

Individual Income Tax Rates and Tax Shares, 1993

by *Therese M. Cruciano and Michael Strudler*

Tax Year 1993 was marked by the passage of the Omnibus Budget Reconciliation Act (OBRA93) which added two new tax rate brackets of 36 and 39.6 percent, as well as increased alternative minimum tax rates of 26 and 28 percent (replacing the 1992 rate of 24 percent). These changes were most likely responsible for the higher average income tax rates for 1993. For 1993, the average tax rate was 14.1 percent, 2.9 percent higher than for the previous year, and the average income tax per tax return was \$5,817, a 5.9 percent increase over the amount reported for 1992.

The increase in the average tax rate for 1993 (from 13.7 percent for 1992) brought the average tax rate to the highest level since 1986, the last year prior to the enactment of the Tax Reform Act of 1986 (TRA86). However, when average tax rates between 1992 and 1993 are examined by income size classifications, the increase is seen to be restricted to higher-income classes. Only income size classes of \$100,000 or more experienced a higher average tax rate for 1993. In fact, most income size classes below \$100,000 reported lower average tax rates for 1993, than those reported for 1992.

Between 1992 and 1993, the shares of AGI for returns with the top one percent and top five percent of tax filers ranked by size of income declined, but the shares of income tax on these returns increased [1]. Returns in the top one percent of returns with positive adjusted gross income less deficit (AGI) reported 13.8 percent of total AGI and paid 29.0 percent of total income tax for 1993, compared with 14.2 percent of AGI and 27.5 percent of total income tax for 1992. The returns in the top five percent group reported 27.8 percent of the AGI and paid 47.4 percent of the total income tax (compared to 28.0 percent and 45.9 percent, respectively, for 1992).

This article discusses the individual income tax rates and tax shares and the computation of "total income tax" for Tax Year 1993. To put this discussion into perspective, the appendices to the article provide explanations of selected terms used for the article and describe the income tax structure, tax law changes, income and tax concepts (the "1979 Income Concept," "modified" taxable income, and marginal tax rates), the computation of "alternative minimum taxable income," and the data sources and limitations.

Major Tax Law Changes for 1993

OBRA93 (enacted in August 1993) created two additional tax brackets, 36 and 39.6 percent for 1993. (For 1992,

there had been only three tax rates of 15, 28, and 31 percent.) Although OBRA93 was passed midyear, its provisions applied to the entire tax year. Despite the increased tax rates for 1993, the top tax rate on net long-term capital gains (in excess of short-term capital losses) remained 28 percent. With the new tax brackets in place, the maximum differential between ordinary income and capital gain income increased from just three percentage points to over 11 percentage points.

Taxpayers who owed additional 1993 taxes due to the OBRA93 tax rate increases were given the option of deferring payment of two-thirds of the tax that was in excess of the tax that would have been owed at the 31 percent rate. Half of the deferral taxes were to be paid in 1995 and the remaining half in 1996 [2]. (See Appendix B for a discussion of the 1993 income tax structure.)

The "alternative minimum tax," or AMT, tax rate for individuals increased from 24 percent to 26 percent. In addition, a new AMT rate of 28 percent was introduced for alternative minimum taxable income in excess of the first \$175,000 (\$87,500 if married filing separately). (See Appendix C for a listing of additional 1993 tax law changes.)

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 defined as "total income tax" (the sum of "income tax after credits" and the "alternative minimum tax") 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 defined as 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 1993.

Average Tax Rates

Statistics for 1985 through 1993 on income (based on each year's definition of AGI, as well as on the common 1979 Income Concept) and taxes reported are presented in Figure A. (See Appendix D for an explanation of the 1979 Income Concept.) These tax years can be partitioned into five distinct sub-periods:

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Figure A

Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, Tax Years 1985-1993

(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	Average per return ³			
							Current dollars		Constant dollars ⁴	
							Adjusted gross income	Total income tax	Adjusted gross income	Total income tax
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Using each tax year's adjusted gross income										
1985.....	101,660,287	82,846,420	81.5	2,259	326	14.4	27,268	3,931	25,342	3,653
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
Using 1979 Income Concept ⁵										
1985.....	101,660,287	82,846,420	81.5	2,403	326	13.6	29,003	3,931	26,954	3,653
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

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) as a percentage of adjusted gross income (AGI) (column 4).

³ The average adjusted gross income, average total income tax, and average tax rate were calculated from unrounded data.

⁴ Constant dollars are based on the Consumer Price Index (CPI-U, 1982-1984=100) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.

⁵ These statistics are based on adjusted gross income (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 1985-1993.

- (1) Tax Years 1985 and 1986 were the last two years 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 TRA86. There was a one-year, transitional, five-rate tax bracket structure and 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 [3]. The phase-in of the provisions of TRA86 continued, and the maximum tax rate was 33 percent.
- (4) For Tax Years 1991 and 1992, there was a three-rate tax bracket structure (15, 28 and 31 percent), a limitation on some itemized deductions, and a phaseout of personal exemptions.

- (5) Tax Year 1993 was the first year under the new five-rate tax bracket structure with a maximum statutory tax rate of 39.6 percent.

Of the 114.6 million individual returns filed for Tax Year 1993, over 86.4 million, or 75.4 percent, were "taxable returns." Total AGI reported on these taxable returns increased 2.3 percent to \$3,564 billion; under the 1979 Income Concept, income increased 2.0 percent to \$3,625 billion. Taxpayers reported \$503 billion in total income tax for 1993, \$27 billion (5.7 percent) more than for 1992.

In current dollars, average AGI and average total income tax increased from 1992 to 1993. For 1993, average AGI increased 2.7 percent to \$41,233, while average tax increased 5.9 percent to \$5,817. After adjusting for inflation, however, average AGI (\$28,535) continued to be less than its peak level of \$29,005 reported for Tax Year 1988 [4]. Yet, the 1993 average tax (in constant

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dollars) of \$4,026 exceeds the 1988 amount of \$4,005, previously the highest level of recent years.

Because TRA86 reduced statutory tax rates and broadened the definition of AGI (by eliminating or limiting the preferential treatment of various tax items, such as restricting the use of passive losses to offset non-passive income and eliminating the beneficial tax treatment of net long-term capital gains), comparisons of average tax rates before and after 1986, based on current-year definitions of AGI, become less meaningful [5]. The 1979 Income Concept provides a more consistent basis for such comparisons. Based on the 1979 Income Concept, average tax rates declined 0.1 percentage point from 13.6 percent for 1986 to 13.5 percent for 1987, increased to 13.7 percent for 1988, and declined again for the next three years, until reaching 13.2 percent for 1991. The average tax rate increased for 1992 (to 13.4 percent), and continued to increase for 1993, reaching a level of 13.9 percent. The large increase in the average tax rate for 1993 coincides with the increased tax rates for 1993.

Using AGI, the average tax rate on taxable returns for 1993 was 14.1 percent, 0.4 percentage points more than for 1992. However, when the average tax rate is calculated for various income size classes, it becomes apparent that the increase in tax rates for 1993 occurred only in the higher income size classes (Figure B). All income size

classes in the statistics, except the four highest, had average tax rates for 1993 that were the same as, or lower than, those reported for 1992. Furthermore, it was the two highest income size classes (AGI exceeding \$500,000) which faced the steepest increases (more than four percentage points) in average tax rates for 1993. The addition of the two new 36 and 39.6 percent tax rate brackets appears to be the primary reason for the increased average tax rates for higher income taxpayers.

Marginal Tax Rate Classifications

The highest statutory tax rate bracket applicable to a tax return was defined as the marginal tax rate for the statistics presented in Figures C and D, as well as in Table 1. These statistics were based on individual income tax returns showing an amount for "tax generated" on taxable income and items of income that were subject to the regular income tax, generally those included in AGI [6]. Details of the determination of the marginal tax rate bracket into which a return is assumed to fall are explained in Appendix D.

For 1993, nearly \$508.4 billion in income taxes were generated from approximately 90.7 million individual returns with modified taxable income totaling \$2,453.2 billion. The amounts and percentages of modified taxable income and income tax generated (before reduction by tax credits) by the marginal rate categories (defined in Appen-

Figure B

Number of Taxable Returns, Adjusted Gross Income, and Total Income Tax, by Size of Adjusted Gross Income, Tax Years 1992 and 1993

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

Tax year, income, and average tax	Total	Size of adjusted gross income									
		Under \$1 ¹	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Tax Year 1993:											
Number of taxable returns.....	86,435	5	10,616	17,152	16,809	21,322	16,436	3,104	785	141	66
Adjusted gross income (less deficit).....	3,563,976	-3,896	64,757	258,789	414,731	830,595	1,099,056	407,472	227,774	94,264	170,433
Total income tax.....	502,788	68	2,784	17,854	35,040	86,752	145,134	75,285	58,280	28,345	53,246
Average tax rate (percent).....	14.1	(²)	4.3	6.9	8.4	10.4	13.2	18.5	25.6	30.1	31.2
Tax Year 1992:											
Number of taxable returns.....	86,732	7	11,586	17,697	16,705	21,221	15,753	2,808	746	141	67
Adjusted gross income (less deficit).....	3,483,882	-4,038	70,244	268,721	412,066	827,394	1,050,981	367,992	218,390	95,286	176,845
Total income tax.....	476,239	76	3,021	18,716	35,297	87,352	140,008	67,445	52,053	24,780	47,489
Average tax rate (percent).....	13.7	(²)	4.3	7.0	8.6	10.6	13.3	18.3	23.8	26.0	26.9
Change in average tax rates, 1993 over 1992.....	0.4	(³)	(³)	-0.1	-0.2	-0.2	-0.1	0.2	1.8	4.1	4.3

¹Includes returns with adjusted gross deficit.

²Percentage not computed.

³Difference not computed.

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

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Figure C

Returns with Modified Taxable Income: Income and Tax Generated by Marginal Tax Rate Classification, Tax Year 1993

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

Marginal tax rate classes	Number of returns		Modified taxable income		Income tax generated	
	Number	Percentage	Amount	Percentage	Amount	Percentage
	(1)	(2)	(3)	(4)	(5)	(6)
All rates.....	90,737,061	100.0	2,453,219,085	100.0	508,355,316	100.0
15 percent (Form 8814) ¹	11,504	(⁴)	9,039	(⁴)	1,352	(⁴)
15 percent rate.....	65,550,750	72.3	807,199,205	32.9	121,081,663	23.8
28 percent rate.....	21,236,907	23.4	945,351,453	38.5	179,028,917	35.2
28 percent rate (capital gains) ²	310,161	0.3	47,962,000	2.0	12,168,607	2.4
31 percent rate.....	2,166,479	2.4	212,481,144	8.7	51,867,277	10.2
36 percent rate.....	756,618	0.8	142,270,404	5.8	40,147,107	7.9
39.6 percent rate.....	453,111	0.5	296,586,033	12.1	103,652,261	20.4
Form 8615 ³	251,531	0.3	1,359,807	0.1	408,132	0.1

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 \$500 and \$5,000) on the parents' income tax return. This rate classification is comprised of those returns with a tax liability only from the dependents' income and thus the overall total adjusted gross income for these returns is negative.

² Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28 percent rate.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,200. The returns in this rate classification are not distributed by tax rate.

⁴ Less than 0.05 percent.

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

dix D) are presented in Figure C. Approximately 72.3 percent of the returns, classified in the "15 percent" and "15-percent (Form 8814)" marginal rate categories; reported 32.9 percent of the modified taxable income and generated 23.8 percent of the tax. The 23.7 percent of the returns in the "28 percent" and "28 percent (capital gains)" categories reported 40.5 percent of the modified taxable income and 37.6 percent of the tax. The 3.7 percent of the returns in the "31 percent," "36 percent," and "39.6 percent" marginal tax rate categories reported 26.6 percent of the modified taxable income and 38.5 percent of the income tax generated. The remaining 0.3 percent of the returns, those in the "Form 8615" category reported 0.1 percent of the modified taxable income and 0.1 percent of the income tax generated.

Changes in the distribution of percentages of tax returns, modified taxable income, and income tax generated between the 15 percent, 28 percent, and 31 percent and higher tax brackets over Tax Years 1991, 1992, and 1993 are illustrated in Figure D-1. The effect of the new higher statutory tax rate brackets for 1993 is apparent from the shift of shares of income tax generated from the "15 percent" and "28 percent" marginal tax rate classifications to the "31 percent and higher" classification.

In spite of small year-to-year changes, the percentages of returns and modified taxable income in the "15 percent" and "28 percent" marginal tax rate categories generally held steady. Yet over this three-year period, the

percentage shares of income tax generated decreased 1.0 percentage point in the "15 percent" category and 2.8 percentage points in the "28 percent" category. For 1993, the taxpayers in the marginal rate categories above "28 percent" showed a modified taxable income share 1.4 percentage points higher than for 1991. However, these same taxpayers reported an income tax generated amount that was 3.8 percentage points higher than the highest marginal rate category for 1991. Of these returns for 1993, 12.1 percent of the total modified taxable income and 20.4 percent of the total tax were reported on returns paying the highest marginal tax rate of "39.6 percent" (Figure D-2).

Components of Total Income Tax

Regular Tax

Regular tax is generally tax determined from a taxpayer's taxable income on the basis of statutory tax rates less any applicable tax credits. It does not include the AMT. The derivation of aggregate total income tax for Tax Year 1993 returns with modified taxable income is illustrated in Figure E. 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."

As shown (Figure E and column 5 of Table 1), the tax generated by applying statutory income tax rates to modified taxable income was \$508.4 billion. For most taxpay-

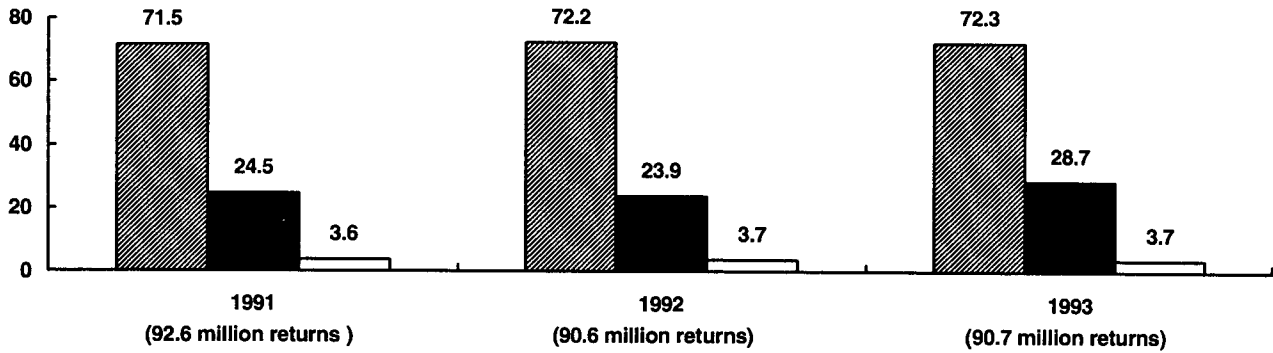
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Figure D-1

Returns with Modified Taxable Income: Percentages of Returns, Modified Taxable Income and Income Tax Generated by Marginal Rate Classification, Tax Years 1991-1993

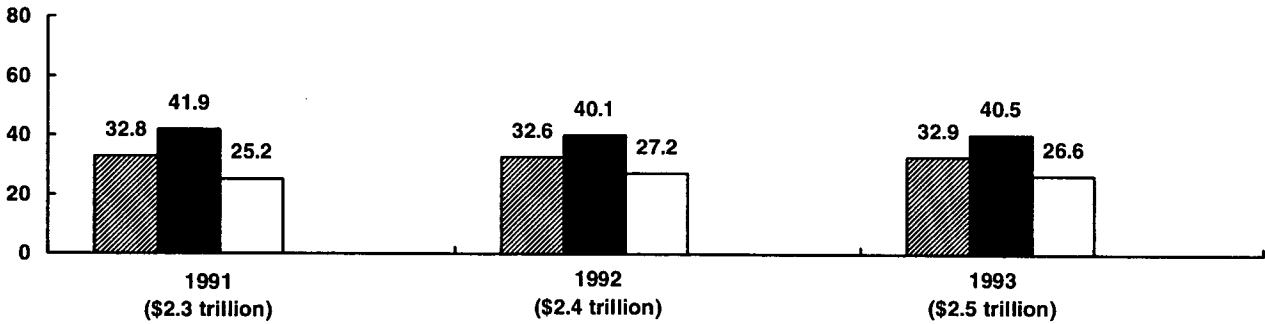
Individual Tax Returns

Percentage



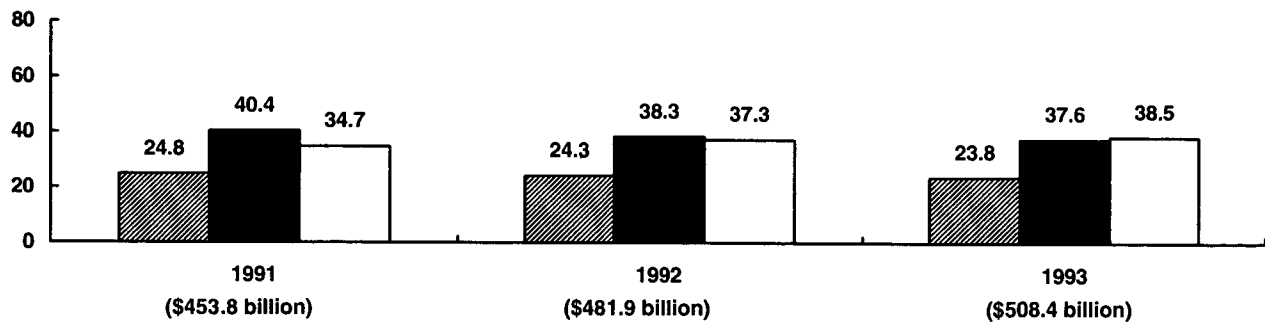
Modified Taxable Income

Percentage



Income Tax Generated

Percentage



▨ 15 percent

■ 28 percent¹

□ 31 percent (and higher for 1993)

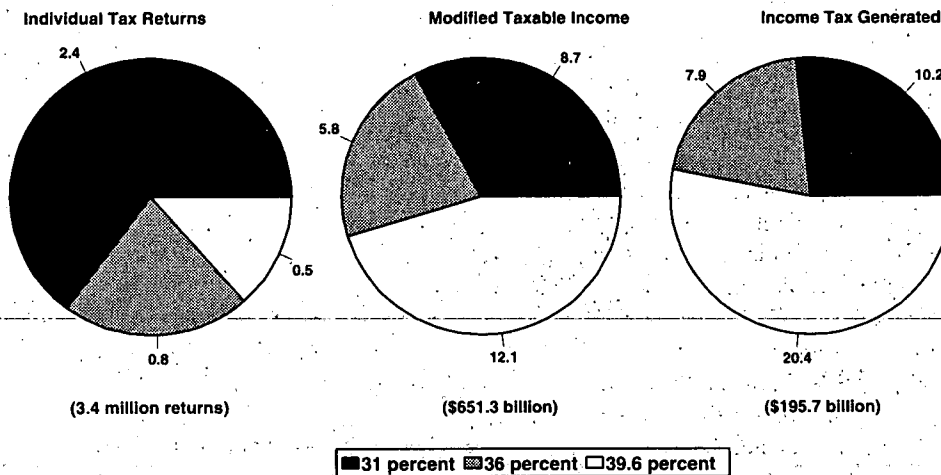
¹Includes 28 percent, with net long-term capital gains.

NOTE: Returns in the "Form 8615" and "Form 8814" categories were included in the calculation of the percentages, but are not shown separately. For 1993, these two categories accounted for less than 0.30 percent of the returns, 0.06 percent of the "modified" taxable income, and 0.09 percent of the income tax generated. Therefore, detail may not add to totals.

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Figure D-2

Returns with Modified Taxable Income: Percentages of Returns, Modified Taxable Income and Tax Generated by Marginal Rate Classification for the Upper Income Tax Brackets, Tax Year 1993



ers, tax generated was equal to income tax before credits. However, for others, income tax before credits included special taxes on accumulation distributions of trusts and lump-sum distributions from qualified retirement plans (when the special 5- or 10-year averaging method was used) [7]. The earned 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 which is refundable to the taxpayer and any portion of the EIC used to reduce other taxes are excluded from the computation of income tax after credits [8]. Income tax after credits, (Figure E and column 7 of Table 1), totaled \$500.6 billion. Total income tax of \$502.7 billion, (Figure A and Tables 5 through 8), is thus the sum of income tax after credits and the alternative minimum tax [9].

Statistics on the type of tax computation for returns with modified taxable income are provided in Table 4. For 1993, over 251-thousand returns were filed by children under age 14 with investment income over \$1,200. Using Form 8615 to compute their tax, these children showed \$408.1 million in tax generated (column 7). If these same children had had all their income taxed as ordinary income, \$296.7 million in income tax before credits (regular tax computation) would have been paid (column 6). Thus, the difference resulting from the special tax computation was over \$111.4 million (column 8).

Over 1.6 million returns using the Schedule D tax computation generated \$115.1 billion in tax (column 7).

Figure E

Derivation of 1993 Total Income Tax as Shown in Statistics of Income

(Money amounts are in billions of dollars)

Tax generated from tax rate schedules or tax table.....	508.4
PLUS: Taxes from special computations, total.....	0.5
Tax on accumulation distributions of trusts.....	(¹)
Tax on lump-sum distributions from qualified retirement plans.....	(¹)
EQUALS:	
Income tax before credits.....	508.9
LESS: Tax credits, total.....	8.2
Child-care credit.....	2.6
Foreign tax credit.....	2.2
General business credit.....	0.6
Elderly or disabled credit.....	(²)
Earned income credit (limited to the amount needed to reduce total income tax to zero).....	2.3
Credit for prior-year minimum tax.....	0.3
Other credits.....	0.1
EQUALS:	
Income tax after credits.....	500.6
PLUS: Alternative minimum tax.....	2.1
EQUALS:	
Total income tax.....	502.7

¹ Not tabulated.

² Less than 0.1 billion.

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

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However, if capital gains had been taxed the same as ordinary income (i.e., at a rate greater than 28 percent), the amount of income tax before credits (regular tax computation) for these same taxpayers would have been \$122.3 billion (column 6). Therefore, the reduction resulting from use of the Schedule D tax computation was nearly \$7.2 billion (column 8).

Alternative Minimum Tax

The alternative minimum tax was established by the Revenue Act of 1978, to ensure that a minimum amount of income tax was paid by taxpayers who might otherwise use certain provisions of the tax code meant to stimulate economic activity and generate "economic income" to reduce, or even eliminate, their regular tax liability. The AMT provisions may recapture some of these tax reductions by recomputing income to achieve "alternative minimum taxable income," or AMTI, the tax base for AMT. Form 6251, *Alternative Minimum Tax Individuals* is used to calculate AMT. (See Appendix E for an explanation of the computation of AMTI.)

There were several changes in the AMT calculation for Tax Year 1993. The basic AMT rate increased from 24 percent to 26 percent for 1993, and a 28 percent tax rate was added for taxable amounts in excess of \$175,000 (\$87,500 if married filing separately). The filing requirements for Form 6251 were changed so that many taxpayers who may have needed to complete the form but were not liable for any AMT did not have to attach the form to their return. The AMT exemption amounts increased for 1993, from \$40,000 to \$45,000 for joint filers and surviving spouses; from \$30,000 to \$33,750 for single filers or heads of households; and from \$20,000 to \$22,500 for married persons filing separately. The energy preference adjustment, first allowed for Tax Year 1991, was eliminated from the calculation of AMTI for 1993, thereby raising the amount of AMTI for those taxpayers who would otherwise claim this adjustment. The tax preference for charitable contributions of appreciated property was repealed for all contributions made after 1992. Therefore, for 1993 this tax preference item applied only to contributions of tangible personal property made before 1990 and contributions of all property made before 1992. The preferences for depletion and intangible drilling costs did not apply to independent producers for 1993.

Statistics by size of AGI on the alternative minimum tax reported by taxpayers showing AMT on their returns are presented in Figure F. For 1993, an AMT liability of almost \$2.1 billion was reported based on AMTI of \$445.8 billion. This amount of AMT represents a 51.3 percent increase from the nearly \$1.4 billion in AMT for 1992 based on \$447.2 billion of AMTI. (Note, however,

that if filing requirements for Form 6251 had not been altered, AMTI would have been significantly higher for 1993.) For 1993, the amount of total adjustments and preferences showed a slight decrease (3.3 percent), although this amount also would have been higher if the filing requirements were not changed. Since the changes in adjustments, preferences, and AMTI do not seem unusual, the very large increase in AMT appears to be mostly the result of the higher AMT rates for 1993. The largest increase in the amount of AMT between 1992 and 1993 was for the returns in the "\$200,000 under \$500,000" income size class which showed an increase of \$320.4 million over the amount reported for 1992. In fact, all of the higher income size classifications (exceeding \$200,000) showed large increases in AMT between 1992 and 1993. This group includes most of the taxpayers who, based on their AMTI, faced the second AMT rate of 28 percent.

Income and Tax Shares

Historical statistics 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, 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, between years within the ERTA81 period (i.e., Tax Years 1982 through 1986), and between years within the post-TRA86 period (i.e., Tax Years 1987 through 1993). Since AGI was redefined under TRA86, 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., using 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 are shown for the top 1, 5, 10, 25, and 50 percent of returns. In contrast, Tables 6 and 8 are based on returns cumulated *upward* for the lowest income returns. Data are shown for the bottom 50, 75, 90, 95, and 99 percent of all returns.

For example, consider the data in Table 5 for the 113.7 million returns filed for 1993 with positive AGI. The returns in the top one percentile reported 13.8 percent of total AGI and paid 29.0 percent of total income tax. The amount of AGI needed for inclusion in this percentile group (i.e., the AGI floor) was \$185,715. In contrast, for 1992 the returns in this percentile group (i.e., those with at least \$181,904 in AGI) reported 14.2 percent of total AGI and paid 27.5 percent of total income tax. The returns in the top five percentile group (returns reporting AGI of

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Figure F

Returns with Alternative Minimum Tax: Selected Data from Alternative Minimum Tax Computation, by Size of Adjusted Gross Income, Tax Years 1992 and 1993

[Money amounts are in thousands of dollars]

Size of adjusted gross income	Total adjustments and preferences		Alternative minimum taxable income		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Tax Year 1993						
All returns.....	3,670,697	53,571,103	3,673,531	445,835,134	334,615	2,052,790
No adjusted gross income.....	97,664	742,421	96,465	-6,574,981	3,227	66,287
\$1 under \$10,000.....	315,525	962,639	315,525	1,110,406	21,820	5,613
\$10,000 under \$20,000.....	294,400	1,506,523	294,400	3,648,137	3,492	16,681
\$20,000 under \$30,000.....	263,740	1,205,728	264,705	5,655,908	1,600	4,245
\$30,000 under \$40,000.....	287,548	1,509,200	287,548	8,965,196	2,964	11,210
\$40,000 under \$50,000.....	294,745	1,602,231	294,745	11,749,970	6,142	8,752
\$50,000 under \$75,000.....	587,914	4,428,102	588,913	32,593,726	33,284	62,381
\$75,000 under \$100,000.....	386,942	3,929,917	386,942	29,711,481	47,118	110,200
\$100,000 under \$200,000.....	641,968	9,810,616	643,318	80,297,012	104,905	384,454
\$200,000 under \$500,000.....	369,145	10,851,875	369,631	101,465,884	84,731	658,671
\$500,000 under \$1,000,000.....	83,597	5,363,325	83,760	53,071,682	17,626	290,786
\$1,000,000 or more.....	47,511	11,658,527	47,580	124,140,713	7,706	433,509
Tax Year 1992						
All returns.....	4,435,447	55,383,476	4,278,169	447,188,317	287,183	1,357,063
No adjusted gross income.....	103,688	769,523	91,382	-5,780,146	4,808	62,427
\$1 under \$10,000.....	394,426	1,233,474	350,479	1,290,698	23,401	5,940
\$10,000 under \$20,000.....	305,608	1,287,067	292,140	3,409,587	3,149	5,440
\$20,000 under \$30,000.....	323,365	1,623,713	310,098	6,645,767	3,702	7,832
\$30,000 under \$40,000.....	379,450	1,668,435	365,160	11,135,723	4,266	3,085
\$40,000 under \$50,000.....	452,270	2,366,811	446,982	17,899,226	14,157	19,701
\$50,000 under \$75,000.....	866,524	5,835,980	855,132	46,309,845	43,337	84,245
\$75,000 under \$100,000.....	488,550	4,620,739	476,551	36,675,033	49,208	89,798
\$100,000 under \$200,000.....	667,020	9,579,839	650,065	79,037,546	82,583	308,748
\$200,000 under \$500,000.....	332,936	9,692,604	322,607	89,142,734	46,717	338,311
\$500,000 under \$1,000,000.....	77,097	5,109,788	74,934	48,385,867	8,321	170,698
\$1,000,000 or more.....	44,513	11,595,501	42,640	113,036,440	3,535	260,839

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

\$87,386 or more) reported 27.8 percent of total AGI and paid 47.4 percent of total income tax, compared to 28.0 percent and 45.9 percent, respectively, for 1992 (when the AGI floor was \$85,103). The returns in the top 10 percentile group (returns with AGI of at least \$66,077) showed 39.1 percent of AGI and paid 59.2 percent of total income tax. For 1992, the returns in this percentile group (with AGI of \$64,457 or more) reported 39.2 percent of total AGI and paid 58.0 percent of total income tax.

The statistics by percentile in Tables 5 and 6 (for years prior to 1991) and Tables 7 and 8 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 [10]. For 1991 and later years, the statistics by percentiles 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.

Notes and References

- [1] The percentile groupings of tax filers exclude returns with zero or negative AGI.
- [2] Approximately 635,000 taxpayers opted to defer payment of nearly \$8.3 billion of additional taxes for 1993.
- [3] For Tax Years 1988 through 1990, the tax rate schedules provided only two basic rates: 15 and 28 percent. However, taxable income over certain levels

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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.

- [4] Inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U, 1982-84=100) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.
- [5] For further information on the Tax Reform Act of 1986, see U.S. Congress, Joint Committee on Taxation, *General Explanation of the Tax Reform Act of 1986* (H.R. 3838, 99th Congress, Public Law 99-514), May 4, 1987.
- [6] Nontaxable (i.e., tax-exempt) forms of income, such as interest on state and local government obligations, were not included in AGI and generally did not affect the marginal tax rate. However, the receipt of some forms of tax-exempt income could have influenced the taxability of other income, such as social security benefits. When this situation occurred, the income made taxable by the receipt of other forms of nontaxable income was included in AGI.
- [7] The income amounts on which these special computations were based were not reflected in current-year AGI or current-year taxable income.
- [8] For 1993, the total earned income credit was \$15.5 billion. This amount includes the amount used to reduce the regular income tax (\$2.3 billion), the amount used to reduce other taxes reported on individual income tax returns (\$1.2 billion), and the amounts refunded to taxpayers (\$12.0 billion). These amounts are shown in Table 2.5 in *Statistics of Income Individual Income Tax Returns 1993*.
- [9] Total income tax does not include certain other taxes reported on the individual income tax return, such as self-employment tax (the social security tax on income from self-employment), the social security tax on certain tip income, tax from the recapture of prior-year investment or low-income housing credits, and tax applicable to early withdrawals from an Individual Retirement Arrangement (IRA) or other qualified retirement plans. These taxes are included in the statistics for "total tax liability," which is shown in *Statistics of Income Individual Income Tax Returns 1993*. For Tax Year 1993, total tax liability reported on 88,724,446 returns was \$526.8 billion.

- [10] 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.

Appendix A: Explanation of Selected Terms

Brief explanations of the major tax concepts discussed in this article are provided. For more extensive definitions, see *Statistics of Income Individual Income Tax Returns 1993*.

Adjusted Gross Income--Adjusted gross income is "total income," as defined by the tax code, less "statutory adjustments" (primarily business, investment, or employee-related deductions, such as payments to a Keogh self-employed retirement plan and contributions to an Individual Retirement Arrangement or IRA, and self-employed health insurance deductions). Total income includes, for example, salaries and wages, taxable interest, dividends, alimony, and the net amounts from sources such as business income, rents and royalties, and sales of capital assets.

Difference Due to Special Tax Computation--In this article, the tax difference is the amount of tax resulting from using the provisions of one of the special tax computations (Form 8615 or Schedule D) less the amount of tax that would result from not using these provisions (regular tax computation).

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 \$1,200. (See Appendix D.)

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 taxes (tax on accumulation distributions of trusts and tax on lump-sum distributions from qualified retirement plans). When Form 8615 tax was paid 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 Schedule D tax was paid on net long-term capital gains, the tax was based on the regular tax rates rather than the 28 percent tax rate for capital gains.

Marginal Tax Rate--See Appendix D.

Modified Taxable Income--This is the term used for 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

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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, "taxable income" (defined below) is modified to equal an amount necessary to generate the tax actually shown on these returns using current-year rates ("modified taxable income" in the statistics). For current-year returns, modified taxable income is identical to "taxable income."

Regular Tax Computation--Depending on marital status and size of taxable income, the taxpayer used the tax table or applied the rates from one of the four tax rate schedules 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 Tax Computation--Schedule D was used to compute the 28 percent tax on net long-term capital gains (in excess of short-term capital losses). For 1993, any investment interest used for itemized deductions (Schedule A) were excluded from this computation.

Taxable Income--Taxable income is AGI less the sum of personal exemption amounts and either the standard deduction for non-itemizers or total itemized deductions (net of any reduction of allowable itemized deductions because of a taxpayer's higher income).

Taxable Returns--A return is classified as "taxable" based on the presence of "total income tax" (the sum of income tax after credits and the alternative minimum tax). The following additional taxes were not taken into account for this purpose: self-employment, social security, or Railroad Retirement Tax Act (RRTA) taxes, tax from recomputing prior-year investment or low-income housing 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 taxes on lump-sum distributions from qualified retirement plans or on accumulation distributions of trusts), tax generated equals "income tax before credits."

Total Income Tax--Total income tax is the sum of income tax after credits and the alternative minimum tax.

Appendix B: Income Tax Structure

Each year, taxpayers must file an income tax return if they meet certain minimum filing requirements. The filing

requirements for 1993 were based on the amount of "gross income," filing status, age, and, to a lesser extent, on dependency and blindness [B1]. 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 (but not for any dependents). In addition to the general filing requirements, individuals were required to file a return for Tax Year 1993 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 a qualified retirement plan, including an Individual Retirement Arrangement (IRA); tax on the recapture of investment credit or low-income housing credit; 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 in the form of money, goods, property, or services, that was not expressly exempt from tax [B2]. Adjusted gross income (AGI) is equal to gross income less deductions for certain expenses [B3]. "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: the tax table or tax rate schedules, both of which vary with taxpayer filing status (single, married filing jointly, surviving spouse, married filing separately, and head of household); Form 8615 or Form 8814 for children's investment income; Schedule D worksheet for net long-term capital gains; or some combination of the above [B4]. For 1993, the tax rates for each filing status were 15, 28, 31, 36, and 39.6 percent, with a maximum rate of 28 percent on net long-term capital gains (in excess of short-term capital losses).

To calculate their Federal income tax liability for 1993, 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" that were \$50 wide. The tax within each bracket was based on the tax calculated at the midpoint of

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the bracket and then rounded to the nearest whole dollar. As a result, the tax table and the tax rate schedules could produce slightly different amounts of tax for the same amount of taxable income. For taxpayers using the tax table with taxable income that was subject to the 36 percent marginal rate, the maximum difference in tax between the tax rate schedules and the tax table was \$8.89 [B5]. However, the actual difference in tax was smaller for almost all taxpayers.

Notes to Appendix B

- [B1] Taxpayers fall into one of five filing statuses: single, married filing jointly, married filing separately, head of household, and surviving spouse. Being age 65 or older or being legally blind affects both the filing requirements and the amount of the standard deduction. Those taxpayers who are (or could be) dependents of other taxpayers have different filing requirements. For more information on the general filing requirements for 1993, see *Statistics of Income Individual Income Tax Returns 1993* or U.S. Department of the Treasury, Internal Revenue Service, *Your Federal Income Tax Publication 17* for 1993.
- [B2] 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 profits 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 the Form 1040. Total income includes net amounts rather than gross amounts (income prior to deductions) from items such as business income and rent and royalties.
- [B3] 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, or the health insurance deduction for certain self-employed taxpayers.

[B4] Income tax before credits includes tax on lump-sum distributions from qualified retirement plans and tax on accumulation distributions of trusts.

[B5] For example, assume a taxpayer filing as "married filing separately" reported taxable income of \$82,449. Using the tax table, the tax would be \$22,437, but using the tax rate schedules, the tax would be \$22,445.89, a difference of \$8.89.

Appendix C: Other Changes in Law for 1993

Among the additional tax law changes was the expiration of the provision which allowed self-employed persons, or owners of more than two percent of the outstanding stock of an S Corporation, to deduct, in the calculation of AGI, up to 25 percent of the amount paid for health insurance for themselves and their families. This provision was extended retroactively for the period July 1, 1992 through December 31, 1993 [C1]; however, to obtain the benefits retroactively, taxpayers had to file amended returns and such returns, if filed, are not reflected in these statistics [C2]. The ceilings on taxable "self-employment income" increased to \$57,600 for self-employment tax, and \$135,000 for the Medicare tax. Furthermore, the earned income credit, the limitation for itemized deductions, the personal exemption amounts, the standard deduction, and the width of each tax bracket were adjusted for inflation.

For 1993, the basic earned income credit could be as much as \$1,434 for one qualifying child, and as much as \$1,511 for two or more qualifying children for individuals whose earned income and AGI were both less than \$23,050. The maximum amounts of the health insurance credit and the extra credit for a child born in 1993 were \$465 and \$388, respectively.

Itemized deductions for taxpayers with AGI exceeding \$108,450 (\$54,225 if married filing separately) were subject to a limitation. (The limitation applied to itemized deductions other than deductions for medical and dental expenses, investment interest expenses, casualty or theft losses, or gambling losses.) Total itemized deductions were reduced by the smaller of 80 percent of the nonexempt deductions, or three percent of the amount of AGI in excess of the threshold amounts.

The individual personal exemption amount increased from \$2,300 to \$2,350. A taxpayer's personal exemption deduction was limited, based on filing status, if AGI exceeded certain amounts. For each filing status, if a taxpayer reported AGI below the bottom threshold, the entire deduction was allowed; if AGI was more than the upper limit, the deduction was disallowed entirely. The deduction was reduced by two percentage points for each

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\$2,500, or part of \$2,500 (\$1,250 if married filing separately), that AGI exceeded the limitation threshold. The threshold for the limitation of personal exemption amounts increased. For single taxpayers, the limitation began at \$108,450 and was completed at \$230,950; for married taxpayers filing jointly and surviving spouses, the limitation began at \$162,700 and was completed at \$285,200; for heads of households, the limitation began at \$135,600 and was completed at \$258,100; and for married taxpayers filing separately, the limitation began at \$81,350 and was completed at \$142,600.

The standard deduction increased from \$3,600 to \$3,700 for single filers; from \$6,000 to \$6,200 for joint filers and surviving spouses; from \$3,000 to \$3,100 for married persons filing separately; and from \$5,250 to \$5,450 for heads of households.

Notes to Appendix C

[C1] U.S. Congress, *Omnibus Budget Reconciliation Act of 1993* (H.R. 2264, 103rd Congress; Public Law 103-66), August 10, 1993.

[C2] The reinstated deduction was disallowed for any month in which the self-employed individual was eligible to participate in any subsidized health plan maintained by an employer of the individual or their spouse.

Appendix D: Income and Tax Concepts

As discussed in Appendix B, gross income is all income received that is not exempt from tax. 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 the result of 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 tax laws change, 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 1993 includes many

income and deduction items that are also components of AGI (Figure G). However, unlike AGI, the 1979 Income Concept also includes nontaxable (i.e., tax-exempt) amounts of income reported on individual income tax returns, as well as disallowed passive loss deductions. In addition, only straight-line deductions for depreciation are included in the 1979 Income Concept [D1].

Modified Taxable Income

Each year, a relatively small number of returns for prior years are filed during the same period in which returns for the current year are being selected for *Statistics of Income Individual Income Tax Returns*. These returns are included in the statistics as proxies for current-year tax returns that will be filed during a later year. Because the tax on these returns is based on previous years' tax laws,

Figure G

Components of the 1979 Income Concept, Tax Year 1993

Income or Loss:

- Salaries and wages ¹
- Interest ¹
- Dividends ¹
- Alimony received ¹
- Capital gains reported on Schedule D minus allowable losses ¹
- Capital gains and losses not reported on Schedule D ¹
- Other gains and losses (Form 4797) ¹
- Business net income or loss ¹
- Farm net income or loss ¹
- Royalty net income or loss ¹
- Partnership net income or loss ¹
- Subchapter 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
- Other net income or loss ⁴

Deductions:

- Disallowed passive losses (Form 8582)
- Moving expenses ⁵
- Alimony paid ¹
- Unreimbursed business expenses ⁵

¹ Included in adjusted gross income for Tax Year 1993.

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.

⁴ Includes an adjustment to add back amounts reported for the "foreign-earned income exclusion."

⁵ Reported on Schedule A, Form 1040, for those taxpayers who reported itemized deductions.

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which reflect different tax rates and income concepts, the taxable income reported on these prior-year returns was "modified" for the statistics in this article by substituting the taxable income necessary to generate the amount of tax reported on the return, using the current-year's tax law. For current-year returns, "modified taxable income" is the same as taxable income.

Marginal Tax Rates

Under the progressive U.S. tax rate structure, different portions of taxable income are taxed at different rates. How income tax is determined for a single taxpayer with AGI of \$275,000 using the standard deduction is illustrated in Figure H. As shown in the example, five different tax rates are applied to the taxable income to arrive at total tax. The first \$22,100 of taxable income was taxed at the 15 percent rate, the next \$31,400 was taxed at the 28 percent rate, the next \$61,500 was taxed at the 31 percent rate, the next \$135,000 was taxed at the 36 percent rate, and the remaining portion, \$21,300, was taxed at the 39.6 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 subject to tax) is the marginal tax rate for that return. The example shown has a marginal tax rate of 39.6 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 the tax laws, determining marginal tax rates can be difficult. 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 \$1,200 was taxed as if it were the marginal income of the parents, while 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 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." This determination is complicated by the presence of items such 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 below or equal to the amount to which the 39.6 percent tax rate was applied, then 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 taxable income (from other than net long-term capital gains) below or equal to the maximum amount to which the 28 percent tax rate applied, as well as net long-term capital gains to which the maximum 28 percent rate on the net gain applied, then the return was defined as having a "28 percent (capital gains)" 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 28 percent rate applied, as well as net long-term capital gains to which the 28 percent rate on the net gain applied, then 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 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 and dividend 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.

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 short-

Figure H

Income Tax Calculation for a Single Taxpayer with One Exemption Who Used the Standard Deduction, Tax Year 1993

[Money amounts are in whole dollars]

Item	1993
Adjusted gross income.....	275,000
Less: Exemption amount.....	0 ¹
Standard deduction amount.....	3,700
Equals: Taxable income.....	271,300
Tax based on tax rates for single taxpayers:	
First \$22,100 taxed at 15 percent.....	3,315
Next \$31,400 taxed at 28 percent.....	8,792
Next \$61,500 taxed at 31 percent.....	19,065
Next \$135,000 taxed at 36 percent.....	48,600
Next \$21,300 taxed at 39.6 percent.....	8,435
Total tax from tax rate schedule.....	88,207

¹ The exemption amount was phased out completely because AGI exceeded \$230,950.

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term capital losses), and presence of a Form 8615 or a Form 8814. Returns were classified into one of the following eight mutually-exclusive marginal tax rate categories: (1) Form 8814 (15 percent rate with no tax liability other than that generated by the dependent's income); (2) 15 percent rate; (3) 28 percent rate; (4) 28 percent rate with net long-term capital gains [D2]; (5) 31 percent rate; (6) 36 percent rate; (7) 39.6 percent rate; and (8) Form 8615 (with income taxed at any rate) [D3].

Statistics by marginal tax rate classification and filing status for returns with modified taxable income are presented in Table 1. 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. For example, consider returns in the "joint returns and returns of surviving spouses" filing status that were included in the "39.6 percent" marginal tax rate classification. The total modified taxable income for the 389,596 returns in this classification "at all rates" was \$251.5 billion (Column 3) and the total tax generated was \$87.5 billion (Column 5). \$129.1 billion (Column 4) of the modified taxable income for 1993 was subject to tax at the marginal tax rate of 39.6 percent. This modified taxable income generated \$51.1 billion (Column 6) in tax at the 39.6 percent tax rate with the remainder generated by the lower four tax rates. The alternative minimum tax was not included in the statistics by marginal tax rate.

Statistics on the tax generated, in total and at each marginal tax rate bracket, for returns with modified taxable income are provided in Table 2. Returns in this table are classified by size of AGI rather than by the marginal tax rate classifications used in Table 1. The tax generated at each marginal tax rate was computed based on the modified taxable income for each individual return. For example, the nearly 0.8 million returns included in the "\$200,000 under \$500,000" income size classification showed total modified taxable income of \$193.3 billion and generated total tax of \$58.2 billion. Of the \$193.3 billion of modified taxable income, \$27.7 billion was taxed at 15 percent, \$37.9 billion was taxed at 28 percent, \$16.5 billion was taxed at the 28 percent rate with net long-term capital gains, \$37.5 billion was taxed at 31 percent, \$54.7 billion was taxed at 36 percent, and \$19.0 billion was taxed at the 39.6 percent rate, with the remain-

der consisting of tax related to Forms 8814 and 8615. Approximately \$4.1 billion of the total tax generated was from the 15 percent rate, \$10.6 billion resulted from the 28 percent rate, \$4.6 billion was from the 28 percent rate with net long-term capital gains, \$11.6 billion was from the 31 percent rate, \$19.7 billion was from the 36 percent rate, and \$7.5 billion resulted from the 39.6 percent rate, with the remainder from tax related to Forms 8814 and 8615.

Statistics are presented in Table 3 on the income and tax generated at each marginal tax rate (as in Table 2, columns 5 through 28) by filing status, instead of size of AGI, for returns with modified taxable income. Nearly 0.4 million of the 41.9 million returns filed jointly had some income taxed at the 39.6 percent tax rate. For these returns, the total taxable income subject to this rate was \$129.1 billion and the tax generated was \$51.1 billion.

Notes to Appendix D

[D1] For more details on the income computation under the 1979 Income Concept for 1993, see *Statistics of Income Individual Tax Returns 1993*.

[D2] The "28 percent (capital gains)" marginal tax rate category consists of returns which have a top tax rate of 28 percent, but have net long-term capital gains (in excess of short-term capital losses) which would have been taxed at a higher rate if it had been some other form of income.

[D3] For some taxpayers, the statutory marginal tax rate may differ from the actual 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 dollar of income could add more than \$1 of taxable income. While this taxpayer could face a statutory marginal tax rate of 31 percent, the actual marginal rate faced by the taxpayer would be somewhat higher.

Appendix E: Computation of Alternative Minimum Taxable Income

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 for AMT purposes) to taxable income before any deductions for personal exemptions (Figures I-1 and I-2). Despite the fact that itemized deductions for some taxpayers were limited, the full amounts of certain itemized deductions were included as

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Figure I-1

Calculation of Alternative Minimum Taxable Income (AMTI), Tax Year 1993

	Taxable income before deduction for personal exemptions
PLUS:	Adjustments and Preferences
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 one of the following items is present on Form 6251: medical and dental expenses, passive activity gains or losses, charitable contributions, depletion, or other related adjustments. In which case AMTI is recalculated and the alternative tax net operating loss deduction is limited to 90 percent of the recalculated amount.

adjustments. To compensate for this, the overall limitation on itemized deductions was subtracted from taxable income for AMT purposes. The "net operating loss deduction" was recomputed to allow for the exclusion of the "tax 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 1993).

AMTI was reduced by an exemption amount, subject to phase-out at higher income levels, dependent upon the filing status of the individual. For 1993, the AMTI exemption for single filers (and heads of households) was \$33,750; for joint filers and surviving spouses, \$45,000; and, for married persons filing separately, \$22,500. The exemption was reduced (but not below zero) by 25 percent of the amount by which 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 \$247,500, \$330,000, and \$165,000, 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 (up from 24 percent for 1992) with any excess being taxed at a 28 percent rate (24 percent for 1992). 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 (including additional taxes from accumulation distributions of trusts or 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 return, 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 had the parents included the dependent's income on their own tax return. (Dependents filing their own returns were limited to an AMT exemption of \$1,000 plus their "earned income." The dependent's AMT could be reduced if the parent 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

The statistics for Tax Year 1993 are based on a stratified probability sample of unaudited individual income tax returns (Forms 1040, 1040A, 1040EZ, and 1040PC, including electronic returns) filed with the Internal Revenue Service during Calendar Year 1994. Returns in the sample were stratified based on the larger of "total income" or "total loss" (adjusted gross income before subtraction of statutory adjustments), the size of business plus farm receipts, and the presence or absence of the following tax forms: 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*. Returns were selected at rates ranging from 0.02 percent (for the more numerous, smaller-sized, nearly homogeneous returns) to 100 percent (for the relatively few returns with large income amounts or unusual characteristics). The sampling resulted in 104,605 returns selected to represent the 115,699,026 returns filed during 1994.

Since the data presented in this article are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known; coefficients of variation (CV's) are used to measure that magnitude. (For information about the samples used for the other tax years referred to in the statistics, for example, in Tables 5 through 8, see the *Statistics of Income* reports for these years.) Estimated CV's for the number of returns and money amounts for selected income items are presented in Figure J. 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*.

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Figure I-2

Alternative Minimum Tax Adjustments and Preferences, Tax Year 1993

- Standard deduction
- Medical and dental expenses from Schedule A (the lesser of deductible medical and dental expenses or 2.5 percent of AGI) or from the medical and dental expenses worksheet
- Deductions for state and local income, real estate, and foreign taxes
- Deductions for interest on certain home mortgages that were not used to buy, build or improve the taxpayer's main home or second home
- Miscellaneous itemized deductions subject to the 2-percent-of-adjusted gross income limitation
- Refunds of state and local income, real estate, and foreign taxes previously deducted (negative)
- Investment interest expense (the result could be negative)
- Excess of depreciation on property placed in service after 1986 over less liberal methods allowed for alternative minimum tax purposes (straight-line or 150-percent declining balance method, depending on the type of property; the result could be negative)
- Adjustment of gain or loss on property; the basis of which was affected by accelerated depreciation or rapid amortization and which was reduced for alternative minimum tax purposes (the result could be negative)
- 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)
- Passive activity loss allowed for regular tax purposes for activities acquired before October 23, 1986, taking into account alternative minimum tax adjustments and preference items
- Difference between income distributions to beneficiaries of estates and trusts for regular tax purposes and the amounts refigured for alternative minimum tax purposes (the result could be negative)
- Tax-exempt interest from private activity bonds issued after August 7, 1986
- Excess of deduction for charitable contributions of appreciated capital gain property contributed before 1993 refigured for AMT purposes using Alternative Tax AGI (the result could be negative)¹
- Excess of circulation expenditures paid or incurred after 1986 over allowable amortization had the expenditures been capitalized (the result could be negative)
- Excess of percentage depletion deduction for sections 611 and 613 property over adjusted basis (the result could be negative)
- Excess of accelerated depreciation on property placed in service before 1987 over straight-line depreciation as refigured for alternative minimum tax purposes
- 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 could be negative)
- Amount by which excess intangible drilling costs deducted currently over allowable amortization (if these costs had been 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
- Deferred income from long-term contracts entered into after February 28, 1986, with certain exceptions and limitations (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 alternative minimum tax adjustments and preference items (the result could be negative)
- Excess of mining exploration and development costs paid or incurred after 1986 over allowable amortization had the costs been capitalized (the result could be negative)
- Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation (the result could be negative)
- Excess of research and experimental expenditures paid or incurred after 1986 over allowable amortization had the expenditures been capitalized (the result could be negative)
- Adjustment for refigured tax shelter farm losses, taking into account alternative minimum tax adjustments and preference items (the result could be negative)
- Related adjustments, refigured for AMT purposes, such as section 179 expense deduction, expenses for business or rental use of the home, taxable IRA distributions, etc. (the result could be negative)

¹ This tax preference item applied to contributions of tangible personal property made before 1990 and contributions of all property made before 1992.

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Figure J

Coefficients of Variation for Selected Items, Tax Year 1993

[Coefficients of variation are percentages]

Size of adjusted gross income	Adjusted gross income		Taxable income		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total	0.06	0.17	0.26	0.22	0.28	0.25
Under \$2,000.....	2.15	1.41	4.99	6.55	5.05	6.59
\$2,000 under \$4,000.....	2.41	2.45	5.60	7.93	5.65	8.47
\$4,000 under \$6,000.....	2.47	2.48	5.54	6.03	5.52	6.51
\$6,000 under \$8,000.....	2.31	2.32	3.37	4.37	3.40	4.41
\$8,000 under \$10,000.....	2.36	2.36	3.34	3.73	3.39	4.96
\$10,000 under \$12,000.....	2.39	2.39	3.02	3.48	3.35	4.04
\$12,000 under \$14,000.....	2.43	2.43	2.73	3.32	3.13	3.61
\$14,000 under \$16,000.....	2.54	2.54	2.74	3.26	3.24	3.66
\$16,000 under \$18,000.....	2.62	2.62	2.76	3.21	3.17	3.64
\$18,000 under \$20,000.....	2.71	2.71	2.79	3.17	2.98	3.45
\$20,000 under \$25,000.....	1.77	1.77	1.79	2.00	1.81	2.05
\$25,000 under \$30,000.....	1.94	1.94	1.96	2.13	1.96	2.16
\$30,000 under \$40,000.....	1.15	1.15	1.15	1.22	1.15	1.27
\$40,000 under \$50,000.....	1.46	1.47	1.47	1.51	1.47	1.57
\$50,000 under \$75,000.....	1.13	1.10	1.13	1.12	1.13	1.15
\$75,000 under \$100,000.....	1.87	1.87	1.87	1.90	1.87	1.93
\$100,000 under \$200,000.....	1.55	1.36	1.55	1.35	1.55	1.32
\$200,000 under \$500,000.....	1.50	1.26	1.50	1.26	1.50	1.24
\$500,000 under \$1,000,000.....	1.13	1.13	1.14	1.15	1.14	1.16
\$1,000,000 or more.....	0.57	0.33	0.58	0.35	0.58	0.36

Individual Income Tax Rates and Tax Shares, 1993

Table 1.-- Returns with Modified Taxable Income: Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed, Tax Year 1993

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

Highest marginal rate at which tax was computed	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits		
			Taxed at all rates	Taxed at marginal rate	At all rates	At marginal rate	Total	As a percentage of-	
			(3)	(4)	(5)	(6)	(7)	Adjusted gross income (8)	Modified taxable income (9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
All returns									
Total.....	90,737,061	3,632,319,536	2,453,219,085	1,351,496,944	508,355,316	295,156,672	500,589,168	13.8	20.4
15 percent (Form 8814) ¹	11,504	134,279	9,039	9,039	1,352	1,352	940	0.7	10.4
15 percent.....	65,550,750	1,522,416,484	807,199,205	807,175,912	121,081,663	121,076,387	116,800,883	7.7	14.5
28 percent.....	21,236,907	1,279,898,794	945,351,453	286,352,443	179,028,917	80,178,684	177,940,799	13.9	18.8
28 percent (capital gains) ²	310,161	58,224,270	47,962,000	31,872,094	12,168,607	8,924,186	12,089,238	20.8	25.2
31 percent.....	2,166,479	266,268,498	212,481,144	38,778,018	51,867,277	12,021,186	51,562,182	19.4	24.3
36 percent.....	756,618	169,556,094	142,270,404	31,259,727	40,147,107	11,253,502	39,719,668	23.4	27.9
39.6 percent.....	453,111	334,247,048	296,586,033	154,847,981	103,652,261	61,319,800	102,073,458	30.5	34.4
Form 8615 ³	251,531	1,574,068	1,359,807	1,201,731	408,132	381,575	402,002	25.5	29.6
Joint returns and returns of surviving spouses									
Total.....	41,901,069	2,482,606,769	1,699,995,608	886,859,929	364,239,764	203,543,884	359,842,490	14.5	21.2
15 percent (Form 8814) ¹	7,779	113,882	6,887	6,887	1,031	1,031	776	0.7	11.3
15 percent.....	26,898,363	909,866,186	481,060,508	481,040,352	72,159,815	72,156,053	70,494,429	7.7	14.7
28 percent.....	12,478,589	915,186,141	663,805,743	203,319,433	126,002,459	56,929,441	125,049,766	13.7	18.8
28 percent (capital gains) ²	190,310	41,778,168	34,267,599	22,571,883	8,682,326	6,320,127	8,627,555	20.7	25.2
31 percent.....	1,324,924	190,910,547	150,744,132	25,614,109	36,620,475	7,940,374	36,401,617	19.1	24.1
36 percent.....	611,508	141,697,396	118,593,038	25,244,988	33,224,301	9,088,196	32,877,407	23.2	27.7
39.6 percent.....	389,596	283,054,449	251,517,701	129,062,278	87,549,357	51,108,662	86,390,940	30.5	34.3
Form 8615 ³	--	--	--	--	--	--	--	--	--
Returns of married persons filing separately									
Total.....	2,101,652	64,739,546	46,180,872	26,060,385	10,434,320	6,442,501	10,276,112	15.9	22.3
15 percent (Form 8814) ¹	--	--	--	--	--	--	--	()	()
15 percent.....	1,374,564	22,449,229	12,375,316	12,375,316	1,856,355	1,856,297	1,839,200	8.2	14.9
28 percent.....	622,622	22,917,333	17,294,767	5,806,596	3,349,384	1,625,847	3,343,904	14.6	19.3
28 percent (capital gains) ²	3,328	1,033,281	880,290	808,118	238,524	226,273	236,795	22.9	26.9
31 percent.....	60,042	4,071,347	3,338,552	556,378	807,504	172,477	798,665	19.6	23.9
36 percent.....	25,106	2,874,489	2,382,843	498,011	665,957	179,284	664,924	23.1	27.9
39.6 percent.....	15,990	11,393,867	9,909,104	6,015,967	3,516,596	2,382,323	3,392,625	29.8	34.2
Form 8615 ³	--	--	--	--	--	--	--	()	()
Returns of heads of households									
Total.....	9,615,321	253,639,494	135,631,339	98,591,375	23,582,150	17,108,543	20,969,465	8.3	15.5
15 percent (Form 8814) ¹	--	--	--	--	--	--	--	--	--
15 percent.....	**8,574,743	**185,420,594	**83,593,094	**83,589,957	**12,539,190	**12,538,492	**10,071,041	**5.4	**12.0
28 percent.....	963,068	52,202,429	38,592,346	10,082,893	7,099,610	2,823,210	7,020,977	13.4	18.2
28 percent (capital gains) ²	5,869	1,329,803	1,125,050	854,489	292,452	239,257	289,002	21.7	25.7
31 percent.....	46,340	5,751,143	4,545,271	852,634	1,119,934	264,317	1,114,917	19.4	24.5
36 percent.....	18,328	3,924,416	3,300,758	790,234	945,002	284,484	939,064	23.9	28.4
39.6 percent.....	6,971	5,011,108	4,474,821	2,421,169	1,585,961	958,783	1,534,463	30.6	34.3
Form 8615 ³	--	--	--	--	--	--	--	()	()
Returns of single persons									
Total.....	37,119,020	831,333,726	571,411,266	339,985,255	110,099,082	68,061,745	109,501,101	13.2	19.2
15 percent (Form 8814) ¹	--	--	--	--	--	--	--	--	--
15 percent.....	**28,706,805	**404,700,872	**230,172,440	**230,172,440	**34,526,624	**34,525,867	**34,396,377	**8.5	**14.9
28 percent.....	7,172,628	289,592,890	225,658,596	67,143,521	42,577,464	18,800,186	42,526,152	14.7	18.8
28 percent (capital gains) ²	110,653	14,083,018	11,689,062	7,637,605	2,955,305	2,138,529	2,935,885	20.8	25.1
31 percent.....	735,173	65,535,461	53,853,188	11,754,897	13,319,364	3,644,018	13,246,984	20.2	24.6
36 percent.....	101,676	21,059,793	17,993,765	4,726,494	5,311,848	1,701,538	5,238,273	24.9	29.1
39.6 percent.....	40,554	34,787,624	30,684,407	17,348,567	11,000,347	6,870,033	10,755,431	30.9	35.1
Form 8615 ³	251,531	1,574,068	1,359,807	1,201,731	408,132	381,575	402,002	25.5	29.6

** Data are combined with data in an adjacent tax rate class to avoid disclosure of information for specific taxpayers.

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 \$500 and \$5,000) on the parents' income tax return.

² Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28 percent rate.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,200. The returns in this rate classification are not distributed by tax rate. Percentage not computed.

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

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Table 2.-- Returns With Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 1993

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

Size of adjusted gross income	Number of returns with modified taxable income	Taxable income	Modified taxable income	Tax generated at all rates	Tax generated at specified rate					
					15 percent (from Form 8814) ¹			15 percent		
					Number of returns	Income taxed at rate	Tax generated at rate	Number of returns	Income taxed at rate	Tax generated at rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Total	90,737,061	2,453,542,487	2,453,219,085	508,355,316	141,916	83,437	12,516	90,720,481	1,585,203,210	237,780,481
Under \$2,000.....	1,394,773	468,901	469,833	75,996	1,772	933	140	1,393,009	432,934	64,940
\$2,000 under \$4,000.....	1,276,689	755,135	756,260	126,850	*935	*1,100	*165	1,275,755	631,195	94,679
\$4,000 under \$6,000.....	1,428,245	1,964,999	1,965,004	307,083	--	--	--	1,428,245	1,861,671	279,251
\$6,000 under \$8,000.....	3,336,727	4,925,132	4,926,637	745,844	*2,360	*1,469	*219	3,333,260	4,861,987	729,298
\$8,000 under \$10,000.....	3,293,161	9,749,372	9,750,240	1,466,271	*1,572	*861	*129	3,291,588	9,701,499	1,455,225
\$10,000 under \$12,000.....	3,899,521	15,626,131	15,626,211	2,346,255	--	--	--	3,899,521	15,605,255	2,340,788
\$12,000 under \$14,000.....	4,490,156	21,559,311	21,560,636	3,243,697	*2,237	*1,565	*234	4,488,911	21,503,832	3,225,575
\$14,000 under \$16,000.....	4,404,067	26,907,794	26,908,495	4,042,180	**1,116	**466	**70	4,402,953	26,875,442	4,031,316
\$16,000 under \$18,000.....	4,204,953	31,585,856	31,585,560	4,749,545	**	**	**	4,204,952	31,525,926	4,728,889
\$18,000 under \$20,000.....	4,143,954	38,616,424	38,616,793	5,792,651	*2,408	*542	*82	4,143,954	38,616,251	5,792,438
\$20,000 under \$25,000.....	9,309,754	113,976,326	113,985,884	17,106,723	*3,483	*1,038	*156	9,309,754	113,924,508	17,088,676
\$25,000 under \$30,000.....	7,674,885	124,474,976	124,481,851	18,817,176	*3,355	*2,110	*316	7,673,893	123,419,974	18,512,996
\$30,000 under \$40,000.....	12,298,362	272,828,793	272,860,798	43,652,732	9,301	5,109	771	12,298,021	251,907,655	37,786,148
\$40,000 under \$50,000.....	9,046,135	269,806,935	269,841,830	43,955,303	*12,861	*8,954	*1,344	9,046,135	243,114,150	36,467,122
\$50,000 under \$75,000.....	12,220,165	516,912,048	517,001,291	91,798,295	36,194	17,238	2,587	12,220,154	407,790,427	61,168,564
\$75,000 under \$100,000.....	4,219,032	262,755,147	262,800,841	54,329,755	17,466	13,129	1,963	4,215,661	149,194,028	22,379,104
\$100,000 under \$200,000.....	3,104,461	313,409,048	313,443,056	75,416,598	25,359	15,168	2,275	3,102,910	109,391,976	16,408,796
\$200,000 under \$500,000.....	785,021	193,398,214	193,295,003	58,234,398	17,367	11,265	1,691	784,862	27,655,357	4,148,304
\$500,000 under \$1,000,000.....	140,638	82,915,033	82,771,612	28,425,533	2,896	1,610	241	140,586	4,905,911	735,887
\$1,000,000 or more.....	66,365	150,906,911	150,571,253	53,722,430	1,233	880	132	66,359	2,283,233	342,485

Size of adjusted gross income	Tax generated at specified rate								
	28 percent			28 percent (capital gains) ²			31 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
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
Total	24,836,271	447,820,104	125,389,629	1,625,559	81,960,424	22,948,915	3,376,210	100,769,032	31,238,400
Under \$2,000.....	--	--	--	--	--	--	--	--	--
\$2,000 under \$4,000.....	--	--	--	--	--	--	--	--	--
\$4,000 under \$6,000.....	--	--	--	--	--	--	--	--	--
\$6,000 under \$8,000.....	--	--	--	--	--	--	--	--	--
\$8,000 under \$10,000.....	--	--	--	--	--	--	--	--	--
\$10,000 under \$12,000.....	--	--	--	--	--	--	--	--	--
\$12,000 under \$14,000.....	--	--	--	--	--	--	--	--	--
\$14,000 under \$16,000.....	--	--	--	--	--	--	--	--	--
\$16,000 under \$18,000.....	--	--	--	--	--	--	--	--	--
\$18,000 under \$20,000.....	--	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	49,860	35,562	9,957	--	--	--	--	--	--
\$25,000 under \$30,000.....	810,892	997,672	279,348	--	--	--	--	--	--
\$30,000 under \$40,000.....	3,831,942	20,948,034	5,865,450	--	--	--	--	--	--
\$40,000 under \$50,000.....	2,546,059	26,671,594	7,468,046	--	--	--	*154	*69	*21
\$50,000 under \$75,000.....	9,423,832	106,444,916	29,804,576	102,149	994,742	278,534	334,527	1,753,967	543,730
\$75,000 under \$100,000.....	4,160,546	107,698,246	30,155,509	112,097	1,371,343	383,980	287,404	4,401,501	1,364,465
\$100,000 under \$200,000.....	3,046,262	137,392,336	38,469,854	869,773	13,693,405	3,834,140	1,814,415	47,149,210	14,616,255
\$200,000 under \$500,000.....	767,298	37,851,748	10,598,489	410,837	16,537,226	4,630,423	743,845	37,469,744	11,615,621
\$500,000 under \$1,000,000.....	136,033	6,694,677	1,874,510	84,960	10,877,365	3,045,662	133,210	6,797,037	2,107,081
\$1,000,000 or more.....	63,547	3,085,319	863,889	45,743	38,486,342	10,776,176	62,655	3,197,504	991,226

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 1993

Table 2.-- Returns With Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income, Tax Year 1993--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								
	36 percent			39.6 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	Number of returns	Income taxed at rate	Tax generated at rate
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
Total.....	1,209,730	81,323,629	29,276,506	453,112	154,857,518	61,323,577	251,531	1,201,731	381,575
Under \$2,000.....	--	--	--	--	--	--	110,959	35,966	10,677
\$2,000 under \$4,000.....	--	--	--	--	--	--	71,755	123,965	31,839
\$4,000 under \$6,000.....	--	--	--	--	--	--	30,717	103,333	27,720
\$6,000 under \$8,000.....	--	--	--	--	--	--	*10,599	*63,180	*16,216
\$8,000 under \$10,000.....	--	--	--	--	--	--	*6,225	*47,881	*10,797
\$10,000 under \$12,000.....	--	--	--	--	--	--	*2,353	*20,955	*5,405
\$12,000 under \$14,000.....	--	--	--	--	--	--	*4,980	*55,239	*17,731
\$14,000 under \$16,000.....	--	--	--	--	--	--	*2,353	*32,587	*10,576
\$16,000 under \$18,000.....	--	--	--	--	--	--	*3,735	*59,634	*20,547
\$18,000 under \$20,000.....	--	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	*1,245	*24,776	*7,733
\$25,000 under \$30,000.....	--	--	--	--	--	--	*2,237	*62,095	*24,294
\$30,000 under \$40,000.....	--	--	--	--	--	--	--	--	--
\$40,000 under \$50,000.....	--	--	--	--	--	--	*1,124	*47,062	*18,507
\$50,000 under \$75,000.....	--	--	--	--	--	--	--	--	--
\$75,000 under \$100,000.....	*9,424	*56,165	*20,219	--	--	--	*962	*66,429	*24,530
\$100,000 under \$200,000.....	302,221	5,449,930	1,961,975	5,503	135,975	53,846	*1,877	*215,057	*69,057
\$200,000 under \$500,000.....	705,669	54,730,953	19,703,143	262,774	19,008,195	7,527,245	*158	*30,515	*9,060
\$500,000 under \$1,000,000.....	130,549	14,293,199	5,145,552	124,688	39,045,905	15,462,178	*215	*155,908	*54,336
\$1,000,000 or more.....	61,868	6,793,382	2,445,618	60,147	96,667,444	38,280,308	*37	*57,149	*22,551

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

**Data are combined with data in an adjacent adjusted gross income size class to avoid disclosure of information for specific taxpayers.

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 \$500 and \$5,000) on the parents' income tax return.

² Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28 percent rate.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,200. 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 Tax Shares, 1993

Table 3.-- Returns with Modified Taxable Income: Taxable Income and Tax Classified by Each Rate at Which Tax was Computed and by Filing Status, Tax Year 1993

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

Marginal tax rate classes	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.....	90,737,061	2,453,219,085	508,351,604	41,901,069	1,699,995,608	364,238,153	2,101,652	46,180,872	10,433,921
15 percent (Form 8814) ¹	141,916	83,437	12,516	123,701	74,426	11,167	904	795	119
15 percent.....	90,720,481	1,585,203,210	237,780,482	41,893,290	1,034,352,460	155,152,869	2,101,652	25,790,046	3,868,507
28 percent.....	24,836,271	447,820,104	125,389,629	14,947,379	329,527,917	92,267,817	724,577	8,459,639	2,368,699
28 percent (capital gains) ²	1,625,559	81,960,424	22,948,919	1,174,132	62,357,748	17,460,170	28,529	2,935,722	822,002
31 percent.....	3,376,210	100,769,032	31,238,400	2,326,028	76,520,236	23,721,273	101,138	1,601,245	496,386
36 percent.....	1,209,730	81,323,629	29,276,506	1,001,104	68,100,542	24,516,195	41,096	1,377,459	495,885
39.6 percent.....	453,112	154,857,518	61,323,577	389,596	129,062,278	51,108,662	15,990	6,015,967	2,382,323
Form 8615 ³	251,531	1,201,731	381,575	--	--	--	--	--	--

Marginal tax rate classes	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.....	9,615,321	135,631,339	23,581,919	37,119,020	571,411,266	110,097,611
15 percent (Form 8814) ¹	17,105	8,115	1,215	205	101	15
15 percent.....	9,611,597	114,388,896	17,158,334	37,113,942	410,671,808	61,600,771
28 percent.....	1,037,722	13,532,484	3,789,095	8,126,593	96,300,064	26,964,018
28 percent (capital gains) ²	32,370	1,490,997	417,479	390,528	15,175,957	4,249,268
31 percent.....	71,640	2,145,449	665,089	877,404	20,502,103	6,355,652
36 percent.....	25,300	1,644,230	591,923	142,231	10,201,399	3,672,504
39.6 percent.....	6,971	2,421,169	958,783	40,555	17,358,104	6,873,809
Form 8615 ³	--	--	--	251,531	1,201,731	381,575

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 \$500 and \$5,000) on the parents' income tax return.

² Returns with net long-term capital gains in excess of short-term capital losses taxed at the 28 percent rate.

³ Form 8615 was filed for a child under age 14 to report the child's investment income in excess of \$1,200. 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 Tax Shares, 1993

Table 4.--Returns with Modified Taxable Income: Tax Classified by Type of Tax Computation and by Size of Adjusted Gross Income, Tax Years 1992 and 1993

(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 1992				Tax Year 1993			
	Income tax before credits (regular tax computation)		Tax generated	Difference due to special tax computation ¹	Income tax before credits (regular tax computation)		Tax generated	Difference due to special tax computation ¹
	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	88,916,192	384,798,390	384,835,549	N/A	88,848,467	392,858,171	392,859,128	N/A
Under \$5,000.....	3,661,295	302,390	304,692	N/A	3,309,268	260,453	260,457	N/A
\$5,000 under \$10,000.....	7,901,078	2,629,444	2,633,610	N/A	7,183,440	2,343,224	2,343,224	N/A
\$10,000 under \$15,000.....	10,407,482	7,548,319	7,553,578	N/A	10,538,406	7,426,626	7,426,622	N/A
\$15,000 under \$20,000.....	10,829,259	13,310,717	13,316,252	N/A	10,589,709	12,694,206	12,694,200	N/A
\$20,000 under \$25,000.....	9,353,882	17,326,453	17,331,374	N/A	9,308,509	17,097,875	17,099,139	N/A
\$25,000 under \$30,000.....	7,484,044	18,735,822	18,738,944	N/A	7,671,656	18,792,662	18,792,654	N/A
\$30,000 under \$40,000.....	12,259,525	44,082,396	44,086,699	N/A	12,298,021	43,652,729	43,652,715	N/A
\$40,000 under \$50,000.....	8,988,898	44,066,814	44,070,758	N/A	9,045,011	43,937,300	43,937,300	N/A
\$50,000 under \$75,000.....	11,642,973	87,197,009	87,198,154	N/A	12,118,004	90,385,890	90,385,849	N/A
\$75,000 under \$100,000.....	3,853,114	49,516,574	49,517,648	N/A	4,103,565	52,335,559	52,335,560	N/A
\$100,000 under \$200,000.....	2,062,542	46,687,823	46,689,020	N/A	2,232,809	49,985,796	49,985,733	N/A
\$200,000 under \$500,000.....	387,035	26,719,153	26,719,319	N/A	374,024	27,136,278	27,136,132	N/A
\$500,000 under \$1,000,000.....	60,415	10,705,593	10,705,618	N/A	55,459	11,558,868	11,558,845	N/A
\$1,000,000 or more.....	24,649	15,969,882	15,969,893	N/A	20,585	15,250,706	15,250,698	N/A
Returns with Form 8615 tax computation								
Total	207,539	199,658	275,461	75,803	251,531	296,709	408,132	111,423
Under \$5,000.....	166,029	45,307	65,573	20,266	205,047	52,951	81,589	28,638
\$5,000 under \$10,000.....	22,594	19,122	32,477	13,355	25,209	23,989	36,826	12,837
\$10,000 under \$15,000.....	*7,314	*12,700	*21,777	*9,077	*8,578	*14,628	*28,314	*13,686
\$15,000 under \$20,000.....	*4,967	*11,099	*22,232	*11,133	*4,843	*11,708	*27,033	*15,325
\$20,000 under \$25,000.....	*1,242	*3,822	*7,859	*4,037	*1,245	*3,833	*7,847	*4,014
\$25,000 under \$30,000.....	--	--	--	--	*2,237	*11,329	*24,500	*13,171
\$30,000 under \$40,000.....	*4,446	*30,091	*46,394	*16,303	--	--	--	--
\$40,000 under \$50,000.....	--	--	--	--	*1,124	*10,089	*18,584	*8,495
\$50,000 under \$75,000.....	*328	*3,542	*4,883	*1,341	--	--	--	--
\$75,000 under \$100,000.....	--	--	--	--	*962	*16,290	*24,530	*8,240
\$100,000 under \$200,000.....	*481	*19,772	*20,761	*989	*1,877	*59,072	*69,087	*10,015
\$200,000 under \$500,000.....	--	--	--	--	*158	*9,367	*9,060	*-307
\$500,000 under \$1,000,000.....	*40	*10,320	*10,492	*172	*215	*57,649	*54,351	*-3,298
\$1,000,000 or more.....	99	43,883	43,013	*-870	*37	*25,804	*26,410	*606
Returns with Schedule D tax computation								
Total	1,484,914	98,681,342	96,787,561	-1,893,781	1,625,559	122,253,076	115,090,650	-7,162,426
Under \$5,000.....	--	--	--	--	--	--	--	--
\$5,000 under \$10,000.....	--	--	--	--	--	--	--	--
\$10,000 under \$15,000.....	--	--	--	--	--	--	--	--
\$15,000 under \$20,000.....	--	--	--	--	--	--	--	--
\$20,000 under \$25,000.....	--	--	--	--	--	--	--	--
\$25,000 under \$30,000.....	--	--	--	--	--	--	--	--
\$30,000 under \$40,000.....	--	--	--	--	--	--	--	--
\$40,000 under \$50,000.....	--	--	--	--	--	--	--	--
\$50,000 under \$75,000.....	129,798	1,770,236	1,760,520	-9,716	102,149	1,423,425	1,412,379	-11,046
\$75,000 under \$100,000.....	129,074	2,332,300	2,304,005	-28,295	112,097	1,995,452	1,969,890	-25,562
\$100,000 under \$200,000.....	744,751	21,232,638	20,998,135	-234,503	869,773	25,718,876	25,361,873	-357,003
\$200,000 under \$500,000.....	358,350	25,854,646	25,461,370	-393,276	410,837	32,349,469	31,088,931	-1,260,538
\$500,000 under \$1,000,000.....	80,523	14,455,891	14,186,827	-269,064	84,960	17,950,865	16,812,283	-1,138,582
\$1,000,000 or more.....	42,418	33,035,633	32,076,703	-958,930	45,743	42,814,989	38,445,294	-4,369,695

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

¹ The difference between the amount of tax resulting from using the provisions of one of the special tax computations and the amount of tax resulting from the regular tax computation.

N/A - Not applicable.

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

Individual Income Tax Rates and Tax Shares, 1993

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 1980-1993

[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						
1980.....	93,238,823	932,388	4,661,941	9,323,882	23,309,706	46,619,411
1981.....	94,586,878	945,869	4,729,344	9,458,688	23,646,719	47,293,439
1982.....	94,426,498	944,265	4,721,325	9,442,650	23,606,624	47,213,249
1983.....	95,330,713	953,307	4,766,536	9,533,071	23,832,678	47,665,356
1984.....	98,435,000	984,350	4,921,750	9,843,500	24,608,750	49,217,500
1985.....	100,625,484	1,006,255	5,031,274	10,062,548	25,156,371	50,312,742
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
Adjusted gross income floor on percentiles (current dollars):						
1980.....	N/A	80,580	43,792	35,070	23,606	12,936
1981.....	N/A	85,428	47,845	38,283	25,655	14,000
1982.....	N/A	89,388	49,284	39,676	27,027	14,539
1983.....	N/A	93,512	51,553	41,222	27,827	15,044
1984.....	N/A	100,889	55,423	43,956	29,360	15,998
1985.....	N/A	108,134	58,883	46,322	30,928	16,688
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
Adjusted gross income floor on percentiles (constant dollars): ²						
1980.....	N/A	97,791	53,146	42,561	28,648	15,699
1981.....	N/A	93,980	52,635	42,116	28,223	15,402
1982.....	N/A	92,630	51,072	41,115	28,007	15,066
1983.....	N/A	93,888	51,760	41,388	27,939	15,104
1984.....	N/A	97,102	53,343	42,306	28,258	15,397
1985.....	N/A	100,496	54,724	43,050	28,743	15,509
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
Adjusted gross income (millions of dollars): ¹						
1980.....	1,626,555	137,668	341,790	522,685	922,300	1,338,978
1981.....	1,791,116	148,722	372,171	572,719	1,015,006	1,473,267
1982.....	1,875,872	167,109	398,189	605,159	1,065,241	1,543,634
1983.....	1,969,600	182,895	428,162	645,661	1,127,019	1,625,287
1984.....	2,173,228	209,899	482,266	722,552	1,250,911	1,794,303
1985.....	2,343,989	235,095	531,372	791,481	1,358,860	1,939,351
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

Footnotes at end of Table 6.

Individual Income Tax Rates and Tax Shares, 1993

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 1980-1993--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)
Total income tax (millions of dollars):^a						
1980.....	250,240	48,270	92,773	123,799	182,966	232,662
1981.....	283,993	50,820	100,423	136,928	205,665	262,913
1982.....	277,470	53,528	100,958	135,394	201,466	257,160
1983.....	274,056	56,806	103,350	137,256	200,897	254,561
1984.....	301,504	65,707	116,512	154,142	222,515	279,574
1985.....	325,525	72,581	127,880	168,907	241,887	302,401
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
Average tax rate (percentage):^a						
1980.....	15.38	35.06	27.14	23.69	19.84	17.38
1981.....	15.86	34.17	26.98	23.91	20.26	17.85
1982.....	14.79	32.03	25.35	22.37	18.91	16.66
1983.....	13.91	31.06	24.14	21.26	17.83	15.66
1984.....	13.87	31.30	24.16	21.33	17.79	15.58
1985.....	13.89	30.87	24.07	21.34	17.80	15.59
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
Adjusted gross income share (percentage):						
1980.....	100.00	8.46	21.01	32.13	56.70	82.32
1981.....	100.00	8.30	20.78	31.98	56.67	82.25
1982.....	100.00	8.91	21.23	32.26	56.79	82.29
1983.....	100.00	9.29	21.74	32.78	57.22	82.52
1984.....	100.00	9.66	22.19	33.25	57.56	82.56
1985.....	100.00	10.03	22.67	33.77	57.97	82.74
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
Total income tax share (percentage):						
1980.....	100.00	19.29	37.07	49.47	73.12	92.98
1981.....	100.00	17.89	35.36	48.22	72.42	92.58
1982.....	100.00	19.29	36.39	48.80	72.61	92.68
1983.....	100.00	20.73	37.71	50.08	73.31	92.89
1984.....	100.00	21.79	38.64	51.12	73.80	92.73
1985.....	100.00	22.30	39.28	51.89	74.31	92.90
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

Footnotes at end of Table 6.

Individual Income Tax Rates and Tax Shares, 1993

Table 6.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles, 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 1980-1993

[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						
1980.....	93,238,823	46,619,411	69,929,117	83,914,941	88,576,882	92,306,435
1981.....	94,586,878	47,293,439	70,940,158	85,128,190	89,857,534	93,641,009
1982.....	94,426,498	47,213,249	70,819,873	84,983,848	89,705,173	93,482,233
1983.....	95,330,713	47,665,356	71,498,035	85,797,642	90,564,177	94,377,406
1984.....	98,435,000	49,217,500	73,826,250	88,591,500	93,513,250	97,450,650
1985.....	100,625,484	50,312,742	75,469,113	90,562,936	95,594,210	99,619,229
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
Adjusted gross income (millions of dollars): ¹						
1980.....	1,626,555	287,576	704,255	1,103,869	1,284,765	1,488,886
1981.....	1,791,116	317,848	776,110	1,218,397	1,418,945	1,642,393
1982.....	1,875,872	332,238	810,630	1,270,713	1,477,682	1,708,762
1983.....	1,969,600	344,313	842,581	1,323,939	1,541,438	1,786,705
1984.....	2,173,228	378,925	922,317	1,450,676	1,690,962	1,963,329
1985.....	2,343,989	404,637	985,129	1,552,508	1,812,617	2,108,894
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
Total income tax (millions of dollars): ³						
1980.....	250,240	17,578	67,274	126,441	157,467	201,971
1981.....	283,993	21,080	78,329	147,065	183,570	233,173
1982.....	277,470	20,310	76,005	142,076	176,512	223,942
1983.....	274,056	19,495	73,159	136,799	170,706	217,250
1984.....	301,504	21,930	78,990	147,362	184,992	235,797
1985.....	325,525	23,124	83,638	156,618	197,645	252,944
1986.....	366,979	23,690	88,002	166,276	210,739	272,488
1987.....	369,046	22,391	85,189	163,819	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
Average tax rate (percentage): ⁴						
1980.....	15.38	6.11	9.55	11.45	12.26	13.57
1981.....	15.86	6.63	10.09	12.07	12.94	14.20
1982.....	14.79	6.11	9.38	11.18	11.95	13.11
1983.....	13.91	5.66	8.68	10.33	11.07	12.16
1984.....	13.87	5.79	8.56	10.16	10.94	12.01
1985.....	13.89	5.71	8.49	10.09	10.90	11.99
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

Footnotes at end of table.

Individual Income Tax Rates and Tax Shares, 1993

Table 6.--Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles, 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 1980-1993--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)
Adjusted gross income share (percentage):						
1980.....	100.00	17.68	43.30	67.87	78.99	91.54
1981.....	100.00	17.75	43.33	68.02	79.22	91.70
1982.....	100.00	17.71	43.21	67.74	78.77	91.09
1983.....	100.00	17.48	42.78	67.22	78.26	90.71
1984.....	100.00	17.44	42.44	66.75	77.81	90.34
1985.....	100.00	17.26	42.03	66.23	77.33	89.97
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
Total income tax share (percentage):						
1980.....	100.00	7.02	26.88	50.53	62.93	80.71
1981.....	100.00	7.42	27.58	51.78	64.64	82.11
1982.....	100.00	7.32	27.39	51.20	63.61	80.71
1983.....	100.00	7.11	26.69	49.92	62.29	79.27
1984.....	100.00	7.27	26.20	48.88	61.36	78.21
1985.....	100.00	7.10	25.69	48.11	60.72	77.70
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

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 Tables 5 and 6. By excluding deficit returns, alternative minimum tax reported on some of these returns was also excluded. For Tax Year 1993 there were 3,227 returns with no adjusted gross income that reported alternative minimum tax totaling \$66.3 million.

² Constant dollar estimates were based on the Consumer Price Index (CPI-U 1982-84=100) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review.

³ Total income tax is the sum of income tax after credits and alternative minimum tax reported on returns that showed a positive amount for adjusted gross income. Therefore, total income tax excludes alternative minimum tax 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 Tax Shares, 1993

Table 7.--Returns with Positive Income: Number of Returns, Shares of Income Based on the 1979 Income Concept, 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 Using the 1979 Income Concept, Tax Years 1985-1993

[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						
1985.....	100,215,784	1,002,158	5,010,789	10,021,578	25,053,946	50,107,892
1986.....	101,881,062	1,018,811	5,094,053	10,188,106	25,470,265	50,940,531
1987.....	106,128,238	1,061,282	5,306,412	10,612,824	26,532,059	53,064,119
1988.....	108,831,700	1,088,317	5,441,585	10,883,170	27,207,925	54,415,850
1989.....	111,273,993	1,112,740	5,563,700	11,127,399	27,818,498	55,636,996
1990.....	112,644,099	1,126,441	5,632,205	11,264,410	28,161,025	56,322,049
1991.....	113,755,078	1,137,551	5,687,754	11,375,508	28,438,769	56,877,539
1992.....	112,593,838	1,125,938	5,629,692	11,259,384	28,148,459	56,296,919
1993.....	113,721,706	1,137,217	5,686,085	11,372,171	28,430,426	56,860,853
Income floor on percentiles (current dollars):						
1985.....	N/A	125,454	63,509	49,092	31,977	17,101
1986.....	N/A	147,688	68,347	52,034	33,630	17,915
1987.....	N/A	145,646	69,216	53,092	34,166	17,960
1988.....	N/A	161,795	73,442	55,524	35,432	18,531
1989.....	N/A	169,588	77,552	58,436	36,789	19,156
1990.....	N/A	174,721	80,408	60,630	38,032	19,948
1991.....	N/A	180,316	83,317	62,421	38,916	20,304
1992.....	N/A	197,080	87,389	65,295	40,423	21,039
1993.....	N/A	199,698	88,992	66,685	41,013	21,390
Income floor on percentiles (constant dollars): ²						
1985.....	N/A	116,593	59,023	45,625	29,718	15,893
1986.....	N/A	134,752	62,360	47,476	30,684	16,346
1987.....	N/A	128,210	60,930	46,736	30,076	15,810
1988.....	N/A	136,767	62,081	46,935	29,951	15,664
1989.....	N/A	136,765	62,542	47,126	29,669	15,448
1990.....	N/A	133,681	61,521	46,389	29,099	15,262
1991.....	N/A	132,391	61,173	45,830	28,573	14,907
1992.....	N/A	140,470	62,287	46,540	28,812	14,996
1993.....	N/A	138,199	61,586	46,149	28,383	14,803
Income (millions of dollars):						
1985.....	2,502,868	301,734	628,546	905,119	1,495,580	2,091,694
1986.....	2,801,375	426,237	795,034	1,095,304	1,729,360	2,365,312
1987.....	2,854,624	363,729	748,879	1,066,870	1,740,792	2,410,410
1988.....	3,152,156	484,475	910,840	1,254,591	1,972,166	2,682,269
1989.....	3,335,581	486,816	947,005	1,317,118	2,084,226	2,837,477
1990.....	3,494,266	503,585	986,110	1,374,485	2,179,930	2,971,249
1991.....	3,575,798	478,588	985,238	1,390,402	2,224,033	3,037,065
1992.....	3,760,326	556,143	1,089,411	1,508,861	2,368,211	3,204,199
1993.....	3,849,532	554,075	1,105,014	1,537,285	2,422,475	3,278,866
Total income tax (millions of dollars): ³						
1985.....	324,299	67,217	121,525	162,495	236,042	298,149
1986.....	366,468	92,954	155,301	198,577	277,253	341,982
1987.....	368,902	89,885	158,481	204,039	282,946	346,203
1988.....	412,540	112,191	186,803	235,147	320,142	388,632
1989.....	432,643	107,515	188,568	240,198	333,255	407,091
1990.....	446,896	110,560	192,975	245,850	342,901	420,334
1991.....	448,176	107,908	192,511	246,715	345,154	423,175
1992.....	476,067	127,345	216,267	272,327	372,358	451,501
1993.....	502,638	142,329	235,908	294,238	397,261	477,997
Average tax rate (percentage): ⁴						
1985.....	12.96	22.28	19.33	17.95	15.78	14.25
1986.....	13.08	21.81	19.53	18.13	16.03	14.46
1987.....	12.92	24.71	21.16	19.13	16.25	14.36
1988.....	13.09	23.16	20.51	18.74	16.23	14.49
1989.....	12.97	22.09	19.91	18.24	15.99	14.35
1990.....	12.79	21.95	19.57	17.89	15.73	14.15
1991.....	12.53	22.55	19.54	17.74	15.52	13.93
1992.....	12.66	22.90	19.85	18.05	15.72	14.09
1993.....	13.06	25.69	21.35	19.14	16.40	14.58

Footnotes at end of Table 8.

Individual Income Tax Rates and Tax Shares, 1993

Table 7.--Returns with Positive Income: Number of Returns, Shares of Income Based on the 1979 Income Concept, 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 Using the 1979 Income Concept, Tax Years 1985-1993--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):						
1985.....	100.00	12.06	25.11	36.16	59.75	83.57
1986.....	100.00	15.22	28.38	39.10	61.73	84.43
1987.....	100.00	12.74	26.23	37.37	60.98	84.44
1988.....	100.00	15.37	28.90	39.80	62.57	85.09
1989.....	100.00	14.59	28.39	39.49	62.48	85.07
1990.....	100.00	14.41	28.22	39.34	62.39	85.03
1991.....	100.00	13.38	27.55	38.88	62.20	84.93
1992.....	100.00	14.79	28.97	40.13	62.98	85.21
1993.....	100.00	14.39	28.71	39.93	62.93	85.18
Total income tax share (percentage):						
1985.....	100.00	20.73	37.47	50.11	72.79	91.94
1986.....	100.00	25.36	42.38	54.19	75.66	93.32
1987.....	100.00	24.37	42.96	55.31	76.70	93.85
1988.....	100.00	27.20	45.28	57.00	77.60	94.20
1989.....	100.00	24.85	43.59	55.52	77.03	94.09
1990.....	100.00	24.74	43.18	55.01	76.73	94.06
1991.....	100.00	24.08	42.95	55.05	77.01	94.42
1992.....	100.00	26.75	45.43	57.20	78.22	94.84
1993.....	100.00	28.32	46.93	58.54	79.04	95.10

Footnotes at end of Table 8.

Individual Income Tax Rates and Tax Shares, 1993

Table 8.--Returns with Positive Income: Number of Returns, Shares of Income Based on the 1979 Income Concept, and Total Income Tax, Income Floor on Percentiles, and Average Tax Rates, by Selected Ascending Cumulative Percentiles of Returns Based on Income Size Using the 1979 Income Concept, Tax Years 1985-1993

[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)
Number of returns: ¹						
1985.....	100,215,784	50,107,892	75,161,838	90,194,206	95,204,995	99,213,626
1986.....	101,881,062	50,940,531	76,410,796	91,692,956	96,787,009	100,862,251
1987.....	106,128,238	53,064,119	79,596,178	95,515,414	100,821,826	105,066,956
1988.....	108,831,700	54,415,850	81,623,775	97,948,530	103,390,115	107,743,383
1989.....	111,273,993	55,636,996	83,455,495	100,146,594	105,710,293	110,161,253
1990.....	112,644,099	56,322,049	84,483,074	101,379,689	107,011,894	111,517,658
1991.....	113,755,078	56,877,539	85,316,308	102,379,570	108,067,324	112,617,527
1992.....	112,593,838	56,296,919	84,445,378	101,334,454	106,964,146	111,467,900
1993.....	113,721,706	56,860,853	85,291,280	102,349,535	108,035,621	112,584,489
Income (millions of dollars):						
1985.....	2,502,868	411,173	1,007,288	1,597,749	1,874,322	2,201,134
1986.....	2,801,375	436,063	1,072,015	1,706,071	2,006,341	2,375,138
1987.....	2,854,624	444,214	1,113,832	1,787,754	2,105,745	2,490,895
1988.....	3,152,156	469,887	1,179,990	1,897,565	2,241,316	2,667,681
1989.....	3,335,581	498,104	1,251,355	2,018,463	2,388,576	2,848,765
1990.....	3,494,266	523,018	1,314,336	2,119,781	2,508,156	2,990,681
1991.....	3,575,798	538,733	1,351,765	2,185,396	2,590,560	3,097,210
1992.....	3,760,326	556,126	1,392,115	2,251,465	2,670,914	3,204,183
1993.....	3,849,532	570,666	1,427,057	2,312,247	2,744,518	3,295,456
Total income tax (millions of dollars): ²						
1985.....	324,299	26,149	88,257	161,804	202,773	257,082
1986.....	366,468	24,486	89,214	167,891	211,167	273,513
1987.....	368,902	22,699	85,956	164,863	210,421	279,017
1988.....	412,540	23,908	92,398	177,393	225,737	300,349
1989.....	432,643	25,552	99,387	192,445	244,075	325,128
1990.....	446,896	26,561	103,994	201,046	253,921	336,336
1991.....	448,176	25,001	103,022	201,461	255,665	340,267
1992.....	476,067	24,567	103,709	203,740	259,801	348,722
1993.....	502,638	24,641	105,377	208,400	266,730	360,309
Average tax rate (percentage): ⁴						
1985.....	12.96	6.36	8.76	10.13	10.82	11.68
1986.....	13.08	5.62	8.32	9.84	10.52	11.52
1987.....	12.92	5.11	7.72	9.22	9.99	11.20
1988.....	13.09	5.09	7.83	9.35	10.07	11.26
1989.....	12.97	5.13	7.94	9.53	10.22	11.41
1990.....	12.79	5.08	7.91	9.48	10.12	11.25
1991.....	12.53	4.64	7.62	9.22	9.87	10.99
1992.....	12.66	4.42	7.45	9.05	9.73	10.88
1993.....	13.06	4.32	7.38	9.01	9.72	10.93
Income share (percentage):						
1985.....	100.00	16.43	40.25	63.84	74.89	87.94
1986.....	100.00	15.57	38.27	60.90	71.62	84.78
1987.....	100.00	15.56	39.02	62.63	73.77	87.26
1988.....	100.00	14.91	37.43	60.20	71.10	84.63
1989.....	100.00	14.93	37.52	60.51	71.61	85.41
1990.....	100.00	14.97	37.61	60.66	71.78	85.59
1991.....	100.00	15.07	37.80	61.12	72.45	86.62
1992.....	100.00	14.79	37.02	59.87	71.03	85.21
1993.....	100.00	14.82	37.07	60.07	71.29	85.61
Total income tax share (percentage):						
1985.....	100.00	8.06	27.21	49.89	62.53	79.27
1986.....	100.00	6.68	24.34	45.81	57.62	74.64
1987.....	100.00	6.15	23.30	44.69	57.04	75.63
1988.....	100.00	5.80	22.40	43.00	54.72	72.80
1989.....	100.00	5.91	22.97	44.48	56.41	75.15
1990.....	100.00	5.94	23.27	44.99	56.82	75.26
1991.....	100.00	5.58	22.99	44.95	57.05	75.92
1992.....	100.00	5.16	21.78	42.80	54.57	73.25
1993.....	100.00	4.90	20.96	41.46	53.07	71.68

N/A--Not applicable.

¹ The number of returns in columns 2 through 6, Tables 7 and 8, were processed in thousands and, therefore, reflect differences due to rounding.

² Constant dollar estimates were based on the Consumer Price Index (CPI-U 1982-84=100) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review.

³ Total income tax is the sum of income tax after credits and the alternative minimum tax.

⁴ Average tax rate was computed by dividing total income tax (see footnote 3) by income, using the 1979 income concept (see text and Figure A).

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