

Individual Income Tax Returns, Preliminary Data, 1994

by *Therese M. Cruciano*

For Tax Year 1994, taxpayers filed 116.1 million U.S. individual income tax returns, an increase of 1.5 million returns, or 1.3 percent, from the number filed for 1993. Between 1993 and 1994, adjusted gross income less deficit (AGI) increased 5.0 percent to over \$3.9 trillion, more than twice the growth rate that occurred between 1992 and 1993. Taxable income rose 5.9 percent to nearly \$2.6 trillion, while total income tax increased 6.2 percent to over \$532.3 billion. The average tax rate for 1994 rose slightly to 13.6 percent of AGI, compared to 13.5 percent for 1993. However, except for taxpayers in two of the four highest income size classes in the statistics, the average tax rate for 1994 either declined or remained the same.

Between 1993 and 1994, the consumer price index (CPI-U) grew at an annual rate of 2.6 percent [1]. In contrast to 1993, the growth of both aggregate AGI and aggregate salaries and wages was greater than the rate of inflation. In addition to the 4.9 percent growth in salaries and wages, other income items showed substantial increases, thereby contributing to the growth of AGI. Notably, taxable distributions from Individual Retirement Arrangements and partnership and S Corporation net income (less loss) increased, 22.0 percent and 19.3 percent, respectively. Unemployment compensation continued to decline, as did the national unemployment rate. For 1994, the amount of unemployment compensation in AGI decreased 27.1 percent. In large part due to changes in law, the total earned income credit increased 36.2 percent, and taxable social security benefits increased 57.0 percent.

The comparisons of data for Tax Years 1993 and 1994 in this article are based on the preliminary estimates for both years [2]. A few income and tax items tend to be understated in preliminary estimates; therefore, comparisons based on preliminary estimates for one year and final estimates from previous years could be misleading. Comparisons based entirely on preliminary estimates both reduce the likelihood of misinterpretation of the data and afford a more accurate representation of year-to-year change. Final statistics for Tax Year 1993 are available in the historical tables at the end of this issue of the *Bulletin*.

Adjusted Gross Income, Taxable Income, and Total Income Tax

AGI grew at a lower annual rate than taxable income for 1994—5.0 percent versus 5.9 percent (Figure A). How-

ever, growth rates for both AGI and taxable income were significantly higher than the corresponding rates for 1993 of 2.3 percent and 2.2 percent, respectively [3]. Total income tax increased by 6.2 percent, 0.9 percentage points higher than for 1993. The alternative minimum tax (AMT) rose 5.5 percent for 1994.

Average AGI reported on 1994 individual income tax returns was \$33,658, representing a growth of \$1,169, or

Income tax increased 6.2 percent to \$532.3 billion; the "earned income credit" increased 36.2 percent to \$21.2 billion, due in large part to a change in law.

3.6 percent, over the amount for 1993; in contrast, average AGI for 1993 grew \$494 to \$32,489, or a 1.5 percent increase from 1992. Average taxable income for 1994 equaled \$27,897, up \$936 (or 3.5 percent) from the 1993 amount of \$26,961, (which,

in turn, grew \$594, or 2.3 percent, over the amount for 1992). In addition, average total income tax for 1994 grew \$269 (or 4.6 percent) to \$6,065 per taxable return, in contrast to the \$319 increase (or 5.8 percent) to \$5,796 per taxable return for 1993 [4].

The average tax rate for 1994 (i.e., total income tax divided by AGI reported on *all* returns, taxable and nontaxable) was 13.6 percent, only 0.1 percentage point more than for 1993 (Figure B). In the statistics, all income size classes except two had average tax rates that were the same as, or 0.1 percentage point lower than, for 1993. Of the two income size classes showing increases, the average tax rate for the "\$100,000 under \$200,000" class rose 0.1 percentage point, while the average tax rate for the "\$500,000 under \$1,000,000" class increased 0.2 percentage points. The constant or lower average tax rates for 1994 were mainly the result of inflation indexing of the size of the standard deduction, the size of the deduction for personal exemptions, and the width of the tax rate brackets.

Selected Sources of Income

The largest component of AGI, salaries and wages, rose \$141.0 billion, or 4.9 percent, for 1994 (Figure C). Business or profession net income (less loss) increased 4.7 percent. Both salaries and wages and business or profession net income (less loss) grew by more than the 2.6 percent rate of inflation for 1994. However, the growth rates of these two items were notably less than the 6.2 percent growth rate for the Gross Domestic Product [5].

Taxable income from pensions and annuities, the second largest component of AGI, increased 6.5 percent,

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Figure A

Adjusted Gross Income, Taxable Income, and Total Income Tax, Tax Years 1993 and 1994

[Number of returns is in thousands--money amounts are in millions of dollars]

Item	1993 (preliminary)		1994 (preliminary)		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	
Adjusted gross income (less deficit).....	114,627	3,724,134	116,148	3,909,275	5.0
Taxable income.....	90,886	2,450,346	92,980	2,593,834	5.9
Total income tax.....	86,476	501,177	87,773	532,338	6.2
Alternative minimum tax.....	323	1,751	346	1,847	5.5

Figure B

Number of Returns, Adjusted Gross Income, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 1993 and 1994

[Number of returns is in thousands--money amounts are in millions of dollars]

Tax year, income, and tax	Total	Size of adjusted gross income									
		Under \$1 ¹	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Tax Year 1994 (preliminary):											
Number of returns.....	116,148	932	28,927	24,946	17,826	21,052	17,964	3,404	880	148	68
Adjusted gross income (less deficit).....	3,909,275	-40,777	145,028	367,566	439,973	822,470	1,206,921	445,931	253,513	99,641	169,008
Total income tax.....	532,338	34	2,597	17,577	35,532	85,549	159,032	82,787	65,274	30,344	53,614
Tax as a percentage of adjusted gross income (less deficit).....	13.6	(²)	1.8	4.8	8.1	10.4	13.2	18.6	25.7	30.5	31.7
Tax Year 1993 (preliminary):											
Number of returns.....	114,627	900	29,630	24,829	17,248	21,445	16,492	3,104	774	140	66
Adjusted gross income (less deficit).....	3,724,134	-39,941	148,127	365,647	424,934	834,637	1,102,423	407,393	225,076	93,467	162,372
Total income tax.....	501,177	32	2,794	17,869	35,026	86,842	145,605	75,371	57,855	28,316	51,466
Tax as a percentage of adjusted gross income (less deficit).....	13.5	(²)	1.9	4.9	8.2	10.4	13.2	18.5	25.7	30.3	31.7
Change in percentage points, tax as a percentage of adjusted gross income (less deficit), 1994 over 1993.....	0.1	(³)	-0.1	-0.1	-0.1	-	-	0.1	-	0.2	-

¹Includes returns with adjusted gross deficit

²Percentage not computed.

³Difference not computed.

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

to \$208.2 billion. The largest percentage increase of any income item was for taxable social security benefits which increased 57.0 percent to \$39.4 billion. Much of this increase can be attributed to the change in law which required up to 85 percent of social security benefits to be included in taxable income for 1994. This percentage represents an increase from the maximum of 50 percent

for 1993 and prior years. (See the Definitions and Changes in Law section of this article for an explanation of taxable social security benefits). Unemployment compensation declined 27.1 percent to \$20.2 billion, the lowest level since 1990, reflecting the comparatively low unemployment rate (6.1 percent) for 1994 [6]. Other income items with large percentage increases were taxable Indi-

Individual Income Tax Returns, Preliminary Data, 1994

Figure C

Comparison of Total and Selected Sources of Adjusted Gross Income, Tax Years 1993 and 1994

[Number of returns is in thousands--money amounts are in millions of dollars]

Item	1993 (preliminary)		1994 (preliminary)		Percentage change in amount	Increase in amount
	Number of returns	Amount	Number of returns	Amount		
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income (less deficit) ¹	114,627	3,724,134	116,148	3,909,275	5.0	185,141
Salaries and wages.....	98,153	2,892,838	99,754	3,033,845	4.9	141,007
Taxable interest.....	65,193	127,056	65,557	120,563	-5.1	-6,493
Dividends.....	24,680	79,432	25,247	81,260	2.3	1,828
Business or profession net income (less loss).....	15,625	154,473	15,917	161,767	4.7	7,294
Net capital gain (less loss) ²	18,344	133,403	18,752	132,375	-0.8	-1,028
Net gain (less loss), sales of property other than capital assets..	1,678	-2,925	1,741	-2,157	(³)	768
Social security benefits in adjusted gross income.....	5,759	25,074	5,976	39,357	57.0	14,283
Rent and royalty net income (less loss) ⁴	9,949	13,761	10,032	16,222	17.9	2,461
Partnership and S Corporation net income (less loss).....	5,261	94,340	5,306	112,541	19.3	18,201
Estate and trust net income (less loss).....	463	4,136	477	4,941	(³)	805
Farm net income (less loss).....	2,276	-3,072	2,252	-6,681	(³)	-3,609
Unemployment compensation.....	9,668	27,650	8,540	20,160	-27.1	-7,490
Pensions and annuities in adjusted gross income.....	17,563	195,502	18,066	208,174	6.5	12,672
Individual Retirement Arrangement distributions in adjusted gross income.....	4,394	27,143	4,806	33,117	22.0	5,974
Other net income (less loss) ⁵	n.a.	-13,064	n.a.	-12,912	-1.2	152

n.a. - Not available.

¹ Sources of adjusted gross income shown are incomplete and, therefore, do not add to total adjusted gross income.

² Includes capital gain distributions not reported on Schedule D.

³ Percentage not computed.

⁴ Includes farm rental income less loss.

⁵ "Other net income (less loss)" represents only data reported on the residual line on Form 1040, and does not include the foreign-earned income exclusion.

vidual Retirement Arrangement (IRA) distributions which increased 22.0 percent to \$33.1 billion, and partnership and S Corporation net income (less loss) which increased 19.3 percent to \$112.5 billion.

Interest rates remained relatively low during 1994, and taxable interest declined 5.1 percent to \$120.6 billion. This decline made Tax Year 1994 the fourth consecutive year for which taxable interest decreased.

Excluded from Figure C are "statutory adjustments," which are subtracted in the computation of AGI (see the Statutory Adjustments section of this article).

"Total positive income" (TPI) differs from AGI in that it includes only the positive income line items from individual tax returns [7]. For 1994, TPI grew 4.9 percent, to \$4.1 trillion (Figure D). TPI is particularly useful when examining percentage changes in income items which can have either positive or negative results, i.e., a gain or loss, such as estate and trust income, rent and royalty income, and farm income, that are relatively similar in size. This is because the netting effect tends to camouflage the separate gains and losses which can be quite substantial [8]. Major increases included estate and

trust net income which increased 16.2 percent to \$5.2 billion, and partnership and S Corporation net income which rose 14.4 percent to \$141.8 billion.

Losses

In contrast to total positive income, total negative income includes only the negative income line items from individual tax returns. Total negative income, i.e., net loss, included in AGI increased for 1994 by 4.1 percent to \$144.0 billion (Figure E). "Other net loss," representing the total amount (including positive amounts) reported on the "all other" residual income line of Form 1040 (excepting the foreign-earned income exclusion), was responsible for 25.0 percent of the total and showed a 4.5 percent increase. The "net operating loss carryforward" accounted for 94.0 percent or \$33.9 billion of "other net loss." The second largest component of total net loss, partnership and S Corporation net loss, decreased 1.4 percent to just over \$29.2 billion. The largest dollar amount change occurred in farm net loss, which increased \$2.6 billion to \$15.4 billion. The largest percentage change was for net capital loss, which increased 29.4 percent to \$10.3 billion for 1994.

Individual Income Tax Returns, Preliminary Data, 1994

Figure D

Comparison of Total and Selected Sources of Positive Income, Tax Years 1993 and 1994

[Number of returns is in thousands--money amounts are in millions of dollars]

Item	1993 (preliminary)		1994 (preliminary)		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total positive income	n.a.	3,908,895	n.a.	4,102,144	4.9
Salaries and wages.....	98,153	2,892,838	99,754	3,033,845	4.9
Taxable interest.....	65,193	127,056	65,557	120,563	-5.1
Dividends.....	24,680	79,432	25,247	81,260	2.3
Taxable refunds of State and local income taxes.....	17,246	10,715	17,849	11,300	5.5
Alimony received.....	419	4,072	424	4,275	5.0
Business or profession net income.....	11,862	174,122	12,143	181,976	4.5
Net capital gain ¹	14,178	141,389	13,177	142,705	0.9
Net gain, sales of property other than capital assets.....	777	4,731	804	5,358	13.3
Social security benefits in adjusted gross income.....	5,759	25,074	5,976	39,357	57.0
Total rent and royalty net income ²	5,304	39,540	5,393	41,206	4.2
Partnership and S Corporation net income.....	3,236	123,956	3,326	141,754	14.4
Estate and trust net income.....	412	4,497	435	5,226	16.2
Farm net income.....	907	9,710	769	8,709	-10.3
Unemployment compensation.....	9,668	27,650	8,540	20,160	-27.1
Pensions and annuities in adjusted gross income.....	17,563	195,502	18,066	208,174	6.5
Individual Retirement Arrangement distributions in adjusted gross income.....	4,394	27,143	4,806	33,117	22.0
Other net income ³	5,069	21,468	5,269	23,159	7.9

n.a. - Not available.

¹ Includes capital gain distributions not reported on Schedule D.

² Includes farm rental net income.

³ "Other net income" represents only data reported on the residual line on Form 1040.

Figure E

Comparison of Total and Selected Sources of Net Losses Included in Adjusted Gross Income, Tax Years 1993 and 1994

[Number of returns is in thousands--money amounts are in millions of dollars]

Item	1993 (preliminary)		1994 (preliminary)		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total net losses	n.a.	138,361	n.a.	143,999	4.1
Partnership and S Corporation net loss.....	2,025	29,616	1,980	29,213	-1.4
Total rent and royalty net loss ¹	4,646	25,779	4,640	24,984	-3.1
Estate and trust net loss.....	51	361	42	285	-21.1
Business or profession net loss.....	3,762	19,649	3,774	20,210	2.9
Farm net loss.....	1,369	12,782	1,483	15,390	20.4
Net capital loss ²	4,166	7,986	5,575	10,330	29.4
Net loss, sales of property other than capital assets.....	901	7,656	938	7,516	-1.8
Other net loss ³	n.a.	34,532	n.a.	36,071	4.5

n.a. - Not available.

¹ Includes farm rental net loss.

² Includes only the portion of capital losses deducted during the calculation of adjusted gross income.

³ Represents only data reported on the residual line of Form 1040, except the foreign-earned income exclusion.

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

Statutory Adjustments

Statutory adjustments to total income increased 5.9 percent, from \$35.9 billion for 1993 to \$38.0 billion for

1994 (Figure F). The largest of all statutory adjustments was the deduction for one-half of self-employment tax, representing 33.4 percent of the total. This deduction

Individual Income Tax Returns, Preliminary Data, 1994

Figure F

Selected Statutory Adjustments, Tax Years 1993 and 1994

[Number of returns is in thousands--money amounts are in millions of dollars]

Item	1993 (preliminary)		1994 (preliminary)		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total statutory adjustments ¹	17,105	35,896	17,739	38,018	5.9
Payments to an Individual Retirement Arrangement.....	4,412	8,583	4,331	8,442	-1.6
Moving expenses.....	(²)	(²)	788	1,489	(²)
Self-employment tax deduction.....	12,416	11,640	12,639	12,699	9.1
Self-employed health insurance deduction.....	2,887	2,032	1,333 ³	1,074 ³	(⁴)
Payments to a self-employed retirement (Keogh) plan.....	943	7,975	992	7,938	-0.5
Penalty on early withdrawal of savings.....	685	104	632	135	29.8
Alimony paid.....	622	5,087	629	5,226	2.7

¹ Includes adjustments not shown separately.

² Prior to 1994 moving expenses were an itemized deduction reported on Schedule A.

³ Excludes amended returns on which deduction was claimed retroactively for 1994.

⁴ Percentage not computed.

increased 9.1 percent, mostly because of an increase in the amount of self-employment income subject to the Medicare portion of self-employment tax. The ceiling on the amount of self-employment income subject to the Medicare tax was eliminated for 1994. The self-employed health insurance deduction expired in 1993 and was not restored until April 1995. Therefore, taxpayers who wished to take the deduction but had already filed their 1994 returns, had to file an amended return. However, amended returns are not reflected in these statistics. (See the Definitions and Changes in Law section of this article for further explanation of the changes to the deductions for self-employed health insurance and self-employment tax.) Deductible payments to Individual Retirement Arrangements, despite a continued downward trend which began with 1986, accounted for 22.2 percent of all statutory adjustments.

The deduction for moving expenses was available for all taxpayers as a statutory adjustment for 1994, rather than as an itemized deduction. Comparing the 1993 deduction and the 1994 adjustment (and 1994 deduction for prior-year moves), the number of taxpayers claiming moving expenses increased 14.3 percent, while the amount of the expenses declined 50.7 percent. This decrease in the amount of moving expenses claimed may be attributed to the changes in law which eliminated the deductibility of several expenses previously allowed (see the Definitions and Changes in Law section of this article).

Deductions

The aggregate amount of all standard deductions claimed on 1994 individual income tax returns, i.e., the basic

standard deduction plus the additional standard deduction for age or blindness, increased 4.2 percent to \$399.2 billion (Figure G). Total deductions, the sum of the standard deductions and total itemized deductions (after limitation), equaled \$881.8 billion, an increase of only 2.1 percent. Since taxable income is the result of AGI less deductions and exemptions, this relatively small increase in total deductions resulted in a larger increase in taxable income. (See the Definitions and Changes in Law section of this article for a definition of the itemized deduction limitation.)

The number of returns claiming a standard deduction increased 1.6 percent for 1994, accounting for 70.9 percent of all returns filed and 45.3 percent of the total deductions amount. The 1994 average standard deduction equaled \$4,851, up \$121 from the average for 1993. The increase was largely due to inflation indexing of the standard deduction amounts.

Itemized deductions were claimed on 28.3 percent of all returns filed and represented 54.7 percent of the total deductions amount. The average total for itemized deductions (after limitation) equaled \$14,668, down \$25 from the average for 1993. (The remaining 0.8 percent of the returns did not claim either standard or itemized deductions because there was no AGI on these returns.)

Total itemized deductions (before limitation) increased 0.6 percent for 1994. Interest paid constituted the largest portion (38.7 percent) of the total, with home mortgage interest accounting for 95.3 percent of total interest paid. The remaining portion of interest paid was divided between investment interest and deductible points paid on a mortgage. The home mortgage interest deduction decreased 1.6 percent from the 1993 amount. The taxes paid

Individual Income Tax Returns, Preliminary Data, 1994

Figure G

Selected Itemized Deductions and the Standard Deduction, Tax Years 1993 and 1994

[Number of returns is in thousands--money amounts are in millions of dollars]

Item	1993 (preliminary)		1994 (preliminary)		Percentage increase in amount
	Number of returns ¹	Amount	Number of returns ¹	Amount	
	(1)	(2)	(3)	(4)	
Total itemized deductions before limitation.....	32,694	492,763	32,903	495,487	0.6
Medical and dental expenses.....	5,408	25,932	5,174	25,768	-0.6
Taxes paid.....	32,156	167,882	32,478	173,487	3.3
Interest paid ²	27,360	194,976	27,764	191,722	-1.7
Home mortgage interest.....	27,049	185,627	27,421	182,693	-1.6
Contributions.....	29,717	67,166	29,808	68,888	2.6
Casualty or theft losses.....	166	2,316	217	3,283	41.8
Moving expenses ³	805	3,897	132 ³	431 ³	(⁴)
Miscellaneous expenses after limitation.....	7,717	27,877	7,906	28,537	2.4
Gambling loss and other miscellaneous deductions.....	729	2,718	659	3,369	24.0
Itemized deductions in excess of limitation.....	3,289	12,408	3,355	12,866	3.7
Total itemized deductions after limitation.....	32,694	480,355	32,903	482,620	0.5
Total standard deduction.....	81,014	383,231	82,290	399,215	4.2
Total deductions (after itemized deduction limitation).....	113,708	863,586	115,192	881,835	2.1

¹ Returns with no adjusted gross income are not included in the deduction counts. For this reason, the sum of the number of returns with total itemized deductions and the number of returns with total standard deduction is less than the total number of returns for all filers.

² Includes investment interest and deductible mortgage "points" not shown separately.

³ Amount shown is for moving expenses incurred in years prior to 1994, but reported on 1994 returns.

⁴ Percentage not computed.

deduction increased 3.3 percent, to comprise 35.0 percent of total itemized deductions (before limitation), while the deduction for charitable contributions increased only 2.6 percent, less than half the rate of the increases seen in recent years. The change in law requiring written acknowledgment of contributions over \$250 may account for the "modest" increase for 1994. The moving expenses deduction is for expenses incurred in prior years. All current-year moving expenses were deducted from gross income as a statutory adjustment.

The AGI threshold for the limitation of itemized deductions increased to \$111,800 (\$55,900 if married filing separately) for 1994. Due to this limitation, higher-income taxpayers were unable to deduct \$12.9 billion in itemized deductions, a 3.7 percent increase from the 1993 amount.

Tax Credits

Total tax credits rose 6.4 percent, or \$0.5 billion, for 1994 to \$8.4 billion. The change was primarily a result of the large increase in the earned income credit (used to offset income tax before credits) (Figure H). The general business credit and the credit for prior-year minimum tax also increased considerably for 1994. However, a large portion of the increases was offset by decreases in three other credits (the child care credit, the credit for the elderly or disabled, and the foreign tax credit). Despite a 19.5 percent increase in the number of returns claiming

the foreign tax credit, the total amount of this credit decreased 6.3 percent.

The portion of the earned income credit (EIC) used to offset income tax before credits increased 21.4 percent for 1994, nearly twice the increase for 1993. The largest part of the EIC was the refundable portion, which was treated as a refund and paid directly to taxpayers who had no tax against which to apply the credit, or whose EIC exceeded income tax (and other taxes, such as the self-employment tax). The refundable portion of the EIC totaled \$16.7 billion for 1994, an increase of 38.3 percent from 1993.

The EIC changed significantly for 1994. For the first time, taxpayers without eligible children could qualify for the credit, provided they were between the ages of 25 and 64, had earned income, and their earned income and AGI were each less than \$9,000. In addition, the structure of the credit changed with the elimination of both the health insurance credit and the extra credit for a child born during the year. Only the basic credit part of the computation from 1993 remained. Moreover, for 1994 the income eligibility level was increased for taxpayers with two or more qualifying children. This change allowed taxpayers with two or more qualifying children to have a higher income than taxpayers with only one qualifying child and still be eligible for the EIC. Previously, there was only one income eligibility level for all taxpayers (see the Definitions and Changes in Law section of this article for details).

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Figure H

Selected Tax Credits, Tax Years 1993 and 1994

[Number of returns is in thousands--money amounts are in millions of dollars]

Item	1993 (preliminary)		1994 (preliminary)		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	
Total tax credits ¹	13,180	7,922	15,041	8,429	6.4
Child care credit.....	6,060	2,550	6,001	2,518	-1.3
Earned income credit ²	6,135	2,304	7,789	2,798	21.4
Credit for the elderly or disabled.....	220	48	213	46	-4.2
Foreign tax credit.....	1,292	2,116	1,544	1,982	-6.3
General business credit.....	245	517	287	598	15.7
Credit for prior-year minimum tax.....	56	217	67	314	44.7

¹ Includes credits not shown separately.

² Represents portion of earned income credit used to offset income tax before credits. Additional earned income credit amounts were used to offset other taxes (\$1.2 billion for 1993 compared to \$1.7 billion for 1994), and some amounts were either refundable or paid directly to the taxpayer (\$12.1 billion for 1993 compared to \$16.7 billion for 1994).

The total earned income credit increased 36.2 percent to \$21.2 billion for 1994 (Figure I). When returns without qualifying children were excluded (making the data comparable to 1993), the amount of EIC reported rose 31.8 percent, yet the number of returns decreased 1.3 percent. This decline may reflect the Internal Revenue Service (IRS) program which verified social security numbers of all dependents claimed on tax returns in order to reduce fraudulent EIC claims. For taxpayers with one qualifying child, the number of returns claiming the EIC decreased 3.9 percent for 1994 while the amount of the credit increased 20.8 percent. For taxpayers with two or more qualifying children claiming the EIC, the number of

returns increased 1.6 percent, and the amount of the credit dramatically rose 45.5 percent. The increases for these returns may be related to the increased income eligibility level for taxpayers with two or more qualifying children, allowing more taxpayers to take advantage of the EIC. Similar changes can be seen in the statistics for the refundable portion of the credit.

Figure J shows a history of the EIC from 1985 through 1994. This program expanded greatly over this time period, with major increases (due to previous tax law changes) in 1987 and 1991. The tax law change for 1994 once again greatly increased the number of participants in this program and the amount of credit and refunds they received.

Figure I

Earned Income Tax Credit, Tax Years 1993 and 1994

[Number of returns is in thousands--money amounts are in millions of dollars]

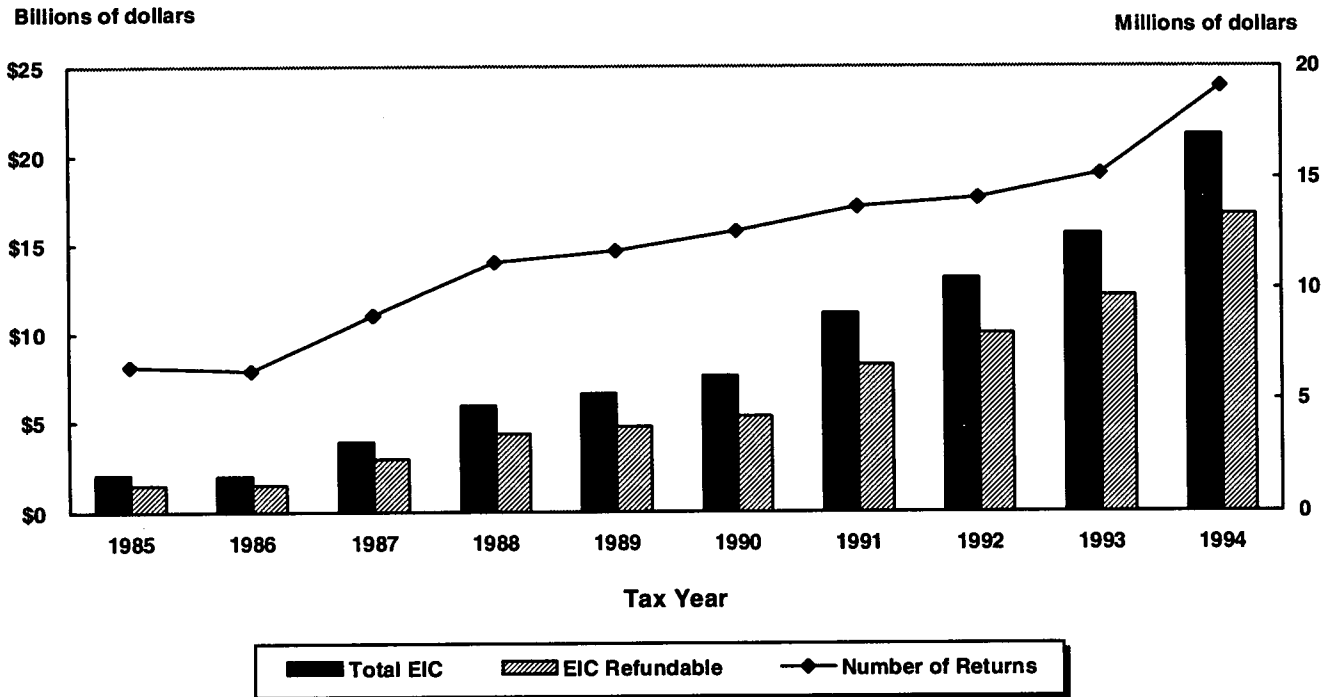
Item	1993 (preliminary)		1994 (preliminary)		Percentage increase in amount
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	
Total earned income credit (EIC)	15,162	15,567	19,081	21,203	36.2
EIC for returns with no qualifying children.....	N/A	N/A	4,112	690	N/A
EIC for returns with one qualifying child.....	8,455	8,639	8,128	10,432	20.8
EIC for returns with two or more qualifying children.....	6,734	6,928	6,841	10,081	45.5
Refundable earned income credit (EIC)	12,224	12,068	14,722	16,694	38.3
EIC for returns with no qualifying children.....	N/A	N/A	2,646	481	N/A
EIC for returns with one qualifying child.....	6,662	6,488	6,446	8,008	23.4
EIC for returns with two or more qualifying children.....	5,562	5,580	5,630	8,205	47.0

N/A - Not applicable.

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Figure J

Earned Income Credit (EIC), Tax Years 1985-1994



NOTE: Data for Tax Years 1985 and 1989 are final; data for all other years are preliminary.

Summary

Adjusted gross income and total positive income grew at over twice the rate for 1994 as they had for 1993, exceeding the rate of inflation by more than 2 percentage points. While income tax increased for this same period, for most income size classes used for the statistics, the average tax rates were the same as or lower than the rates for 1993. The two income size classes that did have a higher average tax rate for 1994 experienced only slight increases (0.1 or 0.2 percentage points) in their average tax rates. Total deductions increased only 2.1 percent, and taxable income rose 5.9 percent.

There were changes in law which affected several income and tax items for 1994. The total earned income credit increased 36.2 percent. The amount of social security benefits in AGI rose 57.0 percent. Moving expenses, while available to all taxpayers as a statutory adjustment, decreased as several expenses were no longer deductible. Other income items that showed substantial changes for 1994 include taxable distributions from IRA's

which increased 22.0 percent, partnership and S Corporation net income (less loss) which increased 19.3 percent, and unemployment compensation which declined 27.1 percent.

Definitions and Changes in Law

In general, the definitions used in this article are the same as those in *Statistics of Income—1993, Individual Income Tax Returns*. The following is a partial list of tax law and IRS administrative changes that had a major bearing on the 1994 preliminary data presented in this article.

Charitable Contributions Deduction. — Beginning in 1994, written acknowledgment from the qualified recipient organization was required for all charitable contributions of \$250 or more.

Earned Income Credit. — The earned income credit had several changes for 1994. The law determining who could claim the credit was modified to include certain taxpayers without qualifying children. Taxpayers between the ages of 25 and 64 who had earned income, had less than \$9,000

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in both earned income and adjusted gross income, and did not have a qualifying child could claim the earned income credit. These taxpayers filled out the EIC Worksheet (instead of Schedule EIC) and claimed the credit on the Form 1040, Form 1040A, Form 1040EZ, or Form 1040PC return. For working taxpayers with qualifying children and claiming the earned income credit, both earned income and adjusted gross income had to be less than \$23,755 for one qualifying child or less than \$25,296 for two or more qualifying children. These taxpayers were required to attach the Schedule EIC to their Form 1040, Form 1040A, or Form 1040PC return.

The computation of the earned income credit was changed for 1994. The health insurance credit and the extra credit for a child born during the year were eliminated. For 1993, the health insurance credit could have been as much as \$465, and the extra credit could have been as much as \$388. In addition, for 1993 there was only a single earned income and adjusted gross income eligibility level of \$22,370 for all taxpayers, and the maximum basic credit amounts were \$1,434 for one qualifying child, and \$1,511 for two or more qualifying children. The credit for 1994 could have been as much as \$306 for taxpayers without children, \$2,038 for taxpayers with one qualifying child, and \$2,528 for taxpayers with two or more qualifying children.

Exemption Amount. — Indexing for inflation allowed a taxpayer to claim a \$2,450 deduction for each exemption to which he or she was entitled for 1994, a \$100 increase over the amount allowed for 1993. The threshold for the limitation of exemption amounts was also indexed for inflation, from \$108,450 to \$111,800 for single filers; \$162,700 to \$167,700 for married persons filing jointly and surviving spouses; \$135,600 to \$139,750 for heads of household; and \$81,350 to \$83,850 for married persons filing separately. After adjustment for inflation, the phaseout of the deduction for exemptions was completed at AGI levels above \$234,300 for single filers; \$290,200 for married persons filing jointly and surviving spouses; \$262,250 for heads of household; and \$145,100 for married persons filing separately. Above these levels, no deduction for exemptions was allowed.

Itemized Deductions. — If a taxpayer's AGI was greater than \$111,800 (\$55,900 if married filing separately), some types of his or her itemized deductions may have been limited; this threshold was increased from \$108,450 (\$54,225) for 1993, as a result of indexing for inflation. The limitation did not apply to deductions for medical and dental expenses, investment interest expenses, casualty or theft losses, and gambling losses; all other deductions were subject to the limitation. To arrive at allowable

itemized deductions, total itemized deductions were reduced by the smaller of: (a) 80 percent of the deductions that were subject to the limitation, or (b) 3 percent of AGI in excess of the limitation threshold.

Moving Expenses. — Beginning with 1994, current-year moving expenses were no longer an itemized deduction on Schedule A. Instead, taxpayers deducted current-year qualified moving expenses in the calculation of adjusted gross income as a statutory adjustment. This change allowed taxpayers who used the standard deduction to deduct their moving expenses. In order to deduct allowable moving expenses, the taxpayer's new job location had to be at least 50 miles farther from their former home than their old job location. Prior to 1994, the distance requirement was 35 miles. The following expenses were no longer deductible: meals while moving from the old residence to the new residence; travel expenses for pre-move house hunting trips; expenses while occupying temporary quarters in the area of the new job; and qualified residence sale, purchase, and lease expenses.

Self-employed Health Insurance Deduction. — The self-employed health insurance deduction expired on December 31, 1993. A bill was signed on April 11, 1995 restoring the provision retroactively to January 1, 1994. Taxpayers who had already filed their 1994 returns had to file an amended return if they wished to take advantage of the deduction. Amended returns, however, are not reflected in these statistics.

Self-employment Tax. — The ceilings on taxable "self-employment income" were changed for 1994. The maximum amount of net earnings subject to the social security part of self-employment tax increased to \$60,600. In contrast, all net earnings (without limit) greater than \$433 (\$108 for church employees) were subject to the Medicare tax portion. The limits for 1993 were \$57,600 for self-employment tax and \$135,000 for Medicare tax. (Self-employment taxes and Medicare taxes are reflected in the statistics for "total tax liability.") A deduction for one-half of self-employment tax was taken as an adjustment to income.

Social Security Benefits. — Beginning with 1994, certain taxpayers who received social security or equivalent "tier 1 railroad retirement benefits" had to include up to 85 percent of benefits received in their taxable income. By using a worksheet, taxpayers who had income in addition to any benefits received, calculated their "modified income" and compared it to both a base amount and an adjusted base amount [9]. If the "modified income" was between \$32,000 and \$44,000 for married taxpayers filing jointly, or \$25,000 and \$34,000 for all other taxpayers (except married taxpayers filing separately who lived

Individual Income Tax Returns, Preliminary Data, 1994

with their spouse anytime during the year and had a base amount of zero), 50 percent of the income over the base, but not more than 50 percent of the benefits received, was taxable. However, if the "modified income" exceeded the adjusted base amount of \$44,000 for married taxpayers filing jointly, or \$34,000 for all other taxpayers (except married taxpayers filing separately who lived with their spouse anytime during the year and had an adjusted base amount of zero), \$4,500 (\$6,000, if married filing jointly) plus 85 percent of the income above the \$34,000 or \$44,000 threshold would be taxable, with the taxable amount limited to 85 percent of social security benefits. If the "modified income" amount was less than the base amount, none of the benefits received were taxable. Prior to 1994, a maximum of 50 percent of social security or tier 1 railroad retirement benefits was included in adjusted gross income.

Standard Deduction. — The basic standard deduction and additional standard deduction for age or blindness increased for 1994 as a result of inflation indexing. For single filers, the basic standard deduction rose from \$3,700 to \$3,800; for married persons filing jointly or surviving spouses, from \$6,200 to \$6,350; for married persons filing separately, from \$3,100 to \$3,175; and for heads of household, from \$5,450 to \$5,600. The additional standard deduction for taxpayers, age 65 or older or the blind rose from \$900 to \$950 for single filers and heads of households, and from \$700 to \$750 for married persons filing jointly, surviving spouses, and married persons filing separately.

Tax Brackets. — To counterbalance the effects of inflation, the boundaries for the 15 percent and 28 percent tax brackets were widened. The 15 percent bracket applied to taxable income equal to or below \$22,750 for single filers; \$38,000 for joint filers or surviving spouses; \$19,000 for married persons filing separately; and \$30,500 for heads of household. The 28 percent tax bracket applied to taxable income in excess of the 15 percent bracket ceiling and equal to or below \$55,100 for single filers; \$91,850 for joint filers or surviving spouses; \$45,925 for married persons filing separately; and \$78,700 for heads of household. The 31 percent tax bracket applied to taxable income in excess of the 28 percent bracket ceiling and equal to or below \$115,000 for single filers; \$140,000 for joint filers or surviving spouses; \$70,000 for married persons filing separately; and \$127,500 for heads of households. The 36 percent tax bracket applied to taxable income in excess of the 31 percent bracket ceiling and equal to or below \$250,000 for single filers, joint filers or surviving spouses, and heads of

households, and \$125,000 for married persons filing separately. The 39.6 percent tax rate applied to taxable income in excess of the upper boundary for the 36 percent tax bracket.

Data Sources and Limitations

These preliminary statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, 1040EZ, and 1040PC, including electronically-filed returns) filed during Calendar Year 1995. Returns in the sample were stratified based on: (a) the larger of positive income or negative income; (b) the size of business and farm receipts; (c) the presence or absence of specific forms or schedules; and (d) the usefulness of returns for tax policy modeling purposes [10]. Returns were then selected at rates ranging from 0.02 percent to 100 percent. The preliminary 1994 data are based on a sample of 91,044 returns and an estimated final population of 116,976,544 returns. The corresponding sample and population for the preliminary 1993 data were 88,191 and 115,616,004 returns, respectively.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known; coefficients of variation (CV's) are used to measure that magnitude. Estimated CV's for the number of returns and money amounts for selected income items are presented in Figure K. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the appendix to this issue of the *Bulletin*.

While the preliminary estimates are intended to represent a full year of taxpayer reporting, they are actually based on returns processed for tax administration purposes, in the case of 1994 returns, between January and late September of 1995. In general, returns processed during the remainder of each year tend to have somewhat different characteristics compared to the returns processed earlier. These characteristics include disproportionately large amounts of investment income, passive losses, and alternative minimum tax, for example.

All comparisons between 1994 and 1993 are based on preliminary estimates for each year. A comparison of 1993 preliminary and final data is provided in Figure L. Items such as AGI, salaries and wages, and total income tax, which are reported on most returns, changed little. In contrast, other items, including partnership and S Corporation net loss, "other" income less loss, and the alternative minimum tax tend to be understated, to varying degrees, in all preliminary estimates.

Individual Income Tax Returns, Preliminary Data, 1994

Figure K

Income and Coefficient of Variation for Selected Items, 1994

[Number of returns is in thousands—money amounts are in millions of dollars—coefficients of variation are percentages]

Item	Number of returns	Coefficient of variation	Amount	Coefficient of variation
	(1)	(2)	(3)	(4)
Adjusted gross income less deficit.....	116,148	0.06	3,909,275	0.17
Salaries and wages.....	99,754	0.19	3,033,845	0.28
Business or profession:				
Net income.....	12,143	0.61	181,976	1.15
Net loss.....	3,774	1.90	20,210	2.71
Net capital gain reported on Schedule D:				
Net income.....	9,155	1.27	139,934	1.31
Net loss.....	5,575	1.73	10,330	1.88
Individual Retirement Arrangement distributions in adjusted gross income.....	4,806	2.07	33,117	3.34
Pensions and annuities in adjusted gross income.....	18,066	0.99	208,174	1.43
Partnership and S Corporation:				
Net income.....	3,326	1.83	141,754	1.23
Net loss.....	1,980	2.75	29,213	2.37
Estate and trust:				
Net income.....	435	5.73	5,226	5.86
Net loss.....	42	17.81	285	18.05
Unemployment compensation.....	8,540	1.72	20,160	2.30
Social security benefits in adjusted gross income.....	5,976	1.63	39,357	1.92
Other income:				
Net income.....	5,269	1.85	23,159	2.77
Net loss.....	576	4.32	36,071	2.27
Payments to an Individual Retirement Arrangement.....	4,331	2.21	8,442	2.27
Moving expenses adjustment.....	788	5.68	1,489	8.05
Deduction for self-employment tax.....	12,639	0.73	12,699	1.13
Total statutory adjustments.....	17,739	0.79	38,018	1.27
Total standard deduction.....	82,290	0.25	399,215	0.32
Interest paid deduction.....	27,764	0.67	191,722	0.74
Taxes paid deduction.....	32,478	0.59	173,487	0.51
Charitable contributions deduction.....	29,808	0.63	68,888	1.02
Total itemized deductions after limitation.....	32,903	0.58	482,620	0.58
Taxable income.....	92,980	0.26	2,593,834	0.23
Total earned income credit.....	19,081	1.04	21,203	1.28
Foreign tax credit.....	1,544	0.97	1,982	5.54
Total tax credits.....	15,041	1.23	8,429	1.80
Total income tax.....	87,773	0.28	532,338	0.26

Notes and References

[1] *Economic Report of the President, 1995*, p. 341. The consumer price index (CPI-U) represents annual averages of monthly figures and reflects buying patterns of all urban consumers (1982-84=100):

1994 CPI-U = 148.2
 1993 CPI-U = 144.5;
 1992 CPI-U = 140.3.

[2] "Preliminary estimates" differ from the "early tax estimates" published for 1994 in the Fall 1995 edition of the *Bulletin*. The preliminary estimates in this article represent estimated totals expected for the full tax year, based on returns processed by the Internal Revenue Service through September 1995. The early tax estimates represent data only for returns filed through April 28.

[3] For more information on the growth rates of AGI and taxable income for 1993, see Cruciano, Therese M., "Individual Income Tax Returns, Preliminary Data, 1993," *Statistics of Income Bulletin*, Spring 1995, Volume 14, Number 4.

[4] Average AGI is defined as the amount of AGI divided by the number of returns filed. Average taxable income is defined as the amount of taxable income divided by the number of returns with taxable income. Average total income tax is defined as the amount of total income tax divided by the number of taxable returns. Taxable returns are defined as returns with "total income tax" (the sum of income tax after credits and the alternative minimum tax) present.

[5] *Economic Report of the President, 1995*, p. 275.

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Figure L

Comparison of Selected Preliminary and Final Data, Tax Year 1993

[Money amounts are in millions of dollars]

Item	1993 preliminary data	1993 final data	Increase from preliminary to final data	Percentage increase from preliminary to final data
	(1)	(2)	(3)	(4)
Adjusted gross income (less deficit).....	3,724,134	3,723,340	-794	(¹)
Salaries and wages.....	2,892,838	2,892,120	-718	(¹)
Net capital gain (less loss).....	133,403	144,172	10,769	8.1
Individual Retirement Arrangement distributions in adjusted gross income.....	27,143	27,081	-62	-0.2
Pensions and annuities in adjusted gross income.....	195,502	194,014	-1,488	-0.8
Partnership and S Corporation:				
Net income.....	123,956	133,438	9,482	7.6
Net loss.....	29,616	40,570	10,954	37.0
Unemployment compensation.....	27,650	27,586	-64	-0.2
Social security benefits in adjusted gross income.....	25,074	24,650	-424	-1.7
Other income:				
Net income.....	21,468	22,391	923	4.3
Net loss.....	34,532	46,773	12,241	35.4
Total statutory adjustments.....	35,896	36,624	728	2.0
Payments to an Individual Retirement Arrangement.....	8,583	8,527	-56	-0.7
Deduction for self-employment tax.....	11,640	11,867	227	2.0
Total standard deduction.....	383,231	382,134	-1,097	-0.3
Total itemized deductions after limitation.....	480,355	490,404	10,049	2.1
Interest paid deduction.....	194,976	200,190	5,214	2.7
Charitable contributions deduction.....	67,166	68,354	1,188	1.8
Moving expenses deduction.....	3,897	3,919	22	0.6
Taxable income.....	2,450,346	2,453,543	3,197	0.1
Total tax credits.....	7,922	8,159	237	3.0
Total earned income credit.....	15,567	15,537	-30	-0.2
Total income tax.....	501,177	502,788	1,611	0.3
Alternative minimum tax.....	1,751	2,053	302	17.2

¹ Less than 0.05 percent.

[6] *Economic Report of the President, 1995*, p. 320.

[7] For purposes of this article, total positive income is a compilation of all income items on individual income tax returns (Forms 1040, 1040A, 1040EZ, 1040PC, and electronically-filed returns) for which a positive amount was reported by the taxpayer. The Form 1040 income tax return entry for Schedule E, *Supplemental Income and Loss* (From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.), was separated into the following components: rent and royalty net income, partnership and S Corporation net income, and estate and trust net income. When any of these components were positive on a return, the corresponding income (rather than the netted total amount from Schedule E) was included in the statistics for total positive income. For example, if a return showed estate and trust net income of \$20,000 and rent and royalty net loss of \$12,000, total positive income would include the \$20,000 of estate and trust net income, rather than the \$8,000 netted total of both sources of supplemental income.

[8] For example, farm net income decreased 10.3 percent, from \$9.7 billion to \$8.7 billion, while farm net loss

rose 20.4 percent, from \$12.8 billion to \$15.4 billion. The net income (less loss), however, decreased 117.5 percent. The smaller percentage changes in the positive and negative portions led to a larger percentage change in the combined total because the respective portions of total income and total losses were similar in size.

[9] In contrast to AGI, modified income (calculated on the social security worksheet) includes tax-exempt interest, excludable interest from U.S. savings bonds reported on Form 8815, one-half of total social security benefits, and the foreign-earned income exclusion, and excludes the foreign housing deduction.

[10] Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Nonresident Alien Individual)*; Schedule C, *Profit or Loss from Business (Sole Proprietorship)*; Schedule F, *Profit or Loss From Farming*; and Form 4835, *Farm Rental Income and Expenses (Crop and Livestock Shares (Not Cash) Received by Landowner (or Sub-Lessor))*.

Individual Income Tax Returns, Preliminary Data, 1994

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Adjusted gross income (less deficit)	Selected sources of income or loss					
			Salaries and wages		Taxable interest		Tax-exempt interest ¹	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns.....	116,147,596	3,909,275,114	99,754,112	3,033,845,380	65,556,611	120,562,672	5,084,069	48,489,303
No adjusted gross income.....	932,035	-40,776,967	304,945	6,262,969	547,847	2,249,874	45,688	814,904
\$1 under \$5,000.....	14,663,850	37,837,376	11,945,056	33,209,285	5,122,541	2,597,808	173,493	267,183
\$5,000 under \$10,000.....	14,263,588	107,190,582	11,259,816	79,301,434	5,141,528	6,555,401	207,644	928,832
\$10,000 under \$15,000.....	13,515,891	168,720,274	10,835,957	125,793,391	5,476,243	8,928,178	299,138	1,572,280
\$15,000 under \$20,000.....	11,430,205	198,846,109	9,551,429	153,135,322	5,230,808	8,256,856	271,141	1,229,155
\$20,000 under \$25,000.....	9,692,956	217,174,525	8,433,772	175,474,341	4,854,794	6,870,954	223,975	1,481,362
\$25,000 under \$30,000.....	8,133,053	222,798,590	7,365,986	188,767,278	4,516,241	5,203,665	229,374	1,010,111
\$30,000 under \$40,000.....	12,023,708	418,453,417	11,034,271	352,507,514	7,783,741	9,268,658	461,150	3,529,371
\$40,000 under \$50,000.....	9,028,320	404,016,578	8,308,615	340,413,901	6,890,540	9,062,910	516,356	3,035,888
\$50,000 under \$75,000.....	13,183,382	798,223,939	12,292,237	672,934,293	11,174,024	15,429,517	945,360	5,786,341
\$75,000 under \$100,000.....	4,780,610	408,697,490	4,436,585	333,472,029	4,454,306	9,534,171	529,585	4,394,334
\$100,000 under \$200,000.....	3,403,645	445,930,612	3,054,892	319,448,611	3,283,368	12,760,790	698,837	7,925,119
\$200,000 under \$500,000.....	880,234	253,513,142	746,672	151,503,320	865,782	10,137,616	354,804	7,573,902
\$500,000 under \$1,000,000.....	148,055	99,841,027	124,913	49,980,915	147,069	4,671,691	82,046	3,460,606
\$1,000,000 or more.....	68,064	169,008,420	58,964	51,640,777	67,780	9,034,582	45,479	5,479,916
Taxable returns.....	87,773,459	3,728,440,353	76,883,879	2,852,814,005	57,264,806	109,545,951	4,690,562	44,941,981
Nontaxable returns.....	28,374,137	180,834,761	22,870,233	181,031,375	8,291,806	11,016,721	393,507	3,547,322

Size of adjusted gross income	Selected sources of income or loss—Continued							
	Dividends		State income tax refunds		Alimony received		Business or profession	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns.....	25,246,984	81,260,298	17,848,908	11,299,583	423,834	4,275,174	12,143,312	181,976,241
No adjusted gross income.....	255,093	907,701	69,324	128,455	5,059	22,115	107,189	1,158,599
\$1 under \$5,000.....	1,634,007	1,308,203	91,942	49,424	*6,577	*50,410	981,062	2,424,746
\$5,000 under \$10,000.....	1,603,272	2,532,464	225,920	93,514	48,581	190,497	1,304,358	7,250,618
\$10,000 under \$15,000.....	1,738,893	3,434,791	332,662	123,454	57,009	385,503	1,206,554	9,246,570
\$15,000 under \$20,000.....	1,663,966	3,351,192	580,835	208,466	62,639	455,760	968,823	8,547,785
\$20,000 under \$25,000.....	1,559,500	3,193,149	687,405	259,462	47,357	326,529	842,187	7,590,410
\$25,000 under \$30,000.....	1,390,969	2,625,332	987,611	344,034	48,750	316,695	843,463	7,951,888
\$30,000 under \$40,000.....	2,614,860	5,133,059	2,308,874	930,917	63,700	506,457	1,378,850	14,171,514
\$40,000 under \$50,000.....	2,509,178	5,098,137	2,713,798	1,137,571	40,253	578,445	1,065,398	13,043,792
\$50,000 under \$75,000.....	4,694,026	9,632,799	5,441,185	2,678,356	24,919	540,291	1,758,611	27,490,195
\$75,000 under \$100,000.....	2,458,472	7,892,705	2,258,160	1,420,685	9,372	387,018	748,924	18,229,599
\$100,000 under \$200,000.....	2,217,826	12,263,616	1,593,110	1,653,861	7,984	311,404	689,043	34,305,274
\$200,000 under \$500,000.....	714,257	9,866,669	445,577	1,171,329	1,404	179,086	208,339	21,293,435
\$500,000 under \$1,000,000.....	129,875	4,704,419	74,569	440,344	*169	*18,943	29,786	5,173,640
\$1,000,000 or more.....	62,791	9,316,061	37,934	659,711	60	6,019	12,725	4,098,175
Taxable returns.....	22,716,559	75,954,672	17,038,396	10,757,472	353,859	3,916,880	8,909,363	161,160,951
Nontaxable returns.....	2,530,425	5,305,626	810,512	542,111	69,975	358,293	3,233,949	20,815,291

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1994

Table 1.--All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income--Continued

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

Size of adjusted gross income	Selected sources of income or loss--Continued							
	Business or profession--Continued		Sales of capital assets reported on Form 1040, Schedule D				Capital gain distributions reported on Form 1040	
	Net loss		Net gain		Net loss in adjusted gross income			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns.....	3,773,890	20,209,620	9,155,086	139,934,303	5,574,977	10,329,685	4,021,540	2,770,274
No adjusted gross income.....	320,969	5,319,308	108,482	3,253,278	197,087	446,020	15,899	5,136
\$1 under \$5,000.....	142,135	594,547	409,191	630,580	323,812	554,906	399,068	208,335
\$5,000 under \$10,000.....	199,417	840,337	474,831	1,090,941	355,310	735,247	250,092	123,709
\$10,000 under \$15,000.....	259,087	1,175,619	590,535	1,581,470	378,360	660,766	250,215	123,118
\$15,000 under \$20,000.....	248,922	1,220,405	583,784	2,133,616	336,242	597,424	240,314	171,473
\$20,000 under \$25,000.....	247,479	882,712	518,938	1,808,704	300,751	565,380	288,285	207,385
\$25,000 under \$30,000.....	295,888	1,039,923	473,616	1,944,860	318,754	547,618	228,040	242,289
\$30,000 under \$40,000.....	473,620	1,562,688	881,459	3,924,964	565,566	1,009,257	444,869	235,580
\$40,000 under \$50,000.....	431,594	1,592,859	857,091	4,242,291	489,756	817,297	385,404	291,752
\$50,000 under \$75,000.....	663,312	2,420,508	1,682,484	10,796,930	935,610	1,640,976	788,057	465,830
\$75,000 under \$100,000.....	249,819	1,105,365	916,970	9,021,056	534,485	970,856	430,953	326,339
\$100,000 under \$200,000.....	174,830	1,269,670	1,107,380	19,720,736	560,951	1,141,851	252,190	268,763
\$200,000 under \$500,000.....	52,927	656,729	419,339	20,599,217	221,255	492,643	42,388	60,899
\$500,000 under \$1,000,000.....	9,061	204,356	86,776	13,188,738	39,076	100,755	4,666	29,841
\$1,000,000 or more.....	4,831	324,592	44,210	45,996,922	17,964	48,691	1,099	9,824
Taxable returns.....	2,957,765	12,257,528	8,245,911	133,993,046	4,662,061	8,371,097	3,741,381	2,635,605
Nontaxable returns.....	816,125	7,952,092	909,175	5,941,257	912,916	1,958,588	280,159	134,669

Size of adjusted gross income	Selected sources of income or loss--Continued							
	Sales of property other than capital assets				Taxable individual Retirement Arrangement distributions		Pensions and annuities	
	Net gain		Net loss				Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
All returns.....	803,938	5,358,366	937,549	7,515,579	4,806,057	33,116,572	19,239,127	292,714,171
No adjusted gross income.....	35,095	451,160	79,370	3,073,614	31,715	309,233	120,442	1,432,995
\$1 under \$5,000.....	23,280	56,184	22,384	150,274	104,020	263,896	601,420	2,498,257
\$5,000 under \$10,000.....	31,824	90,501	51,718	229,403	405,663	1,154,833	2,033,208	11,450,793
\$10,000 under \$15,000.....	73,151	249,987	56,149	261,564	565,016	1,834,534	2,542,262	20,925,846
\$15,000 under \$20,000.....	69,247	209,809	70,087	320,531	605,013	2,768,216	2,199,933	23,239,931
\$20,000 under \$25,000.....	50,801	235,164	56,108	117,863	451,229	2,133,012	1,775,823	22,355,390
\$25,000 under \$30,000.....	49,383	166,511	54,317	289,843	336,915	1,569,900	1,317,777	16,152,074
\$30,000 under \$40,000.....	62,389	301,640	69,135	349,834	545,981	3,429,650	2,119,124	31,316,125
\$40,000 under \$50,000.....	71,270	252,646	56,831	205,836	458,014	3,063,607	1,682,253	30,918,651
\$50,000 under \$75,000.....	129,366	900,953	120,427	427,511	701,705	6,190,275	2,686,798	56,050,019
\$75,000 under \$100,000.....	59,108	415,361	84,048	409,514	304,504	3,483,322	1,065,078	27,679,587
\$100,000 under \$200,000.....	89,578	863,495	113,797	470,828	228,312	4,492,820	850,023	32,400,299
\$200,000 under \$500,000.....	41,236	594,928	69,467	587,771	57,264	1,773,258	197,173	11,021,181
\$500,000 under \$1,000,000.....	11,139	210,150	20,551	276,806	8,944	372,778	32,147	3,109,869
\$1,000,000 or more.....	7,072	359,877	13,160	344,388	3,761	277,236	15,666	2,163,156
Taxable returns.....	638,494	4,546,594	725,693	3,373,717	4,163,089	30,647,030	16,318,375	273,902,205
Nontaxable returns.....	165,444	811,772	211,857	4,141,862	642,968	2,469,542	2,920,752	18,811,967

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1994

Table 1.--All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income--Continued

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

Size of adjusted gross income	Selected sources of income or loss--Continued							
	Pensions and annuities--Continued		Rent and royalty				Partnership and S Corporation	
	In adjusted gross income		Net income		Net loss in adjusted gross income		Net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
All returns.....	18,068,206	208,174,000	5,392,720	41,205,687	4,639,555	24,983,543	3,326,190	141,784,070
No adjusted gross income.....	96,398	746,649	100,399	927,693	160,551	2,213,841	40,048	863,391
\$1 under \$5,000.....	555,729	1,291,583	179,803	380,527	141,012	658,225	81,478	185,160
\$5,000 under \$10,000.....	1,998,562	9,352,091	444,162	1,328,140	191,781	756,844	114,840	428,498
\$10,000 under \$15,000.....	2,488,861	17,939,880	533,101	1,843,366	276,424	1,163,387	151,918	800,091
\$15,000 under \$20,000.....	2,148,377	20,585,895	411,440	1,660,731	269,664	1,156,247	182,483	1,014,790
\$20,000 under \$25,000.....	1,696,234	18,726,727	343,749	1,612,703	291,945	1,290,713	153,592	975,546
\$25,000 under \$30,000.....	1,265,216	13,782,499	309,931	1,388,204	272,110	1,223,667	140,305	1,006,392
\$30,000 under \$40,000.....	1,974,149	24,837,942	571,339	2,341,032	511,945	2,355,230	295,544	2,745,490
\$40,000 under \$50,000.....	1,563,957	22,063,198	497,071	2,476,479	511,904	2,307,802	253,442	2,504,905
\$50,000 under \$75,000.....	2,434,444	38,287,186	870,640	5,551,204	1,006,812	4,791,731	517,435	7,154,468
\$75,000 under \$100,000.....	916,404	17,245,964	391,621	3,226,374	508,611	3,027,887	347,927	6,403,513
\$100,000 under \$200,000.....	729,675	16,945,296	480,623	7,040,804	393,675	2,591,099	598,826	22,716,964
\$200,000 under \$500,000.....	159,741	4,523,236	192,632	5,888,851	78,450	900,880	327,785	31,701,009
\$500,000 under \$1,000,000.....	25,746	1,093,574	42,472	2,432,979	16,676	315,227	78,611	18,552,106
\$1,000,000 or more.....	12,514	752,280	23,734	3,108,598	7,993	230,764	41,748	44,601,746
Taxable returns.....	15,262,850	194,014,783	4,498,469	37,664,758	3,934,244	19,884,868	2,990,680	139,340,319
Nontaxable returns.....	2,803,356	14,159,217	894,231	3,540,928	705,311	5,098,675	335,511	2,413,750

Size of adjusted gross income	Selected sources of income or loss--Continued							
	Partnership and S Corporation--Continued		Estate and trust				Unemployment compensation	
	Net loss		Net income		Net loss			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
All returns.....	1,980,111	29,212,681	435,330	5,226,079	41,651	284,713	8,540,244	20,159,926
No adjusted gross income.....	131,211	10,693,135	6,476	80,757	2,513	110,701	22,184	71,838
\$1 under \$5,000.....	55,111	462,502	11,904	11,111	**	**	383,535	587,514
\$5,000 under \$10,000.....	71,212	645,363	28,639	60,020	**1,245	**235	1,045,818	1,998,317
\$10,000 under \$15,000.....	103,210	679,927	47,585	131,225	*859	*2,782	1,216,826	2,662,875
\$15,000 under \$20,000.....	83,782	624,965	11,089	52,886	*2,090	*13,799	1,027,041	2,302,135
\$20,000 under \$25,000.....	77,355	397,437	23,274	128,122	*691	*19	846,243	1,972,151
\$25,000 under \$30,000.....	93,129	636,547	13,470	83,354	*5,950	*6,462	726,121	1,837,408
\$30,000 under \$40,000.....	191,464	1,084,639	35,159	230,349	*415	*1,318	1,120,280	2,899,293
\$40,000 under \$50,000.....	191,647	787,156	46,733	145,375	*6,817	*22,400	840,060	2,220,279
\$50,000 under \$75,000.....	369,704	1,954,914	81,265	417,658	5,744	11,494	965,212	2,612,925
\$75,000 under \$100,000.....	190,170	1,339,102	30,333	307,148	4,005	10,803	228,246	617,228
\$100,000 under \$200,000.....	251,774	2,908,929	57,814	834,309	6,306	27,582	108,213	336,945
\$200,000 under \$500,000.....	132,419	3,081,703	29,589	906,885	3,624	28,656	9,418	37,176
\$500,000 under \$1,000,000.....	25,716	1,407,311	7,412	466,818	608	4,703	797	3,019
\$1,000,000 or more.....	12,226	2,529,052	4,589	1,370,085	784	43,759	251	822
Taxable returns.....	1,631,446	16,359,039	384,949	5,061,755	37,283	166,101	6,296,540	15,607,655
Nontaxable returns.....	348,665	12,853,642	50,380	164,324	4,367	118,612	2,243,704	4,352,270

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1994

Table 1.--All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income--Continued

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

Size of adjusted gross income	Selected sources of income or loss--Continued							
	Farm				Social security benefits			
	Net income		Net loss		Total		In adjusted gross income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	
All returns.....	769,143	8,709,308	1,482,891	15,389,913	10,153,075	113,741,470	5,975,508	39,356,862
No adjusted gross income.....	19,649	214,499	127,836	3,206,562	90,357	847,244	2,046	6,337
\$1 under \$5,000.....	30,730	50,280	63,858	523,671	598,266	5,105,497	6,051	16,150
\$5,000 under \$10,000.....	82,828	329,758	102,650	537,412	1,056,591	10,304,527	14,934	64,710
\$10,000 under \$15,000.....	104,054	646,087	163,261	1,291,250	1,144,014	12,726,257	40,817	158,381
\$15,000 under \$20,000.....	80,166	649,153	109,134	938,521	988,660	11,078,958	101,236	238,612
\$20,000 under \$25,000.....	60,139	511,497	111,828	683,957	834,027	9,900,030	478,710	723,654
\$25,000 under \$30,000.....	72,016	609,146	97,725	855,564	771,849	8,553,295	669,454	1,266,731
\$30,000 under \$40,000.....	80,315	1,003,375	173,294	1,444,315	1,283,128	14,020,146	1,276,075	4,787,827
\$40,000 under \$50,000.....	72,021	836,316	180,522	1,484,296	946,821	10,001,864	946,821	6,088,412
\$50,000 under \$75,000.....	95,663	1,596,446	194,777	1,634,475	1,336,360	15,435,020	1,336,360	12,635,032
\$75,000 under \$100,000.....	26,853	659,785	64,753	614,018	529,582	7,203,976	529,582	6,106,365
\$100,000 under \$200,000.....	34,200	968,582	65,552	994,990	422,603	6,002,477	422,603	5,091,746
\$200,000 under \$500,000.....	8,150	419,517	19,749	599,687	117,882	1,998,857	117,882	1,696,752
\$500,000 under \$1,000,000.....	1,588	111,441	5,152	263,490	22,427	378,687	22,427	320,085
\$1,000,000 or more.....	770	103,428	2,800	317,706	10,509	184,634	10,509	156,067
Taxable returns.....	570,429	7,501,785	1,083,624	9,970,929	8,391,723	95,340,809	5,863,932	38,850,908
Nontaxable returns.....	198,714	1,207,523	399,268	5,418,984	1,761,353	18,400,661	111,576	505,954

Size of adjusted gross income	Selected statutory adjustments							
	Total statutory adjustments		Individual Retirement Arrangement payments (primary taxpayer)		Individual Retirement Arrangement payments (spouse)		Moving expenses adjustment	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)	
All returns.....	17,739,110	38,017,887	3,911,797	5,992,506	1,727,007	2,449,158	787,696	1,488,659
No adjusted gross income.....	177,296	214,466	14,368	20,247	7,909	13,973	5,914	17,726
\$1 under \$5,000.....	1,034,536	443,596	106,571	157,359	4,453	2,549	6,590	11,185
\$5,000 under \$10,000.....	1,577,820	1,070,591	162,014	254,963	5,830	8,526	25,312	30,962
\$10,000 under \$15,000.....	1,612,008	1,508,010	221,191	370,229	52,544	82,032	53,308	69,033
\$15,000 under \$20,000.....	1,403,676	1,776,440	328,998	511,763	84,392	122,488	36,547	56,380
\$20,000 under \$25,000.....	1,358,474	1,992,917	465,444	709,890	135,705	184,855	75,316	84,339
\$25,000 under \$30,000.....	1,355,925	1,951,126	474,825	660,916	137,920	190,140	47,957	73,611
\$30,000 under \$40,000.....	2,260,496	3,839,538	757,030	1,100,699	341,848	498,886	111,928	181,422
\$40,000 under \$50,000.....	1,703,190	2,867,053	500,674	573,778	316,459	318,396	82,323	154,173
\$50,000 under \$75,000.....	2,468,522	5,802,244	396,232	705,183	268,477	409,408	187,755	344,958
\$75,000 under \$100,000.....	1,121,083	3,744,088	198,120	377,906	139,567	235,433	81,091	199,089
\$100,000 under \$200,000.....	1,129,997	6,783,405	190,321	363,624	154,012	258,535	59,467	187,195
\$200,000 under \$500,000.....	422,035	4,569,503	78,510	152,620	64,402	102,566	12,720	66,544
\$500,000 under \$1,000,000.....	75,427	919,294	11,922	22,703	9,348	14,922	1,215	9,237
\$1,000,000 or more.....	38,625	535,615	5,577	10,624	4,142	6,449	255	2,805
Taxable returns.....	14,067,697	35,169,827	3,656,422	5,625,289	1,647,150	2,335,964	735,344	1,391,570
Nontaxable returns.....	3,671,414	2,848,060	255,375	367,217	79,858	113,194	52,352	97,089

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1994

Table 1.--All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income--Continued

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

Size of adjusted gross income	Selected statutory adjustments--Continued							
	Deduction for self-employment tax		Self-employed health insurance deduction		Payments to self-employed retirement (Keogh) plans		Alimony paid	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(65)	(66)	(67)	(68)	(69)	(70)	(71)	(72)
All returns.....	12,639,260	12,699,197	1,333,191	1,074,172	992,402	7,937,570	629,366	5,225,514
No adjusted gross income.....	142,064	91,430	14,504	9,659	1,939	4,508	6,952	48,155
\$1 under \$5,000.....	896,270	193,554	38,559	19,582	*3,561	*1,226	9,822	52,969
\$5,000 under \$10,000.....	1,342,798	569,332	55,320	27,636	*5,567	*6,980	24,597	105,455
\$10,000 under \$15,000.....	1,283,052	730,792	103,534	55,594	11,830	26,779	30,561	143,498
\$15,000 under \$20,000.....	989,890	706,563	87,542	50,345	21,115	48,219	28,821	174,448
\$20,000 under \$25,000.....	847,709	640,321	80,428	52,717	23,373	54,616	28,460	193,582
\$25,000 under \$30,000.....	830,317	657,065	79,937	47,575	26,767	74,179	39,408	227,017
\$30,000 under \$40,000.....	1,395,666	1,227,212	144,753	106,846	80,749	212,879	81,689	365,367
\$40,000 under \$50,000.....	1,061,795	1,082,558	114,079	88,175	69,450	250,261	60,255	272,526
\$50,000 under \$75,000.....	1,769,744	2,199,048	184,602	146,334	191,396	825,081	149,806	922,563
\$75,000 under \$100,000.....	802,492	1,277,001	118,878	103,878	146,510	920,889	58,026	588,733
\$100,000 under \$200,000.....	869,181	1,958,457	176,985	192,535	261,366	2,767,387	69,575	909,267
\$200,000 under \$500,000.....	323,320	1,008,199	100,283	130,553	124,575	2,239,009	31,956	779,967
\$500,000 under \$1,000,000.....	57,133	216,315	21,263	27,070	17,683	369,599	5,984	230,103
\$1,000,000 or more.....	27,827	141,350	12,523	15,673	6,539	136,158	3,454	211,864
Taxable returns.....	9,342,778	11,033,824	1,136,144	943,649	964,573	7,851,066	584,997	4,982,943
Nontaxable returns.....	3,296,482	1,665,373	197,046	130,522	27,829	86,504	44,369	242,571

Size of adjusted gross income	Basic standard deduction		Additional standard deduction for age or blindness		Total itemized deductions after limitation		Selected itemized deductions	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Medical and dental expenses deduction	
							Number of returns	Amount
(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	
All returns.....	82,289,731	387,040,503	10,700,411	12,174,005	32,902,663	482,620,332	5,173,999	25,768,471
No adjusted gross income.....								
\$1 under \$5,000.....	14,464,280	47,002,201	892,687	947,712	191,387	1,949,337	121,269	726,598
\$5,000 under \$10,000.....	13,729,693	61,127,652	2,193,559	2,301,991	530,379	4,759,224	348,769	1,826,008
\$10,000 under \$15,000.....	12,696,217	61,065,987	2,345,514	2,648,964	818,489	8,381,798	484,968	2,930,112
\$15,000 under \$20,000.....	10,152,851	49,756,212	1,582,731	1,881,405	1,277,348	12,564,020	650,341	3,465,799
\$20,000 under \$25,000.....	8,219,025	41,320,898	1,077,352	1,291,060	1,470,536	13,550,291	520,889	1,933,631
\$25,000 under \$30,000.....	6,192,407	31,435,432	585,421	674,578	1,940,646	18,556,673	546,295	1,855,032
\$30,000 under \$40,000.....	7,924,256	42,799,722	753,746	882,080	4,096,042	41,402,165	822,349	3,251,888
\$40,000 under \$50,000.....	4,339,627	24,997,003	484,578	568,854	4,685,282	51,575,381	630,192	2,601,406
\$50,000 under \$75,000.....	3,662,655	22,015,657	529,536	649,212	9,520,727	124,217,164	750,808	4,030,175
\$75,000 under \$100,000.....	624,909	3,804,739	163,372	208,518	4,155,700	69,624,197	172,014	1,850,585
\$100,000 under \$200,000.....	215,613	1,312,918	71,897	94,727	3,188,032	73,961,542	113,295	1,093,349
\$200,000 under \$500,000.....	48,352	286,549	14,960	19,021	831,881	34,897,220	12,087	336,438
\$500,000 under \$1,000,000.....	14,434	83,321	3,977	4,599	133,574	10,901,376	497	49,972
\$1,000,000 or more.....	5,412	32,210	1,082	1,285	62,641	16,279,945	225	17,483
Taxable returns.....	56,711,343	286,197,414	7,827,934	9,020,029	31,033,221	451,998,909	4,003,347	15,345,810
Nontaxable returns.....	25,578,388	120,843,089	2,772,477	3,153,976	1,869,442	30,621,423	1,170,652	10,422,661

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1994

Table 1.--All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income--Continued

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

Size of adjusted gross income	Selected itemized deductions--Continued							
	Taxes paid deduction		Interest paid deduction		Contributions deduction		Casualty or theft loss deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(81)	(82)	(83)	(84)	(85)	(86)	(87)	(88)
All returns.....	32,478,270	173,487,087	27,763,614	191,721,682	29,807,540	68,888,439	217,386	3,283,334
No adjusted gross income.....	-	-	-	-	-	-	-	-
\$1 under \$5,000.....	165,404	320,763	123,393	752,007	124,108	75,193	*2,457	*21,276
\$5,000 under \$10,000.....	475,714	837,441	308,063	1,502,009	372,135	398,595	*5,850	*31,374
\$10,000 under \$15,000.....	770,466	1,419,151	525,576	2,535,460	632,653	792,847	16,647	291,592
\$15,000 under \$20,000.....	1,217,019	2,424,817	868,188	4,255,017	1,053,935	1,397,587	22,121	170,860
\$20,000 under \$25,000.....	1,436,042	3,092,204	1,130,248	5,508,429	1,220,452	1,533,989	*10,421	*153,769
\$25,000 under \$30,000.....	1,907,709	4,543,045	1,548,126	7,929,663	1,714,568	2,128,333	*14,257	*75,907
\$30,000 under \$40,000.....	4,031,992	11,350,466	3,467,187	17,801,091	3,579,443	4,982,285	29,668	283,406
\$40,000 under \$50,000.....	4,648,941	15,853,346	4,022,847	22,796,414	4,207,043	6,464,013	14,817	170,754
\$50,000 under \$75,000.....	9,485,889	41,934,198	8,520,041	54,059,797	8,864,078	15,210,156	51,730	739,163
\$75,000 under \$100,000.....	4,137,474	25,902,013	3,649,297	28,266,513	3,969,612	9,237,724	31,430	487,569
\$100,000 under \$200,000.....	3,176,084	31,041,257	2,761,957	28,414,833	3,057,196	10,455,991	15,088	655,743
\$200,000 under \$500,000.....	829,987	18,331,489	685,891	11,936,324	801,402	6,709,365	2,677	162,821
\$500,000 under \$1,000,000.....	133,205	6,744,725	104,869	2,942,219	129,647	2,798,029	169	28,642
\$1,000,000 or more.....	62,343	9,892,173	47,931	3,021,907	61,269	6,704,331	*52	*10,457
Taxable returns.....	30,776,422	168,069,599	26,423,048	181,653,135	28,414,163	66,731,860	158,172	1,648,840
Nontaxable returns.....	1,701,848	4,417,488	1,340,566	10,068,547	1,393,378	2,156,579	59,214	1,634,494

Size of adjusted gross income	Selected itemized deductions--Continued							
	Net miscellaneous deductions after limitation		Gambling loss and other miscellaneous deductions		Itemized deductions in excess of limitation		Exemptions	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of exemptions	Amount
	(89)	(90)	(91)	(92)	(93)	(94)	(95)	(96)
All returns.....	7,905,885	28,537,264	658,519	3,369,374	3,365,148	12,866,255	232,958,188	563,996,654
No adjusted gross income.....	-	-	-	-	-	-	1,680,253	4,099,727
\$1 under \$5,000.....	66,975	51,410	*1,306	*2,090	-	-	11,557,720	28,252,299
\$5,000 under \$10,000.....	152,330	148,536	9,055	17,262	-	-	20,327,360	49,740,678
\$10,000 under \$15,000.....	177,706	376,764	14,474	33,846	-	-	24,105,033	58,993,530
\$15,000 under \$20,000.....	316,291	794,280	18,172	55,019	-	-	21,854,896	53,484,536
\$20,000 under \$25,000.....	418,292	1,192,141	24,675	114,463	-	-	19,352,037	47,372,286
\$25,000 under \$30,000.....	527,649	1,859,895	44,355	126,421	-	-	17,150,743	41,980,780
\$30,000 under \$40,000.....	1,089,645	3,445,807	91,389	263,594	-	-	27,926,129	68,367,343
\$40,000 under \$50,000.....	1,162,951	3,586,518	68,514	287,836	-	-	23,592,524	57,778,095
\$50,000 under \$75,000.....	2,243,574	7,517,677	178,442	682,017	75,916	17,650	38,035,090	93,140,191
\$75,000 under \$100,000.....	963,673	3,568,031	91,606	452,485	25,240	24,463	14,138,172	34,607,417
\$100,000 under \$200,000.....	639,740	3,708,337	84,815	544,393	2,226,062	2,077,275	10,028,482	23,959,677
\$200,000 under \$500,000.....	127,140	1,379,138	24,057	389,525	831,749	4,400,621	2,594,849	1,620,074
\$500,000 under \$1,000,000.....	13,887	376,054	5,171	183,291	133,565	2,225,141	430,012	20
\$1,000,000 or more.....	6,033	534,675	2,488	217,133	62,616	4,121,105	184,889	3
Taxable returns.....	7,374,241	26,900,319	621,512	3,065,145	3,350,647	12,858,967	176,221,947	424,595,101
Nontaxable returns.....	531,644	1,636,946	37,007	284,228	4,501	7,288	56,736,242	138,801,553

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1994

Table 1.--All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income--Continued

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

Size of adjusted gross income	Taxable income				Income tax before credits		Total tax credits	
	Total		Schedule D gain subject to 28 percent tax		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(97)	(98)	(99)	(100)	(101)	(102)	(103)	(104)
All returns.....	92,979,590	2,593,834,158	1,618,987	87,070,728	92,884,782	538,921,003	15,041,496	8,429,348
No adjusted gross income.....	-	-	-	-	6,369	1,219	*106	*14
\$1 under \$5,000.....	3,890,945	2,095,814	-	-	3,804,659	347,625	77,712	4,557
\$5,000 under \$10,000.....	7,241,258	15,269,524	-	-	7,228,418	2,348,519	1,424,573	110,803
\$10,000 under \$15,000.....	10,300,424	47,705,057	-	-	10,300,053	7,171,518	2,054,812	613,235
\$15,000 under \$20,000.....	10,606,911	84,215,838	-	-	10,608,751	12,714,656	2,916,378	1,703,609
\$20,000 under \$25,000.....	9,499,563	114,423,918	-	-	9,499,564	17,182,670	2,426,618	1,066,651
\$25,000 under \$30,000.....	8,043,032	130,587,173	-	-	8,040,833	19,688,397	665,220	275,716
\$30,000 under \$40,000.....	11,956,425	265,662,712	-	-	11,956,737	42,318,467	1,039,190	408,137
\$40,000 under \$50,000.....	9,010,899	269,382,973	-	-	9,010,901	44,016,957	926,652	410,943
\$50,000 under \$75,000.....	13,162,703	558,580,749	109,901	831,089	13,163,073	98,222,978	1,771,195	893,066
\$75,000 under \$100,000.....	4,772,907	300,899,299	115,278	1,302,867	4,772,907	61,979,053	785,234	449,380
\$100,000 under \$200,000.....	3,399,321	348,837,943	838,656	13,850,031	3,399,321	83,058,150	604,886	616,801
\$200,000 under \$500,000.....	879,295	218,769,530	427,044	17,346,211	879,298	65,285,162	257,211	676,725
\$500,000 under \$1,000,000.....	147,902	88,674,782	85,299	11,603,645	147,902	30,483,461	58,426	409,168
\$1,000,000 or more.....	68,006	152,728,864	42,809	42,136,883	68,006	54,102,173	33,285	790,545
Taxable returns.....	87,746,723	2,578,996,728	1,618,899	87,059,150	87,762,645	536,678,929	9,919,349	6,187,274
Nontaxable returns.....	5,232,867	14,837,431	87	11,578	5,122,148	2,242,074	5,122,148	2,242,074

Size of adjusted gross income	Income tax after credits		Alternative minimum tax		Total income tax ²		Total tax liability ³	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(105)	(106)	(107)	(108)	(109)	(110)	(111)	(112)
All returns.....	87,757,056	530,491,655	345,929	1,846,746	87,773,459	532,338,400	89,919,320	557,862,535
No adjusted gross income.....	6,263	1,205	2,507	32,996	8,771	34,201	124,965	202,596
\$1 under \$5,000.....	3,802,053	343,068	14,815	10,714	3,802,608	353,782	4,537,653	618,525
\$5,000 under \$10,000.....	6,730,372	2,237,716	*3,692	*5,381	6,731,457	2,243,096	7,249,511	2,884,463
\$10,000 under \$15,000.....	8,358,022	6,558,283	*159	*2,846	8,358,099	6,561,129	8,642,639	7,452,642
\$15,000 under \$20,000.....	8,394,120	11,011,048	*2,548	*4,334	8,394,718	11,015,381	8,691,070	12,204,086
\$20,000 under \$25,000.....	9,090,934	16,116,018	*187	*454	9,091,064	16,116,472	9,218,662	17,427,956
\$25,000 under \$30,000.....	8,011,813	19,412,681	2,800	3,132	8,013,221	19,415,813	8,043,379	20,796,025
\$30,000 under \$40,000.....	11,945,499	41,910,330	8,162	15,105	11,945,893	41,925,435	11,971,515	44,547,685
\$40,000 under \$50,000.....	8,996,240	43,606,014	4,104	17,217	8,996,491	43,623,231	9,000,414	45,973,515
\$50,000 under \$75,000.....	13,157,601	97,329,912	39,721	42,614	13,162,419	97,372,526	13,167,196	102,176,094
\$75,000 under \$100,000.....	4,771,796	61,529,674	49,488	129,430	4,773,911	61,659,104	4,774,606	64,395,517
\$100,000 under \$200,000.....	3,398,213	82,441,349	107,790	345,342	3,399,291	82,786,691	3,401,976	86,933,210
\$200,000 under \$500,000.....	878,434	64,608,437	86,175	665,546	879,535	65,273,983	879,724	67,326,906
\$500,000 under \$1,000,000.....	147,725	30,074,293	16,977	269,719	147,942	30,344,012	147,965	30,787,016
\$1,000,000 or more.....	67,972	53,311,628	6,804	301,917	68,038	53,613,545	68,045	53,936,299
Taxable returns.....	87,757,056	530,491,655	345,929	1,846,746	87,773,459	532,338,400	87,773,459	555,866,951
Nontaxable returns.....	-	-	-	-	-	-	2,145,861	1,795,584

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

¹Not included in adjusted gross income.

²Total income tax represents income tax after credits (including the earned income credit), plus alternative minimum tax.

³Total tax liability represents income tax after credits (including the earned income credit), plus alternative minimum tax, plus any other additional taxes, e.g., self-employment tax and penalty tax on Individual Retirement Arrangements (IRA's).

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

Individual Income Tax Returns, Preliminary Data, 1994

Table 2.--Returns With Earned Income Credit by Size of Adjusted Gross Income

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

Size of adjusted gross income	Number of returns	Adjusted gross income (less deficit)	Earned income		Total earned income credit		Earned income credit used to offset income tax before credits	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns.....	19,081,380	207,097,825	19,081,380	204,222,519	19,081,380	21,203,356	7,789,280	2,797,928
No adjusted gross income.....	100,669	-4,160,847	100,669	552,690	100,669	75,847	*66	*10
\$1 under \$5,000.....	3,735,406	10,798,143	3,735,406	10,583,607	3,735,406	1,853,436	*1,303	*1,770
\$5,000 under \$10,000.....	5,622,142	41,753,777	5,622,142	39,415,070	5,622,142	6,819,082	1,311,757	93,171
\$10,000 under \$15,000.....	3,989,175	49,901,753	3,989,175	48,628,932	3,989,175	7,660,115	1,689,951	491,997
\$15,000 under \$20,000.....	3,297,185	57,111,571	3,297,185	55,424,055	3,297,185	3,842,112	2,626,952	1,448,887
\$20,000 under \$25,000.....	2,291,823	50,563,802	2,291,823	48,548,812	2,291,823	951,341	2,115,556	760,675
\$25,000 or more.....	44,981	1,129,628	44,981	1,069,354	44,981	1,424	43,674	1,418
Returns with no qualifying children.....	4,112,064	19,295,758	4,112,064	19,554,341	4,112,064	690,336	1,259,501	85,096
No adjusted gross income.....	47,775	-1,657,021	47,775	155,175	47,775	7,208	-	-
\$1 under \$5,000.....	1,840,773	5,293,123	1,840,773	5,093,325	1,840,773	364,217	-	-
\$5,000 under \$10,000.....	2,223,517	15,659,656	2,223,517	14,305,841	2,223,517	318,912	1,259,501	85,096
\$10,000 under \$15,000.....	-	-	-	-	-	-	-	-
\$15,000 under \$20,000.....	-	-	-	-	-	-	-	-
\$20,000 under \$25,000.....	-	-	-	-	-	-	-	-
\$25,000 or more.....	-	-	-	-	-	-	-	-
Returns with one qualifying child.....	8,128,049	97,676,416	8,128,049	95,784,100	8,128,049	10,431,761	4,025,398	1,757,389
No adjusted gross income.....	24,550	-906,811	24,550	198,426	24,550	29,312	*8	(*)
\$1 under \$5,000.....	1,086,240	3,210,454	1,086,240	3,191,202	1,086,240	821,270	-	-
\$5,000 under \$10,000.....	2,026,290	15,509,764	2,026,290	14,948,579	2,026,290	3,614,293	40,646	6,103
\$10,000 under \$15,000.....	2,292,687	28,802,759	2,292,687	28,120,690	2,292,687	3,959,459	1,399,333	440,845
\$15,000 under \$20,000.....	1,704,715	29,444,408	1,704,715	28,611,396	1,704,715	1,706,381	1,615,480	1,020,223
\$20,000 under \$25,000.....	993,566	21,615,842	993,566	20,713,808	993,566	301,047	969,931	290,218
\$25,000 or more.....	-	-	-	-	-	-	-	-
Returns with two or more qualifying children.....	6,841,267	90,125,651	6,841,267	88,884,078	6,841,267	10,081,259	2,504,361	955,443
No adjusted gross income.....	28,345	-1,597,015	28,345	199,088	28,345	39,327	*58	*10
\$1 under \$5,000.....	808,393	2,294,566	808,393	2,299,081	808,393	667,950	*1,303	*1,770
\$5,000 under \$10,000.....	1,372,335	10,584,357	1,372,335	10,160,651	1,372,335	2,885,878	*11,610	*1,971
\$10,000 under \$15,000.....	1,696,487	21,098,994	1,696,487	20,508,242	1,696,487	3,700,656	290,618	51,152
\$15,000 under \$20,000.....	1,592,470	27,667,163	1,592,470	26,812,659	1,592,470	2,135,731	1,011,473	428,665
\$20,000 under \$25,000.....	1,298,256	28,947,960	1,298,256	27,835,004	1,298,256	650,294	1,145,626	470,457
\$25,000 or more.....	44,981	1,129,628	44,981	1,069,354	44,981	1,424	43,674	1,418

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 1994

Table 2.--Returns With Earned Income Credit by Size of Adjusted Gross Income--Continued

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

Size of adjusted gross income	Total income tax		Earned income credit used to offset all other taxes		Earned income credit, refundable portion	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)
All returns.....	3,268,186	1,992,997	2,784,203	1,711,382	14,721,582	16,694,046
No adjusted gross income.....	-	-	68,632	29,370	71,707	46,487
\$1 under \$5,000.....	*1,303	*283	532,633	136,246	3,418,046	1,715,420
\$5,000 under \$10,000.....	875,613	197,406	895,488	551,197	4,477,891	6,174,715
\$10,000 under \$15,000.....	*1,306	*140	692,493	650,630	3,867,640	6,517,488
\$15,000 under \$20,000.....	571,901	202,451	468,788	302,697	2,473,832	2,090,527
\$20,000 under \$25,000.....	1,774,389	1,546,435	126,168	41,242	411,163	149,425
\$25,000 or more.....	43,674	46,282	*3	*(1)	*1,303	*5
Returns with no qualifying children.....	875,609	197,404	873,075	124,482	2,646,129	480,758
No adjusted gross income.....	-	-	27,306	4,437	23,396	2,771
\$1 under \$5,000.....	-	-	355,755	71,822	1,527,379	292,395
\$5,000 under \$10,000.....	875,609	197,404	290,014	48,223	1,095,354	185,593
\$10,000 under \$15,000.....	-	-	-	-	-	-
\$15,000 under \$20,000.....	-	-	-	-	-	-
\$20,000 under \$25,000.....	-	-	-	-	-	-
\$25,000 or more.....	-	-	-	-	-	-
Returns with one qualifying child.....	1,473,912	1,255,606	953,452	666,258	6,445,840	8,008,113
No adjusted gross income.....	-	-	16,101	11,321	21,808	17,991
\$1 under \$5,000.....	-	-	96,827	35,726	1,086,240	785,543
\$5,000 under \$10,000.....	-	-	306,303	241,735	2,019,489	3,366,455
\$10,000 under \$15,000.....	*1,306	*140	336,525	292,356	2,217,119	3,226,258
\$15,000 under \$20,000.....	523,718	195,576	180,547	81,600	1,072,190	604,558
\$20,000 under \$25,000.....	948,889	1,059,891	17,150	3,520	28,994	7,309
\$25,000 or more.....	-	-	-	-	-	-
Returns with two or more qualifying children.....	918,665	539,987	1,157,876	920,641	5,629,613	8,205,175
No adjusted gross income.....	-	-	25,225	13,612	26,503	25,706
\$1 under \$5,000.....	*1,303	*283	80,050	28,698	804,427	637,482
\$5,000 under \$10,000.....	*4	*2	299,169	261,240	1,363,047	2,622,667
\$10,000 under \$15,000.....	-	-	355,968	358,274	1,650,521	3,291,230
\$15,000 under \$20,000.....	48,183	6,875	288,241	221,097	1,401,642	1,485,969
\$20,000 under \$25,000.....	825,500	486,544	109,019	37,721	382,169	142,116
\$25,000 or more.....	43,674	46,282	*3	*(1)	*1,303	*5

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

1 Less than \$500.