

# Taxpayers Age 65 or Over, 1977-1981

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Since the portion of the total U.S. population age 65 years old or over is growing faster than any other age group, it is not surprising that the number of taxpayers age 65 or over has been growing as well. This study examines how taxpayers age 65 or over are similar to, and different from, all other taxpayers.

A comprehensive economic picture of elderly taxpayers can be painted from the data presented in this article. For those persons age 65 or over who filed tax returns during 1977-81, the average adjusted gross income did not differ widely from the average adjusted gross income on all other returns. However, the components of adjusted gross income, certain itemized deductions, average income tax and the effective tax rate were quite different for elderly taxpayers when compared with those for all other taxpayers. Contrasted with all other taxpayers, elderly taxpayers depend on interest and dividend income instead of salary and wage income, and they are less likely to itemize deductions.

Elderly taxpayers who do itemize deductions claim large medical and dental expense deductions, large charitable contributions deductions and small home mortgage interest deductions.

Surprisingly few are eligible for the tax credit for the elderly, even though the tax credit was designed to help them. Finally, elderly taxpayers have higher income tax liabilities (on the average) and higher average effective tax rates, compared with all other taxpayers.

Taxpayers claiming either one or two exemptions for age 65 or over filed almost 10 million income tax returns for Tax Year 1981, more than 10 percent of the total 95.4 million returns filed [1]. As shown in Figure A, the proportion of returns filed by elderly taxpayers increased steadily over the 5-year period, 1977-81.

Actual and projected population and returns data are shown in Figure B. The elderly population is growing at a rapid rate relative to the rest of the U.S. population, and this growth is reflected in the number of tax returns filed by the elderly.

In addition to the demographic factors (changes in the age distribution of the population and mortality rates) behind the increase in filings, the number of returns filed by elderly taxpayers has been and will continue to be affected by changes in the income filing

Figure A.--Returns Filed by Taxpayers Age 65 or Over and Total Number of Returns Filed by All Taxpayers: 1977-81

Tax Year	Returns filed by taxpayers age 65 or over	Total number of returns filed by all taxpayers	Returns filed by taxpayers age 65 or over as a percentage of the total number of returns filed
	(1)	(2)	(3)
1977 .....	8,028,471	86,634,640	9.26%
1978 .....	8,370,125	89,771,551	9.32
1979 .....	8,661,655	92,694,302	9.34
1980 .....	8,994,420	93,902,469	9.57
1981 .....	9,878,319	95,396,123	10.35

\*Individual Returns Analysis Section. Prepared under the direction of David Paris, Chief. Staff assistance provided by Bert Ager.

## Taxpayers Age 65 or Over, 1977-1981

Figure B.--Population Age 65 or Over and Tax Return Filings, Actual and Projected: 1950 to 2010<sup>1</sup>

Tax Year	Total population, all ages	Population age 65 or over	Population age 65 or over as a percentage of the total population	Tax returns filed by taxpayers age 65 or over
	(1)	(2)	(3)	(4)
1950 .....	152,271,000	12,397,000	8.14%	1,949,071
1960 .....	180,671,000	16,675,000	9.23	5,214,157
1970 .....	205,052,000	20,107,000	9.81	6,913,144
1980 .....	227,658,000	25,708,000	11.29	8,994,420
1990 .....	249,731,000	31,799,000	12.73	12,090,000
2000 .....	267,990,000	35,036,000	13.07	13,570,000
2010 .....	283,141,000	39,269,000	13.87	15,570,000

<sup>1</sup>Population and tax return data courtesy of Research Division, Internal Revenue Service, and the Bureau of the Census, Department of Commerce. The projections are based on Census Bureau Middle Series population projections (P-25, No. 922, 10/82) and trend assumptions on relationships between population and tax returns filed. Additional information concerning projections of tax returns is available in Calendar Year Projections 1983-1990, Number of Returns to be Filed, Research Division, Internal Revenue Service, U.S. Department of the Treasury, Document 6186A, September 1983.

requirements and by special tax provisions for the elderly as well as by rising personal income.

The minimum income filing requirements for taxpayers changed between Tax Years 1978 and 1979. Minimum filing requirements for taxpayers age 65 or over during the period 1977-81 are presented in the following table:

Tax Year	Single person, age 65 or over	Surviving spouse age 65 or over
1977 .....	\$3,700	\$4,700
1978 .....	3,700	4,700
1979-81 ....	4,300	5,400

Tax Year	Married couple, one spouse age 65 or over	Married couple, both spouses age 65 or over
1977 .....	\$5,450	\$6,200
1978 .....	5,450	6,200
1979-81 ....	6,400	7,400

## AVERAGE ADJUSTED GROSS INCOME

The average adjusted gross incomes based on taxable returns for the period 1977 through 1981 for taxpayers age 65 or over and all other taxpayers increased each year and are presented in Figure C [2]. As can be seen, differences between the average adjusted gross incomes of the elderly and all other taxpayers were not large.

Figure C.--Average Adjusted Gross Income Reported on Taxable Returns: Taxpayers Age 65 or Over and All Other Taxpayers, 1977-81

Tax year	Average adjusted gross income	
	Taxpayers age 65 or over	All other taxpayers
1977 .....	\$17,350	\$17,024
1978 .....	17,810	18,094
1979 .....	19,523	19,562
1980 .....	20,950	21,066
1981 .....	22,205	22,460

Changes in the distribution of the number of returns filed by size of adjusted gross income for elderly taxpayers and all other taxpayers are presented in Figure D. Proportionately more taxpayers age 65 or over reported adjusted gross incomes of less than \$20,000 when compared with all other taxpayers. In 1981, nearly three-fourths of the returns filed by taxpayers age 65 or over reported adjusted gross incomes of less than \$20,000, while less than two-thirds of the returns filed by all other taxpayers reported adjusted gross incomes of less than \$20,000.

Differences between these groups also occurred at high income levels. Proportionately, more taxpayers age 65 or over reported adjusted gross incomes of \$1 million or more when compared with all other taxpayers. Consequently, while the differences between the average incomes were not large, the distributions of the incomes reported were quite different (Figures E and F). Among the elderly, there was a greater

Figure D.--Distribution of the Number of Returns Filed by Size of Adjusted Gross Income: 1977 and 1981

Adjusted Gross Income	Number of returns filed by taxpayers age 65 or over			Number of returns filed by all other taxpayers		
	1977	1981	Percentage change	1977	1981	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
Total .....	8,028,471	9,878,319	23.0%	78,606,169	85,517,806	8.8%
Under \$5,000 .....	2,255,079	1,393,987	-38.2	21,007,556	17,352,389	-17.4
\$5,000 under \$10,000 .....	2,694,621	2,840,000	5.4	16,648,198	14,810,878	-11.0
\$10,000 under \$15,000 .....	1,283,675	1,884,710	46.8	13,015,531	12,308,450	-5.4
\$15,000 under \$20,000 .....	695,447	1,144,550	64.6	10,709,526	9,853,644	-8.0
\$20,000 under \$25,000 .....	337,618	713,149	111.2	7,429,096	8,403,987	13.1
\$25,000 under \$30,000 .....	222,013	470,027	111.7	4,132,027	6,735,255	63.0
\$30,000 under \$50,000 .....	333,952	909,678	172.4	4,450,964	12,478,047	180.3
\$50,000 under \$100,000 .....	150,917	387,760	156.9	989,867	3,054,960	208.6
\$100,000 under \$200,000 .....	40,901	98,883	141.8	184,249	417,633	126.7
\$200,000 under \$500,000 .....	11,885	29,356	147.0	34,501	88,736	157.2
\$500,000 under \$1,000,000 .....	1,705	4,404	158.3	3,527	10,354	193.6
\$1,000,000 or more .....	658	1,815	175.8	1,127	3,471	208.0

Figure E  
Returns Filed by Taxpayers Age 65 or Older, 1981

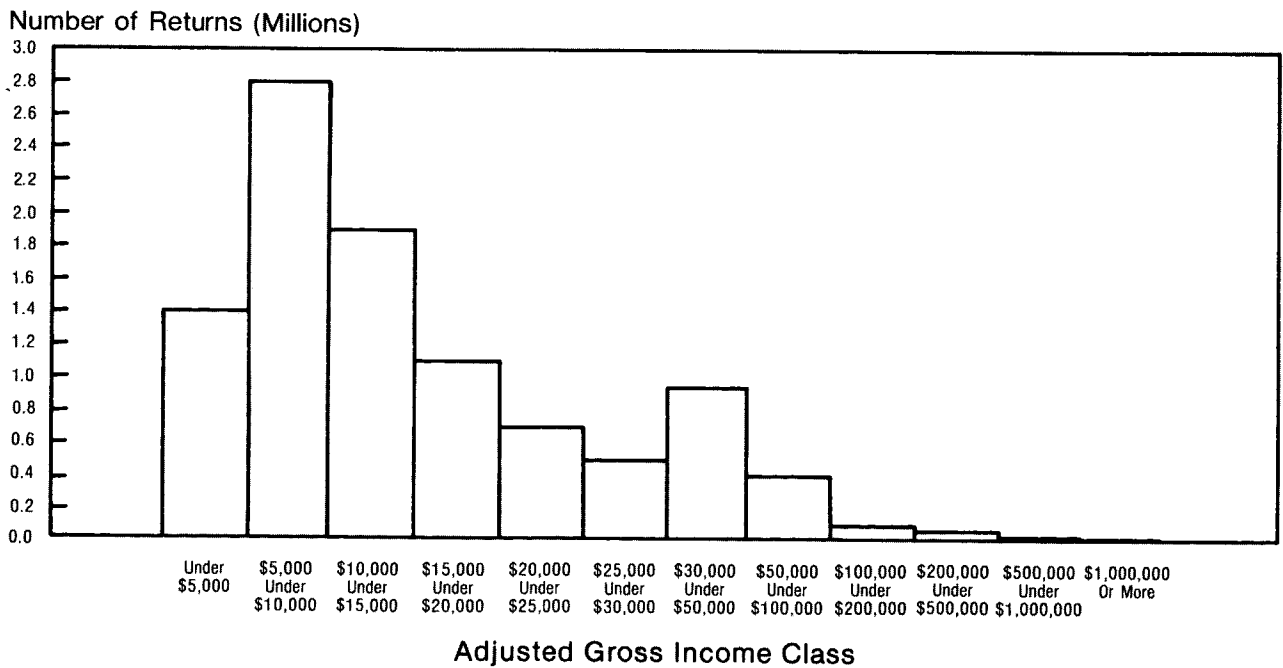
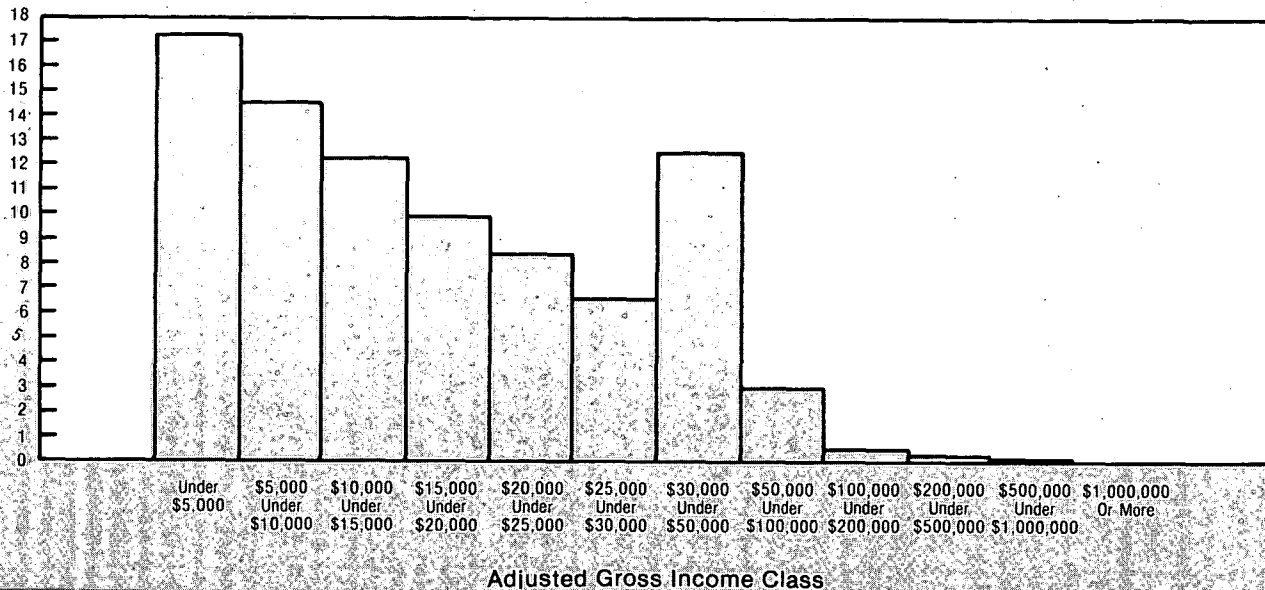


Figure F  
Returns Filed by All Other Taxpayers, 1981

Number of Returns (Millions)



likelihood that taxpayers were either much poorer or much richer than other taxpayers, based on the incomes reported.

#### Sources of Adjusted Gross Income

Income sources reported on elderly taxpayers' returns differed from those reported on all other taxpayers' returns (Figures G and H). Compared with all other taxpayers, those age 65 or over reported larger amounts of dividend and interest income and smaller amounts of salary and wage income. Strangely enough, differences in average pension and annuity income for the two groups were not large. Among the possible reasons for this is that certain portions of pension income and all social security income were excluded from taxable income [3]. (Consequently, the pension and annuity data presented do not include the full amount of this income, especially for elderly taxpayers.) Social security income provided 39 percent of the total income of persons aged 65 or over in 1982 [4].

The percentages of taxpayers age 65 or over and all other taxpayers that reported salary, interest, dividend and pension incomes were remarkably different. For example, for 1980, 40 percent of the elderly and 95 percent of all other taxpayers reported salary and wage income--a large number of elderly taxpayers remained employed. Ninety percent of elderly taxpayers reported interest income, while 48 percent of all other taxpayers reported interest income for 1980. Thirty-seven percent of tax-

payers age 65 or over reported dividend income, while 9 percent of all other taxpayers reported dividend income in 1980. Interest and dividends reported reflected the importance of savings and investments for elderly taxpayers. Almost half (49 percent) of elderly taxpayers reported pension and annuity income, while only 4 percent of all other taxpayers reported pension and annuity income in 1980.

#### ITEMIZED DEDUCTIONS

The percentages of all taxpayers itemizing deductions increased from 1977 to 1981 (Figure I). Throughout the period, a consistently smaller proportion of taxpayers age 65 or over itemized deductions--for example, for 1981, 30 percent of taxpayers age 65 or over itemized deductions, while 34 percent of all other taxpayers itemized deductions.

Average amounts of itemized deductions for all taxpayers are presented in Figure J. Not unexpectedly, taxpayers age 65 or over had larger average deductions for total medical and dental expenses; however, they also had larger average deductions for total contributions and total state and local taxes paid, relative to the average deductions reported by all other taxpayers. All other taxpayers had larger average total home mortgage interest deductions than taxpayers age 65 or over. On average, taxpayers age 65 or over reported larger amounts of total itemized deductions compared with all other taxpayers.

Figure G.--Average Sources of Adjusted Gross Income Reported on All Returns by Year: Taxpayers Age 65 or Over, 1977-81<sup>1</sup>

Tax Year	Selected components of adjusted gross income				
	Salaries and wages	Total interest received and dividends in adjusted gross income	Interest received	Dividends	Pensions and annuities
	(1)	(2)	(3)	(4)	(5)
1977 .....	\$8,448	\$8,190	\$3,546	\$4,644	\$4,583
1978 .....	9,127	9,183	3,860	5,323	4,992
1979 .....	9,781	9,843	4,372	5,521	5,314
1980 .....	10,928	11,878	5,906	5,972	5,652
1981 .....	11,586	10,381	( <sup>2</sup> )	( <sup>2</sup> )	6,218

<sup>1</sup>Since each taxpayer did not report the same sources of income, averages were computed using the number of returns reporting that source of income.

<sup>2</sup>Due to a change in tax law, interest received and dividends in adjusted gross income were not reported separately for 1981.

Figure H.--Average Sources of Adjusted Gross Income Reported on All Returns by Year, All Other Taxpayers, 1977-1981<sup>1</sup>

Tax Year	Selected components of adjusted gross income				
	Salaries and wages	Total interest received and dividends in adjusted gross income	Interest received	Dividends	Pensions and annuities
	(1)	(2)	(3)	(4)	(5)
1977 .....	\$12,709	\$2,911	\$788	\$2,123	\$4,859
1978 .....	13,775	3,140	845	2,295	5,353
1979 .....	14,997	3,342	991	2,431	5,621
1980 .....	16,337	3,887	1,322	2,565	6,207
1981 .....	17,930	3,486	( <sup>2</sup> )	( <sup>2</sup> )	6,563

<sup>1</sup>Since each taxpayer did not report the same sources of income, averages were computed using the number of returns reporting that source of income.

<sup>2</sup>Due to a change in tax law, interest received and dividends in adjusted gross income were not reported separately for 1981.

## Taxpayers Age 65 or Over, 1977-1981

Figure I.--Returns with Itemized Deductions: Taxpayers Age 65 or Over and All Other Taxpayers, 1977-81

Tax Year	Taxpayers age 65 or over		All other taxpayers	
	Number of returns with itemized deductions	Number of returns with itemized deductions as a percentage of total returns	Number of returns with itemized deductions	Number of returns with itemized deductions as a percentage of total returns
	(1)	(2)	(3)	(4)
1977 .....	1,656,633	21%	21,240,874	28%
1978 .....	1,908,533	23	23,850,765	30
1979 .....	1,925,961	23	24,557,916	30
1980 .....	2,260,347	26	26,689,935	32
1981 .....	2,922,205	30	28,649,041	34

Figure J.--Average Amounts of Itemized Deductions, Taxpayers Age 65 or Over and All Other Taxpayers: 1977-81<sup>1</sup>

Tax Year	Average of all total itemized deductions		Average total medical and dental expense deduction		Average total home mortgage interest deduction	
	Taxpayers age 65 or over	All other taxpayers	Taxpayers age 65 or over	All other taxpayers	Taxpayers age 65 or over	All other taxpayers
	(1)	(2)	(3)	(4)	(5)	(6)
1977 .....	\$7,603	\$5,929	\$1,685	\$572	\$1,283	\$1,762
1978 .....	7,289	6,311	1,616	583	1,318	2,002
1979 .....	8,186	6,857	1,887	593	1,589	2,348
1980 .....	8,693	7,433	2,016	622	1,719	2,686
1981 .....	8,774	8,056	2,046	672	1,939	2,958

Tax Year	Average total contributions deduction		Average total taxes paid deduction	
	Taxpayers age 65 or over	All other taxpayers	Taxpayers age 65 or over	All other taxpayers
	(7)	(8)	(9)	(10)
1977 .....	\$1,943	\$714	\$2,780	\$2,244
1978 .....	1,854	740	2,568	2,303
1979 .....	2,078	812	2,710	2,275
1980 .....	2,112	872	2,839	2,379
1981 .....	2,116	953	2,798	2,525

<sup>1</sup>Since each taxpayer who itemized deductions did not use the same deductions, the averages presented were calculated using the number of returns that reported a deduction in that category. Consequently, the sum of the averages of the total medical and dental expense, total home mortgage interest, total contributions and total taxes paid deductions may be larger than the average total itemized deduction for a given year.

## INCOME TAX

Average total tax credits claimed by all taxpayers are presented in Figure K. Differences in average total tax credits for the two groups were not large. Averages for each separate tax credit (investment credit, political contributions credit, etc.) also differed only slightly between elderly and all other taxpayers.

Figure K.--Average Total Tax Credits: Taxpayers Age 65 or Over and All Other Taxpayers, 1977-81

Tax Year	Average total tax credits	
	Taxpayers age 65 or over	All other taxpayers
1977 .....	\$175	\$201
1978 .....	192	238
1979 .....	286	369
1980 .....	307	372
1981 .....	123	152

For both groups, the two large differences in the average tax credit data (Tax Year 1978 compared to 1979 and 1980 compared to 1981) are partially due to two changes in tax law. The \$35 general tax credit was allowed to expire after Tax Year 1978. In addition, a one-year rate reduction credit of 1.25 percent was introduced in Tax Year 1981 as a part of the Economic Recovery Tax Act of 1981. The general tax credit and the rate reduction credit applied to all taxpayers.

A tax credit for the elderly was introduced in Tax Year 1976, replacing the retirement income credit. The number of returns filed by taxpayers age 65 or over claiming a credit for the elderly and the amount of credit claimed decreased during the 1977-81 period (Figure L). The decline in the use of credit for the elderly by taxpayers age 65 or over may be attributed to certain income restrictions [5]. For example, in 1980, if a taxpayer received nontaxable pensions (social security, veteran's pensions, railroad retirement, etc.) of \$3,750 or more, the taxpayer was not eligible for the credit. The median social security benefit income for the total population age 65 or over was \$4,210 in 1980 [6]. Hence, many taxpayers age 65 or over were not eligible for credit for the elderly.

Average total income tax liabilities of taxpayers age 65 or over and all other taxpayers are presented in Figure M. Elderly taxpayers had higher average total income tax liabilities than all other taxpayers. Differences in the average total income tax liability can be attributed to the distinctive distributions of the adjusted gross incomes reported. The higher percentage of high income taxpayers age 65 or over leads to higher marginal and average tax rates.

Figure L.--Tax Credits and Credit for the Elderly: Taxpayers Age 65 or Over, 1977-81

Tax Year	Credit for the elderly	
	Number of returns	Amount of credit
	(1)	(2)
1977 .....	568,921	\$92,893,000
1978 .....	444,187	72,149,000
1979 .....	352,995	53,322,000
1980 .....	294,905	50,669,000
1981 .....	210,684	39,331,000

Tax Year	Total tax credits	
	Number of returns	Amount of credit
	(3)	(4)
1977 .....	5,954,457	\$1,043,694,000
1978 .....	6,480,739	1,241,894,000
1979 .....	1,416,998	405,143,000
1980 .....	1,611,751	495,199,000
1981 .....	7,587,704	933,263,000

Figure M.--Average Total Income Tax Liability on Taxable Returns: Taxpayers Age 65 or Over and All Other Taxpayers, 1977-81

Tax Year	Average total income tax liability	
	Taxpayers age 65 or over	All other taxpayers
1977 .....	\$2,999	\$2,437
1978 .....	3,158	2,702
1979 .....	3,577	2,937
1980 .....	3,925	3,331
1981 .....	4,191	3,647

Effective tax rates for elderly taxpayers and all other taxpayers are presented in Figure N. The effective tax rate is defined as the ratio of total income taxes to total adjusted gross incomes reported. Taxpayers age 65 or over had higher effective tax rates relative to all other taxpayers.

Figure N.--Effective Tax Rates from Taxable Returns, 1977-81

Tax Year	Taxpayers age 65 or over	All other taxpayers
1977 .....	17.28%	14.31%
1978 .....	17.73	14.93
1979 .....	18.32	15.01
1980 .....	18.74	15.81
1981 .....	18.87	16.24

## Taxpayers Age 65 or Over, 1977-1981

### SUMMARY AND CONCLUSIONS

The total number of returns filed by taxpayers age 65 or over has increased in recent years. Since the elderly portion of the U.S. population is growing faster than any other age group, the total number and relative share of returns filed by taxpayers in this group will continue to increase.

The average adjusted gross income of taxpayers age 65 or over was similar to the average adjusted gross income for all other taxpayers. However, their income distribution, their sources of income, their itemized deductions, their average income tax liability and their effective tax rate were all quite different compared with those for all other taxpayers.

Taxpayers age 65 or over had less salary and wage income and more dividend and interest income than did all other taxpayers. Elderly taxpayers had large medical expense and charitable contributions deductions and small home mortgage interest deductions relative to those of all other taxpayers. Finally, taxpayers age 65 or over had a higher average income tax liability and higher average effective tax rates than did all other taxpayers.

### DATA SOURCES AND LIMITATIONS

These statistics are based on a sample of individual income tax returns, Forms 1040 and 1040A, filed for Tax Years 1977-81. A general description of sampling procedures and data limitations applicable to the Statistics of Income (SOI) tabulations is contained in the Appendix to this publication.

Because the data presented in this article are estimates based on a sample of documents filed with the Internal Revenue Service, they are subject to sampling error. To use properly the statistical data provided, the magnitude of the potential sampling error must be known. Coefficients of variation (CV's) are used to measure the magnitude of the sampling errors.

<u>Estimated Number of Returns</u>	<u>Approximated Coefficient of Variation</u>
5,033,400	0.02
806,300	0.05
201,300	0.10
50,300	0.20
22,400	0.30
8,100	0.50

The table above presents approximated coefficients of variation for frequency estimates. The approximate CV's shown are intended only as a general indication of the reliability of the data. For a number of returns other than those shown in the table, the corresponding CV's can

be estimated by interpolation. The reliability of estimates based on samples and the use of coefficients of variation for evaluating the precision of sample estimates are discussed in the Appendix.

### Sample Selection

The individual tax return statistics are based on a probability sample of all individual income tax returns, Forms 1040 and 1040A. The sample was stratified based on presence or absence of Schedule C, Profit (or Loss) from Business or Profession; State in which filed; adjusted gross income or deficit or largest selected source of income or loss; and size of business plus farm receipts. The returns were selected at rates that ranged from 0.05 to 100 percent. The number of returns in the sample rose to 203,605 in 1979 and has been falling since then despite some growth in the overall population of returns.

<u>Tax Year</u>	<u>Sample size</u>	<u>Population</u>
1977 .....	155,299	86,759,093
1978 .....	157,792	90,067,233
1979 .....	203,605	92,774,844
1980 .....	171,683	94,154,944
1981 .....	144,322	95,396,123

For a detailed description of the samples selected for the Tax Years 1977-81, see the "Sources, Sample and Limitations of the Data" sections of the 1977 through 1981 editions of the publication Statistics of Income--Individual Income Tax Returns.

### NOTES AND REFERENCES

- [1] A return was classified as having been filed by a taxpayer age 65 or over if one additional exemption for age was claimed. In the case of joint returns of husbands and wives, some returns had only one age exemption, indicating that one spouse was not yet 65, while other returns had two age exemptions, indicating that both husband and wife were age 65 or over. Consequently, the data presented for taxpayers age 65 or over include some returns for persons who are not yet 65 and hence may be working.
- [2] A return is considered to be taxable if "total income tax" (the sum of income tax after credits and additional tax for tax preferences) was present. Additional information concerning taxable returns may be found in the 1977 through 1981 editions of Statistics of Income--Individual Income Tax Returns.
- [3] Certain social security benefits are taxable beginning in Tax Year 1984.



[4] Grad, Susan, Income of the Population 55 and Over, 1982, Social Security Administration, U.S. Department of Health and Human Services, SSA Publication No. 13-11871, March 1984, p. 78.

income from a public retirement system. For example, for 1980, taxpayers under 65 claimed \$84,324,000 of credit for the elderly (62 percent of the total \$134,993,000 credit for the elderly claimed).

[5] Taxpayers age 65 or over were not eligible for credit for the elderly in 1980 if they received nontaxable pensions of \$3,750 or more or if their adjusted gross income was \$17,500 or more. The credit for the elderly may be claimed by taxpayers under 65 with

[6] Grad, Susan, Income of the Population 55 and Over, 1980, Social Security Administration, U.S. Department of Health and Human Services, SSA Publication No. 13-11871, January 1983, p. 35.

Table 1.--Returns of Taxpayers Age 65 or Over: Sources of Income and Selected Tax Items, 1979 - 1981

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

Item	1979		1980		1981	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income less deficit.....	8,661,655	130,793,580	8,994,420	154,938,400	9,878,319	184,223,362
Taxable.....	6,181,511	120,679,822	7,018,911	147,045,185	7,946,193	176,433,409
Nontaxable.....	2,480,144	10,113,758	1,975,509	7,893,215	1,932,126	7,789,953
Sources of income:						
Salaries and wages.....	3,553,353	34,755,127	3,560,013	38,904,251	3,740,007	43,332,532
Pensions and annuities in adjusted gross income.....	4,078,099	21,671,624	4,376,554	24,757,236	4,781,278	29,729,152
Business and profession: Net profit.....	635,149	5,516,902	649,633	5,797,418	656,147	5,688,893
Net loss.....	163,427	717,802	186,652	928,541	229,305	1,206,967
Farm: Net profit.....	226,663	1,336,886	183,457	1,206,618	162,965	884,456
Net loss.....	166,256	806,417	184,227	1,103,001	207,684	1,495,495
Partnership: Net profit.....	270,394	3,067,327	302,044	3,423,429	311,614	3,448,158
Net loss.....	106,967	1,200,686	123,420	1,665,492	204,612	2,717,434
Small Business Corporation: Net profit.....	47,930	799,043	40,039	701,987	45,658	686,027
Net loss.....	18,855	282,980	24,287	312,639	26,982	381,729
Sales of capital assets: Net gain.....	1,716,914	8,898,656	1,866,884	8,964,751	1,881,683	9,378,546
Net loss.....	488,677	689,664	433,196	666,277	564,797	924,227
Sales of property other than capital assets: Net gain.....	131,539	526,008	113,825	340,368	130,969	466,508
Net loss.....	25,698	109,370	38,295	196,610	48,875	227,742
Interest received.....	7,809,935	34,142,035	8,117,942	47,945,320	8,997,938	68,286,583
Dividends received.....	3,589,460	17,355,236	3,801,762	20,146,506	4,250,935	23,177,369
Combined interest and dividend exclusion <sup>1</sup> .....	3,506,147	452,499	3,712,735	485,680	8,543,278	2,524,479
Interest and dividends in adjusted gross income <sup>2</sup> .....	3,061,598	16,902,737	3,292,281	19,660,826	8,567,185	88,939,473
Rent: Net income.....	1,321,978	5,345,706	1,294,724	6,310,916	1,344,513	7,009,747
Net loss.....	371,040	762,214	409,795	974,812	512,250	1,441,584
Royalty: Net income.....	234,654	1,484,051	273,000	1,883,614	303,603	2,684,012
Net loss.....	6,119	31,166	9,714	51,999	4,566	27,384
Estate or trust: Net income.....	296,341	1,859,187	328,387	2,150,238	286,654	2,203,693
Net loss.....	14,986	68,986	7,072	67,991	17,661	101,608
Total statutory adjustments.....	735,844	1,265,522	1,259,680	1,802,250	1,327,137	2,100,447
Total itemized deductions.....	1,925,961	15,764,691	2,260,347	19,648,372	2,922,205	25,639,871
Exemptions.....	8,661,655	25,674,779	8,994,420	26,721,322	9,878,319	29,415,152
Taxable income.....	7,894,265	97,215,351	8,337,245	117,679,056	9,225,137	140,549,180
Zero bracket amount.....	7,894,265	20,955,533	8,337,245	22,769,646	9,225,060	25,260,887
Income tax before credits.....	6,364,441	22,264,383	7,132,414	27,796,730	8,060,152	33,863,941
Total credits <sup>3</sup> .....	1,416,998	405,143	1,611,751	495,199	7,587,704	933,263
Income tax after credits.....	6,176,549	21,859,240	7,015,869	27,301,531	7,935,781	32,930,678
Additional tax for tax preferences.....	37,978	250,405	36,421	251,068	42,831	370,921
Total income tax.....	6,181,511	22,109,644	7,018,911	27,552,599	7,946,193	33,301,599
Self-employment tax.....	876,760	469,478	841,373	478,468	825,592	547,585
Total tax liability.....	6,450,800	22,616,682	7,233,596	28,064,335	8,130,477	33,879,983

<sup>1</sup>For 1979 and 1980, exclusion only applied to dividends.<sup>2</sup>For 1979 and 1980, this line included only dividends in AGI.<sup>3</sup>Both the number of returns and the amount of tax credits for 1981 increased significantly because of the inclusion of the rate reduction credit in this total. The rate reduction credit was a 1.25 percent tax cut introduced by the Economic Recovery Tax Act of 1981 and was available to all taxpayers.

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









**Table 2—Returns of Taxpayers Age 65 or Over: 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]

Size of adjusted gross income	Additional tax for tax preferences		Total income tax		All other taxes		Earned income credit used to offset all other taxes		Total tax liability		Earned income credit, refundable portion	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)	(65)	(66)
<b>All returns, total</b>	<b>42,831</b>	<b>370,921</b>	<b>7,946,193</b>	<b>33,301,599</b>	<b>871,932</b>	<b>582,270</b>	<b>17,779</b>	<b>3,886</b>	<b>8,130,477</b>	<b>33,879,983</b>	<b>75,208</b>	<b>15,995</b>
No adjusted gross income	**1,264	**17,116	**2,134	**18,562	9,146	4,834	*2,341	*688	8,475	22,639	*3,128	*245
\$1 under \$1,000	**	**	**	**	9,533	1,746	—	—	9,533	1,814	*4,463	*556
\$1,000 under \$2,000	*10	*20	*10	*20	21,170	2,203	*2,537	*196	18,643	2,026	*10,175	*1,284
\$2,000 under \$3,000	*128	*551	*128	*551	29,803	5,461	*1,962	*288	27,969	5,725	*7,732	*1,183
\$3,000 under \$4,000	—	—	*2,551	*1,586	37,949	7,553	*2,439	*507	37,342	8,632	*6,313	*1,267
\$4,000 under \$5,000	—	—	229,717	11,759	29,782	7,251	*1,784	*372	253,434	18,637	13,559	3,851
\$5,000 under \$6,000	—	—	362,018	56,045	27,447	6,691	*799	*288	381,110	62,449	*4,491	*1,330
\$6,000 under \$7,000	*27	*169	369,441	97,367	29,581	8,369	*1,516	*569	383,342	105,167	*10,129	*2,831
\$7,000 under \$8,000	—	—	499,122	153,448	35,795	9,532	*2,359	*683	507,749	162,297	14,331	3,336
\$8,000 under \$9,000	*572	*554	447,808	174,520	40,915	13,360	*1,511	*234	455,411	187,646	*887	*114
\$9,000 under \$10,000	*538	*691	476,065	258,640	28,535	9,007	*531	*62	477,457	267,585	—	—
\$10,000 under \$11,000	*217	*201	423,753	289,746	32,657	12,226	—	—	427,039	301,972	—	—
\$11,000 under \$12,000	*217	*1,506	401,630	344,397	25,951	10,419	—	—	401,833	354,816	—	—
\$12,000 under \$13,000	*588	*577	400,263	401,845	25,786	10,276	—	—	401,286	412,120	—	—
\$13,000 under \$14,000	—	—	326,023	372,333	16,047	6,251	—	—	326,513	378,564	—	—
\$14,000 under \$15,000	*11	*26	272,662	364,569	17,255	7,399	—	—	272,748	371,968	—	—
\$15,000 under \$16,000	**27	**129	270,888	425,203	17,345	11,427	—	—	272,355	436,630	—	—
\$16,000 under \$17,000	—	—	232,854	393,526	16,150	9,576	—	—	233,267	403,102	—	—
\$17,000 under \$18,000	*24	*1,586	238,926	456,081	16,257	9,209	—	—	239,510	465,291	—	—
\$18,000 under \$19,000	*44	*350	210,652	444,228	18,824	8,767	—	—	212,382	452,994	—	—
\$19,000 under \$20,000	*11	*60	177,359	433,084	17,658	7,553	—	—	177,490	440,837	—	—
\$20,000 under \$25,000	*1,883	*2,306	705,628	2,104,043	56,631	37,278	—	—	708,369	2,141,321	—	—
\$25,000 under \$30,000	2,402	3,762	468,219	1,904,278	52,715	40,246	—	—	468,223	1,944,552	—	—
\$30,000 under \$40,000	1,384	3,908	596,346	3,632,133	72,177	60,205	—	—	596,887	3,692,338	—	—
\$40,000 under \$50,000	2,633	13,566	310,712	2,961,047	49,130	60,259	—	—	310,726	3,021,343	—	—
\$50,000 under \$75,000	13,715	54,938	294,725	4,447,011	73,911	103,399	—	—	294,736	4,550,410	—	—
\$75,000 under \$100,000	4,470	41,771	92,360	2,393,891	21,840	37,787	—	—	92,361	2,431,676	—	—
\$100,000 under \$200,000	7,945	64,431	98,651	4,621,388	29,098	46,452	—	—	98,728	4,667,840	—	—
\$200,000 under \$500,000	3,506	75,440	29,335	3,451,722	9,825	17,902	—	—	29,345	3,469,624	—	—
\$500,000 under \$1,000,000	795	35,763	4,400	1,280,251	1,714	4,578	—	—	4,401	1,284,829	—	—
\$1,000,000 or more	420	51,503	1,813	1,808,324	851	4,990	—	—	1,813	1,813,314	—	—
<b>Taxable returns, total</b>	<b>42,831</b>	<b>370,921</b>	<b>7,946,193</b>	<b>33,301,599</b>	<b>674,401</b>	<b>527,243</b>	<b>—</b>	<b>—</b>	<b>7,946,193</b>	<b>33,828,841</b>	<b>—</b>	<b>—</b>
No adjusted gross income	1,263	17,048	2,133	18,494	463	501	—	—	2,133	18,995	—	—
\$1 under \$1,000	**	**	**	**	**	**	—	—	**	**	—	—
\$1,000 under \$2,000	**11	**88	**11	**88	—	—	—	—	**11	**91	—	—
\$2,000 under \$3,000	*128	*551	*128	*551	—	—	—	—	*128	*551	—	—
\$3,000 under \$4,000	—	—	*2,551	*1,586	**720	**109	—	—	*2,551	*1,693	—	—
\$4,000 under \$5,000	—	—	229,717	11,759	4,281	1,213	—	—	229,717	12,972	—	—
\$5,000 under \$6,000	—	—	362,018	56,045	7,556	1,519	—	—	362,018	57,564	—	—
\$6,000 under \$7,000	*27	*169	369,441	97,367	14,717	4,563	—	—	369,441	101,931	—	—
\$7,000 under \$8,000	—	—	499,122	153,448	26,746	6,114	—	—	499,122	159,562	—	—
\$8,000 under \$9,000	*572	*554	447,808	174,520	33,312	10,712	—	—	447,808	185,232	—	—
\$9,000 under \$10,000	*538	*691	476,065	258,640	27,143	8,142	—	—	476,065	266,782	—	—
\$10,000 under \$11,000	*217	*201	423,753	289,746	29,371	10,767	—	—	423,753	300,513	—	—
\$11,000 under \$12,000	*217	*1,506	401,630	344,397	25,748	10,278	—	—	401,630	354,675	—	—
\$12,000 under \$13,000	*588	*577	400,263	401,845	24,763	9,698	—	—	400,263	411,542	—	—
\$13,000 under \$14,000	—	—	326,023	372,333	15,557	5,922	—	—	326,023	378,255	—	—
\$14,000 under \$15,000	*11	*26	272,662	364,569	17,169	7,289	—	—	272,662	371,853	—	—
\$15,000 under \$16,000	**27	**129	270,888	425,203	15,878	9,683	—	—	270,888	434,886	—	—
\$16,000 under \$17,000	—	—	232,854	393,526	15,737	9,354	—	—	232,854	402,880	—	—
\$17,000 under \$18,000	*24	*1,586	238,926	456,081	15,673	8,966	—	—	238,926	465,047	—	—
\$18,000 under \$19,000	*44	*350	210,652	444,228	17,094	6,731	—	—	210,652	450,959	—	—
\$19,000 under \$20,000	*11	*60	177,359	433,084	17,527	7,191	—	—	177,359	440,276	—	—
\$20,000 under \$25,000	*1,883	*2,306	705,628	2,104,043	53,890	33,725	—	—	705,628	2,137,768	—	—
\$25,000 under \$30,000	2,402	3,762	468,219	1,904,278	52,715	40,246	—	—	468,219	1,944,523	—	—
\$30,000 under \$40,000	1,384	3,908	596,346	3,632,133	72,176	59,815	—	—	596,346	3,691,947	—	—
\$40,000 under \$50,000	2,633	13,566	310,712	2,961,047	49,130	60,259	—	—	310,712	3,021,306	—	—
\$50,000 under \$75,000	13,715	54,938	294,725	4,447,011	73,800	103,275	—	—	294,725	4,550,286	—	—
\$75,000 under \$100,000	4,470	41,771	92,360	2,393,891	21,839	37,784	—	—	92,360	2,431,676	—	—
\$100,000 under \$200,000	7,945	64,431	98,651	4,621,388	29,021	46,139	—	—	98,651	4,667,527	—	—
\$200,000 under \$500,000	3,506	75,440	29,335	3,451,722	9,815	17,690	—	—	29,335	3,469,412	—	—
\$500,000 under \$1,000,000	795	35,763	4,400	1,280,251	1,713	4,575	—	—	4,400	1,284,826	—	—
\$1,000,000 or more	420	51,503	1,813	1,808,324	851	4,990	—	—	1,813	1,813,314	—	—
<b>Total nontaxable returns</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>197,531</b>	<b>55,028</b>	<b>17,779</b>	<b>3,886</b>	<b>184,284</b>	<b>51,141</b>	<b>75,208</b>	<b>15,995</b>
<b>All returns, summary:</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>197,531</b>	<b>55,028</b>	<b>17,779</b>	<b>3,886</b>	<b>184,284</b>	<b>51,141</b>	<b>75,208</b>	<b>15,995</b>
Under \$5,000	1,402	17,686	234,540	32,478	137,383	29,047	11,063	2,052	355,396	59,474	45,370	8,385
\$5,000 under \$10,000	*1,137	*1,414	2,154,454	740,020	162,273	46,959	6,716	1,835	2,205,069	785,144	29,838	7,610
\$10,000 under \$15,000	*1,033	*2,310	1,824,331	1,772,890	117,696	46,571	—	—	1,829,419	1,819,461	—	—
\$15,000 under \$20,000	06	2,124	1,130,679	2,152,123	86,234	46,532	—	—	1,135,004	2,198,655	—	—
\$20,000 or more	39,153	347,387	2,602,169	28,604,088	358,346	413,161	—	—	2,605,589	29,017,250	—	—

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

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

†Consists of business and profession, farm, partnership, and Small Business Corporation net profit less loss.

‡Consists of state income tax refunds, windfall profit tax refunds, alimony, unemployment compensation in adjusted gross income, other income less loss, less net adjustment for windfall profit tax withheld.

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

Taxpayers Age 65 or Over, 1981

Taxpayers Age 65 or Over, 1981

Table 3.—Itemized Deduction Returns of Taxpayers Age 65 or Over: Itemized Deductions by Size of Adjusted Gross Income, 1981

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

Size of adjusted gross income	Total itemized deductions		Excess itemized deductions		Medical and dental expense deduction					
	Number of returns	Amount	Number of returns	Amount	Total		One-half insurance premium not subject to reduction by 3 percent of adjusted gross income		Total expenditures for medicine and drugs	
					Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Total</b> .....	<b>2,922,205</b>	<b>25,839,871</b>	<b>2,913,737</b>	<b>17,041,805</b>	<b>2,679,197</b>	<b>5,480,840</b>	<b>2,541,486</b>	<b>341,985</b>	<b>1,846,382</b>	<b>598,704</b>
Under \$5,000.....	58,540	289,619	137,699	411,488	52,394	96,082	44,025	6,047	45,210	13,068
\$5,000 under \$10,000.....	414,521	2,166,989	411,488	1,052,319	401,573	1,176,894	368,324	48,156	290,867	80,798
\$10,000 under \$15,000.....	456,223	2,470,383	456,222	1,188,102	436,966	1,027,819	403,048	54,765	309,215	110,645
\$15,000 under \$20,000.....	374,899	2,099,325	373,279	997,229	358,781	644,877	352,183	48,867	230,461	85,252
\$20,000 under \$25,000.....	310,176	1,835,273	308,434	915,018	284,674	478,079	273,990	38,100	175,773	71,222
\$25,000 under \$30,000.....	246,130	1,808,937	246,130	860,809	224,312	404,197	212,571	28,450	136,782	42,965
\$30,000 under \$40,000.....	371,912	2,755,387	371,912	1,618,759	331,780	596,336	318,609	43,090	188,853	65,664
\$40,000 under \$50,000.....	233,859	1,918,005	233,859	1,216,341	209,350	272,239	201,171	26,342	113,950	44,348
\$50,000 under \$75,000.....	242,376	2,777,873	242,376	2,014,162	207,149	390,497	200,538	27,487	95,518	44,029
\$75,000 under \$100,000.....	85,124	1,365,827	85,124	1,093,421	70,899	143,177	70,403	8,806	25,973	13,490
\$100,000 under \$200,000.....	93,601	2,497,122	93,601	2,202,840	74,859	161,988	72,519	9,518	29,425	12,666
\$200,000 under \$500,000.....	28,696	1,857,679	28,696	1,766,974	22,182	73,370	21,722	2,800	6,263	3,867
\$500,000 under \$1,000,000.....	4,343	783,355	4,343	769,657	3,219	11,741	3,160	404	834	656
\$1,000,000 or more.....	1,805	1,214,116	1,805	1,208,474	1,258	4,140	1,242	155	258	238

Size of adjusted gross income	Medical and dental expense deduction — Continued						Taxes paid deduction			
	Medicine and drugs in excess of 1 percent of adjusted gross income		Total medical and dental expenses		Medical and dental expenses in excess of 3 percent of adjusted gross income		Total		State and local income taxes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
<b>Total</b> .....	<b>996,067</b>	<b>314,432</b>	<b>2,346,283</b>	<b>6,678,880</b>	<b>1,813,116</b>	<b>5,138,855</b>	<b>2,867,912</b>	<b>8,023,648</b>	<b>2,149,905</b>	<b>3,942,879</b>
Under \$5,000.....	44,845	11,842	50,393	94,745	50,393	90,035	55,044	52,977	14,093	3,174
\$5,000 under \$10,000.....	249,987	69,141	390,255	1,215,975	369,030	1,128,539	389,537	317,980	196,972	37,808
\$10,000 under \$15,000.....	231,837	78,501	411,314	1,120,729	380,215	972,855	437,138	515,835	287,560	94,842
\$15,000 under \$20,000.....	161,918	50,789	321,648	765,519	289,126	597,812	374,210	559,048	286,876	145,219
\$20,000 under \$25,000.....	109,064	39,859	243,332	591,075	200,237	439,980	309,723	557,631	253,395	182,814
\$25,000 under \$30,000.....	51,077	18,921	200,146	523,306	148,455	375,747	244,514	513,403	189,873	178,191
\$30,000 under \$40,000.....	72,917	23,552	264,291	760,131	181,912	553,246	368,546	957,178	318,622	453,021
\$40,000 under \$50,000.....	43,674	11,440	165,250	410,137	81,270	245,898	233,858	777,806	210,097	378,359
\$50,000 under \$75,000.....	24,406	11,430	163,022	572,254	79,509	363,010	242,376	1,098,075	206,486	585,551
\$75,000 under \$100,000.....	4,753	2,088	56,172	210,562	15,944	133,371	84,550	560,071	76,062	332,934
\$100,000 under \$200,000.....	1,366	896	59,740	256,682	13,969	152,470	93,601	963,441	81,216	649,764
\$200,000 under \$500,000.....	238	183	17,378	112,568	2,694	70,579	28,673	615,799	23,571	453,641
\$500,000 under \$1,000,000.....	5	9	2,454	21,275	292	11,336	4,340	227,838	3,621	182,349
\$1,000,000 or more.....	—	—	890	10,920	70	3,985	1,802	307,365	1,481	265,211

Size of adjusted gross income	Taxes paid deduction — Continued						Interest paid deduction			
	Real estate taxes		General sales taxes <sup>1</sup>		Personal property taxes		Total		Home mortgage interest	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
<b>Total</b> .....	<b>2,360,591</b>	<b>2,770,222</b>	<b>3,198,869</b>	<b>1,041,725</b>	<b>1,147,061</b>	<b>188,797</b>	<b>1,669,484</b>	<b>4,530,137</b>	<b>943,753</b>	<b>1,829,740</b>
Under \$5,000.....	42,369	40,893	52,558	7,880	17,680	720	32,108	60,000	24,491	45,269
\$5,000 under \$10,000.....	282,490	194,393	410,844	72,125	124,151	10,023	217,966	300,506	125,077	183,822
\$10,000 under \$15,000.....	352,687	303,348	468,247	98,770	177,099	14,617	227,705	348,013	144,219	207,486
\$15,000 under \$20,000.....	314,666	295,950	425,793	101,991	148,651	11,088	223,465	414,006	141,356	249,156
\$20,000 under \$25,000.....	261,437	254,943	356,958	103,443	126,629	14,023	194,594	340,226	111,795	181,772
\$25,000 under \$30,000.....	213,338	233,960	281,369	88,282	95,044	10,884	153,047	326,999	96,668	194,393
\$30,000 under \$40,000.....	299,097	313,617	426,226	157,076	141,314	21,314	217,767	511,941	111,941	217,050
\$40,000 under \$50,000.....	197,531	254,033	262,835	118,085	112,074	22,584	121,042	264,054	63,231	147,628
\$50,000 under \$75,000.....	209,784	348,284	272,790	129,326	106,103	22,033	143,100	475,991	71,299	194,197
\$75,000 under \$100,000.....	75,083	157,667	96,471	55,800	42,220	11,799	56,850	255,352	21,438	62,136
\$100,000 under \$200,000.....	80,859	212,400	106,314	69,287	40,872	21,656	57,840	590,667	22,866	79,959
\$200,000 under \$500,000.....	25,833	106,790	31,601	27,359	12,530	15,693	19,822	347,579	7,692	45,138
\$500,000 under \$1,000,000.....	3,871	28,080	4,671	6,720	1,852	5,953	3,042	147,582	1,037	7,584
\$1,000,000 or more.....	1,666	23,663	2,002	5,802	797	6,212	1,330	232,892	423	4,150

Size of adjusted gross income	Interest paid deduction — Continued		Contributions deduction				Miscellaneous deduction			
	All other interest		Total		Cash contributions		Other than cash contributions		Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Total</b> .....	<b>1,372,825</b>	<b>2,700,397</b>	<b>2,715,876</b>	<b>5,746,782</b>	<b>2,704,478</b>	<b>4,423,912</b>	<b>648,729</b>	<b>1,529,643</b>	<b>2,390,023</b>	<b>1,858,464</b>
Under \$5,000.....	19,874	14,732	47,449	33,788	45,611	33,238	4,456	11,534	40,515	46,773
\$5,000 under \$10,000.....	177,127	116,685	352,400	277,773	350,273	269,020	65,788	10,742	283,180	94,633
\$10,000 under \$15,000.....	189,936	140,527	411,390	453,510	410,040	420,245	66,196	21,508	350,689	125,384
\$15,000 under \$20,000.....	186,187	164,851	355,362	385,465	355,364	340,557	86,599	24,339	311,892	116,125
\$20,000 under \$25,000.....	159,613	141,954	297,434	359,091	296,961	337,658	59,858	27,267	264,991	106,748
\$25,000 under \$30,000.....	133,061	132,607	227,310	273,337	227,310	250,635	69,441	23,534	218,821	91,001
\$30,000 under \$40,000.....	181,780	296,699	357,602	474,328	355,807	412,831	109,302	55,364	327,834	213,797
\$40,000 under \$50,000.....	99,920	116,427	224,816	458,126	224,020	374,730	57,855	67,850	203,470	145,980
\$50,000 under \$75,000.....	120,726	261,793	234,442	541,426	233,657	456,320	75,821	72,488	207,159	271,884
\$75,000 under \$100,000.....	49,601	193,215	82,740	302,144	81,447	214,479	23,331	72,921	72,168	105,084
\$100,000 under \$200,000.....	52,584	429,728	90,920	638,991	90,437	468,495	26,599	213,227	78,892	223,014
\$200,000 under \$500,000.....	16,312	302,441	27,966	662,840	27,614	383,776	10,758	330,636	24,936	158,091
\$500,000 under \$1,000,000.....	2,835	139,998	4,273	325,280	4,198	182,205	1,985	190,098	3,865	70,835
\$1,000,000 or more.....	1,248	226,742	1,770	580,703	1,719	279,504	940	408,134	1,611	89,017

<sup>1</sup>Includes sales tax on motor vehicles.

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