

Federal Personal Income Tax Liabilities and Payments for 1959–2004

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Each year, the Bureau of Economic Analysis updates its estimates of Federal personal income tax liabilities and Federal personal income tax payments.¹ The Federal tax payments estimates incorporate the results of the 2006 annual revision of the national income and product accounts. The Federal tax liability estimates include newly available tax return data for 2004 and revised earned income tax credit data for 2003 from the Internal Revenue Service (IRS).

For 2003, income tax payments exceed income tax liabilities by \$31.9 billion. The difference can be partly attributed to the effects of the Economic Growth and Tax Relief Reconciliation Act of 2003, the Trade Act of 2002,

and \$14.2 billion in net advance payments for 2003.²

For 2004, income tax liabilities exceeded income tax payments by \$40.8 billion. The difference can be accounted for by the faster-than-expected growth of the economy and individual incomes in 2004 and timing differences that arise from nonwithheld tax liabilities incurred in tax year 2004 (included in the liability estimate) and the payment for those liabilities at a later date. Specifically, most of the \$40.8 billion difference stems from final settlements for tax liabilities incurred in 2004 but paid in 2005. Similarly, the 2004 income tax payments estimates include final settlement payments for tax liabilities incurred in 2003.

1. For details about the estimates of tax liabilities and payments, see Mark A. Ledbetter, "Federal Personal Income Tax Liabilities and Payments for 1959–2001," *SURVEY OF CURRENT BUSINESS* 84 (June 2004): 17–20.

2. For more information on the provisions of these acts and advance payments, see Ledbetter, "Federal Personal Income Tax Liabilities and Payments for 1959–2003," *SURVEY* 85 (November 2005): 29.

Table 1. Federal Personal Income Tax Liabilities and Payments for 1959–2004

[Billions of dollars]

	Federal personal income taxes				Federal personal income taxes		
	Liabilities basis ¹	Payments basis ²	Difference		Liabilities basis ¹	Payments basis ²	Difference
1959	39.0	38.5	0.6	1982.....	280.2	295.0	-14.8
1960	39.9	41.8	-2.0	1983.....	277.8	286.2	-8.4
1961	42.7	42.7	0.0	1984.....	306.7	301.4	5.3
1962	45.4	46.5	-1.1	1985.....	331.5	336.0	-4.5
1963	48.8	49.1	-0.4	1986.....	374.9	350.1	24.8
1964	47.8	46.0	1.8	1987.....	378.7	392.5	-13.8
1965	50.2	51.1	-0.8	1988.....	422.0	402.9	19.1
1966	56.8	58.6	-1.8	1989.....	440.1	451.5	-11.5
1967	63.7	64.4	-0.7	1990.....	453.4	470.2	-16.8
1968	77.5	76.4	1.1	1991.....	455.4	461.3	-5.9
1969	87.4	91.7	-4.3	1992.....	483.1	475.3	7.8
1970	84.5	88.9	-4.4	1993.....	508.5	505.5	3.0
1971	86.1	85.8	0.3	1994.....	540.3	542.7	-2.4
1972	94.3	102.8	-8.4	1995.....	592.9	586.0	6.9
1973	108.9	109.6	-0.6	1996.....	664.5	663.4	1.1
1974	124.4	126.5	-2.1	1997.....	742.5	744.3	-1.8
1975	117.3	120.7	-3.5	1998.....	800.5	825.8	-25.3
1976	142.8	141.2	1.6	1999.....	892.4	893.0	-0.6
1977	161.0	162.2	-1.1	2000.....	994.2	999.1	-4.9
1978	189.6	188.9	0.7	2001.....	857.6	994.5	-136.9
1979	216.1	224.6	-8.6	2002.....	800.2	830.5	-30.3
1980	252.3	250.0	2.3	2003.....	742.6	774.5	-31.9
1981	286.7	290.6	-3.8	2004.....	842.3	801.4	40.8

1. For the data sources, see footnote 1 above.

2. This series is presented as personal current taxes (line 3) in table 3.2 in the national income and product accounts.