 | 680.97 | 23.50 | 89.76 |
| 1942 | 965,563 | 40.00 | 88,656,783 | 29,930,043 | 91,819 | 60,821 | 30,997 | 37,292 | 67.61 | 61.33 | 717.27 | 33.76 | 84.60 |
| 1943. | 1,261,197 | 40.00 | 108,647,778 | 39,626,282 | 86,147 | 54,727 | 31,420 | 35,967 | 66.62 | 60.05 | 933.48 | 36.47 | 82.33 |
| 1944 | 2,095,356 | 40.00 | 149,608,522 | 44,710,970 | 71,400 | 50,062 | 21,338 | 32,979 | 62.89 | 57.82 | 1,564.69 | 29.89 | 79.21 |
| 1945. | 1,937,366 | 40.00 | 154,325,379 | 47,871,212 | 79,657 | 54,948 | 24,709 | 34,755 | 65.05 | 59.79 | 1,451.93 | 31.02 | 80.85 |
| 1946 | 1,791,420 | 40.00 | 153,796,588 | 44,178,919 | 85,852 | 61,190 | 24,661 | 37,743 | 65.98 | 61.08 | 1,273.35 | 28.73 | 82.36 |
| 1947 | 1,455,277 | 40.00 | 124,195,155 | 37,062,586 | 85,341 | 59,874 | 25.468 | 38,980 | 65.48 | 60.51 | 1,010.03 | 29.84 | 81.16 |
| 1948 | 1,822,276 | 40.00 | 146,625,610 | 32,618,023 | 80,463 | 62,563 | 17,900 | 36,364 | 64.80 | 61.35 | 1,241.92 | 22.25 | 80.66 |
| 1950 | 1,905,774 | 40.00 | 144,516,796 | 30,257,302 | 75,831 | 59,954 | 15,877 | 35,643 | 63.53 | 60.38 | 1,276.44 | 20.94 | 79.09 |
|  | 2,314,597 | 40.00 | 179,692,381 | 40,796,287 | 77,634 | 60,009 | 17,626 | 35,225 | 64.20 | 60.65 | 1,524.08 | 22.70 | 80.20 |
|  | Part X - Top 45 percent of returns |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 193,230 | 45.00 | 52,426,576 | 1,712,606 | 271,316 | 262,453 | 8.863 | 67,423 | 82.84 | 82.40 | 189.51 | 3.27 | 98.31 |
| 1917 | 467,973 | 45.00 | 61,455,869 | 5,560,091 | 131,324 | 119,442 | 11,881 | 40,793 | 77.53 | 75.99 | 453.16 | 9.05 | 97.42 |
| 1918 | 489,664 | 45.00 | 47,921,306 | 7.165,642 | 97,866 | 83,232 | 14,634 | 36,069 | 72.91 | 70.13 | 474.44 | 14.95 | 94.14 |
| 1919 | 506,769 | 45.00 | 50,037,450 | 7,115,140 | 98,738 | 84,698 | 14,040 | 37,313 | 73.14 | 70.45 | 484.88 | 14.22 | 95.03 |
| 1920 | 380,382 | 45.00 | 36,592,614 | 4,726.481 | 96.200 | 83,774 | 12,426 | 39,076 | 72.31 | 69.97 | 357.30 | 12.92 | 93.33 |
| 1921 | 386,531 | 45.00 | 34,314,086 | 3,742,703 | 88,774 | 79.092 | 9.683 | 36,861 | 71.21 | 69.13 | 356.12 | 10.91 | 94.29 |
| 1922 | 493,448 | 45.00 | 47,573,041 | 4,942,283 | 96,409 | 86.394 | 10.016 | 36,688 | 72.75 | 70.83 | 448.39 | 10.39 | 95.08 |
| 1923 | 574,799 | 45.00 | 51,989,622 | 3,713,457 | 90,448 | 83.988 | 6,460 | 33,904 | 72.08 | 70.76 | 513.46 | 7.14 | 95.06 |
| 1924 | 630.848 | 45.00 | 60,367,982 | 4,199,083 | 95,693 | 89,037 | 6,656 | 34,564 | 73.15 | 71.82 | 552.85 | 6.96 | 97.33 |
| 1925 | 635,537 | 45.00 | 73,140,993 | 4,481,453 | 115,085 | 108,034 | 7,051 | 38,428 | 76.10 | 74.98 | 548.69 | 6.13 | 98.81 |
| 1926 | 625,148 | 45.00 | 72,507,831 | 4,422,550 | 115,985 | 108,911 | 7.074 | 40,098 | 75.72 | 74.60 | 532.51 | 6.10 | 98.67 |
| 1927 | 643,948 | 45.00 | 79,172,434 | 5,135,410 | 122,948 | 114,974 | 7.975 | 40,742 | 76.69 | 75.51 | 540.97 | 6.49 | 98.92 |
| 1928. | 705,259 | 45.00 | 97,541,180 | 7,329,618 | 138.305 | 127.913 | 10,393 | 41,227 | 78.54 | 77.24 | 585.23 | 7.51 | 99.10 |
| 1929 | 712,463 | 45.00 | 95,377,540 | 6,373,378 | 133,870 | 124,925 | 8,946 | 41,146 | 77.93 | 76.73 | 585.10 | 6.68 | 99.63 |
| 1930 | 611,977 | 45.00 | 62,058,329 | 3,044,688 | 101,406 | 96,431 | 4,975 | 38,884 | 73.29 | 72.33 | 497.23 | 4.91 | 98.63 |
| 1931 | 560,726 | 45.00 | 48,915,164 | 1,718,175 | 87,235 | 84,171 | 3,064 | 37,059 | 70.56 | 69.84 | 452.05 | 3.51 | 98.64 |
| 1932 | 437,137 | 45.00 | 37,119,293 | 2,341,091 | 84,915 | 79,559 | 5,356 | 35,998 | 70.40 | 69.18 | 350.16 | 6.31 | 95.19 |
| 1933 | 435,493 | 45.00 | 39,148,129 | 2,910,275 | 89,894 | 83,211 | 6,683 | 36,219 | 71.54 | 70.08 | 346.79 | 7.43 | 96.67 |
| 1934. | 514,288 | 45.00 | 44,523,115 | 3,943,591 | 86.572 | 78,904 | 7,668 | 36,978 | 70.48 | 68.64 | 406.96 | 8.86 | 97.34 |
| 1935. | 566,218 | 45.00 | 51,284,836 | 4,962,578 | 90,574 | 81,810 | 8.764 | 37,347 | 71.35 | 69.35 | 444.96 | 9.68 | 97.50 |
| 1936. | 691,304 | 45.00 | 70,963,851 | 9,138,045 | 102,652 | 89,434 | 13,219 | 39,058 | 73.53 | 70.94 | 539.86 | 12.88 | 97.59 |
| 1937. | 724.885 | 45.00 | 68,094,563 | 8,179,444 | 93,938 | 82,655 | 11,284 | 37,634 | 72.00 | 69.54 | 562.69 | 12.01 | 97.05 |
| 1938. | 663,894 | 45.00 | 54,497,972 | 5,208,153 | 82,088 | 74,243 | 7,845 | 36,331 | 69.63 | 67.64 | 511.38 | 9.56 | 96.48 |
| 1939 | 842,146 | 45.00 | 67,466,455 | 6,416,205 | 80,113 | 72,494 | 7.619 | 35,929 | 69.17 | 67.18 | 643.45 | 9.51 | 96.19 |
| 1940. | 904,979 | 45.00 | 74,620,762 | 9,909,394 | 82,456 | 71,506 | 10,950 | 35,571 | 70.00 | 67.22 | 683.22 | 13.28 | 95.92 |
| 1941 | 1,024,033 | 45.00 | 87,394,352 | 19,840,670 | 85,343 | 65,968 | 19,375 | 35,445 | 70.77 | 66.42 | 766.10 | 22.70 | 91.05 |
| 1942 | 1,086,259 | 45.00 | 93,008,614 | 30,575,788 | 85,623 | 57.475 | 28,148 | 34,904 | 70.93 | 65.20 | 806.93 | 32.87 | 86.43 |
| 1943. | 1,418,846 | 45.00 | 114,145,147 | 40,612,003 | 80,449 | 51,826 | 28.623 | 33,759 | 70.00 | 63.97 | 1,050.16 | 35.58 | 84.37 |
| 1944. | 2,357,276 | 45.00 | 158,065,340 | 45,951,882 | 67,054 | 47,561 | 19,494 | 31,647 | 66.45 | 61.79 | 1,760.28 | 29.07 | 81.41 |
| 1945. | 2.179,537 | 45.00 | 162,512,429 | 49,121,732 | 74,563 | 52,025 | 22,538 | 32,925 | 68.50 | 63.69 | 1,633.42 | 30.23 | 82.96 |
| 1946. | 2,015,347 | 45.00 | 161,981,319 | 45,319,395 | 80,374 | 57,887 | 22,487 | 35,449 | 69.49 | 65.01 | 1,432.51 | 27.98 | 84.49 |
| 1947 | 1,637,187 | 45.00 | 131,053,379 | 38,109,146 | 80,048 | 56,771 | 23,277 | 36,481 | 69.10 | 64.54 | 1,136.28 | 29.08 | 83.45 |
| 1948 | 2,050,060 | 45.00 | 154,659,094 | 33,498,834 | 75,441 | 59,101 | 16,340 | 34,268 | 68.35 | 65.19 | 1,397.16 | 21.66 | 82.83 |
| 1949. | 2,143,995 | 45.00 | 152,787,228 | 31,143,855 | 71,263 | 56,737 | 14.526 | 33,849 | 67.17 | 64.29 | 1,435.99 | 20.38 | 81.41 |
| 1950. | 2,603,922 | 45.00 | 189,623,885 | 41,905,241 | 72,822 | 56.729 | 16.093 | 33,497 | 67.75 | 64.50 | 1.714 .60 | 22.10 | 82.38 |

[^11]Table 4.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | Net incorne (thousand dollars) | Federal income tax (thousand dollars) | Mean income |  | Average income tax (dollars) | Minjmum income cutof (doltars) | Incorne share |  | Returns per 100,000 population | Average income tax rate (percent) | Incometaxshare(percent) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percemt of total |  |  | Before tax <br> (dollars) | Atter (dollars) |  |  | Betore <br> tax <br> (percent) | $\begin{aligned} & \text { After } \\ & \text { tax } \\ & \text { (percent) } \end{aligned}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part XI - Top 50 percent of returns |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916 : | 214.700 | 50.00 | 53,810,268 | 1,720,399 | 250,629 | 242,616 | 8,013 | 61,625 | 85.03 | 84.64 | 210.57 | 3.20 | 98.75. |
| 1917 | 519,969 | 50.00 | 63,509,525 | 5,582,223 | 122,141 | 111,405 | 10,736 | 38,238 | 80.13 | 78.75 | 503.51 | 8.79 | 97.81 |
| 1918 | 544,071 | 50.00 | 49,842;184 | 7,220.317 | 91,610 | 78,339 | 13,271 | 34,582 | 75.83 | 73.34 | 527.16 | 14.49 | 94.86 |
| 1919 | 563.076 | 50.00 | 52,072,729 | 7,163.559 | 92,479 | 79,757 | 12,722 | 34,996 | 76.12 | 73.71 | 538.76 | 13.76 | 95.67 |
| 1920 | 422,647 | 50.00 | 38,188,889 | 4,775,527 | 90,356 | 79,057 | 11,299 | 36,554 | 75.46 | 73.37 | 397.00 | 12.51 | 94.30 |
| 1921 | 429,479 | 50.00 | 35,846,671 | 3,776,296 | 83,466 | 74.673 | 8,793 | 34,575 | 74.39 | 72.52 | 395.69 | 10.53 | 95.13 : $=$ |
| 1922 | 548,276 | 50.00 | 49,520,718 | 4,980,879 | 90.321 | 81.236 | 9.085 | 34.369 | 75.73 | 74.00 | 498.21 | 10.06 | 95.82 ; |
| 1923 | 638,665 | 50.00 | 54,071,991 | 3,740,390 | - 84,664 | 78,807 | 5,857 | 31,793 | 74.96 | 73.77 | 570.51 | 6.92 | 95.75 |
| 1924 | 700.943 | 50.00 | 62,695,174 | 4,214,180 | 89,444 | 83.432 | 6,012 | 32,031 | 75.97 | 74.77 | 614.27 | 6.72 | 97.68 |
| 1925 ............................. | 706,152 | 50.00 | 75,748,796 | 4,491,794 | 107.270 | 100,909 | 6,361 | 35,504 | 78.82 | 77.82 | 609.65 | 5.93 | 99.04 |
| 1926 | 694,609 | 50.00 | 75,190,109 | 4,434,297 | 108,248 | 101,864 | 6,384 | 37,229 | 78.52 | 77.52 | 591.68 | 5.90 | 98.93 |
| 1927 | 715,498 | 50.00 | 81,977,265 | 5,147,814 | 114,574 | 107,379 | 7.195 | 37,750 | 79.41 | 78.36 | 601.08 | 6.28 | 99.16. |
| 1928 | 783,621 | 50.00 | 100,652,702 | 7,343,438 | 128.446 | 119,074 | 9,371 | 38,290 | 81.04. | 79.89 | 650.26 | 7.30 | $99.29^{\circ}$ - |
| 1929 $\div$ | 791,626 | 50.00 | 98,521,057 | 6,378,394 | 124.454 | 116.397 | 8,057 | 38,385 | 80.50 | 79.44 | 650.12 | 6.47 | $99.71{ }^{\circ}$ |
| 1930 ............................ | 679,974 | 50.00 | 64,616,534 | 3,053,310 | 95.028 | 90,538 | 4,490 | 36,440 | 76.31 | 75.45 | 552.48 | 4.73 | 98.91: |
| 1931 | 623.029 | 50.00 | 51,158,009 | 1,723,055 | 82,112 | 79,346 | 2,766 | 35,001 | 73.80 | 73.15 | 502.28 | 3.37 | 98.92 |
| 1932 | 485,708 | 50.00 | 38,820,291 | 2,361,025 | 79,925 | 75,064 | 4,861 | 34,103 | 73.62 | 72.53 | 389.06 | 6.08 | 96.00 |
| 1933 | 483,881 | 50.00 | 40,851,434 | 2,929,755 | 84,424 | 78,370 | 6,055 | 34,253 | 74.66 | 73.34 | 385.32 | 7.17 | 97.32 |
| 1934 | 571,431 | 50.00 | 46,579,301 | 3,963,509 | 81,513 | 74.577 | 6,936 | 35,041 | 73.74 | 72.08 | 452.17 | 8.51 | 97.83 |
| 1935 | 629,131 | 50.00 | 53,568,016 | 4,985,616 | 85,146 | 77,221 | 7.925 | 35,296 | 74.52 | 72.74 | 494.41 | 9.31 | 97.96 |
| 1936 | 768,116 | 50.00 | 73,865,581 | 9,179,094 | 96,165 | 84,214 | 11,950 | 36,576 | 76.53 | 74.23 | 599.84 | 12.43 | 98.02 |
| 1937 | 805.428 | 50.00 | 71,041,906 | 8,221,080 | 88,204 | 77,997 | 10,207 | 35,612 | 75.11 | 72.92 | 625.21 | 11.57 | 97.55 |
| 1938 | 737,660 | 50.00 | 57,104,622 | 5,241,579 | 77,413 | 70,308 | 7,106 | 34,400 | 72.96 | 71.18 | 568.20 | 9.18 | 97.10 |
| 1939 | 935,717 | 50.00 | 70,747,582 | 6,459,469 | 75,608 | 68,705 | 6,903 | 34,236 | 72.53 | 70.75 | 714.94 | 9.13 | 96.84 |
| 1940 | 1,005,532 | 50.00 | 78,095,736 | 9,973,844 | 77,666 | 67,747 | 9.919 | 33,624 | 73.26 | 70.76 | 759.14 | 12.77 | 96.54 |
| -1941. | -1,137,815 | 50.00 | 91,314,219 | 20,098,832 | 80,254 | 62,590 | 17,664 | 33.525 | 73.94 | 70.03 | 851.22 | 22.01 | 92.24 |
| 1942 | 1,206,954 | 50.00 | 97,105,218 | 31,162,911 | 80,455 | 54,635 | 25,819 | 33,054 | 74:05 | -68.86 | -896.58 | 32.09 | 88.09 .- |
| 1943. | 1,576,496 | 50.00 | 119,318,864 | 41,510,624 | 75,686 | 49.355 | 26,331 | 31,940 | 73.17 | 67.69 | 1.166 .85 | 34.79 | 86.24 |
| 1944. | 2,619,195 | 50.00 | 166,212,144 | 47,114,169 | 63,459. | 45,471 | 17,988 | 30,609 | 69.87 | 65.64 | 1,955.86 | 28.35 | 83.46 |
| 1945 | 2,421,707 | 50.00 | 170,306,420 | 50,282,649 | 70,325 | 49,562 | 20,763 | 31,492 | 71.78 | 67.41 | 1,814.91 | 29.52 | 84.92 |
| 1946 | 2,239,274 | 50.00 | 169,705,613 | 46,338,122 | 75,786 | 55,093 | 20,693 | 33,599 | 72.80 | 68.75 | 1,591.68 | 27.31 | 86.39 |
| 1947 | 1,819,096 | 50.00 | 137,490,256 | 39,051,618 | 75,582 | 54,114 | 21.468 | 34,349 | 72.49 | 68.36 | 1,262.53 | 28.40 | 85.52 |
| 1948 | 2,277,844 | 50.00 | 162,272,441 | 34,315,837 | 71,239 | 56,174 | 15,065 | 32,646 | 71.71 | 68.85 | 1,552.41 | 21.15 | 84.85 |
| 1949 | 2,382,217 | 50.00 | 160,669,599 | 31,961,645 | 67.445 | 54,029 | 13,417 | 32,373 | 70.63 | 68.02 | 1,595.55 | 19.89 | . 83.55 |
| 1950. | 2,893,246 | 50.00 | 199,106,743 | 42,929,425 | 68,818 | 53,980 | 14,838 | 32,101 | 71.14 | 68.20 | 1,905.11 | 21.56 | 84.40 . |

[^12]Table 5.-Returns with Income $\mathbf{\$ 2 5 , 0 0 0}$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Size of Income in 1986 Dollars, Tax Years 1916-1950
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | $\underset{\substack{\text { incorm }}}{\text { Not }}$ (thousand dollars) | Federas income (thousanddollars) collars) | Mean income |  | Average incorme (dollars)$\qquad$ | Minimum income (dollars) | Income share |  | $\begin{aligned} & \text { Returns } \\ & \text { porn } \\ & \text { poporiataion } \end{aligned}$ | Averageincome ${ }_{\operatorname{tax}}$ (percem) | $\begin{gathered} \text { Income } \\ \text { tix } \\ \text { share } \\ \text { (percent) } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent of total |  |  | $\begin{gathered} \text { Betore } \\ \text { (doxelars) } \end{gathered}$ | $\begin{gathered} \text { Ater } \\ \text { toor } \\ \text { (dilars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Betore } \\ \text { teax } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { Ater } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (8) | ( 7 | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part I - Returns with Income $\mathbf{\$ 1 , 0 0 0 , 0 0 0}$ or more in 1986 dollars |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 6,691 | 1.56 | 18,708,092 | 1,275,612 | 2,796,080 | 2,605,430 | 190,651 | 1,000,000 | 29.56 | 28.33 | 6.56 | 6.82 | 73.22 |
| 1917. | 5,200 | 50 | 12,393,340 | 2,908,539 | 2,383,148 | 1,823,857 | 559,290 | 1,000,000 | 15.64 | 12.89 | 5.04 | 23.47 | 50.96 |
| 1918 | 2,522 | 23 | 5,537,796 | 2,862,299 | 2,195,723 | 1,060,828 | 1,134,894 | 1,000,000 | 8.43 | 4.60 | 2.44 | 51.69 | 37.61 |
| 1919 | 2,315 | 21 | 4,920,862 | 2,607,300 | 2,125.269 | 999,203 | 1,126.066 | 1,000,000 | 7.19 | 3.80 | 2.22 | 52.98 | 34.82 |
| 1920. | 1,016 | 12 | 2,128,769 | 1,128,260 | 2,094,929 | 984,604 | 1,110,325 | 1,000,000 | 4.21 | 2.20 | . 95 | 53.00 | 22.28 |
| 1921 | 832 | 10 | 1,688,111 | 864,042 | 2,028,565 | 990,265 | 1,038,300 | 1,000,000 | 3.50 | 1.86 | . 77 | 51.18 | 21.77 |
| 1922. | 1,802 | 16 | 4,081,150 | 1,479,429 | 2,264,815 | 1,443,813 | 821,002 | 1,000,000 | 6.24 | 4.32 | 1.64 | 36.25 | 28.46 |
| 1923. | 1.714 | . 13 | 3,939,254 | 969,892 | 2,298,272 | 1,732,410 | 565,862 | 1,000,000 | 5.46 | 4.35 | 1.53 | 24.62 | 24.83 |
| 1924 | 2,473 | . 18 | 5,346,879 | 1,425,300 | 2,162,111 | 1,585,764 | 576,347 | 1,000,000 | 6.48 | 5.01 | 2.17 | 26.66 | 33.04 |
| 1925. | 4,341 | . 31 | 10,464,720 | 1,681,054 | 2,410.606 | 2,023.366 | 387,240 | 1,000,000 | 10.89 | 9.59 | 3.75 | 16.06 | 37.07 |
| 1926 | 4,310 | 31 | 10,712,990 | 1,749,578 | 2,485,894 | 2,079,913 | 405,981 | 1,000,000 | 11.19 | 9.82 | 3.67 | 16.33 | 39.03 |
| 1927. | 5,373 | . 38 | 13,399,519 | 2,206,873 | 2,494,065 | 2,083,298 | 410,767 | 1,000,000 | 12.98 | 11.42 | 4.51 | 16.47 | 42.51 |
| 1928. | 8,415 | . 54 | 22,556,792 | 3,752,722 | 2,680,504 | 2,234,554 | 445,949 | 1,000,000 | 18.16 | 16.10 | 6.98 | 16.64 | 50.74 |
| 1929. | 7.968 | . 50 | 22,576,571 | 3,484,355 | 2,833,460 | 2,396,158 | 437,302 | 1,000,000 | 18.45 | 16.46 | 6.54 | 15.43 | 54.47 |
| 1930. | 3,015 | . 22 | 7.794,077 | 1,244,073 | 2,584,756 | 2,172,183 | 412,573 | 1,000,000 | 9.20 | 8.03 | 2.45 | 15.96 | 40.30 |
| 1931. | 1,780 | . 14 | 4,436,113 | 652,279 | 2,492,648 | 2,126,133 | 366,515 | 1,000,000 | 6.40 | 5.60 | 1.43 | 14.70 | 37.45 |
| 1932 | 1,214 | . 12 | 2,523,020 | 776,255 | 2,079,003 | 1,439,358 | 639.645 | 1,000,000 | 4.78 | 3.47 | . 97 | 30.77 | 31.56 |
| 1933. | 1,471 | 15 | 3,416,987 | 1,042,900 | 2,323,658 | 1,614,454 | 709,205 | 1,000,000 | 6.24 | 4.59 | 1.17 | 30.52 | 34.64 |
| 1934. | 1.322 | 12 | 2,912,594 | 1,307,227 | 2,202,533 | 1,213,995 | 988,538 | 1,000,000 | 4.61 | 2.72 | 1.05 | 44.88 | 32.27 |
| 1935. | 1.711 | . 14 | 3,739,972 | 1,694,945 | 2,185,697 | 1,195,146 | 990,552 | 1,000,000 | 5.20 | 3.06 | 1.34 | 45.32 | 33.30 |
| 1936. | 2.926 | . 19 | 6,128,671 | 3,306,601 | 2,094,378 | 964,399 | 1,129,979 | 1,000,000 | 6.35 | 3.24 | 2.29 | 53.95 | 35.31 |
| 1937. | 2.448 | . 15 | 5,112,585 | 2.786,963 | 2,088,307 | 949,933 | 1,138,374 | 1,000,000 | 5.41 | 2.70 | 1.90 | 54.51 | 33.07 |
| 1938. | 1,389 | . 09 | 3,333,157 | 1,547.147 | 2.399,761 | 1,285,867 | 1,113,894 | 1,000,000 | 4.26 | 2.45 | 1.07 | 46.42 | 28.66 |
| 1939 | 1,704 | . 09 | 3,675,410 | 1,910,266 | 2,156,873 | 1.035,855 | 1,121.018 | 1,000,000 | 3.77 | 1.94 | 1.30 | 51.97 | 28.64 |
| 1940 | 2,040 | 10 | 4,291,130 | 2,488,270 | 2,103,344 | 883,692 | 1,219,653 | 1,000,000 | 4.03 | 1.87 | 1.54 | 57.99 | 24.08 |
| 1941. | 3,254 | 14 | 5,973,292 | 3,496,056 | 1,835,871 | 761,370 | 1,074,501 | 1,000,000 | 4.84 | 2.44 | 2.43 | 58.53 | 16.04 |
| 1942. | 2,605 | . 11 | 5,021,755 | 3.790,203 | 1,927,373 | 472,675 | 1,454,698 | 1,000,000 | 3.83 | 1.29 | 1.94 | 75.48 | 10.71 |
| 1943. | 2.673 | . 08 | 5,045,775 | 3,932,102 | 1,887,594 | 416,618 | 1,470,976 | 1,000,000 | 3.09 | . 97 | 1.98 | 77.93 | 8.17 |
| 1944. | 2,872 | . 05 | 5,447.176 | 3,697,413 | 1,896,761 | 609,285 | 1,287,476 | 1,000,000 | 2.29 | . 96 | 2.14 | 67.88 | 6.55 |
| 1945 | 3,059 | . 06 | 5,845,624 | 3,657.004 | 1,911,235 | 715,572 | 1,195,662 | 1,000,000 | 2.46 | 1.23 | 2.29 | 62.56 | 6.18 |
| 1946 | 3,043 | . 07 | 6,083,685 | 3,552,459 | 1,999,030 | 831.732 | 1,167,298 | 1,000,000 | 2.61 | 1.41 | 2.16 | 58.39 | 6.62 |
| 1947 | 2.341 | . 06 | 4,772,247 | 2,865,331 | 2,038,892 | 814.709 | 1,224,182 | 1,000,000 | 2.52 | 1.32 | 1.62 | 60.04 | 6.27 |
| 1948 | 2.872 | . 06 | 5,602,228 | 3,097,229 | 1,950,470 | 872,140 | 1,078,330 | 1,000,000 | 2.48 | 1.35 | 1.96 | 55.29 | 7.66 |
| 1950 | 2,557 | . 05 | 5,157,851 | 2,819,142 | 2,017,064 | 914,592 | 1,102,473 | 1,000,000 | 2.27 | 1.24 | 1.71 | 54.66 | 7.37 |
|  | 3,980 | . 07 | 8,205,561 | 4,586,313 | 2,061,679 | 909,350 | 1,152,329 | 1,000,000 | 2.93 | 1.58 | 2.62 | 55.89 | 9.02 |
|  | Part II - Returns with income \$750,000 or more in 1986 dollars |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 10.124 | 2.36 | 21,673,606 | 1,351,282 | 2,140,726 | 2,007,258 | 133,468 | 750,000 | 34.25 | 33.02 | 9.93 | 6.23 | 77.57 |
| 1917. | 8.231 | . 79 | 14,992,331 | 3,241,160 | 1,821,441 | 1,427,668 | 393,773 | 750,000 | 18.91 | 15.98 | 7.97 | 21.62 | 56.79 |
| 1918 | 4,264 | . 39 | 7,034,271 | 3,363,436 | 1,649,716 | 860,905 | 788,812 | 750,000 | 10.70 | 6.32 | 4.13 | 47.81 | 44.19 |
| 1919 | 4,011 | . 36 | 6,373,186 | 3,107,241 | 1.588,837 | 814,201 | 774,636 | 750,000 | 9.32 | 5.36 | 3.84 | 48.75 | 41.50 |
| 1920 | 1,846 | 22 | 2,831,179 | 1,386,527 | 1,533,376 | 782,428 | 750,947 | 750,000 | 5.59 | 3.17 | 1.73 | 48.97 | 27.38 |
| 1921. | 1.517 | 18 | 2,274,138 | 1,062,935 | 1,498,897 | 798,311 | 700,586 | 750,000 | 4.72 | 2.74 | 1.40 | 46.74 | 26.78 |
| 1922. | 3.088 | . 28 | 5,182,379 | 1,799,154 | 1,678,028 | 1,095,472 | 582,557 | 750,000 | 7.93 | 5.62 | 2.81 | 34.72 | 34.61 |
| 1923. | 3.066 | . 24 | 5,097,690 | 1,205,174 | 1,662,760 | 1,269,657 | 393,102 | 750,000 | 7.07 | 5.71 | 2.74 | 23.64 | 30.85 |
| 1924. | 4.511 | . 32 | 7.109,751 | 1,786,087 | 1,575,976 | 1,180,065 | 395,911 | 750,000 | 8.62 | 6.81 | 3.95 | 25.12 | 41.40 |
| 1925 | 7.002 | . 50 | 12,746,250 | 2,003,852 | 1,820,253 | 1,534,089 | 286,164 | 750,000 | 13.26 | 11.73 | 6.05 | 15.72 | 44.18 |
| 1926. | 6,986 | . 50 | 13,011,101 | 2,071,609 | 1,862,460 | 1,565,922 | 296,538 | 750,000 | 13.59 | 11.99 | 5.95 | 15.92 | 46.22 |
| 1927. | 8,505 | . 59 | 16,094,884 | 2,584,452 | 1,892,460 | 1,588.577 | 303,884 | 750.000 | 15.59 | 13.78 | 7.14 | 16.06 | 49.78 |
| 1928. | 12,679 | . 81 | 26,225,251 | 4,264,325 | 2,068,390 | 1,732,062 | 336,328 | 750,000 | 21.12 | 18.80 | 10.52 | 16.26 | 57.66 |
| 1929. | 11,870 | . 75 | 25,936,123 | 3,924,376 | 2,185,086 | 1,854,462 | 330,624 | 750,000 | 21.19 | 18.98 | 9.75 | 15.13 | 61.35 |
| 1930 | 4,931 | . 36 | 9,436,862 | 1,460,373 | 1,913,634 | 1,617,495 | 296,139 | 750,000 | 11.14 | 9.78 | 4.01 | 15.48 | 47.31 |
| 1931 ............................ | 2,956 | . 24 | 5,446,319 | 770,976 | 1,842,472 | 1,581,653 | 260,819 | 750,000 | 7.86 | 6.92 | 2.38 | 14.16 | 44.26 |
| 1932. | 2,113 | . 22 | 3,292,130 | 919,820 | 1,558,401 | 1,122,984 | 435.417 | 750,000 | 6.24 | 4.72 | 1.69 | 27.94 | 37.40 |
| 1933. | 2,599 | . 27 | 4,384,415 | 1,251,612 | 1,686,655 | 1,205,168 | 481,486 | 750,000 | 8.01 | 6.06 | 2.07 | 28.55 | 41.57 |
| $1934 .$. | 2,281 | 20 | 3,731,257 | 1,554,082 | 1,635,474 | 954,293 | 681,181 | 750.000 | 5.91 | 3.68 | 1.81 | 41.65 | 38.36 |
| 1935. | 3,002 | . 24 | 4,845,420 | 2,038,783 | 1,613,931 | 934,845 | 679,086 | 750,000 | 6.74 | 4.20 | 2.36 | 42.08 | 40.06 |
| 1936. | 5,279 | . 34 | -8,141,520 | 4,026,277 | 1,542,334 | 779,594 | 762,740 | 750,000 | 8.44 | 4.72 | 4.12 | 49.45 | 43.00 |
| 1937 | 4,294 | . 27 | 6,695,749 | 3,369,265 | 1,559,238 | 774,638 | 784,600 | 750,000 | 7.08 | 3.86 | 3.33 | 50.32 | 39.98 |
| 1938 | 2,473 | . 17 | 4,261,346 | 1,880,587 | 1,723,084 | 962,665 | 760,419 | 750,000 | 5.44 | 3.27 | 1.90 | 44.13 | 34.84 |
| 1939 | 3,051 | . 16 | 4,829,777 | 2,322,642 | 1,582,790 | 821,625 | 761,164 | 750,000 | 4.95 | 2.76 | 2.33 | 48.09 | 34.82 |
| 1940. | 3,628 | . 18 | 5,653,331 | 3,117,141 | 1,558,132 | 699,007 | 859,125 | 750,000 | 5.30 | 2.63 | 2.74 | 55.14 | 30.17 |
| $1941 .$. | 4,716 | 21 | 7,319,423 | 4,152,557 | 1,552.092 | 671.537 | 880,554 | 750,000 | 5.93 | 3.11 | 3.53 | 56.73 | 19.06 |
| 1942....................... | 4,825 | 20 | 6,929,296 | 5;062,335 | 1,436,173 | 386,948 | 1,049,225 | 750,000 | 5.28 | 1.95 | 3.58 | 73.06 | 14.31 |
| 1943....................... | 5,135 | 16 | 7,154,673 | 5,418,954 | 1,393,197 | 337,989 | 1,055,208 | 750,000 | 4.39 | 1.51 | 3.80 | 75.74 | 11.26 |
| 1944 ............................. | 5,496 | . 10 | 7,694,422 | 5,096,742 | 1,399,904 | 472,615 | 927,289 | 750,000 | 3.23 | 1.43 | 4.10 | 66.24 | 9.03 |
| 1945 | 5,805 | . 12 | 8,194,593 | 5,048,642 | 1,411,748 | 541,978 | 869,770 | 750,000 | 3.45 | 1.77 | 4.35 | 61.61 | 8.53 |
| 1946. | 5,663 | . 13 | 8,324,921 | 4,794,075 | 1,470,037 | 623,487 | 846,551 | 750,000 | 3.57 | 1.97 | 4.03 | 57.59 | 8.94 |
| 1947 | 4,317 | . 12 | 6,465,995 | 3,838,467 | 1,497,779 | 608,639 | 889,140 | 750,000 | 3.41 | 1.82 | 3.00 | 59.36 | 8.41 |
| 1948. | 5,423 | 12 | 7,785,823 | 4,168,452 | 1,435,770 | 667,073 | 768,697 | 750,000 | 3.44 | 1.95 | 3.70 | 53.54 | 10.31 |
| 1949. | 4,823 | 10 | 7,097,262 | 3,740,672 | 1,471,456 | 695,912 | 775.543 | 750,000 | 3.12 | 1.77 | 3.23 | 52.71 | 9.78 |
| 1950............................. | 7.311 | 13 | 11,065,595 | 6,002,528 | 1,513,635 | 692,564 | 821,071 | 750,000 | 3.95 | 2.21 | 4.81 | 54.24 | 11.80 |

[^13]Table 5.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Size of Income in 1986 Dollars, Tax Years 1916-1950 -Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Retums |  | $\begin{gathered} \text { Net } \\ \text { income } \\ \text { (thousaland } \\ \text { doliars) } \end{gathered}$ |  | Mean income |  | $\begin{aligned} & \text { Average } \\ & \text { income } \\ & \text { (tollars) } \end{aligned}$ | Minimum income (dollars) | income share |  | $\begin{aligned} & \text { Returns. } \\ & \text { per } \\ & \text { poo.000 } \\ & \text { population } \end{aligned}$ | Average incometax <br> rata (percent) | $\begin{gathered} \text { Income } \\ \text { tax } \\ \text { share } \\ \text { (percenti) } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent of total |  |  |  | $\begin{gathered} \text { After } \\ \text { tox } \\ \text { (dollars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Betore } \\ \text { teare } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { Antar } \\ \text { rear } \\ \text { (percentit) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | ( 7 | ${ }^{(8)}$ | ${ }^{(9)}$ | (10) | (11) | (12) | (13) |
|  | Part III - Returns with income \$500,000 or more in 1986 dollars |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916.\% | 17.199 | 4.01 | 25.969,416 | 1,438,483 | 1,509,966 | 1,426,327 | 83,639 | 500,000 | 41.04 | $39.86{ }^{\prime \prime}$ | 16.87 | 5.54 | 82.57 |
| 1917: | 15,168 | 1.46 | 19,172,541 | 3,661,032 | 1,263,997 | 1,022,634 | 241,363 | 500,000 | 24.19 | 21.09 | 14.69 | 19.10 | 64.15 |
| 1918 | 8,617 | . 79 | 9,664,216 | 4,020,666 | 1,121,558 | 654,949 | 466,609 | 500,000 | 14.70 | 9.71 | 8.35 | 41.60 | 52.82 |
| 1919 | 8.413 | 75 | 9,032,278 | 3,854,924 | 1,073,582 | 615.383 | 458,198 | 500,000 | 13.20 | 8.50 | 8.05 | 42.68 | 51.48 |
| 1920 ................... | 4.481 | . 53 | 4,415,207 | 1,874,331 | 985,378 | 567,068 | 418,310 | 500,000 | 8.72 | 5.58 | 4.21 | 42.45 | 37.01 |
| $1921 . . . .{ }^{-}$. | 3.788 | . 44 | -3,625.015 | 1,435,407 | 957.075 | 578,099 | 378,976 | 500,000 | 7.52 | 4.95 | 3.49 | 39.60 | 36.16 |
| 1922. | 6.972 | . 64 | 7,505,378 | 2,329,880 | 1,076,519 | 742,337 | 334,182 | 500,000 | 11.48 | 8.60 | 6.34 | 31.04 | 44.82 |
| 1923. | 7.003 | . 55 | 7,455,916 | 1,605,184 | 1,064,672 | 835,458 | 229,213. | 500,000 | 10.34 | 8.58 | 6.26 | 21.53 | 41.09 |
| 1924 | 9,435 | . 67 | 10,035,918 | 2,277,639 | 1,063,646 | 822,253 | 241,393. | 500,000 | 12.16 | 9.92 | 8.27 | 22.69 | 52.79 |
| 1925 | 13,966 | 99 | 16,941,359 | 2,542,535 | 1,213,062 | 1,031,008 | 182,055 | 500,000 | 17.63 | 15.72 | 12.06 | 15.01 | 56.06 |
| 1926 . | 13.745 | 99 | 17,081,758 | 2,585,704 | 1,242,733 | 1,054,617 | 188,115 | 500,000 | 17.84 | 15.88 | 11.71 | 15.14 | 57.69 |
| 1927. | 16,294 | 1.14 | 20,785.007 | 3,171,228 | 1,275,587 | 1,080,967 | 194,620 | 500,000 | 20.13 | 17.96 | 13.69 | 15.26 | 61.09 |
| 1928 | 22,918 | 1.46 | 32,413,352 | 5,041,899 | .1,414,339 | 1, 194,339 | 220,001 | 500,000 | 26.10 | 23.43 | 19.02 | 15.56 | 68.17 |
| 1929 | 20,932 | 1.32 | 31,422,554 | 4,570,185 | 1,501,191 | 1,282,853. | 218,337 | 500,000 | 25.67 | 23.15 | 17.19 | 14.54 | 71.45 |
| 1930. | 9,767 | . 72 | 12,352,060 | 1,798,968 | . 1,264,718 | 1,080,523 | 184,195. | 500,000 | 14.59 | 12.93 | 7.94 | 14.56 | 58.28 |
| 1931. | 6.171 | $50^{\circ}$ | 7,384,108 | 959,507 | 1,196,636 | 1,041,142 | 155,493 | 500,000 | 10.65 | 9.51 | 4.97 | 12.99 | 55.08 |
| 1932 | 4,948 | 51 | 4,992,804 | 1,146,512 | 1,008,983 | 777.287 | 231,696 | 500.000 | 9.47 | 7.65 | 3.96 | 22.96 | 46.62 |
| 1933. | 5.815 | 60 | 6,308,940 | 1,534,091 | 1,084,896 | 821.091 | 263,805 | 500,000 | 11.53 | 9.23 | 4.63 | 24.32 | 50.96 |
| 1934. | 5,333 | 47, | 5,564,301 | 1,960,897 | 1,043,356 | 675.671 | 367,686 | 500,000 | 8.81 | 6.10 | 4.22 | 35.24 | 48.40 |
| 1935.......................... | 6.842 | . 54 | 7.148,213 | 2,562,282 | 1,044,792 | 670,286 | 374,507 | 500,000 | 9.94 | 6.87 | ¢5.38 | 35.85 | 50.34 |
| 1936........................... | 11,721 | : 76 | 12,010,349 | 5,022,765 | 1,024,706 | 596,171 | 428.535 | 500,000. | 12.44 | 8.02 | 9.15 | 41.82 | 53.64 |
| 1937:........................ | 9,803 | 61 | 9,991,646 | 4,242,053 | 1,019,293 | 586,542 | 432,751 | 500,000 | 10.56 | 6.67 | 7.61 | 42.46 | $50.33{ }^{\circ}$ |
| 1938. | 5,603 | 38 | 6,140,690 | 2,381,495 | 1,095,987 | 670.939 | 425,048 | 500.000 | 7.85 | 5.16 | 4.32 | 38.78 | 44.12 . |
| 1939 ..: | 7,254 | . 39 | 7,341,267 | 2,972,814 | 1,012,063 | 602,232 | 409,830. | 500,000 | 7.53 | 4.81 | 5.54 | 40.49 | $44.57{ }^{\text {a }}$ |
| 1940 :............ | 8,334 | . 41 | 8,475,422 | 4,187,413 | 1,017.003 | 514,537 | 502,466 | 500,000 | 7.95 | 4:45 | 6.29 | 49.41 | 40.53 |
| 1941. | 10,704 | 47 | -10,911.354 | -5.926,359 | -1.019.414 | 465,733 | 553.681 | 500,000. | 8.84. | 4.90 | 8.01. | 54.31 | 27.20 |
| 1942. | 11,433 | . 47 | 10,886,636 | 7,495,417 | 952.227 | 296,622 | 655,605 | -500,000 | 8.30 | 3:54 - | -8:49 | 68.85 | 21.19 |
| 1943. | 12,381 | :39 | 11.495,815 | 8,296,658 | 928,473 | 258,384 | 670,090 | 500,000 | 7.05 | 2.78 | 9.16 | 72.17 | 17.24 |
| 1944. | 13,337 | 25 | 12,390,129 | 7,863,478 | 928,993 | 339,401 | 589,592 | 500,000 | 5.21. | 2.49 | $9.96{ }^{\text {9 }}$ | 63.47 | 13.93 |
| 1945...:- | 14,543 | 30 | 13,415,557 | 8,017,509 | 922,456 | 371;171 | 551,285 | 500,000 | 5.65 | 3.03 | 10.90 | 59.76 | 13.54 |
| 1946:- | 13,975 | . 31 | 13,294.188 | 7.429,223 | 951,259 | 419,664 | $531.594{ }^{\circ}$ | 500,000 | 5.70 | 3.27 | 9.93 | 55.88 | 13.85 |
| 1947 | 10,407 | :29 | 10.108,024 | 5,811,593 | 971,246 | 412,829 | 558,416 | 500,000 | 5.33 | 2.98 | 7.22 | 57.49 | 12.73 |
| 1948. | 13,317 | . 29 | 12,512,324 | 6,263,547 | 939,555 | 469;223 | 470,332 | 500,000 | 5.53 | 3.36 | 9.08 | 50.06 | 15.49 |
| 1949............................ | 11,536 | . 24 | 11,121,034 | 5,469,380 | 964,055 | 489,928 | 474,127 | 500,000 | 4.89 | 2.99 | 7.73 | 49.18 | 14.30 |
| 1950. | 16,833 | 29 | 16,773,960 | 8,569,164 | 996,493 | 487,423 | 509,069 | 500,000 | 5.99 | 3.58 | 11.08 | 51.09 | 16.85 |
|  |  |  |  |  | iv. | ns with | ne $\$ 2$ | or | 986 d |  |  | , |  |
| 1916. | 41,089 | 9.57 | 34.245,740 | 1,554,844 | 833,460 | 795,619 | 37,841 | 250,000 | 54.11 | 53.12 | 40.30 | 4.54 | 89.25 |
| 1917 | 40,258 | 3.87 | 27,779,384 | 4,334,682 | 690,033 | 582,360 | 107,672 | 250,000 | 35.05 | 31.87 | 38.98 | 15.60 | 75.95 |
| 1918. | 26,841 | 2.47 | 15,843,751 | 5,031,636 | 590,272 | 402,814 | 187,458 | 250,000 | 24.10 | 18.60 | 26.01 | 31.76 | 66.11 |
| 1919 | 27,776 | 2.47 | 15,604,591 | 4,986,241 | 561,807 | 382,289 | 179,518 | 250,000 | 22.81 | 17.43 | 26.58 | 31.95 | 66.59 |
| 1920. | 18,761 | 2.22 | 9,206;459 | 2,770,382 | 490,710 | 343,047 | 147,663 | 250,000 | 18.19 | 14.13 | 17.62 | 30.09 | 54.70 |
| 1921 :-.... | 16,476 | 1.92 | 7.892,730 | 2,155.133 | 479,040 | 348,237 | 130,803 | 250,000 | 16.38 | 12.97 | 15.18 | 27.31 | 54.29 |
| 1922. | 25,919 | 2.36 | 13,924,279 | 3,263,944 | 537.225 | 411,296 | 125,929 | 250,000 | 21.29 | 17.71 | 23.55 | 23.44 | 62.79 |
| 1923. | 26,428 | 2.07 | 13,994,568 | 2,308,389 | 529,540 | 442,193 | 87,347 | 250,000 | 19.40 | 17.13 | 23.61 | 16.49 | 59.09 |
| 1924 | 33,170 | 2.37 | 18,069,785 | 3,100,631 | 544,770 | 451;292 | 93,478 | 250,000 | 21.90 | 19.14 | 29.07 | 17.16 | 71.87 |
| 1925. | 43,612 | 3.09 | 27,010,156 | 3,439,814 | 619,322 | 540,450 | 78,872 | 250,000 | 28.10 | 25.74 | 37.65 | 12.74 | 75.85 |
| 1926 | 42,136 | 3.03 | 26,718,739 | 3,425,946 | 634,105 | 552,799 | 81,307 | 250,000 | 27.90 | 25.52 | 35.89 | 12.82 | 76.43 |
| 1927 | 47.886 | 3.35 | 31,558,525 | 4,106,236 | 659,035 | 573,284 | 85.750 | 250,000 | 30.57 | 28.00 | 40.23 | 13.01 | 79.10 |
| 1928 | 60,762 | 3.88 | 45,351,958 | 6,176,762 | 746,383 | 644,728 | 101,654 | 250,000 | 36.52 | 33.54 | 50.42 | $\cdots 13.62$ | 83.51 |
| 1929 | 55,005 | 3.47 | 43,058,547 | 5,515,846 | 782,808 | 682,530 | 100,279 | 250,000 | 35.18 | 32.37 | 45.17 | 12.81 | 86.23 |
| 1930. | 30,924 | 2.27 | 19,512,778 | 2,355,634 | 630,999 | 554,823 | 76,176 | 250,000 | 23.04 | 21.03 | 25.13 | 12.07 | 76.31 |
| 1931. | 20,372 | 1.63 | 12,191,725 | 1,271,743 | 598,447 | 536,022 | 62,425 | 250,000 | 17.59 | 16.16 | 16.42 | 10.43 | 73.01 |
| 1932 | 18,349 | 1.89 | 9,529,731 | 1,509,226 | 519,346 | 437,097 | 82,249 | 250,000 | 18.07 | 15.96 | 14.70 | 15.84 | 61.36 |
| 1933 | 20,352 | 2.10 | 11,265,051 | 1,998,320 | 553,499 | 455,313 | 98,186 | 250,000 | 20.59. | 17.92 | 16.21 | 17.74 | 66.38 |
| 1934 ..... | 20,329 | 1.78 | 10,628,835 | 2,675,259 | 522.849 | 391,249 | 131,600 | 250,000 | 16.83 | 13.45 | 16.09 | 25.17 | 66.03 |
| 1935:.... K . | 25,091 | 1.99 | 13,321,497 | 3,457,525 | 530,923 | 393,125 | 137.798 | 250,000 | 18.53 | 14.77 | 19.72 | 25.95 | 67.93 |
| 1936....'゙゙ | 40.866 | 2.66 | 21,904,040 | 6,640,578 | 535,990 | 373,496 | 162,494 | 250,000 | 22.70 | 17.51 | 31.91 | 30.32 | 70.92 |
| 1937:\%3 | 35.162 | 2.18 | 18,559,141 | 5,676,404 | 527,825 | 366,387 | 161,438 | 250,000 | 19.62 | 14.95 | 27.29 | 30.59 | 67.35 |
| $1938 \ldots$ | 21,753 | 1.47 | 11,556,118 | 3,283,226 | 531,239 | 380,308 | 150,931 | 250,000 | 14.77. | 11.35 | 16.76 | 28.41 | 60.82 |
| 1939 ..... | 27,908 | 1.49 | 14,281,885 | 4,106,551 | 511,747 | 364,601 | 147,145 | 250,000 | 14.64 . | 11.20 | 21.32 | 28.75 | 61.56 |
| 1940 ${ }^{\text {... }}$ | 31,951 | 1.59 | 16,416,903 | 6,264,805 | 513,817 | 317,741 | 196,076 | 250,000 | 15.40 | 10.55 | 24.12 | 38.16 | 60.64 |
| 1941 ... . | 40,064 | 1.76 | 20,579,336 | 9,860,866 | 513,665 | 267.536 | 246,130 | 250,000 | 16.66 | 10.54 | 29.97 | 47.92 | 45.25 |
| 1942.... | 44,460 | 1.84 | 22,002,383 | 13,103,652 | 494,885 | 200,153 | 294,732 | 250,000 | 16.78 | 9.29 | 33.03 | 59.56 | 37.04 |
| 1943......... | 51,136 | 1.62 | 24,496,564 | 15,447,877 | 479,052 | 176,955 | 302,097 | 250,000 | 15.02 . | 7.87 | 37.85 | 63.06 | 32.09 |
| 1944 ........................ | 57,309 | 1.09 | 27,137,617 | 15,186,979 | 473,531 | 208,529 | 265,001 | 250,000 | 11.41 | 6.59 | 42.80 | 55.96 | 26.90 |
| 1945........................... | 63,889 | 1.32 | 29,920,300 | 16,113,474 | 468,315 | 216,106 | 252,210 | 250,000 | 12.61 | 7.75 | 47.88 | 53.85 | 27.21 |
| 1946......: ${ }^{\text {a }}$................ | 63,422 | 1.42 | 29,749,313 | 14,936,279 | 469,073 | 233,565 | 235,508 | 250,000 | 12.76 | 8.25 | $45.08{ }^{\prime \prime}$ | 50.21 | 27.85 |
| 1947 ....... | 46,954 | 1.29 | 22,238,183 | 11,546,419 | 473,621 | 227,710 | 245,912 | 250,000 | 11.72 | 7.42 | 32.59 | 51.92** | 25.28 |
| 1948:-: | 57,109 | 1.25 | 27,103,407 | 11,660,625 | 474.593 | 270,410 | - 204,183 | 250.000 | 11.98 | 8.31 | 38.92 | 43.02 $\ldots$ | 28.83 |
| 1949.-6. | 50,387 | 1.06 | 24,068,991 | 10,115,046 | 477,680 | 276,934 | 200,746 | 250,000 | 10.58 | 7.37 | 33.75 | 42.03 | 26.44 |
| 1950 \% ${ }^{\text {a }}$................... | 69,129 | 1.19 | 34,245,046 | 15,158,674 | 495,379 | 276,098 | 219,281 | 250,000 | 12:24 | 8.33 | 45.52 | 44.27. | 29.80 |

See footnote at end of table.

Table 5.-Returns with Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Size of Income in 1986 Dollars, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Relurns |  | $\begin{gathered} \text { Net } \\ \text { innorme } \\ \text { (thousind } \\ \text { dollars) } \end{gathered}$ | Federal (thousand dollars) | Mean | come | Average tax (dollars) | Minimum income (dollars) | Income share |  | $\begin{aligned} & \text { Roturns } \\ & \text { per } \\ & \text { poopo } \\ & \text { popuataion } \end{aligned}$ | $\begin{gathered} \text { Average } \\ \text { income } \\ \text { tax } \\ \text { farate } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { Income } \\ \text { thax } \\ \text { share } \\ \text { (percent) } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | $\begin{aligned} & \text { Percent } \\ & \text { of } \\ & \text { total } \end{aligned}$ |  |  | $\begin{aligned} & \text { Before } \\ & \text { (doox } \\ & \text { (dollarg) } \end{aligned}$ | $\begin{gathered} \text { Atter } \\ \text { tax } \\ \text { (oollars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Before } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { Ather } \\ \text { tparcent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (8) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part V - Returns with income \$100,000 or more in 1986 dollars |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 122.446 | 28.52 | 46,661,893 | 1,671,640 | 381,082 | 367,430 | 13,652 | 100,000 | 73.73 | 73.10 | 120.09 | 3.58 | 95.95 |
| 1917. | 132,406 | 12.73 | 41,613,854 | 5,063,896 | 314,291 | 276,046 | 38,245 | 100,000 | 52.50 | 49.69 | 128.22 | 12.17 | 88.73 |
| 1918. | 101,741 | 9.35 | 27,009,485 | 6,140.519 | 265,472 | 205.118 | 60,354 | 100,000 | 41.09 | 35.91 | 98.58 | 22.73 | 80.68 |
| 1919. | 112,469 | 9.99 | 28,160,545 | 6,166,166 | 250,386 | 195,560 | 54,826 | 100,000 | 41.16 | 36.10 | 107.61 | 21.90 | 82.35 |
| 1920. | 89,894 | 10.63 | 19,716,318 | 3,841.770 | 219,328 | 176,592 | 42,737 | 100.000 | 38.96 | 34.86 | 84.44 | 19.49 | 75.86 |
| 1921. | 80,522 | 9.37 | 17,343,657 | 3,021,337 | 215,389 | 177,868 | 37,522 | 100.000 | 35.99 | 32.39 | 74.19 | 17.42 | 76.11 |
| 1922. | 109,653 | 10.00 | 26,344,558 | 4,209,712 | 240,254 | 201,863 | 38,391 | 100,000 | 40.29 | 36.77 | 99.64 | 15.98 | 80.99 |
| 1923. | 119.023 | 9.32 | 27,719,074 | 3,092,036 | 232.888 | 206,910 | 25,978 | 100,000 | 38.43 | 36.10 | 106.32 | 11.15 | 79.15 |
| 1924. | 138,627 | 9.89 | 33,809,021 | 3,837,687 | 243,885 | 216,202 | 27,684 | 100,000 | 40.97 | 38.32 | 121.49 | 11.35 | 88.95 |
| 1925. | 171,933 | 12.17 | 46,151,750 | 4,211,891 | 268.429 | 243,931 | 24,497 | 100,000 | 48.02 | 45.80 | 148.44 | 9.13 | 92.87 |
| 1926. | 166,978 | 12.02 | 45,246,295 | 4,152,540 | 270,971 | 246,102 | 24,869 | 100,000 | 47.25 | 45.02 | 142.23 | 9.18 | 92.64 |
| 1927. | 180,393 | 12.61 | 51,265,849 | 4,865,372 | 284,190 | 257,219 | 26,971 | 100,000 | 49.66 | 47.32 | 151.55 | 9.49 | 93.72 |
| 1928 | 209,217 | 13.35 | 67.514,145 | 7,034,640 | 322,699 | 289,075 | 33,624 | 100,000 | 54.36 | 51.78 | 173.61 | 10.42 | 95.11 |
| 1929 | 198.816 | 12.56 | 64,415,699 | 6,207,073 | 323,996 | 292.776 | 31,220 | 100,000 | 52.63 | 50.18 | 163.28 | 9.64 | 97.03 |
| 1930. | 133,705 | 9.83 | 34,617.173 | 2,839,340 | 258,908 | 237,672 | 21,236 | 100,000 | 40.88 | 38.95 | 108.63 | 8.20 | 91.98 |
| 1931. | 98.573 | 7.91 | 23,531,170 | 1,570,702 | 238,719 | 222,784 | 15,934 | 100,000 | 33.94 | 32.50 | 79.47 | 6.67 | 90.17 |
| 1932. | 74,168 | 7.63 | 17,812,298 | 1,917,608 | 240,163 | 214,308 | 25,855 | 100,000 | 33.78 | 31.62 | 59.41 | 10.77 | 77.97 |
| 1933. | 78,854 | 8.15 | 19,952,914 | 2,479,264 | 253,036 | 221,595 | 31.441 | 100,000 | 36.46 | 33.79 | 62.79 | 12.43 | 82.35 |
| 1934. | 95,740 | 8.38 | 21,712,571 | 3,423,903 | 226,786 | 191,023 | 35,762 | 100,000 | 34.37 | 30.93 | 75.76 | 15.77 | 84.51 |
| 1935 | 112,849 | 8.97 | 26,256,903 | 4,366,436 | 232,674 | 193,981 | 38,693 | 100,000 | 36.53 | 32.77 | 88.68 | 16.63 | 85.79 |
| 1936. | 168,033 | 10.94 | 40,798.777 | 8,206,667 | 242,803 | 193,963 | 48,840 | 100,000 | 42.27 | 37.40 | 131.22 | 20.11 | 87.64 |
| 1937 | 155,313 | 9.64 | 36,297.030 | 7.191,716 | 233,703 | 187,398 | 46,305 | 100,000 | 38.38 | 33.78 | 120.56 | 19.81 | 85.33 |
| 1938. | 112,763 | 7.64 | 24,826,499 | 4,369,138 | 220,166 | 181.420 | 38,746 | 100.000 | 31.72 | 28.08 | 86.86 | 17.60 | 80.94 |
| 1939 | 137,731 | 7.36 | 30,348,372 | 5,407,550 | 220,346 | 181,084 | 39.262 | 100.000 | 31.11 | 27.45 | 105.23 | 17.82 | 81.07 |
| 1940 | 157.778 | 7.85 | 34,853,780 | 8,472,388 | 220,904 | 167,206 | 53,698 | 100,000 | 32.69 | 27.40 | 119.12 | 24.31 | 82.01 |
| 1941. | 191.871 | 8.43 | 42,835,396 | 15,215,205 | 223,251 | 143,952 | 79,299 | 100,000 | 34.69 | 27.16 | 143.54 | 35.52 | 69.82 |
| 1942 | 210,216 | 8.71 | 46,427,950 | 21,578,233 | 220,859 | 118,211 | 102,648 | 100,000 | 35.40 | 25.95 | 156.16 | 46.48 | 61.00 |
| 1943 | 251,201 | 7.97 | 53,985,566 | 26,882,242 | 214,910 | 107,895 | 107,015 | 100,000 | 33.10 | 23.58 | 185.93 | 49.80 | 55.85 |
| 1944. | 298,995 | 5.71 | 62,470,071 | 27,605.053 | 208,933 | 116,607 | 92,326 | 100,000 | 26.26 | 19.22 | 223.27 | 44.19 | 48.90 |
| 1945. | 344,916 | 7.12 | 70,931,688 | 30,563,645 | 205,649 | 117,037 | 88,612 | 100,000 | 29.90 | 22.67 | 258.49 | 43.09 | 51.62 |
| 1946. | 361,715 | 8.08 | 73,147,097 | 28,985,020 | 202,223 | 122,091 | 80,132 | 100,000 | 31.38 | 24.61 | 257.11 | 39.63 | 54.04 |
| 1947 | 287.759 | 7.91 | 57,028,403 | 23,479,599 | 198,181 | 116,586 | 81,595 | 100,000 | 30.07 | 23.30 | 199.72 | 41.17 | 51.42 |
| 1948. | 318,997 | 7.00 | 65,263,156 | 21,013,216 | 204,589 | 138,716 | 65,873 | 100,000 | 28.84 | 23.81 | 217.40 | 32.20 | 51.96 |
| 1949 | 298,482 | 6.26 | 60,076,786 | 18,660,888 | 201,274 | 138,755 | 62,519 | 100,000 | 26.41 | 21.89 | 199.92 | 31.06 | 48.78 |
| 1950 | 377,839 | 6.53 | 79,344,168 | 26,438,989 | 209,995 | 140,020 | 69,974 | 100,000 | 28.35 | 23.10 | 248.79 | 33.32 | 51.98 |
|  | Part VI - Returns with income \$75,000 or more in 1986 dollars |  |  |  |  |  |  |  |  |  |  |  |  |
| ${ }^{1916 .}$ | 170,985 | 39.82 | 50,846,516 | 1,702,617 | 297.374 | 287,416 | 9,958 | 75,000 | 80.34 | 79.85 | 167.70 | 3.35 | 97.73 |
| 1917 | 193,548 | 18.61 | 46,860,942 | 5,249,719 | 242,115 | 214,992 | 27,124 | 75,000 | 59.12 | 56.57 | 187.42 | 11.20 | 91.98 |
| 1918. | 153,823 | 14.14 | 31.487,700 | 6,450,046 | 204,701 | 162,769 | 41,932 | 75,000 | 47.91 | 43.08 | 149.04 | 20.48 | 84.74 |
| 1919. | 171,211 | 15.20 | 33,215,267 | 6,483,910 | 194,002 | 156,131 | 37,871 | 75,000 | 48.55 | 43.88 | 163.82 | 19.52 | 86.60 |
| 1920 | 140,983 | 16.68 | 24,111,011 | 4,145,195 | 171,021 | 141,619 | 29,402 | 75,000 | 47.65 | 43.84 | 132.43 | 17.19 | 81.85 |
| 1921. | 126,253 | 14.70 | 21,283,325 | 3,262,538 | 168,577 | 142,736 | 25,841 | 75,000 | 44.17 | 40.75 | 116.32 | 15.33 | 82.19 |
| 1922. | 166,433 | 15.18 | 31,227,721 | 4,444,257 | 187,629 | 160,926 | 26,703 | 75.000 | 47.76 | 44.50 | 151.24 | 14.23 | 85.50 |
| 1923. | 182,366 | 14.28 | 33,171,751 | 3,290,595 | 181,896 | 163,852 | 18,044 | 75,000 | 45.99 | 43.80 | 162.90 | 9.92 | 84.24 |
| 1924 | 208,734 | 14.89 | 39,840,527 | 3,972,234 | 190,867 | 171,837 | 19,030 | 75,000 | 48.28 | 45.86 | 182.93 | 9.97 | 92.07 |
| 1925 | 255,775 | 18.11 | 53,367,600 | 4,333,074 | 208,650 | 191,709 | 16,941 | 75,000 | 55.53 | 53.55 | 220.82 | 8.12 | 95.54 |
| 1926. | 253,561 | 18.25 | 52,696,283 | 4,274,260 | 207,825 | 190,968 | 16,857 | 75,000 | 55.03 | 53.05 | 215.99 | 8.11 | 95.36 |
| 1927. | 271,104 | 18.95 | 59,074,611 | 4,987,795 | 217,904 | 199,506 | 18.398 | 75.000 | 57.22 | 55.16 | 227.75 | 8.44 | 96.08 |
| 1928. | 308,743 | 19.70 | 76,083,163 | 7,170,203 | 246,428 | 223,205 | 23,224 | 75,000 | 61.26 | 59.00 | 256.20 | 9.42 | 96.95 |
| 1929. | 299,147 | 18.89 | 73,040,781 | 6,297,435 | 244,164 | 223,112 | 21,051 | 75,000 | 59.68 | 57.54 | 245.67 | 8.62 | 98.45 |
| 1930 | 210,893 | 15.51 | 41,254,664 | 2,922,267 | 195,619 | 181,763 | 13,857 | 75,000 | 48.72 | 46.98 | 171.35 | 7.08 | 94.67 |
| 1931. | 161,558 | 12.97 | 28,941,636 | 1,625.140 | 179,141 | 169,082 | 10,059 | 75,000 | 41.75 | 40.42 | 130.25 | 5.62 | 93.30 |
| 1932. | 118,470 | 12.20 | 21,610,505 | 2,048,135 | 182.413 | 165,125 | 17,288 | 75,000 | 40.98 | 38.92 | 94.90 | 9.48 | 83.28 |
| 1933. | 124,398 | 12.85 | 23,862,432 | 2,619,032 | 191,823 | 170,769 | 21,054 | 75,000 | 43.61 | 41.08 | 99.06 | 10.98 | 87.00 |
| 1934..................... | 152,206 | 13.32 | 26,562,882 | 3,612,497 | 174,519 | 150.785 | 23.734 | 75,000 | 42.05 | 38.82 | 120.44 | 13.60 | 89.17 |
| 1935. | 177,183 | 14.08 | 31,785,711 | 4,590,470 | 179,395 | 153,487 | 25,908 | 75.000 | 44.22 | 40.72 | 139.24 | 14.44 | 90.19 |
| 1936 | 255,465 | 16.63 | 48,322,205 | 8,563,646 | 189,154 | 155,632 | 33,522 | 75,000 | 50.07 | 45.62 | 199.50 | 17.72 | 91.45 |
| 1937. | 240,410 | 14.92 | 43,618,989 | 7,551,330 | 181,436 | 150,026 | 31.410 | 75,000 | 46.12 | 41.86 | 186.62 | 17.31 | 89.60 |
| 1938 | 183,733 | 12.45 | 30,925,038 | 4,657,064 | 168,315 | 142,968 | 25,347 | 75,000 | 39.51 | 36.05 | 141.52 | 15.06 | 86.27 |
| 1939. | 222,012 | 11.86 | 37,591,332 | 5,745,756 | 169,321 | 143,440 | 25,880 | 75,000 | 38.54 | 35.04 | 169.63 | 15.28 | 86.14 |
| 1940. | 252,199 | 12.54 | 42,965,964 | 8,960,546 | 170,365 | 134,836 | 35,530 | 75,000 | 40.30 | 35.32 | 190.40 | 20.85 | 86.73 |
| 1941 ....................... | 302,879 | 13.31 | 52,379,966 | 16,614,779 | 172,940 | 118,084 | 54,856 | 75,000 | 42.42 | 35.17 | 226.59 | 31.72 | 76.25 |
| 1942. | 327,372 | 13.56 | 56,509,574 | 24,042,884 | 172,616 | 99,174 | 73,442 | 75,000 | 43.09 | 33.90 | 243.19 | 42.55 | 67.96 |
| 1943. | 390.265 | 12.38 | 65,956,274 | 30,338,346 | 169,004 | 91,266 | 77,738 | 75,000 | 40.45 | 30.99 | 288.86 | 46.00 | 63.03 |
| 1944. | 474,648 | 9.06 | 77,582,177 | 31,544,750 | 163,452 | 96,993 | 66,459 | 75,000 | 32.61 | 25.37 | 354.44 | 40.66 | 55.88 |
| 1945. | 546,439 | 11.28 | 88,297,314 | 35,153,005 | 161,587 | 97,256 | 64,331 | 75,000 | 37.22 | 29.85 | 409.52 | 39.81 | 59.37 |
| 1946....................... | 590,708 | 13.19 | 92,857,763 | 33,628,938 | 157.197 | 100,267 | 56,930 | 75,000 | 39.84 | 33.00 | 419.88 | 36.22 | 62.69 |
| 1947........................ | 483,099 | 13.28 | 73,797.039 | 27,631,317 | 152,757 | 95,562 | 57.196 | 75,000 | 38.91 | 32.06 | 335.29 | 37.44 | 60.51 |
| $1948 . . . . . . . . . . . . . . . . . . . . . . . . ~$ | 521,477 | 11.45 | 82,665,442 | 24,064,335 | 158,522 | 112.375 | 46,146 | 75,000 | 36.53 | 31.53 | 355.40 | 29.11 | 59.50 |
| 1949 ...................... | 492.279 | 10.33 | 76,746,735 | 21,511,305 | 155,901 | 112,204 | 43,697 | 75,000 | 33.74 | 29.19 | 329.72 | 28.03 | 56.23 |
| 1950 ............................ | 601,640 | 10.40 | 98,621,367 | 29,894,360 | 163,921 | 114,233 | 49,688 | 75,000 | 35.24 | 30.01 | 396.16 | 30.31 | 58.77 |

[^14]

Table 6.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Returns per 100,000 Population Groups, Tax Years 1916-1950
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  |  | Federal incorne tax (thousand dollars) | Mean income |  | Average income tax(dollars) | Minimum income cutotf (dollars) | Income share |  | $\begin{gathered} \text { Refurns } \\ \text { per } \\ \text { 100,000 } \\ \text { population } \end{gathered}$ | Average tncome $\operatorname{tax}$ rete (percent) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | $\begin{aligned} & \text { Percent } \\ & \text { of } \\ & \text { total } \end{aligned}$ |  |  |  | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (dollars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Before } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part I - Top 10 returns per 100,000 population |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 10,196 | 2.37 | 21,727,254 | 1,352,532 | 2,130,938 | 1,998,286 | 132.652 | 745.946 | 34.33 | 33.11 | 10.00 | 6.23 | 77.64 |
| 1917........................... | 10.327 | . 99 | 16,444,549 | 3,394,325 | 1,592,415 | 1,263,724 | 328,691 | 640,749 | 20.75 | 17.74 | 10.00 | 20.64 | 59.47 |
| 1918. | 10.321 | . 95 | 10,471,664 | 4,186,687 | 1,014,617 | 608,962 | 405,655 | 448,905 | 15.93 | 10.81 | 10.00 | 39.98 | 55.01 |
| 1919. | 10,451 | . 93 | 9,990,409 | 4,063,154 | 955,892 | 567,125 | 388,767 | 443,445 | 14.60 | 9.73 | 10.00 | 40.67 | 54.27 |
| 1920 | 10,646 | 1.26 | 6,882,942 | 2,399,521 | 646,522 | 421.133 | 225,390 | 333,299 | 13.60 | 9.84 | 10.00 | 34.86 | 47.38 |
| 1921. | 10,854 | 1.26 | 6,336,443 | 1,937,652 | 583,800 | 405.277 | 178,523 | 309.396 | 13.15 | 9.95 | 10.00 | 30.58 | 48.81 |
| 1922. | 11,005 | 1.00 | 9,301,719 | 2,648,620 | 845,234 | 604,558 | 240.676 | 399,708 | 14.23 | 11.05 | 10.00 | 28.47 | 50.95 |
| 1923. | 11,195 | . 88 | 9,304,019 | 1,844,431 | 831,109 | 666,350 | 164,759 | 394,436 | 12.90 | 10.93 | 10.00 | 19.82 | 47.22 |
| 1924 | 11.411 | . 81 | 10,974,516 | 2,404,482 | 961,757 | 751,039 | 210,718 | 451,837 | 13.30 | 10.96 | 10.00 | 21.91 | 55.73 |
| 1925 | 11,583 | . 82 | 15,683,852 | 2,392,943 | 1,354,052 | 1,147,460 | 206,593 | 558,796 | 16.32 | 14.51 | 10.00 | 15.26 | 52.76 |
| 1926. | 11,740 | . 85 | 16,031,905 | 2,464,175 | 1,365,615 | 1,155,714 | 209,901 | 548,542 | 16.74 | 14.87 | 10.00 | 15.37 | 54.98 |
| 1927. | 11,904 | . 83 | 18,374,961 | 2,889,685 | 1,543,660 | 1,300,901 | 242.759 | 607,179 | 17.80 | 15.79 | 10.00 | 15.73 | 55.66 |
| 1928. | 12,051 | . 77 | 25,745,991 | 4,198,738 | 2,136,437 | 1,788,020 | 348,417 | 776,834 | 20.73 | 18.45 | 10.00 | 16.31 | 56.77 |
| 1929 | 12.177 | 77 | 26,164,292 | 3,953,712 | 2,148,718 | 1,824,023 | 324,695 | 736,392 | 21.38 | 19.15 | 10.00 | 15.11 | 61.81 |
| 1930 | 12,308 | . 91 | 13,536,223 | 1,914,436 | 1,099,817 | 944,270 | 155,548 | 435,421 | 15.99 | 14.24 | 10.00 | 14.14 | 62.02 |
| 1931. | 12,404 | 1.00 | 9,901,938 | 1,144,203 | 798,286 | 706,041 | 92,245 | 336,363 | 14.28 | 12.96 | 10.00 | 11.56 | 65.69 |
| 1932 | 12,484 | 1.29 | 7,900,988 | 1,399,460 | 632,889 | 520,789 | 112,100 | 311,088 | 14.98 | 12.93 | 10.00 | 17.71 | 56.90 |
| 1933 | 12,558 | 1.30 | 9,020,717 | 1,815,567 | 718,330 | 573,754 | 144.576 | 333,866 | 16.49 | 13.93 | 10.00 | 20.13 | 60.31 |
| 1934 | 12,637 | 1.11 | 8,451,352 | 2,415,109 | 668,757 | 477,649 | 191,108 | 324,718 | 13.38 | 10.21 | 10.00 | 28.58 | 59.61 |
| 1935. | 12,725 | 1.01 | 9,633,554 | 2,982,806 | 757,057 | 522,652 | 234,405 | 364,446 | 13.40 | 9.96 | 10.00 | 30.96 | 58.61 |
| 1936. | 12,805 | . 83 | 12,540,480 | 5,135,177 | 979,319 | 578,300 | 401,020 | 478,097 | 12.99 | 8.50 | 10.00 | 40.95 | 54.84 |
| 1937 | 12,883 | . 80 | 11,423,955 | 4,542,426 | 886,781 | 534,177 | 352,604 | 434,524 | 12.08 | 7.99 | 10.00 | 39.76 | 53.90 |
| 1938 | 12,982 | . 88 | 9,067,071 | 2,932,819 | 698.407 | 472,502 | 225,906 | 328,033 | 11.59 | 8.42 | 10.00 | 32.35 | 54.33 |
| 1939 | 13,088 | . 70 | 9,831,778 | 3,453,222 | 751,205 | 487,359 | 263,846 | 372,633 | 10.08 | 7.02 | 10.00 | 35.12 | 51.77 |
| 1940 | 13,246 | . 66 | 10,650,417 | 4,871,753 | 804,066 | 436,267 | 367,799 | 396.689 | 9.99 | 6.00 | 10.00 | 45.74 | 47.16 |
| 1941. | 13,367 | . 59 | 12,168,907 | 6,501,315 | 910,376 | 424,002 | 486,374 | 447,307 | 9.85 | 5.57 | 10.00 | 53.43 | 29.84 |
| 1942 | 13.462 | . 56 | 11,860,074 | 8,048,029 | 881,024 | 283,177 | 597,846 | 461,357 | 9.04 | 3.98 | 10.00 | 67.86 | 22.75 |
| 1943. | 13,511 | . 43 | 12,048,771 | 8,639,378 | 891,795 | 252,348 | 639,447 | 479,867 | 7.39 | 2.97 | 10.00 | 71.70 | 17.95 |
| 1944 | 13,391 | . 26 | 12,417,264 | 7,878,570 | 927,250 | 338,923 | 588,326 | 499,019 | 5.22 | 2.50 | 10.00 | 63.45 | 13.96 |
| 1945. | 13,343 | . 28 | 12,804,461 | 7,683,308 | 959,610 | 383.797 | 575,813 | 519,207 | 5.40 | 2.88 | 10.00 | 60.00 | 12.98 |
| 1946. | 14,069 | . 31 | 13,340,714 | 7,452,789 | 948,262 | 418.515 | 529,746 | 498,481 | 5.72 | 3.28 | 10.00 | 55.86 | 13.89 |
| 1947 | 14.408 | . 40 | 11,958,333 | 6,763,006 | 829,961 | 360,579 | 469,383 | 430,911 | 6.30 | 3.61 | 10.00 | 56.55 | 14.81 |
| 1948. | 14,673 | . 32 | 13,174,964 | 6,550,264 | 897,905 | 451,489 | 446,416 | 478,053 | 5.82 | 3.56 | 10.00 | 49.72 | 16.20 |
| $\begin{aligned} & 1949 . \\ & 1950 . \end{aligned}$ | 14,930 | . 31 | 12,717.459 | 6,129,088 | 851,783 | 441,272 | 410,511 | 444,309 | 5.59 | 3.48 | 10.00 | 48.19 | 16.02 |
|  | 15,187 | . 26 | 15,930,273 | 8,197,765 | 1,048,955 | 509,160 | 539,795 | 525,632 | 5.69 | 3.38 | 10.00 | 51.46 | 16.12 |
|  | Part II - Top 25 returns per 100,000 population |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 25,490 | 5.94 | 29,517,992 | 1,493,741 | 1,158,011 | 1.099,411 | 58,600 | 370,923 | 46.64 | 45.54 | 25.00 | 5.06 | 85.74 |
| 1917. | 25,817 | 2.48 | 23,560,812 | 4,028,755 | 912,608 | 756,558 | 156,050 | 345,646 | 29.73 | 26.55 | 25.00 | 17.10 | 70.59 |
| 1918 | 25,802 | 2.37 | 15,580,475 | 4.997,248 | 603,848 | 410,171 | 193,677 | 256,401 | 23.70 | 18.21 | 25.00 | 32.07 | 65.65 |
| 1919 | 26.128 | 2.32 | 15,184,848 | 4,931.770 | 581,160 | 392,410 | 188,751 | 259,862 | 22.20 | 16.83 | 25.00 | 32.48 | 65.87 |
| 1920 | 26,615 | 3.15 | 10,987,733 | 3,006,233 | 412.813 | 299.862 | 112,952 | 206.892 | 21.71 | 17.52 | 25.00 | 27.36 | 59.36 |
| 1921 | 27.134 | 3.16 | 10,208,329 | 2,424,134 | 376,212 | 286,874 | 89,338 | 191,333 | 21.18 | 17.60 | 25.00 | 23.75 | 61.07 |
| 1922 | 27,512 | 2.51 | 14,315,476 | 3,305,882 | 520,331 | 400,171 | 120,160 | 241,140 | 21.89 | 18.29 | 25.00 | 23.09 | 63.60 |
| 1923 | 27.987 | 2.19 | 14,378,117 | 2,339,032 | 513,747 | 430.171 | 83.576 | 242,148 | 19.93 | 17.65 | 25.00 | 16.27 | 59.88 |
| 1924. | 28,527 | 2.03 | 16,857,506 | 3,007,233 | 590,926 | 485,510 | 105,416 | 273,292 | 20.43 | 17.71 | 25.00 | 17.84 | 69.70 |
| 1925 | 28,957 | 2.05 | 22,867,795 | 3,127,093 | 789,709 | 681,719 | 107,990 | 322,896 | 23.79 | 21.56 | 25.00 | 13.67 | 68.95 |
| 1926. | 29,349 | 2.11 | 23,150,586 | 3,164,940 | 788.796 | 680,959 | 107,837 | 314,764 | 24.18 | 21.90 | 25.00 | 13.67 | 70.61 |
| 1927. | 29,759 | 2.08 | 26,293,589 | 3,710,651 | 883,558 | 758,867 | 124,691 | 342.230 | 25.47 | 23.03 | 25.00 | 14.11 | 71.48 |
| 1928. | 30.127 | 1.92 | 35,679,738 | 5,388,746 | 1,184,301 | 1,005,435 | 178,866 | 412,269 | 28.73 | 25.93 | 25.00 | 15.10 | 72.86 |
| 1929 | 30,442 | 1.92 | 35,560,899 | 4,968,960 | 1,168,162 | 1,004,934 | 163,228 | 382,572 | 29.06 | 26.37 | 25.00 | 13.97 | 77.68 |
| 1930. | 30.769 | 2.26 | 19,474,124 | 2,353,480 | 632,909 | 556,421 | 76,488 | 250,767 | 23.00 | 20.98 | 25.00 | 12.09 | 76.24 |
| 1931. | 31.010 | 2.49 | 14,523,645 | 1,373,789 | 468,354 | 424,052 | 44,301 | 194,683 | 20.95 | 19.46 | 25.00 | 9.46 | 78.87 |
| 1932. | 31,210 | 3.21 | 12,232,685 | 1,665,677 | 391,948 | 338,578 | 53,370 | 179,362 | 23.20 | 21.02 | 25.00 | 13.62 | 67.72 |
| 1933. | 31,395 | 3.24 | 13,654,865 | 2,158,362 | 434,941 | 366,192 | 68.749 | 188,825 | 24.95 | 22.23 | 25.00 | 15.81 | 71.69 |
| 1934 | 31.593 | 2.76 | 13,099,155 | 2,908,564 | 414,616 | 322,553 | 92,062 | 194,706 | 20.74 | 17.24 | 25.00 | 22.20 | 71.79 |
| 1935 | 31,813 | 2.53 | 14,886,896 | 3,622,564 | 467,957 | 354,085 | 113,872 | 217,720 | 20.71 | 16.87 | 25.00 | 24.33 | 71.18 |
| 1936 | 32,013 | 2.08 | 19,528,398 | 6,320,276 | 610,010 | 412,583 | 197,427 | 288,990 | 20.23 | 15.16 | 25.00 | 32.36 | 67.49 |
| 1937. | 32,206 | 2.00 | 17,801,898 | 5,574,949 | 552,747 | 379,645 | 173,101 | 262,861 | 18.82 | 14.19 | 25.00 | 31.32 | 66.15 |
| 1938 | 32.456 | 2.20 | 13,950,137 | 3,563,666 | 429,814 | 320,015 | 109,799 | 201,741 | 17.82 | 14.25 | 25.00 | 25.55 | 66.02 |
| 1939. | 32,720 | 1.75 | 15,432,577 | 4,249,461 | 471,656 | 341,782 | 129,873 | 229,032 | 15.82 | 12.31 | 25.00 | 27.54 | 63.71 |
| 1940. | 33,114 | 1.65 | 16,704,895 | 6,323,644 | 504,462 | 313.498 | 190,964 | 245,141 | 15.67 | 10.78 | 25.00 | 37.86 | 61.21 |
| 1941. | 33.417 | 1.47 | 18,833,820 | 9,257,006 | 563,596 | 286,583 | 277.013 | 276,398 | 15.25 | 9.42 | 25.00 | 49.15 | 42.48 |
| 1942 | 33,654 | 1.39 | 19,094,168 | 11,780,981 | 567,363 | 217,304 | 350,059 | 291,037 | 14.56 | 7.54 | 25.00 | 61.70 | 33.30 |
| 1943 | 33,777 | 1.07 | 19.688.273 | 12,999,006 | 582,894 | 198,044 | 384,851 | 309,813 | 12.07 | 5.82 | 25.00 | 66.02 | 27.01 |
| 1944 | 33,479 | . 64 | 20,368,453 | 12,030,218 | 608,399 | 249,061 | 359,339 | 327,588 | 8.56 | 4.60 | 25.00 | 59.06 | 21.31 |
| 1945 | 33,358 | . 69 | 21,080,684 | 11,984,044 | 631,943 | 272,693 | 359,250 | 343.252 | 8.89 | 5.11 | 25.00 | 56.85 | 20.24 |
| 1946. | 35,171 | 79 | 21,707,980 | 11,459,595 | 617.204 | 291,383 | 325,820 | 329,574 | 9.31 | 5.71 | 25.00 | 52.79 | 21.36 |
| 1947. | 36,021 | . 99 | 19,337,004 | 10,271,504 | 536,830 | 251,674 | 285,155 | 283,208 | 10.20 | 6.30 | 25.00 | 53.12 | 22.49 |
| 1948 | 36,682 | . 81 | 21,447.541 | 9,749,526 | 584,680 | 318,899 | 265,781 | 309,977 | 9.48 | 6.29 | 25.00 | 45.46 | 24.11 |
| 1949 | 37,326 | 78 | 20,567,674 | 8,984,803 | 551,028 | 310.316 | 240.712 | 288,978 | 9.04 | 6.12 | 25.00 | 43.68 | 23.49 |
| 1950 | 37,967 | . 66 | 25,289,361 | 12,009,862 | 666,088 | 349,764 | 316,324 | 337.687 | 9.04 | 5.80 | 25.00 | 47.49 | 23.61 |

[^15]Table 6.-Returns with Income $\$ 25,000$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Returns per 100,000 Population Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year ${ }^{\text {- }}$ | Returns |  | $\underset{\substack{\text { Net } \\ \text { incorne } \\ \text { (enousand } \\ \text { dollars) }}}{ }$ | Federal $\xrightarrow[\text { thax }]{\text { thousand }}$ collars) | Mean income |  | Avarage tax (dollars) | $\begin{gathered} \text { Minimum } \\ \text { income } \\ \text { cutoft } \\ \text { (dollars) } \end{gathered}$ | tncome share |  | $\begin{aligned} & \text { Retums } \\ & \text { per } \\ & \text { popor } \\ & \text { popuation } \end{aligned}$ | Average income taxrate (parcenti) | $\begin{gathered} \text { Income } \\ \text { taxe } \\ \text { share } \\ \text { (percent) } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent 여 total |  |  | $\begin{aligned} & \text { Betore } \\ & \text { tax } \\ & \text { (collers) } \end{aligned}$ | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (dollars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Betore } \\ \text { tear } \\ \text { (percenti) } \end{gathered}$ | $\begin{gathered} \text { Ater } \\ \text { tear } \\ \text { tercent) } \end{gathered}$ |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (6) | ( $n$ | (8) | (9) | (10) | (11) | (12) | (13) |
|  | Part III - Top 50 returns per $\mathbf{1 0 0 , 0 0 0}$ population |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 50,980 | 11.87 | 36,525,643 | 1,579,847 | 716.463 | 685,474 | 30,989 | 211,313 | 57.72 | 56.78 | 50.00 | 4.33 | 90.69 |
| 1917. | 51,634 | 4.97 | 30,359,997 | 4,503,543 | 587,985 | 500,764 | 87,221 | 207.214 | 38.30 | 35.15 | 50.00 | 14.83 | 78.91 |
| 1918. | 51,604 | 4.74 | 20,745,326 | 5,593,488 | 402,010 | 293.618 | 108,393 | 161,810 | 31.56 | 26.07 | 50.00 | 26.96 | 73.49 |
| 1919 | 52,257 | 4.64 | 20,536.539 | 5.544.462 | 392,991 | 286,891 | 106,100 | 166,642 | 30.02 | 24.61 | 50.00 | 27.00 | 74.05 |
| 1920. | 53,230 | 6.30 | 15,431,311 | 3,485,373 | 289,896 | 224,419 | 65,477 | 138,558 | 30.49 | 26.23 | 50.00 | 22.59 | 68.82 |
| 1921. | 54,269 | 6.32 | 14,393,918 | 2,809,433 | 265,233 | 213,464 | 51,769 | 127,825 | 29.87 | 26.20 | 50.00 | 19.52 | 70.78 |
| 1922. | 55,024 | 5.02 | 19,578,382 | 3,781,709 | 355.812 | 287,084 | 68.728 | 157.010 | 29.94 | 26.24 | 50.00 | 19.32 | 72.75\% |
| 1923. | 55,973 | 4.38 | 19,838,039 | 2,717,060 | 354,418 | 305.877 | 48,542 | 161,613 | 27.50 | 25.09 | 50.00 | 13.70 | 69.55 |
| 1924 | 57,054 | 4.07 | 23,095,158 | 3,430,702 | 404.791 | 344,661 | 60.130 | 180,220 | 27.99 | 25.14 | 50.00 | 14.85 | 79.52 |
| 1925. | 57,914 | 4.10 | 30,270,471 | 3.639,382 | 522,675 | 459,835 | 62,841 | 208,850 | 31.50 | 29.08 | 50.00 | 12.02 | 80.25 |
| 1926. | 58,698 | 4.23 | 30,422,284 | 3,645,006 | 518,280 | 456,183 | 62,097 | 201,536 | 31.77 | 29.34 | 50.00 | 11.98 | 81.32 |
| 1927. | 59,517 | 4.16 | 34,257,503 | 4,268,346 | 575,587 | 503.871 | 71,716 | 215,936 | 33.18 | 30.59 | 50.00 | 12.46 | 82.22 |
| 1928. | 60,254 | 3.84 | 45,224,608 | 6,168,791 | 750,560 | 648,181 | 102,379 | 251,550 | 36.41 | 33.44 | 50.00 | 13.64 | 83.41 |
| 1929. | 60,884 | 3.85 | 44,476,124 | 5,593,870 | 730,512 | 638,634 | 91,878 | 232,749 | 36.34 | 33.52 | 50.00 | 12.58 | 87.45 |
| 1930. | 61,539 | 4.53 | 25,594,197 | 2,630,765 | 415,905 | 373,156 | 42.750 | 162,844 | 30.22 | 28.14 | 50.00 | 10.28 | 85.22 : |
| 1931. | 62,020 | 4.98 | 19,384,220 | 1,503,248 | 312,548 | 288,310 | 24,238 | 130,600 | 27.96 | :26.46 | 50.00 | 7.76 | 86.30 |
| 1932. | 62.420 | 6.43 | 16,571.003 | 1,866,898 | 265.476 | 235,567 | 29,909 | 111,812 | 31.43 | 29.25 | 50.00 | 11.27 | 75.91 |
| 1933. | 62.789 | 6.49 | 18,223,374 | 2,403,322 | 290,230 | 251,954 | 38,276 | 116,397 | 33.30 | 30.59 | 50.00 | 13.19 | 79.83 |
| 1934. | 63,187 | 5.53 | 18,034,354 | 3,239,179 | 285,412 | 234,149 | 51,263 | 128,989 | 28.55 | 25.03 | 50.00 | 17.96 | 79.95 |
| 1935. | 63,625 | 5.06 | 20,423,997 | 4,047,590 | 321,006 | 257,390 | 63,616 | 143,414 | 28.41 | 24.52 | 50.00 | 19.82 | 79.53 |
| 1936. | 64,026 | 4.17 | 26,905,894 | 7,196,968 | 420,231 | 307,825 | 112.406 | 189,008 | . 27.88 | 22.62 | 50.00 | 26.75 | 76.86 |
| 1937. | 64,412 | 4.00 | 24,600,607 | 6,345,285 | 381,923 | 283,413 | 98,510 | 174,131 | 26.01 | 21.19 | 50.00 | 25.79 | 75.29 |
| 1938. | 64.912 | 4.40 | 19,274.035 | 4,014,577 | 296,923 | 235,077 | 61,846 | 137,226 | 24.63 | 20.94 | 50.00 | 20.83 | 74.37 |
| 1939. | 65.440 | 3.50 | 21,509,370 | 4,830,026 | 328,688 | 254,880 | 73,808 | 155,078 | 22.05 | 18.35 | 50.00 | 22.46 | 72.41 |
| 1940. | 66,228 | 3.29 | 23,295,569 | 7,380,626 | 351,745 | 240,304 | 111.442 | 166,693 | 21.85 | 16.53 | 50.00 | 31.68 | 71.44 |
| -1941........................ | -66,835 | 2.94 | 26,319,160 | 11,639,302 | 393,796 | 219,645 | 174,151 | 186,953 | 21.31 | 14.43 | 50.00 . | 44.22 | 53.41 |
| 1942. | 67,309 | 2.79 | 27,057,873 | 15,251,273 | 401,998 | 175,410 | 226,588 | -197,892- | 20.63 - | -12:33- | 50.00 | 56.37 | 43.11. |
| 1943 | 67.553 | 2.14 | 28,300,620 | 17,237,619 | 418,936 | 163,767 | 255.170 | 215.581 | 17.35 | 9.62 | 50.00 | 60.91 | 35.81 |
| 1944. | 66,957 | 1.28 | 29,454,044 | 16,181,983 | 439,892 | 198,216 | 241,675 | 230,859 | 12.38 | 7.32 | 50.00 | 54.94 | 28.67 |
| 1945 | 66,717 | 1.38 | 30,619,490 | 16,416,690 | 458,946 | 212,881 | 246,065 | 244,573 | 12.91 | 7.98 | 50.00 | 53.62 | 27.73 |
| 1946. | 70,343 | 1.57 | 31,435,756 | 15,631,226 | 446,892 | 224,678 | 222,214 | 237,630 | 13.49 | 8.81 | 50.00 | 49.72 | 29.14 |
| 1947. | 72,041 | 1.98 | 27,869,656 | 13,872,010 | 386,856 | 194,300 | 192,556 | 203,706 | 14.69 | 9.72 | 50.00 | 49.77 | 30.38 |
| 1948. | 73,365 | 1.61 | 30,916,413 | 12,844,705 | 421,405 | 246,326 | 175,079 | 220.744 | 13.66 | 9.72 | 50.00 | 41.55 | 31.76 |
| 1949. | 74,652 | 1.57 | 29,558,758 | 11,740,074 | 395,954 | 238.690 | 157,264 | 206,426 | 12.99 | 9.42 | 50.00 | 39.72 | 30.69 |
| 1950 ......................... | 75,934 | 1.31 | 35,905.712 | 15.700,884 | 472,854 | 266,084 | 206,770 | 238,374 | 12.83 | 8.82 | 50.00 | 43.73 | 30.87 |
|  | Part IV - Top 100 returns per 100,000 population |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916 | 101,961 | 23.74 | 44,442,002 | 1,652,439 | 435,873 | 419,666 | 16,207 | 117.804 | 70.22 | 69.53 | 100.00 |  |  |
| 1917 | 103,268 | 9.93 | 38,414,124 | 4,928,182 | 371,985 | 324,263 | 47,722 | 121,372 | 48.46 | 45.52 | 100.00 | 12.83 | 86.35 |
| 1918. | 103,208 | 9.48 | 27.155.497 | 6,151,584 | 263,114 | 203,511 | 59,604 | 99,067 | 41.31 | 36.14 | 100.00 | 22.65 | 80.82 |
| 1919. | 104,514 | 9.28 | 27,344,744 | 6,107,244 | 261,637 | 203,202 | 58,435 | 105,186 | 39.97 | 34.86 | 100.00 | 22.33 | 81.57 |
| 1920. | 106,461 | 12.59 | 21,284, 131 | 3,954,572 | 199,924 | 162,778 | 37;146 | 89,804 | 42.06 | 38.05 | 100.00 | 18.58 | 78.09 |
| 1921. | 108,538 | 12.64 | 19,887,982 | 3,184,430 | 183,235 | 153,896 | 29,339 | 82,832 | 41:27 | 37.77 | 100.00 | 16.01 | 80.22 |
| 1922 | 110,049 | 10.04 | 26,384,133 | 4,211,984 | 239,749 | 201,475 | 38,274 | 99,739 | 40.35 | 36.84 | 100.00 | 15.96 | 81.03 |
| 1923.......... | 111,947 | 8.76 | 26,997,079 | 3,061,446 | 241,159 | 213,812 | 27,347 | 104,132 | 37.43 | 35.08 | 100.00 | 11.34 | 78.37 |
| 1924. | 114,109 | 8.14 | 31,187,399 | 3,760,682 | 273,312 | 240,355 | 32,957 | 114,558 | 37.79 | 35.07 | 100.00 | 12.06 | 87.17 |
| 1925....: | 115,829 | 8.20 | 39,737,176 | 4,053,272 | 343,068 | 308,074 | 34,994 | 131,912 | 41.35 | 38.97 | 100.00 | 10.20 | 89.37 |
| 1926. | 117,397 | 8.45 | 39,674,195 | 4,023,095 | 337,949 | 303,680 | 34,269 | 127,280 | 41.43 | 39.06 | 100.00 | 10.14 | 89.76 |
| 1927. | 1,19,035 | 8.32 | 44,206,710 | 4,698,410 | 371,376 | 331,905 | 39,471 | 133.999 | 42.82 | 40.29 | 100.00 | 10.63. | 90.50 |
| 1928. | 120,509 | 7.69 | 56,744,322 | 6,746,851 | 470,872 | 414,886 | 55.986 | 150.906 | 45.69 | 42.81 | 100.00 | 11.89 | 91.22 |
| 1929 | 121,767 | 7.69 | 55,330,158 | 6,029,303 | 454,394 | 404.879 | 49,515 | 141,666 | 45.21 | 42.50 | . 100.00 | 10.90 | 94.26 |
| 1930. | 123,077 | 9.05 | 33,526,333 | 2,819.425 | 272,401 | 249,493 | 22,908 | 105,405 | 39.59 | 37.63 | 100.00 | 8.41 | 91.34 |
| 1931 .... | 124,040 | 9.95 | 25,908,587 | 1,597.757 | 208,873 | 195.992 | 12.881 | 87,492 | 37.37 | 35.97 | 100.00 | 6.17 | 91.73 |
| 1932 ... | 124,840 | 12.85 | 22,080,718 | 2,062,139 | 176.872 | 160,354 | 16,518 | 72,659 | 41.88 | 39.82 | 100.00 | 9.34 | 83.84 |
| 1933............................ | 125,579 | 12.98 | 23,950,711 | 2,621,745 | 190,722 | 169,845 | 20,877 | 74,563 | 43.77 | 41.25 | 100.00 | 10.95 | 87.09 |
| 1934....:...................... | 126,374 | 11.06 | 24,513,664 | 3,534,925 | 193,977 | 166,005 | 27,972 | 84,064 | 38.81 | 35.49 | 100.00 | 14.42 | 87.25 |
| 1935 .......................... | 127,250 | 10.11 | 27,641,783 | 4,426,503 | 217,224 | 182.438 | 34,786 | 92.579 | 38.46 | 34.76 | 100.00 | 16.01 | 86.97 |
| 1936. | 128,053 | 8.34 | 36,423,089 | 7,944,461 | 284,438 | 222.397 | 62.040 | 120,277 | 37.74 | 32.68 | 100.00 | 21.81 .. | 84.84 |
| 1937. | 128,825 | 8.00 | 33,486,666 | 7,025,004 | 259,939 | 205,408 | 54,531 | 112,767 | 35.41 | 30.71 | 100.00 | 20.98 | 83.35 |
| 1938. | 129,825 | 8.80 | 26,462,763 | 4,454,882 | 203,834 | 169,520 | 34,315 | 92,115 | 33.81 . | 30.20 | -100.00 | 16.83 | 82.52 |
| 1939. | 130,880 | 6.99 | 29,652,860 | 5,369,642 | 226,565 | 185,538 | 41,027 | 103,095 | 30.40 | 26.72 | 100.00 | 18.11 | 80.50 |
| 1940 ............ | 132,457 | 6.59 | 32,185,431 | 8,271,986 | 242,988 | 180,537 | 62,450 | .111.266 | 30.19 | 24.84 | 100.00 | 25.70 | 80.07 |
| 1941. | 133,669 | 5.87 | 36,366,732 | 13,998,711 | 272,066 | 167,339 | 104.727 | 124,513 | 29.45 | 21.99 | 100.00 | 38.49 | 64.24 |
| 1942 | 134,617 | 5.58 | 37,789,789 | 19,061,900 | 280.721 | 139,120 | 141,601 | 131,943 | 28.82 | 19.56 | 100.00 | 50.44 | 53.88 |
| 1943. | 135,107 | 4.29 | 40,112,799 | 22,185,762 | 296,897 | 132,688 | -164,209 | 145,784 | 24.60 | 15.60 | 100.00 | 55.31 | 46.09 |
| 1944. | 133,915 | 2.56 | 42,088,755 | 21,198,635 | 314,295 | 155,995 | 158,299 | 158,302 | 17.69 | 11.51 | 100.00 | 50.37 | 37.55 |
| 1945..................... | 133,434 | 2.75 | 44,047,784 | 21,889,430 | 330,109 | 166,062 | 164,047 | 169,988 | . 57 | 12.45 | 100.00 | 49.69 | 36.97 |
| 1946........................... | 140,686 | 3.14 | 45,283,532 | 20,794,989 | 321,877 | 174,065 | 147,811 | 167,280 | 19.43 | 13.65 | 100.00 | 45.92 | 38.77 |
| 1947. | 144,083 | 3.96 | 40,044,727 | 18,320,387 | 277,928 | 150,777 | 127,152 | 143.945 | 21.11 | 15.09 | 100.00 | 45.75 | 40.12 |
| 1948. | 146.730 | - 3.22 | 44,253,391 | 16,446,549 | 301.597 | 189,510 | 112.087 | 153,969 | 19.56 | 14.96 | 100.00 | 37.16 | 40.67 |
| 1949 | 149,304 | 3.13 | 42,333,693 | 14.983, 178 | 283,540 | 183,187 | 100,353 | 145,700 | 18.61 | 14.45 | 100.00 | 35.39 | 39.17 |
| 1950.......................... | 151.868 | 2.62 | 50,836,797 | 19,984,176 | 334,743 | 203,154 | 131,589 | 166,551 | 18.16 | 13.47 | 100.00 | 39.31 | 39.29 |

See notes at end of tables.

Table 6.-Returns with Income $\mathbf{\$ 2 5 , 0 0 0}$ or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Returns per 100,000 Population Groups, Tax Years 1916-1950 - Continued
[All figures are estimates-money amounts are in 1986 dollars]

| Tax year | Returns |  | $\begin{gathered} \text { Net } \\ \text { incorne } \\ \text { (inhusand } \\ \text { doillars) } \end{gathered}$ | Federa: income tax (thousand dollars) | Mean income |  | Average income tax <br> (dollars) | Minimum income cutoff (dollars) | Income share |  | $\begin{gathered} \text { Returns } \\ \text { per } \\ \text { too,000 } \\ \text { population } \end{gathered}$ | Average incorne tax (percent) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Number | Percent of totad |  |  | Before $\operatorname{tax}$ (dollars) | $\begin{gathered} \text { After } \\ \text { tax } \\ \text { (dollars) } \end{gathered}$ |  |  | $\begin{gathered} \text { Before } \\ \text { tax } \\ \text { (percent) } \end{gathered}$ | Atter tax (percent) |  |  |  |
|  | (1) | (2) | (3) | (4) | (5) | (8) | ( 7 | ${ }^{(8)}$ | (9) | (10) | (11) | (12) | (13) |
|  | Part V - Top 150 returns per 100,000 population |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916. | 152,941 | 35.62 | 49,428,897 | 1,692,804 | 323,188 | 312,120 | 11,068 | 82,480 | 78.10 | 77.57 | 150.00 | 3.42 | 97.17 |
| 1917. | 154,902 | 14.90 | 43,727,413 | 5,144,464 | 282,291 | 249,080 | 33,211 | 88,554 | 55.17 | 52.45 | 150.00 | 11.76 | 90.14 |
| 1918. | 154.812 | 14.23 | 31,561,731 | 6,454,710 | 203,871 | 162,177 | 41,694 | 74,624 | 48.02 | 43.20 | 150.00 | 20.45 | 84.80 |
| 1919. | 156,771 | 13.92 | 32,099,815 | 6,420,082 | 204,756 | 163,804 | 40,952 | 79,653 | 46.92 | 42.15 | 150.00 | 20.00 | 85.74 |
| 1920 | 159,691 | 18.89 | 25,456,884 | 4.225,809 | 159,413 | 132,951 | 26,462 | 69.171 | 50.31 | 46.62 | 150.00 | 16.60 | 83.44 |
| 1921. | 162,807 | 18.95 | 23,802,342 | 3,389,193 | 146,200 | 125,383 | 20.817 | 63.584 | 49.39 | 46.16 | 150.00 | 14.24 | 85.38 |
| 1922. | 165,073 | 15.05 | 31.125,483 | 4,439,830 | 188,555 | 161,659 | 26,896 | 75,416 | 47.60 | 44.33 | 150.00 | 14.26 | 85.41 |
| 1923. | 167,920 | 13.15 | 32,058,413 | 3,253,666 | 190,914 | 171,538 | 19,376 | 79,283 | 44.44 | 42.22 | 150.00 | 10.15 | 83.29 |
| 1924. | 171,163 | 12.21 | 36,825,183 | 3,912,387 | 215,146 | 192,289 | 22,858 | 86,225 | 44.62 | 42.08 | 150.00 | 10.62 | 90.68 |
| 1925. | 173,743 | 12.30 | 46,332,129 | 4,215,903 | 266,670 | 242,405 | 24,265 | 99,245 | 48.21 | 45.99 | 150.00 | 9.10 | 92.96 |
| 1926. | 176,095 | 12.68 | 46,141,252 | 4.171,671 | 262,024 | 238.334 | 23,690 | 96,369 | 48.19 | 45.98 | 150.00 | 9.04 | 93.07 |
| 1927. | 178,552 | 12.48 | 51,081,132 | 4,861,449 | 286,085 | 258,858 | 27,227 | 100.738 | 49.48 | 47.14 | 150.00 | 9.52 | 93.64 |
| 1928. | 180,763 | 11.53 | 64,511,379 | 6,968,205 | 356,883 | 318,334 | 38,549 | 111,540 | 51.94 | 49.27 | 150.00 | 10.80 | 94.21 |
| 1929. | 182,651 | 11.54 | 62,749,767 | 6,179,658 | 343,551 | 309,718 | 33,833 | 106,242 | 51.27 | 48.77 | 150.00 | 9.85 | 96.61 |
| 1930. | 184,615 | 13.58 | 39,200,900 | 2,900,536 | 212,338 | 196,627 | 15,711 | 81,562 | 46.29 | 44.49 | 150.00 | 7.40 | 93.96 |
| 1931. | 186,060 | 14.93 | 30,705,429 | 1,637.891 | 165,030 | 156,227 | 8,803 | 69,293 | 44.29 | 43.01 | 150.00 | 5.33 | 94.03 |
| 1932 | 187,260 | 19.28 | 26,076,141 | 2,163,715 | 139,251 | 127.696 | 11,555 | 57.193 | 49.45 | 47.57 | 150.00 | 8.30 | 87.97 |
| 1933 | 188,368 | 19.46 | 28,061,24 | 2,729,706 | 148,970 | 134.479 | 14,491 | 58,348 | 51.28 | 48.99 | 150.00 | 9.73 | 90.67 |
| 1934 | 189,561 | 16.59 | 29,174,546 | 3,692,003 | 153,906 | 134,429 | 19,477 | 65,419 | 46.18 | 43.10 | 150.00 | 12.65 | 91.13 |
| 1935. | 190,875 | 15.17 | 32,788,292 | 4,622,003 | 171,779 | 147.564 | 24,215 | 71,519 | 45.62 | 42.17 | 150.00 | 14.10 | 90.81 |
| 1936. | 192,079 | 12.50 | 43,095,068 | 8,327,369 | 224,361 | 181.007 | 43,354 | 91,288 | 44.65 | 39.89 | 150.00 | 19.32 | 88.93 |
| 1937. | 193,237 | 12.00 | 39,822,632 | 7,377,859 | 206,081 | 167,901 | 38,180 | 86,665 | 42.10 | 37.66 | 150.00 | 18.53 | 87.54 |
| 1938. | 194,737 | 13.20 | 31,736,369 | 4,689,362 | 162,970 | 138,890 | 24,080 | 72,483 | 40.55 | 37.12 | 150.00 | 14.78 | 86.87 |
| 1939 | 196,320 | 10.49 | 35,592,871 | 5,663,050 | 181,300 | 152.454 | 28,846 | 80,769 | 36.49 | 32.94 | 150.00 | 15.91 | 84.90 |
| 1940 | 198,685 | 9.88 | 38,657,637 | 8,721,859 | 194,567 | 150,669 | 43,898 | 86.823 | 36.26 | 31.09 | 150.00 | 22.56 | 84.42 |
| 1941. | 200,503 | 8.81 | 43,686,852 | 15,355,099 | 217,886 | 141,303 | 76,583 | 97,289 | 35.38 | 27.86 | 150.00 | 35.15 | 70.47 |
| 1942. | 201,926 | 8.37 | 45,588,457 | 21,341,439 | 225,769 | 120,079 | 105,690 | 102,575 | 34.76 | 25.32 | 150.00 | 46.81 | 60.33 |
| 1943. | 202,660 | 6.43 | 48,793,444 | 25,220,967 | 240,764 | 116,315 | 124,449 | 114,528 | 29.92 | 20.51 | 150.00 | 51.69 | 52.40 |
| 1944 | 200,872 | 3.83 | 51,511,765 | 24,389,407 | 256,440 | 135,023 | 121,417 | 126,217 | 21.65 | 14.95 | 150.00 | 47.35 | 43.21 |
| 1945 | 200,151 | 4.13 | 54,148,977 | 25,456,805 | 270,541 | 143,353 | 127,188 | 136,575 | 22.82 | 16.12 | 150.00 | 47.01 | 42.99 |
| 1946 | 211,029 | 4.71 | 55,788,130 | 24,204,065 | 264,362 | 149,667 | 114,695 | 134,640 | 23.93 | 17.60 | 150.00 | 43.39 | 45.12 |
| 1947 | 216,124 | 5.94 | 49,321,297 | 21,259,425 | 228,208 | 129,841 | 98,367 | 116,381 | 26.00 | 19.49 | 150.00 | 43.10 | 46.55 |
| 1948 | 220,095 | 4.83 | 54,324,731 | 18,793,997 | 246,824 | 161,434 | 85,390 | 123,358 | 24.01 | 19.12 | 150.00 | 34.60 | 46.47 |
| 1949 | 223,956 | 4.70 | 52,037,514 | 17,093,625 | 232,356 | 156,030 | 76,326 | 117,031 | 22.88 | 18.47 | 150.00 | 32.85 | 44.68 |
| 1950 | 227,802 | 3.94 | 62,118,229 | 22,782,036 | 272,685 | 172,677 | 100,008 | 133,787 | 22.19 | 17.18 | 150.00 | 36.68 | 44.79 |
|  | Part VI - Top 200 returns per 100,000 population |  |  |  |  |  |  |  |  |  |  |  |  |
| 1916............................ | 203,922 | 47.49 | 53,131,179 | 1,716,682 | 260,547 | 252,128 | 8,418 | 64,416 | 83.96 | 83.54 | 200.00 | 3.23 | 98.54 |
| 1917. | 206,536 | 19.86 | 47,812,162 | 5,281,043 | 231,496 | 205,926 | 25.570 | 71,478 | 60.32 | 57.82 | 200.00 | 11.05 | 92.53 |
| 1918 | 206.416 | 18.97 | 35,039,775 | 6,670,140 | 169.753 | 137,439 | 32,314 | 61,327 | 53.31 | 48.81 | 200.00 | 19.04 | 87.63 |
| 1919. | 209,028 | 18.56 | 35,861,246 | 6,621,807 | 171,562 | 139.883 | 31,679 | 65,426 | 52.42 | 47.99 | 200.00 | 18.47 | 88.44 |
| 1920 | 212,922 | 25.19 | 28,789,379 | 4,405,814 | 135,211 | 114.519 | 20,692 | 57,043 | 56.89 | 53.54 | 200.00 | 15.30 | 87.00 |
| 1921. | 217,076 | 25.27 | 26,940,224 | 3,522,335 | 124,105 | 107,879 | 16.226 | 52,838 | 55.90 | 52.96 | 200.00 | 13.07 | 88.74 |
| 1922 | 220,098 | 20.07 | 34,873,824 | 4,589,340 | 158,447 | 137,595 | 20,851 | 61,984 | 53.33 | 50.31 | 200.00 | 13.16 | 88.29 |
| 1923. | 223,894 | 17.53 | 36,065,097 | 3,379,599 | 161,081 | 145,986 | 15,095 | 64,853 | 50.00 | 47.91 | 200.00 | 9.37 | 86.52 |
| 1924. | 228,218 | 16.28 | 41,256,382 | 3,996,430 | 180,776 | 163,265 | 17.511 | 70,395 | 49.99 | 47.64 | 200.00 | 9.69 | 92.63 |
| 1925. | 231.658 | 16.40 | 51,494,093 | 4,307,657 | 222,285 | 203,690 | 18,595 | 80,562 | 53.58 | 51.53 | 200.00 | 8.37 | 94.98 |
| 1926 | 234,794 | 16.90 | 51,251,270 | 4,255,537 | 218,282 | 200,157 | 18,125 | 79,104 | 53.52 | 51.49 | 200.00 | 8.30 | 94.94 |
| 1927 | 238,070 | 16.64 | 56,482,276 | 4,954,518 | 237,251 | 216,440 | 20,811 | 82,205 | 54.71 | 52.55 | 200.00 | 8.77 | 95.44 |
| 1928. | 241,018 | 15.38 | 70,530,870 | 7,091,568 | 292,637 | 263,214 | 29,423 | 90,074 | 56.79 | 54.31 | 200.00 | 10.05 | 95.88 |
| 1929. | 243,534 | 15.38 | 68,568,430 | 6,259,323 | 281,556 | 255,854 | 25,702 | 86,558 | 56.02 | 53.72 | 200.00 | 9.13 | 97.85 |
| 1930. | 246,154 | 18.10 | 43,769,692 | 2,944,851 | 177,814 | 165,851 | 11,963 | 67,931 | 51.69 | 50.04 | 200.00 | 6.73 | 95.40 |
| 1931. | 248,080 | 19.91 | 34,656,155 | 1,661,799 | 139,697 | 132,999 | 6,699 | 58,815 | 49.99 | 48.82 | 200.00 | 4.80 | 95.40 |
| 1932. | 249,680 | 25.70 | 29,357,463 | 2,228,461 | 117,580 | 108,655 | 8,925 | 48,604 | 55.68 | 53.97 | 200.00 | 7.59 | 90.61 |
| 1933 | 251,158 | 25.95 | 31,421,374 | 2,796,751 | 125,106 | 113,971 | 17,135 | 49,435 | 57.42 | 55.36 | 200.00 | 8.90 | 92.90 |
| 1934 | 252,748 | 22.12 | 32,956,309 | 3,774,298 | 130,392 | 115,459 | 14,933 | 55.168 | 52.17 | 49.36 | 200.00 | 11.45 | 93.16 |
| 1935 | 254,500 | 20.23 | 36,930,083 | 4,732,646 | 145,108 | 126,513 | 18,596 | 59,667 | 51.38 | 48.21 | 200.00 | 12.82 | 92.99 |
| 1936. | 256,106 | 16.67 | 48,370,271 | 8,565,601 | 188,868 | 155,423 | 33,446 | 74,870 | 50.12 | 45.67 | 200.00 | 17.71 | 91.47 |
| 1937 | 257,650 | 15.99 | 44,882,480 | 7,603,304 | 174,199 | 144,689 | 29,510 | 71,647 | 47.45 | 43.27 | 200.00 | 16.94 | 90.22 |
| 1938. | 259,650 | 17.60 | 36,047,702 | 4,837,611 | 138,832 | 120,201 | 18,631 | 61.159 | 46.06 | 42.83 | 200.00 | 13.42 | 89.61 |
| 1939. | 261,760 | 13.99 | 40,425,953 | 5,851,106 | 154,439 | 132,086 | 22,353 | 67,924 | 41.44 | 38.05 | 200.00 | 14.47 | 87.72 |
| 1940 | 264,914 | 13.17 | 43.905.438 | 9,007,524 | 165,735 | 131,733 | 34,002 | 72,798 | 41.19 | 36.25 | 200.00 | 20.52 | 87.19 |
| 1941. | 267,338 | 11.75 | 49,609,474 | 16,242,864 | 185,568 | 124,811 | 60.758 | 81.169 | 40.17 | 32.81 | 200.00 | 32.74 | 74.54 |
| 1942 | 269,234 | 11.15 | 51,867,400 | 22,957,578 | 192,648 | 107.378 | 85,270 | 85,236 | 39.55 | 30.19 | 200.00 | 44.26 | 64.89 |
| 1943 | 270,214 | 8.57 | 55,841,995 | 27,474,831 | 206,658 | 104,980 | 101,678 | 95,369 | 34.24 | 24.68 | 200.00 | 49.20 | 57.08 |
| 1944............................ | 267,830 | 5.11 | 59,254,525 | 26,678,757 | 221,239 | 121,629 | 99,611 | 106,613 | 24.91 | 17.95 | 200.00 | 45.02 | 47.26 |
| 1945. | 266,868 | 5.51 | 62,541,510 | 28,130,542 | 234,354 | 128,944 | 105,410 | 116,214 | 26.36 | 19.33 | 200.00 | 44.98 | 47.51 |
| 1946............................ | 281,372 | 6.28 | 64,532.574 | 26,767,937 | 229,350 | 134,216 | 95,134 | 115,348 | 27.68 | 21.04 | 200.00 | 41.48 | 49.90 |
| 1947 ............................. | 288,166 | 7.92 | 57,069,054 | 23,490,480 | 198,042 | 116,525 | 81,517 | 99,925 | 30.09 | 23.32 | 200.00 | 41.16 | 51.44 |
| 1948 | 293,460 | 6.44 | 62,649,175 | 20,498,312 | 213,485 | 143,634 | 69,850 | 104,854 | 27.69 | 22.68 | 200.00 | 32.72 | 50.69 |
| 1949. | 298,608 | 6.27 | 60,089,354 | 18,663.273 | 201,232 | 138.731 | 62,501 | 99,977 | 26.42 | 21.89 | 200.00 | 31.06 | 48.79 |
|  | 303,736 | 5.25 | 71,455,191 | 24,835,203 | 235,254 | 153,489 | 81,766 | 113.749 | 25.53 | 20.36 | 200.00 | 34.76 | 48.83 |

See notes at end of tables.

## NOTES TO TABLES

General notations
N/A - Not available

Detail may not add to totals due to rounding. Column numbers in the notes below generally refer to Tables 2 through 6.

Number of returns.-Table 1 includes all returns with positive net income (or positive adjusted gross income for 1944 and thereafter). Tables 2 through 6 include only returns with income of $\$ 25,000$ or more in 1986 dollars. The number of returns for 1916 through 1937 includes both individual and fiduciary income tax returns; after 1937, only individual income tax returns are included. For 1916, 7,635 returns for married women filing separately were excluded from the number of returns distributed by size of net income in the Statistics of Income publication. The income from those returns was combined with that of the husbands' returns and the combination was counted as one return in the proper size class.

Percent of total (returns).-The number of returns in the group (column 1) divided by the number of returns with income of $\$ 25,000$ or more in 1986 dollars, multiplied by 100.

Income.—Prior to 1944, data are classified by size of net income, which is generally the sum of all positive amounts of income less deductions, before the subtraction of exemptions and credits. For 1944 and thereafter, "income" refers to adjusted gross income (AGI), which is gross income less only certain deductions. Deductions allowed in the computation of AGI generally include expenses related to employment. (See Exhibit A for additional information on the computation of net or adjusted gross income for each year.)

Federal income tax. -The sum of the normal tax, surtax, and alternative tax (or the optional tax paid in lieu of normal tax and surtax) plus the war excess profits tax, the defense tax and the victory tax. For most years, the Federal tax shown is before the subtraction of tax credits. (See Exhibit A for information on the numerous changes in the tax credits allowed and in the treatment of various credits in

Statistics of Income tabulations.), Table 1, Part III, for 1917 does not include the tax reported on returns with net income under $\$ 2,000$.

1986 dollars.-All amounts on Tables 2 through 6 are expressed in 1986 dollars. The conversion factors used were derived from the Consumer Price Index with 1967 weights, which was developed by the U.S. Department of Labor, Bureau of Labor Statistics.

Mean income (before or after tax). -The aggregate income (before or after Federal income tax) of the group divided by the number of returns in the group.

Average income tax.-The aggregate Federal income tax of the group divided by the number of returns in the group.

Minimum income cutoff.-The minimum amount of income (in 1986 dollars) required for a return to be included in the group (as defined at the top of each table). All groups are cumulated from the top.

Income share (before or after tax). -The aggregate income (before- or after-Federal income-tax)- of-the-group divided by the aggregate income (before or after Federal income tax) of all returns with income of $\$ 25,000$ or more, in 1986 dollars.

Returns per $\mathbf{1 0 0 , 0 0 0}$ population.-The number of returns in the group (column 1) divided by the U.S. resident population, multiplied by 100,000 . This number divided by 1,000 equals the number of returns in the group as a percentage of the U.S. resident population. For example, "200 returns per 100,000 population," as shown on Table 6 , Part VI, refers to the number of returns equal to 2 percent of the population. For population figures see U.S. Bureau of the Census, Current Population Reports, series $P=25$.

Average income tax rate.-The aggregate Federal income tax of the group divided by the aggregate income of the group.

Income tax share.-The aggregate Federal income tax of the group divided by the aggregate Federal income tax of all returns with income of $\$ 25,000$ or more, in 1986 dollars.

# Personal Income and Adjusted Gross Income, 1984-1986 

By Thae S. Park and Jane S. Reeb*

This article presents a reconciliation of the Bureau of Economic Analysis (BEA) measure of "personal income" with the Internal Revenue Service (IRS) measure of "adjusted gross income" (AGI) by type of income for 1984-86 [1]. The reconciliation incorporates personal income estimates for 1985-86 published in the July 1988 revision of the National Income and Product Accounts (NIPA) and in the final IRS estimates of AGI for 1984-86 [2].

The reconciliation items (lines 3-9 and 11-15) in Tables $1-3$ allow the construction from personal income (line 1) of a BEA-derived estimate of AGI (line 22) that conforms to the IRS definition of AGI (line 23) (see the description of the income series and the reconciliation items, below.) The reallocations of personal income and of the IRS measure of AGI necessary to show the reconciliation by type of income are shown in lines 17-21 and lines 25-27 of Tables 1-3, and are also explained below. The difference between the BEA-derived estimate of AGI and the IRS measure of AGI, called the AGI gap, is shown in line 29. The percentage distribution of the AGI gap by type of income and the AGI gap as a percentage of the BEA-derived AGI are shown in lines 30 and 31 , respectively.

The AGI gap can be viewed as evidence of noncompliance with the tax code because BEA-derived AGI is based on estimates of personal income that are adjusted to include income unreported on individual income tax returns, while the IRS measure of $A G I$ is based entirely on unaudited tax return data [3,4]. The noncompliance reflected in the gap is limited to that associated with types of income included in personal income; the gap does not reflect noncompliance associated with other types of income, such as unreported capital gains and unreported illegal income [5]. In addition to reflecting noncompliance, however, the AGI gap also includes income earned by low-income individuals who are not required to file income tax returns, gross errors and omissions in the estimates of reconciliation items, and the net effect of errors in personal income and in the IRS data for AGI.

The AGI gap as a percentage of the BEA-derived AGI-a rough indicator of the rate of noncompliance-increased to 12 percent for 1986 after having remained at about 11 percent since 1977 primarily due to an increase in the wages and salaries gap (Table 4). The latter increase may reflect the inclusion in BEA wages and salaries of an unknown amount of employee contributions to deferred

[^16]compensation arrangements, such as the savings allowed under Internal Revenue Code section 401(k), which are excluded from AGI. BEA wages and salaries are based on tabulations of wages and salaries of employees covered by State unemployment insurance and have included contributions by employees in 32 States since 1985. The gaps by type of income, however, have varied widely since 1977. For rental income of persons, the gap increased steadily; for taxable unemployment compensation, the gap declined steadily. For farm and nonfarm proprietors' income and for personal dividend income, the gaps increased steadily until 1984 and then declined, but remained above the pre-1977 levels. For personal interest income, the gap declined steadily until 1985 .

## DESCRIPTION OF THE INCOME SERIES AND RECONCILIATION ITEMS

## Personal Income

Personal Income estimated by BEA is the income received by persons from all sources, i.e., from participation in production, from both Government and business transfer payments, and from Government interest, which is treated like a transfer payment. "Persons" consist of individuals, nonprofit institutions serving individuals, private noninsured welfare funds, and private trust funds. Proprietors' income is treated in its entirety as received by individuals. Life insurance carriers and private noninsured pension funds are not counted as persons, but their saving is credited to persons. Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income with inventory valuation and capital consumption adjustment, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and transfer payments, less personal contributions for social insurance.

## Adjusted Gross Income

Adjusted gross income estimated by IRS is the total income from all sources that is subject to the individual income tax, less certain deductions. The total income subject to tax includes wages and salaries; a portion of dividends, interest, and pension income; net business and farm income; net capital gains income; and other miscellaneous items. Deductions allowed in the calculation of AGI include various expenses considered necessary in earning income, certain allowances for capital gains and losses, and statutory adjustments [6].

## Personal Income Not Included in AGI

Personal income and AGI each include items that the other omits by definition. Line 2 of Tables $1-3$ is the sum of seven groups of items (lines 3-9) that are included in personal income but not in AGI because they are not taxable under the individual income tax. The largest (line 3) consists of all Government and business transfer payments except taxable retirement benefits paid to former Government employees. The second largest (line 4) consists of other labor income except fees; the major components of other labor income are pension and profit sharing, group insurance, workers' compensation, and supplemental unemployment benefits [7].

Imputed income included in personal income is shown in line .5. No deduction is made for an unknown amount of imputed income, believed to be small, that is actually included in AGI [8]. Additional major categories are investment income retained by life insurance carriers and noninsured pension funds (line 6) and investment income received by nonprofit institutions or retained by fiduciaries (line 7).

Differences in accounting procedures introduce a difference between personal income and AGl that is shown on a net basis in line 8 . The differences in accounting procedures result largely from the introduction in NIPA of procedures designed to value capital consumption and inventory change of all firms at current prices, and to apply accounting conventions that are uniform for all firms and at all time periods. Figure A shows the net differences in accounting procedures between NIPA and the tax regulations for 1986 (line 8, Table 3).

Figure A-Net Differences in Accounting Procedures Between the National Income and Product Accounts (NIPA) and Federal Tax Regulations, 1986

| Tótal .. | \$104,113 |
| :---: | :---: |
| Capital consumption adjustment | 20,324 |
| Excess of tax depreciation over the NIPA measure of depreciation for färm proprietors' income and for rental income of persons. | 27,732 |
| Inventory valuation adjustment for nonfarm proprietors' income ............ | -140 |
| Change in farm inventories | -1,919 |
| Gains arising from sales of livestock, timber, and certain real estate....... | 4,866 |
| Excess of the interest accrued over the interest paid on bonds ............ | 9,390 |
| Depletion and depreciation expenditures claimed by nonfarm proprietors; bad debt adjustments, and income of tax-exempt cooperatives $\qquad$ | 11.934 |
| Earnings by Individual Retirement Arrangements (IRA's) and sell employed retirement (Keogh) plans... | 20,252 |
| Other nontarm proprietors' income adjustments ...................... | 11,674 |

The capital consumption adjustment subtracted in BEAderived AGI is the sum of the capital consumption adjustment for farm and nonfarm proprietors' income and for rental income of persons, excluding the amount for owneroccupied dwellings [9]. In the National Accounts, capital consumption allowances are based on consistent accounting valued in current prices, while the IRS depreciation is
based on varying service lives and depreciation formulas, and is valued in historical costs. Tax return data are not the starting point for the NIPA measure of depreciation associated with farm proprietors' income and rental income of persons, and the published capital consumption adjustment relates only to the adjustment for current replacement cost. Therefore, for these types of income the adjustment for consistent accounting at historical costs is the excess of tax depreciation over the NIPA depreciation.

The inventory valuation adjustment for nonfarm proprietors' income is the difference between book value and currentprice value of inventories used up in production. Personal income excludes this difference but AGl includes it.

The difference in the estimates of change in farm inventories in the National Accounts and AGI is also subtracted from personal income. Change in farm inventories in the accounts is based on the U.S. Department of Agriculture estimates of change in the physical quantities of inventories. of harvested crops and of livestock owned by farmers valued at market price. Change in farm inventories in AGI is based on the amount of inventory reported in the cost of goods sold in Schedule C, Profit (or Loss) From Business or Profession, of the Form 1040 individual income tax return. Farmers are required to use inventories in computing gross income from their businesses only if they elect to use the accrual method of accounting for their profit or loss from the sale of farm products. Gains arising from sales of livestock, timber, and certain real estate have been accorded a tax treatment similar to a long-term capital asset in AGI, but for the years shown they are treated as ordinary income in the National Accounts. All capital gains are excluded from personal income, but are included in AGI. Thus, capital gains are added to personal income (line 12) in the reconciliation. But the IRS figures for realized capital gains (net gain less loss) included gains arising from sales of livestock, timber, and certain real estate. Consequently, the latter is subtracted from personal income to prevent double counting. Interest on savings bonds is recorded on an accrual basis in personal income, but is mostly reported on a cash basis in AGI. Thus, the excess of interest accrued over interest paid is subtracted from personal income. Other accounting differences are in the treatment earnings by individual retirement arrangements (IRA's) and certain income and expenditures of nonfarm proprietors:

Line 9 shows the sum of other types of income exempt or excluded from AGI , such as interest on State and local Government bonds, tax-exempt military pay. and allowances, and statutory adjustments.

## Adjusted Gross Income Not Included in Personal Income

Line 10 of Tables $1-3$ is the sum of five groups of items (lines 11 through 15) that are included in $A G 1$ but not in
personal income. The largest, personal contributions for social insurance (line 11), consists of payments by employees, the self-employed, and other individuals who participate in Government social insurance programs [10]. Net gain from sales of assets (line 12) consists of gains derived from sales of investment property, such as stocks, bonds, and real estate, and from the sale of property other than capital assets. Payments of taxable private pensions (line 13) are not included in personal income. Other types of income in AGI but not in personal income are net income of qualified $S$ Corporations (that choose to be taxed through shareholders) (line 14) and a number of small items grouped in line 15. The latter includes noncorporate special assessments, alimony received, and such miscellaneous items as noncash awards and net gambling receipts. Prior to 1960 it also included income of residents of Alaska and Hawaii.

## REALLOCATIONS OF CERTAIN PERSONAL INCOME AND ADJUSTED GROSS INCOME COMPONENTS

The derivation of the AGI gap by type of income requires reallocations of certain IRS and NIPA income components in order to make the two income classifications comparable. Lines 17 through 21 in Tables 1-3 show the reallocations affecting the components of BEA-derived AGI, and lines 25 through 27 show the reallocations affecting the components of AGI of IRS. Reasons for these reallocation items are explained in the discussion that follows.

## Reallocation Affecting Components of BEA-Derived Adjusted Gross Income

The fees component of other labor income-directors' fees, judicial fees to witnesses and jurors, compensation of prisoners, and fees to justices of the peace-are reallocated from other labor income to wages and salaries (line 17). Such fees are taxable income and are probably reported as wages and salaries on tax returns.

Partnership income retained by fiduciaries is reallocated to farm and nonfarm sources (line 18). Interest received by nonfinancial proprietors and partnerships, but not related to business operations, is reallocated from personal interest income to nonfarm proprietors' income (line 19). Such interest is tabulated by IRS as part of income of proprietors and partnerships, but is treated in the National Accounts as personal interest income.

The interest distributions (excluding the tax-exempt amount) from regulated investment companies, such as from mutual funds, are reallocated from personal interest income to personal dividend income (line 20). These distributions are reallocated because IRS instructions call for them to be reported as dividends, whereas in the accounts they are treated as personal interest income.

Disability income payments are reallocated from taxable pensions to wages and salaries (line 21) because some disability income payments are reported as wages on tax returns, but are included as pensions in personal income. The Tax Reform Act of 1976 provided a disability income exclusion, under which a taxpayer who retired before age 65 on disability was entitled to exclude from gross income limited amounts of disability payments received if such payments were reported as wages. (A disabled person was not permitted the exclusion for the tax year in which he or she attained age 65 or any subsequent years, and had to report the payments as pensions.)

## Reallocations Affecting Income Components of Adjusted Gross Income as Reported in Statistics of Income.

The IRS estate or trust income is allocated to farm proprietors' income, nonfarm proprietors' income, rental income of persons, and personal interest income (line 25) to be consistent with the treatment of estate and trust income in the Accounts. The IRS partnership income is allocated between farm and nonfarm sources (line 26), because IRS does not provide tabulations of this detail for partnership income as reported on the individual income tax return.

Line 27 includes several reallocations not separately shown. Prior to 1963, the IRS net profit from business or profession is allocated between farm and nonfarm sources because for those years the IRS did not tabulate farm proprietors' income separately. For 1958-65, the dividends paid by S Corporations were reallocated from partnership income to dividends. For these years, dividends received from S Corporations were tabulated by IRS as partnership income on the ground that the two types of business organizations were treated similarly under the tax law. For 1957-65, wages not subject to tax withholding reported on the Form 1040A individual income tax return were tabulated by IRS as part of "other" income. These wages are reallocated from "other" income to wages. For 1964 and 1965, estate or trust income was tabulated as part of "other" income. This amount is reallocated to its respective components in the same way as in other years. For 1961, wage earners who had $\$ 200$ or less of dividends and interest could report the combined amount of such incomes as a single figure. This combined amount, which was tabulated as a separate income type by IRS, is reallocated to interest and dividends.

## NOTES AND REFERENCES

[1] Estimates for earlier years can be found in "Relationship Between Personal Income and Adjusted Gross Income: Revised Estimates, 1947-83," Survey of Current Business, May 1986, Bureau of Economic Analysis, U.S. Department of Commerce, and in "Re-

Iationship Between Personal Income and Adjusted Gross Income, 1983-85," Suivey, May 1987, op. cit. In the National Income and Product Account tables, the reconciliation appears in Table 8.14. The reconciliation of personal income and adjusted gross income for selected earlier years is reproduced in the Selected Historical Data section of the current issue of the Statistics of Income Bulletin.
[2] See Statistics of Income-Individual Income Tax Returns, Internal Revenue Service, U.S. Department of the Treasury, for these years. These reports also contain a detailed explanation of adjusted gross income.
[3] See Parker, Robert P., "Improved Adjustments for Misreporting of Tax Return Information Used to Estimate the National Income and Product Accounts, 1977,": Survey, June 1984, op.cit.
[4] See also Kenadjian, Berdj, "Gross Tax Gap Trends According to new IRS Estimates, Income Years

1973-1992," Statistics of Income Bulletin, Summer 1988, Volume 8, Number 1.
[5] For a discussion of why the AGI gap is not a measure of the size of the underground economy, see Carson, Carol S., "The Underground Economy: An Introduction," Survey, July 1984, op. cit.
[6] See footnote 2.
[7] See Table 6.12, Survey, July 1988, op. cit.
[8] See Table 8.9, Ibid., for additional components of imputed income.
[9] In the National Accounts, capital consumption allowances consist of depreciation and accidental damage to fixed capital.
[10] See Table 3.6, Survey, July 1988, op. cit.

Table 1.-Reconciliation of Personal Income Used in the National Income and Product Accounts (NIPA) and Adjusted Gross Income, by Type of Income, Income Year 1984
[All figures are estimates-money amounts are in billions of dollars]

| Line | Item | Personal income | Wages and salaries | Propristors' income ${ }^{1}$ |  | Personal dividend income | Rental income 여 persons ${ }^{2}$ | Personal interest income | Taxable pensions and annuities | Taxable unemployment compensation | Taxablesocialsecurity Taxablesocialsecurity security benefits | Other personal income | Income not included in personal income |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Farm | Nontarm |  |  |  |  |  |  |  |  |
|  |  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 1 | Personal Income ................................................. | 3,108.7 | 1,838.6 | 30.5 | 204.0 | 75.5 | 8.5 | 444.7 | 47.04 | 7.4 | 10.5 | $422.0^{5}$ | - |
| 2 | Less: Portion of personal income not included in adjusted gross income | 954.1 | 16.4 | 13.9 | 43.3 | 18.6 | - 10.2 | 209.7 | - | - | - | 572.7 | 89.78 |
| 3 | Transfer payments except taxable military retirement and taxable Government pensions. | 391.8 | - | - | - | - | - | - | - | - | - | 391.8 | - |
| 4 | Other labor income except fees ............................. | 180.0 | - | - | - | - | - | - | - | - | - | 180.0 | - |
| 5 | Imputed income in personal income...................... | 49.4 | 8.5 | 5.6 | 2.3 | - | -18.5 | 51.5 | - | - | - | - | - |
| 6 | Investment income retained by life insurance carriers and private noninsured pensions funds. | 98.4 | - | - | - | - | - | 98.4 | - | - | - | - | - |
| 7 | Investment income received by nonprofit institutions or retained by fiduciaries. | 31.6 | - | - | . 2 | 7.0 | 1.5 | 22.2 | - | - | - | .$^{7}$ | - |
| 8 | Differences in accounting treatment between NIPA and tax regulations, net | 79.8 | - | 8.4 | 40.8 | 3.5 | 6.8 | 20.3 | - | - | - | - | - |
| 9 | Other personal income exempt or excluded from adjusted gross income. | 123.0 | 7.9 | - | - | 8.0 | - | 17.3 | - | - | - | - | 89.7 |
| 10 | Plus: Portion of adjusted gross Income not included in personal income $\qquad$ | 252.7 | 4.1 | - | . 9 | - | 1.8 | - | 58.4 | - | - | 132.7 | 54.8 |
| 11 | Personal contributions for social insurance .............. | 132.7 | - | - | - | - | - | - | - | - | - | 132.7 | - |
| 12 | Net gain from sale of assets ................................. | 56.2 | - | - | - | - | - | - | - | - | - | - | 56.2 |
| 13 | Taxable private pensions ${ }^{8}$ | 58.4 | - | - | - | - | - | - | 58.4 | - | - | - | - |
| 14 | S Corporation income.......................................... | 6.2 | - | - | - | - | - | - | - | - | - | - | 6.2 |
| 15 | Other types of income.......................................... | -. 8 | 4.1 | - | . 9 | - | 1.8 | - | - | - | - | -7.6 |  |
| 16 | Plus: Intercomponent reallocation ......................... | - | 2.9 | -. 1 | 12.7 | 16.8 | - | -30.2 | - | - | - | -2.1 | - |
| 17 | Fees in other labor income................................... | - | 2.9 | - | - | - | - | - | - | - | - | -2.9 | - |
| 18 | Fiduciaries' share of partnership income................. | - | - | -. 1 | -. 7 | - | - | - | - | - | - | . 8 | - |
| 19 | Interest received by nonfarm proprietors ................. | - | - | - | 13.4 | - | - | -13.4 | - | - | - | - | - |
| 20 | Interest distributed by regulated investment companies | - | - | - | - | 16.8 | - | -16.8 | - | - | - | - | - |
| 21 | Disability income payments ................................................................................. | - | - | - | - |  | - | 0 | - | - | - | - | - |
| 22 | Equals: BEA-derived adjusted gross income ........... | 2,407.3 | 1,829.2 | 16.4 | 174.4 | 73.8 | 20.5 | 204.8 | 105.4 | 7.4 | 10.5 | - | -35.0 |
| 23 | Adjusted gross income of IRS (as reported)........... | 2,139.9 | 1,807.1 | -13.1 | 70.8 | 48.6 | -8.0 | 176.4 | 80.4 | 6.1 | 7.9 | -1.3 | -35.0 |
| 24 | Plus: Intercomponent reallocation ......................... | - | - | -1.4 | -6.4 | - | . 7 | 5.8 | - | - | - | $1.3{ }^{\circ}$ | - |
| 25 | Estate or trust income........................................... | - | - | . 1 | 6 | - | . 7 | 5.8 | - | - | - | -7.1 | - |
| 26 | Partnership income............................................. | - | - | -1.5 | -7.0 | - | - | - | - | - | - | 8.4 | - |
| 27 | Other reallocations............................................... | - | - | - | - | - | - | - | - | - | - | - | - |
| 28 | Adjusted gross income of IRS (reallocated) ............ | 2,139.9 | 1,807.1 | - 14.5 | 64.3 | 48.6 | - 7.3 | 182.2 | 80.4 | 6.1 | 7.9 | - | -35.0 |
| 29 | Adjusted gross income (AGI) gap.......................... | 267.4 | 22.1 | 30.8 | 110.0 | 25.1 | 27.9 | 22.7 | 24.9 | 1.3 | 2.6 | - | - |
| 30 | Percentage of AG\| gap........................................ | 100.0 | 8.3 | 11.5 | 41.1 | 9.4 | 10.4 | 8.5 | 9.3 | 5 | 1.0 | - | - |
| 31 | AGI gap as a percentage of BEA-derived AGI .......... | 11.1 | 1.2 | 188.3 | 63.1 | 34.1 | 135.7 | 11.1 | 23.4 | 17.7 | 24.7 | - | - |
| 32 | AGl of IRS as a percentage of BEA-derived AGI | 88.9 | 988 | $\left({ }^{10}\right)$ | 36.9 | 65.9 | ( ${ }^{19}$ | 88.9 | 76.4 | 82.3 | 75.3 | - | - |

[^17]Table 2:-Reconciliation of Personal Income Used in the National Income and Product Accounts (NIPA) and:Adjusted Gross Income, by Type of Income, Income Year 1985
[All figures are estimates-money amounts are in billions of dollars]

| Line | Item | Personal | Wages and | , $\begin{gathered}\text { Pron } \\ \text { in }\end{gathered}$ | ${ }^{\text {P }}{ }^{\text {P }}$ | Personal dividend | Rental income | Personal interest | Taxable pensions | Taxable unemployment | Taxable social | Other personal | $\begin{gathered} \text { Income } \\ \text { not } \\ \text { included in } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | aties | Farm | Nonfarm |  | persons ${ }^{2}$ |  | annuities | compar- sation | beneflis ${ }^{3}$ |  | personal |
|  | $!$ | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 1 | Personal Income | 3,325.3 | 1,975.4 | 30.2 | 225.6 | 78.7 | 9.2 | 478.0 | 52.64 | 7.7 | 12.8 | $455.0^{5}$ | - |
| 2 | Less: Portion of personal Income not Included In adjusted gross Income $\qquad$ | 1,021.4 | 17.5 | 3.5 | 54.8 | 20.4 | -11.1 | 239.1 | - | - | $\cdots$ | 602.1 | $95.1{ }^{6}$ |
| 3 | Transfer payments except taxable military retirement and taxable Government pensions. | 416.6 | - | - | - | - | - | - | - | - | - | 416.8 | - |
| 4 | Other labor income except fees ............................ | 184.3 | - | . - | - | - | - | - | - | - | - | 184.3 . | - |
| 5 | Imputed income in personal income...................... | 55.3 | 8.9 | 4.7 | 2.4 | - | -20.9 | 60.2 | - | - | - | - | - |
| 6 | Investment income retained by life insurance carriers and private noninsured pensions funds | 112.8 | - | - | - | - | - | 112.8 | - | - | - | - | - |
| 7 | Investment income received by nonprofit institutions or retained by fiduciaries | 34.8 | - | - | 2 | 7.1 | 1.6 | - 24.8 | - | - | - | 1.17 | - |
| 8 | Differences in accounting treatment between NIPA and tax regulations, net $\qquad$ | - 87.3 | - | -1.2 | 52.3 | 5.2 | 8.2 | 22.9 | - | - | -. | - | - |
| 9 | Other personal income exempt ór excluded from adjusted gross income. | 130.2 | 8.6 | $\cdots$ - | - | 8.2 | - | 18.4 | - | - | - | - | 95.1 |
| 10 | Plus: Portion of adjusted gross Income not included In personal income | 299.4 | 6.2 | - | 1.3 | - | 1.9 | - | 72.9 | - | $\therefore \quad \therefore \quad$. | 149.3 | 67.8 |
| 11 | Personal contributions for social insurance | 149.3 | - | - | - | - | - | - | - | - | . - | 149.3 | - |
| 12 | Net gain from sale of assets................................. | 69.8 | - | - | - | - | - | - - | - | - | - - . | - | -69.8 |
| 13 | - Taxable private pensions ${ }^{8}$.................................... | 72.9 | - | - | - | - | - | : | 72.9 | - | - | - | - - |
| 14 | S corporation income .......................................... | 6.2 | - | - | - | - | - | ; | - | - | - | - | 6.2 |
| 15 | Other types of income........................................ | 1.2 | 6.2 | - | 1.3 | - | 1.9 | - - | - | - | - | - | -8.2 |
| 16 | Plus: Intercomponent realtocation ......................... | - | 3.3 | -. 1 | 16.3 | 16.8 | - | -34.1 | - | - | - | 12.2: | - |
| 17 | Fees in other labor income................................... | - | 3.3 |  | - | - | - | - | - | - | - | -3.3 | - |
| 18 | Fiduciaries' share of partnership income................. | - | - | -. 1 | -1.0 | - | - | - | - | - | - | 1.1 | - |
| 19 | - Interest received by nonfarm proprietors ................ | - | - | - | 17.3 | - | - | -17.3 | - | - | - | - | - |
| 20- | -..-Interest-distributed-by regulated investment companies | - | - | - | - | 16.8 |  | -16.8 | - | - | - | - | - |
| 21 | - Disability income payments .................................. | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Ėquals: BEA-derived adjusted gross income .......... | 2,603.4 | 1,967.4 | 26.6 | 188.4 | 75.1 | 22.2 | 204.8 | 125.5 | 7.7 | 12.8 | - | -27.2 |
| 23 | Adjusted gross Income of IRS (as reported)............ | 2,306.0 | 1,928.2 | -12.0 | 78.8 | 55.0 | -10.9 | 182.1 | 95.1 | 6.4 | 9.6 | 1.0 | -27.2 |
| 24 | Plus: Intercomponent reallocation ........................ | - |  | . 9 | -6.9 | - | 1.2 | 7.5 | - | - | - | -1.0 ? | -.1.0 |
| 25 | Estate or trust income.......................................... | - | - | . 1 | . 9 | - | 1.2 | 7.5 | - | - | - | -9.7 | : $:$ - |
| 26 | Partnership income............................................. | - | - | -1.0 | -7.7 | - | - | - | - | - | - | 8.8 | . - |
| 27 | Other reallocations............................................... | - | $\div$ | - | - | - | - | - | - | - | - | - | - |
| 28 | Adjusted gross income of IRS (reallocated) ............ | 2,306.0 | 1,928.2 | - 12.9 | 71.9 | 55.0 | -9.7 | 189.6 | 95.1 | 6.4 | 9.6 | - | -27.2 |
| 29 | Adjusted gross income (AGI) gap......................... | 297.4 | 39.2 | 39.6 | 116.5 | 20.1 | 32.0 | -15.2 | 30.4 | 1.3 | 3.2 | - - | +. 1 |
| $30^{\circ}$ | Percentage of AGI gap....................................... | 100.0 | 13.2 | 13.3 | 39.2 | - 6.8 | 10.7 | 5.1 | 10.2 | . 5 | 1.1 | -: | - |
| 31 | AGI gap as a percentage of BEA-derived AGI .......... | 11.1 | 2.0 | 148.6 | 61.8 | 26.7 | 143.7 | 7.4 | 24.2 | 17.5 | 25.2 | , - | $\therefore$ - |
| 32 | AGI of IRS as a percentage of BEA-derived AGI | - 88.6 | 98.0 | -48.6 | 38.2 | 73.3 | -43.7 | 92.6 | 75.8. | 82.5 | 74.8 | - - | , - |

[^18]Table 3.-Reconciliation of Personal Income Used in The National Income and Product Accounts (NIPA) and Adjusted Gross Income, by Type of Income, Income Year 1986
[All figures are estimates-money amounts are in billions of dollars]

| Line | Item | Personal income | Wages and salaties | Proprietors' income |  | Personal dividend income | Rental income <br> $\stackrel{\text { of }}{\text { persons }}{ }^{2}$ | Personal interest income | Taxable pensions and annuities | Taxable unemployment compensation | $\begin{aligned} & \text { Taxable } \\ & \text { social } \\ & \text { security } \\ & \text { benefits } \end{aligned}$ | Other personal income | Income not inctuded in personal income |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Farm | Nonfarm |  |  |  |  |  |  |  |  |
|  |  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 1 | Personal income ................................................ | 3,531.1 | 2,094.0 | 36.4 | 250.3 | 82.8 | 12.4 | 499.1 | $61.9{ }^{4}$ | 8.3 | 13.5 | $472.5{ }^{5}$ | - |
| 2 | Less: Portion of personal income not included in adjusted gross income | 1,098.5 | 18.7 | 4.5 | 66.7 | 23.0 | -4.0 | 259.8 | - | - | - | 630.9 | $99.0{ }^{6}$ |
| 3 | Transfer payments except taxable military retirement and taxable Government pensions. | $1,098.5$ 437.6 | 18.7 - | - - | $\begin{array}{r} \\ \hline\end{array}$ | 1 - | - | - | - | - | - | 437.6 | - - |
| 4 | Other labor income except fees | 192.5 | - | - | - | - | - | - | - | - | - | 192.5 | - |
| 5 | Imputed income in personal income...................... | 70.0 | 9.4 | 4.1 | 3.0 | - | -16.0 | 69.5 | - | - | - | - | - |
| 6 | Investment income retained by life insurance carriers and private noninsured pensions funds | 121.3 | - | - | - | - | - | 121.3 | - | - | - | - | - |
| 7 | Investment income received by nonprofit institutions or retained by fiduciaries. | 33.1 | - | - | 2 | 7.4 | 1.5 | 23.2 | - | - | - | . $8^{7}$ | - |
| 8 | Differences in accounting treatment between NIPA and tax regulations, net | 104.0 | - | . 5 | 63.5 | 6.2 | 10.5 | 23.5 | - | - | - | - | - |
| 9 | Other personal income exempt or excluded from adjusted gross income | 140.1 | 9.3 | - | - | 9.5 | - | 22.3 | - | - | - | - | 99.0 |
| 10 | Plus: Portion of adjusted gross income not included in personal income $\qquad$ | 390.7 | 6.8 | - | 1.4 | - | 2.0 | - | 87.8 | - | - | 161.1 | 131.6 |
| 11 | Personal contributions for social insurance | 161.1 | - | - | -- | - | - | - | - | - | - | 161.1 | - |
| 12 | Net gain from sale of assets .................................. | 133.6 | - | - | - | - | - | - | - | - | - | - | 133.6 |
| 13 | Taxable private pensions ${ }^{8}$..................................... | 87.8 | - | - | - | - | - | - | 87.8 | - | - | - | - |
| 14 | S Corporation income.......................................... | 7.5 | - | - | - | - | - | - | - | - | - | - | 7.5 |
| 15 | Other types of income......................................... | . 6 | 6.8 | - | 1.4 | - | 2.0 | - | - | - | - | - | -9.5 |
| 16 | Plus: Intercomponent reallocation ........................ | - | 3.6 | -. 1 | 16.1 | 21.1 | - | -37.9 | - | - | - | -2.8 | - |
| 17 | Fees in other labor income................................... | - | 3.6 | - | - | - | - | - | - | - | - | -3.6 | - |
| 18 | Fiduciaries' share of partnership income................. | - | - | -. 1 | -. 7 | - | - | - | - | - | - | . 8 | - |
| 19 | Interest received by nonfarm proprietors ................. | - | - | - | 16.9 | - | - | - 16.9 | - | - | - | - | - |
| 20 | Interest distributed by regulated investment companies $\qquad$ | - | - | - | - | 21.1 | - | -21.1 | - | - | - | - | - |
| 21 | Disability income payments ................................... | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Equals: BEA-derived adjusted gross income ........... | 2,823.3 | 2,085.7 | 31.8 | 201.2 | 80.9 | 18.3 | 201.4 | 147.7 | 8.3 | 13.5 | - | 32.6 |
| 23 | Adjusted gross Income of IRS (as reported)............ | 2,481.7 | 2,031.0 | -7.3 | 90.4 | 61.6 | - 13.4 | 167.6 | 107.1 | 7.0 | 10.6 | -6.3 | 32.6 |
| 24 | Plus: Intercomponent reatlocation ........................ | - | - | -1.5 | - 11.2 | - | . 9 | 5.5 |  | - | - | $6.3{ }^{9}$ | - |
| 25 | Estate or trust income........................................... | - | - | . 1 | 5 | - | 9 | 5.5 | - | - | - | -7.0 | - |
| 26 | Partnership income.............................................. | - | - | - 1.6 | - 11.7 | - | - | - | - | - | - | 13.4 | - |
| 27 | Other reallocations.. | - | - | - | - | - | - | - | - | - | - | - |  |
| 28 | Adjusted gross income of IRS (reallocated) ............ | 2,481.7 | 2,031.0 | -8.8 | 79.2 | 61.6 | - 12.4 | 173.1 | 107.7 | 7.0 | 10.6 | - | 32.6 |
| 29 | Adjusted gross income (AGI) gap.......................... | 341.6 | 54.7 | 40.6 | 122.0 | 19.3 | 30.8 | 28.2 | 42.0 | 1.3 | 2.9 | - | - |
| 30 | Percentage of AGI gap........................................ | 100.0 | 16.0 | 11.9 | 35.7 | 5.6 | 9.0 | 8.3 | 12.3 | 4 | 8 | - | - |
| 31 | AGI gap as a percentage of BEA-derived AGI.......... | 12.1 | 2.6 | 127.7 | 60.7 | 23.8 | 167.8 | 14.0 | 28.1 | 15.5 | 21.3 | - | - |
| 32 | AGI of IRS as a percentage of BEA-derived AGI. | 87.9 | 97.4 | (10) | 39.3 | 76.2 | (10) | 86.0 | 71.9 | 84.5 | 78.7 | - | - |

See footnotes at the end of table 4.

Table 4．－Adjusted Gross Income（AGI）Gap as a Percentage of BEA－derived AGI，in Total and by Type of Income，Income Years 1947－86
［All figures are estimates］

${ }^{1}$ With inventory valuation and capital consumption adjustments．
${ }^{2}$ With capital consumption adjustment．
${ }^{3}$ Taxable social security benefits also include a smiall amount of taxable raitroad retirement benefits．
 retirement benefits in excess of employee contributions．
${ }^{5}$ Consists of other labor income，nontaxable portion of Government transfer payments to persons，business transter payments，less personal contributions for social insurance．
${ }^{6}$ Statutory adjustments．
Consists of parthership income retained by fiduciaries
${ }^{8}$ Taxable private pensions represent the portion of non－Government pensions benefits received by individuals from annuity and pension plans in excess of the＂investment in contract．＂
${ }^{9}$ Consists of partnership and estate or trust net incomes．
${ }^{10}$ Not computed．

$$
\begin{aligned}
& \text { • . } \because \% \\
& \text { - mot }
\end{aligned}
$$

$\qquad$

# Foreign Recipients of U.S. Income, and Tax Withheld, 1986 

By Margaret P. Lewis*

Total U.S. source income paid to foreign persons (including individuals, corporations and other organizations) approached $\$ 22$ billion in 1986, a 25 percent increase over the amount for 1985 [1]. Tax withheld on this income rose by almost 23 percent, to more than $\$ 1$ billion.

The United Kingdom regained its position as recipient of the most U.S. source income, receiving $\$ 3.7$ billion in 1986, a 31 -percent increase over the previous year Japan showed the greatest increase, 56 percent, for a total of $\$ 2.9$ billion in U.S. source income in 1986. Income paid to the former leader, the Netherlands Antilles, dropped slightly to about $\$ 2.9$ billion, probably as a result of the Deficit Reduction Act of 1984.

## BACKGROUND

A U.S. individual or organization paying income to a foreign individual (who, for tax purposes, was not a resident or citizen of the United States) or to a corporation or other organization that was not incorporated or organized in the United States reported this income and the U.S. tax withheld on Form 1042S, Foreign Persons' U.S. Source Income Subject to Withholding. Although the basic tax rate was 30 percent, certain types of income were taxed under the statute at lower rates [2]. Income paid to residents of countries that entered into tax-treaty agreements with the United States also was usually taxed at lower rates.

In most instances the tax withheld represented the total payment of the actual tax liability; the foreign recipients thus did not have to file a U.S. income tax return, because their tax liability had been satisfied at its source. The responsibility for withholding this tax belonged to the payer or a representative of the payer (usually a financial institution).

Income "effectively connected" with a foreign recipient's U.S. trade or business was exempt from withholding tax. The United States taxed the recipient on this income separately, as though it were received by a U.S. citizen or corporation. In this case, the foreign recipient was required to file an income tax return. Such income is generally not included in the statistics for U.S. source income presented here. See the "Explanation of Selected Terms" section of this article.

[^19]U.S. source income was taxed at a flat rate (generally 30 percent) rather than being subject to graduated tax rates as was the income of U.S. individuals and organizations (and "effectively connected" income of foreign persons). Most foreign persons receiving income from U.S. sources were not required to file U.S. income tax returns (which would require that they consolidate all of their U.S. income), because it is difficult for the United States to tax a foreign person on a net basis on income that is not effectively connected to a U.S. trade or business. Since it is difficult, if not impossible, for the Internal Revenue Service to verify expenses of a foreign person, the Internal Revenue Service taxes the foreign person's gross income. Also, the tax is not based on the foreign person's worldwide income so graduated rates may not be appropriate. Therefore, the flat rate provided for equitable taxation in situations involving foreign individuals or organizations who received income from more than one U.S. source.

## RECENT LEGISLATION AND ITS IMPACT

The Deficit Reduction Act of 1984 removed the withholding tax on most interest payments made to foreigners. This exemption was effective for all qualified debt issues made after July 18, 1984. The Act was intended to reduce U.S. borrowing through tax-haven countries (discussed later in this article) and to encourage U.S. corporations to borrow foreign funds through direct Eurobond placements [3]. The interest paid on these new issues was exempted from withholding tax regardless of the recipient's country. The amounts, however, are still reported on Form 1042S and are included in these statistics.

The Social Security Amendments of 1983 required U.S. tax withholding on certain benefits paid to foreign persons beginning in 1984. At the same time, the Railroad Retirement Act of 1937 was also revised to require withholding on certain payments to foreigners. As a result, almost $\$ 71$ million in additional taxes was withheld in 1986 on $\$ 769$ million of social security and railroad retirement benefit payments.

## DATA HIGHLIGHTS AND TRENDS

The $\$ 4.3$ billion, or 25 percent, increase in U.S. source income paid to foreign persons in 1986 over the amount paid in 1985 was primarily a result of increases in interest and dividend payments. The amount of interest paid to foreign persons increased almost $\$ 2$ billion, and dividend payments rose $\$ 1.5$ billion.

The average payment rose slightly from 1985 levels, to just over \$20,000, but the average tax withheld remained virtually unchanged at $\$ 1,000$. These small changes are accounted for by steady increases in the number of forms filed, along with increases in the amount of income paid and tax withheld. The average effective tax rate (tax withheld as a percentage of total income) for all countries fell almost imperceptibly for 1986 to 5.3 percent, a decrease of only 0.1 percent. This low average effective tax rate on income paid to foreign persons shows the continued dominance of income exempt from withholding or subject to reduced withholding rates.

## TYPES OF INCOME

As Figure $A$ shows, interest remiained the dominant form
of income paid in 1986, accounting for 54 percent of all income paid, a decrease of two percentage points from 1985. This decrease was partially caused by a rise in dividend payments and a rise in such other types of income payments as compensation for personal services. Dividends paid, as a percentage of all income paid in 1986, rose by one percentage point to 30 percent. In contrast, tax withheld on dividends accounted for 62 percent of the total tax withheld. This discrepancy stems from the fact that dividends are rarely exempt from withholding. Although interest made up more than half of all income paid, tax withheld on interest accounted for only 20 percent of all tax withheld, because most types of interest were exempt from withholding tax due to the 1984 Act and to treaty exemptions or reductions for other than portfolio interest.

Figure A
Percentage of Total Income Paid and Total Tax Withheld, by Income Type, 1985 and 1986


Statistics on social security and railroad retirement benefit payments are available for only the second year in 1986. While these payments accounted for only 4 percent of total income paid in 1986, they made up over one-quarter of the total number of payments made. In 1986, social security and railroad retirement benefit payments accounted for $\$ 769$ million of U.S. source income. (See Figure B.) Tax withheld on these payments totaled $\$ 71$ million. As in 1985, the most likely recipients of this income were individuals in Canada and Mexico who together received more than 40 percent of all social security and railroad retirement benefit payments in 1986. Because these countries border the United States many of their residents are likely to have worked in the United States at one time or another.

## Figure B

Percentage and Amount of Social Security and Railroad Retirement Payments to Recipients in Selected Countries, 1986


Figure C shows the percentage of interest, dividends, and rents and royalties received by individuals, corporations, and all recipients in the nine countries that received the largest amounts of income in 1986. Although interest made up more than half of all income received, only six of these nine countries received more interest than other types of income. The United Kingdom, Switzerland, and France received more dividends than interest.

Whereas corporations received mostly interest, individuals were more likely to receive dividends than other types of income. Only in the Netherlands Antilles and West Germany did individuals receive more interest than dividends. Rents and royalties continued to make up a small portion of income paid to most countries. Only France and Japan received as much as 10 percent of their income in the form of rents and royalties. As in the past, France collected three times the average percentage in rents and royalties. Industrial royalties made up 86 percent of all royalties paid to France. These include royalties for the use of, or the privilege of using, trademarks, patents, secret processes and formulas, goodwill, franchises, and similar rights.

The data on Belgium may be somewhat misleading since Belgian nominees once again received large interest payments (over \$1 billion). Therefore, the final recipients of these payments may not have been Belgian residents.

## COUNTRY OF RECIPIENT

Payments to residents of the United Kingdom accounted for 17 percent of all U.S. source income paid in 1986, as Figure D shows. Although the nine countries shown in this figure accounted for more than 80 percent of all U.S. source income paid in 1986, their share of the total has fallen over the years, which is indicative of the growing dispersion of U.S. payments.

Figure E shows the amounts of income paid in 1986 and the percentage change from 1985 to 1986 for the nine largest recipients of U.S. source income. Income paid to residents of Japan rose from $\$ 1.8$ billion in 1985 to almost $\$ 2.9$ billion in 1986, an increase of 56 percent. This increase follows a 32 percent increase in income paid to residents of Japan from 1984 to 1985. These changes reflect the continued heavy investment in the United States by Japanese residents.

Of the top nine countries, only the Netherlands Antilles showed a decrease in U.S. source income from 1985 to 1986. This decrease may stem from a number of causes, the most noteworthy being the removal of the withholding tax on most types of interest for issues made after July 1984. As previously mentioned, the intent of this change was partly to decrease interest paid to the Netherlands

## Figure C

Percentage of Income Paid by Selected Income Type, Selected Recipient Type, and Selected Country of Recipient, 1986



United Kingdom



Switzerland




West Germany




Figure D
Percentage of Total Income Paid and Total Tax Withheld, by Country of Recipient, 1985 and 1986


## Figure E.-Total Income Paid in 1986 and Percentage Change in Income Paid to Selected Countries, 1985 to 1986

[Money amounts in thousands of dollars]

| Selected country | Income paid in 1986 | Percentage increase, 1985 to 1986 |
| :---: | :---: | :---: |
| All countries. | \$21,814,442 | 25\% |
| Japan. | 2,868,405 | 56 |
| Belgium............................................ | 1,161,303 | 32 |
| United Kingdom................................. | 3,716,554 | 31 |
| Netherlands ...................................... | 1,476,412 | 27 |
| West Germany | 1,192,063 | 27 |
| Switzerland. | 1,587,487 | 25 |
| Canada ............................................ | 2,436,500 | 20 |
| France. | 810.560 | 15 |
| Netherlands Antilles ............................. | 2,866,169 | -9 |
| Other countries | 3,698,989 | 37 |

Antilies by facilitating borrowing directly from persons in other countries that are not considered tax havens (see the "Tax Haven Countries" section of this article).

Another possible cause of the drop in U.S. source income paid to the Netherlands Antilles is the recent uncertainty of the United States-Netherlands Antilles tax treaty. The treaty had been under negotiation for some time while the United States attempted to introduce rules to prevent the-use-of-the-United States-Netherlands_Antilles treaty by residents of a third country for channelling thirdcountry investment into the United States. In June 1987, the U.S. Treasury Department unconditionally canceled the United States-Netherlands Antilles treaty but later reinstated the exemption from tax of interest paid to Netherlands Antilles residents [4].

## TAX WITHHELD AND EFFECTIVE TAX RATES BY COUNTRY

The overall effective tax rate fell off slightly once again in 1986 to 5.3 percent (from 5.4 percent in 1985). The overall effective tax rate was much lower than the basic U.S. withholding rate of 30 percent for a number of reasons:

- Tax treaties allow for lower tax rates on certain types of payments made to residents of certain countries.
- U.S. income paid to foreign government organizations. is generally not taxed.
- Most U.S. income paid to foreign private foundations is taxed at only a 4 percent rate.
- The statutory rate for social security and railroad retirement benefit payments is 15 percent.
- The Tax Reform Act of 1984 removed the withholding tax on most types of interest.

These factors result in considerable variation among countries (as well as among types of recipients and income
paid) in the effective U.S. withholding-tax rate (tax withheld as a percentage of total income paid).

Figure $F$ ranks the 15 countries with the lowest effective U.S. withholding-tax rates for 1986. Tax withheld by foreign governments and foreign withholding agents is not included in this figure (except for Canada), because such tax cannot be properly attributed to income for a particular year (as is discussed in the "Data Sources and Limitations" section). This tax is, however, shown in Table 1 at the end of this article. Only countries receiving at least 500 payments and $\$ 1$ million or more of. U.S. source income were considered for this ranking.

Figure F.-Ranking of 15 Countries With Lowest Effective U.S. Tax Rates, 1986
[Money amounts in thousands of dollars]

| Country | Total income | Tax withheld | Effective: U.S. tax raté |
| :---: | :---: | :---: | :---: |
|  | (1) | (2) | (3) |
| All countries ${ }^{1}$ | \$21,814,442 | \$1,152,917 | $5.29 \%$ |
| United Arab Emirates................ | 355,653 | 409 | - $0.11^{\circ}$ |
| New Zealand | 173,269 | 482 | 0.28: |
| Netherlands Antilles | 2,866,169 | 20,536 | 0.72 |
| Singapore ..............................: | 137,687 | 1,258 | $\cdots 0.91 .2$ |
| Belgium.................................. | 1,161,303 | 12,012 | 1.03 |
| Saudi Arabia .................... | -184,212 | 2,073 | $\cdots 1.13$ |
| Malta...................................... | 1,552 | 37 | 2.39 |
| Cayman Islands ....................... | 126,513 | 4,183 | 3.31 |
| Netherlands | 1,476,412 | 51,094. | $\therefore \quad 3.46$ |
| Finland. | - 21,831 | - 775 | - 3.55 |
| Puerto Rico. | 13,559 | 560 | -4.13 |
| Canada | 2,436,500 | 107,746 | 4.42 |
| Italy ... | 190,414 | 8,519 | - 4.47 |
| Bahrain ................................... | 19,543 | . 910 . | : 4.65 |
| Taiwan ..................................... | 25,277 | - 1,245 | .4 .93 |
| Other countries ${ }^{1} \ldots . . . . . . . . . . . . . . . . . . . ~$ | 12,624,548 | 941,078 | - "7.45 |

${ }^{1}$ Includes all other countries not listed, regardless of number of payments or amount of income paid.

The countries with the lowest effective tax rates remained almost the same in 1986 as in 1985. As in previous years, the United Arab Emirates had the lowest effective tax rate, 0.11 percent, compared with the average for all countries of 5.29 percent. Although the United Arab Emirates is not a treaty country, most U.S. source income paid to the United Arab Emirates was paid to government organizations, which are generally exempt from withholding tax. Trinidad and Tobago and Egypt are, no longer included because their effective tax rates rose above the average. For 1986, there were 15 countries with effective tax rates lower than 5 percent. The four newcomers to this list were Finland, Italy, Bahrain, and Taiwan. Finland and Italy, like six. of. the other countries on the list, are treaty countries and receive the benefit of reduced withholding-tax rates (see the "Tax-Treaty Countries" section which follows). Bahrain and Gaiwan are not treaty countries, but more than 85 percent of the income paid to recipients in these countries wästin the form of interest, which was generally exempt from withholding tax.

Not included in Figure $F$ are some of the làrgest recipients of U.S. source income, including the United Kingdom
and Japan, which had effective tax rates of 5.4 percent and 7.9 percent, respectively. Residents of these countries, while benefiting from treaties with the United States, nevertheless pay more taxes than residents of the countries listed in Figure $F$, because taxable income accounted for a greater percentage of the income paid to residents of these countries than it did to the residents of the listed countries. For example, the United Kingdom and Japan received large amounts of U.S. dividends, which are rarely exempt from the withholding tax under tax treaties.

## taX-treaty countries

To avoid double taxation of income earned in one country by residents of another, the United States has negotiated tax treaties with many countries that reduce the withholding rates in both countries [5]. Presumably any losses in withholding-tax revenue resulting from tax treaties may be offset at least in part by a reduction in the foreign tax credits against U.S. income tax claimed by U.S. individuals and corporations. In other words, reciprocal tax treaties generally provide for a reduced withholding rate for U.S. recipients of foreign income and for foreign recipients of U.S. income. Because U.S. individuals and corporations consequently may have less foreign tax withheld, their foreign tax credits may be reduced or their U.S. tax liability may be raised.

Figure G compares the effective tax rates on payments to recipients in treaty countries ( 4.9 percent) with those in nontreaty countries ( 8.3 percent). There is little difference between the average effective tax rate for all countries and that for treaty countries, because nearly 90 percent of all U.S. source income was paid to residents of treaty countries such as the United Kingdom, Japan, the Netherlands Antilles, and Canada. Also, the exemption of interest from the withholding tax helped to lower the overall effective tax rate. (For a list of many of the tax-treaty and nontreaty countries and comparative data on income paid and tax withheld, see Table 1.)

Figure G.-Total Income, Tax Withheld and Effective U.S. Tax Rates for Treaty and Nontreaty Countries, 1986 [Money amounts in thousands of dollars]

| Treaty status | Total income | Tax withheld | Effective U.S. tax rate |
| :---: | :---: | :---: | :---: |
|  | (1) | (2) | (3) |
| All countries.. | \$21,814,442 | \$1,152,917 | 5.3\% |
| Treaty countries.. | 19,210,626 | 937,006 | 4.9 |
| Nontreaty countries.................. | 2,603,816 | 215,911 | 8.3 |

Residents in tax-treaty countries typically enjoyed lower U.S. withholding-tax rates than did recipients in other countries. When U.S. source income was paid to a foreign nominee or fiduciary in a treaty country on behalf of a person in a country not entitled to the treaty benefit the full 30 percent U.S. tax should have been imposed. In some
cases U.S. treaty partners collected the additional amounts on behalf of the United States (as shown in Table 1, column 7). These amounts are not included in the tax withheld data cited in Figure G and elsewhere in this article (for reasons explained in the "Data Sources and Limitations" section). In other cases, however, the U.S. treaty partners did not collect the tax.

Although tax treaties between the United States and various foreign countries are intended to benefit only U.S. residents and residents of the treaty country, others could indirectly benefit by investing through a treaty country. Some tax-treaty countries were also considered tax havens because of their favorable tax and secrecy laws (discussed in the section on tax havens below). The most notable of these tax-treaty/tax-haven countries is the Netherlands Antilles, a U.S. treaty partner for the past 30 years.

For a number of years, the Netherlands Antilles has served as the major conduit for placements of Eurobond issues and for other foreign borrowing by U.S. corporations. U.S. companies set up financial affiliates in the Antilles to borrow large amounts of foreign monies which they relend to the U.S. parent or other affiliates. The interest payments from the parent company to the Netherlands Antilles affiliate are exempt from U.S. tax withholding under the remaining portion of the United States-Netherlands Antilles treaty. The financial affiliates receive the interest as income but have little net income for Netherlands Antilles tax purposes because the interest payments to the thirdcountry lenders are deductible for Netherlands Antilles tax purposes. There is no withholding tax imposed by the Government of the Netherlands Antilles on these interest payments.

Although the Deficit Reduction Act of 1984 attempted to reduce such borrowing through tax haven countries by exempting most interest payments from the withholding tax, as of July 1987 there remained more than $\$ 30$ billion worth of outstanding Eurobond issues made through the Netherlands Antilles before July 18, 1984, the effective date of this portion of the Act [6]. The interest paid on this debt is still subject to reporting on Forms 1042S and therefore should be included in these statistics.

## taX HAVEN COUNTRIES

Tax havens are generally considered to be countries having tax and secrecy laws favorable to foreign individuals and organizations. They attempt to attract foreign investors by offering taxation lower than that imposed by the investor's own country or by other foreign countries. The taxhaven country typically benefits by collecting certain fees or by imposing taxes at a low rate. Tax-haven countries tend to have the following characteristics:

- Low or zero withholding tax on most payments from the tax-haven country to foreign individuals and organizations;
- Low or zero effective income tax rates for foreign individuals and organizations operating within the taxhaven country; and
- Secrecy laws to prevent foreign governments from obtaining financial information about their own citizens and organizations.

Low or zero withholding tax rates are designed primarily to attract foreign individuals and corporations to invest through the tax haven, rather than to provide a tax benefit to the residents of the country, although a number of taxhaven countries have low tax rates in an effort to attract capital investment into the country, as well as financial investment.

In addition to tax-haven countries, almost any treaty country can be an attractive conduit for third-country residents to invest in the United States with little or no -withholding_tax..All_treaties may be subject to abuse by these third-country parties, and so new treaties with all countries now generally deny treaty benefits to residents of the treaty partner if those benefits flow through to thirdcountry residents. There is generally an exception to this rule, in different forms, depending on the treaty, if the resident of the treaty partner is engaged in an active business in the treaty country and is not established or maintained merely to take advantage of the treaty. This is to prevent persons not entitled to treaty benefits from funnelling U.S. source income through the treaty countries in order to minimize tax liability.

Almost three-fourths of the $\$ 7.1$ billion of U.S. source income paid to tax-haven countries was paid to corporate recipients [7]. For non-tax-haven countries; corporations received 57 percent of U.S. source income. In addition, tax-haven countries received a disproportionately large amount of interest; two-thirds of the income paid to residents of tax-haven countries was in the form of interest. By comparison, non-tax-haven countries received 48 percent of their total U.S. source income in the form of interest.

## TYPE OF RECIPIENT

Corporations received 63 percent of all U.S. source income paid to foreign persons in 1986, but the percentage of tax withheld on this income was only 55 percent of all tax withheld. One reason for this difference was that direct investment dividends (dividends paid on the investment of a parent company in a subsidiary or other affiliate) were subject to a lower tax rate under some tax treaties than were portfolio dividends.

The next two largest classes of income recipients were individuals and nominees and fiduciaries, accounting for 19 and 13 percent, respectively, of the total tax withheld on U.S. source income paid to foreign persons. This was a disproportionately large part of the total for all recipients relative to the percentage of income individuals and nominees and fiduciaries received (10 percent each). Figure H shows the distribution of income received and tax withheld by various types of income for the various categories of foreign recipients.

The discrepancy in the total percentages of income paid and percentage of tax withheld is reflected in the 4.3 percent effective U.S. withholding-tax rate for corporations, compared with the effective tax rate of 9.7 percent for noncorporate recipients. The effective tax rate for corporations has shown a gradual decline since 1979 (when the rate was 9.2 percent) as a result of a steady increase in interest payments (caused by high U.S. interest rates in the late 1970's and early 1980 's) to foreign corporations, which were generally subject to low or zero withholding-tax rates.

Government, international, and foreign tax-exempt organizations received 1.6 percent of total U.S. source income paid to foreign persons, yet accounted for only 0:3-percent of the total tax withheld in 1986. This was because more than 89 percent of U.S. source income paid to these organizations was exempt from the U.S. withholding tax [8].

Foreign governments received the largest average payment of U.S. source income ( $\$ 391,425$ ), reflecting large interest and dividend payments from their investment in the United States. The average payment to corporations was $\$ 165,380$. Individuals received by far the smallest average payment, $\$ 2,569$.

All recipients except individuals and private foundations received more interest than any other type of income in 1986. Private foundations received more rents and royalties; individuals received primarily "other" types of income, including 100 percent of all social security and railroad retirement benefit income and more than 80 percent of all compensation for personal services [9]. For every type of recipient except individuals and partnerships, tax withheld on dividends far exceeded tax withheld on any other income type.

## SUMMARY

U.S. source income paid to foreign persons rose 25 percent in 1986 to $\$ 21.8$ billion. The largest recipient of this income was the United Kingdom with $\$ 3.7$ billion. However, Japan became the second largest recipient of U.S. source income, up from $\$ 1.8$ billion in 1985. Total U.S. sourće income paid to Japanese recipients rose by 56 percent in 1986, to $\$ 2.9$ billion. The removal of withholding tax on

Figure H
Percentage of Income Paid and Tax Withheld, by Income and Recipient Types, 1986

interest due to the Deficit Reduction Act of 1984 continued to impact on the amount of U.S. source income paid to foreign persons in 1986. Interest remained the most common type of income, accounting for 54 percent of the total paid in 1986.

Corporations, which accounted for 63 percent of the total income paid, remained the largest class of recipients of U.S. source income while foreign governments received the largest average payment (\$391,425).

Tax withheld on income paid to foreign persons rose 23 percent, to exceed $\$ 1$ billion for the first time. Tax withheld on dividends made up the major portion of all tax withheld ( 62 percent).

## DATA SOURCES AND LIMITATIONS

Payers of most U.S. source income to foreign persons must withhold tax in accordance with the Internal Revenue Code. Form 1042S, Foreign Persons' U.S. Source Income Subject to Withholding, is filed by the payer to report this income and the U.S. tax withheld. Often a financial institution acts as the payer's withholding agent.

The statistics in this article were tabulated by calendar year, based on all Forms 1042S filed with the IRS in 1986. The amounts shown represent the income that was paid and the U.S. tax that was withheld in 1986, except for U.S. tax withheld by foreign governments and withholding agents (which reflects the amount of tax remitted to the United States under treaty agreements during 1986). This additional tax, therefore, cannot be properly attributed to specific income types and years. For this reason, tax withheld amounts and percentages shown in Table 2 and Figures A, D, and F through $H$ do not include tax withheld by foreign governments and foreign withholding agents (except for Canada, which remits its tax payments during the same calendar year in which the U.S. income is paid).

Income that is "effectively connected" with a foreign person's U.S. trade or business is not subject to withholding tax, and is therefore generally not included in these statistics [10]. This category of income was subject to the same graduated tax rates and methods of payment as the income of U.S. individuals and corporations.

Because all Forms 1042S are included in the statistics, the data are not subject to sampling error. However, the data are subject to nonsampling error, such as computer data entry errors and minor taxpayer reporting errors. A limited computerized program was used to test the data for certain basic numerical relationships, including the calculation of the correct tax withheld. In addition, Forms 1042 S with income greater than $\$ 1$ million were manually verified.

## EXPLANATION OF SELECTED TERMS

Foreign Person.-For purposes of this article, foreign persons include (a) individuals whose residence (for tax purposes) is not within the United States and who are not U.S. citizens; and (b) corporations and other organizations, including partnerships, private foundations, estates, trusts, and charitable organizations, created or organized outside the United States. Persons residing in Puerto Rico and other U.S. possessions also are considered foreign persons for purposes of the income and withholding tax discussed in this article.

Income Effectively Connected With a U.S. Trade or Business.-Income that is "effectively connected" with the conduct of a trade or business in the United States is exempt from withholding tax. This income is subject to substantially the same tax rates that apply to U.S. citizens, residents, and corporations. When a foreign corporation, for instance, has a business operation in the United States, it has to file a U.S. income tax return on Form 1120F and pay appropriate taxes on the income of this operation. When this income is then remitted by this U.S. branch of a foreign corporation to the foreign parent corporation; it. is generally-not subject to further $U . S$. taxation [1-1-1]:-In-all-but rare (and indeterminable) circumstances, these amounts are not included in these statistics.

Nominee and Fiduciary.-An entity chosen or appointed to accept income for, or act on behalf of, the eventual recipient of the income. Typically, a financial institution acts as a nominee or fiduciary.

Resident (of a jurisdiction other than the United States). A resident is a foreign "person" as described above.

Withholding Agent.-Any person (individual, corporation, partnership, estate, or trust) required to withhold tax. Usually the withholding agent is the payer of the income or a "person" (usually a financial institution) acting on behalf of the payer. A foreign nominee or fiduciary required to withhold additional tax under a tax treaty is also a withholding agent. Foreign governments may also act as withholding agents by withholding additional taxes on persons who are not entitled to the treaty rates.

## NOTES AND REFERENCES

[1] U.S. source income includes, but is not limited to, interest, dividends, rents, royalties, capital gains, and compensation for personal services paid to foreign persons from sources within the United States. These types of income are subject to a withholding tax at the source. The U.S. source income discussed in this article excludes bank deposit interest and income "effectively connected" with a U.S. trade or business.
(See the "Explanation of Selected Terms" section of this article.) For a further discussion of U.S. source income, see U.S. Department of the Treasury, Internal Revenue Service, Withholding of Tax on Nonresident Aliens and Foreign Corporations, Publication 515, November 1986.
[2] For an explanation of the varying withholding rates, see IRS Publication 515.
[3] Eurobond placements are U.S. corporate bonds placed in foreign markets that are denominated and sold in dollars and that also yield dollar interest.
[4] For a further discussion of the repeal and reinstatement of the United States-Netherlands Antilles treaty, see Margaret P. Lewis, "Foreign Recipients of U.S. Income, and Tax Withheld, 1985," Statistics of Income Bulletin, Fall 1986, Volume 7, Number 2.
[5] For a list of specific tax treaty countries and their appropriate withholding rates, see IRS Publication 515.
[6] Figures compiled by Salomon Brothers, Inc., and reported in the Wall Street Journal, June 30, 1987.
[7] For a complete list of tax-haven countries used in this figure, see Senate Report 99-130, Crime and Secrecy: The Use of Offshore Banks and Companies, Report by the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, U.S. Senate, August 28, 1985.
[8] Foreign tax-exempt organizations are those corporations that would be tax-exempt under U.S. law despite the fact that they are incorporated in a foreign country. The tax exemption applies only to income "effectively connected" to the organization's tax-exempt purpose or function, however, tax-exempt organizations may be taxed on "unrelated business income." See IRS Publication 515.
[9] Compensation for business services are generally not included in these data because such compensation is assumed to be "effectively connected" with a U.S. trade or business and therefore not subject to the withholding tax. See also "Data Sources and Limitations" and "Explanation of Selected Terms" for additional information.
[10] Statistics on foreign corporations with "effectively connected" income derived from U.S. sources are presented, for 1983, in the Statistics of Income Bulletin, Summer 1987, Volume 7, Number 1, and for 19791982 in Statistics of Income-1979-1983, Compendium of Studies of International Income and Taxes.
[11] For further information on foreign corporations with effectively connected income, see James R. Hobbs, "Foreign Investment and Activity in the United States by Corporations, 1983," Statistics of Income Bulletin, Summer 1987, Volume 7, Number 1.

Table 1.-Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries


Table 2.-Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient
[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042 S | Tax withheld | Income paid |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal service |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| All countries, total $\qquad$ Individuals $\qquad$ Corporations. $\qquad$ | $\begin{array}{r} 1,076,088 \\ 814,418 \\ 82,982 \end{array}$ | $\begin{array}{r} 1,152,917 \\ 202,493 \\ 586,958 \end{array}$ | $21,814,442$ $2,092,217$ $13.723,544$ | $\begin{array}{r} 11,780,561 \\ 326,884 \\ 8,769,519 \end{array}$ | $\begin{array}{r} 6,506,986 \\ 553,345 \\ 3,180,687 \end{array}$ | $\begin{array}{r} 1,191,662 \\ 89,906 \\ 1,012,784 \end{array}$ | 768,668 768,668 | $\begin{array}{r} 513,452 \\ 163,594 \\ 285,257 \end{array}$ |
| Argentina ......................................... | 8,228 | 2.876 | 19,882 | 7.801 | 4,517 | 220 | 3,200 | 2,673 |
| Individuals ..................................... | 6.788 | 2,278 | 14,506 | 4.130 | 3,345 | 55 | 3,200 | 2,609 |
| Corporations.................................. | 355 | 336 | 1,935 | 1,307 | 346 | 70 | - | (1) |
| Australia .......................................... | 17,130 | 11.652 | 167.901 | 70,308 | 46,461 | 13,403 | 3,566 | 27,310 |
| Individuals .................................... | 13,595 | 2,982 | 18,143 | 1,187 | 4,622 | 1,071 | 3,566 | 4,577 |
| Corporations ................................... | 1,156 | 3.598 | 98,972 | 63,850 | 11,842 | 7,713 | - | 12,261 |
| Austria ............................................ | 4,570 | 2,681 | 37.773 | 17,702 | 11,311 | 529 | 3,004 | 1,256 |
| Individuals ...................................... | 3,072 | 1,212 | 9,543 | 615 | 2,456 | 102 | 3,004 | 1,198 |
| Corporations .................................. | 355 3 | 1,067 | 22,438 | 14,635 | 6,396 | 307 | - | 25 |
| Bahamas.......................................... | 3,297 | 12,625 | 95,593 | 48,530 | 39,742 | 3.088 | 676 | 245 |
| Individuals .................................... | 1,270 | 861 | 6,496 | 1,395 | 2,928 | 963 | 676 | 183 |
| Corporations.................................. | 1,085 | 5,133 | 32,797 | 16,426 | 14,081 | 2,114 | - | 48 |
| Bahrain ........................................... | 583 | 910 | 19,543 | 16,944 | 2,378 | 175 | - | 15 |
| Individuals .................................... | 492 | 211 | 8,085 | 7,386 | 542 | 143 | - | 12 |
| Corporations .................................. | 48 | 381 | 5,424 | 4,153 | 1,211 | 32 | - | (1) |
| Barbados ....................................... | 686 | 651 | 6,696 | 3,178 | 2,401 | 4 | 1,008 | 4 |
| Individuals ................................... | 537 | 246 | 2,231 | 629 | 484 | 4 | 1,008 | 4 |
| Corporations.................................. | 55 | 238 | 1,852 | 492 | 1,360 | - | - | (1) |
| Belgium........................................... | 12,227 | 12,012 | 1,161,303 | 1,097,235 | 40,359 | 12,823 | 1,764 | 2.936 |
| Individuals | 8,397 | 2,440 | 20,319 | 2,567 | 9,750 | 412 | 1.764 | 2.734 |
| Corporations. | 1,190 | 5.718 | 59,722 | 35,647 | 11,415 | 12,344 | - | 126 |
| Bermuda .................................. | 2,058 | 20.542 | 177,685 | 77,333 | 47,457 | 21,810 | 477 | 5,998 |
| Individuals .................................... | 1.021 | 2.188 | 10,221 | 1,298 | 7,256 | 2 | 477 | 893 |
| Corporations......................... | 439 | 12,121 | 114.746 | 43,459 | 25,953 | 17,703 | - | 5,105 |
| Bolivia ............................................ | 647 | 181 | 2,103 | 1,384 | 534 | 17 | 149 | 3 |
| Individuals ........................................ | 454 | 145 | 939 | 335 | 445 | (1) | 149 | 2 |
| Corporations................................. | 21 | 9 | 665 | 628 | 12 | 16 | - | - |
| Brazil.............................................. | 4.918 | 2,233 | 15,185 | 5,968 | 3,245 | 583 | 2,820 | 1,683 |
| Individuals .................................... | 3,897 | 1,640 | 11,262 | 3,529 | 2,207 | 403 | 2,820 | 1,472 |
| Corporations.................................. | 229 | 335 | 1,909 | 1,389 | 396 | 107 | - | 1 |
| British Virgin Islands | 781 | 4.531 | 31,012 | 15.583 | 4.779 | 10,605 | 21 | 2 |
| Individuals | 292 | 114 | 979 | 662 | 266 | 29 | 21 | - |
| Corporations.................................. | 258 | 4,045 | 27,031 | 13,318 | 3.134 | 10,575 | - | 2 |
| Canada.......................................... | 349,378 | 107.746 | 2,436,500 | 1,074,545 | 863,670 | 115,076 | 171,351 | 50,680 |
| Individuals ..... | 280.599 | 25,531 | 370,313 | 23,718 | 66,837 | 15,931 | 171,351 | 25,437 |
| Corporations.................................. | 20,986 | 59,354 | 1,643,796 | 929,542 | 546,871 | 70.599 | - | 11,857 |
| Cayman Istands ................................. | 1,637 | 4.183 | 126,513 | 103,442 | 11,239 | 314 | 409 | 10.989 |
| Individuals .... | 413 | 1,200 | 8,635 | 6,365 | 1,793 | 54 | 409 | 10.98 |
| Corporations................................... | $\begin{array}{r}865 \\ \hline 679\end{array}$ | 1,985 | 55,655 | 38,203 | 6.148 | 260 | - | 10,976 |
| Chile................................................ | 2.679 | 1,028 | 7,154 | 3,119 | 1,908 | 191 | 1,064 | 338 |
| Individuals .................................... | 2,114 | 809 | 4.551 | 1,236 | 1,362 | 126 | 1,064 | 308 |
| Corporations................................... | 121 | 106 | 839 | 504 | 199 | 64 |  | (1) |
| China ............................................... | 1.573 | 942 | 5,659 | 980 | 1.776 | 107 | 52 | 836 |
| Individuals ................................... | 1,200 | 407 | 3,355 | 195 | 423 | 4 | 52 | 821 |
| Corporations.................................. | 41 | 53 | 399 | 277 | 8 | 103 | - | 3 |
| Colombia ........................................ | 5,903 | 1,442 | 13,297 | 7,063 | 3,036 | 254 | 2,445 | 87 |
| Individuals .................................... | 4.542 | 1.049 | 8,558 | 3,712 | 1,870 | 107 | 2,445 | 71 |
| Corporations.................................. | 265 | 173 | 1.875 | 1,300 | 479 | 79 | - | 10 |
| Costa Rica ...................................... | 2,152 | 854 | 6.796 | 2,291 | 1.539 | 65 | 2,533 | 191 |
| Individuals ............................ | 1,805 | 753 | 4,766 | 770 | 1,056 | 59 | 2,533 | 180 |
| Corporations .................................. | 91 | 32 | 318 | 218 | 80 | 6 | , | 11 |
| Czechoslovakia ................................. | 1,163 | 962 | 5,361 | 330 | 57 | 276 | 3,701 | 982 |
| Individuals .................................... | 1.121 | 866 | 4,966 | 301 | 52 | 11 | 3,701 | 883 |
| Corporations.................................. | 14 | 16 | 57 | 29 | 3 | 25 | - | 883 |
| Denmark ......................................... | 3,298 | 2.861 | 53,499 | 17,059 | 26.579 | 4.472 | 3,426 | 1,092 |
| Individuals. | 2,836 | 879 | 6,649 | 450 | 806 | 349 | 3,426 | 789 |
| Corporations................................. | 155 | 1,213 | 30,374 | 5,636 | 20,500 | 4,026 | - | 183 |
| Dominican Republic........................... | 3,070 | 1,135 | 9,154 | 1,624 | 642 | 47 | 6,506 | 205 |
| Individuals ..................................... | 2.884 | 1,093 | 8,927 | 1,540 | 566 | 38 | 6,506 | 149 |
| Corporations ................................. | 20 | 5 | 53 | 38 | 15 | - | -- | $\square$ |
| Ecuador ........................................ | 2,134 | 735 | 6.465 | 1,811 | 769 | 672 | 2,916 | 147 |
| Individuals ................................... | 1,808 | 644 | 4.835 | 1.020 | 521 | 117 | 2,916 | 139 |
| Corporations ................................. | 30 | 22 | 449 | 31 | 44 | 374 | - | - |
| Egypt............................................. | 712 | 173 | 1,932 | 684 | 514 | 15 | 26 | 454 |
| Individuals .................................... | 546 | 155 | 1,776 | 643 | 433 | 15 | 26 | 423 |
| Corporations................................. | 53 | 7 | 72 | 18 | 29 | - | - | 24 |
| El Salvador....................................... | 867 | 575 | 3,088 | 1,581 | 461 | 50 | 892 | 14 |
| Individuals .................................... | 766 | 248 | 1.923 | 522 | 376 | 48 | 892 | 6 |
| Corporations.................................. | 13 | 310 | 1,034 | 1,000 | 34 | $\square$ | - | - |
| Finland........................................... | 1,199 | 775 | 21,830 | 10,641 | 5,224 | 121 | 2,018 | 1,699 |
| Individuals .................................... Corporation | 1,039 | 408 | 3,660 | 222 | 150 | 21 | 2,018 | 703 |
| Corporations.................................. | 45 | 251 | 6,337 | 972 | 4,611 | 71 | - | 648 |
| France............................................ | 22,222 | 48,006 | 810,560 | 262,999 | 308,038 | 111,334 | 9,430 | 62,279 |
| Individuals ..................................... | 14.891 | 6,497 | 63.259 | 6,401 | 15,707 | 4,826 | 9,430 | 18,104 |
| Corporations ................................... | 2.195 15 | 22,232 | 576,675 | 233,003 | 159,312 | 101.415 | - | 43,498 |
| Greece ............................................. | 15,645 | 5.766 | 41,483 | 3,227 | 4,310 | 138 | 29.403 | 964 |
| Individuals .................................... | 14,776 | 5,214 | 37,736 | 1,454 | 2.510 | 125 | 29,403 | 953 |
| Corporations .................................. | 196 | 220 | 2,417 | 1,608 | 673 | 10 | - | (1) |

Footnote at end of table.

Table 2.-Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient-Continued
[Money amounts are in thousands of dollars]


[^20]Table 2.-Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient-Continued
[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal service |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Philippines | 29,981 | 11,393 | 79,435 | 2,013 | 2,221 | 58 | 68,423 | 1.941 |
| Individuals | 28,803 | 11,223 | 76,348 | 1,166 | 1,694 | 51 | 68,423 | 311 |
| Corporations ........................ | 264 | 78 | 380 | 167 | 161 | 7 | - | 9 |
| Portugal .......................................... | 7,007 | 3,000 | 21,087 | 1,499 | 823 | 95 | 17,900 | 241 |
| Individuals ...................................... | 6,750 | 2,904 | 19,269 | 78 | 617 | 67 | 17,900 | 95 |
| Corporations.................................. | 83 | 16 | 1,350 | 1,320 | 27 | 3 | - | - |
| Puerto Rico ....................................... | 5,461 | 560 | 13,559 | 5,289 | 990 | 146 | 785 | 6.192 |
| Individuals .................................... | 4.815 | 397 | 2,126 | 340 | 808 | 15 | 785 | 99 |
| Corporations ................................ | 265 | 120 | 9,869 | 3,764 | 96 | 124 | - | 5,884 |
| Saudi Arabia ..................................... | 4,363 | 2,073 | 184,212 | 153,227 | 25,515 | 100 | 18 | 3,549 |
| Individuals .................................... | 3,395 | 1,327 | 7.906 | 2,398 | 2,976 | 80 | 18 | 819 |
| Corporations.................................. | 106 | 289 | 56,803 | 36,873 | 19,886 | 17 | - | 26 |
| Singapore ....................................... | 5,437 | 1,258 | 137,687 | 77,398 | 54,838 | 101 | 145 | 282 |
| Individuals | 4,698 | 625 | 3,067 | 701 | 1,801 | 86 | 145 | 144 |
| Corporations. | 211 | 408 | 10,533 | 4,621 | 1,179 | 15 | - | 1 |
| South Africa ...................................... | 2.564 | 1,167 | 5,215 | 1,047 | 1,531 | 376 | 488 | 1.288 |
| Individuals | 2,189 | 739 | 3,601 | 317 | 1,061 | 95 | 488 | 1,233 |
| Corporations.................................. | 69 | 139 | 524 | 288 | 114 | 119 | - | - |
| South Korea | 856 | 543 | 7,333 | 2,266 | 2,241 | 5 | 80 | 2.076 |
| Individuals | 701 | 238 | 3,438 | 143 | 733 | 5 | 80 | 1.908 |
| Corporations.................................. | 58 | 228 | 2,543 | 1,170 | 1,320 | (1) | - | 33 |
| Spain.............................................. | 9.593 | 5,976 | 40,251 | 13,882 | 9,259 | 1,924 | 11,612 | 1,827 |
| Individuals ..................................... | 8,354 | 3,985 | 22,674 | 2.520 | 4.893 | 652 | 11,612 | 1,462 |
| Corporations.................................. | 266 | 1,485 | 10.101 | 6,007 | 3.123 | 855 |  | 112 |
| Sweden | 8,244 | 8,693 | 87,385 | 20,835 | 40,824 | 4,445 | 11,144 | 9.511 |
| Individuals | 7,529 | 4,198 | 25,456 | 869 | 1,540 | 895 | 11,144 | 9,320 |
| Corporations................................. | 220 | 3,967 | 46,823 | 8,796 | 35,858 | 2,135 | , | 30 |
| Switzerland....................................... | 37,292 | 131,519 | 1,587,487 | 622,738 | 749,460 | 134,358 | 3,785 | 19,445 |
| Individuals | 11,692 | 8,341 | 96,123 | 36,184 | 41,444 | 6,767 | 3,785 | 2,694 |
| Corporations ................................. | 15,527 | 63,956 | 975,261 | 480,908 | 349,661 | 124,684 | - | 16,013 |
| Taiwan ............................................ | 2,252 | 1,245 | 25,277 | 21,391 | 2,743 | 12 | 152 | 415 |
| Individuals .................................... | 1,722 | 736 | 4,001 | 1,140 | 1,855 | 12 | 152 | 286 |
| Corporations.................................. | 54 | 365 | 6,902 | 6,244 | 580 | - | $\square$ | 77 |
| Thaitand .......................................... | 849 | 273 | 2,295 | 935 | 423 | 70 | 620 | 65 |
| Individuals. | 742 | 223 | 1,277 | 60 | 332 | 68 | 620 | 14 |
| Corporations.................................. | 17 | 26 | 185 | 172 | 11 | 2 | - | 1 |
| Trinidad and Tobago .......................... | 1,023 | 361 | 5,025 | 2,622 | 249 | 179 | 1.760 | 106 |
| Individuals ..................................... | 908 | 339 | 2,493 | 173 | 169 | 179 | 1,760 | 106 |
| Corporations .................................. | 24 | 9 | 151 | 116 | 34 | - | - | (1) |
| United Arab Emirates......................... | 876 | 409 | 355,653 | 208,520 | 147,093 | 20 | 5 | (1) |
| Individuals | 755 | 322 | 1,293 | 582 | 670 | 20 | 5 | - |
| Corporations. | 22 | 53 | 752 | 690 | 62 | - | - | (1) |
| United Kingdom................................ | 131,838 | 199.493 | 3,716,554 | 1,426,364 | 1,891,077 | 221.692 | 33,367 | 67,204 |
| Individuals .................................... | 85,195 | 13,848 | 177,357 | 39.032 | 46.111 | 13.124 | 33,367 | 30,136 |
| Corporations ................................. | 11,885 | 69,783 | 2,252,754 | 1,242,615 | 755,351 | 193,895 |  | 32.558 |
| Uruguay.......................................... | 1.518 | 876 | 7.022 | 3,716 | 2,813 | 208 | 78 | 20 |
| Individuals ................................... | 895 | 321 | 1,861 | 584 | 903 | 191 | 78 | 17 |
| Corporations.................................. | 158 | 212 | 3,070 | 2,306 | 722 | 16 | - | - |
| Venezuela........................................ | 7.796 | 2,973 | 25,232 | 10,331 | 8,424 | 3,222 | 918 | 543 |
| Individuals .................................... | 5.772 | 1.738 | 12,286 | 4,453 | 4,882 | 328 | 918 | 497 |
| Corporations................................. | 399 | 465 | 6,300 | 2,398 | 1,006 | 2,855 | - | - |
| West Germany .................................. | 67,018 | 61,074 | 1,192,063 | 542,232 | 450,554 | 97,713 | 30,866 | 36,397 |
| Individuals ................................... | 45,470 | 13,466 | 141,385 | 39,363 | 33,436 | 10,952 | 30,866 | 14,717 |
| Corporations................................. | 2,219 | 20,447 | 774,352 | 433,925 | 235,235 | 75,484 | 11,7- | 15,824 |
| Yugoslavia | 3,877 | 2,048 | 13,110 | 295 | 339 | 51 | 11,797 | 146 |
| Individuals $\qquad$ Corporations | 3.734 33 | 1.980 | 12,800 37 | 208 | 167 35 | 41 2 | 11,797 | 108 |
| Corporations................................... | 33 61,360 | 11 43,639 | 37 468,545 | $(1)$ 183,826 | $\begin{array}{r} 35 \\ 195,693 \end{array}$ | 2 5,363 | 41,271 | $26.5 \overline{2}$ |
| Other Coundividuals ............................................................. | 61,360 42,588 | 4,639 10,965 | 468,545 116,618 | 183,826 40,521 | 195,693 16,843 | 5,363 1,946 | 41,271 41,271 | 26,526 7,697 |
| Corporations................................. | 3,759 | 19,989 | 228,887 | 82,028 | 113,965 | 2,094 | , | 11,974 |

# Projections of Returns to be Filed in Fiscal Years 1989-1996 

By Marion W. Mak*

Fiscal year projections of the major types of returns are prepared to provide a foundation for Internal Revenue Service (IRS) workload estimates, resource requirements, and budget submissions for the Treasury, Office of Management and Budget, and Congress. The most recent IRS projections indicate that a total of 202.3 million returns will be filed in Fiscal Year (FY) 1989, an increase of 2.3 percent over the number of returns filed in FY 1988 [1]. Although projected year-to-year increases through FY 1996 will range between 4 and 6 million, the yearly rates of growth in total filings are expected to decline from 2.6 percent in 1988 to 2.3 percent in 1996. Much of the year-to-year growth in total returns reflects the growth in individual income tax returns, which make up more than half of the total returns.

Projections of returns are developed by: (1) using econometric models that relate the number of returns filed to selected independent economic and demographic variables and (2) extrapolating observed time trends into the projection period. The forecasting models are initially formulated on a calendar year basis. Fiscal year projections are derived from calendar year statistics by various methods including seasonal adjustment [2].

These fiscal year projections, shown in detail in Table 1, include the effects of the Tax Reform Act of 1986. The major effects of the 1986 Act are summarized by tax year in Table 2 [3]. The projections also take into account the effects of other recent legislative as well as regulatory and administrative changes on the filings of the various tax returns. They generally do not anticipate legislative or administrative changes which are under consideration.

## TOTAL PROJECTED RETURNS AND DOCUMENTS

The total number of projected returns in Table 1 is comprised of primary returns and supplemental returns. With few exceptions, items in both of these categories are a part of the IRS Master File system. Primary returns are those that account for the majority of total filings and historically have generated the majority of the IRS document processing workload. These returns are expected to continue to account for the bulk of total filings throughout the forecast period.

Of the 192.8 million tax forms filed in 1987, 182.6 million were designated as primary returns. Major returns in the primary returns category include: U.S. Individual Income

[^21]Tax Return; Individual Declaration of Estimated Tax; U.S. Corporation Income Tax Return; and, Employer's Quarterly Federal Tax Return.

So-called information returns processed by the Service, such as interest and dividend statements and Forms W-2, Wage and Tax Statement, are not included in the returns counted or projected in this article because they are mostly filed on magnetic tape [4]. These returns are large in number so that, if included, they would increase the total number of returns substantially. In 1987, about 872.9 million information returns were processed by the Service, and 905.3 million are expected in 1988.

Figure A presents the average annual percentage changes for the major return types during the 1989-1996 projection period. Total returns increased by an average of 2.4 percent per year during this time frame. Projections for 1989 and the associated rates of change from 1988 to 1989 are presented in Figure B.

## Individual Income Tax Returns

The large increase (3.7 percent) in individual income tax returns between 1987 and 1988 reflects two major occurrences. First, provisions in the Tax Reform Act of 1986 repealed the personal exemption for taxpayers who are dependents, while also increasing the standard deduction and personal exemption amounts. The repeal of the personal exemption for dependents significantly increased the number of dependents required to file for the first time. Conversely, the increase in the standard deduction and personal exemption amounts will ultimately remove a large number of lower income taxpayers from the filing rolls. The net effect will be an increase in the number of individual returns filed. Secondly, the illegal alien amnesty program is also expected to slightly increase the number of persons filing for the first time.

The Tax Reform Act will also enable a significant number of taxpayers to switch to simpler forms because of the restrictions placed on itemized deductions (e.g., taxpayers who previously had to itemize their deductions and therefore filed a Form 1040 can now file a Form 1040A or a Form 1040EZ). This shift is reflected in the projected 1989 filings of these two forms. Forms 1040A and 1040EZ are estimated to increase by 4.9 and 6.1 percent, respectively, in 1989, while Form 1040 is estimated to increase by only 0.4 percent.

Figure A
Projected Average Annual Percentage Change
in the Number of Returns Processed
Fiscal Years 1989-1996


Withholding tax return for U.S. source income of foreign "persons."
See Table 1, footnote 11.

Growth in individual returns is dependent, in large part, on the growth of total employment. Current forecasts show the rate of employment growth will decline throughout the 1988 to 1995 forecast period [5]. Total employment is projected to reach 117.1 million in 1988, a 2.2 percent increase over actual employment of 114.6 million in 1987. The rate of growth will gradually taper down to 1.1 percent by the year 1995 . This slowdown in the rate of employment growth is expected to be mirrored in individual income tax return filings, so that a decline in the rate of growth of these filings is anticipated.

Figure C compares the number of Forms 1040, 1040A,

1040EZ, and the total number of individual returns expected to be filed in 1989 and 1996, respectively.

## Individual Declarations of Estimated Tax

Projections of Individual Declarations of Estimated Tax (Form 1040ES "vouchers"-up to four per year can be filed) are developed from a regression of vouchers on the number of their taxpayer counterparts. Progressively higher taxpayer projections and the same "voucher-to-taxpayer" ratio forecasts result in increasingly higher estimates of the number of Forms 1040ES. Current forecasts are calling for increases in growth ranging from 3.0 percent in 1989 to 4.3 percent in 1996.

Figure B.-Projections for Fiscal Year 1989

| Type of return | 1989 Projection (thousands) | Percentage increase from 1988 |
| :---: | :---: | :---: |
| Total returns.......... | 202,257 | 2.3\% |
| Primary returns, total .................... | 190,367 | 2.0 |
| Individual income tax. | 109.566 | 2.1 |
| Individual declaration of estimated tax | 38,399 | 3.0 |
| Fiduciary income tax..................... | 2.478 | -1.8 |
| Fiduciary estimated tax .................. | 1.317 | -9.2 |
| Partnership.. | 1.906 | 3.8 |
| Corporation income tax | 4.122 | 3.9 |
| Estate and gift tax . | 165 | 3.1 |
| Employment tax.................. | 28,911 | 1.5 |
| Form $1042{ }^{1}$................................ | 18 | 2.7 |
| Tax-exempt organization................ | 537 | 2.2 |
| Employee plan | 2.110 | 2.7 |
| Excise tax. | 837 | -26.7 |
| Other.. | 2 | 3.9 |
| Supplemental returns.................... | 11,890 | 7.5 |

Withholding tax retufn for U.S. source income of foreign "person

## Fiduciary Income Tax Returns

A provision in the Tax Reform Act of 1986 mandated that fiduciary filers of income tax returns for taxable trusts (Forms 1041), who previously could have filed on a noncalendar year basis, had to begin filing their returns on a calendar year basis. This is reflected in the substantial increase (8 percent) in fiduciary filings between 1987 and 1988, which saw noncalendar year filers adjust their accounting periods to coincide with the calendar year by filing additional returns to cover transitional part-year accounting periods. After 1988, growth is expected to range from 1.9 percent in 1990 to 2.1 in 1996.

Fiduciary Estimated Tax Returns
The 1986 Act required that both new and existing estates

Figure C .
Individual Income Tax Returns by Type,
Fiscal Years 1989 and 1996
Millions of Returns

and trusts make estimated tax payments for the first time for calendar years beginning after 1986. Form 1041ES, Estimated Income Tax for Fiduciaries, was developed for taxpayers with a tax liability of $\$ 500$ or more to compute and pay estimated taxes. Effective with the quarterly estimated tax payments due September 18, 1988, the Service will require financial institutions servicing 200 or more taxable trusts to remit payments through the Federal Tax Deposit (FTD) System by magnetic tape. Financial institutions servicing at least 50 taxable trusts can elect to file under the FTD Magnetic Tape Program. As a result of this procedure, the number of Forms 1041ES is expected to decrease 9.2 percent in 1989. In later years, the number will increase by 2.4 percent in 1991 and 2.2 percent in 1996.

## Partnership Tax Returns

The Tax Reform Act also required most noncalendar year filers of partnership returns (Forms 1065) to file on a calendar year basis. However, the Revenue Act of 1987 subsequently revised this provision to allow partnerships to maintain their fiscal year accounting period if they elect to do so. The one-time increase previously expected for 1988 (resulting-from-the-need-to-file-extra-returns to accommodate the change in accounting periods) is, therefore, not expected to materialize.

Another provision of the Tax Reform Act required that "passive losses" can only be offset by "passive gains" [6]. Current estimates anticipate that this law change will make net loss limited partnerships less attractive, thereby resulting in fewer persons investing in these ventures. Furthermore, this provision is also expected to result in the merger of many net loss partnerships with net profit partnerships. As a result, there was a small decline in partnership returns in 1988. In later years, growth is projected to increase, as investors adjust their investment strategies to coincide with tax reform. Year-to-year increases from 1989 to 1996 range from $3: 8$ percent to 5.5 percent.

## Corporation Tax Returns

As with the partnership filers, the impact of the 1986 Tax Reform Act requiring most noncalendar year filers of "personal "service" and $S$ Corporation returns to file on a calendar year basis was mitigated by the Revenue Act of 1987. Beginning in 1988, the corporation total included the following new forms mandated by the 1986 Tax Reform Act: U.S. Income Tax Return for Designated Settlement Funds (Form 1120DF), U.S: Income Tax Return for Regulated Investment Company (Form 1120RIC), U.S. Income Tax Return for Real Estate Investment Trust (Form 1120REIT), and Property and Casualty Insurance Company Income Tax Return (Form 1120PC). In addition, it will also include Foreign Sales Corporation (Form 1120FSC) returns which were previously included in the "Other" category (see

Figure B) which consists of returns not included in the IRS Master File. The collective group of corporation returns, including U.S. Corporation Income Tax Return (Form 1120), and U.S. Income Tax Return for an S Corporation (Form 1120S) is expected to post a 3.9 percent increase in 1989 and a 6.1 percent increase in 1996.

## Estate and Gift Tax Returns

The Tax Reform Act of 1976 and the Economic Recovery Tax Act of 1981 both stipulated that the filing threshold for the U.S. Estate Tax Return (Form 706) be gradually increased on an annual basis, from $\$ 60,000$ in 1976 to $\$ 600,000$ in 1987 and beyond. Current projections reflect this rising threshold, and call for a decline of 9.6 percent in 1988 filings. Filings are then expected to gradually. increase throughout the remainder of the forecast interval, with annual increases ranging from 0.1 percent in 1989 to 6.6 in 1996. U.S. Gift Tax Returns (Forms 709) are expected to show a 1.0 percentage increase in 1988, and a 1.7 percentage increase in 1996.

## Employment_Tax_Returns

Employment tax returns consist of Employer's Annual Federal Unemployment Tax Return, Employer's Annual/ Quarterly Federal Tax Return, and Employer's Annual Railroad Retirement Tax Return. Projections for the forecast period 1989-1996 reflect year-to-year increases that average 1.3 percent per year.

## Forms 1042

Because of their increasing number, Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, which was previously included in the supplemental returns category, is now included under primary returns. The projections of Form 1042 returns are expected to increase by an average of 1.2 percent between 1989 and 1996.

## Tax-Exempt Organization Returns

A host of tax-exempt entities, including those for public charities, farmers' cooperative associations, private foundations, and other exempt organizations, embody the exempt organization category of returns. The magnitüde of this return category is dictated by changes in Form 990, Return of Organization Exempt From Income Tax" (filed by the "other" organizations that also include. most public charities), which accounts for 78 percent of exempt organization filings. Current estimates of the year-to-year increase in tax-exempt organizations are expected to range : from 2.2 percent in 1989 to 1.5 percent in 1996.

## Employee Plan Returns

The total for employee plans consists of the following forms: Form 5500, Annual Return/Report of Employee Benefit Plan, Form 5500C (same as the Form 5500 except that it is filed by plans with fewer than 100 participants), Form 5500R, Registration Statement of Employee Benefit Plan (filed for plans with fewer than 100 participants), and the new Form 5500EZ, Annual Return of One-Participant (Owners and Their Spouses) Benefit Plan. The total is not affected by inclusion of the new form since Form 5500EZ filers previously used a Form 5500C. The projections are expected to show an average year-to-year growth of 3.2 percent from 1989 through 1996.

## Alcohol and Tobacco Returns

Forms 11 and 5000.24 comprise the alcohol and tobacco returns filed with the Bureau of Alcohol, Tobacco, and Firearms. As of July 1987, these forms were no longer processed by the Internal Revenue Service. Therefore, the counts included for 1987 are estimates through July 1987 and not for the entire fiscal year. No projections of alcohol and tobacco returns were made by the Service for years beyond 1987.

## Excise Tax Returns

Total excise returns are the sum of the following four categories of returns: (1) Form 11C (Special Tax Return and Application for Registry-Wagering); (2) Form 720 (Quarterly Federal Excise Tax Return); (3) Form 730 (Tax on Wagering); and (4) Form 2290 (Heavy Vehicle Use Tax Return). Two provisions of the Tax Reform Act of 1986 were expected to reduce the number of Form 720 returns filed to pay the excise taxes on gasoline and diesel fuel. One of these provisions allowed diesel fuel retailers to elect to have wholesalers collect and pay the tax for the Highway Trust Fund. This provision has already been superseded by a provision in the Revenue Act of 1987 which requires the diesel wholesalers to pay the tax. Since there are far fewer wholesalers than retailers, the 1987 law change will accelerate the decline originally expected as a result of the 1986 Act in the number of Forms 720 filed to pay the diesel fuel excise tax.

A second provision in the 1986 Act discontinues payment of gasoline excise taxes by gasoline wholesalers. As of January 1988, the refiner (or first importer) of gasoline was required to.pay the tax, instead. Thus, the excise taxes on gasoline, as well as those on diesel fuel, will be collected and paid at an earlier stage in the marketing chain as a combined effect of these 1986 and 1987 law changes and fewer Forms 720 will be filed as a result.

On the other hand, implementation of another provision of the Revenue Act of 1987 will temporarily offset part of these declines in the number of Forms 720 filed. The regulations covering this provision specify that all partnerships and $S$ Corporations electing to maintain a noncalendar year reporting period must file Form 720 in order to make certain required payments [7]. However, these payments will be reported on Form 720 only temporarily, since another form is being developed for this purpose. The net impact of all these law changes on Form 720 filings will result in a 26.7 percent drop in returns in 1989 and a lesser drop of 6.3 percent in 1990. The balance of the forecast interval is expected to show a positive growth of 3.4 percent in 1991 and 3.2 percent in 1996.

## Supplemental Returns

Supplemental returns are mainly composed of amended returns and requests for filing extensions from both individuals and corporations. (Forms 1120ND, U.S. Income Tax Return for Nuclear Decommissioning Trust Funds and Certain Related Persons, are not projected because of the small number involved.) Current forecasts of supplemental returns call for increases ranging from 7.5 percent in 1989 to 4.8 percent in 1996.

## DATA SOURCES AND LIMITATIONS

The number of returns filed (as used in this article) represents returns processed at IRS service centers during a fiscal year [8]. For individual income and estate and gift tax returns, the 1988 data include actual returns processed through June 1988, with the remainder of the year estimated, in general, on the basis of 1987 filing patterns. The 1988 data for the rest of the forms are based on projections.

To illustrate the general forecasting process, projections for the combined total of Forms 1040, 1040A, and 1040EZ returns were developed based on a multiple regression relating total 1040 returns to total employment; an interaction variable involving both total employment and employed married women with husbands present (used as a proxy for potential joint filers); pension beneficiaries and annuitants; and a qualitative "dummy" variable which accounts for the effects of law changes in the Tax Reduction and Simplification Act of 1977 [9]. The historical base period for this regression was 1949-1988, with 1988 estimated on the basis of returns filed through June 1988.

Return projections were primarily formulated on a calendar year basis and subsequently converted to fiscal year projections by the Census Bureau's X11-Q Seasonal Adjustment Program by applying resultant seasonal factors to calendar year projections [10].

## NOTES AND REFERENCES

[1] All statistics are for the years in which the tax returns were processed by the Internal Revenue-Service, stated on a fiscal year (i.e., October through September) basis, unless otherwise noted. Actual counts for all of Fiscal Year 1988 were incomplete at the time this article was written (see the Data Sources and Limitations section). For complete counts, see U.S. Department of the -Treasury, Internal Revenue Service; 1988 Annual Report, Commissioner and Chief Counsel, Internal Revenue Service (in preparation).
[2] For details of these methods, see U.S: Department of the Treasury, Internal Revenue Service, "Number of Returns to be Filed," Fiscal Year Projections, Document 6292 (Rev. 8-88).
[3] As indicated in the footnotes to Table 2, the impact of the Revenue Act of 1987 is also reflected in the data.
[4] Certain types income tax returns are also either now being filed or will.begin to be filed on magnetic tape during-the-projection-period:However, it is expected that in most cases these returns will comprise a small proportion of the totals shown.
[5] The largest component of total employment is represented by civilian employment, which was obtained from

Data Resources, Inc. (DRI), in June 1988. DRI believes that employment growth will decline due to a general slowdown in economic activity through the mid-1990's.
[6] Passive gains or losses resulted from trade or business activities in which the partners did not materially participate in the business on a regular, continuous, or substantial basis (i.e., they were "limited" partners). In general, as a result of the Tax Reform Act of 1986 , such passive losses could not be deducted from other types of income.
[7] In general, S Corporations are companies with no more than 35 shareholders, electing to be taxed at the shareholder level:
[8] U.S. Department of the Treasury, Internal Revenue Service, 1987 Annual Report, op cit.
[9] Projections of total employment, employed married women with husbands present, and pension beneficiaries and annuitants were made by the Projections and Forecasting Group, Research Division, Internal Revenue Service.
[10] U.S. Department of Commerce, Bureau of the Census, "The X11-Q. Variant of the Census Method II Seasonal Adjustment Program," Technical Paper No. 15 (1967 revision).

Table 1.—Projection of the Number of Returns to be Filed with the Internal Revenue Service, Fiscal Years 1988-1996
[Unless otherwise indicated, number of returns are in thousands]

| Type of meturn | $\begin{aligned} & \text { Actual } \\ & 1987^{7} \end{aligned}$ | Projected |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 1988 | 1989 | 1990 | 1891 | 1992 | 1993 | 1894 | 1905 | 1996 |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Total returns ...................................... | 192,844 | 197,786 | 202,257 | 208,332 | 213,631 | 218,381 | 223,079 | 227,701 | 232,663 | 237,963 |
| Primary returns, total............................. | 182,560 | 186,726 | 190,367 | 195,631 | 200,098 | 204,052 | 207,963 | 211,812 | 215,988 | 220,488 |
| Individual income tax returns, total <br> Form 1040 | 103,460 68,551 | $107,270^{2}$ $70.806^{2}$ | 109,566 71,101 | 112,777 74,026 | 115,071 76,622 | 116,703 78,291 | 118,126 79 | 119.296 80.678 | 120,522 81,653 | 121,834 |
| Form 1040 | 68,551 | 70,806 ${ }^{2}$ | 71,101 | 74,026 | 76,622 | 78,291 | 79,753 | 80,678 | 81,653 | 82,711 |
| Form 1040A....................................... | 17,870 | 17,674 ${ }^{2}$ | 18,541 | 18,732 | 18,792 | 18,883 | 18,972 | 19,265 | 19,559 | 19,855 |
| Form 1040EZ | 16,825 | 18,574 ${ }^{2}$ | 19,701 | 19,789 | 19,420 | 19,285 | 19,147 | 19,091 | 19,039 | 18,990 |
| Other ${ }^{3}$ | 214 | $216^{2}$ | 224 | 230 | 237 | 245 | 253 | 262 | 270 | 279 |
| Individual declarations of estimated tax....... | 38,804 | 37,294 | 38,399 | 39,712 | 40,990 | 42,406 | 43,945 | 45,614 | 47.473 | 49,497 |
| Fiduciary income tax ${ }^{4}$............................... | 2,336 | 2,523 | 2,478 | 2,525 | 2,595 | 2,658 | 2,721 | 2,783 | 2,843 | 2,902 |
| Fiduciary estimated tax ............................ | N/A | 1,450 | 1,317 | 1,297 | 1,328 | 1,364 | 1,397 | 1,429 | 1,461 | 1.494 |
| Partnership ............................................ | 1,836 | 1,835 | 1,906 | 1,996 | 2,080 | 2,179 | 2,286 | 2,400 | 2,529 | 2,669 |
| Corporation income tax ${ }^{5}$.......................... | 3,873 | 3,968 | 4,122 | 4,316 | 4,546 | 4,775 | 5,028 | 5,308 | 5,617 | 5,962 |
| Estate tax | 61 | $55^{2}$ | 55 | 56 | 57 | 59 | 60 | 62 | 65 | 70 |
| Gift tax | 105 | $105^{2}$ | 110 | 114 | 117 | 120 | 123 | 125 | 127 | 130 |
| Employment tax ${ }^{6}$.................................... | 28,217 | 28,485 | 28,911 | 29,317 | 29,688 | 30,063 | 30,448 | 30.853 | 31,288 | 31,736 |
| Form 1042 ${ }^{7}$............................................ | 15 | 18 | 18 | 18 | 19 | 19 | 19 | 19 | 19 | 20 |
| Tax-exempt organizations ${ }^{8}$........................ | 523 | 525 | 537 | 547 | 558 | 567 | 577 | 587 | 596 | 604 |
| Employee plans ${ }^{\text {a }}$..................................... | 2,114 | 2,055 | 2.110 | 2,170 | 2,236 | 2,303 | 2,372 | 2,449 | 2,534 | 2,628 |
| Excise tax ${ }^{10}$ $\qquad$ Other ${ }^{11}$ | 1,011 | 1.141 | 837 | 785 | 811 | 836 | 859 | 884 | 912 | 940 |
| Other ${ }^{11}$................................................ | 4 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Supplemental returns, total ..................... | 10,284 | 11,060 | 11,890 | 12,700 | 13,534 | 14,329 | 15,117 | 15,889 | 16,674 | 17,476 |
| Form 1040X. | 1,963 | 2,163 | 2,290 | 2,383 | 2.477 | 2,571 | 2,665 | 2,759 | 2,853 | 2,946 |
| Form 4868. | 5,145 | 5,657 | 6,160 | 6,684 | 7.232 | 7,754 | 8.276 | 8.788 | 9,315 | 9,859 |
| Form 2688............................................. | 1,450 | 1,443 | 1,535 | 1,620 | 1,702 | 1,772 | 1,835 | 1,891 | 1,945 | 1,998 |
| Form 1120X........................................... | 30 | 33 | 32 | 29 | 26 | 24 | 22 | 20 | 18 | 16 |
| Form 7004.. | 1,671 | 1,738 | 1,848 | 1,958 | 2,069 | 2,180 | 2,291 | 2,403 | 2,514 | 2,626 |
| Form 1041A ........................................... | 25 | 25 | 26 | 26 | 27 | 28 | 28 | 29 | 30 | 30 |

[^22]Table 2.-Projected Impact of Selected Provisions of the Tax Reform Act of 1986 and Revenue Act of 1987 on the Number of Returns Filed, Tax Years 1987-1995
[All figures are estimates-number of returns are in thousands]


 on the Revenue Act of 1987, and supersede related provisions of the Tax Reform Act of 1986. The projections of Form 1041-ES on line 5 reflect the Revenue Act of 1987.
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## notice

The data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

Table 1.-Individual Income Tax Returns: Selected Income and Tax Items for Selected Tax Years, 1970-1987
[All figures are estimates based on samples-money amounts are in thousands of dollars]


See notes following table 20.

Table 2.-Individual Income and Tax by State, 1987
[Money amounts are in thousands of dollars, except where indicated]

| State | Number of returns | Number of exemptions | Adjusted gross income (AGI) | Salaries and wages |  | Dividends |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Number of returns | Amount | Number of returns | Amount |
| United States, total ${ }^{2}$. | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|  | 107,402,061 |  | 2,772,619,841 | 90,613,164 | 2,154,846,456 | 22,404,700 | $\mathbf{6 6 , 5 4 5 , 4 1 7}$ |
| Alabama................. | $\begin{array}{r} 1,583,884 \\ 333,527 \\ 1,465,753 \\ 908,300 \\ 12,448,529 \end{array}$ | $\begin{array}{r} 3,809,129 \\ 625,967 \\ 3,477,019 \\ 2,224,952 \\ 28,696,978 \end{array}$ | $\begin{array}{r} 35,491,432 \\ 6,926,876 \\ 36,151,357 \\ 18,302,823 \\ 355,446,757 \end{array}$ | 1381.989 | 28,700,539 | 230.948 | 568,006 |
| Alaska |  |  |  | 203.509 | 5,646,138 | 71,241 | 998.730 |
| Arizona... |  |  |  | 1,215.946 | 27,500.754 | $\begin{aligned} & 307,138 \\ & 128,597 \end{aligned}$ | $\begin{array}{r} 1.003,815 \\ 309,201 \end{array}$ |
| Arkansas |  |  |  | 755,593 | 14,154,175 |  |  |
| Caliornia |  |  |  | 1,240,434 29,460,262 $2,40,045$ 337,847 |  |  |  |
| Colorado .... | 1,465,631 | $\begin{aligned} & 3,285,151 \\ & 3,468,627 \end{aligned}$ | 36,992,444 |  |  |  |  |  |  |
| Delaware.... | $1,651.493$ 305,617 |  | 55.089,657 | $\begin{array}{r} 1,240,434 \\ 1,407,345 \end{array}$ | 42,352,557 | 467,325 | 1.610,669 |
| District of Columbia | 324.812 | 671,265 610,266 | $8,240,864$ $9,058,484$ | 263.011 | 6,429,741 | 83,059 | 287.514 |
| Fiorida | 5,532,536 | 12,473,327 | $9,058,484$ $140,278,994$ | 278,420 $4,395,426$ | $\begin{array}{r} 6,581,380 \\ 95,059,647 \end{array}$ | $\begin{array}{r} 55,318 \\ 1,264,074 \end{array}$ | 6,221,502 |
| Georgia | $\begin{array}{r} 2,661,216 \\ 506,302 \\ 377,978 \\ 5,078,296 \\ 2,385,246 \end{array}$ | $\begin{array}{r} 6.035,071 \\ 1,112,189 \\ 983,951 \\ 11,594,154 \\ 5,588,247 \end{array}$ | 66,241,101 | 2,371,142 | 54,591,414 | 423,527 | 1,092,511 |
| Hawaii Idaho. |  |  | 12,670,065 | 432,930 $9,624,144$ 107,219 $1,092,511$ |  |  |  |
| Idaho. |  |  | 7,810.313 | 310,455 | 6,069,106 | 70.436 | 167,665 |
| Indiana |  |  | 139,481,851 | $\begin{aligned} & 4,274,352 \\ & 2,023,506 \end{aligned}$ | $\begin{array}{r} 107,447,312 \\ 45,628,262 \end{array}$ | $\begin{array}{r} 1,204,258 \\ 456,287 \end{array}$ | $\begin{array}{r} 3,508,406 \\ 999,917 \end{array}$ |
|  |  |  | 56,972,232 |  |  |  |  |
| Kansas | $\begin{array}{r} 1,199,831 \\ 1,063,352 \\ 1,428,007 \\ 1,605,420 \\ 541,373 \end{array}$ | $\begin{aligned} & 2,878,951 \\ & 2,538,297 \\ & 3,385,845 \\ & 3,977,748 \\ & 1,213,480 \end{aligned}$ | $\begin{aligned} & 26,435,242 \\ & 25,880,407 \\ & 31,244,592 \\ & 34,439,198 \\ & 12,362,604 \end{aligned}$ | 945,566871,206$1,203,300$$1,365,046$463,288 | $\begin{array}{r} 19,277,649 \\ 19,642,150 \\ 24,538,533 \\ 27,587,511 \\ 9,210,493 \end{array}$ | $\begin{aligned} & 271,531 \\ & 229,084 \\ & 220,801 \\ & 240,875 \\ & 102,952 \end{aligned}$ | $\begin{aligned} & 558,577 \\ & 572,140 \\ & 614,778 \\ & 608,327 \\ & 320,698 \end{aligned}$ |
| Kentucky |  |  |  |  |  |  |  |
| Louisiana. |  |  |  |  |  |  |  |
| Maine |  |  |  |  |  |  |  |
| Maryland..... | $\begin{array}{r} 2,220,814 \\ 2,902,142 \\ 3,992,334 \\ 1,949,801 \\ 942,307 \end{array}$ | $\begin{aligned} & 4,774,347 \\ & 6,010,353 \\ & 9,016,565 \\ & 4,376,218 \\ & 2,350,924 \end{aligned}$ | $\begin{array}{r} 65,237,577 \\ 85,613,540 \\ 106,118,816 \\ 49,166,071 \\ 18,120,118 \end{array}$ | $\begin{array}{r} 1,932,042 \\ 2,493,297 \\ 3,391,165 \\ 1,642,838 \\ 824,969 \end{array}$ | $\begin{aligned} & 51,686,586 \\ & 65,796,268 \\ & 85.594 .999 \\ & 38,605,042 \\ & 14,642,955 \end{aligned}$ | $\begin{array}{r} 477,146 \\ 679,766 \\ 1,025,989 \\ 461,010 \\ 114,649 \end{array}$ | $\begin{array}{r} 1,352,497 \\ 2,069,571 \\ 2,293,474 \\ 1,050,299 \\ 253,739 \end{array}$ |
| Massachusetts. |  |  |  |  |  |  |  |
| Michigan . |  |  |  |  |  |  |  |
| Minnessissippi. |  |  |  |  |  |  |  |
| Mississippi. |  |  |  |  |  |  |  |
| Missouri. Montana | $\begin{array}{r} 2,189,414 \\ 336,096 \\ 694,262 \\ 502,353 \\ 533,686 \end{array}$ | $\begin{array}{r} 5,067,042 \\ 809,849 \\ 1,654,206 \\ 1,084,532 \\ 1,158,128 \end{array}$ | $\begin{array}{r} 52,928,425 \\ 6,429,208 \\ 15,195,086 \\ 13,020,220 \\ 15,125,319 \end{array}$ | $\begin{array}{r} 1,829,329 \\ 262,001 \\ 560,856 \\ 434,267 \\ 465,315 \end{array}$ | $\begin{array}{r} 41,018,915 \\ 4,737,860 \\ 11,297,103 \\ 9,857,596 \\ 11,658,649 \end{array}$ | $\begin{array}{r} 470,820 \\ 76,900 \\ 146,452 \\ 82,329 \\ 118,378 \end{array}$ | $\begin{array}{r} 1,344,274 \\ 177,849 \\ 330,479 \\ 286,051 \\ 362,681 \end{array}$ |
| Nebraska. |  |  |  |  |  |  |  |
| Nevada... |  |  |  |  |  |  |  |
| New Hampshire |  |  |  |  |  |  |  |
| New Jersey | $\begin{array}{r} 3,948,154 \\ 607,396 \\ 7,914,981 \\ 2,839,506 \\ 280,232 \end{array}$ | $\begin{array}{r} 8,604,042 \\ 1,481,292 \\ 17,240,878 \\ 6,328,165 \\ 680,640 \end{array}$ | $\begin{array}{r} 122,658,740 \\ 12,699,844 \\ 235,394,545 \\ 65,454,953 \\ 5,613,528 \end{array}$ | $\begin{array}{r} 3,388,003 \\ 513,555 \\ 6,668,788 \\ 2,512,895 \\ 217,680 \end{array}$ | $\begin{array}{r} 96,123,831 \\ 10,015,718 \\ 177,302,435 \\ 51,983,669 \\ 4,024,805 \end{array}$ | $\begin{array}{r} 1,035,878 \\ 105,497 \\ 1,903,963 \\ 489,499 \\ 51,507 \end{array}$ | $\begin{array}{r} 3,043,029 \\ 275,611 \\ 6,790,516 \\ 1,311,756 \\ 90,179 \end{array}$ |
| New Mexico |  |  |  |  |  |  |  |
| New York......... |  |  |  |  |  |  |  |
| North Carolina |  |  |  |  |  |  |  |
| North Dakota |  |  |  |  |  |  |  |
| Ohio ......... | $\begin{array}{r} 4,786,125 \\ 1,242,275 \\ 1,198,779 \\ 5,310,917 \\ 462,777 \end{array}$ | $\begin{array}{r} 10,764,877 \\ 3,025,197 \\ 2,779,160 \\ 11,855,065 \\ 981,068 \end{array}$ | $\begin{array}{r} 117,266,957 \\ 27,519,432 \\ 27,523,256 \\ 131,421,755 \\ 11,856,788 \end{array}$ | $\begin{array}{r} 4,054,886 \\ 1,015,542 \\ 979,412 \\ 4,393,649 \\ 399,017 \end{array}$ | $\begin{array}{r} 92,750,076 \\ 21,483,432 \\ 20,680,114 \\ 100,661,126 \\ 9,011,614 \end{array}$ | $\begin{array}{r} 1,085,955 \\ 202,260 \\ 243,293 \\ 1,242,683 \\ 103,010 \end{array}$ | $\begin{array}{r} 2,718,397 \\ 492,474 \\ 635,062 \\ 3,678,379 \\ 280,375 \end{array}$ |
| Oklahoma.. |  |  |  |  |  |  |  |
| Oregon......... |  |  |  |  |  |  |  |
| Pennsylvania Rhode Island |  |  |  |  |  |  |  |
| Rhode Island |  |  |  |  |  |  |  |
| South Carolina | $\begin{array}{r} 1,411,244 \\ 294,131 \\ 2.046,978 \\ 6,772,813 \\ 619,398 \end{array}$ | $\begin{array}{r} 3,234,999 \\ 717,164 \\ 4,691,470 \\ 16.412 .759 \\ 1,691,626 \end{array}$ | $\begin{array}{r} 31,120,046 \\ 5,536,434 \\ 46,293,009 \\ 164,815,221 \\ 14,379,025 \end{array}$ | $\begin{array}{r} 1,259,930 \\ 229.583 \\ 1,782,235 \\ 5,797,575 \\ 530,532 \end{array}$ | $\begin{array}{r} 25,097,342 \\ 3,925,121 \\ 37,522,294 \\ 132,952,793 \\ 11,636,368 \end{array}$ | 212,231 | 555,829 |
| South Dakota Tennessee |  |  |  |  |  | 56,115 | 117.689 |
| Tennessee |  |  |  |  |  | 295,970 | 733,276 |
|  |  |  |  |  |  | 1,088,303 | 3,044,004 |
|  |  |  |  |  |  | 106,730 | 257,056 |
| Vermont. | 252,758 2709 | 557.691$5,949,939$ | $5,916,723$$74,654,147$ | 214,986 | 4,438,563 | 58,829 | 198,936 |
| Virginia ....... | 2,709,670 |  |  | $\begin{aligned} & 2,374,318 \\ & 1,712,267 \end{aligned}$ | 59,309,635 | 585,172 | 1,550,076 |
| West Virginia | 2,051,168 | 4,662,277 | 52,165,381 |  | 40,240,262 | 434,758 |  |
| West Virginia | 671,358 $2,120,739$ | 1,627,616 | 14,483,000 | $\begin{array}{r} 1,712,267 \\ 557,248 \end{array}$ | 11,352,901 | 119,406 | $\begin{array}{r} 1.162,212 \\ 289,495 \end{array}$ |
| Wisconsin .... | $\begin{array}{r} 196,475 \\ 533,875 \\ \hline \end{array}$ | 4,852,496 | 50,642,199 | 1.794.701 | 39,935,631 | 487,345 | 1,184,392 |
| Wyoming ...... |  | $\begin{array}{r} 482,709 \\ 1,088,548 \end{array}$ | $\begin{aligned} & 4,509,276 \\ & 8,223,909 \end{aligned}$ | 164,899 304,667 | $\begin{array}{r} 3,550,563 \\ 12,529,458 \end{array}$ | $\begin{array}{r} 40,675 \\ 119,620 \end{array}$ | $\begin{aligned} & 120,877 \\ & 490,029 \end{aligned}$ |
| Other areas ${ }^{3}$ |  |  |  |  |  |  |  |

Table 2. (Continued)-Individual Income and Tax by State, 1987.
[Money amounts are in thousands of dollars, except where indicated]


Table 2. (Continued) -Individual Income and tax by State, 1987
[Money amounts are in thousands of dollars, except where indicated]


See notes following Tables 20

Table 3.-Number of Individual Returns, Income, Tax, and Average Tax; By Size of. Income, Tax Years 1984-1987
[All figures are estimates based on samples-money amounts are in thousands of dollars except as indicated]


See notes following Table 20.

Table 3. (Continued)-Number of Individual Returns, Income, Tax, and Average Tax, By Size of Income, Tax Years 1984-1987
[All figures are estimates based on samples-money amounts are in thousands of dollars, except as indicated]


[^23]Table 4.-Reconcilation of Adjusted Gross Income (AGI) and Personal Income Used in the National Income and Product Accounts (NIPA), Selected Years, 1970-1986
[All figures are estimates-money amounts are in billions of dollars]

| Income and adjustment items | 1970 | 1975 | 1980 | 1984 | 1985 | $1986{ }^{2}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
| 1. Persona! Incorie (per NIPA) ..................................... | 831.8 | 1,313.4 | 2,258.5 | 3,108.7 | r3,325.3 | . 3,531.1 |
| 2. Portion of personal Income not included in AGI ........ | 181.2 | 350.5 | $608.5{ }^{\text { }}$ | r954.1 | r1,021.4 | 1,103.2 |
| Transfer payments (except taxable military pay and taxable Government pensions) | 79.3 | 176.9 | 290.3 | r391.8 | 1416.8 | 437.5 |
| Other labor income (except fees).................................. | 31.9 | 65.0 | - 136.5 | 180.0 | 189.1 | 192.5 700 |
| Imputed incorie ...................................................... | 25.5 | 33.4 | 45.1 | 49.4 | 59.1 | 70.0 |
| Investment income received by nonprofit institutions or retained by fiduciaries | 7.7 | 11.2 | 21.7 | 31.6 | 35.9 | 121.3 |
| Investment income retained by life insurance carriers and noninsured pension funds ${ }^{1}$ | 12.5 | 23.5 | 59.9 | 98.4 | 106.3 | 33.1 |
| Differences in accounting treatment (NIPA vs. IRS). | 8.5 15.8 | 16.0 24.4 | 14.1 41.0 | 79.8 123.0 | 89.0 135.7 | 105.2 -143.6 |
| Other excluded or exempt income............................ | 15.8 | 24.4 | 41.0 | 123.0 | r299.4, |  |
| 3. Portion of AGI not included in personal income ......... | 47.7 | 85.1 50.4 | 157.8 88.6 | r252.7 132.7 | r299.4 r149.3 | 403.0 161.1 |
| Personal contributions for social insurance.................. | 27.9 | 50.4 14.2 | 88.6 29.7 | 132.7 56.2 | r69.8 | 137.4 |
| Net capital gain from sales of property....................... | 8.9 6.3 | 14.2 | 29.7 28.3 | 56.2 58.4 | 69.8 72.9 | $-\quad 87.8$ |
| Taxable private pensions.......................................... | 6.3 | 13.1 |  |  |  |  |
| S Corporation income (laxed through <br> shareholders) | 1.7 | 2.1 | .7 | 6.2 | r6.2 | 10.9 5 |
| Other taxable income:..............................................' | 2.9 | 5.4 | 10.5 | -. 8 | r1.2 | 5.8 |
| 4. Total net adjustment for conceptual differences (line 2 minus line 3 ) $\qquad$ | 133.5 | 265.4 | 450.7 | r701.4 | r722.0 | 700.2 |
| 5. Estimated total AGI (per NIPA) <br> (line 1 minus line 4). | 698.3 | 1,048.0 | 1,807.9 | r2,407.3 | r2,603.3 | 2,830.9 |
| 6. Adjusted gross income (AGI) (SOI) ............................ | 631.7 | 947.8 | 1,613.7 | 2,139.9 | r2,306.0 | 2,522.5 |
| 7. Estimated difference in AGI (NIPA vs. SOI) <br> (line 5 minus line 6) ${ }^{3}$. | 66.6 | 100.2 | 194.1 | r267.4 | r297.3 | 308.4 |

See notes following Table 20.

Table 5.-Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1947-1987
[All figures are estimates-money amounts are in billions of dollars]


See notes following Table 20.

Table 6.-Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and Adjusted Gross Income Reported on Individual Income Tax Returns per SOI, Tax Years 1947-1987
[All figures are estimates-money amounts are in billions of dollars]

| Tax year | Adjusted gross income (AGI) |  | Difference |  |
| :---: | :---: | :---: | :---: | :---: |
|  | $\stackrel{\text { Total }}{(\text { per }}{ }_{\text {NIPA }}{ }^{1}$ | Reported on tax returns (per SOI) | Amount | Percentage of total |
|  | (1) | (2) | (3) | (4) |
|  | $\begin{aligned} & 170.6 \\ & 184.6 \\ & 181.7 \end{aligned}$ | $\begin{aligned} & 149.7 \\ & 163.6 \\ & 160.6 \end{aligned}$ | $\begin{aligned} & 20.9 \\ & 21.0 \\ & 21.1 \end{aligned}$ | $\begin{aligned} & 12.3 \\ & 11.4 \\ & 11.6 \end{aligned}$ |
|  | $\begin{aligned} & 201.4 \\ & 228.8 \\ & 241.8 \\ & 257.1 \\ & 256.4 \end{aligned}$ | $\begin{aligned} & 179.1 \\ & 202.4 \\ & 215.3 \\ & 228.7 \\ & 229.2 \end{aligned}$ | $\begin{aligned} & 22.3 \\ & 26.4 \\ & 26.5 \\ & 28.4 \\ & 27.2 \end{aligned}$ | $\begin{aligned} & 11.1 \\ & 11.5 \\ & 11.0 \\ & 11.0 \\ & 10.6 \end{aligned}$ |
|  | $\begin{aligned} & 277.1 \\ & 279.9 \\ & 310.7 \\ & 316.0 \\ & 338.7 \end{aligned}$ | $\begin{aligned} & 248.5 \\ & 267.8 \\ & 280.4 \\ & 281.2 \\ & 305.1 \end{aligned}$ | $\begin{aligned} & 28.6 \\ & 30.1 \\ & 30.3 \\ & 34.8 \\ & 33.6 \end{aligned}$ | $\begin{array}{r} 10.3 \\ 10.1 \\ 9.8 \\ 11.0 \\ 9.9 \end{array}$ |
|  | $\begin{aligned} & 352.5 \\ & 365.8 \\ & 387.8 \\ & 408.7 \\ & 442.0 \end{aligned}$ | $\begin{aligned} & 315.5 \\ & 329.9 \\ & 348.7 \\ & 368.8 \\ & 396.7 \end{aligned}$ | $\begin{aligned} & 37.0 \\ & 35.9 \\ & 39.1 \\ & 39.9 \\ & 45.3 \end{aligned}$ | $\begin{array}{r} 10.5 \\ 9.8 \\ 10.1 \\ 9.8 \\ 10.2 \end{array}$ |
|  | $\begin{aligned} & 479.4 \\ & 520.0 \\ & 555.4 \\ & 610.0 \\ & 663.4 \end{aligned}$ | $\begin{aligned} & 429.2 \\ & 468.5 \\ & 504.8 \\ & 554.4 \\ & 603.5 \end{aligned}$ | $\begin{aligned} & 50.2 \\ & 51.5 \\ & 50.6 \\ & 55.6 \\ & 59.9 \end{aligned}$ | $\begin{array}{r} 10.5 \\ 9.9 \\ 9.1 \\ 9.1 \\ 9.0 \end{array}$ |
|  | $\begin{array}{r} 698.3 \\ 745.6 \\ 824.7 \\ 926.0 \\ 1.004 .0 \end{array}$ | $\begin{aligned} & 631.7 \\ & 673.6 \\ & 746.0 \\ & 827.1 \\ & 905.5 \end{aligned}$ | $\begin{aligned} & 66.6 \\ & 72.0 \\ & 78.7 \\ & 98.9 \\ & 98.5 \end{aligned}$ | $\begin{array}{r} 9.5 \\ 9.7 \\ 9.5 \\ 10.7 \\ 9.8 \end{array}$ |
|  | $\begin{aligned} & 1,048.0 \\ & 1,166.7 \\ & 1,297.0 \\ & 1,466.9 \\ & 1,647.3 \end{aligned}$ | $\begin{array}{r} 947.8 \\ 1,053.9 \\ 1,158.5 \\ 1,302.4 \\ 1.465 .4 \end{array}$ | $\begin{aligned} & 100.2 \\ & 112.8 \\ & 138.5 \\ & 164.5 \\ & 181.9 \end{aligned}$ | $\begin{array}{r} 9.6 \\ 9.7 \\ 10.7 \\ 11.2 \\ 11.0 \end{array}$ |
|  | $\begin{array}{r} 1,807.9 \\ 1,990.0 \\ 2,059.4 \\ 2,176.3 \\ \mathrm{r} 2,407.3 \end{array}$ | $\begin{aligned} & 1,613.7 \\ & 1,772.6 \\ & 1,852.1 \\ & 1,942.6 \\ & 2,139.9 \end{aligned}$ | $\begin{array}{r} 194.2 \\ 217.4 \\ 207.3 \\ 233.7 \\ \mathrm{r} 267.4 \end{array}$ | $\begin{array}{r} 10.7 \\ 10.9 \\ 10.1 \\ 10.7 \\ 111.1 \end{array}$ |
|  | $\begin{array}{r} \text { r2,609.9 } \\ 2,803.9 \\ n . a \end{array}$ | $\begin{aligned} & 2,306.0 \\ & 2,481.7 \\ & 2,788.0 \end{aligned}$ | $\begin{array}{r} 303.9 \\ 349.2 \\ \text { n.a. } \end{array}$ | $\begin{array}{r} 11.6 \\ 12.3 \\ \text { n.a. } \end{array}$ |

[^24]Table 7.-Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1944-1987
[All figures are estimates based on samples-number of returns are in millions; money amounts are in billions of dollars]


Table 8. -Personal Income Per National Income and Product Accounts (NIPA) and Taxable Income, and Individual Income Tax Per SOI, Tax Years 1947-1987
[All figures are estimates-money amounts are in billions of dollars]


Table 9.—Number of Individual Income Tax Returns, by. Type of Tax Settlement, Tax Years 1944-1987
[All figures are estimates based on samples-number of returns are in millions]


See notes following Table 20.

Table 10.-Nonfarm Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Income Years, 1970-1986
[All figures are estimates based on samples-money amounts are in thousands of dollars]

| tem | 1970 | 1975 | 1980 | 1984 | 1985 | 1986 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
| Number of returns, total. $\qquad$ Number with net income. | 5,769,741 | $\begin{array}{r} 7,221,346 \\ \text { n.a. } \end{array}$ | $\begin{array}{r} 8,931,712 \\ \text { n.a. } \end{array}$ | $\begin{array}{r} 11,262,390 \\ 8,002,865 \end{array}$ | $\begin{array}{r} 11,928,573 \\ 8,640,701 \end{array}$ | $\begin{array}{r} 12,393,700 \\ 9,247.806 \end{array}$ |
| Inventory, end of year ................................. | 11,060,775 | 15,578,040 | 21,996,236 | 23,232,929 | 24,969,895 | 24,476,892 |
| Business receipts, total $\qquad$ Income from sales and operations | $\begin{array}{r} 198,582,172 \\ \text { n.a. } \end{array}$ | $\begin{array}{r} 273,954,741 \\ 272,342,560 \end{array}$ | $\begin{array}{r} 411,205,713 \\ 407,169,299 \end{array}$ | $\begin{array}{r} 516,036,944 \\ 507,234,292 \end{array}$ | $\begin{gathered} 540,045,430 \\ 528,675,271 \end{gathered}$ | $\begin{array}{r} \mathbf{5 5 9 , 3 8 4 , 2 5 9} \\ r 548,293,173 \end{array}$ |
| Total deductions | 168,044,746 | 234,318,288 | 356,258,495 | 445,270,334 | 461,272,852 | 468,960,496 |
| Cost of sales and operations | 109,148,811 | 146,261,435 | 209,889,809 | 229,905,960 | 232,294,132 | 232,134.760 |
| Purchases ............................................. | 88,585,913 | 117,722,352 | 168,301,517 | ก.a. | п.a. | n.a |
| Cost of labor | 7,704,285 | 8,791,083 | 10,922,221 | 13,008,803 | 14,504,201 | 17,317,871 |
| - Materials and supplies | 6,216,057 | 9,090,638 | 12,909,222 | n.a. | n.a. | n.a. |
| Commissions | 1,274.016 | 2,225,830 | 3,333,345 | n.a. | n.a. | 5,461,118 |
| Net salaries and wages | 15,107,047 | 20,227,859 | 26,560,821 | 34,686,204 | 38,265,691 | 38,691,599 |
| Car and truck expenses | ก.a. | n.a. | 13,378,289 | 17,523,807 | 17,044,421 | 16,380,826 |
| Rent paid | 4,636,528 | 6,676,314 | 9,636,290 | 14,278,260 | 15,258,690 | 15,653,599 |
| Repairs | 2,444,607 | 3,044,175 | 5,031,573 | ก.a. | ก.a. | n.a. |
| Taxes paid | 3,775,502 | 5,423,961 | 7,672,459 | n.a. | n.a. | n.a. |
| Utilities | n.a. | n.a. | 4,790,337 | n.a. | n.a. | 12,644,624 |
| Insurance | 2,309,608 | 3,503,812 | 6,003,126 | ก.a. | n.a. | 10,783,481 |
| Interest paid | 1,784,276 | 3,390,845 | 7,190,257 | 11,025,276 | 11,913,982 | 11,504,437 |
| Depreciation | 5,451,525 | 7,958,143 | 13,952,703 | 23,900,034 | 26,291,389 | 26,418,043 |
| Pension and profit sharing plans ................. | 72,741 | 125,296 | 141.463 | 258,070 | 311,323 | 638,262 |
| Net income (less deficit) ............................ | 30,537,426 | r39,636,453 | 54,947,219 | 70,766,610 | 78,772,578 | $\mathbf{9 0 , 4 2 3 , 7 6 3}$ |
| Net income | 33,735,732 | 45,624,890 | 68,010,051 | 89,849,570 | 98,775,563 | 110,496.952 |
| Deficit | 3,198,306 | 5,988,437 | 13,062,832 | 19,082,960 | 20,002,986 | 20,073,189 |

See notes following Table 20.

Table 11.—Partnership Returns: Balance Sheet Items and Selected Income Statement for Selected Income Years, 1970-1986
[All figures are estimates based on samples-money amounts are in thousands of dollars]

| Item | 1970 | 1975 | 1980 | 1984 | 1985 | 1986 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
| Total number of active partnerships $\qquad$ <br> Number with net income <br> Number with balance sheets <br> Number of partners $\qquad$ | 936,133 639,795 555,741 $\mathbf{3 , 6 9 7 , 8 1 8}$ | $1,073,094$ 661,134 783,271 $4,950,634$ | $1,379,654$ 774,173 $1,194,236$ $\mathbf{8 , 4 1 9 , 8 9 9}$ | $1,643,581$ 844,738 $1,201,320$ $12,426,721$ | $1,713,603$ 875,846 $1,227,498$ $13,244,824$ | $\begin{array}{r} 1,702,952 \\ 850,884 \\ 1,202,737 \\ 15,301,345 \end{array}$ |
| Total assets ${ }^{1}$ | 116,752,751 | 235,468,301 | 597,503,923 | 1,030,848,519 | 1,269,434,302 | 1,403,750,213 |
| Depreciable assets (net) inventories, end of year Land | n.a. п.a. п.a. | $113,124,969$ $11,985,431$ $36,731,958$ | $239,139,823$ $33,218,272$ $70,241,248$ | $581,643,219$ $39,446,014$ $122,036,819$ | $695,878,822$ $27,279,234$ $152,179,314$ | $\begin{array}{r} 779,936,070 \\ 27,463,816 \\ 179,141,689 \end{array}$ |
| Total liabilities ${ }^{1}$ | n.a. | 193,875,629 | 488,734,023 | 1,030,848,464 | 1,269,434,367 | 1,403,750,220 |
| Accounts payable | п.a. | 12,302,055 | 33,899,048 | 32.780.197 | 40,871,755 | 43,621,862 |
| Short-lerm debt ${ }^{2}$ | ก.a. | 22,709,476 | 48,001,839 | 68,625,844 | 102,760,363 | 92,456,724 |
| Long-term debt ${ }^{3}$ | п.a. | 136,296,764 | 178,044,406 | 322,327,016 | 93,319,855 | 429,195,599 |
| Nonrecourse loans | n.a. | n.a. | 118,910,380 | 260,167,109 | 327,558,208 | 365,044,180 |
| Partners' capital accounts | n.a. | 41,592,672 | 108,769,900 | 1,754,754,922 | 200,212,653 | 228,022,656 |
| Total receipts ${ }^{4}$ | 93,348,080 | 148,417,529 | 291,998,115 | 375,192,511 | 367,117,316 | 397,302,544 |
| Business receipts | 90,208,834 | 142,505,781 | 271,108,832 | 318,342,380 | 302,733,374 | 327,428,647 |
| Interest received | 942,304 | 2,477,173 | 10,869,323 | 16,651,205 ${ }^{4}$ | 20,558,966 ${ }^{4}$ | 21,715,994 ${ }^{4}$ |
| Total deductions ${ }^{4}$ | 83,557,684 | 140,679,959 | 283,749,460 | 378,692,535 | 376,000,991 | r414,673,405 |
| Cost of sales and operations | - 46,040,874 | 64,672,843 | 113,885,668 | 180,857,822 | 146,315,315 | 164,167,707 |
| Purchases | 31,820,581 | 42,608,734 | 70,439,607 | 100,358,781 | 91,925,923 | 100,010,383 |
| Cost of labor | 4,146,927 | 4,585,836 | 7,015,547 | 7,826,231 | 8,845,106 | 9,789,253 |
| Salaries and wages | 8,129,233 | 12,489,039 | 22,336,337 | 28,522,626 | 33,884,204 | 36.304,654 |
| Taxes paid | 3,159,258 | 5,770,918 | 9,553,145 | 6,673.186 | 7,745,756 | 7,866,233 |
| Interest paid | 4,470,206 | 12,097,100 | 28,362,385 | 25,437,588 | 28,674,933 | 29,452,297 |
| Depreciation ${ }^{5}$ | 4,578,820 | 10,108,834 | 21,576,189 | 46,939,395 | 53,650,790 | r59,847,381 |
| Net income (less deficit) | 9,790,396 | 7,737,570 | 8,248,655 | -3,500,024 | -8,883,674 | - 17,370,860 |
| Net income | 14,419,124 | 22,431,931 | 45,061,756 | 69,696,922 | 77,044,693 | 80,214,873 |
| Deficit | 4.628,728 | 14,694,361 | 36,813,100 | 73,196,946 | 85,928,367 | 97,585,733 |

[^25]Table 12.-Number of Business Income Tax Returns, by Size of Business, for Sèlected Years 1970-1986
[All figures are estimates based on samples-number of businesses are in thousands]


[^26]Table 13.-Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970-1985
[All figures are estimates based on samples-money amounts are in thousands of dollars]

| thems | 1970 | 1975 | 1980 | 1983 | 1984 | 1985 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
| Number of returns, total | 1,665,477 | 2,023,647 | 2,710,538 | 2,999,071 | 3,170,743 | 3,277,219 |
| Number with net income. | 1,008,337 | 1,226,208 | 1,596.632 | 1,676,288 | 1.777,770 | 1,820,120 |
| Consolidated returns ${ }^{1,2}$ | 19,871 | 38,307 | 57,890 | 73,645 | 80.256 | 79.598 |
| S Corporation returns ${ }^{2,3}$ | 257,475 | 358,413 | 545,389 | 648.267 | 701,339 | 724,749 |
| DISC returns ${ }^{2.4} \ldots \ldots . . . . .$. | N/A | 6,431 | 8,665 | 9.898 | 12,480 | 1,383 |
| FSC returns ${ }^{2.5}$ | N/A | N/A | N/A | N/A | N/A | 2,341 |
| Total assets. | 2,634,706,564 | 4,286,556,273 | 7,617,238,403 | 10,201,084,144 | 11,106,701,948 | 12,773,093,888 |
| Cash | 176,924,573 | 290,426,439 | 528,914,747 | 590,386,817 | 595,773,262 | 683,204,264 |
| Notes and accounts receivable. | 614,667,367 | 1,051,542,806 | 1,984,601,790 | 2,677,367,962 | 2,896,980,896 | 3,317,635,191 |
| Less: Allowance for bad debts... | 20,030,327 | 31,032,998 | 50,057,307 | 51,162,613 | 54,341,671 | 61,580,335 |
| Inventories....................................................... | 190.401.642 | 317.718,545 | 534,806,547 | 599,445,162 | 664,243,060 | 714,722,928 |
| Investments in Government obligations.......... | 196.625,390 | 316,131,699 | 472,059.737 | 685,146,228 | 725,695,801 | 916,550,098 |
| Other current assets................................. | 73,058.482 | 145,101.716 | 310,177, 160 | 433,594,597 | 513,743,712 | 629,136,396 |
| Loans to stockhoiders. | 4,774,082 | 9,355,636 | 29,873,250 | 47,836,294 | 58,430,009 | 56,761,232 |
| Mortgage and real estate loans. | 327,593,354 | 548,054,483 | 894,323,489 | 982,415,018 | 1,126,962,114 | 1,258,672,577 |
| Other investments. | 401,389,022 | 626,266,074 | 1,213,986,210 | 1,798,295,351 | 1,972,830,815 | 2,413,551,474 |
| Depreciable assets. | 868,908,018 | 1,276,564,500 | 2,107,027,914 | 2,730,371,698 | 2,913,301,626 | 3,174,193,649 |
| Less: Accumulated depreciation ............. | 334,646,086 | 483,798,526 | 767,841,763 | 1,024,756,282 | 1,116,171,771 | 1,232.072,530 |
| Depletable assets.. | 18,517,264 | 38.511,396 | 71,901,490 | 107,958,232 | 114.808.431 | 112,339,389 |
| Less: Accumulated depletion ................. | 6,774,796 | 14,501,561 | 19,569,556 | 32,682,172 | 36,340,299 | 37,203,920 |
| Land. | 46,626,157 | 66,819,206 | 92,931,935 | 119,350,378 | 128,269,064 | 141,448,357 |
| Intangible assets (amortizable)... | 12,818,168 | 12,823,183 | 45,480,694 | 87,852,590 | 117,467,829 | 145.290,625 |
| Less: Accumulated amortization............. | 5,984.184 | 4,491,990 | 18,393,037 | 25,062,592 | 36,190,604 | 42,505,240 |
| Other assets ..................................... | 69,838,438 | 121,065,665 | 187.015.106 | 474,727,482 | 521,126,077 | 582,949,738 |
| Total liabilities ........................................ | 2,634,706,564 | 4,286,556,273 | 7,617,238,403 | 10,201,084,144 | 11,106,701,948 | 12,773,093,888 |
| Accounts payable | 148,812,597 | 263,417,584 | 542,172,368 | 671,495,438 | 741,372,874 | 891,571,443 |
| Mortgages, notes, and bonds payable in less than 1 year | 170,884,261 | 272,123,551 | 504,802,288 | 759,536,076 | 866,546,604 | 1,001,337,795 |
| Other current liabilities........................ | 892,218,397 | 1,577,425,991 | 2,706,796,360 | 3,513,512, 199 | 3,760,174,725 | 4,234,983,432 |
| Loans from stockholders ............... | 24,573.814 | 38,143,936 | 85,718,510 | 131.025,956 | 145,250,514 | 174,317,253 |
| Mortgages, notes, and bonds payable in 1 year or more | 362,700,303 | 586,703,526 | 986,663,932 | 1,323,209,421 | 1,494,350,573 | 1.699,272,481 |
| Other liabilities........ | 283, 106,029 | 451,676,880 | 846,696,691 | 1,156,873,507 | 1,214,879,371 | 1,467,912,913 |
| Capital stock. | 201,213,719 | 251,715,862 | 417,153,783 | 787,278,549 | 839,344,197 | 920,182,882 |
| Paid-in or capital surplus. | 196,642,421 | 298,534,854 | 532,039,407 | 873,620,667 | 1,066,288,359 | 1,420,996,805 |
| Retained earnings, appropriated. | 16,657,051 | 29,955,676 | 41,461,644 | 52,538,370 | 51,100,507 | 54,074,364 |
| Retained earnings, unapproprialed............... | 349,225,750 | 537,631,026 | 1,027,902,049 | 1,221,793,087 | 1,256,771,201 | 1,311,512,589 |
| Less: Cost of treasury stock ............ | 11,327,778 | 20,772,613 | 74,168,627 | 289,799,122 | 329,376,924 | 403,068.064 |
| Total recelpts | 1,750,776,503 | 3,198,627,860 | 6,361,284,012 | 7,135,494,059 | 7,860,711,226 ${ }^{6}$ | 8,398,278,426 ${ }^{6}$ |
| Business receipts | 1,620,886,576 | 2,961,729,640 | 5,731,616,337 | 6,334,602,711 | 6,948,481,893 | 7,369,538,953 |
| Interest on State and local |  |  |  |  |  |  |
| Government obligations.......................... | 3.775,917 | 6,711,606 | 12,620,876 | 16,667,263 | 16,613,501 | 20,164,514 |
| Other interest .......................................... | 67,794.508 | 136,587.304 | 354,243,674 | 496,648,009 ${ }^{7}$ | r566,537.974 ${ }^{7}$ | 617.622.425 ${ }^{7}$ |
| Dividends received from domestic corporations | 5,238,421 | 8,818,282 | 18,654,800 | 19,696,776 | 21,185,391 | 16,967,379 |
| Dividends received from foreign |  |  |  |  |  |  |
| corporations......... | 3,466,515 | 5,467,726 | 14,563,353 | 13,892,070 | 15,373,474 | 20,770,361 |
| Rents. | 13,938,502 | 21,765,130 | 41,371,141 | 69,580,411 | 75,834,113 | 89,700,937 |
| Royalties. | 2,586,387 | 5,167.141 | 12,450,250 | 13,876,095 | 14.535,929 | 15,237.421 |
| Net shor-term capital gain reduced by net long-term capital loss. | 190,439 | 301,601 | 2,013,510 | 5,048,854 | 3,233,999 ${ }^{6}$ | 7.032,062 ${ }^{6}$ |
| Net long-term capital gain reduced by net short-term capital loss.. | 5,481,580 | 8,364,523 | 24,910,957 | 33,924,549 | 38,518,792 | 53,771,685 |
| Net gain, noncapital assets............. | 5,315,562 | 7,757.287 | 20,117,615 | 26,134,711 | 26,506,096 | 33,537,842 |
| Other receipts ........................................ | 22,102,096 | 35,957,620 | 128,721,498 | 105,422,613 | 133,948.728 | 153,934,848 |

Table 13. (Continued)-Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected
Years, 1970-1985
[All figures are estimates based on samples-money amounts are in thousands of dollars]


See notes following table 20

Table 14.-Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970-1985
[All figures are estimates based on samples-money amounts are in thousands of dollars]

| Industrial division and items | 1970 | 1975 | 1980 | 1983 | 1984 | 1985 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
| AGRICULTURE, FORESTRY AND FISHING |  |  |  |  |  |  |
| Number of returns, total ........................ | 37,283 | 56,280 | 80,883 | 92,125 | 98,361 | 103,156 |
| Number with net income. | 19,843 | 33,328 | 43,827 | 47,636 | r50,037 | 52,776 |
| Total assets | 11,909,403 | 21,177.941 | 40,738,977 | 50,292,891 | 50,699,926 | 52,651,197 |
| Net worth. | 4,012.068 | 6,844,949 | 11,460,935 | 13,559,332 | 14,310,555 | 15,406.221 |
| Total receipts ............................................ | 14,277,707 | 28,118,514 | 52,089,915 | 59,208,642 | 66,645,119 | 70,491,486 |
| Business receipts | 13,591,763 | 26,624,149 | 48,850,056 | 55,114,507 | 62,093,338 | 65,419,402 |
| Interest received................................. | 69,742 | 171,732 | 476,654 | 1677,378 ${ }^{1}$ | $723,118{ }^{1}$ | 775,383 ${ }^{1}$ |
| Total deductions ....... | 14,209,713 | 27,369,286 | 51,418,280 | 59,386,796 | 66,436,289 | 70,559,478 |
| Cost of sales and operations.................. | 10,555,539 | 19,738,447 | 35,798,332 | 38,308,491 | 42,991,472 | 45,085,526 |
| Interest paid ........................................ | 356,225 | 797,420 | 2,184,441 | 2,866,689 | 2,952,198 | 2,758,952 |
| Net income (less deficit) | 65,295 | 746,908 | 673,158 | -196,528 | 202,522 | -74,270 |
| Net income......................................... | 493,400 | 1,493,168 | 2,464,381 | 2,499,829 | 2,874,899 | 2,930,905 |
| Deficit ................................................ | 428,105 | 746,260 | 1,791,222 | 2,696,357 | 2,672,377 | 3,005,175 |
| Income tax before credits........................... | $113,115^{2}$ | 351.059 | 533,768 | 430,119 | 509,081 | 540.671 |
| Total income tax after credits ${ }^{3}$..................... | 107,023 ${ }^{2}$ | 294,584 | 422,356 | 313,537 | 373,115 | 344,626 |
| Distributions to stockholders except in own stock | 65,824 | 244,524 | 304,733 | 172,301 | 417,177 | п.a. |
| MINING |  |  |  |  |  |  |
| Number of returns, total | 14,465 | 14,242 | 25,576 | 37,066 | 40,564 | 41.426 |
| Number with net income....................... | 7.303 | 8,297 | 12,698 | 15,526 | 18,177 | 18,031 |
| Total assets | 23,972,812 | 64,505,341 | 126,947,880 | 194,417,434 | 209,036,474 | 240,815,996 |
| Net worth. | 13,381,821 | 32,765,690 | 54,068,148 | 85,602,456 | 94,335,000 | 104,772,797 |
| Total receipts | 17,747,750 | 65,909,994 | 176,672,390 | 132,419,750 | 123,496,633 | 142,038,595 |
| Business receipts | 16,699,586 | 63,670,496 | 167,397,918 | 122,510,903 | 111,030,063 | $126,710,610$ |
| Interest received. | 176,728 | 522,757 | 1,301,266 | 12,529,873 ${ }^{1}$ | 3,089,562 ${ }^{1}$ | 3,584,890 ${ }^{1}$ |
| Total deductions ... | 15,927.348 | 42,348,765 | 169.051,624 | 134,305,739 | 124,627,966 | 145,389,514 |
| Cost of sales and operations.................. | 9,955,600 | 30,171,612 | 116,989,880 | 85,540,564 | 74,213,000 | 87,972,035 |
| Interest paid | 388,032 | 1,166,182 | 3,440,080 | 6,763,864 | 7,077,300 | 7,789,995 |
| Net income (less deficit) ............................. | 1,834,315 | 23,574,833 | 7,750,561 | -1,586,098 | -353,185 | -2,543,487 |
| Net income............ | 2,399,507 | 24,347,893 | 10,133,685 | 5,929,343 | 6,991,815 | 6,166,623 |
| Deficit.............................................. | 565,192 | 773,060 | 2,383,124 | 7.515,441 | 7,344,999 | 8,710,110 |
| Income tax before credits........................... | 1,031,550 ${ }^{2}$ | 11,361,037 | 3,947,569 | 3,203,406 | 2,381,154 | $1,810,559$ |
| Total income tax after credits ${ }^{3}$.................... | 342,928 ${ }^{2}$ | 1,051,138 | 1,674,566 | 1,282,044 | 1,014.361 | $557.519$ |
| Distributions to stockholders except in own stock $\qquad$ | 1,177,550 | 1,015,895 | 4,757,780 | 2,710,318 | 3,057,411 | n.a. |
| CONSTRUCTION |  |  |  |  |  |  |
| Number of returns, total .............................. | 138,905 | 191,219 | 272.432 | 283,519 | 306,906 | 318,276 |
| Number with net incorne....................... | 82,078 | 108,852 | 150,368 | 150.138 | 173,351 | 185,613 |
| Total assets | 42,719,792 | 76,691,947 | 132,939,026 | 161,365,795 | 195,272.738 | 215,297,771 |
| Net worth................................................. | 11,819,604 | 19,029,077 | 32,826,174 | 41,540,682 | 50,338,974 | 54,687,270 |
| Total receipts ........................................... | 90,610,644 | 146,955,117 | 267,205,356 | 290,798,843 | 338,575,635 | 387,232,953 |
| Business receipts ................................ | 88,945,385 | 143,412,715 | 260,387,692 | 280,896,210 | 326,752,784 | 374,590,273 |
| Interest received | 219,698 | 614.583 | 2,073,650 | 12,762,556 ${ }^{1}$ | 3,540,430 ${ }^{1}$ | 3,851,628 ${ }^{1}$ |
| Total deductions ........................................ | 89,070,022 | 144,717,309 | 262,116,275 | 288,574,577 | 335,696,154 | 382,823,113 |
| Cost of sales and operations................. | 73,434,969 | 116.845,554 | 208,064,925 | 221,189,268 | 257,057.538 | 295,803.244 |
| Interest paid ...................................... | 711,496 | 1,973,244 | 4,278,502 | 4,861,075 | 5.990 .178 | 6.407.652 |
| Net income (less deficit) ............................. | 1,538,418 | 2,236,262 | 5,271,209 | 2,265,564 | 2,906,704 | 4,370,924 |
| Net income......................................... | 2,548,013 | 4,514,864 | 8,911,143 | 7,990,419 | 9,147,150 | 11,053,145 |
| Deficit........................... ................... | 1.009,595 | 2,278,602 | 3,639,934 | 5,724,855 | 6,240,445 | 6,682,220 |
| Income tax before credits. | $776.979^{2}$ | 1,320,196 | 2,521,507 | 1,859,927 | 1,767,756 | 2,312,846 |
| Total income tax after credits ${ }^{3}$ | $756,637^{2}$ | 1,131,960 | 1,973,659 | 1,393,074 | 1,296,301 | 1,662,563 |
| Distributions to stockholders except in own stock $\qquad$ | 299,204 | 464,553 | 793,764 | 846,579 | 738,873 | n.a. |
| MANUFACTURING |  |  |  |  |  |  |
| Number of returns, total .............................. | 197,807 | 217,354 | 242,550 | 261,927 | 272,050 | 276.545 |
| Number with net income....................... | 120,814 | 136,839 | 153,640 | 152,304 | 162,584 | 159,778 |
| Total assets .............................................. | 612,912,516 | 944,581,970 | 1,709,471,700 | 2,232,987,922 | 2,417,631,605 | 2,644,393,424 |
| Net worth.. | 308,923.293 | 442.587,674 | 749,186,774 | 953,108,742 | 1,025,028,491 | 1,099,645,876 |
| Total receipts ............. | 722,952,890 | 1,296,359,650 | 2,404,323,844 | 2,552.830,718 | 2,768,247,655 | 2,831,062,496 |
| Business receipts ............................... | 700,090,661 | 1,258,338,650 | 2,301,056,550 | 2,418,344,305 | 2,608,971,901 | 2,656,345,750 |
| Interest received................................. | 4,748,499 | 8,691,092 | 28,315,784 | 37,958,034 ${ }^{1}$ | 42,749,996 ${ }^{1}$ | 47,753,626 ${ }^{1}$ |
| Total deductions ......................................... | 692,455,462 | 1,230,689,496 | 2,290,593,808 | 2,469,257,725 | 2,661,153,853 | 2,733,105,346 |
| Cost of sales and operations................. | 495,879,549 | 925,111,030 | 1,707,143,900 | 1,678,378,729 | 1,796,313,155 | 1,797,852,805 |
| Interest paid ....................................... | 12,570,242 | 22,055,903 | 54,177,356 | 73,973,082 | 85,039,616 | 90,452,072 |
| Net income (less deficit) ............................. | 31,846,078 | 68,406,627 | 125,667,815 | 95,330,965 | 121,215,254 | 113,758,645 |
| Net income......................................... | 37,925,489 | 74,466,554 | 141,547.510 | 124.417.490 | 147,852,003 | 142,541,119 |
| Deficit .............................................. | 6,079,411 | 6,059,927 | 15,879,695 | 29,086,525 | 26,636.749 | 28.782,474 |
| Income tax betore credits........................... | 16,744,905 ${ }^{2}$ | 32,306,739 | 59,577,413 | 50,950,876 | 58,542,710 | 56,687,476 |
| Total income tax after credits ${ }^{3}$ | 13,242,226 ${ }^{2}$ | 21,024,964 | 32,726,986 | 24,527,921 | 30,429.379 | 25,382,459 |
| Distributions to stockholders except in own stock | 14,616.282 | 19,973.061 | 37,306,509 | 43,295,901 | 45,630,537 | n.a. |

Table 14. (Continued)—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970-1985
[All figures are estimates based on samples-money amounts are in thousands of dollars]


See notes following Table 20.

Table 15.-Corporation Profits Before Taxes Per National Income and Product Accounts (NIPA) and Per SOI, and Income Subject to Tax per SOI, Income Years, 1960-1987
[All figures are estimates-money amounts are in billion of dollars]


See notes following Table 20.

Table 16.-Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1984-1988
[Money amounts are in millions of dollars]


See notes following Table 20.

Table 17.-Internal Revenue Refunds: Amount Refunded By Quarter and Fiscal Year, 1984-1988
[Money amounts are in millions of dollars]


[^27]Table 18.—Classes of Excise Taxes by Selected Fiscal Years, 1970-1988
[Money amounts are in thousands of dollars]

| Selected class of tax | Taxes collected by fiscal year |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1970 | 1975 | 1980 | 1985 | 1986 | 1997 |
|  | (1) | (2) | (3) | (4) | (5) | (6) |
| ALCOHOL AND TOBACCO TAXES, TOTAL <br> Distilled spirits <br> Wine <br> Beer <br> Cigarettes $\qquad$ <br> Cigars | $\begin{array}{r} 6,840,594 \\ 3,501,538 \\ 163,337 \\ 1,081,507 \\ 2,036,101 \\ 56,834 \end{array}$ | $\begin{array}{r} 7,665,948 \\ 3,865,162 \\ 177,113 \\ 1,308,583 \\ 2,261,116 \\ 51,226 \end{array}$ | $\begin{array}{r} 8,151,184 \\ 3,945,377 \\ 211,538 \\ 1,547,853 \\ 2,402,857 \\ 39,500 \end{array}$ | $\begin{array}{r} 9,881,293 \\ 3,520,697 \\ 305,966 \\ 1,571,436 \\ 4,448,916 \\ 24,294 \end{array}$ | $\begin{array}{r} 10,233,303 \\ 3,731,368 \\ 415,196 \\ 1,500,921 \\ 4,566,338 \\ 30,418 \end{array}$ | $\begin{array}{r} 11,097,677 \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \end{array}$ |
| MANUFACTURERS EXCISE TAXES, TOTAL..... <br> Gasoline and lubricating oil. <br> Tires, tubes and tread rubber ${ }^{1}$ <br> Motor vehicles, bodies, parts ${ }^{2}$ <br> Recreational products <br> Black Lung taxes | $\begin{array}{r} 6,683,061 \\ 3,517,586 \\ 614,795 \\ 1,753,327 \\ 53,427 \\ \mathrm{~N} / \mathrm{A} \end{array}$ | $\begin{array}{r} 5,516,611 \\ 4,071,465 \\ 697,660 \\ 662,556 \\ 84,946 \\ \mathrm{~N} / \mathrm{A} \end{array}$ | $\begin{array}{r} 6,487,421 \\ 4,326,549 \\ 682,624 \\ 1,088,696 \\ 136,521 \\ 251,288 \end{array}$ | $\begin{array}{r} 10,020,574 \\ 9,062,630 \\ 242,923 \\ \mathrm{~N} / \mathrm{A} \\ 166,666 \\ 548,356 \end{array}$ | $\begin{array}{r} 9,927,742 \\ 8,857,380 \\ 285,728 \\ \mathrm{~N} / \mathrm{A} \\ 174,898 \\ 561,158 \end{array}$ | $10,221,574$ $9,163,790$ 296,408 $\mathrm{~N} / \mathrm{A}$ 186,608 574,769 |
| SPECIAL FUELS, AND RETAILERS TAXES, TOTAL ${ }^{3}$ $\qquad$ <br> Diesel and special motor fuels <br> Trucks and buses | $\begin{array}{r} 257,820 \\ 257,712 \\ \text { N/A } \end{array}$ | $\begin{array}{r} 404,187 \\ 370,489 \\ \mathrm{~N} / \mathrm{A} \end{array}$ | $\begin{array}{r} 560,144 \\ 512,718 \\ \text { N/A } \end{array}$ | $\begin{array}{r} 3,802,608 \\ 2,430,165 \\ 1,289,750 \end{array}$ | $\begin{array}{r} \mathbf{3 , 7 8 3}, \mathbf{2 9 5} \\ 2,613,980 \\ 1,091,356 \end{array}$ | $\begin{array}{r} \mathbf{3 , 7 6 2 , 2 8 4} \\ 2,659,404 \\ 1,020,553 \end{array}$ |
| miscellaneous excise taxes, total <br> Telephone and teletype ${ }^{4}$ <br> Air transportation $\qquad$ <br> Highway use tax. <br> Foreign insurance <br> Exempt organization net investment income. <br> Crude oil windfall profit Environmental taxes (Superfund) ${ }^{5}$ | $\begin{array}{r} 2,084,730 \\ 1,469,562 \\ 250,802 \\ 135,086 \\ 8,614 \\ \mathrm{~N} / \mathrm{A} \\ \mathrm{~N} / \mathrm{A} \\ \mathrm{~N} / \mathrm{A} \end{array}$ | $\begin{array}{r} 3,306,077 \\ 2,023,744 \\ 850,567 \\ 207,663 \\ 19,458 \\ \\ 63,828 \\ \text { N/A } \\ \text { N/A } \end{array}$ | $\begin{array}{r} 6,359,198 \\ 1,117,834 \\ 1,748,837 \\ 263,272 \\ 74,630 \\ \\ 65,280 \\ 3.051,719 \\ \mathrm{~N} / \mathrm{A} \end{array}$ | $\begin{array}{r} 11,044,833 \\ 2,307,607 \\ 2,589,818 \\ 456,143 \\ 73,494 \\ \\ 136,153 \\ 5,073,159 \\ 272,957 \end{array}$ | $\begin{array}{r} 15,131,146 \\ 2,339,153 \\ 2,707,534 \\ 566,675 \\ 139,720 \\ 217,191 \\ 8,866,967 \\ 68,538 \end{array}$ | $\begin{array}{r} 7,255,282 \\ 2,522,062 \\ 2,913,249 \\ 556,006 \\ 115,133 \\ \\ 218,102 \\ 14,910 \\ 407,167 \end{array}$ |
| Fiscal year quarter ending |  |  |  |  |  |  |
|  | Mar. 1987 | June 1987 | Sept. 1987 | Dec. 1987 | March 1988 | June 1988 |
|  | (7) | (8) | - (9) | (10) | (11) | (12) |
| ALCOHOL AND TOBACCO TAXES, TOTAL $\qquad$ <br> Distilled spirits $\qquad$ <br> Wine $\qquad$ <br> Beer $\qquad$ <br> Cigarettes <br> Cigars | $\begin{array}{r} 1,615,688 \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ 1,170,327 \\ 7,268 \end{array}$ | $\begin{array}{r} 1,446,495 \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ 1,186,882 \\ 13,102 \end{array}$ | $\begin{array}{r} \text { 3,191,354 } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \end{array}$ | $\begin{array}{r} \text { 2,937,754 } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \end{array}$ | $\begin{array}{r} 2,274,408 \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \end{array}$ | $\begin{array}{r} 2,690,321 \\ \text { n.a. } \\ \text { n.a. } \\ \text { n.a. } \end{array}$ |
| MANUFACTURERS EXCISE TAXES, TOTAL..... <br> Gasoline and lubricating oil. <br> Tires, tubes and tread rubber ${ }^{1}$ $\qquad$ <br> Recreational products $\qquad$ <br> Black Lung taxes | $\begin{array}{r} 2,531,445 \\ 2,270,070 \\ 77,586 \\ 40,224 \\ 143,564 \end{array}$ | $\begin{array}{r} 2,480,742 \\ 2,222,664 \\ 66,151 \\ 53,374 \\ 138,552 \end{array}$ | $\begin{array}{r} 2,602,589 \\ 2,329,196 \\ 75,723 \\ 49,992 \\ 147,679 \end{array}$ | $\begin{array}{r} 2,695,686 \\ 2,415,076 \\ 80,819 \\ 47,944 \\ 151,849 \end{array}$ | $\begin{array}{r} 2,602,434 \\ 2,317,004 \\ 83,000 \\ 45,957 \\ 156,473 \end{array}$ | $\begin{array}{r} \mathbf{2 , 6 3 5 , 8 4 7} \\ 2,322,096 \\ 76,461 \\ 50,634 \\ 146,735 \end{array}$ |
| SPECIAL FUELS AND RETAILERS TAXES, TOTAL ${ }^{3}$ <br> Diesel and special motor fuels <br> Trucks and buses, chassis, bodies, elc. | $\begin{aligned} & 937,409 \\ & 646,030 \\ & 271,891 \end{aligned}$ | $\begin{aligned} & 882,798 \\ & 637,857 \\ & 224,059 \end{aligned}$ | $\begin{array}{r} 1,026,600 \\ 703,399 \\ 302,148 \end{array}$ | $\begin{aligned} & 981,117 \\ & 682,194 \\ & 277,933 \end{aligned}$ | $\begin{array}{r} 1,021,290 \\ 703,431 \\ 297,710 \end{array}$ | $\begin{array}{r} 963,679 \\ 661,684 \\ 281,747 \end{array}$ |
| miscellaneous excise Taxes, TOTAL $\qquad$ <br> Telephone and teletype ${ }^{4}$. $\qquad$ <br> Air transportation $\qquad$ <br> Highway use tax. $\qquad$ <br> Foreign insurance $\qquad$ <br> Exempt organization net investment income. $\qquad$ <br> Crude oil windfall profit $\qquad$ | $\begin{array}{r} 1,367,972 \\ 583,799 \\ 747,811 \\ 126,163 \\ 34,321 \\ \\ 43,256 \\ -230,799 \\ \hline \end{array}$ | $\begin{array}{r} 2,077,536 \\ 679,331 \\ 636,949 \\ 91,726 \\ 31,321 \\ \\ 121,962 \\ 250,915 \end{array}$ | $\begin{array}{r} 1,971,226 \\ 579,782 \\ 757,560 \\ 278,159 \\ 23,968 \\ \\ 30,567 \\ -228,840 \end{array}$ | $\begin{array}{r} 1,789,207 \\ 741,777 \\ 783,855 \\ 47,251 \\ 25,233 \\ \\ 19,385 \\ -122,710 \end{array}$ | $\begin{array}{r} 2,094,963 \\ 379,100 \\ 719,181 \\ 126,368 \\ 26,802 \\ \\ 32,558 \\ 501,123 \\ \hline \end{array}$ | $\begin{array}{r} 2,051,243 \\ 740,637 \\ 830,224 \\ 96,212 \\ 23,383 \\ \\ 19,011 \\ 17,108 \\ \hline \end{array}$ |

See notes following Table 20.

Table 19.-Selected Returns and Forms Filed or to be Filed During Selected Calendar Years, 1970-1988

| Type of return or form | Number Filed in Calendar Year- |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1970 | 1975 | 1980 | 1985 | 1986 | 1987 | $\underset{\text { (Projected) }}{1988}$ |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Individual income . | 77,281,384 | 84,026,785 | 93,196,076 | 99,704,246 | 101,925,850 | 103,462,011 | 107,333,700 |
| Form 1040 ... | 77,143,251 | 61.450.279 | 55,360,030 | 64,010,068 | 66.359,095 | 68,545,023 | 70,852,000 |
| Nonbusiness | 68,129,351 | 51,377,153 | 43,957,141 | 49,873,300 | 51.733.688 | 53,736,837 | 55, 153,500 |
| Business ..................................... | 9.013,900 | 10,073,126 | 11,402,889 | 14.136.768 | 14.625.407 | 14,808,186 | 15,698,500 |
| Schedule C ................................ | 6,351,304 | 7.438,968 | 8,944,298 | 11.767.348 | 12,329,218 | 12,633,261 | 13,547,800 |
| Schedule F ................................ | 2,662,596 | 2,634,158 | 2,458.591 | 2.369,420 | 2,296,189 | 2,174,925 | 2.150 .700 |
| Form 1040A................................... | N/A | 22,462,776 | 37,692,282 | 18,779,084 | 18,408,426 | 17.870.312 | 17,688,000 |
| Form 1040EZ ................................. | N/A | N/A | N/A | 16,739,767 | 16,983,394 | 16.835,390 | $18,576,200$ 217,500 |
| Other ${ }^{\text {........... }}$ | 138,133 | 113.730 | 143,764 | 175.327 | 201,935 | 211.286 | 217,500 |
| Corporation income .......................... | 1,758,600 | 2,132,758 | 2,675,704 | 3,437,249 | 3,700,851 | 3,828,613 | 3,993,500 |
| Forms 1120, L. and M | 1,487.244 | 1,762,920 | 2,115,542 | 2,432,265 | 2,523,240 | $2,550,692$ 300,760 | $2,488,800$ 293 |
| Form 1120A................................... | N/A | N/A | N/A | 199.665 | 285,134 | 300, 760 | 293,500 |
| Form 11205 ...................................... | 248,936 | 367,219 | 528.070 | 736,945 | 811.987 80,490 | 892,376 84,785 | 1.115 .800 95,400 |
| Other ${ }^{2}$........................................... | 1,414 | 2,619 | 32.092 | 68,374 | 80,490 |  |  |
| Parnership, Form 1065 | 991,904 | 1.132.839 | 1.401.567 | 1,755,339 | 1,831,600 | 1,824.166 | 1,836,200 |
| Fiduciary, Forms 1041 and 1041S............... | 1,149,445 ${ }^{3}$ | 1,558,570 | 1,876,392 | 2,124,969 | 2,276,245 | 2,335,805 | 2,551,900 |
| Estate Tax, Forms 706 and 706NA | 141,156 | 225.827 | 147,303 | 80,768 | 67,591 | 57.165 | 54,100 |
| Gitt Tax, Form 709.................................. | 146,338 | 273.184 | 214,789 | 97,720 | 101,322 | 104,095 | 105,300 |
| Exempt Organization $\qquad$ <br> Form 990 | $\begin{aligned} & \mathbf{3 8 7 , 4 6 9} \\ & 377,030^{4} \end{aligned}$ | $\begin{array}{r} 403,809 \\ 346,627 \end{array}$ | $\begin{array}{r} \mathbf{4 4 2 , 6 0 7} \\ 362,632 \end{array}$ | $\begin{array}{r} 454,097 \\ 365,506 \end{array}$ | $\mathbf{4 8 8 , 0 4 6}$ 375,834 | 514,947 400,332 | $\begin{array}{r} 527,800 \\ 409,700 \end{array}$ |
| Form 990-PF ........................................... | N/A | 29,637 | 33.137 | 32.005 | 40,931 | 42,227 | 42,900 |
| Form 990-T | 5,046 | 19,683 | 23,455 | 26,181 | 32,731 | 33.156 | 34,900 |
| Forms 990C, 4720, and 5227 | 5,393 | 7.862 | 23.383 | 30,405 | r38,550 | 39,232 | 40,300 |

See notes on tollowing Table 20.

Table 20. -Taxpayers Receiving Assistance, Pāid and Unpaid, by Tax Year of Return, 1984=1987
[Some estimates based on samples-all amounts are in thousands]


[^28]
## General notations

N/A - Not applicable
n:a. - Not available
p - Preliminary

## r-Revised

*     - See Appendix, General Description of Statistics of Income Sample Procedures and Data Limitations.


## Table 1

[1] Excludes certain capital gain distributions from investment companies.
[2] Includes total itemized deductions before subtraction of zero bracket amount, and charitable contributions, and zero bracket amount on non-temized deduction returns.
[3] Includes deductions not shown separately below.
[4] Includes surcharge of $\$ 2,018,078,000$.
[5] Includes credits not shown separately below.
[6] Investment credit (generally not applicable after 1985) was included in the more-inclusive general business tax credit beginning with 1984.
[7] Includes income tax after credits and the additional tax for tax preferences, i.e., "minimum tax" (applicable for 1970-1982) and "alternative minimum tax" (applicable after 1979).

SOURCE: Statistics of Income-Individual Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 2

[1] Includes exemptions for age and blindness.
[2] Totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. For purposes of Table 2 :
a. Number of returns by State include, in addition to Forms 1040, 1040A and 1040EZ filed by U.S. citizens and residents, Forms 1040NR filed by nonresident aliens, as well as self-employment tax re-
turns used in Puerto Rico and certain U.S. territories and possessions.
b. "Total tax" liability includes total income tax plus tax from recomputing prior-year investment credit, tax applicable to Individual Retirement Arrangements (IRA's), self-employment tax, social security tax on tip income, and certain other income-related taxes. Total tax is before reduction by earned income credit (see also footnote (c), below).
c. Earned income credit, available to certain lowincome workers, could result in a refund (1) if there was no "total tax" (as defined in footnote 2(b), above), in which case the full amount was refundable, or (2) if the credit exceeded "total tax," in which case the excess was refundable. The difference between columns 19 and 21 is the refundable portion.

Total tax (column 16) minus earned income credit (column 19) is the amount most comparable to total tax in Tables 1 and 3. The total tax which results from this subtraction differs from Tables 1 and 3 because it includes additional taxes (see footnote 2(b), above) and because earned income credit used to offset tax also includes both the refordable portion (see footnote 2(b)) as well as amounts offset against these additional taxes.
[3] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by service men and women stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns filed and processed through the Individual Master File (IMF) system during Calendar Year 1988. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Tax Processing Systems Division, IMF Returns Systems Branch.

## Table 3

[1] Includes returns with adjusted gross deficit.
[2] In addition to low income taxpayers, size class (and others) includes taxpayers with "tax preferences," not reflected in AGI or taxable income, which are subject to the "alternative minimum tax" (included in "total income tax").
[3] Includes income tax after credits and the additional tax for tax preferences, i.e., the "alternative minimum tax" (see footnote 2).

SOURCE: Statistics of Income-Individual Income Tax Returns, appropriate years. Data are subject to sampling.error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 4

[1] Imputed interest received by persons from life insurance carriers and private non-insured pension plans.
[2] Reconciliation is based on preliminary SOI data for AGI . For the revised AGI for 1986, see Table 1.
[3] Represents income of low-income individuals not required to file individual income tax returns, unreported income, and statistical errors or omissions.

SOURCE: U.S.-Department of-Commerce,-Bureau-of-Economic Analysis, The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986; for years after 1982, Survey of Current Business, various issues. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 5

[1] See Table 4 for the differences between personal income and AGI.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986; for years after 1982, Survey of Current Business, various issues. Statistics' of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 6

[1] See Table 4 for the differences between personal income and AGI.

SOURCE: U.S. Department of Commerce, Bureau of Eco: nomic Analysis,. The National Income and Product Accounts of the United States, 1929-82: Statistical Tables,

1986; for years after 1982, Survey of Current Business, various issues; and Statistics of Income-Individual Income Tax Returns, appropriate years. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 7

[1] Amount of standard deduction for 1944-1957 estimated by Joseph.A. Pechman, The Brookings Institution, on the basis of the distribution of the number of tax returns by income classes and marital status in Statistics of Income-Individual Income tax Returns, and for 1958-1987 obtained directly from Statistics of Income tabulations for these years. Represents zero bracket amount for 1977-1986:
[2] Returns with standard deduction, 1955-1987; includes a small number with no adjusted gross income and no deductions. For 1944-1954, returns with no adjusted gross income are included in the number of returns with itemized deductions.
[3] For 1977-1986, itemized deductions are before subtraction of "zero bracket amount."
[4] Sum of standard and itemized deductions, plus charitable deduction reported on standard deduction returns for Tax Years 1982-1986.

SOURCE: Except as indicated in footnote 1, Statistics of Income-Individual Income Tax Returns, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of changes mentioned above.

## Table 8

[1] See Table 4 for the differences between personal income and AGl.
[2] Taxable income excludes "zero bracket amount" for .1977-1986.
[3] For the definition of total income tax, see footnote 6, Table 1.
[4] Percentage not computed because preliminary SOI data for taxable income and tax may not be altogether comparable with Department of Commerce estimate for personal income.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986; for years after 1982, Survey of Current Business, various issues; and Statistics of Income-Individual Income Tax Returns, appropiate years. Statistics of Income data are subject to sampling errors; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 9

[1] Excludes returns with refundable crude oil windfall profit tax overpayment only, starting with 1980.

SOURCE: Statistics of Income-Individual Income Tax Returns, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 10

SOURCE: Statistics of Income-Sole Proprietorship Returns, appropriate years, and SOI Bulletin, Summer issues. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 11

[1] Total assets, total liabilities, and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.
[2] Short-term debt is the abbreviated title given to mortgages, notes, and bonds payable in less than 1 year.
[3] Long-term debt is the abbreviated title given to mortgages, notes, and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.
[4] See footnote 4, Table 12, for changes in the comparability of the statistics for receipts and deductions after 1980. Also, statistics for interest received are combined with dividends beginning with 1982.
[5] After 1980, represents the more all-inclusive amounts reported in depreciation computation schedules rather
than the amounts reported as the depreciation deduction (plus depreciation identified in cost of sales and operations schedules).

SOURCE: Statistics of Income--Partnership Returns, appropriate years, and SOI Bulletin, Summer issues. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 12

[1] Size classes are based on business receipts, i.e., gross amounts from sales and operations, for industries except those in finance, insurance and real estate. For the latter industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, see also footnote 4, below.
[2] Includes returns with no receipts as defined in footnote 1.
[3] Includes corporations with zero assets and liabilities. In addition, for partnerships, includes partnerships without balance sheet information (see also footnote 5, below).
[4] After 1980, "total receipts" in Table 11 includes, in part, only the net income or loss from farming and rentals. Previously, "total receipts" included the gross receipts from farming and rentals and, if rental receipts were the principal source of total receipts, they were treated as "business receipts" for the statistics. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made starting with 1981 to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 12. In Table 11, since only the net income or loss from farming and rentals was included starting with 1981, the deductions reported in computing these net incomes are excluded from the deduction statistics. For previous years, these deductions are reflected in the deduction statistics.
[5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under $\$ 25,000$ " asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: Statistics of Income--Corporation Income Tax , Returns, appropriate years, Statistics of IncomePartnership Returns, appropriate years, Statistics of Income-Sole Proprietorship Returns, appropriate years,
and SOI Bulletin, Summer issues. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 13

[*] Estimate should be used with caution because of the small number of sample returns on which it is based.
[1] Consolidated returns were filed on an elective basis for affiliated groups of corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group and a common parent corporation owned at least 80 percent of the stock of at least one of the affiliates.
[2] Included in "Number of returns, total" and "Number with net income:"
[3] Generally, small corporations with no more than 35 shareholders ( 10 prior to 1983), most of them individuals, electing to be taxed at the shareholder level.
[4] Domestic International Sales Corporations (DISC's) were designed to promote U.S. exports. They were taxed through parent corporations, but only when profits were distributed or deemed distributed to them. This system of tax deferral was generally replaced after 1984 with a new system of Foreign Sales Corporations (FSC's); see footnote 5. Tax benefits of DISC's remaining after 1984 were limited and an interest charge for tax deferred amounts imposed on the parent corporations.
[5] Foreign Sales Corporations (FSC's) generally replaced DISC's as a means of promoting U.S. exports (see footnote 4). Under the FSC provisions, a portion of these subsidiaries' "foreign trade income". was exempt from U.S. income tax.
[6] For 1984, net long-term for capital gain reduced by net short-term capital loss from Forms 1120S, are not included in computed total receipts nor net income. Therefore, the components of total receipts do not equal the computed total receipts for that year.
[7] Includes dividends reported in combination with interest on Form $1120-S$ by $S$ Corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 3). Based on prior years, when Form $1120-\mathrm{S}$ required each to be reported separately, nearly all of the combined amount represents interest.
[8] For most years, "income subject to tax" (the corporate tax base) exceeds "net income less deficit" chiefly
because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the "taxable income" base used by most companies (and defined as net income minus certain statutory special deductions); a variation of this base in combination with net long-term capital gains in certain situations when the lower capital gains tax applied; the special tax bases applicable to $S$ Corporations and insurance businesses; and the amounts taxable to certain investment companies. Profits of Domestic International Sales Corporations were tax-deferred; most of those of qualifying Foreign Sales Corporations were taxexempt and those of S Corporations were taxed (with few exceptions) through their individual shareholders, so that the net income of these corporations is ex: cluded from income subject to tax:
[9] Includes surcharge of $\$ 784,437,000$.
[10] General business credit includes alcohol fuel, investment, jobs, and employee stock ownership plan (ESOP) Credits which were shown separately for-previous years.

NOTE: Detail may not add to totals because of rounding.
SOURCE: Statistics of Income-Corporation Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 14

[1] See footnote 7, Table 13.
[2] See footnote 9, Table 13.
[3] Also includes additional tax for tax preferences ("minimum tax"), tax from recomputing prior-year investment credit, and Personal Holding Company tax.

SOURCE: Statistics of Income-Corporation Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of. the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Table 15

[1] Profits shown are without inventory valuation and capital-consumption adjustment.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986; for years after 1982, Survey of Current Business, various issues; and Statistics of Income-Corporation Income Tax Returns, appropriate years. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

## Tables 16 and 17

[1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fidiciary income tax collected (from estates and trusts). Fidiciary income tax collected was $\$ 8.4$ billion in 1987, $\$ 4.5$ billion in 1986, $\$ 4.1$ billion in 1985, and $\$ 2.9$ billion in 1984. Presi dential election campaign designations amounted to $\$ 33.2$ million in 1987, $\$ 35.9$ million in 1986, and $\$ 34.8$ million in 1985 and 1984.
[2] Corporation income tax collected includes various taxes applicable to tax-exempt organizations, including the tax on "unrelated business income." Total taxes - collected from tax-exempt organizations were \$119.9 billion (1987), $\$ 30.2$ million (1986), $\$ 54.9$ million (1985), and $\$ 50.0$ million (1984).
[3] Excise taxes are imposed on selected products, services, and activities, such as on sales of alcohol and tobacco products and the manufacture of gasoline.
[4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retirement, and unemployment taxes; plus the selfemployment tax imposed on "self-employment income."

NOTES: Collections (or refunds) are those made during the time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable, income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of audit examination and enforcement activities). Collections also include interest and penalties.

Refunds_result chiefly from tax overpayments determined at time of filing a return. Included are amounts subsequently
determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from. future taxable years); or as a result of initial return processing or of examination and other activities. Individual income tax refunds are net of offsets under laws which require IRS to act as collection agent for delinquent payments owed various U.S. agencies under specific programs. All refund data include interest paid by IRS.

Detail may not add to totals because of rounding.
SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Accounting Branch.

## Table 18

[1] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, and dealers holding taxable tires were assessed a one-time floor stock tax.
[2] Effective January 7, 1983, the excise taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, motor vehicles are excluded.
[3] Special fuels, total, includes diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970. Beginning with the quarter ending December 1983, motor vehicles are included.
[4] Effective January 1, 1983, the excise tax increased from 1 percent to 3 percent.
[5] Expired September 30, 1985 (P.L. 96-510); reimposed in January 1987 (P.L. 99-499).

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. For 1980-1986, the fiscal year was defined as October of the previous calendar year through September of the year noted.

Additional detail is published in the Annual Report of the Commissioner and Chief Counsel, Internal Revenue Service.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch; and Financial Management Service.

## Table 19

[1] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS; excludes amended returns (Form 1040X).
[2] Includes Forms 1120F, 1120 POL , and 1120H; excludes Forms 1120-DISC/FSC and amended returns (Form 1120X).
[3] Includes Form 1041A.
[4] Includes Form 990A.
SOURCE: Internal Revenue Service, Research Division, Projections and Forecasting Group.

## Table 20

[1] Estimates of returns with paid assistance for 1985 and earlier years are based on the full-year sample of returns used for Statistics of Income-Individual Income Tax Returns. Data for 1987 are based on the sample used to produce preliminary Statistics of Income (SOI) and are therefore subject to revision. Since data on paid preparers are not available from the 1986 SOI file, estimates were óbtained by converting the 1986 Taxpayer Usage Study (TPUS) sample to the equivalent of the SOl sample. This was done because the TPUS sample represents returns filed through April, while the SOI sample represents all individual income tax returns
filed in a calendar year. For additional information about the TPUS sample, see the Summer 1988 issue of the SOI Bulletin.
[2] Data on IRS Taxpayer Service Programs are collected on a fiscal-year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during that fiscal year and are for the tax year ending with the previous December. Therefore, data in Table 20, which are presented on a tax year basis, are actually for a fiscal year, e.g., data shown as for Tax Year 1987 are actually for Fiscal Year 1988. However, data shown as for Tax Year 1986 in previous issues of the SOI Bulletin were actually for the first 7 months of Fiscal Year 1987; the revised data represent the entire Fiscal Year 1987.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

SOURCE: Data on paid preparers were obtained from Statistics of Income and Taxpayer Usage Study samples. Data on IRS assistance were compiled by the Taxpayer Service Division.

## Appendix*

## General Description of Statistics of Income Sample Procedures and Data Limitations

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see the References at the end of this Appendix). More technical information is available, upon request, by writing to the Director, Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

## SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on criteria such as: industry, presence or absence of a tax form or schedule, accounting period, State from which filed, and various income factors or other measures of economic size (total assets, for example, is used for the corporation and partnership statistics). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years, 3 for corporations because of the prevalence of fiscal (noncalendar) year reporting. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means in practice, that both the population and the sample size can differ from that planned. However, these factors do not compromise the validity of the estimates.

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All

[^29]this is subject to constraints based on the estimated cost or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master File based on the taxpayer identification number (TIN) which is either the social security number (SSN) or the employer identification number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise it is counted (for estimation purposes) but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designed from one year's sample are for the most part selected for the next year's, so that a very high proportion of the returns selected in the current sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from 1 year to the next.

## METHOD OF ESTIMATION

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. "Weights" are used to adjust for the various sampling rates used-the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights were then computed for these post-strata using additional population counts. The data on each return in a stratum are multiplied by that weight. To produce the tabulated estimates, these weighted data are summed to produce the published statistical totals.

## SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation
among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02 , then the following arithmetic procedure would be followed to construct a 68 percent confidence interval estimate:

$$
\begin{array}{cl}
\begin{aligned}
150,000 \\
\times 0.02
\end{aligned} & \begin{array}{ll}
\text { (sample estimate) } \\
\text { (coefficient of variation) } \\
\text { (standard error of estimate) }
\end{array} \\
\hline & \\
+150,000
\end{array} \quad \begin{array}{ll}
\text { (sample estimate) } \\
=147,000 & \text { (standard error) }
\end{array}
$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Generally in the SOI Bulletin only conservative upper limit CV's are provided for frequency estimates. These do, however, provide a rough guide to the order of magnitude of the sampling error.

Further details concerning confidence intervals, including the approximation of CV's for combined sample estimates, may be obtained on request by writing the Director, Statistics of Income Division.

## NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant
in evaluating the usefulness of SOI data. These include, taxpayer reporting errors, processing errors, and effects of: an early cut-off of sampling. More extensive information on nonsampling error is presented in SOI reports, when appropriate.

In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during statistical "editing" in order both to improve data: consistency from return to return and to achieve definitions of the data items that are more in keeping with the needs of major users. In some cases not all of the data are available from the tax return as originally filed. Sometimes the missing data can be obtained through field followup. More often though, they are obtained through imputation methods. As examples, other information in the return or in accompanying schedules may be sufficient to enable an estimate to be made; prior-year data for the same taxpayer may be used for the same purpose; or data from another return for the same year that has similar characteristics may be substituted. Research to improve methods of imputing data that are missing from returns continues to be an ongoing-process [1].

Quality of the basic data abstracted from the returns is subjected to a number of quality control steps including 100 -percent key verification. The data are then subjected to many tests based on the structure of the tax law and the improbability of various data combinations. Records failing these tests are then subjected to further review and any necessary corrections are made. In addition, the Statistics of Income Division in the National Office conducts an independent reprocessing of a small subsample of statistically-processed returns as a further check [2].

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

## TABULAR CONVENTIONS

Estimates of frequencies and money amounts that are considered unreliable due to the small sample size on which they are based are noted in SOI tables by an asterisk (*) to the left of the data item(s). The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and that there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash
in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100 -percent rate.

Whenever a weighted frequency in a data cell is less than 3 , the estimate is either combined with other cells or deleted in order to avoid disclosure of information about individual taxpayers or businesses [3]. These combinations and deletions are indicated by a double asterisk (**).

## NOTES

[1] See, for example, Hinkins, Susan M., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in 1984 Proceedings: American Statistical Association, Section on Survey Research Methods. Other research efforts are included in Statistical Uses of Administrative Records: Recent Research and Present Prospects, Volume 1, Internal Revenue Service, March 1984.
[2] Quality control activities for all SOI studies will be published in a series of forthcoming reports. These reports will provide detailed information relating to quality in all phases of SOI processing.
[3] For geographic statistics, these same steps are taken when a weighted frequency is less than 10.

## REFERENCES

For information about the samples used for specific SOI programs see:

Statistics of Income-1985, Individual Income Tax Returns, 1984, (see especially pages 4-7).

Statistics of Income-1985, Corporation Income Tax Returns (see especially pages 9-15).

Statistics of Income-1978-82, Partnership Returns (see especially pages 237-244).

Statistics of Income-1979-83, Compendium of Studies of International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns (see information about the samples used at the end of each chapter).

SOI Bulletin (see each issue).

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[^0]:    *Dr. Fritz Scheuren Is Director, Statistics of Income Division. Janet McCubbin is an economist, Special Projects Section, Foreign Statistics Branch.

[^1]:    ${ }^{1}$ For 1944 and atter, this filing criterion applies to income earned by either spouse; prior to. 1944, the net income and gross income filing thresholds were applied to the combined income of the couple.
    ${ }^{2}$ Or $\$ 3,949$ earned by one spouse only, for purpose of the victory tax.
    N/A-not applicable.
    NOTE: For corresponding current dollar thresholds, see the Synopsis of Law Section (Exhibit A).

[^2]:    See footnotes; at.end of Exhibit.

[^3]:    See footriotes on next page.

[^4]:    See notes at end of tables.

[^5]:    Less than 0.005 percent.

[^6]:    See notes at end of tables

[^7]:    See notes at end of tables.

[^8]:    See notes at end of tables.

[^9]:    See notes at end of tables.

[^10]:    See notes at end of tables.

[^11]:    See notes at end of tables

[^12]:    See notes at end of tables.

[^13]:    See notes at end of tables.

[^14]:    See notes at end of tables.

[^15]:    See notes at end of tables.

[^16]:    *Bureau of Economic Analysis, Department of Commerce.

[^17]:    See footnotes at the end of table 4.

[^18]:    See footnotes at the end of table 4

[^19]:    * Foreign Returns Analysis Section. Prepared under the direction of James Hobbs, Chief.

[^20]:    Footnote at end of table.

[^21]:    *Statistician, Projections and Forecasting Group, Research Division.

[^22]:    included in the total for 1987 are 202,000 atcohol and tobacco returns, Forms 11 and 5000.24 . Since July 1987, these returns are filed with the Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury. As a result, they are excluded from the projections of returns filed with the Internal Revenue Service.
    ${ }^{2}$ For individual, estate and gift tax returns, projections are based on counts of returns processed as of June 1988
    ${ }^{3}$ Includes forms 1040NR, 1040PR, 1040SS, and 1040C; Form 1040X is included under Supplemental returns, below
    ${ }^{4}$ Includes Forms 1041 and 1041S; Form 1041A is included under Supplemental returns, below.
    ${ }^{5}$ Actual count for FY 1987, includes Forms 1120, $1120 \mathrm{~A}, 1120 \mathrm{~F}, 1120 \mathrm{M}, 1120 \mathrm{~L}, 1120 \mathrm{POL}$, and 1120 S . Projections for FY 1988-1996 also include Forms 1120DF, $1120 \mathrm{FSC}, 1$ 120PC, 1120 REIT and 1120 RIC .
    ${ }^{6}$ Includes Forms $940,940 \mathrm{PR}, 941$ 941E, 941 PR , 941 SS, 942 , 942 PR, $943,943 P R$ and CT-1.
    ${ }^{7}$ Withholding tax return for U.S. source income of foreign "person".
    ${ }^{8}$ Includes Forms 990, 990PF, $990 \mathrm{C}, 990 \mathrm{~T}, 4720$ and 5227.
    ${ }^{9}$ Includes Forms 5500. 5500EZ, 5500C and 5500R.
    ${ }^{0}$ Includes Forms 11C, 720, 730 and 2290.
    11 Actual count for FY 1987 includes Forms CT-2, 941M, 990BL, 1120IC-DISC and 1120FSC, none of which are included in the IRS Master File. Because Form 1120 FSC returns are included in the Master File staring with FY 1988, they are no longer proiected as part of the "other" (non-Master File) category
    N/A-not applicable.
    Note: Detail may not add to totals due to rounding.

[^23]:    See notes following Table 20

[^24]:    See notes following Table 20

[^25]:    See notes following Table 20.

[^26]:    See notes following table 20

[^27]:    See notes following Táble 20

[^28]:    See notes on following page.

[^29]:    *Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Chief, Publications Team. Major contributions were made by Paul McMahon, Mathematical Statistical Team.

