

High-Income Tax Returns for 2006

by Justin Bryan

The Tax Reform Act of 1976 requires annual publication of data on individual income tax returns reporting income of \$200,000 or more, including the number of such returns reporting no income tax liability and the importance of various tax provisions in making these returns nontaxable.¹ This article presents detailed data for the 4.1 million high-income returns for 2006, as well as summary data for the period 1977 to 2005. Detailed data for the years 1974 through 2005 have been published previously (see Reference section for more details).

Two income concepts are used in this article to classify tax returns as high-income: the statutory concept of adjusted gross income (AGI) and the expanded income concept.² Expanded income uses items reported on tax returns to obtain a more comprehensive measure of income than AGI. Specifically, expanded income is AGI plus tax-exempt interest, nontaxable Social Security benefits, the foreign-earned income exclusion, and items of “tax preference” for “alternative minimum tax” purposes; less unreimbursed employee business expenses, moving expenses, investment interest expense to the extent it does not exceed investment income, and miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor.^{3,4,5} Note that, although expanded income is a more comprehensive measure of income than AGI, for some taxpayers, the subtractions from AGI to arrive at expanded income exceed the additions, with the result that expanded income is less than AGI.

Number of High-Income Returns

Figure A and Table 1 show that, for 2006, there were 4,064,883 individual income tax returns reporting AGI of \$200,000 or more, and 4,094,953 returns with expanded income of \$200,000 or more. These

returns represented 2.937 percent and 2.959 percent, respectively, of all returns for 2006.

From 1977 to 2000, the numbers of returns reporting incomes of \$200,000 or more increased each year, and, each year, those high-income returns were a larger share of all tax returns. However, for 2001 and 2002, both the number of high-income returns and their percentage of all returns decreased. For 2003, both the numbers of high-income returns and their share of all returns increased, but by all measures were still lower than in 2001. With a slightly larger increase than in 2003, the number of returns and their percentage of all returns for 2004 rose above the previous high set in 2000. This trend continued in 2005 by having large increases in both number of returns and percentage of all returns. With an increase slightly under that of the previous year, 2006 again saw a large increase in both number of returns and percentage of all returns. Both the number of returns and the percentages of all returns are at record levels.

The difference in the number of high-income returns between the two income concepts significantly decreased beginning with 1987, when AGI began to include 100 percent of long-term capital gains. That change in the definition of AGI made AGI and expanded income concepts more comparable. In addition, as a result of the inclusion of tax-exempt interest in expanded income starting with 1987, expanded income for years after 1986 is not strictly comparable to expanded income for years before 1987.

In the top panel of Figure A, the \$200,000 threshold for high-income returns is measured in current-year (nominal) dollars. As a result of inflation, the real (constant) dollar level of the threshold has fallen over time, and some returns are classified as high-income that would not have been classified as high-income for earlier years. To maintain the comparability of the real threshold over time, the nominal \$200,000 threshold has been adjusted for inflation to 1976 constant dollars for all years, and the number of

Justin Bryan is an economist with the Individual Returns Analysis Section. This article was prepared under the direction of Jeff Hartzok, Chief.

¹ The statutory requirement is contained in section 2123 of the Tax Reform Act of 1976 (90 Stat. at 1915).

² The 1976 Act specified four income concepts for classifying tax returns: adjusted gross income (AGI), expanded income, AGI plus excluded tax preference items, and AGI less investment interest expense not in excess of investment income. Section 441 of the Deficit Reduction Act of 1984 (98 Stat. at 815) eliminated the requirement to use the last two income concepts.

³ The definition of adjustments to AGI to obtain the expanded income given in the text is for the current year. See Appendix A for a discussion of AGI and expanded income and a list of adjustments covering all years since 1977.

⁴ See Notes to Appendix A, Note A4.

⁵ Tax-exempt interest had to be reported on the individual income tax return starting with Tax Year 1987 and is included in expanded income starting with that year. Beginning with Tax Year 1991, tax-exempt interest was incorporated into the criteria used for sampling returns for Statistics of income, thus increasing the reliability of the estimates of expanded income.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Figure A

All Returns and Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Income Concept, Tax Years 1977-2006

Tax year	All returns	\$200,000 income threshold measured in current dollars			
		Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(1)	(2)	(3)	(4)	(5)
1977	86,634,640	53,403	67,580	0.062	0.078
1978	89,771,551	68,506	85,137	0.076	0.095
1979	92,694,302	93,731	122,231	0.101	0.132
1980	93,902,459	117,250	149,826	0.125	0.160
1981	95,396,123	138,136	175,092	0.145	0.184
1982	95,337,432	169,367	207,291	0.178	0.217
1983	96,321,310	198,608	249,319	0.206	0.259
1984	99,438,708	243,760	310,042	0.245	0.312
1985	101,660,287	296,507	370,340	0.292	0.364
1986	103,045,170	374,363	529,460	0.363	0.514
1987	106,996,270	539,967	557,848	0.505	0.521
1988	109,708,280	725,345	737,659	0.661	0.672
1989	112,135,673	786,063	814,152	0.701	0.726
1990	113,717,138	834,957	860,940	0.734	0.757
1991	114,730,123	846,707	892,178	0.738	0.778
1992	113,604,503	954,747	989,522	0.840	0.871
1993	114,601,819	993,326	1,043,213	0.867	0.910
1994	115,943,131	1,109,498	1,153,829	0.957	0.995
1995	118,218,327	1,272,508	1,319,382	1.076	1.116
1996	120,351,208	1,523,407	1,572,114	1.266	1.306
1997	122,421,991	1,807,900	1,854,031	1.477	1.514
1998	124,770,662	2,085,211	2,132,301	1.671	1.709
1999	127,075,145	2,429,942	2,479,556	1.912	1.951
2000	129,373,500	2,771,577	2,807,804	2.142	2.170
2001	130,255,237	2,567,220	2,605,021	1.971	2.000
2002	130,076,443	2,414,128	2,464,515	1.856	1.895
2003	130,423,626	2,536,439	2,573,133	1.945	1.973
2004	132,226,042	3,021,435	3,067,602	2.285	2.320
2005	134,372,678	3,566,125	3,584,012	2.654	2.667
2006	138,394,754	4,064,883	4,094,953	2.937	2.959

Footnotes at end of figure.

high-income tax returns has been recomputed in the lower panel of Figure A.⁶

When measured in 1976 constant dollars, under the expanded income concept, the total number of high-income returns for 2006 was only 9.9 times the number for 1977, whereas the number of high-income returns for 2006 measured in current-year dollars was 60.6 times as large as for 1977. For 2006, the share of high-expanded income returns in constant dollars reached a new high of 0.420 percent, an increase from the previous high of 0.392 percent set

in 2005. Figure B shows the difference between the constant and current dollar shares of high expanded-income returns.

Based on AGI, the number of high-income returns for 2006 measured in current-year dollars was 76.1 times as large as for 1977, whereas, measured in 1976 constant dollars, the number of returns for 2006 was only 12.4 times the number for 1977. For Tax Year 2006, the share of high AGI income returns in constant dollars increased to 0.412 percent from 0.386 percent in 2005.

⁶ Inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index approximates buying patterns of typical urban consumers. The annual index is the average of the monthly indices.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Figure A—Continued

All Returns and Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Income Concept, Tax Years 1977-2006

Tax year	Current dollar income threshold equal to \$200,000 in 1976 constant dollars (whole dollars)	\$200,000 income threshold measured in 1976 constant dollars [1]			
		Number of returns by income concept		Percentage of all returns by income concept	
		Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
	(6)	(7)	(8)	(9)	(10)
1977	213,005	45,931	58,991	0.053	0.068
1978	229,174	49,388	62,556	0.055	0.070
1979	255,184	55,542	76,479	0.060	0.083
1980	289,631	52,512	71,704	0.056	0.076
1981	319,508	50,880	71,146	0.053	0.075
1982	339,192	59,411	81,297	0.062	0.085
1983	350,088	67,310	93,977	0.070	0.098
1984	365,202	80,800	116,389	0.081	0.117
1985	378,207	95,740	134,715	0.094	0.133
1986	385,237	119,550	191,596	0.116	0.186
1987	399,297	161,408	169,942	0.151	0.159
1988	415,817	235,051	241,201	0.214	0.220
1989	435,852	217,685	228,530	0.194	0.204
1990	459,400	216,716	228,659	0.191	0.201
1991	478,735	183,442	195,743	0.160	0.171
1992	493,146	213,783	227,354	0.188	0.200
1993	507,909	201,236	212,853	0.176	0.186
1994	520,914	204,532	214,673	0.176	0.185
1995	535,677	237,770	248,077	0.201	0.210
1996	551,494	278,342	288,194	0.231	0.239
1997	564,148	335,040	345,869	0.274	0.283
1998	572,934	385,183	396,207	0.309	0.318
1999	585,589	436,118	446,583	0.343	0.351
2000	605,272	482,396	492,589	0.373	0.381
2001	622,495	391,901	400,906	0.301	0.308
2002	632,337	345,892	356,402	0.266	0.274
2003	646,749	356,727	367,012	0.274	0.281
2004	663,972	436,583	445,934	0.330	0.337
2005	686,467	519,216	527,126	0.386	0.392
2006	708,612	569,893	581,199	0.412	0.420

[1] 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

Nontaxable High-Income Returns

Two tax concepts are used in this article to classify tax returns as taxable or nontaxable. The first concept, "U.S. income tax," is total Federal income tax liability (including the "alternative minimum tax" (AMT)), less all credits against income tax. Since the U.S. income tax applies to worldwide income and since a credit (subject to certain limits) is al-

lowed against U.S. income tax for income taxes paid to foreign governments, a return could be classified as nontaxable under this first concept even though income taxes had been paid to a foreign government. The second tax concept, "worldwide income tax," addresses this circumstance by adding to U.S. income tax the allowed foreign tax credit and foreign taxes paid on excluded foreign-earned income.^{7,8}

⁷ See Appendix B for a discussion of the tax concepts. In data published for years prior to 1989, either in articles presented in the *Statistics of Income Bulletin* or in chapters in *Statistics of Income-Individual Income Tax Returns* (see Reference Section), the "U.S. income tax" concept was described as "total income tax," and the "worldwide income tax" concept was described as "modified total income tax."

⁸ The inclusion of foreign taxes paid on excluded foreign-earned income, beginning with Tax Year 1990, represents an improvement in the worldwide income tax concept. It does, however, represent a slight break in the year-to-year comparability of data for worldwide income tax. However, the number of returns with foreign taxes paid on excluded foreign-earned income is extremely small compared to the number of returns with the foreign tax credit.

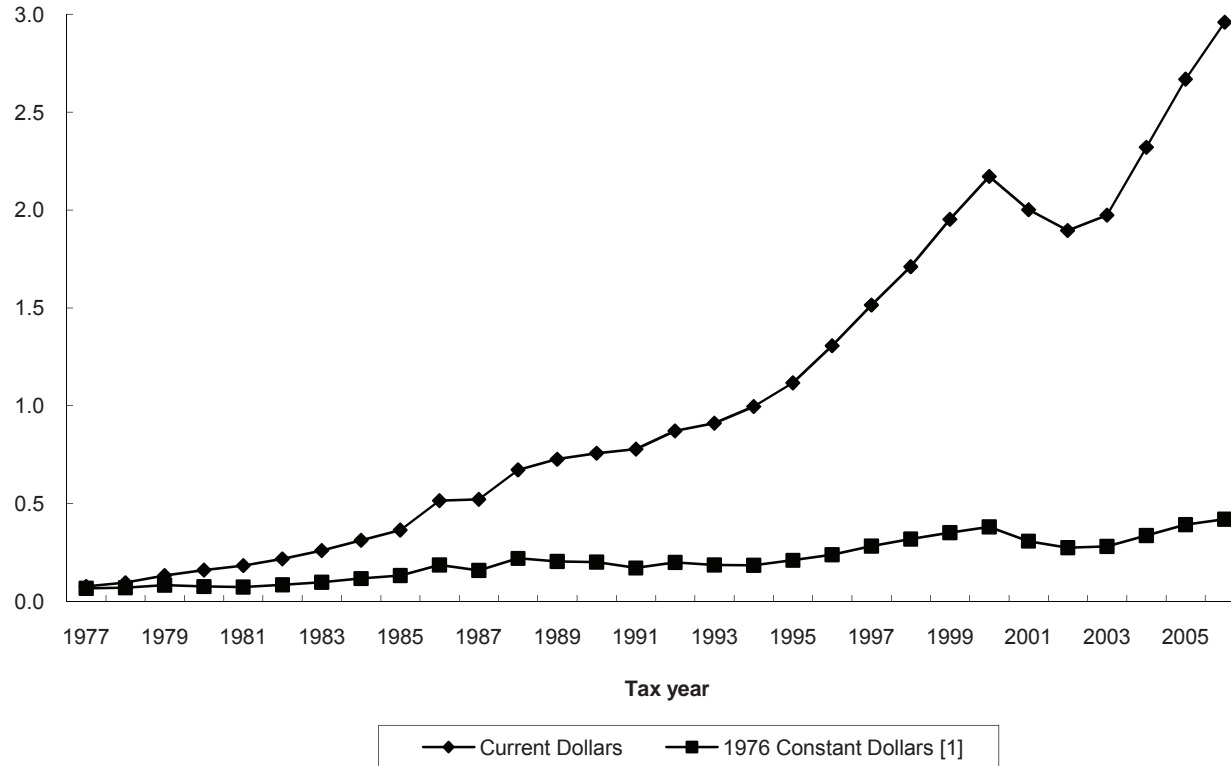
High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Figure B

Returns with Expanded Income of \$200,000 or More: Percentage of All Returns Measured in Current and 1976 Constant Dollars, Tax Years 1977-2006

Percentage of returns



[1] 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

For 2006, of the 4,064,883 income tax returns with AGI of \$200,000 or more, 8,252 (0.203 percent) showed no U.S. income tax liability; and 4,123 (0.101 percent) showed no worldwide income tax liability (the top panel of Figure C). For 2005, of the 3,566,125 returns with AGI of \$200,000 and over, 7,389 returns (0.207 percent) had no U.S. income tax liability; and 4,224 returns (0.118 percent) had no worldwide income tax liability.

For 2006, of the 4,094,953 tax returns with expanded income of \$200,000 or more, 11,014 (0.269 percent) had no U.S. income tax liability; and 4,322 (0.106 percent) had no worldwide income tax liability. For 2005, of the 3,584,012 returns with expanded income of \$200,000 or more, there were 10,680 (0.298 percent) with no U.S. income tax liability and

5,420 (0.151 percent) with no worldwide income tax liability.

Thus, whether measured by the absence of U.S. income tax or worldwide income tax, AGI or expanded income, the proportion of nontaxable, high-income returns decreased between 2005 and 2006. Regardless of the income measure (AGI or expanded income) or the tax concept (U.S. income tax or worldwide income tax) used, the numbers of 2006 nontaxable, high-income returns in 1976 constant dollars were much lower than the numbers in current dollars. The percentages of nontaxable returns, however, are not substantially different regardless of whether measured in constant or current dollars. Of returns with AGI of \$200,000 or more in current dollars, 0.203 percent reported no U.S. income tax for

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

2006; and 0.101 percent had no worldwide income tax. For returns in 1976 constant dollars, the percentage without U.S. income tax liability was 0.221; the percentage without worldwide income tax liability was 0.090 (see the lower panel of Figure C).

Of returns with expanded income of \$200,000 or more in current dollars, 0.269 percent reported no U.S. income tax for 2006; and 0.106 percent had no worldwide income tax. When looking at these returns using 1976 constant dollars, the percentage without U.S. income tax liability was 0.191; the percentage without worldwide income tax liability was 0.053.

Figure D shows the number of returns with no worldwide income tax and with expanded income of

\$200,000 or more and their proportion of all high-expanded income returns for 1977 through 2006. These data are shown in both current-year and 1976 constant dollars. In this figure, the spread between the two percentage lines was small for the late 1970s, showed an increase for the early 1980s, and then narrowed before widening again after 1988. The spread generally narrowed after 1993 but has increased or stayed fairly consistent since 2002.

Note that, because the number of nontaxable returns with expanded income of \$200,000 or more is based on samples, year-to-year differences in the numbers and percentages of nontaxable returns with expanded income of \$200,000 or more may represent sampling variability, in addition to actual changes

Figure C

Nontaxable Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Tax and Income Concept, Tax Years 1977-2006

Tax year	\$200,000 income threshold measured in current dollars							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1977	60	85	37	64	0.112	0.126	0.069	0.095
1978	98	105	60	67	0.143	0.123	0.088	0.079
1979	70	114	28	64	0.075	0.093	0.030	0.052
1980	143	198	56	114	0.122	0.132	0.048	0.076
1981	226	304	79	114	0.164	0.174	0.057	0.065
1982	262	299	109	153	0.155	0.144	0.064	0.074
1983	447	579	321	437	0.225	0.232	0.162	0.175
1984	532	325	471	271	0.218	0.105	0.193	0.087
1985	612	613	442	454	0.206	0.166	0.149	0.123
1986	659	595	437	379	0.176	0.112	0.117	0.072
1987	857	472	740	364	0.159	0.085	0.137	0.065
1988	822	397	731	309	0.113	0.054	0.101	0.042
1989	1,081	779	987	691	0.138	0.096	0.126	0.085
1990	1,219	1,183	1,114	1,087	0.146	0.137	0.133	0.126
1991	1,253	1,933	1,131	1,740	0.148	0.217	0.134	0.195
1992	909	1,896	823	1,799	0.095	0.192	0.086	0.182
1993	1,022	2,392	932	1,950	0.103	0.229	0.094	0.187
1994	1,137	2,574	1,061	2,161	0.102	0.223	0.096	0.187
1995	998	2,676	896	1,746	0.078	0.203	0.070	0.132
1996	1,044	1,820	950	1,660	0.069	0.116	0.062	0.106
1997	1,189	1,814	1,048	1,562	0.066	0.098	0.058	0.084
1998	1,467	2,224	1,283	1,914	0.070	0.104	0.062	0.090
1999	1,605	2,525	1,398	2,174	0.066	0.102	0.058	0.088
2000	2,328	2,766	2,022	2,320	0.084	0.099	0.073	0.083
2001	3,385	4,910	2,875	4,119	0.132	0.188	0.112	0.158
2002	2,959	5,650	2,551	4,922	0.123	0.229	0.106	0.200
2003	2,824	5,839	2,416	4,934	0.111	0.227	0.095	0.192
2004	2,833	5,028	2,420	4,101	0.094	0.164	0.080	0.134
2005	7,389	10,680	4,224	5,420	0.207	0.298	0.118	0.151
2006	8,252	11,014	4,123	4,322	0.203	0.269	0.101	0.106

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

in the numbers of such returns. Beginning with Tax Year 1991, nontaxable returns with expanded income of \$200,000 or more were sampled at higher rates for Statistics of Income, which reduced the sampling variability of these returns and therefore provided improved estimates. Thus, the data for returns prior to 1991 are not entirely comparable with data for more recent years.

Detailed Data for 2006

Tables 1 through 12 present data based on income tax returns for 2006, mainly those with income of \$200,000 or more (measured in current-year dollars)

of AGI or expanded income. Most of the data are shown for taxable and nontaxable returns, both separately and combined. In summary, the tables show:

- ❑ The numbers of returns under the two tax concepts, cross-classified by broad AGI and expanded income-size classes (Tables 1 and 2);
- ❑ The distributions of taxable income as a percentage of AGI and expanded income (Tables 3 and 4);
- ❑ The frequencies and amounts of various sources of income, exclusions, deductions, taxes, and tax

Figure C—Continued

Nontaxable Returns with Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, by Tax and Income Concept, Tax Years 1977-2006

Tax year	\$200,000 income threshold measured in 1976 constant dollars [1]							
	Number of nontaxable returns with income of \$200,000 or more				Percentage of all returns with income of \$200,000 or more			
	Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept		Returns with no U.S. income tax, by income concept		Returns with no worldwide income tax, by income concept	
	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income	Adjusted gross income	Expanded income
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
1977	54	75	32	56	0.118	0.127	0.070	0.095
1978	62	70	31	39	0.126	0.112	0.063	0.062
1979	38	71	15	39	0.068	0.093	0.027	0.051
1980	56	71	22	39	0.107	0.099	0.042	0.054
1981	53	87	21	55	0.104	0.122	0.041	0.077
1982	58	68	27	36	0.098	0.084	0.045	0.044
1983	138	135	113	108	0.205	0.144	0.168	0.115
1984	170	78	160	66	0.210	0.067	0.198	0.057
1985	190	155	137	99	0.198	0.115	0.143	0.073
1986	201	189	138	120	0.168	0.099	0.115	0.063
1987	312	126	271	85	0.193	0.074	0.168	0.050
1988	277	141	251	116	0.118	0.058	0.107	0.048
1989	293	128	269	106	0.135	0.056	0.124	0.046
1990	339	169	307	137	0.156	0.074	0.142	0.060
1991	301	305	273	277	0.164	0.156	0.149	0.142
1992	171	288	148	264	0.080	0.127	0.069	0.116
1993	180	323	160	300	0.089	0.152	0.080	0.141
1994	227	345	209	329	0.111	0.161	0.102	0.153
1995	202	281	174	252	0.085	0.113	0.073	0.102
1996	236	275	213	254	0.085	0.095	0.077	0.088
1997	256	247	222	214	0.076	0.071	0.066	0.062
1998	290	289	251	253	0.075	0.073	0.065	0.064
1999	351	343	296	293	0.080	0.077	0.068	0.066
2000	464	365	390	290	0.096	0.074	0.081	0.059
2001	694	648	567	519	0.177	0.162	0.145	0.129
2002	520	616	437	530	0.150	0.173	0.126	0.149
2003	407	567	339	485	0.114	0.154	0.095	0.132
2004	350	396	301	344	0.080	0.089	0.069	0.077
2005	1,166	1,236	625	624	0.225	0.234	0.120	0.118
2006	1,257	1,111	512	306	0.221	0.191	0.090	0.053

[1] 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.

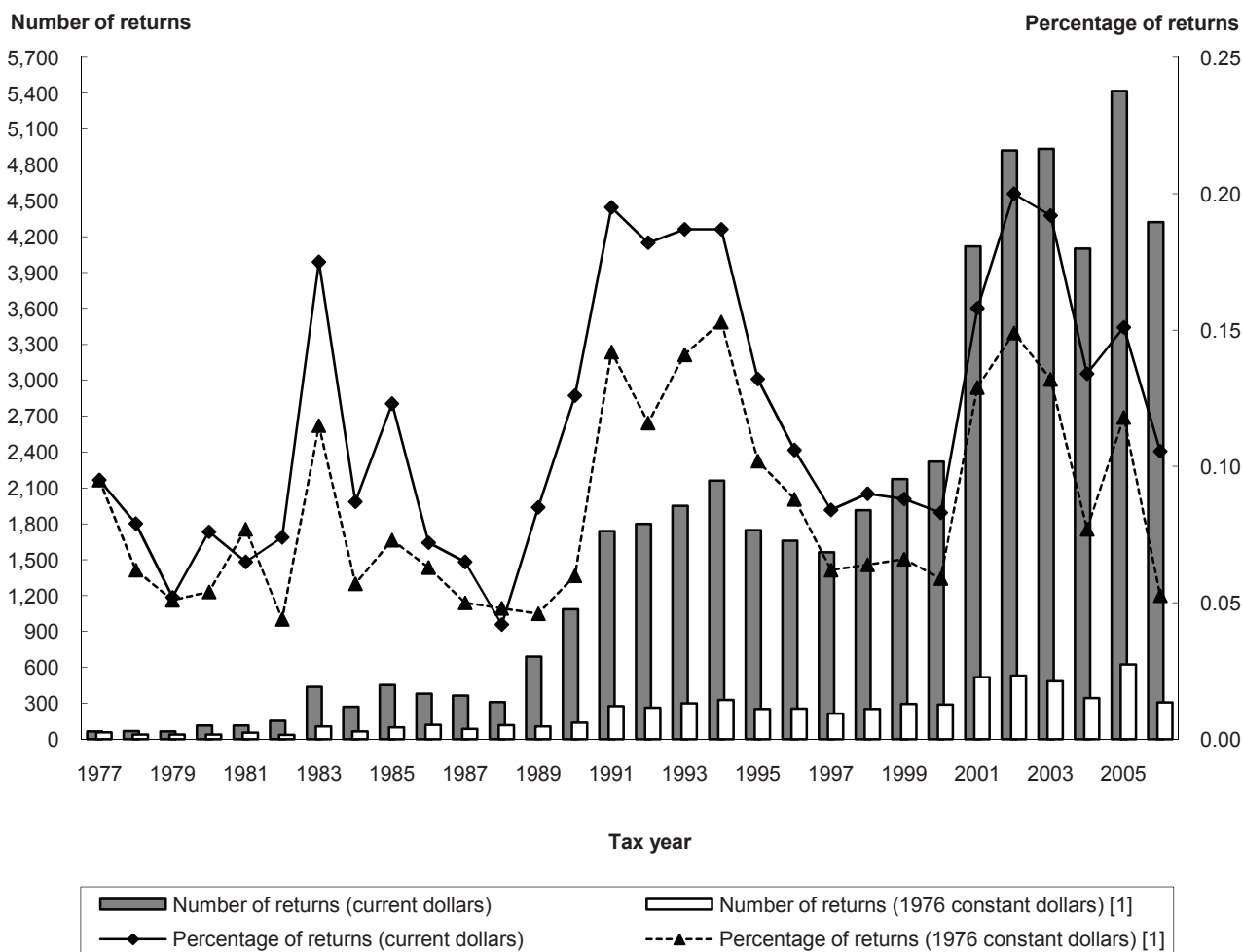
NOTE: See Figure H for the derivation of U.S. income tax and worldwide income tax.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Figure D

Number and Percentage of Returns with No Worldwide Income Tax and with Expanded Income of \$200,000 or More Measured in Current Dollars and in 1976 Constant Dollars, Tax Years 1977-2006



[1] 1976 constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers. See footnote 6 of this article for further details.
NOTE: See Figure H for the derivation of worldwide income tax.

credits, as well as the relationship between the two income concepts (Tables 5 and 6);

- ❑ The frequencies with which various deductions and tax credits are the most important and second most important items in reducing (or eliminating) income tax (Tables 7 and 8);
- ❑ The frequencies with which various itemized deductions, tax credits, and tax preference items

occur as certain percentages of income (Tables 9 and 10); and

- ❑ The distributions of effective tax rates, i.e., income tax under each definition as a percentage of income, by broad income-size classes (Tables 11 and 12).

Tables 1, 3, 5, 7, 9, and 11 use the U.S. income tax concept to classify returns as taxable or nontax-

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

able, whereas Tables 2, 4, 6, 8, 10, and 12 use the worldwide income tax concept.

Size of Income

Tables 1 and 2 show the number of all returns, taxable returns, and nontaxable returns, cross-classified by broad AGI and expanded income-size classes. The tables show that most returns fall in the same broad income-size class under both income concepts, but that the number of nontaxable returns is greater in each income class over \$50,000 when income is measured by economic income rather than by AGI. Table 1 shows that 8,252 returns with no U.S. income tax had an AGI of \$200,000 or more; 11,014 returns with no U.S. income tax had an expanded income of \$200,000 or more; and 5,831 returns with no U.S. income tax had both AGI and expanded income of \$200,000 or more. Table 2 shows that 4,123 with no worldwide income tax had an AGI of \$200,000 or more; 4,322 returns with no worldwide income tax had expanded income of \$200,000 or more; and 1,793 returns with no worldwide income tax had both AGI and expanded income of \$200,000 or more.

Distribution of Tax Levels

Tables 3 and 4 show the distributions of high-income returns by the ratios of "adjusted" taxable income to AGI or expanded income. Taxable income has been adjusted for these tables by subtracting from taxable income the deduction equivalents of tax credits and other items.⁹ Thus, the tables show the extent to which AGI or expanded income, respectively, is reduced before taxes are imposed on the remaining income. The tables also illustrate three important facts about high-income tax returns. (The examples in the paragraphs below are drawn from the "expanded income" columns in Table 4 for worldwide tax.)

- ❑ As already described, only a small portion of high-income taxpayers were able to escape all income taxes (0.1 percent).
- ❑ Another group of high-income taxpayers—small, but larger than the nontaxable group—was able to offset a very substantial fraction of its income before being subject to tax. This type of high-income taxpayer pays income tax equal to only a

small share of his or her income. Such taxpayers may be called "nearly nontaxables." Around 0.6 percent of high expanded-income taxpayers who reported at least some worldwide tax liability were able to reduce taxable income to less than 25 percent of expanded income.

- ❑ Overall, most high-income taxpayers were subject to tax on a large share of income and, consequently, reported very substantial amounts of tax. (58.9 percent of high- expanded income taxpayers had taxable income equal to 80 percent or more of expanded income; and 94.5 percent had taxable income equal to 50 percent or more of expanded income.)

Tables 11 and 12 show the distributions of tax returns in another way: by tax burden. These two tables classify all tax returns by both size of income and effective tax rate, i.e., income tax as a percentage of either adjusted gross income or expanded income. These tables show that, on average, high-income taxpayers did have higher effective tax rates. The tables also illustrate the wide dispersion of effective tax rates for high-income returns. For example, Table 12 shows that, while 2.7 percent of returns with adjusted gross income of \$200,000 or more had either no worldwide income tax or worldwide income tax of less than 10 percent of adjusted gross income, 21.0 percent had effective tax rates of 25 percent or more. In addition, 32.3 percent had effective tax rates between 20 percent and 25 percent. In contrast, only 3.4 percent of taxpayers with AGI between \$100,000 and \$200,000 had effective tax rates over 20 percent, including 0.2 percent with effective tax rates over 25 percent.

Characteristics of Tax Returns

Tables 5 and 6 show, in the aggregate, the frequencies and amounts of the types of income, the items of tax preference, and the various deductions, credits, and income taxes shown on high-income returns. By comparing the columns for nontaxable returns with those for taxable returns, some of the different characteristics of nontaxable returns can be deduced. For example, nontaxable returns under the expanded-income concept, were much more likely to have

⁹ See Appendix B for a description of how the deduction equivalent of credits was computed.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

tax-exempt interest than were taxable returns, and, when they did have it, the average amount was much higher. Similarly, nontaxable returns were much less likely to have any income from salaries and wages.

Reasons for Nontaxability

It is possible for certain itemized deductions and certain exclusions from income to cause nontaxability by themselves, but high-income returns are more often nontaxable as a result of a combination of reasons, none of which, by itself, would result in nontaxability. Moreover, some items, which singly or in combination may eliminate “regular tax” liability, i.e., income tax excluding the alternative minimum tax (AMT), cannot eliminate an AMT liability, since these items give rise to adjustments or preferences for AMT purposes.

Because they do not generate AMT adjustments or preferences, tax-exempt bond interest, itemized deductions for interest expense, miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor, casualty or theft losses, and medical expenses (exceeding 10 percent of AGI) could, by themselves, produce nontaxability.

Due to the AMT exemption of \$62,550 on joint returns (\$42,500 on single and head-of-household returns and \$31,275 on returns of married taxpayers filing separately), a return could have been nontaxable, even though it included some items that produced AMT adjustments or preferences.¹⁰ Further, since the starting point for “alternative minimum taxable income” was taxable income for regular tax purposes, a taxpayer could have adjustments and preferences exceeding the AMT exclusion without incurring AMT liability. This situation could occur if taxable income for regular tax purposes was sufficiently negative, due to itemized deductions and personal exemptions exceeding AGI, that the taxpayer’s AMT adjustments and preferences are less than the sum of the AMT exclusion and the amount by which regular taxable income is below zero. Note that, because of the AMT, taxpayers may have found it beneficial to report additional deduction items on their tax returns, even if the items did not produce a benefit for regular tax purposes.

Tables 7 and 8 classify tax returns by the items that had the largest and second largest effects in reducing or eliminating income tax. For returns on which each of the largest effects was identified, the tables show each of the second largest effects.¹¹ For example, Table 7 shows that, on taxable returns with some U.S. income tax and expanded income of \$200,000 or more, the taxes paid deduction was the most important item 49.3 percent of the time. Where this was the primary item, the interest paid deduction was the second most important item 59.1 percent of the time, and the charitable contributions deduction was the second most important item 25.1 percent of the time.

Table 8 shows that, on returns without any worldwide tax and expanded income of \$200,000 or more, the most important item in eliminating tax, on 47.9 percent of returns, was the exclusion for State and local government interest (“tax-exempt interest”). For these returns, the itemized deduction for taxes paid was the second most important item 28.2 percent of the time, and the deduction for medical and dental expenses was the second most important reason 23.8 percent of the time.

Table 8 also shows that the four categories with the largest effect in reducing taxes on high adjusted-gross-income returns with no worldwide income tax were the total miscellaneous deductions (1,474 returns, or 35.8 percent of the 4,123 tabulated returns with AGI of \$200,000 or more and with no worldwide tax liability); investment interest expense deduction (662 returns, or 16.1 percent); net casualty or theft loss deduction (600 returns, or 14.6 percent); and medical and dental expense deduction (420 returns, or 10.2 percent). These effects are also shown graphically in Figure E.

For high expanded-income returns with no worldwide income tax, the four categories that most frequently had the largest effect in reducing taxes were tax-exempt interest (2,071 returns, or 47.9 percent of the 4,322 tabulated returns with expanded income of \$200,000 or more and with no worldwide tax liability); medical and dental expense deduction (684 returns, or 15.8 percent); net casualty or theft loss deduction (587 returns, or 13.6 percent); and

¹⁰ The AMT exclusion phases out above certain levels of “alternative minimum taxable income,” based on filing status, but, since taxpayers will have some AMT liability in the phaseout range, the phaseout income is not relevant for nontaxable, high-income returns.

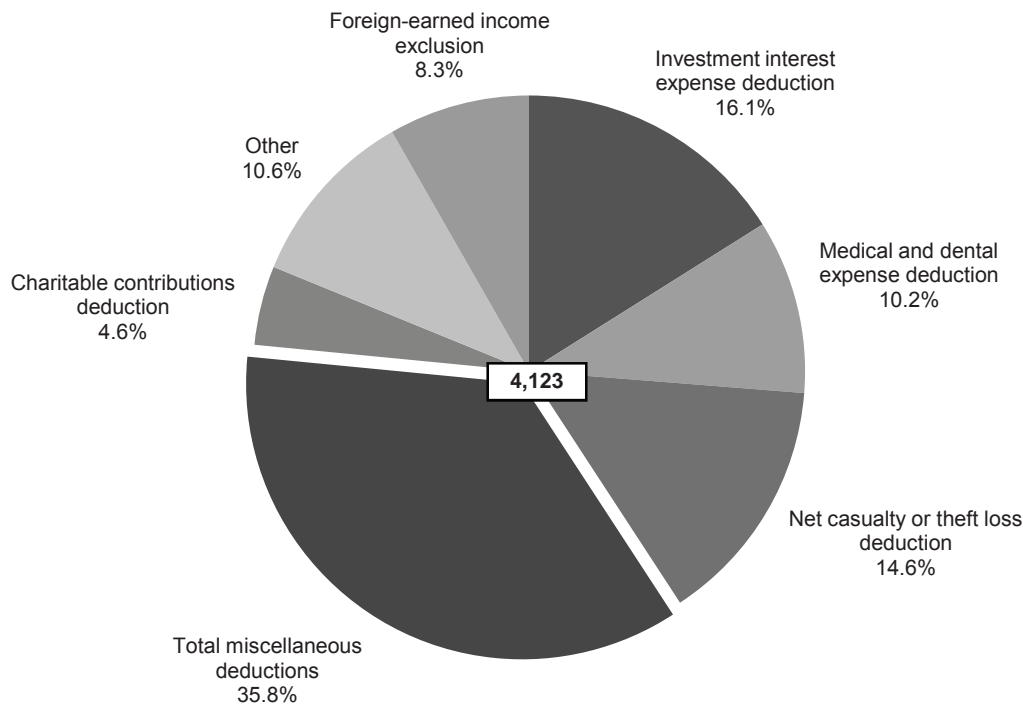
¹¹ Tax-exempt interest and the foreign-earned income exclusion were not included in Tables 7 and 8 as possible tax effects before Tax Year 1994. Thus, caution should be exercised in making comparisons between data prior to 1994 and after 1993.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Figure E

Returns with No Worldwide Income Tax and with Adjusted Gross Income of \$200,000 or More: Primary Reasons for No Income Tax Liabilities, Tax Year 2006



NOTE: Detail may not add to 100 percent due to rounding.

partnership and S corporation net losses (261 returns, or 6.0 percent). These effects are also shown graphically in Figure F.

Table 8 also shows that the two items that most frequently had the second largest effect in reducing regular tax liability for high expanded-income returns with no worldwide tax were the deduction for taxes paid (1,136 returns, or 26.3 percent) and tax-exempt interest (641 returns, or 14.8 percent).

Tables 9 and 10 present another way of illustrating the importance of various tax provisions in reducing or eliminating income tax. Unlike Tables 7 and 8, these tables cover only nontaxable returns, i.e., returns showing no income tax liability. Tables 9 and 10 show the number of times that various items reduced income by different percentages of income. The items shown include the various categories of itemized deductions, the deduction equivalents of two different types of tax credits, and total tax preferences excluded from income. For example, for high expanded-income returns with no worldwide income

tax (Table 10), the itemized deduction for casualty or theft losses exceeded 100 percent of expanded income on 427 of the 4,322 returns, but that there was no casualty or theft loss deduction on 3,684 returns.

References

Lerman, Allen H., *High-Income Tax Returns: 1974 and 1975, A Report on High-Income Taxpayers Emphasizing Tax Returns with Little or No Tax Liability*, U.S. Department of Treasury, Office of Tax Analysis, March 1977, and *High-Income Tax Returns: 1975 and 1976, A Report Emphasizing Nontaxable and Nearly Nontaxable Income Tax Returns*, U.S. Department of Treasury, Office of Tax Analysis, August 1978.

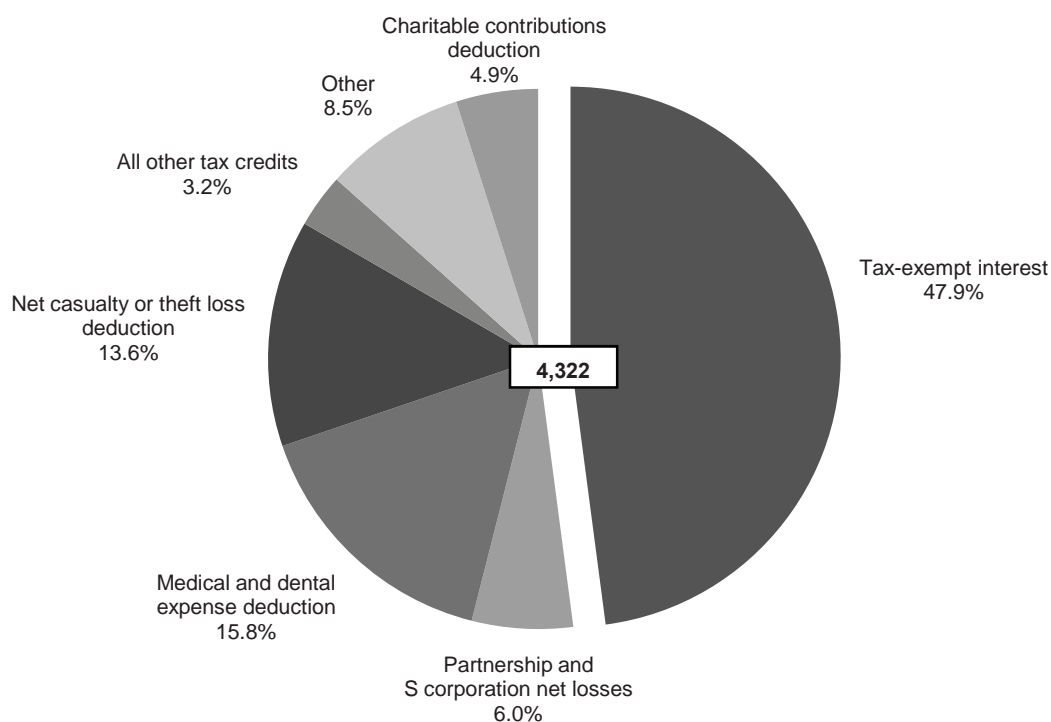
U.S. Department of Treasury, Internal Revenue Service, *Statistics of Income—Individual Income Tax Returns* for 1977 through 1982 and 1985 through 1988. (For 1977 and 1978, only the number of nontaxable, high-AGI returns was published.)

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Figure F

Returns with No Worldwide Income Tax and with Expanded Income of \$200,000 or More: Primary Reasons for No Income Tax Liabilities, Tax Year 2006



NOTE: Detail may not add to 100 percent due to rounding.

Lerman, Allen H., High-Income Tax Returns, 1983, *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4, pp. 31-61; High-Income Tax Returns, 1984, *Statistics of Income Bulletin*, Spring 1987, Volume 6, Number 4, pp. 1-29; High-Income Tax Returns for 1989, *Statistics of Income Bulletin*, Spring 1993, Volume 12, Number 4, pp. 23-50; High-Income Tax Returns for 1990, *Statistics of Income Bulletin*, Winter 1993-1994, Volume 13, Number 3, pp. 104-132; High-Income Tax Returns for 1991, *Statistics of Income Bulletin*, Winter 1994-1995, Volume 14, Number 3, pp. 96-130; and High-Income Tax Returns for 1992, *Statistics of Income Bulletin*, Winter 1995-1996, Volume 15, Number 3, pp. 46-82.

Latzy, John, High-Income Tax Returns for 1993, *Statistics of Income Bulletin*, Winter 1996-1997, Volume 16, Number 3, pp. 64-101; and High-Income Tax Returns, 1994, *Statistics of Income Bulletin*, Winter 1997-1998, Volume 17, Number 3, pp. 31-69.

Cruciano, Therese, High-Income Tax Returns for 1995, *Statistics of Income Bulletin*, Summer 1998, Volume 18, Number 1, pp. 69-108; and High-Income Tax Returns for 1996, *Statistics of Income Bulletin*, Winter 1998-1999, Volume 18, Number 3, pp. 7-59. Parisi, Michael, High-Income Tax Returns for 1997, *Statistics of Income Bulletin*, Winter 1999-2000, Volume 19, Number 3, pp. 6-58.

Balkovic, Brian, High-Income Tax Returns for 1998, *Statistics of Income Bulletin*, Winter 2000-2001, Volume 20, Number 3, pp. 5-57; High-Income Tax Returns for 1999, *Statistics of Income Bulletin*, Spring 2002, Volume 21, Number 4, pp. 7-58; High-Income Tax Returns for 2000, *Statistics of Income Bulletin*, Spring 2003, Volume 22, Number 4, pp. 10-62; High-Income Tax Returns for 2001, *Statistics of Income Bulletin*, Summer 2004, Volume 24, Number 1, pp. 65-117, High-Income Tax Returns for 2002, *Statistics of Income Bulletin*, Spring 2005, Volume 24, Num-

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

ber 4, pp. 6-58, High-Income Tax Returns for 2003, *Statistics of Income Bulletin*, Spring 2006, Volume 25, Number 4, pp. 8-57, High-Income Tax Returns for 2004, *Statistics of Income Bulletin*, Spring 2007, Volume 26, Number 4, pp. 7-57; and High-Income Tax Returns for 2005, *Statistics of Income Bulletin*, Spring 2008, Volume 27, Number 4, pp. 16-67.

Appendix A: Income Concepts

Congress wanted data on high-income taxpayers classified by an income concept that was more comprehensive than adjusted gross income (AGI), but that was based entirely on items already reported on income tax returns. In order to derive such an income concept, it was necessary to begin with a broad, inclusive concept of income. AGI must then be compared to this broad income concept, and the differences (both additions and subtractions) that can be determined from items reported on tax returns identified.

This appendix begins by defining “Haig-Simons income,” a very broad concept of income used by economists and others as a standard. AGI is then compared to Haig-Simons income, and the major differences between the two income concepts are listed. The final section defines “expanded income,” a more comprehensive income measure than AGI, based entirely on tax return data.

Haig-Simons Income

The broadest measure of annual income generally used by economists and others is defined as the value of a household’s consumption plus the change, if any, in its net worth. This income concept is referred to as Haig-Simons income, or H-S income, after the two economists who wrote extensively about it [A1]. The H-S income of a household that consumed \$25,000 and saved \$2,000 in a year would be \$27,000. Alternatively, the H-S income of a household that consumed \$25,000 and had no additions to savings, but had assets that declined in value by \$1,000 in a year, would be \$24,000.

H-S income consists of three broad components: labor income, capital income (income from assets), and income from transfer payments. The major elements of each of these three components are as follows:

Labor income—This includes all forms of employee compensation (including wages and salaries), employee fringe benefits (such as employer-provided

health insurance and accrued pension benefits or contributions), and the employer share of payroll taxes (such as Social Security taxes). Labor income also includes the labor share of self-employment income. Expenses of earning labor income would be deducted in arriving at H-S income. Deferred labor income (such as pension benefits) would be counted in the year it was earned, rather than in the year it was received.

Capital income—This includes all income from assets, including interest, dividends, rents, royalties, accrued capital gains (whether or not realized), the capital income share of self-employment income, and the rental value of consumer durables (most importantly, the rental value of owner-occupied housing). Capital income is measured in real (inflation-adjusted) terms and is net of real, economic depreciation and all other expenses (which could exceed capital income).

Transfer payments—These include payments in cash (such as Social Security benefits, workers’ compensation, unemployment benefits, Aid to Families with Dependent Children (AFDC), and noncash benefits (such as Medicare, Medicaid, and food stamps).

For purposes of tax analysis, H-S income should be measured on a pretax basis, the amount that would be earned if there were no Federal income tax in place. Most items of income are unaffected, or little affected, by the income tax and so are reported on a pretax basis. However, certain income items from tax-preferred sources may be reduced because of their preferential treatment. An example is interest from tax-exempt State and local Government bonds. The interest rate on tax-exempt bonds is generally lower than the interest rate on taxable bonds of the same maturity and risk, with the difference approximately equal to the tax rate of the typical investor in tax-exempt bonds. Thus, investors in tax-exempt bonds are effectively paying a tax, referred to as an “implicit tax,” and tax-exempt interest as reported is measured on an after-tax, rather than a pretax, basis. Income from all tax-preferred sources should be “grossed up” by implicit taxes to properly measure H-S income.

Adjusted Gross Income

AGI is the statutory definition of income for Federal income tax purposes. AGI differs from H-S income by excluding some components of H-S income and by allowing accelerated business deductions and de-

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

ductions unrelated to income, but also by disallowing or limiting certain expenses of earning income and certain losses. In addition, AGI is not “grossed up” for implicit taxes.

The components of H-S income excluded from AGI include most employee fringe benefits, the employer share of payroll taxes, accrued but deferred employee compensation, accrued but unrealized real capital gains, the rental value of consumer durables, most Social Security benefits, most other cash transfers, all noncash transfers, and the real income of borrowers due to inflation [A2].

Depreciation and certain other expenses allowed in determining AGI may be accelerated (relative to economic depreciation and other costs) in the early years of an investment, thus understating investment income. In later years, however, investment income in AGI will be overstated because depreciation and other accelerated expenses will then be understated. AGI also excludes some expenses not related to earning income, such as contributions to self-employed retirement (Keogh) plans, deductible contributions to Individual Retirement Arrangements (IRAs), the portion of Social Security contributions for self-employed workers that is analogous to the employer share of such contributions for employees, and contributions to medical savings accounts.

AGI generally exceeds H-S income to the extent that expenses of earning income and losses are limited or disallowed. Most of the expenses of earning income are deductible from AGI in calculating taxable income, but only if the taxpayer “itemizes” deductions and then, in some cases, only to the extent that the sum of all such items exceeds 2 percent of AGI. Expenses incurred in the production of income that are itemized deductions include certain expenses of employees (such as union dues; expenditures for items used on the job but not reimbursed by the employer; and the employee’s travel, meal, and entertainment expenses); and expenses attributable to a taxpayer’s (passive) investments (as opposed to active participation in a trade or business, for example), including, but not limited to, interest expense incurred in connection with investments in securities [A3]. Note that there are limits on certain types of deductible expenses. In particular, deductible meal and entertainment expenses are limited to 50 percent of total meal and entertainment expenses.

Although net capital losses reduce economic income, only the first \$3,000 of net realized capital losses may be deducted in computing AGI. Any additional realized losses must be carried forward to future years. In a somewhat similar manner, passive losses (from investments in a trade or business in which the taxpayer does not materially participate) can also reduce economic income, but, in computing AGI, they can only be deducted from passive income from other, similar investments (although a larger amount may be deducted when the losses are from rental real estate activities).

AGI can also exceed H-S income because of differences in the timing of income between the two concepts. For example, a taxpayer may realize more capital gains in a year than he or she accrues in capital gains. Since AGI includes only realizations of capital gains, whereas H-S income includes only accruals, AGI in this circumstance would exceed H-S income.

Finally, just as AGI understates the income of borrowers due to inflation, it overstates the income of lenders, who include bond owners and owners of bank deposits.

Expanded Income

Expanded income is meant to be a measure of income that is conceptually closer to H-S income than AGI, but which is derived entirely from items already reported on income tax returns. Figure G shows the adjustments made to AGI to arrive at expanded income. Since the definition of AGI was changed by legislation several times since 1977, and certain reporting requirements also changed, the adjustments differ over the years, as indicated for each item [A4]. Most of these adjustments are relatively straightforward, but the adjustment for investment requires some explanation.

Investment Interest

In measuring H-S income, it generally would be appropriate to deduct all expenses incurred in the production of income, including those related to any income-producing investments, without limit. Investment expenses in excess of investment income would then represent net economic losses. However, such a liberal deduction for investment-related expenses is not necessarily correct when not all income

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Figure G

Derivation of Expanded Income from Adjusted Gross Income, Tax Years 1977-2006

Adjusted gross income (AGI)

- PLUS:
- o Excluded capital gains (tax years prior to 1987)
 - o Tax-exempt interest (1987 and later tax years)
 - o Nontaxable Social Security benefits (1987 and later tax years)
 - o Tax preferences for alternative minimum tax purposes [A5]
 - o Foreign-earned income exclusion (1990 and later tax years)
- MINUS:
- o Unreimbursed employee business expenses [A4]
 - o Nondeductible rental losses (Tax Year 1987)
 - o Moving expense deduction (Tax Years 1987 through 1993) [A4]
 - o Investment interest expense deduction to the extent it does not exceed investment income
 - o Miscellaneous itemized deductions not subject to the 2-percent-of-AGI floor (1989 and later tax years)

EQUALS: o Expanded income

NOTE: Footnotes to this figure are included with the footnotes to Appendix A.

items have been included currently. (Investment income includes interest, dividends, and capital gains.)

If all income has not been included currently, full deduction of investment expenses might represent a mismatching of receipts and expenses and might result in understating income. For example, if a taxpayer borrowed funds to purchase securities, net income would be understated if the taxpayer deducted all interest payments on the loan, but did not include as income any accrued gains on the securities. A similar mismatching of income and expenses would occur if investment expenses that should properly be capitalized were deducted when paid. In these instances, a more accurate measure of income might be obtained by postponing the deduction of the expense until such time as the income were recognized for tax purposes.

Additional problems are created when a person with a loan has both income-producing assets, such as securities, and nonincome-producing assets, such as a vacation home or yacht. It is not possible to determine what portion of the interest expense should be attributed to taxable income-producing assets and, therefore, ought to be deductible against the gross receipts from such taxable assets. As a result of these problems, it has been necessary to set arbitrary limits

on the amount of investment expenses that are deductible in calculating expanded income.

Investment expenses that have not been deducted in determining AGI generally can appear on a Federal individual income tax return in two places. Investment interest expense is taken into account in the calculation of the itemized deduction for interest paid. Deductible investment interest expense is a separate part of the total interest deduction. Other investment expenses, such as management fees, are included in the miscellaneous category of itemized deductions [A5]. Beginning with 1987, most types of income-producing expenses included as miscellaneous itemized deductions are only deductible to the extent that their total exceeds 2 percent of AGI. To determine expenses that should be deductible in calculating an approximation of H-S income, investment expenses have been defined as deductible investment interest expense. Other investment expenses could not be separated from the remainder of miscellaneous deductions. Hence, they have not been used in the adjustment for investment expenses.

To the extent that interest expenses do not exceed investment income, they are generally allowed as a deduction in the computation of deductible investment interest expense and thus expanded income. Investment interest expenses that do exceed investment income are not deductible in calculating expanded income. One consequence of this definition is that investment expenses can never turn positive investment income into investment losses. Generally, allowing investment expenses to offset all investment income is generous and tends to understate broadly-measured income. However, in some instances, limiting investment expenses to investment income may overstate income by disallowing genuine investment losses.

Notes to Appendix A

[A1] Haig, Robert M. (editor) (1921), *The Federal Income Tax*, Columbia University Press, and Simons, Henry C. (1938), *Personal Income Taxation*, University of Chicago Press.

[A2] Borrowers receive income due to inflation because the real value of debt is reduced by inflation. Even though inflation may be anticipated and reflected in interest rates, tax deductions for nominal interest payments overstate interest costs because part of these

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

payments represent a return of principal to the lender, rather than interest.

[A3] See references and footnote A4.

[A4] For 1977, 50 percent of net long-term capital gains were included in AGI. During 1978, the inclusion ratio was changed to 40 percent. This inclusion ratio remained unchanged through 1986. Beginning with 1987, there was no exclusion allowed for capital gains in computing AGI, and, thus, this adjustment was not made in computing expanded income for returns for years after 1986.

Beginning in 1987, taxpayers were required to report on their Federal income tax returns the amount of their tax-exempt interest income from State and local Government bonds. Since 1987, tax-exempt interest has been included in expanded income.

Taxpayers are also required to report Social Security benefits. Since 1988, nontaxable Social Security benefits have been included in expanded income. However, if none of a particular taxpayer's Social Security benefits are taxable, then gross Social Security benefits are not required to be shown on the income tax return. In such instances, which generally only affect lower- and middle-income taxpayers, Social Security benefits are not included in expanded income.

The subtraction of unreimbursed employee business expense and the moving expense deduction is to make the concept of expanded income comparable to years prior to 1987. All current-year moving expenses beginning with Tax Year 1994 were deducted in the calculation of AGI as a statutory adjustment.

Due to subtracting nonlimited miscellaneous deductions and not subtracting the nondeductible rental loss for 1989, the expanded income concept for 1989 is not strictly comparable to expanded income for 1988. Nor is the expanded income concept for 1990 strictly comparable to expanded income for 1989 because of the addition of the foreign-earned income exclusion. Specific details on the definition of expanded income for any given year are

available in the reports and publications found under the Reference Section.

[A5] Some income deferrals and accelerated expense deductions may also be involved in income or losses from rental property, from royalties, from partnerships, and from S corporations, only the net amounts of which are included in adjusted gross income.

Appendix B: Tax Concepts

This appendix provides a brief summary of the U.S. taxation of worldwide income and the foreign tax credit. The two tax concepts used in this article are then defined. The following section explains the computation of the deduction equivalent of credits and other items. A final section discusses the possible implications of the use of unaudited tax return data for this article.

U.S. Taxation of Worldwide Income and the Foreign Tax Credit

Citizens and residents of the United States, regardless of where they physically reside, must generally include in income for Federal income tax purposes income from all geographic sources. Thus, for example, dividends and interest received from a foreign corporation or income earned working abroad is subject to Federal income tax in the same manner as income received from sources inside the United States [B1]. Income from sources outside the United States may also be subject to tax by foreign governments.

To reduce, if not eliminate, the possibility of double taxation of the foreign-source income of U.S. citizens and residents, the Federal income tax allows a credit for income taxes paid to foreign governments. This foreign tax credit is generally limited to the amount of (precredit) U.S. tax liability attributable to foreign-source income. This limit prevents the foreign tax credit from offsetting the U.S. tax on U.S.-source income.

As a result of taxing citizens and residents on a worldwide basis but allowing a foreign tax credit, some Federal income tax returns may report substantial income but little or no U.S. tax liability after credits. This may occur, for example, if a taxpayer has income only from foreign sources (the taxpayer may live abroad the entire year and have no income-producing assets in the United States), or if a taxpay-

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

er has foreign-source income that exceeds a net loss from U.S. sources and pays income taxes to a foreign government that are comparable to the U.S. tax [B2].

For taxpayers with income from foreign sources, these procedures understate the taxpayers' true worldwide income tax liabilities and effective income tax rates. For such taxpayers, it does not seem appropriate to classify U.S. income tax credits for foreign tax payments as reducing tax liabilities. This is particularly true for tax filers who appear to be nontaxable because they do not have any U.S. tax liability, but who have paid foreign income taxes. A more accurate measure of overall income tax burden, as well as the numbers of nontaxable returns, can be obtained by considering all income taxes—U.S. as well as foreign. Thus, a second tax concept, worldwide income tax, has been used in addition to the traditional U.S. income tax.

Two Tax Concepts

Two tax concepts are used in this article to classify tax returns as taxable (i.e., returns showing an income tax liability) or nontaxable (i.e., returns showing no income tax liability) and to measure the tax burdens on taxable returns: U.S. income tax and worldwide income tax. Worldwide income tax is defined for purposes of this article as U.S. income tax plus the foreign tax credits reported on the U.S. income tax return and foreign taxes paid on excluded foreign-earned income (obtained from Form 1116, Foreign Tax Credit). The amount of the foreign tax credits and foreign taxes paid on excluded foreign-earned income is used as a proxy for foreign tax liabilities [B3]. The relationship of U.S. income tax to tax items reported on individual income tax returns, and to worldwide income tax, is shown in Figure H.

Comparing Exclusions, Deductions, Tax Credits, and Special Tax Computations

In order to compare the importance of various exclusions, deductions, tax credits, and special tax computations (such as the alternative minimum tax on tax preferences), the different types of items must be placed on the same basis. One way of doing so is to calculate the size of the deduction that would reduce (or increase) income tax by the same amount as a tax credit or special computation. This amount is called the "deduction equivalent" of the tax credit or special computation.

Figure H

Derivation of "U.S. Income Tax" and "Worldwide Income Tax," Tax Year 2006

Tax at regular rates (tax generated)	
PLUS:	Additional taxes (such as tax on accumulation distributions from qualified retirement plans, Form 4972)
PLUS:	Alternative minimum tax (Form 6251)
EQUALS:	Income tax before credits
MINUS:	Tax credits
EQUALS:	U.S. income tax
PLUS:	Foreign tax credit
PLUS:	Foreign taxes paid on excluded foreign-earned income (Form 1116)
EQUALS:	Worldwide income tax

The deduction equivalent of a tax credit or a special tax computation is the difference between the taxable income that, using the ordinary tax rate schedules, would yield the actual tax before the provision in question is considered and the actual tax after the provision. For example, the "deduction equivalent of all tax credits" is equal to the difference between "taxable income that would yield income tax before credits" and "taxable income that would yield income tax after credits."

Using this method of equating the value of deductions, exclusions, credits, and special tax computations, the order in which the various credits and special tax computations are calculated may affect the value of their deduction equivalents. Because the tax rate schedules are progressive, with successive increments to income taxed at successively higher tax rates, the deduction equivalent of the credit converted last to a deduction equivalent will be larger (for the same amount of a credit) than the item converted first, unless all relevant taxable income amounts are within a single tax-rate bracket.

The deduction equivalents of tax credits shown in Tables 9 and 10 were computed by assuming that deductions and exclusions reduce taxes before credits. As a result, the deduction equivalent of tax credits may be overstated.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Unaudited Data

Tax return data used for Statistics of Income have been tabulated as they were reported on tax returns filed with the Internal Revenue Service (IRS). Certain obvious arithmetic errors have been corrected, and certain adjustments have been made to achieve consistent statistical definitions. Otherwise, the data have not been altered. In particular, the data do not reflect any changes that may have been or could be made as a result of IRS audits. While this is true of data throughout the entire Statistics of Income program, it is particularly relevant for high-income tax returns. Because of the greater complexity of these returns, there is a higher probability of error and more scope for disagreement about the proper interpretation of tax laws.

The fact that the data have been drawn from unaudited returns is of even greater importance for those high-income returns that are nontaxable. Almost any audit changes would make such returns taxable. Even where the tax consequences are minor, such returns could be reclassified from nontaxable to taxable, thereby changing the counts of nontaxable returns.

Notes to Appendix B

- [B1] An exception is that certain income earned abroad may be excluded from AGI. Any foreign taxes paid on such income are not creditable against U.S. income tax. The tables in this article include such excluded income in expanded income. Foreign taxes paid on such income are reflected in worldwide income tax, as discussed later.
- [B2] Although the foreign tax credit is an item of tax preference for AMT purposes, taxpayers below the AMT exclusion thresholds, or with preferences or deductions not subject to AMT, could completely offset precredit U.S. income tax liability with foreign tax credits.
- [B3] Where foreign tax rates exceed U.S. rates, foreign tax credits will be less than foreign tax liabilities. In such cases, using foreign tax credits as a proxy for foreign tax liabilities understates worldwide income tax liability. In other cases, when foreign tax credits are for taxes paid on income from previous years, use of foreign tax credits as a proxy may overstate or understate worldwide taxes on current-year income.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 1. Returns With and Without U.S. Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2006

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 [1]	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
All returns					
Total	138,394,754	92,246,123	29,995,324	12,088,423	4,064,883
Under \$50,000 [1]	91,129,221	90,269,654	845,778	9,000	4,789
\$50,000 under \$100,000	31,233,695	1,937,113	28,839,287	450,302	6,993
\$100,000 under \$200,000	11,936,885	37,027	305,767	11,526,671	67,419
\$200,000 or more	4,094,953	2,329	4,492	102,450	3,985,682
Returns with U.S. income tax					
Total	94,509,891	49,612,807	28,799,070	12,041,382	4,056,631
Under \$50,000 [1]	48,624,203	47,879,826	733,457	7,819	3,102
\$50,000 under \$100,000	29,924,539	1,710,181	27,766,645	441,025	6,688
\$100,000 under \$200,000	11,877,211	21,652	295,458	11,493,110	66,990
\$200,000 or more	4,083,938	1,149	3,510	99,429	3,979,851
Returns without U.S. income tax					
Total	43,884,863	42,633,316	1,196,254	47,040	8,252
Under \$50,000 [1]	42,505,018	42,389,828	112,321	1,181	1,687
\$50,000 under \$100,000	1,309,156	226,932	1,072,642	9,277	305
\$100,000 under \$200,000	59,674	15,375	10,309	33,561	429
\$200,000 or more	11,014	1,180	982	3,021	5,831

[1] Includes returns with adjusted gross deficit or with negative expanded income.

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

Table 2. Returns With and Without Worldwide Income Tax: Number of Returns, by Size of Income Under Alternative Concepts, Tax Year 2006

[All figures are estimates based on samples]

Returns by tax status, size of expanded income	All returns	Returns by size of adjusted gross income			
		Under \$50,000 [1]	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)
All returns					
Total	138,394,754	92,246,123	29,995,324	12,088,423	4,064,883
Under \$50,000 [1]	91,129,221	90,269,654	845,778	9,000	4,789
\$50,000 under \$100,000	31,233,695	1,937,113	28,839,287	450,302	6,993
\$100,000 under \$200,000	11,936,885	37,027	305,767	11,526,671	67,419
\$200,000 or more	4,094,953	2,329	4,492	102,450	3,985,682
Returns with worldwide income tax					
Total	94,725,123	49,759,923	28,853,247	12,051,193	4,060,760
Under \$50,000 [1]	48,760,784	48,014,985	734,865	7,819	3,114
\$50,000 under \$100,000	29,980,200	1,717,388	27,814,426	441,676	6,710
\$100,000 under \$200,000	11,893,508	26,334	300,103	11,500,024	67,047
\$200,000 or more	4,090,631	1,215	3,852	101,674	3,983,889
Returns without worldwide income tax					
Total	43,669,631	42,486,200	1,142,077	37,230	4,123
Under \$50,000 [1]	42,368,437	42,254,669	110,912	1,181	1,675
\$50,000 under \$100,000	1,253,494	219,725	1,024,861	8,626	283
\$100,000 under \$200,000	43,377	10,693	5,664	26,648	372
\$200,000 or more	4,322	1,114	640	775	1,793

[1] Includes returns with adjusted gross deficit or with negative expanded income.

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

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 3. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept, Tax Year 2006

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	4,064,883	100.0	100.0	4,094,953	100.0	100.0
Returns without U.S. income tax	8,252	0.2	0.2	11,014	0.3	0.3
Returns with U.S. income tax: Total	4,056,631	99.8	N/A	4,083,938	99.7	N/A
Ratio of adjusted taxable income to income per concept:						
Over 0 under 5 percent	5,555	0.1	0.1	7,688	0.2	0.2
5 under 10 percent	7,740	0.2	0.3	8,168	0.2	0.4
10 under 15 percent	7,752	0.2	0.5	8,738	0.2	0.6
15 under 20 percent	6,567	0.2	0.7	11,421	0.3	0.9
20 under 25 percent	10,455	0.3	0.9	12,713	0.3	1.2
25 under 30 percent	13,905	0.3	1.3	17,162	0.4	1.6
30 under 35 percent	17,553	0.4	1.7	24,046	0.6	2.2
35 under 40 percent	25,736	0.6	2.3	33,820	0.8	3.0
40 under 45 percent	44,460	1.1	3.4	55,237	1.4	4.4
45 under 50 percent	76,605	1.9	5.3	82,827	2.0	6.4
50 under 60 percent	244,982	6.0	11.3	265,749	6.5	12.9
60 under 70 percent	394,507	9.7	21.1	412,802	10.1	23.0
70 under 80 percent	812,147	20.0	41.0	793,061	19.4	42.3
80 percent or more	2,388,668	58.9	99.8	2,350,507	57.6	99.7

N/A—Not applicable.

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

Table 4. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Distribution of Returns by Ratio of Adjusted Taxable Income to Income Per Concept, Tax Year 2006

[All figures are estimates based on samples]

Tax status, ratio of adjusted taxable income to income per concept	Adjusted gross income concept			Expanded income concept		
	Number of returns	Percentage of total	Cumulative percentage of total	Number of returns	Percentage of total	Cumulative percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	4,064,883	100.0	100.0	4,094,953	100.0	100.0
Returns without worldwide income tax	4,123	0.1	0.1	4,322	0.1	0.1
Returns with worldwide income tax: Total	4,060,760	99.9	N/A	4,090,631	99.9	N/A
Ratio of adjusted taxable income to income per concept:						
Over 0 under 5 percent	2,515	0.1	0.1	2,321	0.1	0.1
5 under 10 percent	4,690	0.1	0.2	3,264	0.1	0.1
10 under 15 percent	3,881	0.1	0.3	3,531	0.1	0.2
15 under 20 percent	3,614	0.1	0.4	6,906	0.2	0.4
20 under 25 percent	7,491	0.2	0.5	9,821	0.2	0.6
25 under 30 percent	11,264	0.3	0.8	13,179	0.3	1.0
30 under 35 percent	14,874	0.4	1.2	19,796	0.5	1.4
35 under 40 percent	22,219	0.5	1.7	29,170	0.7	2.1
40 under 45 percent	41,231	1.0	2.7	53,106	1.3	3.4
45 under 50 percent	74,104	1.8	4.6	79,639	1.9	5.4
50 under 60 percent	238,399	5.9	10.4	259,457	6.3	11.7
60 under 70 percent	391,140	9.6	20.1	408,903	10.0	21.7
70 under 80 percent	804,096	19.8	39.8	791,261	19.3	41.0
80 percent or more	2,441,243	60.1	99.9	2,410,277	58.9	99.9

N/A—Not applicable.

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

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2006

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted Gross Income Concept						
Salaries and wages	3,474,793	1,046,728,349	3,469,473	1,044,836,931	5,320	1,891,417
Business or profession:						
Net income	818,328	95,001,461	816,900	94,810,197	1,428	191,265
Net loss	266,792	7,445,073	266,027	7,309,438	765	135,635
Farm:						
Net income	26,806	1,383,433	26,763	1,382,529	43	904
Net loss	83,985	3,790,755	83,799	3,762,140	186	28,615
Partnership and S corporation net income after Section 179 property deduction [1]:						
Net income	1,354,428	433,085,636	1,352,939	432,556,900	1,489	528,736
Net loss	422,845	41,276,376	421,167	40,433,608	1,678	842,768
Sales of capital assets:						
Net gain	2,269,196	653,176,896	2,265,639	651,797,715	3,557	1,379,181
Net loss	883,356	2,205,756	881,160	2,199,853	2,196	5,902
Sales of property other than capital assets:						
Net gain	199,411	7,561,484	198,959	7,528,580	452	32,904
Net loss	221,645	3,213,135	221,104	3,125,466	541	87,669
Taxable interest received	3,873,780	102,050,233	3,866,697	101,345,598	7,082	704,635
Tax-exempt interest	1,386,773	44,534,984	1,384,741	44,376,240	2,033	158,744
Dividends	3,167,683	115,224,579	3,162,206	114,613,553	5,477	611,026
Qualified dividends	2,924,785	85,936,864	2,920,246	85,474,616	4,539	462,248
Pensions and annuities in adjusted gross income	829,813	37,223,213	828,653	37,164,610	1,160	58,603
Rent:						
Net income	497,195	22,379,892	496,276	22,324,530	919	55,361
Net loss, total (deductible and nondeductible)	520,872	11,118,782	519,507	11,034,846	1,365	83,936
Nondeductible rental loss	331,901	5,835,621	330,993	5,794,394	908	41,227
Royalty:						
Net income	270,352	10,809,131	269,712	10,775,791	640	33,340
Net loss	8,737	112,919	8,709	112,485	28	435
Estate or trust:						
Net income	117,069	14,002,644	116,820	13,972,273	249	30,371
Net loss	11,535	1,152,312	11,468	1,131,151	67	21,161
State income tax refunds	1,388,853	7,146,489	1,387,480	7,121,660	1,374	24,829
Alimony received	8,225	1,398,492	8,210	1,397,196	15	1,296
Social Security benefits in adjusted gross income	697,003	13,495,077	695,583	13,470,052	1,420	25,025
Social Security benefits (nontaxable)	697,062	2,386,588	695,630	2,381,980	1,433	4,608
Unemployment compensation	73,575	411,393	73,463	410,889	112	504
Other income	561,282	16,599,190	559,915	16,484,214	1,367	114,975
Other loss	39,322	1,447,943	38,496	1,375,864	826	72,079
Foreign-earned income exclusion	35,611	2,650,304	33,111	2,432,039	2,501	218,265
Total income	4,064,883	2,538,265,680	4,056,631	2,533,305,859	8,252	4,959,821
Statutory adjustments, total	1,767,806	32,238,019	1,765,369	32,201,145	2,438	36,874
Payments to Individual Retirement Arrangements	149,277	1,072,501	149,070	1,071,219	207	1,282
Payments to self-employed retirement (Keogh) plans	415,906	12,478,284	415,683	12,471,047	224	7,237
Moving expenses adjustment	45,686	244,213	45,614	243,457	72	756
Adjusted gross income	4,064,883	2,506,027,661	4,056,631	2,501,104,714	8,252	4,922,947
Investment interest expense deduction	734,070	22,065,640	731,605	21,305,520	2,465	760,120
Total tax preferences excluded from adjusted gross income	1,397,943	46,851,726	1,395,909	46,688,734	2,034	162,992
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	25,675	2,324,963	25,638	2,320,365	37	4,598
Passive activity loss (alternative minimum tax adjustment)	630,479	419,883	629,620	420,587	859	-704
Expanded income	4,064,759	2,518,161,390	4,056,631	2,514,632,686	8,128	3,528,704

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2006—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted Gross Income Concept —Continued						
Exemption amount	4,018,144	23,744,149	4,010,488	23,705,297	7,656	38,853
Itemized deductions:						
Total per adjusted gross income concept	3,853,796	324,613,690	3,847,242	321,516,341	6,554	3,097,349
Charitable contributions deduction	3,656,494	81,261,386	3,651,522	80,926,576	4,972	334,810
Interest paid deduction:						
Total per adjusted gross income concept	3,241,504	88,856,511	3,236,201	87,893,263	5,303	963,247
Total home mortgage interest	3,069,934	66,540,137	3,065,328	66,337,892	4,606	202,244
Medical and dental expense deduction	91,088	2,579,664	90,321	2,439,311	767	140,352
Net casualty or theft loss deduction	14,801	1,088,639	14,142	762,097	659	326,542
Taxes paid deduction	3,849,602	160,922,924	3,843,554	160,652,577	6,048	270,347
Net limited miscellaneous deductions per adjusted gross income concept	593,499	11,855,581	591,908	11,754,691	1,592	100,890
Non-limited miscellaneous deductions	239,206	11,907,673	237,198	10,894,523	2,008	1,013,149
Excess of exemptions and deductions over adjusted gross income	7,048	2,014,282	3,286	1,309,518	3,762	704,765
Taxable income	4,057,798	2,157,630,895	4,053,342	2,155,153,504	4,456	2,477,392
Tax at regular rates	4,057,831	536,972,078	4,053,375	536,295,442	4,456	676,636
Alternative minimum tax (Form 6251)	2,624,117	18,913,368	2,624,072	18,913,318	46	51
Income tax before credits	4,061,091	555,904,228	4,056,631	555,227,542	4,460	676,687
Tax credits:						
Total	1,910,800	11,589,231	1,906,340	10,912,544	4,460	676,687
Child care credit	271,765	141,603	271,675	141,567	90	36
Minimum tax credit	110,797	781,692	110,254	761,548	543	20,144
Foreign tax credit	1,464,452	9,637,349	1,460,324	8,982,315	4,127	655,035
General business credit	80,033	785,217	79,898	784,492	135	725
U.S. total income tax	4,056,631	544,318,726	4,056,631	544,318,726	0	0
Taxable income which would yield:						
Income tax before credits	4,061,091	1,862,113,035	4,056,631	1,859,909,768	4,460	2,203,266
Income tax after credits	4,056,630	1,827,647,779	4,056,630	1,827,647,779	0	0
U.S. total income tax	4,056,631	1,827,658,776	4,056,631	1,827,658,776	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	4,064,883	2,506,027,661	4,056,631	2,501,104,714	8,252	4,922,947
plus: Total tax preferences excluded from adjusted gross income [2]	1,397,943	46,851,726	1,395,909	46,688,734	2,034	162,992
Social Security benefits (nontaxable)	697,062	2,386,588	695,630	2,381,980	1,433	4,608
Foreign-earned income exclusion	35,611	2,650,304	33,111	2,432,039	2,501	218,265
minus: Investment interest expense deduction	734,070	22,065,640	731,605	21,305,520	2,465	760,120
Non-limited miscellaneous deductions	239,206	11,907,673	237,198	10,894,523	2,008	1,013,149
Unreimbursed employee business expenses	728,552	5,781,578	727,981	5,774,739	571	6,839
Equals: Expanded income	4,064,759	2,518,161,390	4,056,631	2,514,632,686	8,128	3,528,704

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2006—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded Income Concept						
Salaries and wages	3,460,794	1,042,902,552	3,453,618	1,040,566,281	7,177	2,336,272
Business or profession:						
Net income	821,485	95,304,206	820,074	95,105,217	1,411	198,989
Net loss	262,930	7,330,597	262,327	7,236,880	603	93,717
Farm:						
Net income	27,636	1,379,235	27,574	1,377,272	62	1,963
Net loss	84,551	3,765,384	84,361	3,744,245	190	21,140
Partnership and S corporation net income after Section 179 property deduction [1]:						
Net income	1,367,967	433,451,716	1,366,352	432,939,861	1,615	511,855
Net loss	424,949	41,076,704	423,251	40,449,700	1,698	627,004
Sales of capital assets:						
Net gain	2,311,804	654,330,900	2,307,353	653,296,834	4,450	1,034,067
Net loss	896,203	2,235,199	892,486	2,225,187	3,717	10,012
Sales of property other than capital assets:						
Net gain	198,874	7,502,136	198,459	7,486,750	415	15,386
Net loss	225,503	3,196,299	224,952	3,112,769	551	83,530
Taxable interest received	3,910,275	102,947,185	3,900,532	102,447,001	9,743	500,184
Tax-exempt interest	1,459,660	51,041,823	1,455,287	50,000,265	4,374	1,041,558
Dividends	3,219,581	117,535,727	3,211,478	116,943,548	8,103	592,179
Qualified dividends	2,977,284	87,642,967	2,970,649	87,202,150	6,636	440,817
Pensions and annuities in adjusted gross income	857,634	38,278,079	856,004	38,209,507	1,630	68,572
Rent:						
Net income	504,673	22,576,021	503,688	22,528,451	985	47,570
Net loss, total (deductible and nondeductible)	519,984	11,029,516	518,429	10,966,044	1,556	63,472
Nondeductible rental loss	330,759	5,786,643	329,761	5,753,313	998	33,330
Royalty:						
Net income	279,094	10,958,052	278,325	10,930,592	769	27,460
Net loss	8,774	114,583	8,749	114,198	25	385
Estate or trust:						
Net income	122,178	14,109,360	121,811	14,078,813	367	30,548
Net loss	12,213	1,162,720	12,133	1,143,006	80	19,714
State income tax refunds	1,390,812	7,164,081	1,389,323	7,137,394	1,489	26,687
Alimony received	8,232	1,400,410	8,215	1,398,989	17	1,422
Social Security benefits in adjusted gross income	753,264	14,667,025	750,848	14,623,029	2,416	43,996
Social Security benefits (nontaxable)	753,357	2,594,186	750,923	2,586,098	2,434	8,088
Unemployment compensation	71,723	404,137	71,632	403,650	91	487
Other income	563,942	16,596,220	562,380	16,509,443	1,563	86,777
Other loss	49,227	1,612,645	47,662	1,562,641	1,565	50,004
Foreign-earned income exclusion	53,602	4,207,326	48,610	3,744,823	4,992	462,504
Total income	4,094,949	2,536,096,504	4,083,938	2,532,036,224	11,010	4,060,280
Statutory adjustments, total	1,767,670	32,372,010	1,765,104	32,330,542	2,567	41,468
Payments to Individual Retirement Arrangements	150,526	1,085,127	150,252	1,083,425	274	1,702
Payments to self-employed retirement (Keogh) plans	418,006	12,583,178	417,767	12,575,841	239	7,337
Moving expenses adjustment	45,739	246,255	45,638	245,511	101	744
Adjusted gross income	4,094,949	2,503,724,494	4,083,938	2,499,705,682	11,010	4,018,811
Investment interest expense deduction	730,246	20,894,773	728,162	20,644,464	2,084	250,309
Total tax preferences excluded from adjusted gross income	1,471,859	53,485,575	1,467,483	52,441,795	4,376	1,043,781
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	28,023	2,451,991	27,976	2,449,414	47	2,577
Passive activity loss (alternative minimum tax adjustment)	641,878	428,190	640,809	426,288	1,070	1,902
Expanded income	4,094,953	2,532,015,256	4,083,938	2,526,767,533	11,014	5,247,723

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 5. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2006—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with U.S. income tax		Returns without U.S. income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded Income Concept —Continued						
Exemption amount	4,048,361	23,836,840	4,037,815	23,768,031	10,546	68,809
Itemized deductions:						
Total per adjusted gross income concept	3,866,252	317,932,350	3,858,745	316,235,252	7,507	1,697,099
Total per expanded income concept	3,866,021	321,812,204	3,858,537	320,357,273	7,484	1,454,932
Charitable contributions deduction	3,666,483	81,649,167	3,660,602	81,330,504	5,880	318,663
Interest paid deduction:						
Total per adjusted gross income concept	3,217,563	86,989,041	3,212,236	86,556,040	5,327	433,002
Total per expanded income concept	3,048,274	66,094,268	3,043,735	65,911,575	4,539	182,693
Total home mortgage interest	3,040,756	65,849,079	3,036,230	65,667,087	4,526	181,992
Medical and dental expense deduction	108,015	3,008,585	105,697	2,768,104	2,318	240,480
Net casualty or theft loss deduction	14,216	1,039,165	13,553	718,398	663	320,768
Taxes paid deduction	3,861,272	161,386,446	3,854,421	161,095,035	6,850	291,411
Net limited miscellaneous deductions per adjusted gross income concept	579,065	11,599,073	576,294	11,494,804	2,772	104,270
Non-limited miscellaneous deductions	215,876	6,021,635	215,331	5,996,506	545	25,129
Excess of exemptions and deductions over adjusted gross income	8,127	1,987,894	4,154	1,445,511	3,974	542,383
Taxable income	4,086,817	2,161,713,757	4,079,781	2,158,948,358	7,036	2,765,399
Tax at regular rates	4,086,856	537,679,065	4,079,810	536,923,514	7,046	755,551
Alternative minimum tax (Form 6251)	2,626,143	18,931,597	2,626,003	18,931,494	140	103
Income tax before credits	4,091,038	556,629,445	4,083,938	555,873,791	7,100	755,654
Tax credits:						
Total	1,952,147	11,923,698	1,945,048	11,168,044	7,100	755,654
Child care credit	266,669	137,616	266,532	137,565	137	51
Minimum tax credit	112,908	784,387	112,262	764,171	646	20,216
Foreign tax credit	1,514,372	9,972,199	1,507,689	9,238,323	6,683	733,876
General business credit	80,522	785,801	80,412	785,212	110	589
U.S. total income tax	4,083,938	544,709,476	4,083,938	544,709,476	0	0
Taxable income which would yield:						
Income tax before credits	4,091,038	1,865,422,733	4,083,938	1,862,867,179	7,100	2,555,555
Income tax after credits	4,083,937	1,829,587,496	4,083,937	1,829,587,496	0	0
U.S. total income tax	4,083,938	1,829,598,494	4,083,938	1,829,598,494	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	4,094,949	2,503,724,494	4,083,938	2,499,705,682	11,010	4,018,811
plus: Total tax preferences excluded from adjusted gross income [2]	1,471,859	53,485,575	1,467,483	52,441,795	4,376	1,043,781
Social Security benefits (nontaxable)	753,357	2,594,186	750,923	2,586,098	2,434	8,088
Foreign-earned income exclusion	53,602	4,207,326	48,610	3,744,823	4,992	462,504
minus: Investment interest expense deduction	730,246	20,894,773	728,162	20,644,464	2,084	250,309
Non-limited miscellaneous deductions	215,876	6,021,635	215,331	5,996,506	545	25,129
Unreimbursed employee business expenses	690,162	5,074,109	689,528	5,069,448	634	4,661
Equals: Expanded income	4,094,953	2,532,015,256	4,083,938	2,526,767,533	11,014	5,247,723

[1] Section 179 of the Internal Revenue Code permits certain taxpayers to elect to deduct all or part of the cost of certain qualifying property in the year they place it in service, instead of taking depreciation deductions over a specified recovery period.

[2] Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

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

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2006

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted Gross Income Concept						
Salaries and wages	3,474,793	1,046,728,349	3,472,812	1,046,434,930	1,981	293,419
Business or profession:						
Net income	818,328	95,001,461	817,437	94,927,511	891	73,950
Net loss	266,792	7,445,073	266,238	7,359,699	554	85,374
Farm:						
Net income	26,806	1,383,433	26,774	1,382,564	32	869
Net loss	83,985	3,790,755	83,866	3,768,477	119	22,278
Partnership and S Corporation net income after Section 179 property deduction [1]:						
Net income	1,354,428	433,085,636	1,353,501	432,955,842	927	129,795
Net loss	422,845	41,276,376	421,626	40,579,415	1,219	696,960
Sales of capital assets:						
Net gain	2,269,196	653,176,896	2,267,303	652,362,585	1,893	814,311
Net loss	883,356	2,205,756	882,338	2,202,925	1,018	2,831
Sales of property other than capital assets:						
Net gain	199,411	7,561,484	199,072	7,532,210	339	29,274
Net loss	221,645	3,213,135	221,231	3,172,384	414	40,751
Taxable interest received	3,873,780	102,050,233	3,870,259	101,507,221	3,521	543,012
Tax-exempt interest	1,386,773	44,534,984	1,385,508	44,422,842	1,265	112,142
Dividends	3,167,683	115,224,579	3,165,069	114,944,951	2,614	279,627
Qualified dividends	2,924,785	85,936,864	2,922,511	85,742,341	2,274	194,524
Pensions and annuities in adjusted gross income	829,813	37,223,213	829,048	37,185,922	765	37,290
Rent:						
Net income	497,195	22,379,892	496,619	22,343,022	576	36,870
Net loss, total (deductible and nondeductible)	520,872	11,118,782	520,101	11,051,975	771	66,807
Nondeductible rental loss	331,901	5,835,621	331,438	5,803,709	463	31,911
Royalty:						
Net income	270,352	10,809,131	269,941	10,792,382	411	16,749
Net loss	8,737	112,919	8,720	112,567	17	352
Estate or trust:						
Net income	117,069	14,002,644	116,897	13,993,564	172	9,079
Net loss	11,535	1,152,312	11,486	1,131,721	49	20,591
State income tax refunds	1,388,853	7,146,489	1,387,933	7,128,789	920	17,699
Alimony received	8,225	1,398,492	8,216	1,398,178	9	315
Social Security benefits in adjusted gross income	697,003	13,495,077	695,861	13,474,831	1,142	20,247
Social Security benefits (nontaxable)	697,062	2,386,588	695,919	2,383,000	1,143	3,589
Unemployment compensation	73,575	411,393	73,487	411,046	88	347
Other income	561,282	16,599,190	560,517	16,536,259	765	62,930
Other loss	39,322	1,447,943	39,269	1,399,822	53	48,121
Foreign-earned income exclusion	35,611	2,650,304	35,606	2,649,910	5	395
Total income	4,064,883	2,538,265,680	4,060,760	2,536,079,058	4,123	2,186,622
Statutory adjustments, total	1,767,806	32,238,019	1,766,232	32,219,870	1,574	18,148
Payments to Individual Retirement Arrangements	149,277	1,072,501	149,182	1,071,929	95	571
Payments to self-employed retirement (Keogh) plans	415,906	12,478,284	415,779	12,474,522	127	3,762
Moving expenses adjustment	45,686	244,213	45,668	243,953	18	260
Adjusted gross income	4,064,883	2,506,027,661	4,060,760	2,503,859,188	4,123	2,168,473
Investment interest expense deduction	734,070	22,065,640	732,372	21,372,019	1,698	693,621
Total tax preferences excluded from adjusted gross income	1,397,943	46,851,726	1,396,674	46,735,614	1,269	116,113
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	25,675	2,324,963	25,651	2,320,793	24	4,170
Passive activity loss (alternative minimum tax adjustment)	630,479	419,883	629,970	423,018	509	-3,135
Expanded income	4,064,759	2,518,161,390	4,060,760	2,517,578,394	3,999	582,996

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2006—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted Gross Income Concept—Continued						
Exemption amount	4,018,144	23,744,149	4,014,349	23,724,648	3,795	19,501
Itemized deductions:						
Total per adjusted gross income concept	3,853,796	324,613,690	3,849,677	321,812,972	4,119	2,800,718
Charitable contributions deduction	3,656,494	81,261,386	3,653,309	81,027,852	3,185	233,534
Interest paid deduction:						
Total per adjusted gross income concept	3,241,504	88,856,511	3,238,251	88,011,583	3,253	844,928
Total home mortgage interest	3,069,934	66,540,137	3,067,114	66,389,596	2,820	150,540
Medical and dental expense deduction	91,088	2,579,664	90,413	2,445,185	675	134,478
Net casualty or theft loss deduction	14,801	1,088,639	14,162	766,263	639	322,376
Taxes paid deduction	3,849,602	160,922,924	3,845,600	160,722,272	4,002	200,652
Net limited miscellaneous deductions per adjusted gross income concept	593,499	11,855,581	592,364	11,770,540	1,135	85,041
Non-limited miscellaneous deductions	239,206	11,907,673	237,350	10,900,268	1,856	1,007,405
Excess of exemptions and deductions over adjusted gross income	7,048	2,014,282	3,289	1,309,651	3,759	704,632
Taxable income	4,057,798	2,157,630,895	4,057,468	2,157,578,037	330	52,858
Tax at regular rates	4,057,831	536,972,078	4,057,502	536,962,771	329	9,307
Alternative minimum tax (Form 6251)	2,624,117	18,913,368	2,624,108	18,913,330	9	39
Income tax before credits	4,061,091	555,904,228	4,060,758	555,894,883	333	9,345
Tax credits:						
Total	700,785	1,951,882	700,452	1,942,537	333	9,345
Child care credit	271,765	141,603	271,739	141,589	26	14
Minimum tax credit	110,797	781,692	110,581	773,270	216	8,422
Foreign tax credit	0	0	0	0	0	0
General business credit	80,033	785,217	79,949	784,742	84	475
Worldwide total income tax	4,060,760	554,767,113	4,060,760	554,767,113	0	0
Foreign taxes paid	1,464,643	10,448,387	1,464,643	10,448,387	0	0
Foreign taxes paid on excluded foreign-earned income (Form 1116)	28,683	811,038	28,683	811,038	0	0
Taxable income which would yield:						
Income tax before credits	4,061,091	1,862,113,035	4,060,758	1,862,074,143	333	38,891
Income tax after credits	4,060,760	1,858,691,254	4,060,760	1,858,691,254	0	0
Worldwide total income tax	4,060,760	1,858,701,907	4,060,760	1,858,701,907	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	4,064,883	2,506,027,661	4,060,760	2,503,859,188	4,123	2,168,473
plus: Total tax preferences excluded from adjusted gross income [2]	1,397,943	46,851,726	1,396,674	46,735,614	1,269	116,113
Social Security benefits (nontaxable)	697,062	2,386,588	695,919	2,383,000	1,143	3,589
Foreign-earned income exclusion	35,611	2,650,304	35,606	2,649,910	5	395
minus: Investment interest expense deduction	734,070	22,065,640	732,372	21,372,019	1,698	693,621
Non-limited miscellaneous deductions	239,206	11,907,673	237,350	10,900,268	1,856	1,007,405
Unreimbursed employee business expenses	728,552	5,781,578	728,216	5,777,030	336	4,548
Equals: Expanded income	4,064,759	2,518,161,390	4,060,760	2,517,578,394	3,999	582,996

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2006—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded Income Concept						
Salaries and wages	3,460,794	1,042,902,552	3,459,321	1,042,692,886	1,473	209,666
Business or profession:						
Net income	821,485	95,304,206	820,903	95,254,352	582	49,853
Net loss	262,930	7,330,597	262,595	7,287,813	335	42,784
Farm:						
Net income	27,636	1,379,235	27,598	1,378,407	38	829
Net loss	84,551	3,765,384	84,439	3,752,731	112	12,653
Partnership and S Corporation net income after Section 179 property deduction [1]:						
Net income	1,367,967	433,451,716	1,367,015	433,347,922	952	103,794
Net loss	424,949	41,076,704	423,800	40,601,876	1,149	474,828
Sales of capital assets:						
Net gain	2,311,804	654,330,900	2,309,685	653,873,085	2,119	457,816
Net loss	896,203	2,235,199	894,375	2,230,036	1,828	5,163
Sales of property other than capital assets:						
Net gain	198,874	7,502,136	198,591	7,490,646	283	11,490
Net loss	225,503	3,196,299	225,100	3,160,753	403	35,546
Taxable interest received	3,910,275	102,947,185	3,906,097	102,616,637	4,178	330,548
Tax-exempt interest	1,459,660	51,041,823	1,456,351	50,082,537	3,310	959,286
Dividends	3,219,581	117,535,727	3,215,815	117,285,118	3,766	250,609
Qualified dividends	2,977,284	87,642,967	2,973,968	87,475,455	3,317	167,512
Pensions and annuities in adjusted gross income	857,634	38,278,079	856,543	38,233,803	1,091	44,276
Rent:						
Net income	504,673	22,576,021	504,170	22,548,473	503	27,548
Net loss, total (deductible and nondeductible)	519,984	11,029,516	519,408	10,988,669	576	40,847
Nondeductible rental loss	330,759	5,786,643	330,446	5,765,588	313	21,054
Royalty:						
Net income	279,094	10,958,052	278,606	10,947,457	488	10,595
Net loss	8,774	114,583	8,762	114,294	12	289
Estate or trust:						
Net income	122,178	14,109,360	121,903	14,100,345	275	9,016
Net loss	12,213	1,162,720	12,153	1,143,587	60	19,133
State income tax refunds	1,390,812	7,164,081	1,389,912	7,144,736	900	19,346
Alimony received	8,232	1,400,410	8,226	1,400,160	6	251
Social Security benefits in adjusted gross income	753,264	14,667,025	751,196	14,629,004	2,068	38,021
Social Security benefits (nontaxable)	753,357	2,594,186	751,288	2,587,457	2,069	6,729
Unemployment compensation	71,723	404,137	71,671	403,943	52	194
Other income	563,942	16,596,220	563,170	16,570,377	773	25,843
Other loss	49,227	1,612,645	49,160	1,602,004	67	10,641
Foreign-earned income exclusion	53,602	4,207,326	53,566	4,202,768	36	4,559
Total income	4,094,949	2,536,096,504	4,090,631	2,535,153,941	4,318	942,563
Statutory adjustments, total	1,767,670	32,372,010	1,766,358	32,354,558	1,312	17,452
Payments to Individual Retirement Arrangements	150,526	1,085,127	150,447	1,084,624	79	503
Payments to self-employed retirement (Keogh) plans	418,006	12,583,178	417,881	12,579,752	125	3,426
Moving expenses adjustment	45,739	246,255	45,730	246,210	9	45
Adjusted gross income	4,094,949	2,503,724,494	4,090,631	2,502,799,383	4,318	925,110
Investment interest expense deduction	730,246	20,894,773	729,010	20,694,539	1,236	200,235
Total tax preferences excluded from adjusted gross income	1,471,859	53,485,575	1,468,544	52,524,314	3,315	961,261
Total alternative minimum tax preference items (excluding tax-exempt interest from private activity bonds)	28,023	2,451,991	27,990	2,449,823	33	2,169
Passive activity loss (alternative minimum tax adjustment)	641,878	428,190	641,288	429,066	590	-876
Expanded income	4,094,953	2,532,015,256	4,090,631	2,530,347,053	4,322	1,668,202

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 6. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Income, Deductions, Credits, and Tax, by Tax Status, Tax Year 2006—Continued

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

Income concept, item	Returns with income of \$200,000 or more					
	Total		Returns with worldwide income tax		Returns without worldwide income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Expanded Income Concept—Continued						
Exemption amount	4,048,361	23,836,840	4,044,229	23,810,405	4,132	26,436
Itemized deductions:						
Total per adjusted gross income concept	3,866,252	317,932,350	3,862,262	316,547,034	3,990	1,385,317
Total per expanded income concept	3,866,021	321,812,204	3,862,031	320,638,184	3,990	1,174,020
Charitable contributions deduction	3,666,483	81,649,167	3,663,035	81,438,058	3,448	211,109
Interest paid deduction:						
Total per adjusted gross income concept	3,217,563	86,989,041	3,215,148	86,673,457	2,415	315,584
Total per expanded income concept	3,048,274	66,094,268	3,046,338	65,978,919	1,936	115,349
Total home mortgage interest	3,040,756	65,849,079	3,038,825	65,734,258	1,931	114,821
Medical and dental expense deduction	108,015	3,008,585	105,939	2,776,615	2,076	231,970
Net casualty or theft loss deduction	14,216	1,039,165	13,578	722,674	638	316,492
Taxes paid deduction	3,861,272	161,386,446	3,857,298	161,172,241	3,973	214,205
Net limited miscellaneous deductions per adjusted gross income concept	579,065	11,599,073	576,964	11,512,861	2,101	86,212
Non-limited miscellaneous deductions	215,876	6,021,635	215,486	5,999,628	390	22,007
Excess of exemptions and deductions over adjusted gross income	8,127	1,987,894	4,167	1,446,601	3,961	541,293
Taxable income	4,086,817	2,161,713,757	4,086,461	2,161,662,165	356	51,592
Tax at regular rates	4,086,856	537,679,065	4,086,493	537,669,970	363	9,095
Alternative minimum tax (Form 6251)	2,626,143	18,931,597	2,626,077	18,931,523	66	74
Income tax before credits	4,091,038	556,629,445	4,090,621	556,620,276	417	9,169
Tax credits:						
Total	696,872	1,951,499	696,455	1,942,330	417	9,169
Child care credit	266,669	137,616	266,651	137,605	18	11
Minimum tax credit	112,908	784,387	112,694	776,107	214	8,280
Foreign tax credit	0	0	0	0	0	0
General business credit	80,522	785,801	80,459	785,433	63	368
Worldwide total income tax	4,090,631	555,771,910	4,090,631	555,771,910	0	0
Foreign taxes paid	1,514,608	11,062,433	1,514,608	11,062,433	0	0
Foreign taxes paid on excluded foreign-earned income (Form 1116)	39,558	1,090,234	39,558	1,090,234	0	0
Taxable income which would yield:						
Income tax before credits	4,091,038	1,865,422,733	4,090,621	1,865,384,631	417	38,103
Income tax after credits	4,090,631	1,862,889,351	4,090,631	1,862,889,351	0	0
Worldwide total income tax	4,090,631	1,862,900,005	4,090,631	1,862,900,005	0	0
Reconciliation of adjusted gross income and expanded income:						
Adjusted gross income	4,094,949	2,503,724,494	4,090,631	2,502,799,383	4,318	925,110
plus: Total tax preferences excluded from adjusted gross income [2]	1,471,859	53,485,575	1,468,544	52,524,314	3,315	961,261
Social Security benefits (nontaxable)	753,357	2,594,186	751,288	2,587,457	2,069	6,729
Foreign-earned income exclusion	53,602	4,207,326	53,566	4,202,768	36	4,559
minus: Investment interest expense deduction	730,246	20,894,773	729,010	20,694,539	1,236	200,235
Non-limited miscellaneous deductions	215,876	6,021,635	215,486	5,999,628	390	22,007
Unreimbursed employee business expenses	690,162	5,074,109	689,882	5,072,256	280	1,853
Equals: Expanded income	4,094,953	2,532,015,256	4,090,631	2,530,347,053	4,322	1,668,202

[1] Section 179 of the Internal Revenue Code permits certain taxpayers to elect to deduct all or part of the cost of certain qualifying property in the year they place it in service, instead of taking depreciation deductions over a specified recovery period.

[2] Includes tax-exempt interest and tax preference items subject to alternative minimum tax.

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

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns with U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	3,937,370	100.0	1,019,884	25.9	56,804	1.4	2,110,829	53.6
Interest paid deduction	1,343,711	34.1	0	0.0	9,878	17.4	1,203,672	57.0
Investment interest expense deduction [1]	72,465	1.8	12,973	1.3	0	0.0	41,461	2.0
Taxes paid deduction	1,356,975	34.5	912,419	89.5	31,474	55.4	0	0.0
Charitable contributions deduction	736,171	18.7	58,876	5.8	6,452	11.4	641,774	30.4
Medical and dental expense deduction	15,426	0.4	2,050	0.2	127	0.2	9,846	0.5
Net casualty or theft loss deduction	1,827	[2]	825	0.1	45	0.1	592	[2]
Total miscellaneous deductions	142,129	3.6	20,322	2.0	3,097	5.5	98,203	4.7
Foreign tax credit	61,513	1.6	927	0.1	1,231	2.2	39,534	1.9
General business credit	11,370	0.3	1,498	0.1	242	0.4	6,378	0.3
All other tax credits	28,609	0.7	1,608	0.2	777	1.4	15,215	0.7
Partnership and S corporation net losses	59,210	1.5	8,380	0.8	3,477	6.1	33,635	1.6
No second largest item	107,964	2.7	5	[2]	4	[2]	20,520	1.0
Returns with expanded income of \$200,000 or more								
Total	4,020,112	100.0	1,007,490	25.1	0	0.0	1,981,242	49.3
Interest paid deduction	1,302,227	32.4	0	0.0	0	0.0	1,171,036	59.1
Tax-exempt interest [3]	225,385	5.6	7,754	0.8	0	0.0	151,932	7.7
Taxes paid deduction	1,418,217	35.3	918,790	91.2	0	0.0	0	0.0
Charitable contributions deduction	607,898	15.1	60,984	6.1	0	0.0	496,587	25.1
Medical and dental expense deduction	15,479	0.4	2,613	0.3	0	0.0	6,579	0.3
Net casualty or theft loss deduction	2,244	0.1	825	0.1	0	0.0	603	[2]
Total miscellaneous deductions	51,998	1.3	2,473	0.2	0	0.0	27,087	1.4
Foreign tax credit	75,689	1.9	1,053	0.1	0	0.0	21,860	1.1
General business credit	11,137	0.3	1,514	0.2	0	0.0	5,356	0.3
All other tax credits	28,225	0.7	1,368	0.1	0	0.0	13,373	0.7
Partnership and S corporation net losses	56,307	1.4	9,085	0.9	0	0.0	27,764	1.4
Foreign-earned income exclusion [3]	27,381	0.7	132	[2]	0	0.0	311	[2]
AMT tax preference [3]	3,140	0.1	177	[2]	0	0.0	1,864	0.1
Nontaxable Social Security benefits [3]	93,294	2.3	722	0.1	0	0.0	39,279	2.0
No second largest item	101,492	2.5	0	0.0	0	0.0	17,610	0.9

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Returns with U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	325,886	8.3	27,900	0.7	4,891	0.1	104,497	2.7
Interest paid deduction	58,960	18.1	5,125	18.4	1,430	29.3	24,436	23.4
Investment interest expense deduction [1]	6,781	2.1	238	0.9	14	0.3	1,641	1.6
Taxes paid deduction	234,123	71.8	15,357	55.0	1,551	31.7	62,328	59.6
Charitable contributions deduction	0	0.0	2,576	9.2	482	9.9	10,903	10.4
Medical and dental expense deduction	1,866	0.6	0	0.0	0	0.0	1,292	1.2
Net casualty or theft loss deduction	171	0.1	0	0.0	0	0.0	14	[2]
Total miscellaneous deductions	12,180	3.7	2,563	9.2	311	6.4	0	0.0
Foreign tax credit	3,076	0.9	1,046	3.7	307	6.3	1,474	1.4
General business credit	991	0.3	139	0.5	427	8.7	53	0.1
All other tax credits	1,592	0.5	345	1.2	14	0.3	94	0.1
Partnership and S corporation net losses	6,100	1.9	373	1.3	353	7.2	2,255	2.2
No second largest item	47	[2]	139	0.5	0	0.0	8	[2]
Returns with expanded income of \$200,000 or more								
Total	310,890	7.7	28,284	0.7	4,178	0.1	22,059	0.5
Interest paid deduction	60,797	19.6	4,597	16.3	1,434	34.3	2,240	10.2
Tax-exempt interest [3]	25,504	8.2	5,627	19.9	55	1.3	4,855	22.0
Taxes paid deduction	206,916	66.6	10,494	37.1	1,252	30.0	11,240	51.0
Charitable contributions deduction	0	0.0	1,851	6.5	308	7.4	2,443	11.1
Medical and dental expense deduction	1,438	0.5	0	0.0	0	0.0	239	1.1
Net casualty or theft loss deduction	188	0.1	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	4,278	1.4	1,475	5.2	43	1.0	0	0.0
Foreign tax credit	2,015	0.6	549	1.9	307	7.3	567	2.6
General business credit	918	0.3	139	0.5	429	10.3	41	0.2
All other tax credits	1,223	0.4	348	1.2	14	0.3	12	0.1
Partnership and S corporation net losses	5,424	1.7	315	1.1	337	8.1	358	1.6
Foreign-earned income exclusion [3]	98	[2]	27	0.1	0	0.0	23	0.1
AMT tax preference [3]	265	0.1	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	1,822	0.6	2,863	10.1	0	0.0	41	0.2
No second largest item	4	[2]	0	0.0	0	0.0	0	0.0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign tax credit		General business credit		All other tax credits		Partnership and S corporation net losses	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns with U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	118,228	3.0	12,059	0.3	33,886	0.9	122,505	3.1
Interest paid deduction	11,060	9.4	2,170	18.0	3,149	9.3	23,831	19.5
Investment interest expense deduction [1]	1,274	1.1	293	2.4	1,111	3.3	6,678	5.5
Taxes paid deduction	30,489	25.8	4,944	41.0	10,445	30.8	53,845	44.0
Charitable contributions deduction	2,348	2.0	** 1,297	** 10.8	** 1,223	** 3.6	10,259	8.4
Medical and dental expense deduction	152	0.1	0	0.0	0	0.0	93	0.1
Net casualty or theft loss deduction	33	[2]	**	**	**	**	128	0.1
Total miscellaneous deductions	2,306	2.0	31	0.3	71	0.2	3,043	2.5
Foreign tax credit	0	0.0	562	4.7	3,408	10.1	9,947	8.1
General business credit	530	0.4	0	0.0	608	1.8	506	0.4
All other tax credits	5,144	4.4	1,044	8.7	0	0.0	2,777	2.3
Partnership and S corporation net losses	3,214	2.7	559	4.6	865	2.6	0	0.0
No second largest item	61,680	52.2	1,159	9.6	13,005	38.4	11,397	9.3
Returns with expanded income of \$200,000 or more								
Total	81,623	2.0	11,204	0.3	30,434	0.8	118,670	3.0
Interest paid deduction	5,668	6.9	2,446	21.8	3,792	12.5	25,221	21.3
Tax-exempt interest [3]	4,207	5.2	1,419	12.7	2,109	6.9	10,881	9.2
Taxes paid deduction	20,869	25.6	4,088	36.5	9,771	32.1	50,510	42.6
Charitable contributions deduction	1,372	1.7	** 814	** 7.3	** 1,130	** 3.7	9,699	8.2
Medical and dental expense deduction	3	[2]	0	0.0	0	0.0	74	0.1
Net casualty or theft loss deduction	0	0.0	**	**	**	**	129	0.1
Total miscellaneous deductions	1,272	1.6	9	0.1	47	0.2	1,468	1.2
Foreign tax credit	0	0.0	256	2.3	1,932	6.3	4,460	3.8
General business credit	384	0.5	0	0.0	382	1.3	460	0.4
All other tax credits	1,129	1.4	1,016	9.1	0	0.0	2,357	2.0
Partnership and S corporation net losses	1,654	2.0	414	3.7	844	2.8	0	0.0
Foreign-earned income exclusion [3]	26,594	32.6	3	[2]	22	0.1	38	[2]
AMT tax preference [3]	182	0.2	14	0.1	43	0.1	191	0.2
Nontaxable Social Security benefits [3]	2,339	2.9	264	2.4	1,373	4.5	7,295	6.1
No second largest item	15,951	19.5	461	4.1	8,990	29.5	5,888	5.0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign-earned income exclusion [3]		Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Returns with U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	0	0.0	0	0.0	0	0.0
Interest paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0	0	0.0
Foreign tax credit	0	0.0	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0	0	0.0
Partnership and S corporation net losses	0	0.0	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0
Returns with expanded income of \$200,000 or more								
Total	18,495	0.5	308,949	7.7	10,058	0.3	86,537	2.2
Interest paid deduction	3,152	17.0	15,350	5.0	2,694	26.8	3,802	4.4
Tax-exempt interest [3]	904	4.9	0	0.0	428	4.3	9,710	11.2
Taxes paid deduction	2,660	14.4	160,763	52.0	5,591	55.6	15,275	17.7
Charitable contributions deduction	599	3.2	31,720	10.3	237	2.4	177	0.2
Medical and dental expense deduction	30	0.2	4,462	1.4	0	0.0	40	[2]
Net casualty or theft loss deduction	12	0.1	456	0.1	8	0.1	0	0.0
Total miscellaneous deductions	85	0.5	13,758	4.5	6	0.1	0	0.0
Foreign tax credit	8,255	44.6	21,959	7.1	345	3.4	12,132	14.0
General business credit	30	0.2	1,334	0.4	13	0.1	137	0.2
All other tax credits	294	1.6	3,068	1.0	287	2.9	3,735	4.3
Partnership and S corporation net losses	250	1.4	7,350	2.4	168	1.7	2,344	2.7
Foreign-earned income exclusion [3]	0	0.0	88	[2]	42	0.4	3	[2]
AMT tax preference [3]	68	0.4	184	0.1	0	0.0	151	0.2
Nontaxable Social Security benefits [3]	166	0.9	37,100	12.0	30	0.3	0	0.0
No second largest item	1,992	10.8	11,356	3.7	208	2.1	39,031	45.1

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns without U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	8,252	100.0	228	2.8	742	9.0	115	1.4
Interest paid deduction	2,218	26.9	0	0.0	175	23.6	12	10.4
Investment interest expense deduction [1]	496	6.0	20	8.8	0	0.0	20	17.4
Taxes paid deduction	1,586	19.2	120	52.6	116	15.6	0	0.0
Charitable contributions deduction	902	10.9	48	21.1	162	21.8	26	22.6
Medical and dental expense deduction	92	1.1	6	2.6	** 20	** 2.7	** 6	** 5.2
Net casualty or theft loss deduction	25	0.3	3	1.3	**	**	0	0.0
Total miscellaneous deductions	394	4.8	10	4.4	51	6.9	13	11.3
Foreign tax credit	137	1.7	6	2.6	18	2.4	17	14.8
General business credit	33	0.4	** 3	** 1.3	**	**	**	**
All other tax credits	142	1.7	4	1.8	11	1.5	5	4.3
Partnership and S corporation net losses	572	6.9	8	3.5	189	25.5	16	13.9
No second largest item	1,655	20.1	**	**	**	**	0	0.0
Returns with expanded income of \$200,000 or more								
Total	11,014	100.0	214	1.9	0	0.0	149	1.4
Interest paid deduction	1,000	9.1	0	0.0	0	0.0	12	8.1
Tax-exempt interest [3]	782	7.1	6	2.8	0	0.0	60	40.3
Taxes paid deduction	1,477	13.4	114	53.3	0	0.0	0	0.0
Charitable contributions deduction	763	6.9	51	23.8	0	0.0	19	12.8
Medical and dental expense deduction	568	5.2	5	2.3	0	0.0	** 6	** 4.0
Net casualty or theft loss deduction	26	0.2	**	**	0	0.0	**	**
Total miscellaneous deductions	307	2.8	** 9	** 4.2	0	0.0	8	5.4
Foreign tax credit	830	7.5	5	2.3	0	0.0	6	4.0
General business credit	29	0.3	**	**	0	0.0	**	**
All other tax credits	105	1.0	4	1.9	0	0.0	5	3.4
Partnership and S corporation net losses	480	4.4	9	4.2	0	0.0	19	12.8
Foreign-earned income exclusion [3]	4,107	37.3	6	2.8	0	0.0	14	9.4
AMT tax preference [3]	9	0.1	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	128	1.2	** 5	** 2.3	0	0.0	0	0.0
No second largest item	404	3.7	**	**	0	0.0	0	0.0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Returns without U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	273	3.3	440	5.3	616	7.5	1,489	18.0
Interest paid deduction	70	25.6	30	6.8	217	35.2	633	42.5
Investment interest expense deduction [1]	56	20.5	15	3.4	15	2.4	32	2.1
Taxes paid deduction	38	13.9	134	30.5	217	35.2	469	31.5
Charitable contributions deduction	0	0.0	123	28.0	62	10.1	77	5.2
Medical and dental expense deduction	24	8.8	0	0.0	9	1.5	10	0.7
Net casualty or theft loss deduction	**	**	**	**	0	0.0	10	0.7
Total miscellaneous deductions	27	9.9	116	26.4	55	8.9	0	0.0
Foreign tax credit	33	12.1	7	1.6	3	0.5	6	0.4
General business credit	** 6	** 2.2	** 4	** 0.9	** 13	** 2.1	6	0.4
All other tax credits	10	3.7	4	0.9	0	0.0	6	0.4
Partnership and S corporation net losses	9	3.3	7	1.6	25	4.1	155	10.4
No second largest item	**	**	**	**	**	**	85	5.7
Returns with expanded income of \$200,000 or more								
Total	293	2.7	711	6.5	604	5.5	36	0.3
Interest paid deduction	84	28.7	25	3.5	216	35.8	5	13.9
Tax-exempt interest [3]	32	10.9	386	54.3	50	8.3	6	16.7
Taxes paid deduction	57	19.5	86	12.1	211	34.9	10	27.8
Charitable contributions deduction	0	0.0	103	14.5	53	8.8	** 12	** 33.3
Medical and dental expense deduction	21	7.2	0	0.0	10	1.7	**	**
Net casualty or theft loss deduction	3	1.0	**	**	0	0.0	0	0.0
Total miscellaneous deductions	20	6.8	79	11.1	12	2.0	0	0.0
Foreign tax credit	31	10.6	4	0.6	3	0.5	3	8.3
General business credit	5	1.7	0	0.0	12	2.0	0	0.0
All other tax credits	11	3.8	0	0.0	0	0.0	**	**
Partnership and S corporation net losses	25	8.5	7	1.0	** 28	** 4.6	**	**
Foreign-earned income exclusion [3]	**	**	** 6	** 0.8	**	**	0	0.0
AMT tax preference [3]	** 4	** 1.4	0	0.0	**	**	0	0.0
Nontaxable Social Security benefits [3]	**	**	15	2.1	9	1.5	0	0.0
No second largest item	0	0.0	**	**	**	**	0	0.0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign tax credit		General business credit		All other tax credits		Partnership and S corporation net losses	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns without U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	3,641	44.1	4	[2]	290	3.5	414	5.0
Interest paid deduction	** 1,400	** 38.4	** 4	** 100.0	98	33.8	18	4.3
Investment interest expense deduction [1]	134	3.7	0	0.0	11	3.8	193	46.6
Taxes paid deduction	347	9.5	0	0.0	110	37.9	35	8.5
Charitable contributions deduction	**	**	**	**	33	11.4	80	19.3
Medical and dental expense deduction	15	0.4	0	0.0	**	**	5	1.2
Net casualty or theft loss deduction	**	**	0	0.0	0	0.0	6	1.4
Total miscellaneous deductions	93	2.5	0	0.0	6	2.1	23	5.6
Foreign tax credit	0	0.0	0	0.0	9	3.1	38	9.2
General business credit	4	0.1	0	0.0	** 3	** 1.0	3	0.7
All other tax credits	89	2.4	0	0.0	0	0.0	13	3.1
Partnership and S corporation net losses	**	**	**	**	16	5.5	0	0.0
No second largest item	1,559	42.8	0	0.0	4	1.4	0	0.0
Returns with expanded income of \$200,000 or more								
Total	5,327	48.4	4	[2]	288	2.6	341	3.1
Interest paid deduction	288	5.4	** 4	** 100.0	95	33.0	14	4.1
Tax-exempt interest [3]	72	1.4	0	0.0	36	12.5	131	38.4
Taxes paid deduction	228	4.3	0	0.0	91	31.6	40	11.7
Charitable contributions deduction	140	2.6	**	**	31	10.8	74	21.7
Medical and dental expense deduction	11	0.2	0	0.0	**	**	6	1.8
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	6	1.8
Total miscellaneous deductions	29	0.5	0	0.0	4	1.4	13	3.8
Foreign tax credit	0	0.0	0	0.0	7	2.4	40	11.7
General business credit	** 4	** 0.1	0	0.0	** 6	** 2.1	**	**
All other tax credits	20	0.4	0	0.0	0	0.0	12	3.5
Partnership and S corporation net losses	92	1.7	**	**	13	4.5	0	0.0
Foreign-earned income exclusion [3]	4,073	76.4	0	0.0	5	1.7	** 5	** 1.5
AMT tax preference [3]	**	**	0	0.0	**	**	**	**
Nontaxable Social Security benefits [3]	44	0.8	0	0.0	**	**	0	0.0
No second largest item	326	6.1	0	0.0	**	**	0	0.0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 7. Returns With and Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Foreign-earned income exclusion [3]		Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Returns without U.S. income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	0	0.0	0	0.0	0	0.0
Interest paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0	0	0.0
Foreign tax credit	0	0.0	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0	0	0.0
Partnership and S corporation net losses	0	0.0	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0	0	0.0
Returns with expanded income of \$200,000 or more								
Total	800	7.3	** 2,248	** 20.4	**	**	0	0.0
Interest paid deduction	** 47	** 5.9	** 219	** 9.7	**	**	0	0.0
Tax-exempt interest [3]	3	0.4	** 0	** 0.0	**	**	0	0.0
Taxes paid deduction	20	2.5	** 620	** 27.6	**	**	0	0.0
Charitable contributions deduction	**	**	** 275	** 12.2	**	**	0	0.0
Medical and dental expense deduction	3	0.4	** 506	** 22.5	**	**	0	0.0
Net casualty or theft loss deduction	**	**	** 10	** 0.4	**	**	0	0.0
Total miscellaneous deductions	** 9	** 1.1	** 134	** 6.0	**	**	0	0.0
Foreign tax credit	718	89.8	** 13	** 0.6	**	**	0	0.0
General business credit	0	0.0	** 5	** 0.2	**	**	0	0.0
All other tax credits	**	**	** 48	** 2.1	**	**	0	0.0
Partnership and S corporation net losses	0	0.0	** 288	** 12.8	**	**	0	0.0
Foreign-earned income exclusion [3]	0	0.0	**	**	**	**	0	0.0
AMT tax preference [3]	0	0.0	** 3	** 0.1	**	**	0	0.0
Nontaxable Social Security benefits [3]	**	**	** 55	** 2.4	**	**	0	0.0
No second largest item	0	0.0	** 72	** 3.2	**	**	0	0.0

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

[1] Investment interest expense deduction only has an effect when using the adjusted gross income concept.

[2] Less than 0.05 percent.

[3] Tax-exempt interest, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

NOTE: Detail may not add to totals because of rounding. Total columns do not include returns with no tax effect.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns with worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	3,878,260	100.0	1,031,928	26.6	58,293	1.5	2,141,695	55.2
Interest paid deduction	1,352,279	34.9	0	0.0	10,152	17.4	1,220,622	57.0
Investment interest expense deduction [1]	74,755	1.9	13,264	1.3	0	0.0	43,881	2.0
Taxes paid deduction	1,348,843	34.8	923,202	89.5	32,813	56.3	0	0.0
Charitable contributions deduction	770,854	19.9	59,811	5.8	6,919	11.9	676,227	31.6
Medical and dental expense deduction	16,137	0.4	2,056	0.2	129	0.2	10,600	0.5
Net casualty or theft loss deduction	1,809	[2]	837	0.1	45	0.1	595	[2]
Total miscellaneous deductions	145,232	3.7	20,545	2.0	3,453	5.9	102,204	4.8
General business credit	11,414	0.3	1,552	0.2	263	0.5	6,715	0.3
All other tax credits	25,079	0.6	1,934	0.2	841	1.4	16,185	0.8
Partnership and S Corporation net losses	57,526	1.5	8,421	0.8	3,594	6.2	34,492	1.6
No second largest item	74,332	1.9	307	[2]	84	0.1	30,173	1.4
Returns with expanded income of \$200,000 or more								
Total	4,010,527	100.0	1,013,466	25.3	0	0.0	2,002,369	49.9
Interest paid deduction	1,319,103	32.9	0	0.0	0	0.0	1,183,274	59.1
Tax-exempt interest [3]	232,627	5.8	7,787	0.8	0	0.0	156,552	7.8
Taxes paid deduction	1,421,877	35.5	925,188	91.3	0	0.0	0	0.0
Charitable contributions deduction	625,985	15.6	61,251	6.0	0	0.0	** 522,114	** 26.1
Medical and dental expense deduction	16,129	0.4	2,613	0.3	0	0.0	**	**
Net casualty or theft loss deduction	2,280	0.1	825	0.1	0	0.0	**	**
Total miscellaneous deductions	52,802	1.3	2,543	0.3	0	0.0	27,623	1.4
General business credit	11,149	0.3	1,514	0.1	0	0.0	5,597	0.3
All other tax credits	32,399	0.8	1,386	0.1	0	0.0	13,538	0.7
Partnership and S Corporation net losses	57,310	1.4	9,092	0.9	0	0.0	28,222	1.4
Foreign-earned income exclusion [3]	2,369	0.1	354	[2]	0	0.0	**	**
AMT tax preference [3]	3,504	0.1	177	[2]	0	0.0	1,884	0.1
Nontaxable Social Security benefits [3]	95,793	2.4	722	0.1	0	0.0	40,300	2.0
No second largest item	137,200	3.4	13	[2]	0	0.0	23,265	1.2

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Returns with worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	328,606	8.5	28,086	0.7	4,941	0.1	106,913	2.8
Interest paid deduction	59,866	18.2	5,144	18.3	1,446	29.3	24,902	23.3
Investment interest expense deduction [1]	7,103	2.2	239	0.9	14	0.3	1,745	1.6
Taxes paid deduction	237,423	72.3	16,139	57.5	1,877	38.0	64,812	60.6
Charitable contributions deduction	0	0.0	2,585	9.2	** 489	** 9.9	** 11,524	** 10.8
Medical and dental expense deduction	1,913	0.6	0	0.0	**	**	1,345	1.3
Net casualty or theft loss deduction	171	0.1	0	0.0	0	0.0	**	**
Total miscellaneous deductions	12,687	3.9	2,705	9.6	312	6.3	0	0.0
General business credit	1,008	0.3	139	0.5	434	8.8	57	0.1
All other tax credits	1,671	0.5	348	1.2	14	0.3	111	0.1
Partnership and S Corporation net losses	6,217	1.9	512	1.8	353	7.1	2,313	2.2
No second largest item	547	0.2	276	1.0	0	0.0	103	0.1
Returns with expanded income of \$200,000 or more								
Total	312,483	7.8	28,325	0.7	4,195	0.1	23,367	0.6
Interest paid deduction	61,304	19.6	4,600	16.2	1,438	34.3	2,261	9.7
Tax-exempt interest [3]	25,838	8.3	5,642	19.9	56	1.3	4,977	21.3
Taxes paid deduction	208,803	66.8	10,772	38.0	1,562	37.2	12,709	54.4
Charitable contributions deduction	0	0.0	1,859	6.6	** 310	** 7.4	2,630	11.3
Medical and dental expense deduction	1,442	0.5	0	0.0	**	**	239	1.0
Net casualty or theft loss deduction	188	0.1	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	4,637	1.5	1,614	5.7	43	1.0	0	0.0
General business credit	923	0.3	139	0.5	436	10.4	41	0.2
All other tax credits	1,235	0.4	348	1.2	14	0.3	13	0.1
Partnership and S Corporation net losses	5,480	1.8	454	1.6	337	8.0	383	1.6
Foreign-earned income exclusion [3]	196	0.1	33	0.1	**	**	68	0.3
AMT tax preference [3]	268	0.1	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	1,875	0.6	2,864	10.1	0	0.0	42	0.2
No second largest item	293	0.1	0	0.0	0	0.0	4	[2]

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	General business credit		All other tax credits		Partnership and S Corporation net losses		Foreign-earned income exclusion [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns with worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	12,595	0.3	39,266	1.0	125,937	3.2
Interest paid deduction	0	0.0	2,175	17.3	3,577	9.1	24,395	19.4
Investment interest expense deduction [1]	0	0.0	307	2.4	1,170	3.0	7,031	5.6
Taxes paid deduction	0	0.0	5,313	42.2	11,166	28.4	56,097	44.5
Charitable contributions deduction	0	0.0	1,345	10.7	** 1,450	** 3.7	** 10,613	** 8.4
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0	**	**
Net casualty or theft loss deduction	0	0.0	18	0.1	**	**	128	0.1
Total miscellaneous deductions	0	0.0	34	0.3	80	0.2	3,212	2.6
General business credit	0	0.0	0	0.0	635	1.6	612	0.5
All other tax credits	0	0.0	1,063	8.4	0	0.0	2,912	2.3
Partnership and S Corporation net losses	0	0.0	563	4.5	1,062	2.7	0	0.0
No second largest item	0	0.0	1,777	14.1	20,125	51.3	20,939	16.6
Returns with expanded income of \$200,000 or more								
Total	11,592	0.3	31,734	0.8	120,496	3.0	49,935	1.2
Interest paid deduction	2,448	21.1	3,906	12.3	25,444	21.1	11,893	23.8
Tax-exempt interest [3]	1,502	13.0	2,270	7.2	11,434	9.5	4,602	9.2
Taxes paid deduction	4,355	37.6	9,920	31.3	52,495	43.6	7,923	15.9
Charitable contributions deduction	847	7.3	** 1,290	** 4.1	9,842	8.2	1,860	3.7
Medical and dental expense deduction	0	0.0	0	0.0	74	0.1	79	0.2
Net casualty or theft loss deduction	22	0.2	**	**	129	0.1	42	0.1
Total miscellaneous deductions	9	0.1	50	0.2	1,597	1.3	512	1.0
General business credit	0	0.0	382	1.2	464	0.4	102	0.2
All other tax credits	1,031	8.9	0	0.0	2,410	2.0	4,538	9.1
Partnership and S Corporation net losses	415	3.6	857	2.7	0	0.0	1,006	2.0
Foreign-earned income exclusion [3]	5	[2]	151	0.5	186	0.2	0	0.0
AMT tax preference [3]	14	0.1	58	0.2	196	0.2	294	0.6
Nontaxable Social Security benefits [3]	265	2.3	1,386	4.4	7,637	6.3	508	1.0
No second largest item	679	5.9	11,463	36.1	8,589	7.1	16,575	33.2

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)
Returns with worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total	0	0.0	0	0.0	0	0.0
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Partnership and S Corporation net losses	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
Returns with expanded income of \$200,000 or more						
Total	313,405	7.8	10,241	0.3	88,920	2.2
Interest paid deduction	16,029	5.1	2,694	26.3	3,813	4.3
Tax-exempt interest [3]	0	0.0	567	5.5	11,400	12.8
Taxes paid deduction	165,215	52.7	5,658	55.2	17,276	19.4
Charitable contributions deduction	32,089	10.2	255	2.5	186	0.2
Medical and dental expense deduction	4,479	1.4	0	0.0	176	0.2
Net casualty or theft loss deduction	462	0.1	8	0.1	0	0.0
Total miscellaneous deductions	14,032	4.5	6	0.1	136	0.2
General business credit	1,391	0.4	16	0.2	144	0.2
All other tax credits	3,569	1.1	300	2.9	4,016	4.5
Partnership and S Corporation net losses	8,028	2.6	168	1.6	2,868	3.2
Foreign-earned income exclusion [3]	279	0.1	176	1.7	4	[2]
AMT tax preference [3]	462	0.1	0	0.0	151	0.2
Nontaxable Social Security benefits [3]	40,162	12.8	31	0.3	0	0.0
No second largest item	27,208	8.7	361	3.5	48,750	54.8

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Total		Item with the largest tax effect					
			Interest paid deduction		Investment interest expense deduction [1]		Taxes paid deduction	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Returns without worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	4,123	100.0	207	5.0	662	16.1	85	2.1
Interest paid deduction	1,187	28.8	0	0.0	162	24.5	8	9.4
Investment interest expense deduction [1]	323	7.8	15	7.2	0	0.0	17	20.0
Taxes paid deduction	1,145	27.8	115	55.6	107	16.2	0	0.0
Charitable contributions deduction	553	13.4	45	21.7	147	22.2	25	29.4
Medical and dental expense deduction	69	1.7	5	2.4	15	2.3	4	4.7
Net casualty or theft loss deduction	24	0.6	3	1.4	**	**	0	0.0
Total miscellaneous deductions	271	6.6	10	4.8	41	6.2	12	14.1
General business credit	20	0.5	**	**	0	0.0	**	**
All other tax credits	35	0.8	4	1.9	** 10	** 1.5	** 4	** 4.7
Partnership and S Corporation net losses	400	9.7	7	3.4	180	27.2	15	17.6
No second largest item	96	2.3	** 3	** 1.4	**	**	0	0.0
Returns with expanded income of \$200,000 or more								
Total	4,322	100.0	194	4.5	0	0.0	118	2.7
Interest paid deduction	602	13.9	0	0.0	0	0.0	7	5.9
Tax-exempt interest [3]	641	14.8	6	3.1	0	0.0	59	50.0
Taxes paid deduction	1,136	26.3	108	55.7	0	0.0	0	0.0
Charitable contributions deduction	528	12.2	46	23.7	0	0.0	19	16.1
Medical and dental expense deduction	538	12.4	5	2.6	0	0.0	3	2.5
Net casualty or theft loss deduction	25	0.6	3	1.5	0	0.0	**	**
Total miscellaneous deductions	254	5.9	6	3.1	0	0.0	7	5.9
General business credit	14	0.3	**	**	0	0.0	**	**
All other tax credits	49	1.1	4	2.1	0	0.0	** 6	** 5.1
Partnership and S Corporation net losses	359	8.3	8	4.1	0	0.0	17	14.4
Foreign-earned income exclusion [3]	9	0.2	**	**	0	0.0	**	**
AMT tax preference [3]	6	0.1	0	0.0	0	0.0	0	0.0
Nontaxable Social Security benefits [3]	83	1.9	** 8	** 4.1	0	0.0	0	0.0
No second largest item	78	1.8	**	**	0	0.0	0	0.0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	Charitable contributions deduction		Medical and dental expense deduction		Net casualty or theft loss deduction		Total miscellaneous deductions	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Returns without worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	191	4.6	420	10.2	600	14.6	** 1,474	** 35.8
Interest paid deduction	63	33.0	29	6.9	215	35.8	** 632	** 42.9
Investment interest expense deduction [1]	42	22.0	14	3.3	15	2.5	** 31	** 2.1
Taxes paid deduction	29	15.2	133	31.7	214	35.7	** 466	** 31.6
Charitable contributions deduction	0	0.0	118	28.1	62	10.3	** 75	** 5.1
Medical and dental expense deduction	20	10.5	0	0.0	9	1.5	** 10	** 0.7
Net casualty or theft loss deduction	** 5	** 2.6	**	**	0	0.0	** 10	** 0.7
Total miscellaneous deductions	19	9.9	115	27.4	54	9.0	** 0	** 0.0
General business credit	**	**	**	**	** 6	** 1.0	** 6	** 0.4
All other tax credits	5	2.6	** 6	** 1.4	0	0.0	** 5	** 0.3
Partnership and S Corporation net losses	8	4.2	5	1.2	25	4.2	** 154	** 10.4
No second largest item	**	**	**	**	**	**	** 85	** 5.8
Returns with expanded income of \$200,000 or more								
Total	212	4.9	684	15.8	587	13.6	29	0.7
Interest paid deduction	72	34.0	24	3.5	212	36.1	3	10.3
Tax-exempt interest [3]	20	9.4	** 377	** 55.1	49	8.3	** 8	** 27.6
Taxes paid deduction	49	23.1	85	12.4	209	35.6	9	31.0
Charitable contributions deduction	0	0.0	99	14.5	53	9.0	9	31.0
Medical and dental expense deduction	18	8.5	0	0.0	10	1.7	**	**
Net casualty or theft loss deduction	**	**	**	**	0	0.0	0	0.0
Total miscellaneous deductions	17	8.0	79	11.5	12	2.0	0	0.0
General business credit	** 7	** 3.3	0	0.0	5	0.9	0	0.0
All other tax credits	6	2.8	0	0.0	0	0.0	0	0.0
Partnership and S Corporation net losses	23	10.8	5	0.7	** 28	** 4.8	**	**
Foreign-earned income exclusion [3]	0	0.0	0	0.0	**	**	0	0.0
AMT tax preference [3]	**	**	0	0.0	**	**	0	0.0
Nontaxable Social Security benefits [3]	**	**	15	2.2	9	1.5	0	0.0
No second largest item	0	0.0	**	**	**	**	0	0.0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued							
	General business credit		All other tax credits		Partnership and S Corporation net losses		Foreign-earned income exclusion [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Returns without worldwide income tax								
Returns with adjusted gross income of \$200,000 or more								
Total	0	0.0	**	**	143	3.5	341	8.3
Interest paid deduction	0	0.0	**	**	62	43.4	16	4.7
Investment interest expense deduction [1]	0	0.0	**	**	** 3	** 2.1	** 192	** 56.3
Taxes paid deduction	0	0.0	**	**	50	35.0	31	9.1
Charitable contributions deduction	0	0.0	**	**	15	10.5	66	19.4
Medical and dental expense deduction	0	0.0	**	**	**	**	**	**
Net casualty or theft loss deduction	0	0.0	**	**	0	0.0	6	1.8
Total miscellaneous deductions	0	0.0	**	**	** 3	** 2.1	** 22	** 6.5
General business credit	0	0.0	**	**	**	**	**	**
All other tax credits	0	0.0	**	**	0	0.0	8	2.3
Partnership and S Corporation net losses	0	0.0	**	**	6	4.2	0	0.0
No second largest item	0	0.0	**	**	4	2.8	0	0.0
Returns with expanded income of \$200,000 or more								
Total	**	**	** 139	** 3.2	261	6.0	27	0.6
Interest paid deduction	**	**	** 60	** 43.2	12	4.6	6	22.2
Tax-exempt interest [3]	**	**	** 7	** 5.0	118	45.2	**	**
Taxes paid deduction	**	**	** 42	** 30.2	36	13.8	14	51.9
Charitable contributions deduction	**	**	** 16	** 11.5	63	24.1	0	0.0
Medical and dental expense deduction	**	**	**	**	6	2.3	** 4	** 14.8
Net casualty or theft loss deduction	**	**	** 0	** 0.0	6	2.3	**	**
Total miscellaneous deductions	**	**	**	**	9	3.4	** 3	** 11.1
General business credit	**	**	**	**	**	**	0	0.0
All other tax credits	**	**	** 0	** 0.0	8	3.1	**	**
Partnership and S Corporation net losses	**	**	** 5	** 3.6	0	0.0	0	0.0
Foreign-earned income exclusion [3]	**	**	** 3	** 2.2	0	0.0	0	0.0
AMT tax preference [3]	**	**	** 0	** 0.0	** 3	** 1.1	0	0.0
Nontaxable Social Security benefits [3]	**	**	**	**	0	0.0	0	0.0
No second largest item	**	**	** 6	** 4.3	0	0.0	0	0.0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 8. Returns With and Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns and Percentages Classified by Item With the Largest Tax Effect and by Item With the Second Largest Tax Effect, Tax Year 2006—Continued

[All figures are estimates based on samples]

Tax status, income concept, and item with the second largest tax effect	Item with the largest tax effect—continued					
	Tax-exempt interest [3]		AMT tax preference [3]		Nontaxable Social Security benefits [3]	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(25)	(26)	(27)	(28)	(29)	(30)
Returns without worldwide income tax						
Returns with adjusted gross income of \$200,000 or more						
Total	0	0.0	0	0.0	0	0.0
Interest paid deduction	0	0.0	0	0.0	0	0.0
Investment interest expense deduction [1]	0	0.0	0	0.0	0	0.0
Taxes paid deduction	0	0.0	0	0.0	0	0.0
Charitable contributions deduction	0	0.0	0	0.0	0	0.0
Medical and dental expense deduction	0	0.0	0	0.0	0	0.0
Net casualty or theft loss deduction	0	0.0	0	0.0	0	0.0
Total miscellaneous deductions	0	0.0	0	0.0	0	0.0
General business credit	0	0.0	0	0.0	0	0.0
All other tax credits	0	0.0	0	0.0	0	0.0
Partnership and S Corporation net losses	0	0.0	0	0.0	0	0.0
No second largest item	0	0.0	0	0.0	0	0.0
Returns with expanded income of \$200,000 or more						
Total	** 2,071	** 47.9	**	**	0	0.0
Interest paid deduction	** 206	** 9.9	**	**	0	0.0
Tax-exempt interest [3]	** 0	** 0.0	**	**	0	0.0
Taxes paid deduction	** 584	** 28.2	**	**	0	0.0
Charitable contributions deduction	** 223	** 10.8	**	**	0	0.0
Medical and dental expense deduction	** 492	** 23.8	**	**	0	0.0
Net casualty or theft loss deduction	** 10	** 0.5	**	**	0	0.0
Total miscellaneous deductions	** 121	** 5.8	**	**	0	0.0
General business credit	** 3	** 0.1	**	**	0	0.0
All other tax credits	** 27	** 1.3	**	**	0	0.0
Partnership and S Corporation net losses	** 275	** 13.3	**	**	0	0.0
Foreign-earned income exclusion [3]	**	**	**	**	0	0.0
AMT tax preference [3]	** 3	** 0.1	**	**	0	0.0
Nontaxable Social Security benefits [3]	** 55	** 2.7	**	**	0	0.0
No second largest item	** 72	** 3.5	**	**	0	0.0

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

[1] Investment interest expense deduction only has an effect when using the adjusted gross income concept.

[2] Less than 0.05 percent.

[3] Tax-exempt interest, foreign-earned income exclusion, AMT tax preference, and nontaxable Social Security benefits only have an effect when using the expanded income concept.

NOTE: Detail may not add to totals because of rounding. Total columns do not include returns with no tax effect.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 9. Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2006

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income concept						
Total itemized deductions	8,252	1,698	1,192	652	247	131
Interest paid deduction:						
Total	8,252	2,950	2,771	753	264	164
Investment interest per income concept	8,252	5,787	1,140	134	107	116
Taxes paid deduction	8,252	2,204	4,572	833	284	129
Charitable contributions deduction	8,252	3,280	3,730	312	186	202
Medical and dental expense deduction	8,252	7,485	205	47	28	23
Net casualty or theft loss deduction	8,252	7,593	14	5	** 7	**
Net limited miscellaneous deduction per income concept	8,252	6,661	1,047	264	130	46
Non-limited miscellaneous deduction	8,252	6,244	461	44	28	15
Deduction equivalent of:						
Total credits	8,252	3,792	281	70	76	106
Foreign tax credit	8,252	4,125	335	38	52	63
General business credit	8,252	8,117	96	23	6	4
Tax preferences excluded from adjusted gross income	8,252	6,219	1,473	168	90	59
Nontaxable Social Security benefits	8,252	6,820	** 1,433	**	0	0
Expanded income concept						
Total itemized deductions	11,014	3,618	2,060	1,384	678	418
Interest paid deduction:						
Total	11,014	6,488	2,968	895	313	94
Investment interest per income concept	11,014	9,000	1,540	141	81	43
Taxes paid deduction	11,014	4,219	5,103	1,030	276	133
Charitable contributions deduction	11,014	5,198	4,498	490	266	161
Medical and dental expense deduction	11,014	8,698	1,032	195	130	112
Net casualty or theft loss deduction	11,014	10,351	22	12	5	9
Net limited miscellaneous deduction per income concept	11,014	8,433	1,913	380	142	45
Non-limited miscellaneous deduction	11,014	10,478	455	29	23	7
Deduction equivalent of:						
Total credits	11,014	3,915	495	125	182	260
Foreign tax credit	11,014	4,332	462	90	164	215
General business credit	11,014	10,904	83	18	** 4	**
Tax preferences excluded from adjusted gross income	11,014	6,639	1,236	212	215	202
Nontaxable Social Security benefits	11,014	8,581	2,431	3	0	0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 9. Returns Without U.S. Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2006—Continued

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income—continued				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
Adjusted gross income concept—continued					
Total itemized deductions	82	60	46	784	3,360
Interest paid deduction:					
Total	146	140	148	534	383
Investment interest per income concept	101	120	130	370	247
Taxes paid deduction	59	44	23	46	58
Charitable contributions deduction	113	404	0	7	18
Medical and dental expense deduction	28	36	25	188	187
Net casualty or theft loss deduction	11	15	24	151	432
Net limited miscellaneous deduction per income concept	40	19	12	20	14
Non-limited miscellaneous deduction	9	19	25	833	574
Deduction equivalent of:					
Total credits	267	321	173	1,721	1,446
Foreign tax credit	168	233	141	1,658	1,440
General business credit	3	** 3	0	**	0
Tax preferences excluded from adjusted gross income	52	38	24	48	82
Nontaxable Social Security benefits	0	0	0	0	0
Expanded income concept—continued					
Total itemized deductions	310	258	218	674	1,397
Interest paid deduction:					
Total	59	35	25	91	47
Investment interest per income concept	37	28	15	41	88
Taxes paid deduction	63	26	35	36	94
Charitable contributions deduction	144	119	32	60	46
Medical and dental expense deduction	148	99	131	301	168
Net casualty or theft loss deduction	10	12	25	141	427
Net limited miscellaneous deduction per income concept	27	24	12	27	11
Non-limited miscellaneous deduction	6	** 5	**	3	8
Deduction equivalent of:					
Total credits	510	814	1,028	3,681	4
Foreign tax credit	412	730	992	3,613	4
General business credit	** 5	0	**	**	0
Tax preferences excluded from adjusted gross income	198	233	306	1,459	315
Nontaxable Social Security benefits	0	0	0	0	0

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

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

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 10. Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2006

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Total	No deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income			
			Under 10 percent	10 percent under 20 percent	20 percent under 30 percent	30 percent under 40 percent
	(1)	(2)	(3)	(4)	(5)	(6)
Adjusted gross income concept						
Total itemized deductions	4,123	4	38	54	30	20
Interest paid deduction:						
Total	4,123	870	1,332	385	171	119
Investment interest per income concept	4,123	2,425	555	79	71	96
Taxes paid deduction	4,123	121	2,844	606	238	107
Charitable contributions deduction	4,123	938	2,226	201	136	164
Medical and dental expense deduction	4,123	3,448	149	39	25	20
Net casualty or theft loss deduction	4,123	3,484	13	3	** 6	**
Net limited miscellaneous deduction per income concept	4,123	2,988	672	215	106	40
Non-limited miscellaneous deduction	4,123	2,267	334	33	27	13
Deduction equivalent of:						
Total credits	4,123	3,790	128	23	15	18
Foreign tax credit	4,123	4,123	0	0	0	0
General business credit	4,123	4,039	58	16	** 6	**
Tax preferences excluded from adjusted gross income	4,123	2,854	829	118	69	48
Nontaxable Social Security benefits	4,123	2,980	1,143	0	0	0
Expanded income concept						
Total itemized deductions	4,322	333	287	478	367	273
Interest paid deduction:						
Total	4,322	2,386	974	425	215	78
Investment interest per income concept	4,322	3,086	871	99	58	31
Taxes paid deduction	4,322	350	2,625	780	220	120
Charitable contributions deduction	4,322	874	2,471	327	196	123
Medical and dental expense deduction	4,322	2,246	846	182	119	109
Net casualty or theft loss deduction	4,322	3,684	18	8	5	7
Net limited miscellaneous deduction per income concept	4,322	2,297	1,443	327	116	41
Non-limited miscellaneous deduction	4,322	3,932	328	19	19	6
Deduction equivalent of:						
Total credits	4,322	3,905	228	19	9	16
Foreign tax credit	4,322	4,322	0	0	0	0
General business credit	4,322	4,259	47	10	** 3	**
Tax preferences excluded from adjusted gross income	4,322	1,007	469	156	171	174
Nontaxable Social Security benefits	4,322	2,253	2,069	0	0	0

Footnotes at end of table.

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 10. Returns Without Worldwide Income Tax and With Income of \$200,000 or More Under Alternative Concepts: Number of Returns With Itemized Deductions, Credits, and Tax Preferences, as Percentages of Income, Tax Year 2006—Continued

[All figures are estimates based on samples]

Income concept and type of deduction, credit, or tax preference	Number of returns on which income was reduced by percentages of income—continued				
	40 percent under 50 percent	50 percent under 60 percent	60 percent under 70 percent	70 percent under 100 percent	100 percent or more
	(7)	(8)	(9)	(10)	(11)
Adjusted gross income concept—continued					
Total itemized deductions	16	14	8	581	3,358
Interest paid deduction:					
Total	120	119	135	490	382
Investment interest per income concept	88	104	115	343	247
Taxes paid deduction	53	42	21	33	58
Charitable contributions deduction	95	339	0	6	18
Medical and dental expense deduction	23	31	20	181	187
Net casualty or theft loss deduction	8	15	23	139	432
Net limited miscellaneous deduction per income concept	37	19	12	20	14
Non-limited miscellaneous deduction	8	17	25	826	573
Deduction equivalent of:					
Total credits	39	45	20	45	0
Foreign tax credit	0	0	0	0	0
General business credit	** 4	**	0	0	0
Tax preferences excluded from adjusted gross income	45	33	20	33	74
Nontaxable Social Security benefits	0	0	0	0	0
Expanded income concept—continued					
Total itemized deductions	229	213	163	585	1,394
Interest paid deduction:					
Total	51	35	23	88	47
Investment interest per income concept	30	24	12	35	76
Taxes paid deduction	53	24	22	35	93
Charitable contributions deduction	114	92	26	53	46
Medical and dental expense deduction	139	92	123	298	168
Net casualty or theft loss deduction	9	11	24	129	427
Net limited miscellaneous deduction per income concept	25	24	12	26	11
Non-limited miscellaneous deduction	5	3	** 3	**	7
Deduction equivalent of:					
Total credits	37	44	19	45	0
Foreign tax credit	0	0	0	0	0
General business credit	** 3	0	**	0	0
Tax preferences excluded from adjusted gross income	168	209	265	1,388	315
Nontaxable Social Security benefits	0	0	0	0	0

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

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

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 11. Returns With and Without U.S. Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2006

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of adjusted gross income							
			Under \$50,000 [1]		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns	138,394,754	100.0	92,246,123	100.0	29,995,324	100.0	12,088,423	100.0	4,064,883	100.0
Returns without U.S. income tax	43,884,863	31.7	42,633,316	46.2	1,196,254	4.0	47,040	0.4	8,252	0.2
Returns with U.S. income tax	94,509,891	68.3	49,612,807	53.8	28,799,070	96.0	12,041,382	99.6	4,056,631	99.8
Effective tax rate:										
Under 5 percent	28,462,773	20.6	22,992,599	24.9	5,015,063	16.7	413,310	3.4	41,801	1.0
5 under 10 percent	36,049,153	26.0	20,525,730	22.3	13,213,394	44.1	2,220,694	18.4	89,335	2.2
10 under 15 percent	20,433,144	14.8	6,005,739	6.5	7,935,616	26.5	6,083,516	50.3	408,273	10.0
15 under 20 percent	6,993,525	5.1	43,326	[2]	2,621,191	8.7	2,929,940	24.2	1,399,068	34.4
20 under 25 percent	1,722,300	1.2	22,371	[2]	9,859	[2]	385,070	3.2	1,305,000	32.1
25 under 30 percent	713,494	0.5	9,458	[2]	2,006	[2]	7,384	0.1	694,647	17.1
30 under 35 percent	125,059	0.1	6,755	[2]	1,549	[2]	819	[2]	115,935	2.9
35 under 40 percent	1,075	[2]	15	[2]	8	[2]	10	[2]	1,042	[2]
40 under 45 percent	710	[2]	19	[2]	3	[2]	314	[2]	374	[2]
45 under 50 percent	273	[2]	0	0.0	19	[2]	4	[2]	250	[2]
50 under 60 percent	911	[2]	** 158	** [2]	118	[2]	** 5	** [2]	641	[2]
60 under 70 percent	252	[2]	**	**	143	[2]	**	**	98	[2]
70 under 80 percent	165	[2]	6	[2]	0	0.0	152	[2]	7	[2]
80 percent or more	7,057	[2]	6,631	[2]	100	[2]	165	[2]	161	[2]

Tax status, effective tax rate	Total		Size of expanded income							
			Under \$50,000 [1]		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns	138,394,754	100.0	91,129,221	100.0	31,233,695	100.0	11,936,885	100.0	4,094,953	100.0
Returns without U.S. income tax	43,884,863	31.7	42,505,018	46.6	1,309,156	4.2	59,674	0.5	11,014	0.3
Returns with U.S. income tax	94,509,891	68.3	48,624,203	53.4	29,924,539	95.8	11,877,211	99.5	4,083,938	99.7
Effective tax rate:										
Under 5 percent	29,174,772	21.1	22,842,747	25.1	5,886,327	18.8	394,162	3.3	51,535	1.3
5 under 10 percent	35,123,198	25.4	19,419,607	21.3	13,478,960	43.2	2,112,196	17.7	112,436	2.7
10 under 15 percent	20,572,794	14.9	6,262,178	6.9	7,823,973	25.0	6,039,208	50.6	447,436	10.9
15 under 20 percent	7,080,487	5.1	56,103	0.1	2,713,947	8.7	2,930,376	24.5	1,380,062	33.7
20 under 25 percent	1,720,137	1.2	20,475	[2]	15,934	0.1	391,623	3.3	1,292,105	31.6
25 under 30 percent	712,572	0.5	10,712	[2]	3,590	[2]	8,426	0.1	689,844	16.8
30 under 35 percent	116,426	0.1	5,098	[2]	1,588	[2]	688	[2]	109,053	2.7
35 under 40 percent	635	[2]	4	[2]	14	[2]	6	[2]	611	[2]
40 under 45 percent	608	[2]	40	[2]	19	[2]	325	[2]	224	[2]
45 under 50 percent	174	[2]	0	0.0	14	[2]	0	0.0	160	[2]
50 under 60 percent	540	[2]	** 164	** [2]	** 123	** [2]	4	[2]	260	[2]
60 under 70 percent	229	[2]	**	**	**	**	30	[2]	191	[2]
70 under 80 percent	24	[2]	**	**	**	**	10	[2]	11	[2]
80 percent or more	7,294	[2]	7,075	[2]	50	[2]	158	[2]	12	[2]

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

[1] Includes returns with adjusted gross deficit or with negative expanded income.

[2] Less than 0.05 percent.

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

High-Income Tax Returns for 2006

Statistics of Income Bulletin | Spring 2009

Table 12. Returns With and Without Worldwide Income Tax: Number and Percentages of Returns, by Effective Tax Rate, and by Size of Income Under Alternative Concepts, Tax Year 2006

[All figures are estimates based on samples]

Tax status, effective tax rate	Total		Size of adjusted gross income							
			Under \$50,000 [1]		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns	138,394,754	100.0	92,246,123	100.0	29,995,324	100.0	12,088,423	100.0	4,064,883	100.0
Returns without worldwide income tax	43,669,631	31.6	42,486,200	46.1	1,142,077	3.8	37,230	0.3	4,123	0.1
Returns with worldwide income tax	94,725,123	68.4	49,759,923	53.9	28,853,247	96.2	12,051,193	99.7	4,060,760	99.9
Effective tax rate:										
Under 5 percent	28,549,435	20.6	23,082,194	25.0	5,034,854	16.8	406,974	3.4	25,413	0.6
5 under 10 percent	36,046,459	26.0	20,559,406	22.3	13,203,329	44.0	2,203,925	18.2	79,799	2.0
10 under 15 percent	20,450,495	14.8	6,015,275	6.5	7,953,195	26.5	6,086,430	50.3	395,595	9.7
15 under 20 percent	7,016,410	5.1	45,211	[2]	2,634,922	8.8	2,942,183	24.3	1,394,094	34.3
20 under 25 percent	1,737,289	1.3	23,074	[2]	13,157	[2]	389,224	3.2	1,311,834	32.3
25 under 30 percent	731,227	0.5	9,857	[2]	2,954	[2]	9,460	0.1	708,956	17.4
30 under 35 percent	141,678	0.1	7,171	[2]	2,885	[2]	3,357	[2]	128,266	3.2
35 under 40 percent	14,305	[2]	523	[2]	1,310	[2]	2,674	[2]	9,798	0.2
40 under 45 percent	8,640	[2]	537	[2]	1,035	[2]	2,729	[2]	4,339	0.1
45 under 50 percent	4,662	[2]	613	[2]	1,179	[2]	1,637	[2]	1,233	[2]
50 under 60 percent	5,856	[2]	1,080	[2]	2,079	[2]	1,677	[2]	1,020	[2]
60 under 70 percent	2,652	[2]	992	[2]	1,117	[2]	351	[2]	192	[2]
70 under 80 percent	1,850	[2]	1,005	[2]	589	[2]	218	[2]	39	[2]
80 percent or more	14,164	[2]	12,985	[2]	644	[2]	354	[2]	181	[2]

Tax status, effective tax rate	Total		Size of expanded income							
			Under \$50,000 [1]		\$50,000 under \$100,000		\$100,000 under \$200,000		\$200,000 or more	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns	138,394,754	100.0	91,129,221	100.0	31,233,695	100.0	11,936,885	100.0	4,094,953	100.0
Returns without worldwide income tax	43,669,631	31.6	42,368,437	46.5	1,253,494	4.0	43,377	0.4	4,322	0.1
Returns with worldwide income tax	94,725,123	68.4	48,760,784	53.5	29,980,200	96.0	11,893,508	99.6	4,090,631	99.9
Effective tax rate:										
Under 5 percent	29,262,525	21.1	22,940,112	25.2	5,909,907	18.9	384,214	3.2	28,292	0.7
5 under 10 percent	35,118,648	25.4	19,446,536	21.3	13,473,595	43.1	2,098,772	17.6	99,745	2.4
10 under 15 percent	20,593,527	14.9	6,272,074	6.9	7,842,915	25.1	6,043,365	50.6	435,174	10.6
15 under 20 percent	7,116,536	5.1	57,908	0.1	2,728,761	8.7	2,949,945	24.7	1,379,923	33.7
20 under 25 percent	1,744,680	1.3	20,717	[2]	18,613	0.1	401,455	3.4	1,303,895	31.8
25 under 30 percent	739,691	0.5	10,723	[2]	4,046	[2]	11,368	0.1	713,554	17.4
30 under 35 percent	135,379	0.1	5,098	[2]	1,984	[2]	2,882	[2]	125,415	3.1
35 under 40 percent	3,876	[2]	4	[2]	111	[2]	458	[2]	3,302	0.1
40 under 45 percent	1,166	[2]	40	[2]	50	[2]	578	[2]	498	[2]
45 under 50 percent	401	[2]	50	[2]	24	[2]	50	[2]	276	[2]
50 under 60 percent	760	[2]	** 174	** [2]	** 144	** [2]	161	[2]	302	[2]
60 under 70 percent	312	[2]	**	**	**	**	81	[2]	214	[2]
70 under 80 percent	39	[2]	**	**	**	**	21	[2]	14	[2]
80 percent or more	7,582	[2]	7,348	[2]	50	[2]	158	[2]	26	[2]

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

[1] Includes returns with adjusted gross deficit or with negative expanded income.

[2] Less than 0.05 percent.

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