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SOI BULLETIN

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The *Statistics of Income (SOI) Bulletin* is issued quarterly, in March, June, September, and December, by the Statistics of Income Division of the Internal Revenue Service. The report provides the earliest published annual financial statistics obtained from the various types of tax and information returns filed, as well as information from periodic or special analytical studies of particular interest to students of the U.S. tax system, tax policymakers, and tax administrators. It also includes personal income and tax data by State and historical data for selected types of taxpayers, in addition to data on tax collections and refunds and on other tax-related items.

Information on the availability of supplemental data on the topics included in this issue, special tabulations undertaken on a reimbursable basis, or other SOI subjects, may be obtained by telephoning the SOI Statistical Information Services office (202-874-0410), or by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, D.C. 20013-2608.

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Inside this Issue

Individual Income Tax Returns, Preliminary Data, 2005

Data Release

Preliminary data for Tax Year 2005 indicate that taxpayers filed 134.5 million U.S. individual income tax returns, an increase of 1.6 percent from the preliminary estimate of 132.4 million returns filed for Tax Year 2004. Adjusted gross income (AGI) increased by 8.9 percent from the previous year to \$7.4 trillion for 2005, and taxable income increased 9.5 percent to \$5.1 trillion. Alternative minimum tax liability rose 31.6 percent to \$15.9 billion, and total income tax increased 11.8 percent to \$928.3 billion. Other notable changes were: net capital gains, the second largest component of adjusted gross income, rose by 36.7 percent to \$604.4 billion; statutory adjustments to total income increased 10.2 percent, from \$94.5 billion to \$104.2 billion; total deductions increased 8.4 percent to \$1,665.6 billion; and total tax credits used to offset income tax liabilities increased 5.7 percent to \$54.3 billion. The total earned income credit, including the refundable portion, increased 6.1 percent to \$43.1 billion for Tax Year 2005.

Individual Income Tax Rates and Shares, 2004

by Kyle Mudry and Justin Bryan

For Tax Year 2004, taxpayers filed 132.2 million returns, of which 89.1 million (or 67.4 percent) were classified as taxable returns. This represents an increase of 0.2 percent in the number of taxable returns from Tax Year 2003. Adjusted gross income (AGI) on these taxable returns rose 9.0 percent to \$6,266 billion, while total income tax showed the first increase in 4 years, rising 11.2 percent. Also, for the first time in 4 years, the average tax rate for taxable returns rose, increasing 0.3 percentage points to 13.3 percent for 2004. The top 1.0 percent of taxpayers had an AGI of at least \$328,049, up from \$295,495 for 2003. These taxpayers accounted for 19.0 percent of total AGI, representing an increase in income share of 2.2 percentage points from the previous year. These taxpayers accounted for 36.9 percent of the total income tax reported, an increase from 34.3 percent in 2003.

Split-Interest Trusts, Filing Year 2005

by Lisa Schreiber

In Filing Year 2005, some 124,292 Split-Interest Trust (SIT) Information Returns (Form 5227) were filed, an

increase of 0.8 percent from Filing Year 2004. Charitable remainder unitrusts continue to be the most common trust type, increasing by 1.6 percent, or 1,450 returns, between 2004 and 2005. Charitable lead trust filings increased the most, 9.0 percent, to 6,168 in 2005. The number of returns filed for charitable remainder annuity trusts decreased by 4.2 percent between 2004 and 2005. Pooled income funds, as in 2004, were the least common trust type in 2005, with 1,677 returns filed. Total net income reported for charitable remainder trusts (CRTs) increased by 67.4 percent from 2004 to 2005, primarily due to an exceptionally large increase in the value of capital gains reported in 2005. Total net capital gains reported for CRTs increased by 119.2 percent from Filing Year 2004 to Filing Year 2005. Returns filed for CRTs in 2005 reported total accumulations of \$65.1 billion and \$7.4 billion in distributions. For all SITs, the end-of-year book value of trust assets increased from \$100.8 billion in Filing Year 2004 to \$106.5 billion in Filing Year 2005. As in prior years, investments made up the largest percentage of assets for all SITs in 2005. Corporate stocks were the most common type of investments for all types of SITs, while land, buildings, and equipment were the least common.

Unrelated Business Income Tax Returns, 2003: Financial Highlights and A Special Analysis of Nonprofit Charitable Organizations' Revenue and Taxable Income

by Margaret Riley

During Calendar Years 2004 and 2005, tax-exempt organizations filed an estimated 36,064 Forms 990-T, *Exempt Organization Business Income Tax Return*, for Tax Year 2003, ending a 4-year decline in annual Form 990-T filings. After offsetting \$8.4 billion of total gross unrelated business income (UBI) with a nearly equal amount of total deductions, the resulting unrelated business taxable income (less deficit) for 2003 was \$23.2 million. Positive unrelated business taxable income reported on Form 990-T increased by 20.5 percent between Tax Years 2002 and 2003, totaling \$780.1 million, and the associated unrelated business income tax (UBIT) rose 13.3 percent, to \$219.9 million. After adjusting UBIT with certain credits and other taxes, the resulting total tax reported on Form 990-T was \$220.9 million.

About 3.8 percent of the 263,353 Internal Revenue Code section 501(c)(3) nonprofit charitable organizations that filed Forms 990/990-EZ, *Return of Organi-*

zation Exempt From Income Tax/Short Form Return of Organization Exempt From Income Tax, also filed Forms 990-T to report UBI. Aggregate gross UBI accounted for less than one-half of 1.0 percent of total revenue reported by the 10,064 Form 990-T filers. The percentage of organizations filing Forms 990-T and the percentage of total revenue attributable to UBI vary by size of total assets.

Recent Data and Publications

2004 ZIP Code Data Now Available

Individual income tax data by ZIP Code are now available for Tax Year 2004. The data show the following items by State and 5-digit ZIP Code: number of returns; number of exemptions; adjusted gross income; salaries and wages; taxable interest; taxable dividends; net capital gains and losses; Schedule C and Schedule F profits and losses; IRA payment deductions; self-employed pension deductions; total itemized deductions; contributions deductions; taxes paid deductions; alternative minimum tax; income tax before credits; earned income credit; total tax; and number of returns with paid preparers.

These items are tabulated by State, ZIP Code, and adjusted gross income (AGI). The AGI class sizes have been expanded and now include: Under \$10,000 (which include deficit returns); \$10,000 under \$25,000; \$25,000 under \$50,000; \$50,000 under \$75,000; \$75,000 under \$100,000; and \$100,000 or more. The data are based on administrative records (individual income tax returns) from the Internal Revenue Service's Master File System, which included a record for every Form 1040, 1040A, 1040EZ, 1040PC, 1040NR, and 8814 filed by U.S. citizens and aliens with the IRS.

The price is \$500 for the entire United States and \$25 for a single State. A sample can be viewed at <http://www.irs.gov/taxstats/indtaxstats/article/0,,id=96947,00.html>.

For ordering these data, call SOI Statistical Information Services (SIS) at (202) 874-0410, fax (202) 874-0964, or e-mail at sis@irs.gov.



IRS Data Book, 2006

The *2006 Data Book* describes activities conducted by the Internal Revenue Service during Fiscal Year 2006 (October 1, 2005, through September 30, 2006). It provides information on returns filed and taxes collected, enforcement, taxpayer assistance, the IRS budget and workforce, and other selected activities.

The *Data Book* is available on SOI's pages of the IRS Web site (www.irs.gov/taxstats) in the *Products, Publications, & Papers* section.

The IRS Research Bulletin, 2006

This 319-page volume presents selected papers from the 2006 IRS Research Conference, which was held on June 14-15 in Washington, D.C. Paper topics include corporate tax administration and compliance; individual compliance analysis and modeling; uses of tax data; the role of third parties in tax administration and compliance; and new approaches to compliance and administration. The 10 papers in the report are available on SOI's pages of the IRS Web site (www.irs.gov/taxstats/productsandpubs/article/0,,id=151642,00.html).

For ordering instructions or questions regarding these publications and any other SOI data, call SOI Statistical Information Services (SIS) at (202) 874-0410, fax (202) 874-0964, or e-mail at sis@irs.gov.

Corporation Source Book, 2004, Online in Two Formats

The *2004 Corporation Source Book* (Publication 1053) is now available in two formats. One consists of spreadsheets for viewing or downloading from TaxStats at the IRS.gov Web site. The other format consists of a comma-separated file (.csv), which enables the user to download the entire *Source Book* at once. The *Source Book* presents detailed income statement, balance sheet, tax, and selected items, by industrial sector, and major and minor industrial groups. For each industrial group, the data are further classified by size of total assets. Data are presented for all corporate returns and for those returns with net income. Separate statistics on S corporations are also included by industrial sector and asset size. Data from the Tax Years 2000-2003 *Corporation Source Book* publications are also available as Excel spreadsheets for viewing or downloading at <http://www.irs.gov/taxstats/bustaxstats/article/0,,id=149687,00.html>. TaxStats contains other statistics from corporation income tax returns at <http://www.irs.gov>.

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gov/taxstats/bustaxstats/article/0,,id=97145,00.html, as well as statistics from other types of entities at <http://www.irs.gov/taxstats> (e.g., individuals, exempt organizations, and partnerships).

Statistical Information Services Report

SOI Statistical Information Services (SIS) received 2,098 direct requests for information in the 12-month period ending December 31, 2006.

About 880 requests (or 41.9 percent of the total) were by telephone. Some 56.0 percent of the requests were by e-mails or faxes, and about 2.1 percent of the requests were from letters or face-to-face meetings.

Who were the requesters to whom we responded to in 2006? About 21.4 percent were consultants, 14.4 percent were academics, 12.7 percent were other IRS offices, and 10.2 percent were private citizens. After these categories, the next most frequent requesters were: media (7.8 percent); State and local governments (7.6 percent); corporations (7.5 percent); and Federal agencies (5.1 percent). The remaining requests came from nonprofit organizations; associations; legal services; financial services; Congress; foreign government organizations or embassies; and public libraries, which together accounted for 13.2 percent of the total.

While the level of direct requests has declined for each of the past few years, Internet downloads appear to have been steadily increasing every year. The total number of downloads from "TaxStats" (www.irs.gov/taxstats) during 2006 was 4,233,598. This averaged 352,800 downloads per month, up from about 318,398 downloads per month in 2005. About 1,158,724 downloads (or 27.4 percent of the grand total) were for individual income tax return data, and 885,200 downloads (or 20.9 percent of the total) were for corporation income tax return data. As always, all data are provided free from any identifying information, since we are prohibited by law from releasing names or data for specific taxpayers.

We are pleased to provide information services to all of our customers. By all means, call or write us, or visit our Web site address (<http://www.irs.gov/taxstats>).



Sometimes, we receive requests for IRS data other than SOI data. If we have the data or know who has, we will make every effort to help the requester.

In fact, according to the fourth SIS Customer Satisfaction Survey, the SIS office has maintained its overall customer satisfaction level at about 89.0 percent for 2006. We are continuing the survey in 2007 and will provide an update in a future issue.

SOI Bulletin Publisher Retires

On January 3, 2007, Beth Kilss, publisher of the *SOI Bulletin*, retired after more than 36 years of Government service, including 26 years at SOI and 15 years as Chief of the Statistical



Data Section. In June 1970, Beth began her career as an economist with the Social Security Administration (SSA) in the Division of Economic and Long Range Studies, Office of Research and Statistics. In 1973, she took part in the CPS-IRS-SSA Exact Match Study and, in 1974, began her long participation in the Joint Statistical Meetings of the American Statistical Association (ASA). On June 15, 1980, Beth joined the staff of SOI, along with Wendy Alvey and Bettye Jamerson, and later Lock Oh, Tom Petska, and Linda Vogel.

Beth worked tirelessly to increase SOI visibility in the larger statistical community. She coordinated SOI sessions for the ASA meetings, organized conferences, including the IRS Research Conference, and produced conference proceedings. She published selected ASA and other conference papers presented by SOI staff in a series called *Statistical Uses of Administrative Records*, which later turned into *Turning Administrative Systems into Information Systems* and is now known as *Special Studies in Federal Tax Statistics*.

On September 22, 1991, Beth became Chief of the Statistical Data Section and supervised both the Publications Team and the Statistical Information Services Office. On her watch, she had oversight in publishing more than 58 *SOI Bulletins* and 14 issues of *Special Studies in Federal Tax Statistics*. She organized 29 SOI

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Advisory Panel Meetings and produced numerous other publications. Throughout her career, she exhibited creativity, enthusiasm, and willingness to change, thereby bringing continuous improvement to SOI's products and services.

Above all, Beth was an exemplary mentor, supervisor, and colleague—always eager to lend a hand and sympathetic ear, able to bring out the best in employees, and responsible for launching many notable careers. Her outstanding achievements were recognized when she accepted the Jeanne Griffith Mentoring Award in 2004, given to the most deserving mentor in Federal statistical agencies. After 36 years of exemplary Government service, we wish her health and happiness and the best of luck in a busy and fulfilling retirement.

In the Next Issue

The following articles or data releases are tentatively planned for inclusion in the Spring 2007 issue of the *Statistics of Income Bulletin* scheduled to be published in June 2007:

- ❖ High-Income Tax Returns, 2004;
- ❖ Farm Proprietorships, 1998-2004;
- ❖ S Corporation Returns, 2004;
- ❖ Individual Noncash Charitable Contributions, 2004;
- ❖ Qualified Zone Academy Bonds, 2004; and
- ❖ International Boycott Report, 2003 and 2004.

Revisions to Prior Issues

Partnership Returns, 2004--Fall 2006 Issue

On pages 121, 122, 141, 142, 150, and 161 of the Fall 2006 SOI Bulletin:

Certain money amounts in Tables 1, 2, and 3 were incorrect, as published. In Table 1, certain money amounts were incorrect for Construction and Manufacturing, as shown in Columns 24, 25, 33, and 34. In Table 2, certain money amounts were incorrect for Construction, Manufacturing, and Finance and insurance, as shown in Columns 24, 25, 33, 34, and 85. In Table 3, certain money amounts were incorrect for Construction and Manufacturing, as shown in Columns 24 and 25. The corrected amounts are presented below in excerpts from the original tables. To view the complete, revised partnership tables, see the TaxStats pages of the IRS Web site at: <http://www.irs.gov/taxstats/bustaxstats/article/0,,id=97127,00.html>.

Table 1.--All Partnerships: Total Assets, Trade or Business Income and Deductions, Portfolio Income, Rental Income, and Total Net Income, by Selected Industrial Group

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

Item	Construction	Manufacturing		
	Special trade contractors--Continued	Total	Printing and related support activities	Petroleum and coal products manufacturing
	Other specialty trade contractors			
	(24)	(25)	(33)	(34)
Total income	12,008,555	628,403,448	5,988,320	219,305,956
Business receipts.....	11,867,190	616,212,785	4,974,377	216,812,083
Total deductions	11,634,704	595,370,327	5,583,695	211,262,220
Cost of good sold [1].....	7,360,282	483,146,231	2,825,075	187,773,968
Purchases.....	2,326,710	327,455,970	1,673,072	124,359,042
Other costs.....	3,533,655	137,998,135	674,261	62,418,568

[1] Cost of good sold is not equal to the sum of its components because some partnerships do not report the components.

Table 2.--Partnerships With Net Income: Total Assets, Trade or Business Income and Deductions, Portfolio Income, Rental Income, and Total Net Income, by Selected Industrial Group

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

Item	Construction	Manufacturing			Finance and insurance
	Special trade contractors--Continued	Total	Printing and related support activities	Petroleum and coal products manufacturing	Securities, commodity contracts, and other financial investments, and related activities
	Other specialty trade contractors				Total
	(24)	(25)	(33)	(34)	(85)
Total assets	2,870,637	324,897,586	3,161,366	93,281,444	4,027,542,322
Total income	8,363,927	510,964,985	4,251,493	211,136,298	142,550,433
Business receipts.....	8,320,361	502,023,396	3,247,059	208,907,019	80,950,029
Total deductions	7,575,597	465,733,466	3,635,591	200,456,186	102,150,870
Cost of good sold [1].....	4,919,935	385,839,746	1,725,740	181,451,779	37,709,815
Purchases.....	1,562,348	259,086,358	1,042,380	119,627,805	13,821,091
Other costs.....	2,413,105	115,940,230	415,186	61,029,992	24,404,008

[1] Cost of good sold is not equal to the sum of its components because some partnerships do not report the components.

Revisions to Prior Issues

Partnership Returns, 2004--Fall 2006 Issue--Continued

Table 3.--All Partnerships: Balance Sheets by Profit Status and Selected Industrial Group

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

Item	Construction	Manufacturing
	Other specialty trade contractors (24)	Total (25)
ALL PARTNERSHIPS		
Total assets.....	4,592,177	427,116,355
Depreciable assets.....	2,925,886	195,352,514
Total liabilities and capital.....	4,592,177	427,116,355
Partners capital accounts	965,135	232,908,470
PARTNERSHIPS WITH NET INCOME		
Total assets.....	2,870,637	324,897,586
Depreciable assets.....	1,949,595	144,660,538
Total liabilities and capital.....	2,870,637	324,897,586
Partners capital accounts	588,439	201,748,231

Unrelated Business Income Tax Returns, 2002--Winter 2005-2006 Issue

On page 89 of the Winter 2005-2006 SOI Bulletin.

In Table 7, the statistics displayed in columns 12 and 13 for total deductions directly connected with UBI were incorrect. The corrected amounts are presented below in an excerpt from the original table. To view the complete, revised version of Table 7 (Types of Deductions Classified by Gross UBI, 2002), see the TaxStats pages of the IRS Web site at: <http://www.irs.gov/pub/irs-soi/02eo07ub.xls>.

Table 7.--Unrelated Business Income Tax Returns: Types of Deductions, by Size of Gross Unrelated Business Income (UBI), Tax year 2002

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

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more [1]	
	Deductions directly connected with UBI	
	Total	
	Number of returns	Amount
	(12)	(13)
Total.....	20,704	7,305,072
\$1,000 under \$10,001 [1].....	--	--
\$10,001 under \$100,000 [1].....	12,591	511,619
\$100,000 under \$500,000.....	5,800	1,265,199
\$500,000 under \$1,000,000.....	1,112	728,510
\$1,000,000 under \$5,000,000.....	967	1,908,607
\$5,000,000 or more.....	232	2,891,138

[1] Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately.

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

Recent Conference Papers

The following abstracts are provided to keep readers up to date on the latest analytical, descriptive, or methodological papers written by Statistics of Income (SOI) Division personnel or other researchers during the past year. These papers, which either use SOI data or are about SOI data, were presented at the 2006 Joint Statistical Meetings of the American Statistical Association (ASA), the National Tax Association's Annual Conference on Taxation, and the United Nations Statistical Commission and Economic Commission for Europe Conference of European Statisticians. The papers will be published in the IRS Methodology Report series, *Special Studies in Federal Tax Statistics, 2006* (forthcoming). The abstracts below are listed by the title of the session in which the paper was presented. To obtain copies of the papers, you may write to: Statistical Information Services (SIS), Statistics of Income Division (RAS:S:SS:SD), P.O. Box 2608, Washington, DC 20013-2608; send a fax to SIS on (202) 874-0964; e-mail us at sis@irs.gov; or call (202) 874-0410. In the Spring 2007, *Special Studies in Federal Tax Statistics* also will be available directly from the TaxStats Web site at <http://www.irs.gov/taxstats/productsandpubs/article/0,,id=168008,00.html>.

Innovative Uses of Longitudinal Panels, Information Documents, and Time-Series Analysis To Study the Impact of the U.S. Tax System

Analysis of the Distributions of Income, Taxes, and Payroll Taxes via Cross-Section and Panel Data, 1979-2004

by Michael Strudler, Tom Petska, Lori Hentz, and Ryan Petska, Ernst and Young LLP

Different approaches have been used to measure the distribution of individual income over time. Survey data have been compiled with comprehensive enumeration, but underreporting of incomes, inadequate coverage at the highest income levels, and omission of a key income type jeopardize the validity of results. Administrative records, such as income tax returns, may be less susceptible to underreporting of income but exclude certain nontaxable income types and can be inconsistent in periods when the tax law has been changed.

Social Security Taxes, Social Security Benefits, and Social Security Benefits Taxation, 2003

by Peter Sailer, Kevin Pierce, and Evgenia Lomize

For most of its 90-year existence, the Statistics of Income (SOI) Division of the Internal Revenue Service and its predecessor organizations have used data provided by taxpayers on Forms 1040 to fulfill the legal mandate to produce statistics on the operation of the individual income tax system. It was not until Tax Year 1989 that SOI started using the Information Returns Master File (IRMF), which contains electronic documents filed by the payers of income to individuals, to add further details to tax return information.

The Tax Year 1999-2003 Individual Income Tax Return Panel: A First Look at the Data

by Michael E. Weber

This paper represents the Statistics of Income (SOI) Division's first release of data from its Tax Year 1999 Panel of Individual Income Tax Returns. A previous ASA paper explained the history and development of this panel so that only a brief review of the panel's history and design will be provided here.

Creativity and Compromise: Constructing a Panel of Income and Estate Tax Data for Wealthy Individuals

by Barry W. Johnson and Lisa M. Schreiber

The Statistics of Income (SOI) Division of the Internal Revenue Service created a longitudinal panel of income tax filers beginning in 1987, including returns for the primary filing unit and dependents. Beginning in 1995, SOI began collecting data from Federal estate tax returns for individuals in the original 1987 income panel. This paper documents efforts to construct and use the income/estate tax panel. Specifically, it examines the effects of missing returns (a form of unit nonresponse), data quality issues (nonsampling error), and changes in the filing tax unit—all of which pose complex sample weight issues. Preliminary estimates from this file are used to illustrate the effects of decisions made in constructing the panel, with particular attention given to the tradeoff between longitudinality and population coverage that is often a problem in panel datasets.

Recent Conference Papers

Measuring, Monitoring, and Evaluating Internal Revenue Service Data

Monitoring Statistics of Income (SOI) Samples

by Joseph Koshansky

The Statistics of Income (SOI) Division produces annual income, financial, and tax data, based on samples of Federal tax and information returns. Because the population of filers still includes many who do not electronically transmit their returns to the Internal Revenue Service (IRS), SOI continues to select documents the IRS processes at its centers across the country. This paper is a case study of the infrastructure SOI developed to monitor its samples of returns. Interviews, observations, documents, and physical information show how SOI uses procedures and information databases to monitor and verify the control and timely processing of specific returns. Reducing the complexity associated with handling physical documents increases the likelihood that SOI meets program deadlines and transmits more complete and accurate data to its customers. Major redesign of the SOI infrastructure is not necessary as the number of electronic filings increases.

Customer Satisfaction Initiatives at IRS's Statistics of Income: Using Surveys To Improve Customer Service

by Ruth Schwartz and Beth Kilss

IRS's Statistics of Income (SOI) Division conducts statistical studies on the operations of tax laws and publishes annual reports, including the quarterly SOI Bulletin, which includes statistics produced from tax and information returns. SOI's Statistical Information Services (SIS) office responds to thousands of data and information requests annually by providing SOI data along with technical assistance. To ensure that customer needs are being met through the SIS office and through its flagship publication, SOI has been measuring customer satisfaction for both via customer satisfaction surveys.

Performance Measurement within the Statistics of Income Division

by Kevin Cecco

Developing performance measures continues to play an important role for many of the Federal statistical agencies. Federal statistical agencies produce critical data to inform public and private decisionmakers about a range of topics of interest, including the economy, the population, and other pertinent statistics. The ability of statistical agencies to make appropriate decisions about the statistical data they produce depends critically on the availability of relevant, innovative, and timely performance measures.

Broad Quality Issues in Organizations

Tying Web Site Performance to Mission Achievement in the Federal Government

by Diane M. Milleville

As the World Wide Web (WWW) continues to expand, both in size and in how it is accessed, so does the Federal Government's dependence on it as a gateway for reaching the American public that increasingly relies on the Web to obtain information. The role of the WWW in how Federal agencies interact with their customers has changed dramatically over the years.

Survey-Based Estimation

Comparing Strategies To Estimate a Measure of Heteroscedasticity

by Kimberly Henry and Richard Valliant

Estimation of totals is often an objective in survey sampling. With a model-based approach, one factor that can affect the variance and bias of estimated totals is the superpopulation structure. This paper considers the case when a dependent variable's variance is proportional to some power, called the measure of heteroscedasticity, of the independent variable. For various sample designs, sizes, and estimators, four alternative strategies for estimating two measures of heteroscedasticity are compared. The strategies' effect on estimates of totals and their variances are then evaluated.

Tax Benefits and Administrative Burdens, Recent Research from the IRS

Factors in Estates' Utilization of Special Tax Provisions for Family-Owned Farms and Closely Held Businesses

by Martha Eller Gangi, Kimberly Henry, and Brian G. Raub

With the enactment of several legislative provisions, the U.S. Congress has sought to protect family-owned farms and closely held businesses by lessening the burden of the Federal estate tax. These protective provisions have included: special use valuation, the valuation of property at its actual, rather than its potential, use in a family enterprise; the qualified family-owned business deduction; and deferral of estate tax liabilities. This paper examines estates' utilization of the three provisions, as well as the factors that contribute to such utilization. The authors employ simple statistics and logistic regression modeling to examine the relationship between certain continuous and categorical variables and the utilization of available business provisions. In their analysis, the authors use Statistics of Income data collected for estate tax decedents who died in 1998 and 2001.

Corporation Life Cycles: Examining Attrition Trends and Return Characteristics in Statistics of Income Cross-Sectional 1120 Samples

by Matthew L. Scoffic

This paper examines attrition patterns observed in a series of pseudorandom cross-sectional statistical samples of 1120 series tax returns. It compares multiple years of samples generated using the same algorithm and summarizes causes and characteristics of attrition from samples and the tax return filing population. Records that are expected to be part of the sample are tracked to verify their presence or absence in the population and assigned reasons for their absence from the population and/or sample. Results are examined for attrition patterns and characteristics.

An Analysis of the Free File Program

by Michelle Chu and Melissa Kovalick

Research, Analysis, and Statistics

This paper provides an overview and analysis of the IRS Free File program. Topics addressed include reasons for the program's inception and developmental history. The program was reevaluated and renegotiated for the Tax Year 2005 filing season; one of the main changes was limiting participation in the program based on the taxpayer's adjusted gross income. Survey data are employed to provide an analysis of the demographic data of Free File participants for Tax Years 2004 and 2005. This paper also seeks to quantify the effects of program changes on the demographics of Free Filers and whether the changes had any effect on participation rates. In conclusion, alternative scenarios to the Free File program and responses from affected stakeholders are addressed.

Statistical Dissemination and Communication

Standing Out in a Crowd: Improving Customer Utility on a Centrally Administered, Shared Web Site

by Barry W. Johnson

In countries without an official, centralized statistical agency, statistical organizations are often housed within much larger agencies whose missions are primarily administrative. In such cases, the needs of the statistical functions are often at odds with those of the usually far larger administrative functions of a single agency. Tension can be great when the statistical function and the administrative function are compelled to share a single Web presence, due either to resource constraints or a policy decision. The design of a Web site primarily intended to assist users in complying with administrative responsibilities is not likely to also optimally serve statistical data users. The Statistics of Income (SOI) Division of the Internal Revenue Service is a primary source of data on the U.S. tax system, and it provides an excellent case study of this sort of coexistence. The *irs.gov* Web site is designed primarily to assist taxpayers in filing their taxes. It is also home to SOI's Web pages, "TaxStats," which provide public access to more than 5,000 statistical data products. This paper focuses on SOI's efforts to serve its growing constituent of Web users through the TaxStats pages on *irs.gov*. It discusses recent redesign efforts, presents the results of user testing, and shares future plans, all in the context of the design limits imposed by a multiuse Web site.

Individual Income Tax Returns, Preliminary Data, 2005

Data Release

For 2005, taxpayers filed 134.5 million U.S. individual income tax returns, an increase of 1.6 percent from the 132.4 million returns filed for 2004. Adjusted Gross Income (AGI) increased from the previous year by 8.9 percent to \$7.4 trillion for 2005. Taxable income increased 9.5 percent to \$5.1 trillion; the alternative minimum tax rose 31.6 percent to \$15.9 billion; total income tax increased by 11.8 percent to \$928.3 billion; and total tax liability rose by 11.6 percent to \$971.0 billion.

Figure A shows that the largest component of AGI, salaries and wages, increased 5.2 percent to \$5,236.5 billion for Tax Year 2005, while the next largest component of AGI, net capital gains, rose by 36.7 percent to \$604.4 billion. Other income items with notable percentage changes included capital gain distributions (part of net capital gains), which more than doubled from \$15.3 billion for 2004 to \$35.5 billion for 2005; partnership and S corporation net income, which increased by 19.5 percent to \$424.9 billion; and ordinary dividends, which increased 13.6 percent to \$153.7 billion. Of this dividend total, about 72.6 percent were reported as qualified dividends. Qualified dividends, which receive preferential tax rates, were reported on 25.8 million returns and totaled \$111.6 billion, an increase of 9.0 percent from 2004.

Another income item which increased greatly for 2005 was taxable interest, which went up by 25.5 percent to \$140.0 billion. For 2005, taxable pensions and annuities, the third largest income item, rose 7.2 percent to \$428.0 billion. The other items related to retirement, taxable IRA distributions and taxable Social Security benefits, also rose for 2005, by 9.5 percent and 13.1 percent respectively.

Declining income items were led by unemployment compensation at \$28.0 billion, falling by 14.5 percent from its 2004 level. State income tax refunds also decreased (14.5 percent) from Tax Year 2004.

This data release was written by Brian Balkovic, an economist with the Individual Returns Analysis Section, under the direction of Jeff Hartzok, Chief.

Statutory adjustments to total income increased 10.2 percent to \$104.2 billion for Tax Year 2005. The largest statutory adjustment was the deduction for one-half of self-employment tax, representing 20.5 percent of the total. This adjustment to income increased 6.1 percent to \$21.4 billion. Payments to self-employed retirement (Keogh) plans rose 7.9 percent to \$19.4 billion, while deductible contributions to an Individual Retirement Arrangements (IRA) increased 19.2 percent to \$12.2 billion. Tax Year 2005 law changes increased the contribution limits for both Roth and traditional IRAs for those age 50 and over (see Changes in Law section for details). Both the deduction for tuition and fees and student loan interest increased (2.3 percent and 14.4 percent, respectively).

Tax Year 2005 marked the second year that a line item adjustment was given to taxpayers who contributed to a qualified health savings account. Over 211,000 taxpayers of the 360,000 taxpayers who made contributions to qualified health savings accounts took an adjustment totaling nearly \$0.5 billion. This was more than double the number of taxpayers who took an adjustment in Tax Year 2004. The American Jobs Creation Act of 2004 added the domestic

production activities deduction for Tax Year 2005, which benefited nearly 320,000 taxpayers for a total deduction of \$2.1 billion (see Changes in Law section for details).

Along with this tax law change, the Katrina Emergency Tax Relief Act of 2005 also introduced favorable tax legislation for taxpayers. For instance, taxpayers who housed individuals displaced by Hurricane Katrina could claim up to four additional exemptions totaling \$2,000 (see Changes in Law section for details). An estimated 121,000 returns reported almost 265,000 exemptions for taxpayers providing housing for these victims. All together, the amount deducted for total exemptions increased by 4.8 percent from \$803.4 billion for 2004 to \$842.3 billion for 2005.

Total deductions, the sum of the standard deductions and total itemized deductions (after limitation) equaled \$1,665.6 billion, an increase of 8.4 percent

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Individual Income Tax Returns, Preliminary Data, 2005

Figure A

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2004 and 2005

[Money amounts are in thousands of dollars]

Item	Number of returns			Amount		
	2004	2005	Percentage change	2004	2005	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total.....	132,384,919	134,462,537	1.6	N/A	N/A	N/A
Form 1040 returns.....	80,278,569	81,144,182	1.1	N/A	N/A	N/A
Form 1040A returns.....	30,878,413	31,607,574	2.4	N/A	N/A	N/A
Form 1040EZ returns.....	21,227,937	21,710,782	2.3	N/A	N/A	N/A
Electronically-filed returns [1].....	69,455,931	74,813,073	7.7	N/A	N/A	N/A
Adjusted gross income (less deficit).....	132,384,919	134,462,537	1.6	6,764,907,485	7,363,648,396	8.9
Salaries and wages.....	112,857,828	114,595,809	1.5	4,977,868,690	5,236,515,411	5.2
Taxable interest.....	57,675,120	59,326,291	2.9	111,561,113	140,024,777	25.5
Tax-exempt interest [2].....	4,386,097	4,469,929	1.9	49,837,939	54,410,697	9.2
Ordinary dividends.....	30,612,466	31,089,911	1.6	135,353,804	153,736,864	13.6
Qualified dividends.....	24,544,754	25,797,647	5.1	102,348,349	111,592,163	9.0
State income tax refunds.....	23,700,194	22,281,894	-6.0	21,484,401	20,961,408	-2.4
Alimony received.....	437,246	457,751	4.7	6,830,125	7,943,058	16.3
Business or profession net income.....	15,011,873	15,702,731	4.6	280,499,096	300,591,401	7.2
Business or profession net loss.....	5,201,188	5,335,832	2.6	41,915,266	43,083,206	2.8
Net capital gain [3].....	13,651,337	16,048,768	17.6	442,095,059	604,352,228	36.7
Capital gain distributions [3].....	10,799,132	13,447,772	24.5	15,324,930	35,457,864	131.4
Net capital loss.....	11,493,985	9,994,323	-13.0	25,454,976	22,075,818	-13.3
Sales of property other than capital assets, net gain.....	827,819	863,391	4.3	9,311,122	11,421,195	22.7
Sales of property other than capital assets, net loss.....	848,226	810,196	-4.5	6,665,222	7,747,570	16.2
Taxable Individual Retirement Arrangement distributions.....	9,015,362	9,462,567	5.0	102,003,408	111,709,278	9.5
Taxable pensions and annuities.....	23,344,955	23,549,681	0.9	399,311,044	428,025,371	7.2
Rent and royalty net income.....	5,604,092	5,664,697	1.1	67,955,009	74,425,992	9.5
Rent and royalty net loss.....	4,954,924	5,140,616	3.7	42,898,818	48,353,595	12.7
Partnership and S corporation net income.....	4,391,303	4,543,703	3.5	355,465,300	424,863,423	19.5
Partnership and S corporation net loss.....	2,268,094	2,256,974	-0.5	57,536,319	61,665,756	7.2
Estate and trust net income.....	478,444	460,575	-3.7	13,051,086	15,159,317	16.2
Estate and trust net loss.....	31,176	30,538	-2.0	630,041	756,271	20.0
Farm net income.....	591,038	631,116	6.8	7,830,456	9,237,072	18.0
Farm net loss.....	1,414,985	1,356,681	-4.1	19,894,553	19,842,812	-0.3
Unemployment compensation.....	9,154,275	7,943,765	-13.2	32,740,408	27,995,669	-14.5
Taxable Social Security benefits.....	11,825,356	12,808,594	8.3	111,778,572	126,409,367	13.1
Total statutory adjustments.....	32,069,452	33,421,578	4.2	94,479,216	104,151,627	10.2
Educator expenses.....	3,437,540	3,562,069	3.6	865,467	893,327	3.2
Certain business expenses of reservists, performing artists, and fee-basis government officials.....	100,047	102,683	2.6	243,988	290,381	19.0
Payments to an Individual Retirement Arrangement.....	3,379,417	3,293,501	-2.5	10,239,186	12,207,511	19.2
Student loan interest deduction.....	7,604,016	8,118,415	6.8	4,438,098	5,075,930	14.4
Tuition and fees deduction.....	4,738,193	4,731,924	-0.1	10,677,851	10,928,436	2.3
Health savings account deduction.....	88,110	211,766	140.3	180,186	488,782	171.3
Medical savings account deduction.....	30,883	18,391	-40.4	63,086	40,398	-36.0
Moving expenses adjustment.....	1,086,965	1,127,511	3.7	2,922,985	3,055,362	4.5
Self-employment tax deduction.....	15,763,127	16,507,523	4.7	20,148,573	21,368,314	6.1
Self-employed health insurance deduction.....	3,699,187	3,670,561	-0.8	17,270,521	17,982,362	4.1
Payments to a self-employed retirement (Keogh) plan.....	1,171,091	1,197,774	2.3	17,982,632	19,406,380	7.9
Penalty on early withdrawal of savings.....	792,543	798,900	0.8	216,830	267,260	23.3
Alimony paid.....	562,882	583,305	3.6	8,131,749	8,523,911	4.8
Domestic production activities deduction.....	N/A	317,810	N/A	N/A	2,123,938	N/A
Other adjustments.....	189,344	256,855	35.7	1,033,299	1,425,226	37.9

Footnotes at end of the figure.

Individual Income Tax Returns, Preliminary Data, 2005

Figure A—Continued

Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2004 and 2005—Continued

[Money amounts are in thousands of dollars]

Item	Number of returns			Amount		
	2004	2005	Percentage change	2004	2005	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Total exemptions	264,727,822	269,699,249	1.9	803,389,845	842,320,994	4.8
Total deductions	130,572,217	132,762,014	1.7	1,536,262,023	1,665,601,292	8.4
Total standard deduction.....	84,384,089	85,109,566	0.9	564,559,557	584,209,412	3.5
Basic standard deduction.....	84,384,089	85,109,566	0.9	548,505,579	567,428,479	3.4
Additional standard deduction.....	11,118,473	11,131,858	0.1	16,053,978	16,780,934	4.5
Total itemized deductions (after limitation)	46,188,128	47,652,448	3.2	971,702,466	1,081,391,880	11.3
Itemized deductions in excess of limitation.....	5,719,877	6,322,163	10.5	34,892,605	42,549,206	21.9
Medical and dental expenses deduction.....	9,458,334	9,871,839	4.4	61,292,493	66,086,920	7.8
Taxes paid deduction.....	45,870,333	47,267,305	3.0	357,908,694	390,944,404	9.2
State and local income taxes [4].....	44,665,865	45,935,853	2.8	217,157,045	237,687,278	9.5
Interest paid deduction.....	37,961,584	38,884,591	2.4	345,937,522	390,375,165	12.8
Charitable contributions deduction.....	40,594,576	41,381,479	1.9	156,200,064	172,025,442	10.1
Taxable income	102,915,892	104,511,849	1.6	4,649,039,200	5,092,405,537	9.5
Alternative minimum tax.....	3,132,706	4,045,459	29.1	12,062,016	15,874,227	31.6
Income tax before credits	102,922,519	104,520,737	1.6	881,808,770	982,560,689	11.4
Total tax credits [5]	41,868,743	42,426,730	1.3	51,389,855	54,297,474	5.7
Child care credit.....	6,400,794	6,549,739	2.3	3,380,224	3,487,785	3.2
Credit for the elderly or disabled.....	107,271	101,227	-5.6	18,292	13,787	-24.6
Child tax credit.....	26,070,095	26,050,925	-0.1	32,426,392	32,184,128	-0.7
Education tax credits.....	7,253,234	7,133,854	-1.6	6,076,920	6,194,770	1.9
Retirement savings contributions credit.....	5,361,813	5,365,195	0.1	1,026,889	962,976	-6.2
Adoption credit.....	69,673	83,681	20.1	299,669	303,397	1.2
Foreign tax credit.....	4,696,787	5,373,540	14.4	5,754,318	8,340,820	44.9
General business credit.....	230,905	225,238	-2.5	507,705	658,970	29.8
Prior year minimum tax credit.....	262,159	271,909	3.7	842,683	1,080,361	28.2
Self-employment tax.....	15,763,127	16,507,523	4.7	40,289,242	42,728,376	6.1
Total earned income credit (EIC)	22,479,207	23,003,703	2.3	40,616,952	43,091,796	6.1
EIC used to offset income tax before credits.....	2,988,349	2,911,791	-2.6	772,269	752,954	-2.5
EIC used to offset other taxes.....	4,680,510	4,834,823	3.3	4,045,464	4,279,188	5.8
Excess EIC, refundable portion.....	19,674,899	20,357,850	3.5	35,799,219	38,059,653	6.3
Additional child tax credit.....	14,609,435	15,334,228	5.0	14,523,694	15,588,969	7.3
Total income tax	89,206,556	90,659,349	1.6	830,419,041	928,263,735	11.8
Total tax liability	92,817,241	94,346,561	1.6	870,346,902	970,951,374	11.6

N/A--Not applicable.

[1] Included in data for Forms 1040, 1040A, and 1040EZ.

[2] Not included in adjusted gross income.

[3] Includes capital gain distributions reported on Form 1040 and Schedule D.

[4] State and local income taxes are the total of both income taxes and general sales taxes.

[5] Includes EIC used to offset income tax before credits, shown separately later in this figure.

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

Individual Income Tax Returns, Preliminary Data, 2005

from Tax Year 2004. The number of returns claiming the standard deductions increased 0.9 percent, accounting for 63.3 percent of all returns filed and 35.1 percent of the total deductions amount. Mostly due to inflation indexing, the average standard deduction (comprised of the basic and additional standard deductions) increased 2.6 percent from \$6,690 for 2004 to \$6,864 for 2005.

Itemized deductions were claimed on 35.4 percent of all returns filed for 2005 and represented 64.9 percent of the total deductions amount [1]. The average total for itemized deductions (after limitation) was \$22,693, a 7.9-percent increase from the 2004 average of \$21,038. Due to the AGI limitation on itemized deductions, 6.3 million higher-income taxpayers were unable to deduct \$42.5 billion in itemized deductions, an increase of 21.9 percent from 2004. The taxes paid deduction was the largest deduction, comprising 34.8 percent of total itemized deductions (before limitation). For 2005, it increased 9.2 percent to \$390.9 billion.

Tax Year 2005 was the second year that taxpayers could elect to deduct State and local general sales taxes instead of State and local income taxes. For 2005, an estimated 11.2 million taxpayers took advantage of this, deducting \$17.0 billion. Including taxpayers who deducted State and local sales taxes, 2.8 percent more taxpayers took a deduction for State and local taxes, and the total amount of this deduction increased 9.5 percent from 2004 levels. The interest paid deductions accounted for 34.7 percent of all itemized deductions and increased 12.8 percent, bringing the level of taxes paid deductions to \$390.4 billion. The charitable contributions deduction also increased sharply (10.1 percent) to \$172.0 billion for 2005.

Total tax credits used to offset income tax liabilities increased 5.7 percent to \$54.3 billion. About 26.1 million taxpayers claimed \$32.2 billion in child tax credits, down 0.7 percent from \$32.4 billion in 2004. However, the additional child tax credit (a refundable part of the child tax credit) increased by 7.3 percent to \$15.6 billion in 2005. This represented a 1.8-percent increase in total child credits from 2004 levels. The combined \$47.8 billion of the child tax credit and the additional child tax credit were greater than the \$43.1 billion of EIC (see below).

Other percentage increases for major tax credits were also small. For instance, the education tax

credits rose by 1.9 percent to \$6.2 billion, and the child care credit increased by 3.2 percent to \$3.5 billion. The foreign tax credit, however, had a very large percentage increase, rising 44.9 percent to \$8.3 billion, making this the second largest credit for 2005. Smaller credits, such as the general business credit and the credit for prior-year minimum tax credit also had large increases from 2004 (29.8 percent and 28.2 percent, respectively).

The total earned income credit (EIC) increased 6.1 percent to \$43.1 billion for Tax Year 2005. The portion of the EIC used to offset income tax before credits decreased 2.5 percent to \$0.8 billion, and the portion of the EIC used to offset other taxes (such as the self-employment tax) rose 5.8 percent to \$4.3 billion. The largest part of the EIC, the refundable portion, was treated as a refund and paid directly to taxpayers who had no tax liability against which to apply the credit. The refundable portion of the EIC increased 6.3 percent to \$38.1 billion for 2005.

The comparisons of data for Tax Years 2004 and 2005 in this article are based on the preliminary estimates for both years. A few income and tax items tend to be understated in preliminary estimates; therefore, comparisons based on preliminary estimates for 1 year and final estimates for the previous year could be misleading. Comparisons based entirely on preliminary estimates reduce the likelihood of misinterpretation of the data and afford a more accurate representation of year-to-year changes. Final statistics for Tax Year 2004 are available in the Fall 2006 issue of the *Bulletin*.

Changes in Law

In general, the definitions used in this article are the same as those in *Statistics of Income—2004, Individual Income Tax Returns*. The following is a partial list of tax law and Internal Revenue Service administrative changes that had a major bearing on the Tax Year 2005 preliminary data presented in this article.

Additional Child Tax Credits.—Modifications were made to the additional child tax credit for 2005. In Tax Year 2004, the credit limit based on earned income was 15 percent of a taxpayer's earned income that exceeded \$10,750. For 2005, the limit was 15 percent of a taxpayer's earned income that exceeded \$11,000.

Alternative Minimum Tax (AMT).—For Tax Year 2005, the minimum exemption amount for a

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child under age 14 increased to \$5,850 from \$5,750 for 2004.

Domestic Production Activities.—For 2005, the deduction equals 3 percent of the lesser of: (a) qualified production activities income; or (b) taxable income for the taxable year. However, the deduction for a taxable year was limited to 50 percent of the W-2 wages paid by the taxpayer during the calendar year that ends in such taxable year. Qualified production activities include domestic manufacturing, producing, growing, and extracting tangible personal property, computer software, and sound recordings, and the construction and substantial renovation of real property including infrastructure.

Earned Income Credit.—The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could have and still claim the credit increased to \$2,700 from \$2,650. The maximum credit for taxpayers with no qualifying children increased to \$399 from \$390.

For these taxpayers, earned income and AGI had to be less than \$11,750 (\$13,750 if married filing jointly) to get any EIC. For taxpayers with one qualifying child, the maximum credit increased \$58 to \$2,662, and, for taxpayers with two or more qualifying children, the maximum credit increased \$100 to \$4,400. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$31,030 (\$33,030 for married filing jointly) for one qualifying child, or less than \$35,263 (\$37,263 for married filing jointly) for two or more qualifying children.

Katrina Emergency Tax Relief Act of 2005.—The new law provides an additional exemption of \$500 in Taxable Years 2005 and 2006 for each Hurricane Katrina displaced individual claimed by the taxpayer. The total additional exemption claimed for all years cannot exceed: \$2,000 for married taxpayers filing jointly, \$1,000 for married taxpayers filing separately, and \$2,000 for all other taxpayers.

A Hurricane Katrina displaced individual is a person (1) whose main home on August 28, 2005, was in the Hurricane Katrina disaster area, (2) who was displaced from the home, and (3) who was provided housing free of charge in the taxpayer's main home for a period of 60 consecutive days which

ended in the taxable year in which the exemption was claimed. The additional exemption is not subject to the income-based phaseouts applicable to personal exemptions, and is allowed as a deduction in computing alternative minimum taxable income. For 2005, some 121.3 thousand taxpayers took advantage of this new legislation.

Indexing.—The following items increased due to indexing for inflation: personal exemption amounts, the basic standard deduction amounts, the tax bracket boundaries, the beginning income amounts for limiting certain itemized deductions, and for the phaseout of personal exemptions. The maximum amount of earnings subject to self-employment tax increased based on the percentage change in average covered earnings.

Individual Retirement Arrangement Deduction.—For 2005, the modified AGI thresholds increased allowing for more taxpayers to deduct contributions to individual retirement plans. A taxpayer or both taxpayers if filing jointly were able to take an IRA deduction up to \$4,000 (\$4,500 if age 50 or older) if covered by a retirement plan and their modified AGI was less than \$60,000 (\$80,000 if married filing jointly or qualifying widow(er)). This was up from the \$55,000 (\$75,000 if married filing jointly or qualifying widow(er)) set for 2004.

Data Sources and Limitations

The preliminary statistics in this data release are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ including electronically-filed returns) filed during Calendar Year 2006. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for Treasury Department tax modeling purposes [2].

Returns were then selected at rates ranging from 0.1 percent to 100 percent. The preliminary Tax Year 2005 data are based on a sample of 231,171 returns and an estimated final population of 134,577,117 returns. The corresponding sample and population for the preliminary 2004 data were 159,064 and 133,061,898 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 (CVs) are used to measure that magnitude. 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 2005 returns, between January and late September of 2006. In general, returns processed during the remainder of each year tend to have somewhat different characteristics compared to returns processed earlier. These characteristics include, for example, disproportionately large

amounts of investment income, passive losses, and alternative minimum tax.

Notes and References

- [1] The remaining 1.3 percent of the returns did not need to claim either a standard deduction or itemized deductions because no AGI was reported.
- [2] 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)*; and Schedule F, *Profit or Loss From Farming*.

Individual Income Tax Returns, Preliminary Data, 2005

Table 1.—Individual Income Tax Returns, Tax Year 2005 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income

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

Item	All returns	Size of adjusted gross income					
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns, total.....	134,462,537	36,888,542	29,738,925	24,595,615	28,867,499	10,830,523	3,541,433
Form 1040 returns.....	81,144,182	14,593,114	12,685,263	15,089,127	24,540,920	10,694,326	3,541,432
Form 1040A returns.....	31,607,574	9,894,146	11,579,867	6,664,080	3,344,676	124,806	0
Form 1040EZ returns.....	21,710,782	12,401,283	5,473,795	2,842,409	981,904	11,391	0
Electronically-filed returns [1].....	74,813,073	18,852,175	17,987,439	14,519,763	16,372,693	5,666,417	1,414,587
Adjusted gross income (less deficit).....	7,363,648,396	197,722,986	655,562,415	961,071,118	2,033,407,690	1,434,584,760	2,081,299,427
Salaries and wages:							
Number of returns.....	114,595,809	28,317,700	25,354,907	22,000,824	26,071,660	9,806,284	3,044,437
Amount.....	5,236,515,411	218,256,684	531,914,142	794,870,314	1,627,146,182	1,089,584,295	974,743,790
Taxable interest:							
Number of returns.....	59,326,291	9,191,933	8,535,488	10,319,811	18,730,415	9,160,447	3,388,197
Amount.....	140,024,777	10,618,354	11,794,950	13,295,032	28,892,814	23,336,733	52,086,894
Tax-exempt interest: [2]							
Number of returns.....	4,469,929	378,159	358,353	507,535	1,217,055	1,034,417	974,410
Amount.....	54,410,697	2,068,290	2,139,103	3,353,708	7,924,412	9,272,910	29,652,274
Ordinary dividends:							
Number of returns.....	31,089,911	4,708,591	3,798,741	4,529,502	9,363,782	5,891,569	2,797,727
Amount.....	153,736,864	6,607,740	7,200,252	9,054,957	24,769,558	25,864,439	80,239,915
Qualified dividends:							
Number of returns.....	25,797,647	3,809,263	2,999,354	3,675,120	7,630,562	5,100,875	2,582,472
Amount.....	111,592,163	3,548,951	3,887,575	5,437,290	15,856,206	18,035,930	64,826,208
State income tax refunds:							
Number of returns.....	22,281,894	561,852	1,521,001	3,955,220	9,953,102	5,040,852	1,249,870
Amount.....	20,961,408	434,252	741,131	2,163,801	7,257,796	5,301,126	5,063,300
Alimony received:							
Number of returns.....	457,751	84,827	117,494	131,451	93,516	23,774	6,690
Amount.....	7,943,058	571,972	934,340	1,673,981	2,104,249	1,475,681	1,182,838
Business or profession net income:							
Number of returns.....	15,702,731	4,779,785	2,711,769	2,343,690	3,464,138	1,705,499	697,851
Amount.....	300,591,401	31,585,557	32,305,262	32,010,931	62,687,107	62,813,844	79,188,697
Business or profession net loss:							
Number of returns.....	5,335,832	981,088	896,159	960,506	1,612,376	660,284	225,419
Amount.....	43,083,206	13,339,964	5,935,934	5,609,941	8,996,231	4,530,764	4,670,371
Net capital gain: [3]							
Number of returns.....	11,867,231	1,395,672	1,258,169	1,556,992	3,420,781	2,589,773	1,645,845
Amount.....	599,383,730	9,238,325	5,155,007	9,124,810	33,564,366	62,347,975	479,953,250
Capital gain distributions: [3]							
Number of returns.....	4,181,537	749,420	516,273	681,730	1,334,972	731,836	167,305
Amount.....	4,968,498	669,325	510,989	679,580	1,383,564	1,272,729	452,308
Net capital loss:							
Number of returns.....	9,994,323	1,966,525	1,093,795	1,339,538	2,757,084	1,862,138	975,245
Amount.....	22,075,818	4,365,465	2,337,336	2,819,220	5,917,558	4,149,676	2,486,560
Sales of property other than capital assets, net gain:							
Number of returns.....	863,391	107,087	90,353	111,703	232,310	148,595	173,341
Amount.....	11,421,195	914,675	441,662	725,046	1,976,113	1,980,091	5,383,606
Sales of property other than capital assets, net loss:							
Number of returns.....	810,196	121,449	78,713	85,708	178,761	156,575	188,991
Amount.....	7,747,570	3,582,896	248,139	328,700	816,604	860,015	1,911,215
Taxable Individual Retirement Arrangement distributions:							
Number of returns.....	9,462,567	1,464,899	1,882,146	1,742,663	2,797,849	1,186,935	388,075
Amount.....	111,709,278	6,192,939	11,406,315	13,894,315	37,080,092	26,626,532	16,509,090
Taxable pensions and annuities:							
Number of returns.....	23,549,681	3,959,062	4,919,137	4,480,937	6,808,715	2,625,806	756,024
Amount.....	428,025,371	25,274,179	57,593,804	73,783,278	154,313,485	86,067,472	30,993,156
Rent and royalty net income:							
Number of returns.....	5,664,697	755,699	775,146	795,955	1,667,981	992,955	676,961
Amount.....	74,425,992	4,648,450	4,061,871	5,015,805	13,652,765	13,921,051	33,126,048
Rent and royalty net loss:							
Number of returns.....	5,140,616	628,252	646,145	879,479	1,692,882	872,454	421,404
Amount.....	48,353,595	7,398,389	4,907,557	6,579,884	13,251,541	7,752,702	8,463,520

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2005

Table 1.—Individual Income Tax Returns, Tax Year 2005 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income					
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Partnership and S corporation net income:							
Number of returns.....	4,543,703	323,555	355,822	470,460	1,195,470	1,067,831	1,130,565
Amount.....	424,863,423	3,664,859	3,441,139	7,196,405	23,583,096	42,952,612	344,025,309
Partnership and S corporation net loss:							
Number of returns.....	2,256,974	384,754	229,449	280,475	580,779	454,524	326,996
Amount.....	61,665,756	24,050,863	2,427,990	3,188,299	5,640,184	5,849,053	20,509,368
Estate and trust net income:							
Number of returns.....	460,575	48,348	46,505	61,219	118,314	106,812	79,375
Amount.....	15,159,317	243,352	293,998	490,260	1,249,101	2,296,160	10,586,448
Estate and trust net loss:							
Number of returns.....	30,538	3,610	3,069	2,578	7,794	4,888	8,599
Amount.....	756,271	238,885	2,138	4,432	57,257	18,152	435,404
Farm net income:							
Number of returns.....	631,116	148,617	99,352	126,683	166,290	64,115	26,061
Amount.....	9,237,072	995,615	886,739	1,335,028	2,508,434	1,791,664	1,719,595
Farm net loss:							
Number of returns.....	1,356,681	244,099	214,835	259,329	404,646	160,286	73,488
Amount.....	19,842,812	4,945,596	2,052,414	2,808,780	4,426,658	2,603,683	3,005,684
Unemployment compensation:							
Number of returns.....	7,943,765	1,677,971	2,208,789	1,634,499	1,907,145	441,188	74,176
Amount.....	27,995,669	4,516,054	7,870,044	6,086,441	7,149,840	1,960,498	412,791
Taxable Social Security benefits:							
Number of returns.....	12,808,594	67,932	2,376,960	3,522,937	4,649,653	1,586,807	604,306
Amount.....	126,409,367	322,929	4,520,456	21,465,348	62,336,491	26,628,449	11,135,695
Total statutory adjustments:							
Number of returns.....	33,421,578	6,458,036	5,478,487	6,135,210	9,368,901	4,473,737	1,507,207
Amount.....	104,151,627	8,442,609	9,055,604	12,697,481	25,143,898	22,757,021	26,055,014
Educator expenses:							
Number of returns.....	3,562,069	93,714	309,140	733,094	1,582,301	745,312	98,507
Amount.....	893,327	20,126	72,371	170,000	405,009	201,919	23,902
Certain business expenses of reservists, performing artists, and fee-basis government officials:							
Number of returns.....	102,683	16,767	16,058	18,444	25,926	23,391	2,102
Amount.....	290,381	53,788	43,115	55,547	73,275	56,896	7,761
Payments to an Individual Retirement Arrangement:							
Number of returns.....	3,293,501	193,479	499,144	827,374	1,099,055	529,706	144,743
Amount.....	12,207,511	507,621	1,426,543	2,711,465	4,141,298	2,416,695	1,003,886
Student loan interest deduction:							
Number of returns.....	8,118,415	738,323	1,597,758	2,114,356	2,969,913	698,063	0
Amount.....	5,075,930	384,246	842,393	1,403,487	2,062,725	383,080	0
Tuition and fees deduction:							
Number of returns.....	4,731,924	894,727	538,343	626,230	1,352,030	1,320,592	0
Amount.....	10,928,436	2,319,989	1,109,838	1,324,137	3,029,940	3,144,533	0
Health savings account deduction:							
Number of returns.....	211,766	7,906	22,587	29,368	64,290	50,710	36,904
Amount.....	488,782	15,544	30,142	53,587	134,317	133,559	121,632
Medical savings account deduction:							
Number of returns.....	18,391	1,115	1,556	4,759	2,813	5,000	3,149
Amount.....	40,398	2,547	4,314	5,208	6,511	12,207	9,613
Moving expenses adjustment:							
Number of returns.....	1,127,511	106,719	230,878	250,625	349,981	152,520	36,787
Amount.....	3,055,362	288,006	382,148	538,120	998,889	576,898	271,301
Self-employment tax deduction:							
Number of returns.....	16,507,523	4,738,233	2,771,306	2,437,923	3,625,258	1,897,888	1,036,914
Amount.....	21,368,314	2,374,347	2,520,040	2,687,806	5,090,630	4,248,395	4,447,093
Self-employed health insurance deduction:							
Number of returns.....	3,670,561	578,366	545,653	551,574	892,329	592,659	509,982
Amount.....	17,982,362	1,787,976	1,897,183	2,302,168	4,255,863	3,552,266	4,186,906
Payments to a self-employed retirement (Keogh) plan:							
Number of returns.....	1,197,774	26,463	49,233	102,422	280,264	375,999	363,395
Amount.....	19,406,380	161,234	241,771	603,803	2,461,098	5,637,383	10,301,089

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2005

Table 1.—Individual Income Tax Returns, Tax Year 2005 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income					
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Penalty on early withdrawal of savings:							
Number of returns.....	798,900	161,265	148,388	146,624	223,262	83,691	35,675
Amount.....	267,260	46,147	31,143	33,793	100,256	26,547	29,375
Alimony paid:							
Number of returns.....	583,305	37,669	47,686	90,354	216,120	115,212	76,262
Amount.....	8,523,911	353,482	332,720	611,023	2,045,205	1,935,833	3,245,649
Domestic production activities deduction:							
Number of returns.....	317,810	6,498	18,848	24,660	70,138	71,841	125,826
Amount.....	2,123,938	982	8,738	12,609	61,547	114,631	1,925,431
Other adjustments:							
Number of returns.....	256,855	17,644	23,956	38,420	79,140	66,513	31,182
Amount.....	1,425,226	126,288	113,145	184,709	274,058	300,613	426,413
Total deductions:							
Number of returns.....	132,762,014	35,199,192	29,736,881	24,591,174	28,866,463	10,827,413	3,540,892
Amount.....	1,665,601,292	214,919,348	241,423,144	252,321,635	444,037,145	277,074,077	235,825,943
Total standard deduction:							
Number of returns.....	85,109,566	33,262,099	24,832,167	15,586,765	10,064,353	1,136,248	227,933
Amount.....	584,209,412	188,456,565	172,762,803	118,389,773	91,134,192	11,313,924	2,152,153
Basic standard deduction:							
Number of returns.....	85,109,566	33,262,099	24,832,167	15,586,765	10,064,353	1,136,248	227,933
Amount.....	567,428,479	183,028,765	167,861,457	115,518,910	88,329,677	10,671,774	2,017,895
Additional standard deduction:							
Number of returns.....	11,131,858	3,805,509	3,196,552	1,880,997	1,792,253	372,861	83,685
Amount.....	16,780,934	5,427,798	4,901,347	2,870,863	2,804,515	642,151	134,257
Total itemized deductions (after limitation):							
Number of returns.....	47,652,448	1,937,092	4,904,717	9,004,410	18,802,109	9,691,165	3,312,959
Amount.....	1,081,391,880	26,462,782	68,660,338	133,931,863	352,902,953	265,760,153	233,673,790
Itemized deductions in excess of limitation:							
Number of returns.....	6,322,163	0	0	0	111,249	2,898,217	3,312,697
Amount.....	42,549,206	0	0	0	38,889	2,007,105	40,503,213
Medical and dental expenses deduction:							
Number of returns.....	9,871,839	1,250,036	2,254,016	2,582,657	3,020,841	695,113	69,177
Amount.....	66,086,920	9,411,886	14,685,204	14,528,042	18,559,306	6,761,302	2,141,180
Taxes paid deduction:							
Number of returns.....	47,267,305	1,853,191	4,794,701	8,892,945	18,742,599	9,674,183	3,309,690
Amount.....	390,944,404	4,692,477	13,342,874	32,216,719	108,929,784	101,621,954	130,140,600
State and local income taxes:							
Number of returns.....	45,935,853	1,665,643	4,527,523	8,589,035	18,337,858	9,539,129	3,276,663
Amount.....	237,687,278	1,076,294	4,449,235	14,214,296	57,297,092	59,470,519	101,179,842
Income taxes:							
Number of returns.....	34,744,476	577,384	2,555,523	6,200,475	14,663,386	7,973,408	2,774,298
Amount.....	220,687,451	552,369	2,951,878	11,481,044	51,110,309	55,600,244	98,991,610
General sales taxes:							
Number of returns.....	11,191,378	1,088,261	1,972,000	2,388,561	3,674,472	1,565,721	502,365
Amount.....	16,999,827	523,924	1,497,358	2,733,254	6,186,782	3,870,275	2,188,232
Interest paid deduction:							
Number of returns.....	38,884,591	1,146,134	3,280,298	6,972,220	16,185,405	8,535,652	2,764,885
Amount.....	390,375,165	8,473,154	23,923,331	52,860,911	144,794,773	101,802,190	58,520,807
Charitable contributions deduction:							
Number of returns.....	41,381,479	1,291,019	3,727,297	7,340,207	16,704,166	9,137,022	3,181,767
Amount.....	172,025,442	1,810,721	7,141,018	15,839,594	45,151,957	37,064,767	65,017,384
Taxable income:							
Number of returns.....	104,511,849	11,804,104	25,544,317	24,086,608	28,732,997	10,807,304	3,536,519
Amount.....	5,092,405,537	35,977,830	255,636,973	549,254,486	1,357,440,573	1,060,109,253	1,833,986,424
Alternative minimum tax:							
Number of returns.....	4,045,459	6,428	3,482	22,760	309,957	1,493,663	2,209,169
Amount.....	15,874,227	108,761	6,993	34,674	377,944	2,699,519	12,646,338
Income tax before credits:							
Number of returns.....	104,520,737	11,802,251	25,540,833	24,087,508	28,739,201	10,812,857	3,538,087
Amount.....	982,560,689	3,652,063	29,591,440	71,427,988	201,298,499	196,184,219	480,406,480

Footnotes at end of table.

Individual Income Tax Returns, Preliminary Data, 2005

Table 1.—Individual Income Tax Returns, Tax Year 2005 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued

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

Item	All returns	Size of adjusted gross income					
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total tax credits: [4]							
Number of returns.....	42,426,730	2,636,279	10,910,014	10,072,885	12,909,827	4,464,545	1,433,180
Amount.....	54,297,474	413,460	6,283,539	11,241,313	21,916,612	5,584,871	8,857,678
Child care credit:							
Number of returns.....	6,549,739	50,822	1,195,634	1,470,543	2,441,610	1,161,241	229,890
Amount.....	3,487,785	5,632	608,523	854,344	1,282,519	613,131	123,638
Credit for the elderly or disabled:							
Number of returns.....	101,227	58,334	42,894	0	0	0	0
Amount.....	13,787	9,645	4,142	0	0	0	0
Child tax credit:							
Number of returns.....	26,050,925	319,731	5,801,191	6,936,870	10,165,631	2,826,353	1,147
Amount.....	32,184,128	34,783	3,168,009	8,018,348	17,007,067	3,955,327	593
Education tax credits:							
Number of returns.....	7,133,854	583,146	1,923,125	1,906,230	2,651,214	70,141	0
Amount.....	6,194,770	188,140	1,373,532	1,720,762	2,892,954	19,386	0
Retirement savings contributions credit:							
Number of returns.....	5,365,195	315,948	2,462,704	2,586,365	179	0	0
Amount.....	962,976	75,511	477,556	409,890	16	0	0
Adoption credit:							
Number of returns.....	83,681	**	** 3,419	18,863	45,070	16,085	246
Amount.....	303,397	**	** 2,083	32,505	154,646	112,712	1,451
Foreign tax credit:							
Number of returns.....	5,373,540	269,820	418,108	620,339	1,520,082	1,375,901	1,169,291
Amount.....	8,340,820	8,721	44,173	69,481	288,191	646,356	7,283,899
General business credit:							
Number of returns.....	225,238	5,329	7,901	20,273	74,923	58,937	57,880
Amount.....	658,970	954	2,537	16,096	125,624	65,842	447,914
Prior year minimum tax credit:							
Number of returns.....	271,909	1,025	7,026	8,095	50,353	99,928	105,482
Amount.....	1,080,361	94	2,895	9,251	80,326	138,031	849,765
Self-employment tax:							
Number of returns.....	16,507,523	4,738,233	2,771,306	2,437,923	3,625,258	1,897,888	1,036,914
Amount.....	42,728,376	4,746,342	5,038,698	5,374,399	10,179,414	8,495,852	8,893,671
Total earned income credit (EIC):							
Number of returns.....	23,003,703	12,345,934	8,992,232	1,665,536	0	0	0
Amount.....	43,091,796	22,404,351	19,698,102	989,344	0	0	0
EIC used to offset income tax before credits:							
Number of returns.....	2,911,791	1,098,229	1,436,031	377,532	0	0	0
Amount.....	752,954	89,070	596,660	67,227	0	0	0
EIC used to offset other taxes:							
Number of returns.....	4,834,823	3,132,958	1,423,676	278,190	0	0	0
Amount.....	4,279,188	2,505,241	1,634,179	139,765	0	0	0
Excess EIC, refundable portion:							
Number of returns.....	20,357,850	10,838,498	8,260,741	1,258,611	0	0	0
Amount.....	38,059,653	19,810,040	17,467,262	782,351	0	0	0
Additional child tax credit:							
Number of returns.....	15,334,228	2,844,907	8,145,821	3,504,996	826,801	11,698	4
Amount.....	15,588,969	1,307,943	8,453,930	4,757,601	1,050,443	19,051	2
Total income tax:							
Number of returns.....	90,659,349	10,221,172	17,740,650	20,468,147	27,899,364	10,795,196	3,534,820
Amount.....	928,263,735	3,238,608	23,307,899	60,186,674	179,381,951	190,599,348	471,549,257
Total tax liability:							
Number of returns.....	94,346,561	12,637,828	18,395,465	20,912,203	28,060,797	10,803,939	3,536,330
Amount.....	970,951,374	5,655,645	26,640,338	65,480,898	191,058,438	200,285,053	481,831,002

** Data combined to prevent disclosure of specific taxpayer information.

[1] Includes returns with adjusted gross deficit.

[2] Included in data for Forms 1040, 1040A, and 1040EZ.

[3] Not included in adjusted gross income.

[4] Includes EIC used to offset income tax before credits, shown separately later in this table

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

Individual Income Tax Rates and Shares, 2004

by Kyle Mudry and Justin Bryan

Taxpayers filed 132.2 million returns for Tax Year 2004, of which 89.1 million (or 67.4 percent) were classified as taxable returns. A taxable return is a return that has total income tax greater than \$0. This represents an increase of 0.2 percent in the number of taxable returns from 2003, the first increase in the number of such returns in the past 4 years. Adjusted gross income (AGI) on these taxable returns rose 9.0 percent to \$6,266 billion for 2004, while total income tax showed the first increase in 4 years, rising 11.2 percent to \$832 billion. Also, for the first time in 4 years, the average tax rate for taxable returns rose, increasing 0.3 percentage points to 13.3 percent for 2004.

Taxpayers with an AGI of at least \$328,049, the top 1 percent of taxpayers, accounted for 19.0 percent of AGI. This represents an increase in income share of 2.2 percentage points from the previous year. These taxpayers accounted for 36.9 percent of the total income tax reported, an increase from 34.3 percent in 2003. The top 5 percent of taxpayers accounted for 33.5 percent of AGI and 57.1 percent of total income tax. To be included in the top 5 percent, a taxpayer must have reported an AGI of at least \$137,056, whereas, in 2003, the cutoff for this group was \$130,080.

This article discusses the individual income tax rates and tax shares and the computation of “total income tax” for 2004. To put this discussion into perspective, the appendices to the article provide explanations of selected terms used in the article and describe the income tax structure, certain tax law changes, income and tax concepts (the “1979 Income Tax Concept,” “modified” taxable income, and marginal tax rates), the computation of “alternative minimum taxable income,” and the data sources and limitations.

Income Tax Rates

Discussions of income tax rates generally center on measuring two distinct tax rates: average tax rates and marginal tax rates. Average tax rates are calculated by dividing some measure of tax by some measure of income. For the statistics in this article, the average tax rate is “total income tax”

(see Appendix A: Explanation of Selected Terms) divided by AGI reported on returns showing some income tax liability.

Measures of marginal tax rates, on the other hand, focus on determining the tax rate imposed on the last (or next) dollar of income received by a taxpayer. For this article, the marginal tax rate is the statutory rate at which the last dollar of taxable income is taxed. (See Appendix D for a more detailed explanation of marginal tax rates.) The following sections describe the measurement of the average and marginal tax rates in more detail, and discuss the statistics based on these rates for 2004.

Average Tax Rates

Figure A presents statistics for 1986 through 2004 on income (based on each year’s definition of AGI and on the common 1979 Income Concept) and taxes reported. (See Appendix D for an explanation of the 1979 Income Concept.) These tax years can be partitioned into seven distinct periods:

- (1) Tax Year 1986 was the last year under the Economic Recovery Tax Act of 1981 (ERTA81). The tax bracket boundaries, personal exemptions, and standard deductions were indexed for inflation, and the maximum tax rate was 50 percent.
- (2) Tax Year 1987 was the first year under the Tax Reform Act of 1986 (TRA86). For 1987, a 1-year, transitional, five-rate tax bracket structure was established with a partial phase-in of new provisions that broadened the definition of AGI. The maximum tax rate was 38.5 percent.
- (3) During Tax Years 1988 through 1990, there was effectively a three-rate tax bracket structure [1]. The phase-in of the provisions of TRA86 continued with a maximum tax rate of 33 percent.
- (4) Tax Years 1991 and 1992 brought a three-rate tax bracket structure (with a maximum tax rate of 31 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions for some upper income taxpayers.
- (5) Tax Years 1993 through 1996 had a five-rate tax bracket structure (with a maximum statutory

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Individual Income Tax Rates and Shares, 2004

Figure A

Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, Tax Years 1986-2004

[Money amounts are in billions of dollars, except where indicated]

Tax year	Total number of returns	Taxable returns								
		Number of returns	As a percentage of total returns [1]	Adjusted gross income (less deficit)	Total income tax	Average tax rate (percent) [2], [3]	Average per return (whole dollars) [3]			
							Current dollars		Constant dollars [4]	
							Adjusted gross income (less deficit)	Total income tax	Adjusted gross income (less deficit)	Total income tax
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Using each tax year's adjusted gross income										
1986.....	103,045,170	83,967,413	81.5	2,440	367	15.1	29,062	4,374	26,516	3,991
1987.....	106,996,270	86,723,796	81.1	2,701	369	13.7	31,142	4,257	27,414	3,747
1988.....	109,708,280	87,135,332	79.4	2,990	413	13.8	34,313	4,738	29,005	4,005
1989.....	112,135,673	89,178,355	79.5	3,158	433	13.7	35,415	4,855	28,560	3,915
1990.....	113,717,138	89,862,434	79.0	3,299	447	13.6	36,711	4,976	28,088	3,807
1991.....	114,730,123	88,733,587	77.3	3,337	448	13.4	37,603	5,054	27,609	3,711
1992.....	113,604,503	86,731,946	76.3	3,484	476	13.7	40,168	5,491	28,630	3,914
1993.....	114,601,819	86,435,367	75.4	3,564	503	14.1	41,233	5,817	28,535	4,026
1994.....	115,943,131	87,619,446	75.6	3,737	535	14.3	42,646	6,104	28,776	4,119
1995.....	118,218,327	89,252,989	75.5	4,008	588	14.7	44,901	6,593	29,463	4,326
1996.....	120,351,208	90,929,350	75.6	4,342	658	15.2	47,750	7,239	30,433	4,614
1997.....	122,421,991	93,471,200	76.4	4,765	731	15.3	50,980	7,824	31,763	4,875
1998.....	124,770,662	93,047,898	74.6	5,160	789	15.3	55,458	8,475	33,836	5,171
1999.....	127,075,145	94,546,080	74.4	5,581	877	15.7	59,028	9,280	35,431	5,570
2000.....	129,373,500	96,817,603	74.8	6,083	981	16.1	62,832	10,129	36,488	5,882
2001.....	130,255,237	94,763,530	72.8	5,847	888	15.2	61,702	9,370	34,840	5,291
2002.....	130,076,443	90,963,896	69.9	5,641	797	14.1	62,015	8,762	34,472	4,870
2003.....	130,423,626	88,921,904	68.2	5,747	748	13.0	64,625	8,412	35,122	4,572
2004.....	132,226,042	89,101,934	67.4	6,266	832	13.3	70,318	9,337	37,225	4,943
Using 1979 Income Concept [5]										
1986.....	103,045,170	83,967,413	81.5	2,703	367	13.6	32,194	4,374	29,374	3,991
1987.....	106,996,270	86,723,796	81.1	2,736	369	13.5	31,551	4,257	27,774	3,747
1988.....	109,708,280	87,135,332	79.4	3,011	413	13.7	34,556	4,738	29,210	4,005
1989.....	112,135,673	89,178,355	79.5	3,188	433	13.6	35,752	4,855	28,832	3,915
1990.....	113,717,138	89,862,434	79.0	3,335	447	13.4	37,108	4,976	28,392	3,807
1991.....	114,730,123	88,733,587	77.3	3,387	448	13.2	38,169	5,054	28,024	3,711
1992.....	113,604,503	86,731,946	76.3	3,553	476	13.4	40,964	5,491	29,198	3,914
1993.....	114,601,819	86,435,367	75.4	3,625	503	13.9	41,938	5,817	29,023	4,026
1994.....	115,943,131	87,619,446	75.6	3,796	535	14.1	43,322	6,104	29,232	4,119
1995.....	118,218,327	89,252,989	75.5	4,075	588	14.4	45,655	6,593	29,957	4,326
1996.....	120,351,208	90,929,350	75.6	4,418	658	14.9	48,582	7,239	30,964	4,614
1997.....	122,421,991	93,471,200	76.4	4,849	731	15.1	51,875	7,824	32,321	4,875
1998.....	124,770,662	93,047,898	74.6	5,299	789	14.9	56,947	8,475	34,745	5,171
1999.....	127,075,145	94,546,080	74.4	5,736	877	15.3	60,666	9,280	36,414	5,570
2000.....	129,373,500	96,817,603	74.8	6,294	981	15.6	65,012	10,129	37,754	5,882
2001.....	130,255,237	94,763,530	72.8	5,943	888	14.9	62,716	9,370	35,413	5,291
2002.....	130,076,443	90,963,896	69.9	5,758	797	13.8	63,297	8,762	35,184	4,870
2003.....	130,423,626	88,921,904	68.2	5,849	748	12.8	65,777	8,412	35,749	4,572
2004.....	132,226,042	89,101,934	67.4	6,399	832	13.0	71,817	9,337	38,019	4,943

[1] Number of taxable returns (column 2) divided by total number of returns (column 1).

[2] Average tax rate is "total income tax" (column 5) divided by adjusted gross income less deficit (AGI) (column 4).

[3] The average adjusted gross income (less deficit), average total income tax, and average tax rate were calculated from unrounded data.

[4] Constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). For 2004, the CPI-U = 188.9.

[5] These statistics are based on adjusted gross income less deficit (AGI) recomputed to reflect the 1979 Income Concept, thus enabling more valid comparisons to be made of the average tax rates among years. Changes in the definition of AGI among years render direct comparison of the unadjusted figures misleading. For additional information, see Statistics of Income—Individual Income Tax Returns, for 1986-2004. See Figure G for components of the 1979 Income Concept.

tax rate of 39.6 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions for some upper income taxpayers.

(6) Tax Years 1997 through 2000 were subject to the Taxpayer Relief Act of 1997 which added three new capital gain tax rates to the previous rate structure to form a new eight-rate tax

bracket structure (with maximum statutory tax rate of 39.6 percent). See Appendix D for a more detailed description of the capital gain rates.

(7) Tax Years 2001 through 2004 were affected by two new laws, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax

Individual Income Tax Rates and Shares, 2004

Relief Reconciliation Act of 2003 (JGTRRA). EGTRRA included a new 10-percent tax rate bracket, as well as reductions in tax rates for brackets higher than 15 percent of one-half percentage point for 2001 and 1 percentage point for 2002. It also included increases in the child tax credit and an increase in alternative minimum tax exemptions. Tax Year 2003, under JGTRRA, saw additional rate reductions in ordinary marginal tax rates higher than the 15-percent rate, as well as expansions to particular income thresholds in the rates from 15 percent and below. Also, the rate for most long-term capital gains was reduced from 20 percent to 15 percent. Further, qualified dividends were taxed at this same 15-percent rate. These changes are detailed in the previously published article, “*Individual Income Tax Rates and Shares, 2003*” in Appendix C (under *Tax Rate Reduction*). In addition, the Working Families Tax Relief Act increased for 2004 the additional child tax credit refundability rate from 10 percent to 15 percent.

About 89.1 million, or 67.4 percent, of the 132.2 million individual returns filed for 2004 were classified as taxable returns. This was a 0.2-percent increase in the number of taxable returns from 2003. Total AGI reported on taxable returns increased 9.0 percent to \$6,266 billion. Total income on taxable returns rose using the 1979 Income Concept as well, increasing 9.4 percent to \$6,399 billion for 2004. Total income tax rose by almost \$84 billion (11.2 percent) to \$832 billion for 2004. Average AGI for taxable returns rose to \$70,318 for 2004, an 8.8-percent increase from 2003. Average income tax also rose for 2004 by 11.0 percent to \$9,337.

In order to analyze the average tax rate over time, it is necessary to use a more consistent measure of income than AGI because some tax law changes resulted in the definition of AGI changing from year to year. The 1979 Income Concept controls for much of this variation in tax law, and its use provides a more consistent estimate of the average tax rate across years. Under the 1979 Concept, the average tax rate for 2004 rose to 13.0 percent from 12.8 for the previous year.

As shown in Figure B, the average tax rate on all taxable returns as a percentage of AGI was 13.3 percent for 2004. The average tax rate for the AGI-

size classes ranged from 2.4 percent for the “\$1 under \$10,000” AGI-size class to 24.3 percent for the “\$500,000 under \$1,000,000” AGI-size class. This latter rate was higher than the 23.4-percent average paid by those taxpayers in the “\$1,000,000 or more” class. This was partially due to taxpayers in the “\$1,000,000 or more” class receiving over double the percentage of AGI in the form of capital gains and qualified dividends taxed at preferential tax rates than those in the “\$500,000 under \$1,000,000” AGI-size class. Taxpayers in the \$1,000,000 or more class received 42.5 percent of their AGI through these capital gains and qualified dividends compared to 20.4 percent for the “\$500,000 under \$1,000,000” AGI-size class.

The average tax rate of 13.3 percent for 2004 for all income classes combined was an increase of 0.3 percentage points from the 13.0 percent for 2003. The average tax rate for taxable returns fell or stayed the same in every AGI-size class for 2004. The overall average rate increased despite this decline in each AGI class because individuals tended to move to higher income classes which, in turn, faced higher tax rates. For example, in 2004, the number of returns in every positive AGI class under \$50,000 or less decreased, while the number of returns reporting an AGI of \$1 million or more increased by 32.6 percent from 2003. For 2001 and 2002, many of the higher income tax returns had shifted to lower income brackets partially due to reductions in realized capital gain (less loss). This trend began to reverse for 2003 and continued in 2004.

Marginal Tax Rate Classifications

A return’s marginal tax rate is the highest statutory tax rate bracket applicable to that tax return. Marginal tax rate statistics are presented in Figure C and Table 1. These statistics are based on individual income tax returns showing a positive taxable income amount based on “tax generated” and items of income that were subject to the regular income tax, generally those included in AGI [2]. Appendix D explains the determination of the marginal tax rate bracket into which a return is assumed to fall. Table 2 contains additional data based on ordinary tax rates and presents statistics on the income and tax generated at each ordinary tax rate by size of AGI.

For 2004, the number of individual returns with modified taxable income rose 1.3 percent to 102.7

Individual Income Tax Rates and Shares, 2004

Figure B

Taxable Returns: Number of Returns, Adjusted Gross Income, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 2003 and 2004

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

Tax year, item	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 2004:											
Number of taxable returns.....	89,102	5	4,637	11,817	11,783	20,751	27,372	9,718	2,346	433	240
Adjusted gross income (less deficit).....	6,265,500	-6,536	31,922	178,453	294,228	816,924	1,932,778	1,286,115	676,147	293,123	762,347
Total income tax.....	831,976	86	768	7,710	18,570	62,129	178,513	175,206	139,227	71,339	178,429
Average tax rate (percent) [2].....	13.3	[3]	2.4	4.3	6.3	7.6	9.2	13.6	20.6	24.3	23.4
Tax Year 2003:											
Number of taxable returns.....	88,922	5	4,952	12,347	12,187	21,524	26,511	8,862	1,997	356	181
Adjusted gross income (less deficit).....	5,746,569	-5,095	34,490	186,019	304,724	846,122	1,861,718	1,167,989	575,673	240,944	533,985
Total income tax.....	748,017	79	853	8,155	19,310	64,373	178,509	163,342	120,712	60,181	132,503
Average tax rate (percent) [2].....	13.0	[3]	2.5	4.4	6.3	7.6	9.6	14.0	21.0	25.0	24.8
Change in:											
Number of taxable returns.....	180	(Z)	-315	-530	-404	-773	861	857	349	77	59
Percent.....	0.2	0.1	-6.4	-4.3	-3.3	-3.6	3.2	9.7	17.5	21.7	32.5
Adjusted gross income (less deficit).....	518,932	-1,441	-2,568	-7,566	-10,496	-29,198	71,060	118,126	100,473	52,179	228,362
Percent.....	9.0	28.3	-7.4	-4.1	-3.4	-3.5	3.8	10.1	17.5	21.7	42.8
Total income tax.....	83,959	7	-85	-446	-740	-2,244	3	11,863	18,516	11,159	45,926
Percent.....	11.2	9.5	-10.0	-5.5	-3.8	-3.5	[5]	7.3	15.3	18.5	34.7
Average tax rate:											
Percentage point change.....	0.3	[4]	-0.1	-0.1	[5]	[5]	-0.4	-0.4	-0.4	-0.6	-1.4

[1] Includes returns with adjusted gross deficit. Tax in these returns represents some combination of alternative minimum tax, Form 4972 tax on lump-sum distributions from qualified retirement plans, and Form 8814 tax on a child's interest and dividends not reflected in adjusted gross income or taxable income.

[2] Average tax rate is "total income tax" as a percentage of adjusted gross income less deficit (AGI). The average tax rate was calculated from unrounded data.

[3] Percentage not computed.

[4] Increase not computed.

[5] Less than 0.05.

(Z)—Less than \$500.

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

million. The amount of modified taxable income reported on these returns increased 11.0 percent to \$4,671.2 billion [3]. The tax generated on taxable returns rose by 11.7 percent to \$871.2 billion. Figure C presents the amounts and percentages of modified taxable income and income tax generated (before reduction by tax credits, including the earned income credit) by the marginal tax rate categories (defined in Appendix D).

Returns with modified taxable income in the "15-percent" (ordinary income) marginal tax rate bracket contained the largest share of returns for 2004, at 39.5 percent. These returns reported 21.5 percent of modified taxable income for 2004 and 14.9 percent of income tax generated. Conversely, taxpayers in the "35-percent" (ordinary income) marginal rate, the least represented bracket, accounted for only 0.8 percent of returns, but reported 18.5 percent of the modified taxable income and 29.1 percent of the tax

generated (the largest of any tax bracket). The "10-percent" (ordinary income) marginal rate bracket reported the second largest share of returns at 22.0 percent. However, they only accounted for 2.2 percent of modified income and 1.2 percent of income tax generated. With a 15.2-percent share of returns, making it the third largest, the "25-percent" (ordinary income) marginal rate bracket reported 19.3 percent of the modified taxable income and 17.3 percent of income tax generated. Returns in the "28-percent" (ordinary income) marginal rate bracket represented 1.6 percent of the total share of returns and accounted for 4.1 percent of the modified taxable income and 4.7 percent of the generated income tax. Returns in the "33-percent" (ordinary income) marginal rate bracket represented the second smallest share of ordinary tax rate returns at 1.3 percent. It also accounted for 7.4 percent of the modified taxable income, as well as 9.5 percent of the tax generated. Returns in

Individual Income Tax Rates and Shares, 2004

Figure C

Returns with Modified Taxable Income: Tax Generated at All Rates on Returns with the Indicated Marginal Tax Rate, Tax Year 2004

[Money amounts are in thousands of dollars]

Marginal tax rate classes	Number of returns		Modified taxable income		Tax generated	
	Number	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	102,721,593	100.0	4,671,235,965	100.0	871,235,271	100.0
5 percent.....	1,050,924	1.0	7,140,697	0.2	357,108	[1]
8 percent.....	979	[1]	5,847	[1]	468	[1]
10 percent.....	22,551,903	22.0	104,892,909	2.2	10,490,342	1.2
10 percent (capital gains).....	2,670,249	2.6	22,333,898	0.5	1,819,481	0.2
10 percent (Form 8814) [2].....	10,298	[1]	6,926	[1]	693	[1]
15 percent.....	40,584,215	39.5	1,005,860,591	21.5	129,525,438	14.9
15 percent (capital gains) [3].....	7,894,116	7.7	423,550,033	9.1	55,036,233	6.3
20 percent.....	23,907	[1]	2,889,483	0.1	454,485	0.1
25 percent.....	15,575,830	15.2	899,581,246	19.3	150,748,225	17.3
25 percent (capital gains).....	6,455,653	6.3	522,772,894	11.2	88,571,451	10.2
28 percent.....	1,682,276	1.6	192,600,541	4.1	40,999,202	4.7
28 percent (capital gains).....	1,902,565	1.9	277,482,362	5.9	56,884,573	6.5
33 percent.....	1,364,321	1.3	345,720,894	7.4	82,876,707	9.5
35 percent.....	842,741	0.8	864,940,431	18.5	253,166,479	29.1
Form 8615 [4].....	111,617	0.1	1,457,214	[1]	304,384	[1]

[1] Less than 0.05 percent.

[2] Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest, dividends, or capital gains totaling between \$750 and \$7,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[3] The 15-percent capital gain rate also includes qualified dividends.

[4] Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,600. The returns in this rate classification are not distributed by tax rate.

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

the capital gain and dividends, 10-percent, 15-percent, 25-percent, and 28-percent tax brackets represented 18.5 percent of returns (with modified taxable income), reported a total of 26.7 percent of modified taxable income and 23.2 percent of the tax.

As shown in Table 2, the total tax generated for 2004 at the 15-percent rate was more than any other rate. The 35.6 percent of income taxed at this rate was reported by 74.0 percent of returns with modified taxable income, producing 28.6 percent of tax generated. The 25-percent rate generated the next largest amount of income tax liability. Tax in that bracket was reported on 27.0 percent of returns, and 14.6 percent of modified taxable income was taxed at this rate, to generate 19.6 percent of tax generated. Only 0.8 percent of returns with taxable income were taxed at the 35-percent rate. However, 9.7 percent of all income was taxed at this rate, generating 18.2 percent of the tax generated.

Components of Total Income Tax

Regular Tax

Regular tax is generally tax determined from a taxpayer's taxable income based on statutory tax

rates. It does not include the "alternative minimum tax" (AMT) nor does it exclude allowable tax credits. Figure D illustrates the derivation of the aggregate tax generated for 2004 returns. Table 1 includes two tax amounts: "tax generated" and "income tax after credits." Tables 5 through 8 and Figures A and B include an additional measure of tax, "total income tax," which also includes distributed tax on trust accumulations.

As shown (Figure D and column 5 of Table 1), the tax generated by applying statutory ordinary income and capital gain tax rates to modified taxable income was \$871.2 billion, an 11.6-percent increase from 2003 [4]. For most taxpayers, tax generated was equal to income tax before credits. However, for some taxpayers, income tax before credits included the alternative minimum tax (AMT) and/or special taxes on lump-sum distributions from qualified retirement plans (when a 10-year averaging method was used) [5]. The AMT increased sharply by 37.6 percent to \$13.0 billion for 2004. Income tax before credits was \$884.3 billion for 2004, up from \$790.0 billion, representing an 11.9-percent increase from 2003. Taxpayers used \$52.4 billion of tax credits to reduce their income tax before credits. The earned

Individual Income Tax Rates and Shares, 2004

Figure D

Derivation of Tax Year 2003 and 2004 Total Income Tax as Shown in Statistics of Income

[Money amounts are in billions of dollars]

Item	2003	2004	Percentage change
	(1)	(2)	(3)
Tax generated from tax rate schedules or tax table.....	780.3	871.2	11.7
PLUS:			
Tax on lump-sum distributions from qualified retirement plans.....	0.2	0.1	-61.5
Alternative minimum tax.....	9.5	13.0	37.6
EQUALS:			
Income tax before credits.....	790.0	884.3	11.9
LESS: Tax credits, total [1].....	42.0	52.4	24.7
Child-care credit.....	3.2	3.3	4.1
Child tax credit [1].....	22.8	32.3	41.7
Education credit.....	5.8	6.0	3.0
Foreign tax credit.....	5.8	6.8	16.4
General business credit.....	0.6	0.6	3.7
Earned income credit (limited to the amount needed to reduce total income tax to zero)....	0.9	0.8	-17.1
Credit for prior-year minimum tax.....	0.9	0.9	-1.7
Retirement savings contribution credit.....	1.0	1.0	-2.2
Other credits [2].....	0.9	0.6	-28.2
EQUALS:			
Income tax after credits.....	748.0	832.0	11.2
PLUS: Trust accumulation distribution.....	0.0	0.0	-91.0
EQUALS:			
Total income tax.....	748.0	832.0	11.2

[1] Does not include the additional child tax credit that for 2004 was \$14.45 billion which was refunded to taxpayers and not included in total income tax.

[2] Includes the elderly or disabled credit, empowerment zone and community renewal employment credit, mortgage interest credit, New York Liberty Zone credit, adoption credit, DC first time home buyer's credit, rate reduction credit, nonconventional source fuel credit, and other credits.

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

income credit (EIC) is included in this computation to the extent that its application did not reduce income tax before credits below zero. Any portion of the EIC that is refundable to the taxpayer because it exceeds the taxpayer's liability and any portion of the EIC used to reduce taxes other than income taxes are excluded from the computation of income tax after credits [6]. Income tax after credits (Figure D) totaled \$832.0 billion as did total income tax (the sum of income tax after credits and tax on trust accumulation distributions). These taxes both represented an 11.2-percent increase from 2003.

Table 4 provides estimates of income tax before credits by the type of tax computation for returns with modified taxable income. For 2004, the number of returns with the Schedule D and qualified dividend tax computation increased 12.4 percent from

\$18.1 million to \$20.4 million. Along with this was an increase in the income tax before credits and tax generated at these lower rates. These taxpayers paid \$65.6 billion (column 8) less in tentative taxes than they would have if they had not received the benefits of the lower capital gain and qualified dividend tax rates. This was up from the \$38.4 billion in savings from using these rates for 2003 (column 4). The average tax savings for those who had these capital gains rose from \$2,117 per return for 2003 to \$3,219 for 2004. Tax Year 2004 saw a decrease of 1.2 million returns that calculated their taxes with a regular tax computation only. Most of this decline was due to returns moving from the regular tax computation to the Schedule D and qualified dividends tax computation. For 2004, the number of returns filed by children under age 14 with Form 8615 for reporting investment income over \$1,600 increased 11.2 percent to a little over 111,000. Using Form 8615 to compute their tax (as if their incomes were treated as the marginal incomes of their parents or guardians), these children generated just over \$289.6 million (column 7) of tax revenue which is \$3.8 million (column 8) more than the \$285.9 million (column 6) of tax that would have been generated using ordinary tax computations.

Alternative Minimum Tax

The Revenue Act of 1978 established the alternative minimum tax to ensure that a minimum amount of income tax was paid by taxpayers who might otherwise be able to legally reduce, or totally eliminate, their tax burdens. The AMT provisions may recapture some of the tax reductions under the ordinary income tax. Form 6251, *Alternative Minimum Tax—Individuals*, is used to calculate AMT. (See Appendix E for an explanation of the computation of income for AMT purposes.)

Figure E presents statistics, by size of AGI, on the AMT reported by taxpayers filing Form 6251 with their returns. Some taxpayers included Form 6251 even though their tax liability was not increased due to the AMT. The tabulations in Figure E include such forms. For 2004, AMT liability rose 37.6 percent to \$13.0 billion from \$9.5 billion in 2003. This rise in AMT coincided with a large increase in the number of returns that were subject to paying the AMT. The number of returns subject to paying the AMT increased 31.3 percent from 2003 to 3.1 mil-

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Figure E

Returns with Alternative Minimum Tax Computation Reported on Form 6251: Total Adjustments and Preferences, and Alternative Minimum Taxable Income and Tax, by Size of Adjusted Gross Income, Tax Years 2003 and 2004

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Total adjustments and preferences [1]		Alternative minimum taxable income [1]		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Tax Year 2004						
All returns.....	6,305,794	139,132,813	7,079,558	1,513,426,013	3,096,299	13,029,239
Under \$1 [2].....	89,295	1,339,925	124,398	-8,913,784	4,714	88,495
\$1 under \$10,000.....	130,464	210,994	321,011	923,530	* 83	* 932
\$10,000 under \$20,000.....	165,151	520,143	263,404	2,887,139	4,754	5,168
\$20,000 under \$30,000.....	167,635	459,514	240,592	4,875,664	* 2,311	* 2,708
\$30,000 under \$40,000.....	168,727	693,861	239,797	6,980,973	1,664	448
\$40,000 under \$50,000.....	220,623	1,309,171	279,567	10,768,555	11,818	19,019
\$50,000 under \$75,000.....	645,355	5,217,887	742,108	40,686,106	89,396	116,192
\$75,000 under \$100,000.....	637,994	7,577,811	702,786	54,000,442	155,065	224,349
\$100,000 under \$200,000.....	1,909,206	32,232,673	1,947,203	256,536,024	1,095,242	2,058,479
\$200,000 under \$500,000.....	1,755,113	45,602,027	1,791,349	480,002,963	1,529,159	6,831,014
\$500,000 under \$1,000,000.....	267,596	13,587,916	274,871	170,439,189	149,042	1,645,295
\$1,000,000 or more.....	148,635	30,380,890	152,473	494,239,207	53,052	2,037,141
Tax Year 2003						
All returns.....	5,274,864	107,538,541	5,943,102	1,119,412,865	2,357,975	9,469,803
Under \$1 [2].....	90,575	1,255,423	129,582	-10,762,709	5,427	81,262
\$1 under \$10,000.....	130,628	294,876	294,704	752,929	3,344	5,776
\$10,000 under \$20,000.....	164,493	441,193	254,340	2,706,268	2,591	6,294
\$20,000 under \$30,000.....	149,183	654,972	218,232	4,293,145	3,850	21,683
\$30,000 under \$40,000.....	156,007	657,114	197,269	5,127,098	5,090	2,118
\$40,000 under \$50,000.....	240,072	1,578,559	292,648	11,449,018	12,453	16,980
\$50,000 under \$75,000.....	579,162	4,497,946	658,634	35,896,638	85,664	86,149
\$75,000 under \$100,000.....	548,099	5,832,543	605,893	46,371,534	109,977	185,177
\$100,000 under \$200,000.....	1,547,971	27,412,096	1,589,305	206,360,452	844,104	1,875,212
\$200,000 under \$500,000.....	1,371,834	35,270,913	1,397,829	373,453,249	1,148,987	4,700,750
\$500,000 under \$1,000,000.....	192,637	9,199,893	198,104	121,310,271	103,434	1,165,529
\$1,000,000 or more.....	104,204	20,443,011	106,562	322,454,972	33,056	1,322,875

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

[1] See Figures I and J for the calculation of alternative minimum taxable income and the list of alternative minimum tax adjustments and preferences.

[2] Includes returns with adjusted gross deficit.

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

lion returns for 2004, and the Alternative Minimum Taxable Income (AMTI) increased 35.2 percent from 2003. In addition, by limiting certain business tax credits, the AMT may increase the tax liability for some taxpayers who do not have any AMT liability.

Figure F shows the number of taxpayers with AMT liability and the amount of that liability for each of the years 1986 through 2004. Much of the variation in the number of taxpayers affected by the AMT and in the amount of AMT liability during the mid-to-late 1980s and early 1990s was attributable to tax law changes such as TRA86, RRA90 (Revenue Reconciliation Act of 1990), and OBRA93, which altered the AMT. Since then, the impact of the AMT has increased partially because the AMT exemptions

have not been automatically indexed annually for the effects of inflation, whereas various parameters of the ordinary income tax (such as tax brackets, exemptions, etc.) have been indexed annually for inflation. In both EGTRRA in 2001 and JGTRRA in 2003, AMT exemptions were increased, while ordinary tax rates declined. For 2003 and 2004, AMT levels rose to \$9.5 billion and \$13.0 billion, respectively. The amount in 2004 set the all-time high paid by individual taxpayers, breaking the previous high of \$9.6 billion in 2000. This marks the third year in a row of increases in AMT levels. Since 2001, the AMT liability has increased a total of 92.8 percent. Also, during this same time, the number of returns paying AMT has almost tripled from 1.1 million to 3.1 million.

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Figure F

Alternative Minimum Tax, Tax Years 1986-2004

[Tax rates are in percentages—money amounts are in thousands of dollars]

Tax year	Highest statutory alternative minimum tax rate	Alternative minimum tax	
		Number of returns	Amount
	(1)	(2)	(3)
1986.....	20	608,907	6,713,149
1987.....	21	139,779	1,674,898
1988.....	21	113,562	1,027,884
1989.....	21	117,483	831,012
1990.....	21	132,103	830,313
1991.....	24	243,672	1,213,426
1992.....	24	287,183	1,357,063
1993.....	28	334,615	2,052,790
1994.....	28	368,964	2,212,094
1995.....	28	414,106	2,290,576
1996.....	28	477,898	2,812,746
1997.....	28	618,072	4,005,101
1998.....	[1] 28	853,433	5,014,549
1999.....	[1] 28	1,018,063	6,477,697
2000.....	[1] 28	1,304,197	9,600,840
2001.....	[1] 28	1,120,047	6,756,705
2002.....	[1] 28	1,910,789	6,853,901
2003.....	[1] 28	2,357,975	9,469,803
2004.....	[1] 28	3,096,299	13,029,239

[1] Top rate on most long-term capital gains was 20 percent, 15 percent for 2003-2004.

Income and Tax Shares

Historical statistics from 1986 through 2004 on income and tax by cumulative percentiles (based on numbers of returns) are presented in Tables 5 through 8. Distributions of AGI, as defined for each year and tax or income item, by descending and ascending cumulative percentiles of returns, are presented in Tables 5 and 6. These tables can be used to make comparisons across cumulative percentile classes within each year, among years within the ERTA81 period (i.e., Tax Years 1982 through 1986), and among years within the post-TRA86 period (i.e., Tax Years 1987 through 2004). Since TRA86 redefined AGI, Tables 5 and 6 are not as useful for comparisons between pre- and post-TRA86 years. Thus, Tables 7 and 8, which are based on a consistent definition of income (i.e., the 1979 Income Concept), are included to facilitate such comparisons.

Tables 5 and 7 are based on percentiles of returns cumulated downward from the highest income returns. The data in Tables 5 and 7 are shown for the top 1 percent, 5 percent, 10 percent, 25 percent, and 50 percent of returns. Tables 6 and 8 are based on returns cumulated upward from the lowest income

returns. Data are shown for the bottom 50 percent, 75 percent, 90 percent, 95 percent, and 99 percent of all returns.

Consider, for example, the data in Table 5 for the 130.4 million returns filed for 2004 with positive AGI [7]. The average tax rate for these returns was 12.1 percent, a 0.2-percentage point increase from 2003. (A sizable portion of returns with positive AGI are nontaxable, accounting for the difference in the computation of this particular average tax rate versus the 13.3-percent average tax rate for taxable returns only—Figure A.) The average tax rate increased for 2004 after having fallen for 3 previous years, bottoming out at 11.9 percent in 2003. Despite the overall increase, the average tax rate on the 1 percentile and 5 percentile both decreased, while the rates paid by the 10, 25 and 50 percentiles all increased from 2003. The 1 percentile, 5 percentile, 10 percentile, 25 percentile, and 50 percentiles all also recorded a larger share of the income tax burden than their respective shares of AGI. For 2004, the returns in the top 1 percentile reported 19.0 percent of total AGI and 36.9 percent of income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$328,049. For 2003, the returns in this percentile group (i.e., those with at least \$295,495 in AGI) reported 16.8 percent of total AGI and 34.3 percent of total income tax.

For 2004, the returns in the top 5-percentile group (returns reporting AGI of \$137,056 or more) reported 33.5 percent of total AGI and 57.1 percent of income tax, compared to 31.2 percent and 54.4 percent, respectively, for 2003 (when the AGI floor was \$130,080). For 2004, returns in the top 10-percentile group (returns with AGI of at least \$99,112) earned 44.4 percent of AGI and paid 68.2 percent of income tax. For 2003, the returns in this percentile group (with AGI of \$94,891 or more) reported 42.4 percent of total AGI and 65.8 percent of income tax. The top 50-percentile group (earning \$30,122 or more) accounted for 86.6 percent of income and paid almost all (96.7 percent) of the income tax for 2004.

The statistics by percentile in Tables 5 and 6 for years prior to 1991 and in Tables 7 and 8 for years prior to 1994 were estimated, using a mathematical technique called “osculatory interpolation,” applied to aggregated data tabulated by income-size classes, in order to distribute the tax returns within each class [8]. For 1991 and later years, the statistics by

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percentiles in Tables 5 and 6, and Tables 7 and 8 for 1994 through 2004 were computed based on an actual ranking of the returns in the statistical sample that served as the basis for Individual Statistics of Income estimates. The differences under the two methods were judged to be minor enough so that the pre-1991 and post-1990 data are believed to be comparable.

Appendix A: Explanation of Selected Terms

This appendix provides brief explanations of the major tax concepts discussed. For more extensive definitions, see Individual Income Tax Returns 2004, Statistics of Income Division, Internal Revenue Service, Publication 1304.

Adjusted Gross Income.—Adjusted gross income is “total income,” as defined by the Tax Code, less “statutory adjustments” (primarily business, investment, or certain other deductions, such as payments to a Keogh self-employed retirement plan, certain deductible contributions to an Individual Retirement Arrangement (IRA), self-employed health insurance deductions, and one-half of Social Security taxes for the self-employed). Total income includes, for example, salaries and wages, taxable interest, dividends, alimony, and net amounts from such sources as business income, rents and royalties, and sales of capital assets.

Difference Due to Special Tax Computation.—For this article, the tax difference is the amount of tax resulting from using provisions of one of the special tax computations (Form 8615 or Schedule D and qualified dividends) less the amount of tax that would have resulted from not having used any of these provisions (regular tax computation).

Dividends.—Ordinary dividend income consisted of distributions of money, stock, or other property received by taxpayers from domestic and foreign corporations, either directly or passed through estates, trusts, partnerships, or regulated investment companies. Ordinary dividends also included distributions from money market mutual funds.

Ordinary dividends did not include nontaxable distributions of stock or stock rights, returns of capital, capital gains, or liquidation distributions. Taxpayers were also instructed to exclude amounts paid on deposits or withdrawable accounts in banks, mutual savings banks, cooperative banks, savings and loan associations, and credit unions, which were treated as interest income.

Qualified dividends are the ordinary dividends received in tax years beginning after 2002 that met certain conditions. These conditions include: the dividend must have been paid by a U.S. corporation or a “qualified” foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was part of an employee stock ownership plan (ESOP). The maximum tax rate for qualified dividends was 15 percent generally (or 5 percent for amounts that would otherwise have been taxed at the 10-percent or 15-percent regular income rate).

Form 8615 Tax Computation.—Form 8615 was used to compute the tax on investment income of children under age 14 who had investment income of more than \$1,600. Generally, such income was taxed as the marginal income of the parents.

Income Tax Before Credits.—This amount consisted of the tax liability on taxable income, computed by using the tax tables, tax rate schedules, Schedule D Tax worksheet, Schedule J, or Form 8615, plus Form (s) 8814, any additional taxes from Form 4972, and the alternative minimum tax.

Income Tax Before Credits (Regular Tax Computation).—This amount consisted of the tax liability on ordinary income, computed by using the tax table or applying the rates from one of the four tax rate schedules, plus any additional tax (tax on lump-sum distributions from qualified retirement plans). When Form 8615 tax was payable on investment income of children, for this concept, all the income was taxed at the child’s rate rather than at the rate of the parents. When the Schedule D tax was payable on net long-term capital gains, the tax was based on the regular tax rates rather than the 5-percent, 8-percent, 10-percent, 15-percent, 25-percent, or 28-percent tax rate for capital gains. When a tax was payable on a qualified dividend, the tax was based on regular tax rates instead of the maximum tax rate for qualified dividends, 15 percent (5 percent for amounts that would otherwise have been taxed in the 10-percent and 15-percent tax brackets). This is in contrast to the computation of Income Tax Before Credits (see above) in which special tax computations such as those involved on Form 8615, Schedule D and qualified dividends are taken into account. See Table 4.

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Marginal Tax Rate.—See Appendix D.

Modified Taxable Income.—See Appendix D.

Regular Tax Computation.—Depending on marital status and size of taxable income, the taxpayer used one of the four tax rate schedules (or an approximation from the tax table) to determine tax. Returns of taxpayers who had taxes computed by the Internal Revenue Service were classified under the regular tax computation method.

Schedule D and Qualified Dividend Tax Computation.—Schedule D was used to compute the 5-percent, 8-percent, 10-percent, 15-percent, 25-percent, and 28-percent taxes on net long-term capital gains (in excess of net short-term capital losses) if such computations were beneficial to the taxpayer. Any investment interest allocated to long-term capital gains (on Form 4952) was excluded from this computation. Qualified dividends were taxed at a maximum tax rate of 15 percent (5 percent for amounts that would otherwise have been taxed in the 10-percent and 15-percent brackets).

Taxable Income.—Taxable income is AGI less the sum of personal exemption amounts and either the standard deduction for nonitemizers or total itemized deductions. The amounts for personal exemptions and total itemized deductions are net of any reductions because of taxpayers' incomes exceeding certain income thresholds.

Taxable Returns.—A return is classified as “taxable” based on the presence of “total income tax.” The following additional taxes were not taken into account for this purpose: self-employment, household employment, Social Security, Railroad Retirement Tax Act (RRTA) taxes, tax from recomputing prior-year investment, low-income housing and a few other business credits, penalty taxes on Individual Retirement Arrangements, section 72 penalty taxes, advance earned income credit payments, or “golden parachute” payments (made to key employees as compensation under certain circumstances).

Tax Generated.—This is the amount of tax computed on modified taxable income either from the tax rate schedules or the tax table. Tax generated does not take into account the alternative minimum tax or the effect of tax credits. For most returns (those without the special tax on lump-sum distributions from qualified retirement plans or alternative minimum tax), tax generated equals “income tax before credits.”

Total Income Tax.—This is the sum of income tax after credits and tax on accumulated trust distribution from Form 4970, less the portion of EIC used to offset other taxes as well as the refundable portion of EIC (with tax limited to zero).

Appendix B: Income Tax Structure

Taxpayers must file an income tax return if they meet certain minimum filing requirements. The filing requirements for 2004 generally were based on the amount of “gross income,” filing status, age, dependency, and blindness [9]. Generally, the minimum level of income for which a return was required to be filed equaled the sum of the standard deduction for the particular filing status and the amount of the personal exemption deduction allowed for the taxpayer or taxpayers (but not for any dependents). In addition to the general filing requirements, individuals were required to file a return for Tax Year 2004 if they had net earnings from self-employment of at least \$400; liability for Social Security or Medicare tax on unreported tip income; Social Security, Medicare, or Railroad Retirement tax on reported tip income or group-term life insurance; “alternative minimum tax”; tax on qualified retirement plan distributions, including an Individual Retirement Arrangement (IRA) or a Medical Savings Account (MSA); tax on the recapture of investment credit, low-income housing credit, or a few other business credits; recapture tax on the disposition of a home purchased with a Federally-subsidized mortgage; any advance earned income credit payments; or wages of \$108.28 or more from a church or qualified church-controlled organization that was exempt from Social Security taxes.

Gross income includes all income received as money, goods, property, or services that was not expressly exempt from tax [10]. Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses [11]. “Taxable income,” the base on which income tax before credits is computed, equals AGI less the amount for personal exemptions and less either total allowable itemized deductions for taxpayers who itemize deductions, or the standard deduction (including the additional amounts for age and blindness) for all other taxpayers.

Income tax before credits is calculated from taxable income using: tax tables or tax rate schedules, both of which vary with taxpayer filing status (single,

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married filing jointly, surviving spouse, married filing separately, and head of household); Form 8615 or Form 8814 for children's investment income; Schedule J for farmers and fishermen to income-average; Schedule D and Qualified Dividends worksheet for net long-term capital gains and qualified dividends; or some combination of the above. For 2004, the tax rates for each filing status were 5 percent, 8 percent, 10 percent, 15 percent, 20 percent, 25 percent, 26 percent, 28 percent, 33 percent, and 35 percent. The tax rates of 5 percent, 8 percent, 10 percent, 15 percent, and 20 percent were used for net long-term capital gains (in excess of net short-term capital losses). The 26-percent tax rate was only for the alternative minimum tax. Income tax before credits includes any alternative minimum tax [12].

To calculate their Federal income tax liability for 2004, taxpayers used either the tax table or the tax rate schedules. Taxpayers with taxable income less than \$100,000 were required to use the tax table, while those with taxable income of \$100,000 or more were required to use the tax rate schedules. The tax table was based on income tax "brackets" up to \$50 wide [13]. The tax within each bracket was based on the tax calculated at the midpoint of the bracket and then rounded to the nearest whole dollar. As a result, the tax tables and the tax rate schedules could produce different amounts of tax for the same amount of taxable income. Use of the tax tables could have produced either a slightly higher or lower amount of tax than that produced by the tax rate schedules. For taxpayers using the tax tables with taxable income that was subject to the 33-percent marginal rate, the maximum difference in tax between the tax rate schedules and the tax table was \$8.50 [14]. However, for most taxpayers, the actual difference in tax was smaller.

Appendix C: Changes in Law for 2004

Additional Child Tax Credits.—In Tax Year 2003, the credit limit based on earned income was 10 percent of a taxpayer's earned income that exceeded \$10,500. For 2004, the limit increased to 15 percent of a taxpayer's earned income that exceeded \$10,750. If a taxpayer was a member of the U.S. Armed Forces who served in a combat zone, the taxpayer was able to include their nontaxable combat pay as earned income when figuring the credit limit.

Alternative Minimum Tax (AMT).—For Tax Year 2004, the minimum exemption amount for a child under age 14 increased to \$5,750 from \$5,600 for 2003.

Certain Business Expenses of Reservists.—New in 2004, National Guard or reserve members who traveled more than 100 miles from home and performed services as a National Guard or reserve member were allowed to take a deduction in the form of an adjustment to income for certain expenses.

Earned Income Credit.—The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum amount of investment income (interest, dividend and capital gain income) a taxpayer could have and still claim the credit increased to \$2,650 from \$2,600. The maximum credit for taxpayers with no qualifying children increased to \$390 from \$382. For these taxpayers, earned income and AGI had to be less than \$11,490 (\$12,490 if married filing jointly). For taxpayers with one qualifying child, the maximum credit increased \$57 to \$2,604 and, for taxpayers with two or more qualifying children, the maximum credit increased to \$4,300 from \$4,204. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$30,338 (\$31,338 for married filing jointly) for one qualifying child, or less than \$34,458 (\$35,458 for married filing jointly) for two or more qualifying children. Taxpayers who served the U.S. Armed Forces in a combat zone could have elected to include nontaxable combat pay in earned income when figuring the EIC (see Nontaxable Combat Pay for further information).

Health Savings Account Deduction.—Beginning in Tax Year 2004, a taxpayer could have taken a deduction for contributions to a Health Savings Account. The deduction was limited to the annual deductible on the qualifying high deductible health plan, but not more than \$2,600 (\$5,150, if family coverage). These limits were \$500 higher if the taxpayer was age 55 or older (\$1,000 if both spouses were 55 or older). A taxpayer could not contribute to an HSA starting the first month he or she was enrolled in Medicare.

Indexing.—The following items increased due to indexing for inflation: personal exemption amounts; the basic standard deduction amounts;

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the tax bracket boundaries; the beginning income amounts for limiting certain itemized deductions; and for the phaseout of personal exemptions. The maximum amount of earnings subject to self-employment tax increased based on the percentage change in average covered earnings.

Individual Retirement Arrangement Deduction.—For 2004, a taxpayer (both taxpayers for taxpayers filing jointly) was able to take an IRA deduction up to \$3,000 (\$3,500 if age 50 or older) if not covered by a retirement plan, or if covered by a retirement plan but his or her modified AGI was less than \$55,000 (\$75,000 if married filing jointly or qualifying widow(er)). This was up from \$50,000 (\$70,000 if married filing jointly or qualifying widow(er)) for 2003.

Nontaxable Combat Pay Election.—For Tax Year 2004, members of the U.S. Armed Forces who served in a combat zone could have excluded certain pay from their incomes. The qualified taxpayer's entitlement to the pay must have been fully accrued in a month during which he or she served in a combat zone or was hospitalized as a result of wounds, disease, or injury incurred while serving in the combat zone. However, this nontaxable pay was used to gain benefits for both the EIC and additional child tax credit purposes.

Sales Tax Deduction.—For Tax Year 2004, a taxpayer could have elected to deduct State and local general sales taxes instead of State and local income taxes as an itemized deduction on Schedule A. This allowed individuals from States with no State income tax, such as Alaska, Florida, Nevada, Texas, Washington, Wyoming, South Dakota, and Tennessee, to take this deduction. Also, this allowed individuals with high sales taxes to take this deduction instead of State income tax. The taxpayer could have elected to base the sales tax deduction on either actual expenses or the amounts from optional State sales tax tables.

Schedule J.—New for 2004, fishermen could have elected to use income-averaging on Schedule J to reduce tax. Previously, only farmers could have taken this benefit. Also, the benefit of income-averaging was extended to farmers and fisherman who owed the alternative minimum tax.

Section 179 Deduction.—The maximum section 179 deduction (full expensing of certain depreciable property) that could be elected for property placed in

service in 2004 increased from \$100,000 to \$102,000 for qualified section 179 property (\$137,000 for qualified zone property, qualified renewal property, or qualified New York Liberty Zone property). This limit was reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeded \$410,000 (increased from \$400,000).

Tuition and Fees Deduction.—A taxpayer was able to deduct in 2004 up to \$4,000 (\$3,000 in 2003) of the qualified tuition and fees paid for self, a spouse, or dependents if the taxpayer's modified AGI was under \$65,000 (\$130,000 if married filing jointly). New for 2004, a taxpayer was able to deduct up to \$2,000 if his or her AGI was higher than the previous limit but not more than \$80,000 (\$160,000 if married filing jointly). This deduction could not be taken if the person could be claimed as a dependent on another taxpayer's return or if the education credit was claimed for the same student.

Appendix D: Income and Tax Concepts

As discussed in Appendix B, gross income is all income received that is not specifically excluded. Total income is the net amount of gross income after certain expenses (i.e., business or rent and royalty expenses) have been deducted. Adjusted gross income (AGI) is total income less statutory adjustments to income (i.e., deductible contributions to an IRA or Keogh plan).

1979 Income Concept

To analyze changes in income and taxes over a period of years, a consistent definition of income should be used. Because the components of AGI may vary from year to year as the law changes, the "1979 Income Concept" was developed to provide a more uniform measure of income across tax years. By including the same income and deduction items in each year's income calculation and using only items available on Federal individual income tax returns, the definition of the 1979 Income Concept is consistent throughout the base years and can be used for future years to compare income by including only income components common to all years. Tax Years 1979 through 1986 were used as base years in identifying the income and deduction items included in this concept. The 1979 Income Concept applied to 2004 includes many income and deduction items that are also components of AGI (Figure G). However,

Figure G

Components of the 1979 Income Concept, Tax Year 2004

Income or Loss:

- Salaries and wages [1]
- Interest [1]
- Dividends [1]
- Taxable refunds [1]
- Alimony received [1]
- Capital gain distributions not reported on Schedule D [1]
- Capital gains reported on Schedule D minus allowable losses [1]
- Other gains and losses (Form 4797) [1]
- Business net income or loss [1]
- Farm net income or loss [1]
- Rent net income or loss [1]
- Royalty net income or loss [1]
- Partnership net income or loss [1]
- S corporation net income or loss [1]
- Farm rental net income or loss [1]
- Estate or trust net income or loss [1]
- Unemployment compensation [1]
- Depreciation in excess of straight-line depreciation [2]
- Total pension income [3], [4]
- Other net income or loss [4], [5]
- Net operating loss [1]

Deductions:

- Disallowed passive losses (Form 8582) [6]
- Moving expenses [1]
- Alimony paid [1]
- Unreimbursed business expenses [6]

[1] Included in adjusted gross income (less deficit) (AGI) for Tax Year 2004.

[2] Adjustment to add back excess depreciation (accelerated over straight-line depreciation) deducted in the course of a trade or business and included in net income (loss) amounts shown above.

[3] Includes taxable and tax-exempt pension and retirement distributions, including IRA distributions.

[4] Not fully included in AGI for Tax Year 2004.

[5] Includes an adjustment to add back amounts reported for the "foreign-earned income exclusion."

[6] Not included in AGI for Tax Year 2004.

unlike AGI, the 1979 Income Concept also includes some nontaxable (i.e., tax-exempt) amounts of income reported on individual income tax returns and disallowed passive loss deductions. In addition, only straight-line deductions for depreciation are included in the 1979 Income Concept [15].

Modified Taxable Income

This concept is relevant only for "prior-year returns" (about 4.1 million returns) or certain farm sole proprietor returns using income-averaging on Schedule J (about 41 thousand returns). For all other returns, modified taxable income is identical to taxable income.

This is the term used in the statistics to describe "income subject to tax," the actual base on which tax is computed. Each year, a small number of returns for prior tax years are filed during the same calendar year in which the tax returns for the current tax

year are being selected for the Statistics of Income sample. Some of these returns are selected for the sample and act as proxies for returns for the current tax year that will be filed during a later calendar year. The tax on these returns is based on a previous year's tax law (which may reflect different tax rates and income concepts). For the statistics in this article, the taxable incomes reported on these prior-year returns and those filed with a Schedule J are modified to equal an amount necessary to generate the tax actually shown on these returns using current-year rates.

Marginal Tax Rates

Under the progressive U.S. income tax rate structure, different portions of taxable income are taxed at different rates. Figure H illustrates how income tax is determined for a single taxpayer with AGI of \$393,000 who used the standard deduction. As shown in the example, six different tax rates were applied to the taxable income to arrive at total tax. The first \$7,150 of taxable income were taxed at the 10-percent rate; the next \$21,900 of taxable income were taxed at the 15-percent rate; the next \$41,300 were taxed at the 25-percent rate; the next \$76,400 were taxed at the 28-percent rate; the next \$172,350 were taxed at the 33-percent rate; and the remaining \$69,050 were taxed at the 35-percent rate. For purposes of this article, the tax rate applied to the last dollar of income (given certain assumptions about which source of income provided the last dollar of income

Figure H

Income Tax Calculation for a Single Taxpayer With One Exemption Who Used the Standard Deduction, Tax Year 2004

[Money amounts are in whole dollars]

Item	Amount
Adjusted gross income.....	393,000
Less: Exemption amount.....	[1] 0
Standard deduction amount.....	4,850
Equals: Taxable income.....	388,150
Tax based on tax rates for single taxpayers:	
First \$7,150 taxed at 10 percent.....	715
Next \$21,900 taxed at 15 percent.....	3,285
Next \$41,300 taxed at 25 percent.....	10,325
Next \$76,400 taxed at 28 percent.....	21,392
Next \$172,350 taxed at 33 percent.....	56,876
Next \$69,050 taxed at 35 percent.....	24,168
Total tax from tax rate schedule.....	116,761

[1] The exemption amount was phased out completely because AGI exceeded \$265,200.

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subject to tax) is the marginal tax rate for that return. In the example, the marginal tax rate is 35 percent.

Since the individual income tax structure includes various types of income, deductions, exclusions, credits, and taxes which are not subject to the same treatment under tax laws, the marginal tax rate is not always apparent. For instance, investment income of a dependent under age 14 in excess of a specific amount is treated differently than salaries and wages of the same dependent. The investment income in excess of \$1,600 was taxed at the marginal tax rate of the parents, whereas the salaries and wages were taxed at the dependent's own rate.

Calculating marginal tax rates for a specific individual income tax return generally depends both on the types and amounts of income reported and the assumptions made about the order in which the income is taxed, in particular, which type of income is assumed to be received "last." Additional complexity is added by the presence of such items as the alternative minimum tax and various tax credits.

For this article, it is assumed that the income taxed at the marginal rate was the "last" income received. The alternative minimum tax and income tax credits, such as the earned income credit, are excluded in determining the marginal tax rates. The marginal tax rate is defined as follows:

- (1) If a return showed taxable income, the marginal tax rate of the return was the highest rate at which any amount of taxable income reported on the return was taxed.
- (2) If the return had no taxable income except for net long-term capital gains or qualified dividends and that amount was less than or equal to the 15-percent tax bracket limit, the return was defined as having an "5-percent, 8-percent, or 10-percent rate" marginal tax rate. If the return had taxable income (from other than net long-term capital gains) to which only the 15-percent tax rate applied, as well as net long-term capital gains to which the 20-percent or 25-percent rate on the net gain applied, the return was defined as having a marginal tax rate equal to the maximum rate at which the net gains were taxed. If the return had taxable income (from other than net long-term capital gains) to which the 25-percent tax rate applied as the highest rate, as well as net long-term

capital gains to which the maximum 28-percent rate on net gain applied, the return was defined as having a "28-percent" marginal tax rate. However, if the return had taxable income (from other than net long-term capital gains) above the maximum amount to which the 25-percent applied, as well as net long-term capital gains to which the 28-percent rate on the net gain applied, the return was classified as having the highest rate at which any amount of taxable income reported on the return was taxed.

- (3) For returns of dependents with a Form 8615 attached when the use of this form resulted in the taxation of some of the dependent's income as if it were that of the parents, the return was classified as having a "Form 8615" marginal tax rate (the returns in the Form 8615 classification are not distributed by tax rate).
- (4) For returns of parents choosing to report interest, dividend, and capital gain distribution income of their dependents under age 14 on their own (i.e., the parents') return using Form 8814, when the dependent's income generated the only tax liability on the parent's return, the return was classified with a "Form 8814" marginal tax rate of 10 percent.

The classification of returns into marginal tax rate categories for Statistics of Income purposes was essentially a function of filing status, size of taxable income, presence of net long-term capital gains (in excess of net short-term capital losses) and/or qualified dividends, and presence of Form 8615 or Form 8814. Returns were classified into one of the following fifteen mutually exclusive marginal tax rate categories: (1) 5-percent rate (capital gains); (2) 8-percent rate (capital gains); (3) 10-percent rate; (4) 10-percent (capital gains); (5) Form 8814 (10-percent rate with no tax liability other than that generated by the dependent's income); (6) 15-percent rate; (7) 15-percent (capital gains); (8) 20-percent rate; (9) 25-percent rate; (10) 25-percent capital gains; (11) 28-percent rate; (12) 28-percent capital gains; (13) 33-percent rate; (14) 35-percent rate; and (15) Form 8615 (with income taxed at any rate) [16].

Table 1 presents statistics by marginal tax rate classification and filing status for returns with modi-

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fied taxable income. For each marginal rate classification, modified taxable income and “income tax generated” were computed “at all rates” and “at marginal rate.” The “at all rates” computations (columns 3 and 5) show the total amount of modified taxable income or tax generated, tabulated by the marginal tax rate specified; each tax rate classification is mutually exclusive. The “at marginal rate” computations (columns 4 and 6) report the specific amounts of modified taxable income taxed and the tax generated at the marginal tax rate shown, for all returns in each of the marginal rate classifications. The alternative minimum tax was not included in the statistics by marginal tax rate.

For example, consider returns in the “joint returns and returns of surviving spouses” filing status that were included in the “35-percent” marginal tax rate classification. The total modified taxable income for the estimated 724,186 returns in this classification “at all rates” was \$732.0 billion (column 3), and the total tax generated was \$213.7 billion (column 5). Approximately \$378.3 billion (column 4) of the modified taxable income were subject to tax at the marginal tax rate of 35 percent. This modified taxable income generated \$132.4 billion (column 6) in tax at the 35-percent tax rate with the remainder generated at some or all of the lower eight tax rates.

Table 2 provides statistics on the tax generated, in total and at each tax rate bracket, for returns with modified taxable income. Returns in this table are classified by size of AGI. The tax generated at each tax rate was computed based on the modified taxable income for each individual return.

For example, the 2.3 million returns included in the “\$200,000 under \$500,000” income-size classification showed total modified taxable income of \$565.6 billion and generated total tax of \$134.1 billion. Of this \$565.6 billion of modified taxable income, \$30.6 billion were taxed at 10 percent (ordinary tax rate); \$92.0 billion were taxed at 15-percent (ordinary tax rate); \$122.1 billion were taxed at the 25-percent (ordinary tax) rate; \$118.4 billion were taxed at the 28-percent (ordinary tax) rate; \$110.8 billion were taxed at the 33-percent rate; and \$16.4 billion were taxed at the 35-percent rate. Approximately \$3.9 billion were taxed at the 5-percent rate; \$0.004 billion were taxed at the 8-percent rate; \$0.02 billion were taxed at the 10-percent capital gain rate; \$68.2 billion were taxed at the 15-per-

cent capital gain and qualified dividend rate; \$0.4 billion were taxed at the 20-percent rate; \$2.4 billion were taxed at the 25-percent capital gain rate; \$0.1 billion were taxed at the 28-percent capital gain rate, with the remainder from tax related to special capital gain tax rates and Forms 8814 and 8615.

Table 3 presents statistics on the income and tax generated at each tax rate by filing status, for returns with modified taxable income. Over 0.7 million of the 44.5 million returns with modified taxable income filed jointly (including surviving spouses) had some income taxed at the 35-percent tax rate. For these returns, the taxable income subject to this rate was \$378.3 billion, and the tax generated was \$132.4 billion.

Appendix E: Computation of Alternative Minimum Taxable Income (AMTI)

AMTI was computed by adding certain “tax preferences” (i.e., deduction or exclusion amounts identified as potential sources of tax savings disallowed for AMT purposes) and “adjustments” (i.e., regular tax deduction amounts recomputed or excluded for AMT purposes) to taxable income before any deductions were taken for personal exemptions (Figures I and J). Although itemized deductions for some taxpayers were limited for regular tax purposes, the full amounts of such itemized deductions were included as adjustments. (To compensate for this, the overall limitation on itemized deductions was then subtracted from taxable income for AMT purposes.) The “net operating loss deduction” was recomputed to allow for the exclusion of the “tax

Figure I

Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 2004

	Taxable income before deduction for personal exemptions
PLUS:	Adjustments and preferences (see Figure J)
PLUS:	Net operating loss deduction
MINUS:	Overall itemized deductions limitation
MINUS:	Alternative tax net operating loss deduction [1]
EQUALS:	Alternative minimum taxable income

[1] Limited to 90 percent of AMTI, except when depletion is present on Form 6251. In this case, AMTI is recalculated, and the alternative tax net operating loss deduction is limited to 90 percent of the recalculated amount.

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Figure J

Alternative Minimum Tax Adjustments and Preferences, Tax Year 2004

- Medical and dental expenses from Schedule A (the lesser of deductible medical and dental expenses or 2.5 percent of AGI)
- Deductions for State and local income, sales tax, real estate, personal property, and foreign taxes
- Mortgage interest adjustment from line 6 of the worksheet on page 2 of the Form 6251 instructions
- Miscellaneous itemized deductions subject to the 2-percent-of-AGI limitation
- Refunds of State and local income, real estate, personal property, and foreign taxes previously deducted (negative)
- Investment interest expense (the result could be negative)
- Excess of percentage depletion deduction for sections 611 and 613 property over the adjusted basis (the result could be negative)
- Tax-exempt interest from private activity bonds issued after August 7, 1986
- Excluded gain, under the section 1202 gain on qualified small business stock held more than 5 years, multiplied by 7 percent if sold after May 5, 2003, otherwise multiplied by 42 percent
- Incentive stock options which were exercised after 1987 (the amount by which the value of the option when exercised exceeded the price paid by the taxpayer; the result could be negative)
- Difference between income distributions to beneficiaries of estates and trusts for regular tax purposes and the amounts refigured for AMT purposes (the result could be negative)
- Electing large partnerships, enter the amount from Schedule K-1 (Form 1065-B), box 6.
- Adjustment of gain or loss on property, the basis of which was affected by accelerated depreciation or rapid amortization and which was reduced for AMT purposes (the result could be negative)
- Excess of depreciation on property placed in service after 1986 over less liberal methods allowed for alternative minimum tax (AMT) purposes (straight-line or 150-percent declining balance method, depending on the type of property; the result could be negative)
- Passive activity gains and losses allowed for regular tax purposes for activities acquired before October 23, 1986, taking into account AMT adjustments and preference items and any AMT prior-year unallowed losses (the result could be negative)
- Adjustment for refigured loss from activities in which allowable losses from partnerships or S corporations were limited by "at-risk" and other rules, taking into account AMT adjustments and preference items (the result could be negative)
- Excess of circulation expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Deferred income from long-term contracts entered into after February 28, 1986, with certain exceptions and limitations (the result could be negative)
- Excess of mining exploration and development costs paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Excess of research and experimental expenditures paid or incurred after 1986 over allowable amortization if the expenditures were capitalized (the result could be negative)
- Adjustment from disallowing the installment sales method of accounting for sales of inventory and stock in trade after March 1, 1986, with certain exceptions (the result is negative)
- Amount by which excess intangible drilling costs deducted currently over allowable amortization (if these costs were capitalized) was more than 65 percent of the taxpayer's "net income" from oil, gas, and geothermal wells, with exceptions for independent oil producers and royalty owners
- Excess of accelerated depreciation on property placed in service using pre-1987 rules over straight-line depreciation as refigured for AMT purposes
- Adjustment for taxable distributions received from a cooperative (total AMT patronage dividend and per-unit retain allocation adjustment)
- Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation (the result could be negative)
- Adjustment for charitable contributions of certain property for which section 170(e) of the Internal Revenue Code applies.
- Adjustment for Alcohol Fuel Credit included in taxable income (the amount is included as a negative).
- Adjustment for refigured tax shelter farm losses, taking into account AMT adjustments and preference items (the result could be negative)
- Related adjustments, refigured for AMT purposes, including section 179 expense deduction, expenses for business or rental use of the home, conservation expenses, taxable IRA distributions, self-employed health insurance deduction, Keogh retirement plan or self-employed SEP deduction, and IRA deductions (the result could be negative)

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preference items” and “adjustments” used to reduce regular tax liability. The recomputed net operating loss deduction, termed the “alternative net operating loss deduction,” was limited to 90 percent of AMTI (with certain minor exceptions for 2004).

AMTI was reduced by an exemption amount which depended on the filing status of the individual and which was subject to phaseout at higher AMTI levels. The AMTI exemption for single filers (and heads of households) for 2004 was \$40,250; for joint filers and surviving spouses, \$58,000; and for married persons filing separately, \$29,000. The exemption was reduced (but not below zero) by 25 percent of the amount by which the AMTI exceeded threshold levels of \$112,500 for single filers and heads of households, \$150,000 for joint filers, and \$75,000 for married persons filing separately. The exemption was phased out completely for individuals whose filing status was single or head of household, married filing jointly, and married filing separately, at \$273,500, \$382,000, and \$191,000, of AMTI, respectively.

After reduction by the exemption, the first \$175,000 (\$87,500 if married filing separately) of the remaining AMTI was subject to tax at a 26-percent rate, with any excess taxed at a 28-percent rate. However, capital gains and qualified dividends (recalculated for AMT purposes) that were taxed at lower rates (5 percent, 8 percent, 10 percent, 15 percent, 20 percent, and 25 percent) were taxed at these same rates for the AMT, with the rest of AMTI being taxed at the rates mentioned above (26 percent or 28 percent). The resulting tax was reduced by the “alternative minimum tax foreign tax credit,” which produced a “tentative minimum tax.” Tentative minimum tax was further reduced by the individual’s regular tax before credits (excluding tax on lump-sum distributions from qualified retirement plans) less the foreign tax credit (for regular tax purposes) to yield the alternative minimum tax.

Dependents under the age of 14 with investment income over a certain amount who filed their own returns were subject to special rules for AMT purposes. These rules required that the dependents pay the same amount of AMT as their parents would have paid if the parents included the dependents’ incomes on their own tax returns. (Dependents filing their own returns were limited to an AMT exemption of \$5,750 plus their “earned incomes.” The dependent’s

AMT could be reduced if the parents had regular tax greater than the child’s own tentative minimum tax, or if any other dependent under age 14 of the same parents had regular tax greater than this dependent’s own tentative minimum tax.)

Appendix F: Data Sources and Limitations

These statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ, including electronically-filed returns) filed during Calendar Year 2005. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for tax policy modeling purposes [17]. Returns were then selected at rates ranging from 0.05 percent to 100 percent. The 2004 data are based on a sample of 200,778 returns and an estimated final population of 133,189,982 returns. The corresponding sample and population for the 2003 data were 182,810 and 131,291,334 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 (CVs) are used to measure that magnitude. Figure K shows estimated CVs for the numbers of returns and money amounts for selected income items. 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*.

Endnotes

- [1] For Tax Years 1988 through 1990, the tax rate schedules provided only two basic rates: 15 percent and 28 percent. However, taxable income over certain levels was subject to a 33-percent tax rate to phase out the benefit of the 15-percent tax bracket (as compared to the 28-percent rate) and the deduction for personal exemptions. At the taxable income level where these benefits were completely phased out, the tax rate returned to 28 percent.
- [2] Nontaxable (i.e., tax-exempt) forms of income, such as interest on State and local govern-

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Figure K

Coefficients of Variation for Selected Items, by Size of Adjusted Gross Income, Tax Year 2004

[Coefficients of variation are percentages]

Size of adjusted gross income	Modified taxable income		Tax generated	Income tax after credits	Total income tax
	Number of returns	Amount			
	(1)	(2)	(3)	(4)	(5)
Total.....	0.17	0.15	0.17	0.19	0.19
Under \$2,000 [1].....	7.28	8.98	9.58	6.65	6.65
\$2,000 under \$4,000.....	7.38	8.50	9.39	9.46	9.46
\$4,000 under \$6,000.....	4.37	5.99	6.41	6.39	6.39
\$6,000 under \$8,000.....	4.01	4.30	4.30	4.32	4.32
\$8,000 under \$10,000.....	2.60	3.44	3.52	4.06	4.06
\$10,000 under \$12,000.....	2.58	2.91	2.93	3.14	3.14
\$12,000 under \$14,000.....	2.58	2.81	2.86	3.08	3.08
\$14,000 under \$16,000.....	2.45	2.69	2.75	3.07	3.07
\$16,000 under \$18,000.....	2.26	2.57	2.63	2.94	2.94
\$18,000 under \$20,000.....	2.14	2.49	2.56	2.99	2.99
\$20,000 under \$25,000.....	1.35	1.52	1.59	1.90	1.90
\$25,000 under \$30,000.....	1.41	1.55	1.62	1.91	1.91
\$30,000 under \$40,000.....	1.06	1.14	1.19	1.35	1.35
\$40,000 under \$50,000.....	1.07	1.14	1.21	1.35	1.35
\$50,000 under \$75,000.....	0.73	0.78	0.83	0.91	0.91
\$75,000 under \$100,000.....	0.91	0.94	1.00	1.06	1.06
\$100,000 under \$200,000.....	0.91	0.86	0.87	0.87	0.87
\$200,000 under \$500,000.....	0.90	0.81	0.82	0.82	0.82
\$500,000 under \$1,000,000.....	1.05	0.94	0.97	0.97	0.97
\$1,000,000 under \$1,500,000.....	1.30	1.23	1.29	1.29	1.29
\$1,500,000 under \$2,000,000.....	1.04	1.06	1.11	1.11	1.11
\$2,000,000 under \$5,000,000.....	0.56	0.48	0.53	0.53	0.53
\$5,000,000 under \$10,000,000.....	0.61	0.50	0.55	0.55	0.55
\$10,000,000 or more.....	0.03	0.01	0.01	0.01	0.01

[1] Includes returns with adjusted gross deficit.

ment obligations, were not included in AGI and generally did not affect the marginal tax rate. However, in some situations, the receipt of some forms of tax-exempt income, such as tax-exempt interest, could have influenced the taxability of other income, in particular Social Security benefits. When this situation occurred, the income made taxable by the receipt of other forms of nontaxable income was included in AGI.

[3] The 2003 are data from Mudry, Kyle and Parisi, Michael, *Individual Income Tax Rates and Shares, 2003, Statistics of Income Bulletin*, Winter 2005-2006, Volume 25, Number 3, p. 18-56.

[4] Tax generated does not include certain other taxes reported on the individual income tax return, such as self-employment tax (the Social Security and Medicare tax on income from self-employment), the Social Security tax on certain tip income, household employment taxes, tax from the recapture of prior-year investment or low-income housing credits, penalty tax applicable to early withdrawals from an Individual

Retirement Arrangement (IRA) or other qualified retirement plans, and tax on trusts, accumulation, and distributions. The statistics for “total tax liability,” shown in Parisi, Michael and Hollenbeck, Scott, *Individual Income Tax Returns: 2004, Statistics of Income Bulletin*, Fall 2006, Volume 26, Number 2, include these taxes.

[5] The income amounts on which these special computations for lump-sum distributions were based were not reflected in current-year AGI or current-year taxable income.

[6] For 2004, the total earned income credit was \$40.0 billion. This amount includes the amount used to reduce the income tax (\$0.8 billion), the amount used to reduce other taxes reported on individual income tax returns (\$4.0 billion), and the amount refunded to taxpayers (\$35.3 billion). Table 4 in Parisi, Michael and Hollenbeck, Scott, *Individual Income Tax Returns: 2004, Statistics of Income Bulletin*, Fall 2006, Volume 26, Number 2, shows these amounts.

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- [7] The percentile groupings of tax filers exclude returns with zero or negative AGI.
- [8] For an explanation of the osculatory interpolation technique, see Oh, H. Lock, *Osculatory Interpolation with a Monotonicity Constraint*, 1977 *Proceedings of the American Statistical Association, Section on Statistical Computing*, 1978.
- [9] Taxpayers fall into one of five filing statuses: single; married filing jointly; married filing separately; head of household; or surviving spouse. Being age 65 or older or being legally blind affects the amount of the standard deduction and, hence, the filing requirements. Taxpayers who are (or could be) dependents of other taxpayers have different filing requirements. For more information on the general filing requirements, see Parisi, Michael and Hollenbeck, Scott, *Individual Income Tax Returns: 2004, Statistics of Income Bulletin*, Fall 2006, Volume 26, Number 2.
- [10] As defined under section 61 of the Internal Revenue Code, gross income includes amounts from wages and salaries, interest and dividends, alimony, bartering income, canceled debt income, gambling winnings, rents and royalties, and gains from property sales or exchanges, as well as gross income from sole proprietorships and farming, income from partnerships and S corporations, and distributions from estates and trusts. This definition of gross income is slightly different from the Form 1040, *U.S. Individual Income Tax Return*, concept of “total income,” which is a component of the adjusted gross income (AGI) calculation on Form 1040. Total income includes net amounts rather than gross amounts (income prior to deductions) from such items as business income and rents and royalties.
- [11] As defined under Internal Revenue Code section 62, deductible expenses are those incurred in the course of a trade or business or in connection with rents and royalties; losses from property sales or exchanges; and certain statutory adjustments, such as deductible contributions to an IRA or Keogh plan, moving expenses, health insurance deduction for certain self-employed taxpayers, or one-half of self-employment tax.
- [12] Income tax before credits includes tax on lump-sum distributions from qualified retirement plans.
- [13] For taxable income between \$0 and \$5 and between \$5 and \$25, the tax brackets were \$5 and \$10 wide, respectively. For taxable income between \$25 and \$3,000, the brackets were \$25 wide. For taxable income above \$3,000 the brackets were \$50 wide.
- [14] For example, assume a taxpayer filing as “married filing separately” reported taxable income of \$98,000. Using the tax table, the tax would be \$22,861, but, using the tax rate schedules, the tax would be \$22,852.50, a difference of \$8.50.
- [15] For more details on the income computation under the 1979 Income Concept for 2004, see *Individual Income Tax Returns 2004*, Statistics of Income Division, Internal Revenue Service, Publication 1304.
- [16] For some taxpayers, the statutory marginal tax rate may differ from the effective marginal tax rate. For example, extra income received by certain taxpayers may result in the phaseout of their personal exemptions as well as some of their itemized deductions. Therefore, an extra \$1 of income could add more than \$1 of taxable income. While this taxpayer could face a statutory marginal tax rate of 35 percent, the effective marginal rate faced by the taxpayer would be somewhat higher.
- [17] 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)*; and Schedule F, *Profit or Loss From Farming*.

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Table 1.—Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 2004

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

Tax rate classes	Classified by the highest marginal rate at which tax was computed								
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated		Income tax after credits		
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percentage of	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	Adjusted gross income less deficit	Modified taxable income	
(8)	(9)								
All returns									
All tax rates.....	102,721,593	6,633,918,423	4,671,235,965	1,648,021,625	871,235,271	373,981,958	831,651,188	12.54	17.80
5 percent.....	1,050,924	23,461,140	7,140,697	7,139,895	357,108	356,995	312,599	1.33	4.38
8 percent.....	979	6,988	5,847	5,847	468	468	466	6.67	7.97
10 percent.....	22,551,903	415,765,037	104,892,909	104,887,271	10,490,342	10,488,727	5,164,426	1.24	4.92
10 percent (capital gains).....	2,670,249	65,057,813	22,333,898	96,515	1,819,481	9,652	1,393,653	2.14	6.24
10 percent (Form 8814) [1].....	10,298	-253,059	6,926	6,926	693	693	4,692	[4]	[4]
15 percent.....	40,584,215	1,676,097,980	1,005,860,591	578,769,078	129,525,438	86,815,362	103,669,190	6.19	10.31
15 percent (capital gains) [2].....	7,894,116	615,168,897	423,550,033	149,386,077	55,036,233	22,407,912	52,296,646	8.50	12.35
20 percent.....	23,907	3,697,630	2,889,483	1,097,082	454,485	219,416	450,627	12.19	15.60
25 percent.....	15,575,830	1,209,645,283	899,581,246	239,674,078	150,748,225	59,918,520	145,304,980	12.01	16.15
25 percent (capital gains).....	6,455,653	681,342,607	522,772,894	5,354,958	88,571,451	1,338,740	87,597,903	12.86	16.76
28 percent.....	1,682,276	240,355,615	192,600,541	35,316,078	40,999,202	9,888,502	41,322,341	17.19	21.45
28 percent (capital gains).....	1,902,565	341,028,461	277,482,362	616,277	56,884,573	172,558	58,515,667	17.16	21.09
33 percent.....	1,364,321	405,239,381	345,720,894	72,013,180	82,876,707	23,764,349	85,597,768	21.12	24.76
35 percent.....	842,741	955,745,268	864,940,431	452,330,772	253,166,479	158,315,770	249,728,932	26.13	28.87
Form 8615 [3].....	111,617	1,559,382	1,457,214	1,327,593	304,384	284,294	291,298	18.68	19.99
Joint returns and returns of surviving spouses									
All tax rates.....	44,461,823	4,454,047,702	3,206,818,540	1,084,545,532	619,823,881	261,632,669	592,944,251	13.31	18.49
5 percent.....	322,546	13,596,948	4,025,412	4,025,372	201,279	201,269	163,738	1.20	4.07
8 percent.....	8	607	194	194	16	16	13	2.14	6.70
10 percent.....	6,249,263	181,477,548	43,476,696	43,473,715	4,347,993	4,347,372	1,880,052	1.04	4.32
10 percent (capital gains).....	1,325,767	44,529,037	14,857,914	62,776	1,230,176	6,278	897,670	2.02	6.04
10 percent (Form 8814) [1].....	3,722	-281,600	2,049	2,049	206	206	4,692	[4]	[4]
15 percent.....	16,630,637	980,640,218	582,661,748	344,840,087	75,508,506	51,726,013	58,030,078	5.92	9.96
15 percent (capital gains) [2].....	5,230,050	471,504,031	322,164,121	105,461,151	41,948,422	15,819,173	39,241,089	8.32	12.18
20 percent.....	18,978	2,667,645	2,007,767	675,521	308,678	135,104	300,758	11.27	14.98
25 percent.....	6,737,416	713,716,297	519,904,037	128,458,943	86,015,020	32,114,736	81,565,004	11.43	15.69
25 percent (capital gains).....	4,089,522	512,763,418	389,835,189	3,907,504	65,622,558	976,876	64,615,596	12.60	16.58
28 percent.....	818,307	145,576,188	114,755,503	18,808,817	23,913,673	5,266,469	24,158,587	16.60	21.05
28 percent (capital gains).....	1,249,947	252,224,411	203,619,048	400,086	41,204,137	112,024	42,574,774	16.88	20.91
33 percent.....	1,061,475	326,459,308	277,475,410	56,156,417	65,845,567	18,531,618	68,138,175	20.87	24.56
35 percent.....	724,186	809,173,647	732,033,452	378,272,901	213,677,651	132,395,515	211,374,026	26.12	28.87
Form 8615 [3].....	0	0	0	0	0	0	0	[4]	[4]
Returns of married persons filing separately									
All tax rates.....	2,141,439	119,024,614	88,236,961	39,823,240	17,544,746	9,798,383	17,069,747	14.34	19.35
5 percent.....	9,510	232,601	42,721	42,721	2,136	2,136	3,843	1.65	9.00
8 percent.....	0	0	0	0	0	0	0	[4]	[4]
10 percent.....	297,644	4,325,108	1,099,848	1,099,848	109,987	109,985	86,170	1.99	7.83
10 percent (capital gains).....	11,836	277,626	75,126	17,357	7,317	1,736	5,971	2.15	7.95
10 percent (Form 8814) [1].....	8	-26,844	18	18	2	2	0	[4]	[4]
15 percent.....	1,025,710	29,661,191	17,864,086	10,530,258	2,312,948	1,579,539	2,041,627	6.88	11.43
15 percent (capital gains) [2].....	93,381	10,245,812	7,869,402	5,832,951	1,100,591	874,943	1,160,373	11.33	14.75
20 percent.....	258	293,518	263,167	93,257	43,513	18,651	46,504	15.84	17.67
25 percent.....	445,220	23,306,655	17,578,939	4,645,286	2,942,256	1,161,322	2,855,391	12.25	16.24
25 percent (capital gains).....	95,021	6,732,778	5,246,231	137,737	881,672	34,434	905,298	13.45	17.26
28 percent.....	70,541	6,169,818	4,961,712	826,236	1,035,078	231,346	1,042,762	16.90	21.02
28 percent (capital gains).....	34,444	3,575,123	2,949,136	69,173	589,204	19,368	606,088	16.95	20.55
33 percent.....	35,068	5,697,868	4,819,595	1,000,895	1,137,033	330,295	1,191,917	20.92	24.73
35 percent.....	22,797	28,533,361	25,466,980	15,527,502	7,383,008	5,434,626	7,123,804	24.97	27.97
Form 8615 [3].....	0	0	0	0	0	0	0	[4]	[4]

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

**Table 1.—Returns with Modified Taxable Income: Tax Classified by Marginal Tax Rate, Tax Year 2004
—Continued**

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

Tax rate classes	Classified by the highest marginal rate at which tax was computed								
	Number of returns	Adjusted gross income less deficit	Modified taxable income		Tax generated		Income tax after credits		
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percentage of	
								Adjusted gross income less deficit	Modified taxable income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Returns of heads of households									
All tax rates.....	13,352,406	508,103,161	276,759,483	120,763,876	42,356,910	20,765,207	32,968,963	6.49	11.91
5 percent.....	25,133	823,698	236,568	235,806	11,869	11,790	8,184	0.99	3.46
8 percent.....	0	0	0	0	0	0	0	[4]	[4]
10 percent.....	5,409,279	113,320,955	26,266,120	26,263,463	2,626,902	2,626,346	284,990	0.25	1.09
10 percent (capital gains).....	113,493	2,803,074	880,611	0	75,272	0	28,111	1.00	3.19
10 percent (Form 8814) [1].....	5,593	55,605	4,622	4,622	462	462	0	[4]	[4]
15 percent.....	5,901,891	220,698,917	121,535,948	61,335,900	15,220,525	9,200,385	9,064,195	4.11	7.46
15 percent (capital gains) [2].....	361,993	21,179,091	13,704,841	4,028,988	1,751,460	604,348	1,550,304	7.32	11.31
20 percent.....	4	25,778	24,557	7,129	4,024	1,426	4,404	17.08	17.93
25 percent.....	1,188,444	87,046,797	62,997,593	16,767,136	10,520,392	4,191,784	9,879,630	11.35	15.68
25 percent (capital gains).....	207,987	19,862,547	14,737,081	117,861	2,546,257	29,465	2,537,201	12.77	17.22
28 percent.....	45,924	6,927,748	5,456,486	841,090	1,187,289	235,505	1,215,863	17.55	22.28
28 percent (capital gains).....	36,489	6,481,103	5,120,177	21,584	1,088,736	6,044	1,175,116	18.13	22.95
33 percent.....	38,815	10,653,208	9,169,468	2,072,568	2,284,262	683,947	2,382,892	22.37	25.99
35 percent.....	17,362	18,224,640	16,625,412	9,067,728	5,039,460	3,173,705	4,838,072	26.55	29.10
Form 8615 [3].....	0	0	0	0	0	0	0	[4]	[4]
Returns of single persons									
All tax rates.....	42,765,925	1,552,742,946	1,099,420,981	402,888,976	191,509,734	81,785,700	188,668,226	12.15	17.16
5 percent.....	693,734	8,807,893	2,835,996	2,835,996	141,824	141,800	136,834	1.55	4.82
8 percent.....	971	6,381	5,652	5,652	453	452	453	7.10	8.01
10 percent.....	10,595,717	116,641,427	34,050,245	34,050,245	3,405,461	3,405,025	2,913,213	2.50	8.56
10 percent (capital gains).....	1,219,154	17,448,076	6,520,247	16,382	506,716	1,638	461,900	2.65	7.08
10 percent (Form 8814) [1].....	975	-220	236	236	24	24	0	[4]	[4]
15 percent.....	17,025,977	445,097,653	283,798,809	162,062,833	36,483,459	24,309,425	34,533,290	7.76	12.17
15 percent (capital gains) [2].....	2,208,692	112,239,963	79,811,669	34,062,987	10,235,760	5,109,448	10,344,879	9.22	12.96
20 percent.....	4,667	710,689	593,993	321,175	98,270	64,235	98,961	13.92	16.66
25 percent.....	7,204,749	385,575,534	299,100,678	89,802,712	51,270,557	22,450,678	51,004,956	13.23	17.05
25 percent (capital gains).....	2,063,123	141,983,863	112,954,393	1,191,856	19,520,963	297,964	19,539,808	13.76	17.30
28 percent.....	747,504	81,681,862	67,426,839	14,839,935	14,863,163	4,155,182	14,905,129	18.25	22.11
28 percent (capital gains).....	581,685	78,747,824	65,794,001	125,434	14,002,495	35,122	14,159,689	17.98	21.52
33 percent.....	228,963	62,428,998	54,256,421	12,783,299	13,609,846	4,218,489	13,884,784	22.24	25.59
35 percent.....	78,396	99,813,621	90,814,586	49,462,641	27,066,360	17,311,924	26,393,031	26.44	29.06
Form 8615 [3].....	111,617	1,559,382	1,457,214	1,327,593	304,384	284,294	291,298	18.68	19.99

[1] Form 8814 was filed for a dependent child under age 14 for whom the parents made the election to report the child's investment income (if it was from interest or dividends totaling between \$750 and \$7,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[2] The 15-percent capital gain rate also includes qualified dividends.

[3] Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,600. The returns in this rate classification are not distributed by tax rate.

[4] Percentage not computed.

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

Individual Income Tax Rates and Shares, 2004

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2004

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

Size of adjusted gross income	Number of returns	Taxable income	Modified taxable income	Tax generated at all rates	Tax generated at specified rate		
					5 percent		
					Number of returns	Income taxed at rate	Tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total.....	102,721,593	4,670,165,330	4,671,235,965	871,235,271	11,669,158	54,487,388	2,724,758
Under \$2,000 [1].....	300,578	123,999	125,052	9,080	178,409	70,805	3,544
\$2,000 under \$4,000.....	287,958	349,852	349,852	30,383	164,411	157,443	7,872
\$4,000 under \$6,000.....	974,788	807,681	808,159	78,535	139,263	149,793	7,494
\$6,000 under \$8,000.....	1,160,208	2,453,732	2,456,939	237,820	110,338	165,584	8,283
\$8,000 under \$10,000.....	2,609,023	5,009,507	5,009,825	495,293	174,108	213,759	10,681
\$10,000 under \$12,000.....	2,636,751	8,591,163	8,591,563	845,086	239,643	320,142	16,019
\$12,000 under \$14,000.....	2,638,601	12,253,742	12,267,261	1,225,668	229,867	369,233	18,469
\$14,000 under \$16,000.....	2,945,589	17,073,794	17,086,060	1,734,325	244,173	449,420	22,489
\$16,000 under \$18,000.....	3,405,686	22,454,271	22,469,272	2,406,610	299,958	603,413	30,184
\$18,000 under \$20,000.....	3,753,538	27,214,656	27,229,368	3,041,159	345,744	605,459	30,286
\$20,000 under \$25,000.....	8,868,444	88,185,848	88,218,442	10,242,795	806,300	1,671,210	83,592
\$25,000 under \$30,000.....	8,190,375	113,029,248	113,062,553	13,603,201	866,820	2,077,076	103,900
\$30,000 under \$40,000.....	13,665,157	269,409,154	269,501,146	33,865,146	1,662,248	4,480,012	224,048
\$40,000 under \$50,000.....	10,483,796	290,235,986	290,396,767	39,622,738	1,255,888	4,626,160	231,341
\$50,000 under \$75,000.....	17,969,102	729,503,069	729,767,801	105,987,893	2,916,611	11,931,173	596,630
\$75,000 under \$100,000.....	10,092,901	610,458,946	610,671,582	94,028,152	1,346,045	9,578,898	478,993
\$100,000 under \$200,000.....	9,722,070	962,802,162	963,012,179	178,200,665	511,321	11,017,707	550,909
\$200,000 under \$500,000.....	2,344,773	565,602,397	565,577,396	134,052,737	126,774	3,886,711	194,348
\$500,000 under \$1,000,000.....	432,469	260,116,504	260,109,074	70,921,028	28,665	1,115,294	55,767
\$1,000,000 under \$1,500,000.....	103,839	112,688,920	112,695,770	31,285,276	9,000	371,714	18,587
\$1,500,000 under \$2,000,000.....	45,055	69,942,269	69,937,281	19,605,837	3,781	163,827	8,192
\$2,000,000 under \$5,000,000.....	65,425	176,063,515	176,031,643	48,518,222	6,366	293,735	14,687
\$5,000,000 under \$10,000,000.....	15,813	97,901,784	97,945,958	26,124,134	1,982	96,156	4,808
\$10,000,000 or more.....	9,656	227,893,131	227,915,024	55,073,487	1,445	72,664	3,633

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2004—Continued

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

Size of adjusted gross income	Tax generated at specified rate—Continued								
	8 percent			10 percent			10 percent (capital gains)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Total.....	11,553	99,717	7,978	101,368,631	946,805,321	94,680,532	44,199	289,572	28,942
Under \$2,000 [1].....	0	0	0	153,496	51,695	5,170	0	0	0
\$2,000 under \$4,000.....	0	0	0	174,240	143,000	14,300	0	0	0
\$4,000 under \$6,000.....	0	0	0	918,365	601,848	60,185	0	0	0
\$6,000 under \$8,000.....	* 971	* 5,652	* 453	1,134,655	2,242,523	224,252	0	0	0
\$8,000 under \$10,000.....	0	0	0	2,527,648	4,743,997	474,400	* 973	* 1,384	* 138
\$10,000 under \$12,000.....	0	0	0	2,569,125	8,232,995	823,300	0	0	0
\$12,000 under \$14,000.....	0	0	0	2,595,136	11,561,179	1,156,118	0	0	0
\$14,000 under \$16,000.....	* 2,000	* 162	* 12	2,899,025	15,717,175	1,571,718	* 5,919	* 5,277	* 528
\$16,000 under \$18,000.....	0	0	0	3,360,804	18,070,599	1,807,060	* 952	* 617	* 62
\$18,000 under \$20,000.....	* 960	* 753	* 60	3,672,360	19,676,318	1,967,632	* 3,999	* 3,745	* 374
\$20,000 under \$25,000.....	0	0	0	8,770,396	56,612,993	5,661,299	* 971	* 12,899	* 1,290
\$25,000 under \$30,000.....	* 1,906	* 13,869	* 1,109	8,120,596	63,044,150	6,304,415	* 971	* 31	* 3
\$30,000 under \$40,000.....	* 1,356	* 5,886	* 472	13,560,647	125,114,351	12,511,435	* 6,751	* 33,194	* 3,320
\$40,000 under \$50,000.....	* 935	* 19,349	* 1,548	10,434,042	109,719,333	10,971,933	* 954	* 571	* 57
\$50,000 under \$75,000.....	* 1,902	* 26,944	* 2,156	17,883,973	213,099,670	21,309,967	8,689	72,134	7,213
\$75,000 under \$100,000.....	* 363	* 2,070	* 166	10,025,771	130,542,254	13,054,225	8,290	12,676	1,267
\$100,000 under \$200,000.....	* 999	* 18,994	* 1,520	9,632,217	128,559,743	12,855,974	4,341	110,401	11,040
\$200,000 under \$500,000.....	* 92	* 4,179	* 334	2,297,965	30,584,115	3,058,412	* 1,102	* 24,521	* 2,452
\$500,000 under \$1,000,000.....	* 46	* 1,365	* 109	415,574	5,548,979	554,898	233	9,721	972
\$1,000,000 under \$1,500,000.....	* 17	* 328	* 26	97,916	1,295,360	129,536	* 17	* 956	* 96
\$1,500,000 under \$2,000,000.....	0	0	0	42,283	559,505	55,951	* 11	* 330	* 33
\$2,000,000 under \$5,000,000.....	* 3	* 2	[4]	60,129	793,513	79,351	* 12	* 541	* 48
\$5,000,000 under \$10,000,000.....	** 4	** 163	** 13	13,999	183,015	18,302	** 13	** 575	** 48
\$10,000,000 or more.....	**	**	**	8,270	107,011	10,701	**	**	**

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2004—Continued

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

Size of adjusted gross income	Tax generated at specified rate—Continued								
	10 percent (from Form 8814) [2]			15 percent			15 percent (capital gains and qualified dividends)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Total	109,147	61,851	6,187	75,970,951	1,663,794,661	249,569,199	11,332,216	442,179,782	66,327,177
Under \$2,000 [1].....	1,441	989	99	0	0	0	0	0	0
\$2,000 under \$4,000.....	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000.....	* 973	* 510	* 52	0	0	0	0	0	0
\$6,000 under \$8,000.....	* 1,942	* 3,108	* 311	0	0	0	0	0	0
\$8,000 under \$10,000.....	* 971	* 233	* 23	* 9,864	* 8,165	* 1,225	0	0	0
\$10,000 under \$12,000.....	* 940	* 227	* 23	* 9,771	* 17,430	* 2,615	0	0	0
\$12,000 under \$14,000.....	0	0	0	267,882	285,021	42,753	0	0	0
\$14,000 under \$16,000.....	* 940	* 226	* 23	877,600	847,847	127,177	0	0	0
\$16,000 under \$18,000.....	* 3,999	* 1,200	* 120	1,925,415	3,766,809	565,021	0	0	0
\$18,000 under \$20,000.....	* 3,128	* 1,653	* 165	1,908,789	6,907,125	1,036,069	0	0	0
\$20,000 under \$25,000.....	* 7,924	* 2,078	* 208	4,764,556	29,832,054	4,474,808	0	0	0
\$25,000 under \$30,000.....	* 4,001	* 1,840	* 184	5,274,317	47,878,867	7,181,830	0	0	0
\$30,000 under \$40,000.....	* 6,938	* 2,578	* 257	11,028,553	138,324,259	20,748,639	105,752	69,284	10,388
\$40,000 under \$50,000.....	* 6,998	* 1,314	* 132	9,878,983	154,722,954	23,208,443	614,042	1,176,977	176,544
\$50,000 under \$75,000.....	16,338	8,538	854	17,583,029	415,491,155	62,323,673	1,380,016	5,310,062	796,523
\$75,000 under \$100,000.....	11,604	4,907	491	9,953,945	363,215,486	54,482,323	2,283,477	9,418,072	1,412,754
\$100,000 under \$200,000.....	24,601	19,179	1,919	9,572,173	384,891,800	57,733,770	4,609,638	45,425,760	6,813,971
\$200,000 under \$500,000.....	10,386	8,112	812	2,281,828	91,994,275	13,799,141	1,743,614	68,159,112	10,223,906
\$500,000 under \$1,000,000.....	3,193	2,670	267	413,032	16,734,838	2,510,226	374,626	49,479,031	7,421,862
\$1,000,000 under \$1,500,000.....	1,154	1,093	109	97,145	3,898,435	584,765	94,300	28,409,292	4,261,396
\$1,500,000 under \$2,000,000.....	507	381	38	42,035	1,689,431	253,415	41,353	18,840,574	2,826,087
\$2,000,000 under \$5,000,000.....	834	716	72	59,830	2,406,365	360,955	60,922	56,857,825	8,528,676
\$5,000,000 under \$10,000,000.....	194	166	17	13,952	556,212	83,432	15,095	38,368,428	5,755,265
\$10,000,000 or more.....	140	134	13	8,253	326,134	48,920	9,381	120,665,365	18,099,805

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2004—Continued

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

Size of adjusted gross income	Tax generated at specified rate—Continued								
	20 percent			25 percent			25 percent (capital gains)		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
Total.....	55,751	3,136,866	627,369	27,762,690	682,440,467	170,610,117	510,813	11,038,064	2,759,579
Under \$2,000 [1].....	0	0	0	0	0	0	0	0	0
\$2,000 under \$4,000.....	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000.....	0	0	0	0	0	0	0	0	0
\$6,000 under \$8,000.....	0	0	0	0	0	0	0	0	0
\$8,000 under \$10,000.....	0	0	0	0	0	0	0	0	0
\$10,000 under \$12,000.....	0	0	0	0	0	0	0	0	0
\$12,000 under \$14,000.....	0	0	0	0	0	0	0	0	0
\$14,000 under \$16,000.....	0	0	0	0	0	0	0	0	0
\$16,000 under \$18,000.....	0	0	0	0	0	0	0	0	0
\$18,000 under \$20,000.....	0	0	0	0	0	0	0	0	0
\$20,000 under \$25,000.....	0	0	0	0	0	0	0	0	0
\$25,000 under \$30,000.....	0	0	0	0	0	0	0	0	0
\$30,000 under \$40,000.....	* 935	* 1,029	* 206	966,196	1,410,122	352,531	0	0	0
\$40,000 under \$50,000.....	* 3,817	* 3,923	* 784	3,359,324	20,125,107	5,031,277	* 5,068	* 1,080	* 272
\$50,000 under \$75,000.....	9,805	62,752	12,550	5,354,107	83,405,285	20,851,321	39,707	81,602	20,404
\$75,000 under \$100,000.....	8,457	33,780	6,755	6,231,834	93,597,553	23,399,388	57,687	103,163	25,797
\$100,000 under \$200,000.....	19,690	318,712	63,741	9,042,283	327,583,271	81,895,818	203,900	1,603,897	401,002
\$200,000 under \$500,000.....	9,424	410,591	82,119	2,196,585	122,110,126	30,527,532	129,181	2,426,035	606,523
\$500,000 under \$1,000,000.....	2,179	293,435	58,687	398,207	22,254,323	5,563,581	41,828	2,094,936	523,739
\$1,000,000 under \$1,500,000.....	474	113,917	22,783	93,578	5,237,079	1,309,270	12,462	730,566	182,643
\$1,500,000 under \$2,000,000.....	295	110,119	22,024	40,742	2,272,429	568,107	5,930	505,113	126,279
\$2,000,000 under \$5,000,000.....	419	329,482	65,896	58,150	3,243,692	810,923	9,974	1,388,404	347,102
\$5,000,000 under \$10,000,000.....	130	204,028	40,806	13,608	755,974	188,994	2,917	699,686	174,922
\$10,000,000 or more.....	126	1,255,100	251,020	8,076	445,507	111,377	2,158	1,403,581	350,895

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2004—Continued

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

Size of adjusted gross income	Tax generated at specified rate—Continued								
	28 percent			28 percent (capital gains)			33 percent		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
Total.....	5,781,344	220,414,909	61,716,175	21,661	1,239,277	346,997	2,207,069	191,554,312	63,212,923
Under \$2,000 [1].....	0	0	0	0	0	0	0	0	0
\$2,000 under \$4,000.....	0	0	0	0	0	0	0	0	0
\$4,000 under \$6,000.....	0	0	0	0	0	0	0	0	0
\$6,000 under \$8,000.....	0	0	0	0	0	0	0	0	0
\$8,000 under \$10,000.....	0	0	0	0	0	0	0	0	0
\$10,000 under \$12,000.....	0	0	0	0	0	0	0	0	0
\$12,000 under \$14,000.....	0	0	0	0	0	0	0	0	0
\$14,000 under \$16,000.....	0	0	0	0	0	0	0	0	0
\$16,000 under \$18,000.....	0	0	0	0	0	0	0	0	0
\$18,000 under \$20,000.....	0	0	0	0	0	0	0	0	0
\$20,000 under \$25,000.....	0	0	0	0	0	0	0	0	0
\$25,000 under \$30,000.....	0	0	0	0	0	0	0	0	0
\$30,000 under \$40,000.....	0	0	0	0	0	0	0	0	0
\$40,000 under \$50,000.....	0	0	0	0	0	0	0	0	0
\$50,000 under \$75,000.....	21,942	59,834	16,754	* 2,037	* 524	* 147	0	0	0
\$75,000 under \$100,000.....	554,122	4,148,004	1,161,441	* 1,000	* 11,724	* 3,283	* 2,037	* 2,995	* 988
\$100,000 under \$200,000.....	2,536,936	61,401,057	17,192,296	9,746	62,717	17,561	100,681	1,962,717	647,697
\$200,000 under \$500,000.....	2,076,948	118,433,505	33,161,381	4,941	122,838	34,395	1,531,980	110,787,023	36,559,718
\$500,000 under \$1,000,000.....	382,758	23,507,024	6,581,967	1,789	102,850	28,798	369,296	50,570,096	16,688,132
\$1,000,000 under \$1,500,000.....	90,957	5,622,973	1,574,432	513	53,976	15,113	88,242	12,260,195	4,045,864
\$1,500,000 under \$2,000,000.....	39,508	2,433,599	681,408	396	43,341	12,136	38,393	5,342,628	1,763,067
\$2,000,000 under \$5,000,000.....	56,794	3,494,217	978,381	706	348,446	97,565	55,382	7,693,130	2,538,733
\$5,000,000 under \$10,000,000.....	13,383	824,174	230,769	271	202,840	56,795	13,149	1,833,360	605,009
\$10,000,000 or more.....	7,996	490,522	137,346	262	290,022	81,206	7,909	1,102,169	363,716

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 2004—Continued

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

Size of adjusted gross income	Tax generated at specified rate—Continued					
	35 percent			Form 8615 [3]		
	Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
	(44)	(45)	(46)	(47)	(48)	(49)
Total.....	842,749	452,366,186	158,328,165	111,617	1,327,593	284,294
Under \$2,000 [1].....	0	0	0	* 9,833	* 1,563	* 269
\$2,000 under \$4,000.....	0	0	0	40,395	49,410	8,183
\$4,000 under \$6,000.....	0	0	0	18,073	56,008	10,761
\$6,000 under \$8,000.....	0	0	0	* 7,830	* 40,071	* 4,468
\$8,000 under \$10,000.....	0	0	0	* 5,865	* 42,287	* 8,707
\$10,000 under \$12,000.....	0	0	0	* 2,177	* 20,768	* 3,067
\$12,000 under \$14,000.....	0	0	0	* 4,837	* 51,828	* 8,196
\$14,000 under \$16,000.....	0	0	0	* 4,958	* 65,954	* 12,194
\$16,000 under \$18,000.....	0	0	0	* 1,942	* 26,634	* 4,012
\$18,000 under \$20,000.....	0	0	0	* 1,923	* 34,313	* 6,384
\$20,000 under \$25,000.....	0	0	0	* 4,837	* 87,209	* 21,170
\$25,000 under \$30,000.....	0	0	0	* 1,923	* 46,720	* 11,351
\$30,000 under \$40,000.....	0	0	0	* 1,906	* 60,430	* 13,367
\$40,000 under \$50,000.....	0	0	0	0	0	0
\$50,000 under \$75,000.....	0	0	0	* 4,094	* 218,129	* 48,812
\$75,000 under \$100,000.....	0	0	0	0	0	0
\$100,000 under \$200,000.....	2,364	30,949	10,832	* 41	* 5,276	* 1,838
\$200,000 under \$500,000.....	308,211	16,384,080	5,734,428	* 862	* 242,174	* 67,066
\$500,000 under \$1,000,000.....	339,550	88,363,416	30,927,196	* 41	* 31,096	* 4,784
\$1,000,000 under \$1,500,000.....	82,728	54,676,345	19,136,721	* 17	* 23,542	* 3,923
\$1,500,000 under \$2,000,000.....	36,694	37,959,440	13,285,804	* 8	* 16,566	* 3,293
\$2,000,000 under \$5,000,000.....	52,809	99,089,255	34,681,239	* 38	* 92,320	* 14,587
\$5,000,000 under \$10,000,000.....	12,663	54,106,013	18,937,105	16	115,296	27,862
\$10,000,000 or more.....	7,730	101,756,688	35,614,841	0	0	0

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

** Data combined to prevent disclosure of specific taxpayer information.

[1] Includes returns with adjusted gross deficit.

[2] Form 8814 was filed for a dependent child under age 14 for whom the parents made the election to report the child's investment income (if it was from interest or dividends totaling between \$750 and \$7,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

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

Individual Income Tax Rates and Shares, 2004

Table 3.—Returns with Modified Taxable Income: Taxable Income and Tax, Classified by Tax Rate and by Filing Status, Tax Year 2004

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

Tax rate class	All returns			Joint returns and returns of surviving spouses			Returns of married persons filing separately		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All tax rates.....	102,721,593	4,671,235,965	871,229,750	44,461,823	3,206,818,540	619,821,457	2,141,439	88,236,961	17,544,727
5 percent.....	11,669,158	54,487,388	2,724,369	6,873,253	36,448,536	1,822,427	112,046	542,852	27,143
8 percent.....	11,553	99,717	7,977	3,449	39,627	3,170	* 43	* 1,228	* 98
10 percent.....	101,368,631	946,805,321	94,680,532	44,038,329	574,137,817	57,413,782	2,123,230	14,125,945	1,412,595
10 percent (capital gains).....	44,199	289,572	28,957	25,747	210,349	21,035	* 2,899	* 18,712	* 1,871
10 percent (Form 8814) [1].....	109,147	61,851	6,187	78,820	48,885	4,890	937	1,864	186
15 percent.....	75,970,951	1,663,794,661	249,569,199	36,398,647	1,104,833,489	165,725,023	1,813,039	26,859,821	4,028,973
15 percent (capital gains) [2].....	11,332,216	442,179,782	66,326,967	7,504,203	330,973,121	49,645,968	187,591	14,415,115	2,162,267
20 percent.....	55,751	3,136,866	627,373	36,590	2,218,584	443,717	392	170,357	34,071
25 percent.....	27,762,690	682,440,467	170,610,117	14,641,434	453,005,255	113,251,314	701,160	10,611,391	2,652,848
25 percent (capital gains).....	510,813	11,038,064	2,759,516	347,828	8,506,490	2,126,622	10,952	315,016	78,754
28 percent.....	5,781,344	220,414,909	61,716,174	3,846,799	159,337,910	44,614,615	162,838	2,968,037	831,050
28 percent (capital gains).....	21,661	1,239,277	346,998	16,598	917,249	256,830	69	77,294	21,642
33 percent.....	2,207,069	191,554,312	63,212,923	1,785,661	157,868,330	52,096,549	57,865	2,601,825	858,602
35 percent.....	842,749	452,366,186	158,328,165	724,186	378,272,901	132,395,515	22,797	15,527,502	5,434,626
Form 8615 [3].....	111,617	1,327,593	284,294	0	0	0	0	0	0

Tax rate class	Returns of heads of households			Returns of single persons		
	Number of returns	Income taxed at rate	Income tax generated at rate	Number of returns	Income taxed at rate	Income tax generated at rate
	(10)	(11)	(12)	(13)	(14)	(15)
All tax rates.....	13,352,406	276,759,483	42,356,182	42,765,925	1,099,420,981	191,507,384
5 percent.....	497,689	1,752,886	87,644	4,186,170	15,743,114	787,156
8 percent.....	* 934	* 13,831	* 1,106	* 7,125	* 45,030	* 3,602
10 percent.....	13,310,384	106,284,986	10,628,499	41,896,688	252,256,572	25,225,657
10 percent (capital gains).....	* 2,210	* 3,363	* 336	13,342	57,148	5,715
10 percent (Form 8814) [1].....	26,347	10,596	1,060	3,044	506	51
15 percent.....	7,782,512	110,247,095	16,537,064	29,976,754	421,854,257	63,278,139
15 percent (capital gains) [2].....	316,630	9,549,782	1,432,467	3,323,792	87,241,764	13,086,265
20 percent.....	433	41,578	8,316	18,335	706,348	141,270
25 percent.....	1,532,486	29,602,345	7,400,586	10,887,610	189,221,476	47,305,369
25 percent (capital gains).....	13,742	196,104	49,026	138,291	2,020,454	505,113
28 percent.....	138,577	5,174,643	1,448,900	1,633,129	52,934,319	14,821,609
28 percent (capital gains).....	* 28	* 26,562	* 7,437	4,964	218,171	61,088
33 percent.....	56,177	4,787,984	1,580,035	307,367	26,296,175	8,677,738
35 percent.....	17,362	9,067,728	3,173,705	78,404	49,498,055	17,324,319
Form 8615 [3].....	0	0	0	111,617	1,327,593	284,294

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

[1] Form 8814 was filed for a dependent child under age 14 for whom the parents made an election to report the child's investment income (if it was from interest or dividends totaling between \$750 and \$7,500) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependent's income.

[2] The 15-percent capital gain rate also includes qualified dividends.

[3] Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,500. The returns in this rate classification are not distributed by tax rate.

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

Individual Income Tax Rates and Shares, 2004

Table 4.—Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2003 and 2004

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

Type of tax computation by size of adjusted gross income	Tax Year 2003				Tax Year 2004			
	Income tax before credits (regular tax computation) [1]		Tax generated	Difference due to special tax computation [2]	Income tax before credits (regular tax computation) [1]		Tax generated	Difference due to special tax computation [2]
	Number of returns	Amount	Amount		Number of returns	Amount	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns with regular tax computation only								
Total.....	82,147,347	381,712,020	381,631,905	0	80,944,402	383,230,289	383,068,983	0
Under \$5,000 [3].....	498,096	23,906	23,963	0	354,057	17,824	17,824	0
\$5,000 under \$10,000.....	4,485,904	772,467	773,686	0	4,183,091	713,487	713,487	0
\$10,000 under \$15,000.....	6,566,178	2,924,231	2,924,231	0	6,102,723	2,642,981	2,642,981	0
\$15,000 under \$20,000.....	8,136,494	6,136,778	6,136,555	0	7,897,196	5,944,174	5,944,143	0
\$20,000 under \$25,000.....	8,249,208	9,897,516	9,897,334	0	8,058,258	9,474,192	9,473,729	0
\$25,000 under \$30,000.....	7,484,672	12,745,641	12,745,380	0	7,320,695	12,354,285	12,353,942	0
\$30,000 under \$40,000.....	12,126,516	30,991,127	30,997,763	0	11,936,618	30,101,945	30,104,975	0
\$40,000 under \$50,000.....	8,714,704	33,417,662	33,416,902	0	8,732,922	33,367,725	33,366,399	0
\$50,000 under \$75,000.....	13,668,482	81,292,197	81,284,030	0	13,825,744	81,607,794	81,599,369	0
\$75,000 under \$100,000.....	6,749,566	63,748,432	63,742,626	0	6,874,978	63,947,577	63,938,595	0
\$100,000 under \$200,000.....	4,844,605	86,684,577	86,663,837	0	4,991,827	88,038,103	88,003,336	0
\$200,000 under \$500,000.....	554,869	32,361,381	32,333,999	0	592,065	33,135,773	33,076,409	0
\$500,000 under \$1,000,000.....	51,396	9,408,199	9,401,367	0	56,095	10,099,552	10,080,698	0
\$1,000,000 under \$1,500,000.....	8,588	3,008,567	2,997,805	0	9,295	3,208,009	3,201,892	0
\$1,500,000 under \$2,000,000.....	3,209	1,656,493	1,655,714	0	3,593	1,821,791	1,815,909	0
\$2,000,000 under \$5,000,000.....	3,936	3,581,615	3,580,726	0	4,327	3,850,317	3,830,670	0
\$5,000,000 under \$10,000,000.....	681	1,442,482	1,438,779	0	663	1,394,976	1,394,841	0
\$10,000,000 or more.....	244	1,618,749	1,617,209	0	253	1,509,785	1,509,785	0
Returns with Form 8615 tax computation								
Total.....	100,337	161,140	191,617	30,477	111,617	285,867	289,640	3,773
Under \$5,000 [3].....	57,824	9,676	13,949	4,273	65,681	14,785	20,127	5,342
\$5,000 under \$10,000.....	22,370	14,429	28,950	14,521	16,315	10,950	16,670	5,721
\$10,000 under \$15,000.....	* 4,762	* 5,901	* 10,664	* 4,762	* 9,020	* 12,260	* 15,358	* 3,097
\$15,000 under \$20,000.....	* 4,762	* 9,609	* 15,110	* 5,500	* 6,817	* 13,172	* 19,001	* 5,830
\$20,000 under \$25,000.....	* 2,982	* 8,432	* 13,207	* 4,775	* 4,837	* 11,761	* 21,368	* 9,607
\$25,000 under \$30,000.....	* 983	* 3,167	* 8,051	* 4,885	* 1,923	* 6,438	* 11,427	* 4,990
\$30,000 under \$40,000.....	0	0	0	0	* 1,906	* 9,096	* 13,406	* 4,310
\$40,000 under \$50,000.....	* 927	* 5,658	* 8,316	* 2,658	0	0	0	0
\$50,000 under \$75,000.....	* 3,707	* 45,083	* 53,974	* 8,891	* 4,094	* 41,513	* 48,900	* 7,387
\$75,000 under \$100,000.....	0	0	0	0	0	0	0	0
\$100,000 under \$200,000.....	* 1,996	* 42,109	* 28,178	* -13,931	* 41	* 1,254	* 1,838	* 583
\$200,000 under \$500,000.....	* 6	* 417	* 493	* 75	* 862	* 69,347	* 67,095	* -2,252
\$500,000 under \$1,000,000.....	* 3	* 626	* 348	* -278	* 41	* 10,092	* 4,784	* -5,308
\$1,000,000 under \$1,500,000.....	0	0	0	0	* 17	* 7,924	* 3,923	* -4,001
\$1,500,000 under \$2,000,000.....	0	0	0	0	* 8	* 5,641	* 3,294	* -2,347
\$2,000,000 under \$5,000,000.....	* 11	* 9,099	* 5,267	* -3,832	* 38	* 31,588	* 14,588	* -17,001
\$5,000,000 under \$10,000,000.....	* 3	* 6,935	* 5,111	* -1,824	16	40,047	27,862	-12,185
\$10,000,000 or more.....	0	0	0	0	0	0	0	0

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 4.—Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 2003 and 2004—Continued

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

Type of tax computation by size of adjusted gross income	Tax Year 2003				Tax Year 2004			
	Income tax before credits (regular tax computation) [1]		Tax generated	Difference due to special tax computation [2]	Income tax before credits (regular tax computation) [1]		Tax generated	Difference due to special tax computation [2]
	Number of returns	Amount	Amount		Number of returns	Amount	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns with Schedule D and qualified dividends tax computation								
Total.....	18,130,947	426,097,569	387,710,790	-38,386,778	20,374,141	537,893,884	472,303,099	-65,590,785
Under \$5,000 [3].....	133,283	14,969	12,196	-2,773	93,317	11,038	8,463	-2,575
\$5,000 under \$10,000.....	211,955	58,272	50,693	-7,579	240,585	60,983	50,611	-10,372
\$10,000 under \$15,000.....	507,209	211,263	189,838	-21,426	463,203	203,863	174,835	-29,028
\$15,000 under \$20,000.....	659,170	504,952	446,728	-58,224	628,433	476,315	412,646	-63,669
\$20,000 under \$25,000.....	663,998	770,651	690,889	-79,762	709,244	807,511	719,430	-88,081
\$25,000 under \$30,000.....	709,789	1,199,604	1,111,016	-88,588	798,930	1,334,828	1,211,353	-123,475
\$30,000 under \$40,000.....	1,533,086	3,913,709	3,680,071	-233,637	1,622,307	3,980,670	3,687,066	-293,604
\$40,000 under \$50,000.....	1,600,422	6,303,544	5,948,858	-354,686	1,701,120	6,671,410	6,205,803	-465,607
\$50,000 under \$75,000.....	3,581,292	23,132,266	22,071,678	-1,060,588	4,056,360	25,616,195	24,165,388	-1,450,807
\$75,000 under \$100,000.....	2,730,047	27,241,080	26,131,200	-1,109,881	3,150,793	31,468,075	29,856,581	-1,611,494
\$100,000 under \$200,000.....	3,948,233	81,148,935	77,705,196	-3,443,739	4,640,389	94,786,835	89,389,627	-5,397,207
\$200,000 under \$500,000.....	1,405,648	90,627,525	84,270,561	-6,356,964	1,705,544	109,518,743	99,591,954	-9,926,789
\$500,000 under \$1,000,000.....	293,070	54,920,124	49,865,007	-5,055,117	359,479	67,704,672	59,591,438	-8,113,234
\$1,000,000 under \$1,500,000.....	69,171	24,869,061	22,192,520	-2,676,541	88,621	31,865,533	27,257,294	-4,608,239
\$1,500,000 under \$2,000,000.....	28,964	15,165,888	13,437,905	-1,727,983	38,681	20,328,653	17,242,660	-3,085,992
\$2,000,000 under \$5,000,000.....	41,098	37,663,505	32,624,470	-5,039,035	55,788	51,809,705	42,774,555	-9,035,151
\$5,000,000 under \$10,000,000.....	9,470	20,411,266	17,306,079	-3,105,187	13,331	28,969,078	23,182,633	-5,786,445
\$10,000,000 or more.....	5,041	37,940,955	29,975,886	-7,965,069	8,017	62,279,778	46,780,761	-15,499,016

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

** Data combined to prevent disclosure of certain taxpayer information.

[1] Includes special tax not included in tax generated.

[2] The difference between the amount of tax resulting from using provisions of one of the special tax computations and the amount of tax resulting from the regular tax computation.

[3] Includes returns with adjusted gross deficit.

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

Individual Income Tax Rates and Shares, 2004

Table 5.—Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2004

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: [1]						
1986.....	102,087,623	1,020,876	5,104,381	10,208,762	25,521,906	51,043,811
1987.....	106,154,761	1,061,548	5,307,738	10,615,476	26,538,690	53,077,380
1988.....	108,872,859	1,088,729	5,443,643	10,887,286	27,218,214	54,436,429
1989.....	111,312,721	1,113,127	5,565,636	11,131,272	27,828,181	55,656,361
1990.....	112,812,262	1,128,123	5,640,613	11,281,226	28,203,066	56,406,132
1991.....	113,804,104	1,138,041	5,690,205	11,380,410	28,451,026	56,902,052
1992.....	112,652,759	1,126,528	5,632,638	11,265,276	28,163,190	56,326,380
1993.....	113,681,387	1,136,814	5,684,069	11,368,139	28,420,347	56,840,694
1994.....	114,989,920	1,149,899	5,749,496	11,498,992	28,747,480	57,494,960
1995.....	117,274,186	1,172,742	5,863,709	11,727,419	29,318,546	58,637,093
1996.....	119,441,767	1,194,418	5,972,088	11,944,177	29,860,442	59,720,884
1997.....	121,503,284	1,215,033	6,075,164	12,150,328	30,375,821	60,751,642
1998.....	123,775,831	1,237,758	6,188,792	12,377,583	30,943,958	61,887,915
1999.....	126,008,974	1,260,090	6,300,449	12,600,897	31,502,244	63,004,487
2000.....	128,227,143	1,282,271	6,411,357	12,822,714	32,056,786	64,113,572
2001.....	128,817,051	1,288,171	6,440,853	12,881,705	32,204,263	64,408,526
2002.....	128,323,986	1,283,240	6,416,199	12,832,399	32,080,997	64,161,993
2003.....	128,609,786	1,286,098	6,430,489	12,860,979	32,152,447	64,304,893
2004.....	130,371,156	1,303,712	6,518,558	13,037,116	32,592,789	65,185,578
Adjusted gross income floor on percentiles (current dollars):						
1986.....	N/A	118,818	62,377	48,656	32,242	17,302
1987.....	N/A	139,289	68,414	52,921	33,983	17,768
1988.....	N/A	157,136	72,735	55,437	35,398	18,367
1989.....	N/A	163,869	76,933	58,263	36,839	18,993
1990.....	N/A	167,421	79,064	60,287	38,080	19,767
1991.....	N/A	170,139	81,720	61,944	38,929	20,097
1992.....	N/A	181,904	85,103	64,457	40,378	20,803
1993.....	N/A	185,715	87,386	66,077	41,210	21,179
1994.....	N/A	195,726	91,226	68,753	42,742	21,802
1995.....	N/A	209,406	96,221	72,094	44,207	22,344
1996.....	N/A	227,546	101,141	74,986	45,757	23,174
1997.....	N/A	250,736	108,048	79,212	48,173	24,393
1998.....	N/A	269,496	114,729	83,220	50,607	25,491
1999.....	N/A	293,415	120,846	87,682	52,965	26,415
2000.....	N/A	313,469	128,336	92,144	55,225	27,682
2001.....	N/A	292,913	127,904	92,754	56,085	28,528
2002.....	N/A	285,424	126,525	92,663	56,401	28,654
2003.....	N/A	295,495	130,080	94,891	57,343	29,019
2004.....	N/A	328,049	137,056	99,112	60,041	30,122
Adjusted gross income floor on percentiles (constant dollars): [2]						
1986.....	N/A	108,411	56,913	44,394	29,418	15,786
1987.....	N/A	122,614	60,224	46,585	29,915	15,641
1988.....	N/A	132,828	61,484	46,861	29,922	15,526
1989.....	N/A	132,152	62,043	46,986	29,709	15,317
1990.....	N/A	128,096	60,493	46,126	29,135	15,124
1991.....	N/A	124,919	60,000	45,480	28,582	14,756
1992.....	N/A	129,654	60,658	45,942	28,780	14,828
1993.....	N/A	128,522	60,475	45,728	28,519	14,657
1994.....	N/A	132,069	61,556	46,392	28,841	14,711
1995.....	N/A	137,406	63,137	47,306	29,007	14,661
1996.....	N/A	145,026	64,462	47,792	29,163	14,769
1997.....	N/A	156,222	67,320	49,353	30,014	15,198
1998.....	N/A	164,427	69,999	50,775	30,877	15,553
1999.....	N/A	176,119	72,537	52,630	31,792	15,855
2000.....	N/A	182,038	74,527	53,510	32,070	16,075
2001.....	N/A	165,394	72,221	52,374	31,669	16,108
2002.....	N/A	158,657	70,331	51,508	31,351	15,928
2003.....	N/A	160,595	70,696	51,571	31,165	15,771
2004.....	N/A	173,663	72,555	52,468	31,785	15,946

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 5.—Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2004—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income (millions of dollars):						
1986.....	2,524,124	285,197	608,467	886,510	1,490,173	2,103,569
1987.....	2,813,728	346,635	722,221	1,038,221	1,709,389	2,373,869
1988.....	3,124,156	473,527	890,702	1,232,536	1,950,860	2,657,865
1989.....	3,298,858	468,079	918,421	1,286,539	2,054,478	2,805,235
1990.....	3,451,237	483,252	953,337	1,338,032	2,144,177	2,932,537
1991.....	3,516,142	456,603	943,350	1,343,202	2,174,765	2,984,003
1992.....	3,680,552	523,586	1,031,093	1,443,784	2,299,401	3,131,400
1993.....	3,775,578	520,586	1,048,252	1,474,463	2,357,953	3,212,299
1994.....	3,961,146	546,700	1,103,084	1,552,205	2,481,074	3,371,352
1995.....	4,244,607	619,610	1,222,723	1,704,513	2,689,820	3,627,542
1996.....	4,590,527	736,545	1,393,805	1,909,149	2,952,637	3,944,383
1997.....	5,023,457	872,826	1,597,107	2,151,401	3,267,600	4,327,992
1998.....	5,469,211	1,010,245	1,796,647	2,393,716	3,589,600	4,721,430
1999.....	5,909,329	1,152,820	2,011,763	2,652,835	3,927,308	5,126,164
2000.....	6,423,977	1,336,773	2,267,403	2,955,386	4,313,786	5,589,755
2001.....	6,241,036	1,094,296	1,996,492	2,690,589	4,071,034	5,379,286
2002.....	6,113,778	985,781	1,867,787	2,553,475	3,935,504	5,244,029
2003.....	6,287,586	1,054,567	1,960,676	2,663,470	4,078,227	5,407,851
2004.....	6,875,123	1,306,417	2,299,595	3,049,275	4,546,401	5,952,781
Total income tax (millions of dollars): [3]						
1986.....	366,979	94,491	156,240	200,703	278,976	343,289
1987.....	369,046	91,559	159,642	205,230	283,857	346,655
1988.....	412,761	113,841	188,303	236,411	321,297	389,145
1989.....	432,838	109,259	190,188	241,458	334,258	407,599
1990.....	447,061	112,338	195,088	247,514	344,340	421,075
1991.....	448,349	111,267	194,480	250,282	346,511	423,759
1992.....	476,163	131,156	218,479	276,213	373,700	452,070
1993.....	502,720	145,836	238,083	297,808	398,516	478,563
1994.....	534,754	154,337	254,106	317,902	425,402	509,256
1995.....	588,331	178,035	287,741	357,402	472,808	561,225
1996.....	658,124	212,626	335,433	411,404	535,164	629,684
1997.....	727,303	241,239	377,241	459,639	594,007	696,161
1998.....	788,452	274,009	424,506	512,836	651,964	755,240
1999.....	877,292	317,419	486,464	583,002	732,890	842,168
2000.....	980,521	366,929	553,670	660,150	823,706	942,179
2001.....	887,882	300,898	472,823	576,163	736,053	852,642
2002.....	796,862	268,608	428,680	523,812	668,558	768,963
2003.....	747,939	256,340	406,597	492,452	627,380	722,027
2004.....	831,890	306,902	475,224	567,273	705,915	804,471
Average tax rate (percentage): [4]						
1986.....	14.54	33.13	25.68	22.64	18.72	16.32
1987.....	13.12	26.41	22.10	19.77	16.61	14.60
1988.....	13.21	24.04	21.14	19.18	16.47	14.64
1989.....	13.12	23.34	20.71	18.77	16.27	14.53
1990.....	12.95	23.25	20.46	18.50	16.06	14.36
1991.....	12.75	24.37	20.62	18.63	15.93	14.20
1992.....	12.94	25.05	21.19	19.13	16.25	14.44
1993.....	13.32	28.01	22.71	20.20	16.90	14.90
1994.....	13.50	28.23	23.04	20.48	17.15	15.11
1995.....	13.86	28.73	23.53	20.97	17.58	15.47
1996.....	14.34	28.87	24.07	21.55	18.12	15.96
1997.....	14.48	27.64	23.62	21.36	18.18	16.09
1998.....	14.42	27.12	23.63	21.42	18.16	16.00
1999.....	14.85	27.53	24.18	21.98	18.66	16.43
2000.....	15.26	27.45	24.42	22.34	19.09	16.86
2001.....	14.23	27.50	23.68	21.41	18.08	15.85
2002.....	13.03	27.25	22.95	20.51	16.99	14.66
2003.....	11.90	24.31	20.74	18.49	15.38	13.35
2004.....	12.10	23.49	20.67	18.60	15.53	13.51

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 5.—Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2004—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income share (percentage):						
1986.....	100.00	11.30	24.11	35.12	59.04	83.34
1987.....	100.00	12.32	25.67	36.90	60.75	84.37
1988.....	100.00	15.16	28.51	39.45	62.44	85.07
1989.....	100.00	14.19	27.84	39.00	62.28	85.04
1990.....	100.00	14.00	27.62	38.77	62.13	84.97
1991.....	100.00	12.99	26.83	38.20	61.85	84.87
1992.....	100.00	14.23	28.01	39.23	62.47	85.08
1993.....	100.00	13.79	27.76	39.05	62.45	85.08
1994.....	100.00	13.80	27.85	39.19	62.64	85.11
1995.....	100.00	14.60	28.81	40.16	63.37	85.46
1996.....	100.00	16.04	30.36	41.59	64.32	85.92
1997.....	100.00	17.38	31.79	42.83	65.05	86.16
1998.....	100.00	18.47	32.85	43.77	65.63	86.33
1999.....	100.00	19.51	34.04	44.89	66.46	86.75
2000.....	100.00	20.81	35.30	46.01	67.15	87.01
2001.....	100.00	17.53	31.99	43.11	65.23	86.19
2002.....	100.00	16.12	30.55	41.77	64.37	85.77
2003.....	100.00	16.77	31.18	42.36	64.86	86.01
2004.....	100.00	19.00	33.45	44.35	66.13	86.58
Total income tax share (percentage):						
1986.....	100.00	25.75	42.57	54.69	76.02	93.54
1987.....	100.00	24.81	43.26	55.61	76.92	93.93
1988.....	100.00	27.58	45.62	57.28	77.84	94.28
1989.....	100.00	25.24	43.94	55.78	77.22	94.17
1990.....	100.00	25.13	43.64	55.36	77.02	94.19
1991.....	100.00	24.82	43.38	55.82	77.29	94.52
1992.....	100.00	27.54	45.88	58.01	78.48	94.94
1993.....	100.00	29.01	47.36	59.24	79.27	95.19
1994.....	100.00	28.86	47.52	59.45	79.55	95.23
1995.....	100.00	30.26	48.91	60.75	80.36	95.39
1996.....	100.00	32.31	50.97	62.51	81.32	95.68
1997.....	100.00	33.17	51.87	63.20	81.67	95.72
1998.....	100.00	34.75	53.84	65.04	82.69	95.79
1999.....	100.00	36.18	55.45	66.45	83.54	96.00
2000.....	100.00	37.42	56.47	67.33	84.01	96.09
2001.....	100.00	33.89	53.25	64.89	82.90	96.03
2002.....	100.00	33.71	53.80	65.73	83.90	96.50
2003.....	100.00	34.27	54.36	65.84	83.88	96.54
2004.....	100.00	36.89	57.13	68.19	84.86	96.70

N/A—Not applicable.

[1] The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, was excluded from Table 5. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2004, there were 4,556 returns with no adjusted gross income that reported income tax, mostly alternative minimum tax, totaling \$86.1 million.

[2] For Table 1, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). For 2004, the CPI-U=188.9.

[3] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income.

Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

[4] The average tax rate was computed by dividing total income tax (see footnote 3) by (positive) adjusted gross income.

Individual Income Tax Rates and Shares, 2004

Table 6.—Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2004

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: [1]						
1986.....	102,087,623	51,043,811	76,565,717	91,878,861	96,983,242	101,066,747
1987.....	106,154,761	53,077,380	79,616,071	95,539,285	100,847,023	105,093,213
1988.....	108,872,858	54,436,429	81,654,643	97,985,572	103,429,215	107,784,129
1989.....	111,312,721	55,656,361	83,484,542	100,181,451	105,747,087	110,199,596
1990.....	112,812,262	56,406,132	84,609,198	101,531,038	107,171,651	111,684,141
1991.....	113,804,104	56,902,052	85,353,078	102,423,694	108,113,899	112,666,063
1992.....	112,652,759	56,326,380	84,489,560	101,387,483	107,020,121	111,526,231
1993.....	113,681,387	56,840,693	85,261,040	102,313,248	107,997,318	112,544,573
1994.....	114,989,920	57,494,960	86,242,440	103,490,928	109,240,424	113,840,021
1995.....	117,274,186	58,637,093	87,955,640	105,546,767	111,410,477	116,101,444
1996.....	119,441,767	59,720,883	89,581,325	107,497,590	113,469,679	118,247,349
1997.....	121,503,284	60,751,642	91,127,463	109,352,956	115,428,120	120,288,251
1998.....	123,775,831	61,887,916	92,831,873	111,398,248	117,587,039	122,538,073
1999.....	126,008,974	63,004,487	94,506,731	113,408,077	119,708,525	124,748,884
2000.....	128,227,143	64,113,572	96,170,357	115,404,429	121,815,786	126,944,872
2001.....	128,817,051	64,408,526	96,612,788	115,935,346	122,376,198	127,528,880
2002.....	128,323,986	64,161,993	96,242,990	115,491,587	121,907,787	127,040,746
2003.....	128,609,786	64,304,893	96,457,340	115,748,807	122,179,297	127,323,688
2004.....	130,371,156	65,185,578	97,778,367	117,334,040	123,852,598	129,067,444
Adjusted gross income (millions of dollars):						
1986.....	2,524,124	420,555	1,033,951	1,637,614	1,915,657	2,238,927
1987.....	2,813,728	439,859	1,104,338	1,775,506	2,091,507	2,467,093
1988.....	3,124,156	466,291	1,173,296	1,891,620	2,233,454	2,650,629
1989.....	3,298,858	493,623	1,244,380	2,012,319	2,380,437	2,830,779
1990.....	3,451,237	518,700	1,307,060	2,113,205	2,497,900	2,967,985
1991.....	3,516,142	532,138	1,341,377	2,172,939	2,572,792	3,059,539
1992.....	3,680,552	549,152	1,381,151	2,236,768	2,649,459	3,156,966
1993.....	3,775,578	563,279	1,417,625	2,301,115	2,727,326	3,254,992
1994.....	3,961,146	589,795	1,480,073	2,408,941	2,858,063	3,414,447
1995.....	4,244,607	617,065	1,554,788	2,540,094	3,021,884	3,624,997
1996.....	4,590,527	646,144	1,637,891	2,681,378	3,196,723	3,853,983
1997.....	5,023,457	695,465	1,755,857	2,872,056	3,426,350	4,150,631
1998.....	5,469,211	747,781	1,879,611	3,075,495	3,672,564	4,458,967
1999.....	5,909,329	783,164	1,982,021	3,256,494	3,897,565	4,756,509
2000.....	6,423,977	834,222	2,110,190	3,468,590	4,156,573	5,087,204
2001.....	6,241,036	861,750	2,170,001	3,550,447	4,244,543	5,146,740
2002.....	6,113,778	869,750	2,178,274	3,560,303	4,245,991	5,127,997
2003.....	6,287,586	879,735	2,209,359	3,624,117	4,326,911	5,233,019
2004.....	6,875,123	922,342	2,328,722	3,825,848	4,575,529	5,568,706
Total income tax (millions of dollars): [2]						
1986.....	366,979	23,690	88,002	166,276	210,739	272,488
1987.....	369,046	22,391	85,189	163,816	209,404	277,488
1988.....	412,761	23,616	91,464	176,350	224,459	298,920
1989.....	432,838	25,239	98,580	191,380	242,650	323,579
1990.....	447,061	25,986	102,721	199,547	251,973	334,723
1991.....	448,349	24,554	101,837	198,067	253,869	337,081
1992.....	476,163	24,093	102,463	199,950	257,683	345,007
1993.....	502,720	24,157	104,203	204,912	264,637	356,884
1994.....	534,754	25,499	109,353	216,852	280,648	380,418
1995.....	588,331	27,106	115,523	230,929	300,590	410,296
1996.....	658,124	28,440	122,960	246,720	322,691	445,498
1997.....	727,303	31,134	133,296	267,664	350,062	486,064
1998.....	788,452	33,212	136,488	275,615	363,946	514,442
1999.....	877,292	35,126	144,402	294,290	390,828	559,874
2000.....	980,521	38,343	156,816	320,371	426,851	613,592
2001.....	887,882	35,239	151,826	311,719	415,059	586,984
2002.....	796,862	27,899	128,304	273,050	368,182	528,254
2003.....	747,932	25,912	120,564	255,486	341,341	491,597
2004.....	831,890	27,418	125,973	264,617	356,666	524,988

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 6.—Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986–2004—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Average tax rate (percentage): [3]						
1986.....	14.54	5.63	8.51	10.15	11.00	12.17
1987.....	13.12	5.09	7.71	9.23	10.01	11.25
1988.....	13.21	5.06	7.80	9.32	10.05	11.28
1989.....	13.12	5.11	7.92	9.51	10.19	11.43
1990.....	12.95	5.01	7.86	9.44	10.09	11.28
1991.....	12.75	4.61	7.59	9.12	9.87	11.04
1992.....	12.94	4.39	7.42	8.94	9.73	10.93
1993.....	13.32	4.29	7.35	8.90	9.70	10.96
1994.....	13.50	4.32	7.39	9.00	9.82	11.14
1995.....	13.86	4.39	7.43	9.09	9.95	11.32
1996.....	14.34	4.40	7.51	9.20	10.09	11.56
1997.....	14.48	4.48	7.59	9.32	10.22	11.71
1998.....	14.42	4.44	7.26	8.96	9.91	11.54
1999.....	14.85	4.49	7.29	9.04	10.03	11.77
2000.....	15.26	4.60	7.43	9.24	10.27	12.06
2001.....	14.23	4.09	7.00	8.78	9.78	11.41
2002.....	13.03	3.21	5.89	7.67	8.67	10.30
2003.....	11.90	2.95	5.46	7.05	7.89	9.39
2004.....	12.10	2.97	5.41	6.92	7.80	9.43
Adjusted gross income share (percentage):						
1986.....	100.00	16.66	40.96	64.88	75.89	88.70
1987.....	100.00	15.63	39.25	63.10	74.33	87.68
1988.....	100.00	14.93	37.56	60.55	71.49	84.84
1989.....	100.00	14.96	37.72	61.00	72.16	85.81
1990.....	100.00	15.03	37.87	61.23	72.38	86.00
1991.....	100.00	15.13	38.15	61.80	73.17	87.01
1992.....	100.00	14.92	37.53	60.77	71.99	85.77
1993.....	100.00	14.92	37.55	60.95	72.24	86.21
1994.....	100.00	14.89	37.36	60.81	72.15	86.20
1995.....	100.00	14.54	36.63	59.84	71.19	85.40
1996.....	100.00	14.08	35.68	58.41	69.64	83.96
1997.....	100.00	13.84	34.95	57.17	68.21	82.63
1998.....	100.00	13.67	34.37	56.23	67.15	81.53
1999.....	100.00	13.25	33.54	55.11	65.96	80.49
2000.....	100.00	12.99	32.85	53.99	64.70	79.19
2001.....	100.00	13.81	34.77	56.89	68.01	82.47
2002.....	100.00	14.23	35.63	58.23	69.45	83.88
2003.....	100.00	13.99	35.14	57.64	68.82	83.23
2004.....	100.00	13.42	33.87	55.65	66.55	81.00
Total income tax share (percentage):						
1986.....	100.00	6.46	23.98	45.31	57.43	74.25
1987.....	100.00	6.07	23.08	44.39	56.74	75.19
1988.....	100.00	5.72	22.16	42.72	54.38	72.42
1989.....	100.00	5.83	22.78	44.22	56.06	74.76
1990.....	100.00	5.81	22.98	44.64	56.36	74.87
1991.....	100.00	5.48	22.71	44.18	56.62	75.18
1992.....	100.00	5.06	21.52	41.99	54.12	72.46
1993.....	100.00	4.81	20.73	40.76	52.64	70.99
1994.....	100.00	4.77	20.45	40.55	52.48	71.14
1995.....	100.00	4.61	19.64	39.25	51.09	69.74
1996.....	100.00	4.32	18.68	37.49	49.03	67.69
1997.....	100.00	4.28	18.33	36.80	48.13	66.83
1998.....	100.00	4.21	17.31	34.96	46.16	65.25
1999.....	100.00	4.00	16.46	33.55	44.55	63.82
2000.....	100.00	3.91	15.99	32.67	43.53	62.58
2001.....	100.00	3.97	17.10	35.11	46.75	66.11
2002.....	100.00	3.50	16.10	34.27	46.20	66.29
2003.....	100.00	3.46	16.12	34.16	45.64	65.73
2004.....	100.00	3.30	15.14	31.81	42.87	63.11

N/A—Not applicable.

[1] The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Table 6. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2004, there were 4,556 returns with no adjusted gross income that reported income tax, mostly alternative minimum tax, totaling \$86.1 million.

[2] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

[3] The average tax rate was computed by dividing total income tax (see footnote 2) by (positive) adjusted gross income.

Individual Income Tax Rates and Shares, 2004

Table 7.—Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2004

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: [1]						
1986.....	101,988,805	1,019,888	5,099,440	10,198,881	25,497,201	50,994,402
1987.....	106,191,624	1,061,916	5,309,581	10,619,162	26,547,906	53,095,812
1988.....	108,879,154	1,088,792	5,443,958	10,887,915	27,219,788	54,439,577
1989.....	111,328,835	1,113,288	5,566,442	11,132,884	27,832,209	55,664,418
1990.....	112,717,959	1,127,180	5,635,898	11,271,796	28,179,490	56,358,980
1991.....	113,823,123	1,138,231	5,691,156	11,382,312	28,455,781	56,911,562
1992.....	112,687,747	1,126,877	5,634,387	11,268,775	28,171,937	56,343,874
1993.....	113,721,706	1,137,217	5,686,085	11,372,171	28,430,426	56,860,853
1994.....	115,061,112	1,150,611	5,753,056	11,506,111	28,765,278	57,530,556
1995.....	117,333,779	1,173,338	5,866,689	11,733,378	29,333,445	58,666,889
1996.....	119,487,813	1,194,878	5,974,391	11,948,781	29,871,953	59,743,906
1997.....	121,555,156	1,215,552	6,077,758	12,155,516	30,388,789	60,777,578
1998.....	123,852,016	1,238,520	6,192,601	12,385,202	30,963,004	61,926,008
1999.....	126,107,596	1,261,076	6,305,380	12,610,760	31,526,899	63,053,798
2000.....	128,340,271	1,283,403	6,417,014	12,834,027	32,085,068	64,170,135
2001.....	128,863,007	1,288,630	6,443,150	12,886,301	32,215,752	64,431,504
2002.....	128,415,184	1,284,152	6,420,759	12,841,518	32,103,796	64,207,592
2003.....	128,757,145	1,287,571	6,437,857	12,875,715	32,189,286	64,378,573
2004.....	130,508,966	1,305,090	6,525,448	13,050,897	32,627,242	65,254,483
Income floor on percentiles (current dollars):						
1986.....	N/A	147,863	68,362	52,035	33,623	17,909
1987.....	N/A	145,624	69,222	53,094	34,165	17,959
1988.....	N/A	161,774	73,451	55,532	35,432	18,534
1989.....	N/A	169,603	77,542	58,429	36,783	19,152
1990.....	N/A	174,813	80,400	60,623	38,026	19,947
1991.....	N/A	180,268	83,300	62,413	38,913	20,302
1992.....	N/A	197,031	87,370	65,283	40,423	21,041
1993.....	N/A	199,698	88,992	66,685	41,013	21,390
1994.....	N/A	210,742	93,186	69,118	42,480	22,000
1995.....	N/A	224,523	98,420	72,210	43,860	22,575
1996.....	N/A	246,268	103,489	75,574	45,508	23,378
1997.....	N/A	268,889	110,949	79,598	47,738	24,551
1998.....	N/A	301,513	120,262	84,904	50,232	25,612
1999.....	N/A	332,253	126,643	89,172	52,399	26,487
2000.....	N/A	353,945	134,128	93,715	54,592	27,647
2001.....	N/A	323,861	131,728	93,633	55,203	28,404
2002.....	N/A	315,937	132,253	93,833	55,695	28,541
2003.....	N/A	327,160	134,818	96,021	56,573	28,896
2004.....	N/A	363,905	142,975	100,957	59,112	29,899
Income floor on percentiles (constant dollars): [2]						
1986.....	N/A	134,912	62,374	47,477	30,678	16,340
1987.....	N/A	128,190	60,935	46,738	30,075	15,809
1988.....	N/A	136,749	62,089	46,942	29,951	15,667
1989.....	N/A	136,777	62,534	47,120	29,664	15,445
1990.....	N/A	133,751	61,515	46,383	29,094	15,262
1991.....	N/A	132,355	61,160	45,825	28,571	14,906
1992.....	N/A	140,436	62,274	46,531	28,812	14,997
1993.....	N/A	138,199	61,586	46,149	28,383	14,803
1994.....	N/A	142,201	62,879	46,638	28,664	14,845
1995.....	N/A	147,325	64,580	47,382	28,780	14,813
1996.....	N/A	156,959	65,959	48,167	29,004	14,900
1997.....	N/A	167,532	69,127	49,594	29,743	15,297
1998.....	N/A	183,962	73,375	51,802	30,648	15,627
1999.....	N/A	199,432	76,016	53,525	31,452	15,899
2000.....	N/A	205,543	77,891	54,422	31,703	16,055
2001.....	N/A	182,869	74,381	52,870	31,171	16,038
2002.....	N/A	175,618	73,515	52,158	30,959	15,865
2003.....	N/A	177,804	73,271	52,185	30,746	15,704
2004.....	N/A	192,644	75,688	53,445	31,293	15,828

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 7.—Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2004—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Income (millions of dollars):						
1986.....	2,804,691	427,513	796,935	1,097,550	1,732,231	2,368,620
1987.....	2,856,118	363,880	749,240	1,067,438	1,741,747	2,411,715
1988.....	3,153,639	484,675	911,170	1,255,108	1,973,061	2,683,524
1989.....	3,336,571	486,976	947,363	1,317,619	2,085,003	2,838,481
1990.....	3,497,118	504,687	987,582	1,376,162	2,182,091	2,973,847
1991.....	3,577,337	478,756	985,590	1,390,924	2,224,979	3,038,428
1992.....	3,763,002	556,421	1,090,019	1,509,728	2,369,701	3,206,490
1993.....	3,849,532	554,075	1,105,014	1,537,285	2,422,475	3,278,866
1994.....	4,033,642	579,564	1,161,972	1,617,250	2,544,400	3,436,167
1995.....	4,317,506	653,717	1,284,726	1,772,890	2,754,988	3,692,267
1996.....	4,670,644	772,868	1,462,979	1,984,931	3,025,107	4,015,461
1997.....	5,112,706	918,007	1,679,877	2,242,353	3,353,245	4,409,075
1998.....	5,626,390	1,072,779	1,925,214	2,542,399	3,742,006	4,869,467
1999.....	6,082,931	1,236,081	2,166,370	2,825,789	4,099,929	5,290,805
2000.....	6,601,494	1,424,436	2,430,957	3,138,299	4,495,910	5,758,808
2001.....	6,361,523	1,159,037	2,121,055	2,828,677	4,202,776	5,491,703
2002.....	6,262,714	1,057,775	2,005,658	2,712,226	4,092,069	5,383,263
2003.....	6,429,711	1,122,582	2,091,401	2,813,645	4,226,517	5,539,087
2004.....	7,044,141	1,383,978	2,453,830	3,228,229	4,726,625	6,111,786
Total income tax (millions of dollars): [3]						
1986.....	366,763	93,128	155,553	198,862	277,578	342,296
1987.....	368,924	89,908	158,485	204,050	282,970	346,228
1988.....	412,549	112,208	186,793	235,121	320,152	388,631
1989.....	432,643	107,508	188,588	240,229	333,285	407,106
1990.....	446,906	110,530	192,991	245,856	342,926	420,345
1991.....	448,177	107,926	192,548	246,745	345,168	423,180
1992.....	476,067	127,361	216,303	272,361	372,352	451,494
1993.....	502,638	142,329	235,908	294,238	397,261	477,997
1994.....	534,693	150,133	250,770	314,909	423,743	508,540
1995.....	588,292	173,877	284,036	354,427	471,035	560,748
1996.....	658,059	208,071	331,404	407,726	532,750	628,918
1997.....	731,123	238,978	376,046	459,674	595,060	699,131
1998.....	783,437	262,464	413,303	503,577	644,182	749,547
1999.....	877,199	307,382	479,531	577,903	729,679	841,172
2000.....	980,459	355,911	546,102	654,155	819,937	941,304
2001.....	887,770	291,907	466,057	570,430	732,094	851,539
2002.....	796,763	259,192	420,834	517,937	664,670	767,890
2003.....	747,800	248,107	400,202	487,657	624,070	720,861
2004.....	831,815	297,199	467,728	562,092	702,203	803,521
Average tax rate (percentage): [4]						
1986.....	13.08	21.78	19.52	18.12	16.02	14.45
1987.....	12.92	24.71	21.15	19.12	16.25	14.36
1988.....	13.08	23.15	20.50	18.73	16.23	14.48
1989.....	12.97	22.08	19.91	18.23	15.98	14.34
1990.....	12.78	21.90	19.54	17.87	15.72	14.13
1991.....	12.53	22.54	19.54	17.74	15.51	13.93
1992.....	12.65	22.89	19.84	18.04	15.71	14.08
1993.....	13.06	25.69	21.35	19.14	16.40	14.58
1994.....	13.26	25.90	21.58	19.47	16.65	14.80
1995.....	13.63	26.60	22.11	19.99	17.10	15.19
1996.....	14.09	26.92	22.65	20.54	17.61	15.66
1997.....	14.30	26.03	22.39	20.50	17.75	15.86
1998.....	13.92	24.47	21.47	19.81	17.21	15.39
1999.....	14.42	24.87	22.14	20.45	17.80	15.90
2000.....	14.85	24.99	22.46	20.84	18.24	16.35
2001.....	13.96	25.19	21.97	20.17	17.42	15.51
2002.....	12.72	24.50	20.98	19.10	16.24	14.26
2003.....	11.63	22.10	19.14	17.33	14.77	13.01
2004.....	11.81	21.47	19.06	17.41	14.86	13.15

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 7.—Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, Income Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Descending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2004—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Descending cumulative percentiles				
		Top 1 percent	Top 5 percent	Top 10 percent	Top 25 percent	Top 50 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Income share (percentage):						
1986.....	100.00	15.24	28.41	39.13	61.76	84.45
1987.....	100.00	12.74	26.23	37.37	60.98	84.44
1988.....	100.00	15.37	28.89	39.80	62.56	85.09
1989.....	100.00	14.60	28.39	39.49	62.49	85.07
1990.....	100.00	14.43	28.24	39.35	62.40	85.04
1991.....	100.00	13.38	27.55	38.88	62.20	84.94
1992.....	100.00	14.79	28.97	40.12	62.97	85.21
1993.....	100.00	14.39	28.71	39.93	62.93	85.18
1994.....	100.00	14.37	28.81	40.09	63.08	85.19
1995.....	100.00	15.14	29.76	41.06	63.81	85.52
1996.....	100.00	16.55	31.32	42.50	64.77	85.97
1997.....	100.00	17.96	32.86	43.86	65.59	86.24
1998.....	100.00	19.07	34.22	45.19	66.51	86.55
1999.....	100.00	20.32	35.61	46.45	67.40	86.98
2000.....	100.00	21.58	36.82	47.54	68.10	87.23
2001.....	100.00	18.22	33.34	44.47	66.07	86.33
2002.....	100.00	16.89	32.03	43.31	65.34	85.96
2003.....	100.00	17.46	32.53	43.76	65.73	86.15
2004.....	100.00	19.65	34.84	45.83	67.10	86.76
Total income tax share (percentage):						
1986.....	100.00	25.39	42.41	54.22	75.68	93.33
1987.....	100.00	24.37	42.96	55.31	76.70	93.85
1988.....	100.00	27.20	45.28	56.99	77.60	94.20
1989.....	100.00	24.85	43.59	55.53	77.03	94.10
1990.....	100.00	24.73	43.18	55.01	76.73	94.06
1991.....	100.00	24.08	42.96	55.06	77.02	94.42
1992.....	100.00	26.75	45.44	57.21	78.21	94.84
1993.....	100.00	28.32	46.93	58.54	79.04	95.10
1994.....	100.00	28.08	46.90	58.90	79.25	95.11
1995.....	100.00	29.56	48.28	60.25	80.07	95.32
1996.....	100.00	31.62	50.36	61.96	80.96	95.57
1997.....	100.00	32.69	51.43	62.87	81.39	95.62
1998.....	100.00	33.50	52.76	64.28	82.23	95.67
1999.....	100.00	35.04	54.67	65.88	83.18	95.89
2000.....	100.00	36.30	55.70	66.72	83.63	96.01
2001.....	100.00	32.88	52.50	64.25	82.46	95.92
2002.....	100.00	32.53	52.82	65.01	83.42	96.38
2003.....	100.00	33.18	53.52	65.21	83.45	96.40
2004.....	100.00	35.73	56.23	67.57	84.42	96.60

N/A—Not applicable.

[1] The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Table 7. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2004, there were 4,556 returns with no adjusted gross income that reported income tax, mostly alternative minimum tax, totaling \$86.1 million.

[2] For Table 1, constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100). For 2004, the CPI-U = 188.9.

[3] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

[4] The average tax rate was computed by dividing total income tax (see footnote 3) by (positive) adjusted gross income.

Individual Income Tax Rates and Shares, 2004

Table 8.—Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2004

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns: [1]						
1986.....	101,988,805	50,994,402	76,491,604	91,789,924	96,889,365	100,968,917
1987.....	106,191,624	53,095,812	79,643,718	95,572,462	100,882,043	105,129,708
1988.....	108,879,154	54,439,577	81,659,366	97,991,239	103,435,196	107,790,362
1989.....	111,328,835	55,664,417	83,496,626	100,195,951	105,762,393	110,215,547
1990.....	112,717,959	56,358,980	84,538,469	101,446,163	107,082,061	111,590,779
1991.....	113,823,123	56,911,562	85,367,342	102,440,811	108,131,967	112,684,892
1992.....	112,687,747	56,343,874	84,515,810	101,418,972	107,053,360	111,560,870
1993.....	113,721,706	56,860,853	85,291,280	102,349,535	108,035,621	112,584,489
1994.....	115,061,112	57,530,556	86,295,834	103,555,001	109,308,056	113,910,501
1995.....	117,333,779	58,666,890	88,000,334	105,600,401	111,467,090	116,160,441
1996.....	119,487,813	59,743,907	89,615,860	107,539,032	113,513,422	118,292,935
1997.....	121,555,156	60,777,578	91,166,367	109,399,640	115,477,398	120,339,604
1998.....	123,852,016	61,926,008	92,889,012	111,466,814	117,659,415	122,613,496
1999.....	126,107,596	63,053,798	94,580,697	113,496,836	119,802,216	124,846,520
2000.....	128,340,271	64,170,135	96,255,203	115,506,243	121,923,257	127,056,868
2001.....	128,863,007	64,431,504	96,647,255	115,976,706	122,419,857	127,574,377
2002.....	128,415,184	64,207,592	96,311,388	115,573,666	121,994,425	127,131,032
2003.....	128,757,145	64,378,573	96,567,859	115,881,431	122,319,288	127,469,574
2004.....	130,508,966	65,254,483	97,881,725	117,458,069	123,983,518	129,203,876
Income (millions of dollars):						
1986.....	2,804,691	436,071	1,072,460	1,707,142	2,007,756	2,377,178
1987.....	2,856,118	444,403	1,114,372	1,788,680	2,106,878	2,492,238
1988.....	3,153,639	470,115	1,180,578	1,898,531	2,242,469	2,668,964
1989.....	3,336,571	498,089	1,251,567	2,018,952	2,389,207	2,849,595
1990.....	3,497,118	523,271	1,315,027	2,120,956	2,509,535	2,992,431
1991.....	3,577,337	538,910	1,352,358	2,186,413	2,591,748	3,098,582
1992.....	3,763,002	556,512	1,393,300	2,253,273	2,672,983	3,206,581
1993.....	3,849,532	570,666	1,427,057	2,312,247	2,744,518	3,295,456
1994.....	4,033,642	597,475	1,489,242	2,416,392	2,871,670	3,454,078
1995.....	4,317,506	625,239	1,562,518	2,544,615	3,032,780	3,663,789
1996.....	4,670,644	655,183	1,645,537	2,685,713	3,207,665	3,897,777
1997.....	5,112,706	703,631	1,759,461	2,870,353	3,432,828	4,194,699
1998.....	5,626,390	756,923	1,884,384	3,083,991	3,701,176	4,553,611
1999.....	6,082,931	792,125	1,983,002	3,257,142	3,916,561	4,846,850
2000.....	6,601,494	842,686	2,105,584	3,463,195	4,170,537	5,177,058
2001.....	6,361,523	869,820	2,158,748	3,532,846	4,240,468	5,202,486
2002.....	6,262,714	879,451	2,170,646	3,550,488	4,257,056	5,204,939
2003.....	6,429,711	890,624	2,203,193	3,616,066	4,338,310	5,307,129
2004.....	7,044,141	932,354	2,317,516	3,815,911	4,590,311	5,660,163
Total income tax (millions of dollars): [2]						
1986.....	366,763	24,467	89,186	167,901	211,210	273,635
1987.....	368,924	22,696	85,954	164,874	210,439	279,016
1988.....	412,549	23,918	92,397	177,429	225,756	300,341
1989.....	432,643	25,537	99,358	192,414	244,055	325,135
1990.....	446,906	26,562	103,980	201,050	253,915	336,376
1991.....	448,177	24,997	103,009	201,432	255,629	340,251
1992.....	476,067	24,573	103,715	203,706	259,764	348,706
1993.....	502,638	24,641	105,377	208,400	266,730	360,309
1994.....	534,693	26,153	110,950	219,783	283,923	384,560
1995.....	588,292	27,544	117,257	233,864	304,256	414,415
1996.....	658,059	29,142	125,310	250,333	326,655	449,988
1997.....	731,123	31,992	136,063	271,450	355,078	492,146
1998.....	783,437	33,889	139,249	279,860	370,134	520,973
1999.....	877,199	36,027	147,520	299,294	397,669	569,817
2000.....	980,459	39,155	160,521	326,304	434,357	624,548
2001.....	887,770	36,230	155,676	317,341	421,713	595,863
2002.....	796,763	28,872	132,093	278,827	375,930	537,571
2003.....	747,800	26,939	123,731	260,143	347,598	499,694
2004.....	831,815	28,294	129,610	269,723	364,087	534,616

Footnotes at end of table.

Individual Income Tax Rates and Shares, 2004

Table 8.—Returns with Positive "1979 Income Concept" Income: Number of Returns, Shares of Income and Total Income Tax, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size, Tax Years 1986–2004—Continued

[All figures are estimates based on samples]

Item, tax year	Total	Ascending cumulative percentiles				
		Bottom 50 percent	Bottom 75 percent	Bottom 90 percent	Bottom 95 percent	Bottom 99 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Average tax rate (percentage): [3]						
1986.....	13.08	5.61	8.32	9.84	10.52	11.51
1987.....	12.92	5.11	7.71	9.22	9.99	11.20
1988.....	13.08	5.09	7.83	9.35	10.07	11.25
1989.....	12.97	5.13	7.94	9.53	10.21	11.41
1990.....	12.78	5.08	7.91	9.48	10.12	11.24
1991.....	12.53	4.64	7.62	9.21	9.86	10.98
1992.....	12.65	4.42	7.44	9.04	9.72	10.87
1993.....	13.06	4.32	7.38	9.01	9.72	10.93
1994.....	13.26	4.38	7.45	9.10	9.89	11.13
1995.....	13.63	4.41	7.50	9.19	10.03	11.31
1996.....	14.09	4.45	7.62	9.32	10.18	11.54
1997.....	14.30	4.55	7.73	9.46	10.34	11.73
1998.....	13.92	4.48	7.39	9.07	10.00	11.44
1999.....	14.42	4.55	7.44	9.19	10.15	11.76
2000.....	14.85	4.65	7.62	9.42	10.41	12.06
2001.....	13.96	4.17	7.21	8.98	9.95	11.45
2002.....	12.72	3.28	6.09	7.85	8.83	10.33
2003.....	11.63	3.02	5.62	7.19	8.01	9.42
2004.....	11.81	3.03	5.59	7.07	7.93	9.45
Income share (percentage):						
1986.....	100.00	15.55	38.24	60.87	71.59	84.76
1987.....	100.00	15.56	39.02	62.63	73.77	87.26
1988.....	100.00	14.91	37.44	60.20	71.11	84.63
1989.....	100.00	14.93	37.51	60.51	71.61	85.40
1990.....	100.00	14.96	37.60	60.65	71.76	85.57
1991.....	100.00	15.06	37.80	61.12	72.45	86.62
1992.....	100.00	14.79	37.03	59.88	71.03	85.21
1993.....	100.00	14.82	37.07	60.07	71.29	85.61
1994.....	100.00	14.81	36.92	59.91	71.19	85.63
1995.....	100.00	14.48	36.19	58.94	70.24	84.86
1996.....	100.00	14.03	35.23	57.50	68.68	83.45
1997.....	100.00	13.76	34.41	56.14	67.14	82.04
1998.....	100.00	13.45	33.49	54.81	65.78	80.93
1999.....	100.00	13.02	32.60	53.55	64.39	79.68
2000.....	100.00	12.77	31.90	52.46	63.18	78.42
2001.....	100.00	13.67	33.93	55.53	66.66	81.78
2002.....	100.00	14.04	34.66	56.69	67.97	83.11
2003.....	100.00	13.85	34.27	56.24	67.47	82.54
2004.....	100.00	13.24	32.90	54.17	65.16	80.35
Total income tax share (percentage):						
1986.....	100.00	6.67	24.32	45.78	57.59	74.61
1987.....	100.00	6.15	23.30	44.69	57.04	75.63
1988.....	100.00	5.80	22.40	43.01	54.72	72.80
1989.....	100.00	5.90	22.97	44.47	56.41	75.15
1990.....	100.00	5.94	23.27	44.99	56.82	75.27
1991.....	100.00	5.58	22.98	44.94	57.04	75.92
1992.....	100.00	5.16	21.79	42.79	54.56	73.25
1993.....	100.00	4.90	20.96	41.46	53.07	71.68
1994.....	100.00	4.89	20.75	41.10	53.10	71.92
1995.....	100.00	4.68	19.93	39.75	51.72	70.44
1996.....	100.00	4.43	19.04	38.04	49.64	68.38
1997.....	100.00	4.38	18.61	37.13	48.57	67.31
1998.....	100.00	4.33	17.77	35.72	47.24	66.50
1999.....	100.00	4.11	16.82	34.12	45.33	64.96
2000.....	100.00	3.99	16.37	33.28	44.30	63.70
2001.....	100.00	4.08	17.54	35.75	47.50	67.12
2002.....	100.00	3.62	16.58	34.99	47.18	67.47
2003.....	100.00	3.60	16.55	34.79	46.48	66.82
2004.....	100.00	3.40	15.58	32.43	43.77	64.27

N/A—Not applicable.

[1] The number of returns with negative adjusted gross income, i.e., returns with an adjusted gross deficit, and the corresponding amounts for adjusted gross deficit, were excluded from Table 8. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 2004, there were 4,556 returns with no adjusted gross income that reported income tax, mostly alternative minimum tax, totaling \$86.1 million.

[2] Total income tax is income tax after credits (includes alternative minimum tax) reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax, Form 8814 tax (tax on a child's interest or dividends), and Form 4972 tax (tax on lump-sum distributions from qualified retirement plans) reported on some returns with a negative amount for adjusted gross income. See also footnote 1.

[3] The average tax rate was computed by dividing total income tax (see footnote 2) by (positive) adjusted gross income.

Split-Interest Trusts, Filing Year 2005

by Lisa Schreiber

The *Split-Interest Trust Information Return* (Form 5227) is filed by entities with both charitable and noncharitable beneficiaries. The number of Forms 5227 filed increased by 0.9 percent from Filing Year 2004 to more than 124,000 in Filing Year 2005 [1]. In total, \$8.4 billion in distributions were reported for split-interest trusts in 2005. The total end-of-year book value of assets in Filing Year 2005 was more than \$106.5 billion.

A split-interest trust (SIT) can be created by a will or a trust instrument. The trust instrument specifies the term of the trust, designates the trustee(s) as well as the beneficiaries, and provides parameters for managing assets and distributing income to the beneficiaries. The instrument usually specifies the contents of the trust. The individual who owns, and then transfers, the assets that make up the trust corpus is known as the grantor.

A trustee is charged with holding, investing, and distributing the income and assets of the trust. A trustee may be an individual, a group of individuals, or an entity such as a bank or charity. Each trustee must ensure that all transactions, including distributions, conform to the requirements of the trust document and to any applicable laws. Additionally, trustees must coordinate the preparation, verification, and submission of all required State and Federal tax forms.

There are three distinct types of split-interest trusts: charitable remainder trusts, charitable lead trusts, and pooled income funds. In 2005, some 116,446 returns were filed for charitable remainder trusts (Figure A). Trustees for charitable lead trusts submitted 6,168 returns in 2005, while trustees for pooled income funds submitted 1,677 returns.

Charitable Remainder Trusts

Under a charitable remainder trust (CRT) agreement, an income stream is distributed annually to one or more noncharitable beneficiaries for a defined period of time. The period may be either a fixed duration, statutorily limited to 20 years, or the lifetime of a noncharitable beneficiary [2]. At the conclusion of the period, the trust is dissolved, and the remaining value is distributed to predetermined charitable ben-

eficiaries [3]. The charitable distribution must equal at least 10.0 percent of the initial fair market value of the assets placed in the trust [4].

The donor must file a *U.S. Gift Tax Return* (Form 709) for all assets contributed to the trust. Any gift exceeding \$11,000 is taxable and is included in the donor's lifetime exclusion. At the time of trust creation, the donor receives an income tax deduction based on an estimate of the charitable distribution. The donor is also eligible for a gift tax deduction if the charitable beneficiary has been named. A beneficiary must report the distributions as gross income on his or her *U.S. Individual Income Tax Return* (Form 1040).

There are two types of charitable remainder trusts. Charitable remainder annuity trusts (CRATs) and charitable remainder unitrusts (CRUTs) differ in the calculation of the noncharitable distribution amount. Charitable remainder annuity trusts annually distribute a fixed percentage, between 5.0 percent and 50.0 percent, of the initial fair market value of the property in the trust. As a result, the amount of the distribution to noncharitable beneficiaries from a CRAT should be the same each year. Charitable remainder unitrusts distribute a fixed percentage, between 5.0 percent and 50.0 percent, of the fair market value of the trust property, valued annually. Therefore, the value of the distribution to noncharitable beneficiaries from a CRUT, called the unitrust amount, may vary from year to year, depending on the value of the assets in the trust.

There are two common variants of charitable remainder unitrusts that allow for added flexibility of noncharitable distributions. One variant, a net income charitable remainder unitrust (NI-CRUT), permits the trustee to distribute only the amount of trust income for that year, should that amount be less than the distribution that would otherwise be required [5]. This allows the trustee to limit distributions in years when the trust's income is low, so as to not deplete the trust corpus. A related variant is called the net income with makeup charitable remainder unitrust (NIM-CRUT) [6]. A NIM-CRUT works like a NI-CRUT, in that the trustee is allowed to distribute the lesser of the trust income or the required percentage of fair market value. However, the reductions in required distributions accumulate. The trustee must make up for previous distribution deficiencies when trust income permits.

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Figure A

Profile of Split-Interest Trusts, by Type of Trust, Filing Years 2004 and 2005

[Money amounts are in thousands of dollars]

Item	All		Charitable remainder annuity trusts		Charitable remainder unitrusts	
	2004	2005	2004	2005	2004	2005
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	123,205	124,292	22,626	21,667	93,329	94,779
Total distributions [1].....	7,896,794	8,424,057	939,003	1,002,261	5,939,494	6,358,763
Book value of assets, end-of-year [2].....	100,809,429	106,507,419	9,464,536	9,540,935	77,368,620	79,845,710

Item	Charitable lead trusts		Pooled income funds	
	2004	2005	2004	2005
	(7)	(8)	(9)	(10)
Number of returns	5,658	6,168	1,591	1,677
Total distributions [1].....	905,054	935,744	113,244	127,290
Book value of assets, end-of-year [2].....	12,318,893	15,500,073	1,657,381	1,620,701

[1] In the case of charitable remainder annuity trusts and charitable remainder unitrusts, the value of distributions have been calculated as the sum of all distribution types from the Current Distributions Schedule (Form 5227, Part III). In the case of charitable lead trusts, distributions have been calculated as the sum of "excess income required to be paid for charitable purposes" (line 2), "annuity or unitrust payment required to be paid to charitable beneficiaries" (line 3), and "annuity or unitrust payments required to be paid to private beneficiaries" (line 4) from Form 5227, Part VII, Section A, the Questionnaire for Charitable Lead Trusts. In the case of pooled income funds, distributions were calculated as the "amount required to be distributed to satisfy the remainder interest" (line 2), plus the "amount of income required to be paid to the private beneficiaries" (line 4), plus the "amount of income required to be paid to the charitable beneficiary" (line 5), less the "amounts that were required to be distributed to the remainder beneficiary that remain undistributed" (line 3) from Form 5227, Part VII, Section B, the Questionnaire for Pooled Income Trusts.

[2] Taken from Form 5227, Part IV, column (b).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Charitable remainder unitrusts may accept property transfers throughout the life of the trust. These are called "additional contributions." These contributions may be in the form of any asset, including cash and stock. All additional contributions must be detailed on an attachment to the Form 5227 filed for the year in which the contribution was received. The presence of additional contributions complicates the calculation of the unitrust amount. Preparers must prorate the value of the contributions based on the date they were donated to the trust [7]. The unitrust amount is then calculated by multiplying the sum of the balance sheet fair market value and the prorated value of the additional contributions by the unitrust percentage.

Charitable Lead Trusts

Under a charitable lead trust (CLT) agreement, a charitable organization receives the income interest in the trust assets, while the remainder interest is assigned to a noncharitable beneficiary or the donor. Annual distributions are made to a predetermined charitable beneficiary. The amount of CLT distributions is not constrained by minimum or maximum payout restrictions. The distributions continue for the lifetime of an individual, who is usually the grantor or the grantor's spouse [8].

Charitable lead trusts are classified as annuity trusts or unitrusts depending on the calculation of the distribution amount. Charitable lead annuity trusts (CLATs) distribute a fixed dollar amount or a fixed percentage of the initial fair market value of the trust property. Charitable lead unitrusts (CLUTs) distribute a fixed percentage of the net fair market value of the trust property, determined annually. CLATs tend to be favored over CLUTs. CLATs do not require that the trust property be revalued annually, therefore reducing the trustee's costs, and allow the noncharitable remainder beneficiaries to benefit from the appreciation of trust assets.

CLTs are further classified by the role of the grantor or donor. If the donor of the trust assets is the noncharitable beneficiary, the trust is classified as a grantor charitable lead trust. In this case, the grantor will receive an income tax deduction up to the amount of the present value of the charitable distributions as well as a gift tax deduction [9]. Because a grantor CLT is not considered to be a separate taxable entity, the grantor must pay tax on income earned by the trust. Grantor CLTs are generally used to convert future charitable contributions into a current tax deduction. A trust is classified as a nongrantor charitable lead trust if the donor of the trust property is not a beneficiary. In the case of

Split-Interest Trusts, Filing Year 2005

nongrantor charitable lead trusts, the grantor receives only a gift tax charitable deduction at the time of the trust creation equal to the present value of the charitable distributions. The nongrantor CLT is considered to be a fully taxable separate entity for income tax purposes. As a result, the grantor is not liable for tax owed on trust income. Nongrantor CLTs are generally used as a transfer tax reduction technique.

Pooled Income Funds

Under a pooled income fund (PIF) arrangement, donors to a charitable organization contribute assets to a pool of donated assets and in return receive income payments for the remainder of the grantors' lifetimes [10]. The transfer of assets to the fund must be irrevocable, meaning it cannot be altered or cancelled without consent of the beneficiary. Generally, donors make contributions to existing pooled income funds, thus incurring far lower administrative costs to the grantor than a charitable remainder trust. At the time of donation, the grantor receives income and gift tax deductions equal to the estimated value of the final charitable contribution. The donee charity, commonly a large educational institution, is responsible for the maintenance of the fund, including investing assets and making distributions to beneficiaries. PIFs are prohibited from investing in tax-exempt securities. Each year, grantors receive a distribution from the fund based on the ratio of their contributions to the value of the investment pool and the return on the fund assets for that year. These distributions are reported as gross income on the grantor's Form 1040. At the time of the donor's death, the charity receives the grantor's prorated share of the value of the PIF.

Filing and Reporting Requirements

A *Split-Interest Trust Information Return* (Form 5227) must be submitted for each calendar year a split-interest trust is in existence [11]. Form 5227 must be filed with the IRS by April 15 of the year following the applicable calendar year. Form 5227 is used to disclose the financial activities of the trust, not to calculate tax liability. If a trust incurred any taxable income during the calendar year, a Form 1041, *United States Income Tax Return for Estates and Trusts*, must be completed.

Form 5227 is divided into several parts, many of which are only completed for one type of split-interest trust. The first section of the return outlines the

identification details of the SIT, and is the only portion of the return that is completed in its entirety for all trust types. The trust name, identification number, the type of trust, and the creation date of the trust are included in this section. Trustee information, such as name and address, is also included. Additionally, the end-of-year fair market values of the trust assets are reported. A checkbox allows preparers of charitable remainder trust returns to declare any unrelated business taxable income (UBIT), thus indicating their need to file a Form 1041.

This article primarily focuses on split-interest trust reporting for Filing Year 2005, reporting, primarily, information and activities that occurred in Calendar Year 2004. Throughout this article, trusts are described in terms of size as being small, medium, or large, based on the trust's reported end-of-year total book value of assets. Small trusts are defined as those that reported total assets of \$500,000 or less, including those trusts that either did not report end-of-year book value of total assets, or that reported the amount as zero [12]. Medium trusts are defined as those with between \$500,000 and \$3.0 million in total assets. Large trusts are defined as those which reported total assets of \$3.0 million or more.

Overview

The number of Forms 5227 filed increased from 123,205 during Filing Year 2004 to 124,292 in 2005 (Figure A). In Filing Year 2005, trust grantors or beneficiaries were the most common trustees for all trusts, unlike in 2004 when charities were the most common trustees (Figure B). In 2005, some 33,664 Forms 5227, or 27.1 percent, reported a charity as the trustee. Financial institutions were trustees on 19,904, or 16.0 percent of returns filed in 2005, a very small change from 2004. As in Filing Year 2004, charities were the most common trustees of CRATs. Trust grantors or beneficiaries of trusts were most likely to act as the trustees of charitable unitrusts, where they made up 32.7 percent of the trustees.

A paid preparer completed 71.2 percent of returns filed in 2005, a slight increase from the 68.7 percent of returns which utilized paid preparers in 2004. However, the trustee type may indicate the presence of a professional preparer even when the return does not indicate a paid preparer. Of those returns that did not indicate a paid preparer, 65.1

Figure B

Utilization of Paid Preparers and Distribution of Trustee Type, by Type of Trust, Filing Years 2004 and 2005

Type of trustee/ preparer status	All		Charitable remainder annuity trusts		Charitable remainder unitrusts		Charitable lead trusts		Pooled income funds	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns.....	123,205	124,292	22,626	21,667	93,329	94,779	5,658	6,168	1,591	1,677
Grantor or beneficiary.....	32,115	34,309	2,236	2,466	28,949	31,029	850	** 3,136	* 80	** 739
Other individual.....	5,721	6,254	655	749	3,941	4,228	1,124	**	0	**
Financial institution.....	19,930	19,904	3,644	3,491	14,735	14,627	913	**	638	**
Charity.....	33,262	33,664	9,802	9,410	22,905	23,528	* 94	187	461	539
Other entity [1].....	32,178	30,161	6,289	5,552	22,800	21,365	2,677	2,845	412	399
Paid preparer [2].....	84,581	88,442	12,359	12,883	66,762	69,794	4,690	4,950	771	815
Grantor or beneficiary.....	30,409	32,253	2,162	2,362	27,395	29,128	772	** 2,553	* 80	** 340
Other individual.....	5,242	5,797	534	683	3,605	3,849	1,104	**	0	**
Financial institution.....	8,757	9,181	1,403	1,392	6,606	6,924	497	**	251	**
Charity.....	19,531	21,047	4,410	5,003	14,701	15,526	* 70	125	350	393
Other entity [1].....	20,642	20,163	3,850	3,443	14,455	14,368	2,246	2,271	91	* 81
Unpaid preparer.....	38,624	35,850	10,268	8,785	26,568	24,984	968	1,219	820	862
Grantor or beneficiary.....	1,706	2,056	74	105	1,554	1,902	* 78	** 582	0	** 399
Other individual.....	478	457	* 122	66	336	380	20	**	0	**
Financial institution.....	11,173	10,723	2,241	2,098	8,129	7,703	415	**	387	**
Charity.....	13,730	12,617	5,392	4,406	8,203	8,003	* 24	* 62	111	145
Other entity [1].....	11,537	9,998	2,439	2,109	8,345	6,997	431	574	322	318

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

** Data are combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Other entities include trusts and noncharitable organizations.

[2] The presence of a paid preparer is indicated on Form 5227 by the completion of the paid preparer section found on page 4 of the return.

NOTE: Figure B for Filing Year 2004, as it appeared in the Spring 2006 SOI Bulletin, was revised in the Fall 2006 SOI Bulletin. The corrected 2004 Filing Year values are included here.

percent reported financial institutions or charities as the trustee. When entities such as these are acting as trustee, it is likely that the return was professionally prepared even if a paid preparer did not sign the return. CLTs were the type of trust most likely to be completed by a paid preparer; in 2005, a paid preparer did not complete only 19.8 percent of returns filed for CLTs.

Ordinary Income and Deductions

The ordinary income and deductions portion of Form 5227 is completed only for charitable remainder trusts, for which 116,446 returns were filed in 2005 (Figure C). Reported income is divided into seven classifications which include interest income, ordinary dividends, and business income or loss. For 2005, a total ordinary income of \$3.1 billion was reported for CRTs, of which \$2.9 billion, or 93.5 percent, was reported for CRUTs. Deductions allocable to ordinary income are divided into three classifications: interest, taxes, and other and totaled \$623.5 million in 2005 [13]. The total value of deductions is subtracted from the total value of ordinary income, resulting in the ordinary income less

deductions, referred to in this article as “net ordinary income.” In 2005, this amount was \$2.5 billion.

Capital gains and losses are not included in net ordinary income. The total short-term capital gain or loss amount, as well as the total long-term capital gain or loss amount, is taken from Form 1041 Schedule D, *Capital Gains and Losses*, for the corresponding tax year. Deductions reduce the short- and long-term amounts, resulting in a “net short-term capital gain” and a “net long-term capital gain.” Charitable remainder trust returns reported total net capital gains of \$6.4 billion in 2005 (Figure C). This is an increase of 119.2 percent from \$2.9 billion in 2004. A possible explanation for such a remarkable change could be the Jobs and Growth Tax Relief Reconciliation Act of 2003, which reduced the long-term capital gain tax from 20.0 percent to 15.0 percent, and therefore spurred the sales of capital assets. As the lower tax rate was effective on May 6, 2003, the 2004 tax year, reflected on returns filed in 2005, was the first full year the change was in effect. Net long-term capital gains made up approximately 94.0 percent, or \$6.0 billion, of total net capital gains reported for CRTs in 2005.

Split-Interest Trusts, Filing Year 2005

Nontaxable income is also reported separately from ordinary income. Charitable remainder trusts reported \$133.4 million in nontaxable income in 2005, an increase of 5.5 percent from the \$126.4 million reported in 2004 (Figure C). In this article, total net income is defined as the sum of net ordinary income, net capital gains, and nontaxable income. Despite a relatively small increase in the number of returns filed, 0.4 percent, total net income reported for charitable remainder trusts increased by 67.4 percent, from \$5.4 billion in 2004 to \$9.0 billion in 2005. As discussed earlier, this dramatic increase is largely attributable to the substantial increase in the total net capital gains reported for CRTs.

Accumulation Schedule

The accumulation schedule section shows the flow of income through the trust from January 1 to December 31 of the tax year [14]. This portion is also only completed for charitable remainder trusts. Income

is reported in two categories: undistributed income from prior-year and current-year income. Income in these two categories is further disaggregated by source: ordinary; net short-term capital gains and losses; net long-term capital gains and losses; and nontaxable. Returns filed for CRTs in 2005 reported total accumulations, including ordinary income, short-term and long-term capital gains, and nontaxable income, of \$65.1 billion (Figure C). The accumulation schedule shows undistributed income at the end of the tax year, which is the amount of income held by the trust on the last day of the calendar year, once all payouts and distributions have been recorded. For 2005, end-of-year undistributed income was \$58.7 billion.

Distributions Schedule

The distributions schedule is completed only by charitable remainder trusts. It lists the beneficiaries who received distributions for the tax year and the

Figure C

Figure C
Overview of Charitable Remainder Trusts, Filing Years 2004 and 2005

[Money amounts are in thousands of dollars]

Item	All charitable remainder trusts		Charitable remainder annuity trusts		Charitable remainder unitrusts	
	2004	2005	2004	2005	2004	2005
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	115,956	116,446	22,626	21,667	93,329	94,779
Total net income [1]	5,395,386	9,030,411	547,372	817,535	4,848,014	8,212,876
Net ordinary income [2].....	2,358,542	2,517,779	229,106	226,971	2,129,437	2,290,808
Total net capital gains (losses) [3].....	2,910,474	6,379,243	275,870	550,259	2,634,604	5,828,984
Nontaxable income [4].....	126,370	133,389	42,397	40,305	83,973	93,085
Total accumulations for tax year [5]	64,011,439	65,111,364	5,457,351	5,540,401	58,554,087	59,570,962
Undistributed at end of tax year [6].....	57,708,111	58,696,916	4,707,794	4,737,789	53,000,317	53,959,127
Total distributions [7] [8]	6,878,497	7,361,024	939,003	1,002,261	5,939,494	6,358,763
Total book value of assets at end-of-year	86,833,156	89,386,646	9,464,536	9,540,935	77,368,620	79,845,710
Cash, savings, and temporary cash investments.....	6,960,350	7,019,174	763,003	1,066,482	6,197,347	5,952,691
Receivables due [9].....	3,083,841	1,136,970	333,727	135,076	2,750,114	1,001,894
Inventories and prepaid expenses.....	10,761	25,532	1,411	2,474	9,350	23,058
Investments.....	73,111,857	77,620,536	8,158,094	8,035,587	64,953,763	69,584,949
Other assets [10].....	3,666,328	3,584,405	208,299	301,310	3,458,029	3,283,095
Total book value of liabilities at end-of-year	987,556	1,363,939	108,453	144,313	879,103	1,219,626
Net book value of assets at end-of-year [11]	85,731,370	87,984,754	9,242,247	9,389,909	76,489,123	78,594,845

[1] Calculated as the sum of "ordinary income less deductions" (Form 5227, Part I, line 13), "net short-term capital gains (losses)" (line 16), "net long-term capital gains (losses)" (line 19), and "current tax year nontaxable income" (Part II, line 21(d)).

[2] Taken from "ordinary income less deductions" (Form 5227, Part I, line 13).

[3] Calculated as the sum of "net short-term capital gains (losses)" (Form 5227, Part I, line 16) and "net long-term capital gains (losses)" (line 19).

[4] Taken from "current tax year nontaxable income" (Form 5227, Part II, line 21(d)).

[5] Taken from Form 5227, Part II, line 22.

[6] Taken from Form 5227, Part II, line 23.

[7] Calculated as the sum of all distributions reported on Part III of Form 5227.

[8] May include distributions made after December 31 of the tax year and therefore may not be reflected on the accumulation schedule.

[9] Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27, column (b)), "receivables due from officers, directors, and other disqualified persons" (line 28, column (b)), and "other notes and loans receivable" (line 29, column (b)).

[10] Calculated as the sum of "charitable purpose land, buildings, and equipment" (Form 5227, Part IV, line 35, column (b)) and "other assets" (line 36, column (b)).

[11] Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of "total assets" (line 37, column (b)) less "total liabilities" (line 43, column (b)) due to taxpayer reporting error.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Split-Interest Trusts, Filing Year 2005

amounts they received [15]. Distributions to both charitable and noncharitable beneficiaries are listed on this schedule. The distributions are divided into five categories: ordinary income, short-term capital gains, long-term capital gains, nontaxable income, and corpus. Trusts are required to distribute ordinary income first, followed by short-term and then long-term capital gains, nontaxable income, and finally distributions from corpus [16]. Each distribution to a beneficiary is reported on a Schedule K-1, *Beneficiary's Share of Income, Deductions, Credits, Etc.* CRTs reported \$7.4 billion in distributions in Filing Year 2005. PIFs and CLTs report distributions on Part VII of Form 5227. The value of distributions made by all SITs increased from \$7.9 billion in Filing Year 2004, to \$8.4 billion in 2005 (Figure A).

Balance Sheet

The balance sheet portion of *Split-Interest Trust Information Return* is a detailed listing of the assets and liabilities of the trust. There are three separate valuations for each asset and liability category: beginning-of-year book value; end-of-year book value; and fair market value. The beginning- and end-of-year book values are reported for all types of trusts. The fair market valuation is only required for charitable remainder unitrusts. Tax law requires the

fair market value to be assessed on the same date and using the same method each year that a Form 5227 is filed for a CRUT. Assets are apportioned into several categories, including cash, receivables, and investments. Investments are further separated into five categories: U.S. and State government obligations; corporate stock; corporate bonds; land, buildings, and equipment; and other. Liabilities are also separated into four categories, including accounts payable and deferred revenue. As shown in Figure C, returns filed for charitable remainder trusts reported end-of-year book value of assets of \$89.4 billion. For all SITs, the end-of-year book value of trust assets increased by 5.7 percent, from \$100.8 billion in 2004 to \$106.5 billion in Filing Year 2005.

Analysis by Type of Trust

Charitable Remainder Annuity Trusts

During Filing Year 2005, some 21,667 Forms 5227 were filed for charitable remainder annuity trusts. This is a 4.2-percent decrease from Filing Year 2004, when 22,626 returns were filed. The majority of CRATs were small trusts, with end-of-year book value of total assets less than \$500,000 (Figure D). Approximately \$817.5 million in total net income were reported for CRATs in 2005. The majority of

Figure D

Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	21,667	17,735	3,528	405
Total net income [2]	817,535	141,884	276,091	399,560
Net ordinary income [3].....	226,971	58,969	82,243	85,759
Total ordinary income.....	282,731	75,810	105,871	101,050
Deductions allocable to ordinary income.....	55,760	16,841	23,629	15,291
Net short-term capital gains or (losses) [4].....	43,166	6,647	10,033	26,486
Net long-term capital gains or (losses) [5].....	507,093	68,575	163,858	274,660
Nontaxable income [6].....	40,305	7,693	19,957	12,655

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Calculated as the sum of "ordinary income less deductions" (Form 5227, Part I, line 13), "net short-term capital gains (losses)" (line 16), "net long-term capital gains (losses)" (line 19), and "current tax year nontaxable income" (Part II, line 21, column (d)).

[3] Taken from "ordinary income less deductions" (Form 5227, Part I, line 13). This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer reporting discrepancies.

[4] Taken from Form 5227, Part I, line 16.

[5] Taken from Form 5227, Part I, line 19.

[6] Taken from Form 5227, Part II, line 21, column (d).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Split-Interest Trusts, Filing Year 2005

net income can be attributed to net long-term capital gains, reported to be \$507.1 million. Nontaxable income accounted for the smallest portion of total net income.

In 2005, charitable remainder annuity trust returns reported \$5.5 billion in total accumulations (Figure E). This includes \$4.7 billion in prior-year undistributed income as well as \$817.5 million in current-year income. At the end of the tax year, CRATs reported \$4.7 billion in undistributed income. Most of the undistributed income, 91.6 percent or \$4.3 billion, was in the form of net long-term capital gains.

Figure F shows distributions made by charitable remainder annuity trusts in Filing Year 2005. In total, \$1.0 billion were distributed. The allocation of distributions between sizes of CRATs in 2005 mirrors the allocation in 2004. Small CRATs, which accounted for 81.9 percent of all returns filed, accounted for 41.2 percent of distributions. Large CRATs accounted for 26.9 percent of total distributions but made up only 1.9 percent of the CRAT population. Long-term capital gains represented the largest portion of distributions for CRATs of all sizes. Ordinary income and corpus distributions made up 22.7 per-

Figure E

Charitable Remainder Annuity Trusts: Accumulation Information, by Type of Income, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total	Type of income			
		Net ordinary income	Capital gains (losses)		Nontaxable income
			Net short-term	Net long-term	
	(1)	(2)	(3)	(4)	(5)
Total accumulations [1]	5,540,401	455,465	54,094	4,843,295	187,547
Prior-year accumulations [2].....	4,722,866	228,494	-805	4,347,935	147,242
Current-year accumulations [3].....	817,535	226,971	43,166	507,093	40,305
Undistributed at end of tax year [4]	4,737,789	221,577	24,634	4,341,672	149,905

[1] Taken from Form 5227, Part II, line 22.

[2] Taken from Form 5227, Part II, line 20.

[3] Taken from Form 5227, Part II, line 21.

[4] Taken from Form 5227, Part II, line 23.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Figure F

Charitable Remainder Annuity Trusts: Distributions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3,000,000	\$3,000,000 or more
		(2)	(3)	(4)
	(1)	(2)	(3)	(4)
Number of returns	21,667	17,735	3,528	405
Total distributions [2]	1,002,261	412,848	319,853	269,560
Ordinary income [3].....	227,475	66,312	82,781	78,382
Short-term capital gains [4].....	28,789	9,984	9,566	9,239
Long-term capital gains [5].....	433,026	143,224	152,101	137,701
Nontaxable income [6].....	33,414	9,360	14,844	9,210
Corpus [7].....	279,556	183,969	60,560	35,027

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] May include distributions made after December 31 of the tax year and therefore may not be reflected on the accumulation schedule.

[3] Reported on Form 5227, Part III, column (a).

[4] Reported on Form 5227, Part III, column (b).

[5] Reported on Form 5227, Part III, column (c).

[6] Reported on Form 5227, Part III, column (d).

[7] Reported on Form 5227, Part III, column (e).

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

Split-Interest Trusts, Filing Year 2005

cent and 27.9 percent of total charitable remainder annuity trust distributions, respectively.

Overall, distributions from CRATs increased by 6.7 percent from Filing Years 2004 to 2005. One source of year-to-year variation in aggregate estimates is changes in the CRAT population due to the creation or termination of trusts. Figure G presents the data for all CRATs for which returns were filed in both 2004 and 2005 and presents estimates for only those trusts which did not begin or terminate in either year. There is a smaller decrease in distributions

between 2004 and 2005, about 2.6 percent, reported by trusts that were ongoing in both years.

Approximately \$9.5 million in assets were reported for charitable remainder annuity trusts in Filing Year 2005 (Figure C). Investments comprised the largest portion of assets, more than \$8.0 billion, or 84.2 percent of the total. Figure H shows that corporate stock made up 50.4 percent of the total investments reported, and comprised the largest portion of the investment portfolio for all sizes of CRATs. Investments in land, buildings, and equipment com-

Figure G

Charitable Remainder Annuity Trusts: Distributions, Filing Years 2004 and 2005

[Money amounts are in thousands of dollars]

Item	All returns			Trusts for which returns filed in both 2004 and 2005 [1]		
	2004	2005	Percent change	2004	2005	Percent change
	(1)	(2)	(3)	(4)	(5)	(6)
Total distributions [2]	939,003	1,002,261	6.7	726,226	707,579	-2.6
Ordinary income [3].....	240,675	227,475	-5.5	197,221	186,642	-5.4
Short-term capital gains [4].....	26,686	28,789	7.9	22,884	20,768	-9.2
Long-term capital gains [5].....	453,059	433,026	-4.4	353,589	346,398	-2.0
Nontaxable income [6].....	33,996	33,414	-1.7	29,765	26,181	-12.0
Corpus [7].....	184,587	279,556	51.4	122,766	127,590	3.9

[1] This category includes only returns included in both the 2004 and 2005 filing year samples and only those returns that did not make initial or final distributions in either period.

[2] May include distributions made after December 31 of the tax year and therefore may not be reflected on the accumulation schedule.

[3] Reported on Form 5227, Part III, column (a).

[4] Reported on Form 5227, Part III, column (b).

[5] Reported on Form 5227, Part III, column (c).

[6] Reported on Form 5227, Part III, column (d).

[7] Reported on Form 5227, Part III, column (e).

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

Figure H

Charitable Remainder Annuity Trusts: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total		Size of end-of-year book value of total assets					
	Amount	Percent of total	Under \$500,000 [1]		\$500,000 under \$3,000,000		\$3,000,000 or more	
			Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total investments	8,035,587	100.0	1,752,416	100.0	3,238,468	100.0	3,044,703	100.0
U.S. and State government obligations [2].....	1,418,350	17.7	193,636	11.0	654,223	20.2	570,490	18.7
Corporate stock [3].....	4,050,244	50.4	940,428	53.7	1,593,142	49.2	1,516,674	49.8
Corporate bonds [4].....	1,233,241	15.3	291,307	16.6	475,601	14.7	466,333	15.3
Land, buildings, and equipment [5].....	105,727	1.3	23,483	1.3	35,540	1.1	46,703	1.5
Other investments [6].....	1,228,026	15.3	303,562	17.3	479,961	14.8	444,502	14.6

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 32a, column (b).

[3] Taken from Form 5227, Part IV, line 32b, column (b).

[4] Taken from Form 5227, Part IV, line 32c, column (b).

[5] Taken from Form 5227, Part IV, line 33, column (b).

[6] Taken from Form 5227, Part IV, line 34, column (b).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Figure I

Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	94,779	66,517	24,852	3,410
Total net income [2]	8,212,876	1,152,788	2,210,260	4,849,829
Net ordinary income [3].....	2,290,808	289,091	641,610	1,360,106
Total ordinary income.....	2,858,595	394,164	813,427	1,651,005
Deductions allocable to ordinary income.....	567,785	105,071	171,816	290,899
Net short-term capital gains or (losses) [4].....	340,783	65,393	86,661	188,729
Net long-term capital gains or (losses) [5].....	5,488,201	786,896	1,442,270	3,259,035
Nontaxable income [6].....	93,085	11,408	39,718	41,958

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Calculated as the sum of "ordinary income less deductions" (Form 5227, Part I, line 13), "net short-term capital gains (losses)" (line 16), "net long-term capital gains (losses)" (line 19), and "current tax year nontaxable income" (Part II, line 21, column (d)).

[3] Taken from "ordinary income less deductions" (Form 5227, Part I, line 13). This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer reporting discrepancies.

[4] Taken from Form 5227, Part I, line 16.

[5] Taken from Form 5227, Part I, line 19.

[6] Taken from Form 5227, Part II, line 21, column (d).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

prised the smallest portion of the investment portfolio. Figure C also shows that \$144.3 million in liabilities were reported for CRATs in Filing Year 2005.

Charitable Remainder Unitrusts

The number of Forms 5227 filed for charitable remainder unitrusts increased from 93,329 in 2004 to 94,779 in 2005. Approximately 70.2 percent of returns filed were for small CRUTs with less than \$500,000 end-of-year book value of assets. In Filing Year 2005, about \$8.2 billion in total net income were

reported for charitable remainder unitrusts (Figure I). Net long-term capital gains comprised the largest portion of the income, with \$5.5 billion reported. Nontaxable income made up the smallest portion of income for small and medium CRUTs, accounting for only 1.1 percent of total income for all CRUTs.

Returns filed for charitable remainder unitrusts in 2005 reported \$59.6 billion in total accumulations, including \$51.4 billion in prior-year undistributed income (Figure J). The majority of the accumulations, 87.6 percent, were reported as net long-term capital

Figure J

Charitable Remainder Unitrusts: Accumulation Information, by Type of Income, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total	Type of income			
		Net ordinary income	Capital gains (losses)		Nontaxable income
			Net short-term	Net long-term	
	(1)	(2)	(3)	(4)	(5)
Total accumulations [1]	59,570,962	4,703,324	2,278,030	52,175,668	413,940
Prior-year accumulations [2].....	51,358,084	2,412,516	1,749,385	46,875,328	320,855
Current-year accumulations [3].....	8,212,876	2,290,808	340,783	5,488,201	93,085
Undistributed at end of tax year [4]	53,959,127	2,995,670	1,895,022	48,701,134	367,301

[1] Taken from Form 5227, Part II, line 22.

[2] Taken from Form 5227, Part II, line 20.

[3] Taken from Form 5227, Part II, line 21.

[4] Taken from Form 5227, Part II, line 23.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Split-Interest Trusts, Filing Year 2005

gains. Nontaxable income made up the smallest percentage of accumulations. CRUTs reported \$54.0 billion in undistributed income at the end of the tax year.

Charitable remainder unitrust distributions are shown in Figure K. During Filing Year 2005, nearly \$6.4 billion in distributions were reported. Of this, large CRUTs, which made up just 3.6 percent of all CRUTs in 2005, accounted for \$2.3 billion or 36.6 percent of total distributions that year. In contrast, small CRUTs, which made up 70.2 percent of the CRUT filing population in 2005, reported distributions of \$2.1 billion, or 33.3 percent of the total.

Long-term capital gains remained the largest source of all distributions, increasing by 20.6 percent from Filing Year 2004 to 3.7 billion in 2005 and accounting for 58.3 percent of all distributions made by charitable remainder unitrusts. For small CRUTs, the corpus provided the second largest source of distributions, while distributions from ordinary income were the second largest source for CRUTs in the two larger size classes. Nontaxable income contributed the smallest share to distributions for all CRUTs filing in 2005.

Overall distributions from CRUTs increased by 7.1 percent between 2004 and 2005 (Figure L). Figure L presents distribution data for ongoing CRUTs for which full-year returns were filed in both 2004 and 2005. These data show that the increase in distributions between 2004 and 2005 was 9.1 percent for ongoing trusts, higher than the overall change.

Charitable remainder unitrust returns filed in 2005 reported \$79.8 billion for end-of-year book value of assets (Figure C). Approximately 87.1 percent of the asset value was made up of investments, reported to be \$69.6 billion. Corporate stock comprised \$356 billion, or 51.2 percent, of total investments (Figure M). For large CRUTs, other investments surpassed corporate stock as the largest percentage of the portfolio. Other investments include partnerships, annuities, and bonds issued by foreign governments. Overall, CRUT returns reported \$1.2 billion in liabilities during the filing year. Accounts payable, accrued expenses, and deferred revenue accounted for \$309.2 million of total liabilities.

In Filing Year 2005, some 3,086 or 3.3 percent of all CRUTs reported \$943.5 million in additional contributions (Figure N). Large CRUTs were the most likely to receive additional contributions. Stocks were the most common type of additional contribution, composing 61.4 percent of all contributions. Contributions of other assets, including insurance, art, and retirement assets, were reported to be \$155.8 million. Bonds made up the smallest amount of additional contributions, \$8.9 million.

Charitable Lead Trusts

Trustees filed returns for 6,168 charitable lead trusts in 2005. This is a 9.0-percent increase from the number filed in 2004. CLT returns filed in 2005

Figure K

Charitable Remainder Unitrusts: Distributions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	94,779	66,517	24,852	3,410
Total distributions [2]	6,358,763	2,120,391	1,912,677	2,325,695
Ordinary income [3].....	1,706,843	292,281	623,538	791,024
Short-term capital gains [4].....	342,579	36,189	113,157	193,234
Long-term capital gains [5].....	3,706,584	1,463,053	983,240	1,260,291
Nontaxable income [6].....	44,359	10,463	20,217	13,678
Corpus [7].....	558,398	318,405	172,525	67,469

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] May include distributions made after December 31 of the tax year and therefore may not be reflected on the accumulation schedule.

[3] Reported on Form 5227, Part III, column (a).

[4] Reported on Form 5227, Part III, column (b).

[5] Reported on Form 5227, Part III, column (c).

[6] Reported on Form 5227, Part III, column (d).

[7] Reported on Form 5227, Part III, column (e).

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

Split-Interest Trusts, Filing Year 2005

Figure L

Charitable Remainder Unitrusts: Distributions, Filing Years 2004 and 2005

[Money amounts are in thousands of dollars]

Item	All returns			Trusts for which returns filed in both 2004 and 2005 [1]		
	2004	2005	Percent change	2004	2005	Percent change
	(1)	(2)	(3)	(4)	(5)	(6)
Total distributions [2]	5,939,494	6,358,763	7.1	4,098,432	4,469,473	9.1
Ordinary income [3].....	1,587,644	1,706,843	7.5	1,426,585	1,494,502	4.8
Short-term capital gains [4].....	406,515	342,579	-15.7	260,220	295,822	13.7
Long-term capital gains [5].....	3,072,668	3,706,584	20.6	2,039,685	2,366,693	16.0
Nontaxable income [6].....	43,750	44,359	1.4	37,689	35,262	-6.4
Corpus [7].....	828,917	558,398	-32.6	334,254	277,194	-17.1

[1] This category includes only returns included in both the 2004 and 2005 filing year samples and only those returns that did not make initial or final distributions in either period.

[2] May include distributions made after December 31 of the tax year and therefore may not be reflected on the accumulation schedule.

[3] Reported on Form 5227, Part III, column (a).

[4] Reported on Form 5227, Part III, column (b).

[5] Reported on Form 5227, Part III, column (c).

[6] Reported on Form 5227, Part III, column (d).

[7] Reported on Form 5227, Part III, column (e).

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

reported \$935.7 million in distributions (Figure O). Of this total, \$932.0 million were required payments for charitable purposes, while the other \$3.8 million were required payments to private beneficiaries. Figure A shows that \$15.5 billion in end-of-year total assets were reported for charitable lead trusts in Filing Year 2005. Investments made up 87.1 percent, or \$13.5 billion, of total assets (Figure N). Corporate stock was the largest component of all investments for all trust sizes, while land, buildings, and equipment investments made up the smallest share. CLTs claimed \$399.2 million in total liabilities.

Pooled Income Funds

The number of Forms 5227 filed for pooled income funds increased by 5.4 percent, from 1,591 in 2004 to 1,677 in 2005. In Filing Year 2005, PIFs reported distributions of \$127.3 million (Figure P). The majority of distributions were distributions to private beneficiaries, reported to be \$63.8 million in Filing Year 2005. Of the \$1.6 billion in end-of-year total assets reported for PIFs, \$1.5 billion or 91.0 percent were investments. For all PIFs, corporate bonds made up the largest portion of reported investments, \$423.3 million in 2005. However, for both large and

Figure M

Charitable Remainder Unitrusts: Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total		Size of end-of-year book value of total assets					
			Under \$500,000 [1]		\$500,000 under \$3,000,000		\$3,000,000 or more	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total investments	69,584,949	100.0	10,196,193	100.0	22,732,691	100.0	36,656,066	100.0
U.S. and State government obligations [2].....	4,739,014	6.8	479,873	4.7	1,735,113	7.6	2,524,029	6.9
Corporate stock [3].....	35,612,915	51.2	6,318,888	62.0	13,996,994	61.6	15,297,033	41.7
Corporate bonds [4].....	7,468,535	10.7	1,528,966	15.0	2,869,647	12.6	3,069,923	8.4
Land, buildings, and equipment [5].....	733,885	1.1	105,695	1.0	306,496	1.3	321,694	0.9
Other investments [6].....	21,030,600	30.2	1,762,771	17.3	3,824,442	16.8	15,443,387	42.1

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 32a, column (b).

[3] Taken from Form 5227, Part IV, line 32b, column (b).

[4] Taken from Form 5227, Part IV, line 32c, column (b).

[5] Taken from Form 5227, Part IV, line 33, column (b).

[6] Taken from Form 5227, Part IV, line 34, column (b).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Split-Interest Trusts, Filing Year 2005

Figure N

Charitable Remainder Unitrusts: Additional Contributions, by Type and Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	94,779	66,517	24,852	3,410
Number of returns with additional contributions	3,086	2,141	803	142
Total additional contributions [2]	943,513	164,255	315,076	464,182
Cash and money market accounts	140,221	33,743	60,385	46,094
Stocks [3].....	578,948	71,792	157,410	349,746
Bonds	8,902	** 15,636	** 34,739	** 18,147
Real estate [4].....	* 59,620	**	**	**
Other assets [5].....	155,822	43,084	62,542	50,196

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

** Data are combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] The values for additional contributions are taken from attachments to the Form 5227.

[3] The value of stock includes both publicly-traded and closely-held stocks.

[4] The value given for real estate includes traditional real estate as well as real estate mutual funds and partnerships.

[5] Other assets includes such items as retirement assets, annuities, partnerships, insurance assets, and art.

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

Figure O

Charitable Lead Trusts: Distributions and Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	6,168	2,757	2,629	782
Total distributions [2]	935,744	77,374	230,408	627,961
Required payments for charitable purposes.....	931,951	** 77,374	229,084	** 627,961
Required payments to private beneficiaries.....	* 3,793	**	* 1,323	**
Total investments [3]	13,495,200	435,257	2,822,190	10,237,752
U.S. and State government obligations [4].....	763,214	35,459	225,190	502,565
Corporate stock [5].....	6,162,253	294,950	1,638,948	4,228,355
Corporate bonds [6].....	678,227	** 19,161	** 179,394	482,717
Land, buildings, and equipment [7].....	96,439	**	**	* 93,393
Other investments [8].....	5,795,066	85,687	778,657	4,930,722

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

** Data are combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] "Total distributions" are calculated as the sum of "excess income required to be paid for charitable purposes" (line 2), "annuity or unitrust payment required to be paid to charitable beneficiaries (line 3), and "annuity or unitrust payments required to be paid to private beneficiaries" (line 4) from Form 5227, Part VII, Section A, the Questionnaire for Charitable Lead Trusts.

[3] Investments are reported as a portion of assets on Form 5227, Part IV, column (b). In Filing Year 2005, about \$15.5 billion in total assets were reported for charitable lead trusts. For more information, see Table 8.

[4] Taken from Form 5227, Part IV, line 32a, column (b).

[5] Taken from Form 5227, Part IV, line 32b, column (b).

[6] Taken from Form 5227, Part IV, line 32c, column (b).

[7] Taken from Form 5227, Part IV, line 33, column (b).

[8] Taken from Form 5227, Part IV, line 34, column (b).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Figure P

Pooled Income Funds: Distributions and Investment Allocations, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

[Money amounts are in thousands of dollars]

Item	Total	Size of end-of-year book value of total assets		
		Under \$500,000 [1]	\$500,000 under \$3,000,000	\$3,000,000 or more
	(1)	(2)	(3)	(4)
Number of returns	1,677	1,353	214	110
Total distributions [2]	127,290	15,371	22,313	89,605
Amount required to be distributed to satisfy remainder interest [3].....	64,404	* 7,452	12,774	44,178
Undistributed required payments to the remainder beneficiary [4].....	1,583	0	* 123	* 1,460
Amount required to be distributed to private beneficiaries [5].....	63,826	7,740	9,454	46,632
Amount required to be distributed to charitable remainder beneficiary [6].....	643	* 179	208	255
Total investments [7]	1,474,087	118,955	235,237	1,119,895
U.S. and State government obligations [8].....	209,350	15,497	17,786	176,067
Corporate stock [9].....	417,719	42,255	49,681	325,782
Corporate bonds [10].....	423,269	29,623	110,688	282,959
Land, buildings, and equipment [11].....	* 19,365	0	0	* 19,365
Other investments [12].....	404,383	31,580	57,081	315,723

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

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Distributions were calculated as the "amount required to be distributed to satisfy the remainder interest" (Form 5227, Part VII, Section B, line 2), plus the "amount of income required to be paid to private beneficiaries" (line 4), plus the "amount of income required to be paid to the charitable remainder beneficiary" (line 5), less "amounts that were required to be distributed to the remainder beneficiary that remain undistributed" (line 3).

[3] Taken from Form 5227, Part VII, Section B, line 2.

[4] Taken from Form 5227, Part VII, Section B, line 3.

[5] Taken from Form 5227, Part VII, Section B, line 4.

[6] Taken from Form 5227, Part VII, Section B, line 5.

[7] Investments are reported as a portion of assets on Form 5227, Part IV, column (b). In Filing Year 2005, about \$1.6 billion in total assets were reported for pooled income funds. For more information, see Table 9.

[8] Taken from Form 5227, Part IV, line 32a, column (b).

[9] Taken from Form 5227, Part IV, line 32b, column (b).

[10] Taken from Form 5227, Part IV, line 32c, column (b).

[11] Taken from Form 5227, Part IV, line 33, column (b).

[12] Taken from Form 5227, Part IV, line 34, column (b).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

small pooled income funds, corporate stock was the largest component of reported investments. Land, buildings, and equipment made up the smallest portion, \$19.4 million, or 1.3 percent of investment holdings for all PIFs. Pooled income funds claimed \$118.1 million in liabilities during Filing Year 2005 (Table 9).

Summary

Split-interest trust filings increased slightly between 2004 and 2005. In Filing Year 2005, some 124,292 Split-Interest Trust Information Returns were filed, an increase of 0.8 percent from 2004. The number of filings for the largest group of trusts, charitable remainder unitrusts, increased by 1,450 returns or 1.6 percent. Charitable lead trust filings increased the most, 9.0 percent, from 5,658 in Filing Year 2004 to 6,168 in 2005. The number of charitable remainder an-

nity trusts decreased by 4.2 percent between 2004 and 2005. Unlike 2004, trust grantors and beneficiaries, as a group, were the most common trustees for Filing Year 2005. Approximately 71.2 percent of all Forms 5227 were completed by a paid preparer in 2005.

Despite a relatively small increase of 0.4 percent in number of returns filed, the total net income reported for charitable remainder trusts increased by 67.4 percent from 2004 to 2005, largely due to an exceptionally large increase in the value of capital gains reported in 2005. Total ordinary income of \$3.1 billion was reported for CRTs in 2005, of which \$2.9 million, or 93.5 percent, was reported for CRUTs. Total net capital gains reported for CRTs increased by 119.2 percent from Filing Year 2004 to Filing Year 2005.

Returns filed for CRTs in 2005 reported total accumulations, including ordinary income, short-term

Split-Interest Trusts, Filing Year 2005

and long-term capital gains, and nontaxable income, of \$65.1 billion. As in Filing Year 2004, prior-year accumulations comprised the majority of total accumulations, 85.2 percent for CRATs and 86.2 percent for CRUTs. End-of-year undistributed income was reported as \$58.7 billion for charitable remainder trusts. The value of distributions made by all SITs increased from \$7.9 billion in Filing Year 2004, to \$8.4 billion in 2005. CRTs reported \$7.4 billion in distributions in Filing Year 2005. CLTs and PIFs reported distributions of \$935.7 million and 127.3 million, respectively.

For all SITs, the end-of-year book value of trust assets increased from \$100.8 billion in Filing Year 2004 to \$106.5 billion in Filing Year 2005. CLTs reported the largest increase in end-of-year book value of assets, 25.8 percent, while the value reported for PIF assets decreased by 2.2 percent between 2004 and 2005. As in prior years, investments made up the largest percentage of assets for all SITs in 2005. Corporate stocks were the most common type of investments for all types of split-interest trusts, while land, buildings, and equipment were the least common.

Data Sources and Limitations

The data presented in this article were collected from a sample of Forms 5227, *Split-Interest Trust Information Returns*, from Filing Year 2005. A filing year includes returns received by IRS for processing between January 1 and December 31 of a given year. A filing year file is primarily comprised of returns for the tax year immediately prior, though it may include returns for numerous other tax years. For Filing Year 2005, approximately 97.9 percent of returns included in the sample are for Tax Year 2004, while Tax Year 2003 returns comprised 1.6 percent of the sampled returns. Partial-year returns, for either initial or final reporting periods, were included in the SOI sample. All returns included in the sample were computer-designated at the IRS Ogden Submission Processing Center after posting to the IRS Master File.

For Filing Year 2005, a sample of 12,382 returns was drawn from an estimated population of 124,647 trusts that filed Form 5227. The sample size excludes returns that were selected for the sample but later rejected. Returns could be rejected if they were not one of the four types of trusts included in the study or if no money amounts were reported. The sample was stratified by the type of the trust (chari-

table remainder annuity trust, charitable remainder unitrust, charitable lead trust, or pooled income fund) and the reported book value of end-of-year total assets. The asset strata were: total assets of less than \$1.0 million, from \$1.0 million to less than \$10.0 million, and more than \$10.0 million. A fourth asset category included all trusts that reported end-of-year book value of total assets as less than \$10.0 million, but reported end-of-year fair market value of total assets in excess of \$50.0 million, for a total of 16 strata. There were 21,618 charitable remainder annuity trusts, which were sampled at rates ranging from 6.3 percent (for the smallest) to 100.0 percent (for the largest), resulting in a sample of 2,118 returns. There were 95,146 charitable remainder unitrusts, sampled at rates from 5.0 percent to 100.0 percent, creating a sample of 9,438 returns. There were 6,233 charitable lead trusts, from which a sample of 637 was drawn. Lead trusts were sampled at rates ranging from 3.6 percent to 100.0 percent. There were 1,650 pooled income funds, of which 189 were included in the sample. Pooled income funds had sample rates from 4.9 percent to 100.0 percent. For all trust types, trusts in the fourth asset category were sampled at 100.0 percent. The magnitude of sampling error for selected items, measured by coefficients of variation, is shown in Figure Q.

All samples were designed to provide reliable estimates of financial activity. All data were collected from original returns as they were filed. All edited returns were subjected to comprehensive testing and data verification procedures to ensure the highest quality of data. Changes that were made to the return after filing, either by the taxpayer (on an amended return) or during IRS processing, were not generally incorporated. A complete discussion of the reliability of estimates based on samples, methods for evaluating the magnitude for both sampling and nonsampling error, and the precision of the sample estimates can be found in the Appendix in this issue of the *SOI Bulletin*.

Explanation of Selected Terms

Annuity trust.—An annuity trust is a trust in which the payments for the duration of the trust, either to a private or charitable beneficiary, are of a fixed amount. In the context of this article, an annuity trust can be either a charitable remainder trust (with a private income beneficiary) or charitable lead

Figure Q

Coefficients of Variation for Selected Items, by Type of Split-Interest Trust, Filing Year 2005

Item	Charitable remainder annuity trusts	Charitable remainder unitrusts	Charitable lead trusts	Pooled income funds
	(1)	(2)	(3)	(4)
Number of returns.....	0.52	0.14	0.80	2.33
Net ordinary income [1].....	4.22	1.07	N/A	N/A
Net short-term capital gain income [2].....	4.76	8.47	N/A	N/A
Net long-term capital gain income [3].....	6.90	3.84	N/A	N/A
End-of-year total assets (book value) [4].....	1.55	0.53	1.43	2.82
End-of-year total assets (fair market value) [5].....	N/A	0.62	N/A	N/A
End-of-year total liabilities (book value) [6].....	10.24	4.16	12.19	5.16
End-of-year total liabilities (fair market value) [5].....	N/A	4.15	N/A	N/A
Required payment to private beneficiaries [7].....	N/A	N/A	34.03	4.79
Required payment to charitable beneficiaries [8].....	N/A	N/A	3.71	N/A

N/A - Not applicable.

[1] Taken from Form 5227, Part I, line 13.

[2] Taken from Form 5227, Part I, line 16.

[3] Taken from Form 5227, Part I, line 19.

[4] Taken from Form 5227, Part IV, line 37, column (b).

[5] For charitable remainder unitrusts, taken from an estimated end-of-year fair market value.

[6] Taken from Form 5227, Part IV, line 43, column (b).

[7] In the case of charitable lead trusts, this value is based on the amount on Form 5227, Part VII, Section A, line 4. In the case of pooled income funds, this value is based on the amount on Form 5227, Part VII, Section B, line 4.

[8] Taken from Form 5227, Part VII, Section A, line 3.

trust (with a charitable income beneficiary). The payment amount is determined by multiplying a specified percentage by the fair market value of the assets initially placed in the trust.

Beneficiary(ies).—Beneficiary(ies) refers to the person, persons, or organization that receives payments or assets from a trust. *Recipient* is used interchangeably with beneficiary. Beneficiaries can be either charitable or noncharitable (private), and can be either an income beneficiary or a remainder beneficiary.

Book value.—Book value is generally the cost basis of an asset, or the price at which an asset is acquired. All trusts must report the beginning- and end-of-year book value of their assets on Part IV, Balance Sheet, Columns A and B, of Form 5227. All book value amounts referred to in this article are end-of-year book value amounts.

Charitable lead trust (CLT).—Charitable lead trusts are split-interest trusts in which a designated charitable organization receives an income stream from the assets in trust; one or more private beneficiaries receive the remainder interest of the trust. Charitable lead trusts can be classified as either grantor or nongrantor lead trusts, and payments can be made on an annuity basis or a unitrust basis.

Charitable remainder annuity trust (CRAT).—A charitable remainder annuity trust is a charitable

remainder trust in which the income payments to the private beneficiary are fixed. The payment amount is calculated by multiplying the designated percentage by the fair market value of the assets initially placed in the trust.

Charitable remainder trust (CRT).—Charitable remainder trusts are split-interest trusts in which a private or noncharitable beneficiary receives a stream of income for the duration of the trust, and a designated charity receives the remainder interest of the trust. Charitable remainder trusts can be either annuity trusts or unitrusts, depending on the method used to calculate the payment amounts. Further, unitrusts can be of the net income or net income with makeup variety.

Charitable remainder unitrust (CRUT).—A charitable remainder unitrust is a charitable remainder trust in which the income payments to the private beneficiary fluctuate with the annual value of the assets in the trust. The payment amount is calculated by multiplying the designated percentage by the fair market value of the assets as they are valued each year. Unitrusts can have net income or net income with makeup provisions.

Charity or charitable organization.—A charity, or charitable organization, refers to a tax-exempt organization with purposes that are charitable, educational, scientific, literary, or religious in nature, or that otherwise qualifies as a 501(c) (3) organization.

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Donor.—A donor, also referred to as a grantor or contributor, is the individual who transfers personal assets into the trust or fund.

Fair market value.—Fair market value is defined, for the purposes of this article, as the market price of the asset (or liability) as of a certain point in time. The fair market value of assets and liabilities is reported by charitable remainder unitrusts in Part IV, Balance Sheet, Column C, of Form 5227.

Grantor charitable lead trust.—Charitable grantor lead trusts name the donor (grantor) as the remainder beneficiary. In establishing a grantor lead trust, the donor is entitled to an income tax deduction for the year in which the trust was created, but he or she must also pay taxes on the income generated by the trust's assets. The income generated is paid to a designated charitable beneficiary.

Income beneficiary.—The income beneficiary of a split-interest trust is the recipient of the stream of payments made over the duration of the trust. The income beneficiary of charitable remainder trusts and pooled income funds is the private (noncharitable) beneficiary; in charitable lead trusts, the income beneficiary is the designated charitable organization.

Income interest.—Income interest refers to the right to receive payments made to beneficiaries during the life of the trust. Income interest is paid to the income beneficiary.

Investments.—Investments refer to the sum of “Government obligations” (line 32a); “corporate stock” (line 32b); “corporate bonds” (line 32c); “land, buildings, and equipment that is not held for charitable purposes” (line 33); and “other investments” (line 34) reported on Form 5227.

Net income charitable remainder unitrust (NICRUT).—Net income charitable remainder unitrusts are charitable remainder unitrusts that allow the annual payment to the private beneficiary to be the lesser of either the unitrust amount or the trust's net income.

Net income with makeup charitable remainder unitrusts (NIM-CRUT).—Net income with makeup charitable remainder unitrusts are charitable remainder unitrusts that allow the annual payment to the private beneficiary to be the lesser of either the unitrust amount or the trust's net income. Deficiencies in the distributions, which occur when the net income is

less than the unitrust payment amount, are then made up in subsequent years when the net income of the trust is greater than the unitrust amount.

Nongrantor charitable lead trust.—Charitable nongrantor lead trusts name as the remainder beneficiary a recipient other than the grantor (donor). Usually, the remainder beneficiary is a child or grandchild of the grantor.

Ordinary income.—Ordinary income is income from the following sources: interest; dividends; business income; rents, royalties, partnerships, and other estates and trusts; farm income; ordinary gain; and “other income.” Ordinary income is reported in Part I, Ordinary Income, of Form 5227.

Pooled income fund (PIF).—A pooled income fund is a fund established and maintained by a charity to invest and manage assets donated by multiple donors. Income from the assets is distributed annually on a prorated basis to the named beneficiaries. Upon the termination of an income interest (due to the death of one of the beneficiaries), a prorated part of the basis of the fund is removed and given to the charity.

Remainder beneficiary.—The remainder beneficiary of a split-interest trust is the recipient of the trust's assets at the conclusion of the trust. In the case of charitable remainder trusts, the remainder beneficiary is the selected charity; in charitable lead trusts, the remainder beneficiary is the designated private beneficiary.

Remainder interest.—The remainder interest of a trust is the right to receive assets remaining at the conclusion of the trust, after all liabilities have been settled and prior payments to beneficiaries have been made. This interest is then distributed to the remainder beneficiary.

Securities.—Securities refer to the sum of “Government obligations” (line 32a); “corporate stock” (line 32b); and “corporate bonds” (line 32c) reported on Form 5227.

Short-term investments.—Short-term investments are securities that mature in 1 year or less. Treasury bills and short-term corporate notes are common examples of a short-term investment.

Split-interest trust.—A split-interest trust, according to the *2003 Instructions for Form 5227*, is a trust that “is not exempt from tax under Internal

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Revenue Code section 501(a); has some unexpired interests that are devoted to purposes other than religious, charitable, or similar purposes described in Code section 170(c)(2)(B); and has amounts transferred in trust after May 26, 1969, for which a deduction was allowed under one of the Code sections listed in section 4947(a)(2).”

Trust.—A trust is a legal arrangement between its creator (donor or grantor), the manager of the trust (trustee), and the beneficiary or beneficiaries of the trust. Trusts are legal entities in their own right, and can be responsible for any tax liabilities separate from the liabilities of the grantor and beneficiary. The conditions and provisions of a trust are defined in the trust document.

Unitrust.—A unitrust is a trust in which the income interest, paid either to a private or charitable beneficiary, varies with the annual fair market value of the total assets of the trust in a given year. In the context of this article, a unitrust can be either of the charitable remainder trust (with income payments to a private beneficiary) or charitable lead trust (with income payments to a charitable beneficiary) variety. The payment amount is determined by multiplying a specified percentage by the fair market value of the assets of the trust as they are valued annually.

Notes and References

- [1] A filing year includes all returns submitted to IRS processing between January 1 and December 31 of that year. Returns filed in 2005 were primarily for Tax Year 2004.
- [2] For more information on the allowable duration of charitable remainder trusts, see Internal Revenue Code section 664(d)(1)(A) and 664(d)(2)(A).
- [3] The qualifications for a “charitable beneficiary” are detailed in Internal Revenue Code section 170(c).
- [4] The method of valuation of the fair market value of a trust is given in Internal Revenue Code section 7520.
- [5] For more information regarding net income charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(A).
- [6] For more information regarding net income with makeup charitable remainder unitrusts, see Internal Revenue Code section 664(d)(3)(B).
- [7] Prorating requires the preparer to calculate the number of days remaining in the year when the additional contribution is made. This number is then divided by the total number of days in the calendar year. The resulting percentage is then multiplied by the value of the additional contribution to determine the prorated value of the additional contributions.
- [8] In order to qualify, the individual or individuals must be the donor, the donor’s spouse, a linear ancestor of a noncharitable beneficiary, or the spouse of a linear ancestor of a noncharitable beneficiary. For more information, see Treasury Regulations 1.1170A-6(c)(2)(i).
- [9] This charitable deduction is not without limit. In general, individuals may not receive a deduction for a charitable contribution in excess of 50.0 percent of the taxpayer’s contribution base, usually equal to the adjusted gross income. This and other related limitations on charitable deductions are further described in Internal Revenue Code section 170(b).
- [10] Pooled income funds are further discussed under Internal Revenue Code section 642(c)(5).
- [11] Split-interest trusts created before May 27, 1969, are exempt from having to file a Form 5227, as long as no amounts have been transferred to the trust since May 27, 1969.
- [12] Trusts that do not report end-of-year total assets, or that report the amount as zero, are often final-year filers. In those instances, the trusts usually report asset amounts for the beginning of the year, but, as they have terminated, there are no trust assets to report for the end of the year.
- [13] Charitable remainder trusts are not allowed deductions for personal exemptions, charitable contributions, net operating losses, income distributions, capital loss carryforwards, Federal income taxes, or Federal excise taxes.

Split-Interest Trusts, Filing Year 2005

[14] Those distributions made after December 31 of a tax year, for that tax year, will be included as undistributed at the end of the tax year on the Accumulation Schedule.

[15] This schedule includes all distributions made for the tax year, even if the beneficiary received those distributions after December 31 of that year. Some trust documents may allow for

calendar-year distributions to be made within a certain period of time following the end of the calendar year.

[16] Ordering distribution rules differ for certain types of ordinary income and long-term capital gains. For comprehensive ordering rules, see Form 5227 Instructions.

Split-Interest Trusts, Filing Year 2005

Table 1.—Charitable Remainder Annuity Trusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

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

Item	Total	Size of end-of-year book value of total assets					
		Zero or not reported	\$1 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	21,667	1,013	16,722	2,176	1,352	321	84
Total net income [1]	817,535	23,470	118,414	79,677	196,414	179,963	219,597
Net ordinary income [2]	226,971	2,508	56,461	33,725	48,518	34,456	51,302
Total ordinary income [3].....	282,731	4,507	71,303	45,467	60,404	42,867	58,183
Interest income.....	115,057	2,022	26,580	16,375	23,527	19,804	26,747
Dividends and business income (loss).....	137,951	2,443	31,048	25,372	30,079	18,359	30,650
Other income [4].....	29,724	* 42	13,674	3,720	6,799	4,704	785
Total deductions [5].....	55,760	1,999	14,842	11,743	11,886	8,410	6,881
Interest.....	2,290	0	* 4	* 2,132	72	* 64	* 18
Taxes.....	442	* 34	106	44	205	49	* 5
Other deductions.....	53,028	1,965	14,731	9,567	11,609	8,298	6,858
Net short-term capital gains or (losses) [6]	43,166	1,519	5,128	3,267	6,766	2,633	23,854
Total short-term capital gains or (losses).....	44,283	1,676	5,339	3,379	7,016	2,873	24,000
Deductions allocable to short-term capital gains or (losses).....	1,117	* 157	212	* 112	250	240	* 146
Net long-term capital gains or (losses) [7]	507,093	19,019	49,556	35,730	128,128	134,273	140,387
Total long-term capital gains or (losses) [8].....	512,572	19,216	51,335	36,770	129,514	134,813	140,924
Deductions allocable to long-term capital gains or (losses).....	5,479	* 197	1,779	1,039	1,387	540	* 537
Nontaxable income [9]	40,305	424	7,269	6,954	13,002	8,601	4,053

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

[1] Calculated as the sum of "net ordinary income" (Form 5227, Part I, line 13), "net short-term capital gains or (losses)" (line 16), "net long-term capital gains or (losses)" (line 19), and "current tax year nontaxable income" (Part II, line 21(d)).

[2] Taken from "ordinary income less deductions" (Form 5227, Part I, line 13). This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer discrepancies.

[3] Taken from Form 5227, Part I, line 8.

[4] Calculated as the sum of "rents, royalties, partnerships, other estates, and trusts" (Form 5227, Part I, line 4), "farm income or loss" (line 5), "ordinary gain or loss" (line 6), and "other income" (line 7).

[5] Taken from Form 5227, Part I, line 12.

[6] Taken from Form 5227, Part I, line 16.

[7] Taken from Form 5227, Part I, line 19.

[8] Taken from Form 5227, Part I, line 17a.

[9] Taken from Form 5227, Part II, line 21(d).

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

Split-Interest Trusts, Filing Year 2005

Table 2.—Charitable Remainder Annuity Trusts: Accumulation Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

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

Item	Total	Size of end-of-year book value of total assets					
		Zero or not reported	\$1 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	21,667	1,013	16,722	2,176	1,352	321	84
Total accumulations [1].....	5,540,401	153,188	943,871	735,848	1,155,995	1,088,778	1,462,721
Net ordinary income.....	455,465	23,396	87,299	48,824	94,159	118,696	83,092
Net short-term capital gains or (losses).....	54,094	6,374	10,751	7,662	10,755	7,116	11,436
Net long-term capital gains or (losses).....	4,843,295	118,530	810,904	650,675	996,490	912,561	1,354,134
Nontaxable income.....	187,547	4,888	34,919	28,686	54,590	50,405	14,059
Prior-year undistributed income [2].....	4,722,866	129,718	825,457	656,171	959,581	908,815	1,243,125
Net ordinary income.....	228,494	20,888	30,837	15,099	45,641	84,239	31,789
Net short-term capital gains or (losses).....	-805	4,613	4,069	1,922	1,751	737	-13,896
Net long-term capital gains or (losses).....	4,347,935	99,753	762,902	617,418	870,601	782,035	1,215,225
Nontaxable income.....	147,242	4,464	27,649	21,732	41,588	41,804	10,006
Current-year net income [3].....	817,535	23,470	118,414	79,677	196,414	179,963	219,597
Net ordinary income.....	226,971	2,508	56,461	33,725	48,518	34,456	51,302
Net short-term capital gains or (losses).....	43,166	1,519	5,128	3,267	6,766	2,633	23,854
Net long-term capital gains or (losses).....	507,093	19,019	49,556	35,730	128,128	134,273	140,387
Nontaxable income.....	40,305	424	7,269	6,954	13,002	8,601	4,053
Undistributed at end of year [4].....	4,737,789	14,395	773,030	623,003	1,012,339	1,001,632	1,313,390
Net ordinary income.....	221,577	* 467	38,263	14,045	46,467	85,740	36,596
Net short-term capital gains or (losses).....	24,634	* -19	5,221	4,252	5,636	2,973	6,571
Net long-term capital gains or (losses).....	4,341,672	13,877	702,927	582,012	914,967	868,598	1,259,290
Nontaxable income.....	149,905	* 70	26,619	22,694	45,268	44,321	10,932

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

[1] Taken from Form 5227, Part II, line 22.

[2] Taken from Form 5227, Part II, line 20.

[3] Taken from Form 5227, Part II, line 21.

[4] Taken from Form 5227, Part II, line 23.

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

Split-Interest Trusts, Filing Year 2005

Table 3.—Charitable Remainder Annuity Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	21,667	17,735	2,176	1,352	321	84
Total net assets [2]	9,389,909	1,951,220	1,571,606	2,100,366	1,623,609	2,143,107
Total liabilities and net assets [3]	9,540,936	1,997,428	1,582,027	2,170,220	1,636,018	2,155,243
Total assets [4]	9,540,935	1,997,428	1,582,027	2,170,220	1,636,018	2,155,243
Cash.....	312,205	43,468	32,524	31,445	35,188	169,581
Savings and temporary cash investments.....	754,277	102,658	111,502	145,068	195,576	199,473
Receivables due [5].....	135,076	17,240	10,060	45,360	5,654	56,761
Inventories and prepaid expenses.....	2,474	* 25	0	* 1,770	* 615	65
Total investments	8,035,587	1,752,416	1,381,785	1,856,682	1,380,316	1,664,387
Securities	6,701,835	1,425,371	1,165,891	1,557,076	1,177,924	1,375,574
Government obligations.....	1,418,350	193,636	239,308	414,915	307,196	263,294
Corporate stock.....	4,050,244	940,428	719,574	873,568	677,493	839,181
Corporate bonds.....	1,233,241	291,307	207,008	268,593	193,235	273,099
Land, buildings, and equipment.....	105,727	23,483	0	** 299,606	46,628	** 288,813
Other investments.....	1,228,026	303,562	215,894	**	155,764	**
Charitable purpose land, buildings, and equipment.....	42,924	* 11,552	** 46,155	22,800	** 18,669	0
Other assets.....	258,386	70,063	**	67,094	**	64,975
Total liabilities [6]	144,313	42,941	10,420	66,407	12,409	12,136
Accounts payable, accrued expenses, and deferred revenue.....	32,808	9,772	* 3,521	17,827	* 739	* 949
Other liabilities [7].....	111,505	33,169	6,899	48,580	11,670	* 11,186

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

** Data are combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of total assets (line 37, column (b)) less total liabilities (line 43, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from "total liabilities and net assets" (Form 5227, Part IV, line 47, column (b)). This amount may not equal "total liabilities" (line 43, column (b)) plus "total net assets" (line 46, column (b)) due to taxpayer reporting discrepancies.

[4] Taken from Form 5227, Part IV, line 37, column (b).

[5] Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27, column (b)), "receivables due from officers, directors, and other disqualified persons" (line 28), and "other notes and loans receivable" (line 29, column (b)).

[6] Taken from Form 5227, Part IV, line 43, column (b).

[7] Includes "loans from officers, directors, trustees, and other disqualified persons" (Form 5227, Part IV, line 40, column (b)), "mortgages and other notes payable" (line 41, column (b)), and "other liabilities" (line 42, column (b)).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Split-Interest Trusts, Filing Year 2005

Table 4.—Charitable Remainder Unitrusts: Income and Deductions, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

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

Item	Total	Size of end-of-year book value of total assets					
		Zero or not reported	\$1 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	94,779	2,322	64,195	15,070	9,781	2,698	713
Total net income [1]	8,212,876	334,417	818,371	751,876	1,458,384	1,429,655	3,420,174
Net ordinary income [2]	2,290,808	7,145	281,946	253,210	388,400	312,759	1,047,347
Total ordinary income [3].....	2,858,595	19,706	374,458	324,716	488,711	383,467	1,267,538
Interest income.....	804,110	7,745	106,790	92,453	151,907	120,816	324,399
Dividends and business income (loss).....	1,370,785	10,789	221,357	200,655	258,142	221,792	458,050
Other income [4].....	683,698	1,171	46,309	31,607	78,662	40,859	485,089
Total deductions [5]	567,785	12,561	92,510	71,505	100,311	70,708	220,191
Interest.....	112,221	* 36	691	326	1,828	1,813	107,527
Taxes.....	8,866	* 75	1,062	1,952	1,529	1,035	3,213
Other deductions.....	446,698	12,450	90,757	69,226	96,954	67,859	109,451
Net short-term capital gains or (losses) [6]	340,783	38,787	26,605	20,992	65,669	76,653	112,076
Total short-term capital gains or (losses).....	544,026	38,819	28,527	22,532	68,684	78,018	307,445
Deductions allocable to short-term capital gains or (losses).....	203,243	* 32	1,921	1,539	3,016	1,365	195,370
Net long-term capital gains or (losses) [7]	5,488,201	286,861	500,035	459,894	982,376	1,020,454	2,238,582
Total long-term capital gains or (losses) [8].....	5,807,252	287,359	511,663	471,168	996,154	1,028,771	2,512,138
Deductions allocable to short-term capital gains or (losses).....	319,050	498	11,627	11,273	13,778	8,317	273,556
Nontaxable income [9]	93,085	1,624	9,783	17,779	21,939	19,788	22,170

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

[1] Calculated as the sum of "net ordinary income" (Form 5227, Part I, line 13), "net short-term capital gains or (losses)" (line 16), "net long-term capital gains or (losses)" (line 19), and "current tax year nontaxable income" (Part II, line 21(d)).

[2] Taken from "ordinary income less deductions" (Form 5227, Part I, line 13). This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer reporting discrepancies.

[3] Taken from Form 5227, Part I, line 8.

[4] Calculated as the sum of "rents, royalties, partnerships, other estates, and trusts" (Form 5227, Part I, line 4), "farm income or loss" (line 5), "ordinary gains or losses" (line 6), and "other income" (line 7).

[5] Taken from Form 5227, Part I, line 12.

[6] Taken from Form 5227, Part I, line 16.

[7] Taken from Form 5227, Part I, line 19.

[8] Taken from Form 5227, Part I, line 17a.

[9] Taken from Form 5227, Part II, line 21(d).

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

Split-Interest Trusts, Filing Year 2005

Table 5.—Charitable Remainder Unitrusts: Accumulation Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

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

Item	Total	Size of end-of-year book value of total assets					
		Zero or not reported	\$1 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	94,779	2,322	64,195	15,070	9,781	2,698	713
Total accumulations [1]	59,570,962	997,662	6,872,044	6,462,355	10,813,758	10,969,156	23,455,989
Net ordinary income.....	4,703,324	26,074	364,010	343,708	582,300	560,002	2,827,231
Net short-term capital gains or (losses).....	2,278,030	101,578	64,477	104,693	176,922	229,902	1,600,458
Net long-term capital gains or (losses).....	52,175,668	865,768	6,395,534	5,964,515	9,929,715	10,068,321	18,951,816
Nontaxable income.....	413,940	4,242	48,023	49,439	124,821	110,931	76,484
Prior-year undistributed income [2]	51,358,084	663,245	6,053,672	5,710,478	9,355,374	9,539,501	20,035,814
Net ordinary income.....	2,412,516	18,929	82,063	90,497	193,900	247,242	1,779,885
Net short-term capital gains or (losses).....	1,749,385	62,763	-18,790	62,909	68,346	118,962	1,455,195
Net long-term capital gains or (losses).....	46,875,328	578,935	5,952,160	5,525,412	8,990,246	9,082,154	16,746,421
Nontaxable income.....	320,855	2,618	38,240	31,660	102,882	91,143	54,314
Current-year net income [3]	8,212,876	334,417	818,371	751,876	1,458,384	1,429,655	3,420,174
Net ordinary income.....	2,290,808	7,145	281,946	253,210	388,400	312,759	1,047,347
Net short-term capital gains or (losses).....	340,783	38,787	26,605	20,992	65,669	76,653	112,076
Net long-term capital gains or (losses).....	5,488,201	286,861	500,035	459,894	982,376	1,020,454	2,238,582
Nontaxable income.....	93,085	1,624	9,783	17,779	21,939	19,788	22,170
Undistributed at end of year [4]	53,959,127	343,705	6,067,169	5,747,881	9,746,577	10,001,199	22,052,596
Net ordinary income.....	2,995,670	14,982	77,978	96,591	213,610	268,494	2,324,015
Net short-term capital gains or (losses).....	1,895,022	54,596	30,914	65,648	106,652	148,497	1,488,716
Net long-term capital gains or (losses).....	48,701,134	272,022	5,918,756	5,545,944	9,311,680	9,483,503	18,169,229
Nontaxable income.....	367,301	* 2,106	39,522	39,698	114,635	100,705	70,636

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

[1] Taken from Form 5227, Part II, line 22.

[2] Taken from Form 5227, Part II, line 20.

[3] Taken from Form 5227, Part II, line 21.

[4] Taken from Form 5227, Part II, line 23.

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

Split-Interest Trusts, Filing Year 2005

Table 6.—Charitable Remainder Unitrusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	94,779	66,517	15,070	9,781	2,698	713
Total net assets [2]	78,594,845	11,827,997	10,406,396	15,631,191	13,433,506	27,295,755
Total liabilities and net assets [3]	79,815,700	11,973,647	10,553,278	15,860,570	13,708,434	27,719,771
Total assets [4]	79,845,710	11,973,647	10,570,067	15,860,517	13,721,709	27,719,771
Cash.....	1,292,390	240,349	138,592	287,741	194,480	431,228
Savings and temporary cash investments.....	4,660,301	665,660	600,496	985,102	769,603	1,639,440
Receivables due [5].....	1,001,894	193,428	93,812	298,365	208,524	207,765
Inventories and prepaid expenses.....	23,058	* 713	* 12,964	4,994	4,253	133
Total investments	69,584,949	10,196,193	9,246,844	13,485,847	11,956,726	24,699,340
Securities	47,820,464	8,327,727	7,571,886	11,029,867	9,200,718	11,690,267
Government obligations.....	4,739,014	479,873	599,064	1,136,049	1,074,709	1,449,319
Corporate stock.....	35,612,915	6,318,888	5,788,526	8,208,468	6,831,327	8,465,707
Corporate bonds.....	7,468,535	1,528,966	1,184,296	1,685,350	1,294,682	1,775,241
Land, buildings, and equipment.....	733,885	105,695	103,646	202,850	212,932	108,762
Other investments.....	21,030,600	1,762,771	1,571,312	2,253,130	2,543,075	12,900,312
Charitable purpose land, buildings, and equipment.....	400,073	42,492	* 26,145	112,619	87,694	131,122
Other assets.....	2,883,022	634,794	451,211	685,846	500,429	610,742
Total liabilities [6]	1,219,626	145,069	146,882	228,933	274,720	424,022
Accounts payable, accrued expenses, and deferred revenue.....	309,223	45,668	50,409	63,866	72,069	77,212
Other liabilities [7].....	910,403	99,401	96,473	165,067	202,652	346,810

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

[1] Includes returns that did not report end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of total assets (line 37, column (b)) less total liabilities (line 43, column (b)) due to taxpayer reporting error.

[3] Taken from "total liabilities and net assets" (Form 5227, Part IV, line 47, column (b)). This amount may not equal "total liabilities" (line 43, column (b)) plus "total net assets" (line 46, column (b)) due to taxpayer reporting discrepancies.

[4] Taken from Form 5227, Part IV, line 37, column (b).

[5] Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27, column (b)), "receivables due from officers, directors, and other disqualified persons" (line 28, column (b)), and "other notes and loans receivable" (line 29, column (b)).

[6] Taken from Form 5227, Part IV, line 43, column (b).

[7] Includes "loans from officers, directors, trustees, and other disqualified persons" (Form 5227, Part IV, line 40, column (b)), "mortgages and other notes payable" (line 41, column (b)), and "other liabilities" (line 42, column (b)).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Split-Interest Trusts, Filing Year 2005

Table 7.—Charitable Remainder Unitrusts: Fair Market Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns.....	94,779	66,517	15,070	9,781	2,698	713
Total assets	95,053,618	14,708,729	11,969,101	17,855,872	15,529,043	34,990,872
Cash.....	1,327,634	274,017	138,189	283,363	196,632	435,433
Savings and temporary cash investments.....	4,706,316	678,086	618,912	999,461	767,573	1,642,285
Receivables due [2].....	971,468	195,700	92,694	280,017	209,086	193,972
Inventories and prepaid expenses.....	22,568	* 366	* 13,054	4,767	4,251	130
Total investments.....	84,285,264	12,704,893	10,568,685	15,449,242	13,645,714	31,916,730
Securities.....	56,927,265	10,237,969	8,726,412	12,635,646	10,645,488	14,681,751
Government obligations.....	5,205,271	565,750	647,703	1,235,556	1,193,855	1,562,407
Corporate stock.....	43,988,926	8,057,037	6,860,479	9,664,279	8,142,281	11,264,851
Corporate bonds.....	7,733,068	1,615,183	1,218,230	1,735,811	1,309,352	1,854,492
Land, buildings, and equipment.....	1,228,650	456,318	125,644	306,131	225,504	115,053
Other investments.....	26,129,348	2,010,605	1,716,629	2,507,466	2,774,722	17,119,926
Charitable purpose land, buildings, and equipment.....	542,361	140,443	* 40,323	109,936	120,834	130,825
Other assets.....	3,197,972	715,201	497,240	729,082	584,952	671,497
Total liabilities	1,223,051	140,151	142,888	235,483	261,978	442,551
Accounts payable, accrued expenses, and deferred revenue.....	281,517	48,452	34,874	54,945	71,022	72,223
Other liabilities [3].....	941,534	91,699	108,013	180,538	190,955	370,328

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27), "receivables due from officers, directors, and other disqualified persons" (line 28), and "other notes and loans receivable" (line 29).

[3] Includes "loans from officers, directors, trustees, and other disqualified persons" (Form 5227, Part IV, line 40), "mortgages and other notes payable" (line 41), and "other liabilities" (line 42).

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

Split-Interest Trusts, Filing Year 2005

Table 8.—Charitable Lead Trusts: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

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

Item	Total	Size of end-of-year book value of total assets				
		Under \$500,000 [1]	\$500,000 under \$1,000,000	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	6,168	2,757	1,383	1,245	560	222
Total net assets [2]	15,100,846	520,649	1,000,597	2,112,605	2,816,920	8,650,075
Total liabilities and net assets [3]	15,500,073	539,704	1,043,073	2,178,351	2,871,669	8,867,276
Total assets [4]	15,500,073	539,704	1,043,073	2,178,351	2,871,669	8,867,276
Cash.....	176,966	19,123	23,631	21,819	24,492	87,900
Savings and temporary cash investments.....	962,788	25,782	67,897	147,218	195,379	526,511
Receivables due, inventories, and prepaid expenses [5].....	237,272	* 1,635	* 25,307	36,339	2,457	171,532
Total investments.....	13,495,200	435,257	901,438	1,920,752	2,489,476	7,748,277
Securities	7,603,694	349,032	616,000	1,425,026	1,355,051	3,858,587
Government obligations.....	763,214	35,459	81,015	144,175	46,502	456,063
Corporate stock.....	6,162,253	294,950	477,343	1,161,606	1,148,517	3,079,838
Corporate bonds.....	678,227	18,623	57,642	119,245	160,032	322,685
Other investments [6].....	5,891,505	86,226	285,438	495,726	1,134,425	3,889,690
Other assets [7].....	627,847	57,905	* 24,800	52,222	159,864	333,056
Total liabilities [8]	399,226	19,054	* 42,476	65,746	54,749	217,201

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of total assets (line 37, column (b)) less total liabilities (line 43, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from "total liabilities and net assets" (Form 5227, Part IV, line 47, column (b)). This amount may not equal "total liabilities" (line 43, column (b)) plus "total net assets" (line 46, column (b)) due to taxpayer reporting discrepancies.

[4] Taken from Form 5227, Part IV, line 37, column (b).

[5] Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27, column (b)), "receivables due from officers, directors, and other disqualified persons" (line 28), "other notes and loans receivable" (line 29, column (b)), "inventories for sale or use" (line 30, column (b)), and "prepaid expenses and deferred charges" (line 31, column (b)).

[6] Calculated as the sum of "investments—land, buildings, and equipment" (Form 5227, Part IV, line 33, column (b)) and "investments—other" (line 34, column (b)).

[7] Calculated as the sum of "charitable purpose land, buildings, and equipment" (Form 5227, Part IV, line 35, column (b)) and "other assets" (line 36, column (b)).

[8] Taken from Form 5227, Part IV, line 43, column (b).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

Split-Interest Trusts, Filing Year 2005

Table 9.—Pooled Income Funds: Book Value Balance Sheet Information, by Size of End-of-Year Book Value of Total Assets, Filing Year 2005

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

Item	Total	Size of end-of-year book value of total assets			
		Under \$1,000,000 [1]	\$1,000,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)
Number of returns	1,677	1,416	151	85	25
Total net assets [2]	1,466,367	194,698	229,664	440,350	601,654
Total liabilities and net assets [3]	1,620,701	200,796	232,581	450,067	737,256
Total assets [4]	1,620,701	200,796	232,581	450,067	737,256
Cash.....	14,255	1,645	2,541	7,295	* 2,774
Savings and temporary cash investments.....	67,650	10,798	11,250	15,435	30,166
Receivables due, inventories, and prepaid expenses [5].....	5,265	* 4	* 2,867	* 41	* 2,353
Total investments	1,474,087	143,192	211,000	426,876	693,019
Securities.....	1,050,339	111,612	153,919	352,413	432,395
Government obligations.....	209,350	15,497	17,786	55,357	* 120,710
Corporate stock.....	417,719	48,132	43,805	142,654	183,128
Corporate bonds.....	423,269	47,983	92,328	154,402	128,557
Other investments [6].....	423,748	31,580	57,081	74,463	260,625
Other assets [7].....	59,443	45,157	* 4,922	* 420	* 8,944
Total liabilities [8]	118,143	* 413	* 356	9,717	107,657

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

[1] Includes returns that did not report the end-of-year book value of total assets (Form 5227, Part IV, line 37, column (b)) from the balance sheet, or that reported the amount as zero. Often, these zero amounts are explained by trusts filing a final return.

[2] Taken from Form 5227, Part IV, line 46, column (b). This is the excess of total assets over total liabilities. This value may deviate from the calculated value of total assets (line 37, column (b)) less total liabilities (line 43, column (b)) due to taxpayer reporting discrepancies.

[3] Taken from "total liabilities and net assets" (Form 5227, Part IV, line 47, column (b)). This amount may not equal "total liabilities" (line 43, column (b)) plus "total net assets" (line 46, column (b)) due to taxpayer reporting discrepancies.

[4] Taken from Form 5227, Part IV, line 37, column (b).

[5] Calculated as the sum of "accounts receivable" (Form 5227, Part IV, line 27, column (b)), "receivables due from officers, directors, and other disqualified persons" (line 28, column (b)), "other notes and loans receivable" (line 29, column (b)), "inventories for sale or use" (line 30, column (b)), and "prepaid expenses and deferred charges" (line 31, column (b)).

[6] Calculated as the sum of "investments—land, buildings, and equipment" (Form 5227, Part IV, line 33, column (b)) and "investments—other" (line 34, column (b)).

[7] Calculated as the sum of "charitable purpose land, buildings, and equipment" (Form 5227, Part IV, line 35, column (b)) and "other assets" (line 36, column (b)).

[8] Taken from Form 5227, Part IV, line 43, column (b).

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

Unrelated Business Income Tax Returns, 2003: Financial Highlights and A Special Analysis of Nonprofit Charitable Organizations' Revenue and Taxable Income

by Margaret Riley

Nonprofit charitable and other types of tax-exempt organizations reported \$8.4 billion of gross income from activities that were considered unrelated to their philanthropic missions for Tax Year 2003 (Filing Years 2004 and 2005). Engaging in these types of activities is permissible, but income produced from them is subject to Federal taxation and must be reported on Form 990-T, *Exempt Organization Business Income Tax Return*. The 36,064 Forms 990-T filed to report “unrelated business income” (UBI) for 2003 slightly exceeded the number filed for each of Tax Years 2001 and 2002, but remained below the number filed for any tax year between 1995 and 2000. For Tax Year 2003, under 4 percent of all nonprofit charitable organizations filed Forms 990-T, and UBI accounted for less than one-half of 1 percent of their total revenue. An analysis of selected sources of total revenue and UBI of these organizations is presented in the section, “Revenue and Unrelated Business Income Reported by Nonprofit Charitable Organizations.”

Aggregate gross UBI of tax-exempt organizations increased by more than 8 percent over Tax Year 2002. After offsetting the \$8.4 billion of total gross UBI with a nearly equal amount of total deductions, the resulting unrelated business taxable income (less deficit) for 2003 was \$23.2 million. Organizations reporting positive unrelated business taxable income (UBTI) numbered 15,580, or 43 percent of all filers. UBTI reported on Form 990-T increased by over 20 percent between 2002 and 2003, totaling \$780.1 million, and the associated unrelated business income tax (UBIT) rose 13 percent, to \$219.9 million [1]. After adjusting UBIT with certain credits and other taxes, the resulting total tax reported on Form 990-T was \$220.9 million. Figure A contains these and other statistics for selected major financial data items reported on Forms 990-T for Tax Years 2002 and 2003.

Total tax takes into account the \$219.9 million of unrelated business income tax, plus \$0.8 million of alternative minimum tax, \$3.0 million of “proxy

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Figure A

Selected Items from Forms 990-T, Exempt Organization Business Income Tax Returns, Tax Years 2002 and 2003

[Money amounts are in thousands of dollars]

Item	2002	2003	Percentage change
	(1)	(2)	(3)
Number of returns, total	35,103	36,064	2.7
With gross unrelated business income of \$10,000 or less [1].....	13,395	12,681	-5.3
With gross unrelated business income over \$10,000 [1].....	21,708	23,383	7.7
With unrelated business taxable income.....	14,495	15,580	7.5
Without unrelated business taxable income [2].....	20,608	20,484	-0.6
Gross unrelated business income	7,776,017	8,436,027	8.5
Total deductions [3]	7,922,208	8,412,822	6.2
Unrelated business taxable income (less deficit)	-146,191	23,204	115.9
Unrelated business taxable income.....	647,246	780,149	20.5
Deficit.....	793,438	756,944	-4.6
Unrelated business income tax	194,074	219,949	13.3
Total tax	192,747	220,916	14.6

[1] Organizations with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000 were not required to report itemized expenses and deductions, or to complete return schedules. Those with gross UBI over \$10,000 were required to fill out a more detailed “complete” return.

[2] Includes returns with deficits and returns with equal amounts of gross unrelated business income and total deductions.

[3] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33. Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services (GPSS). GPSS is a component of gross unrelated business income (upon which the filing requirement is based). Total cost of sales and services was \$2.4 billion for 2002 and \$2.5 billion for 2003.

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

tax” on certain nondeductible lobbying and political expenditures, and \$0.2 million of “other” taxes, minus \$3.1 million of tax credits [2, 3]. (Detail does not equal total because of rounding.) Tax credits included the foreign tax credit (\$1.1 million), general business credit (\$1.4 million), credit for prior-year minimum tax (\$0.1 million), and “other” credits (\$0.5 million).

Nonprofit charitable organizations exempt from tax under Internal Revenue Code (IRC) section 501(c)(3) were the largest group of filers. They

Unrelated Business Income Tax Returns, 2003

accounted for 37 percent of Forms 990-T filed for 2003 and 46 percent of total tax liability [4]. Section 501(c)(6) business leagues, chambers of commerce, and real estate boards accounted for 16 percent of UBI tax forms filed and 13 percent of total tax liability. Another 16 percent of Forms 990-T were attributable to section 501(c)(7) social and recreational clubs, and they accounted for 7 percent of total tax liability. Section 501(c)(9) voluntary employees' beneficiary associations accounted for less than 2 percent of forms filed, but over 15 percent of total tax liability. Section 408(e) traditional Individual Retirement Arrangement trusts filed 7 percent of all UBI returns, although they accounted for only 2 percent of total tax liability. Less than 1 percent of Form 990-T filers were section 401(a) pension, profit-sharing, and stock bonus plan trusts, yet they were responsible for 6 percent of total tax liability. The various types of tax-exempt organizations subject to the unrelated business income tax provisions are described by IRC section in the Appendix to this article.

Background

Definition of Unrelated Business Income

Nonprofit organizations that are granted Federal tax exemption based on their mission-related purposes are allowed to generate income from unrelated business activities; however, the income from these activities is subject to taxation. Unrelated business income is produced from an activity that is both conducted on a regular basis and not directly related to an organization's tax-exempt mission. The fact that the income may be used for furthering an organization's exempt purposes does not alter the definition [5]. Any profits from an organization's unrelated business activities are taxed at regular corporate or trust income tax rates [6]. There are certain exclusions to this income taxation; some examples are engaging in business activities in which substantially all of the work is performed by volunteer labor; selling merchandise that the organization received as a gift or contribution; and operating certain games of chance, as specified in the Internal Revenue Code.

Form 990-T Filing Requirements

Organizations that are described in IRC sections 220(e), 401(a), 408(e), 408A, 501(c)(2)-(27), 529(a), and 530(a) must file a Form 990-T if they received \$1,000 or more of gross income from business

activities that were considered unrelated to the purposes for which they received tax-exempt status. IRC section 501(d) religious and apostolic organizations, farmers' cooperatives, and section 4941(a)(1) "nonexempt charitable trusts" report taxes on forms other than Form 990-T.

Most tax-exempt organizations are required to file an annual Form 990, *Return of Organization Exempt From Income Tax*, or Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax* (used by organizations with annual gross receipts of less than \$100,000 and total end-of-year assets of less than \$250,000). IRC section 501(c)(3) private foundations and certain charitable trusts file an information return on Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation* [7]. The Form 990-T is required only for a tax year in which an organization has unrelated business income. While specific taxpayer information reported on an exempt organization's Form 990/990-EZ or Form 990-PF "information return" can be disclosed to the public, specific taxpayer information reported on its Tax Year 2003 Form 990-T "tax return" cannot [8]. Under disclosure rules governing the release of taxpayer information, only aggregate totals from Form 990-T can be presented in this article.

To report unrelated business income of \$1,000 (the filing threshold) or more for Tax Year 2003, IRC section 220(e), 401(a), 408(e), 408A, and 530(a) trusts' required reporting period was Calendar Year 2003, and the Form 990-T filing date was April 15, 2004. For all other organizations, the required reporting period was any accounting period beginning in Calendar Year 2003 (and, therefore, ending between December 2003 and November 2004, for full-year return filers). The associated required due dates for filing their Tax Year 2003 Forms 990-T generally spanned May 2004 to April 2005, but extensions of time to file beyond this period were routinely granted to many organizations. Corresponding to the required filing dates, the Tax Year 2003 study sample was drawn from Forms 990-T processed by IRS throughout Calendar Years 2004 and 2005. (See

Nonprofit charitable organizations accounted for 37 percent of Forms 990-T filed for Tax Year 2003 and 46 percent of total tax liability.

the “Data Sources and Limitations” section of this article for detailed information on the study sample.) Because of the various accounting periods of the organizations filing a Tax Year 2003 return, the financial activities covered in this article span the period January 2003 through November 2004, although 51 percent of Form 990-T filers had Calendar Year 2003 accounting periods.

Any returns filed by organizations with gross unrelated business income (UBI) below the \$1,000 filing requirement threshold were excluded from the statistics presented in this article. Some of these returns were filed inadvertently; others were filed for a specific reason, such as to report and pay proxy tax (only) or to claim a refund of tax withheld erroneously on interest or dividend payments (reported on Form 1099) because the payer did not realize that the payee was a tax-exempt organization. Organizations with gross UBI between \$1,000 and \$10,000 were required to report only totals for expenses and deductions (except for the “specific deduction” and “net operating loss deduction,” which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report more detailed expense and deduction information.

Statistical Tables

At the end of this article, Tax Year 2003 statistics covering selected financial data (including gross UBI, total deductions, unrelated business taxable income (UBTI), and total income tax) are shown in Tables 1-5. Tables 6 and 7 provide data on detailed sources of UBI and deductions, respectively. Statistics shown in Table 1 are distributed by type of organization based on Internal Revenue Code sections. Tables 2, 4, 6, and 7 are distributed by size of gross UBI; Table 4 is also distributed by type of entity. Table 3 is distributed by size of UBTI, while Table 5 is distributed by unrelated business activity or industrial grouping.

Revenue and Unrelated Business Income Reported by Nonprofit Charitable Organizations

Figure B contains Tax Year 2003 data from an estimated population of 10,064 Internal Revenue Code section 501(c)(3) nonprofit charitable organizations that filed both a Form 990/990-EZ information return and a Form 990-T tax return [9]. Estimates of section 501(c)(3) organizations shown in Figure B

are lower than the estimates of these organizations’ overall Form 990-T filings shown in Table 1 because some tax-exempt entities are required to file Form 990-T, but not Form 990/990-EZ. These entities include section 501(c)(3) private foundations, most organizations with receipts less than \$25,000, most churches, and certain other types of religious organizations.

About 4 percent of the 263,353 nonprofit charitable organizations filing Forms 990/990-EZ for 2003 also filed Forms 990-T. Overall, nonprofit charitable organizations filing Forms 990/990-EZ reported an aggregate \$1,072.2 billion of total revenue for 2003, of which less than one-half of 1 percent, or \$4.2 billion, was attributable to unrelated business income (UBI). The 10,064 organizations filing both Forms 990/990-EZ and 990-T reported \$483.9 billion of total revenue, with UBI comprising close to 1 percent.

When examining similar statistics for each of the asset groupings shown in Figure B, organizations are clearly distinguished by the fraction of Form 990/990-EZ filers that also file Form 990-T. Compared to the 4-percent ratio overall, only about 1 percent of nonprofit charitable organizations with assets under \$100,000 filed Form 990-T, whereas 39 percent of organizations with assets of \$50,000,000 or more filed Form 990-T. As an organization’s asset size increases, so does the likelihood for engaging in unrelated business activities, which results in the filing of Form 990-T.

Large nonprofit charitable organizations, such as hospitals, universities, and museums, usually are financially sophisticated and operate institutions that can easily conduct ancillary activities that are a natural outgrowth of their exempt operations, yet sometimes considered unrelated to their tax-exempt missions. A typical example would a large nonprofit hospital with a medical and diagnostic laboratory offering lab testing services for a fee to physicians’ offices that are not related to the hospital’s operation. Other examples are that of a museum selling gift shop items that have no connection to its tax-exempt purposes, or a university renting out its arena to a private vendor for an amusement or recreational activity with no educational purpose.

Smaller nonprofit charities often do not have equal opportunities to engage in unrelated business activities to the same extent as the larger organizations. They usually have fewer staff members and

Unrelated Business Income Tax Returns, 2003

Figure B

Selected Sources of Revenue and Income Reported on Information Returns and Tax Returns of Nonprofit Charitable Organizations, by Size of Assets, Tax Year 2003

[Money amounts are in thousands of dollars]

Item	Size of assets						
	Total	Under \$100,000 [1]	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ALL NONPROFIT CHARITABLE ORGANIZATIONS							
Number of Form 990/990-EZ information returns, total...	263,353	103,336	66,267	25,451	52,393	10,934	4,973
Total revenue	1,072,170,661	11,808,125	23,235,394	19,403,000	146,304,520	150,100,042	721,319,581
Program service revenue.....	754,585,374	3,934,568	8,610,109	10,036,550	76,839,877	98,044,847	557,119,424
Contributions, gifts, and grants.....	229,986,768	6,453,743	12,300,514	7,406,941	60,193,416	41,718,532	101,913,621
Total gain (loss) from sales of assets.....	25,788,120	-583,698	-7,806	126,809	580,109	1,365,329	24,307,377
Investment income [2].....	23,571,762	170,305	184,285	191,362	1,819,884	2,628,385	18,577,542
All other revenue.....	38,238,637	1,833,207	2,148,292	1,641,338	6,871,234	6,342,949	19,401,617
Total expenses	1,009,674,864	19,146,198	22,715,331	19,024,515	140,090,433	142,257,138	666,441,249
NONPROFIT CHARITABLE ORGANIZATIONS REPORTING UNRELATED BUSINESS INCOME							
Number.....	10,064	1,343	1,501	769	3,123	1,386	1,943
Percentage of all nonprofit charitable organizations.....	3.8	1.3	2.3	3.0	6.0	12.7	39.1
Form 990/990-EZ information returns:							
Total revenue	483,916,385	173,525	899,345	947,897	12,047,371	27,081,661	442,766,586
Program service revenue.....	391,580,964	47,617	498,311	695,703	6,408,019	18,894,300	365,037,016
Contributions, gifts, and grants.....	52,897,450	82,990	146,215	135,730	4,218,510	5,652,440	42,661,565
Total gain (loss) from sales of assets.....	14,290,106	0	1,168	-8,182	55,215	265,634	13,976,271
Investment income [2].....	9,637,502	284	4,101	6,067	113,604	303,240	9,210,207
All other revenue.....	15,510,363	42,634	249,550	118,579	1,252,023	1,966,047	11,881,527
Total expenses	452,781,450	168,352	885,961	1,135,199	11,682,781	26,270,622	412,638,534
Form 990-T unrelated business income tax returns:							
Gross unrelated business income	4,170,467	81,259	314,516	21,651	343,827	526,568	2,882,647
Gross profit (less loss) from sales and services.....	2,855,494	73,237	212,967	10,548	152,134	250,757	2,155,852
Advertising income.....	518,369	6,590	22,174	7,262	82,311	154,087	245,944
Unrelated debt-financed income.....	185,377	118	395	2,329	50,604	44,316	87,616
All other gross income.....	611,227	1,314	78,980	1,512	58,778	77,408	393,235
Total deductions [3]	4,362,304	80,130	319,837	21,951	369,611	559,131	3,011,643
Unrelated business taxable income [4]	220,930	4,903	9,413	2,249	19,855	36,026	148,485
Unrelated business income tax	63,267	735	1,424	408	4,129	10,619	45,952

[1] Includes returns with zero assets or assets not reported.

[2] Includes "interest on savings and other cash investments," "dividends and interest from securities," and "other investment income" from Form 990, and "investment income" from Form 990-EZ.

[3] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33. Detailed expenses and deductions data are not presented in this figure because organizations with gross unrelated business income of \$10,000 or less are not required to report itemized deductions on Form 990-T.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

NOTES: Data are from Forms 990, 990-EZ, and 990-T for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most organizations with receipts less than \$25,000, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

conduct charitable programs that do not easily lend themselves to ancillary activities that could generate unrelated business income. Another factor attributable to the low UBI tax return filing rate is that the gross UBI of smaller charities is more likely to fall below the \$1,000 threshold for filing Form 990-T. It is notable, however, that while less than 2 percent of the 169,603 smaller nonprofit charitable organizations (those with assets below \$500,000) filed a Form 990-T, those that did file the tax form reported aggregate

gross UBI that was 37 percent of total revenue reported on their Form 990/990-EZ returns. Over 39 percent of the 4,973 largest organizations, those with assets of \$50,000,000 or more, filed Forms 990-T, but the gross UBI of these Form 990-T filers was only 1 percent of their total revenue. Still, these largest organizations accounted for nearly 70 percent of all gross UBI reported on Forms 990-T filed by nonprofit charitable organizations for 2003. Between 3 percent and 13 percent of the 88,778 organizations

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with assets of \$500,000 under \$50,000,000 filed Forms 990-T. Their respective gross UBI-to-total revenue ratios were between 2 percent and 3 percent.

The selected Form 990/990-EZ revenue items and Form 990-T unrelated business income items shown in Figure B are the largest sources based on aggregate amounts reported by all filers. The composition of total revenue and gross UBI differs substantially within each asset-size grouping. For example, program service revenue accounted for 70 percent of total revenue on Forms 990/990-EZ overall, but its proportionate share of revenue increased incrementally, from 33 percent to 77 percent, as size of assets increased. On the whole, nonprofit charitable organizations received 22 percent of their revenue from contributions, gifts, and grants, but the percentage varied, from 14 percent for the largest organizations to 55 percent for the smallest. The largest organizations reported gain (loss) from sales of assets and investment income as their third and fourth largest aggregate sources of revenue, together accounting for 6 percent of their total revenue and 87 percent of the total amount of these two revenue items reported by all Form 990/990-EZ filers.

The 10,064 nonprofit charitable organizations filing UBI tax returns accounted for 45 percent of total revenue, 52 percent of program service revenue, and 23 percent of revenue from contributions, gifts, and grants reported by all nonprofit charitable organizations.

Combined revenue from program services and contributions, gifts, and grants comprised 92 percent of total revenue reported by these UBI tax return filers, the same percentage applicable to the population of nonprofit charitable organizations. However, when each of these two main revenue sources is analyzed separately, the proportions they contribute to total revenue vary when comparing all nonprofit charitable organizations to those that reported UBI on Form 990-T. The Form 990-T filers reported 81 percent of total revenue from program services and 11 percent of total revenue from contributions, gifts, and grants, while nonprofit charitable organizations as a whole reported 70 percent and 22 percent, respectively, from these sources. For the 91,718 nonprofit charitable organizations with assets of \$100,000 under \$1,000,000, the differences are the most striking. Within this asset-size grouping, organizations that generated UBI reported program ser-

vice revenue and contributions, gifts, and grants that were a respective 65 percent and 15 percent of their total revenue, compared to respective proportions of 44 percent and 46 percent for all organizations of that size. Typically, nonprofit charitable organizations engaging in unrelated business activities report a sizable portion of their UBI as program service revenue on Form 990/990-EZ.

Nearly 70 percent of nonprofit charitable organizations' gross UBI reported on Form 990-T was attributable to gross profit (less loss) from sales and services. Organizations that had assets under \$100,000 relied heavily on sales and services to generate UBI, with aggregate profit from sales and services accounting for 90 percent of their unrelated business income. Organizations with assets of \$100,000 under \$500,000 and those with assets of \$50 million or more also generated large proportions of gross UBI from sales and services, 68 percent and 75 percent, respectively. Profits from sales and services accounted for smaller shares of UBI for the three classes having combined assets of \$500,000 under \$50,000,000, varying from 44 percent to 49 percent. Organizations within these midsize classes also reported aggregate advertising income that ranged from 24 percent to 34 percent of total revenue, compared to only 7 percent to 9 percent for organizations of smaller and larger asset sizes.

The data in Figure B make it clear that it is important to analyze UBI of nonprofit charitable organizations within the context of the asset size of the organization conducting unrelated business activities. The proportion of total revenue that nonprofit charitable organizations, as a whole, generate from unrelated business activities appears to be insignificant, but that is hardly the case for small asset-size organizations that engage in these activities. While the largest organizations generate a very small percentage of revenue from unrelated business activities, a significant number, nearly 40 percent, engage in these activities to some extent.

Primary Unrelated Business Activities of Nonprofit Charitable Organizations

Figure C presents the primary unrelated business activities (PUBAs) in which nonprofit charitable organizations were most frequently engaged during Tax Year 2003. The activities are listed in descending order of frequency reported by all organizations, as a

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Figure C

Most Frequently Reported Primary Unrelated Business Activities of All Nonprofit Charitable Organizations Filing Forms 990/990-EZ and 990-T, by Size of Assets, Tax Year 2003

[Money amounts are in thousands of dollars]

Primary unrelated business activity [1]	All organizations		Size of Assets					
			Under \$500,000 [2]		\$500,000 under \$50,000,000		\$50,000,000 or more	
	Number of returns	Percentage of returns	Number of returns	Percentage of returns	Number of returns	Percentage of returns	Number of returns	Percentage of returns
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Number of returns, total.....	10,064	100.0	2,843	100.0	5,278	100.0	1,943	100.0
Advertising and related services.....	2,121	21.1	948	33.3	1,039	19.7	134	6.9
Lessors of real estate [3].....	1,799	17.9	237	8.3	1,414	26.8	148	7.6
Gambling industries.....	738	7.3	553	19.5	184	3.5	0	0.0
Gift shops.....	517	5.1	237	8.3	212	4.0	68	3.5
Medical and diagnostic laboratories.....	446	4.4	0	0.0	60	1.1	386	19.9
Caterers.....	310	3.1	79	2.8	162	3.1	69	3.6
Unrelated debt-financed activities, other than rental of real estate [4].....	228	2.3	79	2.8	99	1.9	50	2.6
All other primary activities.....	3,905	38.8	710	25.0	2,108	39.9	1,088	56.0

[1] Based on taxpayer-reported primary unrelated business activity codes selected from a list included in the Form 990-T instructions. The list contained 122 North American Classification System industry codes and five additional categories that reflected certain provisions of the Internal Revenue code pertaining to exempt organizations.

[2] Includes returns with zero assets or assets not reported.

[3] Includes lessors of residential buildings, nonresidential buildings, and other real estate property.

[4] See the Explanation of Selected Terms section of this article for a definition of Unrelated Debt-Financed Income.

NOTES: Data are from Forms 990, 990-EZ, and 990-T for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most organizations with receipts less than \$25,000, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

whole [10]. The order changes when these organizations are grouped by asset size. Nearly 40 percent of all charities reported either advertising or a form of leasing of real estate as their primary unrelated business activity. Gambling industries was the third most frequently reported PUBA of all charities, but 75 percent of these charities were small organizations, having assets under \$500,000.

The PUBAs reported most often by organizations with assets under \$500,000 were advertising and related services (33 percent of small organizations), gambling industries (20 percent), gift shops (8 percent), and lessors of real estate (8 percent). For organizations within the three midsize classes, those holding assets of \$500,000 under \$50,000,000, the PUBAs reported with the greatest frequencies were lessors of real estate (27 percent of midsize organizations), advertising and related services (20 percent), gift shops (4 percent), and gambling industries (4 percent). The most frequently reported PUBAs of organizations with assets of \$50,000,000 or more were medical and diagnostic laboratories (20 percent of large organizations), lessors of real estate (8 percent), advertising and related services (7 percent), pharmacies and drug stores (5 percent), caterers (4 percent), and gift shops (4 percent). The activity of

pharmacies and drug stores is not shown in Figure C because this was not a top-ranked PUBA of nonprofit charitable organizations overall.

Summary

During 2004 and 2005, tax-exempt organizations filed an estimated 36,064 Forms 990-T, *Exempt Organization Business Income Tax Return*, for Tax Year 2003, ending a 4-year decline in annual Form 990-T filings. After offsetting \$8.4 billion of total gross unrelated business income (UBI) with a nearly equal amount of total deductions, the resulting unrelated business taxable income (less deficit) for 2003 was \$23.2 million. Positive unrelated business taxable income reported on Form 990-T increased by over 20 percent between Tax Years 2002 and 2003, totaling \$780.1 million, and the associated unrelated business income tax (UBIT) rose 13 percent, to \$219.9 million. After adjusting UBIT with certain credits and other taxes, the resulting total tax reported on Form 990-T was \$220.9 million. These and other major financial data items from Form 990-T are presented in Figure A.

For Tax Year 2003, under 4 percent of the 263,353 Internal Revenue Code section 501(c)(3) nonprofit charitable organizations filing Forms

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990/990-EZ, *Return of Organization Exempt From Income Tax/Short Form Return of Organization Exempt From Income Tax*, also filed Forms 990-T. Aggregate gross UBI reported on the 10,064 Forms 990-T that they filed accounted for less than one-half of 1 percent of their total revenue. Grouping by asset-size classes clearly distinguishes these nonprofit charitable organizations, within the context of the percentage of organizations that filed Forms 990-T and the percentage of their total revenue attributable to unrelated business income. Across six asset-size classes, the percentage of nonprofit charitable organizations that filed both Forms 990/990-EZ and 990-T for 2003 increased incrementally as asset size increased, from about 1 percent for charities with assets under \$100,000 to 39 percent for charities with assets of \$50,000,000 or more. For the 10,064 nonprofit charitable organizations filing both Forms 990/990-EZ and 990-T, ratios of gross UBI to total revenue differ significantly among various asset-size classes. Charities within the two smallest asset-size classes, those with assets under \$500,000, reported gross UBI that was 37 percent of their total revenue, compared to charities with assets of \$50,000,000 or more, whose gross UBI was under 1 percent of their total revenue. Even so, these largest organizations were responsible for 70 percent of aggregate gross UBI reported by all charities that filed Forms 990/990-EZ. Within the medium asset-size classes, gross UBI ranged from 2 percent to 3 percent of total revenue. Additional statistics on selected sources of total revenue and UBI of nonprofit charitable organizations are presented in Figure B.

Data Sources and Limitations

The Tax Year 2003 Form 990-T study incorporated a two-stage sample design consisting of a stratified random sample and a special “integrated” sample. The stratified random sample was designed to represent the entire population of Form 990-T filers reporting unrelated business income. The integrated sample was designed to gather information on “related” (tax-exempt) and “unrelated” (taxable) income and expenses for section 501(c)(3) nonprofit charitable organizations that filed both Form 990, *Return of Organization Exempt from Income Tax* (or Form 990-EZ, the short-form version of this information return), and Form 990-T. This integrated sampling program ensured that the Statistics of Income sample

of Forms 990-T included any unrelated business income tax returns (with gross UBI of \$1,000 or more) filed by organizations whose Form 990 or Form 990-EZ information returns were selected for the separate sample of section 501(c)(3) nonprofit charitable organizations. Organizations exempt under other Code sections were not subjected to the integrated sampling program.

The Form 990-T returns were initially divided into strata, based on gross UBI, and selected using Bernoulli sampling. Section 501(c)(3) returns not selected randomly were then linked, by Employer Identification Number (EIN), to returns in the Forms 990/990-EZ sample. These linked returns, along with any randomly selected Forms 990-T that also had counterparts in the Forms 990/990-EZ sample, formed the “integrated” IRC section 501(c)(3) portion of the Form 990-T sample [11].

Returns in the Form 990-T sample frame were classified into two-dimensional strata, based on the size of gross UBI in the Form 990-T population and the size of assets in the section 501(c)(3) Form 990/990-EZ population of returns having EINs that matched Form 990-T EINs. Within the two populations, returns in each stratum were identified by a distinct two-digit sample code. Thus, the Forms 990-T and 990/990-EZ matched sample strata were labeled with combined four-digit sample codes. The first two digits represented the income sample code from Form 990-T, and the last two represented the asset sample code from Form 990/990-EZ. An asset sample code of “00” was assigned when Form 990-T had no matching Form 990/990-EZ. The rate applied to the sample strata was the higher of the UBI or asset rate. The strata were then consolidated into five sample groups for weighting purposes.

As shown in Figure D, the designed sampling rates ranged from a minimum of 2 percent (Form 990-T gross UBI less than \$20,000, with either no Form 990/990-EZ EIN match or an EIN match to a section 501(c)(3) Form 990/990-EZ with total assets under \$1,000,000) to a maximum of 100 percent (either Form 990-T gross UBI of \$300,000 or more, or Form 990-T with any amount of gross UBI and an EIN match to a section 501(c)(3) Form 990 with total assets of \$30,000,000 or more). Other Forms 990-T were selected at rates ranging from 4 percent to 30 percent.

The population from which the Form 990-T sample was drawn consisted of Tax Year 2003 Form

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Figure D

Population and Sample Counts, and Designed and Achieved Sample Rates, by Sample Group, Tax Year 2003

Sample group number	Sample group [1]	Population count	Sample count	Designed sample rate	Achieved sample rate
				Percentage	
		(1)	(2)	(3)	(4)
1	Gross unrelated business income (UBI) \$1,000 under \$20,000 and total assets under \$1,000,000, or Gross UBI \$1,000 under \$20,000 and no matching IRC section 501(c)(3) Form 990 or Form 990-EZ.....	14,963	299	2.00	2.00
2	Gross UBI \$1,000 under \$20,000 and total assets \$1,000,000 under \$2,500,000, or Gross UBI \$20,000 under \$60,000 and total assets under \$2,500,000, or Gross UBI \$20,000 under \$60,000 and no matching Form 990 or Form 990-EZ.....	7,127	296	4.00	4.15
3	Gross UBI \$1,000 under \$60,000 and total assets \$2,500,000 under \$10,000,000, or Gross UBI \$60,000 under \$150,000 and total assets under \$10,000,000, or Gross UBI \$60,000 under \$150,000 and no matching Form 990 or Form 990-EZ.....	6,336	628	10.00	9.91
4	Gross UBI \$1,000 under \$150,000 and total assets \$10,000,000 under \$30,000,000, or Gross UBI \$150,000 under \$300,000 and total assets under \$30,000,000, or Gross UBI \$150,000 under \$300,000 and no matching Form 990 or Form 990-EZ.....	2,951	902	30.00	30.57
5	Gross UBI \$300,000 or more, or total assets \$30,000,000 or more.....	4,827	4,827	100.00	100.00
	All sample groups [2].....	36,204	6,952	N/A	19.20

N/A - Not applicable.

[1] The Form 990-T sample included returns that were initially selected based on independent Form 990-T sampling criteria, and additional returns that were not initially but were subsequently matched to returns in the Forms 990 and 990-EZ sample of IRC section 501(c)(3) filers. Form 990-EZ may be completed by smaller organizations, those with gross receipts of less than \$100,000 and end-of-year assets of less than \$250,000. Gross unrelated business income is obtained from Form 990-T, and Total assets are obtained from Form 990/990EZ.

[2] After excluding returns that were originally selected for the sample but later rejected, the sample size was 6,925, and the estimated population size was 36,064.

990-T records posted to the IRS Business Master File system during 2004 and 2005. Returns filed after Calendar Year 2005 were not included in the sample, unless a return was considered a large income-size case (over \$300,000 or more of gross UBI). A sample of 6,952 returns was selected from a population of 36,204. After excluding returns that were selected for the sample but later rejected, the resulting sample size was 6,925 returns, and the estimated population size was 36,064. Rejected returns included those that had gross UBI below the \$1,000 filing threshold; were filed for a part-year accounting period for 2003, and a full-year return was also filed for that year; or were filed for a part-year accounting period that began in a year other than 2003. For example, a final return filed for the 6-month period of January 2004-June 2004 may have been initially selected for the 2003 sample based on the criterion of an accounting period that ended between December 2003 and November 2004, but it was later rejected because, in actuality, it was a Tax Year 2004 return.

The information presented in this article was obtained from returns as originally filed with the Internal Revenue Service. The data were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, due to time constraints, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the database.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure E shows CVs for selected financial data estimates derived from the Form 990-T stratified random sample. CVs are not shown for returns with gross UBI of \$300,000 or more because they were sampled at a 100-percent rate and, therefore, are not subject to sampling variability. Figure F contains CVs for selected financial data estimates derived from the Forms 990/990-EZ and 990-T integrated sample of nonprofit charitable

Figure E

Coefficients of Variation for Selected Items From the Form 990-T Sample, by Size of Gross Unrelated Business Income, Tax Year 2003

Size of gross unrelated business income	Number of returns	Gross unrelated business income	Total deductions	Unrelated business taxable income	Total tax
	(1)	(2)	(3)	(4)	(5)
Total	0.16	0.20	0.26	1.07	0.96
\$1,000 under \$10,001 [1].....	3.07	4.71	7.23	9.65	9.99
\$10,001 under \$100,000 [1].....	2.77	2.23	2.82	7.07	8.01
\$100,000 under \$300,000.....	2.30	1.80	2.12	6.07	7.98
\$300,000 or more.....	N/A	N/A	N/A	N/A	N/A

N/A - Not applicable because the achieved sample rate was 100 percent.

[1] Organizations with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000 were not required to report itemized expenses and deductions, or to complete return schedules. Those with gross UBI over \$10,000 were required to fill out a more detailed "complete" return.

organizations. Forms 990/990-EZ and 990-T integrated sample estimates are presented in Figures B and C in this article. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix, located near the back of this issue of the *SOI Bulletin*.

Explanation of Selected Terms

In some of the following explanations, tax-exempt organizations are cited by the Internal Revenue Code section under which they are described. The various types of tax-exempt organizations subject to the unrelated business income tax provisions are described by Code section in the Appendix to this article. This section provides definitions for the terms contained in the article and in Tables 1 through 7, at the end of the article.

Advertising Income.—Gross income realized by a tax-exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the “exploitation of an exempt activity,” namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of “exploited exempt activity income.” (See the explanation of Exploited Exempt Activity Income.) Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported gross advertising income, as well as other types of “exploited exempt activity income,” as part of gross receipts from sales and services. All other organizations reported this income separately.

Figure F

Coefficients of Variation for Selected Items From the Forms 990/990-EZ and 990-T Integrated Sample, by Size of Total Assets, Tax Year 2003

Size of total assets	Number of returns	Form 990/990-EZ		Form 990-T	
		Total revenue	Total expenses	Gross unrelated business income	Total deductions
		Coefficient of variation (percentage)			
	(1)	(2)	(3)	(4)	(5)
Total	5.71	0.45	0.49	4.66	4.55
Under \$100,000 [1].....	24.01	34.49	34.28	67.32	64.72
\$100,000 under \$500,000.....	22.70	36.34	37.20	52.81	53.28
\$500,000 under \$1,000,000.....	32.69	47.19	51.60	49.26	51.02
\$1,000,000 under \$10,000,000.....	6.81	10.03	9.99	16.87	16.37
\$10,000,000 under \$50,000,000.....	4.50	6.39	6.61	11.68	11.09
\$50,000,000 or more.....	N/A	N/A	N/A	N/A	N/A

N/A - Not applicable because the achieved sample rate was 100 percent.

[1] Includes returns with zero assets or assets not reported.

NOTE: Data are from Forms 990, 990-EZ, and 990-T for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most organizations with receipts less than \$25,000, most churches, and certain other types of religious organizations.

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Capital Gain Net Income.—Generally, organizations required to file Form 990-T (except organizations tax-exempt under Internal Revenue Code sections 501(c)(7), (9), and (17)) were not taxed on net gains from the sale, exchange, or other disposition of property. However, capital gain net income on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245, 1250, 1252, 1254, and 1255) were considered taxable. Also, any gain or loss passed through from a partnership or S corporation, or any gain or loss on the disposition of S corporation stock by a “qualified tax-exempt” (defined in the explanation of Income (Less Loss) from Partnerships and S Corporations), was taxed as a capital gain or loss. (See the explanation of Investment Income (Less Loss) for information regarding investment income of section 501(c)(7), (9), and (17) organizations.)

Contributions.—To the extent permissible under the Internal Revenue Code, a deduction was allowed for contributions or gifts actually paid within the tax year to, or for the use of, another entity that was a charitable or Governmental organization described in Code section 170(c). A tax-exempt corporation was allowed a deduction for charitable contributions up to 10 percent of its unrelated business taxable income (UBTI) computed without regard to the deduction for contributions. A tax-exempt trust was generally allowed a deduction for charitable contributions under the rules applicable to individual taxpayers, except the limit on the deduction was determined in relation to UBTI computed without regard to the contributions deduction, rather than in relation to adjusted gross income. Contributions in excess of the respective corporate or trust limitations may be carried over to the next 5 taxable years, subject to certain rules. The contributions deduction was allowed whether or not directly connected with the carrying on of a trade or business.

Cost of Sales and Services.—Cost of sales and services may have included depreciation, salaries and wages, and certain other types of deductible items. For this reason, the total amount shown for some of the separately reported components of total deductions, such as “salaries and wages,” may be understated. Cost of sales and services was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services,

which is a component of gross unrelated business income (UBI).

Deductions Directly Connected With Unrelated Business Income.—These were deductions allowed in computing net income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a “proximate and primary” relationship to carrying on an unrelated trade or business. Allowable deductions included those allocable to rental of personal property; those allocable to unrelated debt-financed income; those allocable to investment income of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; those allocable to interest, annuities, royalties, and rents received from “controlled organizations” (see definition of Income from Controlled Organizations); those allocable to “exploited exempt activity income” other than advertising; direct advertising costs; compensation of officers, directors, and trustees; salaries and wages; repairs and maintenance; bad debts; interest; taxes and licenses; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the “net operating loss deduction”; and “other deductions.” Tax-exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly-connected expenses listed above (those described as “allocable to”) and a single total for all other types of deductions (both deductions directly connected with UBI and those not directly connected, each defined elsewhere in this section), except for two items that were required to be reported separately: the “net operating loss deduction” (directly connected) and the “specific deduction” (not directly connected), both also defined below.

Deductions Not Directly Connected With Unrelated Business Income.—The component deductions were “set-asides,” “excess exempt expenses,” charitable contributions, and the “specific deduction.” The specific deduction was reported, when applicable, by all organizations with positive taxable income; the other types of deductions not directly connected with UBI were reported separately, when applicable, only by tax-exempt organizations with gross UBI above \$10,000. (See, also, the expla-

nations of Set-Asides, Excess Exempt Expenses, Contributions, and the Specific Deduction.)

Excess Exempt Expenses.—The two types of “excess” expenses allowed as deductions from unrelated business income were (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of “exploited” exempt activity income (see the explanation of Exploited Exempt Activity Income, Except Advertising, below), if the expenses of the organization’s exempt activity exceeded the income from the exempt activity, then the excess expenses could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not exploit that particular exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

Exploited Exempt Activity Income, Except Advertising.—In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the explana-

tion of Advertising Income). Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported income from exploited exempt activities as part of gross receipts from sales and services. All other organizations reported this income separately.

Gross Profit (Less Loss) from Sales and Services.—This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

Gross Unrelated Business Income (UBI).—This was the total gross unrelated business income prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross UBI. The components of gross UBI were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss) from sales of non-capital assets; net capital loss deduction (trusts only); income (less loss) from partnerships and S corporations; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; income (annuities, interest, rents, and royalties) from controlled organizations; “exploited exempt activity” income, except advertising; advertising income; and “other” income (less loss). (For an explanation of these sources of income, see the separate explanations of each component.)

A tax-exempt organization’s income was treated as unrelated business income if it was from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term “trade or business” generally comprised any activities carried on for the production of income from selling goods or performing services. These activities did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization. For example, soliciting, selling, or publishing commercial advertising is identified as a trade or business even though the advertising is

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published in an exempt organization's periodical that contains editorial matter related to the organization's exempt purpose.

Income from Controlled Organizations.—When an exempt organization controlled another organization, the entire amount of gross annuities, interest, rents, and royalties (termed “specified payments”) received from the controlled organization were included in the gross UBI of the controlling organization. They were included only to the extent that the specified payments were claimed as a deduction from the controlled organization's own UBI (in the case of an exempt controlled organization) or the “equivalent” of UBI (in the case of a nonexempt controlled organization). The equivalent of UBI was computed as if the nonexempt controlled organization were exempt and had the same exempt purpose as the controlling organization. “Control” meant: (a) for a stock corporation, the ownership (by vote or value) of more than 50 percent of the stock; (b) for a partnership, ownership of more than 50 percent of the profits or capital interests; or (c) for any other organization, ownership of more than 50 percent of the beneficial interests. All deductions “directly connected” with a Form 990-T filer's gross controlled-organization income were allowed. The rules for debt-financed property did not apply to passive income (generally, investment income) from controlled organizations. (See the definition of Unrelated Debt-Financed Income.)

Income (Less Loss) from Partnerships and S Corporations.—If an organization was a partner in any partnership that carried on an unrelated trade or business, this income item included the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income. If an organization was a “qualified tax-exempt” that held stock in an S corporation, this income item included the income or loss from the stock interest. The stock interest was treated as an unrelated trade or business, and all items of income, loss, or deduction were taken into account in computing unrelated business taxable income. A “qualified tax-exempt” was an organization described in Internal Revenue Code section 401(a) (qualified stock bonus, pension, or profit-sharing plan) or section 501(c)(3), and exempt from tax under section 501(a).

Investment Income (Less Loss).—This income was reported only by organizations exempt under

Internal Revenue Code sections 501(c)(7), (9), and (17) and included such income as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-Asides.) All gross rents (except those that were exempt-function income) from investment property of section 501(c)(7), (9), and (17) organizations were treated as unrelated business income and were reported as “rental income.” Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report “investment income (less loss).” Generally, these organizations' investment incomes (dividends, interest, rents, and annuities) and royalty incomes were not taxed as unrelated business income, unless it was income, other than dividends, from a controlled organization or debt-financed income, or the rents were of the type described in the explanation of rental income. (See explanations of Income from Controlled Organizations, Rental Income, and Unrelated Debt-Financed Income.)

Net Capital Loss (Trusts Only).—If a trust had a net loss from sales or exchanges of capital assets, it was allowed a deduction for the amount of the net loss or \$3,000, whichever was lower. (Tax-exempt corporations were not allowed to deduct any excesses of capital losses over capital gains.) Tax-exempt trusts reported the net capital loss deduction on Form 990-T as a component of gross unrelated business income, and it was subtracted when computing total gross UBI.

Net Gain (Less Loss), Sales of Noncapital Assets.—This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties, which were capital assets.

Net Operating Loss Deduction (NOLD).—The net operating loss carryover or carryback (as described in Internal Revenue Code section 172) was allowed as a deduction (limited to the current-year excess of receipts over deductions, prior to applying the NOLD) in computing unrelated business taxable income. However, the net operating loss carryover or carryback (allowed only to or from a tax year for

which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A “net operating loss” represented the excess of deductions over receipts for a specified year for which an organization reported an overall deficit from its unrelated trade or business activities. The net operating loss deduction statistics in this article represent only net operating loss carryovers from prior years because carrybacks from future years would be reported in a later year on an amended return, not on the return as initially filed (which served as the basis for the statistics).

Other Deductions.—This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

Other Income (Less Loss).—This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefit fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local government tax payments, if the payments were previously reported as a deduction.

Proxy Tax.—This was a tax on certain nondeductible lobbying and political expenditures. A membership organization that was tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax if the organization did not notify its members of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures, or if the notice did not include the entire amount of dues that was allocated. The proxy tax was computed as 35 percent of the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization’s members. The proxy tax was required to be reported on Form 990-T and was included in total tax; however, there was no connection

between the proxy tax and the taxation of income from an organization’s unrelated business activities.

Rental Income.—For organizations tax-exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, gross rents from real property were generally excluded in computing unrelated business taxable income. In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were excluded (and not included in gross UBI). Any rents not covered by the explanation of “rental income” had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax-exempt under sections 501(c)(7), (9), and (17), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from Controlled Organizations and Unrelated Debt-Financed Income.)

Set-Asides.—This deduction from investment income was allowed to social and recreational clubs (Internal Revenue Code section 501(c)(7)), voluntary employees’ beneficiary associations (section 501(c)(9)), and supplemental unemployment benefit trusts (section 501(c)(17)). The deduction was equal to the amount of passive income (generally, investment income) that these organizations set aside (1) to be used for charitable purposes or (2) to provide payment of life, health, accident, or other insurance benefits (section 501(c)(9) and (17) organizations only). However, any amounts set aside that exceeded the “qualified asset account” limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

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Specific Deduction.—The specific deduction was \$1,000 or the amount of positive taxable income, whichever was less. The amount deducted was considered “not directly connected” with gross unrelated business income and was allowed to all organizations that had positive taxable income after all other types of deductions were taken. This deduction provided the equivalent benefit of the \$1,000 gross unrelated business income filing threshold under which some organizations were exempted from filing a return and paying the unrelated business income tax.

Total Deductions.—Total deductions included both deductions reported on the main part of Form 990-T and expense items reported on any of six supporting schedules, which were also part of the tax form. They excluded cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services, which is a component of gross unrelated business income (UBI). (See the explanation of Cost of Sales and Services.)

Total Tax.—Total tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the “proxy tax” on certain lobbying and political expenditures, the “alternative minimum tax,” and “other” taxes.

Unrelated Business Income (UBI).—See definition of Gross Unrelated Business Income (UBI).

Unrelated Business Income Tax.—This was the tax imposed on unrelated business taxable income. It was determined based on the regular corporate or trust income tax rates that were in effect for the 2003 Tax Year, as shown in the following schedules.

Tax Rates for Corporations

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$50,000	15%	\$0
50,000	75,000	\$7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	—	35%	0

Tax Rates for Trusts

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$1,900	15%	\$0
1,900	4,500	\$285 + 25%	1,900
4,500	6,850	935 + 28%	4,500
6,850	9,350	1,593 + 33%	6,850
9,350	—	2,418 + 35%	9,350

Unrelated Business Taxable Income (Less Deficit).—This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (unrelated business taxable income), negative (deficit), or zero. Taxable income was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income.)

Unrelated Debt-Financed Income.—Gross income from investment property for which acquisition indebtedness was outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization’s tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property, and the gain was treated as unrelated

debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture) leased with real property, certain passive income (generally, investment income) from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income. Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported all debt-financed income as “Investment Income (Less Loss).” All other organizations reported debt-financed income separately.

Notes and References

- [1] The unrelated business income tax (UBIT) was imposed on the portion of a tax-exempt organization’s income produced from a trade or business that was conducted on a regular basis and was not substantially related to the organization’s tax-exempt mission. After reducing gross income by allowable deductions, any resulting positive net income was subject to UBIT.
- [2] The proxy tax is required to be reported on Form 990-T and is included in total tax, but it has no connection to the imposition of the unrelated business income tax or an organization’s involvement in unrelated business activities. A tax-exempt membership organization was liable for the proxy tax on certain nondeductible lobbying and political expenditures if the organization did not notify its members of the shares of their dues that were allocated to the nondeductible expenditures, or if the notice did not include the entire amount of dues that was allocated. (See “Proxy Tax” in the Explanation of Selected Terms section of this article for more information.) The proxy tax of \$3.0 million shown in the total tax computation is only that reported by Form 990-T filers with gross unrelated business income above the \$1,000 filing threshold, a criterion for selection for the Statistics of Income (SOI) sample. Proxy tax reported by organizations that had no UBI or those that had UBI below the filing threshold is not included. According to IRS Business Returns Transactions File records, total proxy tax of \$10.8 million was reported on Forms 990-T for Tax Year 2003.
- [3] The amount of total tax liability originally reported on Forms 990-T, as stated in these

statistics, may not necessarily be the amount ultimately paid to the Internal Revenue Service (IRS). Changes in tax liability assessments can be made after the original return is filed, either by the taxpayer on an amended return, by the IRS after examination, or by litigation.

- [4] The term “nonprofit charitable organizations” refers to tax-exempt organizations with purposes that are charitable, educational, scientific, literary, or religious in nature, or organizations that test for public safety or prevent cruelty to children or animals.
- [5] A business activity is considered unrelated if it does not contribute importantly (other than the production of funds) to accomplishing an organization’s charitable, educational, or other purpose that is the basis for the organization’s tax exemption. In determining whether activities contribute importantly to the accomplishment of an exempt purpose, the size, extent, and nature of the activities involved must be considered in relation to the size, extent, and nature of the exempt function that they intend to serve. To the extent an activity is conducted on a scale larger than is reasonably necessary to perform an exempt purpose, it does not contribute importantly to the accomplishment of the exempt purpose. The part of the activity that is more than needed to accomplish the exempt purpose is an unrelated trade or business. Whether an activity contributes importantly depends in each case on the facts involved. See IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*, for additional information on unrelated business income and tax.

The following is a case example from Publication 598. An American folk art museum operates a shop in the museum that sells reproductions of works in the museum’s own collection and also works from the collections of other art museums. In addition, the museum sells souvenir items of the city where the museum is located. The sale of the reproductions, regardless of which museum houses the original works, is considered to be “related” because it contributes importantly to the achievement of the museum’s exempt educational purpose by making works of art familiar to a broader segment of the public, thereby enhancing the

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public's understanding and appreciation of art. However, the sale of souvenir items depicting the city in which the museum is located is considered to be "unrelated" because it has no causal relationship to art or to artistic endeavor, and, therefore, does not contribute importantly to the accomplishment of the museum's exempt educational purposes.

- [6] The unrelated business income tax (UBIT) for exempt corporations and trusts is determined based on the regular corporate and trust income tax rates in effect for the tax year of the Form 990-T filing. Trusts that are eligible for the maximum 28-percent tax rate on capital gain net income figured their tax based on Schedule D of Form 1041, *U.S. Income Tax Return for Estates and Trusts*. The corporate and trust tax-rate schedules for Tax Year 2003 are included in the definition of Unrelated Business Income Tax, found in the Explanation of Selected Terms section of this article.
- [7] Churches, which are tax-exempt under Internal Revenue Code section 501(c)(3), are not required to apply for exemption unless they desire to obtain an Internal Revenue Service ruling, and they do not have to file a Form 990 information return. However, these churches are required to file Form 990-T if they received \$1,000 or more of gross income from business activities that were considered unrelated to their religious purposes. For the most recent Form 990 annual data on organizations tax-exempt under Internal Revenue Code sections 501(c)(3) (excluding private foundations and most religious organizations) through 501(c)(9), see Arnsberger, Paul D., "Charities and Other Tax-Exempt Organizations, 2003," *Statistics of Income Bulletin*, Fall 2006, Volume 26, Number 2. For the most recent data on private foundations, see Ludlum, Melissa, "Private Foundations, Tax Year 2003," *Statistics of Income Bulletin*, Fall 2006, Volume 26, Number 2. Internal Revenue Code 4947(a)(1) "nonexempt charitable trusts" and section 4947(a)(2) "split-interest trusts" are required to report unrelated business income on Form 1041, *Estate and Trust Income Tax Return*, rather than Form 990-T. For information on split-interest trusts, which file Form 5227, *Split-Interest Trust Information Return*, see Schreiber, Lisa, "Split-Interest Trusts, Filing Year 2005," in this issue of the *Statistics of Income Bulletin*. These reports, along with statistical tables in Excel format, are available from the Tax Stats pages on the IRS Web site at <http://www.irs.gov/taxstats>.
- [8] Under the Pension Protection Act of 2006, Internal Revenue Code section 501(c)(3) organizations are required to make available for public inspection any Forms 990-T filed after August 18, 2006, the date of enactment. However, the Act did not give authorization to IRS to disseminate Form 990-T information to the public.
- [9] The main sources of data for this analysis were Form 990, Part I, "Revenue, Expenses, and Changes in Net Assets or Fund Balances," and Form 990-T, Part I, "Unrelated Trade or Business Income."
- [10] Primary and secondary unrelated business activities are self-reported on Form 990-T, based on selected North American Industrial Classification System (NAICS) codes. Organizations code their primary and secondary activities based on the largest and second largest amounts of gross unrelated business income that each of their activities produces. See Table 5 at the end of this article for selected financial data distributed by major unrelated business activities/industrial groupings for all Form 990-T filers. The data shown in Figure C and Table 5 are based on the primary unrelated business activity only.
- [11] For additional information on the Forms 990 and 990-T integrated sample design, see Harte, James M. and Hilgert, Cecelia H., "Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations," *Statistics of Income, Turning Administrative Systems Into Information Systems, 1993*.

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Appendix

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
220(e)	Archer Medical Savings Accounts (MSA's)	Fiduciary agent for accounts used in conjunction with high-deductible health insurance plans to save funds for future medical expenses
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Traditional Individual Retirement Accounts (IRA's)	Fiduciary agent for retirement funds
408A	Roth Individual Retirement Accounts (IRA's)	Fiduciary agent for retirement funds; subject to same rules as traditional IRA's, except contributions are not tax deductible and qualified distributions are tax free
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodges providing for payment of life, health, accident, or other insurance benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other insurance benefits to members
(10)	Domestic fraternal beneficiary societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, or accident insurance benefits to members
(11)	Teachers' retirement fund associations	Fiduciary associations providing for payment of retirement benefits

Unrelated Business Income Tax Returns, 2003

Appendix

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section—Continued

Code section	Description of organization	General nature of activities
501(c)(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State-chartered credit unions and mutual insurance or reserve funds	Providing loans to members or providing insurance of, or reserve funds for, shares or deposits in certain banks or loan associations
(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee-funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Providing services to veterans or their dependents; advocacy of veteran's issues; and promotion of patriotism and community service programs
(21)	Black Lung Benefit Trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multiple-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units

Unrelated Business Income Tax Returns, 2003

Appendix

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section—Continued

Code section	Description of organization	General nature of activities
501(c)(26)	State-sponsored high-risk health insurance plans	Providing coverage for medical care on a not-for-profit basis to residents with pre-existing medical conditions that resulted in denied or exorbitantly priced traditional medical care coverage
(27)	State-sponsored workers' compensation reinsurance plans	Pooled employers' funds providing reimbursements to employees for losses arising under workers' compensation acts; also, State-created, -operated, and -controlled organizations providing workers' compensation insurance to employers
529(a)	Qualified State Tuition Plans	State- and agency-maintained plans that allow individuals to purchase credits or certificates, or make contributions to an account, to pay for future educational expenses
530(a)	Coverdell Education Savings Accounts	Fiduciary agent for accounts created for the purpose of paying qualified higher education expenses of a designated beneficiary

NOTES: Corporations that are organized under an Act of Congress, and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation. Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt effective for tax years beginning after June 30, 1992.

Unrelated Business Income Tax Returns, 2003

Table 1.—Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Internal Revenue Code Section Describing Type of Tax-Exempt Organization, Tax Year 2003

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

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions [1, 2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All sections.....	36,064	8,436,027	35,893	8,412,822	27,954	23,204	15,580	780,149	15,524	220,916
220(e).....	0	0	0	0	0	0	0	0	0	0
401(a).....	345	75,835	344	36,190	303	39,645	298	40,664	299	12,802
408(e).....	2,691	81,129	2,630	72,054	2,640	9,075	2,585	19,534	2,535	5,361
408A.....	* 77	* 3,337	* 77	* 1,408	* 53	* 1,929	* 53	* 1,929	* 53	* 666
501(c)(2) [6].....	341	90,028	341	101,223	324	-11,194	139	6,530	139	1,899
501(c)(3).....	13,511	4,832,943	13,504	5,001,434	10,794	-168,491	5,065	351,523	5,080	101,599
501(c)(4).....	1,616	592,638	1,616	612,979	948	-20,341	294	12,630	294	3,380
501(c)(5).....	2,106	255,523	2,106	256,878	1,545	-1,356	617	25,181	618	6,978
501(c)(6).....	5,659	943,032	5,659	911,719	3,659	31,313	1,695	93,737	1,827	29,800
501(c)(7).....	5,775	540,483	5,675	508,983	4,914	31,500	3,450	64,621	3,321	15,992
501(c)(8).....	658	84,174	658	79,630	438	4,544	204	9,870	205	2,369
501(c)(9).....	678	631,487	677	511,106	440	120,382	394	129,032	393	33,694
501(c)(10).....	228	21,984	228	22,569	196	-585	* 22	* 1,207	* 46	* 246
501(c)(11).....	0	0	0	0	0	0	0	0	0	0
501(c)(12).....	300	77,318	300	76,636	188	682	112	8,505	112	2,306
501(c)(13).....	* 75	* 4,529	* 75	* 4,608	* 75	* -79	* 58	* 842	* 58	* 202
501(c)(14).....	182	56,241	182	69,176	181	-12,935	135	4,797	135	1,254
501(c)(15).....	d	d	d	d	d	d	d	d	d	d
501(c)(16).....	0	0	0	0	0	0	0	0	0	0
501(c)(17).....	d	d	d	d	d	d	d	d	d	d
501(c)(18).....	0	0	0	0	0	0	0	0	0	0
501(c)(19).....	1,741	133,256	1,741	137,698	1,224	-4,442	433	4,756	383	771
501(c)(21) [7].....	0	0	0	0	0	0	0	0	0	0
501(c)(22).....	0	0	0	0	0	0	0	0	0	0
501(c)(23).....	0	0	0	0	0	0	0	0	0	0
501(c)(24).....	d	d	d	d	d	d	d	d	d	d
501(c)(25).....	d	d	d	d	d	d	d	d	d	d
501(c)(26).....	0	0	0	0	0	0	0	0	0	0
501(c)(27).....	d	d	d	d	d	d	d	d	d	d
529(a).....	d	d	d	d	d	d	d	d	d	d
530(a).....	0	0	0	0	0	0	0	0	0	0

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

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

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.5 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 8,110 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the alternative minimum tax, the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$3.0 million.

[6] Corporations that are organized under an Act of Congress and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation.

[7] Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax-exempt, beginning with tax years after June 30, 1992.

Therefore, these organizations are not listed in this table.

NOTES: Detail may not add to totals because of rounding. See the Appendix to this article for descriptions of the types of tax-exempt organizations filing Form 990-T, by the Internal Revenue Code section describing them.

Unrelated Business Income Tax Returns, 2003

Table 2.—Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Size of Gross UBI, Tax Year 2003

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

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions [1, 2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total.....	36,064	8,436,027	35,893	8,412,822	27,954	23,204	15,580	780,149	15,524	220,916
\$1,000 under \$10,001 [6]	12,681	52,818	12,531	52,266	9,841	551	6,956	14,502	6,906	2,325
\$10,001 under \$100,000 [6].....	14,454	540,656	14,450	555,003	11,120	-14,347	5,319	82,404	5,321	14,530
\$100,000 under \$500,000.....	6,471	1,392,866	6,456	1,406,641	5,066	-13,775	2,419	159,434	2,386	44,064
\$500,000 under \$1,000,000.....	1,155	804,835	1,154	822,327	916	-17,491	445	79,716	445	24,262
\$1,000,000 under \$5,000,000.....	1,044	2,110,620	1,044	2,089,962	810	20,658	347	218,856	355	66,951
\$5,000,000 or more.....	258	3,534,231	258	3,486,623	201	47,608	93	225,237	111	68,785

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.5 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(b), 29, 31, and 33.

[3] Excludes data from 8,110 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$3.0 million.

[6] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

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

Unrelated Business Income Tax Returns, 2003

Table 3.—Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), and Total Tax, by Size of Unrelated Business Taxable Income or Deficit, Tax Year 2003

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

Size of unrelated business taxable income or deficit	Number of returns	Gross unrelated business income (UBI)	Total deductions [1, 2]		Unrelated business taxable income (less deficit)		Total tax [3]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	36,064	8,436,027	35,893	8,412,822	27,954	23,204	15,524	220,916
Deficit.....	12,374	3,809,957	12,374	4,566,901	12,374	-756,944	19	330
Zero [4].....	8,110	1,966,547	8,110	1,966,547	0	0	200	811
\$1 under \$1,000.....	2,839	47,013	2,839	45,839	2,839	1,174	2,737	177
\$1,000 under \$10,000.....	7,392	295,084	7,242	267,743	7,392	27,341	7,293	4,312
\$10,000 under \$100,000.....	4,188	637,592	4,184	511,854	4,188	125,738	4,123	22,192
\$100,000 under \$500,000.....	904	592,081	888	405,815	904	186,266	898	58,599
\$500,000 under \$1,000,000.....	114	268,484	113	190,523	114	77,961	113	25,641
\$1,000,000 or more.....	143	819,269	143	457,600	143	361,669	142	108,854

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.5 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$3.0 million.

[4] The Zero category includes returns with equal amounts of gross unrelated business income and total deductions.

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

Unrelated Business Income Tax Returns, 2003

Table 4.—Returns with Positive Unrelated Business Taxable Income: Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income, and Total Tax, by Type of Entity and Size of Gross UBI, Tax Year 2003

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

Type of entity and size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions [1, 2]		Unrelated business taxable income	Total tax [3]	
			Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ALL ENTITIES							
Total	15,580	2,659,524	15,409	1,879,374	780,149	15,305	219,775
\$1,000 under \$10,001 [4].....	6,956	25,989	6,806	11,487	14,502	6,856	2,260
\$10,001 under \$100,000 [4].....	5,319	191,620	5,315	109,215	82,404	5,232	14,357
\$100,000 under \$500,000.....	2,419	540,365	2,404	380,930	159,434	2,351	43,868
\$500,000 under \$1,000,000.....	445	304,081	444	224,365	79,716	432	24,169
\$1,000,000 under \$5,000,000.....	347	658,697	347	439,841	218,856	341	66,756
\$5,000,000 or more.....	93	938,773	93	713,537	225,237	93	68,365
TAX-EXEMPT CORPORATIONS							
Total	12,036	2,355,298	11,929	1,811,248	544,050	11,813	155,103
\$1,000 under \$10,001 [4].....	4,300	18,031	4,200	7,901	10,130	4,250	1,522
\$10,001 under \$100,000 [4].....	4,793	172,726	4,789	104,839	67,886	4,705	10,407
\$100,000 under \$500,000.....	2,167	484,897	2,164	370,822	114,074	2,100	29,822
\$500,000 under \$1,000,000.....	400	273,345	400	216,509	56,836	387	16,953
\$1,000,000 under \$5,000,000.....	296	562,106	296	417,681	144,425	290	46,192
\$5,000,000 or more.....	81	844,194	81	693,496	150,698	81	50,208
TAX-EXEMPT TRUSTS							
Total	3,544	304,226	3,480	68,126	236,099	3,493	64,672
\$1,000 under \$10,001 [4].....	2,656	7,958	2,606	3,586	4,372	2,606	738
\$10,001 under \$100,000 [4].....	527	18,894	527	4,376	14,518	527	3,950
\$100,000 under \$500,000.....	252	55,468	240	10,108	45,360	251	14,047
\$500,000 under \$1,000,000.....	45	30,736	44	7,856	22,880	45	7,216
\$1,000,000 under \$5,000,000.....	51	96,591	51	22,160	74,431	51	20,564
\$5,000,000 or more.....	12	94,580	12	20,040	74,539	12	18,157

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting positive unrelated business taxable income, cost of sales and services was \$709.5 million, 99 percent of which was attributable to tax-exempt corporations.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$2.5 million.

[4] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

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

Unrelated Business Income Tax Returns, 2003

Table 5.—Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 2003

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

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions [1, 2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All activities and groupings.....	36,064	8,436,027	35,893	8,412,822	27,954	23,204	15,580	780,149	15,524	220,916
Agriculture, forestry, hunting, and fishing.....	219	43,763	218	39,478	142	4,285	109	8,527	107	2,741
Mining.....	240	25,770	240	17,694	229	8,075	228	9,641	228	2,827
Utilities.....	98	31,807	98	32,029	47	-222	* 26	* 1,322	* 26	* 267
Construction.....	70	126,357	70	123,965	64	2,392	* 49	* 3,251	* 49	* 899
Manufacturing.....	218	80,595	218	89,715	167	-9,120	115	9,383	116	2,879
Wholesale trade.....	95	11,307	95	4,781	* 92	* 6,526	* 65	* 7,472	* 65	* 2,567
Retail trade.....	1,560	670,604	1,560	701,935	1,301	-31,331	616	29,274	601	8,394
Transportation and warehousing.....	* 41	* 5,669	* 41	* 5,796	* 37	* -127	* 27	* 1,087	* 27	* 289
Information.....	705	197,556	702	199,812	529	-2,257	134	21,905	135	6,806
Finance and insurance, total.....	8,538	1,489,201	8,424	1,242,919	7,287	246,282	6,154	318,616	6,082	86,176
Unrelated debt-financed activities, other than rental of real estate [6].....	1,012	110,111	1,012	75,698	850	34,413	646	44,113	646	13,347
Investment activities of Code section 501(c)(7), (9), and (17) organizations [6,7].....	2,813	650,442	2,762	506,216	2,360	144,226	2,091	152,144	2,015	39,508
Passive income activities with controlled organizations [6].....	333	170,471	333	153,920	285	16,551	240	31,668	241	9,500
Other finance and insurance.....	4,381	558,176	4,317	507,084	3,791	51,092	3,177	90,691	3,180	23,821
Real estate and rental and leasing, total.....	6,488	928,481	6,486	910,698	5,515	17,782	2,742	115,337	2,751	31,539
Rental of personal property.....	462	58,309	462	59,379	378	-1,070	166	3,788	168	814
Other real estate and rental and leasing.....	6,026	870,171	6,024	851,319	5,136	18,852	2,576	111,548	2,584	30,725
Professional, scientific, and technical services.....	8,181	1,757,270	8,181	1,779,936	5,101	-22,666	2,223	105,960	2,294	32,826
Management of companies and enterprises.....	36	8,966	36	4,954	* 34	* 4,012	* 32	* 4,067	* 32	* 1,351
Administrative and support and waste management and remediation services.....	677	356,505	677	372,512	537	-16,007	193	22,916	196	7,194
Educational services.....	26	22,480	26	23,735	23	-1,255	4	1,753	5	590
Healthcare and social assistance.....	1,061	1,258,278	1,061	1,320,262	864	-61,984	296	65,159	317	21,108
Arts, entertainment, and recreation.....	4,234	653,987	4,184	699,286	2,992	-45,299	1,472	24,156	1,456	4,733
Accommodation and food services.....	2,629	510,604	2,629	570,457	2,212	-59,852	704	18,878	642	4,837
Other services.....	661	173,401	661	188,870	620	-15,470	289	6,199	290	1,406
Exploited exempt activities.....	208	81,410	208	81,924	158	-514	101	5,245	103	1,487
Not allocable.....	* 77	* 2,015	* 77	* 2,063	* 3	* -48	0	0	0	0

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

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.5 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 8,110 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$3.0 million.

[6] See the Explanation of Selected Terms section of this article for definitions of Unrelated Debt-Financed Income, Investment Income (Less Loss), and Income from Controlled Organizations.

[7] Section 501(c)(7) organizations are social and recreational clubs; section 501(c)(9) organizations are voluntary employees' beneficiary associations; and section 501(c)(17) organizations are supplemental unemployment benefit trusts.

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

Unrelated Business Income Tax Returns, 2003

Table 6.—Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 2003

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

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)		Sources of gross unrelated business income (UBI) [1]			
	Number of returns	Amount	Gross profit (less loss) from sales and services		Capital gain net income	
			Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total	36,064	8,436,027	15,379	4,501,523	1,178	148,657
\$1,000 under \$10,001 [2]	12,681	52,818	2,536	10,051	520	1,508
\$10,001 or more, total [2,3]	23,383	8,383,209	12,842	4,491,472	658	147,149
\$10,001 under \$100,000.....	14,454	540,656	7,162	231,104	341	9,343
\$100,000 under \$500,000.....	6,471	1,392,866	4,030	747,750	194	23,421
\$500,000 under \$1,000,000.....	1,155	804,835	775	437,840	42	10,274
\$1,000,000 under \$5,000,000.....	1,044	2,110,620	693	1,167,718	58	49,163
\$5,000,000 or more.....	258	3,534,231	182	1,907,060	22	54,947

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) [1]—Continued					
	Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets [4]		Income (less loss) from partnerships and S corporations	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
Total	211	612	325	13,073	4,806	301,520
\$1,000 under \$10,001 [2]	* 100	* 301	50	8	2,986	7,589
\$10,001 or more, total [2,3]	111	311	275	13,065	1,820	293,932
\$10,001 under \$100,000.....	* 48	* 119	160	1,802	936	21,909
\$100,000 under \$500,000.....	30	89	47	96	521	59,147
\$500,000 under \$1,000,000.....	10	30	27	664	117	25,414
\$1,000,000 under \$5,000,000.....	19	61	26	7,196	174	65,514
\$5,000,000 or more.....	4	12	15	3,307	72	121,947

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) [1]—Continued					
	Rental income [5]		Unrelated debt-financed income		Investment income (less loss) [6]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)
Total	4,599	274,300	3,256	407,164	5,193	642,120
\$1,000 under \$10,001 [2]	1,360	6,231	905	3,342	2,202	7,009
\$10,001 or more, total [2,3]	3,238	268,069	2,352	403,821	2,991	635,111
\$10,001 under \$100,000.....	2,176	57,284	1,471	44,373	1,658	16,511
\$100,000 under \$500,000.....	800	71,528	623	87,056	1,041	45,527
\$500,000 under \$1,000,000.....	130	34,856	105	48,937	178	27,956
\$1,000,000 under \$5,000,000.....	105	52,831	123	104,871	94	86,279
\$5,000,000 or more.....	28	51,569	29	118,584	20	458,838

Footnotes at end of table.

Unrelated Business Income Tax Returns, 2003

Table 6.—Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 2003—Continued

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

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) [1]—Continued							
	Income from controlled organizations [7]		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Total	906	206,355	876	151,591	8,346	1,280,994	4,737	509,342
\$1,000 under \$10,001 [2]	* 127	* 243	* 165	* 820	3,227	13,673	987	2,645
\$10,001 or more, total [2,3]	780	206,111	712	150,772	5,119	1,267,321	3,750	506,697
\$10,001 under \$100,000.....	312	8,214	367	8,258	3,060	88,043	2,024	53,933
\$100,000 under \$500,000.....	304	24,776	184	18,334	1,439	220,851	1,248	94,469
\$500,000 under \$1,000,000.....	60	14,967	63	15,416	275	135,898	208	52,642
\$1,000,000 under \$5,000,000.....	70	56,912	76	54,462	277	310,664	221	155,071
\$5,000,000 or more.....	34	101,242	21	54,301	67	511,866	49	150,582

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

[1] For definitions of the sources of gross unrelated business income, see the Explanation of Selected Terms section of this article.

[2] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

[3] All organizations were required to report each income item, as shown in columns 3 through 26. However, only organizations with gross UBI over \$10,000 were required to report each deduction shown in columns 14 through 45, 48, 49, and 54 through 59 of Table 7. Income totals for these larger organizations with gross UBI over \$10,000 are shown in order to facilitate comparison with Table 7.

[4] Property other than capital assets generally included property of a business nature, in contrast to personal property and investment property, which were capital assets.

[5] Income from real property and personal property leased with real property.

[6] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs, section 501(c)(9) voluntary employees' beneficiary associations, and section 501(c)(17) supplemental unemployment benefit trusts only.

[7] Annuities, interest, rents, and royalties.

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

Unrelated Business Income Tax Returns, 2003

Table 7.—Unrelated Business Income Tax Returns: Types of Deductions by Size of Gross Unrelated Business Income (UBI), Tax Year 2003

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

Size of gross unrelated business income (UBI)	All organizations			Organizations with gross unrelated business income (UBI) of \$1,000 under \$10,001 [3]					
	Total number of returns	Total deductions [1, 2]		Total deductions [2, 4]		Net operating loss deduction		Specific deduction	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	36,064	35,893	8,412,822	12,531	52,266	866	1,576	7,736	7,234
\$1,000 under \$10,001 [3].....	12,681	12,531	52,266	12,531	52,266	866	1,576	7,736	7,234
\$10,001 under \$100,000 [3].....	14,454	14,450	555,003	N/A	N/A	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	6,471	6,456	1,406,641	N/A	N/A	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	1,155	1,154	822,327	N/A	N/A	N/A	N/A	N/A	N/A
\$1,000,000 under \$5,000,000.....	1,044	1,044	2,089,962	N/A	N/A	N/A	N/A	N/A	N/A
\$5,000,000 or more.....	258	258	3,486,623	N/A	N/A	N/A	N/A	N/A	N/A

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]—Continued								
	Deductions directly connected with UBI								
	Total deductions [2, 5]		Total		Allocable to rental income [6]		Allocable to unrelated debt-financed income [6]		Allocable to investment income [6, 7]
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Total	23,362	8,360,556	22,107	7,768,739	1,799	185,905	2,226	409,308	832
\$1,000 under \$10,001 [3].....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$10,001 under \$100,000 [3].....	14,450	555,003	13,484	523,155	1,264	31,737	1,415	47,675	261
\$100,000 under \$500,000.....	6,456	1,406,641	6,223	1,325,064	380	49,137	567	96,286	409
\$500,000 under \$1,000,000.....	1,154	822,327	1,130	765,875	67	21,637	100	46,051	105
\$1,000,000 under \$5,000,000.....	1,044	2,089,962	1,021	1,966,286	68	34,069	117	112,161	52
\$5,000,000 or more.....	258	3,486,623	249	3,188,358	21	49,325	27	107,134	5

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]—Continued								
	Deductions directly connected with UBI—Continued								
	Allocable to investment income [6, 7]—continued	Allocable to income from controlled organizations [6]		Allocable to exploited exempt activity income, except advertising [6]		Direct advertising costs [6]		Compensation of officers, directors, and trustees	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
Total	251,296	494	144,721	641	141,852	4,716	920,394	1,812	57,013
\$1,000 under \$10,001 [3].....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$10,001 under \$100,000 [3].....	1,081	243	6,307	343	8,139	2,826	72,688	841	7,831
\$100,000 under \$500,000.....	6,456	140	16,699	152	16,325	1,311	156,432	729	16,626
\$500,000 under \$1,000,000.....	3,332	39	10,100	59	12,908	257	99,433	101	4,640
\$1,000,000 under \$5,000,000.....	2,529	45	29,968	68	53,242	260	220,743	112	8,897
\$5,000,000 or more.....	237,898	27	81,647	19	51,239	61	371,099	29	19,019

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]—Continued								
	Deductions directly connected with UBI—Continued								
	Salaries and wages		Repairs and maintenance		Bad debts		Interest		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	
Total	10,186	1,556,878	7,007	108,065	757	47,372	2,873	55,698	
\$1,000 under \$10,001 [3].....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
\$10,001 under \$100,000 [3].....	5,118	125,102	3,487	13,119	140	360	1,277	6,954	
\$100,000 under \$500,000.....	3,602	350,519	2,511	34,487	304	1,236	1,166	14,858	
\$500,000 under \$1,000,000.....	689	192,088	489	14,932	126	6,829	225	9,512	
\$1,000,000 under \$5,000,000.....	619	433,790	416	24,224	131	11,689	156	14,621	
\$5,000,000 or more.....	158	455,379	105	21,303	56	27,257	49	9,752	

Footnotes at end of table.

Unrelated Business Income Tax Returns, 2003

Table 7.—Unrelated Business Income Tax Returns: Types of Deductions by Size of Gross Unrelated Business Income (UBI), Tax Year 2003—Continued

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

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]—Continued							
	Deductions directly connected with UBI—Continued							
	Taxes and licenses paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
Total	10,424	170,153	7,704	249,904	122	2,756	1,047	11,231
\$1,000 under \$10,001 [3].....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$10,001 under \$100,000 [3].....	5,742	20,414	3,977	20,711	* 105	* 621	381	329
\$100,000 under \$500,000.....	3,517	67,235	2,626	60,329	* 8	* 327	466	2,263
\$500,000 under \$1,000,000.....	572	28,124	481	32,449	* 3	* 104	109	1,549
\$1,000,000 under \$5,000,000.....	472	32,830	485	64,244	** 5	** 1,704	** 90	** 7,090
\$5,000,000 or more.....	120	21,549	135	72,170	**	**	**	**

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]—Continued							
	Deductions not directly connected with UBI							
	Contributions to employee benefit programs		Net operating loss deduction		Other deductions		Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
Total	5,259	225,143	3,746	175,799	14,050	3,055,253	11,686	591,817
\$1,000 under \$10,001 [3].....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$10,001 under \$100,000 [3].....	2,223	9,333	2,285	20,174	7,737	130,580	7,182	31,847
\$100,000 under \$500,000.....	1,954	31,526	1,004	31,040	4,469	373,284	3,289	81,576
\$500,000 under \$1,000,000.....	472	24,241	192	17,649	854	240,297	579	56,452
\$1,000,000 under \$5,000,000.....	478	69,268	206	52,269	787	796,608	496	123,676
\$5,000,000 or more.....	132	90,776	59	54,667	203	1,514,485	139	298,265

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) of \$10,001 or more [3]—Continued							
	Deductions not directly connected with UBI—Continued							
	Specific deduction		Charitable contributions		Set-asides [7]		Excess exempt-activity expenses [8]	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
Total	9,380	8,901	1,775	43,669	361	252,108	2,224	287,139
\$1,000 under \$10,001 [3].....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$10,001 under \$100,000 [3].....	5,926	5,565	972	4,377	* 168	* 3,550	1,138	18,355
\$100,000 under \$500,000.....	2,564	2,454	547	7,760	130	19,396	715	51,966
\$500,000 under \$1,000,000.....	448	443	119	10,592	23	14,868	152	30,549
\$1,000,000 under \$5,000,000.....	348	346	88	6,110	29	41,634	174	75,587
\$5,000,000 or more.....	93	93	49	14,830	10	172,660	45	110,683

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

**Data in adjacent size classes are combined to avoid disclosure of information about specific taxpayers.

N/A - Not applicable.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.5 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33, respectively.

[3] Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in columns 14 through 45, 48, 49, and 54 through 59.

[4] Excludes \$51.5 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote [1] for explanation.

[5] Excludes \$2.5 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote [1] for explanation.

[6] This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table.

For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, depreciation. Therefore, the total amount shown for some of the separately reported deductions may be understated.

[7] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs, section 501(c)(9) voluntary employees' beneficiary associations, and section 501(c)(17) supplemental unemployment benefit trusts only.

[8] Includes excess exempt-activity expenses from Form 990-T, Schedule I, and excess readership costs from Form 990-T, Schedule J.

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

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

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1999-2005

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

Item	1999	2000	2001	2002	2003	2004	2005 [p]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns [1].....	127,075,145	129,373,500	130,255,237	130,076,443	130,423,626	132,226,042	134,462,537
Form 1040 returns [1].....	74,165,814	78,846,102	80,500,011	80,748,948	80,420,043	80,603,689	81,144,182
Form 1040A returns [1].....	26,961,302	28,826,589	28,293,817	28,714,328	29,631,494	30,572,631	31,607,574
Form 1040EZ returns [1].....	20,752,420	21,700,809	21,461,409	20,613,167	20,372,089	21,049,722	21,710,782
Form 1040PC returns [1].....	5,195,609	N/A	N/A	N/A	N/A	N/A	N/A
Electronically-filed returns [1].....	35,495,320	40,078,595	46,861,486	52,798,823	61,154,815	68,380,152	74,813,073
Returns by filing status:							
Joint returns.....	49,900,030	50,268,249	51,034,384	51,302,089	51,510,779	51,975,649	52,796,004
Returns of married persons filing separately.....	2,385,646	2,486,719	2,441,481	2,330,723	2,320,275	2,453,292	2,382,503
Returns of heads of households.....	17,781,482	18,208,359	18,493,710	19,170,266	19,506,611	19,647,748	20,122,634
Returns of surviving spouses.....	80,870	63,800	74,242	73,577	83,179	82,188	70,434
Returns of single persons.....	56,927,117	58,346,372	58,211,420	57,199,788	57,002,781	58,067,165	59,090,963
Returns with Presidential Election Campaign Fund checkoff: [2]							
Number of returns.....	14,208,181	13,958,259	14,240,945	13,143,595	12,198,321	11,613,401	12,198,090
Amount.....	61,090	60,685	60,801	56,567	52,361	50,202	45,969
Number of boxes checked.....	18,306,408	19,741,877	20,266,894	18,857,672	17,453,770	16,733,962	15,323,089
Adjusted gross income (AGI) [3].....	5,855,467,909	6,365,376,648	6,170,603,942	6,033,585,532	6,207,108,793	6,788,805,130	7,363,648,396
Salaries and wages:							
Number of returns.....	108,183,782	110,168,714	111,227,450	110,938,441	110,890,993	112,369,812	114,595,809
Amount.....	4,132,473,459	4,456,167,438	4,565,229,218	4,559,690,903	4,649,900,493	4,921,806,344	5,236,515,411
Taxable interest received: [4]							
Number of returns.....	67,218,877	68,046,458	67,479,816	63,584,806	59,459,344	57,605,888	59,326,291
Amount.....	175,675,236	199,321,670	198,177,814	149,024,899	127,159,692	125,474,158	140,024,777
Tax-exempt interest: [5]							
Number of returns.....	4,801,877	4,658,345	4,557,381	4,453,829	4,524,955	4,416,851	4,469,929
Amount.....	52,513,007	53,951,877	55,582,376	54,564,465	53,750,230	52,031,763	54,410,697
Dividends in AGI: [4,6]							
Number of returns.....	32,226,492	34,140,605	32,621,151	31,409,759	30,475,097	30,687,178	31,089,911
Amount.....	132,465,522	146,987,679	119,533,324	103,241,332	115,141,232	146,838,808	153,736,864
Qualified dividends in AGI: [6]							
Number of returns.....	n.a.	n.a.	n.a.	n.a.	22,449,379	24,549,867	25,797,647
Amount.....	n.a.	n.a.	n.a.	n.a.	80,994,736	110,500,411	111,592,163
Business or profession net income: [7]							
Number of returns.....	13,165,318	13,312,586	13,611,559	13,750,982	14,442,334	15,057,938	15,702,731
Amount.....	233,746,237	244,598,112	249,507,231	256,878,740	268,581,833	290,224,776	300,591,401
Business or profession net loss: [7,8]							
Number of returns.....	4,146,807	4,287,423	4,406,790	4,846,323	4,973,314	5,194,140	5,335,832
Amount.....	25,332,170	30,732,759	32,734,734	36,095,167	38,926,548	43,007,488	43,083,206
Net capital gain in AGI: [6,9]							
Number of returns.....	22,497,646	22,645,728	12,630,577	9,969,731	9,081,384	10,875,231	16,048,768
Amount.....	552,604,872	644,284,795	348,132,997	268,202,336	322,973,738	497,227,695	604,352,228
Net capital loss in AGI: [6,10]							
Number of returns.....	5,202,857	6,875,037	10,839,824	13,279,894	12,808,303	11,513,428	9,994,323
Amount.....	9,846,756	13,742,364	22,964,034	29,833,878	28,952,022	25,492,046	22,075,818
Sales of property other than capital assets, net gain: [11]							
Number of returns.....	834,575	827,490	772,632	789,392	798,662	857,903	863,391
Amount.....	6,557,503	7,445,007	7,208,365	7,291,728	8,138,821	10,473,327	11,421,195
Sales of property other than capital assets, net loss: [11]							
Number of returns.....	898,350	872,562	843,253	938,985	955,198	892,031	810,196
Amount.....	8,269,794	8,364,141	9,105,361	9,678,258	8,469,180	7,970,811	7,747,570
Pensions and annuities in AGI: [12]							
Number of returns.....	21,343,646	21,765,211	22,262,774	22,794,417	22,822,842	23,123,390	23,549,681
Amount.....	304,310,714	325,827,702	338,745,409	357,840,960	372,931,442	394,285,849	428,025,371
Unemployment compensation: [13]							
Number of returns.....	6,775,723	6,478,292	8,799,886	10,334,639	10,065,230	9,094,911	7,943,765
Amount.....	17,530,779	16,913,305	26,890,925	43,129,155	44,007,879	32,740,272	27,995,669

Footnotes at end of table.

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1999-2005--Continued

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

Item	1999	2000	2001	2002	2003	2004	2005 [p]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Social Security benefits in AGI: [14]							
Number of returns.....	9,459,189	10,608,572	10,779,280	10,702,502	10,975,002	11,691,859	12,808,594
Amount.....	75,078,976	89,964,021	93,559,363	93,459,494	97,768,201	110,462,387	126,409,367
Rent net income: [7]							
Number of returns.....	4,355,533	4,200,588	4,226,121	4,228,529	4,086,160	4,078,981	4,007,424
Amount.....	43,459,764	45,099,159	47,307,618	49,265,943	49,236,378	50,640,786	52,187,086
Rent net loss: [7]							
Number of returns.....	4,616,526	4,520,263	4,504,545	4,500,788	4,529,086	4,731,529	4,851,659
Amount.....	28,341,505	30,309,122	31,057,269	34,253,712	37,558,496	44,672,209	48,339,874
Royalty net income: [15]							
Number of returns.....	1,117,408	1,103,851	1,133,409	1,118,018	1,242,840	1,296,467	1,282,935
Amount.....	6,482,226	7,997,803	10,630,523	8,013,942	10,729,655	12,421,989	14,975,946
Royalty net loss: [15]							
Number of returns.....	46,926	36,033	46,313	38,389	32,790	31,654	31,066
Amount.....	131,699	100,895	89,482	140,775	123,569	186,747	173,883
Partnership and S corporation net income: [16]							
Number of returns.....	4,154,776	4,179,537	4,356,933	4,329,316	4,453,988	4,738,228	4,543,703
Amount.....	269,757,830	285,424,865	301,558,966	314,665,137	333,029,137	398,690,527	424,863,423
Partnership and S corporation net loss: [8,16]							
Number of returns.....	2,121,841	2,120,784	2,139,574	2,394,105	2,552,592	2,498,144	2,256,974
Amount.....	58,685,867	72,511,266	76,448,871	76,697,948	78,972,015	82,697,364	61,665,756
Estate or trust net income:							
Number of returns.....	516,024	556,534	493,247	539,946	499,416	507,008	460,575
Amount.....	10,975,854	12,134,000	12,378,332	12,459,427	13,498,758	15,436,171	15,159,317
Estate or trust net loss:							
Number of returns.....	40,071	39,026	44,096	41,508	33,117	35,710	30,538
Amount.....	1,092,143	1,127,838	2,158,566	1,219,102	1,083,966	1,435,566	756,271
Farm net income:							
Number of returns.....	725,782	703,083	649,173	556,331	592,019	588,823	631,116
Amount.....	9,201,162	8,270,319	7,656,704	6,324,051	7,472,503	7,371,027	9,237,072
Farm net loss: [8]							
Number of returns.....	1,320,526	1,358,701	1,357,698	1,438,741	1,405,097	1,416,076	1,356,681
Amount.....	15,444,078	17,305,037	18,661,484	20,743,770	19,843,995	20,610,232	19,842,812
Total statutory adjustments:							
Number of returns [17].....	22,659,973	23,197,425	23,497,092	28,911,078	30,382,069	32,153,965	33,421,578
Amount [17].....	56,698,800	58,609,518	60,572,768	77,161,432	87,575,677	98,046,679	104,151,627
Educator expenses:							
Number of returns.....	N/A	N/A	N/A	2,884,403	3,240,673	3,402,468	3,562,069
Amount.....	N/A	N/A	N/A	712,505	805,734	858,457	893,327
Certain business expenses of reservists, performing artists, and fee-basis government officials:							
Number of returns.....	N/A	N/A	N/A	N/A	N/A	105,135	102,683
Amount.....	N/A	N/A	N/A	N/A	N/A	252,597	290,381
Individual Retirement Arrangements: [18]							
Number of returns.....	3,687,149	3,505,032	3,448,457	3,277,671	3,418,494	3,330,763	3,293,501
Amount.....	7,883,438	7,477,074	7,406,866	9,462,404	10,006,814	10,028,607	12,207,511
Student loan interest deduction:							
Number of returns.....	4,136,505	4,477,986	4,405,667	6,640,784	6,953,370	7,527,249	8,118,415
Amount.....	2,254,531	2,639,472	2,711,733	4,469,546	4,409,816	4,398,734	5,075,930
Tuition and fees deduction:							
Number of returns.....	N/A	N/A	N/A	3,444,941	3,571,154	4,710,253	4,731,924
Amount.....	N/A	N/A	N/A	6,154,145	6,683,631	10,589,279	10,928,436
Health savings account deduction: [19]							
Number of returns.....	N/A	N/A	N/A	N/A	N/A	90,857	211,766
Amount.....	N/A	N/A	N/A	N/A	N/A	190,732	488,782
Medical savings account deduction: [20]							
Number of returns.....	50,393	65,415	69,957	61,118	67,347	32,334	18,391
Amount.....	81,977	120,330	123,296	121,282	129,214	66,602	40,398

Footnotes at end of table.

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1999-2005--Continued

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

Item	1999	2000	2001	2002	2003	2004	2005 [p]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Keogh and self-employed retirement plans:							
Number of returns	1,264,007	1,287,706	1,290,496	1,186,947	1,208,801	1,201,332	1,197,774
Amount.....	11,928,242	12,475,396	13,114,412	16,349,738	17,795,957	19,295,952	19,406,380
Deduction for self-employment tax:							
Number of returns	14,029,609	14,300,141	14,574,036	14,664,473	15,373,279	15,920,203	16,507,523
Amount	16,689,650	17,392,967	18,134,959	18,687,162	19,791,285	21,109,366	21,368,314
Self-employed health insurance: [21]							
Number of returns.....	3,491,539	3,564,624	3,559,792	3,571,152	3,802,277	3,883,687	3,670,561
Amount.....	6,755,071	7,569,198	8,177,397	10,494,247	16,454,211	18,457,063	17,982,362
Exemptions:							
Number of exemptions, total.....	248,657,119	252,332,427	256,186,046	258,716,374	261,126,373	263,896,304	269,699,249
Amount [22].....	669,241,317	690,109,474	727,554,990	761,440,430	781,305,067	800,690,043	842,320,994
Number of boxes checked for taxpayer's age 65 or over [22]:							
Primary taxpayer.....	15,760,847	16,159,749	16,443,262	16,444,649	16,626,808	16,961,345	17,519,172
Spouse.....	6,024,955	6,316,250	6,382,661	6,504,096	6,552,024	6,829,242	6,966,210
Domestic production activities deduction:							
Number of returns.....	N/A	N/A	N/A	N/A	N/A	N/A	317,810
Amount.....	N/A	N/A	N/A	N/A	N/A	N/A	2,123,938
Total deductions:							
Number of returns [23].....	125,999,671	128,204,824	128,800,540	128,302,742	128,592,872	130,351,990	132,762,014
Amount [23].....	1,205,337,338	1,293,181,391	1,366,435,851	1,390,114,852	1,457,644,886	1,559,171,075	1,665,601,292
Standard deductions: [24]							
Number of returns.....	85,755,366	85,670,504	84,238,233	82,655,191	84,643,281	84,016,753	85,109,566
Amount.....	463,960,491	470,820,881	466,971,032	477,170,045	539,921,089	545,082,218	584,209,412
Returns with additional standard deductions for age 65 or over or blindness:							
Number of returns.....	11,200,024	11,330,554	11,116,629	10,857,098	11,200,647	10,985,079	11,131,858
Amount.....	14,264,309	14,735,998	14,936,559	14,897,487	15,858,963	15,850,401	16,780,934
Itemized deductions:							
Number of returns [25].....	40,244,305	42,534,320	44,562,308	45,647,551	43,949,591	46,335,237	47,652,448
Amount [25].....	741,376,847	822,360,510	884,528,260	898,047,320	901,864,834	998,238,457	1,081,391,880
Medical and dental expense: [26]							
Number of returns.....	5,884,418	6,513,104	7,571,522	8,547,481	8,678,320	9,530,675	9,871,839
Amount.....	35,375,998	39,251,004	47,071,726	52,276,395	56,007,076	61,503,014	66,086,920
Taxes paid: [27]							
Number of returns.....	39,564,240	41,823,555	43,797,188	44,793,590	43,061,888	46,009,291	47,267,305
Amount.....	265,365,133	294,711,547	307,974,817	302,653,989	310,896,704	362,608,853	390,944,404
Interest paid: [28]							
Number of returns.....	33,705,780	35,405,336	36,800,610	37,637,017	36,211,578	38,110,298	38,884,591
Amount.....	291,552,907	322,931,506	349,900,751	351,495,773	340,319,125	356,355,994	390,375,165
Home mortgage interest paid:							
Number of returns.....	33,267,570	34,914,116	36,331,190	37,216,044	35,797,375	37,691,995	38,484,080
Amount.....	272,148,740	299,963,368	330,692,376	336,570,649	325,191,983	340,476,440	377,013,243
Charitable contributions:							
Number of returns.....	35,523,471	37,524,825	39,386,782	40,399,695	38,626,902	40,623,426	41,381,479
Amount.....	125,798,548	140,681,631	139,241,476	140,571,365	145,702,137	165,564,388	172,025,442
Taxable income:							
Number of returns.....	102,845,571	105,259,292	104,174,654	102,275,969	101,392,812	102,737,959	104,511,849
Amount	4,136,119,714	4,544,242,424	4,268,506,425	4,096,127,651	4,200,218,439	4,670,165,637	5,092,405,537
Income tax before credits: [29,30]							
Number of returns	102,834,362	105,277,966	104,195,834	102,293,722	101,412,777	102,740,921	104,520,737
Amount	906,811,755	1,018,218,948	933,567,474	836,842,718	790,005,881	884,342,703	982,560,689
Tax credits:							
Number of returns [31,32].....	36,621,595	37,736,095	49,792,710	40,614,049	41,091,029	41,694,252	42,426,730
Total amount [31,32].....	35,892,344	37,722,293	45,631,198	39,862,411	41,995,756	52,366,870	54,297,474
Child care credit:							
Number of returns.....	6,182,193	6,368,101	6,184,507	6,185,855	6,313,297	6,316,649	6,549,739
Amount.....	2,675,147	2,793,860	2,721,061	2,706,539	3,206,890	3,337,984	3,487,785
Credit for the elderly or disabled:							
Number of returns.....	181,813	155,796	139,097	133,538	123,147	107,914	101,227
Amount.....	33,629	32,608	30,496	21,119	20,257	18,740	13,787

Footnotes at end of table.

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1999-2005--Continued

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

Item	1999 (1)	2000 (2)	2001 (3)	2002 (4)	2003 (5)	2004 (6)	2005 [p] (7)
Child tax credit: [33]							
Number of returns.....	26,016,019	26,404,521	26,452,875	25,939,801	25,672,254	25,988,711	26,050,925
Amount.....	19,398,625	19,689,359	22,427,229	21,520,271	22,788,025	32,300,455	32,184,128
Education credits:							
Number of returns.....	6,436,654	6,815,316	7,212,554	6,475,134	7,298,227	7,180,884	7,133,854
Amount.....	4,772,443	4,851,178	5,156,254	4,882,853	5,843,029	6,016,805	6,194,770
Retirement savings contributions credit:							
Number of returns.....	N/A	N/A	N/A	5,307,176	5,296,688	5,288,732	5,365,195
Amount.....	N/A	N/A	N/A	1,058,219	1,034,394	1,011,506	962,976
Foreign tax credit:							
Number of returns.....	3,266,544	3,935,699	3,942,604	3,748,974	4,145,174	4,700,259	5,373,540
Amount.....	4,941,010	5,990,360	6,254,559	5,933,600	5,805,555	6,757,994	8,340,820
General business credit:							
Number of returns.....	287,658	275,116	269,648	284,720	262,738	248,506	225,238
Amount.....	783,920	764,253	713,974	750,855	612,744	635,391	658,970
Income tax after credits: [29]							
Number of returns.....	94,511,758	96,815,794	94,763,163	90,963,775	88,921,898	89,101,934	90,659,349
Amount.....	870,919,411	980,496,655	887,936,276	796,980,307	748,010,125	831,975,834	928,263,735
Total income tax: [34]							
Number of returns.....	94,546,080	96,817,602	94,763,530	90,963,896	88,921,904	89,101,934	90,659,349
Amount.....	877,401,489	980,645,201	887,973,968	796,986,268	748,017,488	831,976,333	928,263,735
Alternative minimum tax: [35]							
Number of returns.....	1,018,063	1,304,198	1,120,047	1,910,789	2,357,975	3,096,299	4,045,459
Amount.....	6,477,697	9,600,840	6,756,705	6,853,901	9,469,803	13,029,239	15,874,227
Earned income credit: [36]							
Number of returns.....	19,258,715	19,277,225	19,593,122	21,703,187	22,024,227	22,269,577	23,003,703
Amount.....	31,901,107	32,296,341	33,375,971	38,198,572	38,657,067	40,024,050	43,091,796
Used to offset income tax before credits:							
Number of returns.....	5,352,300	5,416,246	4,412,721	4,168,977	3,606,251	2,975,197	2,911,791
Amount.....	1,918,065	1,968,680	1,470,200	1,114,948	926,381	767,524	752,954
Used to offset other taxes:							
Number of returns.....	3,137,122	3,147,876	3,506,426	4,106,193	4,401,160	4,630,477	4,834,823
Amount.....	2,378,860	2,523,703	2,862,938	3,346,682	3,718,355	3,957,021	4,279,188
Excess earned income credit (refundable):							
Number of returns.....	16,049,812	16,125,542	16,631,224	18,780,033	19,162,460	19,448,355	20,357,850
Amount.....	27,604,182	27,803,959	29,042,833	33,736,942	34,012,332	35,299,505	38,059,653
Tax payments, total:							
Number of returns [37].....	119,809,259	122,243,874	123,451,339	120,083,021	123,461,513	124,989,700	127,120,386
Amount [37].....	981,100,157	1,084,868,447	1,076,500,696	953,697,397	974,543,079	1,036,118,363	1,096,174,193
Income tax withheld: [38]							
Number of returns.....	111,193,931	113,733,442	114,798,386	114,861,744	114,861,706	116,312,978	118,748,628
Amount.....	695,526,980	763,901,388	773,325,891	717,492,263	703,758,484	731,734,362	805,164,666
Excess Social Security tax withheld:							
Number of returns.....	1,377,613	1,640,582	1,436,746	1,145,352	1,121,141	1,242,604	1,395,629
Amount.....	1,712,649	2,184,849	1,915,349	1,564,478	1,566,411	1,727,641	2,035,252
Estimated tax payments: [39]							
Number of returns.....	13,169,356	13,326,669	13,167,855	12,434,579	11,576,213	10,996,504	10,888,999
Amount.....	196,915,946	221,621,893	220,195,712	198,177,595	182,906,911	188,770,357	200,557,175
Payments with requests for extension of filing time: [40]							
Number of returns.....	1,510,206	1,610,937	1,448,214	1,235,156	1,333,579	1,518,779	757,767
Amount.....	53,984,319	63,396,711	42,495,018	36,321,934	38,303,188	59,268,206	29,569,157
Tax due at time of filing:							
Number of returns.....	29,200,902	30,624,423	24,581,130	22,818,761	21,072,333	24,452,350	25,441,631
Amount.....	119,091,512	134,944,362	91,822,703	82,287,723	73,741,408	99,683,799	137,165,832
Tax overpayments, total: [41]							
Number of returns.....	94,827,237	95,921,082	102,310,896	103,462,884	105,361,848	103,706,648	105,189,185
Amount.....	182,049,186	196,198,780	236,982,082	239,784,002	254,553,541	255,064,839	255,144,202
Overpayment refunds:							
Number of returns.....	91,600,741	93,000,030	99,011,975	100,143,606	102,004,984	100,674,244	102,630,374
Amount.....	155,513,635	167,577,365	202,274,032	205,987,348	219,751,889	221,371,474	232,774,454

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1999-2005--Continued

Footnotes

N/A - Not applicable.

n.a. - Not available.

[p] - Preliminary.

- [1] Year-to-year comparability of the "all returns" total is affected by changes in dollar income filing thresholds, while year-to-year comparability of the number of returns by type of tax form used is affected by changes in the specific filing requirements, including adjustments for inflation, for each form. In general, the filing of "short forms" (mostly Forms 1040A and 1040EZ) has been encouraged by IRS to simplify both taxpayer filing requirements and IRS processing. Filing requirements for each of the short forms have, therefore, been gradually liberalized to facilitate their use. Increases in the number of short forms have mostly been at the expense of "long form" 1040 usage (although increases in the number of each of the short forms have often been at the expense of one short form over another). While the number of 1040 (paper) returns has, therefore, increased over the time period shown, the rate of increase has been reduced by the use of the short forms, and, later, by electronic filing options (see below), including, for 1999, use of Form 1040PC. For additional information about the return filing requirements, see the annual reports, *Statistics of Income—Individual Income Tax Returns*. Forms 1040, 1040A, and 1040EZ include "standard" electronically-filed ("ELF" or "e-file") returns, and Form 1040EZ returns filed electronically by telephone ("TeleFile" 1999-2004 only). Form 1040PC (computer-generated "paper") returns were not reclassified for Statistics of Income for 1999; data for Forms 1040, 1040A, and 1040EZ for these years are not comparable with preceding years (Form 1040PC did not apply after 1999).
- [2] Taxpayers could elect to assign \$3 of the income tax reported on their returns (\$6 on a joint return, if both spouses contributed) to help pay for the cost of Presidential election campaigns. To do so, a taxpayer had to check a box on the tax return. The relationship between (a) the number of returns and boxes checked and (b) the dollar amounts shown is only approximate because the frequencies and the amounts were obtained from different sources, the frequencies from Statistics of Income tax return data and the dollar amounts from IRS monthly tax collections, aggregated by calendar year. It should be noted that the frequencies and amounts are related to the tax year for which statistics are shown, even though the designation by the taxpayer occurred in the following year, when the income tax return was filed and processed.
- [3] Less deficit.
- [4] Taxable interest includes "dividends" on deposits and withdrawable shares in mutual savings banks, savings and loan associations, and credit unions, but excludes interest from Regulated Investment Companies on money market mutual funds, which is included in "dividends" in "adjusted gross income" (AGI).
- [5] Not included in AGI. Represents interest on State and local government obligations, including tax-exempt interest dividends from Regulated Investment Companies.
- [6] Dividends in AGI exclude capital gains and liquidating dividends, reflected in the statistics for net capital gain or loss in AGI, but include interest from Regulated Investment Companies on money market mutual funds. Qualified dividends are the ordinary dividends received after May 5, 2003, that met certain conditions. These included: the dividend must have been paid by a U.S. corporation or a "qualified" foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was a part of an employee stock ownership plan (ESOP).
- [7] Rent net income (or loss) excludes sole proprietorship (including farm) rental income or loss; these are included in business or profession net income or loss. Rental losses are before "passive loss" limitation and, therefore, exceed the amount included in AGI.
- [8] Losses are after "passive loss" limitation.
- [9] Includes capital gains from the sale of assets held for personal use or investment, and also net gains from the sale of certain business property treated as net capital gains and from "involuntary conversions" of property, such as by casualty or theft. Also includes capital gains received from partnerships and S corporations. See also footnote 15. Data represent total capital gains. Total includes capital gain distributions from Regulated Investment Companies. For other changes affecting capital gains, see *Statistics of Income—Individual Income Tax Returns*, various years. See also footnote 6.
- [10] Includes capital losses (after limitation) from the sale of assets held for personal use or investment, including losses in excess of net gains from the sale of certain business property treated as net capital losses and "involuntary conversions" of property, such as by casualty or theft. Also includes capital losses received from partnerships and S corporations. See also footnotes 6, 15, and 16.
- [11] Net gain or loss, not includable in capital gain or loss, from the sale of business property (excluding inventories and certain other assets) and "involuntary conversions" of property, such as by casualty or theft. See also footnote 15.
- [12] Excludes Individual Retirement Arrangement (IRA) distributions.
- [13] Represents total unemployment compensation.
- [14] Up to 85 percent of Social Security benefits were taxable.
- [15] Excludes certain royalties included in the computations of capital gain or loss and of ordinary gain or loss in sales of noncapital assets.
- [16] Excludes capital gains and losses.
- [17] Includes adjustments not shown separately in this table. Total excludes certain business-related expenses, deduction for two-earner married couples, and certain alimony payments, but includes the self-employment health insurance deductions (liberalized effective 1998).
- [18] Deductible Individual Retirement Arrangement (IRA) contributions were limited, then liberalized somewhat. Contributions to education and Roth IRAs were nondeductible and are, therefore, not included in the statistics.
- [19] Beginning in Tax Year 2004, a taxpayer could have taken a deduction for contributions to a Health Savings Account. The deduction was limited to the annual deductible on the qualifying high deductible health plan and other criteria.
- [20] The limitation on the deduction was raised, starting with 1999.
- [21] The deduction was liberalized, starting with 1999.

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1999-2005--Continued

Footnotes--Continued

- [22] Exemption amounts were indexed for inflation. Amounts were also limited for taxpayers with high incomes. A check box on the return was used for taxpayer's age 65 or over, in general, for use in establishing claims for the additional standard deductions, but many taxpayers not claiming the additional deductions also used the check box. The amount shown for exemptions excludes amounts in excess of AGI, which were reported but could not be used by the taxpayer. The number of exemptions and amounts also excludes the number and amounts reported on returns with no AGI, which did not figure into the computation of tax as a result.
- [23] In general, represents the sum of standard and itemized deductions from AGI to compute "taxable income" (the tax base for the regular income tax), but also includes deductions in excess of AGI that could not be used in the computation. Deductions erroneously reported on returns with no AGI were excluded from the deduction statistics. Includes revised itemized deductions (see also footnotes 25-26), "basic" standard deduction, and "additional" standard deductions for age 65 or over or for blindness (for changes in the standard deduction and its relation to the zero bracket amount, see *Statistics of Income—Individual Income Tax Returns*, for appropriate years). Total itemized deductions are after statutory limitation (see footnote 25).
- [24] Standard deductions were indexed for inflation. Statistics for taxpayers with the additional standard deduction for age 65 or over exclude those who checked the box on tax returns indicating age 65 or over, but then itemized their deductions instead of claiming standard deductions (see footnote 22). For the percentages of AGI used for the standard deduction and the limitation on the deduction, see *Statistics of Income—Individual Income Tax Returns*.
- [25] Includes itemized deductions not shown separately in this table, including revised deductions, for "miscellaneous expenses" after limitation and for employee moving expenses. In general, total itemized deductions were limited for certain high-income taxpayers. This limitation was indexed for inflation.
- [26] Deductible medical and dental expenses were limited, based on a revised percentage of AGI. The definition of expenses includes payments for certain long-term care insurance premiums and for the unreimbursed cost of certain long-term care of a chronically ill individual.
- [27] Starting with 2004, a taxpayer could have elected to deduct State and local general sales taxes instead of State and local income taxes as itemized deductions on Schedule A.
- [28] Deductions for mortgage real estate loan interest were limited. Personal interest was not deductible.
- [29] Includes "alternative minimum tax" (AMT), starting with 2000. For previous years, AMT was excluded and was reflected only in "total income tax" (see footnote 34).
- [30] Different tax rate structures for the regular income tax applied to Tax Years 1999-2002, 2003, 2004, and 2005. Indexing of tax rate boundaries for inflation existed. The preferential maximum tax rate on net long-term capital gains under "alternative tax" was revised over the years. Alternative tax was abolished, but a maximum capital gain tax rate less than the maximum regular tax rate continued to apply under certain conditions. For additional information on changes affecting tax computations, see Table A of the appendix to the historical section of this report and *Statistics of Income—Individual Income Tax Returns*.
- [31] Includes that portion of the "earned income credit" used to offset income tax before credits. Earned income credit is shown below in Table 1. See also footnote 36.
- [32] Includes credits such as the low-income housing credit, child adoption credit, and "empowerment zone employment" (EZE) credit not shown separately.
- [33] Allowable credit per child was increased, starting with 1999.
- [34] The statistics for all years shown are comparable. However, prior to Tax Year 2000, total income tax is the sum of two components, income tax after credits and "minimum tax" or "alternative minimum tax (AMT)"; see footnotes 29 and 35. Starting with Tax Year 2000, total income tax is, in general, the same as income tax after credits, which was redefined to include AMT. (The small difference between the two amounts for 2000 is due mainly to the inclusion in the statistics for Tax Year 2000 of prior-year returns filed in Calendar Year 2001 that were used as proxies for Tax Year 2000 returns filed after 2001; the AMT on these returns was included in total income tax, but not in income tax before or after credits, consistent with the reporting sequence on the tax return forms for these years. The same is true for Tax Year 2002 for prior returns filed in Calendar Year 2003 for Tax Year 2000 and earlier. To a far lesser extent, the difference between total income tax and income tax after credits represents the tax on accumulation distributions of trusts, which was included in total income tax only.) Total income tax reflects the amount reported on the tax return and is, therefore, before any examination or enforcement activities by the Internal Revenue Service. It represents the income tax liability that was payable to the U. S. Department of the Treasury.
- [35] Under "alternative minimum tax" (AMT), generally high-income taxpayers to whom the tax applied were required to pay the larger of the regular income tax or the AMT. As of 2004, examples of preferences or adjustments subject to recapture through the AMT were accelerated depreciation, incentive stock options, certain itemized deductions, personal exemptions, certain tax-exempt interest, and income loss from tax-shelter farm or "passive" investment activities. AMT is shown separately in the statistics for all years. However, starting with 2000, AMT is also included in "income tax before credits," as well as in "income tax after credits" and "total income tax." Previously, AMT was only included in "total income tax."
- [36] In Table 1, the amounts "used to offset income tax before credits" and "used to offset other taxes" (that are income-related) are reflected in the statistics for "total tax credits"; however, "excess earned income credit (refundable)" is reflected in the statistics for tax "overpayments." The refundable portion of the credit is the amount (in excess of the taxes) that could not be credited, including any "advance earned income credit payments" on those returns that had such an excess. ("Advance earned income credit payments" were made to employees electing to receive such payments currently through their paychecks. Such "payments" are included in the statistics only if the employees also met the tax return filing requirements; advance payments received by those not required to file are, therefore, excluded.)
- [37] Represents payments reflecting the sum of "total income tax" (see footnote 34), tax recapture of certain prior-year tax credits, tax applicable to Individual Retirement Arrangements (IRAs), and Social Security taxes on "self-employment income" and on certain employee tip income, as well as on other income-related taxes applicable to the years shown (see *Statistics of Income—Individual Income Tax Returns*). The total also includes the following not shown separately below in Table 1: "advance earned income credit payments" and credits for (a) capital gain tax paid by a Regulated Investment Company, but considered paid by shareholders, and (b) part of the purchase price of a diesel-powered highway vehicle.

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1999-2005--Continued

Footnotes--Continued

- [38] Represents tax withheld on (a) salaries and wages; (b) certain tip income; (c) pensions and annuities; (d) certain gambling winnings; and (e) distributions from profit-sharing plans, retirement plans, and Individual Retirement Arrangements (IRAs). Also included are taxes withheld as a result of "backup withholding" on certain interest, dividends, and royalty payments, which otherwise were not subject to withholding.
- [39] Represents the sum of (a) "estimated tax," generally paid quarterly throughout the tax year by self-employed and certain other taxpayers with insufficient or no tax withheld, and (b) prior-year tax overpayments taxpayers elected to credit to their current-year's "estimated tax" in lieu of requesting a refund.
- [40] Represents the sum of payments made with a request for an "automatic" 4-month extension of time in which to file an income tax return, and payments with a request for an additional 2-month extension. Notwithstanding the timing of these requests, full payment of a tax estimate for the year had to be made with the original application; if adjustments to the amount thus paid were later necessitated, the difference was either refundable or payable subject to an interest charge (which is not reflected in the tax statistics).
- [41] Includes refunds (shown separately), plus credits to the following year's "estimated tax" and the refundable portion of the "earned income credit" (see footnote 36). The taxes reflected in tax overpayments are the same as those listed in footnote 38.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: Except for dollar amounts associated with the Presidential election campaign checkoff, data are from *Statistics of Income—Individual Income Tax Returns*, appropriate years. Depending on the year, dollar amounts associated with the Presidential election campaign checkoff were accumulated by calendar year either from U.S. Treasury Department, Internal Revenue Service, "Table S-1 Collections, Comparative Summary, Document 7038," Report NO-Treas-103, monthly, or from unpublished monthly data from Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems.

Selected Historical and Other Data

Table 3.--Number of Individual Income Tax Returns, Income, Exemptions and Deductions, Tax, and Average Tax, by Size of Adjusted Gross Income, Tax Years 2003-2005

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

Size of adjusted gross income	Number of returns			Adjusted gross income or deficit		
	2003	2004	2005 [p]	2003	2004	2005 [p]
	(1)	(2)	(3)	(4)	(5)	(6)
Total	130,423,626	132,226,042	134,462,537	6,207,108,793	6,788,805,130	7,363,648,396
No adjusted gross income [1].....	1,813,840	1,854,886	1,684,974	-80,477,587	-86,318,215	- 68,672,440
\$1 under \$1,000	1,710,663	1,767,390	1,703,783	954,013	984,991	944,890
\$1,000 under \$3,000	4,899,842	4,812,040	4,815,647	9,777,515	9,793,284	9,654,973
\$3,000 under \$5,000	5,087,124	5,091,014	4,880,122	20,307,229	20,318,047	19,472,123
\$5,000 under \$7,000	5,064,951	4,789,612	4,876,771	30,293,817	28,729,457	29,196,806
\$7,000 under \$9,000	5,103,627	5,010,688	4,888,116	40,745,684	39,981,535	39,016,844
\$9,000 under \$11,000.....	4,972,862	4,813,678	4,749,554	49,836,139	48,205,019	47,494,864
\$11,000 under \$13,000	4,644,450	4,619,552	4,746,388	55,628,362	55,322,510	56,940,650
\$13,000 under \$15,000	4,719,522	4,558,080	4,543,187	66,114,003	63,779,262	63,674,276
\$15,000 under \$17,000	4,655,029	4,598,321	4,624,372	74,401,429	73,531,516	74,037,116
\$17,000 under \$19,000	4,459,546	4,504,928	4,385,316	80,240,246	81,105,296	78,928,450
\$19,000 under \$22,000	6,318,493	6,160,471	6,309,448	129,399,460	126,011,160	129,190,052
\$22,000 under \$25,000	5,692,051	5,722,762	5,658,212	133,640,924	134,278,064	132,798,364
\$25,000 under \$30,000	8,541,753	8,512,113	8,761,577	234,588,964	233,540,422	240,608,433
\$30,000 under \$40,000	13,957,258	13,915,453	13,941,286	484,774,627	482,760,301	483,929,378
\$40,000 under \$50,000	10,452,445	10,571,409	10,654,329	467,518,980	473,380,843	477,141,740
\$50,000 under \$75,000	17,372,492	18,047,126	18,366,712	1,065,749,827	1,109,616,155	1,128,712,743
\$75,000 under \$100,000.....	9,542,599	10,119,515	10,500,787	820,884,076	872,398,173	904,694,947
\$100,000 under \$200,000.....	8,878,643	9,735,569	10,830,523	1,170,179,856	1,288,319,611	1,434,584,760
\$200,000 under \$500,000	1,999,016	2,348,163	2,726,444	576,309,296	676,794,600	786,994,753
\$500,000 under \$1,000,000.....	356,140	433,145	518,865	241,211,330	293,369,864	352,716,226
\$1,000,000 under \$1,500,000	81,695	103,964	122,846	98,875,460	125,552,749	149,032,743
\$1,500,000 under \$2,000,000.....	34,016	45,104	55,430	58,497,902	77,754,757	95,371,121
\$2,000,000 under \$5,000,000	48,278	65,548	83,164	142,219,690	194,470,800	247,513,535
\$5,000,000 under \$10,000,000.....	11,168	15,835	21,199	76,311,438	108,191,995	145,974,288
\$10,000,000 or more	6,126	9,677	13,485	159,126,112	256,932,933	303,696,761

Size of adjusted gross income	Personal exemptions and total deductions			Taxable income [2]		
	2003	2004	2005 [p]	2003	2004	2005 [p]
	(7)	(8)	(9)	(10)	(11)	(12)
Total	2,238,949,953	2,359,861,118	2,507,922,286	4,200,218,439	4,670,165,637	5,092,405,537
No adjusted gross income [1].....	8,675,128	9,328,549	8,801,254	0	0	0
\$1 under \$1,000	9,910,991	10,716,508	10,807,251	8,626	9,691	6,544
\$1,000 under \$3,000	31,077,061	30,432,889	31,751,987	276,350	289,949	356,504
\$3,000 under \$5,000	41,910,540	41,395,297	40,279,486	333,635	340,921	426,184
\$5,000 under \$7,000	47,745,987	45,069,558	46,737,965	1,876,190	1,796,890	1,641,232
\$7,000 under \$9,000	53,643,139	52,766,531	53,353,430	3,568,174	3,392,909	3,064,093
\$9,000 under \$11,000.....	56,589,271	55,587,385	55,518,217	7,286,496	6,675,881	6,316,863
\$11,000 under \$13,000	54,874,304	56,458,759	59,316,826	10,881,335	10,408,324	10,040,566
\$13,000 under \$15,000	57,758,092	57,684,267	58,087,193	16,085,533	14,476,845	14,125,844
\$15,000 under \$17,000	59,112,693	59,722,085	61,948,781	20,146,006	19,767,376	19,186,302
\$17,000 under \$19,000	58,750,540	59,605,274	59,997,024	25,175,830	25,136,857	23,515,762
\$19,000 under \$22,000	84,710,975	84,290,194	88,746,210	47,896,951	45,497,638	45,076,177
\$22,000 under \$25,000	78,328,558	79,677,101	81,193,196	57,639,442	56,725,067	54,341,534
\$25,000 under \$30,000	122,775,717	122,805,010	130,148,022	114,185,800	113,029,248	113,517,198
\$30,000 under \$40,000	213,265,987	215,492,251	224,022,987	273,848,438	269,409,156	263,382,696
\$40,000 under \$50,000	181,704,244	184,621,322	192,901,521	286,911,458	290,236,146	285,871,790
\$50,000 under \$75,000	359,053,564	381,425,867	399,836,837	707,527,353	729,503,069	731,741,268
\$75,000 under \$100,000.....	244,048,161	262,607,828	279,831,635	577,227,012	610,458,963	625,699,305
\$100,000 under \$200,000.....	295,030,870	326,060,860	375,784,231	875,871,197	962,802,185	1,060,109,253
\$200,000 under \$500,000	93,872,172	111,781,085	130,015,748	482,851,392	565,602,397	658,103,574
\$500,000 under \$1,000,000.....	28,534,605	33,453,478	38,979,636	212,835,816	260,116,504	313,856,012
\$1,000,000 under \$1,500,000	10,580,317	12,904,342	14,228,137	88,369,158	112,688,920	134,827,047
\$1,500,000 under \$2,000,000.....	6,038,155	7,839,873	8,373,928	52,503,976	69,942,269	87,012,265
\$2,000,000 under \$5,000,000	14,117,760	18,613,228	19,789,253	128,218,696	176,063,515	227,761,763
\$5,000,000 under \$10,000,000.....	7,809,742	10,354,672	11,092,978	68,513,593	97,901,784	134,945,422
\$10,000,000 or more	19,031,382	29,166,907	26,378,551	140,179,982	227,893,131	277,480,341

Selected Historical and Other Data

Table 3.--Number of Individual Income Tax Returns, Income, Exemptions and Deductions, Tax, and Average Tax, by Size of Adjusted Gross Income, Tax Years 2003-2005--Continued

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

Size of adjusted gross income	Total income tax			Percentage of returns showing no total income tax		
	2003	2004	2005 [p]	2003	2004	2005 [p]
	(13)	(14)	(15)	(16)	(17)	(18)
Total	748,017,488	831,976,333	928,263,735	31.8	32.6	32.6
No adjusted gross income [1].....	78,578	86,064	101,250	99.8	99.8	99.8
\$1 under \$1,000	16,345	726	487	95.8	95.2	95.8
\$1,000 under \$3,000	25,999	22,658	26,734	92.6	92.3	91.2
\$3,000 under \$5,000	30,614	31,691	35,049	92.1	94.1	94.2
\$5,000 under \$7,000	187,811	171,582	156,772	72.3	70.1	70.5
\$7,000 under \$9,000	334,350	311,163	290,421	70.6	72.2	73.7
\$9,000 under \$11,000.....	630,750	555,337	522,158	49.8	53.4	54.2
\$11,000 under \$13,000	971,360	921,669	898,038	49.6	50.8	51.4
\$13,000 under \$15,000	1,406,837	1,244,855	1,207,699	48.7	51.5	50.7
\$15,000 under \$17,000	1,785,236	1,733,670	1,665,334	47.7	49.1	49.5
\$17,000 under \$19,000	2,245,211	2,264,302	2,062,976	43.1	42.8	45.4
\$19,000 under \$22,000	4,367,181	4,023,617	4,002,232	39.8	41.3	41.1
\$22,000 under \$25,000	5,281,191	5,091,570	4,876,715	36.3	38.1	39.3
\$25,000 under \$30,000	11,036,040	10,675,321	10,700,642	28.7	31.3	33.1
\$30,000 under \$40,000	29,737,819	28,213,040	27,264,170	15.1	18.9	20.3
\$40,000 under \$50,000	34,635,213	33,915,520	32,922,504	7.5	10.4	12.2
\$50,000 under \$75,000	94,256,193	92,955,349	92,940,712	2.0	3.9	4.6
\$75,000 under \$100,000.....	84,253,116	85,557,202	86,441,239	0.6	1.0	1.1
\$100,000 under \$200,000.....	163,342,407	175,205,533	190,599,348	0.2	0.2	0.3
\$200,000 under \$500,000	120,711,552	139,227,163	159,990,824	0.1	0.1	0.2
\$500,000 under \$1,000,000.....	60,180,642	71,339,306	85,028,225	0.1	0.1	0.2
\$1,000,000 under \$1,500,000	25,551,466	31,072,424	37,297,650	0.1	0.1	0.2
\$1,500,000 under \$2,000,000.....	15,316,006	19,435,625	23,927,191	0.1	0.1	0.1
\$2,000,000 under \$5,000,000	36,905,426	47,962,105	61,915,334	0.1	0.1	0.2
\$5,000,000 under \$10,000,000.....	19,313,636	25,756,272	35,742,659	0.1	0.1	0.1
\$10,000,000 or more	35,416,509	54,202,568	67,647,374	0.2	0.1	0.1

Size of adjusted gross income	Returns showing total income tax					
	Average tax (whole dollars)			Tax as a percentage of AGI		
	2003	2004	2005 [p]	2003	2004	2005 [p]
	(19)	(20)	(21)	(22)	(23)	(24)
Total	8,412	9,337	10,239	13.0	13.3	13.7
No adjusted gross income [1].....	17,377	18,890	26,190	[3]	[3]	[3]
\$1 under \$1,000	229	9	7	26.7	1.0	0.8
\$1,000 under \$3,000	72	61	63	4.0	2.7	4.5
\$3,000 under \$5,000	76	105	124	1.7	0.8	1.0
\$5,000 under \$7,000	134	120	109	2.3	1.4	1.3
\$7,000 under \$9,000	223	223	226	2.7	2.0	2.0
\$9,000 under \$11,000.....	253	247	240	2.5	2.8	2.6
\$11,000 under \$13,000	415	406	390	3.5	3.9	3.6
\$13,000 under \$15,000	582	563	539	4.1	4.6	4.7
\$15,000 under \$17,000	733	740	713	4.6	6.0	5.8
\$17,000 under \$19,000	884	879	862	4.9	6.9	6.0
\$19,000 under \$22,000	1,149	1,113	1,077	5.6	4.7	5.0
\$22,000 under \$25,000	1,457	1,437	1,419	6.2	2.4	2.3
\$25,000 under \$30,000	1,812	1,825	1,827	6.6	8.5	7.2
\$30,000 under \$40,000	2,508	2,500	2,453	7.2	7.2	7.0
\$40,000 under \$50,000	3,582	3,582	3,519	8.0	8.0	7.9
\$50,000 under \$75,000	5,536	5,357	5,307	9.0	8.7	8.6
\$75,000 under \$100,000.....	8,882	8,538	8,323	10.3	9.9	9.7
\$100,000 under \$200,000.....	18,432	18,028	17,656	14.0	13.6	13.3
\$200,000 under \$500,000	60,453	59,350	58,794	21.0	20.6	20.4
\$500,000 under \$1,000,000.....	169,166	164,839	164,158	25.0	24.3	24.1
\$1,000,000 under \$1,500,000	313,177	299,098	304,153	25.9	24.8	25.1
\$1,500,000 under \$2,000,000.....	450,683	431,280	432,281	26.2	25.0	25.1
\$2,000,000 under \$5,000,000	765,117	732,235	745,662	26.0	24.7	25.1
\$5,000,000 under \$10,000,000.....	1,730,613	1,627,363	1,688,364	25.3	23.8	24.5
\$10,000,000 or more	5,792,690	5,604,070	5,021,704	22.4	21.1	22.3

Footnotes at end of table.

Selected Historical and Other Data

Table 3.--Number of Individual Income Tax Returns, Income, Exemptions and Deductions, Tax, and Average Tax, by Size of Adjusted Gross Income, Tax Years 2003-2005--Continued

Footnotes

[p] Preliminary.

[1] In addition to low-income taxpayers, this size class (and others) includes taxpayers with "tax preferences," not reflected in "adjusted gross income" or "taxable income," which are subject to the "alternative minimum tax" (included in "total income tax"), defined in Table 1, footnote 34.

[2] "Adjusted gross income" (AGI) minus "personal exemptions and total deductions" will not equal "taxable income" because the total of deductions and exemptions could exceed AGI and, therefore, includes amounts that could not be used in computing "taxable income."

[3] Not computed.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. Percentages shown in this table are based on dollar amounts rounded to the units indicated in the specific table heading. Therefore, they may not be as precise as percentages based on the fuller dollar amounts found in tables contained in the source publications or articles which underlie the historical tables presented in this section of the *Bulletin*.

SOURCE: *Statistics of Income--Individual Income Tax Returns*, appropriate years.

Selected Historical and Other Data

Table 4.--Comparison of Personal Income in the National Income and Product Accounts (NIPA) with Adjusted Gross Income (AGI), for Specified Tax Years, 1990-2004

[All figures are estimates--money amounts are in billions of dollars]

Income and adjustment items	1990	1995	2000	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
Personal income (per NIPA) [1].....	4,878.6	6,152.3	8,429.7	8,881.9	9,163.6	9,731.4
Less: Portion of personal income not included in AGI.....	1,669.9	2,234.2	2,971.3	3,243.9	3,368.7	3,597.2
Nontaxable transfer payments.....	551.2	797.5	962.0	1,126.5	1,187.3	1,266.4
Employer contributions to employee pension and insurance funds.....	377.8	493.6	609.9	745.1	815.6	866.1
Imputed income [2].....	114.1	186.7	265.8	294.8	271.6	287.4
Investment income of life insurance carriers and pension plans	304.2	369.1	497.3	432.0	429.2	439.8
Investment income received by nonprofit institutions or retained by fiduciaries.....	51.6	60.0	75.6	60.0	55.8	57.7
Net differences in accounting treatment (NIPA vs. IRS)	110.4	83.8	159.4	146.0	142.0	160.1
Other excluded or tax-exempt income	160.6	243.4	401.4	439.5	467.2	519.7
Plus: Portion of AGI not included in personal income.....	589.7	841.7	1,667.1	1,338.9	1,440.0	1,742.8
Personal contributions for social insurance	203.7	268.8	359.2	384.8	396.5	419.3
Net gain from the sale of assets.....	115.7	167.4	645.4	236.4	294.0	476.2
Taxable pensions	215.9	293.2	414.2	462.7	491.4	525.0
Small business corporation income.....	36.4	79.2	128.2	138.5	148.6	195.1
Other types of income.....	18.1	33.2	120.0	116.5	109.4	127.2
Equals: BEA-derived adjusted gross income.....	3,798.4	4,759.8	7,125.4	6,976.8	7,234.9	7,877.0
Adjusted gross income, IRS.....	3,405.4	4,189.4	6,365.4	6,033.6	6,207.1	6,788.8
Adjusted gross income (AGI) gap [3].....	393.0	570.4	760.1	943.2	1,027.8	1,088.2
AGI gap as a percentage of						
BEA-derived AGI	10.3	12.0	10.7	13.5	14.2	13.8
AGI of IRS as a percentage of						
BEA-derived AGI	89.7	88.0	89.3	86.5	85.8	86.2

[1] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at: <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.

[2] Consists of imputed rental income of owner-occupied nonfarm dwellings (less actual rental income and subsidies); services to individuals furnished without payment by certain financial intermediaries; premium supplements to individuals for property and casualty insurance; farm products consumed on farms; food furnished to employees, including military and domestic service; clothing issued to military personnel; employee's lodging; and imputed income of individuals participating in the construction of their own housing.

[3] Consists of income earned by low-income individuals who are not required to file income tax returns, of unreported income that is included in the NIPA measure, and of errors and omissions which comprise items in the portion of personal income not included in AGI and the portion of AGI not included in personal income. Also includes the net effect of errors in the IRS adjusted gross income and NIPA personal income measures. Such errors can arise from the sample used by the IRS to estimate AGI and from the source data used by BEA to estimate personal income (per NIPA).

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts (NIPAs), Table 7.19: Comparison of Personal Income in the National Income and Product Accounts with Adjusted Gross Income as Published by the Internal Revenue Service. This table appears periodically in the *Survey of Current Business* and can also be accessed on-line at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>.

Selected Historical and Other Data

Table 5.--Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1950-2004

[All figures are estimates--money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) [1,2]	Total adjusted gross income (AGI) (per NIPA) [1,2,3]	Difference	
			Amount [2,3]	Percentage of personal income [2,3]
	(1)	(2)	(3)	(4)
1950.....	229.0	202.5	26.5	11.6
1951.....	258.0	229.3	28.7	11.1
1952.....	275.4	241.6	33.8	12.3
1953.....	291.9	256.1	35.8	12.3
1954.....	294.5	257.3	37.2	12.6
1955.....	316.1	278.7	37.4	11.8
1956.....	339.6	299.4	40.2	11.8
1957.....	358.7	312.6	46.1	12.9
1958.....	369.0	315.8	53.2	14.4
1959.....	392.8	341.8	51.0	13.0
1960.....	411.5	354.0	57.5	14.0
1961.....	429.0	368.0	61.0	14.2
1962.....	456.7	390.0	66.7	14.6
1963.....	479.6	411.0	68.6	14.3
1964.....	514.6	443.9	70.7	13.7
1965.....	555.7	480.6	75.1	13.5
1966.....	603.9	521.2	82.7	13.7
1967.....	648.3	551.3	97.0	15.0
1968.....	712.0	605.6	106.4	14.9
1969.....	778.5	659.8	118.7	15.2
1970.....	838.8	696.4	142.4	17.0
1971.....	903.5	742.8	160.7	17.8
1972.....	992.7	824.5	168.2	16.9
1973.....	1,110.7	925.0	185.7	16.7
1974.....	1,222.6	1,003.5	219.1	17.9
1975.....	1,335.0	1,046.8	288.2	21.6
1976.....	1,474.8	1,168.0	306.8	20.8
1977.....	1,633.2	1,296.1	337.1	20.6
1978.....	1,837.7	1,466.4	371.3	20.2
1979.....	2,062.2	1,654.1	408.1	19.8
1980.....	2,307.9	1,830.3	477.6	20.7
1981.....	2,591.3	2,016.3	575.0	22.2
1982.....	2,775.3	2,098.6	676.7	24.4
1983.....	2,960.7	2,225.6	735.1	24.8
1984.....	3,289.5	2,472.6	816.9	24.8
1985.....	3,526.7	2,631.6	895.1	25.4
1986.....	3,722.4	2,853.2	869.2	23.4
1987.....	3,947.4	3,121.1	826.3	20.9
1988.....	4,253.7	3,411.9	841.8	19.8
1989.....	4,587.8	3,649.7	938.1	20.4
1990.....	4,878.6	3,798.4	1,080.2	22.1
1991.....	5,051.0	3,856.8	1,194.2	23.6
1992.....	5,362.0	4,092.0	1,270.0	23.7
1993.....	5,558.5	4,245.4	1,313.1	23.6
1994.....	5,842.5	4,473.7	1,368.8	23.4
1995.....	6,152.3	4,759.8	1,392.5	22.6
1996.....	6,520.6	5,144.5	1,376.1	21.1
1997.....	6,915.1	5,578.0	1,337.1	19.3
1998.....	7,423.0	6,120.2	1,302.8	17.6
1999.....	7,802.4	6,553.5	1,248.9	16.0
2000.....	8,429.7	7,125.4	1,304.3	15.5
2001.....	8,724.1	7,005.0	1,719.1	19.7
2002.....	8,881.9	6,976.8	1,905.1	21.4
2003.....	9,163.6	7,234.9	1,928.7	21.0
2004.....	9,731.4	7,877.0	1,854.4	19.1

Footnotes at end of table.

Selected Historical and Other Data

Table 5.--Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1950-2004--Continued

Footnotes

[1] See Table 4 for the differences between "personal income" and "adjusted gross income" (AGI).

[2] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.

[3] Data for years 1987 and after are not comparable to pre-1987 data because of major changes in the definition of "adjusted gross income" (AGI).

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. Percentages shown in this table are based on dollar amounts rounded to the units indicated in the specific table heading. Therefore, they may not be as precise as percentages based on the fuller dollar amounts found in tables contained in the source publications or articles which underlie the historical tables presented in this section of the *Bulletin*.

SOURCE: Data on "personal income" and "adjusted gross income" (AGI) (per NIPAs) are from U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts (NIPAs), Table 7.19: Comparison of Personal Income in the National Income and Product Accounts with Adjusted Gross Income as Published by the Internal Revenue Service. This table appears periodically in the *Survey of Current Business* and can also be accessed on-line at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>.

Selected Historical and Other Data

Table 6.--Total Adjusted Gross Income Estimated From National Income and Product Accounts (NIPA) and as Reported on Individual Income Tax Returns per Statistics of Income (SOI), Tax Years 1950-2004

[All figures are estimates--money amounts are in billions of dollars]

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) [1] (1)	Reported on tax returns (per SOI) [2] (2)	Amount [2] (3)	Percentage of total (per NIPA) [2] (4)
1950.....	202.5	179.1	23.4	11.6
1951.....	229.3	202.3	27.0	11.8
1952.....	241.6	215.3	26.3	10.9
1953.....	256.1	228.7	27.4	10.7
1954.....	257.3	229.2	28.1	10.9
1955.....	278.7	248.5	30.2	10.8
1956.....	299.4	267.7	31.7	10.6
1957.....	312.6	280.3	32.3	10.3
1958.....	315.8	281.2	34.6	11.0
1959.....	341.8	305.1	36.7	10.7
1960.....	354.0	315.5	38.5	10.9
1961.....	368.0	329.9	38.1	10.4
1962.....	390.0	348.7	41.3	10.6
1963.....	411.0	368.8	42.2	10.3
1964.....	443.9	396.7	47.2	10.6
1965.....	480.6	429.2	51.4	10.7
1966.....	521.2	468.5	52.7	10.1
1967.....	551.3	504.8	46.5	8.4
1968.....	605.6	554.4	51.2	8.5
1969.....	659.8	603.5	56.3	8.5
1970.....	696.4	631.7	64.7	9.3
1971.....	742.8	673.6	69.2	9.3
1972.....	824.5	746.0	78.5	9.5
1973.....	925.0	827.1	97.9	10.6
1974.....	1,003.5	905.5	98.0	9.8
1975.....	1,046.8	947.8	99.0	9.5
1976.....	1,168.0	1,053.9	114.1	9.8
1977.....	1,296.1	1,158.5	137.6	10.6
1978.....	1,466.4	1,302.4	164.0	11.2
1979.....	1,654.1	1,465.4	188.7	11.4
1980.....	1,830.3	1,613.7	216.6	11.8
1981.....	2,016.3	1,772.6	243.7	12.1
1982.....	2,098.6	1,852.1	246.5	11.7
1983.....	2,225.6	1,942.6	283.0	12.7
1984.....	2,472.6	2,139.9	332.7	13.5
1985.....	2,631.6	2,306.0	325.6	12.4
1986.....	2,853.2	2,481.7	371.5	13.0
1987.....	3,121.1	2,773.8	347.3	11.1
1988.....	3,411.9	3,083.0	328.9	9.6
1989.....	3,649.7	3,256.4	393.3	10.8
1990.....	3,798.4	3,405.4	393.0	10.3
1991.....	3,856.8	3,464.5	392.3	10.2
1992.....	4,092.0	3,629.1	462.9	11.3
1993.....	4,245.4	3,723.3	522.1	12.3
1994.....	4,473.7	3,907.5	566.2	12.7
1995.....	4,759.8	4,189.4	570.4	12.0

Footnotes at end of table.

Selected Historical and Other Data

Table 6.--Total Adjusted Gross Income Estimated From National Income and Product Accounts (NIPA) and as Reported on Individual Income Tax Returns per Statistics of Income (SOI), Tax Years 1950-2004--Continued

[All figures are estimates--money amounts are in billions of dollars]

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) [1]	Reported on tax returns (per SOI) [2]	Amount [2]	Percentage of total (per NIPA) [2]
	(1)	(2)	(3)	(4)
1996.....	5,144.5	4,536.0	608.5	11.8
1997.....	5,578.0	4,969.9	608.1	10.9
1998.....	6,120.2	5,416.0	704.2	11.5
1999.....	6,553.5	5,855.5	698.0	10.7
2000.....	7,125.4	6,365.4	760.0	10.7
2001.....	7,005.0	6,170.6	834.4	11.9
2002.....	6,976.8	6,033.6	943.2	13.5
2003.....	7,234.9	6,207.1	1,027.8	14.2
2004.....	7,887.0	6,788.8	1,098.2	13.9

[1] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.

[2] Data for years 1987 and after are not comparable to pre-1987 data because of major changes in the definition of "adjusted gross income" (AGI).

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. Percentages shown in this table are based on dollar amounts rounded to the units indicated in the specific table heading. Therefore, they may not be as precise as percentages based on the fuller dollar amounts found in tables contained in the source publications or articles which underlie the historical tables presented in this section of the *Bulletin*.

SOURCE: Data on "personal income" and "adjusted gross income" (AGI) (per NIPAs) are from U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts (NIPAs), Table 7.19: Comparison of Personal Income in the National Income and Product Accounts with Adjusted Gross Income as Published by the Internal Revenue Service. This table appears periodically in the Survey of Current Business and can also be accessed online at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>. Data on "adjusted gross income" (AGI) (per SOI) in Table 6 are from *Statistics of Income—Individual Income Tax Returns*, appropriate years.

Selected Historical and Other Data

Table 7.--Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1950-2005

[All figures are estimates based on samples--number of returns is in millions; money amounts are in billions of dollars]

Tax year	Total number of returns	Total deductions		Standard deduction		Itemized deductions	
		Amount [1]	As a percentage of adjusted gross income (AGI) [2]	Number of returns [3]	Amount [4]	Number of returns [3]	Amount [5]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1950.....	53.1	21.9	12.2	42.7	12.0	10.3	9.9
1951.....	55.4	25.2	12.5	43.9	13.3	11.6	11.9
1952.....	56.5	27.3	12.7	43.7	13.7	12.8	13.6
1953.....	57.8	29.8	13.0	43.4	14.2	14.4	15.6
1954.....	56.7	30.7	13.4	41.0	13.3	15.7	17.4
1955.....	58.3	33.6	13.5	40.9	13.6	16.9	20.0
1956.....	59.2	36.4	13.6	40.3	13.8	18.5	22.6
1957.....	59.8	39.5	14.1	39.3	13.8	20.2	25.7
1958.....	59.1	40.7	14.5	37.9	13.2	20.8	27.5
1959.....	60.3	45.4	14.9	37.3	13.4	22.5	32.0
1960.....	61.0	48.4	15.3	36.5	13.1	24.1	35.3
1961.....	61.5	51.3	15.6	35.8	12.9	25.3	38.4
1962.....	62.7	54.8	15.7	35.8	13.1	26.5	41.7
1963.....	63.9	59.2	16.1	35.4	13.1	28.2	46.1
1964.....	65.4	67.0	16.9	38.0	20.2	26.9	46.8
1965.....	67.6	71.4	16.6	39.3	20.6	27.9	50.7
1966.....	70.2	76.4	16.3	41.2	21.8	28.6	54.6
1967.....	71.7	81.7	16.2	41.5	22.1	29.8	59.6
1968.....	73.7	91.3	16.5	41.3	22.1	32.0	69.2
1969.....	75.8	101.8	16.9	40.5	21.6	34.9	80.2
1970.....	74.3	120.5	19.1	38.4	32.4	35.4	88.2
1971.....	74.6	139.9	20.8	43.5	48.1	30.7	91.9
1972.....	77.6	166.4	22.3	50.2	69.8	27.0	96.7
1973.....	80.7	180.6	21.8	52.2	73.6	28.0	107.0
1974.....	83.3	195.5	21.6	53.2	76.1	29.6	119.4
1975.....	82.2	233.2	24.6	55.5	100.9	26.1	122.3
1976.....	84.7	247.6	23.5	58.2	113.8	26.0	133.9
1977.....	86.6	276.2	23.8	58.8	137.7	22.9	138.5
1978.....	89.8	304.3	23.4	59.5	139.8	25.8	164.4
1979.....	92.7	333.0	22.7	60.7	148.8	26.5	184.2
1980.....	93.9	364.0	22.6	59.5	146.0	29.0	218.0
1981.....	95.4	401.2	22.6	58.7	144.7	31.6	256.4
1982.....	95.3	425.2	23.0	56.9	140.2	33.4	284.5
1983.....	96.3	448.7	23.1	56.2	138.5	35.2	309.6
1984.....	99.4	499.6	23.3	56.7	139.5	38.2	358.9
1985.....	101.7	554.7	24.1	57.0	145.0	39.8	405.0
1986.....	103.0	611.3	24.6	56.5	151.0	40.7	447.1
1987.....	107.0	607.2	21.9	69.1	215.2	35.6	392.0
1988.....	109.7	686.0	22.3	76.5	289.6	31.9	395.2
1989.....	112.1	740.4	22.7	79.3	309.4	32.0	431.0
1990.....	113.7	789.9	23.2	80.6	331.5	32.2	458.5
1991.....	114.7	818.8	23.6	81.3	351.1	32.5	467.7
1992.....	113.6	848.5	23.4	80.1	366.5	32.5	481.9
1993.....	114.6	872.5	23.4	80.8	382.1	32.8	490.4
1994.....	115.9	890.8	22.8	81.9	397.1	33.0	493.7
1995.....	118.2	941.0	22.5	83.2	413.6	34.0	527.4
1996.....	120.4	998.6	22.0	84.0	426.1	35.4	572.5
1997.....	122.4	1,062.5	21.4	84.8	441.7	36.6	620.8
1998.....	124.8	1,135.9	21.0	85.6	459.5	38.2	676.5
1999.....	127.1	1,205.3	20.6	85.8	464.0	40.2	741.4
2000.....	129.4	1,293.2	20.3	85.7	470.8	42.5	822.4

Footnotes at end of table.

Selected Historical and Other Data

Table 7.--Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1950-2005--Continued

[All figures are estimates based on samples--number of returns is in millions; money amounts are in billions of dollars]

Tax year	Total number of returns	Total deductions		Standard deduction		Itemized deductions	
		Amount [1]	As a percentage of adjusted gross income (AGI) [2]	Number of returns [3]	Amount [4]	Number of returns [3]	Amount [5]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2001.....	130.3	1,366.4	22.1	84.2	467.0	44.6	884.5
2002.....	130.1	1,390.1	23.0	82.7	477.2	45.6	898.0
2003.....	130.4	1,457.6	23.5	84.6	539.9	43.9	901.9
2004.....	132.2	1,559.2	23.0	84.0	545.1	46.3	998.2
2005 [p].....	134.5	1,665.6	22.6	85.1	584.2	47.7	1,081.4

[p] Preliminary.

[1] Sum of standard and itemized deductions, plus charitable contributions deduction reported on standard deduction returns for Tax Years 1982-1986. Amount of total deductions for 1950-1957 was estimated by Joseph A. Pechman, The Brookings Institution, using his estimate of the standard deduction for these years (see footnote 4) plus the total for itemized deductions published in *Statistics of Income—Part 1 for 1950-1953* and *Statistics of Income—Individual Income Tax Returns for 1954-1957*. Starting with 1958, total deductions were obtained directly from *Statistics of Income—Individual Income Tax Returns*. Deductions exclude amounts shown as "statutory adjustments" in Table 1. For Tax Years 1987-1988, total deductions also include the "zero bracket amount" reported on a small number of returns (see footnote 4). It includes total deductions as reported by taxpayers, even if the total exceeded "adjusted gross income" (AGI) and, therefore, could not be used.

[2] See Table 5, footnote 3.

[3] Series revised, starting with the Spring 1997 *Bulletin*, to exclude from the standard deduction statistics the relatively small number of returns with no adjusted gross income and no deductions. Previously, these returns were classified as if they showed a standard deduction. For the 1977-1986 statistics, the standard deduction is the "zero bracket amount" (reported on returns with only a "zero bracket amount"). Such an amount was also included for a small number of returns for 1987-1988 (see footnote 4). For years in which the "zero bracket amount" was in effect, frequencies shown for standard deduction returns were derived by subtracting the number reporting an income tax liability, but no itemized deductions, from the total of all returns. For 1950-1952, returns with itemized deductions include the small number of returns with no deductions and, for 1950-1954, the small number with no income, regardless of whether or not deductions were itemized. For later years, returns in these two categories were excluded from all the deduction statistics in this table.

[4] Amount of standard deduction for 1950-1957 was estimated by Joseph A. Pechman, The Brookings Institution, on the basis of the distribution of the number of returns by income class and marital status in *Statistics of Income—Part 1 for 1950-1953* and *Statistics of Income—Individual Income Tax Returns for 1954-1957*, and, starting with 1958, was obtained directly from *Statistics of Income—Individual Income Tax Returns*. It represents the "zero bracket amount" for 1977-1986. Starting with 1987, it represents the sum of "basic" and "additional" standard deductions (for age 65 or over and for blindness); also includes the "zero bracket amount" reported on the small number of prior-year returns filed in 1988-1989 that were included in the 1987-1988 statistics as proxies for returns due but not received.

[5] For 1977-1986, total itemized deductions are before subtraction of the "zero bracket amount." Starting with 1991, total itemized deductions are after statutory limitation (see Table 1, footnote 25).

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. Percentages shown in this table are based on dollar amounts rounded to the units indicated in the specific table heading. Therefore, they may not be as precise as percentages based on the fuller dollar amounts found in tables contained in the source publications or articles which underlie the historical tables presented in this section of the *Bulletin*.

SOURCE: Except as indicated in footnotes 1 and 4, *Statistics of Income—Individual Income Tax Returns* and unpublished tables, appropriate years. Data referred to in footnote 4 which are attributed to Joseph A. Pechman are from Pechman, *Federal Tax Policy*, fifth edition, The Brookings Institution, 1987. See also "General notations and statements," preceding the footnotes section.

Selected Historical and Other Data

Table 8.--Personal Income per National Income and Product Accounts (NIPA), and Taxable Income and Individual Income Tax per Statistics of Income (SOI), Tax Years 1950-2004

[All figures are estimates--money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) [1,2]	Taxable income (per SOI) [3]		Total income tax (per SOI) [3]		
		Amount	As a percentage of personal income	Amount	As a percentage of--	
					Personal income	Taxable income
(1)	(2)	(3)	(4)	(5)	(6)	
1950.....	229.0	84.3	36.8	18.4	8.0	21.8
1951.....	258.0	99.2	38.4	24.2	9.4	24.4
1952.....	275.4	107.2	38.9	27.8	10.1	25.9
1953.....	291.9	114.3	39.2	29.4	10.1	25.7
1954.....	294.5	115.3	39.2	26.7	9.1	23.2
1955.....	316.1	128.0	40.5	29.6	9.4	23.1
1956.....	339.6	141.5	41.7	32.7	9.6	23.1
1957.....	358.7	149.4	41.7	34.4	9.6	23.0
1958.....	369.0	149.3	40.5	34.3	9.3	23.0
1959.....	392.8	166.5	42.4	38.6	9.8	23.2
1960.....	411.5	171.6	41.7	39.5	9.6	23.0
1961.....	429.0	181.8	42.4	42.2	9.8	23.2
1962.....	456.7	195.3	42.8	44.9	9.8	23.0
1963.....	479.6	209.1	43.6	48.2	10.1	23.1
1964.....	514.6	229.9	44.7	47.2	9.2	20.5
1965.....	555.7	255.1	45.9	49.6	8.9	19.4
1966.....	603.9	286.3	47.4	56.1	9.3	19.6
1967.....	648.3	315.1	48.6	63.0	9.7	20.0
1968.....	712.0	352.8	49.6	76.7	10.8	21.7
1969.....	778.5	388.8	49.9	86.6	11.1	22.3
1970.....	838.8	401.2	47.8	83.9	10.0	20.9
1971.....	903.5	414.0	45.8	85.4	9.5	20.6
1972.....	992.7	447.6	45.1	93.6	9.4	20.9
1973.....	1,110.7	511.9	46.1	108.1	9.7	21.1
1974.....	1,222.6	573.6	46.9	123.6	10.1	21.5
1975.....	1,335.0	595.5	44.6	124.5	9.3	20.9
1976.....	1,474.8	674.9	45.8	141.8	9.6	21.0
1977.....	1,633.2	733.8	44.9	159.8	9.8	21.8
1978.....	1,837.7	846.4	46.1	188.2	10.2	22.2
1979.....	2,062.2	926.6	44.9	214.5	10.4	23.1
1980.....	2,307.9	1,045.2	45.3	250.3	10.8	23.9
1981.....	2,591.3	1,170.1	45.2	284.1	11.0	24.3
1982.....	2,775.3	1,231.9	44.4	277.6	10.0	22.5
1983.....	2,960.7	1,300.2	43.9	274.2	9.3	21.1
1984.....	3,289.5	1,447.0	44.0	301.9	9.2	20.9
1985.....	3,526.7	1,550.5	44.0	325.7	9.2	21.0
1986.....	3,722.4	1,665.6	44.7	367.3	9.9	22.1
1987.....	3,947.4	1,850.6	46.9	369.2	9.4	20.0
1988.....	4,253.7	2,070.0	48.7	412.9	9.7	19.9
1989.....	4,587.8	2,173.3	47.4	432.9	9.4	19.9
1990.....	4,878.6	2,263.7	46.4	447.1	9.2	19.8
1991.....	5,051.0	2,284.1	45.2	448.4	8.9	19.6
1992.....	5,362.0	2,395.7	44.7	476.2	8.9	19.9
1993.....	5,558.5	2,453.5	44.1	502.8	9.0	20.5
1994.....	5,842.5	2,598.0	44.5	534.9	9.2	20.6
1995.....	6,152.3	2,813.8	45.7	588.4	9.6	20.9
1996.....	6,520.6	3,089.7	47.4	658.2	10.1	21.3
1997.....	6,915.1	3,429.1	49.6	731.3	10.6	21.3
1998.....	7,423.0	3,780.8	50.9	788.5	10.6	20.9
1999.....	7,802.4	4,136.1	53.0	877.4	11.2	21.2
2000.....	8,429.7	4,544.2	53.9	980.6	11.6	21.6

Footnotes at end of table.

Selected Historical and Other Data

Table 8.--Personal Income per National Income and Product Accounts (NIPA), and Taxable Income and Individual Income Tax per Statistics of Income (SOI), Tax Years 1950-2004--Continued

[All figures are estimates--money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) [1,2]	Taxable income (per SOI) [3]		Total income tax (per SOI) [3]		
		Amount	As a percentage of personal income	Amount	As a percentage of--	
					Personal income	Taxable income
(1)	(2)	(3)	(4)	(5)	(6)	
2001	8,724.1	4,268.5	48.9	888.0	10.2	20.8
2002.....	8,881.9	4,096.1	46.1	797.0	9.0	19.5
2003.....	9,163.6	4,200.2	45.8	748.0	8.2	17.8
2004.....	9,731.4	4,670.2	48.0	832.0	8.5	17.8

[1] See Table 4 for differences between "personal income" and "adjusted gross income."

[2] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.

[3] Note that the "taxable income" tax base excludes the base for computing both the "minimum tax" and "alternative minimum tax" components of "total income tax." Therefore, the percentages shown in column 6, starting with 1970, are only approximate. See also Table 1, footnote 34. Also, because conceptually "taxable income" did not exist prior to 1954, the taxable income shown for 1950-1953 and the percentages based on it in columns 3 and 6 are estimated, in part, by adjusting available statistics for statutory "net income" for these years.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Percentages shown in this table are based on dollar amounts rounded to the units indicated in the specific table heading. Therefore, they may not be as precise as percentages based on the fuller dollar amounts found in tables contained in the source publications or articles which underlie the historical tables presented in this section of the *Bulletin*.

SOURCE: Data on "Personal income" are from the Bureau of Economic Analysis's National Income and Product Accounts, Table 2.1: Personal Income and Its Disposition. This table appears in the *Survey of Current Business* and can also be accessed online at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>. Data on "Taxable income (per SOI)" and "Total income tax (per SOI)" are from *Statistics of Income—Individual Income Tax Returns*, various years.

Selected Historical and Other Data

Table 9.--Number of Individual Income Tax Returns, by Type of Tax Settlement, Tax Years 1950-2005

[All figures are estimates based on samples--number of returns is in millions]

Tax year	Total number of returns	Number of returns with--		
		Tax due at time of filing	Overpayments [1]	No overpayments or tax due at time of filing
	(1)	(2)	(3)	(4)
1950.....	53.1	14.3	32.0	6.8
1951.....	55.4	18.6	31.0	5.8
1952.....	56.5	19.3	32.1	5.1
1953.....	57.8	19.0	32.7	6.2
1954.....	56.7	16.6	35.2	5.0
1955.....	58.3	18.7	35.4	4.2
1956.....	59.2	19.4	36.1	3.7
1957.....	59.8	18.6	37.6	3.6
1958.....	59.1	18.1	37.4	3.6
1959.....	60.3	19.1	38.4	2.8
1960.....	61.0	18.1	39.4	3.5
1961.....	61.5	18.6	40.0	2.9
1962.....	62.7	18.7	40.9	3.1
1963.....	63.9	19.3	41.4	3.3
1964.....	65.4	22.5	39.3	3.5
1965.....	67.6	20.0	44.3	3.2
1966.....	70.2	17.8	49.4	3.0
1967.....	71.7	17.5	51.2	3.0
1968.....	73.7	20.3	50.6	2.8
1969.....	75.8	17.9	54.9	3.0
1970.....	74.3	16.5	55.3	2.5
1971.....	74.6	17.0	55.3	2.4
1972.....	77.6	11.9	63.3	2.3
1973.....	80.7	14.2	64.2	2.2
1974.....	83.3	15.4	65.8	2.1
1975.....	82.2	15.8	63.8	2.6
1976.....	84.7	16.9	65.0	2.8
1977.....	86.6	17.8	66.0	2.8
1978.....	89.8	21.6	65.5	2.7
1979.....	92.7	18.8	71.4	2.4
1980.....	93.9	21.8	69.9	2.3
1981.....	95.4	23.0	70.0	2.4
1982.....	95.3	20.3	72.4	2.6
1983.....	96.3	18.5	75.0	2.9
1984.....	99.4	21.2	75.6	2.7
1985.....	101.7	21.2	77.4	3.0
1986.....	103.0	21.5	78.1	3.5
1987.....	107.0	23.8	79.8	3.4
1988.....	109.7	27.2	79.1	3.4
1989.....	112.1	28.0	80.9	3.2
1990.....	113.7	27.0	83.5	3.2
1991.....	114.7	25.6	85.6	3.5
1992.....	113.6	29.0	81.0	3.6
1993.....	114.6	28.6	82.4	3.6
1994.....	115.9	27.6	85.1	3.2
1995.....	118.2	29.7	85.3	3.2
1996.....	120.4	30.6	86.5	3.3
1997.....	122.4	31.2	88.3	2.9
1998.....	124.8	28.4	93.4	3.0
1999.....	127.1	29.2	94.8	3.1
2000.....	129.4	30.6	95.9	2.9
2001.....	130.3	24.6	102.3	3.4
2002.....	130.1	22.8	103.5	3.8
2003.....	130.4	21.1	105.4	4.0
2004.....	132.2	24.5	103.7	4.0
2005 [p].....	134.5	25.4	105.2	3.8

Selected Historical and Other Data

**Table 9.--Number of Individual Income Tax Returns, by Type of Tax Settlement, Tax Years
1950-2005--Continued**

Footnotes

[p] Preliminary.

[1] Starting with 1975, includes the refundable portion of the "earned income credit."

NOTES: Detail may not add to totals because of rounding. Most of the data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: *Statistics of Income—Individual Income Tax Returns* and unpublished tables, appropriate years.

Selected Historical and Other Data

Table 10.--Nonfarm Sole Proprietorship Returns: Selected Income Statement Items for Income Years, 1998-2004

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

Item	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns with nonfarm business net income or deficit, total [1].....	17,408,809	17,575,643	17,904,731	18,338,190	18,925,517	19,710,079	20,590,691
Number with nonfarm business net income.....	13,080,498	13,165,318	13,307,842	13,603,907	13,750,798	14,447,889	15,053,252
Number of nonfarm businesses.....	19,369,091	19,516,047	19,863,507	20,378,335	20,972,642	21,875,950	22,842,859
Business receipts, total	918,268,196	969,347,038	1,020,957,283	1,016,834,678	1,029,691,760	1,050,202,446	1,139,523,760
Income from sales and operations	905,137,974	955,392,128	1,007,948,354	1,002,205,953	1,015,363,541	1,033,934,376	1,122,226,857
Total deductions [2].....	716,157,430	761,427,577	806,386,102	799,633,110	808,900,651	820,206,714	892,402,428
Cost of goods sold.....	341,132,831	370,079,223	387,381,087	363,355,614	351,785,009	338,376,959	370,951,227
Inventory, beginning-of-year.....	30,801,698	31,540,485	32,412,471	34,176,255	34,291,721	34,924,642	35,761,115
Inventory, end-of-year.....	32,881,518	33,835,064	34,342,365	35,732,488	36,279,786	36,911,339	38,955,669
Purchases	231,404,960	255,539,328	268,789,953	246,541,135	227,085,757	218,445,328	238,922,503
Cost of labor.....	27,447,822	28,723,302	29,278,688	28,022,289	30,389,028	28,032,070	31,768,695
Materials and supplies	42,161,782	41,757,379	43,195,524	43,798,283	45,589,230	46,554,634	53,267,879
Advertising.....	9,413,989	9,453,659	10,148,700	10,774,079	11,237,979	12,340,084	12,888,316
Car and truck expenses.....	39,715,702	40,786,963	45,711,214	47,351,940	50,489,359	53,466,645	58,980,274
Commissions.....	10,722,131	11,228,396	11,621,490	12,130,077	14,066,786	13,502,446	13,267,025
Depletion.....	380,149	387,000	684,974	693,669	461,938	639,008	775,567
Depreciation	29,135,616	30,637,555	32,196,159	33,425,567	36,642,027	41,754,963	42,900,776
Pension and profit-sharing plans	756,924	870,362	892,873	991,892	1,085,247	1,182,019	1,202,228
Employee benefit programs.....	1,560,404	1,663,528	1,871,875	2,040,639	2,284,368	2,421,673	2,617,800
Insurance.....	12,938,411	13,219,821	13,623,759	14,367,018	16,004,335	17,489,210	18,864,229
Interest paid, total	11,159,401	11,224,488	12,232,846	12,509,547	11,439,539	10,581,245	11,023,766
Mortgage interest.....	4,882,248	4,736,127	5,250,896	5,456,226	5,006,864	4,762,929	5,167,373
Other interest.....	6,277,153	6,488,361	6,981,950	7,053,321	6,432,675	5,818,316	5,856,393
Legal and professional services.....	6,669,029	6,818,392	7,312,694	7,482,619	8,365,930	8,284,557	8,959,140
Meals and entertainment expenses before limitation.....	7,526,850	7,987,445	9,183,825	9,314,840	10,020,243	10,897,636	11,792,887
Meals and entertainment deduction.....	3,796,350	4,031,523	4,664,694	4,735,312	5,088,083	5,524,213	5,997,824
Office expenses.....	9,611,633	9,921,297	10,456,415	10,604,805	11,331,733	11,849,079	12,362,672
Rent paid, total	30,460,020	31,417,502	33,222,458	33,641,132	34,854,754	35,672,010	36,867,569
On machinery.....	7,545,390	8,227,000	8,880,267	8,822,008	8,543,257	8,470,304	8,728,363
On other business property.....	22,914,630	23,190,502	24,342,191	25,119,124	26,311,497	27,201,706	28,139,206
Repairs	11,349,751	11,697,341	12,280,525	12,129,756	12,669,141	13,221,220	14,762,464
Net salaries and wages (not deducted elsewhere).....	58,864,773	61,204,430	63,485,540	63,826,020	66,067,965	67,640,849	71,068,517
Supplies.....	19,725,440	21,654,319	21,793,962	23,074,836	24,615,763	25,507,159	27,302,886
Taxes paid	13,730,731	14,000,359	13,955,919	14,214,082	14,901,431	15,179,639	16,036,234
Travel.....	7,624,311	8,089,635	8,457,317	8,657,266	9,110,193	9,313,708	10,317,557
Utilities (including telephone)	18,431,400	18,466,170	19,381,881	20,482,680	20,674,727	21,661,093	21,477,462
Bad debts	925,866	1,111,178	983,868	1,176,324	1,055,722	n.a.	n.a.
Business use of home.....	4,138,364	4,785,849	5,642,543	5,981,403	6,474,145	7,047,483	7,807,037
Net income (less deficit) [2].....	202,274,720	207,946,977	214,715,298	217,385,116	221,113,286	230,308,100	247,567,189
Net income [2].....	226,189,570	233,404,991	245,230,626	250,178,322	257,292,855	269,089,168	290,486,159
Deficit [2].....	23,914,850	25,458,013	30,515,328	32,793,206	36,179,568	38,781,068	42,918,970

n.a. - Not available.

[1] Represents the number of returns, even if there was more than one business per return.

[2] "Total deductions" include amounts not shown separately in this table, as well as amounts not itemized separately on Schedule C-EZ (short form) used by certain of the smaller businesses. Most deductions for which statistics are shown are slightly understated to the extent that only total deductions had to be reported on Schedule C-EZ. Total deductions exclude disallowed "passive losses"; but net income (less deficit), net income, and deficit reflect these losses. In addition, net income (less deficit), net income, and deficit are after adjustment for the passive loss carryover from prior years. Therefore, "business receipts" minus "total deductions" do not equal "net income (less deficit)."

NOTES: There are slight differences between: (a) the number of individual income tax returns "with business or profession net income or loss" and the associated amounts, based on the summarized totals on the face of the tax return (Table 1), and (b) the related number of individual income tax returns "with nonfarm business net income or deficit" and the associated amounts, based on data from Schedules C filed in support of the total on the face of the return (Table 10). These differences result from the somewhat larger tax return samples underlying the sole proprietorship statistics for more recent years, and also from the taxpayer reporting variations and inconsistencies, e.g., in the occasional misreporting of farm versus nonfarm business activity on the face of the return compared to what was indicated in supporting schedules, and in the equating of certain partnership income or employee business expenses with the presence of sole proprietorship activity. Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data.

Selected Historical and Other Data

Table 11.--Partnership Returns: Selected Balance Sheet and Income Statement Items for Income Years, 1998-2004

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

Item	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total number of active partnerships	1,855,348	1,936,919	2,057,500	2,132,117	2,242,169	2,375,375	2,546,877
Number with net income.....	1,171,187	1,225,916	1,261,420	1,301,040	1,325,008	1,356,988	1,440,895
Number with balance sheets [1].....	1,303,970	1,392,405	1,504,978	1,591,450	1,682,072	1,768,302	1,890,134
Number of partners	15,663,372	15,353,154	13,659,967	14,231,604	14,328,108	14,108,458	15,556,553
Number of limited partnerships [2]	342,726	354,295	348,973	369,150	376,963	378,921	402,238
Number of partners [2].....	9,325,111	8,944,693	6,468,292	7,023,431	6,918,515	6,262,103	7,023,921
Number of limited liability companies [2]	470,657	589,403	718,704	808,692	946,130	1,091,502	1,270,236
Number of partners [2].....	1,879,382	2,256,062	2,699,227	3,231,921	3,737,899	4,226,099	4,949,808
Total assets [3]	5,126,548,007	5,998,952,883	6,694,142,838	8,428,217,379	8,866,560,101	9,675,052,728	11,607,698,140
Depreciable assets (net)	1,153,222,498	1,314,251,428	1,487,182,018	1,646,477,441	1,791,511,841	1,845,514,643	1,988,468,476
Inventories, end of year.....	175,963,423	174,078,288	149,875,359	208,165,141	202,669,386	213,605,408	275,807,149
Land.....	291,171,287	326,371,562	358,625,577	392,090,094	423,177,429	454,765,198	509,408,430
Total liabilities [3]	3,150,848,369	3,453,186,389	3,695,508,180	4,835,135,071	4,972,036,919	5,303,160,043	6,247,952,541
Accounts payable.....	190,689,535	243,769,049	229,893,243	361,748,491	346,350,802	275,560,392	336,393,755
Short-term debt [4].....	229,922,243	231,808,501	252,226,751	289,248,638	282,684,863	273,570,095	296,350,178
Long-term debt [5].....	884,452,445	988,667,751	1,132,180,865	1,286,392,538	1,375,077,274	1,389,224,345	1,545,671,581
Nonrecourse loans.....	523,403,560	582,151,975	639,417,006	699,883,406	770,277,980	799,599,369	854,466,687
Partners' capital account [3]	1,975,699,638	2,545,766,494	2,998,634,658	3,593,082,308	3,894,523,181	4,371,892,684	5,359,745,599
Total receipts [6]	1,603,027,268	1,907,171,104	2,405,356,195	2,665,156,204	2,772,829,505	2,922,723,256	3,260,264,592
Business receipts.....	1,356,655,904	1,615,762,245	2,061,764,235	2,278,200,526	2,414,187,093	2,545,612,266	2,818,861,323
Interest received.....	51,454,743	61,769,762	82,322,875	84,801,548	70,225,315	70,702,884	87,942,510
Total deductions [6]	1,416,322,641	1,678,732,999	2,136,365,436	2,388,821,379	2,502,162,335	2,621,325,038	2,875,561,301
Cost of goods sold.....	737,235,839	902,157,018	1,225,628,897	1,338,114,656	1,430,213,629	1,522,806,503	1,666,146,493
Purchases.....	461,144,704	585,068,938	797,038,243	887,515,286	903,589,600	987,652,150	1,130,541,265
Cost of labor.....	33,411,962	42,089,216	46,714,175	53,029,403	58,736,031	63,434,283	67,483,580
Net salaries and wages (not deducted elsewhere).....	142,910,961	169,905,010	201,350,844	230,874,139	237,882,426	244,927,745	268,806,663
Taxes paid	23,813,223	26,896,235	31,145,304	34,626,540	36,416,569	39,019,475	42,114,276
Interest paid.....	73,406,067	74,428,567	92,751,748	97,278,387	68,127,690	64,619,863	64,457,049
Depreciation [7].....	88,646,144	102,786,520	116,040,441	138,412,382	154,542,874	157,411,296	168,496,995
Net income (less deficit)	186,704,627	228,438,105	268,990,758	276,334,824	270,667,169	301,398,218	384,738,394
Net income	297,875,299	348,467,958	409,972,787	446,069,172	439,761,741	468,552,382	566,231,686
Deficit	111,170,672	120,029,853	140,982,029	169,734,347	169,094,572	167,154,164	181,493,292

[1] Certain small partnerships were not required to file balance sheets.

[2] Number of limited partnerships, limited liability companies, and the associated number of partners are understated because some businesses failed to answer the question about type of partnership on their tax returns as originally filed.

[3] Total assets, total liabilities, and partners' capital account represent end-of-year amounts. Moreover, they are understated somewhat because not all partnerships included a complete balance sheet and because of the reporting requirement mentioned in footnote 1, above. However, certain partnerships with negative total assets, total liabilities, and/or total partners' capital are included in the statistics.

[4] Short-term debt is the abbreviated title for mortgages, notes, and bonds payable in less than 1 year.

[5] Long-term debt is the abbreviated title for mortgages, notes, and bonds payable in 1 year or more.

[6] "Total receipts" and "total deductions" include amounts not shown separately. Total receipts were computed for the statistics as the sum of trade or business income (gross receipts or sales less returns and allowances (business receipts); ordinary income from other partnerships, estates and trusts; farm net profit; net gain, noncapital assets; and other income from trade or business), as well as income distributed directly to partners (net rental real estate income; other net rental income; interest income; dividend income; and royalties). Total deductions were computed as the sum of trade or business expenses (cost of goods sold; ordinary loss from other partnerships; net farm loss; net loss, noncapital assets; other loss from trade or business; and total deductions from trade or business), as well as losses distributed directly to partners (net rental real estate loss; and other net rental loss). Starting in 2004, other portfolio income (loss) was not included in total receipts and deductions because it was no longer reported separately on the tax return. Portfolio net short-term capital gain (loss) and net long-term capital gain (loss) continue to be intentionally omitted from total receipts and total deductions in order to improve comparability with 1986 and prior data.

[7] Represents the more complete amounts reported in depreciation computation schedules, rather than the amounts reported as the depreciation deduction.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: *Statistics of Income—Partnership Returns*, appropriate years, and *Statistics of Income Bulletin*, Summer or Fall issues (for most years).

Selected Historical and Other Data

Table 12.--Number of Business Income Tax Returns, by Size of Business for Income Years, 1998-2004 [1]

[All figures are estimates based on samples--number of businesses is in thousands]

Type and size of business	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CORPORATIONS							
Total	4,848.9	4,935.9	5,045.3	5,135.6	5,266.6	5,401.2	5,557.9
Receipt size [2]							
Under \$25,000 [3].....	1,168.1	1,188.7	1,220.0	1,248.2	1,282.5	1,279.7	1,316.9
\$25,000 under \$50,000	289.0	296.9	305.4	295.8	314.3	346.3	334.5
\$50,000 under \$100,000	459.9	486.5	477.4	484.5	514.4	522.1	545.2
\$100,000 under \$250,000.....	839.7	823.9	837.1	877.1	893.9	929.9	971.8
\$250,000 under \$500,000	645.5	676.1	677.5	672.6	688.8	719.6	731.5
\$500,000 under \$1,000,000.....	553.1	546.2	581.9	601.5	610.7	622.6	634.5
\$1,000,000 or more	893.5	917.5	946.0	955.9	962.1	981.1	1,023.4
Asset size [4]							
Under \$100,000 [5].....	2,813.7	2,845.7	2,911.3	n.a.	n.a.	n.a.	n.a.
Under \$500,000 [5].....	n.a.	n.a.	n.a.	4,289.8	4,415.3	4,544.5	3,966.8
\$100,000 under \$1,000,000.....	1,562.7	1,600.2	1,631.0	n.a.	n.a.	n.a.	n.a.
\$500,000 under \$1,000,000.....	n.a.	n.a.	n.a.	342.2	344.5	342.8	356.1
\$1,000,000 under \$10,000,000.....	399.8	413.3	422.5	424.0	427.1	432.3	447.8
\$10,000,000 under \$25,000,000.....	33.0	35.0	37.0	36.4	36.8	37.7	39.9
\$25,000,000 under \$50,000,000.....	13.0	13.6	14.4	14.1	13.9	14.1	15.0
\$50,000,000 under \$100,000,000.....	8.9	9.3	9.6	9.5	9.3	9.3	9.5
\$100,000,000 under \$250,000,000.....	8.2	8.4	8.7	8.7	8.6	8.7	8.9
\$250,000,000 or more, total.....	9.7	10.4	10.9	11.0	11.1	11.8	12.3
\$250,000,000 under \$500,000,000.....	n.a.	n.a.	n.a.	4.2	4.2	4.4	4.6
\$500,000,000 under \$2,500,000,000.....	n.a.	n.a.	n.a.	4.9	4.9	5.3	5.6
\$2,500,000,000 or more.....	n.a.	n.a.	n.a.	1.9	2.0	2.1	2.1
PARTNERSHIPS							
Total	1,855.3	1,936.9	2,057.5	2,132.1	2,242.2	2,375.4	2,546.9
Receipt size [6]							
Under \$25,000 [3].....	1,037.6	1,036.3	1,105.1	1,129.9	1,203.7	1,284.4	1,372.9
\$25,000 under \$50,000.....	157.3	169.5	183.0	182.6	185.3	191.8	193.2
\$50,000 under \$100,000.....	156.8	187.4	187.3	192.1	195.1	205.7	225.8
\$100,000 under \$250,000	206.4	212.4	225.8	233.9	248.5	262.4	275.5
\$250,000 under \$500,000	113.8	125.8	127.0	139.4	145.3	147.9	160.9
\$500,000 under \$1,000,000	76.6	83.8	92.4	102.8	105.0	110.7	120.8
\$1,000,000 or more	106.8	121.6	136.9	151.4	159.3	172.4	197.9
Asset size							
Under \$25,000 [5].....	794.4	793.3	827.9	825.5	865.5	925.9	982.4
\$25,000 under \$50,000	92.5	93.3	105.3	104.7	104.9	112.0	108.6
\$50,000 under \$100,000.....	122.3	135.4	128.4	130.7	132.7	131.9	134.8
\$100,000 under \$250,000.....	210.7	216.4	229.5	239.1	252.3	259.0	278.6
\$250,000 under \$500,000	162.0	175.8	196.5	205.9	205.5	227.7	248.1
\$500,000 under \$1,000,000	162.9	175.2	183.0	202.6	226.4	231.7	249.6
\$1,000,000 or more.....	310.5	347.5	386.9	423.7	454.9	487.2	544.8

Footnotes at end of table.

Selected Historical and Other Data

Table 12.--Number of Business Income Tax Returns, by Size of Business for Income Years, 1998-2004 [1]--Continued

[All figures are estimates based on samples--number of businesses is in thousands]

Type and size of business	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NONFARM SOLE PROPRIETORSHIPS [7]							
Total	17,408.8	17,575.6	17,904.7	18,338.2	18,925.5	19,710.1	20,590.7
Receipt size							
Under \$2,500 [3].....	4,246.4	4,295.6	4,333.1	3,769.4	[r] 4,546.4	4,539.7	4,883.5
\$2,500 under \$5,000	2,055.6	1,972.6	1,933.9	1,989.3	2,043.8	2,233.0	2,219.6
\$5,000 under \$10,000.....	2,407.0	2,350.2	2,395.7	2,523.1	2,604.6	2,816.3	2,916.0
\$10,000 under \$25,000	3,058.3	3,202.2	3,334.0	3,448.4	3,521.6	3,719.1	3,896.7
\$25,000 under \$50,000	2,111.9	2,227.0	2,246.7	2,239.3	2,357.8	2,449.8	2,536.4
\$50,000 under \$100,000.....	1,590.1	1,558.5	1,644.8	1,704.0	1,751.8	1,805.4	1,791.6
\$100,000 under \$200,000	1,019.7	1,020.3	1,052.9	1,109.7	1,115.4	1,145.7	1,270.8
\$200,000 under \$500,000	666.6	681.4	680.4	649.2	687.8	705.1	749.2
\$500,000 under \$1,000,000	175.1	182.2	189.5	197.8	203.3	199.7	217.6
\$1,000,000 or more.....	78.1	85.7	91.7	92.9	93.0	96.3	109.3

n.a. - Not available.

[r] Revised or corrected.

[1] Excludes business income tax returns filed by tax-exempt organizations. See Table 16.

[2] Size classes for corporations are based on "business receipts," i.e., gross amounts from sales and operations, for industries except those in the "finance and insurance" industrial sector and those in the "management of companies (holding companies)" sector (which includes bank holding companies, as well as other holding companies), using the North American Industrial Classification System or NAICS. For the groupings comprising these exceptions, "total receipts," which are the sum of business receipts and investment income, were used instead of "business receipts" as the basis for the size classification.

[3] Includes returns with no "business receipts" (or no "total receipts" in the case of certain corporations as described in footnote 2).

[4] Beginning Tax Year 2001, size of assets of under \$500,000 and \$500,000 under \$1,000,000 replaced size of assets of under \$100,000 and \$100,000 under \$1,000,000 of earlier years. Also, size of assets of \$250,000,000 under \$500,000,000; \$500,000,000 under \$2,500,000,000; and \$2,500,000,000 or more are shown beginning with Tax Year 2001.

[5] Includes corporations and partnerships with "zero assets and liabilities." For corporations, returns with zero assets represent final returns of liquidating or dissolving corporations which had disposed of all assets; final returns of merging corporations whose assets were included in the returns of the acquiring corporations; part-year returns of corporations changing accounting periods (except for certain newly-incorporated businesses); and returns of foreign corporations with income "effectively connected" with a U.S. business (except foreign insurance companies providing separate balance sheets for U.S. branches). For partnerships, returns with zero assets include final returns of liquidating or dissolving partnerships which had disposed of all assets and businesses not required to file balance sheets, as well as businesses that failed to provide balance sheets on their returns as originally filed. See also Table 11, footnote 1.

[6] Size classes for partnerships are affected by changes in the definition of receipts. (See Table 11, footnote 6.) Only partnership net rental income is reflected in the size distribution.

[7] Sole proprietors are not required to provide balance sheet information.

NOTES: Statistics for corporations are for accounting periods ended July of one year through June of the next. Thus, for example, corporation data for 2004 are for accounting periods ended July 2004 through June 2005. Statistics for nonfarm sole proprietorships and partnerships are, in general, for the calendar year. Data may not add to totals because of rounding. Most of the data are subject to sampling errors. Tax law and tax form changes affect the year-to-year comparability of the data.

Selected Historical and Other Data

Table 13.--Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Income Years, 1998-2004

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

Item	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns, total [1].....	4,848,888	4,935,904	5,045,274	5,135,591	5,266,607	5,401,237	5,557,965
Number with net income [1].....	2,760,814	2,812,175	2,819,153	2,822,302	2,800,517	2,932,115	3,116,468
Consolidated returns [1,2,3].....	60,812	57,144	56,603	56,507	52,743	49,900	48,066
S corporation returns [1,3,4].....	2,588,088	2,725,775	2,860,478	2,986,486	3,154,377	3,341,606	3,518,334
Total assets [5].....	37,347,352,986	41,464,152,854	47,026,871,874	49,154,424,202	50,413,501,942	53,644,784,683	60,117,759,331
Cash	1,336,424,483	1,596,525,490	1,819,788,484	1,926,059,284	1,923,414,875	2,119,555,828	2,730,468,320
Notes and accounts receivable	7,061,547,469	7,744,960,605	8,754,425,366	8,755,544,213	8,885,603,717	8,995,395,904	10,690,858,849
Less: Allowance for bad debts.....	128,129,657	139,597,391	148,289,201	180,317,404	184,924,054	166,436,901	166,296,012
Inventories [6].....	1,139,210,381	1,198,184,825	1,271,967,443	1,208,206,944	1,221,112,550	1,267,289,489	1,386,128,237
Investments in U.S. Government obligations	1,365,651,984	1,340,484,175	1,236,229,842	1,392,035,604	1,527,139,020	1,656,326,948	1,571,309,466
Tax-exempt securities [7].....	958,653,471	957,099,790	973,317,816	1,057,398,071	1,203,096,628	1,297,278,783	1,366,224,245
Other current assets	2,738,441,339	2,639,764,762	3,206,693,449	3,663,607,042	3,509,562,061	3,868,061,886	4,449,284,482
Loans to shareholders	135,052,180	126,016,307	157,029,888	189,958,748	194,543,759	212,364,720	183,667,567
Mortgage and real estate loans.....	2,414,901,336	2,554,658,266	2,821,508,159	3,228,970,528	3,687,181,263	4,072,938,126	4,626,579,648
Other investments	13,201,119,823	15,799,039,436	17,873,853,425	18,343,524,687	18,727,600,926	20,535,952,107	22,657,060,564
Depreciable assets	6,541,280,743	6,935,503,013	7,291,998,758	7,613,590,480	7,677,626,201	7,804,548,186	7,973,940,602
Less: Accumulated depreciation.....	3,031,634,536	3,227,243,753	3,369,214,883	3,549,239,594	3,699,383,948	3,812,960,901	3,930,550,044
Depletable assets	192,668,634	183,593,413	191,353,340	198,775,908	226,336,112	237,004,322	269,600,908
Less: Accumulated depletion.....	92,307,154	85,660,310	87,437,339	92,093,245	110,296,199	110,386,244	116,413,985
Land	271,489,857	286,497,086	302,831,910	319,953,637	325,689,411	341,705,785	362,615,279
Intangible assets (amortizable).....	1,376,300,094	1,717,251,430	2,246,509,413	2,474,758,111	2,353,465,751	2,421,707,223	2,772,388,173
Less: Accumulated amortization.....	232,743,976	280,555,798	364,363,888	483,180,189	480,835,477	478,750,745	508,581,335
Other assets	2,099,426,516	2,117,631,510	2,848,669,891	3,086,871,379	3,426,569,347	3,383,190,167	3,799,474,366
Total liabilities [5].....	37,347,352,986	41,464,152,854	47,026,871,874	49,154,424,202	50,413,501,942	53,644,784,683	60,117,759,331
Accounts payable [8].....	2,501,289,043	2,792,333,967	3,758,177,869	3,927,350,604	4,073,664,265	4,337,572,143	5,645,442,995
Mortgages, notes, and bonds payable in less than 1 year.....	3,215,524,383	3,658,308,770	4,019,704,844	4,131,856,961	3,814,481,517	4,001,969,180	4,398,614,808
Other current liabilities [8].....	8,809,999,920	9,103,186,192	10,307,362,766	10,811,930,775	11,181,118,658	11,808,860,907	13,534,418,924
Loans from shareholders.....	361,234,088	394,938,632	451,461,831	549,016,868	541,170,351	531,953,102	504,947,743
Mortgages, notes, and bonds payable in 1 year or more	4,813,249,719	5,448,156,416	6,183,999,343	6,781,681,427	7,184,589,809	7,383,799,418	8,154,008,233
Other liabilities	4,537,780,597	4,704,367,882	4,957,514,852	5,337,844,395	6,073,368,168	6,761,943,361	7,065,958,007
Net worth.....	13,108,275,236	15,362,860,996	17,348,650,369	17,614,743,174	17,545,109,175	18,818,686,574	20,814,368,622
Capital stock	3,244,023,916	3,521,992,715	3,966,282,789	4,253,450,013	3,999,980,176	3,150,571,907	2,308,398,504
Additional paid-in capital	8,610,169,238	10,186,395,658	12,264,818,660	13,919,963,504	15,286,648,711	15,258,444,856	16,160,039,808
Retained earnings, appropriated.....	185,163,160	210,792,152	181,838,405	140,283,315	116,673,731	167,723,931	218,699,183
Retained earnings, unappropriated [9].....	3,190,409,230	3,741,892,919	3,445,346,327	2,024,731,460	1,060,109,067	2,141,352,269	3,058,994,776
Adjustments to shareholders' equity [9].....	-3,006,539	17,108,266	-3,382,272	-33,277,666	-66,214,884	-27,510,760	-21,710,161
Less: Cost of treasury stock	2,118,483,766	2,315,320,710	2,506,253,537	2,690,407,452	2,852,087,624	1,871,895,626	931,763,649
Total receipts [10].....	17,323,955,004	18,892,385,694	20,605,808,071	20,272,957,624	19,749,426,052	20,689,574,291	22,711,863,939
Business receipts [10,11].....	15,010,264,802	16,313,971,385	17,636,551,349	17,504,288,630	17,297,125,146	18,264,393,898	19,975,875,761
Interest on State and local Government obligations	49,128,679	51,780,203	51,940,598	49,227,853	48,212,626	48,996,780	47,221,454
Other interest [10,12].....	1,227,640,206	1,301,772,282	1,576,100,843	1,499,683,236	1,233,298,115	1,132,675,179	1,337,625,869
Dividends received from domestic corporations [10,12].....	20,010,007	20,679,644	20,869,880	18,964,132	17,382,452	17,973,872	19,505,243
Dividends received from foreign corporations	49,232,904	64,905,407	60,203,391	49,997,670	45,580,553	44,921,527	58,411,038
Rents [10].....	106,686,977	117,644,823	131,301,498	134,013,856	136,156,000	136,321,392	132,058,314
Royalties [10].....	93,600,002	105,741,540	122,513,266	116,989,820	115,860,138	133,184,522	141,999,230
Net short-term capital gain reduced by net long-term capital loss.....	37,302,058	94,913,405	85,003,779	20,770,292	14,655,834	22,725,799	24,993,598
Net long-term capital gain reduced by net short-term capital loss.....	125,012,968	146,520,147	173,758,106	117,443,499	76,266,064	85,965,872	110,055,554
Net gain, noncapital assets [11].....	69,519,362	64,698,446	70,035,992	61,890,648	69,144,256	76,272,207	81,501,337
Other receipts.....	535,557,040	609,758,412	677,529,368	699,687,988	695,744,869	726,143,243	782,616,541

Footnotes at end of table.

Selected Historical and Other Data

Table 13.--Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Income Years, 1998-2004--Continued

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

Item	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total deductions [10].....	16,489,425,015	17,966,972,060	19,691,591,726	19,682,982,949	19,198,882,118	19,940,594,557	21,636,155,758
Cost of goods sold [10].....	9,362,392,237	10,284,098,039	11,135,287,909	11,041,533,030	10,607,404,004	11,318,644,763	12,497,904,654
Compensation of officers [10].....	356,850,517	373,735,141	401,416,310	382,813,379	381,235,331	388,661,740	416,761,257
Repairs.....	130,298,655	133,209,853	139,591,861	144,239,688	132,998,715	134,963,543	142,843,894
Bad debts [10].....	86,371,104	100,202,508	107,679,638	142,196,860	168,045,866	151,140,752	139,664,267
Rent paid on business property [10].....	308,317,657	347,245,365	380,083,953	398,045,240	410,639,197	407,139,494	419,657,325
Taxes paid [10].....	354,578,692	371,183,229	390,067,116	392,458,476	396,571,738	416,812,815	446,793,685
Interest paid [10].....	966,659,473	1,018,972,484	1,271,678,744	1,203,045,923	912,751,562	818,016,806	938,790,256
Contributions or gifts [10].....	8,667,513	10,732,153	10,657,214	11,414,505	10,334,666	10,823,373	11,596,559
Amortization [10].....	74,336,292	86,124,690	98,333,079	110,454,488	115,006,680	121,284,821	129,766,141
Depreciation [10].....	542,490,397	583,799,587	614,372,700	649,988,724	710,881,312	692,432,495	690,857,316
Depletion [10, 13].....	9,685,686	9,803,284	10,244,959	9,803,354	9,418,123	10,170,908	11,960,564
Advertising [10].....	198,214,266	216,066,879	234,000,558	219,834,114	218,035,603	224,790,471	238,662,306
Pension, profit-sharing, stock bonus, and annuity plans [13].....	71,689,478	76,779,560	85,788,656	85,523,682	132,414,263	137,053,065	149,061,713
Employee benefit programs [13].....	195,453,372	203,531,897	231,325,484	245,747,438	249,904,744	277,325,261	298,070,744
Net loss, noncapital assets [10, 11].....	21,309,505	29,065,260	31,314,500	40,969,394	51,879,801	51,799,134	42,751,870
Other deductions [13].....	3,802,110,171	4,122,422,135	4,549,749,050	4,604,914,658	4,691,360,514	4,779,535,119	5,061,013,207
Total receipts less total deductions [10, 14]....	834,529,989	925,413,634	914,216,344	589,974,675	550,543,934	748,979,734	1,075,708,181
Constructive taxable income from related foreign corporations [15].....	52,822,281	55,322,097	65,249,771	62,876,530	61,325,249	80,005,681	83,205,831
Net income (less deficit) [10, 14, 15, 16].....	838,223,591	928,955,528	927,525,517	603,623,352	563,656,558	779,988,635	1,111,692,655
Net income [16].....	1,091,150,050	1,229,295,911	1,336,619,605	1,112,480,550	1,053,126,217	1,175,608,990	1,455,796,796
Deficit [16].....	252,926,459	300,340,383	409,094,088	508,857,198	489,469,660	395,620,355	344,104,141
Income subject to tax [17]:							
Number of returns.....	894,446	868,820	828,470	780,223	696,230	660,582	664,616
Amount.....	663,385,528	693,735,694	760,404,334	635,257,416	600,553,517	699,336,915	857,391,889
Total income tax [18].....	231,399,671	241,987,588	266,281,801	220,874,245	209,691,130	243,822,946	299,555,304
Regular tax [19].....	228,021,519	238,722,344	262,232,738	218,675,610	207,056,104	241,275,165	296,200,379
Recapture of prior-year investment credit.....	3,356	8,754	9,594	20,924	9,189	10,740	9,557
Alternative minimum tax: [20]							
Number of returns.....	18,360	14,901	13,135	7,101	7,066	9,564	10,648
Amount.....	3,324,799	3,051,869	3,874,845	1,800,595	2,532,224	2,298,776	3,438,545
Tax credits: [21]							
Total.....	49,796,436	48,959,947	62,238,013	54,162,256	56,078,260	66,305,542	75,119,947
Foreign tax credit: [22]							
Number of returns.....	5,922	5,864	5,937	5,488	4,726	5,414	5,500
Amount.....	37,396,469	38,389,989	48,505,841	41,063,165	42,021,526	50,033,590	56,872,180
U.S. possessions tax credit [22].....	2,393,331	1,485,261	1,438,549	1,268,616	1,191,217	1,081,674	941,968
Nonconventional source fuel credit.....	1,029,728	886,835	1,516,990	1,806,406	2,189,943	2,104,097	2,725,372
Qualified electric vehicle credit.....	702	1,191	1,246	231	6,102	N/A	N/A
Qualified zone academy bond credit.....	N/A	2,170	14,542	28,151	80,289	103,058	117,895
Prior-year minimum tax credit.....	3,432,896	3,431,478	5,169,159	3,254,175	2,027,542	3,355,062	3,737,618
General business credit.....	5,601,399	4,763,022	5,591,686	6,741,513	8,561,641	9,627,908	10,724,914
Empowerment zone employment credit.....	19,118	21,645	23,501	23,401	59,776	92,900	113,778
General business current year credit items: [23]							
Investment credit.....	187,934	315,225	357,607	359,179	449,893	418,904	436,833
Work opportunity credit/jobs credit.....	261,936	253,886	266,341	233,563	258,428	273,875	304,039
Alcohol fuel credit.....	15,520	15,817	11,825	9,224	8,467	8,112	11,843
Research activities credit.....	5,342,779	5,410,932	7,235,621	6,518,136	5,818,383	5,659,746	5,764,898
Orphan drug credit.....	80,392	109,435	112,954	134,846	146,900	173,848	209,488
Total income tax after credits [24].....	181,545,146	193,027,641	204,043,788	166,711,988	153,612,870	177,517,404	224,381,402

Footnotes at end of table.

Selected Historical and Other Data

Table 13.--Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Income Years, 1998-2004--Continued

Footnotes

N/A - Not applicable.

- [1] Excludes inactive corporation returns. Excludes taxable farmers' cooperatives; Real Estate Mortgage Investment Conduits (REMICs); Foreign Sales Corporations (FSCs) and Interest-Charge Domestic International Sales Corporations (IC-DISCs). Because of the omission of these categories of returns, annual totals for the income, financial, and tax items shown in the statistics (except those not applicable to IC-DISCs and FSCs, such as "income subject to tax," "income tax," and tax credits) are not altogether comparable. Starting with 1997, corporations that otherwise qualified as S corporations, but that had subsidiaries, could qualify, provided the subsidiaries also qualified as S corporations. These subsidiaries, which previously filed separate returns, are included income tax returns of the parent S corporations. Because of a change in the definition of S corporation net income totals for receipts and deductions are slightly understated to the extent that they were not directly related to the "income from a trade or business" reported by these companies. Comparability of data for "returns with net income" is also affected, as well as by a change in the Statistics of Income definition of Regulated Investment Company net income for certain years. For additional information about these changes and the estimated effect they have on the net income statistics, see footnote 16, below.
- [2] Consolidated returns were filed on an elective basis for groups of affiliated corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group, and a common parent corporation owned at least 80 percent of the stock of at least one of the affiliates. Consolidated returns exclude S corporations (defined in footnote 4), although, S corporation returns could include subsidiaries that were also S corporations. Returns filed by parent S corporations, which include qualifying subsidiaries are included in the S corporation frequencies shown below in Table 13. Consolidated returns also exclude all real estate investment trusts (REITs).
- [3] Included in "number of returns, total" and "number with net income."
- [4] In general, certain small qualifying corporations that elected to be taxed at the shareholder level. These corporations could have no more than 75 shareholders (mostly individuals). S corporation returns could include subsidiaries if the subsidiaries also qualified as S corporations, with income and financial data for both parent and subsidiaries combined on the return of the parent corporation.
- [5] Balance sheet data are end-of-year amounts.
- [6] Inventories include amounts reported by real estate subdividers and developers.
- [7] Tax-exempt securities include not only investments in State and local government obligations, but also stock in investment companies that distributed dividends during the current year representing tax-exempt interest on such obligations.
- [8] Accounts payable of banking and savings and loan institutions could include deposits and withdrawable shares previously reported in "other current liabilities."
- [9] Amounts for "adjustments to shareholders' equity" are reported separately on the tax return.
- [10] In general, Statistics of Income data for receipts, deductions, and net income (or deficit) of S corporations are limited to those attributable to a trade or business. Therefore, most investment income or loss, such as from taxable interest, dividends, rents, royalties, and gain (loss) from sales of investment property; the deductions related to this income; and deductions for charitable contributions, intangible drilling and development costs, oil and gas depletion, foreign taxes paid, and the limited expensing of the cost of depreciable assets (Code section 179) are not reflected in net income (because they were allocated directly to shareholders instead). See also footnote 4. Cost of goods sold applies when inventories are an income-determining factor, i.e., when the corporation was engaged in the production, manufacture, purchase, or sale of merchandise in the course of its trade or business. Cost of operations applies whenever inventories are not an income-determining factor, as in the case of certain utilities and services (see below). The statistics for the cost of goods sold, therefore, also exclude estimates of the cost of operations previously constructed for the statistics from expense data reported elsewhere on the tax return (often in "other deductions") by corporations reporting "business receipts" without a corresponding cost of goods sold. These corporations were operations that was not reported as such. Most of the companies involved were classified either in the transportation and public utility or services industries. For all years, identifiable amounts of depreciation, depletion, amortization, taxes paid, advertising, bad debts, compensation of officers, employee plan contributions, interest paid, and rent found in taxpayer schedules in support of the total cost of goods sold/cost of operations were transferred to their respective deduction headings for the statistics. This enabled more complete statistics for these expenditures to be produced.
- [11] "Business receipts" include the gross proceeds (netting during statistical processing against the cost of these sales) reported by stock and commodity brokers and exchanges, and by real estate subdividers, developers, and operative builders, even when they bought and sold securities, commodities, and real estate on their own account. Previously, such transactions were treated as "net gain (loss), noncapital assets." If gross amounts were reported by stock and commodity brokers and exchanges, costs and sales proceeds were netted during statistical processing.
- [12] "Other interest" includes any dividends reported in combination with interest on the Form 1120S tax return by S corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 4).
- [13] Identifiable amounts reported on Form 1120-A are included in the statistics for the appropriate deduction.
- [14] In general, "total receipts less total deductions" include tax-exempt interest on State and local government obligations, but exclude income from related foreign corporations only "constructively" received. As such, "total receipts less total deductions" represent all income, taxable and nontaxable, "actually" received by the corporation, as reported on the corporation income tax return, and exclude all income only "constructively" or "deemed" received. In contrast, "net income (less deficit)" represents all taxable income, actually or constructively received. Therefore, in the statistics, "total receipts less total deductions" minus "nontaxable interest on State and local government obligations" plus "constructive taxable income from related foreign corporations" equal "net income (less deficit)." For the exception, due to Regulated Investment Companies, see footnote 16.
- [15] Represents "income" that was only "constructively" or "deemed" received from foreign corporations and that was taxed to the U. S. corporation. (In general, such income was otherwise subject to U. S. income tax only when actually repatriated as dividends.) For the statistics, it is the sum of "includable income of Controlled Foreign Corporations" and the "foreign dividend gross-up," reported separately on the tax return. The "includable income" was comprised of specific types of undistributed income earned by a Controlled Foreign Corporation that were taxed under certain conditions to the U. S. shareholder corporations unless an actual "minimum distribution" was made. The foreign dividend gross-up represents a share of the foreign taxes paid on the profits of certain foreign subsidiaries out of which they paid dividends to their U. S. parent corporations and for which the parent corporation then claimed a foreign tax credit.
- [16] "Net income (less deficit)," "net income," and "deficit" exclude: (a) net long-term capital gain reduced by net short-term capital loss reported by Regulated Investment Companies (see footnote 14), and (b) amounts other than from a trade or business, i.e., portfolio and rental income, reported by S corporations (see footnote 4). For comparisons with earlier years, these amounts should, therefore, be added back. Regulated Investment Company net long-term capital gain (reduced by net short-term capital loss) was excluded from net income in the Table 13 statistics. With respect to Table 13, the amounts excluded were: \$192.8 billion for 1998; \$252.3 billion for 1999; \$296.6 billion for 2000; \$41.1 billion for 2001; \$12.9 billion for 2002; \$20.2 billion for 2003; and \$71.4 billion for 2004. Estimates of the prior-year S corporation net income (less deficit) excluded from the statistics in Table 13 were revised for the Summer 2002 *Bulletin* as follows: \$56.9 billion for 1998; \$56.4 billion for 1999; \$59.4 billion for 2000; \$45.1 billion for 2001; \$32.9 billion for 2002; \$42.1 billion for 2003; and \$58 billion for 2004. For additional information about S corporation net income, see the various articles on S corporations in the *Bulletin*, starting with 1990.

Selected Historical and Other Data

Table 13.--Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Income Years, 1998-2004--Continued

Footnotes--Continued

- [17] For most years, "income subject to tax" (the corporate tax base) exceeds "net income (less deficit)" in the statistics, chiefly because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the "taxable income" base used by most companies (and defined for the statistics as net income minus certain statutory special nonbusiness deductions, such as for intercorporate dividends received and "net operating losses" carried forward from prior years). Profits of S corporations were mostly taxed through shareholders (who had to be individuals, estates, or trusts).
- [18] Includes Personal Holding Company tax; tax on "branch profits" of foreign corporations with U.S. operations; and certain lesser taxes, including special taxes applicable to Real Estate Investment Trusts (REITs) and foreign corporations with U.S.-source income. "Total income tax" more closely represents worldwide income tax liability because it is before subtraction of the foreign tax credit, the largest of the tax credits. To the extent that foreign tax credits adequately reflect the total foreign income tax burden, total income tax includes these taxes. See also footnotes 19, 21, and 24.
- [19] Different tax rate structures applied for 1998-2004.
- [20] Under AMT, corporations are required to compute their regular tax liability and their "tentative minimum tax" liability. The difference between the "tentative minimum tax" and the regular tax is the legally defined alternative minimum tax. The AMT was designed to ensure that, at least, a minimum amount of income tax was paid in spite of the legitimate use of exclusions, deductions, and credits. New corporations and certain small corporations were not subject to the AMT.
- [21] Tax credits are applied against "regular tax" only. See also footnote 22. In publications prior to Fall 2003, data in this table for foreign tax credit for 1998 were revised, based on results of special studies. Subsequently, the data have been restored to their original values to be consistent with published corporate data and to be comparable with data for 1999-2004.
- [23] The general business credit includes the following components and their years of implementation, almost all of which were subject to a combined overall limitation, therefore the amounts shown in the table for these credits are tentative: the alcohol fuel credit, the investment credit, the work opportunity credit, (formerly the "jobs credit"), the orphan drug credit, increased research expenditures credit, low-income housing credit, "disabled access" credit, enhanced oil recovery credit, renewable electricity production credit, Indian employment credit, employer Social Security and Medicare taxes paid on certain employee tips credit, contributions to selected community development corporations credit, the trans-Alaska pipeline liability fund credit, and general credits from an electing large partnership (Schedule K-1 (Form 1065-B)), small employer pension plan startup costs credit (2002), employer-provided child care facilities and services credit (2002), new markets credit (2002), biodiesel fuel credit (2004), and low sulfur diesel fuel production credit, (2004). The empowerment zone and renewal community employment credit, and New York Liberty Zone business employee credit, while components of the general business credit, have separate tax liability limits and are not subject to the combined limitation. For other changes in the definition of components of the general business credit, see *Statistics of Income—Corporation Income Tax Returns*, for the years concerned.
- [24] "Total income tax after credits" is before any examination or enforcement activities by the Internal Revenue Service. It is the amount payable to the U.S. Government as reported on the income tax return. Because it is after subtraction of foreign tax credit, this total does not include income taxes paid to foreign governments. In publications prior to Fall 2003, amounts shown for 1998 had been revised because of revisions to the foreign tax credit based on special studies. Subsequently, the data have been restored to their original values to be consistent with published corporate data and to be comparable with data for 1999-2003.
- NOTES: Statistics are for corporate accounting periods ended July of one year through June of the next. Thus, for example, data for 2004 are for accounting periods ended July 2004 through June 2005. Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data.

Selected Historical and Other Data

Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997

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

Industrial division and item	1985	1990	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)
ALL INDUSTRIAL DIVISIONS [1]					
Number of returns, total [2].....	3,277,219	3,716,650	4,474,167	4,631,370	4,710,083
Number with net income [2].....	1,820,120	1,910,670	2,455,492	2,588,424	2,647,474
Total assets [3].....	12,773,093,888	18,190,057,609	26,013,689,001	28,642,263,127	33,029,652,126
Net worth [3].....	3,303,698,576	4,738,917,553	8,131,941,003	9,495,226,103	11,353,013,694
Total receipts [4].....	8,398,278,426	11,409,520,074	14,539,050,114	15,525,718,006	16,609,707,302
Business receipts [4,5].....	7,369,538,953	9,860,441,633	12,785,797,708	13,659,470,309	14,460,928,695
Interest received [4,6].....	637,786,939	977,402,674	1,039,496,772	1,082,071,703	1,186,893,564
Total deductions [4].....	8,158,144,126	11,032,574,630	13,821,277,581	14,728,089,018	15,704,242,236
Cost of goods sold [4].....	4,894,254,081	6,610,769,883	8,206,073,365	8,707,100,240	9,114,245,646
Interest paid.....	568,645,475	825,372,164	744,764,676	770,885,334	866,474,183
Net income (less deficit) [4].....	240,119,020	370,632,632	714,193,371	806,484,990	915,396,637
Net income [4].....	363,867,384	552,526,789	880,653,345	986,782,683	1,117,825,239
Deficit [4].....	123,748,365	181,894,157	166,459,975	180,297,692	202,428,602
Total income tax [7].....	111,340,839	128,185,666	198,786,648	223,712,985	239,394,206
Regular and alternative tax [8].....	109,106,358	119,434,430	193,564,219	219,756,610	235,325,362
Total income tax after credits.....	63,348,204	96,403,099	156,392,780	170,620,945	184,175,993
AGRICULTURE, FORESTRY, AND FISHING [1]					
Number of returns, total [2].....	103,156	126,423	147,527	158,963	163,114
Number with net income [2].....	52,776	70,965	79,320	90,012	91,984
Total assets [3].....	52,651,197	68,338,381	86,298,574	94,140,118	91,984,030
Net worth [3].....	15,406,221	23,360,455	30,102,131	32,757,173	32,990,807
Total receipts [4].....	70,491,486	88,101,065	107,581,973	119,737,058	117,387,555
Business receipts [4].....	65,419,402	82,114,836	100,630,952	111,727,224	107,930,422
Interest received [4,6].....	775,383	681,127	640,032	759,958	601,918
Total deductions [4].....	70,559,478	86,883,128	105,967,360	117,166,334	114,673,629
Cost of goods sold [4].....	45,085,526	52,758,720	56,765,231	63,581,911	60,245,509
Interest paid.....	2,758,952	2,852,242	2,892,302	3,008,936	2,978,589
Net income (less deficit) [4].....	-74,270	1,156,269	1,604,481	2,614,131	2,673,835
Net income [4].....	2,930,905	4,328,433	5,402,335	6,262,057	6,310,262
Deficit [4].....	3,005,175	3,172,164	3,797,857	3,647,926	3,636,427
Total income tax [7].....	540,641	589,866	661,579	764,345	659,642
Regular and alternative tax [8].....	531,787	569,812	640,696	748,862	647,752
Total income tax after credits.....	344,626	554,818	611,254	659,991	599,082
MINING [1]					
Number of returns, total [2].....	41,426	39,674	35,123	35,799	32,996
Number with net income [2].....	18,031	18,436	18,776	18,098	17,281
Total assets [3].....	240,815,996	219,197,640	268,690,014	299,106,231	324,294,826
Net worth [3].....	104,772,797	110,339,579	132,123,209	151,720,805	165,095,652
Total receipts [4].....	142,038,595	111,444,457	126,760,491	141,278,092	150,318,265
Business receipts [4].....	126,710,610	97,321,579	114,163,493	127,583,639	134,379,404
Interest received [4,6].....	3,584,890	3,849,674	2,985,957	3,096,278	3,708,511
Total deductions [4].....	145,389,514	106,466,509	121,397,443	133,385,823	141,046,419
Cost of goods sold [4].....	87,972,035	62,070,361	70,550,767	78,022,883	78,465,626
Interest paid.....	7,789,995	6,674,114	6,071,863	6,179,872	6,768,047
Net income (less deficit) [4].....	-2,543,487	5,302,223	5,530,975	8,152,607	9,728,562
Net income [4].....	6,166,623	9,071,733	9,364,612	12,112,260	14,191,366
Deficit [4].....	8,710,110	3,769,511	3,833,637	3,959,653	4,462,804
Total income tax [7].....	1,810,559	2,223,977	2,119,370	2,525,467	3,141,128
Regular and alternative tax [8].....	1,736,952	1,897,245	1,900,482	2,348,394	2,951,254
Total income tax after credits.....	557,519	1,348,333	1,170,119	1,350,676	2,019,716

Footnotes at end of table.

Selected Historical and Other Data

Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997
--Continued

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

Industrial division and item	1985	1990	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)
CONSTRUCTION [1]					
Number of returns, total [2].....	318,276	406,874	449,882	471,230	487,783
Number with net income [2].....	185,613	223,434	275,375	300,890	307,733
Total assets [3].....	215,297,771	243,829,026	265,812,616	284,595,206	314,551,349
Net worth [3].....	54,687,270	63,865,550	86,553,081	92,427,338	99,144,660
Total receipts [4].....	387,232,953	534,654,044	637,090,195	710,467,223	779,014,473
Business receipts [4].....	374,590,273	522,586,199	627,463,416	699,596,890	768,122,399
Interest received [4,6].....	3,851,628	3,621,561	2,068,327	2,089,412	2,079,884
Total deductions [4].....	382,823,113	527,800,795	622,621,984	692,581,515	758,429,123
Cost of goods sold [4].....	295,803,244	407,448,745	483,881,784	537,067,796	589,184,488
Interest paid.....	6,407,652	7,368,430	5,280,750	5,473,796	5,949,039
Net income (less deficit) [4].....	4,370,924	6,824,608	14,458,024	17,878,460	20,522,439
Net income [4].....	11,053,145	15,859,977	20,986,981	25,036,702	27,816,466
Deficit [4].....	6,682,220	9,035,370	6,528,956	7,158,242	7,294,027
Total income tax [7].....	2,312,856	2,092,196	2,462,222	2,958,069	2,953,440
Regular and alternative tax [8].....	2,243,786	1,983,902	2,358,661	2,847,146	2,846,960
Total income tax after credits.....	1,662,563	1,906,537	2,281,929	2,667,923	2,817,961
MANUFACTURING [1]					
Number of returns, total [2].....	276,545	301,669	319,699	325,689	325,045
Number with net income [2].....	159,778	167,509	185,590	191,254	195,038
Total assets [3].....	2,644,393,424	3,921,323,756	4,941,072,530	5,425,184,573	5,966,306,398
Net worth [3].....	1,099,645,876	1,392,233,318	1,739,529,985	1,966,848,773	2,110,695,629
Total receipts [4].....	2,831,062,496	3,688,693,895	4,585,549,761	4,902,669,122	5,177,663,770
Business receipts [4].....	2,656,345,750	3,434,141,360	4,290,704,760	4,567,209,064	4,794,291,330
Interest received [4,6].....	47,753,626	81,135,811	86,746,437	102,537,639	116,819,943
Total deductions [4].....	2,733,105,346	3,545,121,842	4,354,564,077	4,652,960,523	4,910,704,056
Cost of goods sold [4].....	1,797,852,805	2,377,226,499	2,932,256,224	3,125,013,437	3,241,577,938
Interest paid.....	90,452,072	151,214,835	145,509,470	156,862,195	175,064,011
Net income (less deficit) [4].....	113,758,645	171,373,726	286,909,947	286,059,822	305,958,154
Net income [4].....	142,541,119	212,936,099	297,458,397	325,291,340	352,453,829
Deficit [4].....	28,782,474	41,562,373	36,548,450	39,231,518	46,495,675
Total income tax [7].....	56,687,476	64,385,522	83,817,532	95,502,448	101,849,787
Regular and alternative tax [8].....	55,553,921	60,664,655	81,476,502	93,646,267	100,318,010
Total income tax after credits.....	25,382,459	38,971,197	54,302,936	58,883,875	64,307,381
TRANSPORTATION AND PUBLIC UTILITIES [1]					
Number of returns, total [2].....	138,337	160,353	194,456	205,777	209,412
Number with net income [2].....	69,938	81,418	107,285	111,811	110,657
Total assets [3].....	1,246,426,899	1,522,045,738	1,903,213,778	2,069,453,023	2,219,019,293
Net worth [3].....	490,481,127	508,667,821	633,131,635	714,120,889	762,083,589
Total receipts [4].....	772,358,188	936,277,062	1,156,709,979	1,257,010,639	1,330,726,431
Business receipts [4].....	733,943,970	874,111,070	1,086,623,231	1,183,959,691	1,247,593,251
Interest received [4,6].....	12,310,594	18,194,729	22,314,329	23,432,987	26,135,120
Total deductions [4].....	747,836,158	900,960,832	1,084,676,405	1,182,369,290	1,260,911,843
Cost of goods sold [4].....	381,028,354	405,924,209	405,708,040	453,455,420	482,982,473
Interest paid.....	44,880,858	59,190,735	61,601,762	64,006,991	69,385,093
Net income (less deficit) [4].....	25,087,629	35,413,596	72,911,176	75,400,172	70,984,769
Net income [4].....	37,880,144	51,490,850	87,557,007	93,129,707	95,097,536
Deficit [4].....	12,792,516	16,077,254	14,645,831	17,729,536	24,112,767
Total income tax [7].....	15,214,129	17,114,547	27,186,351	28,376,759	28,506,843
Regular and alternative tax [8].....	14,881,470	15,228,031	26,305,839	27,775,587	27,790,676
Total income tax after credits.....	8,432,924	15,882,038	24,836,272	25,963,903	25,582,369

Footnotes at end of table.

Selected Historical and Other Data

Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997
--Continued

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

Industrial division and item	1985	1990	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)
WHOLESALE AND RETAIL TRADE [1]					
Number of returns, total [2].....	917,301	1,023,057	1,132,409	1,142,491	1,149,132
Number with net income [2].....	510,825	527,128	626,022	652,504	656,288
Total assets [3].....	1,009,965,739	1,447,296,828	1,919,717,823	2,016,232,163	1,947,931,949
Net worth [3].....	286,260,274	354,827,439	533,870,160	568,677,377	613,532,103
Total receipts [4].....	2,473,865,453	3,308,988,336	4,310,346,947	4,490,073,608	4,703,816,853
Business receipts [4].....	2,408,174,933	3,216,861,660	4,206,376,331	4,383,103,174	4,588,802,594
Interest received [4,6].....	21,633,480	29,851,239	30,425,682	31,317,702	31,259,696
Total deductions [4].....	2,440,403,373	3,279,066,687	4,247,560,773	4,418,321,110	4,624,196,186
Cost of goods sold [4].....	1,869,766,621	2,482,483,270	3,255,845,728	3,378,472,096	3,523,438,346
Interest paid	38,217,998	63,914,431	59,945,319	61,708,013	65,839,595
Net income (less deficit) [4].....	33,126,702	30,094,078	63,566,712	73,353,268	81,584,637
Net income [4].....	51,434,500	65,383,876	97,018,112	107,999,874	117,042,233
Deficit [4].....	18,307,798	35,289,798	33,451,401	34,646,606	35,457,596
Total income tax [7].....	16,392,896	13,839,310	20,301,551	22,694,239	23,871,953
Regular and alternative tax [8].....	16,130,885	13,324,360	20,030,374	22,435,178	23,550,018
Total income tax after credits.....	13,396,555	12,615,991	18,475,921	20,732,232	21,959,617
FINANCE, INSURANCE, AND REAL ESTATE [1]					
Number of returns, total [2].....	518,432	609,138	683,211	723,754	744,545
Number with net income [2].....	285,273	269,667	317,410	341,136	344,625
Total assets [3].....	7,029,452,681	10,193,295,357	15,677,286,629	17,360,053,164	20,905,619,903
Net worth [3].....	1,161,968,009	2,142,041,011	4,668,579,685	5,605,211,611	7,155,654,580
Total receipts [4].....	1,182,034,309	1,954,709,651	2,278,103,923	2,406,855,250	2,711,269,836
Business receipts [5].....	501,993,840	900,908,453	1,094,870,564	1,176,179,679	1,282,307,615
Interest received [4,6].....	541,268,193	830,451,126	879,763,014	901,666,932	987,114,539
Total deductions [4].....	1,104,572,202	1,809,867,575	1,985,795,615	2,076,613,597	2,304,339,835
Cost of goods sold [4].....	237,577,803	526,244,728	614,755,680	632,948,266	661,222,720
Interest paid	363,009,417	506,921,011	433,479,978	439,762,655	501,112,985
Net income (less deficit) [4].....	60,670,526	109,901,881	256,810,767	299,149,193	373,482,032
Net income [4].....	90,546,934	158,458,842	295,423,415	337,822,090	413,000,341
Deficit [4].....	29,876,408	48,556,962	38,612,648	38,672,897	39,518,308
Total income tax [7].....	13,598,201	22,556,387	51,874,358	58,301,659	63,604,700
Regular and alternative tax [8].....	13,369,981	20,709,720	50,691,121	57,556,938	62,650,267
Total income tax after credits.....	10,193,877	20,511,294	45,988,431	50,181,634	54,777,098
SERVICES [1]					
Number of returns, total [2].....	939,390	1,029,447	1,504,230	1,557,401	1,592,854
Number with net income [2].....	529,337	546,268	843,922	881,427	921,533
Total assets [3].....	330,982,941	572,842,266	950,737,457	1,092,310,137	1,259,381,543
Net worth [3].....	89,852,365	143,154,346	307,630,801	363,120,124	413,665,895
Total receipts [4].....	534,587,609	779,329,609	1,335,694,559	1,496,215,552	1,638,587,903
Business receipts [4].....	497,980,990	726,041,364	1,263,790,767	1,408,716,487	1,536,597,024
Interest received [4,6].....	6,561,301	9,526,124	14,541,126	17,157,456	19,166,408
Total deductions [4].....	528,685,613	769,035,909	1,297,475,364	1,453,204,496	1,589,010,688
Cost of goods sold [4].....	176,070,808	290,965,307	385,562,425	437,521,006	476,468,909
Interest paid	15,027,259	27,188,190	29,967,579	33,871,749	39,371,150
Net income (less deficit) [4].....	5,883,782	10,616,792	38,407,562	43,952,204	50,470,448
Net income [4].....	21,124,460	34,850,560	67,389,184	79,102,121	91,879,768
Deficit [4].....	15,240,678	24,233,768	28,981,622	35,149,916	41,409,320
Total income tax [7].....	4,742,347	5,368,531	10,358,678	12,588,705	14,804,587
Regular and alternative tax [8].....	4,621,875	5,041,377	10,155,538	12,397,017	14,568,298
Total income tax after credits.....	3,343,830	4,597,561	8,720,911	10,179,417	12,110,639

Footnotes at end of table.

Selected Historical and Other Data

Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997 --Continued

Footnotes

[1] Industrial classification is based on the product or service accounting for the largest percentage of "total receipts." (Total receipts are the sum of business or gross receipts, plus capital gains and income from investments, including rentals.) Starting with 1998, this classification is based on the North American Industry Classification System (NAICS), which replaced the Standard Industrial Classification (SIC) system. The SIC, in its various versions, was used to classify statistics for the years before 1998. Both systems were intended for Governmentwide use in classifying business statistics. (For information about NAICS and its usage in Canadian, Mexican, and U.S. Government statistics, see the *Statistics of Income Bulletin*, Summer 1997, Volume 17, Number 1, pp. 3-5.) Because there are substantial differences between NAICS and its predecessor SIC system, data by "industrial sector" for years beginning with 1998 (Table 14b) are shown apart from data for earlier years by "industrial division" (Table 14a). As an example of differences between the two systems, using NAICS, Statistics of Income classifies banks that were bank holding companies in the new "management of companies (holding companies)" sector, instead of in the "finance and insurance" sector. Using the SIC, bank holding companies had previously been classified in the "finance, insurance, and real estate" industrial division. For additional information about breaks in comparability caused by the changeover to NAICS, see *Statistics of Income—1998, Corporation Income Tax Returns*. If information for the business activity and product was not discernible from the corporation income tax return, the return was classified as with nature of business "not allocable." Data for nature of business "not allocable" are included in the totals for "all industrial divisions" (Table 14a) and "all industrial sectors" (Table 14b), but are not shown separately. Therefore, in addition to rounding differences, the statistics by industrial division or sector will not add to their respective grand totals.

[2] See Table 13, footnote 1.

[3] Balance sheet data are end-of-year amounts. Net worth is the sum of "capital stock," "additional paid-in capital," "retained earnings, appropriated," "retained earnings, unappropriated," and "adjustments to shareholders' equity" minus "cost of treasury stock." (Prior to 1997, data for "retained earnings, unappropriated" included "adjustments to shareholders' equity," not reported separately on the tax return.) Each of these amounts is presented separately in Table 13.

[4] See Table 13, footnotes 10 and 14.

[5] See Table 13, footnote 11.

[6] Interest received is the sum of "interest on State and local government obligations" (i.e., tax-exempt interest) and "other interest" (which includes interest paid by banking and savings institutions). Data for both of these amounts are presented separately in Table 13. See also Table 13, footnote 12.

[7] In addition to regular tax (and alternative tax) for years prior to 1988, includes certain other taxes either shown separately in Table 13 or mentioned in Table 13, footnote 18.

[8] Beginning with tax year 1987, "Alternative tax" was repealed. See also Table 13, footnote 19.

NOTES: Statistics are for corporate accounting periods ended July of one year through June of the next. Thus, for example, data for 1997 are for accounting periods ended July 1997 through June 1998. Data may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling errors. Tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1999-2004

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

Industrial sector and item	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
ALL INDUSTRIAL SECTORS [1]						
Number of returns, total [2].....	4,935,904	5,045,274	5,135,591	5,266,607	5,401,237	5,557,965
Number with net income [2].....	2,812,175	2,819,153	2,822,302	2,800,517	2,932,115	3,116,468
Total assets [3].....	41,464,152,854	47,026,871,874	49,154,424,202	50,413,501,942	53,644,784,683	60,117,759,331
Net worth [3].....	15,362,860,996	17,348,650,369	17,614,743,174	17,545,109,175	18,818,686,574	20,814,368,622
Total receipts [4].....	18,892,385,694	20,605,808,071	20,272,957,624	19,749,426,052	20,689,574,291	22,711,863,939
Business receipts [4,5].....	16,313,971,385	17,636,551,349	17,504,288,630	17,297,125,146	18,264,393,899	19,975,875,761
Interest received [4,6].....	1,353,552,485	1,628,041,441	1,499,683,236	1,233,298,115	1,132,675,179	1,337,625,869
Total deductions [4].....	17,966,972,060	19,691,591,726	19,682,982,949	19,198,882,118	19,940,594,557	21,636,155,758
Cost of goods sold [4].....	10,284,098,039	11,135,287,909	11,041,533,030	10,607,404,004	11,318,644,763	12,497,904,654
Interest paid.....	1,018,972,484	1,271,678,744	1,203,045,923	912,751,562	818,016,806	938,790,256
Net income (less deficit) [4].....	928,955,528	927,525,517	603,623,352	563,656,558	779,988,635	1,111,692,655
Net income [4].....	1,229,295,911	1,336,619,605	1,112,480,551	1,053,126,217	1,175,608,990	1,455,796,796
Deficit [4].....	300,340,383	409,094,088	508,857,198	489,469,660	395,620,355	344,104,141
Total income tax [7].....	241,987,588	266,281,801	220,874,245	209,691,130	243,822,946	299,555,304
Regular tax.....	238,722,344	262,232,738	218,675,610	207,056,104	241,275,165	296,200,379
Total income tax after credits.....	193,027,641	204,043,788	166,711,988	153,612,870	177,517,404	224,435,343
AGRICULTURE, FORESTRY, HUNTING, AND FISHING [1]						
Number of returns, total [2].....	141,678	140,851	140,806	140,223	143,019	141,553
Number with net income [2].....	73,861	79,678	74,106	65,499	77,281	74,061
Total assets [3].....	102,896,414	105,715,035	104,902,187	105,500,630	111,325,927	118,719,286
Net worth [3].....	37,991,103	38,692,638	36,636,289	35,767,420	37,169,357	38,209,429
Total receipts [4].....	115,897,645	117,135,698	115,434,441	119,151,243	125,741,451	136,705,535
Business receipts [4].....	104,645,084	106,085,760	102,909,416	107,931,393	113,828,382	124,699,127
Interest received [4,6].....	677,020	622,013	541,280	374,767	368,971	334,422
Total deductions [4].....	114,521,646	115,914,854	114,621,084	119,774,426	124,462,063	134,140,348
Cost of goods sold [4].....	58,439,010	59,844,373	54,841,323	60,121,105	62,045,324	67,605,321
Interest paid.....	3,460,472	3,580,884	3,280,134	2,923,041	2,733,424	2,777,471
Net income (less deficit) [4].....	1,388,996	1,220,273	1,064,909	-587,571	1,332,547	2,580,512
Net income [4].....	5,938,589	6,135,371	5,981,691	4,852,284	6,339,974	7,704,650
Deficit [4].....	4,549,592	4,915,098	4,916,782	5,439,855	5,007,428	5,124,138
Total income tax [7].....	602,018	563,797	619,708	403,902	644,189	825,138
Regular tax.....	592,430	553,484	615,617	399,926	635,750	817,962
Total income tax after credits.....	544,293	553,231	514,046	386,944	592,886	801,210
MINING [1]						
Number of returns, total [2].....	30,849	32,578	31,776	30,287	30,252	30,909
Number with net income [2].....	15,291	18,430	18,942	15,095	17,152	16,513
Total assets [3].....	358,374,736	410,747,979	448,910,140	449,429,859	421,276,319	478,698,533
Net worth [3].....	178,084,613	198,479,943	231,706,800	233,250,469	196,639,943	223,379,428
Total receipts [4].....	124,847,341	158,618,629	169,539,555	157,298,844	194,190,254	232,552,316
Business receipts [4].....	109,685,715	140,917,053	151,151,906	142,247,484	178,319,223	212,694,107
Interest received [4,6].....	4,710,874	4,926,125	4,088,184	3,225,286	3,174,095	2,681,500
Total deductions [4].....	125,494,571	149,060,709	160,816,530	156,911,742	184,237,912	214,322,152
Cost of goods sold [4].....	63,289,692	75,033,998	80,548,021	78,092,277	98,177,788	114,712,975
Interest paid.....	9,008,339	10,125,194	9,923,985	9,016,218	9,240,463	9,105,520
Net income (less deficit) [4].....	-134,901	10,355,698	9,406,304	1,344,239	10,683,846	18,694,454
Net income [4].....	8,519,139	15,616,089	16,240,479	9,851,990	17,265,488	24,028,229
Deficit [4].....	8,654,040	5,260,391	6,834,176	8,507,752	6,581,642	5,333,776
Total income tax [7].....	1,770,981	3,231,554	3,026,385	2,087,504	3,547,275	5,042,652
Regular tax.....	1,615,297	3,091,343	2,900,460	1,993,356	3,453,291	4,818,960
Total income tax after credits.....	1,064,375	2,050,087	2,064,114	1,010,103	2,030,356	3,416,154

Footnotes at end of table.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1999-2004--Continued

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

Industrial sector and item	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
UTILITIES [1]						
Number of returns, total [2].....	7,044	7,968	7,802	7,863	8,504	7,096
Number with net income [2].....	4,620	4,276	3,855	3,934	4,425	3,232
Total assets [3].....	1,171,606,471	1,556,911,256	1,515,428,318	1,458,642,427	1,454,677,579	1,401,081,845
Net worth [3].....	374,868,607	382,030,374	381,352,597	381,185,739	364,426,969	363,900,672
Total receipts [4].....	516,184,353	756,808,494	1,051,655,475	578,342,692	560,857,066	569,459,220
Business receipts [4].....	478,836,511	707,815,083	1,004,358,112	537,883,736	521,884,927	526,159,723
Interest received [4.6].....	9,222,895	12,932,306	13,035,317	12,550,519	10,492,402	9,964,985
Total deductions [4].....	477,659,203	728,553,279	1,036,080,852	580,005,825	566,004,187	565,956,277
Cost of goods sold [4].....	301,858,130	517,574,723	795,765,082	340,182,014	324,140,437	314,958,710
Interest paid.....	30,445,753	39,224,772	42,280,631	41,316,770	38,760,041	38,017,277
Net income (less deficit) [4].....	39,017,164	29,169,974	16,804,566	-1,046,609	-4,728,496	4,162,291
Net income [4].....	42,332,613	35,279,980	28,734,461	22,596,105	14,461,224	18,143,912
Deficit [4].....	3,315,449	6,110,006	11,929,895	23,642,715	19,189,721	13,981,621
Total income tax [7].....	14,087,853	10,617,977	9,151,930	6,504,039	4,565,498	4,748,806
Regular tax.....	13,916,825	10,420,441	9,071,527	6,382,751	4,483,781	4,603,159
Total income tax after credits.....	12,912,267	9,383,513	7,718,038	5,296,222	3,502,071	4,021,307
CONSTRUCTION [1]						
Number of returns, total [2].....	580,302	597,902	624,478	648,535	676,120	721,803
Number with net income [2].....	374,809	373,746	376,822	382,349	401,721	440,009
Total assets [3].....	463,072,728	504,719,698	525,704,293	540,502,611	566,392,613	613,627,200
Net worth [3].....	139,215,432	149,948,101	150,498,208	163,014,462	154,875,559	174,113,387
Total receipts [4].....	990,661,562	1,051,896,139	1,102,724,183	1,098,818,871	1,147,627,639	1,263,428,190
Business receipts [4].....	973,521,174	1,034,087,166	1,084,579,920	1,080,555,117	1,128,834,453	1,240,498,487
Interest received [4.6].....	3,050,095	3,466,222	3,062,738	2,474,298	2,565,635	1,988,752
Total deductions [4].....	957,850,706	1,019,743,542	1,070,080,498	1,070,369,680	1,118,068,122	1,216,753,050
Cost of goods sold [4].....	734,146,024	776,692,461	809,614,689	799,324,059	832,053,060	917,081,208
Interest paid.....	8,717,303	10,202,001	10,270,932	9,289,390	9,720,872	8,708,836
Net income (less deficit) [4].....	32,654,317	32,067,010	32,537,032	28,357,934	29,368,117	46,624,667
Net income [4].....	42,285,794	43,775,887	46,179,690	45,359,266	48,125,249	61,975,540
Deficit [4].....	9,631,477	11,708,877	13,642,657	17,001,332	18,757,132	15,350,873
Total income tax [7].....	4,375,585	4,460,645	4,543,459	4,221,133	4,598,022	6,541,911
Regular tax.....	4,280,010	4,373,768	4,497,744	4,178,296	4,560,661	6,502,200
Total income tax after credits.....	4,142,447	4,308,656	4,435,401	4,104,446	4,471,956	6,380,535
MANUFACTURING [1]						
Number of returns, total [2].....	297,714	288,506	278,995	280,185	281,239	281,448
Number with net income [2].....	184,923	168,580	147,291	149,710	145,867	157,194
Total assets [3].....	6,812,198,288	7,830,525,859	8,100,072,543	8,202,169,904	8,827,565,222	9,283,378,051
Net worth [3].....	2,347,201,417	2,919,128,199	2,949,917,887	2,975,211,477	3,259,807,483	3,088,413,787
Total receipts [4].....	5,207,025,164	5,741,290,322	5,315,598,814	5,257,106,442	5,642,551,645	6,356,737,563
Business receipts [4].....	4,801,823,220	5,259,173,394	4,862,174,424	4,822,650,951	5,194,506,715	5,893,334,570
Interest received [4.6].....	113,423,902	136,081,123	130,752,374	119,947,354	117,887,111	122,678,548
Total deductions [4].....	4,996,507,899	5,514,263,661	5,228,295,401	5,178,748,932	5,509,877,426	6,119,409,848
Cost of goods sold [4].....	3,278,506,854	3,646,003,664	3,402,032,548	3,353,642,529	3,691,657,743	4,271,352,777
Interest paid.....	184,827,327	216,950,701	210,704,804	184,028,822	175,745,011	178,882,213
Net income (less deficit) [4].....	247,281,612	271,917,037	129,096,121	119,275,059	186,085,821	291,038,821
Net income [4].....	311,008,480	355,433,559	269,346,456	245,134,412	284,701,913	367,099,948
Deficit [4].....	63,726,868	83,516,521	140,250,335	125,859,352	98,616,092	76,061,127
Total income tax [7].....	87,650,593	102,107,461	76,141,754	68,531,196	82,534,697	103,085,466
Regular tax.....	86,663,477	100,717,097	75,778,613	67,606,219	82,027,984	102,235,875
Total income tax after credits.....	56,836,653	62,146,298	43,292,557	34,400,275	42,840,125	58,302,629

Footnotes at end of table.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1999-2004--Continued

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

Industrial sector and item	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
WHOLESALE AND RETAIL TRADE [1]						
Number of returns, total [2].....	948,371	959,575	963,403	964,523	975,011	1,001,211
Number with net income [2].....	567,059	547,118	552,571	514,346	538,287	583,677
Total assets [3].....	2,136,070,543	2,307,635,980	2,311,538,349	2,412,864,112	2,458,482,333	2,958,971,634
Net worth [3].....	697,058,437	752,937,787	775,273,224	812,930,683	859,282,017	1,138,704,327
Total receipts [4].....	4,913,443,742	5,397,024,981	5,312,289,788	5,403,353,886	5,736,011,994	6,309,079,027
Business receipts [4].....	4,789,438,632	5,267,581,834	5,183,197,415	5,278,843,887	5,601,105,942	6,167,364,953
Interest received [4,6].....	25,791,809	27,158,306	21,959,651	19,509,672	17,660,874	19,835,305
Total deductions [4].....	4,823,250,170	5,314,154,542	5,239,282,835	5,318,817,046	5,631,362,037	6,151,228,225
Cost of goods sold [4].....	3,713,954,583	4,116,888,584	4,036,920,370	4,083,064,952	4,352,429,283	4,825,090,465
Interest paid.....	59,036,213	68,090,598	59,251,050	50,534,463	46,478,485	44,393,497
Net income (less deficit) [4].....	91,938,690	85,176,192	75,366,514	87,018,582	108,098,908	161,987,422
Net income [4].....	133,647,997	139,241,630	128,763,355	135,027,304	154,567,691	196,669,777
Deficit [4].....	41,709,307	54,065,438	53,396,841	48,008,722	46,468,782	34,682,355
Total income tax [7].....	27,897,471	29,752,161	26,419,726	27,469,057	32,256,691	42,766,473
Regular tax.....	27,586,344	29,389,721	26,309,437	27,296,326	32,120,034	42,699,804
Total income tax after credits.....	25,958,590	27,782,180	24,749,298	25,568,842	29,692,890	38,860,965
TRANSPORTATION AND WAREHOUSING [1]						
Number of returns, total [2].....	160,195	160,437	164,492	177,745	182,881	182,614
Number with net income [2].....	85,618	84,271	84,837	91,226	95,352	99,790
Total assets [3].....	495,262,107	531,565,047	531,565,543	536,270,300	558,278,543	569,991,323
Net worth [3].....	168,809,002	166,587,366	156,710,830	144,702,207	156,846,724	149,624,391
Total receipts [4].....	506,307,909	527,167,358	516,415,672	533,613,159	571,417,174	623,192,018
Business receipts [4].....	485,223,550	505,713,781	493,765,699	510,816,998	547,730,745	599,482,798
Interest received [4,6].....	4,952,614	5,821,233	4,819,977	3,982,958	3,026,793	3,424,815
Total deductions [4].....	496,110,964	519,789,746	523,754,808	542,412,614	570,180,006	618,120,932
Cost of goods sold [4].....	144,954,534	162,300,008	143,664,961	151,927,768	193,253,719	197,138,222
Interest paid.....	14,114,833	15,623,451	14,544,173	19,266,450	12,624,295	12,097,700
Net income (less deficit) [4].....	10,441,695	7,913,968	-7,061,072	-8,648,139	1,608,015	5,724,498
Net income [4].....	18,783,289	19,125,558	14,117,899	14,490,713	15,802,242	21,741,796
Deficit [4].....	8,341,594	11,211,590	21,178,971	23,138,852	14,194,227	16,017,298
Total income tax [7].....	4,556,134	4,328,980	3,061,717	2,915,569	3,165,216	4,744,118
Regular tax.....	4,442,795	4,238,681	2,965,899	2,817,395	3,152,330	4,728,573
Total income tax after credits.....	3,944,800	3,745,610	2,836,333	2,725,995	2,740,308	4,380,591
INFORMATION [1]						
Number of returns, total [2].....	107,628	118,073	115,435	120,271	119,875	123,862
Number with net income [2].....	50,591	51,357	47,156	49,492	54,608	59,378
Total assets [3].....	2,321,203,242	3,034,923,999	3,149,915,940	2,993,759,005	2,691,139,228	2,911,041,941
Net worth [3].....	967,927,509	1,343,743,493	1,361,280,253	1,273,397,574	1,182,146,927	1,299,070,370
Total receipts [4].....	889,706,510	967,190,036	946,598,108	909,195,188	938,674,058	993,365,314
Business receipts [4].....	760,824,421	817,186,647	815,772,817	799,441,224	822,160,145	864,308,201
Interest received [4,6].....	31,706,595	40,293,352	37,267,880	32,097,945	28,478,715	31,480,433
Total deductions [4].....	851,795,719	963,202,354	986,220,330	946,955,633	947,864,644	974,681,257
Cost of goods sold [4].....	202,700,271	220,902,262	213,276,295	205,183,275	213,052,675	208,160,936
Interest paid.....	61,139,001	73,850,231	76,883,082	69,536,498	62,442,478	65,329,075
Net income (less deficit) [4].....	39,705,442	5,888,634	-37,658,246	-33,996,597	-3,996,010	22,530,595
Net income [4].....	94,470,726	92,587,270	59,616,076	48,623,452	55,309,436	75,717,085
Deficit [4].....	54,765,284	86,698,635	97,274,322	82,620,049	59,305,447	53,186,490
Total income tax [7].....	25,266,589	25,616,216	16,406,635	12,104,214	14,026,180	17,823,432
Regular tax.....	25,200,587	24,990,024	16,309,070	12,076,847	13,897,774	17,622,018
Total income tax after credits.....	23,070,009	21,997,317	11,797,175	7,795,636	10,295,637	14,108,478

Footnotes at end of table.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1999-2004--Continued

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

Industrial sector and item	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
FINANCE AND INSURANCE [1]						
Number of returns, total [2].....	217,780	221,394	220,895	224,352	234,746	239,011
Number with net income [2].....	134,024	140,245	140,018	141,771	153,780	161,260
Total assets [3].....	19,824,587,927	20,812,549,796	21,088,851,299	21,937,110,016	24,336,630,885	27,069,358,567
Net worth [3].....	8,940,180,581	9,508,950,313	9,559,259,468	9,422,754,290	10,639,646,968	11,776,474,795
Total receipts [4].....	3,008,131,381	2,915,539,562	2,621,771,654	2,605,571,614	2,575,206,914	2,872,973,263
Business receipts [4,5].....	1,740,167,487	1,525,629,096	1,430,898,834	1,573,271,535	1,571,588,951	1,689,658,323
Interest received [4,6].....	811,320,049	936,422,920	806,514,689	660,002,353	593,235,118	718,132,073
Total deductions [4].....	2,610,951,725	2,499,971,633	2,321,050,152	2,324,723,707	2,240,823,839	2,483,745,264
Cost of goods sold [4].....	1,162,852,049	875,995,480	828,320,672	835,466,854	818,675,183	864,897,821
Interest paid.....	392,893,417	474,253,886	421,275,484	291,740,227	249,072,837	341,933,616
Net income (less deficit) [4].....	360,667,738	379,017,708	268,142,171	247,012,845	303,014,325	363,427,888
Net income [4].....	393,580,700	422,936,185	328,604,216	304,543,767	341,858,827	395,630,979
Deficit [4].....	32,912,962	43,918,477	60,462,045	57,530,922	38,844,502	32,203,090
Total income tax [7].....	40,300,522	43,609,913	39,068,012	41,867,335	52,991,696	58,328,665
Regular tax.....	39,435,856	42,763,433	37,998,253	40,872,057	51,620,051	56,789,596
Total income tax after credits.....	33,861,687	36,939,212	34,189,718	36,100,698	44,306,591	48,224,782
REAL ESTATE AND RENTAL AND LEASING [1]						
Number of returns, total [2].....	521,447	532,426	539,965	570,639	577,400	603,789
Number with net income [2].....	207,998	212,683	203,699	207,925	219,872	242,527
Total assets [3].....	555,038,279	562,512,765	553,968,402	538,584,064	559,092,671	629,103,950
Net worth [3].....	148,473,459	155,887,764	151,968,943	147,198,160	161,103,312	181,983,422
Total receipts [4].....	215,874,696	235,179,818	239,598,864	230,647,035	233,291,211	253,829,490
Business receipts [4,5].....	185,450,183	204,519,672	207,454,856	205,206,751	207,243,701	222,627,250
Interest received [4,6].....	6,782,681	5,525,181	4,864,674	4,046,822	4,213,588	4,175,604
Total deductions [4].....	209,273,861	228,930,442	234,230,846	227,363,978	227,270,188	244,141,376
Cost of goods sold [4].....	44,747,394	50,813,666	48,227,121	50,124,303	47,394,165	42,510,921
Interest paid.....	16,981,007	18,199,502	19,896,544	14,123,528	13,675,965	13,218,349
Net income (less deficit) [4].....	6,486,094	6,137,855	5,360,069	3,253,378	6,062,925	9,553,391
Net income [4].....	17,966,220	19,286,447	18,754,185	18,134,864	21,144,158	27,733,716
Deficit [4].....	11,480,126	13,148,592	13,394,117	14,881,486	15,081,233	18,180,325
Total income tax [7].....	2,530,093	2,454,250	2,361,366	2,012,011	2,370,340	3,002,951
Regular tax.....	2,377,866	2,376,474	2,321,058	1,974,547	2,314,379	2,940,766
Total income tax after credits.....	2,395,153	2,347,572	2,218,940	1,958,106	2,308,035	2,926,851
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES [1]						
Number of returns, total [2].....	657,153	689,412	709,837	736,005	760,087	779,510
Number with net income [2].....	409,951	409,706	416,900	429,535	444,869	471,513
Total assets [3].....	373,290,013	499,987,766	483,351,824	484,691,832	507,815,971	559,824,879
Net worth [3].....	139,391,301	213,025,814	189,543,565	171,783,018	181,546,066	195,287,569
Total receipts [4].....	604,083,026	658,747,358	665,085,183	683,879,755	720,418,313	753,589,775
Business receipts [4].....	576,276,292	623,368,137	631,691,343	651,992,903	691,608,915	721,645,865
Interest received [4,6].....	4,427,474	7,621,540	6,196,145	4,668,720	3,889,678	4,222,499
Total deductions [4].....	591,035,814	666,570,144	671,016,867	681,976,681	711,836,442	736,309,743
Cost of goods sold [4].....	183,976,411	202,015,796	189,914,383	199,415,154	202,329,198	210,705,479
Interest paid.....	7,612,211	10,317,850	9,404,961	9,040,336	8,682,585	9,162,932
Net income (less deficit) [4].....	13,263,768	-7,551,100	-5,614,567	2,463,356	9,277,744	17,864,065
Net income [4].....	39,516,735	42,508,155	41,323,639	42,831,929	44,316,435	52,201,791
Deficit [4].....	26,252,968	50,059,255	46,938,207	40,368,574	35,038,691	34,337,726
Total income tax [7].....	4,784,997	4,910,603	3,943,006	3,769,108	3,671,651	4,618,196
Regular tax.....	4,735,208	4,879,740	3,931,563	3,736,566	3,682,859	4,555,118
Total income tax after credits.....	4,088,564	4,394,637	3,277,227	3,191,317	3,066,840	3,979,966

Footnotes at end of table.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1999-2004--Continued

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

Industrial sector and item	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
MANAGEMENT OF COMPANIES						
(HOLDING COMPANIES) [1]						
Number of returns, total [2].....	43,246	47,542	47,866	48,053	46,887	49,800
Number with net income [2].....	17,304	20,979	19,818	21,267	18,786	18,672
Total assets [3].....	5,936,042,852	7,917,530,297	9,356,898,892	9,739,201,697	10,094,909,965	12,443,130,858
Net worth [3].....	937,394,942	1,237,344,020	1,386,169,730	1,482,596,398	1,311,562,906	1,845,689,046
Total receipts [4].....	518,531,619	693,453,386	788,062,467	689,799,466	677,082,366	728,911,434
Business receipts [4]	91,583,476	127,242,280	175,450,783	170,514,329	190,225,987	170,830,009
Interest received [4,6].....	327,262,346	435,503,757	457,053,813	361,954,366	339,679,108	409,980,444
Total deductions [4].....	457,651,453	613,412,225	702,054,817	602,603,758	581,498,091	640,444,739
Cost of goods sold [4].....	1,341,171	7,403,101	18,585,287	11,077,288	9,517,497	5,467,190
Interest paid	198,179,812	293,846,786	290,735,669	186,561,412	158,380,777	184,867,911
Net income (less deficit) [4].....	58,098,072	78,208,116	83,216,188	84,572,187	93,462,818	116,033,731
Net income [4].....	63,362,066	83,529,280	89,526,734	94,494,581	100,808,637	121,893,451
Deficit [4].....	5,263,994	5,321,164	6,310,546	9,922,394	7,345,819	5,859,720
Total income tax [7].....	20,151,630	26,800,031	28,535,815	30,444,748	32,182,303	38,654,549
Regular tax	20,060,393	26,708,372	28,461,711	30,408,844	32,122,396	38,562,149
Total income tax after credits.....	17,557,723	21,745,792	23,256,377	24,905,354	25,674,080	31,399,638
ADMINISTRATIVE AND SUPPORT						
AND WASTE MANAGEMENT AND						
REMEDIAION SERVICES [1]						
Number of returns, total [2].....	205,011	211,993	223,999	231,412	242,904	245,725
Number with net income [2].....	120,197	128,738	135,234	134,003	151,327	150,400
Total assets [3].....	203,660,243	218,894,160	231,139,131	258,705,414	274,758,410	276,397,743
Net worth [3].....	63,853,465	61,423,215	64,950,551	77,291,090	80,911,300	88,964,050
Total receipts [4].....	296,911,229	325,399,872	352,935,179	350,216,846	377,940,515	416,277,503
Business receipts [4]	283,700,509	313,932,798	339,002,912	338,209,323	359,890,965	397,881,553
Interest received [4,6].....	2,466,255	2,281,559	1,790,626	1,881,731	2,080,683	3,230,355
Total deductions [4].....	290,332,899	321,181,269	345,441,035	345,261,614	370,864,108	405,784,490
Cost of goods sold [4].....	132,743,416	138,959,356	152,621,002	149,702,110	170,893,885	182,110,622
Interest paid	6,037,846	7,500,383	7,002,692	6,199,583	6,503,972	7,523,112
Net income (less deficit) [4].....	7,193,907	4,337,453	7,609,771	5,036,076	7,194,381	10,594,085
Net income [4].....	12,185,525	12,211,170	14,784,895	13,491,618	14,226,924	18,432,328
Deficit [4].....	4,991,618	7,873,717	7,175,123	8,455,542	7,032,543	7,838,244
Total income tax [7].....	1,759,550	1,544,394	1,951,046	1,605,012	1,304,340	1,876,213
Regular tax	1,724,934	1,530,854	1,928,166	1,586,118	1,270,470	1,869,703
Total income tax after credits.....	1,345,004	1,278,157	1,520,665	1,393,675	1,092,221	1,463,551
EDUCATIONAL SERVICES [1]						
Number of returns, total [2].....	35,196	36,756	38,480	41,317	44,059	43,956
Number with net income [2].....	22,139	23,516	19,336	20,525	21,688	24,789
Total assets [3].....	13,290,030	15,347,835	16,497,219	16,492,830	19,947,248	22,234,648
Net worth [3].....	4,890,418	5,899,320	6,192,337	6,195,219	7,265,582	8,548,807
Total receipts [4].....	23,083,618	25,236,070	26,922,736	25,972,274	30,684,279	33,315,699
Business receipts [4]	20,532,679	22,021,416	25,148,309	24,509,009	29,746,218	32,364,218
Interest received [4,6].....	108,347	159,191	113,946	90,703	86,397	85,530
Total deductions [4].....	22,520,730	24,488,516	26,509,597	24,969,680	29,222,310	30,945,287
Cost of goods sold [4].....	4,264,602	4,195,289	4,820,315	3,955,244	4,895,886	4,548,507
Interest paid	288,455	346,595	338,259	322,399	312,979	337,689
Net income (less deficit) [4].....	559,735	743,338	420,744	1,005,660	1,457,306	2,352,859
Net income [4].....	1,303,279	1,758,495	1,641,837	1,877,456	2,352,880	3,088,203
Deficit [4].....	743,543	1,015,157	1,221,094	871,796	895,575	735,344
Total income tax [7].....	176,634	297,442	229,931	264,236	341,140	471,540
Regular tax	175,768	296,332	229,079	263,846	337,968	470,375
Total income tax after credits.....	169,169	287,334	218,742	248,573	331,442	462,127

Footnotes at end of table.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1999-2004--Continued

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

Industrial sector and item	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
HEALTH CARE AND SOCIAL ASSISTANCE [1]						
Number of returns, total [2].....	303,499	306,352	327,338	334,305	354,603	370,384
Number with net income [2].....	179,919	188,153	207,968	209,306	224,155	232,498
Total assets [3].....	216,011,347	220,349,973	213,775,949	214,329,877	229,814,061	219,757,920
Net worth [3].....	65,619,372	64,661,550	56,901,435	61,960,368	64,342,783	63,014,829
Total receipts [4].....	385,912,697	417,490,766	443,351,714	463,253,527	503,083,460	506,457,947
Business receipts [4].....	371,442,071	403,580,914	429,190,484	448,427,967	488,409,511	491,856,539
Interest received [4,6].....	1,808,445	2,067,609	1,798,075	1,320,255	1,270,834	860,519
Total deductions [4].....	380,770,874	409,842,606	430,956,238	446,522,542	484,367,139	486,082,244
Cost of goods sold [4].....	46,030,202	53,847,300	54,435,340	54,589,386	58,438,250	47,933,085
Interest paid.....	7,731,279	8,324,621	7,640,537	6,462,090	6,582,610	6,356,863
Net income (less deficit) [4].....	5,076,755	7,649,931	12,335,681	16,631,149	18,630,604	20,261,024
Net income [4].....	15,190,047	17,011,710	20,364,434	23,695,054	25,543,515	29,171,822
Deficit [4].....	10,113,292	9,361,779	8,028,753	7,063,905	6,912,911	8,910,798
Total income tax [7].....	1,779,862	1,663,812	1,774,653	2,059,337	2,137,289	2,547,764
Regular tax.....	1,762,161	1,651,580	1,771,057	2,053,582	2,123,128	2,537,275
Total income tax after credits.....	1,726,157	1,559,356	1,741,421	2,011,275	2,087,431	2,478,422
ARTS, ENTERTAINMENT, AND RECREATION [1]						
Number of returns, total [2].....	93,922	97,866	102,631	110,609	110,119	118,854
Number with net income [2].....	44,376	44,318	48,884	53,390	50,037	56,319
Total assets [3].....	81,870,705	75,631,069	78,565,805	79,600,495	79,164,279	80,800,048
Net worth [3].....	22,987,987	19,953,303	19,144,846	19,238,866	17,869,953	19,005,119
Total receipts [4].....	76,849,223	70,085,901	75,491,312	78,918,432	76,855,082	82,695,345
Business receipts [4].....	70,756,712	64,157,666	69,089,923	72,674,159	69,877,627	75,408,648
Interest received [4,6].....	1,001,877	1,067,454	1,000,658	811,809	743,741	698,005
Total deductions [4].....	76,004,686	69,649,259	75,071,517	78,066,513	75,624,795	79,934,546
Cost of goods sold [4].....	15,558,840	14,012,402	14,108,775	15,445,331	14,036,996	14,565,149
Interest paid.....	3,153,120	3,133,918	3,330,751	2,936,172	2,784,090	2,671,438
Net income (less deficit) [4].....	821,493	413,339	402,181	852,149	1,227,441	2,759,386
Net income [4].....	4,931,288	5,038,654	5,233,174	5,346,441	5,338,360	6,479,577
Deficit [4].....	4,109,794	4,625,314	4,830,992	4,494,292	4,110,919	3,720,191
Total income tax [7].....	498,551	508,011	396,641	349,418	299,303	420,860
Regular tax.....	452,837	494,747	392,960	344,655	291,786	412,468
Total income tax after credits.....	452,800	447,722	351,460	294,113	252,586	359,637
ACCOMMODATION, FOOD SERVICES, AND DRINKING PLACES [1]						
Number of returns, total [2].....	252,113	257,525	259,465	271,527	278,722	280,517
Number with net income [2].....	122,757	134,231	134,539	136,427	135,243	142,747
Total assets [3].....	307,607,229	326,257,810	344,864,784	352,661,519	357,413,221	384,458,061
Net worth [3].....	97,933,991	99,048,857	103,668,236	108,766,030	113,180,184	129,857,001
Total receipts [4].....	342,083,590	375,040,371	353,715,274	399,787,328	407,107,664	404,940,759
Business receipts [4].....	318,528,271	346,989,626	328,552,525	372,418,853	382,358,626	376,304,669
Interest received [4,6].....	3,924,941	4,529,172	3,978,882	3,834,780	3,306,364	3,446,590
Total deductions [4].....	332,848,457	364,913,806	345,725,252	391,952,542	400,097,877	393,092,213
Cost of goods sold [4].....	131,317,833	143,111,384	122,785,758	152,332,352	158,705,517	141,021,530
Interest paid.....	12,290,148	14,325,258	13,229,659	12,583,288	11,730,733	10,981,638
Net income (less deficit) [4].....	10,066,516	10,316,662	8,198,950	8,033,793	7,157,592	12,207,573
Net income [4].....	16,629,585	17,113,147	15,491,509	15,772,353	15,472,058	20,442,338
Deficit [4].....	6,563,069	6,796,485	7,292,559	7,738,560	8,314,466	8,234,764
Total income tax [7].....	3,128,707	3,104,821	2,623,444	2,567,514	2,509,150	3,486,686
Regular tax.....	3,036,759	3,049,904	2,576,230	2,551,626	2,501,073	3,468,773
Total income tax after credits.....	2,315,528	2,390,708	1,947,518	1,740,440	1,711,725	2,344,171

Footnotes at end of table.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1999-2004--Continued

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

Industrial sector and item	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
OTHER SERVICES [1]						
Number of returns, total [2].....	305,725	316,138	325,602	321,134	329,336	332,662
Number with net income [2].....	183,395	182,268	187,784	173,951	176,351	180,415
Total assets [3].....	90,106,610	93,844,830	98,164,009	92,666,071	95,847,187	97,029,940
Net worth [3].....	30,783,792	30,704,809	33,548,788	27,827,023	29,946,557	29,981,654
Total receipts [4].....	151,673,526	170,060,184	174,835,529	164,353,067	170,732,940	174,224,783
Business receipts [4]	146,498,454	164,175,721	168,989,458	159,401,281	164,976,728	168,627,539
Interest received [4,6].....	907,132	1,561,266	840,414	522,003	515,071	405,480
Total deductions [4].....	147,324,436	165,502,185	170,800,214	161,284,099	166,821,367	170,980,294
Cost of goods sold [4].....	61,680,640	68,810,776	70,937,697	63,754,139	66,924,017	68,043,735
Interest paid	2,844,964	3,748,882	3,035,734	2,472,820	2,538,029	2,425,120
Net income (less deficit) [4].....	4,317,819	4,547,256	4,039,477	3,094,837	4,062,491	3,250,105
Net income [4].....	7,191,706	7,811,408	7,750,193	6,976,867	7,962,590	7,589,437
Deficit [4].....	2,873,886	3,264,152	3,710,716	3,882,031	3,900,100	4,339,332
Total income tax [7].....	665,085	697,705	616,629	515,266	677,787	568,422
Regular tax	658,064	694,957	614,779	513,131	679,269	564,145
Total income tax after credits.....	637,689	674,380	580,567	480,323	520,041	522,868

[1] Industrial classification is based on the product or service accounting for the largest percentage of "total receipts." (Total receipts are the sum of business or gross receipts, plus capital gains and income from investments, including rentals.) This classification is based on the North American Industry Classification System (NAICS). The system was intended for Governmentwide use in classifying business statistics. (For information about NAICS and its usage in Canadian, Mexican, and U.S. Government statistics, see the *Statistics of Income Bulletin*, Summer 1997, Volume 17, Number 1, pp. 3-5.) If information for the business activity and product was not discernible from the corporation income tax return, the return was classified as with nature of business "not allocable." Data for nature of business "not allocable" are included in the totals for "all industrial sectors," but are not shown separately. Therefore, in addition to rounding differences, the statistics by industrial division or sector will not add to their respective grand totals.

[2] See Table 13, footnote 1.

[3] Balance sheet data are end-of-year amounts. Net worth is the sum of "capital stock," "additional paid-in capital," "retained earnings, appropriated," "retained earnings, unappropriated," and "adjustments to shareholders' equity" minus "cost of treasury stock." Each of these amounts is presented separately in Table 13.

[4] See Table 13, footnotes 10 and 14.

[5] See Table 13, footnote 11.

[6] Interest received is the sum of "interest on State and local government obligations" (i.e., tax-exempt interest) and "other interest" (which includes interest paid by banking and savings institutions). Data for both of these amounts are presented separately in Table 13. See also Table 13, footnote 12.

[7] In addition to regular tax, includes certain other taxes either shown separately in Table 13 or mentioned in Table 13, footnote 18.

NOTES: Statistics are for corporate accounting periods ended July of one year through June of the next. Thus, for example, data for 2004 are for accounting periods ended July 2004 through June 2005. Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data.

Selected Historical and Other Data

Table 15.--Corporation Profits Before Tax per National Income and Product Accounts (NIPA) and per Statistics of Income (SOI), and Income Subject to Tax per SOI, Income Years 1960-2004

[All figures are estimates--money amounts are in billions of dollars]

Income year	Profits before tax (per NIPA) [1,2]	Net income (less deficit) (per SOI) [3]	Income subject to tax (per SOI) [3,4]
	(1)	(2)	(3)
1960.....	51.6	43.5	47.2
1961.....	51.6	45.9	47.9
1962.....	57.0	49.6	51.7
1963.....	62.1	54.3	54.3
1964.....	69.1	61.6	60.4
1965.....	80.2	73.9	70.8
1966.....	86.7	80.5	77.1
1967.....	83.5	78.2	74.8
1968.....	92.4	86.0	81.4
1969.....	91.4	80.2	81.2
1970.....	81.0	65.9	72.4
1971.....	92.9	79.7	83.2
1972.....	107.8	96.8	95.1
1973.....	134.8	120.4	115.5
1974.....	147.8	148.2	144.0
1975.....	145.5	142.6	146.6
1976.....	179.7	185.4	183.5
1977.....	210.4	219.2	212.5
1978.....	246.1	246.9	239.6
1979.....	271.9	284.6	279.4
1980.....	253.5	239.0	246.6
1981.....	243.7	213.6	241.5
1982.....	198.5	154.3	205.2
1983.....	233.9	188.3	218.7
1984.....	268.6	232.9	257.1
1985.....	257.4	240.1	266.1
1986.....	246.0	269.5	276.2
1987.....	317.6	328.2	311.8
1988.....	386.1	413.0	383.2
1989.....	383.7	389.0	371.1
1990.....	409.5	370.6	366.4
1991.....	423.0	344.9	350.0
1992.....	461.1	402.0	377.9
1993.....	517.1	498.2	436.8
1994.....	577.1	577.3	494.0
1995.....	674.3	714.2	564.7
1996.....	733.0	806.5	639.8
1997.....	798.2	915.4	683.8
1998.....	718.3	838.2	663.4
1999.....	775.9	929.0	693.7
2000.....	773.4	927.5	760.4
2001.....	707.9	603.6	635.3
2002.....	768.4	563.7	600.6
2003.....	901.8	780.0	699.3
2004.....	1,144.3	1,111.7	857.4

[1] In general, includes profits of U.S. corporations filing income tax returns as recorded in Statistics of Income, but with exceptions and adjustments (see below). Also includes profits of nonprofit institutions that primarily serve business and income of Federal Reserve Banks and Federally-sponsored credit agencies. However, profits of S corporations, only partially included in Statistics of Income data for recent years, are excluded from profits in the National Income and Product Accounts (NIPAs) and are treated, instead, as "personal income" (see Table 4). For other corporations excluded in NIPA profits, see footnote 2, below, and footnote 1, Table 13. Compared to Statistics of Income net income, profits for NIPA purposes are defined to include tax-exempt interest on State and local government obligations, but to exclude capital gains and losses, intercorporate dividends received, depletion, and bad debt losses. Consistent with Statistics of Income, NIPA profits reflect the inventory and depreciation accounting practices used for tax purposes. NIPA profits include income earned abroad by U.S. corporations, but exclude profits earned in the United States by foreign corporations.

[2] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.

Selected Historical and Other Data

Table 15.--Corporation Profits Before Tax per National Income and Product Accounts (NIPA) and per Statistics of Income (SOI), and Income Subject to Tax per SOI, Income Years 1960-2004--Continued

Footnotes--Continued

[3] For Statistics of Income, "net income (less deficit)" and "income subject to tax" exclude taxable cooperatives, starting with the 1985 data; Real Estate Mortgage Investment Conduits (REMICs), starting with 1987; and Personal Service Corporations for 1988-1993. Net income (less deficit), starting with 1985, excludes Foreign Sales Corporations (FSCs) and Interest-Charge Domestic International Sales Corporations (IC-DISCs). See also Table 13, footnote 1. For changes in the definition of Regulated Investment Company and S corporation net income, see Table 13, footnote 16. For the coverage of corporations and the definition of corporate profits used for the National Income and Product Accounts, see footnote 1, above.

[4] For the definition of "income subject to tax," see Table 13, footnote 17. See also footnote 3, above.

NOTES: All amounts are in current dollars. Most of the data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: Data on corporate "Profits before tax (per NIPA)" are from the Bureau of Economic Analysis's National Income and Product Accounts, Table 1.12: National Income by Type of Income. This table appears in the *Survey of Current Business* and can also be accessed online at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>. Data on "Net income (less deficit) (per SOI)" and "Income subject to tax (per SOI)" are from *Statistics of Income—Corporation Income Tax Returns*, various years.

Selected Historical and Other Data

Table 16.--Nonprofit Charitable Organization and Domestic Private Foundation Information Returns, and Exempt Organization Business Income Tax Returns: Selected Financial Data, 1996-2003

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

Type of return or item	1996	1997	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NONPROFIT CHARITABLE ORGANIZATION INFORMATION RETURNS [1]								
Number of returns.....	192,059	198,957	207,272	211,615	230,159	240,569	251,676	263,353
Total assets, book value [2].....	1,293,439	1,438,977	1,351,541	1,453,675	1,562,536	1,631,719	1,733,852	1,899,857
Total liabilities [2].....	564,566	624,978	459,188	481,444	539,367	611,390	693,576	735,600
Net assets [2].....	728,873	813,998	892,353	972,232	1,023,169	1,020,329	1,040,275	1,164,257
Total revenue.....	704,346	754,616	752,044	800,676	866,208	896,974	955,267	1,072,171
Program service revenue [3].....	467,559	486,407	502,832	518,111	579,081	630,817	691,791	754,585
Contributions, gifts, and grants.....	137,666	146,171	161,751	174,992	199,076	212,427	214,484	229,987
Membership dues and assessments.....	6,347	6,823	6,952	6,331	6,660	7,239	7,879	8,155
Other.....	92,774	115,215	80,508	101,242	81,392	46,491	4,113	79,444
Total expenses.....	637,917	677,143	684,566	714,487	796,434	862,721	934,672	1,009,675
Excess of revenue over expenses (net).....	66,429	77,473	67,478	86,189	69,775	34,253	20,595	62,496
DOMESTIC PRIVATE FOUNDATION INFORMATION RETURNS								
Number of returns, total.....	50,774	55,113	56,658	62,694	66,738	70,787	73,255	76,348
Nonoperating foundations.....	46,066	50,541	52,460	58,840	61,501	63,650	67,101	70,004
Operating foundations.....	4,708	4,572	4,198	3,854	5,238	7,137	6,154	6,344
Total assets, book value [2].....	232,565	280,920	325,672	384,565	409,524	413,577	383,516	418,510
Total assets, fair market value [2].....	288,588	342,689	397,084	466,863	471,646	455,423	413,007	474,952
Investments in securities [2].....	225,087	272,412	317,900	363,442	361,418	329,353	294,385	344,314
Total revenue.....	48,247	55,460	59,735	83,286	72,780	45,264	27,775	48,391
Total expenses.....	19,852	22,414	25,902	33,876	37,434	36,661	34,392	35,099
Contributions, gifts, and grants paid [4].....	14,519	16,421	19,394	22,763	27,564	27,383	26,303	26,667
Excess of revenue over expenses (net).....	28,395	33,046	33,833	49,410	35,346	8,602	-6617.7	13,292
Net investment income [5].....	26,189	34,801	39,313	57,142	48,830	25,719	17,648	25,193
EXEMPT ORGANIZATION UNRELATED BUSINESS INCOME TAX RETURNS [6]								
Number of returns, total.....	40,621	39,302	46,208	42,151	38,567	35,540	35,103	36,064
With unrelated business taxable income.....	19,511	20,827	24,332	20,718	19,336	15,277	14,495	15,580
Without unrelated business taxable income.....	21,109	18,475	21,876	21,433	19,231	20,264	20,608	20,484
Gross unrelated business income [7].....	7,295	7,809	7,585	7,722	8,413	7,900	7,776	8,436
Total deductions [7,8,9].....	6,619	6,903	6,484	6,835	7,703	7,883	7,922	8,413
Unrelated business taxable income (less deficit) [8].....	676	906	1,100	887	710	18	-146	23
Unrelated business taxable income.....	1,170	1,375	1,670	1,485	1,427	792	647	780
Deficit [8].....	494	469	569	598	717	774	793	757
Unrelated business income tax.....	372	418	506	423	406	226	194	220
Total tax [10].....	373	423	464	422	403	222	193	221

[1] Includes data reported by organizations described in Internal Revenue Code section 501(c)(3), excluding private foundations and most religious organizations. Organizations with receipts under \$25,000 were not required to file.

[2] Balance sheet data are end-of-year amounts.

[3] Represents fees collected by organizations in support of their tax-exempt purposes, and income such as tuition and fees at educational institutions, hospital patient charges, and admission and activity fees collected by museums and other nonprofit organizations or institutions.

[4] The amount of contributions, gifts, and grants shown reflects the amount actually disbursed, on a cash basis, for charitable purposes.

[5] Represents income not considered related to a foundation's charitable purpose, e.g., interest, dividends, and capital gains. Foundations could be subject to an excise tax on such income.

[6] Includes returns filed by or for entities described in Internal Revenue Code sections 401(a) (qualified pension, profit-sharing, or stock bonus plans), 408(e) (Individual Retirement Arrangements, or IRAs), 408A (Roth IRAs), and 501(c)(2) through 501(c)(27) (charitable and most other types of tax-exempt organizations).

[7] The primary reason for the drop in gross unrelated business income (UBI) and total deductions between Tax Years 1997 and 1998 is the exclusion from the 1998 statistics of one association, which reported relatively large amounts of gross UBI and deductions for 1997 and prior years. The tax-exempt status of this association was terminated, effective 1998. For additional information see Riley, Margaret, "Unrelated Business Income Tax Returns, 1998," *Statistics of Income Bulletin*, Spring 2002, Volume 21, Number 4.

[8] Aggregate amounts of total deductions, unrelated business taxable income (less deficit), and deficit previously published in various issues of the *Statistics of Income Bulletin* have been adjusted in Table 16 for years prior to 1999. The revisions were required to take into account certain adjustments made to reported amounts of the "net operating loss deduction." During processing of the SOI sample of Tax Year 1999 returns, it was discovered that many Form 990-T filers were deducting the entire amount of any previous years' net operating loss carryover from net income (even when net income was zero or negative), rather than deducting only the part of the carryover amount needed to offset any positive net income amount.

[9] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services is a component of "gross unrelated business income" (upon which the filing requirement is based).

Selected Historical and Other Data

Table 16.--Nonprofit Charitable Organization and Domestic Private Foundation Information Returns, and Exempt Organization Business Income Tax Returns: Selected Financial Data, 1996-2003--Continued

Footnotes--Continued

[10] Total tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the proxy tax on certain lobbying expenditures (applicable only to tax years after 1993), the "alternative minimum tax," and the environmental tax (applicable only to tax years prior to 1996). Beginning with Tax Year 2001, total tax also can include interest due, computed under the look-back method for certain depreciated property and completed long-term contracts, and "other" taxes, as described by the return filer.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data.

Selected Historical and Other Data

Table 17.--Taxable Estate Tax Returns as a Percentage of Adult Deaths, Selected Years of Death, 1934-2003

[Money amounts are in thousands of dollars [1]]

Selected year of death [2]	Total adult deaths [3]	Taxable estate tax returns [4,5]			
		Number	Percentage of adult deaths	Total gross estate at date of death	Estate tax after credits
	(1)	(2)	(3)	(4)	(5)
1934.....	983,970	8,655	0.88	2,197,941	153,763
1935.....	1,172,245	9,137	0.78	2,084,269	195,301
1936.....	1,257,290	12,010	0.96	2,561,906	305,784
1937.....	1,237,585	13,220	1.07	2,844,112	314,620
1938.....	1,181,275	12,720	1.08	2,564,072	276,707
1939.....	1,205,072	12,907	1.07	2,441,960	250,360
1940.....	1,237,186	13,336	1.08	2,578,314	291,758
1941.....	1,216,855	13,493	1.11	2,550,473	308,342
1942.....	1,211,391	12,726	1.05	2,452,340	362,164
1943.....	1,277,009	12,154	0.95	2,720,000	404,638
1944.....	1,238,917	13,869	1.12	3,245,624	531,052
1946.....	1,239,713	18,232	1.47	3,993,298	621,966
1947.....	1,278,856	19,742	1.54	4,445,326	714,707
1948.....	1,283,601	17,469	1.36	4,271,852	567,421
1949.....	1,285,684	17,411	1.35	4,126,358	483,520
1950.....	1,304,343	18,941	1.45	4,655,892	577,401
1953.....	1,237,741	24,997	2.02	6,287,867	778,504
1954.....	1,332,412	25,143	1.89	6,387,246	778,342
1956.....	1,289,193	32,131	2.49	8,903,611	1,176,710
1958.....	1,358,375	38,515	2.84	9,995,884	1,185,620
1960.....	1,426,148	45,439	3.19	12,733,459	1,618,548
1962.....	1,483,846	55,207	3.72	14,713,504	1,840,972
1965.....	1,578,813	67,404	4.27	18,820,065	2,414,310
1969.....	1,796,055	93,424	5.20	23,459,524	2,999,965
1972.....	1,854,146	120,761	6.51	33,293,565	4,153,250
1976.....	1,819,107	139,115	7.65	40,578,379	4,979,112
1982.....	1,897,820	34,426	1.81	31,903,845	4,937,216
1983.....	1,945,913	34,899	1.79	33,434,470	5,073,787
1984.....	1,968,128	30,436	1.55	34,201,557	5,012,750
1985.....	2,015,070	22,326	1.11	35,168,822	6,044,292
1986.....	2,033,978	21,923	1.08	37,799,304	6,276,800
1987.....	2,053,084	18,157	0.88	40,907,217	6,392,989
1988.....	2,096,704	20,864	1.00	43,413,056	7,432,376
1989.....	2,079,035	23,096	1.11	51,062,975	8,953,181
1990.....	2,079,034	24,647	1.19	53,698,028	9,217,499
1991.....	2,101,746	26,680	1.27	55,363,655	9,617,366
1992.....	2,111,617	27,235	1.29	59,707,135	10,474,949
1993.....	2,204,366	32,062	1.45	72,047,377	12,559,769
1994.....	2,216,736	32,565	1.47	69,492,783	12,312,421
1995.....	2,252,471	36,651	1.63	78,756,293	14,259,048
1996.....	2,314,254	41,714	1.80	95,003,317	16,336,256
1997.....	2,258,366	47,800	2.12	104,860,580	19,957,705
1998.....	2,282,055	49,913	2.19	117,965,303	22,676,230
1999.....	2,336,840	53,819	2.30	135,076,422	24,809,821
2000.....	2,349,361	51,159	2.18	126,095,812	24,032,595
2001.....	2,363,100	49,911	2.11	132,301,775	23,393,255
2002.....	2,389,533	28,074	1.17	105,339,413	18,841,122
2003.....	2,394,749	27,309	1.14	90,429,009	18,709,021

[1] Starting with 1965, number of returns, total gross estate at date of death, and estate tax after credits are estimates based on samples. Beginning with 1982, numbers in columns 2-5 have been revised to reflect returns filed more than 3 calendar years after a decedent's death.

[2] Prior to 1982, year of death figures were approximated, using data from returns filed in a single calendar year. While many of the returns filed in a given calendar year represent returns of decedents who died in the immediately preceding year, others represent returns of decedents who died in earlier years. Starting with 1982, the statistics are by year of death, using the year of death reported on the estate tax returns filed during periods of at least 3 successive years.

Selected Historical and Other Data

Table 17.--Taxable Estate Tax Returns as a Percentage of Adult Deaths, Selected Years of Death, 1934-2003--Continued

Footnotes--Continued

[3] Total adult deaths represent those of individuals age 20 and over, plus deaths for which age was unavailable.

[4] Prior to 1964, a return was taxable if it showed an estate tax before credits. Starting with 1964, the classification was based on estate tax after credits.

[5] Year-to-year comparability of the data is affected by changes in the gross estate filing threshold which is based on year of death: 1934 (\$50,000); 1935 (\$50,000 changing to \$40,000); 1936-1941 (\$40,000); 1942 (\$40,000 changing to \$60,000); 1943-1976 (\$60,000); 1977 (\$120,000); 1978 (\$134,000); 1979 (\$147,000); 1980 (\$161,000); 1981 (\$175,000); 1982 (\$225,000); 1983 (\$275,000); 1984 (\$325,000); 1985 (\$400,000); 1986 (\$500,000); 1987-1997 (\$600,000); 1998 (\$625,000); 1999 (\$650,000); 2000-2001 (\$675,000); 2002-2003 (\$1,000,000); 2004-2005 (\$1,500,000); 2006-2008 (\$2,000,000); 2009 (\$3,500,000); and 2010 (no estate tax).

NOTES: The title of this table has been changed from "Estate Tax Returns as a Percentage of Adult Deaths," in some previously published versions, to "Taxable Estate Tax Returns as a Percentage of Adult Deaths." However, the data contained in the table have not changed. Detail may not add to totals because of rounding. All amounts are in current dollars. Most of the data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: Data are shown only for years for which Statistics of Income data are available. For years after 1953, *Statistics of Income—Estate Tax Returns; Estate and Gift Tax Returns*; or *Fiduciary, Estate, and Gift Tax Returns*, depending on the year, and *Statistics of Income Bulletin*, various issues; also unpublished tabulations for certain years. For years prior to 1954, *Statistics of Income—Part 1*. Adult deaths are from the Centers for Disease Control and Prevention, National Center for Health Statistics, U.S. Department of Health and Human Services, *Vital Statistics of the United States*, Report Number 11, Supplement 2, Table 2, and *National Vital Statistics Report*, Volume 50, Number 15, Table 3, September 2002; Volume 52, Number 3, Table 3, September 2003; Volume 53, Number 5, Table 3, October 2004; and Volume 54, Number 13, Table 3, April 2006.

Selected Historical and Other Data

Table 18.--Treasury Department Gross Tax Collections: Amount Collected by Quarter and Fiscal Year, 1987-2006

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return						
	Total [1]	Individual income taxes [2]	Corporation income taxes [3]	Excise taxes		Employment taxes [5]	Estate and gift taxes
				Internal Revenue Service [1,4]	Alcohol and Tobacco Tax and Trade Bureau [4]		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
FISCAL YEAR 1987, TOTAL [4]	886,290	465,452	102,859	33,311	[4]	277,000	7,668
October 1986 - December 1986	180,580	92,346	22,466	8,281	N/A	55,615	1,872
January 1987 - March 1987.....	209,032	105,483	22,649	7,925	N/A	71,156	1,819
April 1987 - June 1987.....	285,477	164,008	29,748	8,493	N/A	81,139	2,089
July 1987 - September 1987 [4].....	211,201	103,615	27,996	8,612	[4]	69,090	1,888
FISCAL YEAR 1988, TOTAL	945,614	473,667	109,683	25,934	10,507	318,039	7,784
October 1987 - December 1987.....	200,006	97,479	24,828	6,475	2,911	66,500	1,813
January 1988 - March 1988.....	222,784	111,215	22,006	5,304	2,337	80,161	1,761
April 1988 - June 1988.....	298,938	160,018	35,991	6,550	2,763	91,426	2,190
July 1988 - September 1988.....	223,886	104,955	26,858	7,605	2,496	79,952	2,020
FISCAL YEAR 1989, TOTAL	1,024,718	515,732	117,015	25,977	11,397	345,626	8,973
October 1988 - December 1988.....	216,503	104,522	29,551	6,657	2,985	70,632	2,156
January 1989 - March 1989.....	238,279	114,475	20,760	6,098	2,395	92,587	1,964
April 1989 - June 1989.....	334,878	180,947	40,825	6,899	3,401	100,077	2,729
July 1989 - September 1989.....	235,059	115,788	25,879	6,324	2,615	82,329	2,124
FISCAL YEAR 1990, TOTAL	1,066,600	540,228	110,017	27,139	10,235	367,219	11,762
October 1989 - December 1989.....	222,867	110,077	26,390	6,184	2,790	74,982	2,444
January 1990 - March 1990.....	251,924	127,277	21,433	5,868	2,187	92,868	2,291
April 1990 - June 1990.....	343,976	181,180	37,398	8,143	2,690	110,281	4,284
July 1990 - September 1990.....	247,833	121,694	24,796	6,944	2,568	89,088	2,743
FISCAL YEAR 1991, TOTAL	1,099,746	546,877	113,599	30,452	12,895	384,451	11,473
October 1990 - December 1990.....	242,792	118,047	29,248	6,363	2,753	83,646	2,735
January 1991 - March 1991.....	257,078	119,891	22,974	7,107	2,919	101,569	2,618
April 1991 - June 1991.....	338,591	181,949	35,953	7,545	3,545	106,426	3,173
July 1991 - September 1991.....	261,284	126,990	25,423	9,436	3,678	92,810	2,947
FISCAL YEAR 1992, TOTAL	1,134,195	557,723	117,951	33,566	13,395	400,081	11,479
October 1991 - December 1991.....	249,845	117,980	28,571	8,238	3,572	88,749	2,735
January 1992 - March 1992.....	266,984	136,220	19,751	8,159	2,823	97,425	2,606
April 1992 - June 1992.....	348,986	173,437	41,930	8,311	3,539	118,503	3,266
July 1992 - September 1992.....	268,380	130,086	27,699	8,858	3,461	95,404	2,872
FISCAL YEAR 1993, TOTAL	1,190,673	585,774	131,548	34,962	13,987	411,511	12,891
October 1992 - December 1992.....	262,404	124,812	30,324	8,388	3,581	92,284	3,015
January 1993 - March 1993.....	285,925	154,596	21,124	8,317	3,074	96,042	2,772
April 1993 - June 1993.....	354,070	168,977	47,920	8,739	3,776	120,767	3,891
July 1993 - September 1993.....	288,274	137,389	32,180	9,518	3,556	102,418	3,213
FISCAL YEAR 1994, TOTAL	1,290,246	619,819	154,205	43,005	13,779	443,831	15,607
October 1993 - December 1993.....	282,891	132,790	36,088	9,907	3,525	97,012	3,569
January 1994 - March 1994.....	309,746	160,382	24,883	9,932	3,009	108,037	3,503
April 1994 - June 1994.....	386,403	182,996	55,652	10,629	3,592	128,665	4,869
July 1994 - September 1994.....	311,205	143,651	37,582	12,536	3,653	110,117	3,666
FISCAL YEAR 1995, TOTAL	1,390,048	675,779	174,422	44,981	14,317	465,405	15,144
October 1994 - December 1994.....	301,238	138,454	40,811	11,029	3,791	103,537	3,616
January 1995 - March 1995.....	329,624	169,977	26,137	10,791	2,982	116,503	3,234
April 1995 - June 1995.....	432,556	214,105	65,995	11,116	3,603	133,357	4,380
July 1995 - September 1995.....	326,630	153,243	41,479	12,045	3,941	112,008	3,914
FISCAL YEAR 1996, TOTAL	1,500,351	745,313	189,055	42,222	13,805	492,365	17,592
October 1995 - December 1995.....	320,038	148,203	46,823	11,409	3,411	106,200	3,992
January 1996 - March 1996.....	349,683	184,419	27,971	9,939	2,959	120,783	3,612
April 1996 - June 1996.....	474,823	242,754	68,509	9,835	3,532	144,825	5,368
July 1996 - September 1996.....	355,808	169,937	45,752	11,039	3,903	120,557	4,620

Footnotes at end of tables.

Selected Historical and Other Data

Table 18.--Treasury Department Gross Tax Collections: Amount Collected by Quarter and Fiscal Year, 1987-2006--Continued

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return						
	Total [1]	Individual income taxes [2]	Corporation income taxes [3]	Excise taxes		Employment taxes [5]	Estate and gift taxes
				Internal Revenue Service [1,4]	Alcohol and Tobacco Tax and Trade Bureau [4]		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
FISCAL YEAR 1997, TOTAL	1,637,157	825,021	204,492	44,806	13,883	528,597	20,356
October 1996 - December 1996.....	345,447	157,767	49,612	10,052	3,261	120,284	4,471
January 1997 - March 1997.....	379,827	197,477	31,359	10,762	3,052	132,838	4,339
April 1997 - June 1997.....	526,490	285,884	75,093	11,600	3,524	144,048	6,341
July 1997 - September 1997.....	385,392	183,893	48,428	12,393	4,046	131,426	5,206
FISCAL YEAR 1998, TOTAL	1,782,997	928,066	213,270	45,643	13,588	557,799	24,631
October 1997 - December 1997.....	381,995	180,507	56,228	12,424	3,181	124,315	5,340
January 1998 - March 1998.....	412,808	216,994	33,640	11,424	2,968	142,512	5,270
April 1998 - June 1998.....	578,540	319,050	75,714	12,575	3,581	159,632	7,988
July 1998 - September 1998.....	409,655	211,515	47,688	9,220	3,858	131,341	6,033
FISCAL YEAR 1999, TOTAL	1,917,643	1,002,186	216,325	58,586	13,490	598,670	28,386
October 1998 - December 1998.....	410,884	192,843	56,474	18,017	3,216	133,695	6,639
January 1999 - March 1999.....	444,224	239,680	33,958	12,179	2,915	149,408	6,084
April 1999 - June 1999.....	616,626	351,720	72,904	13,366	3,457	166,086	9,093
July 1999 - September 1999.....	445,908	217,943	52,989	15,023	3,903	149,480	6,570
FISCAL YEAR 2000, TOTAL	2,112,755	1,137,078	235,655	54,811	15,838	639,652	29,722
October 1999 - December 1999.....	442,745	222,369	57,122	12,611	3,523	139,310	7,810
January 2000 - March 2000.....	490,661	265,193	39,584	13,107	3,540	162,816	6,421
April 2000 - June 2000.....	690,101	403,071	79,583	13,608	4,217	180,645	8,977
July 2000 - September 2000.....	489,248	246,445	59,366	15,484	4,558	156,881	6,514
FISCAL YEAR 2001, TOTAL	2,144,654	1,178,210	186,732	52,419	15,822	682,223	29,248
October 2000 - December 2000.....	466,710	228,483	64,597	12,574	3,782	150,175	7,099
January 2001 - March 2001.....	523,566	285,417	38,239	13,436	3,472	176,339	6,663
April 2001 - June 2001.....	709,403	425,471	64,709	12,369	4,137	193,561	9,156
July 2001 - September 2001.....	444,976	238,839	19,187	14,040	4,531	162,148	6,331
FISCAL YEAR 2002, TOTAL	2,033,661	1,037,734	211,438	52,137	17,034	688,077	27,242
October 2001 - December 2001.....	477,215	235,729	71,783	8,070	3,756	151,079	6,798
January 2002 - March 2002.....	494,506	250,689	38,760	15,632	3,957	178,982	6,486
April 2002 - June 2002.....	599,650	324,735	55,496	13,486	4,480	194,045	7,408
July 2002 - September 2002.....	462,289	226,580	45,399	14,949	4,841	163,971	6,549
FISCAL YEAR 2003, TOTAL	1,969,648	987,209	194,146	52,771	16,719	695,976	22,827
October 2002 - December 2002.....	444,259	209,947	51,821	12,461	3,791	160,448	5,792
January 2003 - March 2003.....	480,840	252,412	31,309	12,017	3,808	175,609	5,684
April 2003 - June 2003.....	596,078	310,723	67,381	12,821	4,336	194,902	5,916
July 2003 - September 2003.....	448,471	214,128	43,636	15,473	4,783	165,016	5,435
FISCAL YEAR 2004, TOTAL	2,035,761	990,249	230,619	54,807	17,260	717,247	25,579
October 2003 - December 2003.....	453,910	211,414	59,746	12,613	4,243	159,894	6,000
January 2004 - March 2004.....	489,927	253,054	33,289	13,018	3,745	180,871	5,950
April 2004 - June 2004.....	612,808	308,822	81,800	13,554	4,481	197,486	6,665
July 2004 - September 2004.....	479,116	216,958	55,784	15,623	4,790	178,996	6,965
FISCAL YEAR 2005, TOTAL	2,286,837	1,107,501	307,095	57,252	17,942	771,442	25,606
October 2004 - December 2004.....	492,020	224,307	74,547	12,692	4,107	170,425	5,942
January 2005 - March 2005.....	531,435	271,686	43,355	13,593	3,706	192,825	6,270
April 2005 - June 2005.....	713,819	367,673	103,079	14,282	4,404	217,592	6,789
July 2005 - September 2005.....	549,564	243,835	86,114	16,685	5,725	190,600	6,604
FISCAL YEAR 2006, TOTAL	2,536,771	1,236,259	107,783	57,990	18,090	814,819	28,687
October 2005 - December 2005.....	531,599	240,961	89,694	13,269	4,357	176,954	6,364
January 2006 - March 2006.....	598,921	302,873	58,503	13,783	4,053	212,001	7,707
April 2006 - June 2006.....	809,903	427,823	124,945	14,903	4,727	229,789	7,716
July 2006 - September 2006.....	596,348	264,602	107,783	16,035	4,953	196,075	6,900

N/A - Not Applicable.

[1] Includes not only taxes collected by the Internal Revenue Service (IRS) but, starting in Fiscal Year 1988 and the second quarter of Fiscal Year 1991, excise taxes collected by the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service, respectively. These excise taxes were formerly administered by IRS. See footnote 4, below, for an explanation of the revisions to the excise tax data, starting with the Summer 1997 issue of the *Bulletin*.

Selected Historical and Other Data

Table 18.--Treasury Department Gross Tax Collections: Amount Collected by Quarter and Fiscal Year, 1987-2006--Continued

Footnotes--Continued

- [2] Includes income taxes of estates and most trusts which are taxed at the individual income tax rates. See footnote 3 for additional information on the taxation of trusts. Individual income tax collections include that portion of the individual income tax transferred to the Presidential Election Campaign Fund based on elections made by taxpayers on their income tax returns. Presidential election campaign designations and associated amounts are shown in Table 1 for recent calendar-year tax years; designation amounts in recent fiscal years, without regard to tax year, are as follows:

Fiscal year	Millions of dollars	Fiscal year	Millions of dollars	Fiscal year	Millions of dollars	Fiscal year	Millions of dollars
2005	\$53.3	2000	60.7	1995	68.5	1990	32.5
2004	55.9	1999	61.0	1994	69.7	1989	32.3
2003	55.2	1998	63.3	1993	27.7	1988	33.2
2002	67.0	1997	66.9	1992	29.6	1987	33.2
2001	58.1	1996	66.3	1991	32.3		

Collections of income tax of estates and trusts in fiscal years, without regard to tax year, are as follows:

Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars
2005	\$13.9	2000	16.7	1995	5.3	1990	5.9
2004	10.7	1999	14.3	1994	6.2	1989	6.0
2003	8.4	1998	14.2	1993	6.0	1988	6.5
2002	10.8	1997	11.2	1992	6.1	1987	8.4
2001	17.5	1996	8.0	1991	4.8		

- [3] Includes various taxes collected from otherwise Federally tax-exempt corporations and trusts, mainly the "unrelated business income" tax (UBIT) imposed on organizations that engage in activities that are unrelated to their charitable purposes. Trusts with UBI are taxed at individual income tax rates; however, these taxes were combined with the corporation income tax collections when tabulated. Following are total taxes and UBIT collected from tax-exempt organizations in recent fiscal years:

Fiscal year	Unrelated		Fiscal year	Unrelated	
	Total	business		Total	business
	(Millions of dollars)	income tax		(Millions of dollars)	income tax
2005	\$623.9	\$457.3	1995	484.9	294.3
2004	510.7	347.1	1994	571.5	372.4
2003	386.0	270.4	1993	342.7	173.6
2002	494.5	319.2	1992	379.5	181.6
2001	652.1	523.3	1991	288.2	155.6
2000	674.8	553.6	1990	304.0	127.9
1999	810.8	665.9	1989	271.4	115.6
1998	689.8	473.2	1988	284.0	137.5
1997	666.8	484.9	1987	244.3	119.9
1996	699.9	501.9			

- [4] Data shown for the Alcohol and Tobacco Tax and Trade Bureau (TTB) also include data for the Customs Service. To preserve the historical time series interrupted by transferring collection of the manufacturers' excise taxes paid on alcohol and tobacco and of the manufacturers' excise taxes on recreational products for the taxes paid on firearms from IRS to TTB, starting in July 1987 and January 1991, respectively, the combined excise taxes for these two Treasury agencies are shown in Table 18 collections, for fiscal years beginning with 1988. They have also been added to the total tax collections reported by IRS to show a grand total of all Treasury Department tax alongside the IRS excise tax collections (with the exception of a cargo excise tax collected by the Customs Service). Although responsibility for the administration of alcohol and tobacco excise taxes was transferred to the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service, effective July 1, 1987, i.e., with the beginning of the fourth quarter of Fiscal Year 1987, the taxes collected were treated as Internal Revenue Service tax collections (column 4) through September 30, 1987, i.e., through the end of the fourth quarter of Fiscal Year 1987, rather than as TTB/Customs collections (column 5), as a transitional measure.

- [5] Employment taxes include:

(a) Old-Age, Survivors, Disability, and Hospital Insurance (OASDHI) taxes, i.e., Social Security taxes, levied on salaries and wages (under the Federal Insurance Contributions Act (FICA)). Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars
2005	\$716.9	2000	593.3	1995	394.4	1990	336.3
2004	664.9	1999	555.3	1994	409.6	1989	317.8
2003	647.9	1998	513.9	1993	381.1	1988	289.9
2002	639.7	1997	484.0	1992	365.2	1987	252.6
2001	634.2	1996	455.2	1991	349.3		

(b) Social Security taxes levied on "self-employment income" (under the Self-Employment Insurance Contributions Act (SECA)). Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars
2005	\$43.1	2000	34.6	1995	60.9	1990	21.3
2004	41.2	1999	32.2	1994	24.4	1989	19.0
2003	37.1	1998	32.6	1993	20.6	1988	17.7
2002	37.1	1997	34.0	1992	24.4	1987	14.0
2001	36.3	1996	26.9	1991	25.5		

Selected Historical and Other Data

Table 18.--Treasury Department Gross Tax Collections: Amount Collected by Quarter and Fiscal Year, 1987-2006--Continued

Footnotes--Continued

(c) Unemployment insurance taxes (under the Federal Unemployment Tax Act (FUTA)). Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars
2005	\$6.9	2000	7.0	1995	5.8	1990	5.5
2004	6.7	1999	6.7	1994	5.6	1989	4.7
2003	6.6	1998	6.5	1993	5.6	1988	6.2
2002	6.7	1997	6.2	1992	5.8	1987	6.2
2001	7.1	1996	6.0	1991	5.5		

(d) Railroad Retirement (carriers) tax. Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars	Fiscal year	Billions of dollars
2005	\$4.5	2000	4.8	1995	4.3	1990	4.2
2004	4.4	1999	4.5	1994	4.2	1989	4.1
2003	4.4	1998	4.8	1993	4.3	1988	4.3
2002	4.6	1997	4.4	1992	4.4	1987	4.2
2001	4.7	1996	4.3	1991	4.2		

NOTES: In general, collections represent the gross amounts before refunds and include (a) amounts paid with the tax return, (b) amounts paid prior to filing the return, as applicable (income tax withheld by employers and "estimated tax" payments), and (c) amounts paid subsequent to filing the return (chiefly the result of initial IRS administrative return processing or later examination and enforcement activities). Collections also include interest and penalties, but do not reflect any revisions to the IRS data for specific fiscal years made after the close of the fiscal year. Instead, revisions are reflected in the data for the later fiscal year in which the revision was made. However, revisions to the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms (ATF)) and Customs Service excise tax collections are treated differently. See the "Notes" to Table 21. Collection statistics reported by the Internal Revenue Service are not altogether comparable to those published by the Financial Management Service, also in the Treasury Department, because of timing differences resulting from the definitions each agency uses. The Internal Revenue Service counts the monies as they are received (to reflect the status of its tax collection operation); the Financial Management Service counts these amounts as received, but only after discrepancies (such as between what the employer reports as tax withheld and the amount actually withheld) are resolved. Also, the Financial Management Service classifies the tax collected according to the Federal Budget account to which the tax receipts are assigned. For purposes of Table 18 (and to facilitate comparisons with Table 21), the grand totals of all excise taxes were obtained by accumulating data from the Treasury Monthly Statement. See also the citation under "Source," below. Totals for excise taxes collected by IRS were then subtracted from these grand totals to derive the combined totals shown as having been collected by the TTB and the Customs Service. This subtraction is not precise because of definitional differences between the two agencies. Detail may not add to totals because of rounding. All amounts are in current dollars. Tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, *Internal Revenue Service Data Book* and Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems; and Financial Management Service, Monthly Statement on Receipts and Outlays of the United States Government, monthly.

Selected Historical and Other Data

Table 19.--Internal Revenue Tax Refunds: Amount Refunded by Quarter and Fiscal Year, 1987-2007

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total [1]	Individual income taxes [2]	Corporation income taxes [3]	Excise taxes [1,4]	Employment taxes [5]	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1987, TOTAL	96,969	73,583	19,891	1,381	1,900	214
October 1986 - December 1986	8,668	3,406	4,789	111	312	50
January 1987 - March 1987.....	28,422	22,198	5,296	479	393	56
April 1987 - June 1987	50,063	42,858	5,948	332	869	57
July 1987 - September 1987.....	9,816	5,121	3,858	459	326	52
FISCAL YEAR 1988, TOTAL	94,480	74,399	16,477	1,114	2,263	227
October 1987 - December 1987.....	7,701	3,437	3,727	207	275	55
January 1988 - March 1988.....	27,798	21,744	5,248	198	553	55
April 1988 - June 1988.....	49,202	43,769	3,848	421	1,114	50
July 1988 - September 1988.....	9,776	5,449	3,654	288	321	67
FISCAL YEAR 1989, TOTAL	93,613	73,597	14,921	2,054	2,771	269
October 1988 - December 1988.....	8,380	3,362	4,461	118	359	80
January 1989 - March 1989.....	32,041	26,759	4,462	182	570	67
April 1989 - June 1989.....	43,538	38,895	3,849	350	570	63
July 1989 - September 1989.....	9,654	4,581	2,149	1,404	1,461	59
FISCAL YEAR 1990, TOTAL	99,656	76,065	18,324	2,261	2,677	329
October 1989 - December 1989.....	8,487	3,094	4,605	300	409	79
January 1990 - March 1990.....	37,121	31,367	4,922	342	423	67
April 1990 - June 1990.....	43,308	36,952	4,209	549	1,492	106
July 1990 - September 1990.....	10,740	4,652	4,588	1,070	353	77
FISCAL YEAR 1991, TOTAL	104,380	82,877	17,440	1,188	2,471	404
October 1990 - December 1990.....	8,284	3,367	4,148	344	323	102
January 1991 - March 1991.....	38,020	32,811	4,286	293	538	92
April 1991 - June 1991.....	47,962	41,638	4,748	226	1,249	101
July 1991 - September 1991.....	10,114	5,061	4,258	325	361	109
FISCAL YEAR 1992, TOTAL	113,108	88,624	19,688	1,997	2,398	401
October 1991 - December 1991.....	10,072	3,607	5,639	379	346	101
January 1992 - March 1992	44,657	38,183	5,750	201	430	93
April 1992 - June 1992.....	47,817	42,231	4,596	476	399	115
July 1992 - September 1992.....	10,562	4,603	3,703	941	1,223	92
FISCAL YEAR 1993, TOTAL	93,580	74,234	16,035	958	1,969	384
October 1992 - December 1992.....	7,891	3,081	4,190	208	324	88
January 1993 - March 1993.....	37,213	31,503	4,971	239	396	104
April 1993 - June 1993.....	39,325	35,353	3,195	290	397	90
July 1993 - September 1993.....	9,151	4,297	3,679	221	852	102
FISCAL YEAR 1994, TOTAL	96,980	75,935	16,251	1,877	2,477	441
October 1993 - December 1993.....	7,329	2,322	4,176	394	324	113
January 1994 - March 1994.....	34,614	27,859	5,800	403	445	107
April 1994 - June 1994.....	43,804	40,876	2,109	333	393	93
July 1994 - September 1994.....	11,233	4,878	4,165	747	1,315	128
FISCAL YEAR 1995, TOTAL	108,035	84,056	19,350	2,223	1,972	434
October 1994 - December 1994.....	9,086	3,440	4,909	319	304	114
January 1995 - March 1995.....	35,791	27,642	6,370	926	753	101
April 1995 - June 1995.....	53,388	47,433	4,904	500	443	108
July 1995 - September 1995.....	9,770	5,541	3,167	478	472	111
FISCAL YEAR 1996, TOTAL	132,710	107,361	19,201	2,075	3,584	489
October 1995 - December 1995.....	11,149	4,133	5,391	361	1,152	112
January 1996 - March 1996.....	48,625	41,633	6,103	239	538	112
April 1996 - June 1996.....	61,612	56,319	4,363	355	454	121
July 1996 - September 1996.....	11,324	5,276	3,344	1,120	1,440	144

Footnotes at end of table.

Selected Historical and Other Data

Table 19.--Internal Revenue Tax Refunds: Amount Refunded by Quarter and Fiscal Year, 1987-2007--Continued

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total [1]	Individual income taxes [2]	Corporation income taxes [3]	Excise taxes [1,4]	Employment taxes [5]	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1997, TOTAL	142,599	113,083	24,046	1,790	3,104	576
October 1996 - December 1996.....	13,306	4,460	8,082	155	433	176
January 1997 - March 1997.....	58,345	51,442	5,771	493	552	87
April 1997 - June 1997.....	57,421	51,980	4,399	375	522	146
July 1997 - September 1997.....	13,525	5,201	5,794	767	1,596	167
FISCAL YEAR 1998, TOTAL	153,828	119,499	27,560	1,600	4,562	609
October 1997 - December 1997.....	10,680	4,369	5,496	165	499	151
January 1998 - March 1998.....	66,516	56,124	9,326	266	670	130
April 1998 - June 1998.....	59,172	52,613	5,506	188	683	182
July 1998 - September 1998.....	17,460	6,393	7,232	981	2,708	146
FISCAL YEAR 1999, TOTAL	185,282	146,406	34,062	1,690	2,470	654
October 1998 - December 1998.....	15,684	5,010	9,885	143	455	191
January 1999 - March 1999.....	77,493	65,467	10,648	508	741	129
April 1999 - June 1999.....	76,729	68,418	7,139	369	646	157
July 1999 - September 1999.....	15,376	7,511	6,390	670	628	177
FISCAL YEAR 2000, TOTAL	195,751	157,837	30,382	1,802	4,957	773
October 1999 - December 1999.....	16,453	6,590	8,844	176	613	230
January 2000 - March 2000.....	94,728	84,290	8,933	539	791	175
April 2000 - June 2000.....	67,353	59,386	6,625	388	773	181
July 2000 - September 2000.....	17,217	7,571	5,980	699	2,780	187
FISCAL YEAR 2001, TOTAL	252,787	205,690	37,941	1,948	6,283	925
October 2000 - December 2000.....	17,859	6,685	10,148	232	549	245
January 2001 - March 2001.....	102,741	87,193	13,984	468	897	199
April 2001 - June 2001.....	75,813	66,964	7,409	465	789	186
July 2001 - September 2001.....	56,374	44,848	6,400	783	4,048	295
FISCAL YEAR 2002, TOTAL	257,644	183,891	66,758	2,248	3,944	803
October 2001 - December 2001.....	26,567	8,665	16,659	321	700	222
January 2002 - March 2002.....	94,761	76,571	16,658	545	821	166
April 2002 - June 2002.....	107,211	87,192	18,498	625	668	228
July 2002 - September 2002.....	29,105	11,463	14,942	758	1,754	188
FISCAL YEAR 2003, TOTAL	296,064	223,317	65,332	2,026	4,445	944
October 2002 - December 2002.....	32,964	11,292	20,580	215	609	268
January 2003 - March 2003.....	126,113	105,124	19,587	526	685	191
April 2003 - June 2003.....	98,530	81,958	14,958	607	789	217
July 2003 - September 2003.....	38,457	24,943	10,207	677	2,362	268
FISCAL YEAR 2004, TOTAL	270,893	218,667	45,850	1,955	3,638	783
October 2003 - December 2003.....	30,851	10,930	18,913	220	562	226
January 2004 - March 2004.....	127,181	116,146	9,528	580	755	172
April 2004 - June 2004.....	92,443	81,049	10,062	499	646	188
July 2004 - September 2004.....	20,418	10,542	7,347	656	1,675	198
FISCAL YEAR 2005, TOTAL	255,439	212,966	34,332	2,132	5,126	883
October 2004 - December 2004.....	24,050	10,242	12,911	184	483	229
January 2005 - March 2005.....	126,559	116,060	8,530	576	1,185	207
April 2005 - June 2005.....	83,244	76,170	5,578	597	700	200
July 2005 - September 2005.....	21,586	10,494	7,313	774	2,758	246
FISCAL YEAR 2006, TOTAL	263,501	225,740	29,831	2,162	4,917	851
October 2005 - December 2005.....	20,693	9,767	9,863	262	591	210
January 2006 - March 2006.....	142,453	131,514	9,484	508	786	161
April 2005 - June 2005.....	75,558	69,509	4,372	686	713	278
July 2006 - September 2006.....	24,797	14,950	6,112	706	2,827	202
FISCAL YEAR 2007						
October 2006-December 2006.....	23,000	7,474	7,960	439	6,816	311

Footnotes at end of table.

Selected Historical and Other Data

Table 19.--Internal Revenue Tax Refunds: Amount Refunded by Quarter and Fiscal Year, 1987-2007--Continued

Footnotes

n.a. - Not available.

- [1] Even though the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service have had responsibility for collecting and refunding excise taxes on alcohol and tobacco since July 1987 and for excise taxes on firearms since January 1991, the Internal Revenue Service (IRS) continues to be responsible for recording refunds of these taxes. Consequently, IRS statistics for excise tax refunds include refunds made by TTB and the Customs Service in years subsequent to the dates on which organizational responsibility was transferred. In contrast, TTB and Customs Service excise tax collections are recorded by these two Treasury agencies and are, therefore, shown separately in Table 18 under the heading, Alcohol and Tobacco Tax and Trade Bureau. See also footnote 4.
- [2] Includes special statutory refunds and refunds of taxes paid on the "unrelated business income" of certain tax-exempt trusts. Also, to preserve the year-to-year comparability of the historical series, individual income tax refund data have been revised, as necessary, starting with 1996, to include net refunds due to the "earned income credit" in addition to overpayment and other refunds. This credit is already reflected in the refund statistics for previous years. Therefore, refund data may not always agree with those presented in the annual *Internal Revenue Service Data Book*, for certain years starting with 1996, although, conceptually, they agree with refund data published in the Treasury Department's *Monthly Statement of Receipts and Outlays of the United States Government*. See also the citation under "Source," below. Individual income tax refunds are net of offsets under laws that require the Department of the Treasury to act as collecting agent for delinquent payments owed various U.S. Government agencies under specific programs. See Table 20 (which, however, is by calendar year rather than by fiscal year).
- [3] Includes refunds of taxes on the "unrelated business income" of tax-exempt organizations, except for certain trusts.
- [4] See footnote 1. Also, as further explained in the "Notes" to Table 21, taxpayers can offset certain refundable excise tax payments against the tax of subsequent time periods and claim certain other refunds as a credit against income tax; however, these amounts are not reflected in the excise tax refund statistics.
- [5] The kinds of employment taxes subject to refund are listed in Table 18, footnote 5.

NOTES: Detail may not add to totals because of rounding. Tax law and tax form changes affect the year-to-year comparability of the data. All amounts are in current dollars. Refund data include interest paid on the refunds by IRS or the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms (ATF)) as shown below. See also the "Notes" to Table 18.

Fiscal year	Total	Individuals (Billions of dollars)	Corporations	Fiscal year	Total	Individuals (Billions of dollars)	Corporations
2006	\$3.6	\$0.6	\$2.8	1996	2.2	0.3	1.6
2005	6.1	0.5	5.5	1995	2.7	0.4	1.7
2004	5.1	0.4	4.6	1994	3.1	0.3	2.3
2003	3.3	0.5	2.6	1993	2.1	0.4	1.6
2002	4.2	0.6	3.4	1992	3.2	0.4	2.1
2001	2.7	0.5	2.0	1991	2.8	0.5	2.0
2000	2.6	0.6	2.0	1990	2.4	0.5	1.4
1999	2.7	0.4	2.2	1989	1.8	0.5	n.a.
1998	2.6	0.3	2.1	1988	1.7	0.4	n.a.
1997	2.4	0.4	1.8	1987	2.0	0.4	n.a.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, *Internal Revenue Service Data Book* and Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems.

Selected Historical and Other Data

Table 20.--Individual Income Tax Refund Offsets for Repayment of Specific Outstanding Taxpayer Obligations or Debts, by Selected Type of Program or U.S. Government Agency to Which Amount Was Owed, Calendar Years of Offset, 1988-2005 [1]

[Money amounts are in thousands of dollars]

Selected program or agency	Number of	Refund offset	Number of	Refund offset	Number of	Refund offset
	offsets [2]	amount [3]	offsets [2]	amount [3]	offsets [2]	amount [3]
	1988		1989		1990	
	(1)	(2)	(3)	(4)	(5)	(6)
Total	1,194,901	637,504	1,259,297	708,545	1,402,111	804,906
Department of Health and Human Services [4].....	737,731	407,815	779,554	449,627	831,966	483,474
Child support (TANF) [5].....	604,645	320,298	627,403	350,598	651,893	365,613
Child support (non-TANF) [6].....	132,875	87,201	151,680	98,407	179,611	117,249
Program support center [7].....	211	316	471	622	462	612
Social Security Administration [4].....	N/A	N/A	N/A	N/A	N/A	N/A
Department of Veterans Affairs.....	52,602	23,268	56,085	27,209	50,004	23,265
Department of Education.....	315,742	167,990	334,740	191,940	432,139	257,392
Small Business Administration.....	3,949	2,530	3,816	2,648	3,403	2,307
Department of Housing and Urban Development.....	10,653	7,948	11,441	8,602	10,850	8,076
Department of Agriculture.....	4,838	2,669	66,269	24,189	7,548	6,056
Food and Consumer Service.....	N/A	N/A	N/A	N/A	N/A	N/A
Department of Defense [8].....	59,533	18,202	61,804	21,622	57,952	19,777
All other.....	9,853	6,951	7,392	4,330	8,249	4,559
	1991		1992		1993	
	(7)	(8)	(9)	(10)	(11)	(12)
Total	1,565,432	946,210	1,921,944	1,262,622	1,758,162	1,160,397
Department of Health and Human Services [4].....	869,941	523,953	1,070,999	683,656	947,133	619,648
Child support (TANF) [5].....	672,801	392,802	737,254	464,462	701,598	448,560
Child support (non-TANF) [6].....	196,381	130,348	254,435	178,198	244,780	170,404
Program support center [7].....	759	803	618	646	755	684
Social Security Administration [4].....	N/A	N/A	78,692	40,350	28,791	13,931
Department of Veterans Affairs.....	38,987	17,684	29,103	13,122	33,844	10,914
Department of Education.....	575,578	363,968	720,326	516,213	651,056	472,928
Small Business Administration.....	2,374	1,640	2,218	1,609	1,853	1,355
Department of Housing and Urban Development.....	11,250	8,380	13,520	10,815	11,399	8,963
Department of Agriculture.....	8,559	7,551	20,262	12,034	28,969	13,075
Food and Consumer Service.....	N/A	N/A	9,740	3,061	21,828	7,213
Department of Defense [8].....	49,085	18,116	54,509	19,198	46,125	14,829
All other.....	9,628	4,918	11,007	5,975	8,992	4,754
	1994		1995		1996	
	(13)	(14)	(15)	(16)	(17)	(18)
Total	2,009,877	1,379,675	2,188,257	1,505,736	2,120,935	1,678,504
Department of Health and Human Services [4].....	1,017,452	701,529	1,165,444	828,631	1,241,395	1,019,612
Child support (TANF) [5].....	749,269	507,047	848,166	591,854	879,143	716,637
Child support (non-TANF) [6].....	267,546	193,939	316,707	236,198	361,453	302,146
Program support center [7].....	637	543	571	579	799	829
Less: Child support reversals.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Social Security Administration [4].....	19,722	10,297	16,092	8,696	30,190	17,961
Department of Veterans Affairs.....	35,368	9,973	45,761	11,830	49,989	12,743
Department of Education.....	781,829	582,662	778,446	571,280	573,308	517,169
Small Business Administration.....	2,228	1,834	2,567	2,359	3,503	3,638
Department of Housing and Urban Development.....	10,454	9,090	10,676	9,745	6,228	6,738
Department of Agriculture.....	73,452	33,382	73,644	30,295	93,884	42,504
Food and Consumer Service.....	66,726	27,618	66,449	24,166	87,203	35,843
Department of Defense [8].....	59,459	25,345	85,023	35,970	111,207	53,404
All other.....	9,913	5,563	10,594	6,930	11,231	4,735

Footnotes at end of table.

Selected Historical and Other Data

Table 20.--Individual Income Tax Refund Offsets for Repayment of Specific Outstanding Taxpayer Obligations or Debts, by Selected Type of Program or U.S. Government Agency to Which Amount Was Owed, Calendar Years of Offset, 1988-2005 [1]--Continued

[Money amounts are in thousands of dollars]

Selected program or agency	Number of	Refund offset	Number of	Refund offset	Number of	Refund offset
	offsets [2]	amount [3]	offsets [2]	amount [3]	offsets [2]	amount [3]
	1997		1998		1999	
	(19)	(20)	(21)	(22)	(23)	(24)
Total	2,162,102	1,758,154	2,375,081	1,963,834	2,764,424	2,606,366
Department of Health and Human Services [4].....	1,303,676	1,108,125	1,309,352	1,130,941	1,440,993	1,479,598
Child support (TANF) [5].....	902,766	764,700	876,609	754,205	936,622	953,682
Child support (non-TANF) [6].....	400,198	342,696	432,101	376,171	503,589	525,002
Program support center [7].....	712	729	642	565	782	914
Less: Child support reversals.....	n.a.	n.a.	n.a.	n.a.	116,742	131,913
Social Security Administration [4].....	27,996	17,584	62,487	39,282	77,672	52,080
Department of Veterans Affairs.....	45,479	12,476	43,290	11,430	51,861	15,467
Department of Education.....	518,844	482,241	653,997	623,914	963,409	1,084,905
Small Business Administration.....	3,952	4,206	4,036	4,504	571	776
Department of Housing and Urban Development.....	6,876	7,602	6,032	7,679	10,909	15,382
Department of Agriculture.....	115,076	53,680	159,633	78,056	208,794	103,252
Food and Consumer Service.....	108,612	47,162	146,127	65,476	192,312	86,927
Department of Defense [8].....	127,103	63,052	129,409	62,770	201,756	100,280
All other.....	13,100	9,188	6,845	5,259	7,467	5,143
Less: Reversals, except child support.....	n.a.	n.a.	n.a.	n.a.	82,266	118,604
	2000		2001		2002	
	(25)	(26)	(27)	(28)	(29)	(30)
Total	2,869,130	2,763,530	4,307,006	3,101,507	2,921,769	2,608,905
Department of Health and Human Services [4].....	1,426,635	1,479,598	2,200,333	1,714,968	1,402,665	1,511,070
Child support (TANF) [5].....	885,635	902,037	1,262,018	965,864	774,281	802,393
Child support (non-TANF) [6].....	540,342	581,805	937,381	746,668	627,927	707,504
Program support center [7].....	658	1,210	934	2,436	457	1,172
Less: Child support reversals.....	53,051	64,819	51,037	59,379	49,118	58,072
Social Security Administration [4].....	102,480	81,891	153,134	100,759	96,621	86,752
Department of Veterans Affairs.....	50,409	16,106	139,526	33,717	97,371	26,871
Department of Education.....	853,175	932,575	1,217,876	1,029,539	696,006	772,975
Small Business Administration.....	2,227	3,834	2,105	2,478	1,591	2,924
Department of Housing and Urban Development.....	10,565	15,988	16,062	16,593	8,310	12,058
Department of Agriculture.....	214,279	120,238	41,255	37,272	27,663	30,416
Food and Consumer Service.....	196,366	97,389	175,177	80,438	157,737	74,575
Department of Defense [8].....	140,588	71,008	210,102	100,654	123,325	78,471
All other.....	68,772	36,838	255,334	118,883	410,617	140,054
Less: Reversals, except child support.....	54,247	80,064	52,861	74,414	51,019	69,189
	2003		2004		2005	
	(31)	(32)	(33)	(34)	(35)	(36)
Total	3,236,882	2,824,433	2,890,975	2,935,073	4,574,058	2,927,529
Department of Health and Human Services [4].....	1,611,570	1,618,028	1,389,261	1,544,059	1,429,213	1,653,153
Child support (TANF) [5].....	829,999	799,569	699,992	732,937	685,397	735,852
Child support (non-TANF) [6].....	781,274	817,971	688,921	810,420	742,524	913,881
Program support center [7].....	297	488	348	702	1,292	3,420
Less: Child support reversals.....	-44,024	-60,757	-43,537	60,189	-34,447	-55,986
Social Security Administration [4].....	87,075	80,421	73,997	74,408	72,386	75,193
Department of Veterans Affairs.....	127,502	32,900	116,805	33,635	588,464	87,439
Department of Education.....	753,690	818,264	623,340	722,733	926,175	759,372
Small Business Administration.....	3,170	5,173	2,984	5,467	5,766	6,570
Department of Housing and Urban Development.....	9,150	12,030	6,244	9,480	20,694	12,394
Department of Agriculture.....	29,489	25,175	20,226	20,233	12,730	7,311
Food and Consumer Service.....	152,034	69,711	124,371	62,449	162,804	72,910
Department of Defense [8].....	166,798	97,272	157,449	89,007	196,364	104,704
All other.....	384,898	197,376	462,501	245,126	1,234,159	270,030
Less: Reversals, except child support.....	-44,470	-71,160	-42,666	68,287	-40,250	-65,560

Footnotes at end of table.

Selected Historical and Other Data

Table 20.--Individual Income Tax Refund Offsets for Repayment of Specific Outstanding Taxpayer Obligations or Debts, by Selected Type of Program or U.S. Government Agency to Which Amount Was Owed, Calendar Years of Offset, 1988-2005 [1]--Continued

N/A - Not Applicable.

n.a. - Not available.

[1] Represents repayments to specific Federal agencies (or State treasuries) for debts, such as student loans, mortgage and loan foreclosures, dishonored checks, and overpayments of benefits. There was no refund offset program prior to Fiscal Year 1982. Data are shown by year in which the offset was made, regardless of tax year. Starting January 1999, the IRS tax refund offset program was merged into the Treasurywide offset program. This combined U.S. Government debt collection program is administered by the Financial Management Service (FMS), Department of the Treasury. (The sharp increase in tax refund offsets, starting with 1999—to \$2.6 billion in 1999—was attributed by FMS to (1) system enhancements which include offset matching on the Social Security numbers of both husbands and wives as reported on joint individual income tax returns, (2) increased debt referrals for child support and Federal nontax debt, (3) system flexibility allowing creditor agencies to add and update debt records on a continuous basis, and (4) increases in the average number and amount of tax refund payments due in part to new tax credits. For additional information, see U.S. Department of the Treasury, Financial Management Service, *Annual Report to the Congress: U.S. Government Debt Collection Activities of Federal Agencies*, Fiscal Year 1999.)

[2] After 1990, number of offsets includes adjustments for injured spouse claims filed with the original tax return.

[3] For all years, data exclude fees charged by the Internal Revenue Service or the Financial Management Service. For years preceding 1999, data by program or Federal agency represent the net amounts offset against refunds, after injured spouse claims and other types of reversals. Starting with 1999, the totals by program or Federal agency are the gross amounts before injured spouse claims and other types of reversals, with the reversals shown separately as summarized totals.

[4] From 1992 through 1994, the Social Security Administration (SSA) participated in the refund offset program as part of the Department of Health and Human Services (HHS), but, starting in 1995, SSA became an independent agency. Nevertheless, SSA refund offsets are shown separately for all these years, and are not included in the HHS totals for 1992-1994.

[5] Represents repayments to State treasuries for funds disbursed to families receiving State assistance and for funds distributed under the Temporary Assistance for Needy Families (TANF) program, before 1997 known as the Aid to Families with Dependent Children (AFDC) program.

[6] Represents repayments to State treasuries for distribution to custodial parents (non-TANF). See also footnote 5, above.

[7] Before 1996, known as the Public Health Service.

[8] Includes affiliated exchange services.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars.

SOURCE: U.S. Department of the Treasury. For years starting with 1999, Financial Management Service. For previous years, Internal Revenue Service.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1999-2006

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year								
	1999	2000	2001	2002	2003	2004	2005		
							Total	by quarter ending—	
								December 2004	March 2005
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Total excise tax collections.....	72,076,000	70,648,000	68,241,000	69,171,000	69,490,000	71,781,000	75,194,000	16,799,000	17,299,000
Excise tax collections or liabilities reported by the Internal Revenue Service [1]									
Total excise tax collections.....	58,585,763	54,810,038	52,418,848	52,136,835	52,771,160	54,807,225	57,252,098	12,691,788	13,592,926
Retail excise taxes:									
Luxury taxes:									
Passenger vehicles (expired, January 1, 2003).....	401,535	407,222	341,981	252,834	65,162	3,032	1,503	-224	387
Boats (repealed, January 1, 1993).....	0	0	19	0	0	0	0	0	0
Aircraft (repealed, January 1, 1993).....	0	0	0	0	0	0	1	0	0
Jewelry (repealed, January 1, 1993).....	0	0	0	0	0	0	0	0	0
Furs (repealed, January 1, 1993).....	12	0	1	0	0	0	0	0	0
Dyed diesel fuel used in trains:									
Total, excluding floor stocks.....	170,463	170,960	167,161	147,408	162,654	127,169	93,032	30,094	25,766
Floor stocks	7	0	0	1	0	1	0	0	0
Dyed diesel fuel for certain intercity or local buses.....	2,458	2,317	2,380	1,731	1,266	1,139	-1,122	245	-183
Special motor fuels:									
Total, excluding floor stocks.....	23,757	19,535	18,404	17,570	14,226	12,990	12,724	3,626	2,988
Floor stocks.....	-17	-1	0	0	0	0	0	0	0
Compressed natural gas.....	865	1,145	1,026	895	1,735	1,406	1,401	414	324
Alcohol fuels [2].....	-377	807	5,462	408	-9,986	7,367	2,715	636	568
Fuels used commercially on inland waterways.....	121,903	118,666	114,110	111,311	111,058	110,364	103,375	29,091	25,220
Truck, trailer, and semitrailer chassis and bodies, and tractors.....	2,956,880	2,775,788	1,573,968	1,574,947	1,608,208	2,235,178	3,008,461	712,353	668,710
Manufacturer's excise taxes:									
Gas guzzlers [2].....	68,327	70,788	78,157	79,705	126,685	140,834	163,825	53,185	39,233
Highway-type tires [2].....	416,658	420,299	354,769	372,800	403,892	433,116	471,066	113,951	109,075
Tires other than Biasply or Super Single [3].....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Biasply or Super Single Tires [3].....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Super Single Tires for Steering [3].....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aviation gasoline [4].....	57,832	58,472	49,687	62,574	57,953	44,611	39,357	9,657	10,283
Gasoline except for use in gasohol:									
Total, excluding floor stocks.....	21,236,659	21,040,777	20,619,195	20,942,138	20,169,608	18,232,507	23,725,624	4,427,573	6,122,300
Floor stocks.....	-65	2	-21	2	0	0	0	0	0
Diesel fuel, except for trains and intercity buses:									
Total, excluding floor stocks [2].....	7,895,919	8,229,762	8,208,994	8,214,559	8,581,467	9,016,694	9,376,555	2,302,426	2,231,481
Floor stocks.....	121	-133	0	0	0	0	0	0	0
Gasoline for use in gasohol by alcohol content:									
Total, excluding floor stocks:									
5.7 percent under 7.7 percent	42	65	9	77	2,320	15,436	3,601	3,737	0
7.7 percent under 10 percent	13,228	4,266	4,839	4,835	946	503	90	210	0
10 percent or more	231,114	265,273	243,702	302,407	358,002	306,441	73,182	73,258	-22
Floor stocks	0	0	1	-1	0	0	0	0	0
Gasohol by alcohol content:									
Total, excluding floor stocks:									
5.7 percent under 7.7 percent	81,873	25,934	297,763	406,578	1,296,991	2,363,320	608,812	608,411	351
7.7 percent under 10 percent	180,025	59,104	146,196	176,148	91,017	97,098	35,462	37,983	-2,468
10 percent or more	1,537,235	2,039,428	1,918,995	1,932,347	2,313,542	2,899,287	833,017	813,845	12,389
Floor stocks	0	0	-4	0	0	0	0	0	0
Aviation-grade kerosene (except gasoline) for noncommercial use:									
Total, excluding floor stocks	173,117	159,314	187,318	287,664	286,559	322,440	1,027,883	77,411	305,850
Floor stocks	58	1	0	0	0	0	0	0	0
Aviation-grade kerosene (except gasoline) for commercial use (other than foreign trade).....	649,900	667,647	620,044	509,944	453,361	503,696	-98,244	115,485	-46,633
Floor stocks	0	0	0	0	0	0	0	0	0
Kerosene (effective July 1, 1998)	77,726	79,591	90,331	62,857	72,128	62,085	52,802	20,538	25,383

Footnotes at end of table.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1999-2006--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year					
	2005		Tax rates in effect on October 1, 2005	2006		
	by quarter ending—			by quarter ending—		
	June 2005	September 2005		December 2005	March 2006	June 2006
(10)	(11)	(12)	(13)	(14)	(15)	
Total excise tax collections.....	18,686,000	22,410,000	various	17,626,000	17,836,000	19,630,000
Excise tax collections or liabilities reported by the Internal Revenue Service [1]						
Total excise tax collections.....	14,282,139	16,685,245	various	13,268,974	13,782,938	14,902,835
Retail excise taxes:						
Luxury taxes:			3 percent of price in excess of--			
Passenger vehicles (expired, January 1, 2003).....	604	736	\$40,000, expired 1/1/03	-315	330	-224
Boats (repealed, January 1, 1993).....	0	0	N/A	0	0	0
Aircraft (repealed, January 1, 1993).....	1	0	N/A	0	0	0
Jewelry (repealed, January 1, 1993).....	0	0	N/A	0	2	0
Furs (repealed, January 1, 1993).....	0	0	N/A	0	0	0
Dyed diesel fuel used in trains:						
Total, excluding floor stocks.....	23,948	13,224	\$0.044 per gallon; reduced to \$.034 on 1/1/05; reduced to \$.024 on 7/1/05	14,115	16,071	26,364
Floor stocks	0	0	N/A	0	0	0
Dyed diesel fuel for certain intercity or local buses.....	-640	-544	\$0.074 per gallon; repealed 1/1/05	-901	-908	-489
Special motor fuels:						
Total, excluding floor stocks.....	2,865	3,245	\$0.136 per gallon	3,214	2,869	2,646
Floor stocks.....	0	0	N/A	0	0	0
Compressed natural gas.....	299	364	\$0.4854 per 1000 cubic feet	373	353	375
Alcohol fuels [2].....	634	877	various	546	309	239
Fuels used commercially on inland waterways.....	26,670	22,394	\$0.244 per gallon; reduced to \$.234 on 1/1/05; reduced to \$.224 on 7/1/05	25,066	23,774	25,277
Truck, trailer, and semitrailer chassis and bodies, and tractors.....	830,121	797,277	12 percent of price	841,957	839,903	969,635
Manufacturer's excise taxes:						
Gas guzzlers [2].....	37,868	33,539	various	54,747	44,816	55,728
Highway-type tires [2].....	124,438	123,602	various	119,204	8,292	-55,225
Tires other than Biasply or Super Single [3].....	N/A	N/A	as of 6/2006, \$.0945	N/A	103,087	176,403
Biasply or Super Single Tires [3].....	N/A	N/A	as of 6/2006, \$.04725	N/A	5,768	8,934
Super Single Tires for Steering [3].....	N/A	N/A	as of 6/2006, \$.0945	N/A	1,504	978
Aviation gasoline [4].....	5,812	13,605	\$0.194 per gallon	8,771	8,327	12,809
Gasoline except for use in gasohol:						
Total, excluding floor stocks.....	6,547,038	6,628,713	\$0.184 per gallon	6,416,483	6,131,592	6,840,345
Floor stocks.....	8	-8	N/A	0	0	0
Diesel fuel, except for trains and intercity buses:						
Total, excluding floor stocks [2].....	2,402,691	2,439,957	\$0.244 per gallon	2,396,552	2,306,951	2,460,034
Floor stocks.....	0	0	N/A	0	0	0
Gasoline for use in gasohol by alcohol content:						
Total, excluding floor stocks:						
5.7 percent under 7.7 percent	-135	-1	\$0.16369 per gallon; repealed 1/1/05	-2	[r]-3	-1
7.7 percent under 10 percent	-70	-50	\$0.15596 per gallon; repealed 1/1/05	1	[r] 0	0
10 percent or more	-42	-12	\$0.14666 per gallon; repealed 1/1/05	17,000	[r] 26,000	96
Floor stocks.....	0	0	N/A	0	0	0
Gasohol by alcohol content:						
Total, excluding floor stocks:						
5.7 percent under 7.7 percent	103	-53	\$0.15436 per gallon; repealed 1/1/05	414	311	2
7.7 percent under 10 percent	-22	-31	\$0.14396 per gallon; repealed 1/1/05	8	4	3
10 percent or more	13,454	-6,671	\$0.132 per gallon; repealed 1/1/05	681	14	6
Floor stocks	0	0	N/A	0	0	0
Aviation-grade kerosene (except gasoline) for noncommercial use:						
Total, excluding floor stocks	320,297	324,325	\$0.219 per gallon [5]	159,973	-164,732	-108,245
Floor stocks	0	0	\$0.219 per gallon [5]	0	0	10
Aviation-grade kerosene (except gasoline) for commercial use (other than foreign trade).....	-82,234	-84,862	\$0.044 per gallon [5]	107,299	118,138	112,591
Floor stocks	0	0	\$0.044 per gallon [5]	0	0	0
Kerosene (effective July 1, 1998)	3,671	3,210	\$0.244 per gallon [5]	285,948	280,331	257,951

Footnotes at end of table.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1999-2006--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year								
	1999	2000	2001	2002	2003	2004	2005		
							Total	by quarter ending—	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	December 2004	March 2005	(9)
Manufacturer's excise taxes--continued:									
Coal:									
Mined underground:									
At 4.4 percent of sales price.....	190,133	197,478	183,531	155,966	134,588	125,536	85,816	28,824	21,327
At \$1.10 per ton	162,442	115,291	135,189	149,366	147,646	194,585	261,097	53,540	67,149
Surface mined:									
At 4.4 percent of sales price.....	78,397	79,842	90,122	103,502	109,537	120,012	134,071	32,705	33,584
At \$0.55 per ton	138,019	132,526	140,004	139,634	125,760	127,877	131,451	32,396	31,114
Certain vaccines [2].....	169,046	163,528	152,349	161,764	179,009	171,471	196,426	37,542	44,163
Sport fishing equipment.....	97,548	100,539	100,642	97,901	97,986	103,339	101,563	20,620	29,166
Fishing tackle boxes.....	0	0	0	0	0	0	617	0	0
Electric outboard motors, sonar devices.....	1,922	2,022	2,477	2,725	2,585	3,240	2,358	708	882
Bows and arrows.....	19,792	20,502	19,094	20,297	20,947	22,058	23,881	3,924	5,545
Arrow shafts	0	0	0	0	0	0	1,905	0	0
Taxes on facilities and services:									
Telephone and teletypewriter services.....	5,248,965	5,645,239	5,737,027	5,803,631	5,809,503	5,792,246	5,851,530	1,458,318	1,441,623
Transportation of persons by air.....	6,588,088	6,963,617	6,670,357	6,157,264	6,185,415	6,675,981	7,047,808	1,629,478	1,637,485
Use of international air travel facilities.....	1,272,725	1,323,558	1,450,458	1,406,192	1,452,015	1,609,445	1,881,355	422,208	442,716
Transportation of property by air.....	371,487	520,576	400,286	372,119	455,209	483,691	477,826	119,683	126,401
Taxes on policies issued by foreign insurers.....	117,584	131,672	152,221	195,634	292,897	350,790	373,580	79,769	83,526
Taxes related to wagering:									
Certain wagers [2].....	13,805	10,726	[6]	[6]	[6]	[6]	[6]	[6]	[6]
Occupational taxes [2].....	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]
Certain other excise taxes:									
Passenger transportation by water.....	25,554	24,922	27,919	31,069	33,252	34,721	36,083	6,398	10,080
Use tax on heavy vehicles [1,2].....	849,226	893,457	867,345	899,367	911,445	[r] 934,073	1,327,257	86,225	221,527
Environmental taxes:									
Domestic petroleum (Superfund) (expired effective January 1, 1996).....	-3,637	4	14	-4	1	-21	2	0	0
Imported petroleum (Superfund) (expired effective January 1, 1996).....	1,071	2,660	337	641	-4	-11	0	0	0
Domestic petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995)	-128	-3	6	0	0	-4	0	0	0
Imported petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995).....	13	253	0	0	0	-3	0	0	0
Certain chemicals (Superfund) (expired effective January 1, 1996) [2].....	12,687	2,395	-2,258	-2,842	-687	-52	1	0	0
Certain imported substances (Superfund) (expired effective January 1, 1996) [2].....	-322	349	-492	-7	0	-1	0	0	0
Ozone-depleting chemicals: [2]									
Total, excluding floor stocks.....	120,400	42,552	12,076	3,995	7,519	1,457	1,766	1,024	1,183
Floor stocks.....	6,306	2,273	1,313	1,182	905	934	506	-175	-29
Imported taxable products containing or manufactured using ozone-depleting chemicals [2].....	-6,166	17,580	11,978	-945	6,869	4,352	9,296	2,281	1,701
Taxes on Private Foundations:									
Net investment income [7].....	502,675	503,453	720,047	490,425	262,662	240,508	384,554	157,046	38,235
Additional excise taxes [8].....	1,951	2,445	3,072	4,520	5,059	4,498	7,405	3,235	468
Taxes on Black Lung Benefit Trusts [2].....	2	2	-1	0	0	0	0	0	0
Taxes on qualified pension and other plans:									
Failure to meet minimum funding standards.....	5,307	388	652	1,851	54	3	0	0	0
Nondeductible contributions.....	3,770	38	12,145	-25	6	0	0	0	0

Footnotes at end of table.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1999-2006--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year					
	2005		Tax rates in effect on October 1, 2005	2006		
	by quarter ending—			by quarter ending—		
	June 2005	September 2005	December 2005	March 2006	June 2006	
(10)	(11)	(12)	(13)	(14)	(15)	
Manufacturer's excise taxes--continued:						
Coal:						
Mined underground:						
At 4.4 percent of sales price.....	17,638	18,027	4.4 percent of value	17,495	12,230	12,798
At \$1.10 per ton	71,379	69,029	\$1.10 per ton if less than 4.4 percent of value	63,969	70,037	73,359
Surface mined:						
At 4.4 percent of sales price.....	32,803	34,979	4.4 percent of value	34,425	36,155	40,571
At \$0.55 per ton.....	33,270	34,671	\$0.55 per ton if less than 4.4 percent of value	32,694	32,411	37,591
Certain vaccines [2].....	36,535	78,186	\$0.75 per dose	66,480	50,208	59,108
Sport fishing equipment.....	30,940	20,837	10 percent of sales price	16,860	21,923	24,029
Fishing tackle boxes.....	375	242	10 percent; reduced to 3 percent on 1/1/05	86	519	442
Electric outboard motors, sonar devices.....	353	415	3 percent of sales price; tax on sonar devices repealed on 1/1/05	518	828	917
Bows and arrows.....	5,292	9,066	11-12.4 percent of sales price; tax on arrows repealed on 11/22/05	4,257	[r]6,070	4,530
Arrow shafts	613	1,292	\$0.39 per shaft, increased to \$0.40 as of 1/1/06	0	924	880
Taxes on facilities and services:						
Telephone and teletypewriter services.....	1,494,552	1,457,037	3 percent	1,488,586	1,458,028	1,441,277
Transportation of persons by air.....	1,904,384	1,876,461	7.5 percent of the price plus \$3.30 flight segment for nonrural airports	1,814,914	1,768,211	2,121,276
Use of international air travel facilities.....	520,723	495,708	\$6.90 for domestic segments beginning or ending in Alaska or Hawaii, increased to \$7.30 1/1/06	454,075	459,281	569,468
Transportation of property by air.....	107,532	124,210	6.25 percent	131,890	121,368	128,862
Taxes on policies issued by foreign insurers.....	96,365	113,920	1 percent or 4 percent of premium paid	97,531	90,820	109,691
Taxes related to wagering:						
Certain wagers [2].....	[6]	[6]	\$0.25 or 2.0 percent of wager	[6]	[6]	[6]
Occupational taxes [2].....	[6]	[6]	\$50 or \$500 per person per year	[6]	[6]	[6]
Certain other excise taxes:						
Passenger transportation by water.....	9,576	10,029	\$3.00 per passenger	8,571	9,215	9,602
Use tax on heavy vehicles [1,2].....	159,223	860,282	\$75-\$550 per vehicle per year	78,606	77,133	81,381
Environmental taxes:						
Domestic petroleum (Superfund) (expired effective January 1, 1996).....	0	2	\$0.097 per barrel	0	0	0
Imported petroleum (Superfund) (expired effective January 1, 1996).....	0	0	\$0.097 per barrel	0	-147	-417
Domestic petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995)	0	0	\$0.05 per barrel	0	0	36,695
Imported petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995).....	0	0	\$0.05 per barrel	0	0	50,233
Certain chemicals (Superfund) (expired effective January 1, 1996) [2].....	0	1	\$0.22-\$4.87 per ton	0	147	519
Certain imported substances (Superfund) (expired effective January 1, 1996) [2].....	0	0	various, per ton	3	0	0
Ozone-depleting chemicals: [2]						
Total, excluding floor stocks.....	-542	101	various, per pound	-85	281	433
Floor stocks.....	700	10	various, per pound	11	-14	211
Imported taxable products containing or manufactured using ozone-depleting chemicals [2].....	2,823	2,491	various	2,381	1,211	1,587
Taxes on Private Foundations:						
Net investment income [7].....	126,204	63,069	1 or 2 percent	211,475	51,353	67,933
Additional excise taxes [8].....	2,478	1,224	various	2,071	360	754
Taxes on Black Lung Benefit Trusts [2].....	0	0	various	0	0	0
Taxes on qualified pension and other plans:						
Failure to meet minimum funding standards.....	0	0	5 or 10 percent	0	0	0
Nondeductible contributions.....	0	0	10 percent	0	0	0

Footnotes at end of table.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1999-2006--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year								
	1999	2000	2001	2002	2003	2004	2005		
							Total	by quarter ending—	
								December 2004	March 2005
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Taxes on qualified pension and other plans									
—continued:									
Excess contributions to Individual Retirement Accounts and others.....	8,279	10,228	[6]	[6]	[6]	[6]	[6]	[6]	[6]
Prohibited transactions.....	576	432	1,091	207	1,476	5	0	0	0
Certain excess contributions.....	6,281	1,696	542	34	17	-18	0	0	0
Reversion of qualified plan assets to employer.....	22,258	46,392	2,127	175	80	0	0	0	0
Penalties [2]	3,662	1,857	3,958	1,887	2,446	0	0	0	0
Taxes on undistributed income of qualified investment entities:									
Real Estate Investment Trusts.....	324	62	249	73	152	0	0	0	0
Regulated Investment Companies.....	5,412	42	6,068	1,872	3,892	0	0	0	0
Windfall profits tax on domestic crude oil (repealed August 23, 1988) [1].....	79	0	0	0	0	0	0	0	0
Miscellaneous IRS taxes [2].....	47,385	40,226	131,718	106,214	35,543	104	0	0	0
Unclassified [9].....	6,204,178	1,191,890	335,652	369,406	318,582	869,695	-359,285	-917,866	-175,922
Customs Service and the Alcohol and Tobacco Tax									
Total excise tax collections.....	13,490,237	15,837,962	15,822,152	17,034,165	16,718,840	16,973,775	17,941,902	4,107,212	3,706,074
Tax liabilities by type of excise tax [10].....	13,478,757	15,636,428	15,771,195	16,989,022	16,678,051	16,953,918	16,974,462	4,161,013	3,621,489
Distilled spirits:									
Domestic.....	2,974,674	3,043,375	3,004,527	3,138,705	3,132,577	3,220,871	3,315,979	891,728	656,020
Imported.....	758,726	816,922	892,230	901,173	982,016	1,074,631	1,135,410	336,477	255,294
Wine:									
Domestic.....	504,042	517,812	498,537	513,559	534,927	547,505	566,816	162,350	124,684
Imported.....	154,876	174,327	168,675	193,737	215,803	220,386	239,976	66,767	50,928
Beer:									
Domestic.....	3,168,158	3,216,402	3,171,384	3,236,231	3,189,580	3,218,708	3,192,447	677,752	697,551
Imported.....	321,317	350,924	383,793	414,895	415,280	441,713	450,723	99,842	95,129
Tobacco products: [11]									
Domestic [11].....	5,189,723	7,019,884	7,120,255	7,879,499	7,435,391	7,440,242	7,408,184	1,740,955	1,591,992
Cigarettes [11].....	5,148,512	6,684,361	7,012,908	7,646,535	7,293,490	7,250,838	7,166,885	1,830,047	1,593,104
Cigars [11]	67,779	94,044	114,615	139,618	154,261	171,461	189,745	43,528	44,906
Papers/tubes [11].....	1,201	1,318	929	954	1,018	1,374	3,614	273	265
Chewing tobacco and snuff [11].....	29,853	40,565	43,571	49,504	52,094	53,387	54,085	13,272	12,669
Pipe/roll-your-own tobacco [11].....	3,917	12,511	14,141	15,478	18,236	17,790	20,125	4,473	4,796
Floor stocks.....	0	261,917	528	115,835	1,628	0	10	0	10
Imported	114,524	196,141	252,229	404,308	475,278	470,017	429,077	127,949	95,389
Firearms and ammunition.....	187,977	197,840	175,959	205,025	193,420	214,987	225,817	55,337	53,351
Special occupations.....	104,740	102,801	103,606	101,890	103,779	94,053	10,191	1,856	1,151
Alcohol and Tobacco Tax and Trade Bureau and Customs Service collections less reported amounts.....	11,480	201,534	50,957	45,143	40,789	19,857	967,440	-53,801	84,585
Total collections less reported amounts.....	11,480	201,534	50,957	45,143	40,789	19,857	967,440	-53,801	84,585

Footnotes at end of table.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1999-2006--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year					
	2005		Tax rates in effect on October 1, 2005	2006		
	by quarter ending—			by quarter ending—		
	June 2005	September 2005		December 2005	March 2006	June 2006
(10)	(11)	(12)	(13)	(14)	(15)	
Taxes on qualified pension and other plans						
—continued:						
Excess contributions to Individual Retirement						
Accounts and others.....	[6]	[6]	6 percent	[6]	[6]	[6]
Prohibited transactions.....	0	0	5 percent	0	0	0
Certain excess contributions.....	0	0	10 percent	0	0	0
Reversion of qualified plan assets to employer.....	0	0	20 percent	0	0	0
Penalties [2]	0	0	various	0	0	0
Taxes on undistributed income of qualified investment entities:						
Real Estate Investment Trusts.....	0	0	4 percent	0	0	0
Regulated Investment Companies.....	0	0	4 percent	0	0	0
Windfall profits tax on domestic crude oil (repealed August 23, 1988) [1].....						
	0	0	0	0	0	0
Miscellaneous IRS taxes [2].....						
	0	0	various	0	0	0
Unclassified [9].....	-628,559	1,035,486	various	1,317,801	[r] 249,016	414,924
Customs Service and the Alcohol and Tobacco Tax						
Total excise tax collections.....	4,403,861	5,724,755	various	4,357,026	4,053,062	4,727,165
Tax liabilities by type of excise tax [10].....	4,379,180	4,809,788	various	4,063,101	3,824,290	4,450,176
Distilled spirits:						
Domestic.....	867,291	900,864	\$13.50 per proof gallon	882,207	716,368	883,702
Imported.....	274,496	269,143	\$13.50 per proof gallon	339,488	274,844	323,304
Wine:						
Domestic.....	132,337	147,166	\$1.07 to \$13.50 per gallon	162,116	127,988	136,533
Imported.....	59,913	62,368	\$1.07 to \$3.40 per proof gallon	115,147	54,991	62,001
Beer:						
Domestic.....	846,242	970,868	\$7 or \$18 per barrel	667,716	715,775	863,165
Imported.....	126,768	128,984	\$18 per barrel	115,147	105,839	138,738
Tobacco products: [11]						
Domestic [11].....	1,911,509	2,163,613	various	1,666,157	1,681,560	1,896,159
Cigarettes [11].....	1,900,036	1,842,568	\$19.50 to \$40.95 per thousand	1,744,601	1,692,861	1,862,744
Cigars [11]	50,639	49,614	\$1.828 to \$48.75 per thousand	48,394	49,196	52,270
Papers/tubes [11].....	207	2,539	\$0.0122 to \$0.0244 per 50	202	21	887
Chewing tobacco and snuff [11].....	14,230	14,096	\$0.195 to \$0.585 per pound	13,368	13,952	14,577
Pipe/roll-your-own tobacco [11].....	5,045	5,673	\$1.0969 per pound	5,518	5,410	4,986
Floor stocks.....	0	0	N/A	0	0	638
Imported	104,699	101,041	various	95,639	86,139	85,758
Firearms and ammunition.....	51,479	64,225	10 or 11 percent of sales price	58,509	60,683	59,779
Special occupations.....	4,446	1,516	\$250 to \$1,000 per dealer or manufacturer	92	103	1,037
Alcohol and Tobacco Tax and Trade Bureau and Customs Service collections less reported amounts.....						
	24,681	914,967	N/A	293,925	228,772	276,989
Total collections less reported amounts.....	24,681	914,967	N/A	293,925	228,772	276,989

[r] Revised or corrected.

N/A - Not applicable.

[1] Tax "liability" statistics also include "collections" of the use tax on heavy highway vehicles and of the "crude oil windfall profit tax." See also the "Notes" below.

[2] Represents aggregates for two or more specific taxes for which amounts have either been combined or are not available separately.

[3] As of June 2006, taxable tires have been divided into three taxable types: taxable tires other than Biasply or Super Single tires; taxable tires, Biasply, or Super Bingle tires (other than Super Single tires designed for steering); and taxable tires, Super Single tires designed for steering.

[4] This tax is in addition to the regular tax on gasoline.

[5] Only registered ultimate vendors pay specified tax rates. All others pay \$.244 per gallon.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1999-2006--Continued

Footnotes--Continued

- [6] Data for this and certain other taxes are combined and included in the totals for excise taxes "unclassified," shown below in Table 21. Data for the specific taxes were not separately tabulated.
- [7] Based on information obtained from Forms 990-PF as recorded by the Tax Exempt/Government Entities Returns Inventory and Control System (RICS). Excludes data from nonexempt charitable trusts and foreign private foundations that file Form 990-PF.
- [8] Based on information obtained from Forms 4720 as recorded by the Tax Exempt/Government Entities Returns Inventory and Control System (RICS). Includes data for initial taxes on self-dealing, required distributions, excess business holdings, jeopardizing investments, and taxable expenditures as reported on Forms 4720 filed by organizations, other than nonexempt charitable trusts, that were also required to file Form 990-PF.
- [9] Includes excise taxes collected through the Federal Tax Deposit (FTD) system, which the Internal Revenue Service had not yet classified by type of excise tax. Classification is based on returns filed in the quarter following tax payment. Negative amounts for "unclassified" taxes result from subsequent classification of the previously unclassified taxes. See also the "Notes," below.
- [10] Tax "liability" statistics shown for the Customs Service/Alcohol and Tobacco Tax and Trade Bureau (TTB) include tax "collections" on imported items for which the Customs Service is responsible. See also the "Notes," below.
- [11] Taxes shown for the different types of domestic tobacco products are before postfiling tax adjustments. Therefore, the statistics by type of tax for domestic tobacco products will not add to the total tax on domestic tobacco products, which is after these adjustments. For additional information, see the "Notes," below, under "Statistics on Excise Taxes Administered by the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service."

NOTES: Grand totals for taxes shown for the Internal Revenue Service (IRS), the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms [ATF]), and the Customs Service represent tax "collections." (Fees for the Harbor Maintenance tax treated as excise taxes under the Internal Revenue Code are also collected by the Customs Service, but are excluded from Table 21 for consistency with the excise tax definitions and totals published in the Federal Budget.) For the grand totals, collections rounded to millions of dollars are all that are available. In general, amounts shown are the gross amounts, i.e., before refunds. However, as explained below, refunds are sometimes claimed as a credit against the tax reported on the excise tax return of a subsequent quarter so that, to this extent, the data are after refunds. "Floor stocks taxes" are shown separately in Table 21 because they are nonrecurring. They are generally imposed on holders of inventories on the date a new excise tax is imposed or a tax rate increased. Total collections represent tax payments made during the indicated fiscal year (or quarter), either through: (a) the semimonthly tax deposits required of most taxpayers with significant excise tax liabilities using Federal Tax Deposit (FTD) coupons, in the case of taxes collected by IRS, or Electronic Funds Transfers (EFTs), in the case of taxes collected by TTB/Customs, or (b) payments attached to quarterly excise tax returns. Statistics for both the total for taxes administered by the IRS and the taxes by type of tax represent tax "collections" (see below). Also, statistics on the types of tax take into account the normal lag that exists between the time most taxes are collected (through FTDs, the means by which most excise taxes are collected) and the recording of tax liabilities by type of tax as reported on excise tax returns and "certified" by IRS, as described below. For additional information, see the notes to Table 20, *Statistics of Income Bulletin*, Fall 1998, Volume 18, Number 2, and also, "Federal Excise Taxes, Fiscal Years 1994 and 1995," Fall 1996, Volume 16, Number 2.

a. Statistics on excise taxes administered by the Internal Revenue Service: Corrections to the IRS data are reflected in the quarter(s) and year in which the corrections were made, rather than in the data for the quarter(s) and year in which the original tax liability arose (unlike the TTB/Customs data). The certified tax is net of refund credits reported on excise tax returns, not only for this reason, but for conformity with the Internal Revenue Code. As examples, tax can be offset for commodities exported that were previously taxed (exports are usually nontaxable), or for the sale of previously-taxed gasoline to a State or local government (or, in the case of TTB taxes, for alcohol used for a nonbeverage purpose). Other taxpayers apply directly for refunds and, for some of the taxes, are allowed to claim refunds by means of a credit against income tax. Because such refundable amounts were not reported on the excise tax return, they are not reflected in the Table 21 totals. (Other corrections to the IRS data for certain specific taxes are assumed to be due to misclassification and have been adjusted for as additions (or subtractions) to "Unclassified IRS taxes.")

b. Statistics on excise taxes administered by the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service: Excise taxes on alcoholic beverages and tobacco products are collected by both Customs Service (on imports) and TTB (on domestic production). Taxes on firearms and certain occupational taxes are also collected by TTB. So, TTB statistics represent tax "collections" on domestic alcohol and tobacco productions, as well as tax "collections" on firearms and certain occupations. By contrast, the tax statistics for the detailed types of taxes on domestic tobacco products are tax "liabilities." The grand totals for TTB and Customs Service tax "collections," as presented in Table 21, are residual amounts. They were derived by subtracting total IRS tax collections, which are available before most refunds, from the grand total of all excise tax gross collections reported in the *Monthly Treasury Statement*, rounded to millions of dollars, as shown at the beginning of Table 21. This subtraction is not precise because of definitional differences between IRS and TTB or Customs Service. In Table 21, TTB data have been rearranged so that tax liabilities are matched with tax collections in that same quarter. Previously, tax liabilities arising in a given quarter were not directly related to reported tax collections during that same quarter. Also, as previously noted, TTB amounts are often revised slightly as late returns are processed or postfiling adjustments are made to the tax. As a result, tax reported for prior periods is updated on a continuing basis, although the updated prior-year collections data are actually retabulated only for the one, most recent, prior year. Retabulated postfiling tax revisions for these earlier years are included for the first time in Table 21 of the Spring 2002 issue of the *Bulletin* and affect previously published data for fiscal years, beginning with 1996. However, as stated in footnote 11, above, postfiling revisions to the data for the immediately preceding fiscal year are not available for the detailed types of taxes on domestic tobacco products. Therefore, because revisions are available and are reflected in the total presented as the sum of these taxes, adding up the (unrevised) detail by type of tax will not yield the (revised) total. Detail may not add to totals because of rounding. All amounts are in current dollars. Tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: U.S. Department of the Treasury, Financial Management Service, *Monthly Treasury Statement of Receipts and Outlays of the United States Government*; Alcohol and Tobacco Tax and Trade Bureau, Statistical Release: Alcohol, Tobacco and Firearms Tax Collections, quarterly (this release also includes data for the Customs Service), and previously unpublished special tabulations; *Internal Revenue Service, Internal Revenue Service Data Book*, and its predecessor, *Annual Report*, Commissioner and Chief Counsel, Internal Revenue Service; also Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems, Internal Revenue Report of Excise Taxes. Also see Francis, Brian D., "Federal Excise Taxes, Including the Slow Death of Expired Taxes," *Statistics of Income Bulletin*, Summer 1999, Volume 19, Number 1. Also see Henry, Eric, "Excise Taxes and the Airport and Airway Trust Fund, 1970-2002," *Statistics of Income Bulletin*, Winter 2004, Volume 23, Number 3. For additional information about the process used to match quarterly excise tax "collections" with excise tax "liabilities" as reported on quarterly excise tax returns, see the "Notes" to Table 20 in the Fall 1998 (Volume 18, Number 2) issue of the *Statistics of Income Bulletin*.

Selected Historical and Other Data

Table 22.--Selected Returns and Forms Filed or To Be Filed by Type During Specified Calendar Years, 1990-2007

Type of return or form	Number filed in calendar year—					
	1990	1995	1998	1999	2000	2001
	(1)	(2)	(3)	(4)	(5)	(6)
Individual income [1].....	112,596,000	116,466,900	123,049,600	125,389,700	127,657,400	130,094,300
Forms 1040, 1040A, 1040EZ, and 1040PC.....	112,305,000	116,059,700	122,546,900	124,887,100	127,097,200	129,444,900
Paper returns.....	108,100,900	104,252,800	97,966,600	95,557,600	91,695,100	89,238,100
Electronically-filed returns.....	4,204,200	11,806,900	24,580,300	29,329,500	35,402,200	40,206,800
Business returns	16,170,200	18,058,600	19,031,300	19,176,200	19,350,400	19,664,500
Schedule C or C-EZ.....	14,149,000	16,157,000	17,183,700	17,377,100	17,570,500	17,904,900
Schedule F	2,021,300	1,901,600	1,847,600	1,799,200	1,779,900	1,759,600
Nonbusiness returns.....	96,134,800	98,001,100	103,515,700	105,710,900	107,746,800	109,780,500
Forms 1040C, 1040NR, 1040PR, and 1040SS.....	291,000	407,200	502,700	502,500	560,200	649,300
Corporation income [2].....	4,319,500	4,817,900	5,241,200	5,398,300	5,469,600	5,561,300
Form 1120	2,334,600	2,197,000	2,207,600	2,202,400	2,161,700	2,128,700
Form 1120A	332,000	319,100	272,500	260,800	245,500	235,800
Form 1120S.....	1,536,100	2,161,000	2,599,800	2,767,000	2,887,100	3,022,600
Other	116,800	140,800	161,300	168,100	175,300	174,200
Partnership, Forms 1065 and 1065B [3].....	1,750,900	1,580,300	1,861,000	1,974,700	2,066,800	2,165,000
Estate and trust income, Forms 1041 and 1041S [4].....	2,680,900	3,190,900	3,397,600	3,403,300	3,528,900	3,918,900
Estate tax, Forms 706, 706NA, 706GS(D), and 706GS(T) [5].....	60,800	81,400	110,100	116,400	123,600	122,400
Gift tax, Form 709.....	147,700	216,200	261,200	291,900	308,600	303,800
Tax-exempt organizations [6].....	487,400	572,600	618,300	692,600	699,100	724,200
Forms 990 and 990EZ.....	359,700	406,400	412,000	458,100	461,700	481,000
Form 990-PF.....	44,700	51,300	61,800	64,900	70,000	73,300
Form 990-T.....	39,100	49,800	50,200	62,800	52,600	48,200
Forms 990C, 4720, and 5227.....	43,900	65,100	94,300	106,800	114,900	121,700
Employment [7].....	28,911,300	28,654,900	29,106,400	28,973,600	28,841,200	28,935,800
Forms 940, 940EZ, 940PR.....	5,367,400	5,482,600	5,483,300	5,479,100	5,463,100	5,545,400
Forms 941, 941PR/SS, 944.....	21,632,100	22,219,100	23,098,500	22,985,100	22,890,300	22,919,800
Forms 943, 943PR.....	385,400	354,700	330,900	316,200	305,500	291,000
Other.....	1,526,400	598,500	193,700	193,200	182,300	179,600
Excise [8].....	852,000	788,600	821,900	822,300	852,500	815,100
Form 2290.....	440,700	490,300	562,500	577,800	610,800	588,700
Form 720.....	339,100	225,300	194,000	183,800	174,700	164,900
Other.....	72,200	73,000	65,400	60,700	67,100	61,500

Footnotes at end of table.

Selected Historical and Other Data

Table 22.--Selected Returns and Forms Filed or To Be Filed by Type During Specified Calendar Years, 1990-2007--Continued

Type of return or form	Number filed in calendar year—					
	2002	2003	2004	2005	2006 (projected) [r]	2007 (projected) [r]
	(7)	(8)	(9)	(10)	(11)	(12)
Individual income [1].....	130,977,500	130,836,700	131,297,500	133,023,100	134,717,900	136,319,600
Forms 1040, 1040A, 1040EZ, and 1040PC.....	130,341,200	130,134,300	130,576,900	132,275,800	133,956,800	135,509,000
Paper returns.....	83,505,100	77,265,300	69,148,600	63,811,900	60,941,800	56,271,200
Electronically-filed returns.....	46,836,100	52,869,000	61,428,300	68,463,900	73,015,000	79,237,800
Business returns	20,072,000	20,658,500	21,475,200	22,315,700	22,697,200	23,092,500
Schedule C or C-EZ.....	18,336,500	18,944,500	19,770,600	20,627,100	20,979,700	21,345,100
Schedule F	1,735,500	1,713,900	1,704,700	1,688,600	1,717,500	1,747,400
Nonbusiness returns.....	110,269,100	109,475,800	109,101,600	109,960,100	111,259,600	112,416,500
Forms 1040C, 1040NR, 1040PR, and 1040SS.....	636,400	702,400	720,700	747,300	761,100	810,500
Corporation income [2].....	5,738,800	5,919,600	6,018,300	6,164,600	6,358,500	6,511,700
Form 1120	2,131,900	2,119,000	2,066,800	2,012,700	2,004,700	1,975,100
Form 1120A	229,700	225,300	214,700	210,900	204,800	198,800
Form 1120S.....	3,191,100	3,369,100	3,523,900	3,715,200	3,909,800	4,089,900
Other	186,200	206,200	212,800	225,700	239,200	247,900
Partnership, Forms 1065 and 1065B [3].....	2,271,800	2,405,400	2,546,400	2,720,300	2,888,400	3,051,200
Estate and trust income, Forms 1041 and 1041S [4].....	3,658,000	3,705,000	3,722,400	3,698,600	3,761,000	3,823,300
Estate tax, Forms 706, 706NA, 706GS(D), and 706GS(T) [5].....	114,000	87,100	74,200	54,900	53,100	32,900
Gift tax, Form 709.....	282,600	284,900	262,200	265,500	264,600	263,500
Tax-exempt organizations [6].....	744,400	818,200	807,300	819,300	830,700	861,600
Forms 990 and 990EZ.....	495,000	548,000	533,000	537,400	544,000	568,900
Form 990-PF.....	76,900	86,000	85,700	87,700	89,800	92,900
Form 990-T.....	46,400	55,200	57,700	63,400	64,200	65,000
Forms 990C, 4720, and 5227.....	126,200	129,000	131,000	130,700	132,700	134,800
Employment [7].....	29,514,200	30,091,200	30,463,600	31,058,000	30,145,300	29,814,700
Forms 940, 940EZ, 940PR.....	5,546,300	5,705,600	5,757,200	5,936,800	6,096,900	6,142,700
Forms 941, 941PR/SS, 944.....	23,510,100	23,942,300	24,278,400	24,705,900	23,637,500	23,272,900
Forms 943, 943PR.....	283,300	276,600	269,400	262,600	258,300	251,900
Other.....	174,600	166,700	158,600	152,800	152,600	147,300
Excise [8].....	836,400	844,500	834,800	838,900	848,000	858,900
Form 2290.....	615,200	642,400	660,600	678,700	694,600	710,500
Form 720.....	161,100	142,100	118,000	107,000	100,700	97,100
Other.....	60,000	59,900	56,200	53,100	52,700	51,300

[r] Revised or corrected.

[1] Form 1040 is the "long form," and Form 1040A is one of the two "short forms." Starting with Calendar Year 1991, use of Form 1040A was expanded to reflect provisions designed to facilitate usage by elderly taxpayers. Prior to 1994, Form 1040EZ, the other "short form," was for single taxpayers with no dependents; starting in 1994, certain married taxpayers with no dependents could also use this form. The types of income that could be reported on Form 1040EZ were also expanded, starting in 1996, to include unemployment compensation. Form 1040PC, introduced in 1992 and discontinued after 2000, was the equivalent of a "paper" Form 1040, 1040A, or 1040EZ return for which an IRS-approved computer software-generated compressed format was used. Schedule C is for reporting nonfarm sole proprietorship business profits, and Schedule F is for reporting farm sole proprietorship business profits.

The reported data for total Forms 1040, 1040A, 1040EZ, and 1040PC returns, as well as the totals for nonbusiness and business Form 1040 returns with Schedules C or F attached, are comprised of "paper" returns, plus "standard" electronically-filed ("e-file") returns. Standard e-file returns are filed by authorized third parties, such as paid preparers and, starting in 1994, approved "online" tax filing companies, as well. For 1992 through 2005, the electronically-filed totals also include returns filed by touch-tone telephone ("TeleFile"). IRS discontinued Telefile after 2005. The last category under individual income tax returns is comprised of Form 1040C (departing alien) for filing years preceding 1992; 1040NR (nonresident alien); 1040PR (self-employment tax, Puerto Rico); and 1040SS (self-employment tax, U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands). Amended returns filed on Form 1040X are excluded.

Selected Historical and Other Data

Table 22.--Selected Returns and Forms Filed or To Be Filed by Type During Specified Calendar Years, 1990-2007--Continued

Footnotes--Continued

- [2] Form 1120 is the basic corporation income tax return. Form 1120A is the "short form." Form 1120S is for S corporations (certain qualifying corporations electing to be taxed through shareholders). "Other" includes Forms 1120-F (most foreign companies with U.S. income); Forms 1120-L (domestic and foreign life insurance companies), which are combined with Form 1120 statistics for years before 1995; Forms 1120POL (certain political associations); Forms 1120-H (homeowners' associations); Forms 1120-FSC (Foreign Sales Corporations, or FSCs); Forms 1120-REIT (Real Estate Investment Trusts); Forms 1120-RIC (Regulated Investment Companies); and Forms 1120-PC (Property and Casualty Insurance Companies). "Other" also includes Form 1120DF (for nuclear decommissioning trust funds and related persons). These funds were then included on Form 1120SF (for certain settlement funds), starting in 1994. "Other" excludes Form 1120-DISC for Domestic International Sales Corporations, which were discontinued and mostly replaced by FSCs (see above); and Form 1120 IC-DISC for Interest-Charge Domestic International Sales Corporations (which was used by certain other DISCs after 1985). Amended returns filed on Form 1120X are excluded.
- [3] Includes Form 1065B for certain large partnerships, starting in 1999.
- [4] Form 1041 is the regular income tax return filed for estates and trusts. For 1990, includes former Form 1041S (short form).
- [5] Form 706 is the regular estate tax return; Form 706NA is for U.S. estates of nonresident aliens; Forms 706 GS(D) and 706 GS(T) are for estate tax returns for which the generation-skipping transfer tax applies to distributions and to trust terminations, respectively.
- [6] Form 990 is for tax-exempt organizations, except private foundations (Form 990-PF). Form 990EZ is the short form. Form 990-T is the income tax return filed for businesses conducted by tax-exempt organizations. Form 990-C is for farmers' co-operatives. Form 4720 is for computing the special excise taxes applicable to certain private foundations, and Form 5227 is for split-interest trusts treated as private foundations.
- [7] Form 940 is the annual unemployment (FUTA) tax return filed by employers; Form 940PR is used by employers in Puerto Rico; and Form 940EZ is a shorter version of Form 940. Form 941 is the employer's quarterly return for income tax withheld; Form 941PR is used by employers in Puerto Rico; and Form 941SS by employers in the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands; Form 944 is the employer's annual return for income tax withheld (starting in Calendar Year 2007). Form 943 is filed to report income tax withheld by employers for agricultural employees. Form 943PR is used by employers in Puerto Rico. "Other" includes Form 945 (annual tax withholding from nonpayroll distributions), included in 1995 and subsequent years; Form 942 (quarterly return for household employees) and Form 942PR (quarterly return for household employees filed by Puerto Rico employers), both discontinued after 1995; and Form CT-1 (annual Railroad Retirement and Unemployment Tax Return).
- [8] Form 720 is the IRS quarterly excise tax return. Form 2290 is the IRS return used to report heavy highway vehicle use tax. "Other" includes Form 730 (tax on wagering) and Form 11C (occupational tax and registration return for wagering). (Excise tax returns exclude those now filed with the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service.

NOTES: Detail may not add to totals because of rounding. Tax law and tax form changes affect the year-to-year comparability of the data.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Office of Research, Analysis, and Statistics, Office of Research, Projections and Forecasting Group.

Selected Historical and Other Data

Table 23.--Taxpayers Receiving Assistance, Paid and Unpaid, Tax Years 2000-2005

[Some estimates based on samples--all data are in thousands]

Type of assistance	Tax year					
	2000	2001	2002	2003	2004	2005
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with paid preparer signature: [1]						
All returns	69,115	72,477	72,519	76,818	78,418	n.a.
Form 1040EZ	958	2,096	1,953	1,690	1,719	n.a.
Form 1040A	4,180	3,854	3,460	3,328	3,023	n.a.
Form 1040, total	63,977	66,526	67,106	71,800	73,675	n.a.
Form 1040 Business, total	13,855	14,194	14,461	15,897	16,456	n.a.
Nonfarm	12,154	12,517	12,805	14,169	14,701	n.a.
Farm	1,701	1,677	1,656	1,728	1,754	n.a.
Form 1040 Nonbusiness, total.....	50,121	52,332	52,644	55,903	57,219	n.a.
With itemized deductions	19,678	20,889	21,252	21,425	22,539	n.a.
Without itemized deductions.....	30,444	31,443	31,392	34,479	34,680	n.a.
Electronically-filed [2].....	26,223	30,501	33,810	40,910	45,865	n.a.
Assistance provided by IRS: [3]						
Telephone inquiries (including recorded telephone information)	110,524	85,593	88,510	77,579	59,099	56,993
Office walk-ins, information.....	9,362	9,211	8,589	7,320	6,629	6,525
Written inquiries.....	48	35	27	12	n.a.	n.a.
Number of taxpayers assisted by selected special programs:						
Outreach taxpayers assisted [4].....	577	11,029	36,957	72,031	85,977	110,430
Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) [5].....	3,587	3,611	1,607	1,935	2,111	2,268

n.a.—Not available.

[1] Number of returns with a paid preparer signature is based on the sample used for *Statistics of Income—Individual Income Tax Returns*.

[2] Data on electronically-filed returns are included in the counts of Form 1040 returns, shown above in Table 23, for all years. Data are based on the full SOI samples of returns filed throughout the entire year.

[3] Data on IRS taxpayer assistance programs are actually for the fiscal year. Assistance rendered in a given fiscal year may be associated with returns due on April 15 of that fiscal year and is, therefore, for the tax year ending with the previous December. Thus, data in Table 23 on taxpayer assistance, for example, shown as for Tax Year 2005, are actually for Fiscal Year 2006.

[4] The number of outreach taxpayers assisted has increased significantly. This was a result of both expanded partner activity and a revision in this classification. Prior to Tax Year 2001, "Outreach taxpayers assisted" included estimates of both direct (IRS) and indirect (partner) contacts through seminars, training classes, mail-out campaigns, etc.

[5] Beginning with Tax Year 2002, only return preparation activity was captured and reported for VITA and TCE sites. In prior years, the number of taxpayers assisted through VITA and TCE included the number of questions answered and returns prepared.

NOTES: Data on IRS assistance represent taxpayer contacts, unless indicated. Some taxpayers are contacted more than once. The number of taxpayers assisted (versus those contacted) is not known. Detail may not add to totals because of rounding.

SOURCE: Data on paid preparers were obtained from *Statistics of Income* and from Assistant Deputy Commissioner, Modernization/Chief Information Officer. Data on IRS assistance were obtained from the *Internal Revenue Service Data Book*.

Selected Historical and Other Data

Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2006

[Amounts are in dollars.]

Tax year	Personal exemptions [1]			Tax rates for regular tax—			
				Lowest bracket		Highest bracket	
	Single persons	Married couples	Dependents	Tax rate [2] (percent)	Taxable income under—[3]	Tax rate [2] (percent)	Taxable income over—[3]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1913.....	3,000	4,000	N/A	1.0	20,000	7.0	500,000
1914.....	3,000	4,000	N/A	1.0	20,000	7.0	500,000
1915.....	3,000	4,000	N/A	1.0	20,000	7.0	500,000
1916.....	3,000	4,000	N/A	2.0	20,000	15.0	2,000,000
1917.....	1,000	2,000	200	2.0	2,000	67.0	2,000,000
1918.....	1,000	2,000	200	6.0	4,000	77.0	1,000,000
1919.....	1,000	2,000	200	4.0	4,000	73.0	1,000,000
1920.....	1,000	2,000	200	4.0	4,000	73.0	1,000,000
1921.....	1,000	[4] 2,500	400	4.0	4,000	73.0	1,000,000
1922.....	1,000	[4] 2,500	400	4.0	4,000	58.0	200,000
1923.....	1,000	[4] 2,500	400	[5] 3.0	4,000	[5] 43.5	200,000
1924.....	1,000	2,500	400	[6] 1.5	4,000	46.0	500,000
1925.....	1,500	3,500	400	[7] 1.125	4,000	25.0	100,000
1926.....	1,500	3,500	400	[7] 1.125	4,000	25.0	100,000
1927.....	1,500	3,500	400	[7] 1.125	4,000	25.0	100,000
1928.....	1,500	3,500	400	[8] 1.125	4,000	25.0	100,000
1929.....	1,500	3,500	400	[8] 0.375	4,000	24.0	100,000
1930.....	1,500	3,500	400	[8] 1.125	4,000	25.0	100,000
1931.....	1,500	3,500	400	[8] 1.125	4,000	25.0	100,000
1932.....	1,000	2,500	400	4.0	4,000	63.0	1,000,000
1933.....	1,000	2,500	400	4.0	4,000	63.0	1,000,000
1934.....	1,000	2,500	400	[9] 4.0	4,000	63.0	1,000,000
1935.....	1,000	2,500	400	[9] 4.0	4,000	63.0	1,000,000
1936.....	1,000	2,500	400	[9] 4.0	4,000	79.0	5,000,000
1937.....	1,000	2,500	400	[9] 4.0	4,000	79.0	5,000,000
1938.....	1,000	2,500	400	[9] 4.0	4,000	79.0	5,000,000
1939.....	1,000	2,500	400	[9] 4.0	4,000	79.0	5,000,000
1940.....	800	2,000	400	[9,10] 4.4	4,000	[10] 81.1	5,000,000
1941.....	750	1,500	400	[9] 10.0	2,000	81.0	5,000,000
1942.....	500	1,200	350	[9] 19.0	2,000	88.0	200,000
1943.....	500	1,200	350	[9] 19.0	2,000	88.0	200,000
1944.....	[11] 500	[11] 1,000	[11] 500	23.0	2,000	[12] 94.0	200,000
1945.....	[11] 500	[11] 1,000	[11] 500	23.0	2,000	[12] 94.0	200,000
1946.....	500	1,000	500	[13] 19.0	2,000	[13] 86.45	200,000
1947.....	500	1,000	500	[13] 19.0	2,000	[13] 86.45	200,000
1948.....	[14] 600	[14] 1,200	600	[15] 16.6	4,000	[15] 82.13	400,000
1949.....	[14] 600	[14] 1,200	600	[15] 16.6	4,000	[15] 82.13	400,000
1950.....	[14] 600	[14] 1,200	600	[16] 17.4	4,000	[16] 84.36	400,000
1951.....	[14] 600	[14] 1,200	600	20.4	4,000	[17] 91.0	400,000
1952.....	[14] 600	[14] 1,200	600	22.2	4,000	[18] 92.0	400,000
1953.....	[14] 600	[14] 1,200	600	22.2	4,000	[18] 92.0	400,000
1954.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000
1955.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000

Footnotes at end of table.

Selected Historical and Other Data

Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2006--Continued

[Amounts are in dollars.]

Tax year	Personal exemptions [1]			Tax rates for regular tax--			
	Single persons	Married couples	Dependents	Lowest bracket		Highest bracket	
				Tax rate [2] (percent)	Taxable income under--[3]	Tax rate [2] (percent)	Taxable income over--[3]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1956.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000
1957.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000
1958.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000
1959.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000
1960.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000
1961.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000
1962.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000
1963.....	[14] 600	[14] 1,200	600	20.0	4,000	[19] 91.0	400,000
1964.....	[14] 600	[14] 1,200	600	16.0	1,000	77.0	400,000
1965.....	[14] 600	[14] 1,200	600	14.0	1,000	70.0	200,000
1966.....	[14] 600	[14] 1,200	600	14.0	1,000	70.0	200,000
1967.....	[14] 600	[14] 1,200	600	14.0	1,000	70.0	200,000
1968.....	[14] 600	[14] 1,200	600	14.0	1,000	[20] 75.25	200,000
1969.....	[14] 600	[14] 1,200	600	14.0	1,000	[21] 77.0	200,000
1970.....	[14] 625	[14] 1,250	625	14.0	1,000	[22] 71.75	200,000
1971.....	[14] 675	[14] 1,350	675	14.0	1,000	[23] 70.0	200,000
1972.....	[14] 750	[14] 1,500	750	14.0	1,000	[24] 70.0	200,000
1973.....	[14] 750	[14] 1,500	750	14.0	1,000	[24] 70.0	200,000
1974.....	[14] 750	[14] 1,500	750	[25] 14.0	1,000	[24, 25] 70.0	200,000
1975.....	[14,26] 750	[14,26] 1,500	[26] 750	14.0	1,000	[24] 70.0	200,000
1976.....	[14,27] 750	[14,27] 1,500	[27] 750	14.0	1,000	[24] 70.0	200,000
1977.....	[14,27] 750	[14,27] 1,500	[27] 750	[28] 14.0	[28] 3,200	[24] 70.0	203,200
1978.....	[14,27] 750	[14,27] 1,500	[27] 750	[28] 14.0	[28] 3,200	[24] 70.0	203,200
1979.....	[14] 1,000	[14] 2,000	1,000	[28] 14.0	[28] 3,400	[24] 70.0	215,400
1980.....	[14] 1,000	[14] 2,000	1,000	[28] 14.0	[28] 3,400	[24] 70.0	215,400
1981.....	[14] 1,000	[14] 2,000	1,000	[28,29] 14.0	[28] 3,400	[24,29] 69.125	215,400
1982.....	[14] 1,000	[14] 2,000	1,000	[28] 12.0	[28] 3,400	50.0	85,600
1983.....	[14] 1,000	[14] 2,000	1,000	[28] 11.0	[28] 3,400	50.0	109,400
1984.....	[14] 1,000	[14] 2,000	1,000	[28] 11.0	[28] 3,400	50.0	162,400
1985.....	[14,30] 1,040	[14,30] 2,080	[30] 1,040	[28] 11.0	[28, 31] 3,540	50.0	[31] 169,020
1986.....	[14,30] 1,080	[14,30] 2,160	[30] 1,080	[28] 11.0	[28,31] 3,670	50.0	[31] 175,250
1987.....	[30] 1,900	[30] 3,800	[30] 1,900	11.0	[31] 3,000	38.5	[31] 90,000
1988.....	[30,32,33] 1,950	[30,32,33] 3,900	[30,32,33] 1,950	[34] 15.0	[31,35] 29,750	[34,35] 28.0	[31,35] 29,750
1989.....	[30,32,33] 2,000	[30,32,33] 4,000	[30,32,33] 2,000	[34,35] 15.0	[31,35] 30,950	[34,35] 28.0	[31,35] 30,950
1990.....	[30,32,33] 2,050	[30,32,33] 4,100	[30,32,33] 2,050	[34,35] 15.0	[31,35] 32,450	[34,35] 28.0	[31,35] 32,450
1991.....	[30,32] 2,150	[30,32] 4,300	[30,32] 2,150	15.0	[31] 34,000	31.0	[31] 82,150
1992.....	[30,32] 2,300	[30,32] 4,600	[30,32] 2,300	15.0	[31] 35,800	31.0	[31] 86,500
1993.....	[30,32] 2,350	[30,32] 4,700	[30,32] 2,350	15.0	[31] 36,900	39.6	[31] 250,000
1994.....	[30,32] 2,450	[30,32] 4,900	[30,32] 2,450	15.0	[31] 38,000	39.6	[31] 250,000
1995.....	[30,32] 2,500	[30,32] 5,000	[30,32] 2,500	15.0	[31] 39,000	39.6	[31] 256,500
1996.....	[30,32] 2,550	[30,32] 5,100	[30,32] 2,550	15.0	[31] 40,100	39.6	[31] 263,750
1997.....	[30,32] 2,650	[30,32] 5,300	[30,32] 2,650	15.0	[31] 41,200	39.6	[31] 271,050
1998.....	[30,32] 2,700	[30,32] 5,400	[30,32] 2,700	15.0	[31] 42,350	39.6	[31] 278,450
1999.....	[30,32] 2,750	[30,32] 5,500	[30,32] 2,750	15.0	[31] 43,050	39.6	[31] 283,150
2000.....	[30,32] 2,800	[30,32] 5,600	[30,32] 2,800	[36] 15.0	[31] 43,850	[36] 39.6	[31] 288,350
2001.....	[30,32] 2,900	[30,32] 5,800	[30,32] 2,900	[37] 10.0	[31,38] 6,000	[37] 39.1	[31,38] 297,350
2002.....	[30,32] 3,000	[30,32] 6,000	[30,32] 3,000	10.0	[31] 12,000	38.6	[31] 307,050
2003.....	[30,32] 3,050	[30,32] 6,100	[30,32] 3,050	10.0	[31] 14,000	35.0	[31] 311,950
2004.....	[30,32] 3,100	[30,32] 6,200	[30,32] 3,100	10.0	[31] 14,300	35.0	[31] 319,100
2005.....	[30,32] 3,200	[30,32] 6,400	[30,32] 3,200	10.0	[31] 14,600	35.0	[31] 326,450
2006.....	[30,39] 3,300	[30,39] 6,600	[30,39] 3,300	10.0	[31] 15,100	35.0	[31] 336,550

N/A--Not applicable.

Selected Historical and Other Data

Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2006--Continued

Footnotes--Continued

- [1] Personal exemption amounts were deducted at different points in the tax computation, depending on the tax year. For some of the earlier years, they were deducted only from the statutory "net income" subject to the basic "normal tax," for other years, only from the "net income" subject to the "surtax," and, for still other years, from the "net income" subject to both normal tax and surtax. (Footnote 2, below, includes a description of "normal tax" and "surtax.") For more recent years, personal exemptions have been deducted in computing "taxable income," the current tax base for "regular" tax purposes.
- [2] Tax rates shown in this table are for the "regular" income tax, i.e., for "normal tax" and "surtax," applicable to U.S. citizens and residents. Therefore, the rates exclude provisions unique to nonresident aliens. Tax rates exclude the effect of tax credits (which reduce the tax liability), except as noted, and several specific add-on or other taxes applicable to all or some tax years. Excluded are the "war excess profits tax" (1917), "victory tax" (1942-1943), Social Security "self-employment tax" (starting with 1951), tax under the "income averaging" provisions (1964-1986) and under the farm income averaging provisions (starting with 1998), and the "recapture taxes" resulting from having to recompute and pay back certain tax credits in later years (starting with 1963), the "maximum tax" on "earned income" or on "personal service income" (1971-1981), the "minimum tax" or "tax preferences" (1970-1983), and the "alternative minimum tax" on "tax preferences" (starting with 1979). Also excluded are such other taxes as the tax on recipients of accumulation distributions of trusts (starting with 1954) and the "special averaging tax" or "multiple recipient special averaging tax" on recipients of lump-sum distributions from qualified retirement plans (starting with 1974). In addition, Table A excludes the taxes associated with the preferential treatment of capital gains, starting with 1922 (although certain gains received preferential treatment as early as 1918). At various times, these treatments have taken the form of special tax rates; special definitions; different asset holding periods; ceilings on taxes; and exclusions from income. Included among these special treatments were "alternative tax" (1938-1986) and its variations for the earlier years, although all of these taxes were in some way tied to the structure for regular tax. Until 1948, a single set of tax rates applied to all taxpayers, regardless of marital or filing status, and married couples filing joint returns were taxed on the combined income of each spouse. However, a second, lower set of rates was introduced, starting with 1948, for married couples filing jointly. (To simplify the Table A presentation for these more recent years, only the lowest and highest tax rates for married persons filing jointly are shown.) Under this change, the combined tax of husband and wife became twice the combined tax that would have applied if their combined "taxable income" ("net income" for years before 1954) were cut in half. Thus, taxpayers using the joint return filing status "split" their incomes for tax purposes, in effect doubling the width of their taxable income (or net income) size "brackets." The lowest and highest tax rate brackets shown in columns 4 and 6 in Table A are, therefore, the brackets for married couples filing jointly that result from taking into account this doubling of the bracket widths. Starting with 1952, a third set of rates was introduced (not shown) for "heads of household," i.e., for unmarried individuals who paid over half the cost of maintaining a home for a qualifying person (e.g., a child or parent), or for certain married individuals who had lived apart from their spouses for the last 6 months of the tax year. This filing status was liberalized, starting with 1970, and provides approximately half the advantage of the income-splitting described above. Starting with 1954, the full benefits of income-splitting allowed married couples filing jointly (i.e., the same tax rates and taxable income brackets) were extended to a new, fourth filing status, "surviving spouse" (i.e., individuals widowed for 1 to 2 years following the death of a spouse, provided they had a dependent child and had not remarried). The remaining filing status was for "single persons," who used the rates formerly applicable to taxpayers in general. However, these latter rates were moderated, starting with 1969, by limiting the tax so that it would not exceed 20 percent more than the tax on married couples filing jointly. One result of the 1969 law change was that certain married couples filing jointly had to pay more tax than they would have paid if each spouse had filed separately. To help mitigate this effect, a special deduction in computing adjusted gross income was allowed for 1982-1986 for two-earner couples filing jointly. This deduction was initially 5 percent of the lesser of \$30,000 or the "earned income" of the spouse with the lesser earnings. The percentage was increased to 10 percent, starting with 1983. The deduction provision was repealed, starting with 1987, when new, lower rates and a reduced number of tax brackets began. For tax years preceding 1954, the lowest tax rate, as shown in Table A, was either the rate for the basic "normal tax" (if there was just one rate for normal tax) or the lowest of the several rates for "normal tax" (if there was more than one rate for normal tax). The highest tax rate was the sum of the uppermost of the graduated rates (if any) for normal tax, plus the uppermost of the additional, graduated "surtax" rates, provided that both rates were applied to the same income. For example, for 1932, there were two graduated rates for normal tax, 4 percent (on the first \$4,000 of income) and 8 percent (on all income over \$4,000), and graduated rates for "surtax" that ranged from 1 percent to 55 percent. In Table A, the lowest rate for 1932 is, therefore, shown as 4 percent (the lower of the two normal tax rates) and the highest rate as 63 percent (the sum of the 8-percent higher, graduated rate for normal tax on income over \$4,000, plus 55 percent, the highest of the graduated, surtax rates, on income over \$1 million.). As another example, for 1941, there was just one rate for normal tax, 4 percent, but it applied to all income. The lowest of the surtax rates, 6 percent, was applied to all income under \$2,000, so that income under \$2,000 was taxed at both the 4-percent normal tax rate and the 6-percent surtax rate. Therefore, the lowest rate shown in Table A for 1941 is 10 percent, the sum of these two tax rates. The highest rate is the sum of the 4-percent normal tax on total statutory "net income," plus the highest graduated surtax rate, 77 percent on income over \$5 million, so that income over \$5 million was taxed at 81.0 percent, the sum of the two rates. For tax years starting with 1954, normal tax and surtax rates were, in effect, combined into a single rate structure.
- [3] The definition of the income base (and, thus, the tax "bracket" boundaries) to which the tax rates were applied differs over the years, depending on how the following were determined and figured: statutory adjustments to or exclusions from income; personal exemptions; itemized deduction expenditures, which were sometimes described as income "credits"; standard deductions; the various thresholds and ceilings; and statutory "taxable income" (and its predecessor "net income"). Therefore, the lowest and highest taxable income amounts, as shown in Table A, are not comparable for all years, and the amounts described as for statutory taxable income for tax years preceding 1954 are actually for statutory net income. (Statutory net income was income after subtracting deductions but, for most years, was before subtracting personal exemptions. Statutory taxable income was after subtracting both deductions and personal exemptions. Taxable income is the tax base for recent years. Net income required certain adjustments to arrive at the tax base, depending on whether the income was subject to normal tax, surtax, or both.) See also footnote 2, above.
- [4] For 1921-1923, the personal exemption amount for married couples (column 2) increased to \$2,000 if statutory "net income" exceeded \$5,000.
- [5] For 1923, the tax rates shown (columns 4 and 6) are after a 25-percent statutory credit or refund.
- [6] For 1924, the lowest tax rate (column 4) is after reduction by an "earned income credit," equal to 25 percent of the "normal tax" on the first \$5,000 of total statutory "net income" and the normal tax on the first \$10,000 of "earned net income," but limited to 25 percent of the normal tax on total net income.
- [7] For 1925-1927, the lowest tax rate (column 4) is after reduction by an "earned income credit" equal to 25 percent of the total tax on the first \$5,000 of total statutory "net income" and the total tax on the first \$20,000 of "earned net income," but limited to 25 percent of the total tax on earned net income (not to exceed 25 percent of the sum of "normal tax" on total net income plus the "surtax" on earned net income.)
- [8] For 1928-1931, the lowest tax rate (column 4) is after reduction by an "earned income credit" equal to 25 percent of the total tax on the first \$5,000 of total statutory "net income" and the total tax on the first \$30,000 of "earned net income," but subject to the same limitations described in footnote 7, above. For 1929 only there was a special reduction in normal tax rates as provided for in a joint resolution of Congress.
- [9] For 1934-1943, the tax rate (column 4) excludes the effect of an "earned income credit," allowed as a deduction equal to 10 percent of the first \$14,000 of "earned net income" (before credit) and the first \$3,000 of total statutory "net income" (before credit), but limited to 10 percent of earned net income (not to exceed 10 percent of total net income).

Selected Historical and Other Data

Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2006--Continued

Footnotes--Continued

- [10] For 1940, tax rates (columns 4 and 6) include "defense tax," computed as 10 percent of the total "regular" tax, but limited to 10 percent of statutory "net income" in excess of the total regular tax.
- [11] For 1944-1945, the personal exemption amounts (columns 1-3) were for "surtax" purposes only. The exemption for basic "normal tax" purposes was \$500 per tax return, augmented by the "earned income" of the spouse, up to \$500, on joint returns.
- [12] For 1944-1945, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 90 percent of statutory "net income."
- [13] For 1946-1947, tax rates (columns 4 and 6) are the effective rates after a statutory 5-percent reduction of combined "tentative normal tax and surtax." The highest rate (column 6) was subject to a maximum effective rate limitation equal to 85.5 percent of statutory "net income."
- [14] For 1948-1986, in addition to the personal exemptions (columns 1-2), there were additional personal exemptions for blind taxpayer(s) and for taxpayers(s) age 65 or over.
- [15] For 1948-1949, tax rates (columns 4 and 6) are the effective rates after statutory reductions ranging from 17.0 percent of the first \$400 of combined "tentative normal tax and surtax" to 9.75 percent of combined tentative normal tax and surtax over \$100,000. The highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 77.0 percent of statutory "net income."
- [16] For 1950, tax rates (columns 4 and 6) are the effective rates after statutory reductions ranging from 13.0 percent of the first \$400 of combined "tentative normal tax and surtax" to 7.3 percent of combined tentative normal tax and surtax over \$100,000. The highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 87.0 percent of statutory "net income."
- [17] For 1951, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 87.2 percent of statutory "net income."
- [18] For 1952-1953, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 88.0 percent of statutory "net income."
- [19] For 1954-1963, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 87.0 percent of statutory "taxable income."
- [20] For 1968, the highest tax rate (column 6) includes a Vietnam War surcharge equal to 7.5 percent of tax (as defined for this purpose). However, this surcharge did not apply to "regular" tax generated at the lowest rate.
- [21] For 1969, the highest tax rate (column 6) includes a Vietnam War surcharge equal to 10 percent of tax (as defined for this purpose). However, this surcharge did not apply to "regular" tax generated at the lowest rate.
- [22] For 1970, the highest tax rate (column 6) includes a Vietnam War surcharge equal to 2.5 percent of tax (as defined for this purpose). However, this surcharge did not apply to "regular" tax generated at the lowest rate.
- [23] For 1971, "earned net income" was subject to a "maximum tax" of 60 percent (not shown in column 6).
- [24] For 1972-1981, "earned net income" (broadened to become "personal service net income" after 1976) was subject to a "maximum tax" of 50 percent (not shown in column 6).
- [25] For 1974, tax rates (columns 4 and 6) do not take into account a statutory rebate of 10 percent of total income tax after credits. In general, the minimum rebate was \$100 and the maximum, \$200, but could not exceed the tax liability.
- [26] For 1975, a \$30-per-capita tax credit was allowed in addition to the personal exemptions shown in columns 1-3.
- [27] For 1976-1978, a tax credit was allowed, in addition to the personal exemptions shown in columns 1-3, that was equal to the larger of \$35 per capita or 2 percent of the first \$9,000 of statutory "taxable income."
- [28] For 1977-1986, in order to help preserve the conceptual comparability of the amounts shown with those for earlier and later years, the lowest tax rates in column 4 and the lowest "taxable income" amounts in column 5 exclude the so-called "zero tax rate" and the "zero bracket amount," which were unique to the tax computation for these 10 years.
- [29] For 1981, tax rates (columns 4 and 6) are after a 1.25-percent statutory tax credit.
- [30] Starting with 1985, the personal exemption amounts (columns 1-3) reflect annual adjustments for inflation, using the U.S. Department of Labor Consumer Price Index for Urban Consumers ("CPS-U").
- [31] Starting with 1985, tax "bracket" boundaries (columns 5 and 7) were indexed for inflation, using the U.S. Department of Labor Consumer Price Index (as described in footnote 30).
- [32] Starting with 1988, the amount eligible to be deducted for personal exemptions (columns 1-3) was phased out for certain high-income taxpayers. For 1988-1990, this was accomplished as part of the tax computation (see footnote 34, below).
- [33] For 1988-1990, excludes the effect on certain high-income taxpayers of the phaseout of the amount deductible for personal exemptions (columns 1-3).
- [34] For 1988-1990, the tax rates (columns 4 and 6) exclude the effects on certain high-income taxpayers of the phaseout both of the benefit of the 15-percent tax rate (compared to the 28-percent rate) and the amount deductible for personal exemptions. This phaseout was accomplished by imposing an additional, 5-percent tax on income above certain levels, based on filing status, thus creating a "temporary" 33-percent tax rate. At the point where the taxpayer had completely phased out the two benefits by use of the 33-percent rate, the tax rate on any remaining taxable income above the phaseout range returned to 28 percent (see also footnote 35). As Table A shows, beginning with 1991, this phaseout was replaced by including an additional, 31-percent, graduated rate for taxable incomes above certain levels. Two other, higher, graduated rates were subsequently added, starting with 1993, the higher of which is shown in Table A.
- [35] For 1988-1990, the 15-percent tax rate (column 4), which applied to the first \$29,750 of statutory "taxable income" (column 5), gradually increased to the top "brackets" rate, 28 percent (column 6), when taxable income (included in column 7) reached between \$71,900 and \$149,250. This was the range at which the 15-percent rate was phased out for certain high-income taxpayers, all of whose incomes were then effectively taxed at the higher 28-percent rate through use of the "temporary" 33-percent rate (see footnote 34, above, for additional information). The boundaries of the phaseout range were adjusted for inflation for 1989-1990, although the top tax rate on the taxable income above that covered by the phaseout range remained 28 percent. Therefore, the top taxable income and top tax bracket rate shown in Table A for 1988-1990 do not take into account the higher, 33-percent, "temporary" phaseout rate.

Selected Historical and Other Data

Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2006--Continued

Footnotes--Continued

[36] For 2000, the tax rates (columns 4 and 6) do not reflect a special statutory refund, partially offset for 2001, of between \$300 and \$600, depending on the size of income tax for 2000 and filing status. See also footnote 37, below.

[37] For 2001, the tax rate (columns 4 and 6) does not reflect a 5-percent tax credit of up to \$300, \$500, or \$1,000, depending on the filing status. This credit effectively reduced the lowest rate on the income shown in column 5 from 15 percent to 10 percent, in lieu of an explicit 10-percent rate. However, the credit was reduced by the amount of the special statutory refund made in 2001 (based on tax for 2000), described in footnote 36, above. The 10-percent rate was only for dependents.

[38] For the change in the lowest tax "bracket" boundary (columns 5 and 7) for 2001, see footnotes 36 and 37, above.

[39] For 2006, the phaseout of the personal exemption was reduced by one-third (to a minimum of \$1,100 per exemption).

SOURCE: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, Volume I, Budget Processes and Tax Systems, 1995, September 1996 (based, in part, on *Tax Foundation, Facts and Figures on Government Finance*, 1988-89 edition, 1988); Pechman, Joseph A., *Federal Tax Policy*, fifth edition, The Brookings Institution, 1987 (based on relevant public laws and reports prepared by the Congressional Joint Economic Committee, including *The Federal Revenue System: Facts and Problems*, 1961, and *The Federal Tax System: Facts and Problems*, 1964); *Statistics of Income—Part I* (in particular, the historical synopses of laws included as appendices in the reports for 1949-1953) and *Statistics of Income—Individual Income Tax Returns* (annually, for 1954-1988); and relevant public laws and reports issued by the Congressional Joint Committee on Taxation for subsequent years, as well as reports, such as *Overview of the Federal Tax System for 1990, 1991, and 1994*, Committee on Ways and Means, U.S. House of Representatives, and reports issued by the Congressional Joint Committee on Taxation for subsequent years, including *Overview of Present Law and Economic Analysis Relating to Marginal Tax Rates* and *The President's Individual Income Tax Rate Proposals, 2001*.

Selected Historical and Other Data

Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2004 [1]

Year [2]	Taxable income brackets [3]	Rates (percent)
1909-1913 (February 28).....	First \$5,000	0
	Over \$5,000	1.00
1913 (March 1)-1915.....	All taxable income	1.00
1916.....	All taxable income	2.00
1917 [4].....	All taxable income	6.00
1918 [4].....	First \$2,000	0
	Over \$2,000	12.00
1919-1921 [4].....	First \$2,000	0
	Over \$2,000	10.00
1922-1924.....	First \$2,000	0
	Over \$2,000	12.50
1925.....	First \$2,000	0
	Over \$2,000	13.00
1926-1927.....	First \$2,000	0
	Over \$2,000	13.50
1928.....	First \$3,000	0
	Over \$3,000	12.00
1929.....	First \$3,000	0
	Over \$3,000	11.00
1930-1931.....	First \$3,000	0
	Over \$3,000	12.00
1932-1935 [5].....	All taxable income	13.75
1936-1937 [5,6].....	First \$2,000	8.00
	Over \$2,000, not over \$15,000	11.00
	Over \$15,000, not over \$40,000	13.00
	Over \$40,000	15.00
1938-1939 [5].....	Taxable income \$25,000 or less:	
	First \$5,000	12.50
	Next \$15,000	14.00
	Next \$5,000	16.00
	Taxable income over \$25,000	19.00
1940 [5,7].....	Taxable income \$31,964.30 or less:	
	First \$5,000	[8] 14.85
	Next \$15,000	[8] 16.5
	Next \$5,000	[8] 18.7
	Next \$6,964.30	[8] 38.3
	Taxable income over \$31,964.30, not over \$38,565.84:	
	First \$5,000	[8] 15.4
	Next \$15,000	[8] 16.9
	Next \$5,000	[8] 18.9
	Next \$13,565.84	[8] 36.9
	Taxable income over \$38,565.84	[8] 24
1941 [5,7].....	Taxable income \$38,461.54 or less:	
	First \$5,000	[9] 21
	Next \$15,000	[9] 23
	Next \$5,000	[9] 25
	Next \$13,461.54	[9] 44
	Taxable income over \$38,461.54	[9] 31

Footnotes at the end of table.

Selected Historical and Other Data

Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2004 [1]--Continued

Year [2]	Taxable income brackets [3]	Rates (percent)
1942-1945 [5,7].....	Taxable income \$50,000 or less:	
	First \$5,000	[9] 25
	Next \$15,000	[9,10] 27
	Next \$5,000	[9,10] 29
	Next \$25,000	[9,10] 53
1946-1949.....	Taxable income over \$50,000	[9,10] 40
	Taxable income \$50,000 or less:	
	First \$5,000	[9] 21
	Next \$15,000	[9] 23
	Next \$5,000	[9] 25
1950 [11].....	Next \$25,000	[9,10] 53
	Taxable income over \$50,000	[9,10] 38
1951 [11].....	First \$25,000	23.00
	Over \$25,000	[10] 42
1952-1963 [11].....	First \$25,000	[12] 28.75
	Over \$25,000	[12] 50.75
1964.....	First \$25,000	[13] 30
	Over \$25,000	[13] 52
1965-1967.....	First \$25,000	22.00
	Over \$25,000	[13] 50
1968-1969 [14].....	First \$25,000	22.00
	Over \$25,000	[13] 50
1970 [14].....	First \$25,000	[15] 24.2
	Over \$25,000	[13,15] 52.8
1971-1974 [14].....	First \$25,000	[16] 22.55
	Over \$25,000	[16,17] 49.2
1975-1978 [14].....	First \$25,000	22.00
	Over \$25,000	[18] 48
1979-1981 [14].....	First \$25,000	20.00
	Over \$25,000	22.00
1982 [14].....	Over \$50,000	[19] 48
	First \$25,000	17.00
	\$25,000-\$50,000	20.00
	\$50,000-\$75,000	[20] 30
	\$75,000-\$100,000	[20] 40
1983 [14, 21].....	Over \$100,000	[20] 46
	First \$25,000	16.00
	\$25,000-\$50,000	19.00
	\$50,000-\$75,000	[20] 30
	\$75,000-\$100,000	[20] 40
1984-1986 [14].....	Over \$100,000	[20] 46
	First \$25,000	15.00
	\$25,000-\$50,000	18.00
	\$50,000-\$75,000	[20] 30
	\$75,000-\$100,000	[20] 40
	\$100,000-\$1,000,000	[20] 46
	\$1,000,000-\$1,405,000	[20] 51
	Over \$1,405,000	[20] 46

Footnotes at the end of table.

Selected Historical and Other Data

Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2004 [1]--Continued

Year [2]	Taxable income brackets [3]	Rates (percent)
1987 [22,23].....	First \$25,000	15.00
	\$25,000-\$50,000	16.50
	\$50,000-\$75,000	27.50
	\$75,000-\$100,000	[24] 37
	\$100,000-\$335,000	[24] 42.5
	\$335,000-\$1,000,000	[24] 40
	\$1,000,000-\$1,405,000	[24] 42.5
1988-1992.....	Over \$1,405,000	[24] 40
	First \$50,000	15.00
	\$50,000-\$75,000	25.00
	\$75,000-\$100,000	34.00
	\$100,000-\$335,000	39.00
1993-2004.....	Over \$335,000	34.00
	First \$50,000	15.00
	\$50,000-\$75,000	25.00
	\$75,000-\$100,000	34.00
	\$100,000-\$335,000	39.00
	\$335,000-\$10,000,000	34.00
	\$10,000,000-\$15,000,000	35.00
	\$15,000,000-\$18,333,333	38.00
	Over \$18,333,333	35.00

[1] The rates shown are the "standard" or "ordinary" rates, applying to all taxable corporate net income unless otherwise provided. However, there have always been numerous exceptions and special rates based on the type of corporation, the type of income, and other factors. In addition, there have been, at various times, additional taxes related to income that increased the statutory rates. When possible, these are noted in other footnotes to this table for the years for which they were effective. Credits, deductions, and other alterations in the definition of taxable income also effectively alter the tax rate, but these are too numerous and too frequent to include in a table such as this. The most important types of corporations to which these rates have not always applied, or not applied as they did to other corporations, are: section 501(c) and similar nonprofit corporations: Corporations not organized or operated for profit are generally exempt from the corporation income tax except, since 1950, on business income unrelated to their exempt purposes. Mutual and cooperative organizations: Most of these were treated as nonprofits in the early days of the income tax. Most have long since been made taxable as ordinary corporations, but there are still some exceptions. Credit unions and small mutual property insurance companies are exempt. Rural electrical and telephone cooperatives are exempt on income generated in transactions with their members. Farmers' cooperatives are not taxed on income distributed to their members. Insurance companies: Because of the nature of insurance, determining taxable income has often been a problem for the tax system. Insurance companies have been subjected to a number of different tax structures since 1921, including special rates and complete exemption of premium income. They are currently taxed at the same rates as other corporations on income calculated using reserve deductions (which other corporations are not allowed). Regulated Investment Companies (since 1936) and Real Estate Investment Trusts (since 1961): These investment companies are not taxed on profits distributed to shareholders if they distribute substantially all of their incomes annually. S Corporations: Since 1958, certain closely held corporations could elect to be taxed through their shareholders, as partnerships are, and not pay the corporate tax at all (except in special, unusual circumstances). Foreign corporations: Companies incorporated outside the U.S. are taxed on business income earned in the U.S. at the regular corporate rates, but may be taxed on investment income at special statutory or treaty rates. U.S. corporations with foreign-source income: The U.S. taxes the worldwide income of U.S. corporations; however, since 1918, taxes paid to foreign governments on foreign-source income can be credited against the U.S. tax otherwise due on that income. (Before 1918, the foreign taxes were allowed as a deduction against worldwide income.) U.S. Possessions Corporations: Since 1921, corporations earning most of their incomes in a U.S. possession were subject to reduced taxes. From 1921 to 1976, they were taxable only on U.S.-source income; since 1976, they have received a credit for manufacturing income earned in a possession (including Puerto Rico). The credit is now being phased out and is scheduled to end after 2005. Affiliated groups: Corporations that are closely affiliated through stock ownership have usually been allowed to consolidate their financial statements for tax purposes and file one return for the group, but there have always been restrictions and, sometimes, they have been charged an additional tax for the privilege. In 1932 and 1933, consolidated returns were subject to an additional tax of .75 percent. In 1934 and 1935, only railroad companies were allowed to file consolidated returns, and the additional tax was 1 percent. From 1936 to 1941, there was no additional tax, but the privilege was restricted to railroads and a few other companies. From 1942 to 1964, most domestic affiliated groups that met the stock ownership and other requirements could file consolidated returns, but the surtax on such a group was increased by 2 percentage points. The additional tax on consolidated returns was repealed, effective December 31, 1963. The most important type of income to have received special rates was "long-term" capital gains. From 1942 through 1987, the tax rate was capped at a maximum rate lower than the highest corporate rate. (The rates are noted in footnotes to the table.) Although there is currently no special rate for corporations' capital gains, long-term capital gains are still treated separately from other income in the Tax Code. During World War I, the Great Depression, World War II, and the Korean War, additional taxes were imposed on what were called "war profits" or "excess profits." These are noted in the table in footnotes to the applicable years. In addition to taxes based on net income, there have been from time to time taxes based on accumulated earnings that were not distributed to shareholders, designed to limit tax avoidance at the individual stockholder level. Taxes on "undue" accumulations have been imposed (though seldom paid) since the inception of the income tax. These were supplemented, since 1934, by a "personal holding company" tax, equal to the highest individual income tax rate, on the undistributed earnings of closely held companies accumulating investment income. There was also a Depression-era tax on accumulated earnings (noted below). In recent years, there have also been "minimum taxes" designed to supplement the regular taxes. These have the effect of a separate set of tax rates. These are noted in footnotes to the table.

[2] Calendar year unless otherwise noted. Taxpayers whose fiscal years spanned years with different rates were required to prorate the year's income between the two rate structures. Before 1933, the proration was based on the number of months in each year; after 1932, it was based on the number of days in each year.

[3] "Taxable income" is used here to mean the amount of income to which the rates shown were applied. The concept has had various names and various meanings over the years covered; so, brackets for one year are not necessarily comparable with those for another.

Selected Historical and Other Data

Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2004 [1]--Continued

Footnotes--Continued

- [4] An additional tax on "excess profits" and /or "war profits" was in effect from 1917 to 1922. It was allowed as a deduction in computing income tax.
- [5] An additional "declared value" excess profits tax, based on profits in excess of a percentage of the value of corporate stock, was in effect from 1933 through 1945. It was a deduction for income tax purposes.
- [6] An additional surtax ranging from 7 percent to 27 percent was imposed on undistributed profits.
- [7] From June 1940 to the end of 1945, a tax on profits in excess of average prewar earnings was also imposed. It was taken into account, as either a deduction or a credit, for the income tax and the other excess profits tax.
- [8] The rates for 1940 include extra "defense tax" rates that are integrated with the regular rates in later years.
- [9] These rates are the sum of the "normal tax" rates and the "surtax" rates, which actually applied to slightly different definitions of taxable income.
- [10] Beginning with Tax Year 1942, gains on the sale of assets held for more than 6 months (long-term capital gains) could be treated separately from other taxable income and taxed at a maximum rate of 25 percent.
- [11] An excess profits tax was also in effect from July 1950 through Calendar Year 1953. The tax was 30 percent of an adjusted profits figure reduced by credits for the level of prewar profits. It was not offset against income tax, but the sum of income and excess profits taxes was capped at a given percentage of income (from 62 percent to 70 percent).
- [12] These rates reflect a tax increase (for the Korean War), effective March 31, 1951. The maximum capital gain tax rate was also increased to 26 percent.
- [13] From April 1, 1954, through Calendar Year 1969, the maximum tax rate on capital gains was 25 percent.
- [14] From 1969 through 1986, corporations were also subject to an "add-on minimum tax" on certain "tax preference" items (such as percentage depletion, accelerated depreciation, etc.) above a certain amount. For Tax Years 1969 through 1976, the tax was 10 percent of tax preferences in excess of \$30,000; after 1976, the tax was 15 percent of preferences in excess of the greater of \$10,000 or regular income tax.
- [15] Rates include the Vietnam War surcharge of 10 percent.
- [16] Includes a 2.5-percent Vietnam War surcharge.
- [17] The maximum tax rate on long-term capital gains was increased to 28 percent.
- [18] The maximum tax rate on long-term capital gains was increased to 30 percent.
- [19] The holding period for long-term capital gain treatment of assets was increased from 6 months to 9 months in 1977 and 12 months in 1978. The rate remained at 30 percent.
- [20] The maximum tax rate on long-term capital gains was 28 percent.
- [21] Beginning in 1983, incorporated professional practices ("personal service corporations") have been taxed on all taxable income at the corporate tax rate applicable to the highest income bracket.
- [22] The Tax Reform Act of 1986 (TRA86) established a new rate structure effective for Tax Year 1988 and made the rates for Transition Year 1987 an average of the pre-TRA rates for 1986 and the post-TRA rates for 1988.
- [23] A new "alternative minimum tax" (AMT) replaced the add-on minimum tax, effective in 1987. It required a calculation of an alternative measure of taxable income that reduced or eliminated many tax preference items. The tax was 20 percent of the excess of this "alternative minimum taxable income" (AMTI) over \$40,000. The \$40,000 exemption was reduced by 25 percent of the excess of AMTI over \$150,000. AMT in excess of regular tax could be carried over as a credit against regular tax in future years. In 1998, "small" corporations (generally, those with average gross receipts of less than \$5 million) were exempted from the AMT.
- [24] The maximum tax rate on capital gains was capped at 34 percent for 1987, which was to be the rate on the highest corporate tax bracket in 1988 and after, according to TRA86. The maximum capital gain rate was raised to 35 percent when the highest corporate rate bracket was increased in 1993.

SOURCE: Blakey, Roy G. and Blakey, Gladys C. (1940), *The Federal Income Tax*, New York. Gravelle, Jane G. (1994), *The Economic Effects of Taxing Capital Income*, Appendix A, History of Capital Income Taxation in the United States, MIT. Internal Revenue Service, Form 1120 series and Instructions, various years. Internal Revenue Service, *Statistics of Income for 1949, Part 2*, Appendix A. U.S. Congress, Joint Committee on Taxation, Explanations of various tax acts, published after each major tax act since the 1960's. U.S. Senate, Committee on the Budget, Tax Expenditures: Compendium of Background Materials on Individual Provisions, published periodically.

SOI Sampling Methodology and Data Limitations

Appendix

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs.

Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see pages 208-209 at the end of this *Bulletin*). More technical information is available, on request, by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

Sample Criteria and Selection of Returns

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

The probability of a return's selection depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns

in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated processing costs or the target size of the total sample for the program.

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

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

Method of Estimation

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. "Weights" are computed by dividing the count of returns filed for a given stratum by the number of population sample returns for that same stratum. These weights are usually adjusted for unavailable returns, outliers, or trimming weights. Weights are used to adjust for the various sampling rates used, relative to the population—the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "poststrata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these poststrata using additional population counts. The data on

Sample returns are designated by computer from the IRS Master Files based on the taxpayer identification number.

Information for this appendix was compiled under the direction of Beth Kilss, Former Chief, Statistical Data Section. Major contributions were made by Paul McMahon and Tamara Rib, Statistical Computing Branch, Mathematical Statistics Section, under the direction of Yahia Ahmed, Chief.

SOI Sampling Methodology and Data Limitations

each sample return in a stratum are then multiplied by that weight. To produce the tabulated estimates, the weighted data are summed to produce the published statistical totals.

In transcribing and tabulating data from tax returns, checks are imposed to improve the quality of the statistics.

Sampling Variability

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation among the estimates

from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

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

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 2 percent, then the following arithmetic procedure would be followed to construct a 68-percent confidence interval estimate:

$$\begin{aligned} &150,000 \text{ (sample estimate)} \\ &\quad \times 0.02 \text{ (coefficient of variation)} \\ &= 3,000 \text{ (standard error of estimate)} \end{aligned}$$

then:

$$\begin{aligned} &150,000 \text{ (sample estimate)} \\ &\quad + \text{ or } - 3,000 \text{ (standard error)} \\ &= \{147,000, 153,000\} \text{ (68-percent confidence interval)}. \end{aligned}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. This means that the average estimate of the number of returns lies within an interval computed in this way. Such an estimate would be correct for

approximately two-thirds of all possible samples similarly selected. To obtain this interval estimate with 95-percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study may be obtained, on request, by writing to the Director, Statistics of Income Division, at the address given above.

Nonsampling Error Controls and Limitations

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors and inconsistencies, processing errors, and the effects of any early cutoff of sampling. Additional information on nonsampling error as it applies to individual and corporation income tax returns is presented in the separate SOI reports on these returns.

In transcribing and tabulating the information from returns or forms selected for the sample, steps are taken to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during the statistical abstracting and “editing” process that takes place in IRS submission processing centers. This is done to improve data consistency from return to return and to achieve definitions of the data items more in keeping with the needs of major users. In some cases, not all of the data are available from the tax return as originally filed. Sometimes, the missing data can be obtained by the Statistics of Income Division in Washington, DC, through field followup. More often, though, they are obtained through manual or computerized imputation. For this purpose, other information in the return or in accompanying schedules may be sufficient to serve as the basis for making an estimate. Prior-year data for the same taxpayer can be used for this same purpose, or comparable data from business reference books may be substituted.

Data abstracted or “edited” from returns for statistical use are subjected to a number of validation checks, including systematic verifications of a sampling of the work of each tax examiner involved in the SOI process. Data

SOI Sampling Methodology and Data Limitations

reported on sampled returns and previously transcribed as part of processing for the IRS Master Files are subject to validation as part of the administrative process before SOI processing begins. However, during the administrative process, it is only practical to transcribe corrections to errors that have a direct bearing on the tax reported or the refund claimed. Therefore, during the SOI process, checks must also be made to correct any errors or inconsistencies left in the administrative data before the data can be accepted for the statistics.

The Statistics of Income program includes many more tax return items than are transcribed and perfected for IRS tax administration needs, especially for items reported in tax return schedules in support of the various summary totals reported on the return. Therefore, checks must also be designed to validate these additional data items and to assure that they are consistent with other data entries.

Most of the data validation checks made during the SOI process take the form of computerized tests of each record. In addition to verifying that internal consistency and proper balance and relationships among the tax return items and statistical classifications are maintained, this process is intended to check on consistency with tax law provisions, acceptable reporting practices, and generally accepted accounting principles. Most testing occurs during the data abstracting and editing operation, while the tax return source document is still on hand, although some testing for certain programs occurs later on. Records failing the tests are subjected to further review and correction.

Finally, before publication, the statistics are reviewed for accuracy and reasonableness in light of the tax law provisions, taxpayer reporting variations and other limitations, tolerances and statistical techniques allowed or employed in data processing and estimating, economic conditions, and comparability with other statistical series. However, these controls do not completely eliminate the possibility of error. When discovered, errors in *Bulletin* tables are corrected, usually through published errata.

Table Conventions

Published estimates subject to excessive sampling variability are identified for most of the statistics by means of an asterisk (*) presented alongside the estimate or in place of an estimate. Presence of an asterisk means that the sampling rate was less than 100 percent of the population and that there were fewer than 10 sample observations available for estimation purposes. This method produces a rough indication of excessive sampling variability. However, the results will differ somewhat from more precise indicators of excessive sampling variability based on the standard statistical formula. For some of the statistics based on samples, asterisking was not possible because of resource and other constraints. Users should keep this limitation in mind when using these data.

A dash, in place of a frequency or an amount, in any given table cell presenting data based on an SOI sample, indicates either that (1) there were no returns in the population with the particular characteristic, or (2) because of its rarity, instances of the characteristic were not present among the sampled returns. However, for statistics based on returns selected for the sample at the 100-percent rate, a dash indicates a presumption of no returns with the particular characteristic in the population.

In addition to sampling variability, Statistics of Income is required to prevent disclosure of information about specific taxpayers or businesses in its tables. Therefore, a weighted frequency (and the associated amount, where applicable) of less than 3 is either combined with data in an adjacent cell(s) so as to meet the criteria, or deleted altogether. Similar steps are taken to prevent indirect disclosure through subtraction. However, any combined or deleted data are included in the appropriate totals. (A double asterisk is used in a cell where a frequency or amount has been deleted.) Most data on tax-exempt, nonprofit organizations are excluded from disclosure review because the Internal Revenue Code and regulations permit public access to most of the information reported by these organizations.

SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Americans Living Abroad: 2006 Program	Scott Hollenbeck Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign income, foreign taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by size of adjusted gross income and country.
Controlled Foreign Corporations: 2004 Program 2006 Program	Randy Miller Jason Wenrich	This semiannual study provides data on activities of foreign corporations that are controlled by U.S. corporations. Data are classified by industry group and country.
Controlled Foreign Partnerships: 2004 Program 2008 Program	Bill States	This study provides data on activities of foreign partnerships that are controlled by U.S. corporations or partnerships. Frequency of this study has not been determined.
Corporation Foreign Tax Credit: 2003 Program 2004 Program 2005 Program	Rob Singmaster Scott Luttrell Rob Singmaster	This annual study provides data on foreign income, taxes paid, and foreign tax credit reported on corporation foreign income tax returns. Data are classified by industry group and country.
Corporation Income Tax Returns: 2004 Program 2005 Program	Bill Rush Glenn Hentz Heather Parisi Ellen Legel	Basic data are produced annually and cover complete income statement, balance sheet, tax, tax credits, and details from supporting schedules. Data are classified chiefly by industry group or asset size.
Entity Classification Election ("Check-the-Box"):	John Comisky Lawrence Sao	This annual study includes data from all Entity Classification Elections, including the type of election and whether the entity is foreign or domestic.
Estate Tax: 2004-2006 Program	Brian Raub	This annual study includes information on a gross estate and its composition, deductions, and tax; and information on the age, sex, and marital status of decedents. Basic estate tax return data by year in which returns are filed are produced each year. Also included are data on nonresident aliens who had more than \$60,000 of assets in the United States. Other statistics are available on a year-of-death basis (approximately every 3 years). The most recent study is based on decedents who died in 2004 with returns filed in 2004-2006. The most recent data available are for returns filed in 2005.
Excise Taxes:	Melissa Laine	Basic data are collected and processed by three Department of the Treasury agencies: the Internal Revenue Service, the Alcohol and Tobacco Tax and Trade Bureau (formerly the Bureau of Alcohol, Tobacco, Firearms, and Explosives), and the Customs Service. Data by type of tax are shown by Fiscal Year (FY) for 1998-2004 and quarterly for FY 2005 and the first two quarters of FY 2006.

SOI Projects and Contacts

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Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Exempt Organizations (Charitable and Other, Except Private Foundations): 2003 Program 2004 Program 2005 Program	Paul Arnsberger	This annual study includes balance sheet and income statement data for organizations classified as tax-exempt under subsections 501(c)(3)-(9) of the Internal Revenue Code. The most recent data are for Reporting Year 2003 returns filed in Calendar Years 2004-2005.
Exempt Organizations (Private Foundations): 2003 Program 2004 Program 2005 Program	Melissa Ludlum	This annual study includes balance sheet and income statement data for domestic private foundations and charitable trusts filing a Form 990-PF. The most recent data are for Reporting Year 2003 returns filed in Calendar Years 2004-2005.
Exempt Organizations Unrelated Business Income: 2003 Program 2004 Program 2005 Program	Peggy Riley	This annual study includes tabulations of "unrelated business" income and deductions for organizations classified as tax-exempt under the Internal Revenue Code. The most recent data are for Reporting Year 2003 returns filed in Calendar Years 2004-2005.
Foreign-Controlled Domestic Corporations: 2002 Program	James Hobbs	This annual study covers domestic corporations with 50-percent-or-more stock ownership by a single foreign "person." It covers balance sheet, income statement, and tax-related data, which are classified by industry group, country, and size and age of the corporations. Data are compared to those for other domestic corporations.
Foreign Recipients of U.S. Income: 2004 Program	Scott Luttrell	This annual study provides data by country on income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.
Foreign Trusts: 2002 Program 2006 Program	Dan Holik	This periodic study, conducted every 4 years, provides data on foreign trusts that have U.S. "persons" as grantors, transferors, or beneficiaries. Data include country where the trust was created, value of transfer to the trust, and year the trust was created. The most recent study is for Tax Year 1998.
Gift Tax: 2005 Program 2006 Program 2007 Program	Darien Jacobson	This annual study provides data for type and amount of gift, information on donee, and tax computation items. Information about the donor and gift splitting are also available. Most recent data are for Gift Year 2005.

SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Individual Income Tax Return Public-Use File:	Mario Fernandez Mike Weber	Microdata on CD-ROMs are produced annually and contain detailed information obtained from the individual income tax return statistics program, with identifiable taxpayer information omitted to make the file available for public dissemination on a reimbursable basis.
Individual Income Tax Returns: 2004 Program 2005 Program 2006 Program	Maureen Keenan Kahr Mike Strudler	Basic data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules. Data are classified by size of adjusted gross income, marital status, or type of tax computation.
Individual Income Tax Returns Special Tabulations:	Mike Parisi	Special tabulations of selected individual income, deduction, and tax data are produced on a reimbursable basis.
Interest-Charge Domestic International Sales Corporations (IC-DISCs): 2004 Program	Dan Holik	These corporations replaced the Domestic International Sales Corporations, or DISCs, as of 1985. Balance sheet, income statement, and export-related data are tabulated every 4 years. The most recent study is for Tax Year 2000.
International Boycott Reports: 2004 Program	Lissa Redmiles	This study provides data on business operations of U.S. "persons" in boycotting countries, as well as the requests and agreements to participate in, or cooperate with, international boycotts not sanctioned by the U.S. Government.
Migration Flow and County Income Data:	Emily Gross	Migration flow data (based on year-to-year changes in individual income tax return addresses) and county or State income data are available annually on a reimbursable basis. The most recent data are for 2004-2005.
Noncash Charitable Contributions:	Janette Wilson	This study of Individual income tax returns provides detailed asset donations, descriptions of the donees, donor cost, fair market value, and deduction claimed on Form 8283, <i>Noncash Charitable Contributions</i> .
Occupation Studies:	Terry Nuriddin	This periodic study classifies individual income tax returns by occupation and contains a dictionary of occupational titles that can be used to enhance the economic data of other individual income tax return studies.
Partnership Returns of Income:	Tim Wheeler Nina Shumofsky	Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.

SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Partnership Withholding Study: 2004 Program	Scott Luttrell	This annual study includes data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.
Personal Wealth Study: 2001 Program	Brian Raub Barry Johnson	This periodic study provides estimates of personal wealth of top wealth holders that are generated from estate tax return data using the "estate multiplier" technique, in conjunction with both filing-year and year-of-death estate data bases. The most recent data, 2001, are based on returns filed from 2001 to 2003.
S Corporations:	Heather Parisi	Annual study data are collected for the income statement and balance sheet, and from supporting schedules. Data are classified by industry group or asset size.
Sales of Capital Assets:	Janette Wilson	This periodic study provides detailed data on the sales of capital assets reported in the capital gains schedule of the individual income tax return, and on sales of residences and personal or depreciable business property.
Sales of U.S. Real Property Interest by Foreign Persons: 2002 Program	Chris Carson	This annual study provides data on transfers of U.S. real property interests acquired from foreign "persons." Data include the amount realized on transfers, U.S. tax withheld, and countries of foreign persons.
Sole Proprietorships: 2004 Program 2005 Program 2006 Program	Mike Parisi Mike Strudler	Basic data, produced annually, cover business receipts, deductions, and net income reported on Schedule C (for nonfarm proprietors), classified by industry group.
Split-Interest Trust Information Return: 2005 Program 2006 Program 2007 Program	Lisa Schreiber	This annual study provides information on charitable remainder trusts, charitable lead trusts, and pooled income funds. Data include balance sheet, income, deductions, and detail from accumulation and distribution schedules. The most recent data are for Filing Year 2005.
Tax-Exempt Bond Issues: 2004 Program 2005 Program 2006 Program	Cynthia Belmonte	This annual study provides information on private activity and Governmental bond issues by type of property financed, size of face amount, and State. The most recent data are for Tax Year 2004 public purpose bonds and private activity bonds.
Taxpayer Usage Study:	Kevin Pierce	Produced annually, this program provides weekly frequencies of specific line entries made by taxpayers, the use of various return schedules and associated forms, and general characteristics of the individual taxpayer population, for returns received during the primary filing season (January through April).

SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Transactions of Foreign-Controlled Corporations: 2004 Program	Mark Lowe	This biennial study includes data on transactions between U.S. corporations and their foreign owners. Data are classified by country and industry group.
U.S. Possessions Corporations: 2003 Program 2005 Program	Dan Holik	This periodic study, planned for every 2 years, provides data on income statements, balance sheets, tax, and "possessions tax credit" for qualifying U. S. possessions corporations. (Most of these corporations are located in Puerto Rico.)
ZIP Code Area Data:	Mike Weber	Statistics on CD-ROM show number of individual income tax returns, exemptions, and several income items by State and 5-digit ZIP Code. Data are available for 2002 and 2004 on a reimbursable basis. (Data for Tax Years 1991, 1998, and 2001 are also available, free of charge, on the IRS Web site: http://www.irs.gov/taxstats/article/0,,id=96947,00.html .)

*Most projects shown are currently in progress and, therefore, may not be completed. Many of the data release dates, i.e., the months in which the Statistics of Income Division expects to release data to users, ahead of publication, on request, are published annually in the Fall issue of the *SOI Bulletin*. For more information about data availability for a particular project, call or fax the numbers shown at the top of the page.

SOI Products and Services

Statistics of Income (SOI) data are available in electronic formats and in printed publications. For further information on any of the following products and services, or for answers to questions on the availability of SOI data, other statistical services, or release dates for data, contact SOI's **Statistical Information Services (SIS) Office**:

Statistical Information Services (sis@irs.gov)
Statistics of Income Division
Internal Revenue Service
P.O. Box 2608 • Washington, DC 20013-2608
(202) 874-0410 • **Fax:** (202) 874-0964

As its name implies, SIS is best able to answer questions about data. It does not supply tax forms or information about the status of an individual's tax refund or audit examination. Media requests should be directed to the IRS Media Relations Branch, Communications Division, on (202) 622-4000.

Electronic Products and Services

Products Available Free on the Internet

SOI's Internet site offers a combination of files presenting SOI tables, articles about SOI data, and information about SOI products and services, as well as non-SOI products, including annual *IRS Data Book* tables, Compliance Research projections, and nonprofit Master File microdata records. At present, over 6,181 files reside there.

Web site: www.irs.gov/taxstats

There is also a direct link to our Web site from FedStats, the gateway to official statistics from the Federal Government: www.fedstats.gov.

TaxStats

On the TaxStats Home Page, you will find the following list of topics that will lead you to a wide range of tables, articles, and data that describe and measure elements of the U.S. tax system. There is also a link to check out What's New.

Business Tax Statistics

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Products Available From SOI

Many of SOI's data files are available for sale on CD-ROM, diskette, tape, or via e-mail through the Statistical Information Services Office. **Prepayment is required for orders of \$100 or more**, with checks made payable to the **IRS Accounting Section**. Contact SIS for information on specific products, prices, sources, media, and ordering instructions.

The following files are currently available on a reimbursable basis and include data from returns covering corporations, individuals, exempt organizations, and private foundations and charitable trusts. Most of these files are tabulations of aggregated data, but some are files of microdata records.

SOI Products and Services

Corporation Income Tax Returns

Corporation Source Book

A magnetic tape, PC-diskettes, or CD-ROM containing the tabular statistics from the *Corporation Source Book*, for years 1996-2004. Price is \$1,500 per year for 2002 and 2004; earlier years are \$250 per year. Tables from the 2000 through 2004 *Source Book* are also available for free from the TaxStats Web site at: www.irs.gov/taxstats/bustaxstats/article/0,,id=150481,00.html. See also *Printed Publications* section below.

Individual Income Tax Returns

Individual Public-Use Microdata Files

These files include individual income tax returns for 1960, 1962, 1964, and 1966-2001. All of the files have been edited to protect the confidentiality of individual taxpayers. Public-use files of individual income tax returns for 1960, 1962, 1964, and 1966-1991 are available for sale by writing to the Center for Electronic Records at the National Archives and Records Administration, 8601 Adelphi Road, College Park, MD 20740-6001, or by calling toll-free (866) 272-6272. Files for 1992 through 2002 are available on CD-ROM from the SOI Division. Price for the SOI microdata files is \$4,000 per year.

County-to-County Migration Data

One table, based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. This table presents data on migration patterns by county for the entire United States, including inflows and outflows. The data include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); total "adjusted gross income" and "median adjusted gross income" (starting with Filing Year 1996); total money income and median total money income (for Filing Years 1993 through 1996). Available for Filing Years 1984-2005. Price is \$200 per year for the entire United States or \$10 per State per year. (All years for the entire United States are also available for \$500.)

State-to-State Migration Data

One table, based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. This table presents data on migration patterns by State for the entire United States, including inflows and outflows. The data include the number of returns (which approximates the number of households); the number of personal exemptions (which ap-

proximates the population); total "adjusted gross income" and "median adjusted gross income" (starting with Filing Year 1996); total money income and median total money income (for Filing Years 1993 through 1996). Available for Filing Years 1989-2005. Price is \$50 per year for the entire United States or \$10 per State per year.

County Income Data

One table, based on the population of returns from the IRS Individual Master File system. This table presents data for adjusted gross income (total and for selected sources), number of returns (which approximates the number of households), and number of personal exemptions (which approximates the population). The data are presented by county (including State totals) and are available for Tax Years 1989-2004 for the entire United States. Price is \$50 per year for the entire United States or \$10 per State per year.

ZIP Code Area Data

Statistics are available for Tax Years 2002 and 2004 on CD-ROM showing the number of individual income tax returns; the total number of exemptions and number of dependent exemptions (which approximates population); adjusted gross income; salaries and wages; taxable interest; total tax; contributions; number of returns with Schedules C and F; and number of returns with Schedule A, by State and 5-digit ZIP Code. In addition to these items, data for Tax Year 2004 also show the amount of taxable dividends; net capital gain/loss; IRA payment adjustment; self-employed pension adjustment; taxes paid deduction; alternative minimum tax; income tax before credits; earned income credit; and number of returns prepared by paid preparers. Price is \$500 for the entire United States; \$25 for a single State. (Data for Tax Years 1991, 1998, and 2001 are available free on SOI's Internet site.) Go to www.irs.gov, select the **TaxStats** option; Individual Tax Statistics; Individual Income Tax; Zip Code Data (SOI) under Data by Geographic Areas.

Tax-Exempt Organizations

Compendium of Studies of Tax-Exempt Organizations, 1989-1998

This is a compilation of articles on SOI studies of charitable and other nonprofit organizations described in Internal Revenue Code sections 501(c)(3)-(c)(9), private foundations, charitable remainder trusts, and nonprofit organizations' unrelated business income. All of these articles were published previously in various issues of the *Statistics of Income Bulletin*. In addition, the *Compendium* includes

SOI Products and Services

papers on statistical sampling of tax-exempt organization returns, and other topics relating to tax-exempt organizations and philanthropy that were authored by IRS staff and others who use SOI study data for research. Available at no charge on CD-ROM.

Microdata Records for Tax Year 2003

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 14,415 Internal Revenue Code section 501(c)(3) organizations and 6,494 section 501(c)(4)-(9) organizations. All returns for organizations with assets of \$50,000,000 or more are included in the sample. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's TaxStats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html, or may be purchased on CD-ROM for \$20.

Microdata Records for Tax Years 1992-2002

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's TaxStats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html, or may be purchased on CD-ROM for \$20.

Private Foundations (and Charitable Trusts)

Microdata Records for Tax Year 2003

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes 10,337 returns. (All returns filed by foundations with assets of \$10 million or more, as well as the population of returns filed by nonexempt charitable trusts, are included in the sample.) Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's TaxStats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html, or may be purchased for \$20.

Microdata Records for Tax Years 1992-2002

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts.

Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's TaxStats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html, or may be purchased for \$20.

Printed Publications

Publications Available for Sale From GPO

Recent SOI publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, **by calling (202) 512-1800, or faxing (202) 512-2250.** (Credit cards are accepted.) Publications may also be obtained by using the order form at the end of this *Bulletin* or write to:

Superintendent of Documents

P.O. Box 371954
Pittsburgh, PA 15250-7954

If you determine from the Government Printing Office that any of the next four items is out of print, telephone the **Statistical Information Services Office on (202) 874-0410** for assistance.

IRS Data Book, 2005

Annually, Publication 55B, Stock No. 048-004-02489-6
Price: \$9.50

This volume pertains to Fiscal Year 2005—October 1, 2004, through September 30, 2005. The report provides data on collecting the revenue, enforcing the law, assisting the taxpayer, and managing the system, as well as lists and a chart about the structure and administration of the IRS itself.

Statistics of Income Bulletin

Quarterly, Publication 1136, Stock No. 748-005-00084-6
Subscription price: \$53; Single copy price: \$39

This series provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on nonfarm sole proprietorships and partnerships, as well as periodic or special studies of particular interest to tax analysts, administrators, and economists. Historical tables include data from SOI, as well as tax collections and refunds by type of tax.

SOI Products and Services

Statistics of Income—2003, Corporation Income Tax Returns

*Publication 16, Stock No. 048-004-02491-8
Price: \$45*

This report presents more comprehensive data on corporation income tax returns with accounting periods that ended July 2003 through June 2004 than those published earlier in the *SOI Bulletin*.

Presents information on:	Classifies data by:
■ receipts	■ industry
■ deductions	■ accounting period
■ net income	■ size of total assets
■ taxable income	■ size of business receipts
■ income tax	■ size of income tax after credits
■ tax credits	
■ assets	
■ liabilities	

Statistics of Income—2004, Individual Income Tax Returns

*Publication 1304, Stock No. 048-004-02492-6
Price: \$36 Foreign: \$50.40*

This report presents more comprehensive and complete data on individual income tax returns for Tax Year 2004 than those published earlier in the *SOI Bulletin*.

Presents information on:	Classifies data by:
■ sources of income	■ size of adjusted gross income
■ exemptions	■ marital status
■ itemized deductions	■ type of tax computation
■ tax computations	

Publications Available From SOI

Other SOI periodicals and one-time reports are available for sale from the Statistical Information Services Office. These reports include data from returns covering corporations, exempt organizations, international income and taxes, and estate taxes. The report from the IRS methodology reports series is available free while supplies last.

Statistics of Income—2004, Corporation Source Book

Publication 1053, Price: \$175, plus \$10 for shipping and handling

This 612-page document presents detailed income statement, balance sheet, tax, and selected items, by sector, major and minor industrial groups, and size of total assets for all returns and separately for returns with net income. Separate statistics on S corporations are included by sector. Industry detail is based on the North American Industry Classification System (NAICS). The report, which underlies the *Statistics of Income—Corporation Income Tax Returns* publication, is part of an annual series and can be purchased in its entirety or by page. *Corporation Source Book* industry pages and notes for 1963 through the present are available at a cost of \$30, plus \$1 per page copying charge (free for orders under 5 pages). The complete, printed version of the *Source Book* for selected prior years, 1984-2004, is also for sale at \$175 per year, plus \$10 for shipping and handling. See also *Electronic Products and Services* section.

Compendium of Federal Estate Tax and Personal Wealth Studies

Publication 1773, Price: \$26, plus \$10 for shipping and handling

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composition of their estates. It contains a methodological discussion of the strategy used in weighting sample data for the estate studies and presents statistics on selected components of decedents' estates, 1916-1990. Information on charitable giving is also included.

Part II presents a series of articles describing the estate-multiplier technique and its applications for personal wealth estimates, estimates of personal wealth for selected years 1962-1989, and a discussion of the relationship among realized income, wealth, and well-being.

Special Studies in Federal Tax Statistics, 2005

Publication 1299, No charge

This is the fifth edition of a new set in the IRS Methodology Report series, now entitled *Special Studies in Federal Tax Statistics* (previous volumes in the series were called *Turning Administrative Systems Into Information Systems* and *Statistics of Income and Related Administrative Record Research*). The title was changed to more clearly reflect the nature of the papers prepared by SOI as it adapts to better meet the data and information needs of its wide-ranging customers.

SOI Products and Services

This year's compilation has been divided into seven major sections, each focusing on a somewhat different area of research:

- new research from the IRS;
- corporate tax issues: book-tax differences and measuring tax avoidance;
- behavioral responses to corporate taxation;
- issues in quantifying measurement error;
- interesting methodological topics related to Internal Revenue Service tax statistics;
- estate and personal wealth sample design;
- IRS area-to-area migration data.

JUST PUBLISHED

Statistics of Income— 2004 Corporation Source Book



This 612-page document presents balance sheet, income statement, tax, and other selected items by size of total assets for all returns with and without net income for accounting periods ending between July 2004 and June 2005. Statistical tables are available by industrial sectors, major groups within a sector, and minor industries within a major group. Industry detail is based on the North American Industry Classification System (NAICS). The *Source Book* also presents data separately for S corporations (qualifying corporations electing to be taxed through shareholders), by size of total assets, and by industry sector. The *Source Book*, which underlies the *Statistics of Income—Corporation Income Tax Returns* publication, is part of an annual series and can be purchased in its entirety or by page. The *Source Book* is available in Excel format on <http://www.irs.gov/taxstats>. Click on “Corporations” under “Business Tax Statistics,” and then click on “Corporation Source Book” under “Featured Areas.” A CD-ROM containing the *Source Book* in ASCII format continues to be available for purchase.

To obtain copies of this publication, or supplemental information on the publication or other SOI products and services, call **SOI’s Statistical Information Services at (202) 874-0410**; or write to:

Director, Statistics of Income Division RAS:S
Internal Revenue Service
P.O. Box 2608
Washington, DC 20013-2608

JUST PUBLISHED!

2006 Internal Revenue Service Data Book



The *Internal Revenue Service Data Book* is issued annually by the Internal Revenue Service (IRS). The *Data Book* describes activities conducted by the IRS during Fiscal Year 2006 (October 1, 2005, through September 30, 2006). The *Data Book* provides information on returns filed and taxes collected, enforcement, taxpayer assistance, the IRS budget and workforce, and other selected activities.

For information on obtaining copies of this publication, call SOI's Statistical Information Services at (202) 874-0410; send a fax to (202) 874-0964; or an email to sis@irs.gov.

You may also download the entire publication (in Adobe Acrobat PDF) from SOI's pages of the IRS Web site (www.irs.gov/taxstats). Under "Products, Publications, & Papers," click on "IRS Data Books."

THE IRS RESEARCH BULLETIN

*Recent Research on Tax Administration
and Compliance*

This 319-page volume presents selected papers from the 2006 IRS Research Conference, which was held on June 14-15, 2006, in Washington, DC, and was sponsored by the Office of Research, Analysis, and Statistics. Paper topics include corporate tax administration and compliance, individual compliance analysis and modeling, uses of tax data, the role of third parties in tax administration and compliance, and new approaches to compliance and administration. The 10 papers included in the report are available on SOI's pages of the IRS Web site (<http://www.irs.gov/taxstats/productsandpubs/article/0,,id=151642,00.html>).

The IRS Research Bulletin



Recent IRS Research on Tax Administration and Compliance

Proceedings of the 2006 IRS Research Conference

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Phone: 202-874-0410

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