

SELECTED DATA RELATED TO THE FEDERAL TAX SYSTEM

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of the
JOINT COMMITTEE ON TAXATION



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INTRODUCTION

This document,¹ prepared by the staff of the Joint Committee on Taxation, provides general background data related to the Federal tax system.

The current Federal tax system has four main elements: (1) an income tax on individuals and corporations (which consist of both a “regular” income tax and an alternative minimum tax); (2) employment taxes on wages (and corresponding taxes on self-employment income); (3) estate, gift, and generation skipping taxes, and (4) excise taxes on selected goods and services. This document provides general data related to each of these elements.²

¹ This document may be cited as follows: Joint Committee on Taxation, *Selected Data Related to the Federal Tax System* (JCX-11-07), March 14, 2007. Available at <http://www.house.gov/jct>.

² Joint Committee on Taxation, *Overview of the Federal Tax System as in Effect for 2007* (JCX-2-07), January 12, 2007, provides a description of these four elements.

A. Federal Tax System at a Glance

Tables 1 through 3 below show data from 1950 to 2006 on the aggregate receipts collected from the individual income tax, the corporate income tax, payroll taxes, excise taxes, the estate and gift taxes, and other receipts. Table 1 shows the aggregate revenues collected by source, in millions of dollars.

Table 2 shows the same aggregate revenues by source, but as a percentage of GDP. As a share of GDP, the individual income tax has generally oscillated around its average value of 8.1 percent over this period of time. By contrast, corporate income taxes and excise taxes have generally declined as a share of GDP during this period, while payroll taxes have risen substantially as a share of GDP over this period. In 2006, total taxes averaged 18.4 percent of GDP, just over the average of the 1950-2005 period of 17.9 percent.

Table 3 shows Federal receipts by source as a percentage of all Federal receipts. Reflecting the same facts as above, the individual income tax has oscillated around its average share over this period of 44.9 percent, the corporate and excise taxes have declined as a percentage of all revenues, and payroll taxes have risen substantially from around 10 percent of the total in the early 1950s to levels varying between 35 and 40 percent in recent years.

Figure 1 is a pie chart showing the distribution of Federal tax receipts by source for 2005.

Figure 1.—Aggregate Federal Receipts by Source, 2005

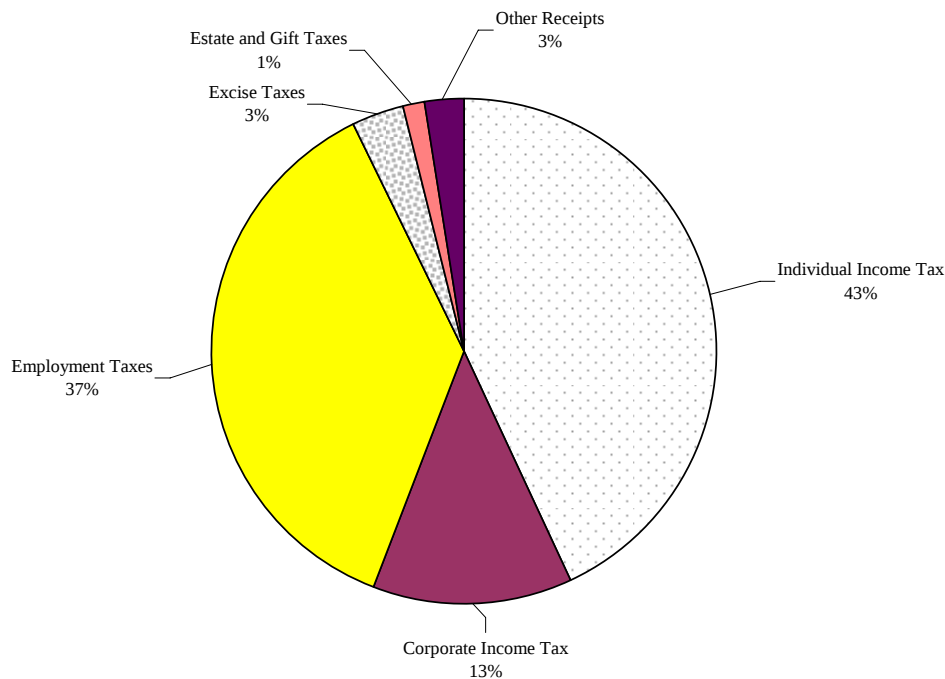


Table 1.—Aggregate Federal Receipts by Source, 1950-2006
[millions of dollars]

Fiscal Year	Individual Income Tax	Corporate Income Tax	Employment[1] Taxes	Excise Taxes	Estate and Gift Taxes	Other[2] Receipts	Total
1950	15,755	10,449	4,338	7,550	698	653	39,443
1951	21,616	14,101	5,674	8,648	708	870	51,616
1952	27,934	21,226	6,445	8,852	818	892	66,167
1953	29,816	21,238	6,820	9,877	881	976	69,608
1954	29,542	21,101	7,208	9,945	934	971	69,701
1955	28,747	17,861	7,862	9,131	924	926	65,451
1956	32,188	20,880	9,320	9,929	1,161	1,109	74,587
1957	35,620	21,167	9,997	10,534	1,365	1,307	79,990
1958	34,724	20,074	11,239	10,638	1,393	1,568	79,636
1959	36,719	17,309	11,722	10,578	1,333	1,588	79,249
1960	40,715	21,494	14,683	11,676	1,606	2,317	92,492
1961	41,338	20,954	16,439	11,860	1,896	1,900	94,388
1962	45,571	20,523	17,046	12,534	2,016	1,985	99,676
1963	47,588	21,579	19,804	13,194	2,167	2,228	106,560
1964	48,697	23,493	21,963	13,731	2,394	2,337	112,613
1965	48,792	25,461	22,242	14,570	2,716	3,037	116,817
1966	55,446	30,073	25,546	13,062	3,066	3,642	130,835
1967	61,526	33,971	32,619	13,719	2,978	4,009	148,822
1968	68,726	28,665	33,923	14,079	3,051	4,529	152,973
1969	87,249	36,678	39,015	15,222	3,491	5,227	186,882
1970	90,412	32,829	44,362	15,705	3,644	5,855	192,807
1971	86,230	26,785	47,325	16,614	3,735	6,450	187,139
1972	94,737	32,166	52,574	15,477	5,436	6,919	207,309
1973	103,246	36,153	63,115	16,260	4,917	7,109	230,799
1974	118,952	38,650	75,071	16,844	5,035	8,702	263,224
1975	122,386	40,621	84,534	16,551	4,611	10,387	279,090
1976	131,603	41,409	90,769	16,963	5,216	12,101	298,060
1977	157,626	54,892	106,485	17,548	7,327	11,681	355,559
1978	180,988	59,952	120,967	18,376	5,285	13,993	399,561
1979	217,841	65,677	138,939	18,745	5,411	16,690	463,302
1980	244,069	64,600	157,803	24,329	6,389	19,922	517,112
1981	285,917	61,137	182,720	40,839	6,787	21,872	599,272
1982	297,744	49,207	201,498	36,311	7,991	25,015	617,766
1983	288,938	37,022	208,994	35,300	6,053	24,256	600,562
1984	298,415	56,893	239,376	37,361	6,010	28,430	666,486
1985	334,531	61,331	265,163	35,992	6,422	30,650	734,088
1986	348,959	63,143	283,901	32,919	6,958	33,334	769,215
1987	392,557	83,926	303,318	32,457	7,493	34,602	854,353
1988	401,181	94,508	334,335	35,227	7,594	36,457	909,303
1989	445,690	103,291	359,416	34,386	8,745	39,662	991,190
1990	466,884	93,507	380,047	35,345	11,500	44,686	1,031,969
1991	467,827	98,086	396,016	42,402	11,138	39,572	1,055,041
1992	475,964	100,270	413,689	45,569	11,143	44,644	1,091,279
1993	509,680	117,520	428,300	48,057	12,577	38,267	1,154,401
1994	543,055	140,385	461,475	55,225	15,225	43,262	1,258,627
1995	590,244	157,004	484,473	57,484	14,763	47,862	1,351,830
1996	656,417	171,824	509,414	54,014	17,189	44,204	1,453,062
1997	737,466	182,293	539,371	56,924	19,845	43,393	1,579,292
1998	828,586	188,677	571,831	57,673	24,076	50,955	1,721,798
1999	879,480	184,680	611,833	70,414	27,782	53,265	1,827,454
2000	1,004,462	207,289	652,852	68,865	29,010	62,740	2,025,218
2001	994,339	151,075	693,967	66,232	28,400	57,181	1,991,194
2002	858,345	148,044	700,760	66,989	26,507	52,528	1,853,173
2003	793,699	131,778	712,978	67,524	21,959	54,404	1,782,342
2004	808,959	189,371	733,407	69,855	24,831	53,856	1,880,279
2005	927,222	278,282	794,125	73,094	24,764	56,372	2,153,859
2006	1,043,908	353,915	837,821	73,961	27,877	69,772	2,407,254

[1] Employment taxes comprise old-age and survivors insurance, disability insurance, hospital insurance, railroad retirement, railroad social security equivalent account, employment insurance, employee share of Federal employees retirement, and certain non-Federal employees retirement.

[2] Other receipts are primarily composed of [1] customs duties and fees, and [2] deposits of earnings by the Federal Reserve system.

Source: Office of Management and Budget, *Historical Tables, Budget of the U.S. Government, Fiscal Year 2007*, and JCT Calculations.

Table 2.—Federal Receipts by Source, As a Percentage of GDP, 1950-2006

Fiscal Year	Individual Income Tax	Corporate Tax	Employment[1] Taxes	Excise Taxes	Estate and Gift Taxes	Other[2] Receipts	Total
1950	5.8	3.8	1.6	2.8	0.3	0.2	14.4%
1951	6.7	4.4	1.8	2.7	0.2	0.3	16.1%
1952	8.0	6.1	1.8	2.5	0.2	0.3	19.0%
1953	8.0	5.7	1.8	2.6	0.2	0.3	18.7%
1954	7.8	5.6	1.9	2.6	0.2	0.3	18.5%
1955	7.3	4.5	2.0	2.3	0.2	0.2	16.6%
1956	7.5	4.9	2.2	2.3	0.3	0.3	17.5%
1957	7.9	4.7	2.2	2.3	0.3	0.3	17.8%
1958	7.5	4.4	2.4	2.3	0.3	0.3	17.3%
1959	7.5	3.5	2.4	2.2	0.3	0.3	16.1%
1960	7.9	4.2	2.8	2.3	0.3	0.4	17.9%
1961	7.8	3.9	3.1	2.2	0.4	0.4	17.8%
1962	8.0	3.6	3.0	2.2	0.4	0.3	17.6%
1963	7.9	3.6	3.3	2.2	0.4	0.4	17.8%
1964	7.6	3.7	3.4	2.1	0.4	0.4	17.6%
1965	7.1	3.7	3.2	2.1	0.4	0.4	17.0%
1966	7.4	4.0	3.4	1.7	0.4	0.5	17.4%
1967	7.6	4.2	4.0	1.7	0.4	0.5	18.3%
1968	7.9	3.3	3.9	1.6	0.4	0.5	17.7%
1969	9.2	3.9	4.1	1.6	0.4	0.6	19.7%
1970	8.9	3.2	4.4	1.6	0.4	0.6	19.0%
1971	8.0	2.5	4.4	1.5	0.3	0.6	17.3%
1972	8.0	2.7	4.5	1.3	0.5	0.6	17.6%
1973	7.9	2.8	4.8	1.2	0.4	0.5	17.7%
1974	8.3	2.7	5.2	1.2	0.3	0.6	18.3%
1975	7.8	2.6	5.4	1.1	0.3	0.7	17.9%
1976	7.6	2.4	5.2	1.0	0.3	0.7	17.2%
1977	8.0	2.8	5.4	0.9	0.4	0.6	18.0%
1978	8.2	2.7	5.5	0.8	0.2	0.6	18.0%
1979	8.7	2.6	5.6	0.7	0.2	0.7	18.5%
1980	9.0	2.4	5.8	0.9	0.2	0.7	19.0%
1981	9.4	2.0	6.0	1.3	0.2	0.7	19.6%
1982	9.2	1.5	6.2	1.1	0.2	0.8	19.1%
1983	8.4	1.1	6.1	1.0	0.2	0.7	17.5%
1984	7.8	1.5	6.2	1.0	0.2	0.7	17.4%
1985	8.1	1.5	6.4	0.9	0.2	0.7	17.7%
1986	7.9	1.4	6.4	0.7	0.2	0.8	17.4%
1987	8.4	1.8	6.5	0.7	0.2	0.7	18.4%
1988	8.0	1.9	6.7	0.7	0.2	0.7	18.2%
1989	8.3	1.9	6.7	0.6	0.2	0.7	18.4%
1990	8.1	1.6	6.6	0.6	0.2	0.8	18.0%
1991	7.9	1.7	6.7	0.7	0.2	0.7	17.8%
1992	7.6	1.6	6.6	0.7	0.2	0.7	17.5%
1993	7.8	1.8	6.5	0.7	0.2	0.6	17.6%
1994	7.8	2.0	6.6	0.8	0.2	0.6	18.1%
1995	8.1	2.1	6.6	0.8	0.2	0.7	18.5%
1996	8.5	2.2	6.6	0.7	0.2	0.6	18.9%
1997	9.0	2.2	6.6	0.7	0.2	0.5	19.3%
1998	9.6	2.2	6.6	0.7	0.3	0.6	20.0%
1999	9.6	2.0	6.7	0.8	0.3	0.6	20.0%
2000	10.3	2.1	6.7	0.7	0.3	0.6	20.9%
2001	9.9	1.5	6.9	0.7	0.3	0.6	19.8%
2002	8.3	1.4	6.8	0.6	0.3	0.5	17.9%
2003	7.3	1.2	6.6	0.6	0.2	0.5	16.5%
2004	7.0	1.6	6.4	0.6	0.2	0.5	16.3%
2005	7.6	2.3	6.5	0.6	0.2	0.5	17.5%
2006	8.0	2.7	6.4	0.6	0.2	0.5	18.4%
1950-2006 Avg.	8.1	2.8	4.9	1.3	0.3	0.5	18.0%

[1] Employment taxes comprise old-age and survivors insurance, disability insurance, hospital insurance, railroad retirement, railroad Social Security equivalent account, employment insurance, employee share of Federal employees retirement, and certain non-Federal employees retirement.

[2] Other receipts are primarily composed of (1) customs duties and fees, and (2) deposits of earnings by the Federal Reserve system.

Source: Office of Management and Budget, *Historical Tables, Budget of the U.S. Government, Fiscal Year 2007*; Economic Report of the President, 2007, Table B-78 for fiscal year GDP Figures.

**Table 3.—Federal Receipts by Source, As a Percentage of Total Revenues,
1950-2006**

Fiscal Year	Individual Income Tax	Corporate Tax	Employment[1] Taxes	Excise Taxes	Estate and Gift Taxes	Other[2] Receipts
1950	39.9	26.5	11.0	19.1	1.8	1.7
1951	41.9	27.3	11.0	16.8	1.4	1.7
1952	42.2	32.1	9.7	13.4	1.2	1.3
1953	42.8	30.5	9.8	14.2	1.3	1.4
1954	42.4	30.3	10.3	14.3	1.3	1.4
1955	43.9	27.3	12.0	14.0	1.4	1.4
1956	43.2	28.0	12.5	13.3	1.6	1.5
1957	44.5	26.5	12.5	13.2	1.7	1.6
1958	43.6	25.2	14.1	13.4	1.7	2.0
1959	46.3	21.8	14.8	13.3	1.7	2.0
1960	44.0	23.2	15.9	12.6	1.7	2.5
1961	43.8	22.2	17.4	12.6	2.0	2.0
1962	45.7	20.6	17.1	12.6	2.0	2.0
1963	44.7	20.3	18.6	12.4	2.0	2.1
1964	43.2	20.9	19.5	12.2	2.1	2.1
1965	41.8	21.8	19.0	12.5	2.3	2.6
1966	42.4	23.0	19.5	10.0	2.3	2.8
1967	41.3	22.8	21.9	9.2	2.0	2.7
1968	44.9	18.7	22.2	9.2	2.0	3.0
1969	46.7	19.6	20.9	8.1	1.9	2.8
1970	46.9	17.0	23.0	8.1	1.9	3.0
1971	46.1	14.3	25.3	8.9	2.0	3.4
1972	45.7	15.5	25.4	7.5	2.6	3.3
1973	44.7	15.7	27.3	7.0	2.1	3.1
1974	45.2	14.7	28.5	6.4	1.9	3.3
1975	43.9	14.6	30.3	5.9	1.7	3.7
1976	44.2	13.9	30.5	5.7	1.7	4.1
1977	44.3	15.4	29.9	4.9	2.1	3.3
1978	45.3	15.0	30.3	4.6	1.3	3.5
1979	47.0	14.2	30.0	4.0	1.2	3.6
1980	47.2	12.5	30.5	4.7	1.2	3.9
1981	47.7	10.2	30.5	6.8	1.1	3.6
1982	48.2	8.0	32.6	5.9	1.3	4.0
1983	48.1	6.2	34.8	5.9	1.0	4.0
1984	44.8	8.5	35.9	5.6	0.9	4.3
1985	45.6	8.4	36.1	4.9	0.9	4.2
1986	45.4	8.2	36.9	4.3	0.9	4.3
1987	45.9	9.8	35.5	3.8	0.9	4.1
1988	44.1	10.4	36.8	3.9	0.8	4.0
1989	45.0	10.4	36.3	3.5	0.9	4.0
1990	45.2	9.1	36.8	3.4	1.1	4.3
1991	44.3	9.3	37.5	4.0	1.1	3.8
1992	43.6	9.2	37.9	4.2	1.0	4.1
1993	44.2	10.2	37.1	4.2	1.1	3.3
1994	43.1	11.2	36.7	4.4	1.2	3.4
1995	43.7	11.6	35.8	4.3	1.1	3.5
1996	45.2	11.8	35.1	3.7	1.2	3.0
1997	46.7	11.5	34.2	3.6	1.3	2.7
1998	48.1	11.0	33.2	3.3	1.4	3.0
1999	48.1	10.1	33.5	3.9	1.5	2.9
2000	49.6	10.2	32.2	3.4	1.4	3.1
2001	49.9	7.6	34.9	3.3	1.4	2.9
2002	46.3	8.0	37.8	3.6	1.4	2.8
2003	44.5	7.4	40.0	3.8	1.2	3.1
2004	43.0	10.1	39.0	3.7	1.3	2.9
2005	43.0	12.9	36.9	3.4	1.1	2.6
2006	43.4	14.7	34.8	3.1	1.2	2.9
1950-2006 Avg.	44.9	15.8	27.3	7.5	1.5	3.0

[1] Employment taxes comprise old-age and survivors insurance, disability insurance, hospital insurance, railroad retirement, railroad Social Security equivalent account, employment insurance, employee share of Federal employees retirement, and certain non-Federal employees retirement.

[2] Other receipts are primarily composed of (1) customs duties and fees, and (2) deposits of earnings by the Federal Reserve system.

Source: Office of Management and Budget, *Historical Tables, Budget of the U.S. Government, Fiscal Year 2007*.

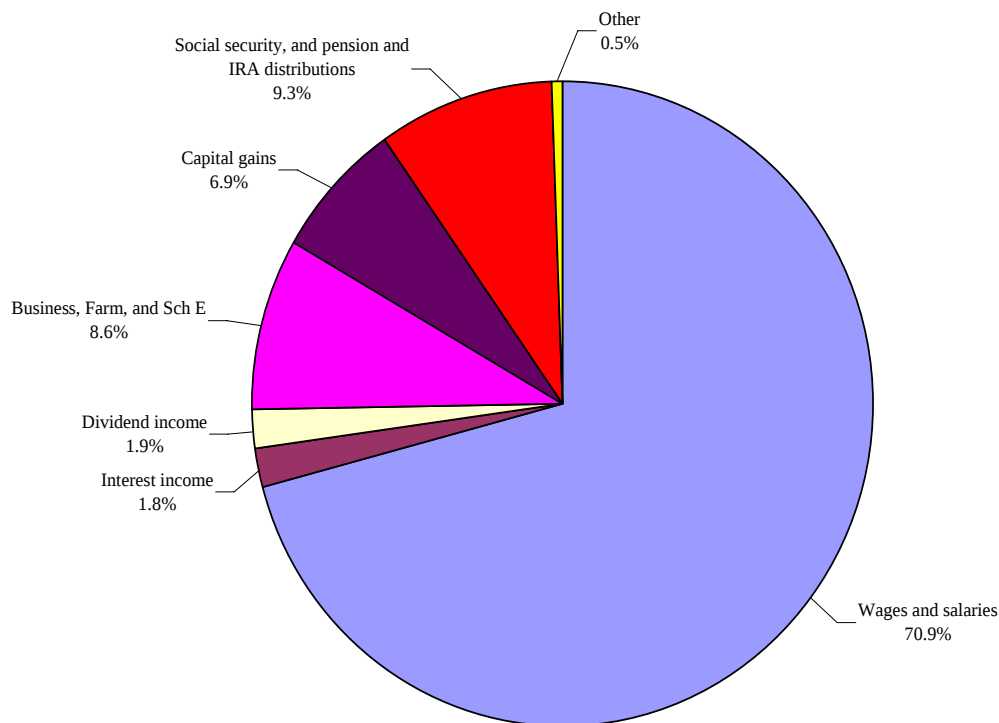
B. Selected Data Related to Individuals

Income of individuals

Figure 2 shows the 2005 distribution of gross income by source for all individual taxpayers (includes data from taxable returns and those with no tax liability). The largest category by far is wage and salary income (70.9 percent of gross income) followed by Social Security, pension and IRA distributions (9.3 percent) and business, farm and schedule E income (8.6 percent).

Table 4 shows the distribution by income class of the individual income tax, payroll taxes, and total Federal taxes (excluding corporate and estate and gift taxes) for 2006.

**Figure 2.—Sources of Gross Income for All Individual Taxpayers
2005**



**Table 4.—Distribution of Individual Income Tax, FICA and SECA Tax, and Total Federal Taxes
2006 Projection**

Income Category[1]	Individual Income Tax		FICA and SECA Tax		Total Federal Taxes[2]	
	Dollars in billions	Percent	Dollars in Billions	Percent	Dollars in billions	Percent
Below \$10,000	-6	-0.6%	8	1.0%	6	0.3%
\$10,000 to \$20,000	-15	-1.6%	25	3.1%	15	0.8%
\$20,000 to \$30,000	-6	-0.6%	39	4.9%	39	2.2%
\$30,000 to \$40,000	7	0.8%	50	6.3%	64	3.5%
\$40,000 to \$50,000	21	2.2%	57	7.1%	84	4.6%
\$50,000 to \$75,000	80	8.4%	139	17.4%	233	12.7%
\$75,000 to \$100,000	92	9.6%	126	15.8%	229	12.5%
\$100,000 to \$200,000	271	28.3%	251	31.5%	538	29.4%
\$200,000 and over	514	53.7%	103	12.9%	623	34.0%
Total	959	100.0%	797	100.0%	1,831	100.0%

[1] The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: (1) tax exempt interest, (2) employer contributions for health plans and life insurance, (3) employer share of FICA tax, (4) workers compensation, (5) nontaxable social security benefits, (6) insurance value of medicare benefits, (7) alternative minimum tax preference items, and (8) excluded income of U.S. citizens living abroad.

[2] Federal taxes are equal to individual income tax (including the outlay portion of the EITC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax and estate and gift taxes are not included due to uncertainty concerning the incidence of these taxes.

Note: Details may not add to totals due to rounding.

Source: Joint Committee on Taxation.

Exclusions and deductions of individuals

Not all of a taxpayer's income is subject to tax. Certain items are excluded from the determination of a taxpayer's gross income³, such as pension contributions. Other items are deductible from a taxpayer's gross income to determine taxable income, such as mortgage interest payments. Such exclusions and deductions are termed "tax expenditures."⁴ Table 5 provides estimates of some of the larger tax expenditures applicable to individual taxpayers for the years 2006 to 2010. Table 6 provides data on the distribution of tax returns that claim the standard deduction versus those claiming itemized deductions. More than two-thirds of filers claim the standard deduction. In general, the higher one's income the more likely one will have itemized deductions that exceed the standard deduction. Table 6 shows that taxpayers claiming itemized deductions exceed those claiming the standard deduction for income brackets above

³ Under the Internal Revenue Code of 1986, gross income means "income from whatever source derived" except for certain items specifically exempt or excluded by statute.

⁴ "Tax expenditures" are defined under the Congressional Budget and Impoundment Control Act of 1974 (Pub. L. No. 93-344, sec. 3(3)), as "revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." For a complete discussion of tax expenditures and how they are estimated, see Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2006-2010* (JCS-2-06), April 25, 2006.

\$75,000. Table 7 shows the distribution of taxpayers claiming the major itemized deductions, which are defined here as those for charitable contributions, mortgage interest, and State and local taxes. Table 8 shows the distribution of claimants of selected tax expenditure items and the estimate of the amount of the tax expenditure. This table includes separate estimates for the mortgage interest deduction, the State and local taxes deduction, the child credit, education credits, the student loan interest deduction, and the charitable contributions deduction.

Table 5.—Selected Tax Expenditure Estimates, for Individuals Fiscal Years 2006 - 2010
[Billions of Dollars]

	2006	2007	2008	2009	2010	2006-10
Net exclusion of pension contributions and earnings (employer plans, individual retirement accounts, and Keogh plans)	124.7	134.5	141.5	149.0	156.7	706.4
Exclusion of employer contributions for health care, health insurance premiums, and long-term care insurance premiums [1]	90.6	99.7	107.0	114.5	122.2	534.0
Reduced rates of tax on dividends and long-term capital gains	92.1	94.0	97.7	99.9	95.8	479.6
Deduction for mortgage interest on owner-occupied residences	69.4	75.6	80.7	85.9	91.1	402.7
Exclusion of capital gains at death	50.9	51.9	53.2	69.7	64.5	290.2
Tax credit for children under age 17 [2]	46.0	45.9	46.1	46.0	46.0	230.0
Earned income credit (EIC)[2]	42.1	42.8	43.5	44.5	45.4	218.3
Deduction for charitable contributions, other than for education and health	29.1	31.9	34.2	36.8	38.4	170.4
Exclusion of benefits provided under cafeteria plans [3]	27.9	30.6	33.4	36.6	40.0	168.5
Deduction of nonbusiness State and local government income, sales taxes and personal property taxes [4]	40.4	38.6	29.2	28.3	28.6	165.1

[1] Estimate includes employer-provided health insurance purchased through cafeteria plans.

[2] Tax expenditure estimate includes refundable amounts, amounts used to offset income taxes, and amounts used to offset other taxes. tax credit and earned income tax credit used to offset other than income tax or paid out as refund is: \$50.1 billion in 2006, \$51.6 billion in 2007, \$51.4 billion in 2008, \$52.2 billion in 2009, and \$53.2 in 2010.

[3] Estimate includes amounts of employer-provided health insurance purchased through cafeteria plans, health care purchased through health flexible spending arrangements, and dependent care purchased through dependent care flexible spending arrangements. The health insurance and health care flexible spending arrangement amounts are also included in the tax expenditure on the second line of this table.

[4] Deduction for State and local sales taxes expires after December 31, 2007.

Source: Joint Committee on Taxation.

**Table 6.—Tax Returns that Claim the Standard Deduction and Tax Returns
that Itemize 2005 Projections**

Income Category ^[1]	Standard Deduction		Itemized Deduction	
	Number of Tax Returns (thousands)	Dollars (millions)	Number of Tax Returns (thousands)	Dollars (millions)
Below \$10,000	30,170	167,189	903	17,166
\$10,000 to \$20,000	20,427	131,685	1,274	14,612
\$20,000 to \$30,000	15,664	111,569	2,313	28,495
\$30,000 to \$40,000	12,206	90,867	3,379	43,231
\$40,000 to \$50,000	8,830	67,572	4,314	58,350
\$50,000 to \$75,000	12,230	105,974	10,247	157,857
\$75,000 to \$100,000	5,001	48,445	8,696	153,625
\$100,000 to \$200,000	2,879	28,538	13,449	306,416
\$200,000 and over.....	322	3,078	3,909	234,461
Total	107,728	754,918	48,483	1,014,214

[1] The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: (1) tax exempt interest, (2) employer contributions for health plans and life insurance, (3) employer share of FICA tax, (4) workers compensation, (5) nontaxable social security benefits, (6) insurance value of medicare benefits, (7) alternative minimum tax preference items, and (8) excluded income of U.S. citizens living abroad.
Note: Details may not add to totals due to rounding.
Source: Joint Committee on Taxation.

**Table 7.—Returns Claiming Major Itemized Deductions
2005 Projections
[thousands]**

	Returns with itemized deductions	Returns with all major itemized deductions	Returns with any major itemized deductions	Returns with only major itemized deductions
Below \$10,000	903	175	894	281
\$10,000 to \$20,000	1,274	506	1,265	394
\$20,000 to \$30,000	2,313	1,091	2,309	754
\$30,000 to \$40,000	3,379	1,794	3,375	1,294
\$40,000 to \$50,000	4,314	2,594	4,311	1,874
\$50,000 to \$75,000	10,247	7,052	10,233	5,115
\$75,000 to \$100,000	8,696	6,697	8,687	5,236
\$100,000 to \$200,000	13,449	11,098	13,448	9,361
\$200,000 and over.....	3,909	3,207	3,909	3,098
Total	48,483	34,215	48,430	27,407

Major itemized deductions are defined as: charitable contributions, mortgage interest, and State and local taxes.

- [1] The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus:
(1) tax exempt interest, (2) employer contributions for health plans and life insurance, (3) employer share of FICA tax, (4) workers compensation, (5) nontaxable social security benefits, (6) insurance value of medicare benefits, (7) alternative minimum tax preference items, and (8) excluded income of U.S. citizens living abroad.

**Table 8.—Distribution by Income Class of selected Individual Tax Expenditures Items,
at 2005 Rates and 2005 Income Levels[1]**

Income Class[2]	Mortgage interest deduction	
	Returns in thousands	Tax Expenditure Amount (dollars in millions)
Below \$10,000	342	\$4
\$10,000 to \$20,000	754	83
\$20,000 to \$30,000	1,459	426
\$30,000 to \$40,000	2,262	982
\$40,000 to \$50,000	3,112	1,914
\$50,000 to \$75,000	8,073	7,545
\$75,000 to \$100,000	7,326	8,587
\$100,000 to \$200,000	11,656	25,081
\$200,000 and over	3,188	17,475
Total	38,171	\$62,097

Income Class[2]	State and local income, sales, and personal property tax deduction	
	Returns in thousands	Tax Expenditure Amount (dollars in millions)
Below \$10,000	20	\$1
\$10,000 to \$20,000	447	25
\$20,000 to \$30,000	1,479	141
\$30,000 to \$40,000	2,696	378
\$40,000 to \$50,000	3,885	777
\$50,000 to \$75,000	10,113	3,300
\$75,000 to \$100,000	8,946	4,081
\$100,000 to \$200,000	13,401	13,387
\$200,000 and over	3,192	17,881
Total	44,178	\$39,969

Footnotes appear at the end of the table.

**Table 8.—Distribution by Income Class of selected Individual Tax Expenditures Items,
at 2005 Rates and 2005 Income Levels--Cont'd**

Income Class[2]	Child Tax Credit	
	<i>Returns in thousands</i>	<i>Tax Expenditure Amount (dollars in millions)</i>
Below \$10,000	188	\$211
\$10,000 to \$20,000	3,252	1,846
\$20,000 to \$30,000	4,509	5,300
\$30,000 to \$40,000	4,248	6,433
\$40,000 to \$50,000	3,506	5,821
\$50,000 to \$75,000	6,363	10,938
\$75,000 to \$100,000	4,554	7,912
\$100,000 to \$200,000	5,001	7,619
\$200,000 and over	10	8
Total	31,631	\$46,088

Income Class[2]	Education credits (Hope and Lifetime Learning Credits)	
	<i>Returns in thousands</i>	<i>Tax Expenditure Amount (dollars in millions)</i>
Below \$10,000	6	[3]
\$10,000 to \$20,000	754	\$165
\$20,000 to \$30,000	994	438
\$30,000 to \$40,000	1,069	529
\$40,000 to \$50,000	1,013	538
\$50,000 to \$75,000	1,517	878
\$75,000 to \$100,000	1,466	969
\$100,000 to \$200,000	635	357
\$200,000 and over	[4]	[3]
Total	7,453	\$3,875

Footnotes appear at the end of the table.

**Table 8.—Distribution by Income Class of selected Individual Tax Expenditures Items,
at 2005 Rates and 2005 Income Levels--Cont'd**

Income Class[2]	Student loan interest deduction	
	<i>Returns in thousands</i>	<i>Tax Expenditure Amount (dollars in millions)</i>
Below \$10,000	33	\$2
\$10,000 to \$20,000	316	17
\$20,000 to \$30,000	526	41
\$30,000 to \$40,000	749	71
\$40,000 to \$50,000	823	108
\$50,000 to \$75,000	1,590	188
\$75,000 to \$100,000	1,054	129
\$100,000 to \$200,000	1,241	210
\$200,000 and over	---	---
Total	6,332	\$766

Income Class[2]	Charitable contributions deduction	
	<i>Returns in thousands</i>	<i>Tax Expenditure Amount (dollars in millions)</i>
Below \$10,000	1	[3]
\$10,000 to \$20,000	289	\$29
\$20,000 to \$30,000	1,114	165
\$30,000 to \$40,000	2,098	410
\$40,000 to \$50,000	3,115	711
\$50,000 to \$75,000	8,440	3,000
\$75,000 to \$100,000	7,801	3,462
\$100,000 to \$200,000	12,598	10,301
\$200,000 and over	3,747	17,851
Total	39,209	\$35,930

Footnotes appear at the end of the table.

**Table 8.—Distribution by Income Class of selected Individual Tax Expenditures Items,
at 2005 Rates and 2005 Income Levels--Cont'd**

Income Class[2]	Real estate tax deduction	
	Returns in thousands	Tax Expenditure Amount (dollars in millions)
Below \$10,000	372	[3]
\$10,000 to \$20,000	864	\$30
\$20,000 to \$30,000	1,618	162
\$30,000 to \$40,000	2,414	350
\$40,000 to \$50,000	3,340	732
\$50,000 to \$75,000	8,534	2,929
\$75,000 to \$100,000	7,689	3,478
\$100,000 to \$200,000	12,356	9,646
\$200,000 and over	3,679	4,630
Total	40,866	\$21,957

[1] Excludes individuals who are dependents of other taxpayers and taxpayers with negative income.

[2] The income concept used to place tax returns into classes is adjusted gross income (AGI) plus:

[1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] workers' compensation, [5] nontaxable Social Security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad.

[3] Less than \$500,000.

[4] Less than 500 returns.

Additional data related to marginal tax rates, the earned income credit, retirement savings and the alternative minimum tax

Figures 3 and 4 show the distribution of taxpayers and total taxable income by marginal Federal income tax bracket. Figure 3 shows that taxpayers with a 15 percent marginal income tax bracket are the largest group (46.9 million taxpayers), and Figure 4 shows that they report the most taxable income at their marginal rate (\$727.3 billion). However, Figure 4 also shows that most taxable income overall (that is, including taxable income that falls in brackets below the taxpayer's marginal rate bracket) is reported by taxpayers with a marginal rate of 25 percent (\$1,502.1 billion).

Figure 3.—Number of Taxpayers By Marginal Federal Income Tax Rate 2005

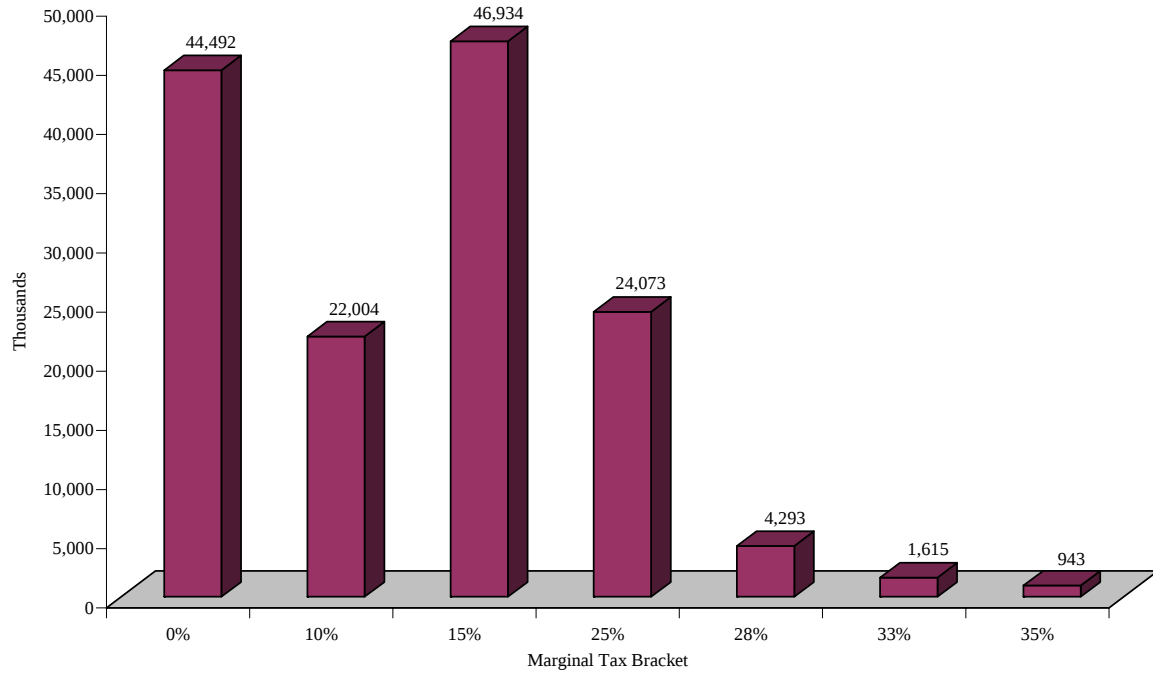
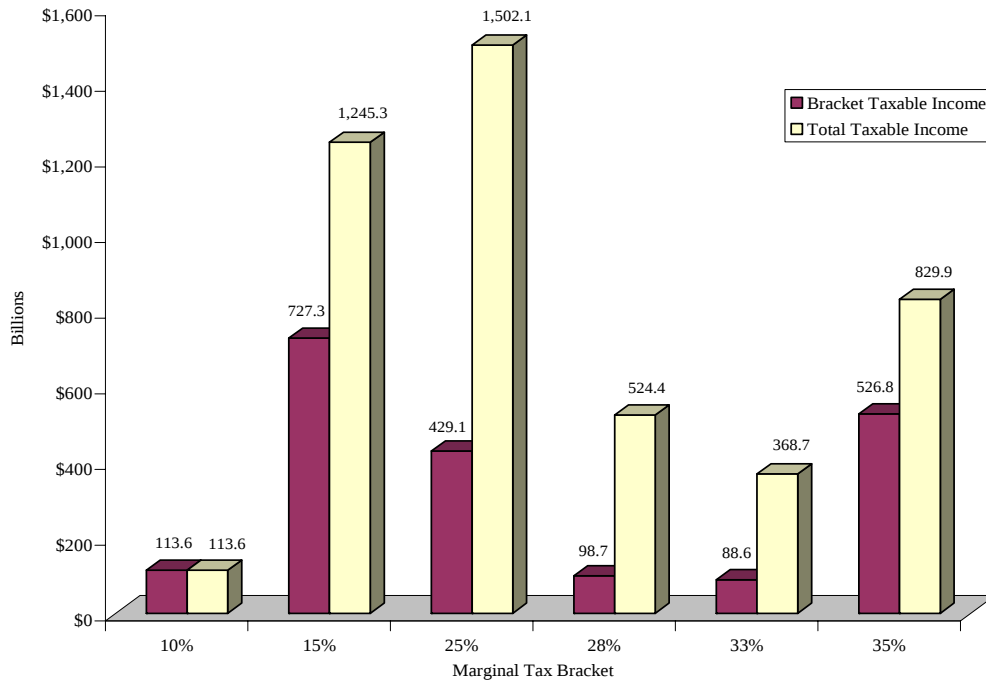


Figure 4.—Total Taxable Income of Taxpayers in Each Marginal Rate Bracket 2005



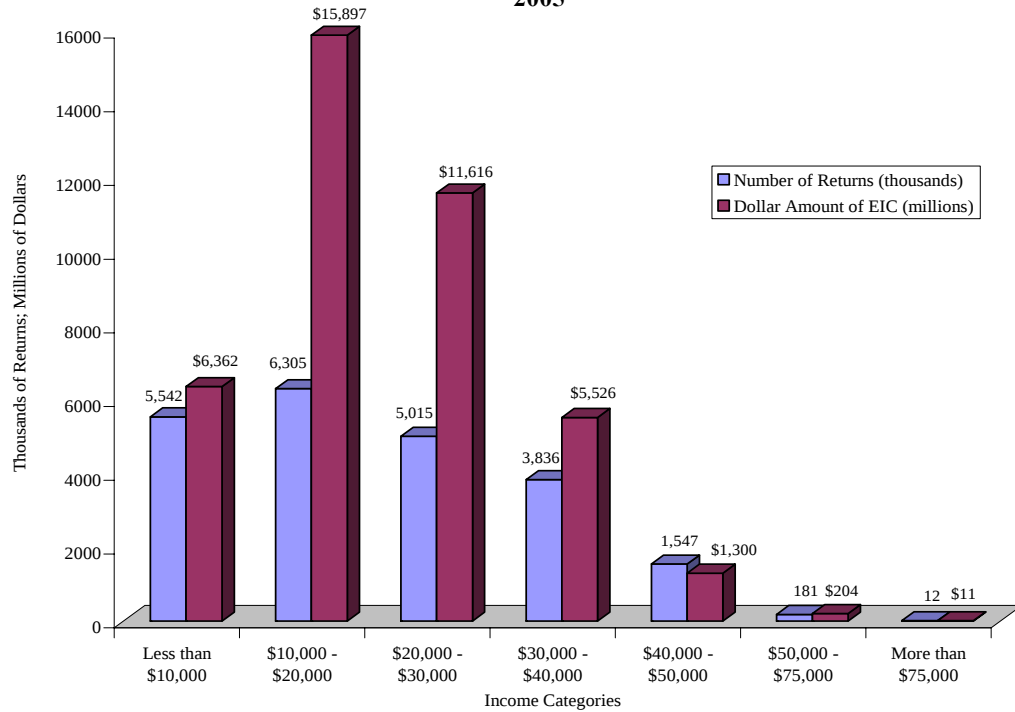
A refundable earned income tax credit (“EIC”) is available to low-income workers who satisfy certain requirements. The amount of the EIC varies depending upon the taxpayer’s earned income and whether the taxpayer has one, more than one, or no qualifying children. In 2005, over 22 million taxpayers claimed over \$40 billion in credits. Table 9 shows the distribution of EIC claimants and dollars claimed by type of household. Figure 5 shows the distribution by income class of the number of EIC claimants and the dollar amounts claimed. The greatest number of claimants and dollars claimed falls in the \$10,000 to \$20,000 income category. Figure 6 shows the portion of the aggregate amount of credits claimed that were used to offset tax liability, versus amounts that were refunded to taxpayers. Over 90 percent of earned income credits are paid as refundable amounts.

Table 9.— Earned Income Credit by Type of Households 2005

Type of Household	Number of households (thousands)	EIC (dollars in millions)	Percentage of total EIC dollars
No Qualifying Children	4,516	1,007	2.5
One Qualifying Child	8,460	14,577	35.6
Two or More Qualifying Children	9,461	25,332	61.9
All Households	22,437	40,916	100

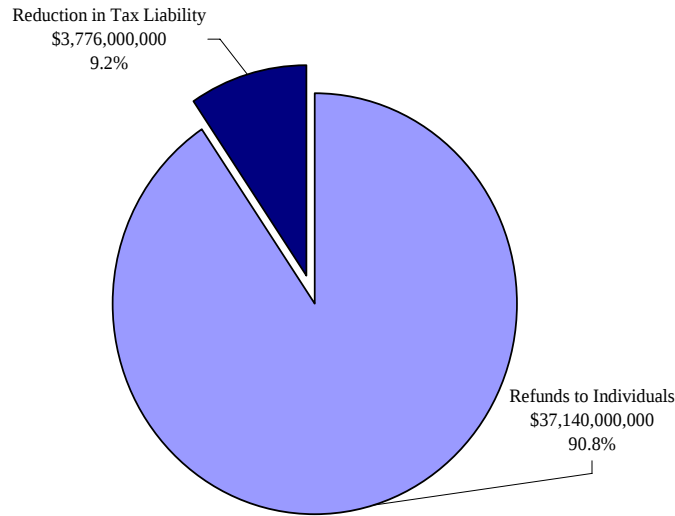
Source: Joint Committee on Taxation.

**Figure 5.—Distribution of the Earned Income Credit
2005**



[1] The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: (1) tax exempt interest, (2) employer contributions for health plans and life insurance, (3) employer share of FICA tax, (4) workers compensation, (5) nontaxable social security benefits, (6) insurance value of medicare benefits, (7) alternative minimum tax preference items, and (8) excluded income of U.S. citizens living abroad.

**Figure 6.—Earned Income Credit: Total Cost and Portion
Representing Refunds to Individuals Projected in 2005
Total 40.916 Billion**



Certain provisions in the Internal Revenue Code exist to encourage taxpayers to save for their retirement by providing favorable tax treatment for contributions to individual retirement arrangements (IRAs) and for elective deferrals to employer-based or self-employed retirement plans. Table 10 shows the distribution of contributions to such accounts for 2003. Additionally, Table 11 shows historical claims of deductible contributions to IRAs. Such contributions peaked during the 1982 - 1986 period when no limits related to participation in other plans, or adjusted gross income, prevailed.

**Table 10.—Distribution of Retirement Plan Contributions
2003**

Income Categories	Deductible IRA Contributions		Roth IRA Contributions		Elective Deferrals to Employer Plans and Self-Employed Retirement Contributions	
	Number of tax returns (thousands)	Millions of dollars	Number of tax returns (thousands)	Millions of dollars	Number of tax returns (thousands)	Millions of dollars
Below \$10,000	76	171	230	414	407	431
\$10,000 to \$20,000	190	386	344	479	1,473	1,072
\$20,000 to \$30,000	354	797	497	761	3,308	3,860
\$30,000 to \$40,000	433	1,098	608	1,023	4,084	7,076
\$40,000 to \$50,000	477	1,313	558	1,130	3,897	9,254
\$50,000 to \$75,000	812	2,334	1,111	2,800	8,460	28,236
\$75,000 to \$100,000	412	1,348	881	2,737	6,346	31,136
\$100,000 to \$200,000	536	1,918	953	3,685	7,186	60,099
\$200,000 and over	113	591	2	7	1,805	28,415
Total	3,405	9,956	5,184	13,037	36,965	169,579

[1] The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: (1) tax exempt interest, (2) employer contributions for health plans and life insurance, (3) employer share of FICA tax, (4) workers compensation, (5) nontaxable social security benefits, (6) insurance value of medicare benefits, (7) alternative minimum tax preference items, and (8) excluded income of U.S. citizens living abroad.

Source: Joint Committee on Taxation.

Table 11.—IRA Participation, 1975-2004

Year	Returns Claiming IRA Deduction (thousands)	Percentage of all Returns	Deductions Claimed (millions)
1975	1,212	1.5	1,436
1976	1,641	1.9	1,968
1977	2,003	2.3	2,458
1978	2,383	2.7	2,970
1979	2,452	2.6	3,199
1980	2,564	2.7	3,431
1981	3,415	3.6	4,750
1982	12,010	12.6	28,274
1983	13,613	14.1	32,061
1984	15,233	15.3	35,374
1985	16,206	15.9	38,212
1986	15,548	15.0	37,786
1987	7,319	6.8	14,066
1988	6,361	5.8	11,882
1989	5,825	5.2	10,829
1990	5,224	4.6	9,858
1991	4,666	4.1	9,030
1992	4,478	3.9	8,696
1993	4,385	3.8	8,527
1994	4,319	3.7	8,389
1995	4,301	3.6	8,339
1996	4,375	3.6	8,628
1997	4,069	3.3	8,663
1998	3,868	3.1	8,188
1999	3,687	2.9	7,883
2000	3,552	2.7	7,605
2001	3,448	2.6	7,407
2002	3,278	2.5	9,462
2003	3,418	2.6	10,007
2004	3,331	2.6	10,029

Source: Joint Committee on Taxation.

In addition to their regular tax liability, taxpayers may be subject to the alternative minimum tax. The alternative minimum tax is a separate calculation of tax liability relying on a different tax base, a different rate structure, and more restricted use of tax credits. The taxpayer is liable for the regular tax plus any liability as determined under the minimum tax.⁵ Table 12 shows the distribution of alternative minimum tax liability for 2006.

Table 12.—Distribution of the Alternative Minimum Tax, 2006

Income Class ^[2]	Alternative Minimum Tax and Lost Credits	
	Returns (thousands)	Amount (millions)
Below \$10,000	1	\$12
\$10,000 to \$20,000	2	4
\$20,000 to \$30,000	*	1
\$30,000 to \$40,000	*	6
\$40,000 to \$50,000	3	4
\$50,000 to \$75,000	57	80
\$75,000 to \$100,000	120	150
\$100,000 to \$200,000	1,010	2,237
\$200,000 and over.....	3,026	22,157
Total	4,220	\$24,651

Note: * indicates less than 500 returns.

Source: Joint Committee on Taxation.

⁵ For a complete discussion of the alternative minimum tax, see Joint Committee on Taxation, *Present Law and Background Relating to the Individual Alternative Minimum Tax* (JCX-10-07), March 5, 2007.

C. Selected Data Related to Corporations and Other Businesses

Table 13 shows the distribution of C corporation income tax returns by corporation asset size and by industry. The table also shows the amount of income tax paid (after credits) and the percentage distribution of such income tax paid by asset size and industry.

Tables 14 and 15 show similar data for S-corporations and for partnerships. Because such entities are pass-through entities, generally no entity-level income tax is owed.

Table 16 shows the distribution of sole proprietorships by industry; asset size data is not available.

For these tables, net income has been defined in a way that is consistent with data that are published in reports by the Statistics of Income Division of the Internal Revenue Service. Thus, the definition of net income differs between entity types. For instance, C corporation net income includes dividends, interest, rents, royalties, and capital gains. For an S corporation, none of these items is included. For a sole proprietorship, only interest income is included. For a partnership, net income includes rental real estate income, other net rental income, interest, dividends, and royalties; but most capital gains are excluded.

**Table 13.– Distribution of C Corporations
by Asset Size and Industry, 2004**
[Returns in thousands, dollars in millions]

	Returns		Income Tax After Credits	
	Firms with without Net Income	Firms with Net Income	Amount	Percentage of Total
By total Asset Size				
0	252	94	2,713	1
\$1 – \$499,999	1,377	659	1,534	1
\$500,000 – 999,999	158	100	944	0
\$1,000,000 – 4,999,999	171	112	3,493	2
\$5,000,000 – 9,999,999	28	18	2,404	1
\$10,000,000 – 24,999,999	19	12	3,441	2
\$25,000,000 – 49,999,999	9	6	3,212	1
\$50,000,000 – 99,999,999	7	5	3,832	2
\$100,000,000 – 249,999,999	7	5	7,377	3
\$250,000,000 – 499,999,999	4	3	7,585	3
\$500,000,000 – 2,499,999,999	5	4	29,322	13
\$2,500,000,000 and more	2	2	156,869	70
Total, all returns	2,040	1,019	2,22723	100
By Industry				
Agriculture, Forestry, Fishing, & Hunting	62	36	783	0
Mining	14	7	3,381	2
Utilities	5	2	4,007	2
Construction	232	117	6,350	3
Manufacturing	131	64	58,122	26
Wholesale Trade	173	99	17,128	8
Retail Trade	228	114	21,541	10
Wholesale & Retail Trade Not Allocable	1	*	1	*
Transportation and Warehousing	76	35	4,375	2
Information	53	22	14,040	6
Finance & Insurance	97	62	47,554	21
Real Estate and Rental and Leasing	209	106	2,670	1
Professional, Scientific, and Technical Services	242	114	3,889	2
Management of Companies (Holding Cos.)	25	13	21,310	14
Administrative, Support, Waste Management, and Remediation Services	77	36	1,452	1
Educational Services	16	8	460	0
Health Care and Social Assistance	145	67	2,474	1
Arts, Entertainment, and Recreation	36	14	329	0
Accommodation and Food Services	89	40	2,333	1
Other Services	129	64	522	*
Not Allocable	1	*	1	*
Total, all returns	2,040	1,019	222,723	100

Note: * indicates less than 500 returns.

Table 14.—Distribution of S Corporations by Assets, 2004
By Asset Size and Industry
[Returns in thousands]

By total Asset Size	Returns	
	Firms with and without Net Income	Firms with Net Income
0	450	211
\$1 – \$499,999.....	2,590	1,598
\$500,000 – 999,999.....	198	118
\$1,000,000 – 4,999,999.....	215	125
\$5,000,000 – 9,999,999.....	33	23
\$10,000,000 – 24,999,999.....	21	14
\$25,000,000 – 49,999,999.....	6	4
\$50,000,000 – 99,999,999.....	3	2
\$100,000,000 – 249,999,999.....	2	1
\$250,000,000 – 499,999,999.....	*	*
\$500,000,000 – 2,499,999,999.....	*	*
\$2,500,000,000 and more.....	*	*
Total, all returns.....	3,518	2,097
By Industry		
Agriculture, Forestry, Fishing, & Hunting	80	64
Mining	17	10
Utilities	2	18
Construction	489	2
Manufacturing	151	87
Wholesale Trade	203	19
Retail Trade	393	21
Wholesale & Retail Trade Not Allocable	3	62
Transportation and Warehousing	107	17
Information	71	14
Finance & Insurance	142	192
Real Estate and Rental and Leasing	395	661
Professional, Scientific, and Technical Services	538	100
Management of Companies (Holding Cos.)	25	14
Administrative, Support, Waste Management, and Remediation Services	168	30
Educational Services	28	5
Health Care and Social Assistance	226	36
Arts, Entertainment, and Recreation	83	19
Accommodation and Food Services	192	46
Other Services	204	35
Not Allocable	2	*
Total, all returns	3,518	1,441

Note: * indicates less than 500 returns.

Table 15.—Distribution of Partnerships by Asset Size and Industry, 2004
[Returns in thousands]

By total Asset Size	Returns	
	Firms with and without Net Income	Firms with Net Income
0	696	362
\$1 – \$499,999.....	1,056	607
\$500,000 – 999,999.....	250	144
\$1,000,000 – 4,999,999.....	388	233
\$5,000,000 – 9,999,999.....	75	43
\$10,000,000 – 24,999,999.....	46	28
\$25,000,000 – 49,999,999.....	16	10
\$50,000,000 – 99,999,999.....	9	6
\$100,000,000 – 249,999,999.....	6	4
\$250,000,000 – 499,999,999.....	2	2
\$500,000,000 – 2,499,999,999.....	2	2
\$2,500,000,000 and more.....	*	*
Total, all returns.....	2,547	1,441
By Industry		
Agriculture, Forestry, Fishing, & Hunting	120	64
Mining	26	18
Utilities	4	2
Construction	155	87
Manufacturing	43	19
Wholesale Trade	43	21
Retail Trade	136	62
Transportation and Warehousing	34	17
Information	35	14
Finance & Insurance	269	192
Real Estate and Rental and Leasing	1,180	661
Professional, Scientific, and Technical Services	164	100
Management of Companies (Holding Cos.)	24	14
Administrative, Support, Waste Management, and Remediation Services	52	30
Educational Services	8	5
Health Care and Social Assistance	57	36
Arts, Entertainment, and Recreation	45	19
Accommodation and Food Services	91	46
Other Services	58	35
Not Allocable	3	*
Total, all returns	2,547	1,441

Note: * indicates less than 500 returns.

Table 16.—Distribution of Sole Proprietorships by Industry, 2004
[Returns in thousands]

By Industry	Returns	
	Firms with and without Net Income	Firms with Net Income
Agriculture, Forestry, Fishing, & Hunting	282	169
Mining	126	99
Utilities	12	9
Construction	2,587	2,127
Manufacturing	351	224
Wholesale Trade	351	236
Retail Trade	2,399	1,201
Transportation and Warehousing	983	802
Information	295	195
Finance & Insurance	673	470
Real Estate and Rental and Leasing	1,179	840
Professional, Scientific, and Technical Services	2,951	2,182
Management of Companies (Holding Cos.)	0	0
Administrative, Support, Waste Management, and Remediation Services	1,995	1,644
Educational Services	474	380
Health Care and Social Assistance	1,778	1,484
Arts, Entertainment, and Recreation	1,132	676
Accommodation and Food Services	384	246
Other Services	2,355	1,834
Not Allocable	284	232
Total, all returns	20,591	15,054

Table 17, which is similar to Table 5 for individuals, shows the largest tax expenditure items for C-corporations (S-corporation, partnership, and sole proprietorship income is taxed at the individual level, and tax expenditures with respect to such entities would appear on individual tax returns).

Table 17.—Selected Corporate Tax Expenditure Estimates Fiscal Years 2006-2010
[Billions of Dollars]

	2006	2007	2008	2009	2010	2006-10
Deferral of active income of controlled foreign corps	3.4	5.8	6.4	7.0	7.5	30.1
Inventory property sales source rule exception	6.2	6.4	6.6	6.8	7.0	33.0
Expensing of research and experimentation	2.0	3.7	5.5	6.0	5.8	23.0
Tax credit for electricity produced from renewables	2.0	3.7	5.5	6.0	5.8	23.0
Deduction of unpaid property loss reserves for Property and Casualty Insurance	3.4	3.4	3.5	3.6	3.6	17.5
Tax credit of low income housing	3.4	3.6	3.8	4.1	4.4	19.3
Depreciation of excess of ADR	5.7	11.0	17.7	23.4	27.7	85.5
Reduced rates on first \$10 million of corporate income	4.3	4.3	4.3	4.3	4.3	21.5
Production activity deduction	2.7	3.9	5.5	5.9	7.4	25.4
Exclusion of interest on State and local bonds	7.3	7.8	8.2	8.6	9.0	40.9

Source: Joint Committee on Taxation.

D. Selected Data Related to the Estate Tax

Table 18 shows the distribution by gross value of the estate of all estate tax returns filed in 2005. The threshold size for filing an estate tax return for decedents dying in 2005 was \$1.5 million. However, returns filed in 2005 include returns for decedents dying in 2004, when the filing threshold was also \$1.5 million, and for decedents dying in 2003, when the filing threshold was \$1 million. Table 19 shows the same distribution for taxable estates.

Table 18.—All Estate Tax Returns Filed in 2005
[Dollars in Millions]

Total Gross Estate	Total Gross Estate		Bequests to Spouse		Bequests to Charity		Estate Tax	
	Number	Millions	Number	Millions	Number	Millions	Number	Millions
Under \$2,000,000.....	19,544	30,663	7,777	5,159	3,040	1,102	7,057	767
\$2,000,000 - \$3,500,000.....	14,842	38,162	7,133	9,666	2,814	1,703	7,311	3,043
\$3,500,000 - \$5,000,000.....	4,445	18,386	2,239	5,830	1,037	1,099	2,282	2,283
\$5,000,000 - \$10,000,000.....	4,122	28,001	2,036	9,545	1,107	2,031	2,280	4,477
\$10,000,000 - \$20,000,000.....	1,358	18,650	686	7,144	455	1,645	822	3,276
\$20,000,000 or more.....	760	50,833	413	17,490	328	12,835	498	7,823
Total.....	45,071	184,695	20,284	54,834	8,781	20,415	20,250	21,669

Source: JCT tabulations of JCT estate tax file.

Table 19.—Taxable Estate Tax Returns Filed in 2005
[Dollars in Millions]

Total Gross Estate	Total Gross Estate		Bequests to Spouse		Bequests to Charity		Estate Tax	
	Number	Millions	Number	Millions	Number	Millions	Number	Millions
Under \$2,000,000.....	7,057	11,501	215	59	932	63	7,057	767
\$2,000,000 - \$3,500,000.....	7,311	18,939	490	307	1,634	336	7,311	3,043
\$3,500,000 - \$5,000,000.....	2,282	9,433	298	412	657	316	2,282	2,283
\$5,000,000 - \$10,000,000.....	2,280	15,590	376	935	734	846	2,280	4,477
\$10,000,000 - \$20,000,000.....	822	11,252	199	1325	348	963	822	3,276
\$20,000,000 or more.....	498	37,300	176	5891	260	11,638	498	7,823
Total.....	20,250	104,015	1,754	8,929	4,565	14,162	20,250	21,669

Source: JCT tabulations of JCT estate tax file.

E. Selected Data Related to Excise Taxes

Table 20 shows the largest Federal excise taxes by revenue raised for fiscal year 2005, as well as the rate of tax imposed. The gasoline motor fuel excise tax and the diesel motor fuel excise tax are the two largest excise taxes by revenue raised, and collectively account for 44 percent of the total excise taxes.

Table 20.—Largest Excise Taxes by Fiscal Year, 2005
[Collections in Billions]^(a)

Excise Tax	Rate of Tax^(b)	Fiscal Year 2005 Collections
Gasoline Motor fuel	18.4 cents per gallon ^(c)	23.7
Diesel motor fuel	24.4 cents per gallon ^(c)	9.4
Domestic cigarettes	\$19.50 to \$40.95 per thousand ^(e)	7.2
Transportation by air	7.5 percent of ticket price plus \$3.10 per flight segment	7.0
Telephone and teletypewriter services	3 percent	5.9
Distilled spirits (domestic and imported)	\$13.50 per proof gallon	4.5
Beer (domestic and imported)	\$7 or \$18 per barrel ^(d)	3.6
Other (non-specified)	N/A	13.9
Total	N/A	75.2

Source: From <http://www.irs.gov/pub/irs-soi/histab21.xls>

(a) Collections or liabilities reported by the IRS, Customs Services, and the Alcohol and Tobacco Tax and Trade Bureau.

(b) Tax rates in effect October 1, 2004.

(c) Includes 0.1 cents per gallon for the Leaking Underground Storage Tank trust fund.

(d) Beer brewed, produced, and removed for consumption or sale in the United States, or imported, is taxed at a rate of \$18.00 per barrel (31 gallons). The tax rate is \$7 per barrel (approximately 22.6 cents per gallon) on the first 60,000 barrels of beer removed each year by domestic brewers producing less than two million barrels of beer during the calendar year. The \$18.00 per barrel tax translates to approximately 33 cents per 6-pack of beer.

(e) Small cigarettes (weighing no more than three pounds per thousand) are taxed at \$19.50 per thousand. Large cigarettes (weighing more than three pounds per thousand) generally are taxed at \$40.95 per thousand. These rates equal 39 cents and 81 cents respectively for a pack of 20 cigarettes.